

**THE COMMONWEALTH OF MASSACHUSETTS
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
GENERAL OBLIGATION DEBT**

March 27, 2013

The following annual financial information and operating data is provided by The Commonwealth of Massachusetts (the “Commonwealth”) pursuant to certain continuing disclosure undertakings and agreements entered into by the Commonwealth in connection with the Commonwealth’s issuance of general obligation debt and the Commonwealth’s support of the debt of certain other issuers, including the Massachusetts Bay Transportation Authority, the Massachusetts Water Pollution Abatement Trust, the Massachusetts State College Building Authority and the University of Massachusetts Building Authority. Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2012, updating the financial information and operating data presented in the Commonwealth’s statement of annual financial information for general obligation debt dated March 26, 2012 with respect to the fiscal year ended June 30, 2011 (the “2011 Annual Disclosure Statement”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the 2011 Annual Disclosure Statement. Specific reference is hereby made to the Commonwealth’s Statutory Basis Financial Report for the year ended June 30, 2012 and its Comprehensive Annual Financial Report (GAAP basis) for the year ended June 30, 2012, copies of which have been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system.

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 or its general obligation 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 general obligation bonds. This statement is submitted pursuant to various continuing disclosure undertakings and agreements 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. All information relating to the fiscal year ending June 30, 2013 is preliminary and subject to change.

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, Assistant Secretary for Capital Finance and Intergovernmental Affairs, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040.

1. Summary presentation on statutory accounting and five-year comparative basis of selected budgeted operating funds operations, revenues and expenditures concluding with prior fiscal year, plus estimates for current fiscal year.

The revenues and expenditures of the budgeted operating funds presented in the following table are derived from the Commonwealth's statutory basis financial statements for fiscal 2008 through 2012. The Commonwealth's statutory basis financial statements for fiscal 2008 are audited. The statutory basis financial report for fiscal 2009 was restructured due to a change in state finance law that afforded the Comptroller of the Commonwealth some flexibility in reporting. Since fiscal 2009, the reports have been independently reviewed but not audited. Projections for fiscal 2013 have been prepared by the Executive Office for Administration and Finance. The financial information presented includes all budgeted operating funds of the Commonwealth. During a fiscal year there are numerous transactions among these budgeted funds, which from a fund accounting perspective create offsetting inflows and outflows. In conducting the budget process, the Executive Office for Administration and Finance excludes those inter-fund transactions that by their nature have no impact on the combined fund balance of the budgeted funds. The following table isolates this inter-fund activity from the budgeted sources and uses to align more clearly forecasts prepared during the budget process to the detailed fund accounting of the Commonwealth's annual financial statements.

Budgeted Operating Funds – Statutory Basis (in millions)(1)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Projected Fiscal 2013(2)</u>
<u>Beginning Fund Balances</u>						
Reserved or Designated	\$351.3	\$171.5	\$68.9	\$122.0	\$400.1	\$170.4
Bay State Competitiveness						
Investment Fund	100.0	-	-	-	-	-
Stabilization Fund	2,335.0	2,119.2	841.3	669.8	1,379.1	1,652.1
Undesignated	<u>114.7</u>	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>167.2</u>
Total	<u>\$2,901.0</u>	<u>\$2,405.8</u>	<u>\$1,016.6</u>	<u>\$903.1</u>	<u>\$1,900.8</u>	<u>\$1,989.7</u>
<u>Revenues and Other Sources</u>						
Alcoholic Beverages	71.2	71.9	71.0	72.7	76.1	77.4
Banks	547.8	242.6	234.9	(11.0)	266.6	45.2
Cigarettes	436.9	456.8	456.2	453.6	451.0	445.8
Corporations	1,512.2	1,548.6	1,600.3	1,951.4	1,771.1	1,660.6
Deeds	153.9	105.5	137.9	140.2	158.8	181.6
Income	12,483.8	10,583.7	10,110.3	11,576.0	11,911.4	12,463.5
Inheritance and Estate	254.0	259.7	221.4	309.6	293.3	258.4
Insurance	417.7	356.7	330.0	340.3	363.6	389.1
Motor Fuel	672.2	654.0	654.6	660.8	661.9	663.6
Public Utilities	120.2	(1.7)	(0.3)	(8.8)	(35.9)	(10.8)
Room Occupancy	119.2	109.5	101.6	110.4	121.6	128.4
Sales:						
Regular	2,952.2	2,799.7	3,282.8	3,476.3	3,544.4	3,596.7
Meals	632.9	629.6	759.6	813.3	868.8	912.0
Motor Vehicles	<u>501.6</u>	<u>439.3</u>	<u>569.3</u>	<u>615.2</u>	<u>646.1</u>	<u>667.7</u>
Sub-Total-Sales	4,086.7	3,868.6	4,611.7	4,904.8	5,059.3	5,176.4
Miscellaneous	<u>3.1</u>	<u>3.3</u>	<u>14.1</u>	<u>16.6</u>	<u>15.9</u>	<u>16.8</u>
Total Tax Revenues	<u>\$20,879.2</u>	<u>\$18,259.5</u>	<u>\$18,543.7</u>	<u>\$20,516.6</u>	<u>\$21,114.7</u>	<u>\$21,496.0</u>
MBTA Transfer	(756.0)	(767.1)	(767.1)	(767.1)	(779.1)	(786.9)
MSBA Transfer	<u>(634.7)</u>	<u>(702.3)</u>	<u>(605.2)</u>	<u>(654.6)</u>	<u>(670.5)</u>	<u>(682.3)</u>
WTF Transfer(3)	-	-	-	-	<u>(21.4)</u>	<u>(21.6)</u>
Total Budgeted Operating Tax Revenues	<u>\$19,488.5</u>	<u>\$16,790.0</u>	<u>\$17,171.4</u>	<u>\$19,094.9</u>	<u>\$19,643.7</u>	<u>\$20,005.2</u>
Federal Reimbursements	6,429.5	8,250.9	8,548.8	9,299.5	7,971.7	8,207.4
Departmental and Other Revenues	2,355.9	2,326.2	2,800.9	2,912.3	2,921.4	3,348.2

