

## MEMORANDUM

To: Board of Directors Massachusetts School Building Authority  
From: James A. MacDonald, First Deputy Treasurer, Interim Chief Executive Officer  
John K. McCarthy, Executive Director, Deputy Chief Executive Officer  
Date: April 27, 2017  
Subject: MSBA Fiscal Year 2018 Budget Recommendation and Fiscal Year 2017 Year End Projections

---

The following is a summary of the Massachusetts School Building Authority's ("MSBA's") budget recommendation for the Fiscal Year 2018 Budget and the anticipated expenditures for Fiscal Year 2017.

The Fiscal Year 2018 recommendation reflects a spending plan built upon the assumption of maintenance of existing operations and the continued efforts to fulfill the remaining positions from the Fiscal Year 2017 staffing plan. See Attachment D for a one-page summary of the major line items. The budget that has been prepared reflects a total that is approximately 11.4% below the Fiscal Year 2017 revised budget. The largest variances are due to the Prior Grants schedules and Capital Pipeline Program projections being lower than budgeted in Fiscal Year 2017. For Prior Grants, this is due to some projects receiving their final payment in Fiscal Year 2017 as well as refunding adjustments and lump sum payments. For the Capital Pipeline Program, the recommendation reflects projections of reimbursement requests for the approximately 300 projects from eligibility to closeout. The Fiscal Year 2018 variances from Fiscal Year 2017 revised budgeted amounts are illustrated in the summary budget table provided in Attachment A.

Within the Administrative Expense Budget category in Attachment A, the variance in the Fiscal Year 2017 projected expenditures as compared to the Fiscal Year 2017 revised budget includes approximately \$1.3 million in the Salaries and Benefits category. This variance reflects the annualizing of hires made throughout Fiscal Year 2017, departures during the year, the phased hiring for positions in the Fiscal Year 2017 staffing assumption, including conversion of consultant staff extensions in IT and Capital Planning. The Fiscal Year 2018 Budget recommendation for salaries and benefits at 105.2% includes funding for 79 employees, and is consistent with the staffing resources funded in the Fiscal Year 2017 Budget, which was based on phased hiring that was further delayed, and includes the final two conversions for consultant staff extensions for project management. With the same staffing level funded by the Fiscal Year 2017 budget, the request would have been at 103.6%. During Fiscal Year 2017, the progress of onboarding new hires towards the established goal of 77 employees was offset by staff turnover and retirement throughout the fiscal year. As of April 27, 2017, we have 70 full time employees and one Co-op student.

General & Administrative Office Expenses at 101.2% reflects small increases for fees associated with payroll processing and tuition reimbursement. This category also includes travel and professional development, training, leases for copiers and the postage machines, ongoing Trustee fees, and office equipment and furniture.

Occupancy and Utilities at 103.4% reflects the base rent under the tenant agreement plus a projected 3% increase in real estate taxes as well as small increases in insurance coverage premiums.

Consulting and Professional Support Services at 111.6% reflects an additional approximately \$25 thousand to support IT projects.

Information Technology at 130.2% reflects projected expenditures for web hosting, anti-virus, firewall, wireless-WIFI improvements, Tableau, Munex, upgrade to Microsoft E3, IT infrastructure upgrades, payroll/HRIS software, and Board package management software.

The Fiscal Year 2018 Budget continues the funding of the Other Post-Employment Benefits (OPEB) line item. While the MSBA's OPEB Trust is presently fully funded, the Fiscal Year 2018 Budget includes \$100 thousand in order to continue making measured contributions to the Trust in an effort to mitigate the potential future budgetary impacts of updated actuarial valuations. The MSBA now has several former employees or their beneficiaries that are eligible for these benefits, and one retiree receiving benefits. An actuarial analysis will be performed as of December 31, 2016 to update the valuation for the financial statements by the end of this fiscal year.

Project Related Legal, Audit & Professional Support Services at 83.1% reflects the transition from consultants for project management services to staff. More detail is provided in the discussion of Attachment B below.

Arbitrage Rebate at 12.5% reflects the initial estimate of the yield reduction payment for the 2012 Series B bonds. The rebate consultant provides reporting on each outstanding issue annually.

Prior Grants at 81.2% reflects the adjusted schedules for the remaining projects plus an additional \$40 million that would be available to make lump sum payments to districts issuing refunding bonds. The MSBA has provided \$31,414,440 million for lump sum payments in FY 17 through April 18, 2017. We have also been contacted about the possibility of approximately \$24 million more; however, the timing and amount is dependent on district approvals and market conditions.

Waiting List at 76.1% reflects the adjusted schedules for the remaining projects, a possible final payment for the New Bedford Taylor School Phase 2 conversion project, and an additional \$10 million to be available for lump sum payments. All Annual Waiting List payments have been made for FY 17, and no lump sum payments have yet been requested. There may be additional payments on the Taylor School in FY 17 and a final payment on the Haverhill High School conversion project in FY 17 or FY 18.

