

Commonwealth of Massachusetts

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2025



Commonwealth of Massachusetts



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

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



William McNamara
Comptroller of the Commonwealth

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www.macomptroller.org

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Beautiful Fall Foliage of New England at sunset, Boston Massachusetts.
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New England Autumn Splendor
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Overview of the Grand Allee, rolling hills in Crane estate, located in Ipswich, Massachusetts.
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Sand Dunes, Marconi Beach, Cape Cod National Seashore, Wellfleet
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Bridge in marsh waterway on Cape Cod, Massachusetts
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Boston Public Garden at Sunrise. Purple Allium Flowers, Washington Statue and City Skyline in Background
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The tall cedar tree and glacial rocks at the cliff of Purgatory Chasm in Massachusetts
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A hiking trail at Purgatory Chasm State Reservation in Sutton Massachusetts
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Tranquil New England winter scene following a departing snowstorm.
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Golden hour above the summit of Mount Watatic in Ashburnham Massachusetts.
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Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

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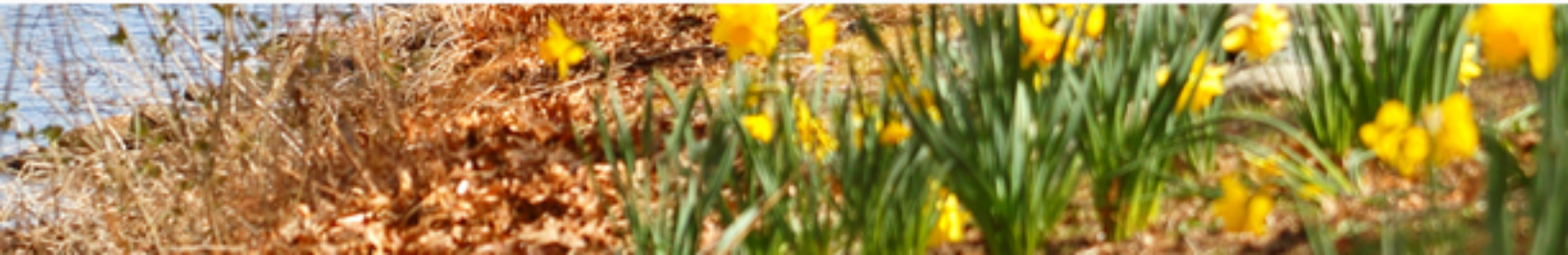




Introductory Section

(Unaudited)

Letter of Transmittal
Constitutional Officers
Commonwealth Organizational Structure
Advisory Board to the Comptroller
Acknowledgments
Certificate of Achievement for Excellence in Financial Reporting







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April 23, 2026

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

Please accept this Letter of Transmittal for the Commonwealth's fiscal year 2025 (FY25) Annual Comprehensive Financial Report (ACFR) prepared in accordance with Generally Accepted Accounting Principles (GAAP). The objective of the ACFR is to provide a clear financial picture of state government as a single, unified entity.

This document presents the Commonwealth's financial information on three bases of accounting, each serving a different purpose. The report includes "required supplementary information" in the form of budgetary basis statements, which are prepared in accordance with the Commonwealth's budgetary or statutory basis of accounting and summarized by Commonwealth branch and agency. This information is aggregated from FY25 line item appropriations, which constitute the legal level of budgetary control -- i.e., the amount up to which state departments can spend without approval of additional appropriations through a "supplemental budget" passed by the Massachusetts Legislature. Line items specify a dollar amount that can be legally spent on specified programs or activities; for example, separate line items are authorized in the state's annual budget for general administrative expenses (including personnel expenses) and for benefit payments in the Commonwealth's Medicaid program. More detailed information on the statutory basis of accounting and the results of operations on that basis from FY25 are found in the Statutory Basis Financial Report (SBFR) issued separately on January 28, 2026. The SBFR documents compliance with the legislatively adopted budget at a fund level. Further documentation is found within the Commonwealth's accounting system, the Massachusetts Management Accounting and Reporting System (MMARS). Each state maintains different rules for budgetary reporting and therefore the SBFR should not be used for comparisons across states.

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

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

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

The Commonwealth's government-wide revenues, expenses and activities are included in the statement of activities. The expenses of the Commonwealth, organized by function, are netted against fees, fines, grant revenues, and assessments generated to fund each function, thereby presenting a picture of the net cost to the taxpayer of each

function. This format allows the reader of the financial statements to discern the net cost of a particular function of government funded by taxation and other general revenues.

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

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

PROFILE OF THE COMMONWEALTH

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

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

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

The table on page 3 reconciles the fund balances on three bases of accounting: the statutory basis presented in separately issued financial statements on January 28, 2026; the fund basis; and the entity-wide basis, the latter two of which are included in this report.

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

Governmental Funds - Statutory Basis, June 30, 2025	
Budgeted fund balance	\$ 14,020.1
Non-budgeted special revenue fund balance	5,139.7
Capital projects fund balance	<u>(1,721.7)</u>
Governmental Fund Balance - Statutory Basis, June 30, 2025	\$ 17,438.1
Plus: Expendable Trust and Similar Fund Statutory balances that are considered Governmental Funds for GAAP reporting purposes	1,027.4
Less: Massachusetts Department of Transportation Funds	<u>(1,873.6)</u>
Adjusted Statutory Governmental fund balance	16,591.9
Reclassification of funds due to implementation of GASB Statement No. 84	35.6
Short-term accruals, net of allowances and deferrals for increases /(decreases):	
Taxes, net of refunds and abatements	3,175.8
Tobacco settlement agreement receivable	79.3
Medicaid	<u>(477.2)</u>
Other short-term accruals:	
Assessments and other receivables	2,046.6
Amounts due to authorities and municipalities, net	(1,565.0)
Claims, judgments and other risks	(63.3)
Amounts due to health care providers and insurers	(95.1)
Workers' compensation and group insurance	(207.0)
Other accruals, net	<u>340.5</u>
Net increase/(decrease) to governmental fund balances	3,270.2
Massachusetts School Building Authority fund balance	<u>2,308.1</u>
Total changes to governmental funds	5,578.3
Governmental fund balance (fund perspective)	22,170.2
Plus: Capital assets including infrastructure, net of accumulated depreciation	6,191.3
Deferred revenue, net of other eliminations	1,103.5
Long-term accruals:	
Net pension liability	(40,407.1)
Net deferred (inflows)/outflows of resources related to pension	4,675.3
Net OPEB liability	(12,342.2)
Net deferred (inflows)/outflows of resources related to OPEB	(2,429.4)
Environmental remediation liability	(280.1)
Massachusetts School Building Authority debt and school construction payables	(5,521.7)
Long-term debt, unamortized premiums and net deferrals on debt refundings	(39,288.9)
Compensated absences	(888.1)
Right-to-use assets liabilities	(890.1)
Accrued interest	(474.6)
Other long-term liabilities	<u>(779.6)</u>
Total governmental activities net position (entity wide perspective)	\$ (69,161.5)

The deficit of \$69.161 billion in governmental activities net position is largely attributable to several factors. First, the Commonwealth has made a policy decision to finance construction of assets owned by other government entities, particularly Commonwealth roads and bridges, school buildings, and assets of cities and towns and local authorities. As a result of transportation reform implemented during FY10, the Commonwealth shifted virtually all its road and bridge assets from its books to the newly created Massachusetts Department of Transportation (MassDOT), a component unit of the Commonwealth. Second, starting in FY15, the Commonwealth's net (or

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

Because MassDOT retains virtually all the Commonwealth's road and bridge assets using debt issued by the Commonwealth and MassDOT ended FY25 with a positive net position of \$27.573 billion, it is more informative to view the Commonwealth's financial statements in combination with MassDOT than to analyze the two separately, while also keeping in mind that significant assets owned by the Institutions of Higher Education and local governments and authorities were financed by liabilities still on the Commonwealth's books.

As of June 30, 2025, the net pension liability in governmental activities totaled \$40.407 billion. Adjusted by GASB 68 related positive adjustments (in the form of deferred inflows and outflows of resources) of \$4.675 billion, this resulted in a reduction in governmental activities net position of \$35.732 billion. The governmental activities' net OPEB liability totaled \$12.342 billion. Net of negative adjustments of \$2.429 billion in deferrals, this resulted in a reduction in governmental activities net position of \$14.772 billion.

The net deficit in governmental activities (which excludes “business-type activities” of Unemployment Insurance, the Family and Employment Security Trust and Higher Education) increased by \$1.770 billion between June 30, 2024 and June 30, 2025, with the reductions in the net pension and OPEB liabilities net of deferrals offset by increases in outstanding debt, a decline in capital assets and an FY25 operating loss.

The net deficit in the primary government which, in addition to governmental activities, includes the Commonwealth's business-type activities of the Unemployment Insurance system, Family and Employment Security Trust and Higher Education institutions, increased by \$913 million from FY24, with an increase in net inflows in the Unemployment Insurance Trust Fund and Family and Employment Security Trust and surpluses in Higher Education partially offsetting the increase in the governmental activities net deficit. These changes are explained in more detail on [pages 21- 28](#) of this report.

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

REPORTING ENTITY

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

In addition, the financial statements include 40 independent public authorities. These entities are defined as component units and meet the criteria for inclusion in the Commonwealth's reporting entity in accordance with GAAP. They are further described in [Note 14](#) to the basic financial statements. The Massachusetts School Building Authority (MSBA) is blended into the Commonwealth's operations.

INDEPENDENT AUDIT

The Commonwealth's independent auditors, CliftonLarsonAllen, LLP, have performed an independent audit of the Commonwealth for the fiscal year ended June 30, 2025. The [Independent Auditors' Report](#) is presented in the Financial Section.

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

The ACFR is the single most important financial statement that the Commonwealth is required to produce annually. With nearly 200 reporting entities, billions of dollars, and millions of transactions and accounting entries, the Commonwealth is an extremely large and complex organization. Each of those departments and reporting entities has a professional financial staff, ranging in size from a single individual to dozens serving the largest units. I can attest that they are remarkably devoted both to the mission of their departments and to professionalism in their financial function. Partnering with these professionals, managing the process statewide, is role of the Office of the Comptroller. I am fortunate to serve with Assistant Comptroller & Chief Financial Reporting Office Pauline Lieu and the Statewide Financial Reporting Team, Assistant Comptroller & Chief Accounting Officer Kristin Lacroix and the Statewide General Accounting Team, and Senior Advisor Howard Merkwowitz. It is through their work, and the collaboration of every team and individual in the Office of the Comptroller, that I am able to present the ACFR.

Sincerely,



William McNamara
Comptroller of the Commonwealth

Constitutional Officers



Maura Healey
Governor



Kim Driscoll
Lieutenant Governor



William F. Galvin
Secretary of the Commonwealth



Andrea Campbell
Attorney General



Deborah B. Goldberg
Treasurer and Receiver-General



Diana DiZoglio
State Auditor

Legislative Officers



Karen E. Spilka
President of the Senate



Ronald Mariano
Speaker of the House

Judicial Officers



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



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



Thomas G. Ambrosino
*Court Administrator
Trial Court*

Electorate

Legislative Branch

House of Representatives
Senate

Executive Branch

Governor and Lieutenant Governor
Governor's Council
District Attorneys
Sheriffs
State Auditor

Attorney General
Victim and Witness Assistance Board
Secretary of the Commonwealth
Treasurer and Receiver-General
Lottery Commission
Massachusetts Cultural Council
Independent Offices and Commissions

Judicial Branch

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

Executive Branch Independent Offices and Commissions*

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

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

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

Executive Departments Under Gubernatorial Authority

Administration and Finance

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

Education

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

Veterans' Services

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

Executive Office of Housing and Livable Communities

Executive Office of Housing and Livable Communities

Executive Office of Economic Development

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

Energy and Environmental Affairs

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

Technology and Security

Executive Office of Technology Services and Security

Transportation and Public Works

Massachusetts Department of Transportation (MassDOT)

Executive Office of Labor

and Workforce Development

Executive Office of Labor and Workforce

Health and Human Services

Executive Office of Health and Human Services
Executive Office of Aging & Independence
Department of Children and Families
Department of Developmental Services
Department of Mental Health
Department of Public Health
Department of Transitional Assistance
Department of Youth Services
Massachusetts Commission for the Blind
Massachusetts Commission for the Deaf and Hard of Hearing
MassAbility
Office for Refugees and Immigrants

Public Safety

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

Advisory Board to the Comptroller



Matthew Gorzkowicz (Chair)
Secretary of Administration and Finance



The Honorable Diana DiZoglio
State Auditor



The Honorable Deborah B. Goldberg
Treasurer and Receiver-General



Thomas G. Ambrosino
*Court Administrator
Trial Court*



The Honorable Andrea Campbell
Attorney General



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



Natalie S. Monroe
Gubernatorial Appointee

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Accountant



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Commonwealth of Massachusetts

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information Other Than Management's Discussion and Analysis

Other Supplementary Information





INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Massachusetts (Commonwealth), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Opinion Unit	Entities	Percent of Opinion Unit's Total	
		Assets	Revenues / Additions
Governmental Activities	Lotteries Fund; Massachusetts School Building Authority Fund	6.61%	8.45%
Business-Type Activities	University of Massachusetts; State Universities; Community Colleges (Excluding Roxbury Community College)	75.14%	61.09%
Lotteries Fund	Lotteries Fund	9.37%	100.00%
Massachusetts School Building Authority Fund	Massachusetts School Building Authority Fund	99.72%	100.00%
University of Massachusetts	University of Massachusetts	100.00%	100.00%
State Universities	State Universities	100.00%	100.00%
Aggregate Remaining Fund Information	External Investment Trust Funds; Community Colleges (Excluding Roxbury Community College)	27.48%	50.31%
Aggregate Discretely Presented Component Units	Massachusetts Department of Transportation; Massachusetts Bay Transportation Authority; Commonwealth Health Insurance Connector; Massachusetts Housing Partnership; Economic Development Entities; Higher Education Foundations (Excluding Roxbury Community College Foundation)	85.45%	89.99%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Massachusetts Municipal Depository Trust were not audited in accordance with *Government Auditing Standards*.

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1T to the financial statements, the Commonwealth implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The standard updated the recognition and measurement guidance for compensated absences and amends previously required disclosures. As a result, certain restatements of beginning net position were required. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the accompanying table of contents (collectively referred to as RSI) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth's basic financial statements. The combining statements as listed in the accompanying table of contents (the other supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

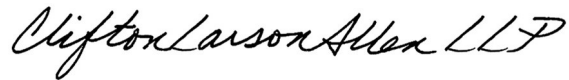
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Mr. William McNamara, Comptroller
Commonwealth of Massachusetts

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2026 on our consideration of the Commonwealth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commonwealth's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
April 23, 2026



Management's Discussion and Analysis

(Unaudited)

Financial Highlights – Primary Commonwealth Government

Government–Wide Highlights

This analysis, prepared by the Office of the Comptroller, offers readers of the Commonwealth's financial statements a narrative overview of the activities of the Commonwealth for the fiscal year ended June 30, 2025 (FY25). We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal and with the Commonwealth's financial statements, which follow. This analysis is required by the Governmental Accounting Standards Board (GASB), which provides preparers with guidelines on what must be included in and excluded from this analysis.

Net Position – The liabilities and deferred inflows of resources of the primary government exceeded its assets and deferred outflows of resources at the end of FY25 by \$61.151 billion, an increase in the net deficit of \$913 million from FY24, due primarily to an operating loss in Governmental Activities, partially offset in a gain in business type activities.

Of the \$61.151 billion deficit, “unrestricted net position” has a deficit of \$67.499 billion and there is a \$1.079 billion positive balance attributable to net investment in capital assets. There are five primary reasons for the Commonwealth's negative unrestricted net position:

- The Massachusetts Department of Transportation (MassDOT), which was made a separate legal entity from the Commonwealth in 2010, owns virtually all highway and bridge assets of the Commonwealth totaling approximately \$15.521 billion, net of depreciation, as of the date of the transfer. These and subsequently constructed road and bridge assets were valued at \$27.677 billion as of June 30, 2025. However, the Commonwealth originally paid and continues to pay for the construction of these assets and retains approximately \$16.250 billion in transportation-related debt, which is now unrelated to any capital asset owned by the Commonwealth.
- The Commonwealth has a net liability of \$3.230 billion for its share of the construction costs of schools owned and operated by municipalities through the Massachusetts School Building Authority (MSBA).
- The Commonwealth, through debt issuances, also pays for transportation and non-transportation capital assets held by quasi-public entities, local governments, and housing authorities.
- With the implementation of Governmental Accounting Standards Board (GASB) [Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27](#), which was effective starting in FY15, the Commonwealth was required to place on its books the full amount of its unfunded pension liability (known as the "net pension liability"), which totaled \$40.935 billion as of June 30, 2025 (based on a June 30, 2024 actuarial valuation, per GASB 68).
- The implementation of [GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions](#), which was effective starting in FY18, required the Commonwealth to record on its statement of net position its unfunded non-pension retiree benefits (or OPEB, mostly health insurance benefits), which totaled \$12.933 billion as of June 30, 2025 (based on a June 30, 2024 valuation, per GASB 75).

At the end of FY25, the Commonwealth also held \$5.269 billion in “restricted net position”, which are assets restricted primarily for payment of debt service, unemployment insurance benefits, family and medical leave benefits, education and transportation spending funded by an income tax surtax, and the Institutions of Higher Education. Approximately \$897 million was restricted for debt retirement (of which \$600 million was restricted for MSBA debt retirement), \$2.523 billion was restricted for unemployment insurance and family and medical leave benefits, \$1.169 billion was restricted for 4% surtax education and transportation, \$386 million was restricted for Higher Education, and \$294 million was restricted for grants and gifts.

The Commonwealth's governmental activities (which exclude the "business-type activities" of the Institutions of Higher Education, Unemployment Insurance, and Family and Employment Security Trust) net deficit increased by \$1.770 billion, to \$69.161 billion, and its governmental activities unrestricted net deficit increased by approximately \$893 million, to \$68.181 billion, as of June 30, 2025.

Total revenues of the primary government increased by \$2.192 billion, or 2.3% in FY25, to \$96.705 billion, with most of the revenue increase due to growth in tax revenues, which increased by \$3.578 billion and charges for services which increased by \$842 million, partially offset by a drop in operating grants, which declined by \$2.025 billion, and a \$710 million decrease in tobacco settlement proceeds (as the FY25 modified cash basis increase in tobacco settlement proceeds was recorded in FY24 as a receivable) and a decrease in investment earnings. Total expenses of the primary government increased by \$6.540 billion, or approximately 7.2%, to \$97.618 billion, mainly due to an increase in spending on Medicaid and various other health and human service programs, transportation, employee and retiree health insurance, and local aid. Details on revenues and expenses for the primary government can be found on [pages 21–28](#).

The net position of business-type activities increased by \$858 million, due to FY25 surpluses generated by the Institutions of Higher Education, especially the University of Massachusetts, which generated a surplus of \$477 million in FY25. Business-type activities as a whole ended with a net position of positive \$8.011 billion, as positive balances in the Family and Employment Security Trust Fund and Higher Education offset a negative balance in the Unemployment Compensation Trust Fund.

On a "funds perspective" basis, at June 30, 2025, the Commonwealth's governmental funds reported a combined ending fund balance of \$22.170 billion, a decrease of \$1.377 billion from June 30, 2024. Of the ending balances:

- There is \$393 million in nonspendable balances, \$2.148 billion is restricted, \$13.637 billion is committed, \$4.567 billion is assigned, and \$1.425 billion is unassigned fund balance (a full discussion of these classifications is included in [Note 1C](#) to the basic financial statements, on pages [69-74](#)).
- The MSBA's fund balance of \$2.308 billion is blended with the Commonwealth. Within this fund balance is \$2.457 billion in cash and restricted investments, which resulted primarily from the issuance of debt in FY25 and previous fiscal years, less approximately \$283 million in liabilities. In FY25, \$1.277 billion was dedicated to the MSBA from Commonwealth sales taxes.

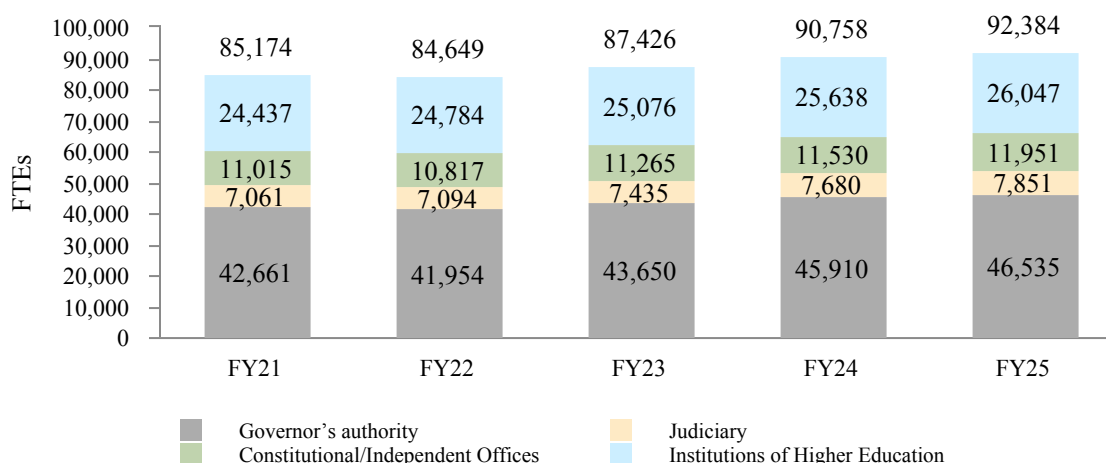
Other highlights of FY25 financial operations include:

- Tobacco settlement proceeds for the year were approximately \$169 million on a GAAP basis, a decrease of approximately \$710 million from FY24, as the Commonwealth recorded as a receivable in FY24 one-time revenues from a nationwide settlement with the tobacco companies that addressed withholding of proceeds from the years 2005-2011 that had been in dispute. In FY25 approximately \$87 million, or the equivalent of 10% of cash tobacco settlement proceeds, was transferred to the State Retiree Benefits Trust Fund (SRBTF) to fund the Commonwealth's liability for retiree health care. Per statute, the proportion of tobacco settlement revenues transferred to the SRBTF increases annually until an amount equal to 100% of the tobacco settlement proceeds is to be transferred to the SRBTF in FY25, although the requirement to transfer increasing percentages of tobacco settlement proceeds was suspended for FY25, resulting in no transfer.
- During the fiscal year, the Commonwealth passed or agreed to terms of approximately \$10.526 billion in bond authorizations. There were no bond de-authorizations of previously approved capital appropriations during the fiscal year. The Commonwealth determines the timing and extent of capital spending and bonding as part of its five-year capital plan.
- Lottery revenues for FY25 were \$5.992 billion, a decrease of approximately \$202 million, or 3.3%, from FY24. Prizes were approximately \$4.852 billion. Lottery profits, after deducting administrative expenses and fringe benefit charges to reimburse the Commonwealth's General Fund for pension and employee health insurance benefits, but prior to distributions to reimburse the Massachusetts Cultural Council and compulsive gamblers appropriation as mandated in the FY25 budget, totaled \$1.059 billion a decrease of \$92 million, or 8.0%, from FY24. Mandated transfers to the General Fund to reimburse it for administrative expense appropriations and other spending totaled \$1.197 billion.

Full-Time Equivalent Employment

The chart below shows the Commonwealth’s full-time equivalent employment, including the Massachusetts Department of Transportation (MassDOT) for all state funding sources (budgetary, non-budgetary, capital, federal, and trust) over the past five fiscal years. As of June 30, 2025, the number of Commonwealth employees (both budgeted and non-budgeted funded) increased by a net of 1,626 full-time equivalent employees (FTEs) from June 30, 2024, to a total of 92,384. The largest increases were in the Institutions of Higher Education, where employment increased by 409 FTEs to 26,047, the Constitutional Offices and Independent Agencies (excluding the Judiciary), where employment increased by 421 to 11,951, and the executive agencies controlled by the Governor, where FTEs increased by 625, to 46,535, particularly in Executive Office of Health and Human Services, where employment increased by 468 FTEs and the Executive Office of Labor and Workforce development where employment increased by 117, partially offset by a decline of 142 FTEs in the Executive Office of Transportation and Construction. In the Judiciary, FTEs increased by 171, to 7,851.

**Full Time Equivalent Workforce
Including Higher Education as of 6/30**
June 2021 – June 2025



OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government–Wide Financial Statements

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

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

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

Fund Financial Statements and Component Unit Financial Statements

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

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

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

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

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

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

The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements as of the date provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on [pages 65-140](#).

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

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

GOVERNMENT-WIDE ANALYSIS

The primary government’s combined net position (governmental and business-type activities) showed a net deficit of \$61.151 billion at the end of FY25, an increase in the net deficit of \$913 million from the end of FY24. The reasons for the increase in the net deficit are explained in the following section. Government-wide unrestricted net position is negative by \$67.499 billion. As explained previously, in addition to the \$40.935 billion government-wide net pension liability and the \$12.933 billion OPEB liabilities recorded on the Commonwealth's books, a substantial portion of this deficit is a result of programs where the Commonwealth has funded assets owned by political subdivisions of the Commonwealth (in particular the result of the transfer of assets to MassDOT during FY10), as well as continued borrowing by the Commonwealth that funds, through its capital budget and debt issuance, construction of new assets owned by MassDOT, local governments, and local authorities. MassDOT reports its capital assets on its financial statements, which are incorporated into the Commonwealth’s financial statements similarly to other component units.

Major Long – Term Obligations for Assets of Political Subdivisions

(amounts in thousands)

Massachusetts School Building Authority net deficit	\$	3,229,644
Debt related to MassDOT assets		16,249,513
Effects on governmental unrestricted net position of items unique to the Commonwealth	\$	<u>19,479,157</u>

Of the Commonwealth’s approximately \$3.758 billion in FY25 state funded capital spending, approximately \$2.783 billion did not result in capital assets attributed to governmental activities of the Commonwealth, including approximately \$1.569 billion in transportation spending (with \$314 million in grants and other financial assistance to cities and towns), \$184 million for Institutions of Higher Education (which are included in the Commonwealth’s business-type activities) and approximately \$932 million in other capital grants and financial assistance to local governments and quasi-public entities. Between FY05 and FY25 the Commonwealth’s capital spending on projects owned by non-Commonwealth entities or by the Institutions of Higher Education totaled \$39.719 billion. These include:

- Capital spending for transportation projects now owned by the Massachusetts Department of Transportation totaling approximately \$19.499 billion
- Grants and financial assistance for non-Commonwealth entities such as cities and towns and quasi-public authorities funded through the Commonwealth’s capital budget of almost \$10.203 billion, including \$1 billion in FY05 and FY06 to capitalize the Massachusetts School Building Authority
- Transportation-related financial assistance to local governments totaling more than \$6.070 billion
- Higher Education capital projects totaling approximately \$3.248 billion

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

Current assets and liabilities are amounts that are available in the current period and obligations that will be paid within one year of the financial statement date, respectively. As of June 30, 2025, the Commonwealth’s government-wide current unrestricted cash and cash equivalents totaled \$24.549 billion, a decrease of \$1.543 billion from June 30, 2024. Total current assets were \$38.354 billion, a decrease of \$1.311 billion from June 30, 2024. As of June 30, 2025, the Commonwealth’s current liabilities were \$15.408 billion, an increase of \$622 million from June 30, 2024, primarily due to an increase of \$770 million in amounts due to component units, mainly from unspent balances of income tax surtax revenues due to the Massachusetts Department of Transportation, as well as increases in tax refunds payable and amounts owed to the federal government for Unemployment Insurance overdraws of revenue during the pandemic. These increases were partially offset by a \$545 million decrease in other accounts payable.

As of June 30, 2025, the primary government's non-current assets were virtually unchanged from FY24, decreasing by \$59 million from June 30, 2024, to \$22.832 billion. Non-current liabilities totaled \$106.398 billion, a decrease of \$1.340 billion, from FY24, due primarily to a \$1.656 billion reduction in net pension liabilities, due primarily to strong investment returns and increased pension contributions, a \$492 million decrease in OPEB liabilities, due mainly to an increase in the discount rate used to value those liabilities, partially offset by a \$1.360 billion increase in long-term bonds payable as the Commonwealth issued bonds to reimburse itself for capital spending, much of which occurred in FY24 but not was reimbursed until FY25.

The Commonwealth holds \$15.983 billion in capital assets such as land, construction in process, buildings, infrastructure, and equipment, and right of use leases, net of accumulated depreciation. GASB requires the reporting of the value of investments in the Commonwealth's infrastructure, including roads, bridges, beaches, dams and other immovable assets on the face of the Commonwealth's financial statements. As these assets provide services to citizens, they are not available to finance future spending unless they are sold. Although the Commonwealth's investment in its capital assets is also reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

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

Net Position as of June 30, 2025 and 2024
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024*	June 30, 2025	June 30, 2024*
Current assets.....	\$ 30,533,382	\$ 31,405,368	\$ 7,820,839	\$ 8,259,661	\$ 38,354,221	\$ 39,665,029
Non-capital non-current assets.....	2,980,843	3,094,595	3,868,422	3,614,936	6,849,265	6,709,531
Capital assets.....	6,191,307	6,443,179	9,791,838	9,738,711	15,983,145	16,181,890
Total assets.....	39,705,532	40,943,142	21,481,099	21,613,308	61,186,631	62,556,450
Deferred outflows of resources.....	7,415,226	8,906,695	444,846	573,074	7,860,072	9,479,769
Total assets and deferred outflows.....	47,120,758	49,849,837	21,925,945	22,186,382	69,046,703	72,036,219
Current liabilities.....	13,028,869	12,571,510	2,378,818	2,213,910	15,407,687	14,785,420
Long term liabilities.....	96,773,713	97,231,602	9,624,388	10,506,016	106,398,101	107,737,618
Total liabilities.....	109,802,582	109,803,112	12,003,206	12,719,926	121,805,788	122,523,038
Deferred inflows of resources.....	6,479,630	7,437,745	1,912,001	2,313,607	8,391,631	9,751,352
Total liabilities and deferred inflows.....	116,282,212	117,240,857	13,915,207	15,033,533	130,197,419	132,274,390
Net Position:						
Net investment in capital assets.....	(3,068,979)	(2,346,839)	4,147,590	4,088,920	1,078,611	1,742,081
Restricted.....	2,088,328	2,244,029	3,181,118	3,494,444	5,269,446	5,738,473
Unrestricted.....	(68,180,803)	(67,288,210)	682,030	(430,515)	(67,498,773)	(67,718,725)
Total Net Position.....	\$ (69,161,454)	\$ (67,391,020)	\$ 8,010,738	\$ 7,152,849	\$ (61,150,716)	\$ (60,238,171)

* As restated, see note 1T on pages 82-83 - Business - type activities

Changes in Net Position

As noted earlier, the Commonwealth's total primary government net deficit increased by approximately \$913 million between FY24 and FY25, to \$61.151 billion. The main reasons for the increase in the net deficit were the \$1.770 billion loss in governmental activities, partially offset by an \$858 million increase in business-type activities, primarily in Higher Education. Both assets and deferred outflows and liabilities and deferred inflows declined from FY24, with the \$2.990 billion decline in assets and deferred outflows exceeding the \$2.077 billion decline in liabilities and deferred inflows. While net pension and net OPEB liabilities declined by \$1.656 billion and \$492 million, respectively (primarily as a result of strong investment returns and increased contributions for pensions and

strong investment returns, favorable cost experience, and a higher discount rate for OPEB liabilities due to an increase in interest rates between June 30, 2024 and June 30, 2025), deferred outflows related to pensions and OPEB (which are included with assets and add to net position) declined by \$1.568 billion, while deferred inflows related to pensions and OPEB (which are included with liabilities and subtract from net position) decreased by only \$1.299 billion. In addition, short and long term debt issued by the Commonwealth increased by \$987 million, reducing net position. These reductions to net position were partly offset by increases in tax and federal grant-related receivables.

The table on this page shows the major categories of government-wide revenues and expenses for FY24 and FY25, as well as net position for the two fiscal years.

In FY25, approximately 46.4% of the total revenue came from governmental activities tax revenue, while the remainder resulted from programmatic revenues, including charges for services and grants and contributions, the majority of which was federal aid. FY25 revenues totaled \$96.705 billion, an increase of \$2.192 billion, or 2.3% from FY24, with tax revenue totaling \$44.909 billion, an increase of \$3.578 billion, or 8.7%, from FY24. Income tax revenue increased by \$3.414 billion, or 14.3%, as a withholding, capital gains, and revenue from the 4% surtax on personal incomes greater than \$1 million (which is dedicated to education and transportation spending) resulted in increased income tax revenues. Sales tax revenue increased by \$227 million, or 2.4%, and corporate excise tax decreased by \$270 million, or 6.5%, with the decline partly due the fact that since the Massachusetts corporate tax code automatically conforms to the federal tax code, recently enacted federal tax cuts resulted in reductions to Massachusetts corporate tax revenues.

Changes in Net Position during the Fiscal Years Ended June 30, 2025 and 2024
(in thousands of dollars except percentages)

	Governmental Activities		Business - Type Activities		Total Primary Government		Total Primary Government		
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024*	June 30, 2025	June 30, 2024*	June 30, 2025 Distribution	June 30, 2024* Distribution	25 to '24 % Change in Distribution
Revenues									
Program Revenues:									
Charges for services	\$ 14,107,686	\$ 13,863,310	\$ 6,434,646	\$ 5,836,890	\$ 20,542,332	\$ 19,700,200	21.2 %	20.8 %	0.4 %
Operating grants and contributions	25,977,849	27,586,881	1,646,968	2,063,238	27,624,817	29,650,119	28.6 %	31.3 %	(2.7)%
Capital grants and contributions	135,807	87,743	18,915	11,277	154,722	99,020	0.2 %	0.1 %	0.1 %
General Revenues:									
Taxes	44,909,477	41,331,611	—	—	44,909,477	41,331,611	46.4 %	43.7 %	2.7 %
Other	2,419,352	2,960,072	1,054,507	772,480	3,473,859	3,732,552	3.6 %	4.1 %	(0.5)%
Total Revenues	87,550,171	85,829,617	9,155,036	8,683,885	96,705,207	94,513,502	100.0 %	100.0 %	
Expenses									
Medicaid	26,323,064	23,600,996	—	—	26,323,064	23,600,996	27.0 %	25.9 %	1.1 %
Direct local aid	8,265,832	7,962,691	—	—	8,265,832	7,962,691	8.5 %	8.7 %	(0.2)%
Health and human services	15,273,503	13,886,097	—	—	15,273,503	13,886,097	15.6 %	15.2 %	0.4 %
Lottery	4,796,456	4,911,262	—	—	4,796,456	4,911,262	4.9 %	5.4 %	(0.5)%
Higher education	—	—	6,965,923	6,404,384	6,965,923	6,404,384	7.1 %	7.0 %	0.1 %
Early elementary and secondary education	8,437,350	9,081,911	—	—	8,437,350	9,081,911	8.6 %	10.0 %	(1.4)%
Unemployment compensation	—	—	2,145,856	2,214,741	2,145,856	2,214,741	2.2 %	2.4 %	(0.2)%
Family and employment security trust	—	—	1,294,920	1,104,335	1,294,920	1,104,335	1.3 %	1.2 %	0.1 %
Other	24,114,848	21,911,698	—	—	24,114,848	21,911,698	24.8 %	24.2 %	0.6 %
Total Expenses	87,211,053	81,354,655	10,406,699	9,723,460	97,617,752	91,078,115	100.0 %	100.0 %	
Excess/(Deficiency)									
before transfers	339,118	4,474,962	(1,251,663)	(1,039,575)	(912,545)	3,435,387			
Transfers	(2,109,552)	(2,098,885)	2,109,552	2,098,885	—	—			
Change in net position (deficits)	(1,770,434)	2,376,077	857,889	1,059,310	(912,545)	3,435,387			
Net position/(deficits) - beginning, as previously reported	(67,391,020)	(69,767,097)	7,183,321	6,121,791	(60,207,699)	(63,645,306)			
Prior Period Restatements - Note 1T	—	—	(30,472)	(28,252)	(30,472)	(28,252)			
Net position/(deficits) - beginning, as restated	(67,391,020)	(69,767,097)	7,152,849	6,093,539	(60,238,171)	(63,673,558)			
Net position/(deficits) - ending	\$ (69,161,454)	\$ (67,391,020)	\$ 8,010,738	\$ 7,152,849	\$ (61,150,716)	\$ (60,238,171)			

* As restated, see note 1T on pages 82-83 - Business - type activities

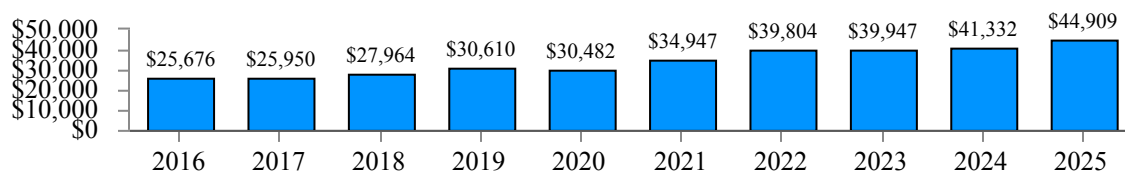
Operating grants and contributions totaled \$27.625 billion, a decrease of \$2.025 billion, or 6.8%, in FY25, including a \$1.609 billion, or 5.8% decline in Governmental Activities and a \$416 million decline in Business-Type Activities (see section on "Business-Type Activities" below for more detail). The decline in Governmental Activities operating grants and contributions was concentrated in General Government, which were down \$2.240 billion, or 67.8%, a \$677 million, or 49.1%, a drop in in Public Safety Grants from federal reimbursements, a \$533 million, or 20.7% decrease in grants to Elementary and Secondary Education, and a \$247 million, or 4.5%, decline in Health and Human Services grants. These decreases were partly offset by growth in federal Medicaid reimbursements, which increased by \$2.037 billion, or 14.8%, as state Medicaid expenses increased.

Charges for services totaled \$20.542 billion, increasing by \$842 million, or 4.3% from FY24, with the increase resulting primarily from growth of \$485 million, or 14.2%, in charges for Health and Human Services programs, an increase of \$213 million, or 10.3%, at the University of Massachusetts, charges for Unemployment Compensation, which were up by \$186 million, or 10.2%, and Paid Family and Medical Leave, which grew by \$204 million, or 17.8%. These increases were partially offset by charges for Medicaid, which declined by \$348 million, or 44.3%.

As of June 30, 2025, government-wide restricted net position totaled \$5.269 billion, a decrease of \$469 million, with the majority of the decrease due to assets restricted for unemployment benefits and in balances generated by the 4% income tax surtax that are reserved for education and transportation purposes.

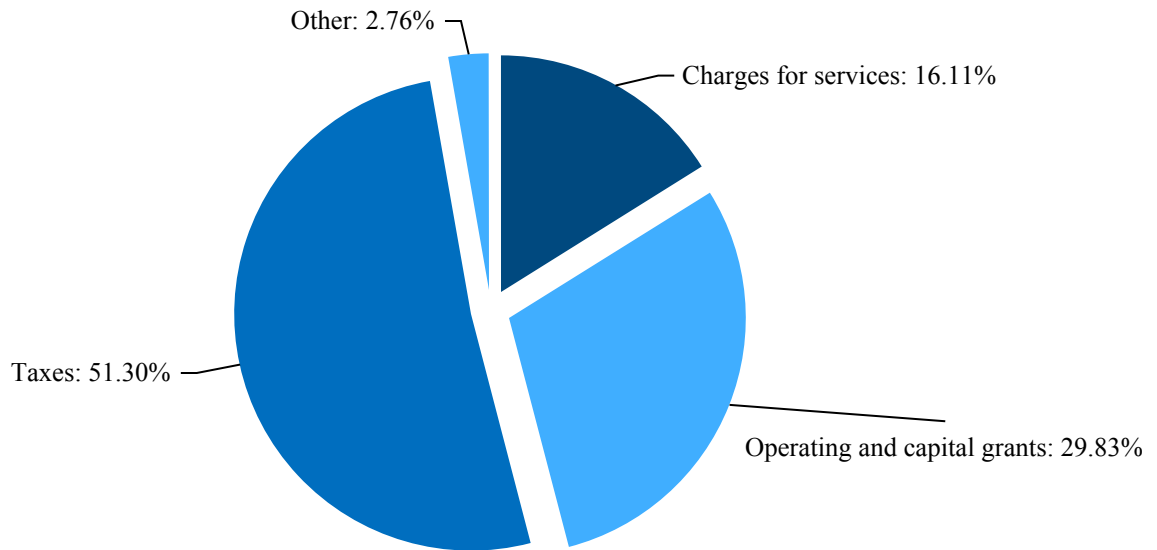
Primary government spending totaled \$97.618 billion, an increase of \$6.540 billion, or 7.2%, from FY24, with governmental activities spending totaling \$87.211 billion, an increase of \$5.856 billion, or 7.2%, and business-type activities spending totaling \$10.407 billion, an increase of \$683 million, or 7.0%. Medicaid expenses totaled \$26.323 billion, an increase of \$2.722 billion, or 11.5%, from FY24, the result of general medical inflation. Health and Human Services spending totaled \$15.274 billion, an increase of \$1.387 billion or 10.0%, transportation and public works spending totaled \$4.548 billion, an increase of \$1.034 billion, or 29.4%, mainly due to spending from the 4% surtax on incomes greater than \$1 million, and early and secondary education spending totaled \$8.437 billion, a decrease of \$645 million, or 7.1%, Public safety and security spending totaled \$3.900 billion, a decrease of \$266 million, or 6.4%, and general government expenses totaled \$4.052 billion, an increase of \$362 million, or 9.8%. In addition, direct local aid spending totaled \$8.266 billion, an increase of \$303 million, or 3.8% as the Commonwealth continued its commitment to allocate a proportionate increase in projected budgetary tax revenues to local assistance. In business-type activities, unemployment insurance compensation expenditures totaled \$2.146 billion, a decrease of \$69 million, or 3.1%, paid family medical totaled \$1.295 billion, an increase of \$191 million, or and Higher Education spending totaled \$6.966 billion, an increase of \$562 million or 8.8%.

**Revenue from Taxation
FY16 - FY25
(amounts in millions)**



Income taxes comprise the majority of tax revenue. Of the \$44.909 billion in FY25 tax revenue within governmental activities, \$27.210 billion, or approximately 60.6%, of total taxes, was from income taxes, \$9.651 billion, or 21.5%, was from sales taxes, \$3.866 billion, or 8.6%, was from corporate taxes, \$706 million, or 1.6%, was from motor fuels taxes and \$3.477 billion, or 7.7%, was from other forms of taxation. Lottery revenues of \$5.975 billion made up 42.4% of the Commonwealth's governmental charges for services. The largest operating grants were federal Medicaid subsidies, which totaled \$15.772 billion, or approximately 60.7%, of all grants, other health and human services grants of \$5.209 billion, or 20.1% of all grants, and education grants of \$2.039 billion, or 7.8% of all grants. Most of the Commonwealth's capital grants are for highway construction, and those federal grants are recorded not in the Commonwealth's financial statements but in the financial statements of the Massachusetts Department of Transportation, a component unit of the Commonwealth.

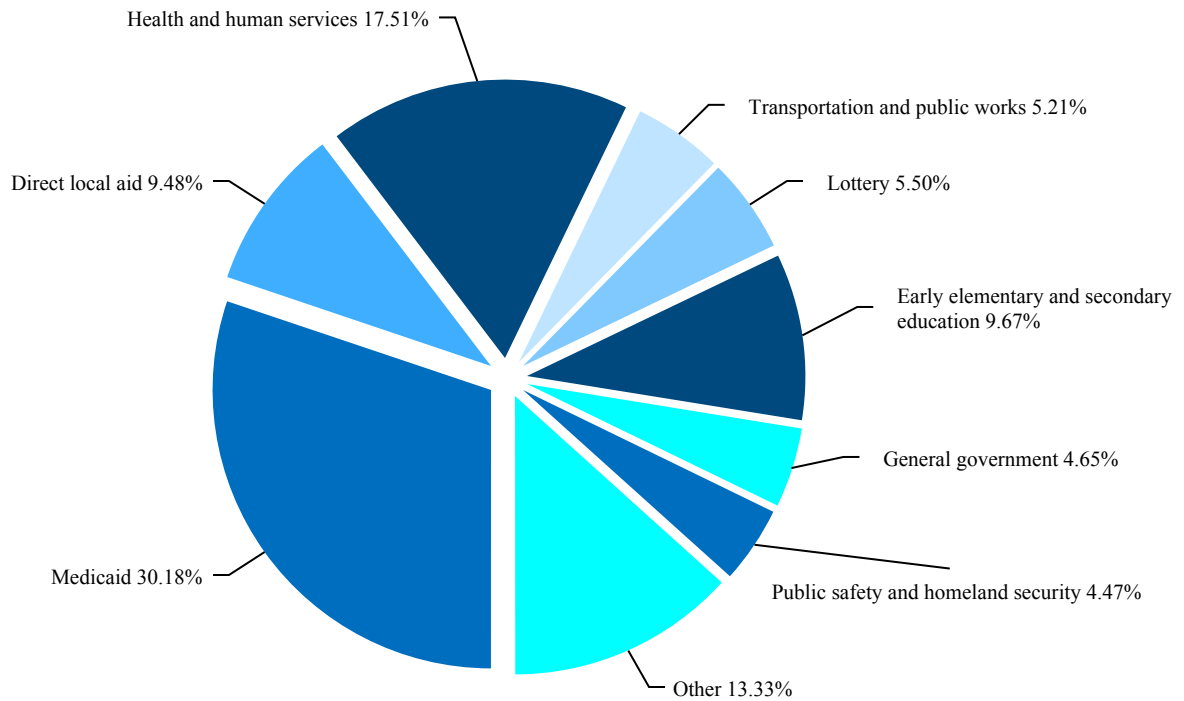
**Revenue—Governmental Activities
Fiscal Year Ending June 30, 2025**



Medicaid expenses of \$26.323 billion accounted for 30.2% of the Commonwealth’s governmental activities expenses. Historically, approximately half of Medicaid expenses have been reimbursed by the federal government, although under the Affordable Care Act some Medicaid expenditures are reimbursed at higher rates. The largest expense that is not subsidized by program revenues is direct local aid to the municipalities of the Commonwealth of approximately \$8.266 billion.

Other large expenditures for governmental activities included non-Medicaid health and human services costs of approximately \$15.274 billion, accounting for 17.5% of governmental expenses, pre-kindergarten through secondary education costs of approximately \$8.437 billion, accounting for 9.7% of governmental expenses and public safety and security costs of approximately \$3.900 billion, accounting for 4.5% of governmental expenses. State employees’ pensions and other post-employment benefits, which are included in the department spending amounts above, were \$1.457 billion, an increase of \$254 million from FY24.

**Major Expenses—Governmental Activities
Fiscal Year Ending June 30, 2025**



Business-Type Activities

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

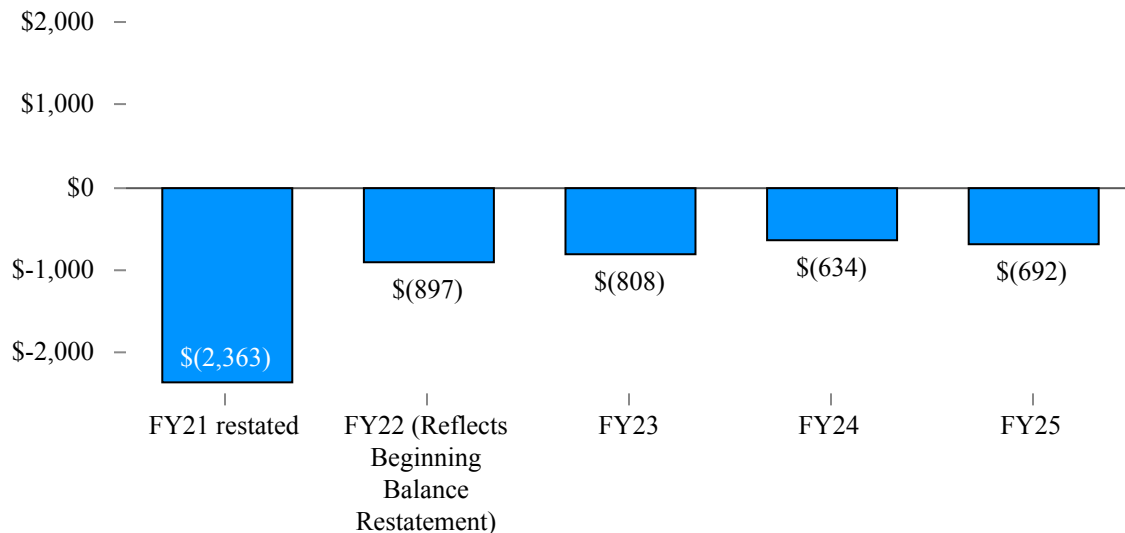
As of June 30, 2025, business-type activities' net position totaled \$8.011 billion, an increase of \$858 million, mostly attributable to a gain of \$788 million in the Institutions of Higher Education, primarily due to a reduction in net pension and OPEB liabilities net of deferrals, which declined by \$245 million from FY24, and a reduction in long-term bonds payable, which declined by \$601 million. Program revenues of business-type activities totaled \$8.101 billion, an increase of \$189 million, or 2.4%, with charges for services totaling \$6.435 billion, an increase of \$598 million, or 10.2%, with the bulk of the increase resulting from charges for Unemployment Compensation, which totaled \$2.004 billion, up \$186 million, or 10.2%, the Paid Family and Medical Leave (PFML) Program, which totaled \$1.352 billion, up \$204 million, or 17.8%, as the PFML rate charged to employers increased from 0.63% in calendar 2023 to 0.88% in FY24 and FY25, and Higher Education Institutions, which totaled \$3.079 billion, an increase of \$208 million, or 7.2%, due to higher charges for tuition. Operating grants and contributions totaled \$1.647 billion, a decrease of \$416 million, or 20.2%, primarily the result of a \$559 million decline in federal revenue for the Unemployment Insurance program, partially offset by increases in Higher Education grants and contributions.

Business-Type Activities expenses totaled \$10.407 billion, an increase of \$683 million, or 7.0%, from FY24, with the largest increases in Higher Education spending, which totaled \$6.966 billion up \$562 million, or 8.8% as the Commonwealth's colleges and universities continued to add staff after recovering from the pandemic and implemented of collective bargaining agreements resulted in wage and salary growth. Expenses for the Paid Family and Medical Leave Program totaled \$1.295 billion, an increase of \$191 million, or 17.3%, as the program became more widely used. These increases were minimally offset by a drop in Unemployment Compensation program expenses, which totaled \$2.146 billion, down \$69 million, or 3.1%.

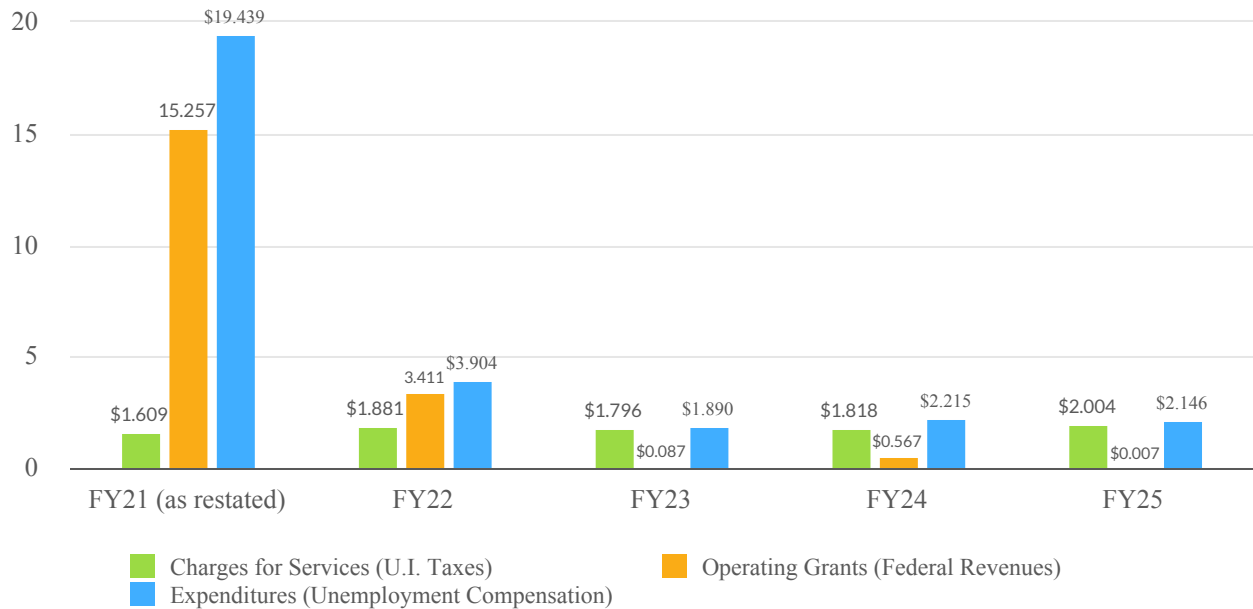
As a result of a detailed reconciliation of prior year revenue and spending in the Unemployment Compensation Trust Fund conducted during the FY22 financial statement audit, the FY22 beginning balance of the Trust Fund was restated and reduced by \$1.943 billion to account for overdraws of pandemic-related unemployment insurance revenues from the federal government by the Department of Unemployment Assistance (DUA) in FY20 and FY21, leaving the Trust Fund with an FY22 beginning net position of negative \$2.363 billion. Those prior fiscal year overdraws, as well as \$548 million in FY22 and \$8 million in FY23 similar overdraws, were accounted for as a \$2.499 billion liability in the Unemployment Compensation Trust Fund's statement of net position as of June 30, 2023. In January 2025, the Commonwealth agreed pursuant to a settlement agreement to pay the federal government \$2.034 billion (reflecting a negotiated reduction of \$465 million in the assessed liability) from the Unemployment Compensation Trust Fund to remediate these errors, with such payments to be made in ten annual installments of approximately \$203 million commencing in December 2025 and total interest payments of \$409 million in nine installments commencing in December 2026, of which \$17 million is accrued interest as of June 30, 2025. The Commonwealth also agreed to pay \$73 million in back-interest related to the covered claims on overdraws of federal pandemic-related unemployment insurance benefits.

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

Unemployment Compensation Trust Fund
Ending Net Position
Fiscal Years 2021 - 2025
(amounts in millions - as restated)



**Unemployment Insurance Compensation Revenues and Expenses
(amounts in billions)**



FINANCIAL ANALYSIS OF THE COMMONWEALTH’S FUNDS

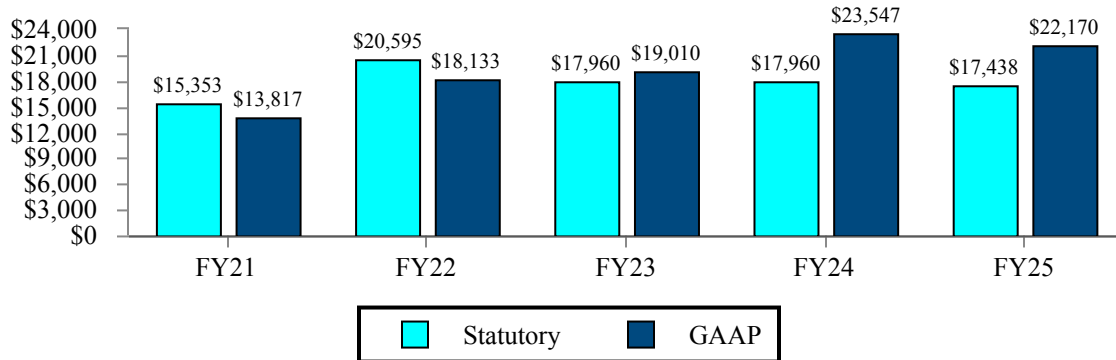
The Commonwealth uses fund accounting to demonstrate inter-period equity and the extent to which current resources are financing the full cost of services that citizens are receiving. The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

Governmental Funds

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

The General Fund (which for this analysis includes the Stabilization Fund and Transitional Escrow Fund) is the primary operating fund of the Commonwealth. At the end of FY25, the balance of the General Fund was \$12.842 billion. Of this amount, \$8.111 billion represents the balance in the Commonwealth’s Stabilization Fund, \$1.426 billion was classified as assigned for continuing appropriations from FY25 into FY26, and \$3.306 billion was unassigned, with the unassigned balance including \$2.836 billion in the General Fund and \$470 million in the Transitional Escrow Fund, which holds balances that, while unexpended in FY25, are intended to be expended in FY26 and future years. The General Fund balance of \$12.842 billion, reflected a decline of \$2.609 billion, or 16.9%, with the decrease in ending balance due primarily to an increase in Medicaid expenditures (see explanation in the government-wide section above), a decline in miscellaneous revenues resulting as \$695 million in tobacco settlement revenue received in FY25 was recorded as a receivable in FY24, thereby boosting FY24 revenue relative to FY25, and General Fund interest declined by \$259 million as a result of lower cash balances in FY25 throughout the fiscal year as compared to FY24. Other major funds include the Lottery Fund ending balance totaled \$394 million, a decline of \$58 million, or 12.8%. The Massachusetts School Building Authority Fund balance as of June 30, 2025 totaled \$2.308 billion, an increase of \$234 million, or 11.3%, as sales tax revenues dedicated to the MSBA exceeded expenditures, as they did in FY24. The Federal Grants Fund balance as of June 30, 2025 totaled \$104 million, \$6 million higher than a year earlier.

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



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

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

	FY25	FY24	FY23**	FY22	FY21*
Beginning fund balances	\$ 23,547,288	\$ 19,010,234	\$ 17,924,542	\$ 13,817,345	\$ 9,912,839
Revenues and other financing sources	106,612,293	104,985,267	93,889,043	91,840,963	84,720,267
Expenditures and other financing uses	107,989,337	100,448,213	92,803,352	87,525,183	80,815,761
Excess/(deficiency)	(1,377,044)	4,537,054	1,085,692	4,315,780	3,904,506
Ending fund balances	<u>\$ 22,170,244</u>	<u>\$ 23,547,288</u>	<u>\$ 19,010,234</u>	<u>\$ 18,133,125</u>	<u>\$ 13,817,345</u>

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

** Beginning balance restated due to the MSBA's correction of error related to revenues and expenditures recognition.

FY25 total governmental fund balances as of June 30, 2025 totaled \$22.170 billion, a decrease of \$1.377 billion, or 5.8% from June 30, 2024, with the decrease in total fund balances due primarily to the decline in the General Fund balance explained above, partially offset by a \$1.050 billion increase in other governmental fund balances, as tax revenues from the 4% surtax on incomes over \$1 million continued to exceed spending from that source. Revenues and other financing sources totaled \$106.612 billion, an increase of \$1.627 billion, or 1.5%, from FY24, with growth in tax revenues of \$3.581 billion, or 8.7%, was partially offset by a decline of \$1.208 billion, or 4.4%, as revenue from Covid-related federal reimbursements was phased out. Revenue from other financing sources, which totaled \$18.296 billion a decrease of \$306 million, or 1.6% as bond issuance (both for new issuance and refunding) declined by \$2.956 billion, partially offset by an increase of \$2.588 billion in transfers in, the result of transfers of \$827 million in FY24 and FY25 interest revenue from the Stabilization Fund to the Commonwealth Federal Matching and Debt Reduction Fund as required in the FY25 budget bills, and increased transfers from the General Fund to and transfers within the three education and transfer funds that hold revenue from the 4% personal income tax surtax on income greater than \$1 million. Tax revenues as a whole totaled \$44.886 billion, an increase of \$3.581 billion, or 8.7%, as increases due to the 4% surtax and other tax revenue sources were partially offset by decreases in capital gains taxes. Federal grants and reimbursements totaled \$26.319 billion, a decrease of \$1.208 billion, mainly due to a \$2.327 billion decline in revenue recorded in the Federal COVID-19 Response Fund, which in FY24 recognized the remaining amount of revenue received during the pandemic under the American Recovery Plan Act, a decline that was partially offset by growth in federal Medicaid reimbursements generated from increased Medicaid spending.

