

# **REVENUE HANDBOOK**

**OFFICE OF THE COMPTROLLER  
COMMONWEALTH OF MASSACHUSETTS**

## I. PREFACE

This Revenue Handbook contains the policies, standards and other guidance required for collection of Commonwealth revenue. Departments are responsible for collecting all revenue specifically authorized by the Legislature.

By statute, the Comptroller (CTR) requires that all collected revenue be reported through the Commonwealth's statewide enterprise financial accounting and reporting system (Mosaic) so that all revenue has complete accounting and reporting. Revenue Budgets (BQ82) are the primary statutory basis for collected revenue and there should be only one revenue budget for each authorized revenue stream.

### Mosaic

The Comptroller has broad authority to prescribe accounting rules and instructions for all state departments and appropriate use of the statewide enterprise financial accounting and reporting system, Mosaic. Pursuant to [M.G.L. c. 7A § 7](#), [M.G.L. c. 7A § 8](#), [M.G.L. c. 7A § 9](#) and [M.G.L. c. 29 § 31](#), the Comptroller is required to implement a state accounting system (including a centralized payroll system) and issue instructions for the accounting practices to be used by all departments for supplies, materials, assets, liabilities, equity, debt, encumbrances, expenditures, revenues, expenses, and obligations of all Commonwealth funds and accounts, including payroll, unless specifically exempted by general or special law. The Comptroller has full authority to prescribe, regulate and make changes in the method of keeping and rendering accounts and is authorized to direct state departments to implement changes in their systems to meet these statewide standards.

This Handbook includes revenue source code descriptions for all revenue collected. The descriptions are brief explanations of the type of revenue collected. Departments are responsible for full compliance with all applicable state and federal statutes, rules, regulations, and requirements governing the collection of revenue, regardless of whether or not specifically cited in this Handbook. Additionally, departments are responsible for the proper coding of all revenue collected. Departments are advised to seek additional assistance from their legal and fiscal staff.

## II. REVENUE SOURCE CODES

The revenue source codes contained in this Revenue Handbook indicate the types of revenue collected by the Commonwealth. Revenue source codes contain three roll ups: Revenue Category, Revenue Class, and Revenue Group.

| TYPE OF REVENUE                                          | REVENUE<br>SOURCE CODE |
|----------------------------------------------------------|------------------------|
| GAAP REVENUE ACCRUALS                                    | 0001 – 0090            |
| TAXES                                                    | 0091 – 0468            |
| FEES                                                     | 0500 – 0853            |
| FEDERAL GRANTS (ALSO SEE ARRA AND FEDERAL GRANT REVENUE) | 1000 – 1999            |
| FRINGE/INDIRECT/TERMINAL LEAVE                           | 2006 – 2019            |
| MOSQUITO REVENUE                                         | 2030 – 2038            |
| PRIVATE CONTRIBUTIONS                                    | 2040 – 2049            |
| PENSION CONTRIBUTIONS                                    | 2050 – 2058            |
| SETTLEMENTS AWARDED TO COMMONWEALTH                      | 2060 – 2091            |
| INTEREST                                                 | 2100 – 2199            |

|                                                                                                                 |             |
|-----------------------------------------------------------------------------------------------------------------|-------------|
| DEBT COLLECTOR FEES                                                                                             | 2200 – 2204 |
| PENALTIES                                                                                                       | 2700 – 2730 |
| LICENSES                                                                                                        | 3000 – 3163 |
| VICTIM/WITNESS                                                                                                  | 3300        |
| RECOVERIES / SPECIAL PROJECT                                                                                    | 34**        |
| REIMBURSEMENTS                                                                                                  | 3500 – 3600 |
| RENTS                                                                                                           | 4000 – 4033 |
| ALCOHOL FEES DRUNK DRIVING                                                                                      | 4400        |
| SALES                                                                                                           | 4500 – 4545 |
| LOTTERY                                                                                                         | 4550 – 4590 |
| ASSESSMENTS                                                                                                     | 4800 – 4958 |
| UNCLAIMED DEPOSITS                                                                                              | 5000 – 5010 |
| FEDERAL REIMBURSEMENTS                                                                                          | 5105 – 5601 |
| PROGRAM INCOME FEDERAL GRANTS                                                                                   | 6899        |
| MISCELLANEOUS                                                                                                   | 6900 – 6999 |
| HIGHER EDUCATION LOAN REPAYMENT INTERCEPTS                                                                      | 7000 – 7199 |
| TRUST / AGENCY FUNDS                                                                                            | 7200 – 7299 |
| LOAN REPAYMENTS FROM CITIES AND TOWNS                                                                           | 7400 – 7401 |
| GAIN / LOSS ON INVESTMENTS                                                                                      | 7500        |
| COURT REVENUE                                                                                                   | 7700 – 7790 |
| COMPTROLLER USE ONLY                                                                                            | 7800 – 7900 |
| HIGHER ED REVENUE NOT RECORDED IN THE<br>COMMONWEALTH'S ENTERPRISE ACCOUNTING AND<br>FINANCIAL REPORTING SYSTEM | 7A58 – 7F02 |
| FIXED ASSETS DISPOSITIONS                                                                                       | 8700 - 8701 |
| BOND RELATED                                                                                                    | 8800 – 8900 |
| OPERATING TRANSFER (COMPTROLLER USE ONLY)                                                                       | 9000 – 9209 |
| OPERATING TRANSFER (COMPTROLLER USE ONLY)                                                                       | 9F**        |
| AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)<br>PROGRAM                                                        | A***        |
| FEDERAL GRANT REVENUE                                                                                           | F***        |
| ESCROW                                                                                                          | ESCR, ESC2  |
| DEPARTMENTAL CHARGEBACKS                                                                                        | ALPHA ONLY  |

### III. REVENUE SOURCE CODE ROLLUPS

All revenue source codes include the following roll ups which are utilized to assist with tracking and financial reporting:

#### A. REVENUE CATEGORY

The Revenue Category field is the highest-level classification used to group various revenues received by the Commonwealth by specific nature of the revenue to meet reporting requirements and track revenues across different funds. Revenues of the Commonwealth are grouped into the following Revenue Categories:

|    |                                   |
|----|-----------------------------------|
| 01 | Taxes                             |
| 02 | Assessments                       |
| 03 | Federal Grants and Reimbursements |

|      |                                                             |
|------|-------------------------------------------------------------|
| 03AR | American Recovery and Reinvestment Act                      |
| 04   | Departmental                                                |
| 05   | Investment Earnings                                         |
| 06   | Pension Contributions                                       |
| 07   | Other Revenue                                               |
| 08   | Other Financing Sources                                     |
| 09   | Transfer from Component Unit                                |
| AG   | Agency Fund Receipts                                        |
| FATA | Federal Funding Accountability and Transparency Act (FFATA) |
| HE   | Higher Education Revenue                                    |
| LN   | Loan Repayments Principal and Interest (P&I)                |
| TR   | Operating Transfer                                          |

## B. REVENUE CLASS

The Revenue Class field is the second level classification used to further classify the Revenue Category to meet reporting requirements and track revenues across different funds. Revenues of the Commonwealth are grouped into the following Revenue Classes:

|    |                              |
|----|------------------------------|
| 00 | GAAP Revenue Accruals        |
| 01 | Taxes Alcoholic Beverages    |
| 02 | Taxes Bank                   |
| 03 | Taxes Business Corp          |
| 04 | Taxes Cigarette              |
| 05 | Taxes Motor Fuel             |
| 06 | Taxes Inheritance and Estate |
| 07 | Taxes Insurance              |
| 08 | Surcharges                   |
| 09 | Taxes Public Utility         |
| 10 | Taxes Bank                   |
| 11 | Taxes State Racing           |
| 13 | Taxes Sales and Use          |
| 14 | Taxes Income                 |
| 15 | Taxes Deeds                  |
| 17 | Taxes Room Occupancy         |
| 18 | Revenue Clearing Account     |
| 19 | Taxes Miscellaneous          |
| 20 | Taxes Raffle and Bazaar      |
| 21 | Taxes Beano                  |
| 22 | Boston Excise Fund           |
| 23 | Local Option Taxes           |
| 24 | Urban Development            |
| 25 | Income Tax Increase C287     |
| 26 | Deeds County Correction      |
| 27 | Commonwealth Fiscal Recovery |
| 30 | State Lottery                |

|    |                                        |
|----|----------------------------------------|
| 32 | Revenue Collections by Courts          |
| 40 | Fees                                   |
| 41 | Fines and Penalties                    |
| 50 | Federal Grant                          |
| 51 | Federal Incentives                     |
| 52 | Federal Secondary Transfers            |
| 53 | Non-Tax Unit Special Projects          |
| 58 | Arts Lottery                           |
| 59 | Other Contributions                    |
| 60 | Interest Income                        |
| 61 | License and Permits                    |
| 62 | Increase / Decrease Market Value PRIT  |
| 63 | Rents                                  |
| 64 | Sale of Goods                          |
| 65 | Special Assessments                    |
| 66 | Unclaimed Deposits and Escheats        |
| 67 | Federal Reimbursement Capital          |
| 68 | Federal Reimbursement Operation        |
| 69 | Forfeitures                            |
| 70 | Miscellaneous                          |
| 71 | Trust Contributions                    |
| 72 | Reimbursement for Services             |
| 74 | Pension Contribution – Employer        |
| 75 | Pension Contributions – Employee       |
| 76 | Oil Overcharge Fees and Penalties      |
| 78 | Account Payable Revert                 |
| 79 | Transfer from Component Unit           |
| 82 | Agency Fund Receipts                   |
| 83 | Pensions – Other                       |
| 92 | Proceeds from Sale of Debt             |
| 93 | Proceeds from Refunded Debt            |
| 94 | Fringe Benefit Recovery Cost           |
| 95 | Operating Transfers In...              |
| 96 | Year End Statutory Transfers           |
| 97 | Disposition of Fixed Assets            |
| 98 | Gain / Loss on Sale of Investment      |
| 99 | Other Sources                          |
| AG | Agency Funds Higher Education          |
| AX | Auxiliary Operations Higher Education  |
| CT | Higher Education CE Tuition            |
| FA | Federal Appropriations                 |
| FF | Federal Financial Aid                  |
| FG | Higher Education Federal Financial Aid |
| GL | Investment Gain / Loss                 |
| IN | Higher Education Interest              |

|    |                                    |
|----|------------------------------------|
| LI | Loan Interest Paid                 |
| LP | Loan Principle Repaid              |
| OI | Other Revenue                      |
| OT | Other Transfers                    |
| PG | Private Gifts / Grants / Contracts |
| SA | Higher Education Sales             |
| SF | Higher Education Student Fees      |
| SM | Higher Education State Match       |
| TR | Other Transfer                     |
| UR | Unearned Revenue                   |

### C. REVENUE GROUP

The Revenue Group field is utilized as an independent rollup for data used by the Census Bureau.

|      |                                                                 |
|------|-----------------------------------------------------------------|
| ARCG | American Recovery and Reinvestment Act – Categorical Grants     |
| ARIN | American Recovery and Reinvestment Act - Infrastructure         |
| ARRA | American Recovery and Reinvestment Act - Entitlement            |
| ARUI | American Recovery and Reinvestment Act – Unemployment Insurance |
| S    | Spec Asses AGO Fuel                                             |
| T01  | Property Taxes – State                                          |
| T09  | Sales and Use – State                                           |
| T10  | Alcoholic Beverages                                             |
| T11  | Amusements                                                      |
| T12  | Insurance                                                       |
| T13  | Motor Fuel Sales Tax                                            |
| T14  | Pari – Mutuels                                                  |
| T16  | Tobacco Products                                                |
| T19  | Selective Sales Tax                                             |
| T20  | Alcohol Licenses                                                |
| T21  | Amusement Licenses                                              |
| T22  | Corporation Licenses                                            |
| T23  | Hunting and Fishing Licenses                                    |
| T24  | Motor Vehicle Licenses                                          |
| T25  | Motor Vehicle Operators Licenses                                |
| T28  | Other Occupation and Business Licenses                          |
| T29  | Other Licenses                                                  |
| T40  | Individual Income Taxes                                         |
| T41  | Corporation Income Taxes                                        |
| T50  | Death and Gift Taxes                                            |
| T51  | Documentary and Stock Transfer Taxes                            |
| TR   | Translating Revenues                                            |

#### **IV. REVENUE SOURCE CODE DEFINITIONS/DESCRIPTIONS**

Revenue Source Codes are created by the Office of the Comptroller (CTR) for use in collecting, identifying, tracking and reporting revenue received by the Commonwealth. Departments collecting revenue must have either:

(1) authorization to collect revenue

or

(2) authorization to collect and expend revenue

This authorization must be in the department's enabling legislation, line-item language, trust agreement, or federal grant. Some Revenue Source Codes are broad and are used by more than one department while other Revenue Source Codes are created and used for a specific purpose.