Inter-fund Transfers from Non-budgeted Funds and other sources (4)	<u>2,039.3</u>	<u>1,850.3</u>	<u>1,788.8</u>	<u>1,768.6</u>	<u>2,009.7</u>	<u>1,815.2</u>
Budgeted Revenues and Other Sources	\$30,313.2	\$29,217.4	\$30,310.0	\$33,075.3	\$32,546.5	\$33,376.0
Inter-fund Transfers	<u>2,226.3</u>	<u>1,963.8</u>	<u>770.8</u>	<u>3,460.9</u>	<u>1,032.3</u>	<u>1,224.9</u>
Total Budgeted Revenues and Other Sources	<u>\$32,539.5</u>	<u>\$31,181.2</u>	<u>\$31,080.8</u>	<u>\$36,536.3</u>	<u>\$33,578.8</u>	<u>\$34,600.9</u>
Expenditures and Uses						
Direct Local Aid	5,040.5	4,723.6	4,837.4	4,784.7	4,929.5	5,103.9
Medicaid (5)	8,246.3	8,679.2	9,287.6	10,237.3	10,431.1	10,860.4
Other Health and Human Services	4,796.5	4,828.3	4,616.6	4,614.8	4,710.5	4,878.2
Group Insurance	852.5	973.1	1,063.8	1,130.3	1,206.2	1,298.8
Department of Elementary and Secondary Education	485.8	495.9	358.1	349.4	435.9	546.0
Higher Education	1,084.4	1,035.5	845.6	943.0	937.1	975.0
Department of Early Education and Care	549.9	560.3	513.5	515.1	494.3	499.3
Public Safety	1,544.4	1,514.3	1,423.2	905.0	929.7	1,482.8
Energy and Environmental Affairs	227.1	215.9	202.2	185.6	186.8	203.0
Debt Service	1,990.1	2,011.7	1,979.9	1,663.9	1,923.2	2,366.5
Post Employment Benefits (6)	1,398.6	1,314.4	1,748.6	1,838.9	1,892.3	1,967.0
Other Program Expenditures	<u>2,414.1</u>	<u>2,350.9</u>	<u>2,509.0</u>	<u>2,850.4</u>	<u>2,898.7</u>	<u>2,095.9</u>
Total - Programs and Services before transfers to Non-budgeted funds	\$28,630.2	\$28,703.1	\$29,384.5	\$30,018.6	\$30,975.3	\$32,276.8
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	1,045.9	987.6	631.7	739.0	614.9	661.2
State Retiree Benefit Trust Fund (7)	\$354.7	\$352.0	-	-	-	-
Medical Assistance Trust Fund	376.7	374.0	313.3	886.1	220.9	565.0
Massachusetts Transportation Trust Fund	-	-	(6.0)	195.1	180.1	161.7
Other	<u>400.9</u>	<u>189.9</u>	<u>94.1</u>	<u>238.8</u>	<u>466.4</u>	<u>403.3</u>
Total Inter-Fund Transfers to Non-Budgeted Funds	<u>\$2,178.2</u>	<u>\$1,903.5</u>	<u>\$1,039.1</u>	<u>\$2,059.0</u>	<u>\$1,482.3</u>	<u>\$1,791.2</u>
Budgeted Expenditures and Other Uses	<u>\$30,808.4</u>	<u>\$30,606.6</u>	<u>\$30,423.6</u>	<u>\$32,077.6</u>	<u>\$32,457.6</u>	<u>\$34,068.0</u>
Inter-fund Transfers	<u>2,226.3</u>	<u>1,963.8</u>	<u>770.8</u>	<u>3,460.9</u>	<u>1,032.3</u>	<u>1,224.9</u>
Total Budgeted Expenditures and Other Uses	<u>\$33,034.7</u>	<u>\$32,570.4</u>	<u>\$31,194.4</u>	<u>\$35,538.5</u>	<u>\$33,489.9</u>	<u>\$35,292.9</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(\$495.2)</u>	<u>(\$1,389.2)</u>	<u>(\$113.6)</u>	<u>\$997.8</u>	<u>88.9</u>	<u>(\$692.0)</u>
Ending Fund Balances						
Reserved or Designated (8)	171.5	68.9	122.0	400.1	170.5	7.6
Stabilization Fund	2,119.2	841.3	669.8	1,379.1	1,652.1	1,270.3
Undesignated	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>167.1</u>	<u>19.8</u>
Total	<u>\$2,405.8</u>	<u>\$1,016.6</u>	<u>\$903.1</u>	<u>\$1,900.8</u>	<u>\$1,989.7</u>	<u>\$1,297.7</u>