Assessments, fees, and investment earnings totaled \$17.112 billion, a decrease of \$439 million, or 2.5%. as lower balances in the Commonwealth's General Fund and reduced interest rates decreased interest earnings and on Stabilization Fund and General Fund balances.

FY25 governmental fund expenditures and other financing uses totaled \$107.980 billion, an increase of \$7.532 billion, or 7.5% from FY24, with \$4.778 billion of growth in programmatic spending (as opposed to "other financing uses") and a \$2.754 billion, 21.0%, increase in other financing uses. Programmatic spending totaled \$92.099 billion, with significant areas including Medicaid, which totaled \$26.323 billion, an increase of \$2.722 billion, or 11.5% from FY24, with the increase due primarily to general inflation in medical expenses. Other significant areas include non-Medicaid Health and Human Services spending, which totaled \$14.546 billion, an increase of \$1.165 billion, or 8.7%, primarily due to increased spending of \$387 million at the Department of Development Services and on adult mental health spending and behavioral health workforce supports and an increase of \$586 million or 52.1% in the Hospital Investment and Performance Trust Fund. Education spending totaled \$8.130 billion a decrease of \$36 million, or 0.4%, and transportation spending totaled \$4.428 billion, an increase of \$1.069 billion, or 31.8%, with the transportation spending increase funded by revenue and balances from the 4% surtax, revenue from which is dedicated to transportation and education purposes. Direct Local Aid totaled \$8.266 billion, an increase of \$303 million, or 3.8%, as the Administration committed increases in tax revenue to education aid in particular, and principal paid on current refundings totaled \$676 million, a decrease of \$1.632 billion or 70.7%, as the Commonwealth was able to profitably refund previously issued long-term debt. Other financing uses totaled \$15.891 billion, an increase of \$2.754 billion, or 21.0%, due primarily to an increase of \$2.597 billion transfers of the 4% surtax from the General Fund to the education and transportation funds and between the education and transportation fund and transfers of \$827 million in FY24 and FY25 interest earned by the Stabilization Fund to the Commonwealth Federal Matching and Debt Reduction Fund, as mandated by the FY25 budget bills.

The table below summarizes FY25 Governmental Fund balances and changes from FY24.

Governmental Funds - Fund Balance Classification				
(amounts in thousands)				
	2025	2024	Change	% Change
<u>Nonspendable/Restricted:</u>				
Nonspendable	\$ 393,199	\$ 450,897	\$ (57,698)	(12.8)%
Restricted	2,148,398	2,244,029	(95,631)	(4.3)%
Total Nonspendable/Restricted	2,541,597	2,694,926	(153,329)	(5.7)%
<u>Unrestricted:</u>				
Committed	13,636,511	13,802,343	(165,832)	(1.2)%
Assigned	4,566,758	4,696,283	(129,525)	(2.8)%
Unassigned	1,425,378	2,353,736	(928,358)	(39.4)%
Total Unrestricted	19,628,647	20,852,362	(1,223,715)	(5.9)%
Total fund balances	\$ 22,170,244	\$ 23,547,288	\$ (1,377,044)	(5.8)%

GAAP requires that fund balances be classified by the degree of restriction placed upon their use by constitutional, statutory, or contractual requirements, and these classifications are shown in the table above. Restricted fund balances represent amounts restricted for Commonwealth and MSBA debt service or restricted by bond covenants, constitutional requirements, funds that are restricted in capital projects and special revenue funds, balances in the federal grants funds, and some balances held in expendable trusts. Unrestricted amounts include fund balances classified as committed, including those generated by revenue sources directed to specific purposes but with a lower level of constraint on their use than restricted balances, as well the fund balance of the Stabilization Fund. Unrestricted amounts also include "prior appropriations continued", or PACs, which are classified as assigned, and residual balances in the General Fund, which are classified as unassigned. The \$96 million, or 4.3% decrease in restricted balances was the result of revenue generated by the 4% income tax surtax on income greater than \$1 million, which is constitutionally restricted for education and transportation purposes. The \$166 million, or 1.2%, decrease in committed balances results primarily from \$413 million reduction in the Stabilization Fund balance and increased balances in numerous non-budgetary funds which the Legislature has designated for specific purposes, primarily those committed to education and health care purposes. Assigned fund balance decreased by \$130 million

or 2.8%, due primarily to a \$410 million decrease in budgetary fund prior appropriations continued, offset by a \$234 million in increases in funds the MSBA reserved for grants and loans to local cities and towns for school construction, and a \$46 million increase in expendable trust assigned balances. Unassigned balances decreased by \$928 million, or 39.4%, due mainly to a decrease in General Fund unassigned balances resulting mainly from \$695 million in non-recurring one-time tobacco settlement revenue that was recorded as an FY24 accrual. A full discussion of the Commonwealth's fund balance classification policy under GASB 54 and a table of fund balances by program type can be found in [Note 1](#) to the basic financial statements, starting on [page 71](#).

Proprietary Funds

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

As discussed on [pages 26-28](#), the business-type activities increased the Commonwealth's net position by approximately \$858 million.

BUDGETARY HIGHLIGHTS

The FY25 budget enacted by the Legislature (the General Appropriation Act, or GAA) included an FY25 tax revenue estimate of \$41.502 billion prior to tax initiatives (and excluding \$50 million in tax settlements greater than \$10 million each), including \$1.050 billion in personal income tax revenue estimated to be generated by a 4% surtax on incomes above \$1 billion. Initially deposited in the General Fund, that revenue was to be transferred to funds dedicated to transportation and education spending.

The GAA tax revenue estimate was increased by \$210 million, to \$41.712 billion, as a result of a tax amnesty and enforcement initiatives included in the budget that were forecasted to increase FY25 General Fund tax revenues by approximately \$160 million, and \$50 million in assumed General Fund tax-related settlements and judgments exceeding \$10 million. \$38.914 billion of that revenue was to be deposited in the budgeted funds and available for use, with \$2.798 billion to be deposited into non-budgeted funds, including sales tax revenue of \$1.465 billion dedicated to the Massachusetts Bay Transportation Authority and \$1.305 billion dedicated to the Massachusetts School Building Authority, \$138 million of capital gains tax revenues transferred to the Stabilization Fund, State Pension Fund, and State Retiree Benefits Trust Fund, and \$27 million in Unemployment Insurance surcharges allocated to the non-budgeted Workforce Training Fund. Approximately \$36.916 billion in tax revenue was to be deposited in the General Fund, including the \$1.050 billion surtax revenue.

Based on tax revenue performance through December 2024, in January 2025, the Secretary of Administration maintained made no changes to the FY25 tax revenue estimate.

The GAA also assumed budgeted fund non-tax revenue of \$24.777 billion, of which \$19.999 billion was to be deposited in the General Fund. Total budgeted fund tax and non-tax revenues assumed in the GAA (excluding the non-budgeted fund portions allocated to the MBTA, MSBA, and Unemployment Insurance surcharge) was \$63.691 billion, of which \$59.390 billion was to be deposited in the General Fund.

The FY25 General Appropriation Act (GAA) authorized approximately \$56.331 billion in General Fund expenditures, and \$57.013 billion including other financing sources.

Approximately \$5.451 billion in supplemental appropriations were authorized during FY25, of which \$4.038 billion were charged to the General Fund, including the Transitional Escrow Fund, which is consolidated with the General Fund in this analysis.

The year's significant General Fund supplemental appropriations (some of which were carried forward and reappropriated to be expended in FY26):

- \$2.046 billion for MassHealth (Medicaid) services;

- \$240 million for state employee health insurance costs
- \$200 million for collective bargaining costs
- \$156 million to fund a transfer from the Medical Assistance Trust Fund to hospitals that treat large numbers of Medicaid-eligible patients
- \$122 million for fiscally strained hospitals

FY25 General Fund revenues were \$62.377 billion, an increase of \$5.175 billion, or 9.0%, from FY24. Most of this increase from FY24 was due to growth in income tax revenue and federal reimbursements, discussed below. General Fund revenues and other financing sources totaled \$65.528 billion, an increase of \$5.976 billion, or 10.0%, from FY24, \$5.921 billion above budget, with the above-budget amount due primarily the result of tax revenues, federal reimbursements, and tobacco settlement revenues that were above forecast.

FY25 General Fund tax revenues ended the year at \$39.329 billion, an increase of \$2.868 billion, or 7.9%, from FY24, \$2.413 billion above the original FY25 budget estimate. The \$2.868 billion increase in General Fund tax revenues between FY24 and FY25 was primarily the result of growth in personal income tax revenues, partially offset by the implementation of certain tax reforms, which reduced FY25 income tax revenues by \$179 million. Total personal income tax collections totaled \$26.712 billion, an increase of \$2.600 billion, or 10.8%, which included “fair share” 4% surtax revenues of \$3.049 billion, up of \$633 million, or 26.2%. Personal income tax withholding totaled \$19.056 billion, an increase of \$1.089 billion or 6.1% as there was healthy growth in wages and salaries in FY25. Non-withheld personal income tax (primarily quarterly estimated tax payments and final payments with tax returns, reduced by refunds), totaled \$7.656 billion, up \$1.511 billion, or 24.6%, and up by \$1.690 billion, or 27.5%, when adjusted for the impact of tax law changes, due mainly to an increase in capital gains taxes, both those collected on incomes of less than \$1 million and those that were part of the fair share surtax. According to estimates from the Department of Revenue, non-fair share capital gains totaled \$2.696 billion, up \$687 million or 34.2%, from FY24, and fair share capital gains taxes totaled approximately \$1.189 billion, \$537 million, or 82.3%, above fair share tax capital gains taxes collected in FY24. Corporate and business taxes (comprising corporate excise, financial institutions, insurance company, and public utilities taxes) totaled \$4.670 billion, a decrease of \$163 million, or 3.4%, and revenue from General Fund sales and use taxes (including regular sales and meals taxes, but excluding motor vehicle sales tax credited to the Commonwealth Transportation Fund but excluding cannabis sales tax and the the portion of sales tax revenues allocated to the MBTA and MSBA) totaled \$6.067 billion, up \$232 million, or 4.0%, including a \$161 million, or 3.8%, increase in regular sales tax and a \$71 million, or 4.6%, increase in meals tax. Other notable General Fund tax revenue sources included deeds excise tax revenues, which totaled \$334 million, up \$30 million, or 10.0%, cannabis sales tax, which totaled \$70 million, up \$5 million, or 7.9%, as the legal cannabis market continued to expand, and estate and inheritance taxes, which totaled \$740 million, an increase of \$166 million, or 28.9%, as this continued to be a volatile revenue source.

Budgeted fund federal reimbursements totaled \$16.199 billion, an increase of \$1.603 billion, or 11.0%, with the increase resulting primarily from growth in reimbursements for Medicaid expenditures (see explanation of Medicaid expenditure changes on the following page). General Fund Medicaid federal reimbursements totaled \$14.486 billion, an increase of \$1.268 billion, or 9.6%

General Fund non-tax revenue, non-federal revenue totaled \$6.848 billion, up , or \$1.206 billion, or 21.4%, above estimate and up \$704 million, or 11.5%, above FY24. Virtually all of the departmental revenue growth between FY24 and FY25 was due to an increase on tobacco settlement revenues, which totaled \$875 million, an increase of \$688 million from FY24, \$618 million over the originally budgeted amount, with the increase resulting from the resolution of outstanding claims from prior years. Other significant sources of growth included payments from the University of Massachusetts to the Commonwealth, which totaled \$189 million, an increase of \$141 million, or 300.9%, from FY24 (these payments tend to vary significantly from one year to the next. based on availability of funds), and reimbursements from cities and towns for GIC health insurance benefits paid on their behalf, which totaled \$719 million, up \$64 million, or 9.8%, as health insurance costs continued to rise from FY24. This growth was partially offset by a decline in interest earnings, which fell by \$211 million, from \$947 million in FY24 to \$737 million in FY25, primarily the result of lower average balances in the General Fund in FY25 than in FY24 and slightly lower interest rates on those balances. Other significant revenue sources include fees received by the state, which totaled \$631 million, up \$24 million, or 3.9%.

General Fund other financing sources totaled \$3.152 billion, an increase of \$801 million, or 34.1%, from FY24, \$460 million above estimate, with the increase due primarily to a \$521 million transfer of capital gains tax revenues

to the Transitional Escrow Fund authorized in the FY25 final supplemental budget, a \$238 million increase in end of year deficit elimination transfers to the General Fund, and a \$139 million increase in abandoned property transfers to the General Fund, partially offset by a \$93 million decline in Lottery transfers to the General Fund resulting from a decline in Lottery profits. Fringe benefit and indirect cost recovery from non-budgeted funds to the General Fund totaled \$695 million, up \$13 million, or 1.9% from FY24, due to increases in the fringe benefit rate, partially offset by a decline in Covid-related federally reimbursed spending that are charged that rate.

The Commonwealth continues to receive revenues, as it will in perpetuity, from the Master Settlement Agreement (MSA) between the states and the tobacco industry to recover health care costs for tobacco-related illnesses, which is deposited in the General Fund. In FY25, the Commonwealth received \$875 million in tobacco settlement funds, an increase of \$688 million compared to FY24, a one-time increase resulting from the resolution of outstanding contested claims from prior years. Statute requires that a portion of tobacco settlement proceeds be transferred from the General Fund to the State Retiree Benefits Trust Fund (SRBTF) to fund the Commonwealth's liability for retiree health care, with the percentage of proceeds transferred increasing by 10% each year until 100% of such proceeds is deposited in the SRBTF in FY25 and after. For FY25, the statutorily required transfer was 100% of tobacco settlement revenues; however, FY25 appropriation acts suspended the required transfer entirely, resulting in no transfer.

FY25 budgeted expenditures and other financing uses, including transfers to non-budgeted funds (but before transfers between the budgeted funds) totaled \$68.086 billion, an increase of \$6.017 billion, or 9.7%, from FY24. General Fund expenditures (excluding "Other Financing Uses") totaled \$61.972 billion, an increase of \$6.123 billion, or 11.0% from FY24, \$2.524 billion below the final budget, with the increase in spending primarily attributable to growth in Medicaid, pensions, higher education, transfers to hospitals that treat large numbers of Medicaid-eligible patients, and employee health insurance benefits. General Fund Medicaid expenditures totaled \$22.129 billion, an increase of \$2.059 billion, or 10.3%, from FY24, primarily due to the general increase in healthcare costs, particularly in costs for nursing home care covered by Medicaid. General Fund spending on other Executive Office of Health and Human Services programs totaled \$10.075 billion, an increase of \$1.083 billion, or 12.0% from FY24, including spending for residential and daily services at the Department of Developmental Services, which increased by \$387 million, or 23.7%, from FY24, and adult mental health services, which grew by \$109 million, or 18.5%. General Fund spending for direct local aid (both education aid and unrestricted aid), at \$7.748 billion, was down \$39 million, due to more than or 0.5%, as the local aid expenditures were shifted from the General Fund to other funds. Total spending for direct local aid across budgetary funds (both education aid and unrestricted aid), at \$8.248 billion, was up \$300 million, as 3.8%, from FY24, as the Commonwealth continued to commit significant resources to local communities. General fund spending on state employee health insurance benefits paid through the Group Insurance Commission (including benefits for retiree health insurance) increased by \$235 million, or 8.6%, from \$2.736 billion to \$2.971 billion, due to the general growth in health care costs.

General Fund other financing uses totaled \$5.522 billion, an increase of \$2.358 billion or 74.5%, from FY24. with the bulk of this increase due to an increase of \$798 million from the General Fund to the Education and Transportation Fund as revenues from the 4% surtax (which is initially deposited in the General Fund but then transferred) increased in FY25, a \$797 million increase in transfers from the Stabilization Fund as the FY25 appropriation acts required the interest earned on Stabilization Fund balances in be transferred from the Stabilization Fund to the Commonwealth Federal Matching and Debt Reduction Fund, a \$521 million transfer of capital gains tax revenues to the Transitional Escrow Fund per the FY25 final supplemental appropriations bill. These reductions were partially offset by a transfer of \$640 million from the General Fund to the Medical Assistance Trust Fund (MATF) for payments to hospitals that treat large populations of lower income patients, an increase of million from FY24. Transfers to and payments from the MATF vary significantly from year-to-year depending on the timing of federal reimbursements.

Transfers from the General Fund to the state and teachers' pension funds (which are reflected in the "other financing uses category) totaled \$4.498 billion in accordance with the Commonwealth's actuarially-determined pension funding schedule, an increase of \$394 million, or 9.6%, from FY24, and an additional pension contribution of \$29 million from capital gains tax revenues was transferred from the General Fund, as required by a statute that mandates such transfers from a portion of capital gains tax collections above an annual threshold. As a result, FY25 contributions to the pension fund from the General Fund totaled \$4.526 billion an increase of \$393 million, or 9.5% from FY24. General Fund debt service totaled \$1.456 billion, up \$102 million, or 7.5%, from FY24.

CAPITAL ASSETS

Capital assets of the Commonwealth include land, buildings, improvements, equipment, vehicles, leased software, right-to-use assets and infrastructure. The Commonwealth's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to approximately \$31.248 billion, with accumulated depreciation and amortization of approximately \$15.265 billion, leaving a net book value of \$15.983 billion. Infrastructure includes assets that are normally immovable and of value only to the Commonwealth, such as roads, bridges, piers and dams (the investments in capital assets noted above do not include capital assets owned by MassDOT). The total decrease in the Commonwealth's net investment in capital assets from FY24 to FY25 was approximately \$199 million, with a \$252 million decrease in governmental activities and a \$53 million increase in business-type activities. The major decrease in the net value of capital assets was in construction in process and machinery and equipment. The table below details the various categories of the Commonwealth's capital assets.

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

	Governmental		Business - Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land	\$ 1,008,909	\$ 997,380	\$ 247,646	\$ 240,320	\$ 1,256,555	\$ 1,237,700
Historical treasures	—	—	3,403	3,403	3,403	3,403
Construction in process	824,937	1,126,933	702,420	557,175	1,527,357	1,684,108
Buildings	3,027,843	2,881,644	7,517,852	7,577,953	10,545,695	10,459,597
Machinery and equipment	276,774	400,273	290,632	262,467	567,406	662,740
Right-to-use lease buildings	774,907	771,782	950,551	1,015,063	1,725,458	1,786,845
Right-to-use lease machinery and equipment	13,356	17,256	11,238	15,680	24,594	32,936
Right-to-use subscription (SBITAs) assets	70,308	109,878	64,070	57,626	134,378	167,504
Infrastructure, excluding central artery	194,273	138,033	—	—	194,273	138,033
Library collections	—	—	4,026	9,024	4,026	9,024
Total	\$ 6,191,307	\$ 6,443,179	\$ 9,791,838	\$ 9,738,711	\$ 15,983,145	\$ 16,181,890

Additional detail on the Commonwealth's FY25 capital asset activity can be found in [Note 5](#) to the basic financial statements ("Capital Assets") on [pages 97-98](#).

DEBT ADMINISTRATION

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

To fund the FY25 capital budget, the Commonwealth borrowed by issuing \$3.056 billion in long-term bonds, which was new money general obligation and special obligation debt issued during the fiscal year. All new bond sales were either for general government purposes, for road and bridge repair, or unallocated as of year-end and assumed to be for general purposes, including for construction and equipment purchases. In addition, the Commonwealth issued \$610 million in debt to refund already existing debt. In order to manage cash flows through the COVID-19 pandemic, on May 11, 2020, the Commonwealth obtained a line of credit in the aggregate principal amount of \$1.750 billion from a syndicate of banks, which line of credit is available to be drawn for cash flow purposes. As of February 17, 2021, the line of credit was reduced to the principal amount of \$500 million. In May 2023, the line of credit was extended to April 30, 2026.

Approximately 0.9% of the Commonwealth's \$29.630 billion in general obligation debt outstanding as of June 30, 2025 was issued as variable rate bonds. During fiscal 2025 there were no changes to credit ratings on any of the Commonwealth's outstanding debt.

The table below details the Commonwealth’s debt by type for the fiscal year compared to the prior fiscal year, excluding premiums and discounts.

Outstanding Long - Term Debt Obligations
(amounts in thousands)

	Governmental Activities		Business - Type Activities		Total	
	2025	2024	2025	2024	2025	2024
	General obligation bonds	\$ 29,629,925	\$ 27,835,248	\$ —	\$ —	\$ 29,629,925
Special obligation bonds (excluding GANs)....	4,420,295	4,270,705	—	—	4,420,295	4,270,705
Revenue obligation bonds	—	—	5,943,385	6,599,974	5,943,385	6,599,974
Grant anticipation notes	133,620	255,805	—	—	133,620	255,805
Massachusetts School Building Authority	5,267,320	5,444,945	—	—	5,267,320	5,444,945
Total	\$ 39,451,160	\$ 37,806,703	\$ 5,943,385	\$ 6,599,974	\$ 45,394,545	\$ 44,406,677

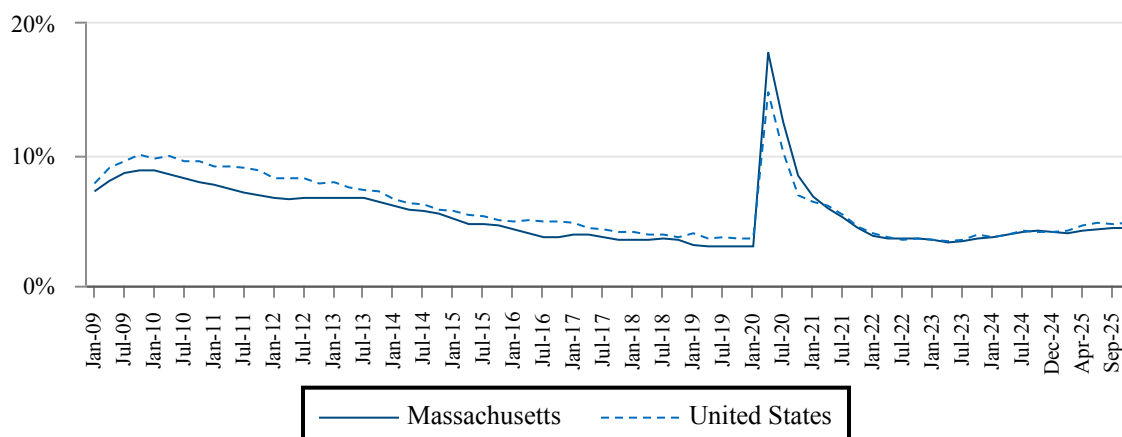
Additional detail on the Commonwealth’s short-term debt can be found in [Note 6](#) (“Short-Term Financing and Credit Arrangements”) on [page 99](#) and [Note 7](#) (“Long-Term Obligations”) on [pages 99-109](#).

ECONOMIC FACTORS AFFECTING THE FISCAL YEAR 2026 BUDGET

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

The Massachusetts economy, along with the rest of the nation, was adversely affected by the recession caused by the coronavirus pandemic, after many years performing better than the U.S. economy as a whole. In January 2021 the Massachusetts unemployment rate was 6.8%, compared to the national rate of 6.4%, but by October 2022 the two rates had converged, with both at 3.6%. As of December 2025, the Massachusetts unemployment rate was 4.8% and U.S. unemployment rates was at 4.4%.

Unemployment Rate
January 2010 – December 2025



The FY26 General Appropriation Act (GAA) — the Commonwealth's annual budget — is based on an FY26 base tax revenue estimate of approximately \$43.614 billion (including \$2.400 billion in "Fair Share" surtax revenues), an increase of \$2.112 billion, or 5.1%, from FY25 actual tax collections. Of the FY26 tax estimate, approximately \$34.097 billion represents taxes available for budget after accounting for \$9.567 billion in tax revenue either dedicated to authorities, "fair share" education and transportation spending, or the Stabilization or pension and state retiree health care funds.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

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



Statement of Net Position

June 30, 2025

(Amounts in thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Government Wide Total	
ASSETS AND DEFERRED OUTFLOWS				
Current assets:				
Cash and cash equivalents	\$ 19,405,239	\$ 5,143,535	\$ 24,548,774	\$ 6,412,728
Restricted cash with fiscal agent	499,688	271,576	771,264	—
Short-term investments	305,159	998,258	1,303,417	—
Assets held in trust	—	—	—	213,038
Receivables, net of allowance for uncollectibles:				
Taxes	5,508,209	—	5,508,209	—
Federal grants and reimbursements receivable	3,347,706	42,661	3,390,367	519,788
Loans	13,562	9,448	23,010	745,727
Lease receivables	1,443	58,868	60,311	51,862
Other receivables	1,430,274	1,228,377	2,658,651	535,184
Due from cities and towns	20,452	—	20,452	—
Due from component units	1,650	14,991	16,641	—
Due from primary government	—	—	—	1,469,199
Other current assets	—	53,125	53,125	159,625
Total current assets	30,533,382	7,820,839	38,354,221	10,107,151
Noncurrent assets:				
Cash and cash equivalents - restricted	—	422,914	422,914	769,945
Long-term investments	—	2,302,195	2,302,195	2,001,254
Investments, restricted investments and annuity contracts	1,738,450	1,215	1,739,665	57,935
Receivables, net of allowance for uncollectibles:				
Taxes	443,622	—	443,622	—
Federal grants and reimbursements receivable	3,582	—	3,582	—
Loans	118,001	13,001	131,002	4,532,230
Lease receivables	66,042	1,098,417	1,164,459	579,049
Other receivables	586,739	17,799	604,538	52,306
Due from component units	21,603	—	21,603	—
Due from primary government	—	—	—	7,448
Non-depreciable capital assets	1,833,846	953,469	2,787,315	20,562,890
Depreciable capital, right-to-use lease and subscription assets, net	4,357,461	8,838,369	13,195,830	26,982,135
Other noncurrent assets	—	12,881	12,881	20,633
Other noncurrent assets - restricted	2,804	—	2,804	—
Total noncurrent assets	9,172,150	13,660,260	22,832,410	55,565,825
Total assets	39,705,532	21,481,099	61,186,631	65,672,976
Deferred outflows of resources:				
Derivatives - interest rate swaps	—	249	249	12,961
Loss on refunding	60,029	92,486	152,515	125,305
Pension	5,814,168	137,138	5,951,306	544,443
OPEB	1,541,029	214,169	1,755,198	644,394
Other	—	804	804	—
Total deferred outflows of resources	7,415,226	444,846	7,860,072	1,327,103
Total assets and deferred outflows	47,120,758	21,925,945	69,046,703	67,000,079
LIABILITIES AND DEFERRED INFLOWS				
Current liabilities:				
Accounts payable and other liabilities	4,985,634	499,990	5,485,624	1,960,176
Accrued payroll	327,184	273,881	601,065	50,118
Compensated absences	625,228	222,656	847,884	128,760
Accrued interest payable	473,621	47,910	521,531	197,537
Tax refunds and abatements payable	2,283,127	207,398	2,490,525	—
Due to component units	1,519,611	333	1,519,944	—
Due to primary government	—	—	—	16,641
Due to federal government	666,448	—	666,448	—
Overdraws of federal pandemic-related unemployment insurance benefits	—	203,417	203,417	—
Claims and judgments	63,264	—	63,264	—
Unearned revenue	56,813	184,872	241,685	768,752
Prizes payable	88,452	—	88,452	—

Statement of Net Position

June 30, 2025

(Amounts in thousands)

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Government Wide Total	
Deposits and unearned revenue	—	59,919	59,919	—
School construction grants payable	250,805	—	250,805	—
Right-to use lease, public-private partnership, and subscription liabilities	194,818	89,076	283,894	34,789
Bonds payable and unamortized premiums	1,474,106	589,366	2,063,472	995,514
Environmental remediation liability	19,758	—	19,758	—
Total current liabilities	13,028,869	2,378,818	15,407,687	4,152,287
Noncurrent liabilities:				
Compensated absences	262,903	93,172	356,075	125,549
Accrued interest payable	1,022	—	1,022	92,865
Due to component units	7,448	—	7,448	—
Due to primary government	—	—	—	21,603
Due to federal government	4,470	1,203	5,673	—
Overdraws of federal pandemic-related unemployment insurance benefits	90,137	1,830,757	1,920,894	—
Unearned revenue	—	—	—	409,382
Prizes payable	307,080	—	307,080	—
Right-to use lease, public-private partnership, and subscription liabilities	695,316	1,055,099	1,750,415	218,354
Bonds payable and unamortized premiums	42,089,416	5,354,019	47,443,435	10,284,504
Environmental remediation liability	260,352	—	260,352	—
Liability for derivative instruments	—	249	249	7,062
Net pension liability	40,407,062	527,649	40,934,711	2,639,939
Net OPEB liability	12,342,168	590,503	12,932,671	3,185,051
Other noncurrent liabilities	306,339	171,737	478,076	371,252
Total noncurrent liabilities	96,773,713	9,624,388	106,398,101	17,355,561
Total liabilities	109,802,582	12,003,206	121,805,788	21,507,848
Deferred inflows of resources:				
Service concession arrangements	—	259,106	259,106	343
Gain on refunding	1,307,151	44,477	1,351,628	14,900
Pension	1,138,863	149,487	1,288,350	56,848
OPEB	3,970,461	562,787	4,533,248	663,232
Leases	63,155	872,026	935,181	624,844
Other	—	24,118	24,118	20,413
Total deferred inflows of resources	6,479,630	1,912,001	8,391,631	1,380,580
Total liabilities and deferred inflows	116,282,212	13,915,207	130,197,419	22,888,428
NET POSITION				
Net investment in capital assets	(3,068,979)	4,147,590	1,078,611	39,701,572
Restricted for:				
Unemployment benefits	—	388,905	388,905	—
Family and employment security	—	2,134,234	2,134,234	—
Retirement of indebtedness	625,100	271,576	896,676	—
4% surtax - education and transportation	1,169,340	—	1,169,340	—
Higher education endowment funds	—	12,804	12,804	—
Higher education academic support and programs	—	8,227	8,227	—
Higher education scholarships and fellowships:				
Nonexpendable	—	2,119	2,119	—
Expendable	—	5,908	5,908	—
Higher education capital projects - expendable purposes	—	25,834	25,834	—
Grants and gifts	293,888	331,511	625,399	—
Other purposes	—	—	—	7,867,593
Unrestricted (deficits)	(68,180,803)	682,030	(67,498,773)	(3,457,514)
Total net position (deficits)	\$ (69,161,454)	\$ 8,010,738	\$ (61,150,716)	\$ 44,111,651

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

Statement of Activities
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental Activities:								
General government.....	\$ 4,052,100	\$ 929,727	\$ 1,064,382	\$ 96,282	\$ (1,961,709)	\$ —	\$ (1,961,709)	\$ —
Judiciary.....	1,621,992	65,906	17,011	—	(1,539,075)	—	(1,539,075)	—
Direct local aid.....	8,265,832	—	—	—	(8,265,832)	—	(8,265,832)	—
Medicaid.....	26,323,064	438,429	15,771,692	—	(10,112,943)	—	(10,112,943)	—
Group health insurance.....	2,414,661	957,026	—	—	(1,457,635)	—	(1,457,635)	—
Energy and environmental affairs.....	1,367,138	495,152	103,443	—	(768,543)	—	(768,543)	—
Housing and economic development.....	4,046,052	264,605	902,656	—	(2,878,791)	—	(2,878,791)	—
Health and human services.....	15,273,503	3,896,265	5,208,642	39,525	(6,129,071)	—	(6,129,071)	—
Transportation and public works.....	4,547,763	639,594	24	—	(3,908,145)	—	(3,908,145)	—
Early elementary and secondary education.....	8,437,350	7,561	2,038,850	—	(6,390,939)	—	(6,390,939)	—
Public safety and security.....	3,899,789	393,131	703,223	—	(2,803,435)	—	(2,803,435)	—
Labor and workforce development.....	502,800	44,827	167,926	—	(290,047)	—	(290,047)	—
Lottery.....	4,796,456	5,975,463	—	—	1,179,007	—	1,179,007	—
Interest (unallocated).....	1,662,553	—	—	—	(1,662,553)	—	(1,662,553)	—
Total governmental activities.....	87,211,053	14,107,686	25,977,849	135,807	(46,989,711)	—	(46,989,711)	—
Business-Type Activities:								
Unemployment Compensation.....	2,145,856	2,003,621	7,214	—	—	(135,021)	(135,021)	—
Family and Employment Security Trust.....	1,294,920	1,352,311	—	—	—	57,391	57,391	—
Higher Education:								
University of Massachusetts.....	4,478,236	2,277,064	977,275	15,375	—	(1,208,522)	(1,208,522)	—
State Universities.....	1,337,346	624,895	213,688	3,515	—	(495,248)	(495,248)	—
Community Colleges (Nonmajor).....	1,150,341	176,755	448,791	25	—	(524,770)	(524,770)	—
Total business-type activities.....	10,406,699	6,434,646	1,646,968	18,915	—	(2,306,170)	(2,306,170)	—
Total primary government.....	\$ 97,617,752	\$ 20,542,332	\$ 27,624,817	\$ 154,722	(46,989,711)	(2,306,170)	(49,295,881)	—
Discretely Presented Component Units:								
Massachusetts Department of Transportation.....	\$ 4,428,533	\$ 1,101,405	\$ 2,271,439	\$ 2,542,793	—	—	—	1,487,104
Massachusetts Bay Transportation Authority.....	3,537,283	2,493,028	193,094	1,006,507	—	—	—	155,346
Commonwealth Health Insurance Connector.....	1,274,095	1,239,493	45,000	—	—	—	—	10,398
Massachusetts Clean Water Trust.....	266,853	235,329	—	274,662	—	—	—	243,138
Other nonmajor component units.....	853,905	849,446	117,959	94,724	—	—	—	208,224
Total discretely presented component units.....	\$ 10,360,669	\$ 5,918,701	\$ 2,627,492	\$ 3,918,686	—	—	—	2,104,210

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
General revenues:				
Taxes:				
Income	27,210,448	—	27,210,448	—
Sales taxes	9,650,581	—	9,650,581	—
Corporate taxes	3,865,731	—	3,865,731	—
Motor and special fuel taxes	705,919	—	705,919	—
Other taxes	3,476,798	—	3,476,798	—
Miscellaneous:				
Investment earnings/(loss)	878,096	526,155	1,404,251	383,152
Tobacco settlement	169,444	—	169,444	—
Contribution from municipalities	58,295	—	58,295	—
Other revenue (expense)	1,313,517	528,352	1,841,869	—
Transfers	(2,109,552)	2,109,552	—	—
Total general revenues and transfers	45,219,277	3,164,059	48,383,336	383,152
Change in net position	(1,770,434)	857,889	(912,545)	2,487,362
Net position/(deficits) - beginning, as previously reported	(67,391,020)	7,183,321	(60,207,699)	41,749,198
Prior period restatements - Note 1T	—	(30,472)	(30,472)	(124,909)
Net position/(deficits) - beginning, as restated	(67,391,020)	7,152,849	(60,238,171)	41,624,289
Net position/(deficits) - ending	\$ (69,161,454)	\$ 8,010,738	\$ (61,150,716)	\$ 44,111,651

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



Governmental Funds Financial Statements



Balance Sheet
Governmental Funds
June 30, 2025
(Amounts in thousands)

	General	Lotteries	Massachusetts School Building Authority	Federal Grants	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 9,339,191	\$ 39,964	\$ 1,112,027	\$ 91,111	\$ 8,822,946	\$ 19,405,239
Restricted cash with fiscal agent	—	—	—	—	499,688	499,688
Investments, restricted investments and annuity contracts	305,159	393,199	1,345,251	—	—	2,043,609
Receivables, net of allowance for uncollectibles:						
Taxes	5,760,397	—	50,081	—	141,353	5,951,831
Due from federal government	2,133,627	—	—	588,498	629,163	3,351,288
Loan receivable	77,019	—	45,154	—	9,389	131,562
Other receivables	1,430,104	709	27,383	—	626,302	2,084,498
Due from cities and towns	20,452	—	—	—	—	20,452
Due from other funds	1,155,152	—	11,445	—	119,209	1,285,806
Due from component units	1,650	—	—	—	—	1,650
Total assets	\$ 20,222,751	\$ 433,872	\$ 2,591,341	\$ 679,609	\$ 10,848,050	\$ 34,775,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,274,836	\$ 38,545	\$ 20,146	\$ 285,701	\$ 1,270,739	\$ 4,889,967
Accrued payroll	301,960	—	—	14,827	10,397	327,184
Tax refunds and abatements payable	2,281,359	—	812	—	956	2,283,127
Due to other funds	—	—	11,445	219,451	1,054,910	1,285,806
Due to component units	92,925	—	—	—	1,426,686	1,519,611
Due to federal government	666,448	—	—	—	—	666,448
Unearned revenue	—	1,492	—	55,321	—	56,813
Claims and judgments	63,264	—	—	—	—	63,264
School construction grants payable	—	—	250,805	—	—	250,805
Other accrued liabilities	522	—	—	—	95,145	95,667
Total liabilities	6,681,314	40,037	283,208	575,300	3,858,833	11,438,692
Deferred inflows of resources - unavailable revenue	636,505	—	—	—	467,027	1,103,532
Deferred inflows of resources - leases	63,155	—	—	—	—	63,155
Total deferred inflows of resources	699,660	—	—	—	467,027	1,166,687
Total liabilities and deferred inflows of resources	7,380,974	40,037	283,208	575,300	4,325,860	12,605,379
Fund balances:						
Nonspendable	—	393,199	—	—	—	393,199
Restricted	—	—	662,584	104,309	1,381,505	2,148,398
Committed	8,110,684	—	—	—	5,525,827	13,636,511
Assigned	1,425,519	636	1,645,549	—	1,495,054	4,566,758
Unassigned (deficits)	3,305,574	—	—	—	(1,880,196)	1,425,378
Fund balances	12,841,777	393,835	2,308,133	104,309	6,522,190	22,170,244
Total liabilities, deferred inflows of resources and fund balances	\$ 20,222,751	\$ 433,872	\$ 2,591,341	\$ 679,609	\$ 10,848,050	\$ 34,775,623

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

Reconciliation of Governmental Fund Balances to the Statement of Net Position

June 30, 2025

(Amounts in thousands)

Total fund balances - governmental funds		\$ 22,170,244
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets not being depreciated	1,833,846	
Capital assets being depreciated and amortized, net	<u>4,357,461</u>	
Capital assets, net of accumulated depreciation and amortization		6,191,307
Revenues are not available soon enough after year end to pay for the current period's expenditures and therefore are unavailable deferred inflows of resources in the governmental funds		
		1,103,533
Deferred inflows of resources are not reported in the governmental funds:		
Gain on refunding	(1,307,151)	
Pension related	(1,138,863)	
OPEB related	<u>(3,970,461)</u>	
Total deferred inflow of resources		(6,416,475)
Deferred outflows of resources are not reported in the governmental funds:		
Loss on refunding	60,029	
Pension related	5,814,168	
OPEB related	<u>1,541,029</u>	
Total deferred outflow of resources		7,415,226
Massachusetts School Building Authority assets (excluding capital assets)		2,804
Due to/from component units, net		14,155
Certain liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:		
Retirement systems' net pension liability	(40,407,062)	
Net OPEB liability	(12,342,168)	
Commonwealth bonded debt	(34,183,840)	
Unamortized bond premiums	(3,857,942)	
Accrued interest	(474,643)	
Massachusetts School Building Authority bonded debt	(5,521,739)	
Prizes payable	(395,532)	
Right-to-use lease and subscription liabilities	(890,134)	
Environmental remediation liability	(280,110)	
Claims and judgments	—	
Employee benefits, including compensated absences, health insurance benefits and other compensation claims	(1,194,470)	
Other	<u>(94,608)</u>	
Long-term liabilities (including current portions)		(99,642,248)
Total net (deficit) - governmental activities		<u>\$ (69,161,454)</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Fiscal Year Ended June 30, 2025
 (Amounts in thousands)

	General	Lotteries	Massachusetts School Building Authority	Federal Grants	Other Governmental Funds	Total
REVENUES						
Taxes	\$ 39,542,503	\$ 313	\$ 1,276,666	\$ —	\$ 4,066,788	\$ 44,886,270
Assessments	421,179	—	—	—	2,157,837	2,579,016
Federal grants and reimbursements	16,213,767	—	—	6,997,102	3,107,738	26,318,607
Departmental	4,543,618	5,976,787	—	—	1,641,812	12,162,217
Miscellaneous	1,186,506	14,624	125,264	39	1,044,109	2,370,542
Total revenues	61,907,573	5,991,724	1,401,930	6,997,141	12,018,284	88,316,652
EXPENDITURES						
Current:						
Legislature	96,781	—	—	—	—	96,781
Judiciary	1,355,011	—	—	4,304	3,721	1,363,036
Office of Inspector General	8,916	—	—	—	244	9,160
Governor and Lieutenant Governor	9,182	—	—	—	114	9,296
Secretary of the Commonwealth	83,126	—	—	883	10,425	94,434
Treasurer and Receiver-General	240,416	4,852,153	36,239	1,460	1,954,280	7,084,548
State Auditor	24,004	—	—	—	—	24,004
Attorney General	143,299	—	—	18,995	14,057	176,351
State Ethics Commission	3,828	—	—	—	—	3,828
District Attorneys	178,082	—	—	5,612	9,069	192,763
Office of Campaign and Political Finance	2,099	—	—	10	—	2,109
Sheriff's	882,887	—	—	5,264	22,903	911,054
Disabled Persons Protection Commission	12,688	—	—	1,320	—	14,008
Commission on the Status of Women	905	—	—	—	25	930
Massachusetts Gaming Commission	—	—	—	—	74,164	74,164
Office of the Comptroller	42,330	—	—	—	3,005	45,335
Administration and Finance	3,070,743	—	—	16,082	843,682	3,930,507
Energy and Environmental Affairs	583,911	—	—	77,126	389,039	1,050,076
Developmental Disabilities Council	—	—	—	751	105	856
Health and Human Services	9,974,190	—	—	3,569,803	1,002,427	14,546,420
Technology Services and Security	201,243	—	—	—	32,634	233,877
Veterans' Services	129,901	—	—	341	1,038	131,280
Office of the Veteran Advocate	1,684	—	—	—	—	1,684
Housing and Livable Communities	1,955,811	—	—	881,501	33,583	2,870,895
Massachusetts Department of Transportation	3,081	—	—	24	4,425,219	4,428,324
Office of the Child Advocate	5,374	—	—	—	—	5,374
Commission Against Discrimination	11,908	—	—	—	—	11,908
Cannabis Control Commission	—	—	—	—	19,932	19,932
Board of Library Commissioners	52,384	—	—	2,613	—	54,997
Education	5,182,587	—	—	1,667,517	1,279,766	8,129,870
Center for Health and Information Analysis	33,989	—	—	161	508	34,658
Massachusetts School Building Assistance	—	—	755,115	—	—	755,115
Public Safety and Security	1,675,374	—	—	436,891	181,051	2,293,316
Massachusetts Peace Officer Standards and Training Commission	7,985	—	—	—	—	7,985
Commission on the Status of Persons with Disabilities	145	—	—	—	—	145
Economic Development	227,068	—	—	12,376	117,351	356,795
Labor and Workforce Development	117,740	—	—	139,432	193,569	450,741
Medicaid	22,417,363	—	—	—	3,905,701	26,323,064
Post employment benefits	1,894,030	—	1,727	—	—	1,895,757
Direct local aid	7,765,259	—	—	—	500,573	8,265,832
Capital outlay	208,867	—	—	—	2,101,621	2,310,488
Debt service/commercial paper repayments	—	—	383,508	—	2,827,278	3,210,786
Principal on current refundings	—	—	—	—	676,072	676,072
Total expenditures	58,604,191	4,852,153	1,176,589	6,842,466	20,623,156	92,098,555
Excess/(deficiency) of revenues over/(under) expenditures	3,303,382	1,139,571	225,341	154,675	(8,604,872)	(3,781,903)
OTHER FINANCING SOURCES						
Bonds premium	—	—	—	—	355,415	355,415
Issuance of general and special obligation bonds	—	—	—	—	3,330,955	3,330,955
Issuance of current refunding bonds	—	—	—	—	610,115	610,115
Leases issued	187,550	—	8,923	—	—	196,473
SBITAs issued	21,317	—	136	—	—	21,453
Transfers in for debt service	—	—	—	—	2,788,898	2,788,898
Transfers in	2,441,199	—	—	14,673	8,536,460	10,992,332
Total other financing sources	2,650,066	—	9,059	14,673	15,621,843	18,295,641
OTHER FINANCING USES						
Transfers out	4,970,850	1,197,402	—	163,209	4,402,846	10,734,307
Transfers of appropriations	2,136,313	—	—	—	43,398	2,179,711
Transfers of bond proceeds	—	—	—	—	187,866	187,866
Transfers out for debt service	1,455,589	—	—	—	1,333,309	2,788,898
Total other financing uses	8,562,752	1,197,402	—	163,209	5,967,419	15,890,782
Total other financing sources and (uses)	(5,912,686)	(1,197,402)	9,059	(148,536)	9,654,424	2,404,859
Net change in fund balances	(2,609,304)	(57,831)	234,400	6,139	1,049,552	(1,377,044)
Fund balances at beginning of year	15,451,081	451,666	2,073,733	98,170	5,472,638	23,547,288
Fund balances at end of year	\$ 12,841,777	\$ 393,835	\$ 2,308,133	\$ 104,309	\$ 6,522,190	\$ 22,170,244

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

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

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

Net change in fund balances - total governmental funds \$ (1,377,044)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents capital outlays including increases to construction in process, net of reductions and dispositions 607,081

Current year depreciation and amortization expense (858,953)

Amounts presented in the statement of activities, but not in the change in fund balances due to differences in revenue and expense recognition under different bases of accounting (158,848)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized as part of the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (1,883,710)

Change in right-to-use lease and subscription liabilities 37,472

Massachusetts School Building Authority (excluding lease related assets and liabilities) 195,887

Net pension costs 828,082

Net OPEB costs 806,498

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These expenses include accrued interest, lottery prizes, claims and benefits that are reported in the statement of activities, but not in funds 33,101

Change in net position of governmental activities **\$ (1,770,434)**

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



Proprietary Funds Financial Statements



Statement of Net Position
Proprietary Funds
June 30, 2025
(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
ASSETS AND DEFERRED OUTFLOWS:						
Current assets:						
Cash and cash equivalents	\$ 2,365,889	\$ 1,803,146	\$ 188,104	\$ 469,036	\$ 317,360	\$ 5,143,535
Restricted cash with fiscal agent	271,576	—	—	—	—	271,576
Short-term investments	—	—	709,312	158,210	130,736	998,258
Receivables, net of allowance for uncollectibles:						
Federal grants and reimbursements receivable	1,143	—	27,812	2,376	11,330	42,661
Loans receivable	—	—	705	217	8,526	9,448
Lease receivable	—	—	18,283	40,585	—	58,868
Other receivables	431,848	387,898	303,278	27,283	67,851	1,218,158
Due from affiliates	—	—	10,219	—	—	10,219
Due from component units	—	—	—	358	14,633	14,991
Other current assets	—	—	41,080	4,151	7,894	53,125
Total current assets	3,070,456	2,191,044	1,298,793	702,216	558,330	7,820,839
Noncurrent assets:						
Cash and cash equivalents - restricted	—	—	407,472	15,404	38	422,914
Long-term investments	—	—	1,837,954	252,866	211,375	2,302,195
Restricted investments	—	—	—	1,215	—	1,215
Receivables, net of allowance for uncollectibles:						
Loans receivable	—	—	12,312	689	—	13,001
Lease receivable	—	—	274,210	824,207	—	1,098,417
Other receivables	—	—	17,799	—	—	17,799
Non-depreciable capital assets	—	—	609,303	212,148	132,018	953,469
Depreciable capital, right-to-use lease and subscription assets, net	—	—	5,409,208	2,446,282	982,879	8,838,369
Other noncurrent assets	—	—	4,383	8,498	—	12,881
Total noncurrent assets	—	—	8,572,641	3,761,309	1,326,310	13,660,260
Total assets	3,070,456	2,191,044	9,871,434	4,463,525	1,884,640	21,481,099
Deferred outflows of resources:						
Derivatives - interest rate swaps	—	—	—	—	249	249
Pensions	—	—	92,866	21,141	23,131	137,138
OPEB	—	—	164,583	21,872	27,714	214,169
Loss on refunding	—	—	86,032	6,454	—	92,486
Other	—	—	689	115	—	804
Total deferred outflows of resources	—	—	344,170	49,582	51,094	444,846
Total assets and deferred outflows	3,070,456	2,191,044	10,215,604	4,513,107	1,935,734	21,925,945
LIABILITIES AND DEFERRED INFLOWS:						
Current liabilities:						
Accounts payable and other liabilities	127,920	36,243	218,564	54,770	62,493	499,990
Accrued payroll	—	340	186,306	52,445	34,790	273,881
Compensated absences	—	—	138,424	43,353	40,879	222,656
Accrued interest payable	24,205	—	23,528	75	102	47,910
Tax refunds and abatements payable	187,171	20,227	—	—	—	207,398
Unearned revenue	—	—	131,367	28,647	24,858	184,872
Student deposits	—	—	16,209	15,963	27,747	59,919
Due to component units	—	—	—	—	333	333
Overdraws of federal pandemic-related unemployment insurance benefits	203,417	—	—	—	—	203,417
Right-to-use lease and subscription liabilities	—	—	22,971	52,987	13,118	89,076
Due to federal government	—	—	—	—	—	—
Environmental remediation liability	—	—	—	—	—	—
Bonds, notes payable and other obligations	325,640	—	197,753	61,914	4,059	589,366
Total current liabilities	868,353	56,810	935,122	310,154	208,379	2,378,818
Noncurrent liabilities:						
Compensated absences	—	—	49,234	24,263	19,675	93,172
Due to federal government	—	—	—	1,203	—	1,203
Overdraws of federal pandemic-related unemployment insurance benefits	1,830,757	—	—	—	—	1,830,757
Right-to-use lease and subscription liabilities	—	—	168,222	854,092	32,785	1,055,099
Bonds, notes payable and other obligations	1,063,465	—	3,211,324	1,016,806	62,424	5,354,019
Liability for derivative instruments	—	—	—	—	249	249
Net pension liability	—	—	362,097	107,588	57,964	527,649
Net OPEB liability	—	—	408,128	117,043	65,332	590,503
Other noncurrent liabilities	—	—	154,222	10,853	6,662	171,737
Total noncurrent liabilities	2,894,222	—	4,353,227	2,131,848	245,091	9,624,388
Total liabilities	3,762,575	56,810	5,288,349	2,442,002	453,470	12,003,206

continued

Statement of Net Position
Proprietary Funds
June 30, 2025
(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
Deferred inflows of resources:						
Service concession arrangements	—	—	239,358	19,748	—	259,106
Pensions and OPEB	—	—	482,085	153,156	77,033	712,274
Gain on refunding	—	—	—	44,477	—	44,477
Leases	—	—	193,210	678,816	—	872,026
Other	—	—	14,118	—	10,000	24,118
Total deferred inflows of resources	—	—	928,771	896,197	87,033	1,912,001
Total liabilities and deferred inflows	3,762,575	56,810	6,217,120	3,338,199	540,503	13,915,207
NET POSITION:						
Net investment in capital assets	—	—	2,506,627	634,132	1,006,831	4,147,590
Restricted for:						
Debt service	271,576	—	—	—	—	271,576
Unemployment benefits	388,905	—	—	—	—	388,905
Family and employment benefits	—	2,134,234	—	—	—	2,134,234
Higher education endowment funds	—	—	12,144	110	550	12,804
Higher education academic support and programs	—	—	—	2,988	5,239	8,227
Higher education scholarships and fellowships:						
Nonexpendable	—	—	—	2,119	—	2,119
Expendable	—	—	—	4,480	1,428	5,908
Higher education capital projects - expendable purposes	—	—	—	24,249	1,585	25,834
Higher education grants, gifts, and other	—	—	290,814	28,327	12,370	331,511
Unrestricted (deficits) *	(1,352,600)	—	1,188,899	478,503	367,228	682,030
Total net position	\$ (692,119)	\$ 2,134,234	\$ 3,998,484	\$ 1,174,908	\$ 1,395,231	\$ 8,010,738

The notes to the financial statements are an integral part of this statement.
* Unemployment Compensation Trust Fund Unrestricted deficit amount relates to the bond issuance.

