

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

December 8, 2017

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

The Honorable Jeffrey Sánchez, Chair House Ways and Means Committee State House, Room 243 Boston, MA 02133

Dear Senator Spilka and Representative Sánchez:

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 2018 (FY18).

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 FY18 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 balances.

Highlights of Fiscal Year 2018

On July 17, 2017, the Governor signed the FY18 budget into law, providing for \$39.4 billion in spending. The FY18 budget keeps spending to 1.7% growth over FY17, in line with revenue growth projections and will result in an approximately \$70.0 million increase to the Stabilization Fund, bringing the Commonwealth's reserves up to \$1.37 billion.

The FY18 capital plan currently projects \$4.408 billion of spending on capital projects, including \$2.26 billion of bond cap spending, approximately \$351.9 million of special obligation bond spending authorized under the accelerated bridge program (ABP) and for rail enhancement

*For eash purposes, the use of "fiscal year" includes "accounts payable" activity for fiscal year 2017, and excludes "accounts payable" activity for fiscal year 2018.

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The Honorable Karen E. Spilka, Chair The Honorable Jeffrey Sánchez, Chair December 8, 2017 Page 2 of 2

projects (REP), approximately \$1.128 billion in federal reimbursements and grants, approximately \$70.7 million of spending on projects funded by anticipated savings or revenues, approximately \$326.9 million from non-commonwealth sources such as contributions from campuses, and approximately \$269.7 million in pay-as-you-go capital funded by operating funds, including tolls.

For cash flow needs for FY18, the State Treasurer issued \$1.5 billion of revenue anticipation notes (RANs) in August 2017. As in previous years, the RANs will be repaid in April, May and June 2018.