SOURCES: Fiscal 2008-2012, Office of the Comptroller; fiscal 2013, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) Based on the revised December 4, 2012 estimate of the Executive Office for Administration and Finance of \$21.496 billion.
- (3) The fiscal year 2012 budget adopted changes to the Workforce Training Fund, which annually is funded through employer contributions for workforce training initiatives for incumbent workers in the private sector. Beginning in fiscal 2012 the WTF will not be subject to annual appropriation and the employer contributions are transferred directly to the WTF after their collection.
- (4) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds to allow their expenditure, abandoned property proceeds as well as other inter-fund transfers.
- (5) Fiscal 2008 through fiscal 2009 included program administration.
- (6) Starting in fiscal 2010 Post Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
- (7) Transfers of approximately \$133.4 million in fiscal 2010 are included in "Other Program Expenditures" above.
- (8) Consists largely of appropriations from previous years, authorized to be expended in current years.

2. Summary presentation on GAAP and five-year comparative basis of governmental funds operations, concluding with prior fiscal year.

The following table provides financial results on a GAAP basis for all governmental operating funds of the Commonwealth for fiscal 2008 through fiscal 2012.

Governmental Fund Operations – GAAP Basis – Fund Perspective (in millions)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
Beginning fund balances	\$7,735.9	\$7,062.7	\$5,061.3	\$4,585.7	\$5,267.6
Revenues and Financing Sources	50,136.8	49,787.9	49,853.1	53,898.4	54,370.1
Expenditures and Financing Uses	50,810.0	51,789.3	50,328.7	53,216.5	53,318.8
Excess (deficit)	<u>(673.2)</u>	<u>(2,001.4)</u>	<u>(475.6)</u>	<u>681.9</u>	<u>1,051.3</u>
Ending fund balances—GAAP fund perspective	<u>\$7,062.7</u>	<u>\$5,061.3</u>	<u>\$4,585.7</u>	<u>\$5,267.6</u>	<u>\$6,318.9</u>

SOURCE: Office of the Comptroller.

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3. Summary presentation on a five-year comparative basis of lottery revenues and profits.

A five year history and one year projection of Lottery revenues and profits is shown in the following table.

Lottery Revenues and Profits
(amounts in thousands)

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Net Operating Revenues</u>	<u>Net Profits</u>
2013 (1)	\$4,672,595	\$1,026,896	\$927,487
2012	4,741,417	1,074,927	983,786
2011	4,427,961	976,547	887,913
2010	4,423,732	989,727	903,486
2009	4,442,924	959,007	859,407
2008	4,709,343	1,014,430	913,048

Source: State Lottery Commission

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4. Summary presentation of payments received pursuant to the tobacco master settlement agreement.

