

The Commonwealth of Massachusetts
Annual Financial Information
Special Obligation Revenue Bonds

March 25, 2014

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 issuance of special obligation revenue bonds. Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2013, updating the financial information presented in the Commonwealth’s statement of annual financial information for special obligation debt dated March 27, 2013 with respect to the fiscal year ended June 30, 2012. Specific reference is also made to the Official Statement dated December 22, 2004 relating to the Commonwealth’s Special Obligation Revenue Bonds, Consolidated Loan of 2005, Series A (the “Official Statement”), a copy of which has 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 Official Statement.

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 special obligation revenue bonds 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 special obligation revenue bonds. 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 Colin MacNaught, Assistant Treasurer for Debt Management, Office of the Treasurer and Receiver-General, One Ashburton Place, 12th floor, Boston, Massachusetts 02108, telephone (617) 367-9333, or to Scott Jordan, Undersecretary of the Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040.

1. Summary presentation of actual gasoline sales on a ten-year comparative basis, concluding with the prior fiscal year.

HISTORICAL GASOLINE SALES

<u>Fiscal Year</u>	<u>Average Price of Gasoline</u> ⁽¹⁾	<u>Gasoline Consumed (millions of gallons)</u> ⁽²⁾	<u>Percentage Change in Gasoline Consumed</u>	<u>Non-Farm Employment (thousands)</u> ⁽³⁾	<u>Percentage Change in Non-Farm Employment</u>
2013	\$3.684	2,721	(1.84%)	3,300	1.38%
2012	3.652	2,772	0.19	3,255	1.53
2011	3.204	2,766	0.58	3,205	1.00
2010	2.694	2,750	(0.31)	3,174	(1.99)
2009	2.577	2,759	(2.84)	3,238	(1.71)
2008	3.147	2,839	0.08	3,294	0.89
2007	2.634	2,837	0.90	3,265	1.13
2006	2.583	2,812	(1.69)	3,229	0.83
2005	2.027	2,860	(0.09)	3,202	0.39
2004	1.742	2,863	1.11	3,189	(1.16)

SOURCES: "Average Price of Gasoline": U. S. Department of Energy, Energy Information Administration; "Non-Farm Employment": U. S. Bureau of Labor Statistics; "Gasoline Consumed": Department of Revenue.

(1) Reflects the Average Price of Gasoline in all of Massachusetts.

(2) Based on Historical Gasoline Tax Collections pursuant to Chapter 64A, except Aviation Fuel. See the Official Statements under "COMMONWEALTH MOTOR FUELS TAX - Refunds and Abatements from Gasoline Tax."

(3) Seasonally adjusted. Calculated as fiscal year average of monthly employment.

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2. Summary presentation of actual Gasoline Tax receipts on a ten-year comparative basis, concluding with the prior fiscal year.

Historical Annual Collection of Gasoline Tax

Fiscal Year	Average Gasoline Tax Rate ⁽¹⁾	Gasoline Tax Receipts (in thousands) ⁽²⁾	Percentage Change in Gasoline Tax Receipts	One Cent of Gasoline Tax (in thousands)	Percentage Change in One Cent of Gasoline Tax
2013	\$0.21	\$571,334	(1.84%)	\$27,206	(1.84%)
2012	0.21	582,021	0.19	27,715	0.19
2011	0.21	580,902	0.58	27,662	0.58
2010	0.21	577,542	(0.31)	27,502	(0.31)
2009	0.21	579,320	(2.84)	27,587	(2.84)
2008	0.21	596,274	0.08	28,394	0.08
2007	0.21	595,786	0.90	28,371	0.90
2006	0.21	590,477	(1.69)	28,118	(1.69)
2005	0.21	600,637	(0.09)	28,602	(0.09)
2004	0.21	601,157	1.11	28,627	1.11

SOURCES: "Average Gasoline Tax Rate," Department of Revenue, Office of Tax Policy Analysis. "Gasoline Tax Receipts" and "One Cent of Gasoline Tax," Office of the Comptroller and Department of Revenue.

- (1) Average of Gasoline Tax Rate in effect during each fiscal year.
- (2) Includes all Gasoline Tax collected by the Commonwealth and credited to various budgeted funds, except Aviation Gasoline and Special Fuel (Diesel). See the Official Statement under "COMMONWEALTH GASOLINE TAX — Crediting of Receipts." Net of refunds and abatements from Gasoline Tax. See the Official Statement under "COMMONWEALTH GASOLINE TAX — Refunds and Abatements from Gasoline Tax."

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3. Summary presentation of actual monthly Gasoline Tax receipts for the two most recently completed fiscal years.

