The Commonwealth of Massachusetts
Office of the State Treasurer
State House
Boston, Massachusetts 02133

Deborah B. Goldberg
Treasurer and Receiver General

March 3, 2015

The Honorable Karen E. Spilka, Chair
Senate Ways and Means Committee
State House, Room 212
Boston, MA 02133

The Honorable Brian S. Dempsey, Chair
House Ways and Means Committee
State House, Room 243
Boston, MA 02133

Dear Senator Spilka and Representative Dempsey:

Pursuant to Massachusetts General Laws Chapter 10, Section 10, the Office of the State Treasurer and Receiver General and the Executive Office for Administration and Finance hereby submit the current cash flow forecast for fiscal year 2015.

Certain cash items, such as the balance of the Stabilization Fund as well as a number of other funds, are required to be categorized as segregated and do not contribute to the Commonwealth's "pool" of non-segregated cash balances. These segregated items are statutorily restricted for a specific purpose.

Please note that the fiscal year 2015 cash flow forecast projects monthly cash closing balances. Given the variable nature of state cash expenditures and revenues, the daily cash balances often differ greatly from the projected monthly closing balance.

Highlights of Fiscal Year 2015

Fiscal year 2015 is based upon the General Appropriation Act (GAA) signed on July 11, 2014; all supplemental appropriations filed, enacted or anticipated and includes all prior appropriations continued into fiscal year 2015. Fiscal year 2015 projections are based on actual spending and revenue through January 2015, and estimates for the remainder of fiscal year 2015.

Total spending in the fiscal year 2015 GAA amounted to approximately $36.507 billion. The budget assumed tax revenues of $24.387 billion but the tax revenue estimate has subsequently been revised to $24.325 billion to reflect changes that affect fiscal year 2015 tax revenues, such as the income rate reduction and income and corporate tax amnesty programs. The budget relies upon a $140.0 million withdrawal from the Stabilization Fund.

This forecast reflects certain measures adopted to close budget gaps subsequent to the enactment of the GAA, including the actions taken by Governor Baker to close a projected $768.0 million budget shortfall. Approximately $282.0 million of Governor Baker's budget balancing plan required legislative approval, which was signed into law on February 13, 2015, eleven days after he filed the bill. The plan included $514.0 million in spending reductions, including $144.0 million in reductions to Executive Branch agencies that the Governor unilaterally implemented under his Section 9C authority, $168.0 million in net reductions to the MassHealth program, $108.0 million in anticipated reversions, $40.0 million of savings

*For cash purposes, this use of "fiscal year" includes "accounts payable" activity for fiscal year 2014, and excludes "accounts payable" activity for fiscal year 2015.

from the Massachusetts Department of Transportation and $53.0 million in non-Executive Branch department and agency reductions. The remaining gap was closed through $254.0 million in revenue solutions, including directing capital gains tax revenues that would otherwise go to the Stabilization Fund to the General Fund, and a corporate tax amnesty program.

This forecast takes into account the $392.0 million ($351.0 million net) supplemental budget Governor Baker filed on February 27, 2015, which includes $50.0 million for snow and ice removal costs, $190.0 million to fund higher than anticipated costs at the Group Insurance Commission and $44.0 million for family emergency shelters.

Due to 9C cuts in the Lottery budget, this cash flow incorporates $65.5 million less in gross profits that results in a reduction of $12.4 million in net profits before distribution.

Capital Spending and Borrowing Projections

The Commonwealth's five-year capital investment plan, which is reviewed annually, calls for fiscal year 2015 capital spending of approximately $3.39 billion, which includes $2.13 billion in bond cap spending for fiscal year 2015, $600.8 million for the Accelerated Bridge Program, $427.4 million for projects funded by special obligation transit bonds and $237.6 million for project finance spending. The current five-year capital plan was approved by the prior Administration and is under review by the Executive Office for Administration and Finance.

The capital plan also assumes $837.0 million in spending and associated revenue from federally reimbursed projects. The capital spending federal reimbursement estimates included in the fiscal year 2015 cash flow forecast assume recapitalization of the Federal Highway Trust Fund. If necessary, future cash flow forecasts will be updated to take into account any lapse of federal funding or delay in reimbursements.

For cash flow needs for fiscal year 2015, the Treasurer's office issued $1.2 billion in revenue anticipation notes (RANs) on September 30, 2014. As in previous years, the RANs will be repaid in April, May and June 2015.

Ongoing Cash Management Practices

Treasury, Administration and Finance and Comptroller staff continue to meet regularly to monitor the status of the Commonwealth's cash position. In addition, this group actively seeks to improve the reader's experience by enhancing the Commonwealth's cash flow forecast with additional features. Recent additions to the report include an estimate-to-actual variance analysis, a graph displaying historical ending cash positions and a glossary of terms.

Please feel free to contact our respective staff members if you have any questions or require additional information.