If a department thinks it needs to create a new Revenue Source Code, the department must contact CTR's General Accounting Bureau. Departments must provide the legislation authorizing the revenue to be collected, type of revenue, and indicate whether the revenue is to be linked to a specific account number, etc.

Revenue Source Codes are four alpha-numeric characters; the schema for the coding is noted below:

##### **Revenue Source Codes    0001 – 0090            GAAP Revenue Accruals**

According to state statute, most Commonwealth revenues are recorded on a "modified cash basis", i.e., booked to the fiscal year in which they are received except for federal reimbursements, which are recorded in the prior year as accounts receivable if they are associated with activity that occurred before June 30<sup>th</sup> and are received within approximately two months of June 30<sup>th</sup>. However, for the Commonwealth to produce financial reports in accordance with Generally Accepted Accounting Principles (GAAP), -- which require recording of such revenues differently from state statute -- revenue accruals are posted for taxes, assessments, federal grants and reimbursements, Departmental revenue, investment earnings, pension contributions, and other revenue to the extent such revenue is received after the close of the fiscal year but is associated with activity that occurred no later than June 30<sup>th</sup> of that year.

##### **Revenue Source Codes    0091 – 0468            Taxes**

Taxes are imposed on certain activities to raise revenue for general purposes. These differ from fees which, according to the Supreme Judicial Court, "are charged in exchange for a particular governmental service which benefits the party paying the fee in a manner not shared by other members of society." Tax revenue includes taxes pledged for debt service, motor fuel sales (including taxes on gasoline and diesel fuels), alcohol and beverage, personal use, bank, business corporations, cigarette, gasoline, estate, inheritance, insurance, public service corporations, unemployment insurance surcharge, meals, motor vehicle, boxing, raffle and bazaar, occupancy, public utilities, etc.

##### **Revenue Source Codes    0500 – 0853            Fees**

A variety of fees are collected by Commonwealth departments including licenses, registrations, student, motor vehicle, insurance brokers, valuations, inspection, hunting and fishing licenses, court costs, fines, permits, etc.

**Revenue Source Codes    1000 – 1999                      Federal Grants**

All federal grant revenue has one of three Revenue Source Code groupings: (1) 1000 to 1999 series, (2) A\*\*\* (ARRA) series, or (3) F\*\*\* (FFATA) series.

**Revenue Source Codes    2006 – 2019                      Fringe / Indirect / Terminal Leave**

Revenue Source Codes 2006 to 2019 are used to record assessments for statewide fringe benefits (group insurance, retirement, terminal leave), payroll taxes (unemployment insurance, universal health insurance, Medicare taxes) and indirect/overhead costs.

**Revenue Source Codes    2030 – 2038                      Mosquito Revenue**

Revenue collected from cities and towns for mosquito and greenfly control in Kingston, Plymouth, North Shore, Cape Cod, East Middlesex, Bristol, Martha's Vineyard and South Shore.

**Revenue Source Codes    2040 – 2049                      Private Contributions**

Commonwealth departments may collect private contributions via donations, check-off boxes on tax returns, employer contributions and other voluntary contributions.

**Revenue Source Codes    2050 – 2058                      Pensions**

Pension revenue consists of contributions to the state retirement and teacher's retirement systems.

**Revenue Source Codes    2060 – 2091                      Settlements**

Settlement revenue pertains to those dollars associated with settlements, including settlement revenue paid by tobacco companies.

**Revenue Source Codes    2100 – 2199                      Interest**

The 21\*\* series reflects interest earned.

**Revenue Source Codes    2200 – 2204                      Debt Collector Fees**

Revenue source codes 2200 through 2204 reflect fees owed to debt collectors for revenue collected by those companies on behalf of departments.

**Revenue Source Codes    2700 – 2756                      Penalties**

Fines and penalties include insufficient funds check charges, late payment interest and charges, court settlements, excess hospital revenues and fines associated with the head injury trusts.

**Revenue Source Codes    3000 – 3163                      Licenses and Permits**

A wide variety of licenses and permits are issued by Commonwealth departments, including licenses for day care, group care, racing, trainers and jockeys, manufacturers, alcohol, amusement device operator, hospital and nursing home, dispensaries and clinics, schools, brokers, etc.

**Revenue Source Codes    3300                                      Victim / Witness**

Revenue source code 3300 is used to record revenue associated with victim/witness programs.

**Revenue Source Codes    34\*\*                      Recoveries / Special Projects**

The 34\*\* series includes targeted claims reimbursement, third party liabilities, recoveries from Medicare appeals, data matches and accident/trauma and immunization project.

**Revenue Source Codes    3500 – 3600                      Reimbursements**

Include reimbursements for care and maintenance of children, direct patient payments, outpatient, police duty, unemployment insurance chargebacks, space lease management, civil action, investigations, insurance, estate collections, pharmacy rebates, etc.

**Revenue Source Codes    4000 – 4033                      Rents**

Commonwealth departments collect rent for Commonwealth owned property, such as New Bedford and Fall River Piers, armories, telephone towers and food concessions along highways, etc.

**Revenue Source Codes    4400                      Alcohol Penalties Drunk Driving**

The courts collect penalties related to drunk driving.

**Revenue Source Codes    4500 – 4545                      Sales**

Sales revenue includes revenue generated by bookstore and document room sales, correctional industries, veteran and other specialty plates, state surplus, etc.

**Revenue Source Codes    4550 – 4590                      Lottery**

Each lottery game has a unique revenue source code.

**Revenue Source Codes    4800 – 4958                      Assessments**

Commonwealth department assessments include administration, bonds and notes, government retiree administration and insurance, teacher retiree administration and insurance, insurance, merit rating, state fire marshal, public utilities, disproportionate and non-disproportionate share hospitals, etc.