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
Operating revenues:						
Unemployment compensation contribution	\$ 1,596,257	\$ —	\$ —	\$ —	\$ —	\$ 1,596,257
Unemployment special obligation bond assessment	374,787	—	—	—	—	374,787
Family and employment security contribution	—	1,352,212	—	—	—	1,352,212
Net tuition and fees	—	—	1,044,796	333,022	154,917	1,532,735
Grants and reimbursements	—	—	856,066	204,532	448,412	1,509,010
Auxiliary enterprises	—	—	486,257	155,767	5,476	647,500
Sales & services	—	—	600,102	125,793	1,128	727,023
Miscellaneous	32,577	99	145,909	10,313	15,234	204,132
Total operating revenues	2,003,621	1,352,311	3,133,130	829,427	625,167	7,943,656
Operating expenses:						
Unemployment compensation	2,090,124	—	—	—	—	2,090,124
Family and employment security	—	1,235,006	—	—	—	1,235,006
Instruction	—	—	1,100,617	352,258	389,355	1,842,230
Research	—	—	673,289	109	8	673,406
Academic support	—	—	261,282	130,359	130,691	522,332
Student services	—	—	253,837	142,553	186,175	582,565
Scholarships and fellowships	—	—	33,704	69,434	98,776	201,914
Public service	—	—	90,206	7,164	9,186	106,556
Operation and maintenance of plant	—	—	294,961	116,712	76,956	488,629
Institutional support	—	—	381,229	140,688	173,309	695,226
Other operating expenses	—	59,914	452,399	569	45	512,927
Depreciation	—	—	351,047	110,879	61,124	523,050
Amortization	—	—	30,905	63,929	16,064	110,898
Auxiliary operations	—	—	375,960	123,374	3,407	502,741
Total operating expenses	2,090,124	1,294,920	4,299,436	1,258,028	1,145,096	10,087,604
Operating income/(loss)	(86,503)	57,391	(1,166,306)	(428,601)	(519,929)	(2,143,948)
Nonoperating revenues/(expenses):						
Other federal revenues	7,214	—	121,209	9,156	379	137,958
Other revenues	—	—	347,716	102,202	78,434	528,352
Other expenses	(1)	—	(42,837)	(74)	(749)	(43,661)
Investment earnings	76,676	76,959	289,591	49,349	33,580	526,155
Interest expense	(55,731)	—	(135,963)	(79,244)	(4,496)	(275,434)
Total nonoperating revenues/(expenses)	28,158	76,959	579,716	81,389	107,148	873,370
Income/(loss) before capital contributions and transfers	(58,345)	134,350	(586,590)	(347,212)	(412,781)	(1,270,578)
Capital contributions	—	—	15,375	3,515	25	18,915
Transfers, net	—	(5,941)	1,048,336	507,025	560,132	2,109,552
Total capital contributions and transfers	—	(5,941)	1,063,711	510,540	560,157	2,128,467
Change in net position	(58,345)	128,409	477,121	163,328	147,376	857,889
Net position/(deficits) - beginning, as previously reported	(633,774)	2,005,825	3,551,835	1,011,580	1,247,855	7,183,321
Prior period restatements - Note 1T	—	—	(30,472)	—	—	(30,472)
Net position (deficits) - beginning, as restated	(633,774)	2,005,825	3,521,363	1,011,580	1,247,855	7,152,849
Net position - ending	\$ (692,119)	\$ 2,134,234	\$ 3,998,484	\$ 1,174,908	\$ 1,395,231	\$ 8,010,738

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

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Collection of unemployment contributions	\$ 1,543,557	\$ —	\$ —	\$ —	\$ —	\$ 1,543,557
Collection of unemployment obligation assessment	398,585	—	—	—	—	398,585
Collection of family and employment security contributions	—	1,348,718	—	—	—	1,348,718
Tuition, residence, dining and other student fees	—	—	995,480	348,841	139,440	1,483,761
Research grants and contracts	—	—	856,665	203,553	454,726	1,514,944
Payments to suppliers	—	(49,502)	(1,229,618)	(291,039)	(217,087)	(1,787,246)
Payments to employees	—	(7,471)	(2,627,474)	(615,150)	(611,878)	(3,861,973)
Payments to students	—	—	(33,961)	(54,681)	(97,969)	(186,611)
Payments for unemployment benefits	(2,110,727)	—	—	—	—	(2,110,727)
Payments for family and employment security benefits	—	(1,242,747)	—	—	—	(1,242,747)
Collection of loans to students and employees	—	—	(1,371)	332	—	(1,039)
Income from contract services	—	—	607,355	89,494	1,262	698,111
Maintenance costs	—	—	—	(2,105)	—	(2,105)
Auxiliary enterprise charges	—	—	488,293	107,552	536	596,381
Other receipts/(payments)	24,673	43	486,732	(69,029)	(117,787)	324,632
Net cash provided by/(used in) operating activities	(143,912)	49,041	(457,899)	(282,232)	(448,757)	(1,283,759)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Grants and contracts	7,214	—	170,295	9,113	1,925	188,547
Bond trustee costs	(1)	—	—	—	—	(1)
Principal paid on bond payable	(441,420)	—	—	—	—	(441,420)
Interest paid on bond payable	(63,606)	—	—	—	—	(63,606)
Transfers in	—	—	1,210,041	554,338	603,198	2,367,577
Transfers out	—	(5,941)	(161,705)	(47,313)	(43,066)	(258,025)
Assignment of Perkins loans	—	—	—	(76)	—	(76)
Net cash provided by/(used in) non-capital financing activities	(497,813)	(5,941)	1,218,631	516,062	562,057	1,792,996
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	—	—	(465,256)	(65,752)	(46,213)	(577,221)
Proceeds/(loss) from sales of capital assets	—	—	(71)	—	—	(71)
Other capital asset activity	—	—	34,663	7,920	—	42,583
Advance payment related to service concession arrangement	—	—	—	511	—	511
Principal paid on capital debt and leases	—	—	(140,978)	(103,240)	(19,285)	(263,503)
Interest paid on capital debt and leases	—	—	(156,136)	(84,081)	(4,570)	(244,787)
Net cash provided by/(used in) capital financing activities	—	—	(727,778)	(244,642)	(70,068)	(1,042,488)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sales and maturities of investments	—	—	3,371,690	211,042	126,995	3,709,727
Purchases of investments	—	—	(3,517,462)	(217,077)	(164,850)	(3,899,389)
Investment earnings	76,676	76,959	96,505	28,997	12,747	291,884
Net cash provided by/(used in) investing activities	76,676	76,959	(49,267)	22,962	(25,108)	102,222
Net increase/(decrease) in cash and cash equivalents	(565,049)	120,059	(16,313)	12,150	18,124	(431,029)
Cash and cash equivalents, restricted cash and cash equivalents at the beginning of the fiscal year	3,202,514	1,683,087	611,889	472,290	299,274	6,269,054
Cash and cash equivalents, restricted cash and cash equivalents at the end of the fiscal year	\$ 2,637,465	\$ 1,803,146	\$ 595,576	\$ 484,440	\$ 317,398	\$ 5,838,025
Reconciliation of net operating revenues and expenses to cash used by operating activities:						
Operating income/(loss)	\$ (86,503)	\$ 57,391	\$ (1,166,306)	\$ (428,601)	\$ (519,929)	\$ (2,143,948)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:						
Depreciation expense	—	—	351,047	110,879	61,124	523,050
Amortization expense	—	—	30,905	63,929	16,064	110,898
Miscellaneous income/(expense)	—	—	281,128	(78,646)	(136,152)	66,330
Deferred inflows	—	—	(11,050)	(79,309)	3,966	(86,393)
Deferred outflows	—	—	36,381	3,840	—	40,221
Fringe benefits paid by the Commonwealth	—	—	—	147,510	166,149	313,659
Changes in assets and liabilities:						
Accounts receivable, prepaids and other assets	(20,320)	3,980	100,976	4,403	(24,666)	64,373
Accounts payable, accruals, benefits and other current liabilities	(37,089)	(12,330)	46,563	5,885	8,208	11,237
Student deposits, unearned and deferred revenues	—	—	(13,401)	4,697	12,041	3,337
Pension, OPEB and other non current liabilities	—	—	(114,142)	(36,819)	(35,562)	(186,523)
Net cash provided by/(used in) operating activities	\$ (143,912)	\$ 49,041	\$ (457,899)	\$ (282,232)	\$ (448,757)	\$ (1,283,759)

continued

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	Unemployment Compensation Trust Fund	Family and Employment Security Trust Fund	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
Non-cash investing, capital and financing, and non-capital financing activities:						
Acquisition of capital assets through leases and SBITAs	\$ —	\$ —	\$ 25,614	\$ 14,128	\$ 12,848	\$ 52,590
Acquisition of capital assets	—	—	—	24,472	—	24,472
Amortization of bond premium/discount	—	—	—	465	66	531
Amortization of deferred bond refunding gain/loss	—	—	—	(139)	—	(139)
Amortization of deferred inflows for P3s and SCAs	—	—	—	50	—	50
Capital assets acquired and included in accounts payable	—	—	36,018	4,481	255	40,754
Capital assets acquired through P3s and SCAs	—	—	—	1,575	—	1,575
Capital assets acquired through state capital appropriations	—	—	—	30,195	49,044	79,239
Disposal of capital assets gain/(loss)	—	—	(22,127)	(57)	(575)	(22,759)
Donated or gifted assets	—	—	71	—	25	96
Fringe benefits provided by state appropriations	—	—	—	147,510	166,149	313,659
Increases/decreases in deferred inflows for bond refunding	—	—	—	(151)	—	(151)
Increases/decreases in deferred inflows for leases, P3s and SCAs	—	—	—	548	—	548
Increases/decreases in deferred outflows for bond refunding	—	—	—	196	—	196
Increases/decreases in deferred revenues	—	—	—	1,209	—	1,209
Increases/decreases in lease liability	—	—	—	239	(1,808)	(1,569)
Unrealized gain/(loss) on investments	—	—	—	6,783	18,166	24,949
Total Non-cash investing, capital and financing, and non-capital financing activities	\$ —	\$ —	\$ 39,576	\$ 231,504	\$ 244,170	\$ 515,250

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

Fiduciary Funds Financial Statements



Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

(Amounts in thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash and cash equivalents	\$ 282,214	\$ 8,291,670	\$ 1,215	\$ 703,320
Short-term investments	—	18,846	—	—
Net investment in PRIT at fair value	87,545,412	27,903,612	—	—
Investments, restricted investments	—	—	—	488,430
Receivables, net of allowance for uncollectibles:				
Taxes	—	—	—	41,249
Other receivables	251,976	18,413	—	135,461
Due from federal government	—	—	—	1,605
Other assets	546	—	—	—
Total assets	88,080,148	36,232,541	1,215	1,370,065
LIABILITIES				
Accounts payable and other accrued liabilities	65,468	58,409	—	8,490
Due to cities and towns	—	—	—	136,818
Due to federal government	—	—	—	9
Other liabilities	—	—	—	6,621
Total liabilities	65,468	58,409	—	151,938
FIDUCIARY NET POSITION				
Restricted for:				
Employees' pension	85,207,678	—	—	—
Employees' post-employment benefits	2,807,002	—	—	—
External investment trust fund participants	—	36,174,132	—	—
Individuals, organizations, and other governments	—	—	1,215	1,218,127
Total fiduciary net position	\$ 88,014,680	\$ 36,174,132	\$ 1,215	\$ 1,218,127

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

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Employer contributions - Commonwealth	\$ 2,202,285	\$ —	\$ —	\$ —
Non-employer contributions - Commonwealth	2,641,366	—	—	—
Employer contributions - other employers	14,107	—	—	—
Employee contributions	1,896,602	—	—	—
Boston teachers' contribution from Commonwealth	261,107	—	—	—
Proceeds from sale of units	—	25,652,606	—	—
Sales tax collections for other governments	—	—	—	719,251
Child support collections	—	—	—	612,423
Local school aid collections	—	—	—	1,110,752
Municipal health insurance deposit collections	—	—	—	725,399
Court escrow account collections	—	—	—	117,601
Other additions	253,992	2,088,729	—	517,367
Total contributions	7,269,459	27,741,335	—	3,802,793
Net investment gain/(loss):				
Investment gain/(loss)	8,112,626	3,228,805	27	13,111
Less: investment expense	(387,501)	(398,581)	—	—
Net investment gain/(loss)	7,725,125	2,830,224	27	13,111
Total additions	14,994,584	30,571,559	27	3,815,904
DEDUCTIONS				
Administration	40,823	—	—	—
Retirement benefits and refunds	7,437,660	1,487,231	—	—
Payments to State Boston Retirement System	261,107	—	—	—
Cost of units redeemed	—	25,541,305	—	—
Distribution to unit holders	—	374,212	—	—
Sales tax payments to other governments	—	—	—	719,251
Child support payments to individuals	—	—	—	616,325
Local school aid payments	—	—	—	1,110,752
Municipal health insurance deposit payments	—	—	—	926,752
Court escrow account payments	—	—	—	122,663
Other deductions	90,355	—	1	505,613
Total deductions	7,829,945	27,402,748	1	4,001,356
Change in net position	7,164,639	3,168,811	26	(185,452)
Net position - beginning	80,850,041	33,005,321	1,189	1,403,579
Net position - ending	\$ 88,014,680	\$ 36,174,132	\$ 1,215	\$ 1,218,127

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



Discretely Presented Component Units Financial Statements



Statement of Net Position
Discretely Presented Component Units
June 30, 2025
(Amounts in thousands)

	Massachusetts Department of Transportation	Massachusetts Bay Transportation Authority	Commonwealth Health Insurance Connector	Massachusetts Clean Water Trust	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS						
Current assets:						
Cash and cash equivalents	\$ 410,554	\$ 692,199	\$ 160,848	\$ 1,516,069	\$ 251,177	\$ 3,030,847
Short-term investments	—	—	—	157,680	248,151	405,831
Restricted cash and investments	1,617,244	194,068	—	—	1,164,738	2,976,050
Assets held in trust	—	—	—	148,143	64,895	213,038
Receivables, net of allowance for uncollectibles:						
Federal grants and reimbursement receivable	41,317	119,710	—	346,740	12,021	519,788
Loans	—	—	—	666,388	79,339	745,727
Lease receivables	34,859	4,731	—	—	12,272	51,862
Other receivables	293,211	126,301	12,656	36,550	66,466	535,184
Due from primary government	1,172,191	140,296	23,218	—	133,494	1,469,199
Inventory	—	101,506	—	—	228	101,734
Other current assets	13,208	21,535	829	—	22,319	57,891
Total current assets	3,582,584	1,400,346	197,551	2,871,570	2,055,100	10,107,151
Noncurrent assets:						
Cash and cash equivalents - restricted	57,040	610,830	—	—	102,075	769,945
Long-term investments	—	—	—	148,932	1,852,322	2,001,254
Restricted investments and annuity contracts	—	—	—	—	57,935	57,935
Lease receivables	362,342	154,769	—	—	61,938	579,049
Other receivables, net	26,189	—	—	—	26,117	52,306
Loans receivables, net	—	—	—	3,863,555	668,675	4,532,230
Due from primary government	2,816	—	—	—	4,632	7,448
Non-depreciable capital assets	14,663,501	5,579,317	—	—	320,072	20,562,890
Depreciable capital and right-to-use assets, net	13,689,553	12,455,975	13,449	—	823,158	26,982,135
Other noncurrent assets	1,263	—	—	4,409	14,961	20,633
Total noncurrent assets	28,802,704	18,800,891	13,449	4,016,896	3,931,885	55,565,825
Total assets	32,385,288	20,201,237	211,000	6,888,466	5,986,985	65,672,976
Deferred outflows of resources:						
Change in fair value of interest rate swaps	—	1,160	—	—	11,801	12,961
Loss on refunding	43,390	79,259	—	2,656	—	125,305
Pension	199,501	337,575	—	—	7,367	544,443
OPEB	201,066	436,902	2,893	—	3,533	644,394
Total deferred outflows of resources	443,957	854,896	2,893	2,656	22,701	1,327,103
Total assets and deferred outflows	32,829,245	21,056,133	213,893	6,891,122	6,009,686	67,000,079
LIABILITIES AND DEFERRED INFLOWS						
Current liabilities:						
Accounts payable and other liabilities	798,310	799,187	42,674	144,525	175,480	1,960,176
Accrued payroll	—	45,770	405	—	3,943	50,118
Compensated absences	44,673	77,115	1,393	—	5,579	128,760
Accrued interest payable	31,485	113,297	—	50,935	1,820	197,537
Due to primary government	—	—	—	—	16,641	16,641
Unearned revenue	220,823	—	78,517	109,945	359,467	768,752
Right-to use lease, public-private partnership, and subscription liabilities	12,968	13,204	686	—	7,931	34,789
Bonds, notes payable and other obligations	176,336	609,852	—	164,885	44,441	995,514
Total current liabilities	1,284,595	1,658,425	123,675	470,290	615,302	4,152,287
Noncurrent liabilities:						
Compensated absences	27,326	96,068	—	—	2,155	125,549
Accrued interest payable	92,865	—	—	—	—	92,865
Due to primary government	—	—	—	—	21,603	21,603
Unearned revenue	12,078	395,889	—	—	1,415	409,382
Right-to use lease, public-private partnership, and subscription liabilities	39,297	131,218	314	—	47,525	218,354
Bonds, notes payable and other obligations	1,429,247	5,770,766	—	2,470,333	614,158	10,284,504
Net pension liability	815,927	1,780,486	—	—	43,526	2,639,939
Net OPEB liability	832,160	2,340,857	12,034	—	—	3,185,051
Liability for derivative instruments	5,902	1,160	—	—	—	7,062
Other noncurrent liabilities	51,443	93,730	—	—	226,079	371,252
Total noncurrent liabilities	3,306,245	10,610,174	12,348	2,470,333	956,461	17,355,561
Total liabilities	4,590,840	12,268,599	136,023	2,940,623	1,571,763	21,507,848
Deferred inflows of resources:						
Gain on refundings	—	—	—	14,900	—	14,900
Service concession arrangements	—	—	—	—	343	343
Pension	33,720	20,394	—	—	2,734	56,848
OPEB	241,400	410,083	6,775	—	4,974	663,232
Leases	370,285	188,364	—	—	66,195	624,844
Other	20,413	—	—	—	—	20,413
Total deferred inflows of resources	665,818	618,841	6,775	14,900	74,246	1,380,580
Total liabilities and deferred inflows	5,256,658	12,887,440	142,798	2,955,523	1,646,009	22,888,428
NET POSITION						
Net investment/(deficit) in capital assets	26,739,664	11,934,704	12,449	—	1,014,755	39,701,572
Restricted for:						
Other purposes	2,069,124	110,955	—	3,007,274	2,680,240	7,867,593
Unrestricted	(1,236,201)	(3,876,966)	58,646	928,325	668,682	(3,457,514)
Total net position	\$ 27,572,587	\$ 8,168,693	\$ 71,095	\$ 3,935,599	\$ 4,363,677	\$ 44,111,651

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

Statement of Revenues, Expenses and Changes in Net Position

Discretely Presented Component Units

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Massachusetts Department of Transportation	Massachusetts Bay Transportation Authority	Commonwealth Health Insurance Connector	Massachusetts Clean Water Trust	Nonmajor Component Units	Total
Operating revenues:						
Charges for services	\$ 1,101,405	\$ 440,688	\$ 1,237,455	\$ 5,846	\$ 368,057	\$ 3,153,451
Other	—	101,496	—	229,483	391,648	722,627
Total operating revenues	1,101,405	542,184	1,237,455	235,329	759,705	3,876,078
Operating expenses:						
Cost of services	3,532,013	1,209,265	1,170,509	262,027	539,579	6,713,393
Administration costs	—	1,414,789	97,972	4,826	178,123	1,695,710
Depreciation & Amortization	896,520	913,229	5,614	—	68,012	1,883,375
Total operating expenses	4,428,533	3,537,283	1,274,095	266,853	785,714	10,292,478
Operating income/(loss)	(3,327,128)	(2,995,099)	(36,640)	(31,524)	(26,009)	(6,416,400)
Nonoperating revenues/(expenses):						
Net decrease in fair value of investments	—	—	—	—	1,976	1,976
Operating grants	2,271,439	193,094	45,000	—	117,959	2,627,492
Interest income	12,475	80,680	3,097	—	284,924	381,176
Other nonoperating revenue/(expense)	—	1,950,844	2,038	—	21,550	1,974,432
Nonoperating revenues/(expenses), net	2,283,914	2,224,618	50,135	—	426,409	4,985,076
Income/(loss) before contributions	(1,043,214)	(770,481)	13,495	(31,524)	400,400	(1,431,324)
Capital contributions	2,542,793	1,006,507	—	274,662	94,724	3,918,686
Change in net position	1,499,579	236,026	13,495	243,138	495,124	2,487,362
Net position - beginning, as previously reported	26,073,130	8,057,454	57,600	3,692,461	3,868,553	41,749,198
Prior period restatements - Note 1T	(122)	(124,787)	—	—	—	(124,909)
Net position - beginning, as restated	\$ 26,073,008	\$ 7,932,667	\$ 57,600	\$ 3,692,461	\$ 3,868,553	\$ 41,624,289
Net position - ending	\$ 27,572,587	\$ 8,168,693	\$ 71,095	\$ 3,935,599	\$ 4,363,677	\$ 44,111,651

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



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

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

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

For financial reporting purposes, the Commonwealth has included all funds, organizations, agencies, boards, commissions, and institutions. The Commonwealth has also considered all potential component units for which it is financially accountable, as well as other organizations for which the nature and significance of their relationship with the Commonwealth is such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Commonwealth (the primary government) and its component units. The Commonwealth has included 40 entities as component units in the reporting entity because of the significance of their operational and/or financial relationships with the Commonwealth. Additional information related to the component units is found in [Note 14](#) to the basic financial statements.

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

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

The Pension Reserves Investment Trust Fund (PRIT) is the investment portfolio for the pension assets of the Commonwealth and as such, funded mainly by annual appropriations paid from general tax revenues of the primary government, and is thus classified and presented as a blended component unit. PRIT is managed by the Pension Reserves Investment Management (PRIM) Board. Certain portions of PRIT's net position totaling approximately \$27.904 billion relate to holdings on behalf of cities and towns that participate in the Pool and are reported as an external investment trust within the fiduciary fund type.

The Massachusetts Municipal Depository Trust (MMDT) is an investment pool of the Commonwealth and holds most of the Commonwealth's cash balances, making it a blended component unit. It also holds balances of the Commonwealth's political subdivisions. The various local governments and other political subdivisions share of net position is approximately \$8.271 billion at June 30, 2025, and is reported as an external investment trust within the fiduciary fund type.

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

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

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

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

The State University and Community College Systems including the 9 state universities and 14 community colleges (exclude Roxbury Community College) located throughout the Commonwealth and the Massachusetts State College Building Authority. The 22 foundations of the state universities and community colleges are component units of each of their respective parent institutions, and thus component units of the Commonwealth.

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

Major component units:

The Massachusetts Department of Transportation (MassDOT) incorporates the former Massachusetts Turnpike Authority and the Regional Transit Authorities. MassDOT has attributes of a state department as well as an authority. It operates like a state department for purposes of state finance law and is reported as part of the Commonwealth for compliance with federal and state tax law. In this unique relationship all road and bridge assets of the Commonwealth (including the former Turnpike Authority (MTA)) have been transferred to MassDOT, while the Commonwealth will continue to hold current and future debt for the construction repair, improvement, and replacement of these assets. MassDOT operating budget is funded in large part by Commonwealth appropriations and its entire non-federally fund capital budget is financed by bonds issued by the primary government, it is classified as a component unit.

The Massachusetts Bay Transportation Authority (MBTA) finances and operates mass transportation facilities within, and, to a limited extent, outside of its territorial area within the Greater Boston Area of 176 cities and towns and is authorized to enter into agreements for providing mass transportation service by private companies, including railroads. Effective July 29, 2021, the Authority is a component unit of the Commonwealth of Massachusetts. Previously, the Authority was a component unit of MassDOT. Because the members of the MBTA's board are appointed by the governor, and is financially dependent on the primary government due to the annual transfer of a portion of the state's sales, it is classified as a component unit.

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

Commonwealth Health Insurance Connector Authority administers the Commonwealth health insurance programs to facilitate subsidized health insurance for individuals without access to employer-sponsored health insurance as well as offer an affordable commercial health insurance product named Commonwealth Care for small businesses that are eligible for the program. The Authority's 11 member governing board has four

members who are Commonwealth Officials, four who are appointed by the Governor with the final three appointed by the Attorney General and is legally accountable to the Commonwealth. Due to the fact that the entire board is appointed by the primary government and the Connector is legally accountable to the that government, the Connector is classified as a component unit.

Non-major component units:

Massachusetts Convention Center Authority was established for the purpose of managing the Commonwealth's convention centers primarily for the convention, trade show and meetings industry.

Massachusetts Development Finance Agency was established to stimulate economic growth, increase employment, eradicate blight, promote prosperity and help build communities throughout the Commonwealth of Massachusetts.

Massachusetts Clean Energy Center was created to accelerate clean energy and climate solution innovation that is critical to meeting the Commonwealth's climate goals, advancing Massachusetts' position as an international climate leader while growing the state's clean energy economy.

Massachusetts Technology Park Corporation was created to advance the growth and development of technology sector of the Commonwealth's innovation economy.

Massachusetts Housing Partnership is a public nonprofit organization, funded in part by Massachusetts banks, that works in concert with the governor, legislature, and civic leaders to increase housing production, expand access to affordable housing and promote housing equity in communities across the Commonwealth.

Economic Development Entities were set up to support community development needs of community-based nonprofit organizations by offering flexible capital financing, technical support, and training in the areas of affordable housing development and early education; strengths the skills of Massachusetts youth and adults by investing in innovative partnerships with industry, education and workforce organization.

Higher Education Foundations was created to solicit, receive and administer financial assistance to promote the growth, and general welfare of the the educations programs of the colleges and universities.

Fiduciary Component Units – hold funds in trust for the benefit of others and are not available to fund activities or obligations of the primary government. Because these entities hold funds on behalf of or almost entirely contributed by the Commonwealth, they are closely connected to the Commonwealth and their exclusion would cause the Commonwealth's financial statements to be incomplete.; thus they are classified as component units. The Commonwealth reports the following fiduciary component units:

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

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

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

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

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

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

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

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

Related Organizations

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

Availability of Financial Statements

The separately audited financial statements of the Commonwealth’s component units and funds may be obtained from the various entities, or by contacting the Statewide Financial Reporting Team in the Office of the Comptroller at cathy.hunter@mass.gov for component unit contact information.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are defined as either governmental or business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government–Wide Financial Statements

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

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

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

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue and offset or supplant the net operating deficit or surplus from governmental or business–type operations.

Fund Financial Statements

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

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

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

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

Governmental Funds – Fund financial statements account for the general governmental activities of the Commonwealth. Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual and are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Significant revenues susceptible to accrual include income, sales and use, corporation, and other taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services which are recognized in the year the materials are received, the grants are expended, or services are provided. The measurement period for accrual for taxes earned is generally one year for income, corporate and other taxes and within thirty days for sales and use taxes. For federal and other

reimbursements, the measurement period for accrual is generally sixty days if the related expenditures being reimbursed occurred prior to year-end. Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due. Compensated absences, claims and judgments, termination benefits and similar activities are recognized to the extent that they are normally expected to be liquidated with expendable available financial resources. Amounts incurred but not reported for Medicaid are reported to the extent that services are rendered before June 30th.

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

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

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

The Commonwealth reports the following fund types:

Governmental Fund Types:

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

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

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

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

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

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

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

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

Proprietary Fund Types:

The proprietary funds include the following major funds:

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

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

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

Fiduciary Fund Types:

Pension and Other Employee Benefit (OPEB) Trust Funds report resources that are required to be held in trust for the members and beneficiaries of the Commonwealth's pension and OPEB benefit plans. These funds recognize employer contributions when legally due and employee contributions in the period when due. Further information on the significant accounting policies for pension and OPEB benefit trust funds may be found in [Notes 9 and 10](#) to the basic financial statements on [pages 110-128](#).

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

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

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

Fund Balances:

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

Nonspendable fund balances are those that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact, such as balances in the form of inventories, permanent funds, and notes receivable. As of June 30, 2025, there were nonspendable fund balances related to Lottery annuities.

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

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

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

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

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

Details of FY25 governmental fund balances are shown below (amounts in thousands);

	Nonspendable Purposes	Restricted Purposes	Committed Purposes	Assigned Purposes	Unassigned Purposes	Totals
General Fund						
General Government	\$ —	\$ —	\$ —	\$ —	\$ 2,835,622	\$ 2,835,622
Stabilization Fund			8,110,684	—		8,110,684
FY25 Authorizations Reappropriated for FY26	—	—	—	929,101	—	929,101
Transitional Escrow Fund (Includes Authorizations Reappropriated in FY25)	—	—	—	496,418	469,952	966,370
Subtotals, General Fund	—	—	8,110,684	1,425,519	3,305,574	12,841,777
Lottery Funds						
Investments, Restricted Investments, Annuity Contracts and Lottery Operations	393,199	—	—	636	—	393,835
Massachusetts School Building Authority (MSBA)						
Debt Service	—	662,584	—	—	—	662,584
Grants to Cities, Towns and Local School Districts	—	—	—	1,645,549	—	1,645,549
Subtotals, MSBA	—	662,584	—	1,645,549	—	2,308,133
Federal Grants						
Restricted by Federal Grantors	—	104,309	—	—	—	104,309
Other Governmental Funds						
Environmental	—	—	24,502	—	—	24,502
Regional Greenhouse Gas Auction and Mitigation	—	—	191,486	—	—	191,486
Dam and Seawall Repair	—	—	23,681	—	—	23,681
Public Safety - Enhanced 911 Services	—	—	301,695	—	—	301,695
Public Safety - Other	—	—	42,799	—	—	42,799
Health Care	—	—	980,009	—	—	980,009
Vaccine Purchase	—	—	128,270	—	—	128,270
Opioid Recovery and Remediation	—	—	169,041	—	—	169,041
Marijuana Regulation	—	—	6,234	3,902	—	10,136
Workforce Training	—	—	36,395	—	—	36,395
Department of Industrial Accidents	—	—	7,838	—	—	7,838
Convention Centers	—	8,393	679,043	—	—	687,436
General Government Capital Projects Fund	—	—	—	—	(907,305)	(907,305)
Highway Capital Projects Fund	—	—	—	—	(872,860)	(872,860)
General Government Debt Service	—	5,655	—	—	—	5,655
Transportation (GANS*/Commonwealth Transportation Fund)	—	19,735	78,038	—	—	97,773
Gaming -- Community Mitigation	—	—	52,663	—	—	52,663
Race Horse Development	—	—	25,755	—	—	25,755
Housing Preservation	—	—	101,627	—	—	101,627
Expendable Trusts	—	178,382	702,552	177,286	7,596	1,065,816
Student Opportunity Act Investment Fund	—	—	767,877	—	—	767,877
Behavioral Health Funds	—	—	90,543	81,851	(142)	172,252
4% Surtax - Education and Transportation Fund	—	126,857	—	159,676	—	286,533
4% Surtax - Education and Transportation Reserve Fund	—	429,000	—	—	—	429,000
4% Surtax - Education and Transportation Innovation and Capital Fund	—	613,483	—	1,052,472	—	1,665,955
Population Health Investment Trust Fund	—	—	60,679	—	—	60,679
Debt and Long-Term Liability Reduction Trust Fund	—	—	30,554	—	—	30,554
Federal Matching and Debt Reduction	—	—	614,518	—	—	614,518
High-Quality Early Education & Care Affordability Trust Fund	—	—	33,717	—	—	33,717
Other	—	—	376,311	19,867	(107,485)	288,693
Subtotals, Other Governmental Funds	—	1,381,505	5,525,827	1,495,054	(1,880,196)	6,522,190
Totals	\$ 393,199	\$ 2,148,398	\$ 13,636,511	\$ 4,566,758	\$ 1,425,378	\$ 22,170,244

*Federal Grant Anticipation Notes

The Commonwealth does not have a formally adopted minimum fund balance policy. However, most governmental funds cannot end a fiscal year in deficit. Those funds that are authorized to end a fiscal year in deficit are discussed in [Note 8](#) to the basic financial statements, "Individual Fund Deficits" on [page 110](#).

Stabilization Fund Arrangements:

In accordance with Section 2H of Chapter 29 of the Massachusetts General Laws, the Commonwealth maintains a Stabilization ("Rainy Day") Fund. Per Chapter 29, balances in the Stabilization Fund can be expended only when non-routine budget shortfalls occur and upon appropriation by the Legislature and approval by the Governor.

Chapter 29 requires that after calculating the Commonwealth's "consolidated net surplus" (the sum of the "undesignated" balances in certain specific state budgeted funds, equal to balances that are neither restricted nor reappropriated for the following fiscal year) any remaining surplus be transferred to the Stabilization Fund. However, in FY24, Chapter 248 of the Acts of 2024 superseded Chapter 29 and required that the full amount of the consolidated net surplus instead be transferred to the Student Opportunity Act Investment Fund. Starting in FY10, statute requires the Comptroller, after certification by the Commissioner of Revenue, to transfer any capital gains tax revenues in excess of \$1 billion (adjusted annually for economic growth) during a fiscal year to the Stabilization Fund. However, in FY24, Chapter 248 of the acts of 2024 superseded state finance law and required that \$876 million of capital gains tax revenue that would have been transferred to the Stabilization Fund per statute was instead retained in the General Fund. Starting in FY12, statute requires the Comptroller, after certification by the Commissioner of Revenue and the Attorney General, to transfer to the Stabilization Fund all revenue from individual settlements and judgments greater than \$10 million each that exceeds the five year rolling annual average of such settlements and judgments. During FY25, the settlements and judgments revenue did not reach the five year average threshold and all such revenue was retained in the General Fund. In addition, withholding taxes on certain Lottery transfers are required to be transferred to the Stabilization Fund.

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

The Stabilization Fund ended FY25 with a balance of \$8.111 billion, a decrease of \$413 million from FY24, due to transfers of both FY24 interest and FY25 interest earned by the Stabilization fund, totaling \$827 million, to the Commonwealth Federal Matching and Debt Reduction Fund (\$421 million in FY24 interest and \$406 million in FY25 interest) per a provision in the FY25 budget and a newly enacted statute that that requires all Stabilization Fund interest to be transferred to that fund. In accordance with GASB 54 requirements, balances in the Stabilization Fund are classified as committed.

Fiscal Year-End

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

Program Revenue

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

Operating and non-operating revenues and expenses

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

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

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

The Office of the Treasurer and Receiver-General (Treasury) manages the Commonwealth's short-term external mixed investment pool, the Massachusetts Municipal Depository Trust (MMDT), which is comprised of two portfolios: a Cash Portfolio and a Short Term Bond Portfolio. The Cash Portfolio is a money-market-like investment pool; its investments are carried at amortized cost. As of June 30, 2025, the MMDT's entire cash fund is included as cash equivalents in the accompanying financial statements. The Short Term Bond Portfolio investments

are carried at fair value. As of June 30, 2025, the MMDT's entire bond fund is included as short-term investments in the accompanying financial statements.

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

The post-employment and OPEB benefit trust funds invest in the Pension Reserves Investment Trust (PRIT) Fund, a diversified external investment pool managed by the Pension Reserves Investment Management (PRIM) Board and are reported at fair value in the accompanying financial statements. The State Employees' Retirement System, the Teachers' Public Employee Retirement Systems (PERS) and the State Retirees' Benefit Trust (SRBT) are required to invest in the PRIT Fund and comprise approximately 35.2%, 38.2% and 2.4% respectively, of the net position of the PRIT Fund. For a complete copy of PRIT's separately issued financial statements, contact the PRIM Board at 84 State Street, Boston, MA 02109.

Other Commonwealth investments are comprised of equities (marketable securities) and fixed income securities, as well as interests in alternative investment funds such as private equity, debt and real estate. Marketable securities are reported at fair value based upon quoted market prices. Investments in fixed income securities, including U.S. government agency obligations, are reported at fair value using independent pricing services. In determining the price, the services may reflect such factors as market prices, yields, maturities, and ratings, supplemented by deal quotations. Alternative investments are generally reported at net asset values (NAV) reported by the investment manager for the respective securities, which are used as a practical expedient to estimate the fair value of the Commonwealth's interests therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2025, the Commonwealth had no plans or intentions to sell investments at amounts different from NAV.

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

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

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

E. RECEIVABLES AND UNEARNED REVENUE

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

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

"Other Receivables" represent amounts due to the Commonwealth including Lottery revenues and Higher Education receivables from students, amounts due to the University of Massachusetts from related organizations and other items. Also included in other receivables for FY25 are amounts due to the Commonwealth under provisions of the Master Settlement Agreement among five tobacco companies and 46 states, including the Commonwealth. Pursuant to provisions of GASB Technical Bulletin No. 2004-1 "Tobacco Settlement Recognition and Financial Reporting Entity Issues", a receivable has been recorded in the general fund for approximately \$79 million, representing 50%

of the amounts expected to be received during FY26. As of June 30, 2025, the Commonwealth has recognized a receivable for opioid settlements entered into to date totaling \$399 million. This amount may increase due to finalization of additional proposed settlements and/or pending certification of incentives.

“Loans Receivables” - The MSBA has entered into various loan agreements with municipalities at a 2.0% interest rate with principal to be paid in equal installments for varying terms. Currently, the longest repayment schedule has a final payment in FY43. This program is designed to assist a limited number of school districts with unanticipated inflationary construction costs over the district’s original project budget. The loans outstanding as of June 30, 2025 were \$45 million, of which \$5 million is due in FY26. During FY25, the MSBA collected \$5 million of scheduled principal payments.

"Lease Receivables" - The Commonwealth and certain business-type entities act as lessors of various buildings, office space, ground leases, and similar infrastructure. Leases with maximum terms of more than twelve months are recognized as lease receivables and deferred inflow of resources in the applicable columns of the government-wide financial statements. Lease receivables are recorded as the present value of the future lease payments expected to be received from the lessee during the lease term, net of any estimated uncollectible amounts. As of June 30, 2025, there were no uncollectible amounts related to leases.

F. DUE FROM CITIES AND TOWNS

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

G. CAPITAL AND INTANGIBLE ASSETS

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

Methods used to value capital assets

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

Capitalization policies

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

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

Depreciation and useful lives

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

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

Construction in process

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

Intangible right to use assets

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

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

H. INTERFUND / INTRAFUND TRANSACTIONS

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

I. STATEWIDE COST ALLOCATION PLAN – FRINGE BENEFIT COST RECOVERY

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

J. SCHOOL CONSTRUCTION GRANTS, CONTRACT ASSISTANCE AND OTHER PAYABLES

New Program - The MSBA funds New Program projects on a progress payment basis. Under this process, communities may submit reimbursement requests no more frequently than once per month. Upon review, audit, and approval, the MSBA processes payment for its share of eligible costs incurred. The MSBA's share of costs incurred for New Program projects are recognized as eligible project costs are incurred and measurable. A liability of \$251 million was recorded for reimbursements not reviewed or approved for payment prior to June 30, 2025, as well as final project hold back payments subject to final audit and Board approval after year end. As of June 30, 2025, there are \$2.0 billion of commitments outstanding for the New Program projects that will be recognized as expense when eligible costs are incurred and measurable.

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

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

Accounts payable includes amounts due to vendors of the Commonwealth for goods and services delivered before June 30th but paid for after year-end, the largest of which is Medicaid for \$1.097 billion.

Lease and subscription (SBITAs) liabilities represent the Commonwealth's obligation to make payments arising from the lease or SBITA agreement. Liabilities are recognized at the commencement date based on the present value of future payments over the remaining term. Present value of lease and SBITA payments are discounted on a borrowing rate determined by the Commonwealth.

K. COMPENSATED ABSENCES

Compensated absences are recorded as a long-term liability in the Statement of Net Position. For the governmental fund statements, accumulated vacation and sick leave are reported as expenditures and fund liabilities when incurred upon retirement, termination or death. Sick and vacation payments to terminated employees as of June 30, 2025 but paid after the fiscal year ends are also reported in the funds.

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

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

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

L. DEDICATED REVENUES AND PLEDGES

The Commonwealth has a number of pledges of revenue streams for its own bonds and various other bond issues of other authorities. Commonwealth debt supported by dedicated revenue streams include special obligation bonds for road and bridge construction secured by motor fuels taxes and federal grant anticipation notes (GANS) secured by federal grants for highway construction. Detailed information on pledges for the Commonwealth's own debt is included in sections B and C of Note 7, on page 103.

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

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

In FY25, approximately \$1.436 billion and \$1.277 billion of the dedicated sales tax revenue stream was directed to the MBTA and the MSBA, which are reported under governmental funds financial statements on page 187 and 46 respectively.

The Commonwealth has also pledged sales tax revenue and rooms tax surcharges from areas contiguous to convention centers and the Worcester DCU Arena and Convention Center to support such centers' operations. As of June 30, 2025, taxes within the Convention Center districts support approximately \$367 million of outstanding principal and approximately \$108 million of interest on debts related to these Convention Centers. Taxes collected in FY25 were approximately \$237 million, while debt service on the bonds was approximately \$52 million.

Under additional transportation finance reform effective July 1, 2013, motor vehicle sales tax collections were shifted from the General Fund to the Commonwealth Transportation Fund (CTF), while also eliminating a 0.385% pledge of regular and meals sales tax to the CTF. During FY25, approximately \$582 million in motor vehicle sales tax revenue was transferred to MassDOT. From the Commonwealth Transportation Fund, \$314 million was dedicated to funding the operations of the MBTA while an additional \$94 million was dedicated to funding the

operations of the regional transit authorities. These amounts are transferred through the CTF.

M. LOTTERY REVENUE AND PRIZES

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

N. RISK FINANCING

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

O. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

P. RESTRICTED NET POSITION

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

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

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

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

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

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

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

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

Q. SERVICE CONCESSION AGREEMENTS

The Commonwealth enters into service concession agreements for the operation of certain skating rinks and ski resorts. In exchange for these agreements, the operators provide maintenance on the facilities as well as revenue sharing arrangements. Any improvements and equipment remains the property of the Commonwealth. The contracts range from 10 to 25 years in duration and remit 1-3% of revenue to the Commonwealth. All facilities are fully depreciated on the Commonwealth's books. For the year ended June 30, 2025, approximately \$1 million in shared revenue was remitted to the Commonwealth.

The higher education institutions of the Commonwealth (State Universities and Community Colleges) enter in to services concession agreements for campus dining facilities and bookstores. In exchange for these agreements the vendors provide contributions to the institutions to improve the facilities as well as revenue sharing arrangements. All improvements and equipment purchased with the payments remain the property of institutions. The contracts range from five to eighteen years in duration, with options to extend for additional years. These agreements generate deferred inflows of resources, and liability for the unamortized portion of assets transferred. Per terms of the agreements, either party can terminate the agreement at any time, without cause, by providing a written notice. In the event of termination, the unamortized portion is to be returned. Following is a summary of amounts of the arrangements as of June 30, 2025 (amounts in thousands):

State Universities	\$	19,748
Community Colleges (Nonmajor)		—
Total	<u>\$</u>	<u>19,748</u>

Approximately \$15 million in the carrying value of capital assets associated with these service concession agreements are reported in the business-type activities in these financial statements.

In 2022, the University of Massachusetts entered into a service concession arrangement with Mass Ave Housing Partners LLC to carry out the design, construction, financing, operation, management, and maintenance of a portion of the Student Housing Project on the Amherst campus consisting of approximately 600 beds for undergraduates and 200 beds for graduates for apartment-style housing and related infrastructure, including parking. Mass Ave Housing Partners LLC will manage, maintain, and operating the Student Housing Facilities and be entitled to all user fees associated with the project as defined, for a term of 65 years. At the end of the arrangement, operation of the Student Housing Project will be transferred to the University of Massachusetts. The accumulated cost of the construction of the Student Housing Project was \$246 million, being placed into service in January 2024. The University of Massachusetts in fiscal year 2024 recorded an asset and corresponding deferred inflow for the cost of the Student Housing Project. For the year ended June 30, 2025, approximately \$239 million was the carrying value of the capital asset and approximately \$239 million was the amount of the deferred inflows.

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

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

R. ESTIMATES

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

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

S. PENSIONS AND OPEB

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Employees' Retirement System (SERS) and the Massachusetts Teachers' Retirement System (MTRS) and additions to/ deductions from the SERS and the MTRS fiduciary net position have been determined on the same basis as they are reported by SERS and MTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

T. SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS/PRIOR PERIOD ADJUSTMENTS

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

GASB Statement No. 101, *Compensated Absences*. The requirements update the recognition and measurement guidance for compensated absence under a unified model and amends certain previously required disclosures. This statement had no impact on the previously reported net position for governmental activities. However, there was an impact on the previously reported net position for business-type activities and discretely presented component units. Please see table on [page 83](#) for further information.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of this standard had no impact on these financial statements.

The following details the cumulative effect of the prior period adjustments of GASB Implementation (amounts in thousands):

	Proprietary Fund	Business -Type Activities
	University of Massachusetts	Total
Net position as of June 30, 2024, as previously reported	\$ 3,551,835	\$ 7,183,321
Adoption of GASB Statement No. 101	(30,472)	(30,472)
Net position as of July 1, 2024, as restated	\$ 3,521,363	\$ 7,152,849

	Discretely presented component units		
	Massachusetts Department of Transportation	Massachusetts Bay Transportation Authority	Aggregate Discretely Presented Component Units
Net position as of June 30, 2024, as previously reported	\$ 26,073,130	\$ 8,057,454	\$ 41,749,198
Adoption of GASB Statement No. 101	(122)	(124,787)	(124,909)
Net position as of July 1, 2024, as restated	\$ 26,073,008	\$ 7,932,667	\$ 41,624,289

The GASB has issued the following statements:

1. GASB Statement No. 103, Financial Reporting Model Improvements - The requirements of this Statement will take effect for financials statements starting with the fiscal year that ends June 30, 2026.
2. GASB Statement No. 104, Disclosure of Certain Capital Assets - The requirements of this Statement are effective for fiscal years beginning with the fiscal year that ends June 30, 2026.
3. GASB Statement No. 105, Subsequent Events - The requirements of this Statement are effective for fiscal years beginning with the fiscal year that ends June 30, 2027.

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

2. DEPOSITS, SHORT-TERM INVESTMENTS AND INVESTMENTS

Primary Government

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

	Governmental Activities	Business-Type Activities	Government Wide Total	Fiduciary Funds
Cash	\$ 663,273	\$ 2,970,148 ⁽¹⁾	\$ 3,633,421	\$ 918,913
MMDT - cash fund	18,741,966	2,596,301 ⁽¹⁾	21,338,267	8,359,506
Restricted cash with fiscal agent	499,688	271,576	771,264	—
Total	\$ 19,904,927	\$ 5,838,025	\$ 25,742,952	\$ 9,278,419

⁽¹⁾ of which \$423 million is presented as restricted cash in the accompanying financial statements.

Lottery Annuity Contracts and U.S. Treasury Strips

The Massachusetts State Lottery Commission, a division of the Office of the State Treasurer and Receiver-General, purchases annuity contracts from insurance companies and United States treasury strips to fund the

Commonwealth's liability for future installment prize obligations. These annuities and treasury strips represent obligations of the insurance companies and the custodial banks, respectively, to provide a fixed series of payments over a specified period. Only the annuity investments are subject to credit risk. For the annuity contracts, risk is controlled by purchasing these investments only from insurance companies with the top two ratings issued by a national recognized ratings organization. However, due to the nature of these annuity contracts, the credit quality of the insurance company issuer is subject to change. As of June 30, 2025, the amortized cost of annuities was approximately \$65 million. At June 30, 2025, the U.S Treasury Strips have a fair value of approximately \$329 million. Approximately 83.6% of these amounts are held in United States Treasury strips at a custodial bank. No insurance company has an amount of annuities over 7.4% of the overall portfolio.

MSBA Deposits and Investments

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

As of June 30, 2025, the MSBA held the following deposits and investments which are a component of Governmental Activities above (amounts in thousands):

Cash and cash equivalents	\$ 1,112,027
Restricted investments	1,345,251
Total	<u>\$ 2,457,278</u>

Custodial Credit Risk – Pooled Cash

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

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

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

Custodial Credit Risk – Higher Education

The Institutions of Higher Education have investment policies that may vary by institution for custodial credit risk. Each institution carries deposits that are fully insured by the FDIC, as well as uninsured deposits. As of June 30, 2025, the bank balances of uninsured and uncollateralized deposits exposed to custodial credit risk totaled \$222 million.

Custodial Credit Risk – MSBA

The MSBA does not have a formal investment policy for custodial credit risk. The MSBA carries deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC) insurance, as well as deposits that are fully collateralized. As of June 30, 2025, all MSBA bank balances were fully protected against loss.

Interest Rate Risk – MMDT

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

At June 30, 2025, the Cash Portfolio's securities had a weighted average maturity of 45 days and a weighted average life (WAL) of 80 days.

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

For the MMDT Short Term Bond Portfolio, the June 30, 2025 duration was 2.61 years. At June 30, 2025, investments in the MMDT Short Term Bond Portfolio had a total net position of \$790 million with investment maturities ranging from less than one year to ten years. At June 30, 2025, the Short Term Bond Portfolio's effective maturity schedule was as follows:

Securities with an Effective Maturity of:	Percentage of Total Net Position
Less than one year	11.3 %
One to five years	83.7 %
Six to ten years	3.6 %
Cash equivalents	0.7 %
Other assets and liabilities, net ...	0.7 %
Total	<u>100.0 %</u>

Interest Rate Risk – Higher Education

As of June 30, 2025, the Institutions of Higher Education had debt investments stated at fair value of approximately \$1.269 billion and had investment maturities ranging from less than one year to more than ten years, with 20.4% of the investment's fair values maturing in less than 1 year, 66.6% maturing in one to five years, 9.0% maturing in six to ten years, and 4.0% maturing in more than ten years.

Interest Rate Risk - MSBA

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

As of June 30, 2025, the MSBA had approximately \$767 million invested in U.S. Treasury Bonds and approximately \$288 million invested in U.S. Agency securities.

Interest Rate Risk – Custodial Funds

The custodial funds hold certain debt investments in trust as collateral for regulatory purposes. As of June 30, 2025, these investments had a fair value of approximately \$488 million, with investment maturities ranging from less than one year to more than ten years. Of the total fair value, approximately 38.2% has maturities of less than one year,

40.1% from one to five years, 12.8% from six to ten years and 8.9% greater than ten years.

Credit Risk – MMDT

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

The Treasury cash portfolio is invested only in First Tier Securities as defined by the Securities and Exchange Commission's Rule 2A-7 of the [Investment Company Act of 1940](#). The Treasury does have additional policies regarding credit ratings of investments as detailed in the Investment Circulars which can be found in the documents tab at <https://www.mymmdt.com/mmdt/pools.do>. At June 30, 2025, the Cash Portfolio's securities were all rated as First Tier.

At June 30, 2025, the Short Term Bond Portfolio's follows:

Portfolio Composition	Percentage of Total Net Position
AAA	6.0 %
AA	72.4 %
A	8.6 %
BBB	11.6 %
Cash equivalents	0.7 %
Other assets and liabilities, net ...	0.7 %
Total	<u>100.0 %</u>

Credit Risk – Higher Education

For the Institutions of Higher Education presented in the Business-Type Activities, fair values of debt investments were \$179 million at AAA, \$595 million from AA+ to A- and \$495 million either unrated, BBB+ or less.

Credit Risk – MSBA

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

Credit Risk – Custodial Funds

The custodial funds had debt investments with a fair value of \$488 million, of which \$328 million were in U.S Government securities, \$82 million were in money market securities, \$53 million were in state and local government securities, and \$25 million were in corporate debt securities.

Interest Rate Risk – PRIT Funds

As pension and OPEB trust funds have a longer investment horizon than many of the Commonwealth's other investments, the PRIM Board manages PRIT's exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its fixed income investment managers. The guidelines with each individual

manager require that the effective duration of the domestic fixed income investment portfolio be within a specified percentage or number of years of the effective duration band of the appropriate benchmark index. For emerging markets fixed income investments, the portfolio must have a duration with a band ranging from three to eight years. Effective duration is a measure of a fixed income investment's exposure to fair value changes arising from changes in interest rates. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows. These assumptions take into consideration factors indicative of investments highly sensitive to interest rate changes, including callable options, prepayments and other factors.

The PRIM Board compares the effective duration of a manager's portfolio to their relevant benchmark including Bloomberg Aggregate Bond index, US Treasury STRIPS 20+ Year index, Bloomberg Treasury 1-3 Year index, Bloomberg Global Inflation-Linked US TIPS index, Bloomberg Inflation-Linked Bonds index, Morningstar LSTA Leveraged Loan index, JP Morgan Emerging Markets Bond index, and the Intercontinental Exchange Bank of America High Yield index. The PRIT Fund had fixed income and short-term investments totaling approximately \$34.351 billion at fair value with an effective weighted average duration range from 3.36 to 15.05 years at June 30, 2025.

Credit Risk – PRIT Funds

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

Credit risk for derivative instruments held by the PRIT results from counterparty risk. The PRIT is exposed to credit risk resulting from counterparties being unable to meet their obligations under the terms of the derivative agreements. The weighted average quality rating of the debt securities portfolio, excluding pooled investments, investments explicitly backed by the United States Government and other nonrated investments was BBB- and BBB at June 30, 2025 and June 30, 2024 respectively.

Credit ratings associated with the Commonwealth's investment in the PRIT Fund ranged from AAA to A- investments with a fair value of approximately \$4.236 billion, BBB+ to B- investments with a fair value of approximately \$6.417 billion, CCC+ to D investments with a fair value of approximately \$1.479 billion, nonrated investments with a fair value of approximately \$11.389 billion, and the remaining \$10.830 billion are investments that are explicitly backed by the U. S. Government.

Foreign Currency Risk – PRIT Funds

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments. The Treasury does not have a policy regarding foreign currency risk for the Pension Trust. The PRIM Board manages PRIT's exposure to foreign currencies by hedging a percentage of PRIT's non-U.S. dollar denominated investments through forward foreign currency contracts. The PRIT Fund's investments in foreign currency denominated investments as of June 30, 2025 were approximately \$153 million in cash and short-term investments, \$15.265 billion in equities, \$1.161 billion in fixed income investments, \$1.044 billion in portfolio completion strategies, \$2.704 billion in private equity investments, and \$487 million in timberland investments. An additional \$4.735 billion is invested in international investments denominated in U.S. dollars.

Concentration of Credit Risk – PRIT

The PRIM Board manages PRIT Fund's exposure to concentration of credit risk by establishing guidelines with each investment manager that limit the percent of investment in any single issue or issuer. PRIT has no investments, at fair value, that exceed 5% of PRIT Fund's total investments as of June 30, 2025 and June 30, 2024.

A. DERIVATIVE INSTRUMENTS

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

Forward Currency Exchange Contracts - PRIT

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

As of June 30, 2025, PRIT had open foreign exchange contracts with combined net unrealized loss of approximately \$100 million with various delivery dates.

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

Futures Contracts - PRIT

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

PRIT held contracts outstanding at June 30, 2025 with various expirations from FY26 to FY29. These contracts are for cash and cash equivalents, fixed income, equities and commodities. A portion of the contracts were short contracts. The aggregated notional exposure amount as of June 30, 2025 was approximately \$3.316 billion with a fair value of \$3.342 billion, yielding an unrealized net gain of approximately \$27 million.

Swaps - PRIT

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

As of June 30, 2025, PRIT had contracts in effect with an aggregated notional amount of approximately \$45.807 billion to various investment banks that had maturity dates from FY26 to FY73. The contracts have an aggregate fair value loss of approximately \$104 million. PRIT values these contracts using standard methods and techniques including the discounted cash flow analysis and option pricing models.

PRIT's counterparty exposure was with various major investment companies with ratings ranging from AA- to A+ and various other banks with other ratings. Open swap contracts as of June 30, 2025 were as follows (amounts in thousands):

Counterparty	Credit Ratings	Interest Rate Swaps		Credit Default Swaps		Total Return and Other Swaps	
		Gross Notional	Fair Value	Gross Notional	Fair Value	Gross Notional	Fair Value
Bank of America NA	A+	\$ —	\$ —	\$ 56,790	\$ (7,174)	\$ 1	\$ 1
Barclays Bank PLC	A+	8,400	99	438,767	(16,496)	458	(47)
BNP Paribas SA	A+	4,245,817	208	211,812	(41,151)	—	—
BNP Paribas Commodity Futures Ltd	A+	—	—	79,871	(6,555)	—	—
CME Group Inc.	AA-	502,909	(2,548)	—	—	—	—
Goldman Sachs & Co	A+	1,398,916	38,500	3,319,666	(43,561)	8,500	149
Goldman Sachs International	A+	—	—	41,285	(3,828)	2,119	307
Intercontinental Exchange Holdings Inc.	A-	—	—	196,944	4,127	—	—
JPMorgan Chase Bank NA	AA-	28,125	(1,666)	42,896	(9,111)	118,482	5,268
JP Morgan Securities	AA-	29,215,094	32,503	553,887	(20,574)	19,954	45
LCH Ltd	AA-	2,108,288	2,772	—	—	179,164	59
Morgan Stanley & Co LLC	A+	1,476,240	325	379,352	(30,965)	9,710	104
Morgan Stanley Capital Services	A+	—	—	122,870	(13,120)	20	95
SMBC Capital Markets Inc.	A	250,000	5,623	—	—	—	—
All others	Various	622,749	(511)	12,296	55	155,317	3,508
Totals		<u>\$ 39,856,538</u>	<u>\$ 75,305</u>	<u>\$ 5,456,436</u>	<u>\$ (188,353)</u>	<u>\$ 493,725</u>	<u>\$ 9,489</u>

B. FAIR VALUE MEASUREMENTS OF INVESTMENTS

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

- Level 1 - Inputs are quoted prices for identical investments in active markets.
- Level 2 - Observable inputs other than quoted market prices.
- Level 3 - Unobservable inputs.

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

The following tables present a summary of the fair value hierarchy of investments at June 30, 2025 (amounts in thousands):

<i>Primary government</i>	Total	Level		
		1	2	3
Debt securities:				
US Treasury and agency securities	\$ 1,793,160	\$ 658,783	\$ 1,134,377	\$ —
Municipal securities	29,240	8,800	20,440	—
Institutional money market funds	440,574	221,043	219,531	—
Corporate debt/bonds	319,258	10,471	308,787	—
Asset backed securities	117,522	—	117,522	—
Registered investment companies	93,925	93,925	—	—
Mortgage backed securities	126,134	5,008	121,126	—
Other fixed income	239,215	187,342	51,873	—
Total debt securities	3,159,028	1,185,372	1,973,656	—
Equities:				
Equity securities	468,965	466,859	—	2,106
Corporate stock	33,677	33,041	636	—
Total equity investments	502,642	499,900	636	2,106
Investments measured at the Net Asset Value (NAV):				
Commonfund (pooled investment funds)	731,439			
Private equity	112,879			
Private debt	36,641			
Private real estate	5,164			
Other	2,088			
Total investments measured at the NAV	888,211			
Other investments at fair value:				
MMDT - bond fund	367,605			
Total other investments at fair value	367,605			
Subtotal investments at fair value	4,917,486	\$ 1,685,272	\$ 1,974,292	\$ 2,106
Other investments:				
MMDT	350,462			
Annuity contracts	64,657			
Certificates of deposit	12,672			
Total other investments	427,791			
Total investments - primary government	\$ 5,345,277			
Derivative instruments:				
Interest rate swaps (liabilities) ⁽¹⁾	\$ 249	\$ —	\$ —	\$ 249

⁽¹⁾ The business-type activities have various swaps.

Lottery annuity contracts and U.S. Treasury Strips of approximately \$393 million as of June 30, 2025 are presented in governmental fund and governmental activities on the Statement of Net Position.

<i>Fiduciary funds:</i>	Total	Level		
		1	2	3
Debt securities:				
US Treasury securities	\$ 328,153	\$ 328,153	\$ —	\$ —
Bonds	78,510	25,275	53,235	—
Total debt securities	406,663	353,428	53,235	—
Investments measured at the Net Asset Value (NAV):				
Mutual funds	81,767			
Other investments at fair value:				
MMDT - bond fund	18,846			
Net investment in PRIT	115,449,024			
Total other investments at fair value	115,467,870			
Total investments - fiduciary funds	<u>\$ 115,956,300</u>	<u>\$ 353,428</u>	<u>\$ 53,235</u>	<u>\$ —</u>

3. RECEIVABLES AND TAX ABATEMENTS

A. RECEIVABLES

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

<i>Primary Government</i>	Taxes	Federal Grants and Reimbursements	Loans	Leases	Other	Total
Governmental Activities:						
Gross receivables	\$ 7,896,886	\$ 3,472,519	\$ 131,563	\$ 67,485	\$ 2,607,652	\$14,176,105
Less: allowance for uncollectibles	(1,945,055)	(121,231)	—	—	(590,639)	(2,656,925)
Receivables, net allowance for uncollectibles ..	5,951,831	3,351,288	131,563	67,485	2,017,013	11,519,180
Less: current portion	(5,508,209)	(3,347,706)	(13,562)	(1,443)	(1,430,274)	(10,301,194)
Noncurrent receivables	<u>\$ 443,622</u>	<u>\$ 3,582</u>	<u>\$ 118,001</u>	<u>\$ 66,042</u>	<u>\$ 586,739</u>	<u>\$ 1,217,986</u>
Business-Type Activities:						
Gross receivables	\$ —	\$ 42,661	\$ 25,041	\$ 1,157,285	\$ 3,313,468	\$ 4,538,455
Less: allowance for uncollectibles	—	—	(2,592)	—	(2,067,292)	(2,069,884)
Receivables, net allowance for uncollectibles ..	—	42,661	22,449	1,157,285	1,246,176	2,468,571
Less: current portion	—	(42,661)	(9,448)	(58,868)	(1,228,377)	(1,339,354)
Noncurrent receivables	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,001</u>	<u>\$ 1,098,417</u>	<u>\$ 17,799</u>	<u>\$ 1,129,217</u>

B. TAX ABATEMENTS

As of June 30, 2025, the Commonwealth provided tax abatements through the following three programs: the Massachusetts Economic Development Incentive Program Credit (EDIP), Life Sciences Tax Incentive Program and the Film Tax Credit.

Economic Development Incentive Program

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

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

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

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

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

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

Life Sciences Tax Incentive Program

Credits

The Massachusetts Life Sciences Center (MLSC) certifies and awards five types of tax credits to life sciences companies, with the purpose of creating and retaining jobs in the Massachusetts life sciences sector. Unless stated otherwise, if one of these tax credits is claimed by a taxpayer and exceeds the tax otherwise due, 90% of the balance of such credit may, at the option of the taxpayer and to the extent authorized by the MLSC, be refundable to the taxpayer. These tax credits, together with other life sciences tax incentives, are subject to an aggregate \$40 million annual cap.

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

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

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

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

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

The MLSC also administers the Angel Investor Tax Credit. The credit is equal to 20% of the amount of qualifying investments in a qualifying business, and 30% of the amount of qualifying investments made by a taxpayer investor in a qualifying business located in a “Gateway municipality,” as defined in [M.G.L. c. 23A, § 3A](#). A taxpayer cannot claim more than \$50,000 of the credit for a single calendar year. The Angel Investor Tax Credit is not refundable and is only available to taxpayers subject to M.G.L. chapter 62. If a taxpayer investor is allowed a credit for an investment in a qualifying business that ceases to have its principal place of business in the Commonwealth within the three taxable years following the taxable year for which the credit was allowed, the taxpayer investor must repay the total credit amount to the Commonwealth. The credit is subject to the aggregate \$40 million annual cap to which other credits in the Life Sciences Tax Incentive Program are subject. The credit was allowed for tax years beginning on or after January 1, 2017 but has been repealed as of January 1, 2024. Therefore, no credits may be awarded after this date. A taxpayer that has unused credit in a tax year beginning on or after January 1, 2024 that has been carried

forward from a prior tax year may claim the credit in such tax year subject to the limitations under [830 CMR 62.6.5\(11\)](#).