Capital Pipeline Program Grants at 92.0% reflect analysis done by Capital Planning and Finance on projects from eligibility through closeout. Attachment E describes the detailed methodology used for the different phases and programs. Although there is approximately \$1 billion in Capital Pipeline commitments outstanding, we are recommending a \$506 million budget for FY 18. Staff will monitor grant payments throughout FY 18, and request additional budget authorization, if necessary. Halfway through FY 2017, we analyzed the variance by project

compared to the \$550 million budget, and identified 13 projects with variances more than \$3 million. One project had spent \$3.5 million more than projected due to an acceleration of the projected timeline. Twelve projects had variances of \$3 million to \$7.4 million less than projected. Capital Planning reviewed each project and determined that the variances were related to issues with delays in the projects during design development and construction and ProPay reimbursement requests being sent less than monthly. Projections, which were updated at the end of the third quarter, for these twelve projects, through the end of FY 17 anticipate an increase in spending, but total spending for the year is still likely to be under the original budget projection at approximately 74.5%.

The Department of Elementary and Secondary Education is working with Districts that applied for Digital Connections Partnership Schools grants, and staff is expecting to see FY 17 loan applications from those Districts over the next couple of months. The FY 18 budget recommendation reflects the second year of a five year pilot program. Loan applications may total less than \$10 million.

Attachment B provides additional detail regarding the Capital Pipeline Professional Support Services. Commissioning is projected to increase to 147.8% due to the number of projects expected to have agreements in FY 2018. FY 17 Commissioning is expected to be approximately \$2.7 million, currently the only line item that is trending over budget at 119.1%.

Project Management Services at 20.0% reflects the conversion of consultants to staff, which was previously the majority of this line item. The \$130 thousand projected for FY 2018 would provide funding for OPM services of \$100 thousand for the Essex North Shore Agricultural and Technical School project, and the remaining \$30 thousand is for estimated consultant staff extension expenditures in June 2017 that are paid in July 2017 or after.

Architectural services at 103.3% reflect support services for schematic design, construction document and architectural reviews, and also includes anticipated expenditures for senior studies related to the review process for the Statement of Interest (SOI) submittals.

Capital Program Information Systems at 266.7% reflects consultant support for the project related systems, such as Progress Payment, Project Management, etc. \$75,000 was included in the FY 17 budget to support the School Survey.

Cost of issuance is recommended at the same level as FY 17 due to the ongoing Commercial Paper costs and issuance expected at the end of FY 18.

School Survey at 5% reflects the expectation that most funds will be expected in FY 17, but a small amount of invoices are expected to be paid in FY 18.

Post Occupancy Survey at 175.0% reflects anticipated costs for consultants to assist with the site visits and analysis for projects that completed commissioning in prior fiscal years and have been in operation by the various districts.

Charts comparing the FY 17 year-to-date spending with a straight-line benchmark for Salaries and Benefits, Administrative Expenses, Project Related Legal, Audit & Professional Support Services, and Capital Pipeline Grant payment are reflected in Attachment C.

Based on the assumptions used to make the FY 18 recommendations, staff expects to be able to balance the use of unrestricted funds and debt proceeds to make timely grant payments, loan disbursements, and operational expenditures. Attachment F includes projections for the budget, debt service, and other transactions required by the Trust Agreements. The projected FY 17 and FY 18 year end balances for the various funds reflect that the combination of SMART Fund revenue, interest income, new debt issuance, and unrestricted funds will support the Capital Pipeline, IT Loan Program, and continued operations in accordance with the Guidelines for the use of Unrestricted Funds.