**Revenue Source Codes    5000 – 5010                      Unclaimed Deposits & Escheats**

The 50\* series includes revenue from unclaimed deposits, abandoned property, unpaid tickets and unclaimed tax rebates.

**Revenue Source Codes    5105 – 5601                      Federal Reimbursements**

Include federal reimbursements for state spending on interstate highway projects, veterans' services, Title XIX (Medicaid) inmate reimbursements, TANF, Healthy Start initiative, child support, state health federal financial participation, CMIA reimbursements, Section 8 administrative funds, etc.

**Revenue Source Codes    6899                      Program Income Federal Grants**

Revenue source code 6899 reflects the program income for the Department of Housing and Community Development's Community Development block grant.

**Revenue Source Codes    6900 – 6999                      Miscellaneous**

The 69\*\* series is miscellaneous revenue such as overpayments, vendor overpayment recoupment, sweep accounts, lockbox prior to revenue being moved to the appropriate revenue source, etc.

**Revenue Source Codes    7000 – 7199                      Higher Education**

The 70\*\* and 71\*\* series are reserved for revenue at institutions of higher education.

**Revenue Source Codes    7200 – 7299                      Trust / Agency Funds**

The 72\*\* series is reserved for deposits to non-Higher Education trust accounts and agency funds.

**Revenue Source Codes    7400 – 7401                      Loan Repayments**

The 74\*\* series is reserved for loan principal repaid and loan interest paid.

**Revenue Source Codes    7500                      Gain / Loss on Investments**

Revenue source code 7500 is used for recording gains or losses on investments.

**Revenue Source Codes    7700 – 7790                      Court Revenue**

The courts collect revenue such as seized funds, fish and game violations, reimbursement for indigent counsel, and land court assurance.

**Revenue Source Codes    7800 – 7900                      CTR Use Only**

The 78\*\* and 79\*\* series are reserved for use by the Office of the Comptroller to post accounting adjustments.

**Revenue Source Codes    7A58 – 7F02                      Higher Education Revenue not recorded in the Commonwealth's enterprise accounting and financial reporting system**

Institutions of higher education collect revenue such as student fees, tuition, state match, rents, work study, etc., and record the cash on their own accounting systems. These revenue source codes record higher education revenue not on Mosaic.

**Revenue Source Codes    8700 – 8701                      Fixed Assets**

The 87\*\* series is reserved for gains and losses on the sale of fixed assets.

**Revenue Source Codes    8800 – 8900                      Bond Related**

The 88\*\* series and 8900 is reserved for bond related revenue such as proceeds from sale of bonds and refunded debt.

**Revenue Source Codes    9000 – 9999                      Operating Transfer (CTR Use Only)**

Revenue associated with a 9\*\*\* revenue source code indicates an operating transfer. The Comptroller's Office is directed by statute or other authorization to process operating transfer (OT) transactions between fund/subfund combinations. The OT is an internal transaction that increases expenditures in one account and increases revenue in another account.

**Revenue Source Codes    9F\*\*                      Operating Transfer (CTR Use Only)**

The 9F\*\* revenue source codes indicate an operating transfer from a department's operations line item to a federal grant account with an uncollectible negative balance.

**Revenue Source Codes    A\*\*\*                      American Recovery and Reinvestment Act**

All federal grant revenue has one of three revenue source code groupings: (1) 1000 to 1999 series, (2) A\*\*\* series, or (3) F\*\*\* series. All revenue source codes associated with the American Recovery and Reinvestment Act (ARRA) begin with the letter A.

**Revenue Source Codes    F\*\*\*                      Federal Grant**

All federal grant revenue has one of three revenue source code groupings: (1) 1000 to 1999 series, (2) A\*\*\* (ARRA) series, or (3) F\*\*\* (FFATA) series. All revenue source codes associated with the Federal Funding Accountability and Transparency Act (FFATA) begin with the letter F.

**Revenue Source Codes    ESCR, ESC2                      Escrow**

ESCR and ESC2 are the revenue source codes utilized to record revenue for escrow accounts.

**Revenue Source Codes    Alpha Only                      Departmental Chargebacks**

Interdepartmental business (chargebacks) refers to both mandated and optional charges for goods and services provided by one department to another department. Departments must have specific legislative authorization to collect chargebacks.

## V. REVENUE BUDGETS

Revenue budgets are created based on statutory authorization to collect revenue. The revenue budget provides immediate visibility to the collections-to-date for collection goals established for a fiscal year. All new revenue budgets must include statutory authorization. The legal citation that authorizes the revenue collection must be provided.

Departments will be asked to submit requests for revenue budgets and identify and/or confirm the legislative citation for each existing revenue budget.

The required key fields for a revenue budget are (1) Budget Fiscal Year, (2) Fund, (3) Sub fund, (4) Department and (5) Revenue Source Code. The chart of account combination must be unique for each revenue budget.

- A. **Unlinked Revenue Budget** – An unlinked revenue budget indicates income which is deposited directly into the fund. It does not update an 8-digit spending account and, therefore, is not designated to be retained or expended for a specified purpose.
- B. **Linked Revenue Budget** – A linked revenue budget associates a particular source of funds to an expense account allowing the department to retain and expend the revenue. Linked revenue budgets may have a floor, ceiling or both. The Summary Link Floor indicates how much revenue must be collected before the department begins to retain the revenue. Once the Summary Link Floor is reached, subsequent revenue collected will update both the obligation and expenditure ceilings of the 8-digit spending account and is available to the department to expend. The Summary Link Ceiling indicates the maximum revenue the department can retain and expend. Once the Summary Link Ceiling is reached, additional revenues collected do not update the obligation and expenditure ceilings and, therefore, cannot be expended by the department.
- C. **Departmental Revenue Budget** – The departmental revenue budget is an optional budget structure that provides a department with the ability to segregate its revenue. In addition to the central revenue budget data elements noted above, an additional key/required field for a departmental revenue budget is (6) unit.

