



Commonwealth of Massachusetts

OFFICE OF THE COMPTROLLER

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THOMAS G. SHACK III, ESQ.
COMPTROLLER

November 20, 2018

The Honorable Deborah Goldberg, Treasurer and Receiver-General
Commonwealth of Massachusetts
State House, Room 227
Boston, MA 02133

RE: FY2018 Consolidated Net Surplus

Dear Treasurer Goldberg:

The purpose of this letter is to provide information on FY2018 year-end transfers and payments arising from the calculation of the Consolidated Net Surplus.

The Commonwealth's reviewed financial statements – Statutory Basis, for FY2018, were filed with the Clerks of the Senate and the House Representatives on November 6, 2018.

Section 65 of Chapter 273 of the Acts of 2018 authorizes the disposal of the consolidated net surplus in the budgetary funds for fiscal year 2018 and further authorizes the transfer of any remaining amount of the Consolidated Net Surplus to the Stabilization Fund.

As of June 30, 2018, the Commonwealth reported a Consolidated Net Surplus of \$229,285,776.20 in the four active budgeted funds included in the surplus calculation (the General Fund, the Commonwealth Transportation Fund, the Gaming Local Aid fund, and the Marijuana Regulation Fund). Pursuant to Section 65 of Chapter 273 of the Acts of 2018 prior to disposing of the Consolidated Net Surplus the following amounts are to be distributed as shown below:

- \$10,000,000 payment from the General Fund to the Massachusetts Life Sciences Investment Fund at the Massachusetts Life Sciences Center;
- \$10,000,000 transfer from the General Fund to the Massachusetts Community Preservation Trust Fund.

The remaining balance or \$209,285,776.20 is then to be transferred to the Stabilization fund for FY2018.

The total FY2018 ending balance in the Stabilization Fund was \$2.001 billion, an increase of approximately \$701 million from the FY2017 ending balance of \$1.301 billion. A detailed schedule of the final transfer calculations and all FY2018 year-end Stabilization Fund transfers is attached – see “Calculation of Transfers: Stabilization Fund, June 30, 2018”.

If you have any questions about these calculations, or the reviewed financial statements in general, it would be my pleasure to meet with you.

Sincerely,

Thomas G. Shack III
Comptroller of the Commonwealth

Cc: James MacDonald, First Deputy Treasurer, TRE
Howard Merkowitz, Deputy Comptroller, CTR

Enc. [Attachment #1: Calculation of Transfers: Stabilization Fund, June 30, 2018](#)

Calculation of Transfers: Stabilization Fund*

Fiscal Year Ended June 30, 2018
(Amounts are in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 29, Section 5c. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

	General Fund	Commonwealth Transportation Fund	Gaming Local Aid	Marijuana Regulation Fund	Total
Budgeted Fund Undesignated Balances (Consolidated Net Surplus).....	\$ 95,754	\$ 129,826	\$ 3,668	\$ 39	\$ 229,287
<u>Disposition of Consolidated Net Surplus per Section 65 of Ch. 273 of the Acts of 2018:</u>					
To the Massachusetts Community Preservation Trust Fund.....	(10,000)	-	-	-	(10,000)
To the Massachusetts Life Sciences Investment Fund.....	(10,000)	-	-	-	(10,000)
Remaining Consolidated Net Surplus to be Deposited in Stabilization Fund.....	\$ 75,754	\$ 129,826	\$ 3,668	\$ 39	\$ 209,287

Stabilization Balance Reconciliation:

Balance as of July 1, 2017.....	\$ 1,300,678
Capital Gains Tax Transfers to Stabilization Fund during FY2018 per Chapter 29, Section 5G.....	513,908
Minus Capital Gains Tax Transfers from Stabilization Fund to State Pension and State Retiree Benefits Trust Funds.....	(51,390)
Judgments and Settlements In Excess of \$10 Million Transferred to Stabilization Fund per Ch. 29, Section 2H.....	-
Transfer to Stabilization Fund from Abandoned Property Revenue Growth from Prior Fiscal Year.....	13,450
Transfer of certain tax revenues to the Stabilization Fund.....	272
Stabilization Fund investment income.....	15,094
Adjustment to General Fund transfer for change in market value and other accruals.....	-
Remaining Consolidated Net Surplus Deposited in Stabilization Fund, per Calculation Above.....	209,287
 Stabilization Fund Balance as of June 30, 2018.....	 \$ 2,001,299
 Memo: Change in Stabilization Fund Balance, FY17-18.....	 \$ 700,621

* Excludes funds with no FY18 balances or activity

Note: Details may not add to totals due to rounding