Other Tax Incentives

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

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

Film Tax Incentive

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

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

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

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

The following is the total revenue estimated to be reduced under these programs for fiscal year 2025 (amounts in thousands):

Tax abatement program	Total estimated revenue reduced by
Economic Development Incentive Program (EDIP)	\$ 17,283 (1)
Life Sciences Tax Incentive Program	39,980 (2)
Film Tax Incentive Program:	
Film Tax Credit	92,535 (3)
Sales Tax Exemption	316 (4)
Total	\$ 150,114

Sources:

(1) Massachusetts Office of Business Development, credits approved in FY2025.

(2) Massachusetts Life Sciences Center, incentives awarded in FY2025.

(3) Massachusetts Department of Revenue, film tax credits approved during FY2025.

(4) Massachusetts Department of Revenue, FY2026 Tax Expenditure Budget, sales tax exemption approved to motion picture production companies or to accredited film school students during FY2025 (<https://budget.digital.mass.gov/govbudget/fy26/tax-expenditure-budget>).

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS BETWEEN FUNDS

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

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

Governmental funds:	General	Lotteries	Federal Grants	Other Governmental Funds	Total
<u>Transfers in:</u>					
Debt service	\$ —	\$ —	\$ —	\$ 2,788,898	\$ 2,788,898
Transfers in	2,441,199	—	14,673	8,536,460	10,992,332
Subtotal	2,441,199	—	14,673	11,325,358	13,781,230
<u>Transfers out:</u>					
Appropriations	(2,136,313)	—	—	(43,398)	(2,179,711)
Bond proceeds	—	—	—	(187,866)	(187,866)
Debt service	(1,455,589)	—	—	(1,333,309)	(2,788,898)
Transfers out	(4,970,850)	(1,197,402)	(163,209)	(4,402,846)	(10,734,307)
Subtotal	(8,562,752)	(1,197,402)	(163,209)	(5,967,419)	(15,890,782)
Total governmental funds	\$ (6,121,553)	\$ (1,197,402)	\$ (148,536)	\$ 5,357,939	\$ (2,109,552)
<u>Proprietary funds:</u>					
	Family and Employment Security Trust	University of Massachusetts	State Universities	Community Colleges (Nonmajor)	Total
<u>Transfers in:</u>					
Transfers in from governmental funds	\$ —	\$ 1,210,041	\$ 554,338	\$ 603,198	\$ 2,367,577
<u>Transfers out:</u>					
Transfers out to governmental funds	(5,941)	(161,705)	(47,313)	(43,066)	(258,025)
Total proprietary funds	\$ (5,941)	\$ 1,048,336	\$ 507,025	\$ 560,132	\$ 2,109,552
Net transfers in/(out) between funds					\$ —

Due to/from component units on the Statement of Net Position reflects a timing difference for payments of approximately \$51 million at year end. Remaining receivables and payables between funds as of June 30, 2025 largely occur due to the timing of accruals and the funding of escrows.

Balances due within one year are recorded as Due to/Due from Other Funds. The following is a summary of receivables and payables between funds remaining as of June 30, 2025 recorded as (amounts in thousands):

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General	Federal Grants	\$ 219,451
General	Other Governmental Funds	935,701
Massachusetts School Building Authority - Debt Service Fund	Massachusetts School Building Authority - Special Revenue Fund	11,445
Other Governmental Funds	Other Governmental Funds	119,209
Total Governmental Funds		\$ 1,285,806

5. CAPITAL ASSETS

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

<i>Governmental Activities</i>	Beginning Balance July 1, 2024	Increases	Decreases and Reclassifications	Ending Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 997,380	\$ 15,050	\$ (3,521)	\$ 1,008,909
Construction in process	1,126,933	343,012	(645,008)	824,937
Total capital assets not being depreciated	2,124,313	358,062	(648,529)	1,833,846
Capital assets being depreciated and amortized:				
Buildings	6,879,239	507,317	(72,050)	7,314,506
Machinery and equipment	1,956,215	434,220	(441,492)	1,948,943
Right-to-use lease buildings	1,425,064	158,568	(137,308)	1,446,324
Right-to-use lease machinery and equipment	32,565	4,785	(6,485)	30,865
Right-to-use subscription assets	187,514	21,099	(3,456)	205,157
Infrastructure non - central artery/tunnel project	457,521	63,640	—	521,161
Total capital assets being depreciated and amortized	10,938,118	1,189,629	(660,791)	11,466,956
Less, accumulated depreciation:				
Buildings	(3,997,595)	(299,021)	9,953	(4,286,663)
Machinery and equipment	(1,555,942)	(315,611)	199,384	(1,672,169)
Infrastructure non - central artery/tunnel project	(319,488)	(8,235)	835	(326,888)
Total accumulated depreciation	(5,873,025)	(622,867)	210,172	(6,285,720)
Less accumulated amortization:				
Right-to-use lease buildings	(653,282)	(169,299)	151,164	(671,417)
Right-to-use lease machinery and equipment	(15,309)	(5,941)	3,741	(17,509)
Right-to-use subscription assets	(77,636)	(60,846)	3,633	(134,849)
Total accumulated amortization	(746,227)	(236,086)	158,538	(823,775)
Total accumulated depreciation and amortization	(6,619,252)	(858,953)	368,710	(7,109,495)
Governmental activities capital assets, net	6,443,179	688,738	(940,610)	6,191,307

<i>Business - Type Activities</i>	Beginning Balance July 1, 2024	Increases	Decreases and Reclassifications	Ending Balance June 30, 2025
Capital assets not being depreciated or amortized:				
Land	240,320	7,326	—	247,646
Construction in process	557,175	473,644	(328,399)	702,420
Historical treasures	3,403	—	—	3,403
Total capital assets not being depreciated or amortized	800,898	480,970	(328,399)	953,469
Capital assets being depreciated and amortized:				
Buildings	13,807,948	406,600	(77,851)	14,136,697
Machinery and equipment	1,305,493	102,165	(51,597)	1,356,061
Right-to-use lease buildings	1,319,506	13,842	(13,248)	1,320,100
Right-to-use lease machinery and equipment	27,417	3,679	(4,258)	26,838
Right-to-use subscription assets	105,703	35,069	(11,701)	129,071
Library collections, not including historical treasures	29,889	64	(5,068)	24,885
Total capital assets being depreciated and amortized	16,595,956	561,419	(163,723)	16,993,652
Less, accumulated depreciation:				
Buildings	(6,229,995)	(457,116)	68,266	(6,618,845)
Machinery and equipment	(1,043,026)	(65,480)	43,077	(1,065,429)
Library collections, not including historical treasures	(20,865)	(454)	460	(20,859)
Total accumulated depreciation	(7,293,886)	(523,050)	111,803	(7,705,133)
Less, accumulated amortization:				
Right-to-use lease buildings	(304,443)	(73,130)	8,024	(369,549)
Right-to-use lease machinery and equipment	(11,737)	(7,608)	3,745	(15,600)
Right-to-use subscription assets	(48,077)	(30,160)	13,236	(65,001)
Total accumulated amortization	(364,257)	(110,898)	25,005	(450,150)
Total accumulated depreciation and amortization	(7,658,143)	(633,948)	136,808	(8,155,283)
Business - type activities capital assets, net	9,738,711	408,441	(355,314)	9,791,838
Total Primary Government capital assets, net	\$ 16,181,890	\$ 1,097,179	\$ (1,295,924)	\$ 15,983,145

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

Function	Depreciation	Amortization
General government	\$ 87,792	\$ 75,071
Judiciary	144,533	32,182
Energy and environmental affairs	21,200	11,721
Economic development	43	5,637
Health and human services	281,081	62,907
Early elementary and secondary education	3,598	5,488
Public safety and security	84,263	35,619
Housing and economic development	357	37
Labor and workforce development	—	7,424
Total, governmental activities	<u>\$ 622,867</u>	<u>\$ 236,086</u>
University of Massachusetts	\$ 351,047	\$ 30,905
State universities	110,879	63,929
Community colleges (Nonmajor)	61,124	16,064
Total, business-type activities	<u>\$ 523,050</u>	<u>\$ 110,898</u>

6. SHORT-TERM FINANCING AND CREDIT AGREEMENTS

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

A. GENERAL FUND

In order to manage cash flows through the COVID-19 pandemic, the Commonwealth obtained a line of credit in the aggregate principal amount of \$1.750 billion from a syndicate of banks. As of February 17, 2021, the line of credit was reduced to the principal amount of \$500 million. In addition, the maturity of the line was extended to April 30, 2026. As of June 30, 2025, the Commonwealth did not draw on the line of credit.

7. LONG-TERM OBLIGATIONS

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

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

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

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

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

The Commonwealth has waived its sovereign immunity and consented to be sued on contractual obligations, including bonds and notes issued by it and all claims with respect hereto. However, the property of the

Commonwealth is not subject to attachment or levy to pay a judgment, and the satisfaction of any judgment generally requires legislative appropriation. Enforcement of a claim for the payment of principal or interest on bonds and notes of the Commonwealth may also be subject to the provisions of federal or Commonwealth statutes, if any, enacted to extend the time for payment or impose other constraints upon enforcement. The Commonwealth cannot file for bankruptcy under the United States Bankruptcy Code.

As of June 30, 2025, the Commonwealth had issued two types of long-term debt obligations: general obligation bonds and special obligation bonds. General obligation bonds, which account for the large majority of outstanding Commonwealth bonds, are backed by the full faith and credit of the Commonwealth. Special obligation bonds, however, are bonds secured by all or a portion of a specific revenue source that are pledged to bondholders and are not general obligations of the Commonwealth. For this type of securities, bondholders rely on pledged revenue only for repayment of principal and interest.

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

Type of Bond	Amount Outstanding
General obligation bonds - public offering, net proceeds.....	\$ 32,830,738
General obligation bonds - direct placement, net proceeds.....	100,000
Special obligation bonds (including GANs) - public offering, net proceeds.....	5,111,045
MSBA bonds, - public offering, net proceeds.....	5,521,739
Outstanding governmental activities, net proceeds.....	43,563,522
Less:	
Unamortized premiums on general obligation bonds - public offering*.....	(3,300,813)
Unamortized premiums on special obligation bonds.....	(557,130)
Unamortized premiums on MSBA bonds.....	(254,419)
Total governmental activities, principal.....	\$ 39,451,160

* - As of June 30, 2025, there were no unamortized premiums on direct placement GO bonds.

The general obligation (GO) bonds listed in the table above include outstanding tax-exempt bonds, taxable bonds including Build America Bonds, College Opportunity Bonds, and debt assumed from former counties. The special obligation (SO) bonds listed above include outstanding tax-exempt and taxable bonds (including Build America Bonds and Recovery Zone Economic Development Bonds) secured by indentures that legally define the specific revenues pledged to bondholders, as defined in the trust agreement. This includes outstanding bonds or notes secured by Federal Highway funds to be received by the Commonwealth, certain portions of the Commonwealth's motor fuel excise taxes and Registry of Motor Vehicle fees, and dedicated taxes and fees levied in certain geographic areas of the state to support the Commonwealth's convention center facilities. As of June 30, 2025, there were three different special obligation bond programs with bonds outstanding.

The following is a table of GO bonds principal outstanding as of June 30, 2025, (amounts in thousands):

General Obligation Bonds	Principal Outstanding	Percent of Total GO
Fixed rate bonds.....	\$ 29,373,910	99.1 %
Variable rate bonds.....	256,015	0.9 %
Total.....	\$ 29,629,925	100.0 %

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

Variable Rate GO Bonds	Principal Outstanding	Percent of Total GO
Direct purchase bonds.....	\$ 100,000	0.3 %
College opportunity bonds.....	156,015	0.6 %
Total.....	\$ 256,015	0.9 %

The following is a table of the different types of outstanding Special Obligation bonds as of June 30, 2025 (amounts in thousands), all of which are fixed rate bonds:

Special Obligation Bonds	Amount Outstanding
Special obligation dedicated tax revenue bonds, net proceeds:	
Fixed rate convention center bonds	\$ 366,620
Special obligation revenue bonds, net proceeds:	
CTF Accelerated bridge program	1,723,301
CTF Rail enhancement program	2,834,990
Total revenue bonds, net proceeds	4,558,291
Special obligation GANS, net proceeds:	
Federal highway grant anticipation notes	186,134
Total special obligation bonds, net proceeds	5,111,045
Less: unamortized premiums	(557,130)
Outstanding special obligation principal	\$ 4,553,915

Chapter 9 of the Acts of 2021, as amended authorized the Commonwealth to issue special obligation bonds secured by special assessments on private contributory employers for the purposes of repaying the federal advances made to the Commonwealth's account within the unemployment insurance trust fund (UITF) for fiscal years 2020 to 2025 and reducing the amount of or avoiding the need to obtain additional federal advances. On August 30, 2022, the Commonwealth issued \$2.681 billion (net proceeds of \$2.670 billion) of special obligation bonds, the proceeds of which were used to repay the outstanding federal advances, including interest thereon, make a deposit into the Commonwealth's account within the UITF, and pay costs of issuance. As of June 30, 2025, \$1.389 billion remain outstanding.

A. GENERAL OBLIGATION BONDS

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

In terms of bond structure, the large majority of GO bonds have been sold as fixed rate obligations. As of June 30, 2025, approximately 99.1% of the Commonwealth's outstanding GO debt is in the form of fixed-rate bonds. The remaining 0.9% of outstanding GO debt is in the form of variable rate bonds – bonds whose rate of interest fluctuate based on market or market index changes. The outstanding GO variable rate debt consists of College Opportunity Bonds and a direct purchase agreement.

College Opportunity Bonds are bonds that are approved by the Legislature to be issued for a specific program. These bonds are issued pursuant to statute directly to the Massachusetts Educational Financing Authority for its pre-paid tuition program called the "U.Plan". As of June 30, 2025, the Commonwealth had approximately \$156 million in "U.Plan" bonds (at accreted value) outstanding. Pursuant to statute, all of the outstanding bonds are variable rate bonds. Interest on the bonds is based on the percentage change in the consumer price index plus 2.0% together with current interest at the rate of 0.5%.

A portion of the Commonwealth's outstanding bonds have been directly purchased by banks (or "direct purchase bonds"). These variable rate, direct purchase bonds bear interest at an index rate and are payable on the first business day of each month until maturity. As of June 30, 2025, the Commonwealth had \$100 million direct purchase bonds outstanding.

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

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

⁽¹⁾ This bond has been paid off and see note 15 on page 139 - Subsequent events

To fund the FY25 capital budget and prior capital spending, the Commonwealth borrowed by issuing \$3.331 billion in new money general obligation long-term bonds. In addition, \$610 million in refunding bonds were issued in two separate transactions which were executed as current refundings, all of which were executed for savings. The cash and present value savings of the refunding transactions are immaterial to these financial statements.

MSBA Debt

As of June 30, 2025, the MSBA had outstanding approximately \$5.267 billion of Dedicated Sales Tax bonds, which includes approximately \$254 million of unamortized premiums for the purpose of funding school construction and renovation projects. Coupons on the bonds range from approximately 0.290% to 5.715% and each series is payable semiannually with the latest maturity occurring in FY51. A portion of the interest on the Dedicated Sales Tax Bonds is reimbursed by the federal government. Of the \$5.267 billion of debt outstanding as of June 30, 2025, \$450 million is taxable Build America Bonds for which the MSBA is eligible to receive a 35% interest subsidy directly from the United States Treasury. In addition, \$293 million of the Subordinated Dedicated Sales Tax Bonds was issued as "Qualified School Construction Bonds" for which the MSBA is eligible to receive a 100% interest subsidy payment directly from the United States Treasury. During FY25, the federal government continued automatic budget cuts imposed through sequestration required pursuant to the Budget Control Act of 2011. As of September 27, 2021, the IRS has extended the 5.7% rate through September 2030. Subsidy payments were reduced by approximately \$1.4 million due to sequestration during FY2025.

B. SPECIAL OBLIGATION BONDS

Commonwealth Transportation Fund (CTF)

The largest amount of special obligation bonds outstanding (by par) are bonds secured by certain revenues of the Commonwealth Transportation Fund. These bonds have been issued to finance expenditures for significant rail and transit improvement projects in the Commonwealth, projects to fund repairs, rehabilitation or replacement of bridges throughout the Commonwealth and certain other authorized transportation projects of the Commonwealth. These bonds mature from FY26 to FY54 and are secured by the 24 cents per gallon gasoline tax, the full 24 cents per gallon of special fuels taxes (comprised primarily of taxes on diesel fuel), and the full 19.1% of the average price per gallon tax on liquefied natural gas and all Registry of Motor Vehicle fees deposited into the CTF. As of June 30, 2025, approximately \$1.525 billion and \$2.529 billion in principal was outstanding on the Accelerated Bridge Program (ABP) and the Rail Enhancement Program (REP) bonds, respectively, and approximately \$751 million and \$2.610 billion of interest (net of the federal subsidy) was expected to be paid through maturity related to the CTR ABP and REP bonds, respectively.

Convention Center Fund

Chapter 152 of the Acts of 1997, as amended, authorized \$694 million of special obligation bonds to be issued for the purpose of building a new convention center in Boston (\$609 million), the Springfield Civic Center (\$66 million) and the Worcester Convention Center (\$19 million). The bonds are payable from monies credited to the Convention Center Fund created by that legislation, which include certain hotel tax receipts from hotels in Boston, Cambridge, Springfield and Worcester, a surcharge on car rentals in Boston, a parking surcharge at all three facilities, a surcharge on sightseeing tours and cruises in Boston, and sales tax receipts from certain hotels and other retail establishments in Boston, Cambridge, and Springfield. The trust agreement requires a capital reserve fund to be maintained at a level equal to maximum annual debt service and provides that if the fund falls below its required balance, the 2.75% convention center financing fee in Boston is to be increased (though the overall hotel tax in Boston, including the fee, cannot exceed 14%). As of June 30, 2025, taxes within the Convention Center districts support approximately \$367 million of outstanding principal and approximately \$108 million of interest on debts related to these Convention Centers. Taxes collected in FY25 were approximately \$237 million, while debt service on the bonds was approximately \$52 million. The balance of the trustee-held Convention Center revenue fund available for debt service was \$473 million as of June 30, 2025, which consists of Revenue Fund of \$412 million and Capital Reserve Fund of \$61 million.

C. FEDERAL GRANT ANTICIPATION NOTES

All federal highway reimbursements are dedicated to funding the principal portion only of federal grant anticipation notes (GANs) issued in fiscal 2015, 2017, 2018 and 2020 with no new bonds issued in FY25. As of June 30, 2025, total principal remaining to be paid is approximately \$134 million. Maturities are from FY26 through FY27. Debt service paid during FY25 was approximately \$141 million.

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

D. THE BUILD AMERICA BOND PROGRAM

As part of the federal America Recovery and Reinvestment Act (ARRA) in 2009, municipal issuers were authorized to issue taxable bonds to fund new capital expenditures and receive an interest rate subsidy from the U.S. Treasury. As part of the temporary Build America Bond (BABs) program issuers, including the Commonwealth, issued taxable bonds in calendar years 2009 and 2010 in return for a subsidy from the federal government equal to 35% to 45% of the interest costs on the bonds, depending on whether the proceeds were used for projects in economically distressed areas. Such interest subsidy payments are treated under federal law as overpayments of tax and, accordingly, are subject to offset against certain amounts that may be owed by the Commonwealth to the federal government or its agencies. Commencing in federal fiscal year 2016, such payments were subject to sequestration reduction and the United States Department of Treasury has projected that such payments during fiscal year 2021 through fiscal year 2030 will be reduced by 5.7% as a result of sequestration. The sequestration may be subject to change if a law is enacted that modifies or amends the current sequestration reduction. Such interest subsidy payments could become subject to a much larger sequestration reduction, and potentially be eliminated altogether, under the Statutory Pay-As-You-Go Act of 2010 (PAYGO Act), which is designed to limit federal deficit spending. Since the enactment of the PAYGO Act, the U. S. Congress has consistently acted to prevent its implementation, but there can be no assurance that it will continue to do so. Between the GO bond program and the special obligation bond programs, the Commonwealth issued a total of \$2.791 billion in Build America Bonds and Recovery Zone Economic Development Bonds in six separate financings over the two-year period of the program. All of the bonds were issued as “direct pay to issuer”, meaning that the interest rate subsidies would be paid to the Commonwealth from the U.S. Treasury and not pledged to bondholders. As of June 30, 2025, the expected interest rate subsidy to be received through final maturity of all of the bonds issued as part of this program totaled \$338 million. The Commonwealth’s repayment obligation to bondholders is based on the gross interest rate. From a budgetary perspective, the bonds’ debt service is net of the interest-rate subsidy.

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

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

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

Long-term debt principal outstanding and debt authorized and unissued at June 30, 2025 is as follows (amounts in thousands):

Purpose	Principal Outstanding	Fiscal Year Maturities	Authorized and Unissued
GANs	\$ 133,620	2025 - 2027	\$ —
Capital projects:			
General	17,312,779	2026 - 2055	28,374,635
Highway	16,244,403	2026 - 2055	24,291,269
Local aid	126,418	2026 - 2045	11,105
Other	366,620	2026 - 2034	—
Subtotal	<u>34,050,220</u>		<u>52,677,009</u>
MSBA debt	<u>5,267,320</u>		
Governmental activities debt	<u>\$ 39,451,160</u>		

Interest rates on the Commonwealth’s outstanding debt at the end of FY25 ranged from 0.3% to 5.7%.

Changes in long-term debt outstanding (excluding discount and premium) and bonds authorized - unissued for the year ended June 30, 2025 are as follows (amounts in thousands):

	Governmental Funds (excluding MSBA)	MSBA	Total Governmental Funds Bonded Debt	Authorized and Unissued
Balance July 1, 2024	\$ 32,361,758	\$ 5,444,945	\$ 37,806,703	\$ 45,637,190
Plus: Increases in bonds authorized	—	—	—	10,526,263
General and special obligation bonds:				
Proceeds, defined as principal, plus premium, less discount	4,300,659	—	4,300,659	(3,486,444)
Less: Premium/discount	(355,415)	—	(355,415)	—
Less: Principal on refunded bonds	(774,750)	(177,625)	(952,375)	—
Less: Bonds retired	(1,348,412)	—	(1,348,412)	—
Outstanding principal June 30, 2025	<u>\$ 34,183,840</u>	<u>\$ 5,267,320</u>	<u>\$ 39,451,160</u>	<u>\$ 52,677,009</u>

Business - Type Activities

The University of Massachusetts (UMS) Building Authority has issued bonds for construction of higher education facilities and equipment. As of June 30, 2025, outstanding bonds payable for the Building Authority is \$3.238 billion, with maturity dates ranging from 2025 to 2054. The UMS Building Authority may have up to \$200 million principal amount of notes and bonds issued by the UMS Building Authority that are guaranteed by the Commonwealth. As of June 30, 2025, none of the outstanding debt carries a Commonwealth guarantee.

The Massachusetts State College Building Authority (MSCBA) issues debt to finance the design and construction of new facilities, major renovations, and capital repairs for its projects at State Universities. MSCBA's outstanding debt is secured by revenues received by the Authority from State Colleges relating to Authority projects and other pledged funds.

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

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

At June 30, 2025, debt service requirements to maturity for principal and interest are as follows (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities									Business - Type Activities				
	Excluding MSBA Debt						MSBA Debt			Total Governmental Activities	Special Obligation UI Bonds		Revenue Obligation	
	Public Offering Debt			Direct Placement Debt			Dedicated Sales Tax Bonds				Principal	Interest	Principal	Interest
	Principal	Interest	Interest subsidies (1)	Principal	Interest	Principal	Interest	Interest subsidies (1)	Principal	Interest net of interest subsidies				
2026	\$ 1,120,566	\$ 1,533,372	\$ (42,305)	\$ —	\$ 3,000	\$ 183,865	\$ 201,861	\$ (22,833)	\$ 1,304,431	\$ 1,673,095	\$ 325,640	\$ 48,294	\$ 263,726	\$ 179,228
2027	1,324,766	1,490,399	(41,268)	10,000	2,950	346,225	197,445	(22,833)	1,680,991	1,626,693	216,660	37,770	223,683	171,307
2028	1,210,009	1,428,620	(39,529)	10,000	2,650	208,115	184,520	(15,047)	1,428,124	1,561,214	215,125	29,841	235,225	166,048
2029	1,330,954	1,372,117	(36,745)	10,000	2,350	335,420	175,512	(11,767)	1,676,374	1,501,467	212,275	21,852	243,752	148,834
2030	1,282,082	1,308,887	(32,404)	10,000	2,050	198,430	167,214	(8,488)	1,490,512	1,437,259	209,530	13,910	265,355	139,845
2031 - 2035	6,361,215	5,608,510	(102,860)	50,000	5,750	1,146,760	726,462	(35,749)	7,557,975	6,202,113	209,875	9,736	1,085,986	570,098
2036 - 2040	6,042,448	4,211,013	(42,651)	10,000	250	1,435,615	444,024	(13,034)	7,488,063	4,599,602	—	—	1,049,429	357,258
2041 - 2045	6,146,125	2,860,913	—	—	—	951,960	198,524	—	7,098,085	3,059,437	—	—	717,673	173,089
2046 - 2050	5,507,975	1,562,970	—	—	—	434,470	46,112	—	5,942,445	1,609,082	—	—	325,978	72,160
2051 - 2055	3,757,700	435,916	—	—	—	26,460	612	—	3,784,160	436,528	—	—	143,473	13,147
Total long-term debt	34,083,840	21,812,717	(337,762)	100,000	19,000	5,267,320	2,342,286	(129,751)	39,451,160	23,706,490	1,389,105	161,403	4,554,280	1,991,014
Less: current portion	(1,120,566)	(1,533,372)	42,305	—	(3,000)	(183,865)	(201,861)	22,833	(1,304,431)	(1,673,095)	(325,640)	(48,294)	(263,726)	(179,228)
Long-term debt	<u>\$32,963,274</u>	<u>\$20,279,345</u>	<u>\$(295,457)</u>	<u>\$100,000</u>	<u>\$16,000</u>	<u>\$5,083,455</u>	<u>\$2,140,425</u>	<u>\$ (106,918)</u>	<u>\$38,146,729</u>	<u>\$22,033,395</u>	<u>\$1,063,465</u>	<u>\$113,109</u>	<u>\$4,290,554</u>	<u>\$1,811,786</u>

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

F. PRIOR DEFEASANCE

Business - Type Activities

The Massachusetts State College Building Authority (MSCBA) defeased various bonds by issuing refunding bonds and placing the proceeds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. The trust assets and the liabilities of the defeased bonds are not included in the business-type activities financial statements. As of June 30, 2025, approximately \$45 million of bonds outstanding from advanced refunding transactions are considered defeased.

G. STATUTORY DEBT LIMIT

The Massachusetts General Laws, as recently amended, establishes limits on the amount of direct debt outstanding. By statutorily limiting the Commonwealth's ability to issue direct debt, a control is established on annual capital spending. The direct debt limit for FY25 was approximately \$32.188 billion. Outstanding debt subject to the limit at June 30, 2025 was approximately \$29.090 billion.

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

	<u>Principal Outstanding</u>
Statutory debt June 30, 2025	\$ 34,183,840
Less amounts excluded:	
Central artery project bonds	(490,556)
Accelerated bridge program	(1,658,610)
SMART bonds	(49,759)
Convention center bonds	(366,620)
Rail enhancement program bonds	<u>(2,528,685)</u>
Outstanding direct debt June 30, 2025	<u>\$ 29,089,610</u>

H. ADMINISTRATION DEBT LIMIT

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

In addition to keeping debt service at a maximum of 8% of budgeted revenues, the policy limits future growth in annual bond issuance (the "bond cap") to not more than \$125 million through fiscal 2025. In fiscal 2025 the Capital Debt Affordability Committee concluded that the Commonwealth can afford to increase the bond cap in fiscal year 2025 by \$212.2 million – which includes a \$125 million bond cap increase, plus an additional \$87.7 million adjustment to account for recent construction escalation. The fiscal year 2025 recommendation supports targeted investments in Commonwealth infrastructure while keeping growth in debt service and outstanding principal within long-term targets. This additional constraint is designed to ensure that projected growth in the bond cap will be held to stable and sustainable levels.

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

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

	Fiscal 2025
Bond cap as approved by the Governor	\$ 3,117,200
Total annual debt service obligations	3,503,350
Statutory basis budgeted fund revenues	73,654,062
Debt service as % of budgeted revenues	4.8%

I. CHANGES IN LONG-TERM LIABILITIES

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

Changes in Long Term Liabilities - Governmental Activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Other long-term obligations:					
Compensated absences	\$ 860,256	\$ 888,131	\$ (860,256)	\$ 888,131	\$ 625,228
Claims and judgments	28,256	61,872	(26,864)	63,264	63,264
Prizes payable	451,316	12,937	(68,721)	395,532	88,452
School construction grants payable	272,019	—	(21,214)	250,805	250,805
Environmental remediation liability	291,648	6,348	(17,886)	280,110	19,758
Workers' compensation ⁽¹⁾	273,671	57,867	(55,063)	276,475	38,470
Group insurance claims ⁽¹⁾	178,268	2,414,662	(2,420,902)	172,028	168,494
Cost of living adjustment ⁽¹⁾	72,000	—	(7,200)	64,800	—
Total other long-term obligations	<u>2,427,434</u>	<u>3,441,817</u>	<u>(3,478,106)</u>	<u>2,391,145</u>	<u>1,254,471</u>
Overdraws of federal pandemic-related unemployment insurance benefits settlement interest payable	73,121	17,016	—	90,137	—
Bonded debt:					
Bonds and notes payable ⁽²⁾	37,806,703	3,945,244	(2,300,787)	39,451,160	1,304,431
Unamortized bonds and note premium	4,107,058	355,415	(350,111)	4,112,362	169,675
Right-to-use liabilities:					
Lease liabilities	824,590	196,473	(197,014)	824,049	142,066
Subscription-Based IT Arrangement liabilities	103,016	21,453	(58,384)	66,085	52,752
Total bonded debt and right-to-use liabilities	<u>42,841,367</u>	<u>4,518,585</u>	<u>(2,906,297)</u>	<u>44,453,655</u>	<u>1,668,924</u>
Long-term liabilities, governmental activities	<u>\$ 45,341,922</u>	<u>\$7,977,418</u>	<u>\$ (6,384,403)</u>	<u>\$ 46,934,937</u>	<u>\$ 2,923,395</u>

(1) These items are reported under other noncurrent liabilities in the Statement of Net Position.

(2) \$4 million of accreted interest on college opportunity bonds that are included in the total principal outstanding as of June 30, 2025.

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

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

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Other long-term obligations:					
Compensated absences ⁽¹⁾	\$ 291,857	\$ 37,874	\$ (13,903)	\$ 315,828	\$ 222,656
Workers' compensation	40,412	1,374	(1,356)	40,430	6,803
Total other long-term obligations	332,269	39,248	(15,259)	356,258	229,459
Liability for derivative instruments	228	21	—	249	—
Overdraws of federal pandemic-related unemployment insurance benefits	2,034,174	—	—	2,034,174	203,417
Bonded debt:					
Bonds and notes payable	6,599,974	—	(656,589)	5,943,385	589,366
Right-to-use liabilities:					
Lease liabilities	1,137,607	17,521	(69,091)	1,086,037	64,521
Subscription-Based IT Arrangement liabilities	53,049	35,069	(29,980)	58,138	24,555
Total bonded debt and other financing arrangements	7,790,630	52,590	(755,660)	7,087,560	678,442
Long-term liabilities, business - type activities	\$ 10,157,301	\$ 91,859	\$ (770,919)	\$ 9,478,241	\$ 1,111,318

⁽¹⁾ As restated, see note 1T on pages 82-83 - Business - type activities

Discretely Presented Component Units – The change in bonds and notes outstanding at June 30, 2025, net of unamortized discounts and premiums, compensated absences, and right-to-use lease, public-private partnership, and subscription-based IT arrangement liabilities are as follows (amounts in thousands):

Debt	Interest Rates	Maturities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Major component units:							
MassDOT	2.87 - 5.65%	2026 - 2039	\$ 1,675,244	\$ 3,339	\$ (73,000)	\$ 1,605,583	\$ 176,336
MBTA	0.00 - 5.87%	2026 - 2055	5,886,804	1,617,771	(1,123,957)	6,380,618	609,852
MCWT	2.00 - 5.25%	2026 - 2047	2,384,125	604,964	(353,871)	2,635,218	164,885
Nonmajor component units	1.00 - 5.50%	2026 - 2052	681,806	43,951	(67,158)	658,599	44,441
Total bonds and notes payable			10,627,979	2,270,025	(1,617,986)	11,280,018	995,514
Compensated absences ⁽¹⁾			202,313	52,209	(213)	254,309	128,760
Right-to-use lease liabilities			146,542	48,636	(25,778)	169,400	27,756
Right-to-use public-private partnership liabilities			2,049	66,514	(981)	67,582	1,068
Right-to-use subscription-based IT arrangement liabilities			6,557	10,280	(676)	16,161	5,965
Total long term liabilities			<u>\$ 10,985,440</u>	<u>\$ 2,447,664</u>	<u>\$ (1,645,634)</u>	<u>\$ 11,787,470</u>	<u>\$1,159,063</u>

⁽¹⁾ As restated, see note 1T on pages 82-83 - Component units

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

8. INDIVIDUAL FUND DEFICITS

Certain funds within the Governmental Fund Type had fund deficits at June 30, 2025. None of these funds were in deficit due to finance-related contractual provisions and all were allowed to be in deficit by General Law. The amounts are as follows (amounts in thousands):

Other Governmental Funds	Amount
Other Special Revenue Funds:	
Community Preservation Trust Fund	(7,942)
Health Information Technology Trust Fund	(7,718)
Government Land Bank Fund	(35,033)
Public Safety Training Trust Fund	(9)
Behavioral Health Trust Fund	(142)
Capital Projects Funds:	
General Capital Projects Fund	(907,305)
Highway Capital Projects Fund	(872,860)
Government Land Bank Capital Projects Fund	(500)
Federal Highway Construction Program Capital Projects Fund	(56,282)
	<u>\$ (1,887,792)</u>

9. PENSIONS

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

A. PLAN DESCRIPTIONS

Plan administration

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

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

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

not issue a stand-alone audited financial report.

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

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

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

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

Plan membership. As of January 1, 2025, for SERS and MTRS, the dates of the most recent valuations, plan membership consisted of the following:

	SERS	MTRS
Retirees and beneficiaries currently receiving benefits	70,243	71,006
Vested terminated employees entitled to benefits but not yet receiving them	5,516	N/A
Non-Vested terminated entitled only to a refund of their accumulated total deductions	32,892	N/A
Subtotal	108,651	71,006
Current members	93,138	101,122
Total	<u>201,789</u>	<u>172,128</u>

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

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

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

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

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

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

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

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

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

B. INVESTMENTS

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

The following was the PRIT Fund asset allocation as of June 30, 2025:

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

The annual money-weighted return on pension plan investments calculated as the internal rate of return on pension plan investments net of pension plan expenses for fiscal 2025 were 9.63% and 9.64% for SERS and MTRS, respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

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

The components of the net pension liability for SERS and MTRS at June 30, 2025 are as follows (amounts in thousands):

	SERS	MTRS
Total pension liability	\$ 53,724,000	\$ 67,300,000
Plan fiduciary net position	(40,892,181)	(44,315,497)
Net pension liability	<u>\$ 12,831,819</u>	<u>\$ 22,984,503</u>
Fiduciary net position as a percentage of the total pension liability	76.1%	65.8%

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

Actuarial assumptions. The total pension liability, for both SERS and MTRS, was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025, using the following actuarial assumptions:

- The actuarial assumptions included: (a) 2.5% inflation rate (b) 7.00% investment rate of return/discount rate; (c) 5.44% discount rate for LDROM only; (d) 3.5% interest rate credited to the annuity savings fund; and (e) 3.0% cost of living increase on the first \$13,000 of allowance per year.
- Salary increases are based on analyses of past experience but range from 4.0% to 9.0% (SERS) and 4.0% to 7.50% (MTRS) depending on group and length of service.
- Experience studies were performed as follows:
 - SERS:
 - Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.
 - MTRS:
 - Dated July 21, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

4. Mortality rates were as follows:

a. SERS:

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

b. MTRS:

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, then combined by weighting them by the target asset allocation percentages. Finally, the arithmetic portfolio expected return is converted into a geometric expected return using assumed asset class standard deviations and correlations. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2025 (see the discussion of the pension plan's investment policy in [Note 9\(B\)](#)) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Private Equity	7.7%
Global Equity	4.9%
Value Added Fixed Income	5.3%
Timberland/Natural Resources	4.1%
Real Estate	4.1%
Portfolio Completion Strategies	4.1%
Core Fixed Income	2.6%

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
SERS net pension liability	\$ 18,760,000	\$ 12,831,819	\$ 7,820,000
MTRS net pension liability	30,608,000	22,984,503	16,537,000

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

Proportionate Share of Net Pension Liability

As of the respective measurement dates below, the net pension liability for SERS, MTRS and BRS were \$14.125 billion, \$25.356 billion, and \$3.668 billion, respectively. The net pension liabilities for SERS and MTRS were determined by an actuarial valuation as of January 1, 2024 and rolled forward to June 30, 2024. The BRS net pension liability was determined by an actuarial valuation as of January 1, 2024 and rolled forward to December 31, 2024. The SERS, MTRS and BRS actuarial valuations were rolled forward to their respective measurement dates using generally accepted actuarial procedures.

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

System	Measurement Date	Proportionate Share	Net Pension Liability
State Employees' Retirement System	June 30, 2024	93.4%	\$ 13,197,705
Massachusetts Teachers' Retirement System	June 30, 2024	100.0%	25,356,461
Boston Retirement System - Teachers	December 31, 2024	64.9%	2,380,545
Total net pension liability			<u>\$ 40,934,711</u>

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

System	Measurement Date	Proportionate Share	Net Pension Liability
State Employees' Retirement System	June 30, 2024	5.8%	<u>\$ 821,645</u>

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

As of the measurement dates, the Commonwealth (primary government) recognized pension expense of approximately \$3.496 billion and the discretely presented component units recognized approximately \$308 million of pension expense. The following details the components of deferred outflows of resources and deferred inflows of resources related to pensions (amounts in thousands):

	Primary Government						Discretely Presented Component Units	
	SERS		MTRS		BRS-Teachers		Deferred Outflows of Resources	Deferred Inflows of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Change of assumptions.....	\$ 94,711	\$ —	\$ 439,410	\$ —	\$ 20,107	\$ —	\$ 7,010	\$ 20,128
Changes in proportion	184,769	257,488	—	—	—	—	77,299	1,610
Net difference between projected and actual earnings on pension plan investments	—	171,603	—	196,337	45,264	—	120,700	10,683
Differences between expected and actual experience	661,463	169,087	404,482	395,225	4,920	98,610	170,605	24,427
Payments made after the measurement date	1,501,697	—	2,594,483	—	—	—	168,829	—
Totals	<u>\$ 2,442,640</u>	<u>\$ 598,178</u>	<u>\$ 3,438,375</u>	<u>\$ 591,562</u>	<u>\$ 70,291</u>	<u>\$ 98,610</u>	<u>\$ 544,443</u>	<u>\$ 56,848</u>

The \$1.502 billion for SERS, the \$2.594 billion for MTRS and \$169 million for the discretely presented component units reported as deferred outflows of resources are the contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

Fiscal Year Ending June 30	Primary Government			Discretely Presented Component Units
	SERS	MTRS	BRS-Teachers	
2026	\$ (456,255)	\$ (348,672)	\$ (15,412)	\$ 116,561
2027	835,469	729,960	54,185	142,259
2028	80,607	(80,139)	(40,815)	43,445
2029	(102,512)	(106,543)	(27,188)	17,444
2030	(14,545)	57,724	911	(943)
Thereafter	—	—	—	—
Totals	<u>\$ 342,764</u>	<u>\$ 252,330</u>	<u>\$ (28,319)</u>	<u>\$ 318,766</u>

The SERS and MTRS total pension liabilities were based on an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024, using the following actuarial assumptions:

- The actuarial assumptions included: (a) 2.5% inflation rate (b) 7.00% investment rate of return/discount rate; (c) 4.76% discount rate for LDROM only; (d) 3.5% interest rate credited to the annuity savings fund; and (e) 3.0% cost of living increase on the first \$13,000 of allowance per year.
- Salary increases are based on analyses of past experience but range from 4.00% to 9.00% (SERS) and 4.0% to 7.50% (MTRS) depending on group and length of service.
- Experience studies were performed as follows:
SERS:
 - Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2020 for post-retirement mortality.

MTRS:

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

4. Mortality rates were as follows:

SERS:

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

MTRS:

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

The BRS-Teachers total pension liability was based on an actuarial valuation as of January 1, 2024 rolled forward to December 31, 2024 using the following actuarial assumptions:

1. The actuarial assumptions included (a) 7.00% investment rate of return, (b) inflation 3.25% (c) 3.50% interest rate credited to the annuity savings fund and (d) 5.0% cost of living increase on the first \$15,000 for employer's fiscal year ended June 30, 2024 (previously and thereafter 3% of first \$15,000).
2. Salary increases range from 4.0% to 7.5% depending on length of service.
3. Mortality rates were as follows:
 - Healthy - reflects Pub-2010 Teacher Employee, Healthy Retiree and Contingent Survivor Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Boston Teachers.
 - Disabled - reflects Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Tables projected generationally using Scale MP-2021 for Boston Teachers.

Investments

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

The following was the PRIT Fund target asset allocation and best estimates of geometric rates of return for each major asset class as of June 30, 2024:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Global Equity	36.00%	4.60%
Core Fixed Income	15.00%	2.10%
Private Equity	16.00%	7.40%
Portfolio Completion Strategies	10.00%	3.70%
Real Estate	10.00%	3.90%
Value Added Fixed Income	9.00%	5.10%
Timberland/Natural Resources	4.00%	4.40%
Total	100.00%	

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

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

The discount rate used to measure the pension liabilities was 7.00% for SERS and MTRS as of the June 30, 2024 measurement date and 7.00% for BRS-Teachers as of the December 31, 2024 measurement date.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
SERS net pension liability	\$ 18,541,070	\$ 13,197,705	\$ 8,677,228
MTRS net pension liability	32,776,000	25,356,461	19,080,000
BRS-Teachers net pension liability	\$ 2,983,052	\$ 2,380,545	\$ 1,882,913

E. STATEMENTS OF NET POSITION AND CHANGES IN NET POSITION

The following table displays the Statement of Net Position and the Statement of Changes in Net Position for the SERS, and the MTRS as of June 30, 2025 (amounts in thousands):

	Pension Trust Funds		
	State Employees' PERS	Teachers' PERS	Total
ASSETS			
Cash and cash equivalents	\$ 142,448	\$ 110,711	\$ 253,159
Net investment in PRIT at fair value	40,673,552	44,093,895	84,767,447
Other receivables	133,389	118,587	251,976
Other assets	8	538	546
Total assets	40,949,397	44,323,731	85,273,128
LIABILITIES			
Accounts payable	57,216	8,234	65,450
Net position available for pension	\$ 40,892,181	\$ 44,315,497	\$ 85,207,678
ADDITIONS			
Contributions:			
Employer contributions - Commonwealth and MassDOT	\$ 1,547,546	\$ —	\$ 1,547,546
Non-employer contributions - Commonwealth	46,883	2,594,483	2,641,366
Employer and non-employer contributions - other	14,107	—	14,107
Employee contributions	885,959	1,010,643	1,896,602
ERIP funding contribution - Commonwealth	—	—	—
Boston teachers' contributions from Commonwealth	—	261,107	261,107
Other additions	96,171	157,591	253,762
Total contributions	2,590,666	4,023,824	6,614,490
Net investment gain/(loss):			
Investment gain/(loss)	3,785,054	4,072,525	7,857,579
Less: investment expense	(180,625)	(194,371)	(374,996)
Net investment gain/(loss)	3,604,429	3,878,154	7,482,583
Total additions	6,195,095	7,901,978	14,097,073
DEDUCTIONS			
Administration	18,600	21,940	40,540
Retirement benefits and refunds	3,163,947	3,657,842	6,821,789
Payments to State Boston Retirement System	—	261,107	261,107
Other deductions	22,224	68,131	90,355
Total deductions	3,204,771	4,009,020	7,213,791
Change in net position	2,990,324	3,892,958	6,883,282
Net position available for pension at beginning of year	37,901,857	40,422,539	78,324,396
Net position available for pension at end of year	\$ 40,892,181	\$ 44,315,497	\$ 85,207,678

F. RESERVES

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

The balances of legally required reserves at June 30, 2025 were as follows (amounts in thousands):

	SERS	MTRS	Purpose
Annuity Savings Fund.....	\$ 8,079,390	\$ 11,319,990	Active members' contribution balance
Annuity Reserve Fund.....	1,569,395	517,372	Retired members' contribution account
Special Military Service Fund ...	35	375	Members' contribution account while on military leave
Pension Reserve Fund.....	31,243,361	32,477,760	Amounts appropriated to fund future retirement benefits
Total.....	<u>\$ 40,892,181</u>	<u>\$ 44,315,497</u>	

10. OTHER POST EMPLOYMENT BENEFITS

A. PLAN DESCRIPTIONS

Plan administration

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

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

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

Plan membership. As of January 1, 2025 the date of the most recent actuarial valuation, plan membership consisted of the following:

	SRBT
Inactive plan members or beneficiaries currently receiving benefit payments.....	86,680
Inactive plan members entitled to but not yet receiving benefit payments.....	4,696
Active plan members.....	71,741
Total.....	<u>163,117</u>

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

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

Employer and employee contribution rates are set in MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2025 and as of the valuation date (January 1, 2025), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status. As part of the FY10 General Appropriation Act, all active employees pay an additional 5% of premium costs. Normal costs paid for OPEB to retirees during FY25 totaled approximately \$616 million.

Effective beginning FY14, the Commonwealth by statute is required to allocate, to the SRBT, a portion of revenue received under the Master Settlement Agreement with tobacco companies, increasing from 10% in FY14 to 100% by FY23. In FY25, none of the tobacco settlement proceeds was allocated to the SRBT, overriding existing statute. Based on recent contribution history and future expectations, it is assumed that tobacco settlement proceeds will continue to be transferred to the SRBT in future years, subject to annual evaluation.

B. INVESTMENTS

Investment Policy. The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2025, are the same as discussed in [Notes 9 \(B\)](#) and [\(C\)](#).

The annual money-weighted return on OPEB plan investments calculated as the internal rate of return on OPEB plan investments net of OPEB plan expenses for fiscal 2025 was 9.62%. A money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

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

The components of the net OPEB liability at June 30, 2025 are as follows (amounts in thousands):

	SRBT
Total OPEB liability.....	\$ 15,527,409
Plan fiduciary net position.....	(2,807,002)
Net OPEB liability.....	<u>\$ 12,720,407</u>
Fiduciary net position as a percentage of the total OPEB liability.....	18.1%

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

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025, using the following actuarial assumptions:

1. The annual healthcare cost trend rates were developed based on the most recently published SOA-Getzen trend rate model, version 2025_1b. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2029 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the

growth of health care expenditures during this period relative to the general economy.

Year	Medicare Benefits	Non-Medicare Benefits
2025.....	7.50%	9.60%
2026.....	7.21%	9.07%
2027.....	6.92%	8.55%
2028.....	6.62%	8.02%
2029.....	6.33%	7.50%
2034.....		4.87%
2044.....		4.55%
2054.....		4.47%
2064.....		4.41%
2074.....		3.98%
2075+.....		3.94%

2. Mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2021, with females set forward one year.
3. Participation rates:
 - a. 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.
 - b. 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.
 - c. 15% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.
 - d. Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
 - e. 100% of spouses are assumed to elect to continue coverage after the retiree's death.
 - f. Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Medicare Supplement plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity-Medicare Supplement/HMO-Medicare Advantage/POS/PPO).

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

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Commonwealth and those non-Commonwealth governments that participate in the GIC) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs on a premium basis between the Commonwealth and those non-Commonwealth governments that participate in the GIC to that

point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Discount rate. The discount rate used to measure the OPEB liability was 5.94%. This rate was based on a blend of the Bond Buyer Index rate 5.20% as of the measurement date and the long-term expected rate of return. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on SRBT investments was applied to projected benefit payments through year 2048 and the municipal bond rate was applied to all remaining future years to determine the Total OPEB Liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the OPEB plan's net OPEB liability calculated using the discount rate of 5.94%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.94% or 1-percentage-point higher 6.94% than the current rate (amounts in thousands):

	1% Decrease 4.94%	Current Discount Rate 5.94%	1% Increase 6.94%
Net OPEB liability	<u>\$ 14,728,762</u>	<u>\$ 12,720,407</u>	<u>\$ 11,050,622</u>

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

	1% Decrease 6.50%-8.60%	Current Healthcare Cost Trend Rate 7.50%-9.60%	1% Increase 8.50%-10.60%
Net OPEB liability	<u>\$ 10,841,482</u>	<u>\$ 12,720,407</u>	<u>\$ 15,033,703</u>

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

The Commonwealth's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024.

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

	Net OPEB Liability	
Primary government	\$ 12,932,671	(A)
Discretely presented component unit	3,185,051	(B)
Total net OPEB liability	<u>\$ 16,117,722</u>	

(A) - includes \$591 million of business-type activities and \$22 million of special funding arrangements that participate in the Commonwealth's OPEB plan. Nothing is related to non-participating governmental entities.

(B) - Of this amount \$2.402 billion relates to discretely presented component units not participating in the Commonwealth's OPEB plan.

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

As of June 30, 2024, the measurement date, the Commonwealth (primary government) and the discretely presented component units recognized OPEB expense of approximately \$(393) million and \$86 million, respectively. The following details the components of deferred outflows of resources and deferred inflows of resources related to OPEB (amounts in thousands):

	Primary Government		Discretely Presented Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 518,174	\$ 638,997	\$ 120,823	\$ —
Differences between expected and actual experience	359,674	999,610	133,128	111,592
Change of assumptions	253,635	2,889,368	293,529	550,930
Net difference between projected and actual earnings on OPEB plan investments	—	5,273	794	710
Payments made after the measurement date	623,715	—	96,120	—
Totals	<u>\$ 1,755,198</u>	<u>\$ 4,533,248</u>	<u>\$ 644,394</u>	<u>\$ 663,232</u>

The \$624 million and \$96 million reported as deferred outflows of resources in the primary government and the discretely presented component units, respectively, are the contributions made subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the next fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Primary Government	Discretely Presented Component Units
2026	\$ (1,357,198)	\$ (102,816)
2027	(1,272,495)	(86,552)
2028	(519,671)	(11,906)
2029	(145,895)	45,125
2030	(106,551)	28,243
Thereafter	46	12,948
Total	<u>\$ (3,401,764)</u>	<u>\$ (114,958)</u>

Actuarial Assumptions

The total OPEB liability based on the actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024 used the following actuarial assumptions:

1. The annual healthcare cost trend rates were developed based on the most recent published SOA-Getzen trend rate model, version 2024_1b. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2028 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

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

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

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

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

Discount Rate

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

Investments

The long-term expected rate of return as of June 30, 2024 was 7.00%. Investment assets of the Plan are held by the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.0 %	4.6 %
Core Fixed Income	15.0 %	2.1 %
Private Equity	16.0 %	7.4 %
Portfolio Completion Strategies	10.0 %	3.7 %
Real Estate	10.0 %	3.9 %
Value Added Fixed Income	9.0 %	5.1 %
Timber/Natural Resources	4.0 %	4.4 %
Total	100.0 %	

Changes in Net OPEB liability

The following presents the changes in the net OPEB liability of entities participating in the Commonwealth's OPEB plan (including MassDOT, a discretely presented component unit) as of June 30, 2024 (amounts in thousands):

	Increase/(Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	\$ 16,470,056	\$ 2,266,842	\$ 14,203,214
Changes for the year:			
Service cost	551,863	—	551,863
Interest	725,635	—	725,635
Differences between expected and actual experience	(96,894)	—	(96,894)
Changes of assumptions	(797,949)	—	(797,949)
Contributions-employer	—	648,694	(648,694)
Net investment income	—	221,103	(221,103)
Benefit payments	(610,921)	(610,921)	—
Administrative expense	—	(223)	223
Other additions	—	150	(150)
Net changes	(228,266)	258,803	(487,069)
Balances at June 30, 2024	<u>\$ 16,241,790</u>	<u>\$ 2,525,645</u>	<u>\$ 13,716,145</u>

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

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

	1% Decrease 3.61%	Current Discount Rate 4.61%	1% Increase 5.61%
Net OPEB liability	\$ 15,974,849	\$ 13,716,145	\$ 11,851,966
Less: MassDOT Share	(912,492)	(783,474)	(676,991)
Commonwealth Net OPEB liability	<u>\$ 15,062,357</u>	<u>\$ 12,932,671</u>	<u>\$ 11,174,975</u>

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

The following presents the net OPEB liability of entities participating in the Commonwealth's OPEB plan (excluding MassDOT), as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate, as disclosed on [page 123](#) of this report (amounts in thousands):

	1% Decrease 4.35%-6.42%	Current Rate 5.35%-7.42%	1% Increase 6.35%-8.42%
Net OPEB liability	\$ 11,514,467	\$ 13,716,145	\$ 16,485,591
Less: MassDOT Share	(657,713)	(783,474)	(941,666)
Commonwealth Net OPEB liability	<u>\$ 10,856,754</u>	<u>\$ 12,932,671</u>	<u>\$ 15,543,925</u>

E. STATEMENT OF NET POSITION AND CHANGES IN NET POSITION

The following table displays the Statement of Net Position and Statement of Changes in Net Position for the State Retirees' Benefit Trust as of June 30, 2025 (amounts in thousands):

	OPEB Trust Fund
	State Retiree Benefits
ASSETS	
Cash and cash equivalents	\$ 29,055
Net investment in PRIT at fair value	2,777,965
Total assets	2,807,020
LIABILITIES	
Accounts payable	18
Net position available for other post-employment benefits	\$ 2,807,002
ADDITIONS	
Contributions:	
Employer contributions - Commonwealth	\$ 654,739
Other additions	230
Total contributions	654,969
Net investment gain/(loss):	
Investment gain/(loss)	255,047
Less: investment expense	(12,505)
Net investment gain/(loss)	242,542
Total additions	897,511
DEDUCTIONS	
Administration	283
Retirement benefits and refunds	615,871
Total deductions	616,154
Change in net position	281,357
Net position available for other post-employment benefits at beginning of year	2,525,645
Net position available for other post-employment benefits at end of year	\$ 2,807,002

LEASES AND SUBSCRIPTION-BASED INFORMATION

11. TECHNOLOGY ARRANGEMENTS (SBITAs)

A. PRIMARY GOVERNMENT - AS LESSEE

The Commonwealth has entered into various right to use leases for land, buildings, and equipment, infrastructure, facilities, and improvements. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature. One of the lease agreements calls for both fixed and variable (based on changes in index rates) payments; the latter of which are not included in the initial measurement of the lease liability. These variable payments totaled \$3 million and were recognized as expense during the year ended June 30, 2025.

The Institutions of Higher Education lease real property and equipment under numerous right to use lease agreements for varying terms. The following schedule summarizes future minimum payments under non-cancelable leases for governmental activities and for the Institutions of Higher Education – reported as a business-type activity, for the fiscal year ended June 30, 2025 (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities				Governmental Activities Total	Business - Type Activities		Business - Type Activities Total
	Principal	Interest	MSBA Principal	MSBA Interest		Principal	Interest	
2026	\$ 142,009	\$ 13,430	\$ 57	\$ 27	\$ 155,523	\$ 64,521	\$ 45,696	\$ 110,217
2027	123,782	11,610	647	357	136,396	68,746	42,222	110,968
2028	112,030	9,935	693	332	122,990	65,123	39,365	104,488
2029	97,738	8,310	740	306	107,094	65,026	32,386	97,412
2030	69,724	6,894	789	277	77,684	66,230	29,926	96,156
2031-2035	159,414	19,167	4,961	704	184,246	322,407	113,668	436,075
2036-2040	31,760	9,537	1,036	69	42,402	303,272	51,208	354,480
2041-2045	30,150	6,429	—	—	36,579	103,994	11,370	115,364
2046-2050	33,349	3,221	—	—	36,570	25,832	1,891	27,723
2051-2055	13,359	435	—	—	13,794	886	23	909
2056-2060	439	160	—	—	599	—	—	—
2061-2065	486	114	—	—	600	—	—	—
2066-2070	537	62	—	—	599	—	—	—
2071-2075	349	10	—	—	359	—	—	—
Total lease liabilities	815,126	89,314	8,923	2,072	915,435	1,086,037	367,755	1,453,792
Less: current portion	(142,009)	(13,430)	(57)	(27)	(155,523)	(64,521)	(45,696)	(110,217)
Long-term lease liabilities	<u>\$ 673,117</u>	<u>\$ 75,884</u>	<u>\$ 8,866</u>	<u>\$ 2,045</u>	<u>\$ 759,912</u>	<u>\$ 1,021,516</u>	<u>\$ 322,059</u>	<u>\$ 1,343,575</u>

Right-to-use lease assets as of June 30, 2025 (amounts in thousands):

Asset type:	Primary Government	
	Governmental Activities	Business - Type Activities
Buildings	\$ 1,446,324	\$ 1,320,100
Machinery and equipment	30,865	26,838
Total assets	1,477,189	1,346,938
Less: accumulated amortization	(688,926)	(385,149)
Total	<u>\$ 788,263</u>	<u>\$ 961,789</u>

B. PRIMARY GOVERNMENT - AS LESSOR

The Commonwealth acts as Lessor on a ground lease associated with re-development of the Saltonstall Building in Boston. Additionally, the Commonwealth acts as Lessor for several properties under a historic curatorship program. For the year ended June 30, 2025, the Commonwealth recognized lease revenue of \$3 million and interest revenue of \$1 million.