## VI. MOSAIC REVENUE TRANSACTIONS

The following table identifies Mosaic transactions that use revenue source codes:

| REVENUE TRANSACTION CODES | REVENUE DOCUMENT DESCRIPTION                                                                                                  |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| RE                        | <b>Receivable Event</b> – detail or summary; department use only                                                              |
| BGRN (BQ82)               | <b>Central Revenue Budget</b> – CTR creates for department use                                                                |
| BGDR (BQ85)               | Departmental Revenue Budget – department use only                                                                             |
| CD                        | <b>Cash Deposit</b> – creates cash on Mosaic; for TRE use only to record new revenue to the Commonwealth.                     |
| CD1                       | <b>Cash Deposit 1</b> – moves cash from one account to another and therefore does not create cash on Mosaic; for CTR use only |

|     |                                                                                                                                                            |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CD2 | <b>Cash Deposit 2</b> – moves cash from one account to another and therefore does not create cash on Mosaic; for CTR use only for Federal Highway revenue. |
| CR  | <b>Cash Receipt</b> – moves cash from one revenue budget to another and therefore does not create cash on Mosaic; for department and CTR use               |
| IT  | <b>Intercept</b> – records the dollars offset from a payment to relieve all or part of an outstanding debt; for CTR use only                               |
| RF1 | <b>Refund</b> – returns overpayments to customers; for department use                                                                                      |
| RF3 | Tax refund summary transaction; for Department of Revenue use only                                                                                         |

## Unit

Mosaic offers many options to define a department's organizational structure; the lowest level (and the attribute used to code transactions) is called Unit. Departments may establish as many Units as appropriate. Units can be aggregated to support summarized data without the need to enter all higher level chart of account elements on a transaction. For example, a department may have a procurement Unit that is part of an administrative Group, that reports to an Administration and Finance Bureau that represents a Section, within a Division in a specific District. By coding the revenue and expenditure activity with Unit, activity can be tracked across Group, Bureau, Section, Division and District. Each Unit is associated with only one Group, one Bureau, etc. However, many Units can make up each Group, Bureau, etc. Unit is the lowest hierarchical code and will be the code entered on transactions. Some departments will only use Unit. Other departments will use the other tracking codes, defining a structured roll-up.

The accounting line of each Mosaic transaction requires a *Unit* code. Departments are encouraged to create units that further support, define, and align to their reporting requirements so that queries can be run against the Commonwealth Information Warehouse (CIW) with unit as one of the criteria.

## VII. REVENUE COLLECTION

The Accounts Receivable (AR) functional area in Mosaic, commonly known as BARS (Billing and Accounts Receivable System), is a centralized revenue management tool capable of automating and managing the billing and collection functions of Commonwealth departments in accordance with 815 CMR 9:00. Departments establish customers and bill for goods or services. BARS generates invoices, statements, payment plan reminders or renewal notices, records payments received and liquidates receivables, and tracks delinquent accounts so that departments can manage aged outstanding receivables to determine when they should be referred to both the automated Intercept process and debt collectors. Note: departments cannot write off delinquent debt; only the Comptroller has the authority to write off bad debt.

1. **Receivable Event:** The billing cycle begins with a billable event recorded on Mosaic via a receivable event (RE) transaction. There are two types of receivables: detail and summary. Both are entered using the RE transaction.

**Detail:** As its name implies, the detail receivable is used by a department to record earned revenue/accounts receivable at a detail level that is owed when goods are delivered, or services are performed. Detail receivables automatically generate a billing notice (invoice, payment plan or statement).

**Summary:** A summary receivable is used by departments with delegated accounts

receivable systems. A summary receivable must accurately represent the value of the earned revenue/accounts receivable by revenue source code across fiscal years. Summary receivables do not generate billing notices.

- a. **Invoice:** Receivable events billed as invoices print automatically based on a schedule once they have been finalized in Mosaic. Invoices take advantage of the past due dates on the Collection Control Table (COLLC); when the predefined number of days past due has been reached, dunning notices or collection letters are automatically system generated. Every RE entered generates an individual invoice.
- b. **Statement:** A statement is a single cumulative notice of a customer's RE, payments and adjustment activity by department within a predefined period. Statement attributes are defined on the Billing Profile Table (BPRO). When billing with a statement, every RE entered by a department for a customer within the statement period will appear on a single periodic (usually monthly) statement notice.
- c. **Payment Plan:** Payment plans allow a receivable event to be paid over a prearranged schedule. Once an RE is associated with an active payment plan, the standard billing process is suspended. Aging and intercept functionality are suppressed while a receivable is associated with an active payment plan.

The following are the output forms that will print for payment plans:

- Agreement
  - Reminder
  - Completion
  - Cancellation
- d. **Third Party Billing:** Mosaic functionality provides for the billing of third parties. This third-party functionality is used to bill parties other than the recipient of the services, such as the parent of a custodial resident in a Commonwealth facility. This third party is established as a vendor/customer.
  - e. **Multiple-Party Billing:** Mosaic provides the ability to bill multiple parties for a single debt for those that are jointly and severally liable, such as for waste site clean-up or damage to public property.
2. **Renewal:** A renewal is a periodic notice that a payment is due in order to keep a license or other state-mandated business requirement current. Renewal notices can only be interfaced; they do not represent a bill for goods or service already provided; they cannot be manually entered into Mosaic.
  3. **Payments to the Commonwealth:** The Commonwealth supports multiple methods of payment for receivable events:
    - a. **CMCR Lockbox:** There are two types of lockbox services: retail and wholesale. The type of lockbox depends on the volume and amount of checks received. A retail lockbox has a high volume of checks with relatively low payment amounts. A wholesale lockbox has a relatively low number of payments but typically for larger amounts.
    - b. **eRevenue (formerly known as ePayment):** Departments that are legislatively authorized to

collect revenues, fees and other charges may establish electronic revenue (eRevenue) options to collect revenues from sources such as credit or debit card and Automated Clearing House (ACH) payments.

- i. **Credit or Debit Card** – Commonwealth entities offer payment options that include Mastercard, VISA, AMEX and Discover. A credit card payment allows a customer who was billed or otherwise owes a Commonwealth department revenue to enter his/her credit card number on a web page or swipe his/her card at a Commonwealth department window and the payment will be recorded in Mosaic. The payment can optionally reference and close the customer's open Mosaic receivable.
- ii. **ACH** – The Automated Clearing House (ACH) is a secure network used to connect banks to each other. It is through this network that direct deposits, electronic payments, certain transfers and debit-card payments are processed. An ACH payment allows a customer who was billed to enter his/her bank account and routing number on a web page and the payment will be recorded in Mosaic. The payment can optionally reference and close the customer's open Mosaic receivable.