Sincerely,

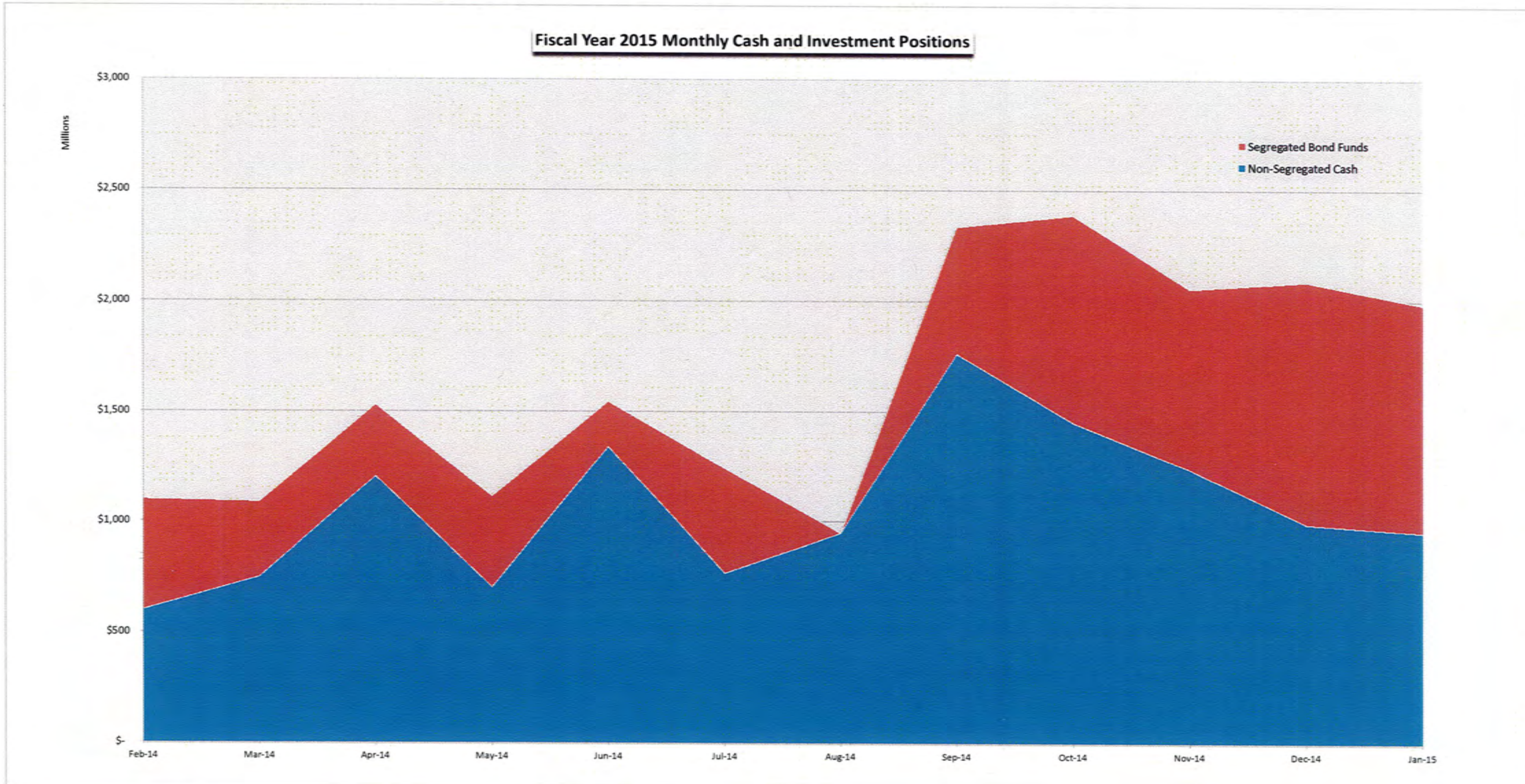
Deborah B. Goldberg
Treasurer and Receiver General