## MSBA Administrative Operations and Grant Programs Budget - Attachment A

Expense Category	FY16 Expenditures 7/1-6/30	FY 17							FY 18 Budget Recommendation	Variance to FY17 Revised Budget	% FY17 Revised Budget
		Revised FY17 Budget	FY17 YTD Expenditures 7/1-4/21	Variance (FY17 Revised Budget)	% (FY17 Revised Budget)	Projected FY17 Expenditures	Variance to FY17 Revised Budget	% FY17 Revised Budget			
<b>Administrative Expense Budget</b>											
Salaries & Benefits <sup>[1]</sup>	6,099,410	7,442,813	4,707,008	(2,735,804)	63.2%	6,156,903	(1,285,909)	82.7%	7,826,770	383,957	105.2%
General & Administrative Office Expenses <sup>[2]</sup>	323,363	378,629	247,502	(131,127)	65.4%	321,819	(56,811)	85.0%	383,001	4,372	101.2%
Occupancy & Utilities <sup>[3]</sup>	1,115,237	1,122,821	930,165	(192,656)	82.8%	1,121,408	(1,413)	99.9%	1,160,707	37,886	103.4%
Consulting & Professional Support Services <sup>[4]</sup>	117,335	203,905	163,631	(40,274)	80.2%	194,107	(9,798)	95.2%	227,500	23,595	111.6%
Information Technology <sup>[5]</sup>	111,183	205,399	135,007	(70,393)	65.7%	205,000	(399)	99.8%	267,480	62,081	130.2%
<b>Total Administrative Expense Budget<sup>[6]</sup></b>	<b>7,766,529</b>	<b>9,353,567</b>	<b>6,183,314</b>	<b>(3,170,253)</b>	<b>66.1%</b>	<b>7,999,237</b>	<b>(1,354,330)</b>	<b>85.5%</b>	<b>9,865,458</b>	<b>511,891</b>	<b>105.5%</b>
<b>Other Post Employment Benefits (OPEB)<sup>[7]</sup></b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>0</b>	<b>100.0%</b>	<b>100,000</b>	<b>0</b>	<b>100.0%</b>	<b>100,000</b>	<b>0</b>	<b>100.0%</b>
<b>Capital Pipeline Professional Support Services &amp; Issuance Related Costs</b>											
Project Related Legal, Audit & Professional Support Services <sup>[8]</sup>	4,691,645	6,038,000	4,414,872	(1,623,128)	73.1%	6,038,000	0	100.0%	5,020,000	(1,018,000)	83.1%
Cost of Issuance <sup>[9]</sup>	3,398,969	3,250,000	2,392,172	(857,828)	73.6%	3,249,172	(828)	100.0%	3,250,000	0	100.0%
<b>Total Capital Pipeline Program Professional Support Services</b>	<b>8,090,614</b>	<b>9,288,000</b>	<b>6,807,044</b>	<b>(2,480,956)</b>	<b>73.3%</b>	<b>9,287,172</b>	<b>(828)</b>	<b>100.0%</b>	<b>8,270,000</b>	<b>(1,018,000)</b>	<b>89.0%</b>
<b>Arbitrage Rebate<sup>[10]</sup></b>	<b>11,842,422</b>	<b>2,000,000</b>	<b>950,122</b>	<b>(1,049,878)</b>	<b>47.5%</b>	<b>950,122</b>	<b>(1,049,878)</b>	<b>47.5%</b>	<b>250,000</b>	<b>(1,750,000)</b>	<b>12.5%</b>
<b>Grant Program</b>											
Prior Grants <sup>[11]</sup>	184,937,437	210,850,561	136,719,202	(74,131,359)	64.8%	202,188,971	(8,661,590)	95.9%	171,154,798	(39,695,763)	81.2%
Waiting List <sup>[12]</sup>	25,740,346	34,403,354	19,811,453	(14,591,901)	57.6%	23,245,647	(11,157,707)	67.6%	26,185,431	(8,217,923)	76.1%
Capital Pipeline Program Grants <sup>[13]</sup>	411,764,406	550,000,000	312,982,272	(237,017,728)	56.9%	409,492,660	(140,507,340)	74.5%	506,126,869	(43,873,131)	92.0%
<b>Total Grant Program</b>	<b>622,442,189</b>	<b>795,253,915</b>	<b>469,512,927</b>	<b>(325,740,988)</b>	<b>59.0%</b>	<b>634,927,278</b>	<b>(160,326,637)</b>	<b>79.8%</b>	<b>703,467,098</b>	<b>(91,786,817)</b>	<b>88.5%</b>
<b>Loan Program Disbursements<sup>[14]</sup></b>		<b>10,000,000</b>	<b>0</b>	<b>(10,000,000)</b>	<b>0.0%</b>	<b>8,000,000</b>	<b>(2,000,000)</b>	<b>80.0%</b>	<b>10,000,000</b>	<b>0</b>	<b>100.0%</b>
<b>Grand Total - Operating Budget</b>	<b>650,241,754</b>	<b>825,995,482</b>	<b>483,553,407</b>	<b>(332,442,075)</b>	<b>58.5%</b>	<b>661,263,809</b>	<b>(164,731,673)</b>	<b>80.1%</b>	<b>731,952,556</b>	<b>(94,042,926)</b>	<b>88.6%</b>

- [1] FY17 Budget assumed headcount of 77 by the end of December. Two capital planning staff extensions are reflected in the Project Related Legal, Audit & Professional Support Services<sup>[8]</sup> line item. FY 18 preliminary numbers project 77 by 6/30/2017, and conversion of two staff extensions in July 2017. Expenditures for benefits include health insurance, dental, vision, unemployment, workers comp, medicare, etc.
- [2] FY18 recommendation includes approximately \$65K for professional development, \$20K for training, \$20K for tuition reimbursement, and travel associated with site visits for project administration and the Post-occupancy Survey.
- [3] FY18 recommendation reflects lease payments, projected electricity costs, and comprehensive insurance.
- [4] FY18 recommendation continues funding for annual audited financial statements, arbitrage rebate analysis, and \$25K for consultants to support IT department projects.
- [5] FY 18 recommendation includes the cost of new hardware assets such as desktops for employees and server/networking equipment, phone & internet, QuickBooks, Office 365 licenses, Tableau, Munex, anti-virus/firewall, website hosting, Lynda.com, and HR software. We hope to fill the remaining IT staff extension position in FY 17, and those costs will now be reflected in the Salaries & Benefits<sup>[1]</sup> line.
- [6] The Total Administrative Expense Budget reflects staffing and office expenses related to MSBA's operations.
- [7] The FY18 recommendation includes a transfer of \$100K to the MSBA's OPEB Trust in order to mitigate the potential budgetary impacts of future actuarial valuations.
- [8] FY18 recommendation includes commissioning of MSBA projects, project management services, information systems development, and architectural technical services that support the MSBA's Capital Pipeline as well as funding for an update of the completion of the analysis associated with the MSBA's School Survey, and a post-occupancy survey.
- [9] FY18 recommendation reflects commercial paper programs established during FY15 Q3, and assumes the execution of a bond issue during the fiscal year, and a takeout of the 2015 commercial paper programs. CP COI is paid with unrestricted funds. A portion of new money and refunding bonds are paid with proceeds, and the balance is paid with unrestricted funds.
- [10] Reflects actual arbitrage rebate payment made in FY 16 for the 2005 Series A bonds, a rebate payment for the 2007 Series A bonds, and a yield reduction payment associated with the 2012 Series A in FY 17. There will be a yield reduction payment for the 2012 Series A as well as a rebate payment for the 2007 Series A bonds after the call date in FY 18.
- [11] Reflects annual estimate of audited payments scheduled as of 3/6/17. Adjustments are made if districts refund their bonds for savings. FY 17 Revised Budget and FY 18 recommendation both reflect an additional \$40 million available for lump sum payments for Districts issuing current refundings.
- [12] FY18 preliminary numbers include funding for the annual payments. All original Waiting List projects have been audited. Two conversion projects and annual payments will continue to impact this line in FY 17 and FY 18. The annual payment schedule ends in FY 24, and may be adjusted if districts refund their bonds for savings. Reflects an additional \$10 million available for lump sum payments for Districts issuing current refundings in both FY 17 and FY 18.
- [13] FY17 Budget reflects estimate of grant payments based on cash flows for individual projects. FY 18 projected cash flows are in process.
- [14] Reflects amount available for disbursements to Districts under the collaboration with DESE and MassIT.