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

Michael J. Heffernan

Secretary of Administration and Finance

Enclosures

								200			1		
(Bresented in culture)	Act	Act	Act	Act. 1/	Feb 17	Dec-17	Jen-18	10.1	Mar-18	Apr.	May	Jun-18	Total FY 2018
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	\$2,058.0	\$1,307.3	\$2,258.6	8	t.	\$1,992.4	t	-	21 387 7	+	C3 185.0	100	0 000
OPERATING ACTIVITIES:				-						-	95,200.U	61,01£.3	94,000.0
Budgetary Funds:													
Cadami Danak.	\$1,852.6	\$1,600.3	\$2,911.0	\$1,811.9	\$1,693.4	\$2,557.6	\$2,789.0	\$1,697.4	\$2,413.2	\$3,723.8	\$2,197.5	\$2 992.7	\$28 440 3
Oliver Budgaton, Denomin	\$1,313.0	\$1,075.6	\$1,034.2	8747.6	81,058.9	\$789.4	\$823.4	\$427.6	\$ 7,000	8.093	\$1,047.6	\$680.1	\$11,268.4
Transfer from the Stabilization Front	\$278.0	\$259.6	\$296.6	\$325.3	\$333.3	\$378.4	\$386.1	\$282.0	\$438.3	\$753.2	\$379.2	\$590.9	\$4.722.B
Total Budgetary Revenue Inflows	20.0	0.00	20.0	0.00	20.0	\$0.0	80.0	20.0	\$0.0	0.08	20.0	20.0	0.02
Local Aid	67740	20.00	24.24.3.0	12,884.8	9.000.0	130.4	14,007.5	\$2,917.0	\$3,748.6	\$5,340.9	\$3,624.3	\$4,263.7	\$44,431.7
Tax Refunds	0 0	7.80	200.0	2452.0	2487.3	24/42	\$510.6	\$467.8	\$478.1	\$506.2	\$492.2	\$478.8	\$5,881.9
Debt Service for General Obligation (including CAT)	6.63.9	4,000	7118	213/3	21/20		\$27.0	2453.0	0.595	23330	\$129.0	875.0	\$1,970.1
Debt Service for Special Obligations	20016	0.00	200.5	2.881.7	1241.6	177	2241.4	\$114.8	\$132.7	\$135.8	\$124.6	\$116.5	\$2,175.5
Debt Service for GANS	0.00	200	0.00	2 2	0 0		9 1	8	9	900	98	\$121.9	\$222.8
Other Budgetary Expenditures	43 204 4	2000	90.0	0.00	200	200	9	8	8	00	0.00	100	8.075
Total Budgetary Expenditures/Outflows	64 000 0	97,048.U	82,307.5	82.487.4	-	\$2,649.2	-	-	\$2,581.8	-	\$2,003.8	\$2,009.1	\$31,038.0
Net Budgetary Funds	46,000.0	\$3.00Z	0.000	\$3.2/5.4	T.	13,447.4	-	\$3.558.7	_	-	\$3,349.0	\$2,821.7	\$41,329.1
Non Budgeter Sands Man Budgeters Liches Ed and There	(100ct)	0 908)	\$1,204.8	\$390.6	(\$457.8)	\$289.0	\$578.7	(\$639.7)	\$212.0	\$1,822.6	\$274.7	\$1,442.0	\$3,102.5
Collect Revenue (voir boogstary, righer pa and (rust Funds);					INCOME.	10.50	Name of the		100				
	\$135.7	\$209.3	\$120.9	\$127.8	\$142,1	\$177.6	\$142.1	\$142.1	\$177.6	\$142.1	\$142.1	8177.8	\$1.836.8
rension receipts (Prins and Annuity Receipts)	\$269.0	\$214.0	\$307.2	\$255.7	\$242.9	\$242.9	\$242.9	\$242.8	\$242.9	1242.9	8 2723	8 2723	22 aeea D
Transfers in 6 out for Non Pooled Trust Fiduciary Fund Investments	\$284.8	\$36.3	\$96.5	(\$285.0)	\$821.5	\$481.0	2298.D	0 9863	0 8623	\$298.0	2448.0	0.300	62 523
Non buogetary Lax McCerpts	\$37.6	\$41.9	\$42.0	\$214.8	\$47.6	\$5.0	\$163.2	263.4	\$100.0	8124.3	169621	5	67775
Other Non Budgetary Revenue	\$310.0	\$969.3	\$912.4	\$818.4	\$50.0	\$110.D	0 808	265.0	256.0	666.0	668.0	1	64 163 4
Total Non Budgetary Revenue/Inflows	\$1,037.1	\$1,470.8	\$1.479.0	\$931.6	81.304.D	\$1018.5	Sana 2	7 1 1 8 8	S CALL	0 0300	0.000	0.000	943.333.
Lottery Payments	\$56.4	\$67.0	854.9	265.7	244.0	0 7778	655.5	0 779	0770	2000		1000	0177710
MBTA Sales Tax	\$80.2	\$83.5	288.7	881.8	78	100				7 00 0			3626.1
MBTA Assessments	\$13.9	\$13.9	813.9	813.0	2347					5		1	1.700,12
MSBA Payments	875 B	\$70.2	7 043	2002	i		0 1970	913.0	917.0	213.0	\$13.6	\$13.6	\$164.3
Pension Payments	6448.3	2010	0.440.0	2000	200	270.4	\$70.4	2.04	294	ě	\$20.5 \$10.5	204	5847.1
Non Pooled Trust Fiduciary Find Expenditures	2 3	2000	0.744	2440	458	2567.5	2435.0	1435.0	\$435.0	\$435.0	\$435.0	\$435.0	\$5,383.5
Other Non Budgetary Panerolities	1314.6	25	\$753.9	\$430.4	\$245.5	\$456.5	\$275.0	\$275.0	\$275.0	\$275.0	\$325.0	\$275.0	\$4,331.6
Total Non Burdaness Commodificate (O. editor.)	E 8814	\$178.3	\$853.7	200	-	\$234.7	\$113.0	\$181.0	\$129.0	\$252.0	\$176.0	\$145.0	\$2,681.0
