



THE COMMONWEALTH OF MASSACHUSETTS

General Obligation Bonds

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA FOR FISCAL YEAR 2023

March 25, 2024

This statement of annual financial information is provided by The Commonwealth of Massachusetts (the “Commonwealth”) pursuant to certain continuing disclosure undertakings and agreements entered into by the Commonwealth in connection with the Commonwealth’s issuance of general obligation debt and the Commonwealth’s support of the debt of certain other issuers, including the Massachusetts Department of Transportation (“MassDOT”), as successor to the Massachusetts Turnpike Authority, Massachusetts Bay Transportation Authority (“MBTA”) (Assessment Bonds and bonds issued prior to July 1, 2000), Massachusetts Clean Water Trust (certain bonds receiving Commonwealth contract assistance), Massachusetts State College Building Authority (certain Commonwealth-guaranteed bonds), University of Massachusetts Building Authority (certain Commonwealth-guaranteed bonds), Massachusetts Development Finance Agency (“MassDevelopment”) (certain bonds issued to finance projects under the infrastructure investment incentive (I-Cubed) program, South Weymouth naval air base development, and nonprofit community hospitals and hospital centers), and Woods Hole, Martha’s Vineyard and Nantucket Steamship Authority.

The financial information and operating data herein or incorporated by reference herein relates to the Commonwealth for the fiscal year ended June 30, 2023 and updates the financial information and operating data presented in the Commonwealth’s statement of annual financial information for general obligation debt dated March 27, 2023 with respect to the fiscal year ended June 30, 2022.

This statement is of limited scope. It contains only an updating of certain financial information and operating data described below. The information set forth herein does not contain all material information concerning the Commonwealth or its general obligation bonds necessary to make an informed investment decision. This statement does not constitute an offer to sell or the solicitation of an offer to buy Commonwealth general obligation bonds. This statement is submitted pursuant to various continuing disclosure undertakings and agreements relating to bonds that are subject to Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission and is intended to provide only the information necessary to conform to the requirements of said Rule 15c2-12.

Specific reference is made to:

- (i) the Commonwealth’s Information Statement dated December 18, 2023, as supplemented by the Information Statement Supplement dated January 8, 2024 (the “January Information Statement”), which was filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (“EMMA”) on January 8, 2024 and available at <https://emma.msrb.org/P11755475.pdf>;
- (ii) the Commonwealth’s Statutory Basis Financial Report for the year ended June 30, 2023 (“SBFR”), which was filed on EMMA on February 16, 2024 and available at <https://emma.msrb.org/P21777204-P21364371-P21802241.pdf>; and

- (iii) the Commonwealth's Comprehensive Annual Financial Report (GAAP basis) for the year ended June 30, 2022 (the "Audited Financial Statements"), which was filed on EMMA on June 5, 2023 and available at <https://emma.msrb.org/P11669475-P11285210-P11714375.pdf>. The Commonwealth's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023 is not yet available and will be posted on EMMA as soon as available.

Except as set forth herein, the January Information Statement contains the financial information and operating data required by the Commonwealth's continuing disclosure undertakings and are hereby incorporated by reference into this statement of annual financial information. Specifically, the following items of the Commonwealth's continuing disclosure undertaking are included in the January Information Statement and incorporated by reference herein:

- Item 3 (lottery revenues and profits)
- Item 2 (governmental fund operations)*
- Item 4 (tobacco settlements)
- Item 5 (statutory limitations on tax revenues)
- Item 6 (retirement systems and employee contributions)
- Item 7 (current statutorily-imposed pension funding schedule)
- Item 9 (annual required contributions)
- Item 10 (PRIT fund investments)
- Item 12 (state workforce)
- Item 16 (debt service requirements)**
- Item 17 (contract assistance requirements)
- Item 18 (long-term leasing liabilities) *
- Item 22 (liquidity facilities)**

Certain of the information relating to the fiscal year ending June 30, 2023 set forth in the January Information Statement is preliminary, unaudited and subject to change, as noted in the January Information Statement. Certain of the information relating to the fiscal year ending June 30, 2024 is projected and subject to change, as noted in the January Information Statement.

Questions regarding information contained in this statement may be directed to Sue Perez, Deputy Treasurer, Office of the Treasurer and Receiver-General, One Center Plaza, Suite 430, Boston, Massachusetts 02108, telephone (617) 367-9333, or to Kaitlyn Connors, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (857) 338-0234.

* Information for fiscal 2023 will be available upon publication of the Commonwealth's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

** Please refer to the Commonwealth's Information Statement dated September 11, 2023 for information as of June 30, 2023. The January Information Statement has further updated information.