## Capital Pipeline Professional Support Services & Issuance Related Costs - Attachment B

	FY16 Expenditures	Revised FY17 Budget	FY17 YTD Expenditures 7/1-4/21	Variance (FY17 Revised Budget)	% (FY17 Revised Budget)	Projected FY17 Expenditures	Variance to FY17 Revised Budget	% FY17 Revised Budget	FY 18 Budget Recommendation	Variance to FY17 Revised Budget	% FY17 Revised Budget
Commissioning Consultants <sup>[1]</sup>	3,071,291	2,300,000	1,816,553	(483,447)	79.0%	2,740,000	440,000	119.1%	3,400,000	1,100,000	147.8%
Project Management Services <sup>[2]</sup>	1,028,765	650,000	394,148	(255,852)	60.6%	550,000	(100,000)	84.6%	130,000	(520,000)	20.0%
Architectural Services <sup>[3]</sup>	460,201	813,000	462,245	(350,755)	56.9%	813,000	0	100.0%	840,000	27,000	103.3%
Cost Estimating Services <sup>[4]</sup>	0	0	0	0	n/a	0	0	n/a	0	0	n/a
Audit & Other Compliance <sup>[5]</sup>	0	0	0	0	n/a	0	0	n/a	0	0	n/a
Capital Program Information Systems <sup>[6]</sup>	3,388	75,000	0	(75,000)	0.0%	75,000	0	100.0%	200,000	125,000	266.7%
Cost of Issuance <sup>[7]</sup>	3,398,969	3,250,000	2,392,172	(857,828)	73.6%	3,249,172	(828)	100.0%	3,250,000	0	100.0%
School Survey <sup>[8]</sup>	128,000	2,000,000	1,741,926	(258,074)	87.1%	1,860,000	(140,000)	93.0%	100,000	(1,900,000)	5.0%
Post Occupancy Survey <sup>[9]</sup>	0	200,000	0	(200,000)	0.0%	0	(200,000)	0.0%	350,000	150,000	175.0%
Legal <sup>[10]</sup>	0	0	0	0	n/a	0	0	n/a	0	0	n/a
<b>Capital Program Support Services</b>	<b>8,090,614</b>	<b>9,288,000</b>	<b>6,807,044</b>	<b>(2,480,956)</b>	<b>73.3%</b>	<b>9,287,172</b>	<b>(828)</b>	<b>100.0%</b>	<b>8,270,000</b>	<b>(1,018,000)</b>	<b>89.0%</b>

[1] Reflects anticipated costs for active projects and additional commissioning contracts anticipated to be executed in FY 18.

[2] Project Management Services are estimated based on anticipated schedules of active projects in the Capital Pipeline. FY 17 expenditures reflect staff extension services supporting the MSBA's oversight of the Capital Pipeline, and funding for OPM services for the Essex North Shore Agricultural and Technical School project.

[3] Architectural Services are allocated on a project specific basis as necessary for projects progressing through the Capital Pipeline. FY18 recommendation reflects anticipated support services for schematic design, construction document and architectural reviews, and also includes anticipated expenditures for senior studies related to the review process for the Statement of Interest (SOI) submittals.

[4] This category provides funds for any project specific cost estimates which may be necessary during the fiscal year, or for additional review of data related to the Capital Pipeline.

[5] This category provides funding which may be allocated on a project specific basis to external audit firms, or temporary auditors, to assist on project audits conducted under MSBA audit policy.

[6] This category includes expenditures for development of Capital Pipeline support applications, including MSBA's Progress Payment System, Project Management application, OPM Report system, and the School Survey. \$75,000 was included in the FY 17 budget to support the School Survey. FY 18 recommendation reflects \$200,000 to support the Capital Program Information Systems (e.g., Progress Payment, Project Management, etc.).

