



Commonwealth of Massachusetts

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ANDREW W. MAYLOR
COMPTROLLER

January 6, 2020

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

RE: FY2019 Consolidated Net Surplus

Dear Treasurer Goldberg:

The purpose of this letter is to provide information on the FY2019 year-end transfers and payments arising from the calculation of the Consolidated Net Surplus (CNS).

The Commonwealth's reviewed FY2019 Statutory Basis Financial Report (SBFR) was filed with the Clerks of the Senate and the House Representatives on January 6, 2020.

Section 81 of Chapter 41 of the Acts of 2019 authorizes the disposal of the CNS in the budgetary funds for fiscal year 2019 and further authorizes the transfer of any remaining amount of the CNS to the Stabilization Fund.

As of June 30 2019, the Commonwealth reported a CNS of \$622,721,854.63 in the seven active budgeted funds included in the surplus calculation (the General Fund, the Commonwealth Transportation Fund, the Local Capital Projects Fund, the Education Fund, the Gaming Economic Development Fund, the Marijuana Regulation Fund and the Underground Storage Tank Petroleum Product Cleanup Fund). Pursuant to Section 81 of Chapter 41 of the Acts of 2019 prior to disposing of the CNS the following amounts are to be distributed as shown below:

- \$10 million payment from the General Fund to the Massachusetts Life Sciences Investment Fund at the Massachusetts Life Sciences Center;
- \$20 million transfer from the General Fund to the Massachusetts Community Preservation Trust Fund.

The remaining balance or \$592,721,854.63 is then to be transferred to the Stabilization fund for FY2019.

At the end of FY2019 the ending balance in the Stabilization Fund was approximately \$3.424 billion, an increase of approximately \$1.423 billion from the FY2018 ending balance of \$2.001 billion. A detailed schedule of the final transfer calculations and all FY2019 year-end Stabilization Fund transfers is attached - see "Calculation of Transfers: Stabilization Fund, June 30, 2019".

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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,

Andrew W. Maylor
Comptroller of the Commonwealth

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

Enc. Attachment: Calculation of Transfers: Stabilization Fund, June 30, 2019

Calculation of Transfers: Stabilization Fund*

Fiscal Year Ended June 30, 2019

(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	Local Capital Projects Fund	Education Fund	Gaming Economic Development Fund	Marijuana Regulation Fund	Underground Storage Tank Petroleum Product Cleanup Fund	Total
Budgeted Fund Undesignated Balances (Consolidated Net Surplus).....	\$ 387,733	\$ 231,634	\$ 105	\$ 276	\$ 275	\$ 2,699	\$ —	\$ 622,722
<u>Disposition of Consolidated Net Surplus per Section 81 of Ch. 41 of the Acts of 2019:</u>								
To the Massachusetts Life Sciences Investment Fund.....	(10,000)	—	—	—	—	—	—	(10,000)
To the Massachusetts Community Preservation Trust Fund.....	(20,000)	—	—	—	—	—	—	(20,000)
Remaining Consolidated Net Surplus to be Deposited in Stabilization Fund	<u>\$ 357,733</u>	<u>\$ 231,634</u>	<u>\$ 105</u>	<u>\$ 276</u>	<u>\$ 275</u>	<u>\$ 2,699</u>	<u>\$ —</u>	<u>\$ 592,722</u>

Stabilization Balance Reconciliation:

Balance as of July 1, 2018	\$ 2,001,299
Capital Gains Tax Transfers to Stabilization Fund during FY2019 per Chapter 29, Section 5G	848,399
Minus Capital Gains Tax Transfers from Stabilization Fund to State Pension and State Retiree Benefits Trust Funds	(84,840)
Transfer to Stabilization Fund from Abandoned Property Revenue Growth from Prior Fiscal Year	3,673
Transfer of certain tax revenues to the Stabilization Fund	429
Transfer of 10% of casino gaming tax revenue (MGM and Encore).....	6,231
Transfer of 10% of Encore casino fines.....	3,550
Stabilization Fund investment income.....	52,913
Remaining Consolidated Net Surplus Deposited in Stabilization Fund, per Calculation Above	<u>592,722</u>
Stabilization Fund Balance as of June 30, 2019	<u>\$ 3,424,376</u>
Memo: Change in Stabilization Fund Balance, FY18-19.....	\$ 1,423,077

* Excludes funds with no FY19 balances or activity

Note: Details may not add to totals due to rounding