The Institutions of Higher Education acts as lessor of real property and equipment under numerous agreements for varying terms. The following schedule summarizes future minimum payments under non-cancelable leases for governmental activities and for the Institutions of Higher Education – reported as a business-type activity, for the fiscal year ended June 30, 2025 (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities			Business - Type Activities		
	Principal	Interest	Governmental Activities Total	Principal	Interest	Business - Type Activities Total
2026	\$ 1,443	\$ 1,164	\$ 2,607	\$ 58,868	\$ 44,178	\$ 103,046
2027	1,484	1,136	2,620	61,922	42,283	104,205
2028	1,524	1,105	2,629	62,873	43,134	106,007
2029	1,560	1,069	2,629	68,879	31,899	100,778
2030	3,407	2,222	5,629	71,104	29,383	100,487
2031-2035	10,683	5,583	16,266	358,604	110,584	469,188
2036-2040	13,130	4,385	17,515	318,396	53,554	371,950
2041-2045	14,046	2,937	16,983	115,293	12,970	128,263
2046-2050	15,180	1,463	16,643	32,664	3,152	35,816
2051-2055	4,955	117	5,072	6,291	501	6,792
2056-2060	73	5	78	2,391	33	2,424
Total lease receivable	67,485	21,186	88,671	1,157,285	371,671	1,528,956
Less: current portion	(1,443)	(1,164)	(2,607)	(58,868)	(44,178)	(103,046)
Long-term lease receivable	<u>\$ 66,042</u>	<u>\$ 20,022</u>	<u>\$ 86,064</u>	<u>\$ 1,098,417</u>	<u>\$ 327,493</u>	<u>\$ 1,425,910</u>

C. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The Commonwealth has entered into various agreements for software as a service. These agreements contain provisions indicating that continuation is subject to appropriation by the Legislature. The following schedule summarizes future minimum payments under non-cancelable leases for governmental activities and for the Institutions of Higher Education – reported as a business-type activity, for the fiscal year ended June 30, 2025 (amounts in thousands):

Fiscal Year Ended June 30	Governmental Activities				Business - Type Activities			
	Principal	Interest	MSBA Principal	MSBA Interest	Governmental Activities Total	Principal	Interest	Business - Type Activities Total
2026	\$ 52,616	\$ 1,867	\$ 136	\$ 1	\$ 54,620	\$ 24,555	\$ 2,133	\$ 26,688
2027	9,948	360	—	—	10,308	15,520	1,523	17,043
2028	3,227	61	—	—	3,288	11,225	744	11,969
2029	158	1	—	—	159	6,080	315	6,395
2030	—	—	—	—	—	758	58	816
Total SBITAs liabilities	65,949	2,289	136	1	68,375	58,138	4,773	62,911
Less: current portion	(52,616)	(1,867)	(136)	(1)	(54,620)	(24,555)	(2,133)	(26,688)
Long-term SBITAs liabilities	<u>\$ 13,333</u>	<u>\$ 422</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,755</u>	<u>\$ 33,583</u>	<u>\$ 2,640</u>	<u>\$ 36,223</u>

12. OTHER LONG-TERM LIABILITIES

A. WORKERS' COMPENSATION AND GROUP INSURANCE LIABILITIES

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

Workers' compensation costs are recognized when claims are presented and paid. The Commonwealth's outstanding liability for such claims at June 30, 2025 is estimated to be \$276 million of which approximately \$38 million is expected to be paid during FY26.

Changes in the Commonwealth's liability relating to workers' compensation claims in FY25 and FY24 were (amounts in thousands):

	FY25	FY24
Claims liability, beginning of year	\$ 273,671	\$ 272,553
Increase in liability estimate	57,867	58,144
Payments and decreases in liability estimate	(55,063)	(57,026)
Claims liability, end of year	<u>\$ 276,475</u>	<u>\$ 273,671</u>

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

Changes in the Commonwealth's liability relating to group insurance claims in FY25 and FY24 were (amounts in thousands):

	FY25	FY24
Claims liability, beginning of year	\$ 178,268	\$ 191,551
Increase in liability estimate	2,414,662	2,172,281
Payments and decreases in liability estimate	(2,420,902)	(2,185,564)
Claims liability, end of year	<u>\$ 172,028</u>	<u>\$ 178,268</u>

B. OTHER CLAIMS & JUDGMENTS

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

The following amounts were recognized for claims and judgments in FY25 and FY24 (amounts in thousands):

	FY25	FY24
Unpaid claims, beginning of year	\$ 28,256	\$ 66,622
Incurred claims	61,872	33,398
Claim payments and reductions	(26,864)	(71,764)
Unpaid claims end of year	<u>\$ 63,264</u>	<u>\$ 28,256</u>

C. ENVIRONMENTAL REMEDIATION

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

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

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

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

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the Commonwealth's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

During FY25, the Commonwealth had the following activity related to environmental remediation (amounts in thousands):

	Governmental Activities
Environmental remediation liability, beginning of year	\$ 291,648
Expected additional future outlays, changes in liability estimates	(2,405)
FY25 outlays for environmental remediation	(9,133)
Environmental remediation liability, end of year	<u>\$ 280,110</u>

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

Projects subject to participation with Federal Agencies - Under the Federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), state partners are responsible for 10% of cleanup costs at Superfund sites and 100% of costs when a site is in Operation & Maintenance (O&M) status after a period of years. Pollution remediation projects for various sites have an estimated \$212 million in O&M future outlays.

Orphaned Sites - Under Massachusetts General Law Chapter 21E, MassDEP is obligated to clean up hazardous waste sites that pose a harm to human health and the environment when a responsible party is unable or unwilling to conduct the cleanup. These types of pollution remediation projects are estimated at \$20 million in future outlays.

Sites under Commonwealth Control - The Commonwealth has various ongoing pollution remediation project for land and sites under its control. Environmental projects related to buildings or sites containing hazardous materials for demolition or remediation carry an estimated liability of \$48 million.

D. COST OF LIVING ADJUSTMENTS

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

During fiscal year 2025, there was a decrease of approximately \$7 million in the liability for COLAs granted to participants in retirement systems of cities, towns and counties.

As of June 30, 2025, the Commonwealth's liability for COLA was approximately \$65 million.

E. PANDEMIC-RELATED UNEMPLOYMENT INSURANCE

During the pandemic, from FY20 through FY23, the Department of Unemployment Assistance (DUA) overdraw approximately \$2.499 billion in pandemic-related unemployment insurance revenues from the federal government. In January 2025, the Commonwealth agreed pursuant to a settlement agreement to pay the federal government \$2.034 billion (reflecting a negotiated reduction of \$465 million in the assessed liability) from the Unemployment Compensation Trust Fund to remediate these errors, with such principal payments to be made in ten annual installments of approximately \$203 million commencing in December 2025 and total interest payment of \$409 million to be made beginning December 1, 2026 and ending on the earlier of: (i) December 1, 2034, or (ii) the payment in full of the settlement amount, of which \$17 million is accrued interest as of June 30, 2025. The Commonwealth also agreed to pay \$73 million in back-interest related to the covered claims on overdrafts of federal pandemic-related unemployment insurance benefits.

13. CONTINGENCIES/COMMITMENTS

The Commonwealth receives significant financial assistance from the federal government. Entitlement to these resources is generally contingent upon compliance with terms and conditions of the grant or reimbursement agreements and with applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal financial assistance is subject to financial and compliance audits. The Commonwealth continues to assess relevant policy changes from the federal government, which have constrained federal revenues in areas including healthcare, nutritional assistance programming, state and local education, infrastructure, and

environmental initiatives. Additionally, the Commonwealth has formed dedicated teams to assess ongoing changes and disruptions to federal revenues and continues to respond to constraints.

[Section 9 of Chapter 200A of the Massachusetts General Laws](#), amended by [Section 5H of Chapter 165 of the Acts of 2012](#), part of the Commonwealth's Abandoned Property Law, requires deposit of certain unclaimed assets into a managed Fiduciary Fund. These unclaimed assets are to be remitted to the Stabilization Fund and the General Fund each June 30, where it is included as miscellaneous revenue. Amounts remitted during FY25 totaled approximately \$461 million. FY25 final supplemental budget bill temporarily suspended the requirement to transfer 75% of the growth in abandoned property net revenues between FY24 and FY25 revenues to the Stabilization Fund, which reduced transfers to the Fund by \$99 million and remitted to the General Fund \$331 million. A portion of accumulated claims since the law's enactment represent a contingency, because claims for refunds can be made by the owners of the property.

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

A. PRIMARY GOVERNMENT

The Commonwealth guaranteed certain Massachusetts Bay Transportation Authority (MBTA) which was extinguished as of June 30, 2025. The MBTA's Forward Funding legislation of 1999 provided for the MBTA to issue general obligation, revenue or other debt secured by a pledge or conveyance of all or a portion of revenues, receipts or other assets or funds of the MBTA. Accordingly, all MBTA debt issued after this legislation is not backed by the full faith and credit of the Commonwealth.

B. TOBACCO SETTLEMENT

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

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

In FY25, the Commonwealth received approximately \$875 million, or 240.6% of the estimated amounts shown in the MSA. The Commonwealth participated in a nationwide settlement with the tobacco companies that addressed withholding of proceeds from the years 2005-2011 that had been in dispute, which resulted in a one-time payment of \$695 million to the Commonwealth in FY25. Annual amounts received in FY25 continued to be less than had previously been projected as payments under the MSA, primarily because the payment amounts are related to national tobacco sales volumes, which have continued to decline since the settlement. The Commonwealth's

allocable share of the base amounts payable under the MSA is approximately \$9.326 billion through 2025, which is subject to adjustments, reductions and offsets.

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, minus an offset for amounts received by the attorneys from the tobacco companies pursuant to an arbitration award. To date, however, the attorneys have received more than 10.5% of what the Commonwealth has received under the MSA. As of June 30, 2025, the Commonwealth owes nothing under the jury award. Whether the Commonwealth will in the future be required to pay any sum on private counsel's claim will depend on the actual payments received by the Commonwealth under the MSA through 2025, as well as on the amounts the attorneys receive through the arbitration payments.

C. OPIOID SETTLEMENT

In 2022, the Commonwealth, along with 50 other states and territories, signed on to opioid legal agreements with certain manufacturers and distributors to resolve legal claims for their role in the opioid crisis. As a result of these agreements, the Commonwealth has recognized a receivable for \$399 million as of June 30, 2025, of which \$364 million is considered long-term and the remaining \$35 million as short-term receivable. As of June 30, 2025, \$226 million has been received for opioid recovery and remediation purposes.

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

D. OTHER CONSTRUCTION COMMITMENTS

At June 30, 2025, the Commonwealth had commitments of approximately \$996 million related to ongoing construction projects.

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

E. CONTRACTUAL ASSISTANCE TO AUTHORITIES

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

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

Budgetary contract assistance liabilities do not constitute a pledge of the Commonwealth's credit. Contingent liabilities relate to debt obligations of independent authorities and agencies of the Commonwealth, or payment obligations of such entities on hedging transactions related to such debt, that are expected to be paid without

Commonwealth assistance, but for which the Commonwealth has some kind of liability if expected payment sources do not materialize. These contingent liabilities consist of guarantees and similar obligations with respect to which the Commonwealth's credit has been or may be pledged. Under legislation approved by the Governor during FY09, the Commonwealth may pledge its credit to guarantee payment obligations of the Massachusetts Turnpike Authority (succeeded by MassDOT in FY10) with respect to certain hedging transactions or provide financial support subject to annual appropriation and without a pledge of the Commonwealth's credit. The same legislation authorizes the Commonwealth to provide credit support to the Massachusetts Turnpike Authority (succeeded by MassDOT) in connection with the issuance of certain refunding bonds, subject to annual appropriation and without a pledge of the Commonwealth's credit. In addition, the Commonwealth has certain statutorily contemplated payment obligations with respect to which the Commonwealth's credit has not been pledged, as in the case of the Commonwealth's obligation to replenish the capital reserve funds securing certain debt obligations of the Massachusetts Housing Finance Agency and the Commonwealth's obligation to fund debt service, solely from monies otherwise appropriated for the affected institution, owed by certain community colleges and state universities on bonds issued by the Massachusetts Health and Educational Facilities Authority and the Massachusetts State College Building Authority.

F. MSBA

The MSBA has estimated the amount of outstanding New Program commitments at June 30, 2025 to be \$2.0 billion.

G. PENSIONS

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

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

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

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

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

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

The Commonwealth has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Commonwealth is such that exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. As required by GAAP, these financial statements present the Commonwealth of Massachusetts (the primary government) and its component units. The Commonwealth has included 40 entities in the reporting entity because of the significance of their operational and/or financial relationships with the Commonwealth. Details of those entities' operations can be found in those entities' basic financial statements and notes to those entities' basic financial statements.

The following entities are presented in the basic financial statements (all having a June 30, 2025 fiscal year end) (entities marked with an * are not legally separate from the Commonwealth but have separately audited financial statements). Entities that are marked with a § also were not audited in accordance with *Governmental Auditing Standards* as promulgated by the Comptroller General of the United States.

Entities Audited by CliftonLarsonAllen (CLA):

The Massachusetts Clean Water Trust (MCWT)
 Massachusetts Clean Energy Center (MCEC)
 Massachusetts Convention Center Authority (MCCA)
 Massachusetts Development Finance Agency (MassDevelopment)
 Massachusetts Life Sciences Center
 Massachusetts Technology Park Corporation (MTPC)

Entities Audited by Other Auditors:

The Pension Reserves Investment Trust Fund (PRIT)
 *The Massachusetts State Lottery Commission
 The Massachusetts Department of Transportation (MassDOT)
 Massachusetts Bay Transportation Authority (MBTA)
 Commonwealth Health Insurance Connector Authority
 *§The Massachusetts Municipal Depository Trust (MMDT)
 *The University of Massachusetts System
 University of Massachusetts Foundation, Inc.
 The Massachusetts School Building Authority (MSBA)
 *State Universities:
 Bridgewater State University
 Fitchburg State University
 Framingham State University
 Massachusetts College of Art and Design
 Massachusetts Maritime Academy
 Massachusetts College of Liberal Arts
 Salem State University
 Westfield State University
 Worcester State University
 The Massachusetts State College Building Authority
 *Community Colleges:
 Berkshire Community College
 Bristol Community College
 Bunker Hill Community College
 Cape Cod Community College
 Greenfield Community College
 Holyoke Community College
 Massasoit Community College

Massachusetts Bay Community College
 Middlesex Community College
 Mount Wachusett Community College
 Northern Essex Community College
 North Shore Community College
 Quinsigamond Community College
 Springfield Technical Community College

Nonmajor Discretely Presented Component Units:

Massachusetts Housing Partnership (MHP)

Economic Development Entities (3 separate entities):

Commonwealth Corporation
 Community Economic Development Assistance Corporation (CEDAC)
 Commonwealth Zoological Corporation (Zoo)

Higher Education Foundations (23 separate entities):

Bridgewater State University's:
 The Bridgewater State University Foundation
 Bridgewater Alumni Association of Bridgewater State University
 Fitchburg State University's:
 Fitchburg State University Foundation, Inc.
 FSU Foundation Supporting Organization, Inc.
 Framingham State University's:
 Framingham State University Foundation, Inc.
 Framingham State University Foundation Supporting Organization, Inc.
 Massachusetts College of Art and Design Foundation, Inc.
 Massachusetts College of Liberal Arts Foundation, Inc.
 Massachusetts Maritime Academy Foundation, Inc.
 Salem State University's:
 Salem State University Alumni Association and Foundation, Inc.
 Salem State University Assistance Corporation
 Westfield State University Foundation, Inc.
 Worcester State Foundation, Inc.
 Berkshire Community College Foundation, Inc.
 Bristol Community College Foundation, Inc.
 Bunker Hill Community College Foundation, Inc.
 Cape Cod Community College Educational Foundation, Inc.
 Greenfield Community College Foundation, Inc.
 Holyoke Community College Foundation, Inc.
 Massachusetts Bay Community College Foundation, Inc.
 Massasoit Community College Foundation, Inc.
 Middlesex Community College Foundation, Inc.
 Mount Wachusett Community College Foundation, Inc.
 North Shore Community College Foundation, Inc.
 Northern Essex Community College Foundation, Inc.
 Quinsigamond Community College Foundation, Inc.
 Springfield Technical Community College's:
 Springfield Technical Community College Foundation, Inc.
 Springfield Technical Community College Assistance Corporation

15. SUBSEQUENT EVENTS

Primary Government

On August 13, 2025, the Commonwealth issued \$300 million in GO Bonds, Consolidated Loan of 2025, Series E. These bonds carry interest rate of 5.00%. The first principal payment is due on August 1, 2028 with final maturity on August 1, 2043.

On August 13, 2025, the Commonwealth issued \$450 million in GO Bonds, Consolidated Loan of 2025, Series F. These bonds carry interest rate of 5.00%. The first principal payment is due on August 1, 2044 with final maturity on August 1, 2055.

On September 11, 2025, the Commonwealth issued approximately \$5 million in General Obligation (GO) Bonds, Consolidated Loan of 2025 Series A (College Opportunity Bonds). These bonds carry an interest rate of 0.50%. The first principal payment is due on August 1, 2030 with final maturity on August 1, 2045.

On October 22, 2025, the Commonwealth issued \$375 million in Commonwealth Transportation Fund Revenue Bonds 2025 Series A. These bonds carry an interest rate of 5.00% with maturity date of June 1, 2055.

On October 22, 2025, the Commonwealth issued approximately \$168 million in Commonwealth Transportation Fund Revenue Refunding Bonds 2025, Series A. The bonds were issued to refund, on a current basis, approximately \$184 million of various Commonwealth Transportation Fund Revenue bonds and carries interest rates of 5.00% with final maturity on June 1, 2045. The refunding resulted in reduced debt service of approximately \$29 million and a present value savings of approximately \$21 million over the life of the bonds.

On December 11, 2025, the Commonwealth issued \$750 million in GO Bonds, Consolidated Loan of 2025, Series G. These bonds carry interest rate of 5.00%. The first principal payment is due on December 1, 2028 with final maturity on December 1, 2055.

On December 11, 2025, the Commonwealth issued approximately \$268 million in GO Refunding Bonds 2025, Series B. The bonds were issued to refund, on a current basis, approximately \$296 million of various GO bonds and carries interest rates of 5.00% with final maturity on June 1, 2046. The refunding resulted in reduced debt service of approximately \$32 million and a present value savings of approximately \$27 million over the life of the bonds.

The Commonwealth's \$100 million direct purchase outstanding bonds has been paid off on December 11, 2025 with the proceeds from the 2025B Refunding bonds dated December 11, 2025.

On September 18, 2025, the MSBA issued \$500 million in Subordinated Dedicated Sales Tax Bonds, 2025 Series A (Social Bonds). These bonds carry interest rates of 5.00% to 5.50%. The first principal payment is due on February 15, 2039, with final maturity on February 15, 2055.

On September 18, 2025, the MSBA issued approximately \$1.495 billion in Subordinated Dedicated Sales Tax Refunding Bonds, 2025 Series B (Social Bonds) and used a combination of debt service releases and MSBA funds totaling approximately \$152 million to refund and to purchase tendered bonds. This transaction refunded, on a current basis, or purchased approximately \$1.848 billion of various Senior and Subordinate Dedicated Sales Tax bonds and carries an interest rate of 5.00% with final maturity on February 15, 2042. The refunding resulted in budgetary savings of approximately \$218 million and net present value savings of approximately \$169 million over the life of the bonds.

On September 18, 2025, the MSBA utilized approximately \$397 million in available funds and \$4 million of debt service releases to execute a cash defeasance of \$505 million of outstanding federally taxable bonds. This cash defeasance realized budgetary savings of \$771 million and net present value savings of \$47 million, net of the MSBA's cash contribution of \$297 million to the defeasance escrow.

On February 25, 2026, the MSBA Board authorized the use of available funds to cash defease up to \$550 million of principal. This transaction is scheduled to close on April 28, 2026. This transaction will have a budgetary savings of approximately \$866.7 million over the life of the defeased debt and a net present value savings of approximately \$27.3 million.

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

Component Units

Subsequent to year end, MassDOT's fiscal 2026 operating budget was revised and approved for \$873 million in expenditures and debt service. The amount will be funded from operating revenue from Commonwealth Transportation Fund, pledged and unpledged revenues, motor vehicle inspection trust fund, federal funds and other revenues. Additionally, the Commonwealth legislature approved a supplemental transfer of \$61 million from the Education and Transportation Fund to the Massachusetts Transportation Trust Fund for snow and ice removal expenditures.

In July 2025, the MBTA issued \$978 million Senior Sales Tax Bonds, 2025 Series B. The Bonds have two Term Bonds with a maturity date of July 1, 2050. Both have annual sinking funds from July 1, 2048, through final maturity on July 1, 2050. There are two additional Term Bonds with a maturity date of July 1, 2055. Both have annual sinking funds from July 1, 2051, through final maturity on July 1, 2055. There are annual principal payments beginning July 1, 2029, through July 1, 2055. The Bonds maturing after July 1, 2035 are subject to an optional redemption at par and the Bonds maturing on or prior to July 1, 2035, are subject to an optional redemptions with a make-whole redemption price. The 2025 Series B Bonds were issued to provide financing for capital projects.

Required Supplementary Information Other Than Management's Discussion and Analysis

(Unaudited)

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

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

Notes to Required Supplementary Information – Budgetary Reporting

Required OPEB and Pension Schedules



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

General Fund*

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES				
Revenues:				
Taxes	\$ 36,916,000	\$ 36,916,000	\$39,328,783	\$ 2,412,783
Assessments	497,907	497,907	419,497	(78,410)
Federal grants and reimbursements	14,356,450	14,356,450	16,199,453	1,843,003
Tobacco settlement revenue	256,786	256,786	874,694	617,908
Departmental	4,044,907	4,044,907	4,444,480	399,573
Miscellaneous	842,919	842,919	1,109,606	266,687
Total revenues	56,914,969	56,914,969	62,376,513	5,461,544
Other financing sources:				
Fringe benefit cost recovery	604,898	604,898	641,840	36,942
Lottery reimbursements	132,670	132,670	148,181	15,511
Lottery distributions	1,345,750	1,345,750	1,031,804	(313,946)
Operating transfers in	294,418	294,418	1,112,267	817,849
Stabilization transfer	96,841	96,841	—	(96,841)
Other fund deficit support	—	217,735	217,735	—
Total other financing sources	2,474,577	2,692,312	3,151,827	459,515
Total revenues and other financing sources	59,389,546	59,607,281	65,528,340	5,921,059
EXPENDITURES AND OTHER FINANCING USES				
Expenditures:				
Legislature	140,627	148,642	96,781	51,861
Judiciary	1,371,138	1,401,569	1,354,704	46,865
Office of Inspector General	10,048	10,517	8,916	1,601
Governor and Lieutenant Governor	9,797	12,131	9,184	2,947
Secretary of the Commonwealth	87,066	87,226	83,126	4,100
Treasurer and Receiver-General	2,490,726	288,817	240,144	48,673
State Auditor	25,389	25,344	24,004	1,340
Attorney General	81,334	102,317	98,669	3,648
State Ethics Commission	3,731	3,839	3,828	11
District Attorneys	176,277	179,756	178,082	1,674
Office of Campaign & Political Finance	2,202	2,207	2,099	108
Sheriffs	737,861	888,344	882,887	5,457
Disabled Persons Protection Commission	13,497	12,868	12,688	180
Commission on the Status of Women	959	959	905	54
Office of the Comptroller	67,179	67,713	42,330	25,383
Administration and Finance	4,859,325	4,493,104	3,499,451	993,653
Energy and Environmental Affairs	585,106	656,878	583,911	72,967
Health and Human Services	9,601,939	10,831,370	10,075,146	756,224
Technology Services and Security	286,304	285,925	202,895	83,030
Veterans' Services	131,501	136,327	129,901	6,426
Office of the Veteran Advocate	2,000	1,963	1,684	279
Housing and Livable Communities	1,184,333	2,092,091	1,955,810	136,281
Massachusetts Department of Transportation	130	3,399	3,081	318
Office of the Child Advocate	8,892	8,144	5,374	2,770
Commission Against Discrimination	13,470	13,578	11,908	1,670
Board of Library Commissioners	52,429	52,473	52,384	89
Education	4,393,698	4,060,350	3,933,903	126,447
Center for Health Information and Analysis	36,762	39,085	36,349	2,736
Public Safety and Security	1,712,086	1,759,178	1,675,374	83,804
Massachusetts Peace Officer Standards and Training Commission	8,747	8,752	7,985	767
Commission on the Status of African Americans	150	150	—	150
Commission on the Status of Latinos and Latinas	150	150	—	150
Commission on the Status of Persons with Disabilities	150	150	145	5
Commission on the Social Status of Black Men and Boys	150	150	—	150
Economic Development	199,366	252,847	227,067	25,780

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

General Fund*

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Original Budget	Final Budget	Actual	Variance
Labor and Workforce Development	162,286	106,231	104,775	1,456
Direct local aid	7,742,319	7,748,119	7,747,799	320
Medicaid	20,097,343	22,143,507	22,129,247	14,260
Post employment benefits	—	5,096,329	5,093,997	2,332
Debt service:				
Principal retirement	34,654	754,446	744,689	9,757
Interest and fiscal charges	—	719,572	710,900	8,672
Total expenditures	56,331,121	64,496,517	61,972,122	2,524,395
Other financing uses:				
Fringe benefit cost assessment	—	—	15,491	(15,491)
Operating transfers out	—	4,042,567	4,038,694	3,873
Medical assistance transfer	682,202	837,827	640,347	197,480
Stabilization transfer	—	951,492	826,992	124,500
Total other financing uses	682,202	5,831,886	5,521,524	310,362
Total expenditures and other financing uses	57,013,323	70,328,403	67,493,646	2,834,757
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 2,376,223	\$ (10,721,122)	(1,965,306)	\$ 8,755,816
Fund balance at beginning of year			11,971,462	
Fund balance at end of year			<u>\$10,006,156</u>	

* Includes the General Fund, the Commonwealth Stabilization Fund, the Intragovernmental Services Fund and the Transitional Escrow Fund, which are presented separately in the Statutory Basis Financial Report (SBFR). Please see pages 180-181 in the Other Supplemental Information for the breakdown of funds within Combined General Fund .

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



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

REVENUES	
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 62,376,513
Adjustments for amounts budgeted for on a cash basis, rather than on the modified accrual basis:	
Tax receivable, net	396,997
Tax refunds and abatements payable, net	(183,277)
Federal reimbursements and other receivables	(580,469)
Reclassifications:	
Higher education revenue is reclassified for GAAP reporting	(195,469)
Inflows from component units and other miscellaneous financing sources	158,947
Certain revenue is reclassified to fiduciary funds for GAAP reporting	(65,669)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 61,907,573
OTHER FINANCING SOURCES	
Actual amounts (budgetary basis) "other financing sources" from the budgetary comparison schedule	\$ 3,151,827
Adjustments and Reclassifications:	
Higher education revenue is reclassified for GAAP reporting	—
Capital outlay on GAAP basis	208,867
Consolidation of transfers between funds	(552,672)
Inflows from component units and other miscellaneous financing sources	(157,956)
Total other financing sources as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 2,650,066
EXPENDITURES	
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	\$ 61,972,122
Adjustments for amounts budgeted for on a cash basis, rather than on the modified accrual basis:	
Medicaid payments	117,315
Compensated absences and other accrued liabilities	106,387
Reclassifications:	
Leases and SBITAs additions are additions to expenditures for GAAP purposes on a fund perspective	208,867
Budgetary debt service are reclassified to transfers out to a debt service fund for GAAP purposes as the Commonwealth does not have a statutory debt service fund	(1,455,589)
Certain expenditures are reclassified to/from Other Financing Uses	(8,500)
Higher education expenditures are reclassified for GAAP reporting	(2,331,782)
Expenditures to component units reported on a GAAP basis	61,040
Certain expenditures are reclassified to fiduciary funds for GAAP reporting	(65,669)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 58,604,191
OTHER FINANCING USES	
Actual amounts (budgetary basis) "other financing uses" from the budgetary comparison schedule	\$ 5,521,524
Adjustments and Reclassifications:	
Consolidation of transfers between funds	(552,672)
Budgetary higher education amounts are reclassified to transfers under the modified accrual basis	2,136,313
Budgetary debt service are reclassified to transfers out to a debt service fund for GAAP purposes as the Commonwealth does not have a statutory debt service fund	1,455,589
Transfers to component units reported on a GAAP basis	(6,502)
Certain expenditures are reclassified to/from Other Financing Uses	8,500
Total other financing uses as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 8,562,752

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

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

Note to Required Supplementary Information – Budgetary Reporting

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

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

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

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

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

The following table summarizes budgetary activity for FY25 (amounts in thousands):

General Appropriation Act, Chapter 140 of the Acts of 2024:	Revenues	Expenditures
Direct appropriations	\$ 58,002,800	\$ 56,994,169
Estimated revenues, transfers, retained revenue appropriations, and appropriations carried forward from FY 2024	—	4,712,732
Total original budget	58,002,800	61,706,901
Supplemental Acts of 2024:		
Chapter 88	—	175,000
Chapter 248		355,625
Supplemental Acts of 2025:		
Chapter 1	—	425,000
Chapter 3	—	240,000
Chapter 4	—	189,570
Chapter 7	—	1,388,225
Chapter 14	—	222,415
Chapter 33	—	157,000
Chapter 73	—	2,297,832
Total budgeted revenues and expenditures per Legislative action	—	5,450,667
Plus: Pension contributions and revenue authorized in the General Appropriation Act, and other transfers of revenue and spending	5,688,205	11,706,514
Budgeted revenues and expenditures as reported	<u>\$ 63,691,005</u>	<u>\$ 78,864,082</u>

As the budget is not passed taking into account the structure of funds, but of appropriations, reports contained within the Commonwealth's MMARS accounting system demonstrate budgetary compliance by appropriation. Those reports are available upon request at the Office of the Comptroller, Statewide Financial Reporting Team, at cathy.hunter@mass.gov.

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

(Amounts in thousands, except for percentages)

	2025	2024	2023	2022	2021
Total pension liability, July 1	\$ 52,027,000	\$ 50,005,000	\$ 48,041,000	\$ 46,476,000	\$ 45,725,000
Service cost	1,199,805	1,143,160	1,043,783	981,998	968,648
Interest	3,615,138	3,472,563	3,332,796	3,223,993	3,243,594
Change in benefit terms	—	—	—	—	—
Differences between expected and actual experience	46,004	486,506	424,236	160,909	(904,845)
Changes of assumptions	—	—	110,000	—	101,000
Benefit payments, including refunds of member contributions	(3,163,947)	(3,080,229)	(2,946,815)	(2,801,900)	(2,657,397)
Net change in total pension liability	1,697,000	2,022,000	1,964,000	1,565,000	751,000
Total pension liability, June 30 (a)	<u>\$ 53,724,000</u>	<u>\$ 52,027,000</u>	<u>\$ 50,005,000</u>	<u>\$ 48,041,000</u>	<u>\$ 46,476,000</u>
Plan fiduciary net position, July 1	\$ 37,901,857	\$ 35,357,510	\$ 34,131,126	\$ 36,039,471	\$ 28,567,300
Contributions:					
Employers - Commonwealth and MassDOT	1,547,546	1,408,975	1,368,423	1,310,596	1,105,838
Non-employer contributions - Commonwealth	46,883	57,185	63,822	56,988	41,963
Employer and non-employer contributions - other	14,107	16,572	13,764	11,454	13,352
ERIP funding contribution - Commonwealth	—	28,260	28,449	28,449	28,449
Plan members	885,959	760,851	722,382	693,853	652,911
Other additions	96,171	81,973	130,982	138,957	90,879
Total contributions	2,590,666	2,353,816	2,327,822	2,240,297	1,933,392
Net investment income (loss)	3,604,429	3,308,422	1,916,176	(1,297,464)	8,232,417
Benefit payments, including refunds of member contributions	(3,163,947)	(3,080,229)	(2,946,815)	(2,801,900)	(2,657,397)
Administrative expense	(18,600)	(17,632)	(16,120)	(14,461)	(21,685)
Other changes	(22,224)	(20,030)	(54,679)	(34,817)	(14,556)
Net change in plan fiduciary net position	2,990,324	2,544,347	1,226,384	(1,908,345)	7,472,171
Plan fiduciary net position, June 30 (b)	<u>\$ 40,892,181</u>	<u>\$ 37,901,857</u>	<u>\$ 35,357,510</u>	<u>\$ 34,131,126</u>	<u>\$ 36,039,471</u>
Plan net pension liability - June 30 (a) - (b)	<u>\$ 12,831,819</u>	<u>\$ 14,125,143</u>	<u>\$ 14,647,490</u>	<u>\$ 13,909,874</u>	<u>\$ 10,436,529</u>
Plan fiduciary net position as a percentage of the total pension liability	76.1%	72.9%	70.7%	71.0%	77.5%
Covered payroll (as of the actuarial valuation date)	\$ 8,247,464	\$ 7,688,333	\$ 7,088,063	\$ 6,651,010	\$ 6,544,575
Net pension liability as a percentage of covered employee payroll	155.6%	183.7%	206.7%	209.1%	159.5%

2020*	2019	2018	2017	2016
\$ 43,398,000	\$ 41,225,000	\$ 39,107,000	\$ 37,760,000	\$ 35,425,414
963,828	897,600	856,200	855,440	813,975
3,124,187	2,965,890	2,852,239	2,813,374	2,638,929
—	—	—	10,000	400,000
336,183	303,066	102,008	(428,232)	589,009
442,000	434,000	622,000	304,000	—
(2,539,198)	(2,427,556)	(2,314,447)	(2,207,582)	(2,107,327)
2,327,000	2,173,000	2,118,000	1,347,000	2,334,586
<u>\$ 45,725,000</u>	<u>\$ 43,398,000</u>	<u>\$ 41,225,000</u>	<u>\$ 39,107,000</u>	<u>\$ 37,760,000</u>
\$ 28,763,796	\$ 27,995,021	\$ 26,282,232	\$ 23,971,156	\$ 24,042,585
1,003,828	919,545	842,864	716,266	660,818
38,381	37,359	33,310	28,455	21,830
9,718	10,191	9,564	7,999	16,642
28,724	28,724	28,724	29,093	29,093
659,015	632,730	600,705	604,772	591,948
90,944	104,765	118,124	232,548	397,077
1,830,610	1,733,314	1,633,291	1,619,133	1,717,408
567,319	1,543,398	2,460,748	2,987,632	422,938
(2,539,198)	(2,427,556)	(2,314,447)	(2,207,582)	(2,107,327)
(18,089)	(15,853)	(16,369)	(30,030)	(20,624)
(37,138)	(64,528)	(50,434)	(58,077)	(83,824)
(196,496)	768,775	1,712,789	2,311,076	(71,429)
<u>\$ 28,567,300</u>	<u>\$ 28,763,796</u>	<u>\$ 27,995,021</u>	<u>\$ 26,282,232</u>	<u>\$ 23,971,156</u>
<u>\$ 17,157,700</u>	<u>\$ 14,634,204</u>	<u>\$ 13,229,979</u>	<u>\$ 12,824,768</u>	<u>\$ 13,788,844</u>
62.5%	66.3%	67.9%	67.2%	63.5%
\$ 6,354,473	\$ 6,354,473	\$ 6,155,194	\$ 5,927,012	\$ 5,792,288
270.0%	230.3%	214.9%	216.4%	238.1%

* - The covered payroll for FY20 reflects the compensation in the January 1, 2019 actuarial valuation. See Independent Auditors' Report and notes to the schedule.

NOTES TO THE SERS SCHEDULE

FY2025 Changes in Actuarial Assumptions

No changes.

FY2024 Changes in Actuarial Assumptions

No changes.

FY2023 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in mortality

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

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

FY2022 Changes in Actuarial Assumptions

No changes.

FY2021 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

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

Change in mortality

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

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

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

FY2020 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

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

NOTES TO THE SERS SCHEDULE

FY2019 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

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

FY2018 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

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

Change in mortality

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

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

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

FY2017 Changes in Actuarial Assumptions

Changes of Benefit Terms:

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

Changes of Assumptions:

Change in mortality

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

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

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

NOTES TO THE SERS SCHEDULE

FY2016 Changes in Actuarial Assumptions

Changes in Benefit Terms:

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

See Independent Auditors' Report



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

(Amounts in thousands, except for percentages)

	2025	2024	2023	2022	2021
Total pension liability, July 1	\$ 65,779,000	\$ 63,314,000	\$ 61,273,000	\$ 59,795,000	\$ 57,862,841
Service cost	1,255,816	1,259,763	1,182,258	1,084,503	1,085,414
Interest	4,564,413	4,395,268	4,249,912	4,143,763	4,097,558
Differences between expected and actual experience	(641,387)	378,415	(17,711)	(384,483)	(555,322)
Changes of assumptions	—	—	111,000	—	584,000
Benefit payments, including refunds of plan member contributions	(3,657,842)	(3,568,446)	(3,484,459)	(3,365,783)	(3,279,491)
Net change in total pension liability	1,521,000	2,465,000	2,041,000	1,478,000	1,932,159
Total pension liability, June 30 (a)	<u>\$ 67,300,000</u>	<u>\$ 65,779,000</u>	<u>\$ 63,314,000</u>	<u>\$ 61,273,000</u>	<u>\$ 59,795,000</u>
Plan fiduciary net position, July 1	\$ 40,422,539	\$ 37,023,729	\$ 35,384,862	\$ 37,088,124	\$ 29,317,997
Contributions:					
Non-employer	2,594,483	2,417,533	2,148,676	2,104,604	1,748,483
Plan members	1,010,643	987,837	943,929	892,123	833,236
Other additions	418,698	395,017	319,016	276,758	254,903
Total contributions	4,023,824	3,800,387	3,411,621	3,273,485	2,836,622
Net investment income (loss)	3,878,155	3,501,432	1,997,214	(1,353,547)	8,455,507
Benefit payments, including refunds of plan member contributions	(3,657,842)	(3,568,446)	(3,484,459)	(3,365,783)	(3,279,491)
Administrative expense	(21,940)	(20,120)	(21,332)	(19,196)	(21,783)
Other changes	(329,239)	(314,443)	(264,177)	(238,221)	(220,728)
Net change (deficits) in plan fiduciary net position	3,892,958	3,398,810	1,638,867	(1,703,262)	7,770,127
Plan fiduciary net position, June 30 (b)	<u>\$ 44,315,497</u>	<u>\$ 40,422,539</u>	<u>\$ 37,023,729</u>	<u>\$ 35,384,862</u>	<u>\$ 37,088,124</u>
Plan net pension liability - June 30 (a) - (b)	<u>\$ 22,984,503</u>	<u>\$ 25,356,461</u>	<u>\$ 26,290,271</u>	<u>\$ 25,888,138</u>	<u>\$ 22,706,876</u>
Plan fiduciary net position as a percentage of the total pension liability	65.8%	61.5%	58.5%	57.7%	62.0%
Covered payroll (as of actuarial valuation date)	\$ 9,037,950	\$ 8,731,185	\$ 8,371,450	\$ 7,704,176	\$ 7,670,306
Net pension liability as a percentage of covered employee payroll	254.3%	290.4%	314.0%	336.0%	296.0%

2020 *	2019	2018	2017	2016
\$ 54,751,000	\$ 52,503,000	\$ 50,024,000	\$ 47,300,000	\$ 45,918,711
1,019,331	949,262	901,234	891,760	843,800
3,927,724	3,763,191	3,633,027	3,505,761	3,402,525
495,599	50,910	92,317	47,046	(74,025)
859,000	577,000	845,000	1,176,000	—
(3,189,813)	(3,092,363)	(2,992,578)	(2,896,567)	(2,791,011)
3,111,841	2,248,000	2,479,000	2,724,000	1,381,289
<u>\$ 57,862,841</u>	<u>\$ 54,751,000</u>	<u>\$ 52,503,000</u>	<u>\$ 50,024,000</u>	<u>\$ 47,300,000</u>
\$ 29,536,980	\$ 28,791,711	\$ 27,138,609	\$ 24,942,072	\$ 25,429,068
1,553,433	1,443,710	1,314,783	1,235,515	1,124,583
821,105	782,431	755,688	730,212	699,422
233,222	234,532	231,734	223,746	202,796
2,607,760	2,460,673	2,302,205	2,189,473	2,026,801
581,648	1,584,770	2,542,576	3,100,352	441,363
(3,189,813)	(3,092,363)	(2,992,578)	(2,896,567)	(2,791,011)
(22,391)	(18,324)	(19,528)	(24,053)	(24,220)
(196,187)	(189,487)	(179,573)	(172,668)	(139,929)
(218,983)	745,269	1,653,102	2,196,537	(486,996)
<u>\$ 29,317,997</u>	<u>\$ 29,536,980</u>	<u>\$ 28,791,711</u>	<u>\$ 27,138,609</u>	<u>\$ 24,942,072</u>
<u>\$ 28,544,844</u>	<u>\$ 25,214,020</u>	<u>\$ 23,711,289</u>	<u>\$ 22,885,391</u>	<u>\$ 22,357,928</u>
50.7%	53.9%	54.8%	54.3%	52.7%
\$ 7,074,960	\$ 7,074,960	\$ 6,829,012	\$ 6,583,871	\$ 6,388,732
403.5%	356.4%	347.2%	347.6%	350.0%

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

See Independent Auditors' Report and notes to the schedule.

NOTES TO THE MTRS SCHEDULE

FY2025 Changes in Actuarial Assumptions

No changes.

FY2024 Changes in Actuarial Assumptions

No changes.

FY2023 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in mortality

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

- The Mortality improvement scale is updated from MP-2020 to MP-2021. This change increased the pension liability by approximately \$111 million

FY2022 Changes in Actuarial Assumptions

No changes.

FY2021 Changes in Actuarial Assumptions

Changes of assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.00% from 7.15%. This change resulted in an increase to the total pension liability of approximately \$1.011 billion.

Change in mortality

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

- Pre-retirement mortality reflects SOA Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- Post-retirement mortality reflects SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).
- For disabled members, the mortality rate is assumed to be in accordance with the SOA Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct).

These changes resulted in a decrease to the total pension liability of approximately \$ 427 million.

NOTES TO THE MTRS SCHEDULE

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.15% from 7.25%. This change resulted in an increase to the total pension liability of approximately \$559 million.

Change in mortality

The following mortality assumption changes were made in the January 1, 2020 Actuarial Valuation:

- Pre-retirement - was changed to Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct) from RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct).
- Post-retirement - was changed to Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct) from RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct).
- Disabled members - was changed to be in accordance with Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2018 (gender distinct).

These changes resulted in an increase to the total pension liability of approximately \$300 million.

FY2019 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.25% from 7.35%. This change resulted in an increase to the total pension liability of approximately \$577 million.

FY2018 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in the investment rate of return

The Commonwealth revised its discount rate to 7.35% from 7.50%. This change resulted in an increase to the total pension liability of approximately \$845 million.

NOTES TO THE MTRS SCHEDULE

FY2017 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in mortality

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

- Pre-retirement - was changed to RP-2014 White Collar Employees table projected generationally with Scale MP-2016 (gender distinct) from RP-2014 Employees table projected generationally with Scale BB).
- Post-retirement - was changed to RP-2014 White Collar Healthy Annuitant table projected generationally with Scale MP-2016 (gender distinct) from RP-2014 Healthy Annuitant table projected generationally with Scale BB).
- Disabled members - is assumed to be in accordance with RP-2014 Healthy Annuitant table projected generationally with Scale BB and a base year of 2014 set forward 4 years and is unchanged from the prior valuation.

These changes resulted in an increase to the total pension liability of approximately \$1.176 billion.

See Independent Auditors' Report



**Schedule of Changes in the State Retirees' Benefit Trust (SRBT)
Net OPEB Liability and Related Ratios**

(Amounts in thousands, except for percentages)

	2025	2024	2023	2022	2021
Total OPEB liability, July 1	\$ 16,241,790	\$ 16,470,056	\$ 15,340,605	\$ 17,910,405	\$ 22,105,511
Service cost	547,890	551,863	530,964	774,039	992,669
Interest	759,968	725,635	672,136	510,542	521,143
Differences between expected and actual experience	1,267,952	(96,894)	591,887	(16,054)	(2,926,517)
Changes of assumptions	(2,674,320)	(797,949)	(179,432)	(3,328,161)	(2,297,649)
Benefit payments, including refunds of member contributions	(615,871)	(610,921)	(486,104)	(510,166)	(484,752)
Net change in total pension liability	(714,381)	(228,266)	1,129,451	(2,569,800)	(4,195,106)
Total OPEB liability, June 30 (a)	<u>\$ 15,527,409</u>	<u>\$ 16,241,790</u>	<u>\$ 16,470,056</u>	<u>\$ 15,340,605</u>	<u>\$ 17,910,405</u>
Plan fiduciary net position, July 1	\$ 2,525,645	\$ 2,266,842	\$ 1,988,383	\$ 1,910,940	\$ 1,414,312
Contributions:					
Employer	654,739	648,694	653,178	660,800	569,989
Other additions	230	150	176	175	200
Total contributions	654,969	648,844	653,354	660,975	570,189
Net investment income (loss)	242,542	221,103	111,455	(73,126)	411,438
Benefit payments, including refunds of plan member contributions	(615,871)	(610,921)	(486,104)	(510,166)	(484,752)
Administrative expenses	(283)	(223)	(246)	(240)	(247)
Other changes	—	—	—	—	—
Net change in plan fiduciary net position	281,357	258,803	278,459	77,443	496,628
Plan fiduciary net position, June 30 (b)	<u>\$ 2,807,002</u>	<u>\$ 2,525,645</u>	<u>\$ 2,266,842</u>	<u>\$ 1,988,383</u>	<u>\$ 1,910,940</u>
Plan net OPEB liability - June 30 (a) - (b)	<u>\$ 12,720,407</u>	<u>\$ 13,716,145</u>	<u>\$ 14,203,214</u>	<u>\$ 13,352,222</u>	<u>\$ 15,999,465</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.1%	15.6%	13.8%	13.0%	10.7%
Covered payroll *	\$ 7,395,339	\$ 6,395,957	\$ 5,721,250	\$ 5,772,086	\$ 5,594,324
Net OPEB liability as a percentage of covered employee payroll	172.0%	214.5%	248.3%	231.3%	286.0%

* - Fiscal 2018 through fiscal 2021 covered payroll and fiscal 2017 funded payroll amounts have been restated to exclude certain employees for whose benefit the Commonwealth is not liable.

See Independent Auditors' Report and notes to the schedule.

	2020	2019	2018	2017
\$	19,662,106	\$ 19,761,333	\$ 18,480,936	\$ 19,821,600
	785,689	806,023	792,135	950,800
	732,808	796,880	691,630	591,900
	(600,057)	715,192	218,891	(48,600)
	2,050,139	(1,935,139)	21,504	(2,393,700)
	(525,174)	(482,183)	(443,763)	(441,064)
	2,443,405	(99,227)	1,280,397	(1,340,664)
<u>\$</u>	<u>22,105,511</u>	<u>\$ 19,662,106</u>	<u>\$ 19,761,333</u>	<u>\$ 18,480,936</u>
\$	1,368,548	\$ 1,187,569	\$ 996,407	\$ 866,043
	547,611	594,916	542,896	465,449
	122	188	133	784
	547,733	595,104	543,029	466,233
	23,380	68,229	93,308	105,822
	(525,174)	(482,183)	(443,763)	(441,064)
	(175)	(171)	(150)	(127)
	—	—	(1,262)	(500)
	45,764	180,979	191,162	130,364
<u>\$</u>	<u>1,414,312</u>	<u>\$ 1,368,548</u>	<u>\$ 1,187,569</u>	<u>\$ 996,407</u>
<u>\$</u>	<u>20,691,199</u>	<u>\$ 18,293,558</u>	<u>\$ 18,573,764</u>	<u>\$ 17,484,529</u>
	6.4%	7.0%	6.0%	5.4%
\$	5,625,684	\$ 5,491,214	\$ 5,296,859	\$ 5,259,298
	367.8%	333.1%	350.7%	332.4%

NOTES TO THE SRBT SCHEDULE

FY2025 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased from 4.61% to 5.94% (based on a blend of the Bond Buyer Index rate of 5.20% and the expected rate of return on assets of 7.00%) as required by GASB Statement No.74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$2.75 billion.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's emerging experience, industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in an increase in the total OPEB liability of approximately \$1.86 billion.

Change in future retirees' plan participation rate

Participation rate for vested terminated participants was updated from 85% to 15% based on the experience of retirement-eligible vested terminated from 2019. This change resulted in a decrease in the total OPEB liability of approximately \$1.83 billion.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY26 rates, and this change resulted in an increase in the total OPEB liability of approximately \$1.35 billion.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$80.4 million.

Change in plan

Basic life insurance coverage increased from \$5,000 to \$10,000 and this change resulted in an increase in the total OPEB liability of approximately \$51.4 million.

FY2024 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased from 4.34% to 4.61% (based on a blend of the Bond Buyer Index rate of 3.93% and the expected rate of return on assets of 7.00%) as required by GASB Statement No.74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$567 million.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's emerging experience, industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in a decrease in the total OPEB liability of approximately \$231 million.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY25 rates, and this change resulted in an increase in the total OPEB liability of approximately \$20 million.

NOTES TO THE SRBT SCHEDULE

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$117 million.

FY2023 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased from 4.30% to 4.34% (based on a blend of the Bond Buyer Index rate of 3.65% and the expected rate of return on assets of 7.00%) as required by GASB Statement No.74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$85.7 million.

Change in mortality projection scale

Mortality projection scale was updated from MP-2020 to MP2021, consistent with the January 1, 2023 SERS Actuarial Valuation Report. This change resulted in an increase in the total OPEB liability of approximately \$56.9 million.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's emerging experience, industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in a decrease in the total OPEB liability of approximately \$150.7 million.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY24 rates, including the new plan offerings as of FY24. This change resulted in an increase in the total OPEB liability of approximately \$615 million.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$23 million.

FY2022 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased from 2.77% to 4.30% (based on a blend of the Bond Buyer Index rate 3.54% and the expected rate of return on assets of 7.00%) as required by GASB Statement No.74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$3.601 billion.

Change in per capita claims costs

Per capita claims costs were updated to reflect FY23 rates, including the discontinuation of the Fallon Direct and Select plans as of FY23. This change resulted in a decrease in the total OPEB liability of approximately \$139 million.

Change in healthcare trend rates

The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates during the past two fiscal years, along with industry surveys, and an adjustment to estimate the impact of recent general inflation. Long-term expectations were updated based on the most recent SOA-Getzen trend model. This change resulted in an increase in the total OPEB liability of approximately \$273 million.

NOTES TO THE SRBT SCHEDULE

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a increase in the total OPEB liability of approximately \$123 million.

FY2021 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased from 2.28% to 2.77% (based on a blend of the Bond Buyer Index rate 2.16%) as of the measurement date and the expected rate of return on assets of 7.00%) as required by GASB Statement No. 74. This increase in the discount rate resulted in a decrease in the total OPEB liability of approximately \$1.391 billion.

Change in mortality projection scale

Mortality projection scale was updated from MP-2016 to MP2020. This change resulted in a decrease in the total OPEB liability of approximately \$969 million.

Change in per capita claims costs

Per capita claims costs for the Medicare HMO plan (Tufts Medicare Preferred plan) was no longer age-graded. This change resulted in a decrease in the total OPEB liability of approximately \$18 million.

Per capita claims costs were updated to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates. This change resulted in a decrease in the total OPEB liability of approximately \$2.755 billion.

Change in healthcare trend rates

The healthcare trend rates were updated to reflects short-term expectations based on a review of the Commonwealth's historical trend rates during fiscal years 2020 and 2021, along with industry surveys, separately from non-Medicare and Medicare benefits. This change resulted in an increase in the total OPEB liability of approximately \$79 million.

Change in demographic and benefit

The change in demographic and benefit payments experience resulted in a decrease in the total OPEB liability of approximately \$172 million.

FY2020 Changes in Actuarial Assumptions

Change in discount rate

The discount rate was decreased to 2.28% (based on a blend of the Bond Buyer Index rate 2.21%) as of the measurement date and the expected rate of return on assets of 7.15%) as required by GASB Statement No. 74. This decrease in the discount rate resulted in an increase in the total OPEB liability of approximately \$4.272 billion.

Change in excise tax

The excise tax was removed. This resulted in a decrease in the total OPEB liability of approximately \$502 million.

Change in per capita claims costs

Per capita claims costs were updated based on changes in the underlying claims and benefit provisions. This change resulted in a decrease in the total OPEB liability of approximately \$1.749 billion.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2020_b, the impact of the

NOTES TO THE SRBT SCHEDULE

discontinuation of the ACA Health Insurer Fee and Excise Tax. The short-term assumptions were based on a review of the Commonwealth's historical trend rates during fiscal years 2019 and 2020, along with industry surveys, separately for non-Medicare and Medicare benefits. This change resulted in an increase in the total OPEB liability of approximately \$706 million.

Change in salary scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classification, consistent with SERS. This change resulted in a decrease in the total OPEB liability of approximately \$441 million.

Change in future retirees' plan participation rates

The proportion of future retirees cover a spouse was reduced from 80% to 60%. This resulted in a decrease in the total OPEB liability of approximately \$1.117 billion.

35% of employees currently opting out of active employee health coverage are assumed to enroll in retiree coverage. An 8% load was applied to the active liability to estimate the impact of its population. This resulted in an increase in the total OPEB liability of approximately \$531 million.

Change in medical plan election rates

Retirees and spouses (if covered) are assumed to be non-Medicare eligible prior to age 65 and Medicare eligible at age 65, unless their spouse is over age 65 and non-Medicare eligible. This resulted in an increase in the total OPEB liability of approximately \$350 million.

FY2019 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is performed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

This resulted in a decrease to the total OPEB liability of approximately \$1.638 billion.

Change in trend on future costs

The healthcare trend rate decreased from 8.0% in FY2018 to 7.5% in FY2019, which impacts the high cost excise tax. This resulted in a decrease to the total OPEB liability of approximately \$1.067 billion.

Change in medical plan election rates

The pre age 65 medical plan election percentages were updated to better reflect plan experience and resulted in a decrease to the total OPEB liability of approximately \$90 million.

Change in future retirees' plan participation rates

Plan participation rate for future retirees was changed from 80% to 85% to better reflect recent plan experience and increased the OPEB liability approximately \$62 million.

Change in discount rate

The discount rate was decreased to 3.69% (based on a blend of the Bond Buyer Index rate (3.51%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. This decrease in the discount rate resulted in an increase in the total OPEB liability of approximately \$798 million.

NOTES TO THE SRBT SCHEDULE

FY2018 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is performed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

This resulted in an increase to the total OPEB liability of approximately \$937 million.

Change in trend on future costs

The healthcare trend rate decreased from 8.5% in FY2017 to 8.0% in FY2018, which impacts the high cost excise tax. This resulted in an increase to the total OPEB liability of approximately \$88 million.

Change in mortality

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

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

This change resulted in a decrease to the total OPEB liability of approximately \$2 million.

Change in discount rate

The discount rate was increased to 3.95% (based on a blend of the Bond Buyer Index rate (3.87%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. This increase in the discount rate resulted in a decrease to the total OPEB liability of approximately \$1.001 billion.

FY2017 Changes in Actuarial Assumptions

Changes of Assumptions:

Change in discount rate

The discount rate was increased to 3.63% (based on a blend of the Bond Buyer Index rate (3.58%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. The June 30, 2016 discount rate was calculated to be 2.80%. This increase in the discount rate resulted in a decrease to the total OPEB liability of approximately \$2.394 billion.

See Independent Auditors' Report

Schedule of Investment Returns

	Fiscal Year Ending June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense - SERS	9.63 %	9.50 %	5.70 %	(3.65)%	29.35 %	2.01 %	5.63 %	9.58 %	12.74 %	1.79 %
Annual money-weighted rate of return, net of investment expense - MTRS	9.64 %	9.52 %	5.70 %	(3.69)%	29.35 %	2.00 %	5.62 %	9.58 %	12.75 %	1.78 %
Annual money-weighted rate of return, net of investment expense - SRBT (1)	9.62 %	9.97 %	5.65 %	(3.85)%	29.40 %	1.75 %	5.87 %	9.46 %	12.90 %	(1)

(1) - GASB 74 implemented in FY2017.

See Independent Auditors' Report

Schedule of Proportionate Share of the Net Pension Liability and Contributions
State Employees' Retirement System

Last 10 Years

(amounts in thousands)

Proportionate Share of the Net Pension Liability	2025 (measurement date June 30, 2024)	2024 (measurement date June 30, 2023)	2023 (measurement date June 30, 2022)	2022 (measurement date June 30, 2021)	2021 (measurement date June 30, 2020)
Proportion of the net pension liability	93.4%	93.6%	94.2%	94.2%	94.3%
Proportionate share of the net pension liability	\$ 13,197,705	\$ 13,713,722	\$ 13,101,342	\$ 9,834,175	\$ 16,180,809
Plan net position as a percentage of the total pension liability	76.1%	72.9%	70.7%	71.0%	62.5%
Covered payroll	\$ 6,570,028	\$ 5,880,270	\$ 5,921,315	\$ 5,734,862	\$ 5,778,859
Net pension liability as a percentage of covered payroll	200.9%	233.2%	221.3%	171.5%	280.0%

Fiscal Year Ending June 30

Contributions	2025	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 1,594,429	\$ 1,466,160	\$ 1,432,245	\$ 1,367,584	\$ 1,147,801	\$ 1,042,209
Contributions in relation to the statutorily required contribution	1,594,429	1,466,160	1,432,245	1,367,584	1,147,801	1,042,209
Annual contribution deficiency/(excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 7,584,570	\$ 6,570,028	\$ 5,880,270	\$ 5,921,315	\$ 5,734,862	\$ 5,778,859
Contributions as a percentage of covered payroll	21.0%	22.3%	24.4%	23.1%	20.0%	18.0%

The State Employees' Retirement System (SERS) is included in the ACFR as a pension trust fund in the fiduciary fund type. SERS is a defined-benefit multiple employer, cost-sharing public employee retirement system.

See Independent Auditors' Report and notes to the schedule

2020 (measurement date June 30, 2019)	2019 (measurement date June 30, 2018)	2018 (measurement date June 30, 2017)	2017 (measurement date June 30, 2016)	2016 (measurement date June 30, 2015)
94.7%	94.6%	94.5%	94.3%	93.8%
\$ 13,856,209	\$ 12,520,028	\$ 12,122,363	\$ 12,996,818	\$ 10,682,765
66.3%	67.9%	67.2%	63.5%	67.9%
\$ 5,641,512	\$ 5,440,103	\$ 5,397,203	\$ 5,249,985	\$ 5,136,405
245.6%	230.1%	224.6%	247.6%	208.0%
<hr/>				
2019	2018	2017	2016	2015
\$ 956,904	\$ 876,174	\$ 744,721	\$ 682,648	\$ 619,971
956,904	876,174	744,721	682,648	619,971
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 5,641,512	\$ 5,440,103	\$ 5,397,203	\$ 5,249,985	\$ 5,136,405
17.0%	16.1%	13.8%	13.0%	12.1%

Schedule of Proportionate Share of the Net Pension Liability and Contributions
Massachusetts Teachers' Retirement System
 Last 10 Years
 (amounts in thousands)

Proportionate Share of the Net Pension Liability	2025 (measurement date June 30, 2024)	2024 (measurement date June 30, 2023)	2023 (measurement date June 30, 2022)	2022 (measurement date June 30, 2021)	2021 (measurement date June 30, 2020)
Proportion of the net pension liability	100.0%	100.0%	100.0%	100.0%	100.0%
Proportionate share of the net pension liability	\$ 25,356,461	\$ 26,290,271	\$ 25,888,138	\$ 22,706,876	\$ 28,544,844
Plan net position as a percentage of the total pension liability	61.5%	58.5%	57.7%	62.0%	50.7%

Contributions	Fiscal Year Ending June 30					
	2025	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 2,594,483	\$ 2,417,533	\$ 2,148,676	\$ 2,104,604	\$ 1,748,483	\$ 1,553,433
Contributions in relation to the statutorily required contribution	2,594,483	2,417,533	2,148,676	2,104,604	1,748,483	1,553,433
Annual contribution deficiency/(excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Massachusetts Teachers' Retirement System (MTRS) is included in the ACFR as a pension trust fund in the fiduciary fund type. MTRS is a defined-benefit multiple employer, cost-sharing public employee retirement system.