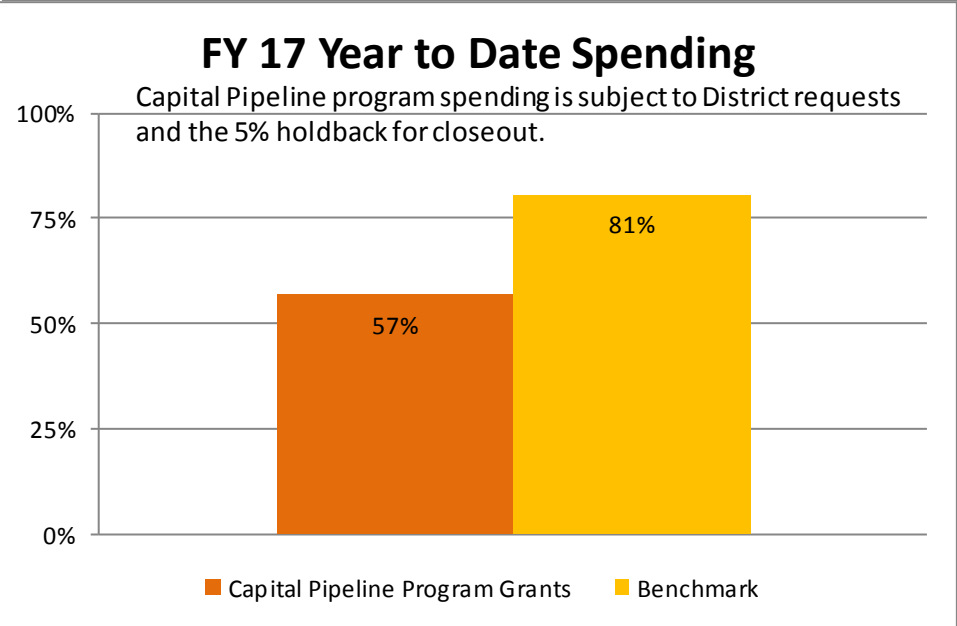
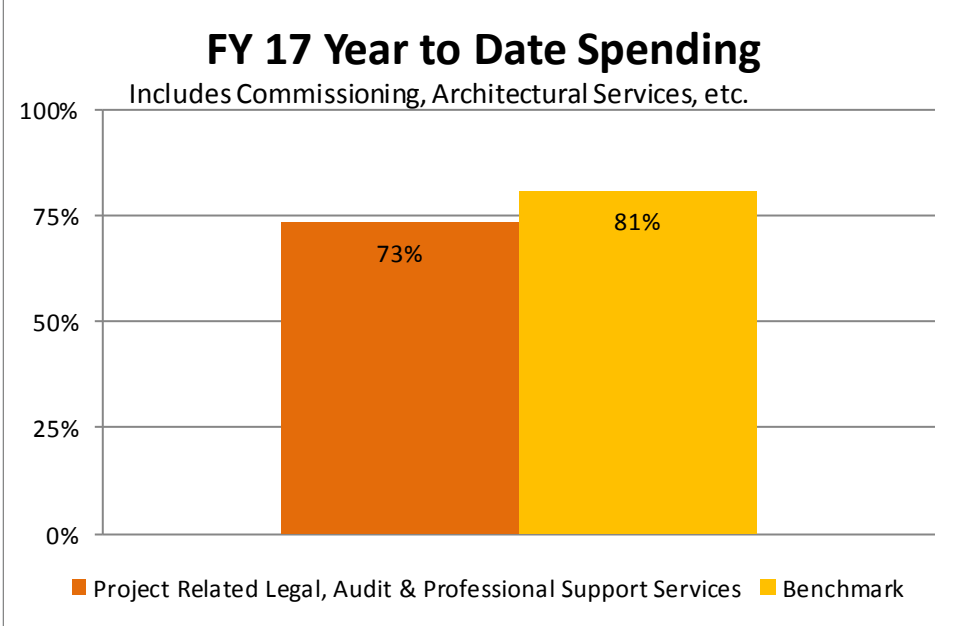
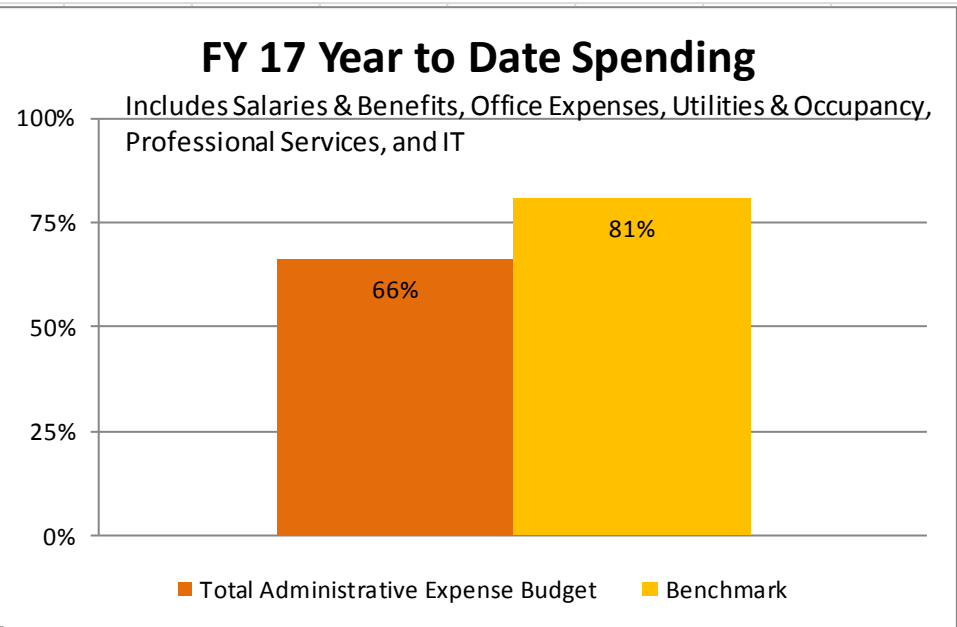
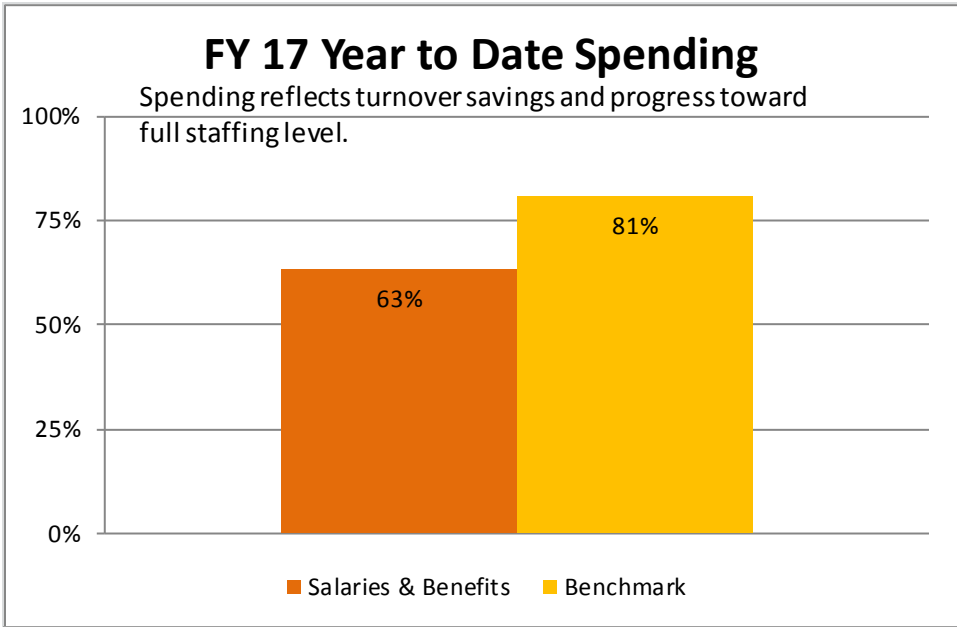
[7] FY18 recommendation includes funding for commercial paper programs, takeout of the 2015 commercial paper programs, and new money to support the Capital Pipeline.