Kristen Lepore
Secretary of Administration and Finance

Enclosures

(presented in millions)	Jul-14 Actual	Aug-14 Actual	Sep-14 Actual	Oct-14 Actual	Nov-14 Actual	Dec-14 Actual	Jan-15 Actual	Feb-15 Est	Mar-15 Est	Apr-15 Est	May-15 Est	Jun-15 Est	Total FY 2015
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	$1,340.8	$769.0	$948.9	$1,762.7	$1,453.2	$1,240.7	$991.5	$953.9	$505.0	$586.4	$1,909.4	$1,315.6	$1,340.8
OPERATING ACTIVITIES:													
Budgetary Funds:													
Tax Revenue	$1,658.9	$1,710.0	$2,546.5	$1,804.7	$1,709.2	$2,351.4	$2,696.3	$1,586.5	$2,425.4	$3,505.7	$1,600.0	$2,702.4	$26,297.0
Federal Reimbursements	$1,044.1	$707.0	$611.6	$768.8	$640.1	$749.2	$747.4	$739.9	$1,385.2	$847.0	$850.9	$675.7	$9,766.8
Other Budgetary Revenue	$257.7	$273.4	$167.0	$392.2	$224.3	$296.5	$287.7	$419.8	$426.7	$819.7	$493.3	$613.0	$4,671.2
Transfer from/(to) Stabilization Fund	$84.6	$300.5	$2.5	$0.0	$135.5	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$523.0
Total Budgetary Revenue/Inflows	$3,045.2	$2,990.9	$3,327.6	$2,965.6	$2,709.1	$3,397.1	$3,731.4	$2,746.2	$4,237.3	$5,172.4	$2,944.2	$3,991.1	$41,258.0
Local Aid	$434.1	$472.7	$512.1	$440.7	$458.3	$460.3	$404.7	$451.4	$451.4	$451.4	$451.4	$451.4	$5,440.0
Tax Refunds	$31.1	$66.9	$68.7	$109.2	$128.7	$44.6	$72.5	$431.0	$329.0	$368.0	$96.0	$45.0	$1,790.8
Debt Service for General Obligation (including CA/T)	$79.5	$512.9	$203.8	$98.5	$344.4	$127.6	$226.6	$147.6	$66.8	$76.8	$112.3	$81.7	$2,078.6
Debt Service for Special Obligations	$17.2	$0.0	$0.0	$0.0	$0.0	$35.9	$37.2	$0.0	$0.0	$0.0	$0.0	$83.7	$174.1
Debt Service for GANS	$0.0	$0.0	$0.0	$0.0	$0.0	$12.8	$0.0	$0.0	$0.0	$0.0	$0.0	$20.7	$33.5
Other Budgetary Expenditures	$2,792.0	$2,393.3	$2,254.9	$2,478.0	$2,215.0	$2,462.5	$2,593.9	$2,600.6	$3,084.2	$2,501.6	$2,356.9	$2,085.9	$29,818.8
Total Budgetary Expenditures/Outflows	$3,354.0	$3,445.8	$3,039.6	$3,126.5	$3,146.3	$3,143.8	$3,334.9	$3,630.6	$3,931.4	$3,397.8	$3,016.6	$2,768.4	$39,335.7
Net Budgetary Funds	($308.8)	($454.9)	$288.0	($160.8)	($437.3)	$253.3	$396.5	($884.4)	$305.9	$1,774.6	($72.4)	$1,222.7	$1,922.3
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):													
Lottery Revenue	$117.8	$178.7	$61.9	$193.8	$197.2	$129.7	$133.9	$120.0	$120.0	$120.0	$150.0	$120.0	$1,643.1
Pension Receipts (PRIM and Annuity Receipts)	$246.2	$263.5	$251.2	$256.0	$244.4	$249.5	$244.6	$214.7	$214.7	$214.7	$214.7	$222.6	$2,836.5
Transfers in & out for Non Pooled / Trust / Fiduciary Fund Investments	$254.6	$576.4	($136.4)	($85.1)	$215.8	($101.4)	$15.1	$739.5	$360.0	$340.0	$340.0	$390.0	$2,908.5
Non Budgetary Tax Receipts	$32.4	$37.6	$38.7	$43.4	$28.0	$29.4	$23.3	$28.0	$80.0	$47.0	$39.0	$45.0	$471.7
Other Non Budgetary Revenue	$308.5	$295.5	$439.4	$394.2	$524.2	$517.4	$305.4	$205.1	$70.4	$167.1	$35.8	$262.3	$3,525.2
Total Non Budgetary Revenue/Inflows	$959.5	$1,351.6	$654.8	$802.3	$1,209.5	$824.5	$722.4	$1,307.3	$845.1	$888.8	$779.5	$1,039.9	$11,385.0
Lottery Payments	$60.7	$54.6	$64.3	$81.9	$42.7	$58.0	$60.0	$59.5	$63.0	$59.0	$56.0	$65.0	$724.7
MBTA Sales Tax	$64.0	$72.1	$68.8	$72.1	$64.7	$126.7	$74.0	$83.3	$80.0	$88.0	$80.0	$97.0	$970.7
MBTA Assessments	$13.3	$13.3	$13.3	$13.3	$13.3	$0.0	$26.7	$13.1	$13.1	$13.1	$13.1	$13.1	$158.9
MSBA Payments	$64.0	$68.2	$62.4	$59.6	$64.7	$60.1	$60.7	$64.3	$66.0	$66.0	$68.0	$68.7	$772.5
Pension Payments	$372.4	$378.4	$385.5	$384.2	$380.1	$501.0	$378.1	$363.0	$363.0	$363.0	$363.0	$398.6	$4,630.3
Non Pooled / Trust / Fiduciary Fund Expenditures	$295.7	$278.5	$344.1	$207.6	$267.0	$364.6	$258.1	$390.0	$360.0	$340.0	$340.0	$390.0	$3,835.6
Other Non Budgetary Expenditures	$211.3	$195.8	$177.0	$149.1	$76.8	$263.4	$91.7	$79.2	$226.0	$111.0	$94.5	$161.0	$1,836.8
