



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

Deborah B. Goldberg
Treasurer and Receiver General

June 1, 2016

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 years 2016 and 2017.

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 2016 and 2017 cash flow forecasts project 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 balances.

Highlights of Fiscal Year 2016

The fiscal year 2016 budget was approximately \$38.2 billion, or 3.4%, greater than fiscal year 2015 estimated spending levels at the time of its approval. (This calculation assumed that a \$565.5 million transfer from the General Fund to the Medical Assistance Trust Fund, which was delayed into fiscal year 2016 to await necessary federal approval, counted as fiscal year 2015 actual spending.)

The fiscal year 2016 budget relied on approximately \$629.0 million in fiscal initiatives, including retaining projected \$300.0 million above-threshold capital gains tax revenues in the General Fund (rather than transferring to the Stabilization Fund), projected \$100.0 million from a non-filer tax

*For cash purposes, this use of "fiscal year" includes "accounts payable" activity for fiscal year 2015, and excludes "accounts payable" activity for fiscal year 2016.

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amnesty program, \$67.0 million transfer from the Commonwealth Care Trust Fund, \$46.0 million from FAS 109 delay and projected savings resulting from cash management in the MassHealth program. The fiscal year 2016 budget also assumed savings for fiscal year 2016 debt service attributable to the \$113.2 million debt defeasance included in the final fiscal year 2015 supplemental appropriation bill. Through April, actual tax collections were \$261 million below projections.

The fiscal year 2016 capital plan currently projects \$3.963 billion of spending on capital projects, including \$2.125 billion of bond cap spending, approximately \$374.6 million of spending authorized under the accelerated bridge program (ABP), approximately \$353.0 million in special obligation spending for rail enhancement projects (REP), approximately \$657.1 million in federal reimbursements and grants, approximately \$64.0 million of spending on projects funded by anticipated savings or revenues, approximately \$144.1 million from non-commonwealth sources such as contributions from campuses, and approximately \$245.0 million in pay-as-you-go capital funded by operating funds, including tolls.

For cash flow needs for fiscal year 2016, the State Treasurer issued \$1.2 billion in revenue anticipation notes (RANs) on September 29, 2015. The first two tranches, out of three total, were repaid on April 27, and May 25, 2016. The final \$400.0 million tranche will be repaid June 22, 2016. The State Treasurer issued \$200.0 million in bond anticipation notes (BANs) on November 24, 2015, and plans to repay the notes in June 2016. The BANs were issued to provide the Commonwealth with additional flexibility.

Highlights of Fiscal Year 2017

On January 27, 2016, the Governor filed his fiscal year 2017 budget recommendation, providing for a total of \$39.559 billion in state spending, which is 3.5% greater than the spending authorized by the fiscal year 2016 budget. The fiscal year 2017 budget recommendation is supported by a consensus tax revenue estimate of \$26.86 billion, which represents 4.3% growth over the revised fiscal year 2016 consensus tax revenue estimate. The usage of House 2 does not constitute the Treasury's endorsement of the proposal.

The Governor's fiscal year 2017 budget proposal does not increase fees or taxes to support spending, does not withdraw money from the Stabilization Fund, and anticipates a deposit of at least \$206.0 million in so-called "excess" capital gains tax receipts into the Stabilization Fund, while it proposes to retain \$150.0 million of such excess capital gains tax receipts in the General Fund.

The Governor also proposes to dedicate to the Stabilization Fund approximately \$76.5 million in potential revenue from gaming licensing fees that could be received in fiscal year 2017 if the Massachusetts Gaming Commission grants a third license to a resort-style casino, as authorized by existing state law.

For cash flow needs for fiscal year 2017, the State Treasurer plans to issue \$1.2 billion in revenue anticipation notes (RANs) in October 2016. As in previous years, the RANs will be repaid in April, May and June 2017.

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The fiscal year 2017 capital plan currently projects \$4.146 billion of spending on capital projects, including \$2.19 billion of bond cap spending, approximately \$472.4 million of special obligation bond spending authorized under the accelerated bridge program (ABP) and for rail enhancement projects (REP), approximately \$877.5 million in federal reimbursements and grants, approximately \$77.7 million of spending on projects funded by anticipated savings or revenues, approximately \$330.0 million from non-commonwealth sources such as contributions from campuses, and approximately \$198.4 million in pay-as-you-go capital funded by operating funds, including tolls.

Ongoing Cash Management Practices

Treasury, Administration and Finance and Comptroller staffs 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.