The following table sets forth the tobacco settlement amounts received by the Commonwealth to date. Since fiscal 2006 certain amounts have been withheld from each year's payments by tobacco manufacturers in relation to ongoing disputes of payment calculations. Those withheld amounts have ranged from \$21 million to \$35 million and are not included in the table below. The Commonwealth continues to pursue these disputed payments.

Payments Received Pursuant to the Tobacco Master Settlement Agreement (in millions) (1)

<u>Fiscal Year</u>	<u>Initial Payments</u>	<u>Annual Payments</u>	<u>Total Payments</u>
2000	\$186.6 (2)	\$139.6	\$326.2(2)
2001	78.2	164.2	242.5
2002	82.8	221.7	304.5
2003	86.4	213.6	300.0
2004	-	253.6	253.6
2005	-	257.4	257.4
2006	-	236.3	236.3
2007	-	245.4	245.4
2008	-	288.5	288.5
2009	-	315.2	315.2
2010	-	263.7	263.7
2011	-	248.7	248.7
2012	-	253.6	253.6
Total	<u>\$434.00</u>	<u>\$3,101.50</u>	<u>\$3,535.60</u>

SOURCE: Office of the Comptroller.

(1) Amounts are approximate. Totals may not add due to rounding.

(2) Payments received for both 1999 and 2000.

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5. So long as Commonwealth statutes impose limits on tax revenues, information as to compliance therewith in the prior fiscal year.

Chapter 62F of the General Laws, which was enacted by the voters in November, 1986, establishes a state tax revenue growth limit for each fiscal year equal to the average positive rate of growth in total wages and salaries in the Commonwealth, as reported by the federal government, during the three calendar years immediately preceding the end of such fiscal year. The growth limit is used to calculate “allowable state tax revenue” for each fiscal year. Chapter 62F also requires that allowable state tax revenues be reduced by the aggregate amount received by local governmental units from any newly authorized or increased local option taxes or excises. Any excess in state tax revenue collections for a given fiscal year over the prescribed limit, as determined by the State Auditor, is to be applied as a credit against the then-current personal income tax liability of all taxpayers in the Commonwealth in proportion to the personal income tax liability of all taxpayers in the Commonwealth for the immediately preceding tax year. The law does not exclude principal and interest payments on Commonwealth debt obligations from the scope of its tax limit. However, the preamble contained in Chapter 62F provides that “although not specifically required by anything contained in this chapter, it is assumed that from allowable state tax revenues as defined herein the Commonwealth will give priority attention to the funding of state financial assistance to local governmental units, obligations under the state governmental pension systems and payment of principal and interest on debt and other obligations of the Commonwealth.”

Tax revenues in fiscal 2007 through 2012 were lower than the “allowable state tax revenue” limit set by Chapter 62F, and are expected to be lower than the limit in fiscal 2013.

The following table sets forth the Commonwealth’s Nets State Tax Revenues and Allowable State Tax Revenues for fiscal 2008 through fiscal 2012.

	Net State Tax Revenues	Allowable State Tax Revenues	Allowable minus Net State Tax Revenues
2012	\$21,384,338,827.60	\$25,236,379,380.49	\$3,852,040,552.89
2011	20,776,233,462.11	25,063,267,392.61	4,287,033,930.50
2010	18,792,776,938.03	24,948,702,948.67	6,155,926,010.64
2009	18,513,036,393.40	24,591,415,515.00	6,078,379,121.60
2008	21,009,085,497.69	23,410,733,895.91	2,401,648,398.22

SOURCES: State Auditor’s Office.

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6. Summary description of the retirement systems for which the Commonwealth is responsible, including membership and contribution rates.

The Massachusetts State Employees' Retirement System (MSERS) and the Massachusetts Teachers' Retirement System (MTRS) are the two largest plans of the public contributory retirement systems operated in the Commonwealth. Membership in MSERS as of January 1, 2012 and of the MTRS as of January 1, 2012, the date of the most recent valuations, is as follows:

Retirement Systems Membership

	<u>MSERS</u>	<u>MTRS</u>
Retirees and beneficiaries currently receiving benefits	54,544	57,406
Terminated employees entitled to benefits but not yet receiving them	4,129	N/A
Subtotal	58,673	57,406
Current Members	85,935	86,860
Total	144,608	144,266

SOURCE: Public Employee Retirement Administration Commission

The MSERS is a single-employer defined-benefit public employee retirements system. The MTRS is a defined-benefit public employee retirement system managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a non-employer contributor and is responsible for all contributions and future benefits of the MTRS. Members become vested after ten years of creditable service. Superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55.