Total Non Budgetary Expenditures/Outflows	$1,081.4	$1,061.1	$1,115.4	$967.7	$909.3	$1,373.7	$949.5	$1,052.4	$1,171.1	$1,040.1	$1,014.6	$1,193.4	$12,929.5
Net Non Budgetary Funds	($122.0)	$290.5	($460.5)	($165.3)	$300.2	($549.2)	($227.1)	$254.9	($326.1)	($151.4)	($235.2)	($153.5)	($1,544.5)
Undesignated Revenue/Inflows and Expenditures/Outflows:													
General Fund Investment Earnings	$0.9	$1.2	$0.9	$16.8	$1.2	$1.2	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$30.7
Net Undesignated Revenue/Inflows and Expenditures/Outflows	$0.9	$1.2	$0.9	$16.8	$1.2	$1.2	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$30.7
NET OPERATING ACTIVITIES	($429.9)	($163.2)	($171.6)	($309.3)	($135.9)	($294.8)	$170.8	($628.1)	($18.8)	$1,624.7	($306.2)	$1,070.6	$408.4
FEDERAL GRANTS:													
Total Federal Grants Revenue/Inflows	$27.6	$44.7	$161.8	$145.7	$131.8	$205.2	$134.2	$205.0	$235.0	$225.0	$230.0	$225.0	$1,970.9
Total Federal Grants Expenditures/Outflows	$157.7	$228.5	$152.5	$156.6	$170.7	$247.5	$187.7	$154.8	$158.0	$151.3	$140.3	$176.6	$2,082.2
NET FEDERAL GRANTS	($130.1)	($183.9)	$9.3	($10.9)	($38.9)	($42.4)	($53.5)	$50.2	$77.0	$73.7	$89.7	$48.4	($111.4)
CAPITAL FUNDS:													
Capital Revenue/Inflows:													
Capital Inflow from Federal Reimbursements	$0.4	$0.0	$53.0	$52.5	$46.0	$72.7	$29.7	$10.0	$24.5	$32.7	$34.7	$75.0	$431.3
Capital Inflow from Financing Activities:													
Capital Inflow to General Fund from Segregated Bond Funds	$297.6	$787.5	$26.8	$212.7	$157.2	$326.3	$65.1	$247.7	$296.3	$272.2	$322.6	$374.8	$3,386.7
Total Capital Revenue/Inflows	$298.0	$787.5	$79.8	$265.2	$203.3	$399.0	$94.8	$257.7	$320.8	$304.9	$357.3	$449.8	$3,818.0
Total Capital Expenditures/Outflows	$309.9	$260.5	$303.6	$254.5	$241.0	$311.2	$249.7	$128.8	$297.5	$276.9	$330.6	$372.6	$3,336.7
NET CAPITAL FUNDS	($11.9)	$526.9	($223.8)	$10.7	($37.7)	$87.9	($154.8)	$128.9	$23.3	$28.0	$26.7	$77.2	$481.3
FINANCING ACTIVITIES:													
Cash Flow Financing Activities Inflows:													
Commercial Paper	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Revenue Anticipation Notes (RANS)	$0.0	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,200.0
Total Cash Flow Financing Activities Inflows	$0.0	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,200.0
Cash Flow Financing Activities Outflows:													
Commercial Paper – (Principal + Interest)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
RANS – (Principal + Interest)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$403.4	$403.9	$404.4	$1,211.7
Total Cash Flow Financing Activities Outflows	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$403.4	$403.9	$404.4	$1,211.7
NET FINANCING ACTIVITIES	$0.0	$0.0	$1,200.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($403.4)	($403.9)	($404.4)	($11.7)
ENDING NON-SEGREGATED OPERATING CASH BALANCE:	$769.0	$948.9	$1,762.7	$1,453.2	$1,240.7	$991.5	$953.9	$505.0	$586.4	$1,909.4	$1,315.6	$2,107.4	$2,107.4
Capital Budget Bonding Activity:													
Opening Balance Segregated Bond Funds	$205.3	$474.4	$0.0	$572.9	$934.7	$815.2	$1,096.4	$1,031.3	$740.6	$1,134.3	$892.1	$629.6	
Bonds	$566.7	$447.4	$399.7	$774.5	$37.7	$810.4	$0.0	$0.0	$690.0	$30.0	$60.0	$60.0	$3,876.5
BANs	$0.0	$0.0	$200.0	($200.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
Segregated Bond Funds Available	$772.0	$921.8	$599.7	$1,147.4	$972.4	$1,422.7	$1,096.4	$1,031.3	$1,430.6	$1,164.3	$952.1	$689.6	
Bond / BANs Proceeds Allocated	$297.6	$787.5	$26.8	$212.7	$157.2	$326.3	$65.1	$247.7	$296.3	$272.2	$322.6	$374.8	$3,386.7
Ending Balance Segregated Bond Funds	$474.4	$0.0	$572.9	$934.7	$815.2	$1,096.4	$1,031.3	$740.6	$1,134.3	$892.1	$629.6	$314.8	