**Data Security and Compliance** in accordance with the CTR [Electronic Payments Data Security Policy](#) is mandatory for all electronic payments, including both credit card and ACH payments. Identity theft crime continues to grow at an exponential rate. The credit card associations and merchant banks require Payment Card Industry (PCI) Compliance as a condition of their agreements with merchants. The Office of the Comptroller requires similar compliance for both credit card and ACH transactions. While data security compliance does not guarantee that breaches will not occur, it provides a framework and standard methodology to ensure that the Commonwealth is working hard to secure electronic payment data (and other personal data) for its constituents. Compliance activities promote data security from an ad hoc activity to a prioritized standard operating procedure.

4. **Intercept:** The Commonwealth offsets payments to satisfy debts owed to the Commonwealth. Intercept is an automated program that matches eligible payments to delinquent debt owed by individuals and organizations that function both as vendors for and customers of the Commonwealth. The intercept process is authorized by [M.G.L. c. 7A § 18](#).
5. **Debt Collector Agency Services:** In accordance with [815 CMR 9.00](#): Collection of Debts, departments must make all reasonable efforts to collect an outstanding debt. Outside debt collection services are available to departments that continue to carry accounts receivable that are more than 120 days old. Departments intending to pursue outside debt collection services must use the Statewide Debt Collection Contract, which contains a list of approved debt collection agencies. Departments can send these debts to both Intercept and debt collection agencies simultaneously.
6. **Write-offs:** Per [CMR 815 9.08\(2\)](#), Commonwealth department billing entities are responsible for diligent efforts to collect the full amount of any outstanding debt and must certify that any Write-Off is in the best interest of the state. In the event the debt is deemed uncollectible, a department must request the debt be written off. Commonwealth department billing entities may not submit an uncollectible debt for write-off until after the debt has been first submitted to both Intercept and a statewide debt collection agency unless there is supporting documentation that the debt is otherwise uncollectible. Uncollectible debt includes situations where the debtor is deceased, the statute of limitations period has passed, litigation or a settlement or judgment has decreased the amount owed, or the debtor has entered bankruptcy.

Non-billed revenue is revenue received by Commonwealth departments for which there is no receivable in Mosaic. This includes over-the-counter cash, some federal reimbursements, etc.

## VIII. FEDERAL FUNDS

The Commonwealth's acceptance of federal grant funds is contingent upon compliance with the terms of federal grant policies issued by CTR (link), Administrative Bulletins issued by the Executive Office for Administration and Finance (A&F), the specific requirements of each federal grantor agency issuing federal funds or reimbursements, and the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance") Departments receiving federal funds, including federal reimbursements, must ensure that a Catalog of Federal Domestic Assistance (CFDA) number is provided and that revenues are set up in Mosaic using Revenue Category (3). It is important that all federal funds received by the Commonwealth be identified and included in the federally mandated Schedule of Expenditure of Federal Awards (SEFA) prepared by the Office of the Comptroller. By including the CFDA number and coding the Revenue Category during the account setup process (as instructed), departments ensure that the funding will be appropriately identified and included in the SEFA.

### REVENUES – POLICIES FOR DEPARTMENT ACCEPTANCE AND EXPENDITURE

Departments must have specific legislative authorization to both receive and expend revenues.

The following constitutional, general and special laws govern a department's acceptance of revenue and determine the department's ability to expend that revenue:

- **Massachusetts Constitution**: Article LXIII. **Section 1.** *"Collection of Revenue. - All money received on account of the commonwealth from any source whatsoever shall be paid into the treasury thereof."*
- **M.G.L. c. 30 § 27**: *"Except as otherwise expressly provided, all fees or other money received on account of the commonwealth shall be paid daily into the treasury thereof."*
  - This means that all revenues collected by a department must be deposited and accounted for in the statewide enterprise accounting and financial reporting system (Mosaic).
  - If a Contractor assists a department in the collection of revenue (e.g., debt collection agency, revenue maximization Contractor, or a cost avoidance Contractor) the total of all revenues collected must first be deposited and accounted for in the state accounting system prior to payment being made to the Contractor. (i.e., there can be no "netting" of revenues and fees).
- **M.G.L. c. 10 § 17B**: *Unless otherwise provided by law, all moneys received by a department shall be deposited with the state treasurer (subject to the approval of the Governor) and expended, subject to appropriation.*

#### **Types of Revenue Accounts-**

Comptroller's Accounting Unit will determine the appropriate accounting treatment for the type of revenue authorized. The following are examples of types of accounting treatment:

- **Expendable Trust** – **M.G.L. c. 6A § 6**. Unless otherwise provided for in general or special law, expendable trusts are subject to approval of either the Legislature or the Executive Office for Administration and Finance (A&F). A secretary may apply for and accept funds, grants, bequests, gifts

or contributions, from any person and expend in accordance with law. Approval of an expendable trust by A&F is governed by [801 CMR 50.00 Expendable Trust Regulation](#). Contact the Legal Division of A&F for more information. The Trust language determines how the funding may be expended. Obligations may not be incurred until there are sufficient funds to support the obligation. Only the Legislature may authorize spending in anticipation of revenue collection.

- **Contingent Fee Accounts** – [M.G.L. c. 29 § 29E, 815 CMR 8.00](#) and annual special laws provide the authorization for contingent fee contracts for non-tax revenue maximization and cost avoidance projects. Contingent fees are paid from separate accounts.
- **Special Revenue Fund** – A special revenue fund is generally established through a general or special law stating that a fund is established and authorizing inflows (revenues) and outflows (expenditures).
  - All expenditures will be considered “subject to appropriation” unless the fund contains language that the revenues may be expended “without further appropriation”.
  - Obligations may not be incurred until there are sufficient funds to support the obligation, unless the fund contains language that authorizes obligations to be incurred in anticipation of revenues and provided the fund is in balance at the close of the fiscal year.
    - Example of Trust established by General Law: Workforce Training Trust Fund. [M.G.L. c. 29 §§ 39 & 2RR](#). *(a) There is hereby established and set up on the books of the commonwealth a separate fund to be known as the Workforce Training Trust Fund, in this section called the Fund. There shall be credited to the Fund the workforce training contributions required by [M.G.L. c. 151A § 14L](#). The director of the department of career services may contract with the Commonwealth Corporation to administer the fund. For the purpose of accommodating discrepancies between the receipt of revenues and related expenditures, the director of career services may incur obligations and the comptroller may certify payment amounts not to exceed the most recent revenue estimate submitted by the department and approved by the comptroller; provided, however, that the fund shall be in balance by the close of each fiscal year.*

Special revenue fund accounts are assessed fringe and indirect charges (unless otherwise exempt from indirect charges) on personnel expenses from the account. Departments will need to ensure they reserve sufficient funds from revenues to pay these charges or identify other funding for these charges.