Alsh Man Budgates Cond.	81.177.4	\$1,2819	\$2,276.6	\$1,176.6	-	\$1,471.8	\$1,047.3	\$1,104.1	11,062.1	\$1,180.3	\$1,149.1	\$1,068.1	\$15.040.6
Control to the state of the sta	(\$140.4)	8188.9	(\$797.5)	(\$245.0)	\$254.6	(\$455.3)	(\$143.1)	(\$292.7)	(\$178.6)	(\$327.0)	(\$448.3)	(\$230.4	(\$2,812.8)
Control First Incomment Table Expendentes/Outlows:		Ì		150			1000						
General Fund Investment Editurgs	\$3.2	\$18.6	\$5.2	\$6.7	\$1.0	\$1.8	\$1.8	81.8	20 LS	81.8	81.0	818	SARO
Iver Onco. Apprend Revenue/milows and Expenditures/Outflows	\$3.2	\$18.6	\$5.2	26.7	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	51.8	81.8	818	2480
MET OPERATION ACTIVITIES	(\$703.3)	(\$459.5)	\$412.4	(\$628.9)	(\$201.3)	(\$164.5)	S437.4	(\$930.6)	-	\$1,497.3	(\$169.8)	812134	£337.8
FEDERAL GRANTS:							ı	I		t	ı	I	
Total Federal Grants RevenuelInflows	8.167.8	\$162.4	\$178.7	\$141.4	0.0028	0.0528	Color	8.100 D	61000	esta a	a Second	0 0000	
Total Federal Grants Expenditures/Outflows	\$199.2	\$208.5	\$128.8	\$185.0	0.21.23	000	0 000	2248.0	0.000	2 5	92500	22/0.0	\$2,3/3.3
NET FEDERAL GRANTS	(\$31.4)	(\$44.1	247.9	(\$43.7)	1812 DI	SO O	273	Manager Manage	1440 m	2.0	2 1	0.00	32.4/1.5
CAPITAL FUNDS:		I	İ	I	İ	İ	t		(0.000.0)			230.0	(2.964)
Capital Revenualinflows:										N			
Capital Inflow from Federal Reimbursements	4003	487.7	6480		0.00	0.000			3	1	Ĩ.		
Capital Inflow from Financing Activities:		3	È	908.0	2	2.0	200	2220	0.72	002	22	\$149.0	\$627.9
Capital Inflow to General Fund from Segmentaried Bond Frinds	4307.5	0.000				The state of the s	Ī	Contract of the last	Name of Street				
Total Capital Revenued inflows	C LOCA	0.000	\$1/23	82428	2.005	\$256.B	\$270.2	\$221.9	8183.6	\$210.3	\$174.8	\$217.6	\$2,925.0
Total Capital Expanditures/Outflows		2000.1	7777	22124	24 19.1	5310.9	\$299.2	\$243.0	\$210.6	\$250.3	\$217.8	\$306.6	83,552.9
NET CAPITAL FUNDS	(\$18.0)	1845.71	760 11	8604	0.0124	0.00	0.0624	2206.0	\$237.0	\$185.0	\$261.0	\$503.0	\$3,550.4
FINANCING ACTIVITIES:		I		I		1		2	970.4	5.05.3	745.2	2136.4	\$2.5
Cash Flow Financing Activities Inflows:						ľ							
Commercial Paper	c c c	000	000	000	i			I		ļ	M		1
Revenue Anticogno Notes (RANS)	0.00	2000	0.00	0.00	0 1	20.0	0.0	9	0.00	0.08	0.03	80.0	\$0.0
Total Cash Flow Financing Activities Inflower	200	0.000.0	0.00	0.04	0.03	0.03	20.0	0.04	\$0.0	\$0.0	20.0	\$0.0	\$1,500.0
Cash Flow Financing Activities Outflower	200	91,000.0	2	20.04	20.0	20.0	0.08	\$0.0	0.08	20.0	0.04	\$0.0	\$1,500.0
Commercial Paper - (Poncios) + Interest		1				Ī	ŀ			200	1000		0.00
RANS - (Principal + Interest)	0 0	0.00	9 9	9 5	9 1	2	8	0.00	0.04	\$0.0	80.0	20.0	\$0.0
	200	200	20.00	0.00	000	0.03	003	\$0.0	0.03	\$507.0	\$507.8	\$500.7	\$1,523.5
NET FINANCING ACTIVITIES		21 500.0	0.00	0.00	0 0		000	000	000	\$507.0	\$507.8	\$508.7	\$1,523.5
ENDING NON-SEGREGATED OPERATING CASH BALANCE:	2 202 23	A 268 C	2 700 0	-	-		-	4	-	-	(\$507.8)	(\$508.7)	(\$23.5)
Capital Budget Bonding Articity:	2 1001	0.002.26	24./UB.8	32.090.0	\$1,942.4	51,815.6	22,308.4	21,387.7	\$1,363.4	\$2,385.0	\$1,672.3	\$2.276.6	\$2,276.6
Opening Balance Segregated Bond Funds	6004.4	0 0230				į	P	THE PARTY OF			Name of the last		
Bands	5	200	6000	0 0 0 0 0 0	2048.0	2087.4	5.01.5	\$841.2	\$618.4	\$K35.8	\$225.5	\$730.7	
BANS	2 9	2 5	2 5	2000 Cup	12027	2 2	0.080	20.0	8	\$0.0	2680.0	20.0	\$2,553.7
Segregated Bond Funds Available	1884	\$589.3	\$286.3	_	2 C9 12	2000	2004	2000	0.00	000	000	9	
Bond / BANs Proceeds Allocated	200.5	83030	8175.3		C. ACA.		51,11,5 6,000	2172	#818.4 F. F. X 35.8	2002	57307		
Ending Balance Segregated Bond Funds	\$579.9	\$286.3	\$111.0	\$549 B	2007.4	200	22/02	\$227.8 6410.4	5163.6 6796.0	2210.3	\$174.8	#217.8	\$2,825.0
					A. I small	100	71400	20104	0.034	6.62.5	\$/30.7	2513.1	