[8] Reflects anticipated costs associated with the procurement for the MSBA's next School Survey assessment of public school facilities across the Commonwealth. The majority of the expenditure for consultants expected to take place in FY 17.

[9] For Capital Pipeline professional support services which may not be specifically allocated through other cost categories (e.g., Post-occupancy Survey and construction cost data analysis).

[10] This expenditure category includes funding for the costs, if any, that the MSBA may incur associated with litigation regarding projects in the Capital Pipeline. There is no litigation currently pending against the Authority.

# Attachment C



## Summary of Budget Recommendations - Attachment D

### Summary

- FY 18 Recommendation is less than the FY 17 Budget by \$94 million (11.4%). Operations are \$512K or 5.5% higher.

### Salaries & Benefits

- Reflects current payroll, open positions, co-ops and summer interns. Annualization of intra-year hires to arrive at headcount of 79 at beginning of FY18. This assumes conversion of 2 Cap Planning staff extension consultant positions shown in Capital Pipeline Support for FY 17. Reflects 2.5% COLA (prorated for employees that were hired after 12/31/16) and pool for up to 2% merit increases in FY 18.
- \$75K for pay equity, overtime, and vacation or sick time payout for departures or retirees. Benefits are estimated at 13.35% of payroll, including an average increase of 3.6% for GIC premiums, and possible increases in Davis Vision and Delta Dental.

### General and Administrative Office Expenses

- Reflects continued and expanded scope including:
  - \$65K for Professional Development, \$20K for Training, and \$20K for Tuition Assistance.
  - \$15K for travel for site visits for the Post-Commissioning Survey.
  - \$7,500 for HR Recruitment, \$5K for employee engagement, and \$500 for accommodation requests.
  - \$11,600 listed under furniture and equipment for chairs, etc.

### Occupancy & Utilities

- Reflects full year of rent under the new lease. FY 18 property taxes expected to go up 3%.

### Consulting & Professional Support Services

- \$7,500 for legal services associated with Visa application(s).
- Ongoing external auditors, AMTEC, Segal, plus \$5K for Bond Counsel, and \$10K for Disclosure Counsel not related to issuance (e.g., GIC analysis and investor website), and \$25K for consultants to support IT objectives that are not project related.

### Information Technology

- Phone & internet, QuickBooks, Office 365 licenses, Tableau, Munex, anti-virus/firewall, website hosting, and \$10K for HR software
- \$65K for workstations for new employees and hardware replacement (i.e., servers).

### Other Post-Employment Benefits

- \$100K set aside to reduce future impacts from market volatility with the goal of remaining fully funded.

### Capital Program Professional Support Services & Issuance Related Costs

- Project management costs expected to decrease as Essex Agricultural project progresses (\$100K), and MSBA's consultant staff extension services are converted to staff. \$30K to pay project management invoices in July.
- \$200K to support the Capital Program Information Systems (e.g., Progress Payment, Project Management, etc.).
- Cost of Issuance reflects full year of CP dealer and LOC fees, new money, and CP takeout.
- School survey remaining \$100K, Post-occupancy survey \$350K.