- **Retained Revenue Account** – A retained revenue account is a budgetary authorization that allows the expenditure of revenue collected within the fiscal year up to the cap amount identified in legislation.

#### **Examples of Retained Revenue Account established by Special Law (budgetary):**

Acts of 2020, section 2. 1775-0900 For the operational services division, which may expend not more than \$22,000 in revenues collected under chapter 449 of the acts of 1984 and section 4L of chapter 7 of the General Laws, including the costs of personnel, from the sale of federal surplus property, including the payment, expenses and liabilities for the acquisition, warehousing, allocation and distribution of federal surplus property; provided, that notwithstanding any general or special law to the contrary, for the purpose of accommodating timing discrepancies between the receipt of retained revenues and related expenditures, the division may incur expenses and the comptroller may certify for payment amounts not to exceed the lower of this authorization or the most recent revenue estimate as reported in the state accounting system..... \$22,000

Acts of 2020, section 2. 1310-1001 For the appellate tax board, which may expend not more than \$400,000 in revenues from fees collected; provided, that notwithstanding any general or special law to the contrary, for the purpose of accommodating timing discrepancies between the receipt of retained revenues and related expenditures, the board may incur expenses and the comptroller may certify for payment amounts not to exceed the lower of this authorization or the most recent revenue estimate as reported in the state accounting system..... \$400,000

- **Interdepartmental Chargeback** – An interdepartmental chargeback refers to both mandated and optional charges for goods and services provided by a legislatively authorized chargeback department.
  - Departments must have specific legislative authorization to assess chargebacks.
  - Chargeback departments may charge no more than the actual costs to provide authorized goods and services. Interdepartmental Mosaic transactions be completed to encumber funds prior to the provision of goods and services in order to ensure prompt payment to chargeback departments.

**Examples of Interdepartmental Chargeback established by Special Law:**

Acts of 2020, section 2B. ss. 1000-0601 For the comptroller’s office which may, on behalf of the office, the human resources division and the executive office of technology services and security, charge and collect from participating state agencies a fee sufficient to cover administrative costs and expend such fees for goods and services rendered in the administration of the human resources compensation management system program..... \$2,300,000

Acts of 2020, section 2B. ss. 0511-0003 For the costs of providing electronic and other publications purchased from the state bookstore, for commission fees, notary fees and for direct access to the secretary’s computer library \$16,000

**Expenditure of Revenues:** Even if a department is authorized to receive revenues, the ability to expend revenues is not automatic and is subject to appropriation, unless otherwise provided. This means that a department can **receive** funds from sources legislatively authorized but **must also have specific legislative authority** (language) to expend the funds without further appropriation. The language to expend must be explicit.

- Examples of specific legislative authority (language) authorizing receipt and expenditure of funds include:
  - "...and may expend such funds without further appropriation...", or
  - "...and may expend such funds for the purposes of this section..."

- “...and may expend revenues in an amount not to exceed \$ \_\_\_\_.”
- If a general or special law is silent as to the ability of the department to expend the funds, or states that expenditures are "subject to appropriation", the department may not obligate or expend the funds received until the Legislature authorizes (appropriates) the expenditure of fund through a General Appropriations Act, Special Appropriations Act or other Act.
- Authorization to collect revenue does not automatically authorize the expenditure of revenues collected; in fact, many authorizations anticipate revenues are collected and deposited directly into the General Fund.
- **Funds Availability:** Department may not incur obligations unless revenue has been received and is recorded in the appropriate revenue account. If revenues are authorized to be expended without further appropriation, sufficient revenues must be received **before** obligations may be incurred, **unless** the legislation has specific language that allows expenditures in anticipation of revenues and provided the account is in balance at the close of the fiscal year. This limitation that the account be in balance at the end of a fiscal year applies to all types of accounts, even if funds are expected to be received in a continuing account.

Sample legislative language:

*“provided, that notwithstanding any general or special law to the contrary, for the purpose of accommodating timing discrepancies between the receipt of retained revenues and related expenditures, the office may incur expenses and the comptroller may certify for payment amounts not to exceed the lower of this authorization or the most recent revenue estimate as reported in the state accounting system.”*

Department must ensure that they manage obligations incurred within available funds in accordance with state finance law, including [M.G.L. c. 29 §§ 26 and 27](#) the CTR [Bill Payments Policy](#).

- **Fiscal Year Limitations.** Retained revenues and other annual budgetary funds are normally available for expenditure **only in the fiscal year in which received**, unless the revenues are authorized to be carried forward in a continuing account, or through a prior appropriation continued (“PAC”) from one fiscal year to the next. Departments should ensure that if there is any doubt as to the ability to expend funds within a fiscal year in a non-continuing account, legislation is filed and enacted to carry over or PAC the revenues forward to the next fiscal year for expenditure. When drafting legislation to receive and expend revenues, the availability of the funds for expenditure across fiscal years must appear in specific legislation.
- **Contingent Revenues, Matching funds or Reimbursements.** Departments should be careful when sources of revenues are contingent upon expenditure of Commonwealth funds first, with revenue to be received as reimbursements, or when matching funds are required to be expended in order to receive revenues. In either of these cases, matching funds must be identified (either in the revenue account or from another source of funds) and available for expenditure during the fiscal year in which the revenues are expected to be paid. Note that the authorization to accept revenue into an account based upon matching funds being spent requires the revenue to be deposited into the revenue account, and not the account of the matching expenditure if a different account.