1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures, concluding with prior fiscal year, plus estimates for current fiscal year

The following table sets forth the Commonwealth's budgeted operating funds revenues and expenditures for fiscal 2019 through fiscal 2023, and projected revenues and expenditures for fiscal 2024.

Budgeted Operating Funds – Statutory Basis
(in millions) (1)

	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>	<u>Projected Fiscal 2024</u>
Beginning Fund Balances						
Reserved or Designated Stabilization Fund	\$371.5	\$521.3	\$776.6	\$1,099.3	\$6,076.5	\$1,659.7
Federal COVID-19 Response Fund	2,001.3	3,424.4	3,501.2	4,626.4	6,937.8	7,980.4
Transitional Escrow Fund	-	-	-	4,892.0	167.9	2,326.9
Undesignated	13.9	13.5	17.4	21.2	386.3	959.5
Total	\$2,386.7	\$3,959.2	\$4,295.2	\$12,099.2	\$18,200.3	\$13,635.6
Revenues and Other Sources						
Alcoholic Beverages	87.1	88.4	93.2	97.6	99.1	99.6
Banks	19.5	9.3	44.9	22.6	21.8	24.5
Cigarettes	439.8	416.3	316.1	310.1	290.2	274.6
Corporations	2,927.2	2,523.4	3,626.6	4,576.8	4,549.0	4,372.2
Deeds	318.3	314.2	397.2	472.3	336.9	301.0
Income	17,109.3	17,360.8	19,618.5	24,336.6	18,995.3	22,991.3
Inheritance and Estate	601.3	699.6	787.8	868.4	973.7	752.6
Insurance	470.6	495.9	558.8	609.4	648.6	691.2
Marijuana Excise	13.9	51.7	112.4	156.7	161.5	165.6
Motor Fuel	775.5	707.9	662.9	722.8	701.9	719.1
Room Occupancy	168.8	146.6	88.7	186.2	235.7	260.2
Sales:						
Regular	4,688.3	4,905.1	5,829.4	6,317.2	6,701.8	6,724.8
Meals	1,216.0	1,077.3	946.5	1,334.8	1,496.2	1,579.1
Motor Vehicles	894.0	828.0	1,054.3	1,113.4	1,198.1	1,251.0
Sub-Total-Sales	<u>6,798.3</u>	<u>6,810.4</u>	<u>7,830.3</u>	<u>8,765.4</u>	<u>9,396.1</u>	<u>9,554.8</u>
Miscellaneous	10.5	8.8	18.9	21.3	17.3	12.5
Settlements and Judgments (2)	-	-	-	-	-	50.0
Total Tax Revenues	\$29,740.1	\$29,633.3	\$34,156.1	\$41,146.2	\$36,427.1	\$40,269.1
MBTA Transfer	(1,053.2)	(1,077.3)	(1,261.4)	(1,348.9)	(1,424.0)	(1,436.1)
MSBA Transfer	(893.2)	(917.3)	(1,101.4)	(1,188.9)	(1,264.0)	(1,276.1)
Workforce Training Fund Transfer (3)	(25.1)	(25.7)	(21.4)	(21.4)	(35.1)	(27.1)
Total Budgeted Operating Tax Revenues	\$27,768.6	\$27,613.0	\$31,771.9	\$38,587.0	\$33,704.0	\$37,529.7
Federal Reimbursements	11,771.9	12,794.7	18,339.0 (4)	15,778.8	15,224.8	13,939.2
Departmental and Other Revenues	4,831.7	4,920.2	4,775.5	5,413.3	6,082.0	6,400.3
Inter-fund Transfers from Non-budgeted Funds and other sources (5)	<u>2,010.3</u>	<u>1,988.4</u>	<u>1,996.0</u>	<u>2,304.9</u>	<u>2,403.7</u>	<u>2,676.2</u>
Budgeted Revenues and Other Sources	\$46,382.5	\$47,316.1	\$56,882.4	\$62,084.0	\$57,414.5	\$60,545.4
Inter-fund Transfers	<u>1,993.3</u>	<u>1,013.3</u>	<u>3,100.1</u>	<u>8,229.7</u>	<u>5,555.2</u>	<u>2,338.5</u>
Total Budgeted Revenues and Other Sources	\$48,375.8	\$48,329.4	\$59,982.5	\$70,313.7	\$62,969.7	\$62,883.9