See Independent Auditors' Report and notes to the schedule

2020 (measurement date June 30, 2019)	2019 (measurement date June 30, 2018)	2018 (measurement date June 30, 2017)	2017 (measurement date June 30, 2016)	2016 (measurement date June 30, 2015)
100.0%	100.0%	100.0%	100.0%	100.0%
\$ 25,214,020	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643
53.9%	54.8%	54.3%	52.7%	55.4%

2019	2018	2017	2016	2015
\$ 1,443,710	\$ 1,314,783	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930
1,443,710	1,314,783	1,235,515	1,124,583	1,021,930
\$ —	\$ —	\$ —	\$ —	\$ —

Schedule of Proportionate Share of the Net Pension Liability and Contributions
Boston Retirement System - Teachers
 Last 10 Years
 (amounts in thousands)

Proportionate Share of the Net Pension Liability	2025 (measurement date December 31, 2024)	2024 (measurement date December 31, 2023)	2023 (measurement date December 31, 2022)	2022 (measurement date December 31, 2021)	2021 (measurement date December 31, 2020)
Proportion of the net pension liability.....	64.9%	61.2%	56.2%	65.5%	60.8%
Proportionate share of the net pension liability.....	\$ 2,380,545	\$ 2,586,901	\$ 2,682,386	\$ 2,265,594	\$ 2,416,125
Plan net position as a percentage of the total pension liability.....	74.2%	69.4%	64.1%	73.3%	67.6%

Contributions	Fiscal Year Ending December 31				
	2024	2023	2022	2021	2020
Statutorily required contribution.....	\$ 261,107	\$ 238,472	\$ 196,833	\$ 179,369	\$ 162,976
Contributions in relation to the statutorily required contribution.....	261,107	238,472	196,833	179,369	162,976
Annual contribution deficiency/(excess).....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The Boston Retirement System (BRS) is included in the City of Boston's ACFR. The Boston Teachers' portion of the BRS total pension liability is reported in the Commonwealth's ACFR as a part of the total net pension liability.

See Independent Auditors' Report and notes to the schedule

2020 (measurement date December 31, 2019)	2019 (measurement date December 31, 2018)	2018 (measurement date December 31, 2017)	2017 (measurement date December 31, 2016)	2016 (measurement date December 31, 2015)
56.5%	55.6%	60.5%	55.9%	54.5%
\$ 2,572,923	\$ 2,551,190	\$ 2,433,199	\$ 2,325,286	\$ 2,402,267
61.9%	58.3%	62.7%	58.4%	55.8%
2019	2018	2017	2016	2015
\$ 157,041	\$ 143,146	\$ 131,298	\$ 132,477	\$ 120,434
157,041	143,146	131,298	132,477	120,434
\$ —	\$ —	\$ —	\$ —	\$ —



**NOTES TO THE SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CONTRIBUTIONS**

SERS and MTRS:

In accordance with Chapter 32 of the Massachusetts General Laws (MGL), the Commonwealth’s statutorily determined contributions to SERS and MTRS are based on a three-year funding schedule adopted by the legislature based upon the previous year’s actuarial valuation. The most recent funding schedule was adopted in January 2023 (for fiscal years 2024 through 2026) based upon the January 1, 2022 actuarial valuation as prepared by the Public Employee Retirement Administration Commission (PERAC) using the following assumptions:

1. The annual required contribution for FY2025 was determined as part of the January 1, 2025 actuarial valuation using the entry age normal cost method.
2. The actuarial assumptions included (a) 7.00% investment return/discount rate, (b) 5.44% discount rate for LDRM only (c) inflation rate of 2.5%, per year (d) 3.50% interest rate credited to the annuity savings fund and (e) 3.00% cost of living increase per year (on the first \$13,000 of an allowance).
3. Salary increases are based on analyses of past experience but range from 4.00% to 9.0% depending on group and length of service.
4. The assumptions do not include post-retirement benefit increases, which are taken into account when granted under amendments to General Laws.
5. The actuarial value of assets (AVA) is determined so that 20% of the investment gain or loss in a given year is recognized annually for the ensuing five years. Therefore, these investment gains and losses are fully recognized after five years. In addition to this treatment of gains and losses, we use a “corridor” approach so that the AVA can never be too far from the market value of assets. Under our approach for the Commonwealth, the AVA cannot be less than 90% nor greater than 110% of the market value. As of January 1, 2025, the calculated AVA is 100.4% of the MVA.
6. Normal costs are amortized using level percentage of payroll.
7. The remaining amortization period for the unfunded pension liability at January 1, 2024 was 12 years to FY36.

BRS-Teachers:

The actuarially determined contributions were calculated as of December 31, 2024. The funding requirements are established for the employers' fiscal year ended June 30, 2024 and later years and are analyzed based on the preceding two years' experience. The following actuarial methods and assumptions were used to determine the required contribution rates:

Actuarial cost method.....	Entry age normal cost method
Amortization method.....	Prior year's contribution increased by 8.85% for BRS excluding Boston Teachers
Remaining amortization period.....	12 years remaining as of January 1, 2024 for Boston Teachers
Asset valuation method.....	Sum of actuarial value at beginning of year, contributions and investment earnings based on the actuarial interest assumption less benefit payments and operating expenses plus 20% of market value at end of year in excess of that sum, plus additional adjustment toward market value as necessary so that final actuarial value is within 20% of market value.
Inflation.....	3.25%
Salary increases.....	Based on years of service, ranging from 7.50% at zero years of service decreasing to 4.00% after 20 years of services for Boston Teachers
Investment rate of return.....	7.00% for Boston Teachers
Cost of Living adjustment.....	3.00% of the first \$15,000 for fiscal 2024

See Independent Auditors' Report

Schedule of Employer Contributions - OPEB
Commonwealth of Massachusetts
 Last 9 Years
 (amounts in thousands)

Contributions	Fiscal Year Ending June 30				
	2025	2024	2023	2022	2021
Statutorily required contribution.....	\$ 623,715	\$ 619,324	\$ 630,606	\$ 637,189	\$ 546,664
Contributions in relation to the statutorily required contribution.....	623,715	619,324	630,606	637,189	546,664
Annual contribution deficiency/(excess).....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll*.....	\$ 7,395,339	\$ 6,395,957	\$ 5,721,250	\$ 5,772,086	\$ 5,594,324
Contributions as a percentage of covered payroll.....	8.4%	9.7%	11.0%	11.0%	9.8%

* Fiscal 2017 through fiscal 2021 covered payroll and fiscal 2017 funded payroll amounts have been restated to exclude certain employees for whose benefit the Commonwealth is not liable. Fiscal years prior to fiscal 2017 have not been restated and include such employees under funded payroll.

Note: This schedule is intended to present 10 year of data. Additional years will be presented when available.

See Independent Auditors' Report

2020	2019	2018	2017
\$ 526,494	\$ 572,434	\$ 520,703	\$ 419,932
526,494	572,434	520,703	419,932
\$ —	\$ —	\$ —	\$ —
\$ 5,625,684	\$ 5,491,214	\$ 5,296,859	\$ 5,259,298
9.4%	10.4%	9.8%	8.0%



Other Supplementary Information

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

Combining Balance Sheet – Other Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other
Governmental Funds**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis
– Budget and Actual – Other Budgeted Nonmajor Governmental Funds**

Combining Budget to GAAP Reconciliation – Other Budgeted Nonmajor Governmental Funds

**Combining Statement of Fiduciary Net Position - Pension and Post-Employment Benefits Trust
Funds – Pension and OPEB Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position - Pension and Post-Employment
Benefits Trust Funds – Pension and OPEB Trust Funds**

**Combining Statement of Fiduciary Net Position Held in Trust for Pool Participants – External
Investment Trust Funds**

**Combining Statement of Changes in Fiduciary Net Position Held in Trust for Pool Participants –
External Investment Trust Funds**

Combining Statement of Fiduciary Net Position - Custodial Funds

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

Combining Statement of Net Position – Nonmajor Discretely Presented Component Units

**Combining Statement of Revenues, Expenses and Changes in Net Position – Nonmajor Discretely
Presented Component Units**



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

Combined General Fund
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	General Fund				Commonwealth Stabilization Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 36,916,000	\$ 36,916,000	\$ 39,328,604	\$ 2,412,604	\$ —	\$ —	\$ 179	\$ 179
Assessments	497,907	497,907	419,497	(78,410)	—	—	—	—
Federal grants and reimbursements	14,356,450	14,356,450	16,199,453	1,843,003	—	—	—	—
Tobacco settlement revenue	256,786	256,786	874,694	617,908	—	—	—	—
Departmental	4,044,907	4,044,907	3,883,977	(160,930)	—	—	—	—
Miscellaneous	842,919	842,919	695,741	(147,178)	—	—	413,865	413,865
Total revenues	56,914,969	56,914,969	61,401,966	4,486,997	—	—	414,044	414,044
Other financing sources:								
Fringe benefit cost recovery	604,898	604,898	641,840	36,942	—	—	—	—
Lottery reimbursements	132,670	132,670	148,181	15,511	—	—	—	—
Lottery distributions	1,345,750	1,345,750	1,031,804	(313,946)	—	—	—	—
Operating transfers in	294,418	294,418	591,502	297,084	—	—	—	—
Stabilization transfer	—	—	—	—	96,841	96,841	—	(96,841)
Other fund deficit support	—	217,735	217,735	—	—	—	—	—
Total other financing sources	2,377,736	2,595,471	2,631,062	35,591	96,841	96,841	—	(96,841)
Total revenues and other financing sources	59,292,705	59,510,440	64,033,028	4,522,588	96,841	96,841	414,044	317,203
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Legislature	140,627	148,642	96,781	51,861	—	—	—	—
Judiciary	1,367,460	1,357,716	1,351,808	5,908	—	—	—	—
Office of Inspector General	10,048	9,974	8,532	1,442	—	—	—	—
Governor and Lieutenant Governor	9,797	12,131	9,184	2,947	—	—	—	—
Secretary of the Commonwealth	87,050	87,050	82,966	4,084	—	—	—	—
Treasurer and Receiver-General	2,490,726	288,817	240,144	48,673	—	—	—	—
State Auditor	25,389	25,344	24,004	1,340	—	—	—	—
Attorney General	81,334	82,131	79,301	2,830	—	—	—	—
State Ethics Commission	3,731	3,839	3,828	11	—	—	—	—
District Attorneys	176,277	179,756	178,082	1,674	—	—	—	—
Office of Campaign & Political Finance	2,202	2,207	2,099	108	—	—	—	—
Sheriffs	737,861	888,344	882,887	5,457	—	—	—	—
Disabled Persons Protection Commission	11,895	12,050	12,047	3	—	—	—	—
Commission on the Status of Women	959	959	905	54	—	—	—	—
Office of the Comptroller	10,875	11,111	11,067	44	—	—	—	—
Administration and finance	4,431,952	3,893,739	3,352,931	540,808	—	—	—	—
Energy and environmental affairs	472,879	583,544	543,146	40,398	—	—	—	—
Health and human services	9,363,519	10,390,410	9,716,522	673,888	—	—	—	—
Technology Services and Security	101,115	100,163	97,855	2,308	—	—	—	—
Veterans' Services	126,501	128,050	122,174	5,876	—	—	—	—
Office of the Veteran Advocate	2,000	1,963	1,684	279	—	—	—	—
Housing and Livable Communities	1,178,053	1,532,398	1,399,216	133,182	—	—	—	—
Massachusetts Department of Transportation	—	3,269	2,951	318	—	—	—	—
Office of the Child Advocate	8,892	8,144	5,374	2,770	—	—	—	—
Commission Against Discrimination	13,470	13,578	11,908	1,670	—	—	—	—
Board of Library Commissioners	52,429	52,473	52,384	89	—	—	—	—
Education	4,275,233	3,912,205	3,816,364	95,841	—	—	—	—
Center for Health Information and Analysis	36,688	39,014	36,285	2,729	—	—	—	—
Public Safety and Security	1,634,349	1,666,686	1,604,438	62,248	—	—	—	—
Massachusetts Peace Officer Standards and Training Commission	8,747	8,752	7,985	767	—	—	—	—
Commission on the Status of African Americans	150	150	—	150	—	—	—	—
Commission on the Status of Latinos and Latinas	150	150	—	150	—	—	—	—
Commission on the Status of Persons with Disabilities	150	150	145	5	—	—	—	—
Commission on the Social Status of Black Men and Boys	150	150	—	150	—	—	—	—
Economic Development	170,055	224,877	207,868	17,009	—	—	—	—
Labor and workforce development	122,844	70,203	68,808	1,395	—	—	—	—
Direct local aid	7,742,319	7,748,119	7,747,799	320	—	—	—	—
Medicaid	20,097,343	22,143,507	22,129,247	14,260	—	—	—	—
Post employment benefits	—	5,096,329	5,093,997	2,332	—	—	—	—
Debt service:								
Principal retirement	—	719,792	711,118	8,674	—	—	—	—
Interest and fiscal charges	—	719,572	710,900	8,672	—	—	—	—
Total expenditures	54,995,219	62,167,458	60,424,734	1,742,724	—	—	—	—
Other financing uses:								
Fringe benefit cost assessment	—	—	11,784	(11,784)	—	—	—	—
Operating transfers out	—	3,991,664	3,987,791	3,873	—	—	—	—
Medical assistance transfer	682,202	837,827	640,347	197,480	—	—	—	—
Stabilization transfer	—	124,500	—	124,500	—	826,992	826,992	—
Total other financing uses	682,202	4,953,991	4,639,922	314,069	—	826,992	826,992	—
Total expenditures and other financing uses	55,677,421	67,121,449	65,064,656	2,056,793	—	826,992	826,992	—
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 3,615,284	\$ (7,611,009)	(1,031,628)	\$ 6,579,381	\$ 96,841	\$ (730,151)	(412,948)	\$ 317,203
Fund balances at beginning of year	—	—	1,952,395	—	—	—	8,523,632	—
Fund balances at end of year	—	—	<u>\$ 920,767</u>	—	—	—	<u>\$8,110,684</u>	—

See Independent Auditors' Report

Intragovernmental Services Fund				Transitional Escrow Fund				Total General Fund			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,916,000	\$ 36,916,000	\$ 39,328,783	\$ 2,412,783
—	—	—	—	—	—	—	—	497,907	497,907	419,497	(78,410)
—	—	—	—	—	—	—	—	14,356,450	14,356,450	16,199,453	1,843,003
—	—	—	—	—	—	—	—	256,786	256,786	874,694	617,908
—	—	560,503	560,503	—	—	—	—	4,044,907	4,044,907	4,444,480	399,573
—	—	—	—	—	—	—	—	842,919	842,919	1,109,606	266,687
—	—	560,503	560,503	—	—	—	—	56,914,969	56,914,969	62,376,513	5,461,544
—	—	—	—	—	—	—	—	604,898	604,898	641,840	36,942
—	—	—	—	—	—	—	—	132,670	132,670	148,181	15,511
—	—	—	—	—	—	—	—	1,345,750	1,345,750	1,031,804	(313,946)
—	—	—	—	—	—	520,765	520,765	294,418	294,418	1,112,267	817,849
—	—	—	—	—	—	—	—	96,841	96,841	—	(96,841)
—	—	—	—	—	—	—	—	—	217,735	217,735	—
—	—	—	—	—	—	520,765	520,765	2,474,577	2,692,312	3,151,827	459,515
—	—	560,503	560,503	—	—	520,765	520,765	59,389,546	59,607,281	65,528,340	5,921,059
—	—	—	—	—	—	—	—	140,627	148,642	96,781	51,861
—	—	—	—	3,678	43,853	2,896	40,957	1,371,138	1,401,569	1,354,704	46,865
—	—	—	—	—	543	384	159	10,048	10,517	8,916	1,601
—	—	—	—	—	—	—	—	9,797	12,131	9,184	2,947
16	16	—	16	—	160	160	—	87,066	87,226	83,126	4,100
—	—	—	—	—	—	—	—	2,490,726	288,817	240,144	48,673
—	—	—	—	—	—	—	—	25,389	25,344	24,004	1,340
—	15	12	3	—	20,171	19,356	815	81,334	102,317	98,669	3,648
—	—	—	—	—	—	—	—	3,731	3,839	3,828	11
—	—	—	—	—	—	—	—	176,277	179,756	178,082	1,674
—	—	—	—	—	—	—	—	2,202	2,207	2,099	108
—	—	—	—	—	—	—	—	737,861	888,344	882,887	5,457
—	—	—	—	1,602	818	641	177	13,497	12,868	12,688	180
—	—	—	—	—	—	—	—	959	959	905	54
56,304	56,322	30,983	25,339	—	280	280	—	67,179	67,713	42,330	25,383
245,676	245,676	143,102	102,574	181,697	353,689	3,418	350,271	4,859,325	4,493,104	3,499,451	993,653
6,500	6,500	3,686	2,814	105,727	66,834	37,079	29,755	585,106	656,878	583,911	72,967
200,055	200,830	159,057	41,773	38,365	240,130	199,567	40,563	9,601,939	10,831,370	10,075,146	756,224
185,189	185,174	104,452	80,722	—	588	588	—	286,304	285,925	202,895	83,030
5,000	5,000	4,450	550	—	3,277	3,277	—	131,501	136,327	129,901	6,426
—	—	—	—	—	—	—	—	2,000	1,963	1,684	279
—	—	—	—	6,280	559,693	556,594	3,099	1,184,333	2,092,091	1,955,810	136,281
—	—	—	—	130	130	130	—	130	3,399	3,081	318
—	—	—	—	—	—	—	—	8,892	8,144	5,374	2,770
—	—	—	—	—	—	—	—	13,470	13,578	11,908	1,670
—	—	—	—	—	—	—	—	52,429	52,473	52,384	89
3,000	3,000	2,229	771	115,465	145,145	115,310	29,835	4,393,698	4,060,350	3,933,903	126,447
—	—	—	—	74	71	64	7	36,762	39,085	36,349	2,736
75,720	75,720	54,172	21,548	2,017	16,772	16,764	8	1,712,086	1,759,178	1,675,374	83,804
—	—	—	—	—	—	—	—	8,747	8,752	7,985	767
—	—	—	—	—	—	—	—	150	150	—	150
—	—	—	—	—	—	—	—	150	150	—	150
—	—	—	—	—	—	—	—	150	150	145	5
—	—	—	—	—	—	—	—	150	150	—	150
6,846	6,846	2,492	4,354	22,465	21,124	16,707	4,417	199,366	252,847	227,067	25,780
—	—	—	—	39,442	36,028	35,967	61	162,286	106,231	104,775	1,456
—	—	—	—	—	—	—	—	7,742,319	7,748,119	7,747,799	320
—	—	—	—	—	—	—	—	20,097,343	22,143,507	22,129,247	14,260
—	—	—	—	—	—	—	—	—	5,096,329	5,093,997	2,332
34,654	34,654	33,571	1,083	—	—	—	—	34,654	754,446	744,689	9,757
—	—	—	—	—	—	—	—	—	719,572	710,900	8,672
818,960	819,753	538,206	281,547	516,942	1,509,306	1,009,182	500,124	56,331,121	64,496,517	61,972,122	2,524,395
—	—	—	—	—	—	3,707	(3,707)	—	—	15,491	(15,491)
—	31,908	31,908	—	—	18,995	18,995	—	—	4,042,567	4,038,694	3,873
—	—	—	—	—	—	—	—	682,202	837,827	640,347	197,480
—	—	—	—	—	—	—	—	—	951,492	826,992	124,500
—	31,908	31,908	—	—	18,995	22,702	(3,707)	682,202	5,831,886	5,521,524	310,362
818,960	851,661	570,114	281,547	516,942	1,528,301	1,031,884	496,417	57,013,323	70,328,403	67,493,646	2,834,757
<u>\$ (818,960)</u>	<u>\$ (851,661)</u>	<u>(9,611)</u>	<u>\$ 842,050</u>	<u>\$ (516,942)</u>	<u>\$ (1,528,301)</u>	<u>(511,119)</u>	<u>\$ 1,017,182</u>	<u>\$ 2,376,223</u>	<u>\$ (10,721,122)</u>	<u>(1,965,306)</u>	<u>\$ 8,755,816</u>
—	—	17,946	—	—	—	1,477,489	—	—	—	11,971,462	—
—	—	<u>\$ 8,335</u>	—	—	—	<u>\$ 966,370</u>	—	—	—	<u>\$ 10,006,156</u>	—

Combining Balance Sheet

Other Governmental Funds

June 30, 2025

(Amounts in thousands)

	Special Revenue					
	Commonwealth Transportation	Universal Health Care	Environmental	Student Opportunity Act Investment	High-Quality Early Education & Care	Education and Transportation
ASSETS						
Cash and cash equivalents.....	\$ 499	\$ 691,975	\$ 22,044	\$ 767,877	\$ 33,717	\$ 429,501
Restricted cash with fiscal agent.....	19,735	—	—	—	—	—
Receivables, net of allowance for uncollectibles:						
Taxes.....	60,185	7,483	78	—	—	—
Due from federal government.....	—	30,597	3,470	—	—	—
Loans receivable.....	—	—	—	—	—	—
Other receivables.....	7,754	162,410	181	—	—	—
Due from other funds.....	—	—	—	—	—	—
Total assets.....	\$ 88,173	\$ 892,465	\$ 25,773	\$ 767,877	\$ 33,717	\$ 429,501
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 499	\$ 30,844	\$ 555	\$ —	\$ —	\$ 48,650
Accrued payroll.....	—	235	716	—	—	301
Tax refunds and abatements payable.....	21	—	—	—	—	—
Due to other funds.....	—	14,166	—	—	—	—
Due to component units.....	17,008	23,218	—	—	—	94,017
Other accrued liabilities.....	—	95,144	—	—	—	—
Total liabilities.....	17,528	163,607	1,271	—	—	142,968
Deferred inflows of resources.....	—	102,873	—	—	—	—
Total liabilities and deferred inflows of resources.....	17,528	266,480	1,271	—	—	142,968
Fund balances:						
Restricted.....	19,735	—	—	—	—	126,857
Committed.....	50,910	625,985	24,502	767,877	33,717	—
Assigned.....	—	—	—	—	—	159,676
Unassigned (includes deficits).....	—	—	—	—	—	—
Fund balances (deficits).....	70,645	625,985	24,502	767,877	33,717	286,533
Total liabilities and fund balances.....	\$ 88,173	\$ 892,465	\$ 25,773	\$ 767,877	\$ 33,717	\$ 429,501

See Independent Auditors' Report

Special Revenue

Education and Transportation Reserve	Education and Transportation Innovation and Capital	Gaming Revenue	MBTA State & Local Contribution	Housing Preservation and Stabilization	Behavioral Health Access and Crisis Intervention Trust	Vaccine Purchase Trust	Enhanced 911	Sports Wagering
\$ 429,000	\$ 2,183,322	\$ —	\$ 141,772	\$ 104,209	\$ 64,780	\$ 159,708	\$ 324,165	\$ —
—	—	—	—	—	—	—	—	—
—	—	—	50,081	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
\$ 429,000	\$ 2,183,322	\$ —	\$ 191,853	\$ 104,209	\$ 64,780	\$ 159,708	\$ 324,165	\$ —
\$ —	\$ —	\$ —	\$ —	\$ 2,582	\$ 2,025	\$ 31,434	\$ 21,840	\$ —
—	—	—	—	—	—	4	630	—
—	—	—	812	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	517,367	—	191,041	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	517,367	—	191,853	2,582	2,025	31,438	22,470	—
—	—	—	—	—	—	—	—	—
—	517,367	—	191,853	2,582	2,025	31,438	22,470	—
429,000	613,483	—	—	—	—	—	—	—
—	—	—	—	101,627	62,755	128,270	301,695	—
—	1,052,472	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
429,000	1,665,955	—	—	101,627	62,755	128,270	301,695	—
\$ 429,000	\$ 2,183,322	\$ —	\$ 191,853	\$ 104,209	\$ 64,780	\$ 159,708	\$ 324,165	\$ —

continued

Combining Balance Sheet

Other Governmental Funds

June 30, 2025

(Amounts in thousands)

	Special Revenue					
	Regional Greenhouse Gas Initiative (RGGI) Auction Trust	Hospital Investment and Performance Trust	Population Health Investment Trust	Convention and Exhibition Center	Commonwealth Federal Matching Debt Reduction	Opioid Recovery and Remediation
ASSETS						
Cash and cash equivalents	\$ 196,430	\$ —	\$ 59,706	\$ 216,492	\$ 615,214	\$ 152,046
Restricted cash with fiscal agent	—	—	—	473,018	—	—
Receivables, net of allowance for uncollectibles:						
Taxes	—	—	—	10,250	—	—
Due from federal government	—	408,837	6,650	—	—	—
Loans receivable	—	—	—	—	—	—
Other receivables	—	—	—	—	—	398,077
Due from other funds	—	—	—	—	—	—
Total assets	\$ 196,430	\$ 408,837	\$ 66,356	\$ 699,760	\$ 615,214	\$ 550,123
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,858	\$ —	\$ 5,677	\$ 20,717	\$ 696	\$ 17,580
Accrued payroll	86	—	—	—	—	30
Tax refunds and abatements payable	—	—	—	—	—	—
Due to other funds	—	178,556	—	—	—	—
Due to component units	—	—	—	—	—	—
Other accrued liabilities	—	—	—	—	—	—
Total liabilities	4,944	178,556	5,677	20,717	696	17,610
Deferred inflows of resources	—	—	—	—	—	363,472
Total liabilities and deferred inflows of resources	4,944	178,556	5,677	20,717	696	381,082
Fund balances:						
Restricted	—	—	—	—	—	—
Committed	191,486	230,281	60,679	679,043	614,518	169,041
Assigned	—	—	—	—	—	—
Unassigned (includes deficits)	—	—	—	—	—	—
Fund balances (deficits)	191,486	230,281	60,679	679,043	614,518	169,041
Total liabilities and fund balances	\$ 196,430	\$ 408,837	\$ 66,356	\$ 699,760	\$ 615,214	\$ 550,123

See Independent Auditors' Report

Special Revenue			Capital Projects					
Expendable Trust	Other	Debt Service	General Capital Projects	Highway Capital Projects	Federal Highway Construction Program	Other	Total	
\$ 1,101,038	\$ 1,115,404	\$ 5,654	\$ —	\$ —	\$ —	\$ 8,393	\$ 8,822,946	
—	6,935	—	—	—	—	—	499,688	
—	13,276	—	—	—	—	—	141,353	
217	128,639	1	50,752	—	—	—	629,163	
—	9,389	—	—	—	—	—	9,389	
50,220	7,660	—	—	—	—	—	626,302	
—	—	—	—	—	119,209	—	119,209	
\$ 1,151,475	\$ 1,281,303	\$ 5,655	\$ 50,752	\$ —	\$ 119,209	\$ 8,393	\$ 10,848,050	
\$ 42,785	\$ 318,480	\$ —	\$ 721,517	\$ —	\$ —	\$ —	\$ 1,270,739	
1,977	4,233	—	2,185	—	—	—	10,397	
—	123	—	—	—	—	—	956	
—	122,781	—	234,352	465,874	38,681	500	1,054,910	
40,236	—	—	3	406,986	136,810	—	1,426,686	
—	—	—	—	—	—	—	95,145	
84,998	445,617	—	958,057	872,860	175,491	500	3,858,833	
661	21	—	—	—	—	—	467,027	
85,659	445,638	—	958,057	872,860	175,491	500	4,325,860	
178,382	—	5,655	—	—	—	8,393	1,381,505	
702,552	780,889	—	—	—	—	—	5,525,827	
177,286	105,620	—	—	—	—	—	1,495,054	
7,596	(50,844)	—	(907,305)	(872,860)	(56,282)	(500)	(1,880,196)	
1,065,816	835,665	5,655	(907,305)	(872,860)	(56,282)	7,893	6,522,190	
\$ 1,151,475	\$ 1,281,303	\$ 5,655	\$ 50,752	\$ —	\$ 119,209	\$ 8,393	\$ 10,848,050	

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	Special Revenue					
	Commonwealth Transportation	Universal Health Care	Environmental	Student Opportunity Act Investment	High-Quality Early Education & Care Affordability	Education and Transportation
REVENUES						
Taxes	\$ 1,497,022	\$ 111,436	\$ 913	\$ —	\$ —	\$ —
Assessments	26,866	651,625	—	—	—	—
Federal grants and reimbursements	—	628,024	8,973	—	—	—
Departmental	683,846	286,586	41,763	—	—	—
Miscellaneous	6,228	5,608	135	—	—	18,072
Total revenues	2,213,962	1,683,279	51,784	—	—	18,072
OTHER FINANCING SOURCES						
Bonds premium	—	—	—	—	—	—
Issuance of general and special obligation bonds	—	—	—	—	—	—
Issuance of current refunding bonds	—	—	—	—	—	—
Transfers in for debt service	—	—	—	—	—	—
Transfers in	334,386	790,577	2,193	100,000	—	2,997,711
Total other financing sources	334,386	790,577	2,193	100,000	—	2,997,711
Total revenues and other financing sources	2,548,348	2,473,856	53,977	100,000	—	3,015,783
EXPENDITURES						
Current:						
Judiciary	—	—	—	—	—	—
Office of Inspector General	—	212	—	—	—	—
Governor and Lieutenant Governor	—	—	—	—	—	—
Secretary of the Commonwealth	—	—	—	—	—	—
Treasurer and Receiver-General	8,218	—	—	—	—	—
Attorney General	—	—	—	—	—	—
District Attorneys	—	—	—	—	—	—
Sheriffs	—	—	—	—	—	—
Commission on the Status of Women	—	—	—	—	—	—
Massachusetts Gaming Commission	—	5,659	—	—	—	—
Office of the Comptroller	—	—	—	—	—	—
Administration and Finance	125,000	355,141	6,888	—	—	37,000
Energy and Environmental Affairs	—	—	19,319	—	—	—
Developmental Disabilities Council	—	—	—	—	—	—
Health and Human Services	—	417,866	—	—	—	—
Technology Services and Security	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—
Massachusetts Department of Transportation	962,247	—	—	—	—	313,227
Cannabis Control Commission	—	—	—	—	—	—
Education	—	—	—	58,000	231,282	821,267
Center for Health Information and Analysis	—	117	—	—	—	—
Public Safety and Security	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—
Medicaid	—	1,822,921	—	—	—	—
Direct local aid	—	—	—	199,769	—	—
Capital outlay	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Principal on current refundings	—	—	—	—	—	—
Total expenditures	1,095,465	2,601,916	26,207	257,769	231,282	1,171,494
OTHER FINANCING USES						
Transfers out	314,333	158,234	28,272	—	—	1,700,298
Transfers of appropriations	—	—	—	—	—	15,836
Transfers of bond proceeds	—	—	—	—	—	—
Transfers out for debt service	1,144,260	—	—	—	—	—
Total other financing uses	1,458,593	158,234	28,272	—	—	1,716,134
Total expenditures and other financing uses	2,554,058	2,760,150	54,479	257,769	231,282	2,887,628
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,710)	(286,294)	(502)	(157,769)	(231,282)	128,155
Fund balances/(deficits) at beginning of year, as restated	76,355	912,279	25,004	925,646	264,999	158,378
Fund balances/(deficits) at end of year	\$ 70,645	\$ 625,985	\$ 24,502	\$ 767,877	\$ 33,717	\$ 286,533

See Independent Auditors' Report

Special Revenue								
Education and Transportation Reserve	Education and Transportation Innovation and Capital	Gaming Revenue	MBTA State & Local Contribution	Housing Preservation and Stabilization	Behavioral Health Access and Crisis Intervention Trust	Vaccine Purchase Trust	Enhanced 911	Sports Wagering
\$ —	\$ —	\$ 327,030	\$ 1,436,072	\$ —	\$ —	\$ —	\$ —	\$ 151,839
—	—	—	193,069	—	16,294	96,514	—	—
—	—	—	—	—	—	—	—	—
—	—	200	—	—	—	—	167,791	14,188
11,015	63,523	—	—	222	—	—	11,880	—
11,015	63,523	327,230	1,629,141	222	16,294	96,514	179,671	166,027
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
254,657	1,461,591	—	—	70,569	—	—	—	—
254,657	1,461,591	—	—	70,569	—	—	—	—
265,672	1,525,114	327,230	1,629,141	70,791	16,294	96,514	179,671	166,027
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	1,629,141	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	4,894	—
—	—	—	—	—	—	—	—	—
—	5,000	—	—	—	—	—	101	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	8,744	141,436	—	—
—	—	—	—	—	—	—	9,752	—
—	—	—	—	—	—	—	—	—
—	—	—	—	8,093	—	—	—	—
—	753,823	—	—	—	—	—	—	—
—	16,298	—	—	—	—	—	—	—
—	—	—	—	—	—	—	146,751	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	7,750	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	775,121	—	1,629,141	8,093	16,494	141,436	161,498	—
18,536	100,000	327,230	—	—	—	49	8,396	166,027
—	10,000	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
18,536	110,000	327,230	—	—	—	49	8,396	166,027
18,536	885,121	327,230	1,629,141	8,093	16,494	141,485	169,894	166,027
247,136	639,993	—	—	62,698	(200)	(44,971)	9,777	—
181,864	1,025,962	—	—	38,929	62,955	173,241	291,918	—
\$ 429,000	\$ 1,665,955	\$ —	\$ —	\$ 101,627	\$ 62,755	\$ 128,270	\$ 301,695	\$ —

continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Special Revenue					
	Regional Greenhouse Gas Initiative (RGGI) Auction Trust	Hospital Investment and Performance Trust	Population Health Investment Trust	Convention and Exhibition Center	Commonwealth Federal Matching Debt Reduction	Opioid Recovery and Remediation
REVENUES						
Taxes	\$ —	\$ —	\$ —	\$ 237,477	\$ —	\$ —
Assessments	—	878,500	106,750	—	—	—
Federal grants and reimbursements	—	1,060,377	204,082	—	—	—
Departmental	199,347	—	—	—	—	42,685
Miscellaneous	—	—	—	31,197	—	—
Total revenues	199,347	1,938,877	310,832	268,674	—	42,685
OTHER FINANCING SOURCES						
Bonds premium	—	—	—	—	—	—
Issuance of general and special obligation bonds	—	—	—	—	—	—
Issuance of current refunding bonds	—	—	—	—	—	—
Transfers in for debt service	—	—	—	—	—	—
Transfers in	—	—	—	—	826,992	—
Total other financing sources	—	—	—	—	826,992	—
Total revenues and other financing sources	199,347	1,938,877	310,832	268,674	826,992	42,685
EXPENDITURES						
Current:						
Judiciary	—	—	—	—	—	—
Office of Inspector General	—	—	—	—	—	—
Governor and Lieutenant Governor	—	—	—	—	—	—
Secretary of the Commonwealth	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	104,653	—
Attorney General	—	—	—	—	—	—
District Attorneys	—	—	—	—	—	—
Sheriffs	—	—	—	—	—	—
Commission on the Status of Women	—	—	—	—	—	—
Massachusetts Gaming Commission	—	—	—	—	—	—
Office of the Comptroller	—	—	—	—	—	—
Administration and Finance	—	—	—	85,467	96,784	—
Energy and Environmental Affairs	210,576	—	—	—	—	—
Developmental Disabilities Council	—	—	—	—	—	—
Health and Human Services	—	—	17,861	—	—	62,201
Technology Services and Security	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—
Education	—	—	—	—	—	—
Center for Health Information and Analysis	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	149
Economic Development	86	—	—	—	11,037	—
Labor and Workforce Development	—	—	—	—	—	—
Medicaid	—	1,709,334	296,589	—	—	—
Direct local aid	—	—	—	—	—	—
Capital outlay	—	—	—	—	—	—
Debt service	—	—	—	—	—	—
Principal on current refundings	—	—	—	—	—	—
Total expenditures	210,662	1,709,334	314,450	85,467	212,474	62,350
OTHER FINANCING USES						
Transfers out	—	—	—	15,067	—	339
Transfers of appropriations	—	—	—	—	—	—
Transfers of bond proceeds	—	—	—	—	—	—
Transfers out for debt service	—	—	—	52,473	—	—
Total other financing uses	—	—	—	67,540	—	339
Total expenditures and other financing uses	210,662	1,709,334	314,450	153,007	212,474	62,689
Excess/(deficiency) of revenues and other financing sources over expenditures and other financing uses	(11,315)	229,543	(3,618)	115,667	614,518	(20,004)
Fund balances/(deficits) at beginning of year, as restated	202,801	738	64,297	563,376	—	189,045
Fund balances/(deficits) at end of year	\$ 191,486	\$ 230,281	\$ 60,679	\$ 679,043	\$ 614,518	\$ 169,041

See Independent Auditors' Report

Special Revenue			Capital Projects					
Expendable Trust	Other	Debt Service	General Capital Projects	Highway Capital Projects	Federal Highway Construction Program	Other	Total	
\$ —	\$ 304,999	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,066,788	
79,714	108,505	—	—	—	—	—	2,157,837	
2,520	1,038,519	29,435	135,808	—	—	—	3,107,738	
55,234	149,394	—	—	—	778	—	1,641,812	
874,470	16,527	—	—	5,232	—	—	1,044,109	
1,011,938	1,617,944	29,435	135,808	5,232	778	—	12,018,284	
—	—	67,615	182,051	105,749	—	—	355,415	
—	—	—	1,903,406	1,427,550	—	—	3,330,955	
—	—	610,115	—	—	—	—	610,115	
—	—	2,788,898	—	—	—	—	2,788,898	
64,346	601,130	—	—	—	1,032,308	—	8,536,460	
64,346	601,130	3,466,628	2,085,457	1,533,299	1,032,308	—	15,621,843	
1,076,284	2,219,074	3,496,063	2,221,265	1,538,531	1,033,086	—	27,640,127	
133	3,588	—	—	—	—	—	3,721	
32	—	—	—	—	—	—	244	
—	114	—	—	—	—	—	114	
—	10,425	—	—	—	—	—	10,425	
198,339	5,258	1,657	3,383	3,631	—	—	1,954,280	
9,246	4,811	—	—	—	—	—	14,057	
8,609	460	—	—	—	—	—	9,069	
5,519	12,490	—	—	—	—	—	22,903	
25	—	—	—	—	—	—	25	
—	68,505	—	—	—	—	—	74,164	
954	2,051	—	—	—	—	—	3,005	
43,411	88,890	—	—	—	—	—	843,682	
117,980	41,164	—	—	—	—	—	389,039	
105	—	—	—	—	—	—	105	
43,300	311,019	—	—	—	—	—	1,002,427	
135	22,747	—	—	—	—	—	32,634	
1,038	—	—	—	—	—	—	1,038	
6,485	19,005	—	—	—	—	—	33,583	
317	—	—	366	1,356,586	1,038,653	—	4,425,219	
—	19,932	—	—	—	—	—	19,932	
25,970	126,949	—	—	—	—	—	1,279,766	
31	360	—	—	—	—	—	508	
6,309	27,842	—	—	—	—	—	181,051	
8,192	98,036	—	—	—	—	—	117,351	
62,887	130,682	—	—	—	—	—	193,569	
—	69,107	—	—	—	—	—	3,905,701	
—	300,804	—	—	—	—	—	500,573	
—	—	—	2,058,930	42,691	—	—	2,101,621	
—	—	2,827,278	—	—	—	—	2,827,278	
—	—	676,072	—	—	—	—	676,072	
539,017	1,364,239	3,505,007	2,062,679	1,402,908	1,038,653	—	20,623,156	
356,619	957,368	—	16,161	209,757	26,160	—	4,402,846	
231	17,331	—	—	—	—	—	43,398	
—	—	—	187,866	—	—	—	187,866	
—	136,576	—	—	—	—	—	1,333,309	
356,850	1,111,275	—	204,027	209,757	26,160	—	5,967,419	
895,867	2,475,514	3,505,007	2,266,706	1,612,665	1,064,813	—	26,590,575	
180,417	(256,440)	(8,944)	(45,441)	(74,134)	(31,727)	—	1,049,552	
885,399	1,092,105	14,599	(861,864)	(798,726)	(24,555)	7,893	5,472,638	
\$ 1,065,816	\$ 835,665	\$ 5,655	\$ (907,305)	\$ (872,860)	\$ (56,282)	\$ 7,893	\$ 6,522,190	

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
 Fiscal Year Ended June 30, 2025
 (Amounts in thousands)

	Commonwealth Transportation Fund				Inland Fisheries and Game Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 1,851,600	\$ 1,851,600	\$ 1,497,767	\$ (353,833)	\$ 900	\$ 900	\$ 914	\$ 14
Assessments	26,496	26,496	26,797	301	—	—	—	—
Federal grants and reimbursements	—	—	—	—	8,420	8,420	10,120	1,700
Departmental	666,374	666,374	686,080	19,706	9,543	9,543	10,075	532
Miscellaneous	8	8	6,228	6,220	90	90	133	43
Total revenues	<u>2,544,478</u>	<u>2,544,478</u>	<u>2,216,872</u>	<u>(327,606)</u>	<u>18,953</u>	<u>18,953</u>	<u>21,242</u>	<u>2,289</u>
Other financing sources:								
Operating transfers in	64,800	64,800	334,386	269,586	1,450	1,450	2,193	743
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	<u>64,800</u>	<u>64,800</u>	<u>334,386</u>	<u>269,586</u>	<u>1,450</u>	<u>1,450</u>	<u>2,193</u>	<u>743</u>
Total revenues and other financing sources	<u>2,609,278</u>	<u>2,609,278</u>	<u>2,551,258</u>	<u>(58,020)</u>	<u>20,403</u>	<u>20,403</u>	<u>23,435</u>	<u>3,032</u>
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	364,172	—	8,218	(8,218)	—	—	—	—
Attorney General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	125,000	—	—	—	—	—	—	—
Energy and Environmental Affairs	—	—	—	—	19,571	19,728	17,396	2,332
Health and Human services	—	—	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—	—	—
Massachusetts Department of Transportation	314,280	314,280	314,280	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—
Center for Health and Information Analysis	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Housing and Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	464,215	450,186	14,029	—	—	—	—
Interest and fiscal charges	—	721,419	694,074	27,345	—	—	—	—
Total expenditures	<u>803,452</u>	<u>1,499,914</u>	<u>1,466,758</u>	<u>33,156</u>	<u>19,571</u>	<u>19,728</u>	<u>17,396</u>	<u>2,332</u>
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	4,878	(4,878)
Operating transfers out	644,268	781,877	781,877	—	—	—	—	—
Other fund deficit support	—	301,724	301,724	—	—	—	—	—
Total other financing uses	<u>644,268</u>	<u>1,083,601</u>	<u>1,083,601</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,878</u>	<u>(4,878)</u>
Total expenditures and other financing uses	<u>1,447,720</u>	<u>2,583,515</u>	<u>2,550,359</u>	<u>33,156</u>	<u>19,571</u>	<u>19,728</u>	<u>22,274</u>	<u>(2,546)</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 1,161,558</u>	<u>\$ 25,763</u>	899	<u>\$ (24,864)</u>	<u>\$ 832</u>	<u>\$ 675</u>	1,161	<u>\$ 486</u>
Fund balances at beginning of year			18,836				15,127	
Fund balances at end of year			<u>\$ 19,735</u>				<u>\$ 16,288</u>	

See Independent Auditors' Report

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
 Fiscal Year Ended June 30, 2025
 (Amounts in thousands)

	Local Capital Projects Fund				Gaming Local Aid Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 16,500	\$ 16,500	\$ —	\$ (16,500)
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	—	—	—	—	13,200	13,200	—	(13,200)
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	—	—	—	—	29,700	29,700	—	(29,700)
Other financing sources:								
Operating transfers in	18,700	18,700	15,889	(2,811)	227,900	227,900	193,751	(34,149)
Other fund deficit support	—	2,813	2,813	—	—	63,804	63,804	—
Total other financing sources	18,700	21,513	18,702	(2,811)	227,900	291,704	257,555	(34,149)
Total revenues and other financing sources	18,700	21,513	18,702	(2,811)	257,600	321,404	257,555	(63,849)
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Attorney General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	—	—	—	—	—	—	—
Energy and Environmental Affairs	—	—	—	—	—	—	—	—
Health and Human services	—	—	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	2,500	18,702	18,702	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	—	—	—
Center for Health and Information Analysis	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	257,555	257,555	257,555	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	2,500	18,702	18,702	—	257,555	257,555	257,555	—
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	—	—
Operating transfers out	—	—	—	—	—	—	—	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing uses	—	—	—	—	—	—	—	—
Total expenditures and other financing uses	2,500	18,702	18,702	—	257,555	257,555	257,555	—
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 16,200</u>	<u>\$ 2,811</u>	—	<u>\$ (2,811)</u>	<u>\$ 45</u>	<u>\$ 63,849</u>	—	<u>\$ (63,849)</u>
Fund balances at beginning of year	—	—	—	—	—	—	—	—
Fund balances at end of year	—	—	<u>\$ —</u>	—	—	—	<u>\$ —</u>	—

See Independent Auditors' Report

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
 Fiscal Year Ended June 30, 2025
 (Amounts in thousands)

	Marijuana Regulation Fund				Behavioral Health Outreach Access and Support Trust Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ 172,600	\$ 172,600	\$ 183,269	\$ 10,669	\$ —	\$ —	\$ —	\$ —
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	21,554	21,554	19,392	(2,162)	—	—	—	—
Miscellaneous	1	1	—	(1)	—	—	—	—
Total revenues	<u>194,155</u>	<u>194,155</u>	<u>202,661</u>	<u>8,506</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other financing sources:								
Operating transfers in	—	—	—	—	20,000	20,000	18,278	(1,722)
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>20,000</u>	<u>20,000</u>	<u>18,278</u>	<u>(1,722)</u>
Total revenues and other financing sources	<u>194,155</u>	<u>194,155</u>	<u>202,661</u>	<u>8,506</u>	<u>20,000</u>	<u>20,000</u>	<u>18,278</u>	<u>(1,722)</u>
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	1	1	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Attorney General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	1,862	612	1,250	—	—	—	—
Energy and Environmental Affairs	1,075	1,075	1,054	21	—	—	—	—
Health and Human services	—	110,757	109,015	1,742	11,335	14,972	12,263	2,709
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	99	99	—	—	205	205	—
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	20,006	20,005	19,932	73	—	—	—	—
Education	—	14,923	14,012	911	4,922	6,005	5,533	472
Center for Health and Information Analysis	—	—	—	—	—	—	—	—
Public Safety and Security	—	7,112	6,873	239	—	—	—	—
Economic Development	—	7,500	6,928	572	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	<u>21,081</u>	<u>163,333</u>	<u>158,525</u>	<u>4,808</u>	<u>16,257</u>	<u>21,183</u>	<u>18,002</u>	<u>3,181</u>
Other financing uses:								
Fringe benefit cost assessment	—	—	11,799	(11,799)	—	—	492	(492)
Operating transfers out	—	29,001	29,001	—	—	—	—	—
Other fund deficit support	—	4,361	4,361	—	—	—	—	—
Total other financing uses	<u>—</u>	<u>33,362</u>	<u>45,161</u>	<u>(11,799)</u>	<u>—</u>	<u>—</u>	<u>492</u>	<u>(492)</u>
Total expenditures and other financing uses	<u>21,081</u>	<u>196,695</u>	<u>203,686</u>	<u>(6,991)</u>	<u>16,257</u>	<u>21,183</u>	<u>18,494</u>	<u>2,689</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ 173,074</u>	<u>\$ (2,540)</u>	<u>(1,025)</u>	<u>\$ 1,515</u>	<u>\$ 3,743</u>	<u>\$ (1,183)</u>	<u>(216)</u>	<u>\$ 967</u>
Fund balances at beginning of year			4,927				5,236	
Fund balances at end of year			<u>\$ 3,902</u>				<u>\$ 5,020</u>	

See Independent Auditors' Report

Federal COVID-19 Response Fund				Student Opportunity Act Investment Fund				Broadband Innovation Fund			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$ —	—	\$ —	\$ —	\$ —	—	\$ —	\$ —	\$ —	—	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	6,785	6,785	—	—	—	—	—	—	—	—
—	—	6,785	6,785	—	—	—	—	—	—	—	—
—	—	—	—	—	—	100,000	100,000	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	100,000	100,000	—	—	—	—
—	—	6,785	6,785	—	—	100,000	100,000	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
171	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
521,065	6,785	6,785	—	—	—	—	—	—	—	—	—
233,902	—	—	—	—	—	—	—	—	—	—	—
232,557	—	—	—	—	—	—	—	—	—	—	—
8,450	—	—	—	—	—	—	—	—	—	—	—
164,288	—	—	—	—	—	—	—	—	—	—	—
11,868	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
15,004	—	—	—	—	58,000	58,000	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
8,718	—	—	—	—	—	—	—	—	—	—	—
118,658	—	—	—	—	—	—	—	37,575	37,575	37,330	245
1,028	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	199,769	199,769	199,769	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
1,315,709	6,785	6,785	—	199,769	257,769	257,769	—	37,575	37,575	37,330	245
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
1,315,709	6,785	6,785	—	199,769	257,769	257,769	—	37,575	37,575	37,330	245
<u>\$(1,315,709)</u>	<u>\$ (6,785)</u>	—	<u>\$ 6,785</u>	<u>\$(199,769)</u>	<u>\$(257,769)</u>	(157,769)	<u>\$ 100,000</u>	<u>\$ (37,575)</u>	<u>\$ (37,575)</u>	(37,330)	<u>\$ 245</u>
		—				925,646				37,575	
		<u>\$ —</u>				<u>\$ 767,877</u>				<u>\$ 245</u>	

continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
 Fiscal Year Ended June 30, 2025
 (Amounts in thousands)

	High-Quality Early Education & Care Affordability Fund				Youth Development and Achievement Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 600	\$ 600	\$ —	\$ (600)
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	—	—	—	—	480	480	—	(480)
Miscellaneous	—	—	—	—	—	—	—	—
Total revenues	—	—	—	—	1,080	1,080	—	(1,080)
Other financing sources:								
Operating transfers in	—	—	—	—	—	—	1,660	1,660
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	—	—	—	—	—	—	1,660	1,660
Total revenues and other financing sources	—	—	—	—	1,080	1,080	1,660	580
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Attorney General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	—	—	—	—	—	—	—
Energy and Environmental Affairs	—	—	—	—	—	—	—	—
Health and Human services	—	—	—	—	—	—	—	—
Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	—	—	—
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	267,010	231,282	35,728	—	1,746	1,671	75
Center for Health and Information Analysis	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	—	267,010	231,282	35,728	—	1,746	1,671	75
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	8	(8)
Operating transfers out	—	—	—	—	—	—	—	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing uses	—	—	—	—	—	—	8	(8)
Total expenditures and other financing uses	—	267,010	231,282	35,728	—	1,746	1,679	67
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ —</u>	<u>\$ (267,010)</u>	<u>(231,282)</u>	<u>\$ 35,728</u>	<u>\$ 1,080</u>	<u>\$ (666)</u>	<u>(19)</u>	<u>\$ 647</u>
Fund balances at beginning of year			264,999				763	
Fund balances at end of year			<u>\$ 33,717</u>				<u>\$ 744</u>	

See Independent Auditors' Report

Behavioral Health Trust Fund				Castle Island Marine Park Trust Fund				Education and Transportation Fund			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	18,072	18,072
—	—	—	—	—	—	—	—	—	—	18,072	18,072
—	—	—	—	—	—	—	—	1,050,000	1,050,000	2,997,711	1,947,711
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	1,050,000	1,050,000	2,997,711	1,947,711
—	—	—	—	—	—	—	—	1,050,000	1,050,000	3,015,783	1,965,783
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	351	351	—	—	—	—	—	588	37,588	37,000	588
—	—	—	—	—	—	—	—	—	—	—	—
190,559	164,932	85,906	79,026	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	24,916	22,228	2,688	—	—	—	—	785,447	903,316	837,103	66,213
—	360	360	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
190,559	190,559	108,845	81,714	—	—	—	—	1,121,000	1,077,369	916,551	160,818
—	—	785	(785)	—	—	—	—	—	—	2,586	(2,586)
—	—	—	—	—	250	250	—	—	1,920,939	1,920,939	—
—	—	—	—	—	—	—	—	—	—	—	—
—	—	785	(785)	—	250	250	—	—	1,920,939	1,923,525	(2,586)
190,559	190,559	109,630	80,929	—	250	250	—	1,121,000	2,998,308	2,840,076	158,232
<u>\$ (190,559)</u>	<u>\$ (190,559)</u>	(109,630)	<u>\$ 80,929</u>	<u>\$ —</u>	<u>\$ (250)</u>	(250)	<u>\$ —</u>	<u>\$ (71,000)</u>	<u>\$ (1,948,308)</u>	175,707	<u>\$2,124,015</u>
		191,206				250				204,843	
		<u>\$ 81,576</u>				<u>\$ —</u>				<u>\$ 380,550</u>	

continued

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis - Budget and Actual
Other Budgeted Nonmajor Governmental Funds
 Fiscal Year Ended June 30, 2025
 (Amounts in thousands)

	Education and Transportation Reserve Fund				Education and Transportation Innovation and Capital Fund			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
REVENUES AND OTHER FINANCING SOURCES								
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Assessments	—	—	—	—	—	—	—	—
Federal grants and reimbursements	—	—	—	—	—	—	—	—
Departmental	—	—	—	—	—	—	—	—
Miscellaneous	—	—	11,016	11,016	—	—	63,523	63,523
Total revenues	—	—	11,016	11,016	—	—	63,523	63,523
Other financing sources:								
Operating transfers in	—	—	254,656	254,656	—	—	1,461,591	1,461,591
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing sources	—	—	254,656	254,656	—	—	1,461,591	1,461,591
Total revenues and other financing sources	—	—	265,672	265,672	—	—	1,525,114	1,525,114
EXPENDITURES AND OTHER FINANCING USES								
Expenditures:								
Judiciary	—	—	—	—	—	—	—	—
Treasurer and Receiver-General	—	—	—	—	—	—	—	—
Attorney General	—	—	—	—	—	—	—	—
Sheriffs'	—	—	—	—	—	—	—	—
Administration and Finance	—	—	—	—	—	5,000	5,000	—
Energy and Environmental Affairs	—	—	—	—	—	—	—	—
Health and Human services	—	—	—	—	—	—	—	—
Executive Office of Veterans' Services	—	—	—	—	—	—	—	—
Housing and Livable Communities	—	—	—	—	—	—	—	—
Massachusetts Department of Transportation	—	—	—	—	—	577,367	60,000	517,367
Cannabis Control Commission	—	—	—	—	—	—	—	—
Education	—	—	—	—	—	561,403	26,298	535,105
Center for Health and Information Analysis	—	—	—	—	—	—	—	—
Public Safety and Security	—	—	—	—	—	—	—	—
Economic Development	—	—	—	—	—	—	—	—
Labor and Workforce Development	—	—	—	—	—	—	—	—
Direct local aid	—	—	—	—	—	—	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Interest and fiscal charges	—	—	—	—	—	—	—	—
Total expenditures	—	—	—	—	—	1,143,770	91,298	1,052,472
Other financing uses:								
Fringe benefit cost assessment	—	—	—	—	—	—	—	—
Operating transfers out	—	18,536	18,536	—	—	276,456	276,456	—
Other fund deficit support	—	—	—	—	—	—	—	—
Total other financing uses	—	18,536	18,536	—	—	276,456	276,456	—
Total expenditures and other financing uses	—	18,536	18,536	—	—	1,420,226	367,754	1,052,472
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	<u>\$ —</u>	<u>\$ (18,536)</u>	247,136	<u>\$ 265,672</u>	<u>\$ —</u>	<u>\$ (1,420,226)</u>	1,157,360	<u>\$ 2,577,586</u>
Fund balances at beginning of year			181,864				1,025,962	
Fund balances at end of year			<u>\$ 429,000</u>				<u>\$ 2,183,322</u>	

See Independent Auditors' Report

Early Education and Care Operational Grant Fund				Total			
Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ 2,042,200	\$ 2,042,200	\$ 1,681,950	\$ (360,250)
—	—	—	—	26,496	26,496	26,797	301
—	—	—	—	8,420	8,420	10,120	1,700
—	—	—	—	743,794	743,794	748,195	4,401
—	—	—	—	99	99	105,759	105,660
—	—	—	—	2,821,009	2,821,009	2,572,821	(248,188)
—	—	—	—	1,480,450	1,480,450	5,463,661	3,983,211
—	—	—	—	—	89,240	89,240	—
—	—	—	—	1,480,450	1,569,690	5,552,901	3,983,211
—	—	—	—	4,301,459	4,390,699	8,125,722	3,735,023
—	—	—	—	—	1	1	—
—	—	—	—	364,172	—	8,218	(8,218)
—	—	—	—	171	—	—	—
—	—	—	—	—	4	4	—
—	—	—	—	655,504	60,437	56,637	3,800
—	—	—	—	256,730	22,985	20,373	2,612
—	—	—	—	434,451	290,661	207,184	83,477
—	—	—	—	8,450	—	—	—
—	—	—	—	166,788	19,006	19,006	—
—	—	—	—	661,113	1,028,112	416,728	611,384
—	—	—	—	20,006	20,005	19,932	73
—	99,990	82,129	17,861	805,373	1,942,818	1,283,765	659,053
—	—	—	—	—	360	360	—
—	—	—	—	8,718	8,517	8,213	304
—	—	—	—	156,233	45,075	44,258	817
—	—	—	—	1,028	44,949	25,310	19,639
—	—	—	—	500,573	500,573	500,573	—
—	—	—	—	—	464,215	450,186	14,029
—	—	—	—	—	721,419	694,074	27,345
—	99,990	82,129	17,861	4,039,310	5,169,137	3,754,822	1,414,315
—	—	—	—	—	—	23,287	(23,287)
—	—	—	—	654,268	3,059,566	3,059,566	—
—	—	—	—	—	306,975	306,975	—
—	—	—	—	654,268	3,366,541	3,389,828	(23,287)
—	99,990	82,129	17,861	4,693,578	8,535,678	7,144,650	1,391,028
<u>\$ —</u>	<u>\$ (99,990)</u>	<u>(82,129)</u>	<u>\$ 17,861</u>	<u>\$ (392,119)</u>	<u>\$(4,144,979)</u>	<u>981,072</u>	<u>\$ 5,126,051</u>
		150,000				3,032,875	
		<u>\$ 67,871</u>				<u>\$ 4,013,947</u>	

Combining Budget to GAAP Reconciliation
Other Budgeted Nonmajor Governmental Funds

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Commonwealth Transportation Fund	Inland Fisheries and Game Fund	Marine Recreational Fisheries Development Fund	Underground Storage Tank Petroleum Product Cleanup Fund
Total actual revenues - budgetary basis (pages 190-199)	\$ 2,216,872	\$ 21,242	\$ 1,716	\$ 30,000
Adjustments:				
Taxes receivable, net	(738)	(1)	—	—
Tax refunds and abatements payable, net	(14)	—	—	—
Federal grants receivables, net	—	(1,147)	—	—
Departmental and other receivables, net	(2,158)	(25)	—	—
Miscellaneous adjustments	—	—	—	—
Total actual revenues - GAAP basis (pages 186-189)	\$ 2,213,962	\$ 20,069	\$ 1,716	\$ 30,000
Total actual other financing sources - budgetary basis (pages 190-199)	\$ 334,386	\$ 2,193	\$ —	\$ —
Adjustments:				
Miscellaneous adjustments	—	—	—	—
Total actual other financing sources - GAAP basis (pages 186-189)	\$ 334,386	\$ 2,193	\$ —	\$ —
Total actual expenditures - budgetary basis (pages 190-199)	\$ 1,466,758	\$ 17,396	\$ 1,923	\$ 6,889
Adjustment:				
Due to component units accrual, net	3,699	—	—	—
Miscellaneous adjustments	—	—	—	(1)
Reclassification:				
MassDOT transfers out is reclassified to expenditures	769,268	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	—	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	(1,144,260)	—	—	—
Certain expenditures are reclassified to/from Other Financing Uses	—	—	—	—
Total actual expenditures - GAAP basis (pages 186-189)	\$ 1,095,465	\$ 17,396	\$ 1,923	\$ 6,888
Total actual other financing uses - budgetary basis (pages 190-199)	\$ 1,083,601	\$ 4,878	\$ 283	\$ 23,111
Adjustment:				
Miscellaneous adjustments	—	—	—	1
Reclassification:				
MassDOT transfers out is reclassified to expenditures	(769,268)	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	—	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	1,144,260	—	—	—
Certain expenditures are reclassified to/from Other Financing Uses	—	—	—	—
Total actual other financing uses - GAAP basis (pages 186-189)	\$ 1,458,593	\$ 4,878	\$ 283	\$ 23,112

* in pages 200-203

On a GAAP basis, the activities for the Public Safety Trust fund, the Local Capital Projects fund, the Gaming Local Aid fund, the Education Fund, the Gaming Economic Development Fund, the Marijuana Regulation Fund, the Behavioral Health Outreach, Access and Support Trust Fund, the Federal COVID-19 Response Fund, the Broadband Innovation Fund, the Youth Development and Achievement Fund, the Behavioral Health Trust Fund, the Castle Island Marine Park Trust Fund and the Early Education and Care Operational Grant Fund are combined in the other special revenue funds in the combined statement of revenues, expenditures and changes in fund balance. The revenues, other financing sources, expenditures and other financing uses of the other special revenue funds are \$1,617,944; \$601,130; \$1,364,239 and \$1,111,275, respectively (all amounts in thousands).