The MSERS and MTRS are partially funded by employee contributions of regular compensation, as indicated in the following table (figures are approximate):

Employee Contribution Rates

<u>MTRS (1)</u>	<u>% of Compensation</u>	<u>Active Members</u>	<u>% of Total Active</u>
<u>Hire Date</u>	<u>(1)</u>		
Pre-1975	5%	663	0.8%
1975-1983	7%	1,217	1.4%
1984-June 30, 1996	8%	9,781	11.3%
July 1, 1996-Present	9%	12,297	14.2%
July 1, 2001-Present	11%	<u>62,902</u>	<u>72.3%</u>
Totals		<u>86,860</u>	<u>100.0%</u>

SOURCE: Public Employee Retirement Administration Commission. Membership data from Teachers' Retirement System January 1, 2012 Actuarial Valuation.

(1) Employees hired after January 1, 1979 (except those contributing 11%) contribute an additional 2% of any regular compensation in excess of \$30,000 annually. Legislation enacted in fiscal 2000 established an alternative superannuation retirement benefit program for teachers hired on or after July 1, 2001 (and others who opt in) with an 11% contribution requirement for a minimum of five years. The contribution rate for most employees hired after April 1, 2012 will be reduced to 6% after 30 years of creditable service.

MSERS (1)

<u>Hire Date</u>	<u>% of Compensation (1)</u>	<u>Active Members</u>	<u>% of Total Active</u>
Pre-1975	5%	1,698	2.0%
1975-1983	7%	8,176	9.5%
1984-June 30, 1996	8%	23,386	27.2%
July 1, 1996-Present	9%	52,142	60.7%
State Police 1996-Present	12%	533	0.6%
Totals		85,935	100.0%

SOURCE: Public Employee Retirement Administration Commission. Membership data from State Board of Retirement January 1, 2012 Actuarial Valuation.

(1) Employees hired after January 1, 1979 contribute an additional 2% of any regular compensation in excess of \$30,000 annually.

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7. Summary presentation of the then-current, statutorily imposed funding schedule for future Commonwealth pension liabilities, if any.

On January 18, 2011, the Secretary for Administration and Finance filed a new triennial schedule that proposed to extend by 15 years the deadline for amortizing the unfunded liability to zero, from June 30, 2025 to June 30, 2040. The other assumptions underlying the funding schedule included valuation of assets and liabilities as of January 1, 2010, an annual rate of return on assets of 8.25%, and an increase in the appropriation level of 5% per year in fiscal years 2013 and 2014 and 6% per year during fiscal years 2015 to 2017. The fiscal 2012 budget amended state law to extend the time period for amortizing the unfunded liability and to require that the pension funding amounts for fiscal 2012 through fiscal 2017 must be equal to or greater than the amounts for those years specified in the approved funding schedule set forth below. The next triennial funding schedule is due to be filed by the Secretary of Administration and Finance on January 15, 2014.

The fiscal 2011 through fiscal 2040 transfers are as follows:

Proposed Funding Schedule for Pension Obligations (in thousands)

<u>Fiscal Year</u>	<u>Payments</u>	<u>Fiscal Year</u>	<u>Payments</u>
2011	\$1,442,000	2026	\$2,955,572
2012	1,478,000	2027	3,084,218
2013	1,552,000	2028	3,218,582
2014	1,630,000	2029	3,358,926
2015	1,728,000	2030	3,505,522
2016	1,831,000	2031	3,658,655
2017	1,941,000	2032	3,818,623
2018	2,104,651	2033	3,985,740
2019	2,195,628	2034	4,160,331
2020	2,290,619	2035	4,342,740
2021	2,389,802	2036	4,533,325
2022	2,493,369	2037	4,732,461
2023	2,601,517	2038	4,940,543
2024	2,714,454	2039	5,157,980
2025	2,832,397	2040	5,385,205

SOURCE: Executive Office for Administration and Finance

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8. Summary presentation on a ten-year comparative basis of actuarial valuations of pension fund assets, liabilities, and funding progress.