	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>	<u>Projected Fiscal 2024</u>
<u>Expenditures and Uses</u>						
Direct Local Aid	6,074.7	6,376.3	6,482.3	6,742.8	7,295.0	7,922.5
Medicaid	16,520.5	17,022.6	18,122.4	19,845.6	21,700.2	19,838.4
Other Health and Human Services	6,210.3	6,624.9	6,799.5	8,014.8	9,091.4	9,407.1
Group Insurance	1,644.2	1,662.0	1,720.9	1,846.7	1,919.5	2,194.1
Department of Elementary and Secondary Education	604.9	664.5	716.7	802.0	1,189.6	1,318.6
Higher Education	1,283.7	1,317.4	1,337.1	1,462.2	1,668.2	2,000.9
Department of Early Education and Care	607.5	712.2	784.5	986.6	1,414.4	1,479.8
Public Safety	1,168.1	1,478.6	1,410.4	1,183.3	1,414.3	1,545.9
Energy and Environmental Affairs	255.1	282.9	303.0	230.2	506.7	500.8
Debt Service	2,327.1	2,410.2	2,289.4	2,422.7	2,420.0	2,485.5
Post -Employment Benefits (6)	3,110.2	3,305.0	3,751.9	4,433.4	4,666.3	4,742.4
Other Program Expenditures	<u>3,562.5</u>	<u>3,724.8</u>	<u>3,916.0</u>	<u>4,257.4</u>	<u>4,069.9</u>	<u>5,986.2</u>
Total - Programs and Services before transfers to Non- budgeted funds	<u>\$43,368.9</u>	<u>\$45,581.4</u>	<u>\$47,634.1</u>	<u>\$52,227.6</u>	<u>\$57,355.5</u>	<u>\$59,422.2</u>
<u>Inter-fund Transfers to Non- budgeted Funds</u>						
Commonwealth Care Trust Fund	45.8	-	-	-	-	50.0
Medical Assistance Trust Fund Massachusetts Transportation Trust Fund	363.1	505.8	505.3	751.5	84.9	505.0
Other	643.2	588.2	614.2	752.4	699.4	1,201.3
	<u>389.0</u>	<u>304.7</u>	<u>324.9</u>	<u>1,876.1</u>	<u>455.0</u>	<u>98.2</u>
Total Inter-Fund Transfers to Non-Budgeted Funds	<u>\$1,441.1</u>	<u>\$1,398.7</u>	<u>\$1,444.4</u>	<u>\$3,380.0</u>	<u>\$1,239.3</u>	<u>\$1,854.5</u>
<u>Special Appropriated Funds</u>						
Federal COVID-19 Response Fund	-	-	-	15.2	998.1	1,045.1
Transitional Escrow Fund	-	-	-	360.1	683.4 (8)	375.0
Total Special Appropriated Funds	-	-	-	<u>375.3</u>	<u>1,681.5</u>	<u>1,420.1</u>
Budgeted Expenditures and Other Uses	<u>\$44,810.0</u>	<u>\$46,980.1</u>	<u>\$49,078.5</u>	<u>\$55,982.9</u>	<u>\$60,276.3</u>	<u>\$62,696.8</u>
Inter-fund Transfers	1,993.3	1,013.3	3,100.1	8,229.7	5,555.2	2,338.5
Total Budgeted Expenditures and Other Uses	<u>\$46,803.3</u>	<u>\$47,993.4</u>	<u>\$52,178.6</u>	<u>\$64,212.6</u>	<u>\$65,831.5</u>	<u>\$65,035.3</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$1,572.5</u>	<u>\$336.0</u>	<u>\$7,804.0 (8)</u>	<u>\$6,101.1</u>	<u>\$(2,861.8) (9)</u>	<u>\$(2,151.4) (10)</u>
<u>Ending Fund Balances</u>						
Reserved or Designated (11)	521.3	776.6	1,099.3	1,726.2	4,577.5	181.6
Stabilization Fund	3,424.4	3,501.2	4,626.4	6,937.9	8,036.1	8,749.1
Federal COVID-19 Response Fund	-	-	4,892.0	3,495.5	183.7	1,281.8
Transitional Escrow Fund	-	-	1,460.3	5,654.5 (7)	1,073.5	334.1
Undesignated	<u>13.5</u>	<u>17.4</u>	<u>21.2</u>	<u>386.3</u>	<u>1,467.7</u>	<u>937.5</u>
Total	<u>\$3,959.2</u>	<u>\$4,295.2</u>	<u>\$12,099.2</u>	<u>\$18,200.3 (12)</u>	<u>\$15,338.5</u>	<u>\$11,484.2</u>