See Independent Auditors' Report

Public Safety Trust Fund*	Local Capital Projects Fund*	Gaming Local Aid Fund*	Education Fund*	Gaming Economic Development Fund*	Marijuana Regulation Fund*	Behavioral Health Outreach, Access and Support Trust Fund*	Federal COVID-19 Response Fund*	Student Opportunity Act Investment Fund	Broadband Innovation Fund*
\$ 934	\$ —	\$ —	\$ —	\$ —	\$ 202,661	\$ —	\$ 6,785	\$ —	\$ —
—	—	—	—	—	(2,433)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	(929)	—	—	—	—
1	—	—	—	—	—	—	—	—	—
<u>\$ 935</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 199,299</u>	<u>\$ —</u>	<u>\$ 6,785</u>	<u>\$ —</u>	<u>\$ —</u>
\$ —	\$ 18,702	\$ 257,555	\$ 49,718	\$ 56,451	\$ —	\$ 18,278	\$ —	\$ 100,000	\$ —
—	(1)	—	—	—	—	—	—	—	—
<u>\$ —</u>	<u>\$ 18,701</u>	<u>\$ 257,555</u>	<u>\$ 49,718</u>	<u>\$ 56,451</u>	<u>\$ —</u>	<u>\$ 18,278</u>	<u>\$ —</u>	<u>\$ 100,000</u>	<u>\$ —</u>
\$ 1,347	\$ 18,702	\$ 257,555	\$ 47,139	\$ 26,926	\$ 158,525	\$ 18,002	\$ 6,785	\$ 257,769	\$ 37,330
—	—	—	—	—	—	—	—	—	—
—	(1)	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
(3)	—	—	(3,890)	—	(12,736)	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	(612)	—	—	—	—
<u>\$ 1,344</u>	<u>\$ 18,701</u>	<u>\$ 257,555</u>	<u>\$ 43,249</u>	<u>\$ 26,926</u>	<u>\$ 145,177</u>	<u>\$ 18,002</u>	<u>\$ 6,785</u>	<u>\$ 257,769</u>	<u>\$ 37,330</u>
\$ 163	\$ —	\$ —	\$ 2,579	\$ 10,000	\$ 45,161	\$ 492	\$ —	\$ —	\$ —
1	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
3	—	—	3,890	—	12,737	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	612	—	—	—	—
<u>\$ 167</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,469</u>	<u>\$ 10,000</u>	<u>\$ 58,510</u>	<u>\$ 492</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

continued

Combining Budget to GAAP Reconciliation
Other Budgeted Nonmajor Governmental Funds
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	High-Quality Early Education & Care Affordability Fund	Youth Development and Achievement Fund*	Behavioral Health Trust Fund*	Castle Island Marine Park Trust Fund*
Total actual revenues - budgetary basis (pages 190-199)	\$ —	\$ —	\$ —	\$ —
Adjustments:				
Taxes receivable, net	—	—	—	—
Tax refunds and abatements payable, net	—	—	—	—
Federal grants receivables, net	—	—	—	—
Departmental and other receivables, net	—	—	—	—
Miscellaneous adjustments	—	—	—	—
Total actual revenues - GAAP basis (pages 186-189)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Total actual other financing sources - budgetary basis (pages 190-199)	\$ —	\$ 1,660	\$ —	\$ —
Adjustments:				
Miscellaneous adjustments	—	—	—	—
Total actual other financing sources - GAAP basis (pages 186-189)	<u>\$ —</u>	<u>\$ 1,660</u>	<u>\$ —</u>	<u>\$ —</u>
Total actual expenditures - budgetary basis (pages 190-199)	\$ 231,282	\$ 1,671	\$ 108,845	\$ —
Adjustment:				
Due to component units accrual, net	—	—	—	—
Miscellaneous adjustments	—	—	—	—
Reclassification:				
MassDOT transfers out is reclassified to expenditures	—	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	—	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	—	—	—	—
Certain expenditures are reclassified to/from Other Financing Uses	—	—	—	—
Total actual expenditures - GAAP basis (pages 186-189)	<u>\$ 231,282</u>	<u>\$ 1,671</u>	<u>\$ 108,845</u>	<u>\$ —</u>
Total actual other financing uses - budgetary basis (pages 190-199)	\$ —	\$ 8	\$ 785	\$ 250
Adjustment:				
Miscellaneous adjustments	—	—	—	—
Reclassification:				
MassDOT transfers out is reclassified to expenditures	—	—	—	—
Higher education expenditures are reclassified to transfers out	—	—	—	—
Debt service principal and interest payments are reclassified to transfers out to the debt service fund	—	—	—	—
Certain expenditures are reclassified to/from Other Financing Uses	—	—	—	—
Total actual other financing uses - GAAP basis (pages 186-189)	<u>\$ —</u>	<u>\$ 8</u>	<u>\$ 785</u>	<u>\$ 250</u>

Education and Transportation Fund	Education and Transportation Reserve Fund	Education and Transportation Innovation and Capital Fund	Early Education and Care Operational Grant Fund*	Totals
\$ 18,072	\$ 11,016	\$ 63,523	\$ —	\$ 2,572,821
—	—	—	—	(3,172)
—	—	—	—	(14)
—	—	—	—	(1,147)
—	—	—	—	(3,112)
—	—	—	—	1
<u>\$ 18,072</u>	<u>\$ 11,016</u>	<u>\$ 63,523</u>	<u>\$ —</u>	<u>\$ 2,565,377</u>
\$ 2,997,711	\$ 254,656	\$ 1,461,591	\$ —	\$ 5,552,901
—	1	—	—	—
<u>\$ 2,997,711</u>	<u>\$ 254,657</u>	<u>\$ 1,461,591</u>	<u>\$ —</u>	<u>\$ 5,552,901</u>
\$ 916,551	\$ —	\$ 91,298	\$ 82,129	\$ 3,754,822
47,552	—	517,367	—	568,618
—	—	—	—	(2)
223,227	—	176,456	—	1,168,951
(15,836)	—	(10,000)	—	(42,465)
—	—	—	—	(1,144,260)
—	—	—	—	(612)
<u>\$ 1,171,494</u>	<u>\$ —</u>	<u>\$ 775,121</u>	<u>\$ 82,129</u>	<u>\$ 4,305,052</u>
\$ 1,923,525	\$ 18,536	\$ 276,456	\$ —	\$ 3,389,828
—	—	—	—	2
(223,227)	—	(176,456)	—	(1,168,951)
15,836	—	10,000	—	42,466
—	—	—	—	1,144,260
—	—	—	—	612
<u>\$ 1,716,134</u>	<u>\$ 18,536</u>	<u>\$ 110,000</u>	<u>\$ —</u>	<u>\$ 3,408,217</u>

Combining Statement of Fiduciary Net Position - Pension and Post-Employment Benefits Trust Funds

Pension and OPEB Trust Funds

June 30, 2025

(Amounts in thousands)

	Pension Trust Funds		OPEB Trust Fund	Total
	State Employees' PERS	Teacher's PERS	State Retiree Benefits	
ASSETS				
Cash and cash equivalents	\$ 142,448	\$ 110,711	\$ 29,055	\$ 282,214
Net investment in PRIT at fair value	40,673,552	44,093,895	2,777,965	87,545,412
Other receivables	133,389	118,587	—	251,976
Other assets	8	538	—	546
Total assets	40,949,397	44,323,731	2,807,020	88,080,148
LIABILITIES				
Accounts payable	57,216	8,234	18	65,468
Net position available for pension and post-employment benefits	\$ 40,892,181	\$ 44,315,497	\$ 2,807,002	\$ 88,014,680

See Independent Auditors' Report

Combining Statement of Changes in Fiduciary Net Position - Pension and Post-Employment Benefits Trust Funds

Pension and OPEB Trust Funds

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Pension Trust Funds		OPEB Trust Fund	Total
	State Employees' PERS	Teacher's PERS	State Retiree Benefits	
ADDITIONS				
Contributions:				
Employer contributions - Commonwealth and MassDOT	\$ 1,547,546	\$ —	\$ 654,739	\$ 2,202,285
Non-employer contributions - Commonwealth	46,883	2,594,483	—	2,641,366
Employer and non-employer contributions - other	14,107	—	—	14,107
Employee contributions	885,959	1,010,643	—	1,896,602
Boston teachers' contribution from Commonwealth	—	261,107	—	261,107
Other additions	96,171	157,591	230	253,992
Total contributions	2,590,666	4,023,824	654,969	7,269,459
Net investment gain/(loss):				
Investment gain/(loss)	3,785,054	4,072,525	255,047	8,112,626
Less: investment expense	(180,625)	(194,371)	(12,505)	(387,501)
Net Investment gain/(loss)	3,604,429	3,878,154	242,542	7,725,125
Total additions	6,195,095	7,901,978	897,511	14,994,584
DEDUCTIONS				
Administration	18,600	21,940	283	40,823
Retirement benefits and refunds	3,163,947	3,657,842	615,871	7,437,660
Payments to State Boston Retirement System	—	261,107	—	261,107
Other deductions	22,224	68,131	—	90,355
Total deductions	3,204,771	4,009,020	616,154	7,829,945
Change in net position	2,990,324	3,892,958	281,357	7,164,639
Net position available for pension and post-employment benefits at beginning of year	37,901,857	40,422,539	2,525,645	80,850,041
Net position available for pension and post-employment benefits at end of year	\$ 40,892,181	\$ 44,315,497	\$ 2,807,002	\$ 88,014,680

See Independent Auditors' Report

Combining Statement of Fiduciary Net Position Held in Trust for Pool Participants
External Investment Trust Funds

June 30, 2025

(Amounts in thousands)

	Massachusetts Municipal Depository Trust	Pension Reserves Investment Trust	Total
ASSETS			
Cash and cash equivalents	\$ 8,291,670	\$ —	\$ 8,291,670
Short-term investments	18,846	—	18,846
Net investment in PRIT at fair value	—	27,903,612	27,903,612
Receivables, net of allowance for uncollectibles:			
Other receivables	18,413	—	18,413
Total assets	8,328,929	27,903,612	36,232,541
LIABILITIES			
Accounts payable	58,409	—	58,409
Net position held in trust for pool/pension participants	\$ 8,270,520	\$ 27,903,612	\$ 36,174,132

See Independent Auditors' Report

Combining Statement of Changes in Fiduciary Net Position Held in Trust for Pool Participants
External Investment Trust Funds
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	Massachusetts Municipal Depository Trust	Pension Reserves Investment Trust	Total
ADDITIONS			
Contributions:			
Other participant contributions	\$ —	\$ 2,088,729	\$ 2,088,729
Proceeds from sale of units	25,652,606	—	25,652,606
Total contributions	25,652,606	2,088,729	27,741,335
Net investment gain/(loss):			
Investment gain/(loss)	377,040	2,851,765	3,228,805
Less: investment expense	(2,337)	(396,244)	(398,581)
Net Investment gain/(loss)	374,703	2,455,521	2,830,224
Total additions	26,027,309	4,544,250	30,571,559
DEDUCTIONS			
Cost of units redeemed	25,541,305	—	25,541,305
Distributions to unit holders from net interest income	374,212	—	374,212
Retirement benefits and refunds	26	1,487,205	1,487,231
Total deductions	25,915,543	1,487,205	27,402,748
Change in net position	111,766	3,057,045	3,168,811
Net position held in trust for pool/participants at beginning of year	8,158,754	24,846,567	33,005,321
Net position held in trust for pool/participants at end of year	\$ 8,270,520	\$ 27,903,612	\$ 36,174,132

See Independent Auditors' Report

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2025

(Amounts in thousands)

	Central Agency Funds	Court Escrow and Client Accounts	Child Support Enforcement	Statutory Bonds and Deposits	Total Custodial Funds
ASSETS					
Cash and cash equivalents	\$ 433,753	\$ 169,635	\$ 37,002	\$ 62,930	\$ 703,320
Investments and restricted investments	—	—	—	488,430	488,430
Receivables, net of allowance for uncollectibles:					
Taxes	41,249	—	—	—	41,249
Other receivables	—	—	135,461	—	135,461
Due from federal government	—	—	1,605	—	1,605
TOTAL ASSETS	475,002	169,635	174,068	551,360	1,370,065
LIABILITIES					
Accounts payable	2,746	180	4,140	1,424	8,490
Due to cities and towns	136,818	—	—	—	136,818
Due to federal government	9	—	—	—	9
Other liabilities	6,621	—	—	—	6,621
TOTAL LIABILITIES	146,194	180	4,140	1,424	151,938
NET POSITION					
Restricted for:					
Individuals, organizations and other governments	<u>\$ 328,808</u>	<u>\$ 169,455</u>	<u>\$ 169,928</u>	<u>\$ 549,936</u>	<u>\$ 1,218,127</u>

See Independent Auditors' Report

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds

Fiscal Year Ended June 30, 2025

(Amounts in thousands)

	Central Agency Funds	Court Escrow and Client Accounts	Child Support Enforcement	Statutory Bonds and Deposits	Total Custodial Funds
ADDITIONS					
Sales tax collections for other governments	\$ 719,251	\$ —	\$ —	\$ —	\$ 719,251
Child support collections	—	—	612,423	—	612,423
Local school aid collections	1,110,752	—	—	—	1,110,752
Municipal health insurance deposit collections	—	—	—	725,399	725,399
Court escrow account collections	—	117,601	—	—	117,601
Other additions	415,851	85,428	243	15,845	517,367
Investment income (loss):					
Interest, dividends and other investment income	1,373	3,643	1,154	6,941	13,111
Net investment income (loss)	1,373	3,643	1,154	6,941	13,111
TOTAL ADDITIONS	\$ 2,247,227	\$ 206,672	\$ 613,820	\$ 748,185	\$ 3,815,904
DEDUCTIONS					
Sales tax payments to other governments	719,251	—	—	—	719,251
Child support payments to individuals	—	—	616,325	—	616,325
Local school aid payments	1,110,752	—	—	—	1,110,752
Municipal health insurance deposit payments	—	—	—	926,752	926,752
Court escrow account payments	—	122,663	—	—	122,663
Other deductions	415,925	81,754	—	7,934	505,613
TOTAL DEDUCTIONS	\$ 2,245,928	\$ 204,417	\$ 616,325	\$ 934,686	\$ 4,001,356
Change in fiduciary net position	1,299	2,255	(2,505)	(186,501)	(185,452)
Net position - beginning	327,509	167,200	172,433	736,437	1,403,579
Net position - ending	\$ 328,808	\$ 169,455	\$ 169,928	\$ 549,936	\$ 1,218,127

See Independent Auditors' Report

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2025
(Amounts in thousands)

	Massachusetts Convention Center Authority	Massachusetts Development Finance Agency	Massachusetts Clean Energy Center	Massachusetts Technology Park Corporation	Massachusetts Housing Partnership	Economic Development Entities	Higher Education Foundations	Total
ASSETS AND DEFERRED OUTFLOWS								
Current assets:								
Cash and cash equivalents	\$ 26,640	\$ 51,839	\$ 7,527	\$ 12,382	\$ 17,666	\$ 87,951	\$ 47,172	\$ 251,177
Short-term investments	—	115,910	11,094	—	63,378	9,081	48,688	248,151
Restricted cash and investments	1,180	235,443	593,397	40,281	129,296	156,790	8,351	1,164,738
Assets held in trust	64,895	—	—	—	—	—	—	64,895
Receivables, net of allowance for uncollectibles:								
Federal grants and reimbursements	—	—	540	11,431	—	—	50	12,021
Loans	567	13,735	—	—	42,219	22,533	285	79,339
Lease receivable	2,556	341	5,735	564	—	—	3,076	12,272
Other receivables	6,346	13,159	6,179	—	11,519	9,054	20,209	66,466
Due from primary government	19,932	3,052	40,236	48,793	—	21,148	333	133,494
Inventory	—	—	—	—	—	113	115	228
Other current assets	3,327	5,545	6,112	3,117	—	1,028	3,190	22,319
Total current assets	125,443	439,024	670,820	116,568	264,078	307,698	131,469	2,055,100
Noncurrent assets:								
Cash and cash equivalents - restricted	1,591	16,204	—	82,809	—	—	1,471	102,075
Long-term investments	—	2,751	—	—	—	2,128	1,847,443	1,852,322
Endowment investments	—	—	—	—	—	—	57,935	57,935
Lease receivables	12,487	4,455	—	1,053	—	—	43,943	61,938
Other receivables, net	221	278	—	95	—	3,673	21,850	26,117
Loans receivables, net	13,879	122,851	—	—	479,497	52,448	—	668,675
Due from primary government	—	—	—	4,632	—	—	—	4,632
Non-depreciable capital assets	234,404	—	54,636	4,533	—	—	26,499	320,072
Depreciable capital and right-to-use assets, net	393,416	118,799	146,460	34,327	4,343	48,933	76,880	823,158
Other noncurrent assets	—	9,478	—	—	2,437	2,777	269	14,961
Total noncurrent assets	655,998	274,816	201,096	127,449	486,277	109,959	2,076,290	3,931,885
Total assets	781,441	713,840	871,916	244,017	750,355	417,657	2,207,759	5,986,985
Deferred outflows of resources:								
Change in fair value of interest rate swaps	—	—	—	—	11,801	—	—	11,801
Pension	7,367	—	—	—	—	—	—	7,367
OPEB	3,533	—	—	—	—	—	—	3,533
Total deferred outflows of resources	10,900	—	—	—	11,801	—	—	22,701
Total assets and deferred outflows	792,341	713,840	871,916	244,017	762,156	417,657	2,207,759	6,009,686
LIABILITIES AND DEFERRED INFLOWS								
Current liabilities:								
Accounts payable and other liabilities	29,852	20,604	26,456	28,813	2,041	34,461	33,253	175,480
Accrued payroll	—	—	—	356	2,306	1,281	—	3,943
Compensated absences	1,555	2,065	416	285	—	1,258	—	5,579
Accrued interest payable	—	250	—	—	1,570	—	—	1,820
Due to primary government	—	1,650	—	—	—	—	14,991	16,641
Unearned revenue	12,565	65,495	151,863	1,862	—	114,751	12,931	359,467
Right-to use lease and subscription liabilities	324	2,214	811	540	985	1,098	1,959	7,931
Bonds, notes payable and other obligations	—	1,275	—	—	28,132	13,376	1,658	44,441
Total current liabilities	44,296	93,553	179,546	31,856	35,034	166,225	64,792	615,302
Noncurrent liabilities:								
Compensated absences	702	—	361	334	—	758	—	2,155
Right-to use lease and subscription liabilities	—	3,040	18,164	1,616	4,840	3,278	16,587	47,525
Due to primary government	—	21,603	—	—	—	—	—	21,603
Unearned revenue	1,415	—	—	—	—	—	—	1,415
Bonds, notes payable and other obligations	—	15,500	—	—	463,847	120,896	13,915	614,158
Net pension liability	43,526	—	—	—	—	—	—	43,526
Net OPEB liability	—	—	—	—	—	—	—	—
Other noncurrent liabilities	—	60,443	—	125	162,119	—	3,392	226,079
Total noncurrent liabilities	45,643	100,586	18,525	2,075	630,806	124,932	33,894	956,461
Total liabilities	89,939	194,139	198,071	33,931	665,840	291,157	98,686	1,571,763
Deferred inflows of resources:								
Service concession arrangements	—	—	—	—	—	343	—	343
Pension	2,734	—	—	—	—	—	—	2,734
OPEB	4,974	—	—	—	—	—	—	4,974
Leases	14,260	4,401	5,797	1,552	—	—	40,185	66,195
Total deferred inflows of resources	21,968	4,401	5,797	1,552	—	343	40,185	74,246
Total liabilities and deferred inflows	111,907	198,540	203,868	35,483	665,840	291,500	138,871	1,646,009
NET POSITION								
Net investment/(deficit) in capital assets	612,004	70,433	181,159	36,704	(2,139)	47,334	69,260	1,014,755
Restricted for:								
Other purposes	68,584	247,634	326,601	156,627	26,481	17,289	1,837,024	2,680,240
Unrestricted	(154)	197,233	160,288	15,203	71,974	61,534	162,604	668,682
Total net position	\$ 680,434	\$ 515,300	\$ 668,048	\$ 208,534	\$ 96,316	\$ 126,157	\$ 2,068,888	\$4,363,677

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Discretely Presented Component Units
Fiscal Year Ended June 30, 2025
(Amounts in thousands)

	Massachusetts Convention Center Authority	Massachusetts Development Finance Agency	Massachusetts Clean Energy Center	Massachusetts Technology Park Corporation	Massachusetts Housing Partnership	Economic Development Entities	Higher Education Foundations	Total
Operating revenues:								
Charges for services	\$ 80,194	\$ 82,837	\$ 3,439	\$ 2,542	\$ 13,159	\$ 176,817	\$ 9,069	\$ 368,057
Other	5,610	4,078	55,383	167,745	—	1,864	156,968	391,648
Total operating revenues	85,804	86,915	58,822	170,287	13,159	178,681	166,037	759,705
Operating expenses:								
Cost of services	66,248	58,048	92,194	103,861	2,016	158,128	59,084	539,579
Administration costs	43,633	30,447	8,825	109	14,978	34,219	45,912	178,123
Depreciation and Amortization	38,600	10,590	5,538	4,760	944	4,795	2,785	68,012
Total operating expenses	148,481	99,085	106,557	108,730	17,938	197,142	107,781	785,714
Operating income/(loss)	(62,677)	(12,170)	(47,735)	61,557	(4,779)	(18,461)	58,256	(26,009)
Nonoperating revenues/(expenses):								
Net increase/decrease in fair value of investments	—	—	—	—	1,976	—	—	1,976
Operating grants	12,986	376	104,178	—	—	419	—	117,959
Interest income	6,013	14,753	29,742	3,725	4,498	4,995	221,198	284,924
Other nonoperating revenue/(expense)	4,063	57,696	(403)	—	5,135	(55,560)	10,619	21,550
Nonoperating revenues/(expenses), net	23,062	72,825	133,517	3,725	11,609	(50,146)	231,817	426,409
Income/(loss) before contributions	(39,615)	60,655	85,782	65,282	6,830	(68,607)	290,073	400,400
Capital contributions	74,342	7,583	4,970	—	—	7,829	—	94,724
Change in net position	34,727	68,238	90,752	65,282	6,830	(60,778)	290,073	495,124
Net position - beginning	645,707	447,062	577,296	143,252	89,486	186,935	1,778,815	3,868,553
Net position - ending	\$ 680,434	\$ 515,300	\$ 668,048	\$ 208,534	\$ 96,316	\$ 126,157	\$ 2,068,888	\$4,363,677

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Statistical Section

(Unaudited)

Schedule of Net Position by Component – Last Ten Fiscal Years
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Statistical Section Narrative and Table of Contents

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These schedules contain trend information to help the reader understand how the Commonwealth's financial performance and fiscal health has changed over time. The schedules are presented for the last ten fiscal years, except where noted. Schedules included are:

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Schedule of Net Position by Component

Last Ten Fiscal Years

(Amounts in thousands)

	2025	2024***	2023	2022	2021
Governmental activities					
Net investment in capital assets*	\$ (3,068,979)	\$ (2,346,839)	\$ (1,331,848)	\$ (2,065,404)	\$ (1,958,190)
Restricted	2,088,328	2,244,029	924,765	1,285,776	1,320,793
Unrestricted*	(68,180,803)	(67,288,210)	(69,360,014)	(71,977,915)	(78,418,503)
Total governmental activities net position	<u>\$ (69,161,454)</u>	<u>\$ (67,391,020)</u>	<u>\$ (69,767,097)</u>	<u>\$ (72,757,543)</u>	<u>\$ (79,055,900)</u>
Business-type activities					
Net investment in capital assets**	\$ 4,147,590	\$ 4,088,920	\$ 3,965,038	\$ 3,761,986	\$ 3,778,471
Restricted	3,181,118	3,494,444	2,906,317	2,175,161	1,908,425
Unrestricted**	682,030	(430,515)	(749,564)	(603,430)	(2,428,455)
Total business-type activities net position	<u>\$ 8,010,738</u>	<u>\$ 7,152,849</u>	<u>\$ 6,121,791</u>	<u>\$ 5,333,717</u>	<u>\$ 3,258,441</u>
Commonwealth net position					
Net investment in capital assets	\$ 1,078,611	\$ 1,742,081	\$ 2,633,190	\$ 1,696,582	\$ 1,820,281
Restricted	5,269,446	5,738,473	3,831,082	3,460,937	3,229,218
Unrestricted	(67,498,773)	(67,718,725)	(70,109,578)	(72,581,345)	(80,846,958)
Total Commonwealth net position	<u>\$ (61,150,716)</u>	<u>\$ (60,238,171)</u>	<u>\$ (63,645,306)</u>	<u>\$ (67,423,826)</u>	<u>\$ (75,797,459)</u>

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* 2023 - 2015 - Governmental activities - reclassification between net investment in capital assets and unrestricted. There was no impact on net position.

**Business-type activities' net investment in capital assets and net position restated for 2023 - information not available for 2022-2015.

*** As restated, see note 1T on pages 82-83 - Business-type activities

2020	2019	2018	2017	2016
\$ (1,960,676)	\$ (1,647,669)	\$ (1,608,691)	\$ (1,401,635)	\$ (1,229,474)
1,543,264	1,270,844	1,546,202	1,926,716	1,538,662
<u>(77,259,953)</u>	<u>(73,703,527)</u>	<u>(74,091,999)</u>	<u>(63,911,602)</u>	<u>(58,948,692)</u>
<u>\$ (77,677,365)</u>	<u>\$ (74,080,352)</u>	<u>\$ (74,154,488)</u>	<u>\$ (63,386,521)</u>	<u>\$ (58,639,504)</u>
\$ 3,938,922	\$ 3,868,576	\$ 3,777,515	\$ 3,623,966	\$ 3,311,658
1,319,929	2,271,721	1,833,109	1,735,575	1,745,840
<u>(591,205)</u>	<u>(490,819)</u>	<u>(595,311)</u>	<u>722,923</u>	<u>678,667</u>
<u>\$ 4,667,646</u>	<u>\$ 5,649,478</u>	<u>\$ 5,015,313</u>	<u>\$ 6,082,464</u>	<u>\$ 5,736,165</u>
\$ 1,978,246	\$ 2,220,907	\$ 2,330,581	\$ 2,222,331	\$ 2,082,184
2,863,193	3,542,565	3,379,311	3,662,291	3,284,502
<u>(77,851,158)</u>	<u>(74,194,346)</u>	<u>(74,849,067)</u>	<u>(63,188,679)</u>	<u>(58,270,025)</u>
<u>\$ (73,009,719)</u>	<u>\$ (68,430,874)</u>	<u>\$ (69,139,175)</u>	<u>\$ (57,304,057)</u>	<u>\$ (52,903,339)</u>

Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	2025	2024*	2023	2022	2021
EXPENSES					
Governmental Activities:					
General government	\$ 4,052,100	\$ 3,690,195	\$ 3,787,362	\$ 3,902,680	\$ 3,522,506
Judiciary	1,621,992	1,483,297	1,334,037	1,243,650	1,429,817
Direct local aid	8,265,832	7,962,691	7,300,065	6,758,880	6,499,305
Medicaid	26,323,064	23,600,996	24,714,689	22,064,800	20,208,100
Group Health Insurance	2,414,661	2,172,282	1,957,686	1,863,586	1,710,258
Energy and Environmental Affairs	1,367,138	1,312,517	859,147	822,053	900,326
Housing and Economic Development	4,046,052	3,646,100	2,963,505	2,806,068	2,963,819
Health and Human Services	15,273,503	13,886,097	14,338,681	13,785,541	11,658,328
Transportation and Public Works	4,547,763	3,513,748	2,868,870	3,122,013	3,283,352
Early Elementary and Secondary Education	8,437,350	9,081,911	7,811,625	6,961,534	7,687,798
Public Safety and Security	3,899,789	4,165,298	3,477,565	3,126,435	3,716,834
Labor and Workforce Development	502,800	353,961	448,410	440,198	428,225
Lottery	4,796,456	4,911,262	4,850,287	4,651,322	4,617,789
Interest (unallocated)	1,662,553	1,574,300	1,488,890	1,445,343	1,510,178
Total governmental activities	87,211,053	81,354,655	78,200,819	72,994,103	70,136,635
Business-type Activities:					
Unemployment compensation	2,145,856	2,214,741	1,889,677	3,904,080	19,438,890
Family and Employment Security Trust	1,294,920	1,104,335	899,367	686,343	236,361
Higher Education:					
University of Massachusetts	4,478,236	4,089,905	3,973,304	3,669,599	3,419,868
State Universities	1,337,346	1,284,954	1,196,945	1,135,857	1,078,315
Community Colleges (Nonmajor)	1,150,341	1,029,525	990,335	967,202	900,821
Total business-type activities	10,406,699	9,723,460	8,949,628	10,363,081	25,074,255
Total Commonwealth expenses	\$ 97,617,752	\$ 91,078,115	\$ 87,150,447	\$ 83,357,184	\$ 95,210,890
REVENUES					
Program Revenues:					
Governmental Activities:					
Charges for services:					
General government	\$ 929,727	\$ 686,425	\$ 591,379	\$ 561,303	\$ 747,288
Judiciary	65,906	62,121	49,371	65,958	59,074
Medicaid	438,429	786,818	665,633	642,125	1,272,228
Group Health Insurance	957,026	935,591	935,591	898,761	860,726
Energy and Environmental Affairs	495,152	472,502	414,613	386,816	319,315
Housing and Economic Development	264,605	260,444	246,490	257,188	242,815
Health and Human Services	3,896,265	3,410,969	2,989,732	2,915,732	1,576,692
Transportation and Public Works	639,594	642,777	605,371	602,857	627,594
Early Elementary and Secondary Education	7,561	7,690	6,411	6,366	6,624
Public Safety and Security	393,131	401,938	361,173	405,960	345,917
Labor and Workforce Development	44,827	24,087	73,409	192,356	56,603
Lottery	5,975,463	6,171,948	6,142,338	5,861,393	5,827,632
Total charges for services	14,107,686	13,863,310	13,081,511	12,796,815	11,942,508
Operating grants and contributions	25,977,849	27,586,881	27,680,603	27,170,190	22,611,465
Capital grants and contributions	135,807	87,743	101,788	114,296	77,259
Total governmental activities	40,221,342	41,537,934	40,863,902	40,081,301	34,631,232
Business-type Activities:					
Charges for services:					
Unemployment compensation	2,003,621	1,817,877	1,795,731	1,881,248	1,608,603
Family and employment security trust	1,352,311	1,148,319	916,906	925,337	1,005,102
Higher Education:					
University of Massachusetts	2,277,064	2,064,348	2,125,627	2,001,814	1,636,154
State Universities	624,895	602,478	634,710	607,506	562,137
Community Colleges (Nonmajor)	176,755	203,868	198,016	176,012	200,278
Operating grants and contributions	1,646,968	2,063,238	1,431,347	4,963,847	16,603,329
Capital grants and contributions	18,915	11,277	201,144	195,238	174,851
Total business-type activities	8,100,529	7,911,405	7,303,481	10,751,002	21,790,454
Total Commonwealth program revenues	\$ 48,321,871	\$ 49,449,339	\$ 48,167,383	\$ 50,832,303	\$ 56,421,686
General Revenues and Other Changes in Net Position (all types consolidated):					
Governmental Activities:					
Taxes (all types)	\$ 44,909,477	\$ 41,331,611	\$ 39,947,336	\$ 39,803,816	\$ 34,947,335
Investment earnings and miscellaneous	2,419,352	2,960,072	2,404,903	1,135,334	697,132
Transfers, net	(2,109,552)	(2,098,885)	(1,928,133)	(1,727,991)	(1,517,599)
Total governmental activities	45,219,277	42,192,798	40,424,106	39,211,159	34,126,868
Business-type Activities:					
Investment earnings and miscellaneous	1,054,507	772,480	506,088	(40,636)	356,997
Transfers, net	2,109,552	2,098,885	1,928,133	1,727,991	1,517,599
Total business -type activities	3,164,059	2,871,365	2,434,221	1,687,355	1,874,596
Total Commonwealth general revenues	\$ 48,383,336	\$ 45,064,163	\$ 42,858,327	\$ 40,898,514	\$ 36,001,464
CHANGES IN NET POSITION					
Governmental activities	\$ (1,770,434)	\$ 2,376,077	\$ 3,087,189	\$ 6,298,357	\$ (1,378,535)
Business-type activities	857,889	1,059,310	788,074	2,075,276	(1,409,205)
Total changes in net position	\$ (912,545)	\$ 3,435,387	\$ 3,875,263	\$ 8,373,633	\$ (2,787,740)

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* As restated, see note IT on pages 82-83 - Business - type activities

	2020	2019	2018	2017	2016
\$	2,923,397	\$ 2,766,272	\$ 2,792,959	\$ 2,764,634	\$ 2,616,051
	1,396,370	1,221,969	1,162,698	1,226,221	1,154,038
	6,390,233	6,089,548	5,900,634	5,734,682	5,598,687
	19,206,749	18,093,807	18,105,722	17,182,691	16,825,110
	1,651,357	1,670,238	1,648,278	1,668,100	1,632,703
	824,062	701,950	732,161	720,182	1,069,510
	1,599,085	1,574,628	1,544,103	1,411,189	1,367,957
	9,645,198	8,662,012	8,298,704	8,131,843	7,912,817
	2,806,861	2,554,289	2,483,768	2,535,121	2,711,910
	6,618,282	5,607,240	6,101,603	6,243,115	5,420,052
	3,962,024	3,006,893	2,757,266	2,913,849	2,746,612
	342,418	298,930	295,061	312,510	324,678
	4,306,512	4,445,654	4,325,321	4,128,209	4,299,592
	1,491,983	1,522,183	1,419,910	1,384,248	1,250,004
	63,164,531	58,215,613	57,568,188	56,356,594	54,929,721
	11,948,319	1,483,901	1,552,404	1,514,002	1,499,811
	5,434	—	—	—	—
	3,446,910	3,282,171	3,307,087	3,167,596	3,151,215
	1,150,987	1,145,531	1,089,551	1,063,196	1,002,577
	886,593	917,967	887,223	936,241	928,067
	17,438,243	6,829,570	6,836,265	6,681,035	6,581,670
\$	80,602,774	\$ 65,045,183	\$ 64,404,453	\$ 63,037,629	\$ 61,511,391
\$	926,889	\$ 611,834	\$ 652,138	\$ 594,132	\$ 565,434
	69,737	81,567	91,500	95,937	100,568
	1,388,195	1,129,343	1,054,698	897,542	841,697
	822,420	808,194	941,946	802,628	799,011
	280,252	279,267	273,504	249,565	289,738
	225,908	163,315	213,530	194,940	173,941
	822,920	1,411,918	1,292,584	1,359,519	1,224,967
	568,028	627,941	625,595	596,200	577,292
	7,365	8,445	7,846	7,919	7,508
	370,568	338,099	248,234	280,400	284,264
	203,992	307,506	269,293	40,652	38,581
	5,391,167	5,644,440	5,436,551	5,254,468	5,405,128
	11,077,441	11,411,869	11,107,419	10,373,902	10,308,129
	18,661,840	16,253,915	16,230,934	15,519,380	15,158,087
	77,964	66,085	99,002	58,354	85,759
	29,817,245	27,731,869	27,437,355	25,951,636	25,551,975
	1,833,362	1,852,195	1,617,394	1,468,492	1,611,096
	840,600	—	—	—	—
	1,844,180	1,860,268	1,907,824	1,882,899	1,875,144
	644,932	679,801	658,608	654,170	616,025
	221,732	237,288	259,156	274,868	274,252
	9,250,714	976,096	931,780	909,228	891,823
	145,646	112,033	160,201	238,621	265,714
	14,781,166	5,717,681	5,534,963	5,428,278	5,534,054
\$	44,598,411	\$ 33,449,550	\$ 32,972,318	\$ 31,379,914	\$ 31,086,029
\$	30,482,040	\$ 30,609,957	\$ 27,964,093	\$ 25,949,577	\$ 25,676,303
	1,169,416	1,513,855	1,283,283	995,073	1,161,089
	(1,404,336)	(1,565,932)	(1,123,731)	(1,286,709)	(1,246,055)
	30,247,120	30,557,880	28,123,645	25,657,941	25,591,337
	333,608	145,483	423,379	312,347	245,441
	1,404,336	1,565,932	1,123,731	1,286,709	1,246,055
	1,737,944	1,711,415	1,547,110	1,599,056	1,491,496
\$	31,985,064	\$ 32,269,295	\$ 29,670,755	\$ 27,256,997	\$ 27,082,833
\$	(3,100,166)	\$ 74,136	\$ (2,007,188)	\$ (4,747,017)	\$ (3,786,409)
	(919,133)	599,526	245,808	346,299	443,880
\$	(4,019,299)	\$ 673,662	\$ (1,761,380)	\$ (4,400,718)	\$ (3,342,529)

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

(Amounts in thousands)

	2025	2024	2023	2022	2021
General Fund					
Committed (2).....	\$ 8,110,684	\$ 8,523,632	\$ 8,036,051	\$ 6,937,864	\$ 4,626,419
Assigned (3).....	1,425,519	2,848,646	2,322,991	2,542,037	1,070,523
Unassigned.....	3,305,574	4,078,803	4,255,805	4,451,749	4,045,371
Total General Fund.....	<u>12,841,777</u>	<u>15,451,081</u>	<u>14,614,847</u>	<u>13,931,650</u>	<u>9,742,313</u>
All other governmental funds					
Nonspendable.....	393,199	450,897	526,385	615,882	755,378
Restricted (1).....	2,148,398	2,244,029	924,765	1,285,777	1,320,793
Committed (2).....	5,525,827	5,278,711	5,085,302	3,403,602	2,179,151
Assigned (3).....	3,141,239	1,847,637	1,344,555	1,254,362	976,474
Unassigned.....	(1,880,196)	(1,725,067)	(3,485,620)	(2,358,148)	(1,156,764)
Total all other governmental funds.....	<u>9,328,467</u>	<u>8,096,207</u>	<u>4,395,387</u>	<u>4,201,475</u>	<u>4,075,032</u>
Total governmental fund balances.....	<u>\$ 22,170,244</u>	<u>\$23,547,288</u>	<u>\$19,010,234</u>	<u>\$ 18,133,125</u>	<u>\$ 13,817,345</u>

- (1) Restricted fund balance overall decreased by \$96 million from FY24 mainly due to a decrease of education and transportation related fund balances, which revenue generated by the 4% income tax surtax on income greater than \$1 million, which is constitutionally restricted for education and transportation purposes.
- (2) The major decrease in the committed fund balance from FY24 is mainly due to a decrease of approximately \$413 million in the ending balance of the Commonwealth's stabilization, a decrease of \$231 million in High-Quality Early Education & Care Affordability Trust Fund and a decrease of \$158 million in the Student Opportunity Act Investment Fund. The decrease was partially offset by a significant increase of \$615 million increase in Commonwealth Federal Matching and Debt Reduction fund balance.
- (3) Assigned fund balance decreased from due primarily to a \$410 million decrease in budgetary fund prior appropriations continued, offset by a \$234 million in increases in funds the MSBA reserved for grants and loans to local cities and towns for school construction, and a \$46 million increase in expendable trust assigned balances.

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2020	2019	2018	2017	2016
\$ 3,501,181	\$ 3,424,376	\$ 2,001,299	\$ 1,300,678	\$ 1,291,514
731,696	445,216	349,927	98,316	109,328
1,697,212	2,000,618	1,164,566	939,018	1,173,549
5,930,089	5,870,210	3,515,792	2,338,012	2,574,391
—	—	—	—	—
1,294,124	1,316,707	1,519,833	1,926,716	1,377,671
1,824,616	1,583,112	1,300,923	1,051,009	1,130,574
951,226	811,501	605,903	586,339	736,239
(942,539)	(470,195)	(104,007)	(304,694)	(545,129)
3,127,427	3,241,125	3,322,652	3,259,370	2,699,355
\$ 9,057,516	\$ 9,111,335	\$ 6,838,444	\$ 5,597,382	\$ 5,273,746

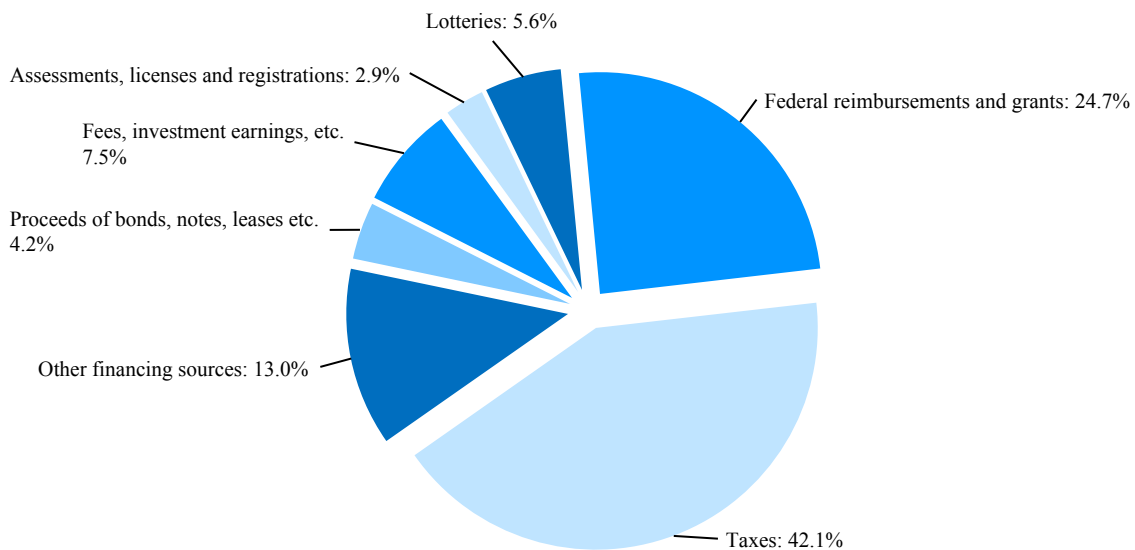
Ten-Year Schedule of Revenues and Other Financing Sources
All Governmental Fund Types - Fund Perspective
(Modified Accrual Basis of Accounting)

(Amounts in millions)

	2025		2024		2023		2022		2021	
	Total	%	Total	%	Total	%	Total	%	Total	%
Taxes	\$ 44,886	42.1	\$ 41,306	39.3	\$ 39,976	42.6	\$ 39,816	43.4	\$ 34,955	41.2
Federal reimbursements	19,322	18.1	19,384	18.5	19,320	20.6	17,801	19.4	16,438	19.4
Federal grants	6,997	6.6	8,143	7.8	8,473	9.0	9,413	10.2	6,515	7.7
Lotteries	5,991	5.6	6,193	5.9	6,158	6.6	5,864	6.4	5,829	6.9
Assessments	2,579	2.4	2,173	2.1	1,822	1.9	1,585	1.7	1,350	1.6
Motor vehicle licenses and registrations	581	0.5	590	0.6	555	0.6	549	0.6	515	0.6
Fees, investment earnings, etc.	7,961	7.5	8,594	8.2	7,273	7.7	6,166	6.7	5,780	6.8
Issuance of general and special obligation bonds	3,331	3.1	4,557	4.3	1,610	1.7	2,085	2.3	4,216	5.0
Issuance of refunding bonds	610	0.6	2,011	1.9	813	0.9	525	0.6	1,766	2.1
Bond premiums	355	0.3	685	0.7	248	0.3	369	0.4	786	0.9
Proceeds of capital lease	—	—	—	—	—	—	—	—	2	—
Leases & SBITAs issued	218	0.2	312	0.3	58	—	—	—	—	—
Other financing sources	13,782	13.0	11,037	10.4	7,583	8.1	7,668	8.3	6,569	7.8
Total revenues and other financing sources	\$106,613	100.0	\$104,985	100.0	\$ 93,889	100.0	\$ 91,841	100.0	\$ 84,721	100.0

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**Apportionment of Revenues by Source -
Fiscal Year Ended June 30, 2025**



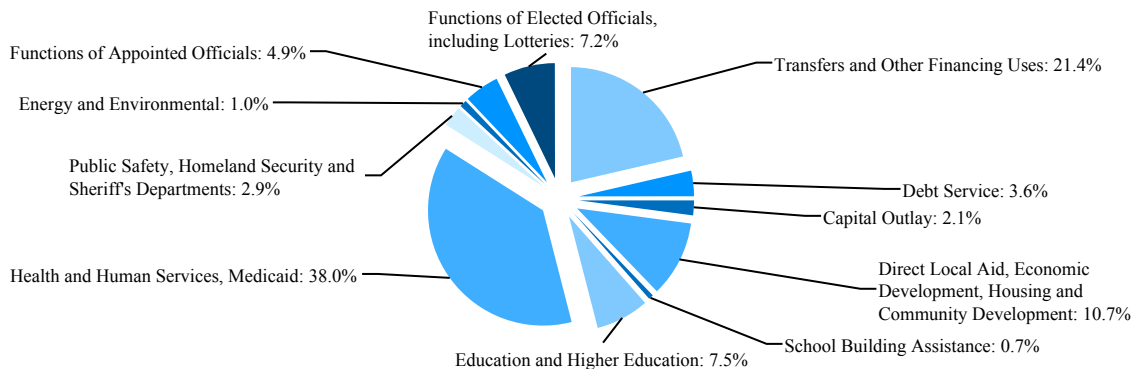
	% 2019		% 2018		% 2017		% 2016		
2020	Total	Total	Total	Total	Total	Total	Total	Total	Total
\$ 30,266	41.7	\$ 30,618	43.8	\$ 28,243	41.1	\$ 25,828	37.7	\$ 25,746	38.0
14,427	19.9	12,650	18.1	12,647	18.3	11,932	17.4	11,577	17.1
4,048	5.6	3,678	5.3	3,684	5.3	3,635	5.3	3,656	5.4
5,395	7.4	5,652	8.1	5,442	7.9	5,258	7.7	5,406	8.0
1,378	1.9	1,377	2.0	1,354	2.0	1,219	1.8	1,104	1.6
515	0.7	566	0.8	566	0.8	554	0.8	546	0.8
5,527	7.6	5,794	8.3	5,518	8.0	4,966	7.3	4,957	7.3
2,787	3.8	2,008	2.9	2,779	4.0	3,464	5.1	3,969	5.9
1,225	1.7	819	1.2	993	1.4	1,853	2.7	1,463	2.2
276	0.4	470	0.7	562	0.8	812	1.2	613	0.9
1	—	—	—	—	—	1	—	31	—
—	—	—	—	—	—	—	—	—	—
6,662	9.3	6,143	8.8	7,202	10.4	8,915	13.0	8,682	12.8
<u>\$ 72,507</u>	<u>100.0</u>	<u>\$ 69,775</u>	<u>100.0</u>	<u>\$ 68,990</u>	<u>100.0</u>	<u>\$ 68,437</u>	<u>100.0</u>	<u>\$ 67,750</u>	<u>100.0</u>

Ten-Year Schedule of Expenditures and Other Financing Uses by Secretariat
All Governmental Fund Types - Fund Perspective
(Modified Accrual Basis of Accounting)

	2025		2024		2023		2022		2021	
	\$	% Total	\$	% Total	\$	% Total	\$	% Total	\$	% Total
Legislature	97	0.1	89	0.1	83	0.1	76	0.1	73	0.1
Judiciary	1,363	1.3	1,307	1.3	1,199	1.3	1,095	1.3	1,023	1.3
Office of Inspector General	9	—	8	—	7	—	6	—	6	—
Governor and Lieutenant Governor	9	—	9	—	7	—	7	—	9	—
Secretary of the Commonwealth	94	0.1	82	0.1	87	0.1	59	0.1	78	0.1
Treasurer and Receiver-General	7,085	6.6	7,035	7.0	7,196	7.8	6,743	7.7	6,583	8.1
State Auditor	24	—	23	—	23	—	21	—	20	—
Attorney General	176	0.2	74	0.1	115	0.1	165	0.2	112	0.1
State Ethics Commission	4	—	3	—	3	—	3	—	2	—
District Attorneys	193	0.2	186	0.2	171	0.2	161	0.2	154	0.2
Office of Campaign and Political Finance	2	—	2	—	2	—	2	—	2	—
Sheriff's	911	0.8	833	0.8	764	0.8	679	0.8	699	0.9
Disabled Persons Protection Commission	14	—	14	—	12	—	10	—	7	—
Commission on the Status of Women	1	—	1	—	1	—	1	—	—	—
Massachusetts Gaming Commission	74	0.1	66	0.1	59	0.1	56	0.1	46	0.1
Office of the Comptroller	45	—	34	—	28	—	27	—	22	—
Administration and Finance	3,931	3.6	3,545	3.5	3,161	3.4	3,613	4.2	2,910	3.9
Energy and Environmental	1,050	1.0	1,068	1.1	696	0.7	592	0.7	461	0.6
Developmental Disabilities Council	1	—	—	—	—	—	—	—	—	—
Health and Human Services	14,546	13.5	13,381	13.3	14,060	15.2	13,446	15.4	10,702	13.2
Technology Services and Security	234	0.2	209	0.2	205	0.2	173	0.2	156	0.2
Veterans' Services	131	0.1	119	0.1	38	—	—	—	—	—
Office of the Veteran Advocate	2	—	—	—	—	—	—	—	—	—
Housing and Livable Communities	2,871	2.7	2,620	2.6	284	0.3	—	—	—	—
Massachusetts Department of Transportation	4,428	4.1	3,360	3.3	2,776	3.0	3,002	3.4	2,909	3.6
Office of the Child Advocate	5	—	5	—	5	—	3	—	2	—
Commission Against Discrimination	12	—	10	—	8	—	7	—	7	—
Cannabis Control Commission	20	—	19	—	17	—	14	—	11	—
Board of Library Commissioners	55	0.1	50	—	45	—	43	—	37	—
Education*	8,130	7.5	8,166	8.1	7,085	7.6	6,579	7.5	5,049	6.2
Center for Health and Information Analysis	35	—	34	—	32	—	29	—	21	—
Massachusetts School Building Assistance	755	0.7	811	0.8	580	0.6	628	0.7	752	0.9
Public Safety and Security	2,293	2.1	2,648	2.6	2,138	2.3	1,839	2.1	1,769	2.2
Massachusetts Peace Officer Standards and Training Commission	8	—	8	—	7	—	2	—	—	—
Commission on the Status of Persons with Disabilities	—	—	—	—	—	—	—	—	—	—
Economic Development*	357	0.3	390	0.4	2,193	2.4	2,294	2.6	2,440	3.0
Labor and Workforce Development*	451	0.4	338	0.3	428	0.5	411	0.5	356	0.4
Medicaid	26,323	24.4	23,601	23.5	24,715	26.6	22,065	25.3	20,208	25.0
Pension	1,896	1.8	1,825	1.8	2,133	2.3	2,117	2.4	1,657	2.1
Direct local aid	8,266	7.7	7,963	7.9	7,300	7.9	6,759	7.7	6,499	8.0
Capital outlay	2,310	2.1	2,012	2.0	1,516	1.6	1,420	1.6	1,308	1.6
Debt service:										
Principal/commercial paper repayment	1,526	1.4	1,503	1.5	1,732	1.9	1,780	2.0	1,878	2.3
Interest	1,685	1.6	1,553	1.5	1,497	1.6	1,245	1.4	1,230	1.5
Principal on current refunding	676	0.6	2,308	2.3	888	1.0	610	0.7	1,065	1.3
Other financing uses:										
Payments to refunding bond escrow agent	—	—	—	—	—	—	347	0.4	2,469	3.1
Transfers	15,892	14.7	13,136	13.5	9,507	10.4	9,396	10.7	8,084	10.0
Total expenditures and other financing uses	\$ 107,990	100.0	\$ 100,448	100.0	\$ 92,803	100.0	\$ 87,525	100.0	\$ 80,816	100.0
Change in Governmental Fund Balance	\$ (1,377)		\$ 4,537		\$ 1,086		\$ 4,316		\$ 3,905	
Ratio of debt service expenditures to total noncapital expenditures	4.3%		6.3%		5.0%		4.8%		6.1%	

* Reflects departmental and functional reorganizations as of the year implemented. Prior years not restated. See Independent Auditors' Report

Apportionment of Expenditures - Fiscal Year Ended June 30, 2025



2020	% Total	2019	% Total	2018	% Total	2017	% Total	2016	% Total
\$ 70	0.1	\$ 68	0.1	\$ 68	0.1	\$ 67	0.1	\$ 61	0.1
1,022	1.4	985	1.5	921	1.4	908	1.3	880	1.3
6	—	5	—	5	—	4	—	5	—
7	—	7	—	7	—	7	—	7	—
63	0.1	55	0.1	45	0.1	51	0.1	44	0.1
5,961	8.2	6,092	9.0	5,854	8.6	5,657	8.2	5,799	8.7
19	—	18	—	19	—	18	—	19	—
108	0.2	107	0.2	98	0.1	76	0.1	67	0.1
2	—	2	—	2	—	2	—	2	—
150	0.2	138	0.2	129	0.2	130	0.2	124	0.2
2	—	3	—	2	—	2	—	2	—
718	1.0	672	1.0	635	0.9	624	0.9	616	0.9
6	—	5	—	4	—	3	—	3	—
—	—	—	—	—	—	—	—	—	—
44	0.1	50	0.1	44	0.1	37	0.1	34	0.1
17	—	16	—	16	—	17	—	17	—
2,490	3.4	2,310	3.4	2,475	3.7	2,444	3.6	2,416	3.6
466	0.6	477	0.7	445	0.7	405	0.6	436	0.6
—	—	—	—	—	—	—	—	—	—
8,817	12.1	8,054	12.0	7,813	11.5	7,463	11.0	7,402	10.9
140	0.2	116	0.2	81	0.1	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
2,486	3.4	2,349	3.5	2,387	3.5	2,391	3.5	2,595	3.8
2	—	1	—	1	—	1	—	1	—
—	—	—	—	—	—	—	—	—	—
13	—	10	—	2	—	—	—	—	—
33	—	30	—	28	—	28	—	28	—
4,323	6.0	3,972	5.9	3,723	5.5	3,589	5.3	3,478	5.1
20	—	20	—	21	—	23	—	27	—
713	1.0	572	0.9	550	0.8	621	0.9	626	0.9
2,066	2.8	1,463	2.2	1,400	2.1	1,374	2.0	1,385	2.0
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
1,223	1.7	1,157	1.7	1,089	1.6	1,021	1.5	1,048	1.5
280	0.4	258	0.4	255	0.4	259	0.4	277	0.4
19,207	26.5	18,094	26.8	18,106	26.9	17,183	25.2	16,825	24.9
1,384	1.9	1,368	2.0	1,294	1.9	1,127	1.7	1,103	1.6
6,390	8.8	6,090	9.0	5,901	8.7	5,735	8.4	5,599	8.3
1,051	1.5	1,310	1.9	1,253	1.8	1,202	1.8	1,162	1.7
—	—	—	—	—	—	—	—	—	—
1,948	2.7	1,480	2.2	3,706	5.5	4,676	6.9	4,487	6.6
1,238	1.7	1,484	2.2	1,381	2.0	1,262	1.9	1,248	1.8
409	0.6	956	1.4	522	0.8	188	0.3	250	0.4
—	—	—	—	—	—	—	—	—	—
1,655	2.3	—	—	628	0.9	2,304	3.4	2,613	3.9
8,067	11.1	7,709	11.4	6,838	10.1	7,215	10.6	7,094	10.5
<u>\$ 72,616</u>	<u>100.0</u>	<u>\$ 67,503</u>	<u>100.0</u>	<u>\$ 67,748</u>	<u>100.0</u>	<u>\$ 68,114</u>	<u>100.0</u>	<u>\$ 67,781</u>	<u>100.0</u>
<u>\$ (108)</u>		<u>\$ 2,273</u>		<u>\$ 1,241</u>		<u>\$ 324</u>		<u>\$ (32)</u>	
<u>5.8%</u>		<u>6.7%</u>		<u>9.5%</u>		<u>10.7%</u>		<u>10.5%</u>	

Personal Income by Industry
Last Ten Calendar Years

(Amounts in millions)

	2024	2023	2022	2021	2020
Total personal income	\$ 667,993	\$ 614,224	\$ 594,119	\$ 575,188	\$ 550,584
Unearned income	179,664	151,920	142,298	152,340	166,915
Farm earnings	184	139	126	126	170
Nonfarm earnings	488,145	462,165	451,695	422,722	383,499
Private earnings	469,786	443,839	433,761	407,096	368,213
Agricultural services, forestry, fishing	561	602	573	705	600
Mining	586	456	144	94	146
Construction	28,152	26,961	27,594	27,349	22,859
Manufacturing	32,954	30,795	30,829	29,969	28,355
Durable goods	21,152	20,814	20,929	20,502	19,760
Nondurable goods	11,802	9,981	9,900	9,467	8,595
Transportation and utilities	15,917	17,282	14,222	12,561	11,669
Wholesale trade	19,371	18,673	18,539	17,366	15,280
Retail trade	20,997	21,304	20,014	19,436	17,303
Services	351,248	327,766	321,846	299,616	272,001
Government	51,313	49,121	48,762	45,595	43,642
Federal, civilian	7,082	6,628	6,018	5,920	5,821
Military	1,211	1,071	1,048	1,001	1,096
State and local	43,020	41,422	41,696	38,674	36,725
Personal income tax revenue (fiscal year, statutory basis)	\$ 26,712	\$ 24,112	\$ 18,995	\$ 24,337	\$ 19,618
Total personal income	\$ 667,993	\$ 614,224	\$ 594,119	\$ 575,188	\$ 550,584
Average Effective Rate	4.00 %	3.93 %	3.20 %	4.23 %	3.56 %
Highest Earned Income Tax Rate	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %

Sources: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System and the Massachusetts Department of Revenue. Average effective rate is individual income tax revenue divided by personal income.