	2000	SOMEON CANADA	
	August 2017 Forecast	August 2017 Actual	Variance
OPENING NON-SEGREGATED OPERATING CASH BALANCE:	1,307,340	1,307,340	
OPERATING ACTIVITIES:		-	
Tax Bevenue			2
Federal Reimbursements	1 178 400	1,800.315	48,015
Other Budgetary Revenue	273.000	_	(13.394)
Transfer from/(to) Stabilization Fund		_	
I otal Budgetary Revenue/Inflows	3,203.700	3,135,564	(68.136)
Tax Defineds	489.400	469,192	(20.208
Tax Rejurius Debt Service for Capacal Obligation (Including On to	26.000	83.699	27.699
Debt Service for Special Obligations	400 319	400.629	0.310
Debt Service for GANS			
Other Budgetary Expenditures	3.083.700	2.849.011	234.689
Total Budgetary Expenditures/Outflows	4,029,419	3,802.531	(226.887)
Net Budgetary Funds	(825,719)	(666,967)	158.751
Non Budgetary Funds (Non Budgetary, Higher Ed and Trust Funds);			
Lonery Revenue	143 664	209 297	65.633
Tension Receipts (PKIM and Annuity Receipts)	241,600	213.998	(27.602
Non Budgestary Tax Receipts	495.506	36.300	(459 306
Other Non Budgetary Revenue	92.200	41.859	(10 341
Total Non Budgetary Revenue/Inflows	998.070	1.470.786	472 717
Lottery Payments	43,652	66.988	23.335
MBTA Sales Tax	84.261	83.496	(0.765
MBIA Assessments	13.667	13.867	0.201
Pension Payments	70.117	70,162	0.045
Non Pooled / Trust / Fiduciary Fund Expenditures	276 106	440.317	13 612
Other Non Budgetary Expenditures	141.029	176 343	35,315
Total Non Budgetary Expenditures/Outflows	1,055.537	1,281.874	226.337
Indecinated Bases 1.2	(57.467)	188.912	246.380
General Fund Investment Familier			
Net Undesignated Revenue/Inflows and Expenditures/Dufflows	1 800	18.554	16.764
NET OPERATING ACTIVITIES	(881.386)	(459.491)	421.895
FEDERAL GRANTS:			
Total Federal Grants Revenue/Inflows	260.000	162.401	(97.599)
NET FEDERAL GRANTS	209.000	206.488	
CAPITAL FINDS:	51.000	(44.087)	(95.087)
Capital Revenue/Inflows:			
Capital Inflow from Federal Reimbursements	104.000	83.694	(20 306)
Capital Inflow from Financing Activities			ä e
Capital Revenue Indone	303.037	303.037	
Total Capital Expenditures/Outflows	407.037	386.731	(20.306)
NET CAPITAL FUNDS	(76.963)	(45 184)	31 778
FINANCING ACTIVITIES:		401 200	21.770
Cash Flow Financing Activities Inflows:			
Commercial Paper			
Revenue Anticipation Notes (RANS)	1,500,000	1 500 000	
Cash Flow Financing Activities Innows	1,500.000	1,500.000	
Commercial Paper - (Principal + Interest)			
RANS - (Principal + Interest)			
Total Cash Flow Financing Activities Outflows			
INANCING ACTIVITIES	1,500.000	1,500,000	
ENDING NON-SEGREGATED OPERATING CASH BALANCE:	2,029.900	2,258,578	228.678