SOURCES: Fiscal 2019-2023, Office of the Comptroller; fiscal 2024, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) For fiscal 2019 through fiscal 2023, tax and non-tax revenue from settlements and judgments in excess of \$10 million is included in specific tax and non-tax revenue categories. See “COMMONWEALTH REVENUES – Federal and Other Non-Tax Revenues; Settlements and Judgments.”
- (3) The Workforce Training Fund is not subject to annual appropriation, and employer contributions are deposited directly in the Workforce Training Fund after their collection.
- (4) Includes one-time transfer of \$4.9 billion from the Coronavirus State and Local Fiscal Recovery Fund.
- (5) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, abandoned property proceeds and other inter-fund transfers.
- (6) Post-Employment Benefits include all budgeted pension transfers and transfers to the State Retiree Benefits Trust Fund (SRBTF). See “PENSION AND OPEB FUNDING – Other Post-Employment Benefit Obligations (OPEB).” Fiscal 2022 also includes a \$250 million supplemental transfer to the Pension Liability Fund. Fiscal 2023 includes a \$100 million supplemental transfer to the Pension Liability Fund, a further \$100 million to fully pay down pension liabilities attributable to the fiscal 2015 early retirement incentive program and a \$100 million supplemental transfer to the SRBTF.
- (7) Includes \$2.941 billion of excess state tax revenue received in fiscal 2022, to be applied by the Department of Revenue in fiscal 2023 pursuant to Chapter 62F. See “COMMONWEALTH REVENUES – Limitations on Tax Revenues.”
- (8) Includes one-time transfer of \$4.9 billion from the federal Coronavirus State Fiscal Recovery Fund (CSFRF) and one-time deposit of \$1.5 billion into the Transitional Escrow Fund to be expended in the following years.
- (9) Fiscal 2023 “Deficiency of Revenues Versus Expenditures” reflects the carryforward from fiscal 2021 of \$4.9 billion from the CSFRF and \$1.5 billion in the Transitional Escrow Fund from a fiscal 2021 tax surplus, which were credited as operating revenue in fiscal years 2021 and 2022, and excess state tax revenue of \$2.941 billion to be applied by the Department of Revenue in fiscal 2023 pursuant to Chapter 62F, which was credited as operating revenue in fiscal 2022. Expenditures of these funds in fiscal 2023 are affordable from these sources, but as they are not matched with fiscal 2023 operating revenue, they appear as an operating deficit.
- (10) Fiscal 2024 “Deficiency of Revenues Versus Expenditures” reflects the continued draw-down of deposits to the CSFRF and the Transitional Escrow Fund that were generated from prior year tax surpluses and federal appropriations. Expenditures of these funds in fiscal 2024 are paid from these available sources, but as they are not matched with fiscal 2024 operating revenue, they appear as an operating deficit.
- (11) Includes appropriations authorized to be expended in the following year. A subset of these authorizations are supported by federal funds in the fiscal year in which they are expended, particularly in fiscal years 2021 and 2022.
- (12) Includes \$2.941 billion of excess state tax revenue pursuant to Chapter 62F. See “COMMONWEALTH REVENUES – Limitations on Tax Revenues”.

8. Summary presentation on a ten-year comparative basis of actuarial valuations of pension fund assets, liabilities and funding progress

The following table shows, for each of the MSERS and the MTRS and for Commonwealth obligations in the aggregate (including Boston teachers and cost-of-living allowances as well as MSERS and MTRS), the historical funded status for the most recent ten years (excluding fiscal 2020 as no valuation was completed), based on actuarial values:

Historical Pension Funding Progress for the Last Ten Fiscal Years - Actuarial Value (in thousands, except for percentages)