Therefore, departments may not use funds from another account solely to spend for the match, and then reimburse this expenditure when the reimbursement funds are received (unless this model of funding is specified in the legislative authorization or matching funds are specifically appropriated

or identified for this purpose, with no expectation of reimbursement). A new revenue account that has no revenues would have no funding available to use for matching funds, unless the account has specific legislation that allows obligations to be incurred in anticipation of revenues. Usually, the Legislature will cap the amounts that can be incurred in this manner and usually tie the amount to revenue estimates based upon prior years. For reimbursement scenarios, if obligations are incurred and reimbursements are not received, or not received timely in the correct fiscal year, the department will have a deficiency and will be responsible for resolving this deficiency, either through an appropriate alternate account or legislation or if no other solution is present, through the Prior Year Deficiency account.

- Reimbursements are not always guaranteed, nor is the timing guaranteed. Reimbursements may be disallowed or payment delayed; therefore, even if the department has specific language allowing obligations anticipation of reimbursements, departments should be cautious and should not incur obligations until reimbursements are received, or should ensure that sufficient seed funds or matching funds are appropriated at the start of the new account, or each fiscal year if a budgeted account, to ensure obligations are timely funded, and that reimbursements are timely received. (See **Funds Availability** above.)

When drafting legislation to receive and expend contingent or reimbursement revenues, Departments should consider the timing of when funds will be received, the source of seed or matching funds and whether receipt or expenditure will cross fiscal years. If there is any chance that funding or expenditures will cross fiscal years, the legislation must allow for cross fiscal year activity to support that possibility or funds will revert. (See **Fiscal Year Limitations** above.)

**NOTE:** Irrespective of the source of funding, departments are required to encumber and expend funds in accordance with state finance law requirements identified by CTR (e.g., [Expenditure Classification Handbook](#); Contract Policies; Fiscal Year Updates and Fiscal Year Closing and Opening Instructions. See also the policies under Non-Tax Revenue.

## COMPTROLLER’S WEBSITE

The Comptroller’s website can be found at: [macomptroller.org](http://macomptroller.org) and is intended to provide user support information, Mosaic resources, CTR policies, and services for end-users. Job aids and various other documents are now housed on a [SharePoint site](#).

Departments are responsible for applicable policies including but not limited to the CTR [Department Head Signature Authorization Policy](#) and the CTR [Vendor / Customer File and Form W-9 Policy](#), Write off to build earned revenue

## DEPARTMENT HEAD SIGNATURE AUTHORIZATION AND MOSAIC SECURITY

All Department activities are authorized by the Department Head in accordance with the CTR [Department Head Signature Authorization Policy](#) and the [Enterprise Security policies](#). Department heads execute a Department Head Certification Form certifying compliance with state finance law and Comptroller policies and procedures. Mosaic security are be based on roles that users will perform in the system. Three levels have been created – (1) user level, (2) administrator level and (3) administrator authorized signatory. All transactions must be authorized by an individual personally authorized by a Department head to approve transactions on their behalf. Only those with an administrator level role will be able to submit transactions to Final status. Anyone who logs on with Mosaic security agrees that they will be responsible for all actions under their User ID and agrees to comply with the Comptroller’s policies and procedures and other applicable laws and regulations. Department Heads

must certify security requests before security is turned on. See the CTR [Statewide Enterprise Systems Security Access Management Policy](#) for detailed information.

## **PUBLIC INFORMATION AND PRIVACY CONCERNS**

Since certain Mosaic fields are a matter of public record, Mosaic Transaction IDs, invoice numbers and any comment fields **MUST NOT** contain personal information (such as individual's names, SSN numbers, bank account numbers, date of birth, addresses, etc.) or other information that could jeopardize privacy or facilitate identity theft. Mosaic Transaction IDs and key comment fields may be printed, sent electronically as part of invoice information, and may be viewable as part of public records requests. Therefore, care must be taken that individual personal information is not used.

## **VENDOR/ CUSTOMER FILE**

Mosaic has a vendor/customer table (VCUST) that is utilized for both making vendor payments and customer billing. This joint table is critical for utilizing the Intercept functionality.

**Vendor:** In order to receive payments from the Commonwealth, a vendor must be registered in the VCUST table. Departments are required to obtain a completed Massachusetts Form W-9 (Request for Taxpayer Identification Number and Certification) or an appropriate Form W-8 Series (W-8BEN, W-8ECI, W-8EXP and W-8IMY) for foreign vendors.

**Customer:** For customer registrations, department should make every effort to obtain a Form W-9. When entering a VCC/VCM transaction for a customer, remember to put CUST in the first four positions of the transaction identification.

- **VCCs (new)** – Ensure that the customer is actually a new customer that does not already have an existing vendor code on Mosaic. Not all customers know that they are already registered on VCUST. A search of the TIN/EIN should identify if the customer has a current vendor code.
  - If a customer submits an SSN/TIN or FEIN with a legal name and address, department should ensure that the information matches what has already been filed with the IRS and DOR. Many entities have a legal name and a “DBA” (“doing business as”) with a different operational name. The legal name should be the name listed on the VCUST table. If the entity needs the dba (Doing Business As) name also, this should be listed under “Division”.
- **VCMs (modify)** - Departments should always look up the customer in Mosaic to verify the current information and to obtain the necessary supporting documentation for the requested change. No legal address, remittance address, tax ID, legal name or structure changes should be made unless an authorized signatory of the payee has submitted an updated Form W-9 or other acceptable supporting documentation.

## **POLICIES**

Revenue related policies are located at [macomptroller.org/policies](http://macomptroller.org/policies).

## **VIOLATION OF STATE FINANCE LAW**

Any Department Head or designee *who knowingly violates state finance or authorizes or directs another officer or employee to violate any provision* of [M.G.L. c. 29](#), or any rule or regulation promulgated there under, or any other provision of law relating to the incurring of liability or expenditure of public funds law shall be punished by fine of \$1,000 or imprisonment for one year, or both. See [M.G.L. c. 29 § 66](#).

## **COMPLIANCE REVIEW**

The Statewide Risk Management and Compliance Team conducts periodic reviews of the business activities for which the Office of the Comptroller has oversight. These reviews check department procedures and documentation to promote compliance with relevant laws, regulations and policies - for all fiscal business. A critical review is conducted via the annual Internal Control Certification (ICC). The ICC covers department controls over collecting and protecting Non-Tax Revenues for the Commonwealth. Departments are encouraged to keep documentation up to date-for example, when internal or external auditors are engaged.