

The Commonwealth of Massachusetts
Annual Financial Information

Federal Highway Grant Anticipation Notes
(Accelerated Bridge Program), 2010 Series A
(Accelerated Bridge Program), 2013 Series A
(Accelerated Bridge Program) 2014 Series A

March 27, 2015

The following annual financial information is provided by The Commonwealth of Massachusetts (the “Commonwealth”) pursuant to certain continuing disclosure undertakings entered into by the Commonwealth in connection with the Commonwealth’s grant anticipation note program. Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2014, updating the financial information presented in the Commonwealth’s statement of annual financial information for special obligation refunding notes and federal highway grant anticipation notes dated March 25, 2014, as amended and restated September 8, 2014, with respect to the fiscal year ended June 30, 2013. Specific reference is also made to the Official Statement dated December 14, 2010 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2010 Series A (the “2010 Accelerated Bridge Program Official Statement”), to the Official Statement dated November 6, 2013 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2013 Series A (the “2013 Accelerated Bridge Program Official Statement”) and to the Official Statement dated December 4, 2014 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2014 Series A (the “2014 Accelerated Bridge Program Official Statement”), copies of which have been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the respective Official Statements.

The Commonwealth previously issued certain Special Obligation Notes under the Senior Federal Highway Grant Anticipation Note Program. No such Senior Federal Highway Notes remain outstanding and the lien of the Senior Federal Highway Trust Agreement is closed, so the issuance of additional Senior Federal Highway Notes by the Commonwealth is not permitted. Therefore, no financial information relating to the Senior Federal Highway Notes is included herein.

This statement is of limited scope. It contains only an updating of certain financial information and operating data described below. The information set forth herein does not contain all material information concerning the Commonwealth’s federal highway grant anticipation note program necessary to make an informed investment decision. This statement does not constitute an offer to sell or the solicitation of an offer to buy Commonwealth federal grant anticipation notes. This statement is submitted pursuant to various continuing disclosure undertakings relating to bonds that are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission and is intended to provide only the information necessary to conform to the requirements of said Rule 15c2-12.

Questions regarding information contained in this statement may be directed to Sue Perez, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-9333, or to Jennifer Sullivan, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040.

1. Actual CTF Pledged Funds and Net CTF Pledged Funds as of end of prior Commonwealth Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement and the 2014 Accelerated Bridge Program Official Statement.

FY Ending June 30	CTF Pledged Funds ⁽¹⁾⁽²⁾⁽³⁾	Less: Debt Service on 1994 Trust Agreement Bonds	Less: Debt Service on Senior CTF Obligations	Net CTF Pledged Funds
2014	\$1,275,261,340	\$52,227,574	\$69,920,976	\$1,153,112,790
2013	1,183,756,257	58,921,684	58,108,497	1,066,726,076
2012	1,181,098,731	58,938,599	32,623,280	1,089,536,852
2011	1,160,621,257	58,931,902	14,317,995	1,087,371,360

SOURCE: CTF Pledged Funds column, Office of the Comptroller; all other columns Office of the Treasurer and Receiver-General

- (1) For SFY 2011- 2013, consists of: (i) 20.9685¢ of the Gasoline Tax then in effect under Chapter 64A, (ii) 100% of the remaining Motor Fuels Tax, (iii) Registry Fees expected to be credited to the Commonwealth Transportation Fund pursuant to Section 34(iii) of Chapter 90 and (iv) Direct Payments relating to 2010 CTF Bonds issued as Build America Bonds.
- (2) For SFY 2014, consists of: (i) 23.9685¢ of the Gasoline Tax imposed under Chapter 64A, (ii) 100% of the remaining Motor Fuels Tax, (iii) Registry Fees expected to be credited to the Commonwealth Transportation Fund pursuant to Section 34(iii) of Chapter 90 and (iv) Direct Payments relating to 2010 CTF Bonds issued as Build America Bonds. FY 2014 amounts reflect the reductions to Direct Payments in SFY 2014-2015 due to federal sequestration.
- (3) Fiscal years 2011 and 2012 do not include \$1 million and \$2 million, respectively, of the Registry Fees which represented civil motor infraction fees collected in such fiscal years and transferred to the CTF in fiscal year 2013. See *Commonwealth Registry Fees - Crediting of Receipts*.