	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
MSERS						
Actuarial Valuation as of Jan. 1						
2023	\$35,079,598	\$49,200,205	\$14,120,607	71.3%	\$7,088,063	199.2%
2022	34,467,610	47,275,156	12,807,546	72.9	6,651,010	192.6
2021	30,370,096	45,704,298	15,334,202	66.5	6,544,575	234.3
2019	27,136,639	42,595,224	15,458,585	63.7	6,354,473	243.3
2018	26,248,250	40,456,611	14,208,361	64.9	6,155,194	230.8
2017	24,773,042	38,316,719	13,543,677	64.7	5,927,012	228.6
2016	23,465,963	36,966,278	13,500,315	63.5	5,792,288	233.1
2015	22,720,160	33,679,150	10,958,990	67.5	5,591,911	196.0
2014	21,581,133	30,679,600	9,098,467	70.3	5,344,510	170.2
2013	20,317,389	29,385,442	9,068,053	69.1	5,183,195	175.0
MTRS						
Actuarial Valuation as of Jan. 1						
2023	\$36,536,834	\$62,286,199	\$25,749,365	58.7%	\$8,371,450	307.6%
2022	35,569,967	60,308,295	24,738,328	59.0	7,704,176	321.1
2021	31,170,723	58,829,999	27,659,276	53.0	7,670,306	360.6
2019	27,854,444	53,864,141	26,009,697	51.7	7,074,960	367.6
2018	27,057,700	51,653,285	24,595,585	52.4	6,829,012	360.2
2017	25,638,136	49,193,503	23,555,367	52.1	6,583,871	357.8
2016	24,593,787	46,562,807	21,969,020	52.8	6,388,732	343.9
2015	23,946,759	44,115,769	20,169,010	54.3	6,204,274	325.1
2014	22,940,196	40,741,695	17,801,499	56.3	5,962,650	298.6
2013	21,787,470	39,135,218	17,347,748	55.7	5,783,294	300.0
Aggregate Commonwealth Pension Obligations (1)						
Actuarial Valuation as of Jan. 1						
2023	\$73,831,127	\$116,211,224	\$42,380,097	63.5%	\$16,141,447	262.6%
2022	72,168,013	112,194,901	40,026,888	64.3	15,022,224	266.5
2021	63,406,551	108,981,772	45,575,221	58.2	14,851,350	306.9
2019	56,661,376	100,650,744	43,989,368	56.3	13,994,455	314.3
2018	54,918,125	96,316,894	41,398,769	57.0	13,531,845	305.9
2017	51,952,206	91,573,998	39,621,792	56.7	13,059,709	303.4
2016	49,535,323	87,401,722	37,866,399	56.7	12,702,727	298.1
2015	48,105,862	81,535,003	33,429,141	59.0	12,302,162	271.7
2014	45,894,034	74,936,994	29,042,960	61.2	11,793,788	246.3
2013	43,517,498	71,865,832	28,348,334	60.6	11,408,407	248.5

SOURCE: Public Employee Retirement Administration Commission.

(1) Aggregate Commonwealth pension obligations include obligations with respect to MSERS, MTRS, Boston teachers, and local cost-of-living adjustments from 1981 to 1996.

11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress

In addition to providing pension benefits, the Commonwealth is statutorily required to provide certain health care and life insurance benefits (“other post-employment benefits” or “OPEB”) for retired employees of the Commonwealth, as well as retired employees of housing authorities, redevelopment authorities and certain other governmental agencies (offline agencies). Substantially all of the Commonwealth’s employees may become eligible for these benefits if they reach retirement age and eligibility while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies. (Although, as noted above, the Commonwealth is required to pay pensions to retired municipal teachers, the Commonwealth has no OPEB obligations with respect to retired municipal teachers.)

The GIC manages the Commonwealth’s OPEB for all state and certain agency employees and retirees. The GIC has representation on the Board of Trustees of the State Retiree Benefits Trust (SRBT). The SRBT is set up to pay for former state employees’ OPEB benefits and to invest state and certain municipalities funds that have been set aside to pay for OPEB benefits and the cost to administer those funds and can only be dissolved when all such health care and other non-pension benefits, current and future, have been paid or defeased.

The GASB 74 actuarial valuation for fiscal year ended June 30, 2023, which was issued on January 23, 2024, is available at: <https://www.macomptroller.org/commonwealth-actuarial-valuations>. According to the report, the Commonwealth’s unfunded OPEB liability, assuming no pre-funding and using a discount rate of 4.3%, was approximately \$14.203 billion as of June 30, 2023.

The following table shows transfers to the State Retiree Benefits Trust Fund since fiscal 2014.

Transfers to State Retiree Benefits Trust Fund			
(in millions)			
<u>Fiscal Year</u>	<u>Unexpended Appropriations</u>	<u>Tobacco Settlement Proceeds</u>	<u>Capital Gains Tax Revenue</u>
2014	\$56.4	\$15.0	\$2.3
2015⁽¹⁾	44.0	29.7	-
2016⁽²⁾⁽⁴⁾	77.3	-	-
2017⁽³⁾	25.4	-	-
2018	53.1	19.8	26.0
2019	38.9	32.1	42.4
2020⁽⁴⁾	23.0	-	-
2021	24.6	-	61.0
2022	24.7	-	126.3
2023	25.7	-	41.7

Source: Office of the Comptroller.

- (1) Requirement to deposit 5% of capital gains tax revenues was suspended by Legislature for fiscal 2015.
- (2) The fiscal 2016 budget also included a provision that any shortfall in the scheduled amount be paid from a transfer of fiscal 2016 tax revenues exceeding \$100 million generated by a tax amnesty program that was also authorized in the fiscal 2016 budget, prior to transferring tobacco settlement proceeds.
- (3) Capital gains tax revenues did not exceed statutory capital gains threshold in fiscal 2017, therefore no deposit was made.
- (4) In fiscal years 2016 and 2020, the Commonwealth temporarily suspended the requirement to transfer 5% of capital gains tax collections above the threshold.