**Historical Monthly Collection of Gasoline Tax
Most Recent 24 Months Ending June 2013**

<u>Month</u>	<u>Gasoline Tax Receipts (in thousands)⁽¹⁾</u>	<u>One Cent of Gasoline Tax (in thousands)</u>
July, 2011	49,151	2,341
August, 2011	50,349	2,398
September, 2011	51,835	2,468
October, 2011	47,412	2,258
November, 2011	49,698	2,367
December , 2011	47,438	2,259
January, 2012	50,041	2,383
February, 2012	45,044	2,145
March, 2012	47,264	2,251
April, 2012	47,671	2,270
May, 2012	46,599	2,219
June, 2012	49,521	2,358
July, 2012	50,477	2,404
August, 2012	49,813	2,372
September, 2012	51,135	2,435
October, 2012	46,869	2,232
November, 2012	49,616	2,363
December , 2012	46,664	2,222
January, 2013	47,610	2,267
February, 2013	45,956	2,188
March, 2013	40,478	1,928
April, 2013	46,993	2,238
May, 2013	46,554	2,217
June, 2013	49,168	2,341

SOURCE: Department of Revenue

(1) Net of refunds and abatements from Gasoline Tax. See the Official Statement under "COMMONWEALTH GASOLINE TAX — Refunds and Abatements from Gasoline Tax."

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4. Aggregate annual fiscal year debt service requirements for special obligation bonds issued under the 1994 trust agreement, beginning with the current fiscal year.

GROSS DEBT SERVICE REQUIREMENTS⁽²⁾

Fiscal Year	Prior Bonds and 2002 Bonds <u>Debt Service</u>	2005 Bonds <u>Principal</u>	2005 Bonds <u>Interest</u>	2005 Bonds <u>Total</u>	Total Debt <u>Service</u>
2014	\$41,850,675	\$ --	\$10,376,899	\$10,376,899	\$52,227,574
2015	41,847,775	--	10,376,899	10,376,899	52,224,674
2016	12,063,925	28,465,000	10,376,899	38,841,899	50,905,824
2017	--	42,465,000	8,811,324	51,276,324	51,276,324
2018	--	23,040,000	6,785,319	29,825,319	29,825,319
2019	--	24,300,000	5,518,119	29,818,119	29,818,119
2020	--	25,640,000	4,181,619	29,821,619	29,821,619
2021	--	26,905,000	2,915,772	29,820,772	29,820,772
2022	--	<u>28,385,000</u>	<u>1,435,997</u>	<u>29,820,997</u>	<u>29,820,997</u>
Total ⁽¹⁾	\$95,762,375	\$199,200,000	\$60,778,848	\$259,978,847	\$355,741,222

SOURCE: Office of the Treasurer and Receiver-General.

(1) Totals may not add due to rounding.

(2) Including debt service payments expected to be funded by reserve fund earnings and amounts in the escrow accounts established in connection with the issuance of the 2002 Bonds and 2005 Bonds but excluding debt service payments on refunded bonds. Assumes that the CPI Bonds bear interest at the Hedged Rates. See the Official Statement under "THE 2005 BONDS - Plan of Refunding" and "AUTHORIZATION, SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Hedge Agreement."

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5. Summary presentation of actual Highway Fund revenues on a ten-year comparative basis, concluding with the prior fiscal year.

HISTORICAL AMOUNTS CREDITED TO COMMONWEALTH TRANSPORTATION FUND⁽¹⁾⁽²⁾
(in thousands)

<u>Fiscal Year</u>	<u>Gasoline Taxes⁽³⁾</u>	<u>Other Fuel Taxes</u>	<u>Sales Tax⁽⁴⁾</u>	<u>Registration and License Fees</u>	<u>Other Non-Tax Revenues</u>	<u>Total</u>
2013	\$570,477	\$80,297	\$318,097	\$522,199	\$57,686	\$1,548,756
2012 ⁽⁵⁾	581,148	79,953	311,658	508,608	11,794	1,493,162
2011 ⁽⁵⁾	580,031	79,928	302,132	496,034	3,207	1,461,331
2010	576,676	77,107	-	462,953	70,433	1,187,169
2009	546,544	73,983	-	382,596	46,750	1,049,873
2008	498,485	75,560	-	375,636	45,933	995,614
2007	498,078	79,545	-	374,275	40,003	991,900
2006	493,639	80,785	-	360,566	41,674	976,664
2005	502,133	84,382	-	400,934	34,198	1,021,647
2004	502,567	82,659	-	376,385	36,592	998,203

SOURCE: Office of the Comptroller.

- (1) Excludes the portion of Cigarette Tax collected under Chapter 64C of the Massachusetts General Laws which was previously credited to the Highway Fund.
- (2) During fiscal 2010, Highway Fund operations were succeeded by the Commonwealth Transportation Fund and the Massachusetts Department of Transportation.
- (3) Net of refunds and abatements from Gasoline Tax. Represents only that portion of the Gasoline Tax that is credited to the Highway Fund and Commonwealth Transportation Fund. See the Official Statement under "COMMONWEALTH GASOLINE TAX—Refunds and Abatements from Gasoline Tax."
- (4) Commencing with fiscal 2011 6.16% of the sales tax (or the 0.385% of receipts from sales or the sales price of purchases as defined in M.G.L. Ch. 64H and Ch. 64I) was credited to the Commonwealth Transportation Fund.
- (5) The fiscal 2011 and 2012 revenues have been restated to reconcile to the published statutory basis financial statements. The total revenue amounts for fiscal 2011 were reduced by approximately \$34.7 million and for fiscal 2012 were reduced by \$34.3 million.