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

February 2016 in Millions

	February 2016 Forecast	February 2016 Actual	Variance
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	1,487,547	1,487,479	(0,067)
OPERATING ACTIVITIES:			
Budgetary Funds:			
Tax Revenue	1,706,000	1,691,890	(14,110)
Federal Reimbursements	738,800	1,083,095	344,295
Other Budgetary Revenue	292,100	226,072	(66,028)
Transfer from/(to) Stabilization Fund			
Total Budgetary Revenue/Inflows	2,736,900	3,001,056	264,156
Local Aid	463,300	411,853	(51,447)
Tax Refunds	421,000	418,894	(2,106)
Debt Service for General Obligation (including CMT)	156,053	153,859	(2,194)
Debt Service for Special Obligations			
Debt Service for GANS			
Other Budgetary Expenditures	2,294,000	2,305,191	11,191
Total Budgetary Expenditures/Outflows	3,334,353	3,289,797	(44,556)
Net Budgetary Funds	(597,453)	(288,740)	308,712
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):			
Lottery Revenue	174,823	210,551	35,728
Pension Receipts (PRIM and Annuity Receipts)	230,670	357,966	127,296
Transfers in & out for Non Pooled / Trust / Fiduciary Fund Investments	454,500	(319,627)	(774,127)
Non Budgetary Tax Receipts	10,000	59,807	49,807
Other Non Budgetary Revenue	204,167	363,281	159,114
Total Non Budgetary Revenue/Inflows	1,074,159	671,978	(402,181)
Lottery Payments	51,336	55,982	4,627
MBTA Sales Tax	82,100	92,061	9,961
MBTA Assessments	13,300	13,571	0,271
MSBA Payments	69,446	78,727	9,282
Pension Payments	403,000	404,364	1,364
Non Pooled / Trust / Fiduciary Fund Expenditures	330,000	298,673	(31,327)
Other Non Budgetary Expenditures	74,000	108,083	32,083
Total Non Budgetary Expenditures/Outflows	1,023,181	1,049,443	26,261
Net Non Budgetary Funds	50,978	(377,464)	(428,443)
Undesignated Revenue/Inflows and Expenditures/Outflows:			
General Fund Investment Earnings	1,000	3,520	2,520
General Fund Investment	1,000	3,520	2,520
Net Undesignated Revenue/Inflows and Expenditures/Outflows	(645,474)	(662,684)	(117,210)
NET OPERATING ACTIVITIES			
FEDERAL FUNDS:			
Total Federal Grants Revenue/Inflows	185,000	250,211	65,211
Total Federal Grants Expenditures/Outflows	168,700	203,537	34,837
NET FEDERAL GRANTS	16,300	46,674	30,374
CAPITAL FUNDS:			
Capital Revenue/Inflows:			
Capital Inflow from Federal Reimbursements	32,000	37,440	5,440
Capital Inflow from Financing Activities:			
Capital Inflow to General Fund from Segregated Bond Funds	180,617	180,617	(0,000)
Total Capital Revenue/Inflows	212,617	218,057	5,440
Total Capital Expenditures/Outflows	271,000	227,447	(43,553)
NET CAPITAL FUNDS	(58,383)	(9,390)	48,994
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:	899,999	862,090	(37,910)