The following table shows the valuation of accrued liabilities and assets from 2003 through 2012:

Pension Fund Valuation and Unfunded Accrued Liabilities (in millions)

<u>Valuation Date(Jan. 1)</u>	<u>Total Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets(1)</u>	<u>Unfunded Accrued Liabilities</u>	
			<u>Unfunded Actuarial Liability(2)</u>	<u>Market Value of Unfunded Liability</u>
2003	\$43,030	\$29,629	\$13,401	\$17,266
2004	46,059	34,045	12,014	14,350
2005	48,358	34,939	13,419	12,861
2006	50,865	36,377	14,488	11,844
2007	53,761	40,412	13,349	8,859
2008	56,637	43,942	12,105	7,402
2009	59,142	45,631	22,084	25,453
2010	61,576	41,589	19,986	23,767
2011	64,219	37,058	18,589	22,737
2012	67,547	44,532	23,605	27,600

SOURCE: Public Employee Retirement Administration Commission.

(1) Based on five-year average smoothing methodology.

(2) Based on actuarial valuation.

Pension Funding Progress for the last ten fiscal years

(Amounts in thousands except for percentages)

	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll*</u>	<u>UAAL as % of Covered Payroll*</u>
State Employees' Retirement System						
Actuarial Valuation as of Jan. 1						
2012	\$20,507,604	\$27,784,731	\$7,277,127	73.8%	\$4,922,388	185.7%
2011	21,244,900	26,242,776	4,997,876	81.0%	4,808,250	103.9%
2010	19,019,062	24,862,421	5,843,359	76.5%	4,711,563	124.0%
2009	16,992,214	23,723,240	6,731,026	71.6%	4,712,655	142.8%
2008	20,400,656	22,820,502	2,419,846	89.4%	4,574,233	52.9%
2007	18,445,225	21,670,810	3,225,585	85.1%	4,391,891	73.4%
2006	16,638,043	20,406,926	3,768,883	81.5%	4,200,577	89.7%
2005	16,211,000	19,575,000	3,364,000	82.8%	3,967,000	84.8%
2004	15,931,000	18,996,000	3,065,000	83.9%	3,842,000	79.8%
2003	13,947,000	17,551,000	3,604,000	79.5%	3,779,000	95.4%
Teachers: Retirement System						
Actuarial Valuation as of Jan. 1						
2012	\$22,141,475	\$36,483,027	\$14,341,552	60.7%	\$5,655,353	253.6%
2011	23,117,952	34,890,991	11,773,039	66.3%	5,558,311	211.8%
2010	21,262,462	33,738,966	12,476,504	63.0%	5,509,698	226.4%
2009	18,927,731	32,543,782	13,616,051	58.2%	5,389,895	252.6%
2008	22,883,553	30,955,504	8,071,951	73.9%	5,163,498	156.3%
2007	20,820,392	29,320,714	8,500,322	71.0%	4,969,092	171.1%
2006	18,683,295	27,787,716	9,104,421	67.2%	4,819,325	188.9%
2005	17,684,000	26,167,000	8,483,000	67.6%	4,643,000	182.7%
2004	17,075,000	24,519,000	7,444,000	69.6%	4,556,000	163.4%
2003	14,762,000	22,892,000	8,130,000	64.5%	4,406,000	184.5%

SOURCE: Public Employee Retirement Administration Commission.

9. Summary presentation on a five-year comparative basis of annual required pension contributions under GAAP and pension contributions made.

The following table sets forth the annual required contribution (ARC) by the Commonwealth under generally accepted accounting principles, its reimbursement to Boston for its payments to SBRS (the fiscal 2010 payment includes both the final payment in arrears and the first annual contribution under the 2010 legislation described above) and payments for municipal COLAs for each of the fiscal years indicated. The ARC is determined annually based on the most recent Commonwealth valuation. Valuations have been performed annually since January 1, 2000. As noted above, the Commonwealth also develops a revised funding schedule by statute at least every three years, and the Commonwealth made the full contribution required, under the then-current funding schedule, for each year displayed in the table. Since the funding schedule can be several years old when the ARC is determined, the funding schedule information lags the more current ARC information except in the year in which the funding schedule is developed. Accordingly, in some years the ARC will exceed the contribution made and in other years the contribution made will exceed the ARC. Due to significant investment losses in 2008, the unfunded liability (and therefore the ARC) increased significantly for fiscal 2009. However, the funding schedule was based on the 2008 valuation before the market downturn. This accounts for the discrepancy between the ARC and contributions made in fiscal 2009. In fiscal 2010 the discrepancy is accounted for by the market downturn and the double payment to SBRS described above. As noted above, in January, 2011 a revised Commonwealth schedule was filed that extended the amortization period to 2040.