October	2017 in	Millions
October 2017 Forecast	7 October 2017 Actual	Variance
2,579.885	15 2,709.836	129,951
1,949.400	1.81	
493.600	0 325.315	159 382
0000		
506.000	1	(53.967)
110.000		27.297
195.983	198.658	2,675
_		
2.764.100	- 1	(276.707)
3,5/6.08	3 3,275,381	(300,702)
		in the state of th
143,66	127	
241.600	255	
52.900	_	(515 935)
200.000	618	37
869.11	931.	40
54.565	65.7	11,174
	13.8	
70,117	89	
	446.	
209.953	430	465
974 77	Ţ	
(105.661)	(245.0	(139.354)
	L	
1.800	_	4.881
1.800	6.681 4) (628 904)	(298 961)
	L	
175.000		(33.639)
202.000	185.038	(16.962)
(27.000)	L	(16,6//)
6		
DD0.86	62 62	11 639
304.027	242	81.25
362.02	312.	٩Į
254.000	253.044	(0.956)
20.801	no.	(48,656)
2 447 000	4	1760 740
2,447.900	2,096.626	(351.274)

Millions	Variance	358.587			(232.110)	151.899	84.000	N.	3 732	(126.462)	167.412		(234 500)		887,374	580,955		0.201	(0.588)	448.250	630.812	1,112,625	(531 670)	3,403	3 403	(360,855)	(8.283)	(73.184)	ė.	(48 105)	(58 310)		(173,734)	67.319			334.236
2017 in J	ptem 17 Ac	2,258.578	2,910 983	1,034,225		4,243.799	563.800		90.472	2,307,538	1,204,772		96 500		(C)				441 996		853	2,276.568		5 203	5 203	412.441	176.717	128.816		46.895	175.288	222.183	231.266	(9.083)			2,709.836
September	September 2017 Forecast	1,899,991	2,833,400	727.800		4,091.900	479.800		86.740	2,434,000	1,037,360		331.000	120.900	25.000				423 706		222.890			1800	1.800	773.297	185.000	(17.0001	2	95.000	233,597	328.597	405.000		T	000	2,375.600

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7		1		-	0	1.7			_			_			_	_			_			_		_	_	_																_
llions	Variance	358.587		306.425	(232.110	151.899	23 237			(126.462)			65.599 (234 500)			580.955	11.274	0.201	(0.588	8	448.250	1.112.625	(531 670)		3.403	3.403	1200.000	(8.283)	(73.184)	64.900	(48 105)	(58 310)	(106.414)	(173.734)	67.319		- 33				334 236	204.400
september 2017 in Millions	September 2017 Actual	2,258.578	0000		298 590	4,243.799	563.800	4 4		2,307,538	1,204,772		 96 500		912.374	1,479.034	54 926 88 747		69.429		853 702	2,276,568	(797.534)		5 203	5.203	4.4	176.717	핆	47.900	46.895	175.288	222.183	NI.	(9.083)					T	2.709.836	711031000
eptemb	ember	199.991	93,400	27.800	30.700	91.900	79.800	86.740		34,000	37,360		31 000	20.900	25.000	98.080	43.552				05.650 22.890	63.943	65.863)	- 500	008	700.1	10.00	85.000	02.000	12.000).	95.000		28.597	000.50	(6,403)	5,73,95	1	Ť	_	#	2 600	

FY 17 & FY 18 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.