### Arbitrage Rebate

- Est. \$250K needed for a yield reduction payment on the 2012 Series B Refunding Bonds. A computation will also be done for the 2007 Series A Bonds after the call date of 8/15/17; however, we do not expect a payment will be needed.

### Grant Program

- Prior Grant projection reflects annual payments adjusted for refundings or Lump Sums, and \$40M capacity for Lump Sums requested in FY 18.
- Waiting list projection reflects annual payments adjusted for refundings or Lump Sums, \$964 thousand for the New Bedford Taylor school conversion project, and \$10M capacity for Lump Sums requested in FY 18.
- Capital Pipeline program projection methodology detailed in Attachment E.

### IT Loan Program

- \$10 million available for FY 18.



**Capital Pipeline Program Grants Projection Methodology - Attachment E**

OPM and Pro Pay Detailed Cash Flow Method Estimate (Includes Closeout)	520,730,277
Core Projects in Eligibility as of March 2017	<u>1,050,000</u>
Total Gross Projection	<u><u>521,780,277</u></u>
 Estimated Variance Factor	 3.0%
Reduction to Estimated Budget for Variance Factor	15,653,408
<b>FY18 Estimated Grant Cash Flows for Budget Recommendation</b>	<b>506,126,869</b>

Methodology for Estimating Capital Pipeline Program Grants for the Budget and Spend-Down of Proceeds

<b>Categories</b>	<b>Core Program</b>	<b>435,570,870</b>
Eligibility	21	Projects in eligibility on Mod One-Five Chart shown at \$50K in FY 18.
OPM Selection	12	25% of FSA grant amount in FY17 and 75% in FY 18. Northbridge Balmber is not yet in ProPay (shown in eligibility).
 Designer Selection	 5	 50% of FSA grant amount in FY17 and 50% in FY 18.
Feasibility Study	15	50% of FSA remaining grant amount in FY17 and 50% in FY 18.
Schematic Design	10	75% of FSA grant amount in FY17 and 25% in FY 18.
Approved Project Vote Pending	3	Capital Planning cash flow or 100% of FSA grant amount in FY17. Project PFA cash flow for projects using Capital Planning projections.
 Design Development	 12	 Capital Planning projected cash flow for all projects.
Construction Complete 2019+	2	Capital Planning projected cash flow for all projects.
Construction Complete 2018	7	Capital Planning projected cash flow for all projects.
Construction Complete 2017	10	Capital Planning projected cash flow for all projects.
Building Complete	20	Capital Planning projected cash flow for all projects.
Closeout	34	Capital Planning projected cash flow or project remaining cash flow up to 95%. Review to project 5% payment in FY 17 or FY 18 based on expect board date, if available.
 <b>Categories</b>	 <b>Accelerated Repair</b>	 <b>78,297,695</b>
Eligibility	48	See Statistical Analysis Tab: based on board approved projects, ARP projects average 3.9 payments per grant. Average time in pipeline is 1018 days (std dev of 207 days) and average time between PFA Vote and Final Audit Vote is 786 days (Std Dev. 199 days)
Schematic Design	12	All active grants (no board approved date) were analyzed for invitation to pipeline and PFA vote. An estimated Board approval date was calculated using the averages above.
Approved Project Vote Pending	29	Grants with estimated Board Approval Date in FY 18 were deemed FY18 payments
Design Development	23	Grants with estimated Board Approval Date in FY 18 were deemed FY18 payments
Construction Complete 2019+	32	Grants with estimated Board Approval Date in FY 18 were deemed FY18 payments
Building Complete	18	Grants with Final Payment submitted were deemed FY17 payments.
Closeout	27	Grants with estimated Board Approval Date of FY 17 or earlier were deemed FY17 payments.
 <b>Categories</b>	 <b>Green Repair</b>	 <b>6,272,088</b>
Closeout	8	Project remaining cash flow up to 95% in FY 17. Final 5% on Saltonstall expected in FY 17. Remaining projects 5% final payment in FY 18.
 <b>Categories</b>	 <b>Science Lab</b>	 <b>1,639,623</b>
Building Complete	1	Final 5% payment projected for FY 18.
Closeout	1	Project remaining cash flow up to 95% in FY 17 and final 5% payment in FY 18.
<b>Categories</b>	<b>Waiting List Conversion</b>	<b>Shown separately in budget presentation.</b>
Building Complete	1	Estimate that \$1,261,583 will be paid in FY 17, and \$964,996 in FY 18.
Closeout	1	Estimate that final \$683,243 will be paid in FY 17, but District needs to submit final documentation .