	November 2014 in Millions			December 2014 in Millions			January 2015 in Millions		
	November 2014 Forecast	November 2014 Actual	Variance	December 2014 Forecast	December 2014 Actual	Variance	January 2015 Forecast	January 2015 Actual	Variance
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	1,453.178	1,453.178	0.000	1,296.023	1,240.736	(55.287)	1,150.490	991.458	(159.032)
OPERATING ACTIVITIES:									
Budgetary Funds:									
Tax Revenue	1,650.000	1,709.216	59.216	2,272.000	2,351.422	79.422	2,422.000	2,696.313	274.313
Federal Reimbursements	818.240	640.128	(178.112)	905.240	749.168	(156.072)	727.040	747.366	20.326
Other Budgetary Revenue	303.500	224.260	(79.240)	356.200	296.461	(59.739)	392.200	287.722	(104.478)
Transfer from/(to) Stabilization Fund	95.188	135.451	40.263						
Total Budgetary Revenue/Inflows	2,866.928	2,709.056	(157.872)	3,533.440	3,397.052	(136.388)	3,541.240	3,731.401	190.161
Local Aid	451.400	458.299	6.899	451.400	460.318	8.918	451.400	404.674	(46.726)
Tax Refunds	58.000	128.672	70.672	18.000	44.609	26.609	71.000	72.485	1.485
Debt Service for General Obligation (including CA/T)	344.401	344.401	(0.000)	118.665	127.629	8.963	217.445	226.631	9.186
Debt Service for Special Obligations				35.901	35.901	0.000	37.238	37.238	0.000
Debt Service for GANS				12.832	12.832	0.000			
Other Budgetary Expenditures	2,369.251	2,214.973	(154.278)	2,788.051	2,462.509	(325.542)	2,707.251	2,593.887	(113.364)
Total Budgetary Expenditures/Outflows	3,223.052	3,146.346	(76.706)	3,424.849	3,143.797	(281.052)	3,484.334	3,334.915	(149.419)
Net Budgetary Funds	(356.124)	(437.290)	(81.165)	108.591	253.254	144.663	56.906	396.486	339.579
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):									
Lottery Revenue	142.725	197.209	54.484	142.725	129.671	(13.054)	142.725	133.936	(8.789)
Pension Receipts (PRIM and Annuity Receipts)	224.650	244.410	19.760	233.572	249.454	15.882	223.650	244.582	20.932
Transfers in & out for Non Pooled / Trust / Fiduciary Fund Investments	1,326.600	215.777	(1,110.823)	255.000	(101.416)	(356.416)	370.000	15.142	(354.858)
Non Budgetary Tax Receipts	56.000	27.958	(28.042)	45.000	29.377	(15.623)	46.000	23.252	(22.748)
Other Non Budgetary Revenue	78.500	524.158	445.658	231.200	517.394	286.194	127.800	305.438	177.638
Total Non Budgetary Revenue/Inflows	1,828.475	1,209.512	(618.963)	907.497	824.480	(83.018)	910.175	722.351	(187.824)
Lottery Payments	60.000	42.666	(17.334)	60.000	57.953	(2.047)	80.000	60.043	(19.957)
MBTA Sales Tax	98.300	64.652	(33.648)	78.300	126.739	48.439	98.300	74.037	(24.263)
MBTA Assessments	13.100	13.345	0.245	13.100	0.000	(13.100)	13.100	26.689	13.589
MSBA Payments	64.250	64.652	0.402	64.250	60.072	(4.178)	64.250	60.703	(3.547)
Pension Payments	363.000	380.136	17.136	498.000	500.962	2.962	391.000	378.143	(12.857)
Non Pooled / Trust / Fiduciary Fund Expenditures	725.000	266.977	(458.023)	200.000	364.584	164.584	300.000	258.142	(41.858)
Other Non Budgetary Expenditures	191.000	76.845	(114.155)	307.000	263.380	(43.620)	190.000	91.722	(98.278)
Total Non Budgetary Expenditures/Outflows	1,514.650	909.273	(605.377)	1,220.650	1,373.690	153.040	1,136.650	949.479	(187.171)
Net Non Budgetary Funds	313.825	300.239	(13.586)	(313.153)	(549.211)	(236.058)	(226.475)	(227.128)	(0.653)
Undesignated Revenue/Inflows and Expenditures/Outflows:									
General Fund Investment Earnings	1.400	1.160	(0.240)	1.400	1.198	(0.202)	1.399	1.423	0.024
Net Undesignated Revenue/Inflows and Expenditures/Outflows	1.400	1.160	(0.240)	1.400	1.198	(0.202)	1.399	1.423	0.024
NET OPERATING ACTIVITIES	(40.899)	(135.891)	(94.992)	(203.162)	(294.759)	(91.597)	(168.169)	170.781	338.950
FEDERAL GRANTS:									
Total Federal Grants Revenue/Inflows	100.000	131.794	31.794	200.000	205.156	5.156	210.000	134.245	(75.755)
Total Federal Grants Expenditures/Outflows	144.000	170.662	26.662	206.000	247.542	41.542	207.000	187.726	(19.274)
NET FEDERAL GRANTS	(44.000)	(38.868)	5.132	(6.000)	(42.387)	(36.387)	3.000	(53.482)	(56.482)
CAPITAL FUNDS:									
Capital Revenue/Inflows:									
Capital Inflow from Federal Reimbursements	93.300	46.048	(47.252)	170.500	72.731	(97.769)	46.200	29.721	(16.479)
Capital Inflow from Financing Activities:									
Capital Inflow to General Fund from Segregated Bond Funds	157.244	157.244	0.000	234.333	326.316	91.983	189.333	65.110	(124.223)
Total Capital Revenue/Inflows	250.544	203.292	(47.252)	404.833	399.047	(5.787)	235.533	94.831	(140.702)
Total Capital Expenditures/Outflows	322.900	240.975	(81.925)	341.100	311.179	(29.921)	311.000	249.675	(61.325)
NET CAPITAL FUNDS	(72.356)	(37.683)	34.673	63.733	87.867	24.134	(75.467)	(154.844)	(79.377)
FINANCING ACTIVITIES:									
Cash Flow Financing Activities Inflows:									
Commercial Paper									
Revenue Anticipation Notes (RANS)									
Total Cash Flow Financing Activities Inflows									
Cash Flow Financing Activities Outflows:									
Commercial Paper – (Principal + Interest)									
RANS – (Principal + Interest)									
Total Cash Flow Financing Activities Outflows									
NET FINANCING ACTIVITIES									
ENDING NON-SEGREGATED OPERATING CASH BALANCE:	1,296.023	1,240.736	(55.287)	1,150.490	991.458	(159.032)	909.908	953.913	44.006