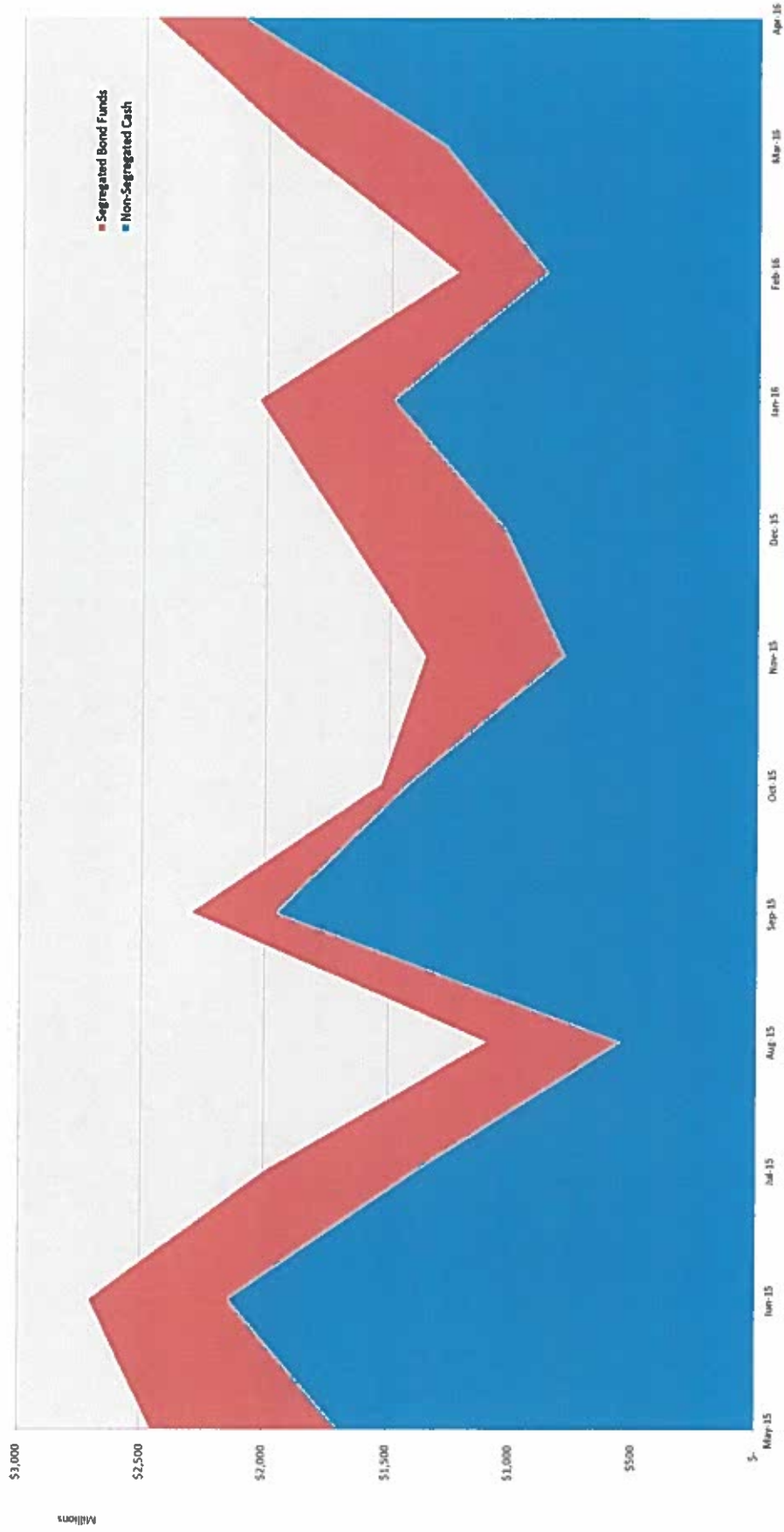
March 2016 in Millions

	March 2016 Forecast	March 2016 Actual	Variance
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	899,999	862,090	(37,910)
OPERATING ACTIVITIES:			
Budgetary Funds:			
Tax Revenue	2,640,280	2,617,052	(23,228)
Federal Reimbursements	899,500	756,066	(143,494)
Other Budgetary Revenue	331,800	363,871	32,071
Transfer from/(to) Stabilization Fund			
Total Budgetary Revenue/Inflows	3,871,580	3,736,928	(134,652)
Local Aid	463,300	439,553	(23,747)
Tax Refunds	344,000	340,553	(3,947)
Debt Service for General Obligation (including CMT)	70,032	58,531	(11,401)
Debt Service for Special Obligations			
Debt Service for GANS			
Other Budgetary Expenditures	3,017,900	2,419,698	(598,202)
Total Budgetary Expenditures/Outflows	3,895,232	3,257,934	(637,298)
Net Budgetary Funds	(23,652)	478,995	502,647
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):			
Lottery Revenue	128,018	130,801	2,584
Pension Receipts (PRIM and Annuity Receipts)	230,670	124,714	(105,956)
Transfers in & out for Non Pooled / Trust / Fiduciary Fund Investments	370,000	108,056	(261,944)
Non Budgetary Tax Receipts	10,000	94,267	84,267
Other Non Budgetary Revenue	166,167	359,689	192,523
Total Non Budgetary Revenue/Inflows	904,854	816,328	(88,526)
Lottery Payments	53,117	120,522	67,406
MBTA Sales Tax	82,100	81,350	(0,750)
MBTA Assessments	13,300	13,571	0,271
MSBA Payments	69,446	58,102	(11,344)
Pension Payments	403,000	413,659	10,659
Non Pooled / Trust / Fiduciary Fund Expenditures	370,000	251,856	(118,144)
Other Non Budgetary Expenditures	181,000	219,629	38,629
Total Non Budgetary Expenditures/Outflows	1,171,962	1,158,889	(13,273)
Net Non Budgetary Funds	(267,108)	(342,361)	(75,253)
Undesignated Revenue/Inflows and Expenditures/Outflows:			
General Fund Investment Earnings	1,000	2,361	1,361
General Fund Investment	1,000	2,361	1,361
Net Undesignated Revenue/Inflows and Expenditures/Outflows	(289,760)	(138,995)	428,755
NET OPERATING ACTIVITIES			
FEDERAL FUNDS:			
Total Federal Grants Revenue/Inflows	190,000	249,444	59,444
Total Federal Grants Expenditures/Outflows	221,300	218,271	(3,029)
NET FEDERAL GRANTS	(31,300)	31,174	62,474
CAPITAL FUNDS:			
Capital Revenue/Inflows:			
Capital Inflow from Federal Reimbursements	30,000	43,412	13,412
Capital Inflow from Financing Activities:			
Capital Inflow to General Fund from Segregated Bond Funds	400,000	447,658	47,658
Total Capital Revenue/Inflows	430,000	491,071	61,071
Total Capital Expenditures/Outflows	312,000	243,252	(68,748)
NET CAPITAL FUNDS	118,000	247,818	129,818
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:	696,929	1,280,067	583,138