The plan net position as of June 30, 2023 was approximately \$2.3 billion.

State Retiree Benefits Trust
(in thousands, except for percentages)

Actuarial Valuation as of June 30 (1):	Plan Net Position	Total OPEB Liability	Net (Unfunded) OPEB Liability	Funded Ratio	Covered Payroll (4)	Net OPEB liability as % of Covered Payroll
2023 (2)	\$2,266,842	\$16,470,056	\$14,203,214	13.8%	\$5,721,250	248.3%
2022	1,988,383	15,340,605	13,352,222	13.0	5,772,086	231.3
2021	1,910,940	17,910,405	15,999,465	10.7	5,594,324	286.0
2020	1,414,312	22,105,511	20,691,199	6.4	5,625,684	367.8
2019 (3)	1,368,548	19,662,106	18,293,558	7.0	5,491,215	333.1
2018 (3)	1,187,569	19,761,333	18,573,764	6.0	5,296,859	350.7
2017	996,407	18,480,936	17,484,529	5.4	5,259,298	332.4

Actuarial Valuation as of January 1 (5):	Actuarial Value of Plan Assets	Actuarial Liability	Accrued Unfunded Liability (UAAL)	Actuarial Ratio Covered	Funded Payroll (4)	Annual Covered Payroll as % of UAAL
2017	\$817,400	\$20,263,500	\$19,446,100	4.0%	\$5,259,298	369.7%
2016	760,400	17,082,900	16,322,500	4.5	5,792,288	281.8
2015	610,000	16,502,800	15,892,800	3.7	5,591,911	284.2
2014	511,200	15,670,200	15,159,000	3.3	5,344,500	283.6
2013	406,700	15,784,100	15,377,400	2.6	5,183,195	296.7
2012	360,500	16,559,400	16,298,900	2.2	4,922,388	331.1
2011	350,500	16,568,600	16,218,100	2.1	4,808,250	337.3
2010	309,800	15,166,300	14,856,500	2.0	4,711,563	315.3
2009	273,500	15,305,100	15,031,600	1.8	4,712,655	319.0
2008	-	9,812,000	9,812,000	0.0	4,574,233	214.5

SOURCE: Office of the Comptroller.

- (1) Amounts are as of June 30 and prepared in accordance with GASB Statement No. 74, effective as of fiscal 2017.
- (2) Amounts are preliminary and unaudited.
- (3) Certain amounts were restated due to errors in calculations during subsequent audit procedures as more fully described below.
- (4) Fiscal 2017 through fiscal 2023 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.
- (5) Amounts are as of January 1 and prepared in accordance with GASB Statement No. 43, which was replaced by GASB Statement No. 74.

The following table shows the beginning and ending liabilities and assets for the State Retirees' Benefits Trust, as well as the unfunded OPEB liability, or net OPEB liability (NOL), with the NOL being the amount that the Commonwealth records on its Statement of Net Position as its unfunded OPEB liability, as required by GASB Statements No. 74 and No. 75, and as shown in the Audited Financial Statements for each fiscal year. The table also shows the components of the change in the NOL between the beginning (July 1) and end (June 30) for fiscal years 2018 to 2023.

During the audit of the GASB 75 report as of the June 30, 2019 measurement date, the Commonwealth's predecessor independent auditors, KPMG, noted errors in the total OPEB liability and the net OPEB liability as calculated by a third party actuarial firm. These errors included incorrect total and net OPEB liabilities dating back to the June 30, 2018 measurement date. The information in the following GASB 74 and 75 tables reflects the restated amounts. These restated amounts are reported in the Audited Financial Statements for fiscal 2020.

GASB 74 Information for the State Retirees' Benefit Trust
Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal Years 2023 through 2019
(in thousands, except for percentages)