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Annual Required Contributions and Other Pension Contributions

(amounts in thousands)

	<u>SERS</u>	<u>MTRS</u>	<u>Total</u>	<u>COLA(1)</u>	<u>BTRS(1)</u>
<u>2012</u>					
Annual required contribution (ARC).....	\$620,274	\$941,918	\$1,562,192	n/a	n/a
Contributions made, excluding COLAs.....	<u>518,918</u>	<u>849,496</u>	<u>1,368,414</u>	<u>19,187</u>	<u>90,399</u>
% Funded for the fiscal year.....	84%	90%	88%		
ARC as ratio of total government expenditures (2)	1.6%	2.6%	4.2%	n/a	n/a
<u>2011</u>					
Annual required contribution (ARC).....	\$471,096	\$767,960	\$1,239,056	n/a	n/a
Contributions made, excluding COLAs.....	<u>431,166</u>	<u>855,201</u>	<u>1,286,367</u>	<u>34,153</u>	<u>121,290</u>
% Funded for the fiscal year.....	92%	111%	104%		
ARC as ratio of total government expenditures (2)	1.5%	2.4%	3.9%	n/a	n/a
<u>2010</u>					
Annual required contribution (ARC).....	\$646,932	\$1,106,052	\$1,752,984	n/a	n/a
Contributions made, excluding COLAs.....	<u>410,682</u>	<u>690,397</u>	<u>1,101,079</u>	<u>32,683</u>	<u>242,857</u>
% Funded for the fiscal year.....	63%	62%	63%		
ARC as ratio of total government expenditures (2)	2.1%	3.6%	5.8%	n/a	n/a
<u>2009</u>					
Annual required contribution.....	697,340	1,149,629	1,846,969	n/a	n/a
Contributions made, excluding COLAs.....	<u>397,482</u>	<u>781,026</u>	<u>1,178,508</u>	<u>34,696</u>	<u>122,216</u>
% Funded for the fiscal year.....	57%	68%	64%		
ARC as ratio of total government expenditures (2)	2.3%	3.8%	6.0%	n/a	n/a
<u>2008</u>					
Annual required contribution.....	369,866	749,853	1,119,719	n/a	n/a
Contributions made, excluding COLAs.....	<u>460,788</u>	<u>809,000</u>	<u>1,269,788</u>	<u>34,000</u>	<u>98,000</u>
% Funded for the fiscal year.....	125%	108%	113%		
ARC as ratio of total government expenditures (2)	1.2%	2.4%	3.6%	n/a	n/a

SOURCE: Office of the Comptroller.

(1) COLA and BTRS contributions are additional amounts funded by the Commonwealth, but are not part of the Commonwealth's funding of ARC.

(2) Based on total budgeted fund expenditures and other uses.

10. Summary presentation on a five-year comparative basis of PRIT Fund asset allocation and investment returns.

PRIT Fund Asset Allocation
(As of June 30)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Domestic Equity	19.3%	22.0%	19.9%	24.4%	26.1%
International Equity	16.7%	21.7%	20.0%	19.0%	20.0%
Emerging Markets	6.7%	6.6%	5.7%	5.0%	5.5%
Fixed Income	13.0%	13.2%	14.0%	13.0%	16.8%
Value-Added Fixed Income	8.6%	6.0%	7.0%	7.7%	5.0%
Private Equity	12.1%	10.7%	10.6%	9.6%	8.4%
Real Estate	9.7%	8.2%	9.1%	10.9%	10.9%
Timber/Natural Resources	3.9%	4.0%	4.1%	4.7%	2.1%
Hedge Funds	9.9%	7.2%	7.7%	5.7%	5.2%
Portable Alpha Wind Down(1)	.1%	0.4%	1.9%	0.0%	0.0%

SOURCE: Pension Reserves Investment Management Board.

(1) Prior to January 1, 2010, Portable Alpha Assets were reflected in the Domestic Equity portfolio.

The following table sets forth the gross investment rates of return for the assets in the PRIT Fund for the last five fiscal years:

PRIT Fund Rates of Return

<u>Fiscal Year</u>	<u>Rate of Return</u>
2012	(0.08)%
2011	22.30%
2010	12.82%
2009	(23.87)%
2008	(1.81)%
5yr average	0.61%
10yr average	7.23%
Assumed Rate	8.25%

SOURCE: Pension Reserves Investment Management Board.