Fiscal Year 2015 Monthly Cash and Investment Positions
Millions
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$-
Segregated Bond Funds
Non-Segregated Cash
Feb-14
Mar-14
Apr-14
May-14
Jun-14
Jul-14
Aug-14
Sep-14
Oct-14
Nov-14
Dec-14
Jan-15

Commonwealth of Massachusetts
Cash Flow Forecast Glossary

BUDGETARY SECTION

Tax Revenue

These tax revenue figures are gross, and do not account for tax refunds (which are captured in the budgetary outflow section of the forecast) and include amounts that are statutorily dedicated transfers to the Massachusetts Bay Transportation Authority, Massachusetts School Building Authority, etc.

Federal Reimbursements

Federal revenues are collected through reimbursements for the federal share of entitlement programs such as Medicaid and through block grants for programs such as Transitional Assistance to Needy Families (TANF). The amount of federal reimbursements to be received is determined by state expenditures for these programs. For example, the Commonwealth receives reimbursement for approximately 50% of its spending for Medicaid programs.

Other Budgetary Revenue

This revenue reflects all non-tax and non-federal reimbursement revenue that is used to support the Commonwealth's operating budget. This includes departmental revenue collections (e.g., RMV fees and fines) as well as transfers of revenue from non budgetary funds to the General Fund (e.g., Tobacco Settlements are initially deposited into a non budgetary fund and then transferred to the General Fund. Unclaimed Property revenue is transferred from the Unclaimed Property Fund to the General Fund, etc.).

Transfer from/(to) Stabilization Fund

The Stabilization Fund is established by state finance law as a reserve of surplus revenues to be used for the purposes of covering revenue shortfalls, state or local losses of federal funds or for any event that threatens the health, safety or welfare of the people or the fiscal stability of the Commonwealth or any of its political subdivisions. The fund is sometimes referred to as the state's "rainy day fund", serving as a source of financial support for the state budget in times of slow or declining revenue growth and as the primary source of protection against having to make drastic cuts in state services in periods of economic downturns. The Stabilization Fund is a "segregated" fund, and balances in the fund do not contribute to Commonwealth's "pooled" cash.