	<u>Fiscal 2023 (4)</u>	<u>Fiscal 2022</u>	<u>Fiscal 2021</u>	<u>Fiscal 2020</u>	<u>Fiscal 2019 (5)</u>
Total OPEB liability (as of July 1)	\$15,340,605	\$17,910,405	\$22,105,511	\$19,662,106	\$19,761,333
Service cost	530,964	774,039	992,669	785,689	806,023
Interest	672,136	510,542	521,143	732,808	796,880
Differences between expected and actual experience	591,887	(16,054)	(2,926,517)	(600,057)	715,192
Changes of assumptions (1), (2)	(179,432)	(3,328,161)	(2,297,649)	2,050,139	(1,935,139)
Benefit payments, including refunds of member contributions	<u>(486,104)</u>	<u>(510,166)</u>	<u>(484,752)</u>	<u>(525,174)</u>	<u>(482,183)</u>
Net change in total OPEB liability	<u>1,129,451</u>	<u>(2,569,800)</u>	<u>(4,195,106)</u>	<u>2,443,405</u>	<u>(99,227)</u>
Total OPEB liability, June 30	<u>\$16,470,056</u>	<u>\$15,340,605</u>	<u>\$17,910,405</u>	<u>\$22,105,511</u>	<u>\$19,662,106</u>
Plan fiduciary net position, July 1	\$1,988,383	\$1,910,940	\$1,414,312	\$1,368,548	\$1,187,569
Contributions:					
Employer	653,178	660,800	569,989	547,611	594,916
Other additions	<u>176</u>	<u>175</u>	<u>200</u>	<u>122</u>	<u>188</u>
Total contributions	<u>653,354</u>	<u>660,975</u>	<u>570,189</u>	<u>547,733</u>	<u>595,104</u>
Net investment income/(loss)	<u>111,455</u>	<u>(73,126)</u>	<u>411,438</u>	<u>23,380</u>	<u>68,229</u>
Benefit payments, including refunds of plan member contributions	(486,104)	(510,166)	(484,752)	(525,174)	(482,183)
Administrative expense	(246)	(240)	(247)	(175)	(171)
Other changes	=	=	=	=	=
Net change in plan fiduciary net position	<u>278,459</u>	<u>77,443</u>	<u>496,628</u>	<u>45,764</u>	<u>180,979</u>
Plan fiduciary net position, June 30	<u>2,266,842</u>	<u>\$1,988,383</u>	<u>\$1,910,940</u>	<u>\$1,414,312</u>	<u>\$1,368,548</u>
Plan net OPEB liability - June 30	<u>\$14,203,214</u>	<u>\$13,352,222</u>	<u>\$15,999,465</u>	<u>\$20,691,199</u>	<u>\$18,293,558</u>
Plan fiduciary net position as a percentage of the total OPEB liability	13.8%	13.0%	10.7%	6.4%	7.0%
Covered payroll (3)	<u>\$5,721,250</u>	<u>\$5,772,086</u>	<u>\$5,594,324</u>	<u>\$5,625,684</u>	<u>\$5,491,215</u>
Net OPEB liability as a percentage of covered employee payroll	248.3%	231.3%	286.0%	367.8%	333.1%

SOURCE: Office of the Comptroller.

- (1) The change in assumptions in fiscal 2019 was due to (i) a change in base OPEB rates for medical services and prescriptions, (ii) a decrease in the healthcare trend rate from 8.0% to 7.5%, (iii) a change in medical plan election rates, (iv) a change in future retirees' plan participation rates and (v) a decrease in the discount rate from 3.95% to 3.69%
- (2) The change in assumptions in fiscal 2020 was due to (i) removal of the excise tax, (ii) an update of the per capita claims costs, (iii) an update of the medical trend rate based on the SOA-Getzen trend rate model version 2020_b, (iv) change in the salary scale to be consistent with that of SERS, (v) a change in future retirees' plan participation rates, (vi) a change in medical plan election rates and (vii) a decrease in the discount rate from 3.63% to 2.28%
- (3) Fiscal 2019 through fiscal 2021 covered payroll amounts have been restated to exclude certain employees for whose benefit the Commonwealth is not liable.
- (4) Fiscal 2023 amounts are preliminary and unaudited.
- (5) Certain amounts were restated due to errors in calculations during subsequent audit procedures as more fully described in the paragraph preceding the table.

13. Five-year summary presentation of Actual Capital Project Expenditures

The following table sets forth capital spending in fiscal 2019 through fiscal 2023 according to these categories.

Commonwealth Historical Capital Spending (in millions) ⁽¹⁾

Investment Category:	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023 (2)</u>
Information technology	\$174	\$94	\$107	\$135	\$177
Infrastructure/facilities	441	399	438	506	612
Environment					
	210	222	233	328	247
Housing	253	197	218	278	258
Public safety	19	17	-	7	35
Transportation	1,869	2,030	2,048	1,625	1,378
Other	294	211	177	269	299
Total	<u>\$3,260</u>	<u>\$3,170</u>	<u>\$3,225</u>	<u>\$3,148</u>	<u>\$3,006</u>

SOURCE: Office of the Comptroller.

- (1) Includes all spending funded by capital appropriations, including General Obligation Bonds, Special Obligation Bonds, project financing, and federal reimbursement spending.
- (2) Amounts are preliminary and unaudited.

14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year

The following table shows long-term debt of the Commonwealth issued and retired from fiscal 2020 through fiscal 2023, exclusive of unamortized bond premiums.