2. Aggregate annual fiscal year debt service requirements for the Notes issued under the Trust Agreement, beginning with the current Commonwealth Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement and the 2014 Accelerated Bridge Program Official Statement.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Notes issued under the Trust Agreement dated December 1, 2010 (the "Notes").

SFY Ending June 30	Debt Service on Prior Trust Agreement Notes (1)	<u>Debt Service on 2014A Notes</u>			Total Debt Service on the Notes
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2015	\$16,234,965	\$ -	\$ 8,822,778	\$8,822,778	\$25,057,743
2016	46,860,083	12,020,000	17,168,650	29,188,650	76,048,733
2017	46,725,386	12,675,000	16,621,200	29,296,200	76,021,586
2018	46,571,887	14,340,000	16,013,650	30,353,650	76,925,537
2019	46,395,603	15,175,000	15,335,750	30,510,750	76,906,353
2020	46,207,249	16,075,000	14,593,500	30,668,500	76,875,749
2021	46,004,371	17,055,000	13,789,750	30,844,750	76,849,121
2022	45,781,294	18,115,000	12,937,000	31,052,000	76,833,294
2023	45,549,520	25,105,000	12,051,650	37,156,650	82,706,170
2024	31,373,700	39,885,000	10,837,500	50,722,500	82,096,200
2025	16,347,250	55,990,000	8,843,250	64,833,250	81,180,500
2026	15,937,850	58,935,000	6,043,750	64,978,750	80,916,600
2027	15,610,750	61,940,000	3,097,000	65,037,000	80,647,750

SOURCE: Office of the Treasurer and Receiver-General

(1) Includes the 2010A Notes (not including Direct Payments) and the 2013A Notes.

3. Summary presentation of Obligation Authority made available to the Commonwealth and the amount of Obligation Authority actually obligated by the Commonwealth on a ten-year comparative basis, concluding with the prior Federal Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement and the 2014 Accelerated Bridge Program Official Statement.

The Commonwealth of Massachusetts
History of Obligation Authority (“OA”) and Actual Obligations
(in millions)

FFY	Formula OA	Non-Formula OA ⁽¹⁾	Total OA	Actual Obligations
2005	\$507.2	\$97.7	\$604.9	\$550.9
2006	531.0	102.2	633.2	567.9
2007	554.0	77.9	631.9	585.0
2008	548.1	75.2	623.3	590.0
2009	569.4	527.7 ⁽²⁾	1,097.1 ⁽²⁾	883.2
2010	625.1	29.9	655.0	813.4
2011	641.9	36.1	678.0	653.1
2012	585.7	24.3	610.0	597.5
2013	619.0	9.0	628.0	606.5
2014	617.9	4.0	621.9	621.9
Average	579.9	54.6 ⁽³⁾	634.5 ⁽³⁾	646.9

SOURCES: Massachusetts Department of Transportation- Federal Aid and Program Office (FAPO).

(1) Includes amounts attributable to Redistribution, Minimum Guarantee, High Priority Funds.

(2) FFY 2009 Non-Formula OA includes \$437.9 million attributable to ARRA.

(3) Average for Non-Formula OA was computed using FFY 2009 figure excluding the \$437.9 million attributable to ARRA.

4. Summary presentation of apportionments received by the Commonwealth on a six-year comparative basis, concluding with the prior Federal Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement and the 2014 Accelerated Bridge Program Official Statement.

**SAFETEA-LU Apportionments
(in millions)**

FFY	2009	2010	2011	2012	Total	Average*
Apportionments-Formula	\$563.6	\$621.5	\$579.6	\$578.0	\$2,342.7	\$585.7
Minimum Guarantee/ Equity Bonus	11.8	11.8	11.6	11.8	47.0	11.8
High Priority/ DEMO/Other	64.6	6.7	4.4	3.8	79.5	19.9
ARRA	437.9	-	-	-	437.9	-
Total Apportionments	\$1,077.9	\$640.0	\$595.6	\$593.6	\$2,907.1	\$617.3

* The Average Column does not include amounts received pursuant to the ARRA.
SOURCE: MassDOT FAPO.

**MAP-21 Apportionments
(in millions)**

FFY	2013	2014
Apportionments-Formula	\$586.9	\$586.2
Minimum Guarantee/ Equity Bonus	12.0	2.9
High Priority/ DEMO/Other	<u>10.0</u>	<u>8.6</u>
Total Apportionments	\$608.9	\$604.3

SOURCE: MassDOT FAPO.