Local Aid

This spending category represents local aid that is appropriated in the state budget and is primarily comprised of Chapter 70 (public education) local aid and unrestricted general government aid. These disbursements used to go out quarterly, but recently enacted legislation amended state finance law so that they are made on a monthly basis.

Tax Refunds

A tax refund is a refund to a taxpayer of amounts paid in excess of the full amount of tax, interest and penalties due from the taxpayer for a particular tax type and period. Under G.L. Chapter 62C, Section 36, the Commissioner can offset a tax refund for one tax type in order to pay amounts due from the taxpayer for another tax type.

Debt Service for General Obligation (including CA/T)

This line represents principal and interest payments on all of the Commonwealth's outstanding general obligation bonds. These payments, as general obligations of the Commonwealth, are secured by a pledge of the Commonwealth's full faith and credit. Within this line are payments on bonds and notes issued to finance the State's various capital expenditures. Debt service payments for general obligation bonds are made on a monthly basis.

Debt Service for Special Obligations

This line represents principal and interest payments on all of the Commonwealth's outstanding special obligation bonds. As special obligations of the Commonwealth, these payments are secured by specific revenue streams pursuant to the various trust agreements underlying each bond issuance. This line includes payments on bonds secured by motor vehicle fuels receipts, Commonwealth Transportation Fund ("CTF") revenues and a selection of tourism-related sales and excise taxes.

Debt Service for GANS

This line represents interest payments on Federal Grant Anticipation Notes (GANs). GANs are bonds issued by the Commonwealth that are secured by a pledge of future Federal Highway Trust Fund revenues and net CTF revenues. The Commonwealth's current outstanding GANs were issued to help finance the Central/Artery Tunnel Project as well as the Accelerated Bridge Program. GANs payments are made one year in advance of their scheduled release from the trustee and are made in December and June of each year.

Other Budgetary Expenditures

This captures all operating budget spending with the exception of Local Aid, Debt Service and the pension appropriation. This line includes: MassHealth spending, budgetary payroll and other budgeted spending, either authorized in the GAA, supplemental budget legislation filed or enacted, or that may be anticipated.

NON BUDGETARY SECTION

Lottery Revenue

This revenue category represents the net operating revenues of the Massachusetts State Lottery Commission. It primarily consists of the sale of Lottery products minus prizes, commissions and bonuses that are paid by the Commission.

Pension Receipts (PRIM and Annuity Receipts)

Funds transferred from PRIM to reimburse the General Fund for the payment of monthly pension benefits and annuity payments and separation from state service.

Transfer in & out for Non Pooled / Trust / Fiduciary Fund Investments

Non budgetary funds are also referred to as Trust or Fiduciary funds. As defined in state finance law, "Trust fund", a fund into which are deposited monies held by the Commonwealth or state agencies in a trustee capacity and which must be expended in accordance with the terms of the trust. Funds held in trust earn interest, which accrues to the trust; so for cash flow purposes are categorized as non pooled cash. When a trust collects money it is recorded with the Treasury on MMARS (the Commonwealth's accounting system) then moved from the cash flow to a non pooled investment. When a trust spends money the investment is liquidated by the Treasury on MMARS and then moved from a non-pooled status back to the cash flow. Thus, the net amount of all non budgetary investments for a month could be a negative inflow.

Non Budgetary Tax Receipts

These taxes are collected by the Commonwealth but are deposited directly into non budgetary trust funds for dedicated purposes. For example, the Massachusetts Convention Center Fund annually receives dedicated hotel and sales taxes to support restricted purposes, such as the annual debt service expenses associated with the construction of the Boston Convention and Exhibition Center.

Other Non Budgetary Revenue

The recording of cash collections of all non budgetary funds, except Lottery, Pension and non budgetary tax receipts.

Lottery Payments

Payment of prizes, commissions and bonuses that are paid by the Commission.

MBTA Sales Tax

The MBTA receives 1% of the first 5% of sales tax receipts, excluding meals (MGL Chapter 10, Section 35T). The dedicated sales tax growth is capped at 3% annually (based on the inflation index), but has not been achieved in recent years. This revenue is drawn down from the Fund on a monthly basis with a quarterly true-up.

MBTA Assessments

The Local Assessments (MGL Chapter 161A, Section 9) are contributed by the 175 cities and towns that are served by the MBTA. Each share is based on a weighted percentage of the total population of all the communities as published by the most recent state census. The total Local Assessment is certified before March 1 of each year and is now drawn down from the Fund on a monthly basis.

MSBA Payments

The Massachusetts School Building Authority ("MSBA") receives a dedicated sales tax revenue amount equal to 1% of receipts from sales, as defined by G.L. Chapter 64H and G.L. Chapter 64I (exclusive of taxes on sale of meals and sales in certain convention center districts). By the 15th business day of each month, the Department of Revenue ("DOR") identifies the dedicated sales tax revenue amount from the gross receipts of sales and purchases received by the Commonwealth the previous month, and the Comptroller credits that identified amount to the School Modernization and Reconstruction Trust Fund ("SMART Fund"). Within two business days of the Comptroller crediting the identified amount for the previous month to the SMART Fund, the Office of the State Treasurer disburses that amount from the SMART Fund to the MSBA's trustee.