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2019	2018	2017	2016	2015
\$ 511,334	\$ 483,433	\$ 450,962	\$ 442,500	\$ 415,636
126,165	118,567	111,017	108,349	97,728
108	103	129	151	195
385,061	364,763	339,816	334,000	317,713
369,080	349,476	323,875	319,931	272,533
625	659	716	677	406
144	274	608	379	276
23,397	23,177	20,609	19,473	17,197
28,568	27,271	26,550	27,181	26,497
20,020	19,239	18,709	18,894	18,193
8,548	8,032	7,841	8,287	8,304
11,724	9,667	8,649	8,330	7,600
15,254	15,102	14,830	14,621	13,938
17,438	16,432	15,982	15,520	14,716
271,930	256,894	235,931	233,750	191,903
44,549	42,557	42,492	41,130	39,921
5,647	5,458	5,477	5,427	5,202
1,003	900	891	860	860
37,899	36,199	36,124	34,843	33,859

\$ 17,361	\$ 17,109	\$ 16,240	\$ 14,394	\$ 14,449
\$ 511,334	\$ 483,433	\$ 450,962	\$ 442,500	\$ 415,636
3.40 %	3.54 %	3.60 %	3.25 %	3.48 %
5.00 %	5.05 %	5.10 %	5.10 %	5.15 %

Commonwealth of Massachusetts
Personal Income Tax Filers and Liability by Income Level
Calendar (Tax) Years 2023 and 2014

(Amounts, except income level are in thousands)

Calendar Year 2023 (or Fiscal Year 2024)

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$100,001 and higher	1,133,816	28.1%	\$ 17,551,590	80.8%
\$75,001 - \$100,000	382,604	9.5%	1,411,098	6.5%
\$50,001 - \$75,000	575,329	14.3%	1,443,653	6.6%
\$25,001 - \$50,000	759,212	18.7%	1,031,066	4.8%
\$10,001 - \$25,000	552,193	13.7%	244,964	1.1%
\$10,000 and lower	633,147	15.7%	36,097	0.2%
Total	<u>4,036,301</u>	<u>100.0%</u>	<u>\$ 21,718,468</u>	<u>100.0%</u>

Calendar Year 2014 (or Fiscal Year 2015)

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$100,001 and higher	733,307	19.8%	\$ 9,684,457	72.7%
\$75,001 - \$100,000	298,797	8.1%	1,108,477	8.3%
\$50,001 - \$75,000	474,976	12.8%	1,199,591	9.0%
\$25,001 - \$50,000	786,552	21.2%	1,028,605	7.7%
\$10,001 - \$25,000	673,024	18.2%	273,862	2.1%
\$10,000 and lower	738,337	19.9%	32,912	0.2%
Total	<u>3,704,993</u>	<u>100.0%</u>	<u>\$ 13,327,904</u>	<u>100.0%</u>

Source: Massachusetts Department of Revenue - 2023 is the most recent tax year for which complete data is available.

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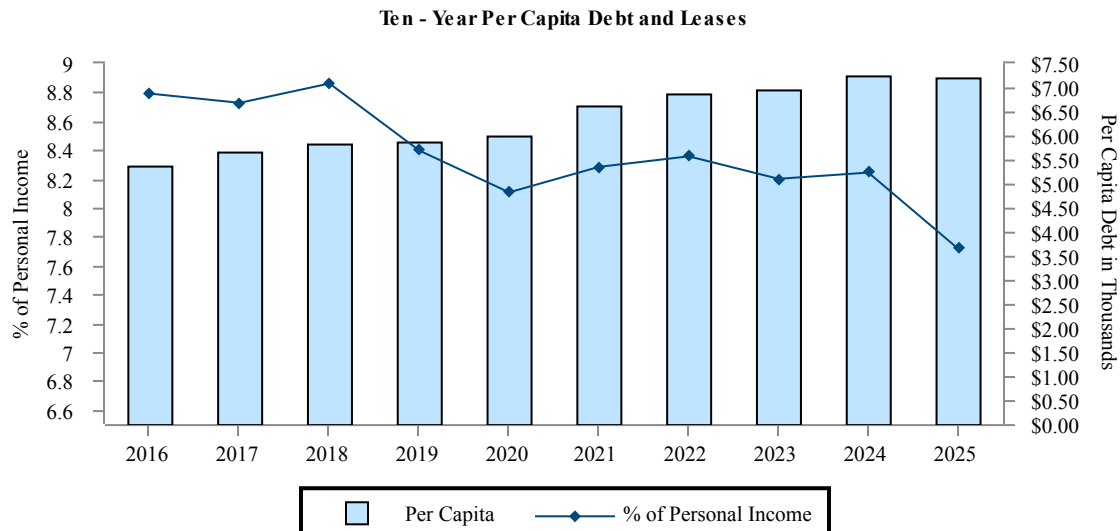
Ten-Year Schedule of Per Capita General Long-Term Bonded Debt and Leases

(Amounts in thousands, except for percentages)

Fiscal Year Ended June 30	Governmental Activities						Business-Type Activities			Total Primary Government	Prior Year Personal Income (6)	Massachusetts Resident Population (4)	Debt as a % of Personal Income	Amount of Debt Per Capita
	Bonded Debt (1)	Right-to-use Leases (5)	SBITA (5)	MSBA Bonded debt (2)	MSBA Leases (5)	MSBA SBITA (5)	Bonded Debt (3)	Right-to-use Leases (5)	SBITA (5)					
2025	\$ 38,041,782	\$ 815,126	\$ 65,949	\$ 5,521,739	\$ 8,923	\$ 136	\$ 5,943,385	\$ 1,086,037	\$ 58,138	\$ 51,541,215	\$667,993,020	7,136	7.7%	\$ 7.22
2024	36,194,300	823,374	102,898	5,719,461	1,216	118	6,599,974	1,137,607	53,049	50,631,997	614,224,147	7,001	8.2%	7.23
2023	32,987,686	830,636	38,193	5,915,372	2,311	399	7,448,982	1,200,797	54,620	48,478,996	594,118,801	6,982	8.2%	6.94
2022	32,774,329	942,590	—	6,323,688	3,454	—	6,759,878	1,257,644	—	48,061,583	575,187,880	6,985	8.4%	6.88
2021	32,229,313	14,260	—	6,508,385	—	—	6,842,430	8,724	—	45,603,112	550,584,495	6,894	8.3%	6.61
2020	30,701,422	17,114	—	6,053,947	—	—	4,667,917	8,842	—	41,449,242	511,333,665	6,895	8.1%	6.01
2019	30,219,316	19,835	—	6,054,994	—	—	4,284,704	9,589	—	40,588,438	483,433,495	6,886	8.4%	5.89
2018	29,496,401	22,492	—	5,990,554	—	—	4,438,502	9,825	—	39,957,774	450,961,579	6,864	8.9%	5.82
2017	28,216,650	30,856	—	5,828,790	—	—	4,529,353	8,979	—	38,614,628	442,500,000	6,827	8.7%	5.66
2016	26,422,941	41,302	—	5,624,275	—	—	4,438,282	9,887	—	36,536,687	415,636,000	6,797	8.8%	5.38

- (1) Excludes Massachusetts School Building Authority debt. Bonded debt for each fiscal year includes unamortized premiums or discounts.
- (2) The Massachusetts School Building Authority (MSBA) is presented as a blended component unit in these financial statements.
- (3) Business-type activities bond debt includes Federal Unemployment insurance borrowing under Title XII of the Social Security Act, notes payable of the Institutions of Higher Education and unamortized premiums or discounts.
- (4) Population estimates have been restated to most current United States Census Bureau Data, source: <https://www.census.gov> (U.S. Census Bureau). Population data is reported as of July 1 of the previous year.
- (5) Leases represent right-to-use leases and subscription leases starting 2022 and Capital Leases for periods 2021 and earlier.
- (6) Source: <https://www.bea.gov> (Bureau of Economic Analysis)

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Ten-Year Schedule of Outstanding Direct Debt and Statutory Debt Limit

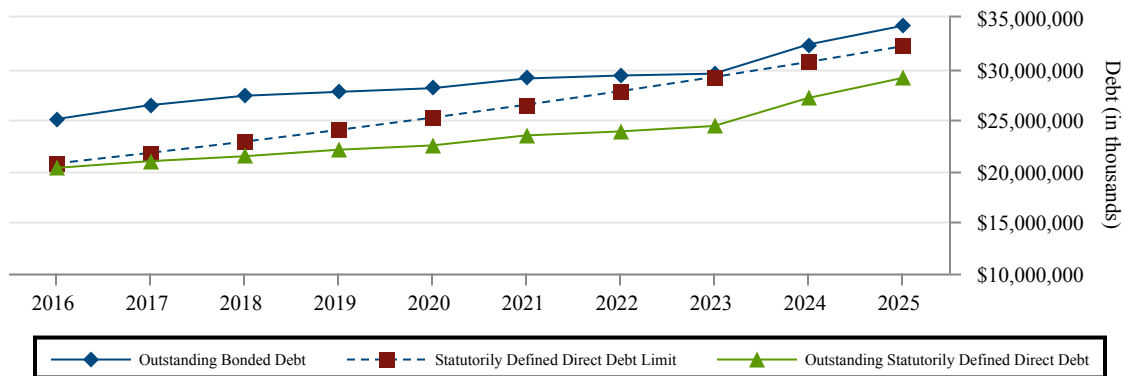
(Amounts in thousands)

	2025	2024	2023	2022	2021
Outstanding principal as of June 30 (1).....	\$ 34,183,840	\$ 32,361,758	\$ 29,520,860	\$ 29,335,406	\$ 29,048,457
Less: principal of direct debt excluded from statutory debt limit:					
Central artery project bonds.....	(490,556)	(551,473)	(618,232)	(691,378)	(847,790)
Accelerated bridge program.....	(1,524,990)	(1,480,072)	(1,507,360)	(1,537,605)	(1,555,220)
Grant anticipation notes (2).....	(133,620)	(255,805)	(389,675)	(478,235)	(582,550)
School Modernization and Reconstruction Trust Bonds.....	(49,759)	(143,163)	(242,630)	(337,411)	(430,926)
Convention center bonds.....	(366,620)	(397,245)	(426,235)	(453,675)	(479,645)
MBTA forward funding bonds.....	—	(207)	(207)	(207)	(207)
Special obligation gas bonds.....	—	—	—	—	(28,385)
Rail enhancement program bonds (3).....	(2,528,685)	(2,393,389)	(1,928,881)	(1,958,461)	(1,637,221)
Outstanding direct debt, net proceeds/principal.....	29,089,610	27,140,404	24,407,640	23,878,434	23,486,513
Statutory debt limit.....	32,188,031	30,655,267	29,195,493	27,805,231	26,481,173
Debt margin (debt limit less direct debt).....	<u>\$ 3,098,421</u>	<u>\$ 3,514,863</u>	<u>\$ 4,787,853</u>	<u>\$ 3,926,797</u>	<u>\$ 2,994,660</u>
Debt margin as a percentage of direct debt limit.....	<u>9.6%</u>	<u>11.5%</u>	<u>16.4%</u>	<u>14.1%</u>	<u>11.3%</u>

- (1) Exclusive of the Massachusetts School Building Authority debt.
- (2) Inclusive of crossover refunding amounts.
- (3) Section 4 of Chapter 220 of the Acts of 2016 exempted bonds issued under the Rail Enhancement Program from the statutory debt limit.

See Independent Auditors' Report

**Outstanding Bonded Debt, Statutory Direct Debt and Statutory Debt Limit
2016 - 2025**



2020	2019	2018	2017	2016
\$ 28,098,890	\$ 27,739,221	\$ 27,360,819	\$ 26,445,665	\$ 25,079,591
—	—	—	—	—
28,098,890	27,739,221	27,360,819	26,445,665	25,079,591
(945,574)	(1,013,492)	(1,092,519)	(1,110,195)	(1,150,296)
(1,663,350)	(1,665,205)	(1,680,555)	(1,642,730)	(1,535,890)
(662,270)	(684,745)	(748,445)	(738,010)	(657,040)
(496,936)	(574,902)	(598,985)	(632,348)	(652,197)
(504,255)	(527,635)	(552,110)	(575,420)	(597,630)
(207)	(207)	(207)	(207)	(207)
(55,290)	(80,930)	(105,230)	(128,270)	(170,735)
(1,260,565)	(1,104,610)	(1,131,105)	(644,540)	—
22,510,443	22,087,495	21,451,663	20,973,945	20,315,596
25,220,164	24,019,204	22,875,433	21,786,126	20,748,692
\$ 2,709,721	\$ 1,931,709	\$ 1,423,770	\$ 812,181	\$ 433,096
10.7%	8.0%	6.2%	3.7%	2.1%

Ten Fiscal Year Schedule of Pledged Revenue Coverage
Special Obligation Transportation Bonds (Motor Fuels Taxation and Motor Vehicle Fees), Convention Center Bonds (Tax Incremental Financing) and Grant Anticipation Notes (Federal Highway Grants)

(Statutory Basis, Amounts in Thousands, Except for Ratios)

	2025	2024	2023	2022	2021
Commonwealth Transportation Fund Bonds					
The CTF bonds are secured by the full 24 cent per gallon gasoline tax, the full 21 cents per gallon of special fuels taxes (comprised primarily of taxes on diesel fuel), the full tax on liquefied natural gas and all Registry of Motor Vehicle fees deposited in the Commonwealth Transportation Fund. Federal Build America Bonds subsidies are also pledged to all CTF bonds. The 2010 bonds were issued as federally taxable Build America Bonds/Recovery Zone Economic Development Bonds; the programs provide an interest subsidy of 35-45% directly to the Commonwealth. The interest subsidy is shown as pledged funds and debt service is gross of the subsidy. Revenues pledged to the bonds are available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable for the purpose of calculating debt service coverage ratios and are not shown in this table. For years prior to 2023, receipts are net of revenues pledged to Highway Fund bonds, which were issued prior to 2010, and final payments for which were made in 2022.					
CTF Bond Issues (Includes Revenues in Excess of Those Needed to Pay Debt Service on Pre-2010 Highway Bonds, Which Matured in FY22)					
Receipts	\$ 1,339,901	\$ 1,361,251	\$ 1,313,036	\$ 1,302,636	\$ 1,266,755
Operating Expenses	N/A	N/A	N/A	N/A	N/A
Net Available Revenues	\$ 1,339,901	\$ 1,361,251	\$ 1,313,036	\$ 1,302,636	\$ 1,266,755
Annual Debt Service	\$ 240,923	\$ 233,434	\$ 215,493	\$ 186,189	\$ 189,083
Debt Service Coverage Ratio	5.56	5.83	6.09	7.00	6.70
Ratings History of Bonds (Fitch, Moody's and S&P)*	NA, Aa1, AAA	NA, Aa1, AAA	NA, Aa1, AAA	NA, Aa1, AA+	NA, Aa1, AA+
Convention Center Bonds					
These bonds are secured by amounts payable to the Convention Center Fund, which include certain hotel tax receipts in Boston, Cambridge, Springfield, surcharges on car rentals, parking, sightseeing tours and cruises and sales tax receipts in those cities. Revenues pledged to the bonds are available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable for the purpose of calculating debt service coverage ratios and are not shown in this table.					
Receipts	\$ 238,955	\$ 225,208	\$ 203,560	\$ 148,719	\$ 45,744
Operating Expenses	N/A	N/A	N/A	N/A	N/A
Net Available Revenues	\$ 238,955	\$ 225,208	\$ 203,560	\$ 148,719	\$ 45,744
Annual Debt Service	\$ 52,473	\$ 52,433	\$ 52,392	\$ 52,350	\$ 52,283
Debt Service Coverage Ratio	4.55	4.30	3.89	2.84	0.87
Ratings History of Bonds (Fitch, Moody's and S&P)*	NA, Aa3, A-	NA, A1, A-	NA, A1, A-	NA, A1, A-	NA, A1, BBB+
Grant Anticipation Notes (GANS)					
Grant Anticipation Notes are secured by all federal highway reimbursements, which are deposited in the Grant Anticipation Note Trust fund. Revenues pledged to the notes are available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable for the purpose of calculating debt service coverage ratios and are not shown in this table. The 2010 bonds were issued as federally taxable Build America Bonds; the program provides an interest subsidy of 35% directly to the Commonwealth. The interest subsidy is shown as pledged funds and debt service is gross of the subsidy.					
GANS (Includes Revenues in Excess of those Needed to Pay Debt Service Commonwealth Transportation Fund Bonds)					
Receipts	\$ 2,045,709	\$ 1,941,450	\$ 1,851,800	\$ 1,744,871	\$ 1,792,915
Operating Expenses	N/A	N/A	N/A	N/A	N/A
Net Available Revenues	\$ 2,045,709	\$ 1,941,450	\$ 1,851,800	\$ 1,744,871	\$ 1,792,915
Annual Debt Service	\$ 134,975	\$ 153,523	\$ 112,087	\$ 133,012	\$ 112,368
Debt Service Coverage Ratio	15.16	12.65	16.52	20.50	15.96
Ratings History of Bonds (Fitch, Moody's and S&P)*	NR, Aa2, AAA	NR, Aa2, AAA	NR, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa2, AAA

*Uninsured rating, if available.
See Independent Auditors' Report

2020	2019	2018	2017	2016
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\$ 1,250,653	\$ 1,373,116	\$ 1,362,788	\$ 1,326,734	\$ 1,294,357
N/A	N/A	N/A	N/A	N/A
\$ 1,250,653	\$ 1,373,116	\$ 1,362,788	\$ 1,326,734	\$ 1,294,357
\$ 184,361	\$ 176,189	\$ 149,968	\$ 129,024	\$ 94,859
6.78	7.79	9.09	10.28	13.65
NA, Aa1, AA+	NA, Aa1, AAA	NA, Aa1, AAA	NA, Aa1, AAA	NA, AAA, AAA

\$ 145,835	\$ 164,197	\$ 146,872	\$ 133,789	\$ 134,806
N/A	N/A	N/A	N/A	N/A
\$ 145,835	\$ 164,197	\$ 146,872	\$ 133,789	\$ 134,806
\$ 52,222	\$ 54,601	\$ 54,473	\$ 54,540	\$ 54,540
2.79	3.01	2.70	2.45	2.47
NA, A1, A	NA, A1, A	NA, A1, A	NA, A1, A	NA, A1, A

\$ 1,705,993	\$ 1,771,001	\$ 1,756,726	\$ 1,734,397	\$ 1,707,187
N/A	N/A	N/A	N/A	N/A
\$ 1,705,993	\$ 1,771,001	\$ 1,756,726	\$ 1,734,397	\$ 1,707,187
\$ 111,218	\$ 100,493	\$ 97,489	\$ 80,359	\$ 76,049
15.34	20.57	20.96	21.58	22.45
AA+, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa2, AAA	AA+, Aa1, AAA

**Ten-Year Schedule of Percentage of Annual Debt Service Expenditures
For General Bonded Debt to Total Non-Capital Expenditures - Fund Perspective
All Governmental Fund Types**

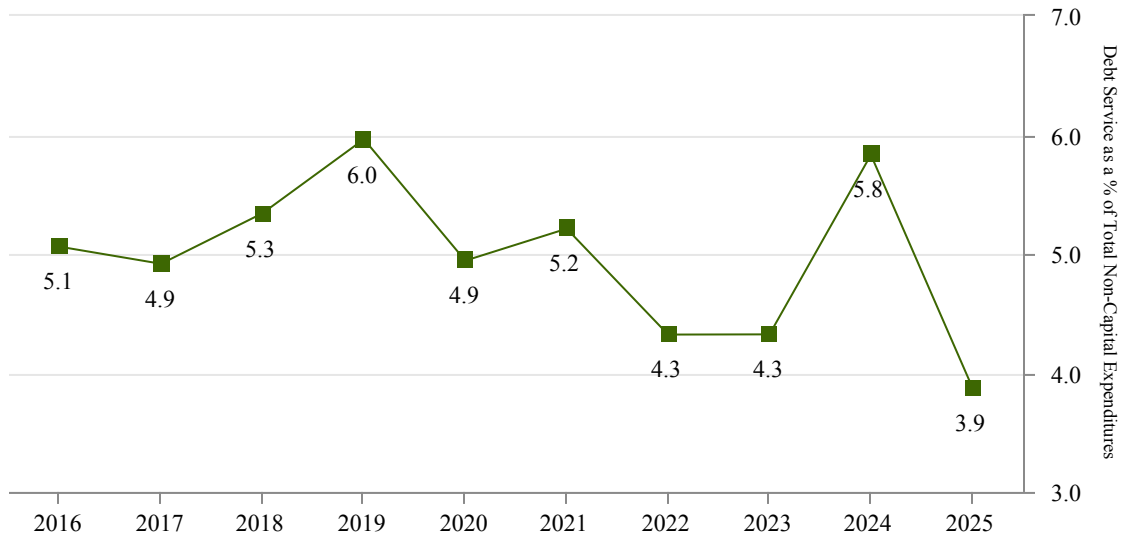
(Amounts in thousands)

Fiscal year ended June 30	Debt service ⁽¹⁾	Total non-capital expenditures ⁽²⁾	Ratio (%)
2025	\$ 3,503,350	90,314,885	3.9
2024	4,979,656	85,377,992	5.8
2023	3,527,748	81,583,443	4.3
2022	3,248,922	75,166,146	4.3
2021	3,572,588	68,543,124	5.2
2020	3,026,865	61,227,675	4.9
2019	3,489,029	58,502,774	6.0
2018	3,040,834	56,925,468	5.3
2017	2,667,043	54,239,919	4.9
2016	2,720,117	53,748,227	5.1

- (1) Business type activities debts are secured solely by leases between the Institutions of Higher Education and two blended building authorities. Excludes Massachusetts School Building Authority debt service paid by the Authority.
- (2) Expenditures are shown net of Massachusetts School Building Authority expenditures as they are school building assistance capital grants to local cities and towns.

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Debt Service to Non-Capital Expenditures Ratio Fiscal Year 2016 - 2025



**Component Units Revenue Bond Coverage
For the Last Ten Fiscal Years**

(Amounts in thousands)

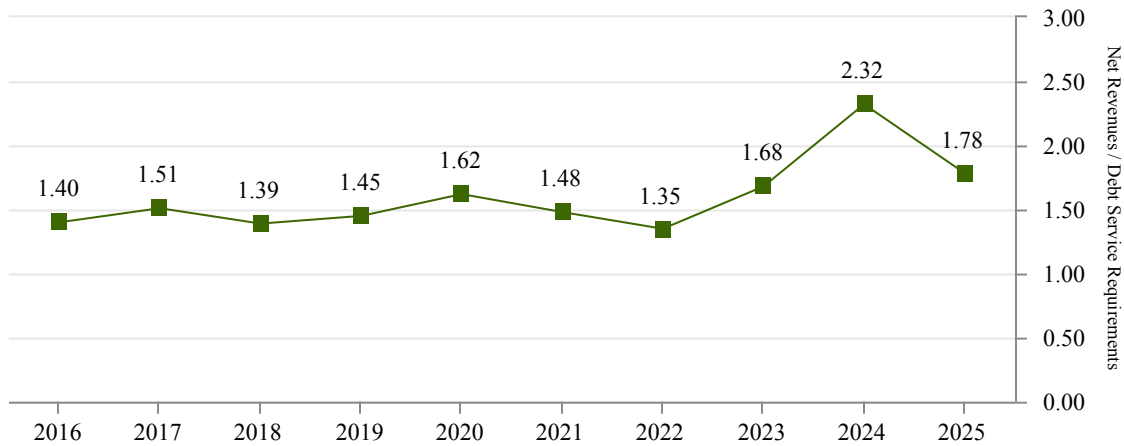
Fiscal year ended June 30	Net Revenues ⁽¹⁾	Debt service requirements ⁽²⁾	Coverage Ratio (%)
2025	\$ 2,825,455	\$ 1,584,543	1.78
2024	2,655,517	1,143,897	2.32
2023	2,846,930	1,693,612	1.68
2022	2,393,922	1,773,781	1.35
2021	2,234,478	1,513,531	1.48
2020	2,194,836	1,352,565	1.62
2019	2,073,011	1,431,521	1.45
2018	1,831,742	1,322,491	1.39
2017	1,763,564	1,169,651	1.51
2016	1,817,135	1,298,267	1.40

- (1) Net revenues represent revenue pledged and available for the repayment of revenue bonds. In most cases, revenue pledged for the bonds is available prior to use for any other purposes. Thus, operating expenses paid from these revenue sources are not applicable when calculating debt service coverage and are not subtracted from pledged revenues.
- (2) Debt service requirements represent total debt service payments made less debt service paid on short-term borrowings of only those Authorities with revenue bonds outstanding.

Source: Office of the Comptroller

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Component Units Revenue Bond Coverage Fiscal Year 2016 - 2025



Ten-Year Schedule of Massachusetts and United States Resident Population

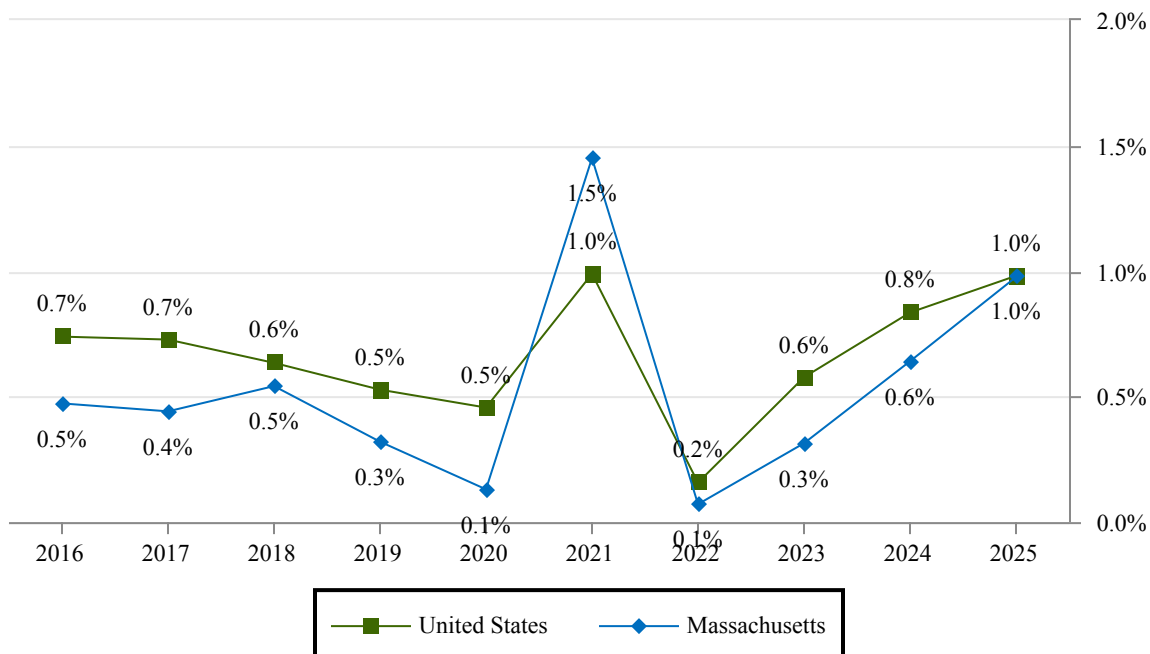
(Amounts in thousands)

Beginning of Fiscal Year	Massachusetts Resident Population (1)	% Change	United States Resident Population (1)	% Change	Massachusetts as % of U.S.
2025	7,136	1.0%	340,111	1.0%	2.1%
2024	7,067	0.6%	336,806	0.8%	2.1%
2023	7,022	0.3%	334,017	0.6%	2.1%
2022	7,000	0.1%	332,100	0.2%	2.1%
2021	6,995	1.5%	331,578	1.0%	2.1%
2020	6,895	0.1%	328,330	0.5%	2.1%
2019	6,886	0.3%	326,838	0.5%	2.1%
2018	6,864	0.5%	325,122	0.6%	2.1%
2017	6,827	0.4%	323,072	0.7%	2.1%
2016	6,797	0.5%	320,739	0.7%	2.1%

(1) Population estimates have been restated using most current United States Census Bureau Data. Population data is reported as of July 1 of the previous year.

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**Massachusetts and United States Estimated Year-to-Year Population Change
Fiscal Year 2016 - Fiscal Year 2025**



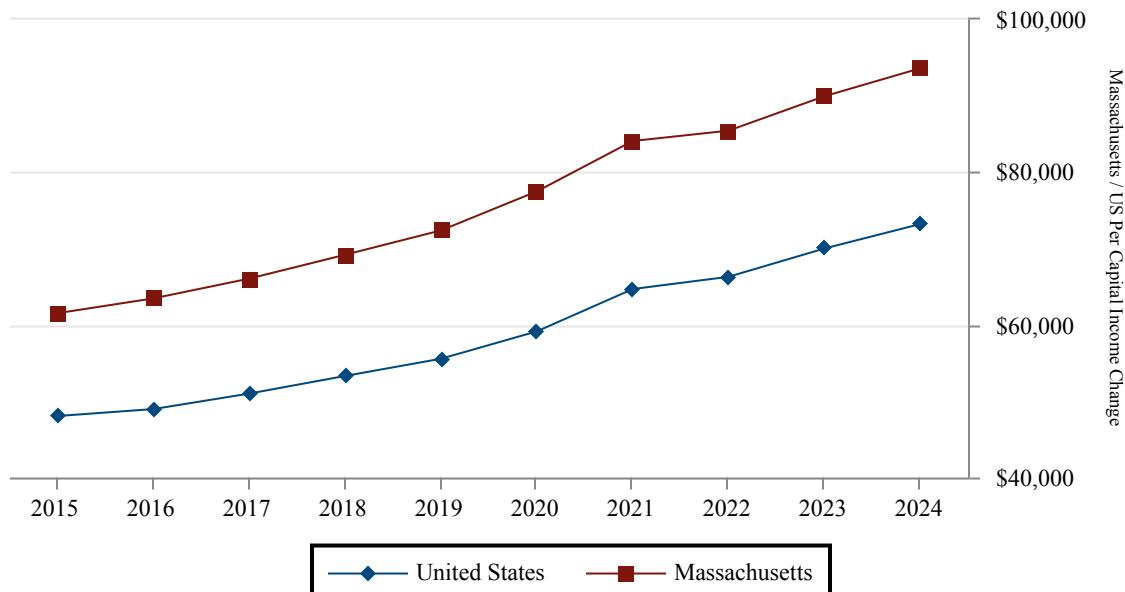
Ten-Year Schedule of Massachusetts and United States Resident Per Capita Net Income

Calendar year	Massachusetts	% Change	United States	% Change	Massachusetts as % of U.S.
2024	\$ 93,607	4.1 %	\$ 73,204	4.6 %	127.9 %
2023	89,947	5.3 %	70,002	5.6 %	128.5 %
2022	85,441	1.6 %	66,298	2.5 %	128.9 %
2021	84,087	8.5 %	64,692	9.4 %	130.0 %
2020	77,493	7.1 %	59,151	6.4 %	131.0 %
2019	72,381	4.6 %	55,567	4.2 %	130.3 %
2018	69,191	4.7 %	53,311	4.5 %	129.8 %
2017	66,069	4.1 %	51,006	4.1 %	129.5 %
2016	63,476	3.2 %	48,974	1.9 %	129.6 %
2015	61,536	5.9 %	48,062	3.8 %	128.0 %

Source: Bureau of Economic Analysis, US Department of Commerce. Prior years restated due to revised estimates updated on September 26, 2025.

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Massachusetts and United States Estimated Per Capita Net Income
Calendar Year 2015 - 2024



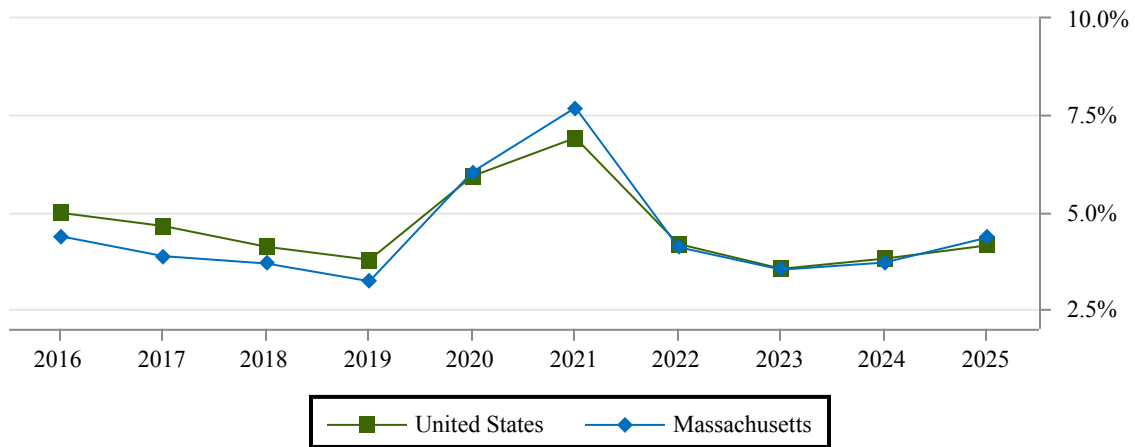
**Ten-Year Schedule of Annual Average Civilian Labor Force,
Unemployment and Unemployment Rates
For Massachusetts and the United States**
(Amounts in thousands)

Fiscal Year	Massachusetts			United States			Massachusetts Rate as % of U.S. Rate
	Labor Force	Unemployment	Unemployment Rate %	Labor Force	Unemployment	Unemployment Rate %	
2025	3,929	171	4.4%	169,543	7,038	4.2%	104.8 %
2024	3,856	143	3.7%	167,702	6,389	3.8%	97.4 %
2023	3,773	133	3.5%	165,577	5,875	3.5%	100.0 %
2022	3,752	154	4.1%	162,925	6,821	4.2%	97.6 %
2021	3,740	288	7.7%	160,575	11,115	6.9%	111.6 %
2020	3,788	229	6.0%	162,570	9,654	5.9%	101.7 %
2019	3,843	124	3.2%	162,675	6,148	3.8%	84.2 %
2018	3,774	139	3.7%	161,152	6,632	4.1%	90.2 %
2017	3,692	143	3.9%	159,790	7,429	4.6%	84.8 %
2016	3,625	159	4.4%	158,047	7,887	5.0%	88.0 %

Source: Federal Bureau of Labor Statistics, August 2025. Seasonally adjusted. Previous data has been updated by the Federal Bureau of Labor Statistics.

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**Massachusetts and United States Average Unemployment Rates
Fiscal Year 2016 to Fiscal Year 2025**



Largest Private Sector Massachusetts Employers 2025 and 2016
(Alphabetical Order)

2025			2016		
Employer	Headquarters	Product or Service	Employer	Headquarters	Product or Service
Bay State Medical Center, Inc.	Boston	Hospital	Bay State Medical Center, Inc.	Boston	Hospital
Beth Israel Deaconess Medical Center	Boston	Hospital	Beth Israel Deaconess Medical Center	Boston	Hospital
Boston Medical Center Corporation	Boston	Hospital	Boston Medical Center Corporation	Boston	Hospital
Boston University	Boston	University	Boston University	Boston	University
Brigham and Women's Hospital, Inc.	Boston	Hospital	Brigham and Women's Hospital, Inc.	Boston	Hospital
Dana-Farber Cancer Institute, Inc.	Boston	Hospital	DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket
DeMoulas Supermarkets, Inc.	Tewksbury	Supermarket	General Hospital Corporation	Boston	Hospital
General Hospital Corporation	Boston	Hospital	Harvard University	Cambridge	University
Harvard University	Cambridge	University	Mass General Brigham Incorporated	Boston	Hospital
Mass General Brigham Incorporated	Boston	Hospital	Massachusetts Institute of Technology	Cambridge	University
Massachusetts Institute of Technology	Cambridge	University	Northeastern University	Boston	University
Northeastern University	Boston	University	Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket
Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket	Southcoast Hospitals Group	Fairhaven	Hospital
Southcoast Hospitals Group	Fairhaven	Hospital	State Street Bank and Trust Company	Boston	Banking
State Street Bank and Trust Company	Boston	Banking	The Children's Hospital Corporation	Boston	Hospital
The Children's Hospital Corporation	Boston	Hospital	The Stop & Shop Supermarkets Company	Quincy	Supermarket
The Stop & Shop Supermarkets Company	Quincy	Supermarket	The TJX Companies	Framingham	Retail
The TJX Companies, Inc.	Framingham	Retail	UMASS Memorial Medical Center, Inc.	Worcester	Hospital
Tufts University	Medford	University	Atrius Health Inc.	Newton	Doctors
UMASS Memorial Medical Center, Inc.	Worcester	Hospital	E.M.C Corporation	Hopkinton	Manufacturing

Source: Massachusetts Executive Office of Labor and Workforce Development, Department of Economic Research. In addition, Amazon.Com Services, Inc., CVS Pharmacy, Inc, Home Depot U.S.A.; Inc., Target Corp, United Parcel Services, Inc., and Wal-Mart Associates, Inc. are all large Massachusetts employers, but are headquartered outside of Massachusetts. The information is based from June 2025 reports filed by private employers subject to unemployment compensation laws. The list may not include those employers who do business in MA under multiple legal corporations and those who register each store, facility or franchisee as a separate employer.

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**Full Time Equivalent Employees
by Function / Program
Last Ten Years**

Functions / Programs	2025	2024	2023	2022	2021
General government	7,623	7,395	7,150	6,936	6,942
Judiciary	7,851	7,680	7,435	7,094	7,061
Energy and environmental affairs	3,110	3,061	2,823	2,635	2,671
Health and human services	23,479	23,006	21,788	21,447	22,022
Housing and Livable Communities	568	500	382	—	—
Transportation and construction	4,156	4,298	4,031	3,614	3,504
Education	1,039	1,003	953	912	908
Public safety and security	17,031	16,736	16,418	16,216	16,649
Economic development	710	703	657	1,011	980
Veterans' Service	769	738	713	—	—
Higher Education:					
University of Massachusetts	15,852	15,690	15,374	15,124	14,840
State universities	5,112	5,035	4,964	4,948	4,944
Community colleges	5,084	4,913	4,738	4,712	4,653
Totals	92,384	90,758	87,426	84,649	85,174
Percentage change	1.8 %	3.8 %	3.3 %	(0.6)%	(1.6)%

Source: Office of the State Comptroller

"Education" includes the Department of Elementary and Secondary Education, the Executive Office of Education, the Board of Higher Education and Early Education and Care. Transportation and construction includes MassDOT. FTE's are rounded. Prior years not restated for changes.

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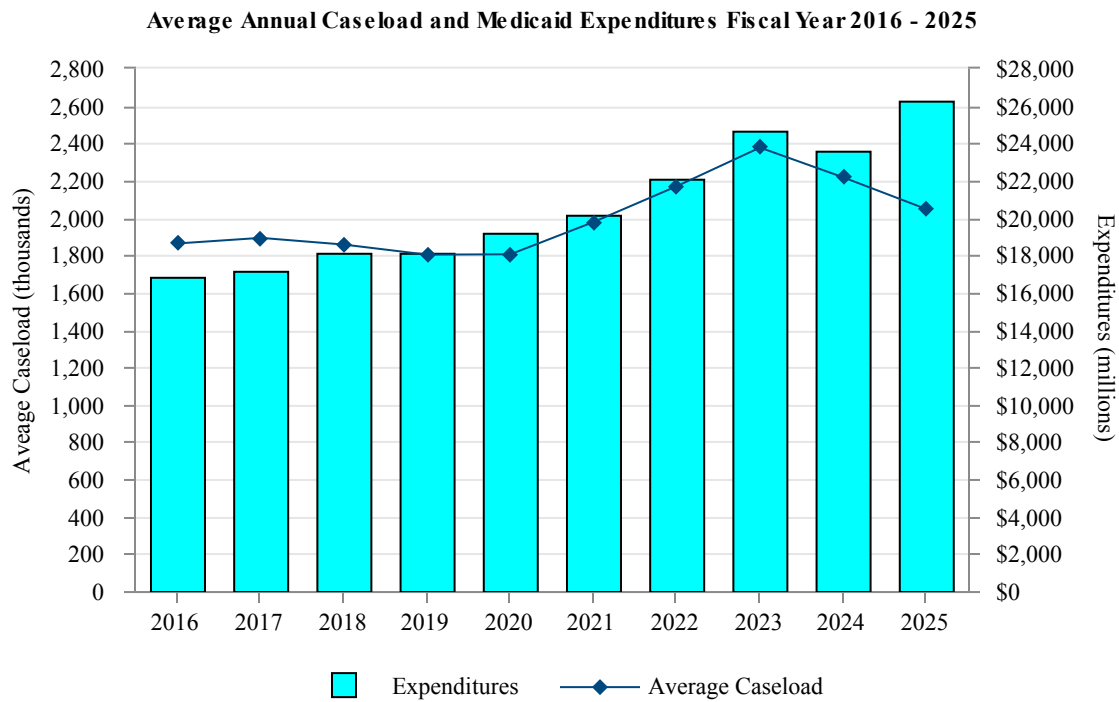
2020	2019	2018	2017	2016	Change - 2025 from 2016
6,890	6,900	6,855	6,905	7,018	8.6 %
7,217	7,164	7,229	7,208	7,264	8.1 %
2,626	2,614	2,533	2,509	2,539	22.5 %
22,218	22,209	22,104	21,817	21,557	8.9 %
—	—	—	—	—	— %
3,584	3,555	3,527	3,482	4,004	3.8 %
887	852	821	815	907	14.6 %
16,907	16,676	16,502	16,522	16,868	1.0 %
936	922	918	818	844	(15.9)%
—	—	—	—	—	— %
15,324	15,193	14,737	15,032	15,130	4.8 %
5,136	5,219	5,233	5,186	5,050	1.2 %
4,858	4,816	4,917	5,066	5,032	1.0 %
86,583	86,120	85,376	85,360	86,213	7.2 %
0.5 %	0.9 %	— %	(1.0)%	(1.8)%	

**Average Annual Medicaid Caseload and
Medicaid Expenditures - Fund Perspective
Last Ten Fiscal Years**

(Caseload amount in thousands, expenditure amounts in millions)

Fiscal year ended June 30	Average annual caseload	Medicaid expenditures	Average expenditures per case
2025	2,047	\$ 26,323	\$ 12,859
2024	2,217	23,601	10,645
2023	2,377	24,715	10,398
2022	2,170	22,065	10,168
2021	1,978	20,208	10,216
2020	1,805	19,207	10,641
2019	1,803	18,094	10,035
2018	1,857	18,106	9,750
2017	1,893	17,183	9,077
2016	1,863	16,825	9,031

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Massachusetts Road Inventory
Calendar Year End, Lane Miles by Type
Last Ten Calendar Years

Calendar Year	Interstate	Arterial	Collector	Local	Total	% Change	Total	
							Urban	Total Rural
2024	3,186	15,568	9,089	47,677	75,520	0.08%	84.2%	15.8%
2023	3,188	15,580	9,089	47,601	75,458	0.24%	84.2%	15.8%
2022	3,188	15,564	9,086	47,439	75,277	2.96%	84.2%	15.8%
2021	3,190	15,557	9,032	45,333	73,112	0.02%	85.8%	14.2%
2020	3,190	15,588	9,046	45,271	73,095	0.11%	85.8%	14.2%
2019	3,168	15,613	9,049	45,183	73,013	1.10%	85.8%	14.2%
2018	3,199	15,587	9,047	44,383	72,216	(0.58)%	85.7%	14.3%
2017	3,204	15,618	9,051	44,761	72,634	1.16%	85.9%	14.1%
2016	3,204	15,624	9,050	43,926	71,804	(1.02)%	85.9%	14.1%
2015	3,204	15,641	9,048	44,654	72,547	0.24%	85.8%	14.2%

Source: Massachusetts Highway Department, Bureau of Transportation Planning and Development Annual Road Inventory Reports, Lane Miles Table 8. Exclusive of shoulders

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**Massachusetts Real Property Owned and Leased
Annual Inventory, Acreage, Improvements and Square Footage
Last Ten Years**

Functions/Programs	Survey Year 2025	Survey Year 2024	Survey Year 2023	Survey Year 2022	Survey Year 2021
General Government:					
Total Acreage	2,952	3,065	4,087	3,281	3,234
Number of Improvements	220	259	258	317	331
Gross square footage	4,212,224	4,404,603	4,817,038	5,764,113	5,643,667
Judiciary:					
Total Acreage	153	152	150	143	144
Number of Improvements	81	77	76	77	73
Gross square footage	5,119,828	5,119,828	5,108,767	5,130,191	5,129,991
Energy and environmental affairs:					
Total Acreage	793,596	790,817	780,582	354,720	347,857
Number of Improvements	4,482	4,429	4,394	4,161	4,108
Gross square footage	108,989,478	108,945,697	109,079,497	107,960,374	104,763,962
Housing and economic development:					
Total Acreage	2	2	2	2	2
Number of Improvements	5	5	6	6	6
Gross square footage	57,812	57,812	67,412	67,412	67,412
Health and human services:					
Total Acreage	2,640	2,616	2,492	2,018	2,111
Number of Improvements	500	487	476	474	466
Gross square footage	8,982,470	8,983,483	8,888,144	8,467,766	8,079,366
Transportation and public works:					
Total Acreage	179	6,866	6,693	1,072	1,061
Number of Improvements	56	973	970	1,001	999
Gross square footage	400,595	6,293,626	6,295,186	6,815,457	6,583,261
Education:					
Total Acreage	208	208	208	150	150
Number of Improvements	30	30	30	30	30
Gross square footage	508,706	508,706	508,706	508,706	508,706
Public safety and security:					
Total Acreage	11,593	11,619	10,123	9,382	9,352
Number of Improvements	1,175	1,136	1,135	1,079	1,078
Gross square footage	15,990,437	15,003,893	15,233,261	14,773,374	14,554,396
Higher Education:					
Total Acreage	7,513	7,476	7,426	6,589	6,577
Number of Improvements	1,243	1,240	1,208	1,227	1,215
Gross square footage	43,343,796	43,228,850	42,912,717	43,067,759	42,579,314
Totals for Commonwealth (exclusive of Component Units):					
Total Acreage	818,836	822,821	811,763	377,357	370,488
Number of Improvements	7,792	8,636	8,553	8,372	8,306
Gross square footage	187,605,346	192,546,498	192,910,728	192,555,152	187,910,075
Percentage Change for Commonwealth:					
Acreage	(0.5)%	1.4 %	115.1 %	1.9 %	(52.7)%
Improvement	(9.8)%	1.0 %	2.2 %	0.8 %	11.4 %
Gross square footage	(2.6)%	(0.2)%	0.2 %	2.5 %	13.2 %

Source: Division of Capital Asset Management and Maintenance

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Survey Year 2020	Survey Year 2019	Survey Year 2018	Survey Year 2017	Survey Year 2016
4,615	4,812	5,108	4,964	2,488
330	307	287	268	118
5,602,706	6,056,184	5,848,109	6,054,449	4,808,125
154	152	155	154	153
74	69	73	75	75
5,129,991	4,763,973	4,935,067	5,224,810	4,843,949
753,328	692,352	689,821	688,129	680,310
3,329	2,625	2,352	2,184	2,186
83,595,589	12,292,810	8,410,119	8,214,843	8,134,142
2	2	2	2	2
6	6	6	6	6
67,412	78,012	78,012	78,012	78,012
2,569	2,560	2,760	2,862	5,568
463	462	455	455	627
8,088,467	7,908,283	8,390,655	8,131,022	8,361,435
6,957	6,951	7,160	7,195	6,968
1,008	971	965	952	930
6,519,615	6,296,235	6,273,557	6,123,984	5,820,282
208	208	220	208	208
30	30	40	40	40
508,706	223,706	207,633	207,633	207,633
10,198	10,336	12,071	19,271	19,150
1,035	1,129	1,100	1,118	1,063
14,483,439	15,394,170	15,176,714	14,998,157	13,845,503
5,924	5,923	5,715	6,770	7,244
1,178	1,185	1,136	1,101	1,078
42,039,298	42,092,601	40,434,772	43,339,713	38,443,057
783,955	723,296	723,012	729,555	722,091
7,453	6,784	6,414	6,199	6,123
166,035,223	95,105,974	89,754,638	92,372,623	84,542,138
8.4 %	— %	(0.9)%	1.0 %	0.9 %
9.9 %	5.8 %	3.5 %	1.2 %	— %
74.6 %	6.0 %	(2.8)%	9.3 %	(0.7)%

**Massachusetts Public Higher Education
Enrollment and Degrees Conferred
Last Ten Academic Years**

Academic Year	Fall 2024	Fall 2023	Fall 2022	Fall 2021	Fall 2020
ENROLLMENT					
University System					
Undergraduate (FTE).....	50,145	49,903	50,144	50,720	52,633
Graduate (FTE).....	13,691	14,952	14,434	14,066	13,437
System Enrollment	63,836	64,855	64,578	64,786	66,070
State University System					
Undergraduate (FTE).....	27,283	27,614	27,004	28,208	31,087
Graduate (FTE).....	4,590	5,623	5,611	4,940	5,859
System Enrollment	31,873	33,237	32,615	33,148	36,946
Community College System					
Undergraduate (FTE).....	42,770	39,870	41,858	38,503	39,814
DEGREES CONFERRED					
	2025	2024	2023	2022	2021
University System					
Certificates (MD).....	726	666	732	734	693
Associates.....	49	49	53	53	70
Bachelors.....	12,517	12,634	13,280	13,100	13,364
Masters.....	5,525	5,256	4,805	4,342	4,111
Doctoral.....	704	725	596	712	599
Certificate of Advance Graduate Study.....	51	54	57	58	48
Post-Baccalaureate Certificate.....	796	709	638	749	652
First Professional.....	99	111	110	86	86
Total Degrees	20,467	20,204	20,271	19,834	19,623
State University System					
Certificates.....	82	67	60	61	45
Bachelors.....	6,340	6,350	6,907	7,478	7,996
Masters.....	2,996	3,062	3,093	3,199	2,855
Certificate of Advance Graduate Study.....	161	159	134	137	130
Post-Baccalaureate Certificate.....	360	280	322	276	301
Total Degrees	9,939	9,918	10,516	11,151	11,327
Community College System					
Certificates.....	2,733	2,251	2,320	2,295	2,473
Associates.....	7,802	7,533	7,598	8,641	9,267
Total Degrees	10,535	9,784	9,918	10,936	11,740
Total All Systems - Degrees	40,941	39,906	40,705	41,921	42,690

Source: Massachusetts Board of Higher Education. Enrollment information based at the start of the academic year.

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Fall 2019	Fall 2018	Fall 2017	Fall 2016	Fall 2015	% Change - 2024 from 2015
53,103	56,544	56,275	51,209	50,816	(1.3) %
12,907	18,161	18,284	12,769	12,517	9.4 %
66,010	74,705	74,559	63,978	63,333	0.8 %
34,807	35,081	36,074	35,909	34,700	(21.4) %
6,003	6,169	5,694	5,641	8,007	(42.7) %
40,810	41,250	41,768	41,550	42,707	(25.4) %
47,190	47,891	52,306	55,336	59,827	(28.5) %
2020	2019	2018	2017	2016	% Change - 2025 from 2016
604	573	571	505	423	71.6 %
80	93	82	73	85	(42.4) %
13,061	13,118	13,036	12,754	12,124	3.2 %
4,074	4,099	4,013	3,771	3,669	50.6 %
662	665	599	602	575	22.4 %
49	67	71	76	86	(40.7) %
658	696	708	842	769	3.5 %
58	47	49	50	53	86.8 %
19,246	19,358	19,129	18,673	17,784	15.1 %
54	39	28	35	40	105.0 %
8,516	8,692	8,867	8,775	8,762	(27.6) %
2,876	2,693	2,388	2,283	2,353	27.3 %
138	92	85	83	73	120.5 %
259	370	302	359	283	27.2 %
11,843	11,886	11,670	11,535	11,511	(13.7) %
2,311	2,886	3,332	3,147	3,131	(12.7) %
9,413	10,276	10,416	11,067	11,317	(31.1) %
11,724	13,162	13,748	14,214	14,448	(27.1) %
42,813	44,406	44,547	44,422	43,743	(6.4) %

Calculation of Transfers: Stabilization Fund*

Fiscal Year Ended June 30, 2025
(Amounts are in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5C. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

	General Fund	Commonwealth Transportation Fund	Local Capital Projects Fund	Gaming Local Aid Fund	Education Fund	Gaming Economic Development Fund	Marijuana Regulation Fund	Total
Budgeted Fund Undesignated Balances*	\$ (515,024)	\$ 301,724	\$ (2,813)	\$ (63,804)	\$ 890	\$ (22,623)	\$ 4,361	\$ (297,289)
Fund Balance Deficit Elimination Transfers Per Section 5C of Ch. 29	217,735	(301,724)	2,813	63,804	(890)	22,623	(4,361)	—
Budgeted Fund Undesignated Balance - before Section 188 of chapter 73 of the acts of 2025 capital gains above threshold recalculation transfer**	(297,289)	—	—	—	—	—	—	(297,289)
Capital Gains Tax Revenue Used to Eliminate General Fund Deficit capital gains above the threshold Per Section 5C of Ch. 29/ MGL C. 29.5G/ Section 188 of chapter 73 of the acts of 2025	297,289							297,289
Budgeted Fund Undesignated Balances (Consolidated Net Surplus)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Stabilization Balance Reconciliation:

Balance as of July 1, 2024	\$ 8,523,632
Certain tax revenues	179
FY2025 Stabilization Fund Interest Earnings	406,229
Transfer of FY2024 Stabilization Fund Interest to the Commonwealth Federal Matching and Debt Reduction Fund***	(420,764)
Transfer of FY2025 Stabilization Fund Interest to the Commonwealth Federal Matching and Debt Reduction Fund	(406,229)
Accounting Adjustment for Change in Value of Short-Term Bond Fund	7,637
Stabilization Fund Balance as of June 30, 2025	<u>\$ 8,110,684</u>
Memo: Change in Stabilization Fund Balance, FY24-25	\$ (412,948)

* Excludes funds not part of the consolidated net surplus or with no FY25 balances or activity

**Supersedes Section 5C of Chapter 29 of the Massachusetts General Laws, which determines the disposition of the consolidated net surplus

*** Timing difference - Transfer for \$421 million in Fiscal 2024 interest is a Fiscal 2025 event for reporting purposes.

Note: Details may not add to totals due to rounding

See Independent Auditors' Report

Calculation of Transfers: Tax Reduction Fund

June 30, 2025

(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 Sections [2H](#) and [2I](#) of the Massachusetts General Laws, as amended. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report.

The computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers, to 25.5% of budgeted revenues and other financial resources:

Undesignated fund balance in the Stabilization Fund	\$ 8,110,684
Allowable Stabilization Fund balance	<u>15,742,311</u>
Stabilization Fund excess, if any, transferable to Tax Reduction Fund	<u>\$ —</u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance	\$ 8,110,684
Transfer to Tax Reduction Fund	<u>—</u>
Stabilization Fund balance after transfer to Tax Reduction Fund	<u>\$ 8,110,684</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>

See Independent Auditors' Report

MASSACHUSETTS GENERAL INFORMATION

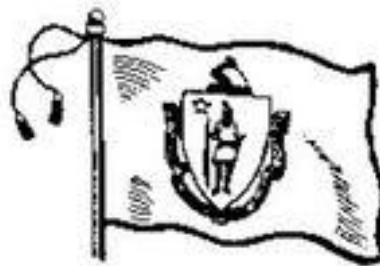
Admitted to Union (6th State): 1788
Population: 7,136,171

Capital: Boston
Nickname: Bay State

The State Seal



The State Flag



The State Seal, adopted by Governor John Hancock and the Council on December 13, 1780 and made official by the General Court on June 4, 1885, is circular and bears a representation of the arms of the Commonwealth encircled with the words "Sigillum Reipublicae Massachusettensis" (Seal of the Republic of Massachusetts). The arms, according to legislative enactment, consists of "a shield having a blue field or surface with an Indian thereon, dressed in a shirt and moccasins, holding in his right hand a bow, and in his left hand an arrow, point downward, all of gold; and in the upper corner of the field, above his right arm, bent at the elbow, clothed and ruffled, with the hand grasping a broadsword."

The State Flag is white, a representation of the coat of arms on both sides. It was adopted in its final form in 1971; before that, the obverse side depicted a pine tree.

The State Flower



The Mayflower

The State Fish



The Cod, a soft-finned fish, usually 10-20lbs. A sculpture of a cod hangs in the House of Representatives as a tribute to this useful aquatic creature.

The State Bird



The Black Capped Chickadee

The State Dinosaur



Podokesaurus Holyokensis, a mid-Jurassic era dino with a "light and delicate frame" that likely weighed in at 90 pounds and measured about three to six feet in length.

The State Tree



The American Elm was adopted as the official tree March 21, 1941 to commemorate the fact that General George Washington took command of the Continental Army beneath one on Cambridge Common in 1775.

The State Dog



The Boston Terrier, the first purebred dog developed in America (1869), is a cross between an English bulldog and an English terrier.

Beverage: Cranberry Juice
Dessert: Boston Cream Pie

Muffin: The Corn Muffin
Cookie: Chocolate Chip

Horse: The Morgan Horse
Bean: Navy Bean



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