GRANT ANTICIPATION NOTE TRUST FUND

Balance Sheet – Statutory Basis (June 30, 2014)

See Exhibit A attached hereto

Statement of Revenues, Expenditures and Changes in Fund Balance – Statutory Basis (Fiscal Year Ended June 30, 2014)

See Exhibit B attached hereto

EXHIBIT A

Grant Anticipation Note Trust Fund Balance Sheet - Statutory Basis as of June 30, 2014 (amounts in thousands)

	2014	2013	2012	2011	2010
Assets:					
Cash and short-term investments	\$ 14,389	\$ 14,389	\$ 14,537	\$ 14,389	\$ 34,081
Cash with fiscal agent	204,494	192,482	190,518	373,078	344,592
Due from federal government	80,348	71,351	92,742	73,058	112,172
Total assets	\$ 299,231	\$ 278,222	\$ 297,797	\$ 460,525	\$ 490,845
Liabilities and fund balance:					
Due to other funds	\$ 80,348	\$ 71,351	\$ 92,742	\$ 72,910	\$ 131,469
Total liabilities	80,348	71,351	92,742	72,910	131,469
Fund balance:					
Reserved fund balance:					
Reserved for debt service	204,494	192,482	190,518	373,078	344,592
Designated for specific purpose	14,389	14,389	14,537	14,537	14,784
Total fund balance/(deficit)	218,883	206,871	205,055	387,615	359,376
Total liabilities and fund balance	\$ 299,231	\$ 278,222	\$ 297,797	\$ 460,525	\$ 490,845

SOURCE: Office of the Comptroller

EXHIBIT B

Grant Anticipation Note Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Statutory Basis
as of June 30, 2014
(amounts in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues and Other Financing Sources:					
Revenues:					
Federal grants and reimbursements	\$582,871	\$600,585	\$642,430	\$617,265	\$761,351
Miscellaneous	<u>71</u>	<u>760</u>	<u>245</u>	<u>6,145</u>	<u>10,512</u>
Total revenues	<u>\$582,942</u>	<u>\$601,345</u>	<u>\$642,675</u>	<u>\$623,410</u>	<u>\$771,863</u>
Other Financing Sources:					
Operating transfers in	9,773	19,585	29,010	30,028	36,693
Proceeds of refunding bonds	-	-	-	406,453	-
Bond (premiums)/discounts - special obligation bonds	<u>19,014</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total other financing sources	<u>\$28,787</u>	<u>\$19,585</u>	<u>\$29,010</u>	<u>\$436,481</u>	<u>\$36,693</u>
Total revenues and other financing sources	<u>\$611,729</u>	<u>\$620,930</u>	<u>\$671,685</u>	<u>\$1,059,891</u>	<u>\$808,556</u>
Expenditures and Other Financing Uses:					
Expenditures:					
Treasurer and Receiver-General	9,070	931	-	161,536	12,035
Debt service:					
Principal retirement	170,710	161,285	156,405	374,105	142,845
Interest and fiscal charges	<u>15,456</u>	<u>26,876</u>	<u>32,257</u>	<u>37,601</u>	<u>53,404</u>
Total expenditures	<u>\$195,236</u>	<u>\$189,092</u>	<u>\$188,662</u>	<u>\$573,242</u>	<u>\$208,284</u>
Other financing uses:					
Federal reimbursement transfer out	<u>404,481</u>	<u>430,022</u>	<u>481,145</u>	<u>458,410</u>	<u>610,061</u>
Total other financing uses	<u>\$404,481</u>	<u>\$430,022</u>	<u>\$481,145</u>	<u>\$458,410</u>	<u>\$610,061</u>
Total expenditures and other financing uses	<u>\$ 599,717</u>	<u>\$ 619,114</u>	<u>\$669,807</u>	<u>\$1,031,652</u>	<u>\$818,345</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	12,012	1,816	1,878	28,239	(9,789)
Fund balance at the beginning of the year, as restated (1)	<u>\$206,871</u>	<u>\$205,055</u>	<u>\$203,177</u>	<u>\$ 359,376</u>	<u>\$369,165</u>
Fund balance at the end of the year	<u>\$218,883</u>	<u>\$206,871</u>	<u>\$205,055</u>	<u>\$387,615</u>	<u>\$359,376</u>

SOURCE: Office of the Comptroller

(1) The fiscal year 2012 beginning fund balance was restated to reflect payments to bond escrow agents related to debt refunding transactions that occurred during fiscal year 2011