Pension Payments

Payments to beneficiaries of the state and teachers retirement systems, payments of refunds for excess collections or separation from state service.

Non Pooled / Trust / Fiduciary Fund Expenditures

Any payments made from non pooled funds require cash on hand at the time of expenditure. These funds may be recently collected through Other Non Budgetary Revenue or may require liquidation of invested income.

Other Non Budgetary Expenditures

Non budgetary expenditures that are supported by pooled cash.

General Fund Investment Earnings

Interest earned from deposits at local banks and the Commonwealth's pooled investment trust, the Massachusetts Municipal Depository Trust.

FEDERAL GRANTS SECTION

Total Federal Grants Revenue/Inflows

This line represents the funds that have been authorized by federal agencies for federal grant expenditures/outflows that a state agency has incurred. Agencies must comply with regulations issued by the Comptroller for application and receipt of federal grants, which are generally then appropriated in section 2D of the General Appropriation Act.

Total Federal Grants Expenditures/Outflows

This line represents funds spent by state agencies from federal grant appropriation accounts. In accordance with the Cash Management Improvement Act (CMIA) all expenses are scheduled to be disbursed by the state agencies and then drawdowns from the federal funding agencies are made to time receipt with the payments clearing the bank.

CAPITAL SECTION

Capital Inflow from Federal Reimbursements

This line represents funds provided to the Commonwealth from federal agencies for capital expenditures that qualify for full or partial reimbursement. For example, the Federal Transit Authority typically reimburses the Commonwealth for approximately 80% of costs associated with maintaining state roads and bridges.

Capital Inflow to General Fund from Segregated Bond Funds

This line represents the allocated bond proceeds transferred from the segregated bond fund to the General Fund for reimbursement of General Fund expenditures on capital projects.

Total Capital Expenditures/Outflows

This line represents capital spending funded through the Commonwealth's "bond cap", which is based on an annual Debt-Affordability Study and is approved through the Commonwealth's Five-Year Capital Investment Plan, as well as gross federally-reimbursable spending, capital expenditures related to the Accelerated Bridge Program, which is secured through a separate stream of revenue that is not included in the Commonwealth's Debt-Affordability Study, and lastly, projects funded through the Clean Energy Investment Program, whereby the debt is secured by future savings related to increased energy efficiency.

Commercial Paper

This line item represents the proceeds from the Commonwealth's sale of commercial paper. Commercial paper is a short-term financial obligation of the Commonwealth that has a fixed maturity of no more than 270 days.

Revenue Anticipation Notes (RANS)

This line represents the proceeds from the sale of Commonwealth of Massachusetts revenue anticipation notes (RANs). RANs are general obligations of the Commonwealth, of which the State's full faith and credit is pledged, with a maturity of less than one year. RANs are issued in order to manage the cyclical variability in the Commonwealth's cash flow operations. Generally, they are issued in the beginning of a fiscal year, in anticipation of revenue to be received towards the end of the fiscal year.

Commercial Paper – (Principal + Interest)

This line item represents the principal and interest debt service payments on the Commonwealth's commercial paper. Commercial paper is a short-term financial obligation of the Commonwealth that has a fixed maturity of no more than 270 days.

RANS – (Principal + Interest)

This line item represents the principal and interest debt service payments on RANs issued by the Commonwealth. RANs are general obligations of the Commonwealth, of which the Commonwealth's full faith and credit is pledged, and carry a maturity of less than one year. RANs are issued in order to manage the cyclical variability in the Commonwealth's cash flow operations. Generally, they are issued in the beginning of a fiscal year, in anticipation of revenue to be received towards the end of the fiscal year.

Opening Balance Segregated Bond Funds

This line item represents the opening balance within the Commonwealth's segregated bond fund. The segregated bond fund is separate from the Commonwealth's operating and budgetary funds and is only affected by the receipt of bond proceeds or the allocation of bond proceeds. The fund's opening balance at the beginning of a given day will be equal to the closing balance on the prior day.

Bonds

This line item represents the proceeds from the sale of Commonwealth bonds (both special obligation and general obligation).

BANs

This line item represents proceeds from the sale of bond anticipation notes. BANs allow the Commonwealth to access short-term liquidity for capital needs in anticipation of future longer-term borrowings.

Segregated Bond Funds Available

This represents the total sum of the fund's opening balance plus any bond or BAN proceeds.

Bond / BANs Proceeds Allocated

This represents any segregated funds allocated to the general fund for reimbursement of General Fund expenditures on capital costs.