General and Special Obligation Long-Term Debt Issuance and Repayment Analysis (in thousands) (1)

	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023 (3)</u>
Beginning Balance as of July 1	\$27,739,221	\$28,098,890	\$29,048,457	\$29,335,406
Debt Issued	<u>1,778,439</u>	<u>2,387,135</u>	<u>1,748,241</u>	<u>1,615,105</u>
Subtotal	<u>29,517,660</u>	<u>30,486,025</u>	<u>30,796,698</u>	<u>30,950,511</u>
Debt retired or defeased, exclusive of refunded debt	(1,383,670)	(1,284,183)	(1,394,122)	(1,360,386)
Refunding debt issued, net of refunded debt (2)	<u>(35,100)</u>	<u>(153,385)</u>	<u>(67,170)</u>	<u>(69,265)</u>
Ending Balance June 30	<u>\$28,098,890</u>	<u>\$29,048,457</u>	<u>\$29,335,406</u>	<u>\$29,520,860</u>

SOURCE: Office of the Comptroller.

(1) Including accretion of capital appreciation bonds.

(2) Amounts may be negative due to defeasances of debt of authorities from the issuance of Commonwealth debt as afforded under General Laws.

(3) Amounts are preliminary and unaudited.

15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year

The following table sets forth the amounts of Commonwealth long-term general obligation debt, special obligation debt and federal grant anticipation notes outstanding, exclusive of unamortized bond premiums, as of the end of the last four fiscal years.

**Outstanding Long Term Commonwealth Debt
(in thousands)**

	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023 (1)</u>
General Obligation Debt	\$23,953,160	\$24,765,437	\$24,907,431	\$25,268,710
Special Obligation Debt	3,483,460	3,700,470	3,949,740	3,862,475
Federal Grant Anticipation Notes	<u>662,270</u>	<u>582,550</u>	<u>478,235</u>	<u>389,675</u>
<u>TOTAL</u>	<u>\$28,098,890</u>	<u>\$29,048,457</u>	<u>\$29,335,406</u>	<u>\$29,520,860</u>

SOURCE: Office of the Comptroller.

(1) Amounts are preliminary and unaudited.

19. Five-year summary presentation of authorized but unissued general obligation debt

The table below presents authorized and unissued debt at year end for fiscal years 2019 through 2023:

Authorized and Unissued Debt (in thousands)

<u>Fiscal Year</u>	<u>Authorized and Unissued Debt</u>
2019	\$28,417,839
2020	26,397,710
2021	38,964,565
2022	38,201,424
2023	49,156,874

SOURCE: Office of the Comptroller.

20. So long as Commonwealth statutes impose a limit on the amount of outstanding “direct” bonds, information as to compliance therewith as of the end of the prior fiscal year

The outstanding Commonwealth debt, the amounts of such outstanding debt excluded from the statutory debt limit, the net amounts of such outstanding Commonwealth debt subject to the statutory debt limit and the statutory debt limit as of the end of each of the last four fiscal years are shown in the following table on a statutory basis.

Calculation of the Debt Limit
(in thousands)

	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023 (4)</u>
Total principal balance	\$28,098,890	\$29,048,457	\$29,335,406	\$29,520,860
Less: principal of direct debt excluded from the statutory debt limit:				
Special obligation debt (1)				
Accelerated bridge program	(1,663,350)	(1,555,219)	(1,537,604)	(1,507,359)
Rail enhancement program (2)	(1,260,565)	(1,637,221)	(1,958,461)	(1,928,881)
Federal grant anticipation notes (1)	(662,270)	(582,550)	(478,235)	(389,675)
MBTA forward funding	(207)	(207)	(207)	(207)
Transportation Infrastructure Fund	(945,574)	(847,789)	(691,378)	(618,232)
School Building Assistance (SBA)	(496,936)	(430,926)	(337,411)	(242,630)
Outstanding direct debt, principal (3)	\$22,510,443	\$23,486,513	\$23,878,435	\$24,407,643
Statutory Debt Limit	\$25,220,164	\$26,481,173	\$27,805,231	\$29,195,493

SOURCE: Office of the Comptroller.

- (1) Includes federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums are used to pay interest on the refunding bonds until the refunded bonds are callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continues to be paid from pledged revenues as before.
- (2) Exempt from the statutory debt limit, effective August 10, 2016.
- (3) Includes accretion of capital appreciation bonds.
- (4) Amounts are preliminary and unaudited.

21. Summary presentation of the then-current, Commonwealth interest rate swap agreements

As of June 30, 2023, the Commonwealth had no outstanding interest rate swap agreements. The last remaining interest rate swap was terminated in March 2023. Information regarding interest rate swaps outstanding during fiscal 2023 is available in prior information statements.