April 2016 in Millions

	April 2016 Forecast	April 2016 Actual	Variance
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	696,929	1,280,067	583,138
OPERATING ACTIVITIES:			
Budgetary Funds:			
Tax Revenue	3,353,280	3,274,803	(78,477)
Federal Reimbursements	769,900	777,852	7,952
Other Budgetary Revenue	634,300	584,487	(49,813)
Transfer from/(to) Stabilization Fund			
Total Budgetary Revenue/Inflows	4,757,480	4,637,142	(120,298)
Local Aid	463,300	401,668	(61,632)
Tax Refunds	286,000	332,799	46,799
Debt Service for General Obligation (including CMT)	80,701	80,003	(0,697)
Debt Service for Special Obligations			
Debt Service for GANS			
Other Budgetary Expenditures	2,318,800	2,586,921	268,121
Total Budgetary Expenditures/Outflows	3,148,801	3,401,391	252,591
Net Budgetary Funds	1,608,679	1,235,751	(372,889)
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds):			
Lottery Revenue	159,087	129,063	(30,025)
Pension Receipts (PRIM and Annuity Receipts)	230,670	259,860	29,190
Transfers in & out for Non Pooled / Trust / Fiduciary Fund Investments	330,000	59,096	(270,904)
Non Budgetary Tax Receipts	10,000	114,361	104,361
Other Non Budgetary Revenue	478,167	311,619	(166,548)
Total Non Budgetary Revenue/Inflows	1,207,924	873,998	(333,926)
Lottery Payments	58,740	46,813	(11,927)
MBTA Sales Tax	82,100	72,874	(9,226)
MBTA Assessments	13,300	13,571	0,271
MSBA Payments	69,446	59,541	(9,905)
Pension Payments	403,000	414,705	11,705
Non Pooled / Trust / Fiduciary Fund Expenditures	330,000	258,998	(71,004)
Other Non Budgetary Expenditures	109,000	97,511	(11,489)
Total Non Budgetary Expenditures/Outflows	1,065,565	984,011	(81,554)
Net Non Budgetary Funds	142,359	(80,013)	(222,351)
Undesignated Revenue/Inflows and Expenditures/Outflows:			
General Fund Investment Earnings	1,000	4,324	3,324
General Fund Investment	1,000	4,324	3,324
Net Undesignated Revenue/Inflows and Expenditures/Outflows	1,752,018	1,150,102	(601,916)
NET OPERATING ACTIVITIES			
FEDERAL FUNDS:			
Total Federal Grants Revenue/Inflows	185,000	192,085	7,085
Total Federal Grants Expenditures/Outflows	178,700	186,754	8,054
NET FEDERAL GRANTS	6,300	5,331	(969)
CAPITAL FUNDS:			
Capital Revenue/Inflows:			
Capital Inflow from Federal Reimbursements	31,000	22,932	(8,068)
Capital Inflow from Financing Activities:			
Capital Inflow to General Fund from Segregated Bond Funds	280,000	247,898	(32,104)
Total Capital Revenue/Inflows	311,000	270,828	(40,172)
Total Capital Expenditures/Outflows	260,000	201,657	(58,343)
NET CAPITAL FUNDS	51,000	69,170	18,170
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:	2,103,248	2,100,031	(3,216)

FY 16 Monthly Cash and Investment Positions



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.