## Projected Sources and Uses - Attachment F

	<u>FY16</u>	<u>FY17 Est.</u>	<u>FY18 Est.</u>	
<b>Beginning Fund Balance [1]</b>				
Restricted Debt Service Funds Beginning Balance[2]	480,581,927	181,750,569	197,665,969	[1] Beginning and Year End fund balances do not include Debt Service Reserve Funds (DSRF) held by the trustee. Presented on a cash basis.
Restricted Debt Proceeds Beginning Balance[3]	38,198,727	200,747,740	355,230,341	
Restricted Arbitrage Rebate Beginning Balance	11,756,742	1,951,877	1,290,357	[2] Reflects Debt Service Funds (DSF) held by the trustee for debt service payments to bondholders, and funds at the Issing and Paying Agent for CP interest.
Restricted OPEB Trust Beginning Balance	2,518,264	2,670,537	2,747,896	
Unrestricted Beginning Fund Balance[4]	42,836,073	180,006,134	217,003,193	[3] Reflects remaining proceeds from \$135 million commercial paper proceeds at FY15 year-end. FY 17 includes 16A and 16B proceeds.
<b>Total Beginning Fund Balance</b>	<b>575,891,732</b>	<b>567,126,857</b>	<b>773,937,756</b>	[4] Reflects balances in non-trusted funds including funds at the Issuing and Paying Agent to pay CP interest. FY 16 reflects wire to offset double payment.
<b>General Revenues/Financing Sources:</b>				
Dedicated sales tax[5]	798,838,328	814,248,695	838,535,406	[5] Reflects cash basis estimate based upon Commonwealth's DOR estimate for FY17, and Consensus Revenue Forecast for FY 18.
Debt Issuance Proceeds[6]	490,451,335	478,675,772	300,000,000	
Interest income[7]	27,354,169	27,424,980	28,731,767	[6] Reflects receipt of proceeds from new money issuance during the fiscal year.
Grant income - Federal Subsidies[8]	25,769,919	22,546,867	22,542,366	
Loan Program[9]	8,536,251	8,409,206	8,282,163	[7] Includes estimated earnings on debt service reserve funds held by the Trustee as well as unrestricted funds.
<b>Total Revenues/Financing Sources</b>	<b>1,350,950,001</b>	<b>1,351,305,520</b>	<b>1,198,091,702</b>	[8] Reflects impact of sequestration on annual interest subsidies estimated to be received from the federal government.
<b>Operating Expenses, Debt Service, Defeasance, and Set-Asides</b>				
Grant payments [10]	622,442,189	634,927,278	703,467,098	[9] Includes principal and interest received for executed loans, as well as one grant recapture payment.
Operations	7,766,529	7,999,237	9,865,458	
Capital Pipeline Support Services[11]	8,090,614	9,287,172	8,270,000	[10] Includes grant payments made from bond proceeds as well as unrestricted sales tax revenues.
Arbitrage Rebate[12]	11,842,422	950,122	250,000	
Loan Program[9]	-	8,000,000	10,000,000	[11] Reflects project related costs including costs of issuance for debt, a portion of which is expected to be paid with proceeds.
Other Post Employment Benefits Trust Deposits	100,000	100,000	100,000	
<b>Total Operating Expenses</b>	<b>650,241,754</b>	<b>661,263,809</b>	<b>731,952,556</b>	[12] Reflects arbitrage rebate payment made during FY 16 related to earnings on the 05A, and payment during FY 17 for the 07A and the 12A.
Debt service[13]	701,564,711	401,873,009	417,531,317	[13] Reflects gross debt service on outstanding bonds, BAN principal and interest, and actual/ projected CP interest.
10A and 11A QSCB Sinking Fund Deposits[14]	14,746,010	14,392,731	14,359,832	
Defeasance or Paydown of CP[15]	38,298,210	67,351,930	75,000,000	[14] Reflects required sinking fund deposits after calculating accreted value for existing STRIP investments.
Arbitrage Rebate Set-Aside[16]	181,218	279,102	300,000	
Set-asides at Trustee for Debt Service Funds[17]	401,929,286	417,488,409	426,465,783	[15] Defeasance escrows funded with a combination of DSF and unrestricted funds. Commerical Paper needs to be takenout, or paid down in March 2018.
Reimbursement for OPEB Premiums Paid	-	22,641	25,000	
<b>Total Debt Service, Defeasance, and Set-Asides</b>	<b>1,156,719,435</b>	<b>901,407,823</b>	<b>933,681,932</b>	[16] Set-asides decrease Unrestricted Fund Balance, and increase the Year End Restricted Arbitrage Rebate Balance.
<b>Year End Fund Balance[1]</b>				[17] Debt Service Fund Set-asides are made with monthly SMART Fund transfers from the Commonwealth to the Trustee. Reflects Aug. 2016 defeasance.
Year End Restricted Debt Service Funds Balance[2]	181,750,569	197,665,969	206,950,436	
Year End Restricted Debt Proceeds Balance[18]	200,747,740	355,230,341	304,621,914	[18] Reflects the issuance of \$315 million in CP in Q1 of FY 16, and \$150 million of 16A new money in Q3. 16B new money issued in Oct. 2016.
Year End Restricted Arbitrage Rebate Balance	1,951,877	1,290,357	1,352,232	
Year End OPEB Trust Balance[19]	2,670,537	2,747,896	2,822,896	[19] FY 16 reflects market value of Other Post Employment Benefits Trust assessts. FY 17 and FY 18 projections reflect deposits and reimbursements.
Year End Unrestricted Fund Balance[20]	180,006,134	217,003,193	217,875,152	
<b>Total Year End Balance</b>	<b>567,126,857</b>	<b>773,937,756</b>	<b>733,622,629</b>	[20] Reflects approximately 20% to 30% Pay-Go for FY 17 and FY 18 Capital Pipeline Program Payments.