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11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.

In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs which are comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies. (Although, as noted above, the Commonwealth is required to pay pensions to retired municipal teachers, the Commonwealth has no OPEB obligations with respect to retired municipal teachers.)

The Group Insurance Commission (GIC) of the Commonwealth manages the Commonwealth's defined benefit OPEB plan as an agent multiple employer program including the Commonwealth and 370 municipalities and other non-Commonwealth governmental entities. These entities that participate in the GIC are responsible for paying premiums at the same rate to the GIC and therefore benefit from the Commonwealth's premium rates. The GIC has representation on the Board of Trustees of the State Retiree Benefits Trust Fund (SRBTF). The SRBTF is set up solely to pay for OPEB benefits and the cost to administer those benefits and can only be dissolved when all such health care and other non-pension benefits, current and future have been paid or defeased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

	State Retiree Benefits Trust (amounts in thousands)					
	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Liability</u>	<u>Accrued Unfunded Liability (UAAL)</u>	<u>Actuarial Ratio Covered</u>	<u>Funded Payroll</u>	<u>Annual Covered Payroll as % of UAAL</u>
Actuarial Valuation as of Jan. 1, 2012	\$360,500	\$16,659,400	\$16,298,900	2.16%	\$4,922,388	331.1%
Actuarial Valuation as of Jan. 1, 2011	350,500	16,568,600	16,218,100	2.12%	4,808,250	337.3%
Actuarial Valuation as of Jan. 1, 2010	309,800	15,166,300	14,856,500	2.00%	4,711,563	315.3%
Actuarial Valuation as of Jan. 1, 2009	273,500	15,305,100	15,031,600	1.80%	4,712,655	319.0%
Actuarial Valuation as of Jan. 1, 2008	-	9,812,000	9,812,000	0.0%	4,574,233	214.5%

SOURCE: Office of the Comptroller and Public Employee Retirement Administration Commission.

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12. If and to the extent otherwise updated in the prior fiscal year, summary presentation of the size of the state workforce.

The following table sets forth information regarding the Commonwealth's workforce as of the end of the last five fiscal years.

State Workforce					
	<u>June 2008</u>	<u>June 2009</u>	<u>June 2010</u>	<u>June 2011</u>	<u>June 2012</u>
Executive Office	81	72	69	76	69
Office of the Comptroller	124	115	115	113	109
Executive Departments					
Administration and Finance (2)	2,904	2,861	2,768	2,679	2,784
Energy and Environmental Affairs (1)	2,236	2,208	2,020	1,960	1,949
Housing and Community Development (1)	-	-	-	-	-
Early Education and Care (3)	-	-	-	-	-
Health and Human Services	21,449	20,895	19,763	19,435	19,397
Transportation and Public Works (4)	1,245	1,200	-	-	-
Board of Library Commissioners	13	13	10	10	10
Economic Development (1)	-	-	-	-	-
Housing and Economic Development (1)	650	616	693	673	677
Labor and Workforce Development (1)	307	316	285	269	262
Executive Office of Education (3)	562	570	336	318	322
Department of Education (3)	-	-	-	-	-
Board of Higher Education (3)	-	-	-	-	-
Public Safety and Security	8,627	8,483	8,444	8,259	8,534
Elder Affairs	<u>47</u>	<u>50</u>	<u>38</u>	<u>39</u>	<u>37</u>
Subtotal under Governor's Authority	38,244	37,398	34,541	33,831	34,150
Judiciary	8,021	7,821	7,387	7,109	7,085
Higher Education	13,219	13,409	12,048	12,940	12,539
Other (5)	<u>8,245</u>	<u>8,044</u>	<u>10,320</u>	<u>10,111</u>	<u>10,084</u>
Subtotal funded by the Operating Budget	<u>67,729</u>	<u>66,672</u>	<u>64,297</u>	<u>63,991</u>	<u>63,858</u>
Federal Grant, Trust and Capital Funded	<u>15,934</u>	<u>16,381</u>	<u>20,551</u>	<u>20,078</u>	<u>20,654</u>
Total	<u>83,663</u>	<u>83,053</u>	<u>84,848</u>	<u>84,069</u>	<u>84,512</u>

SOURCE: Executive Office for Administration and Finance.

- (1) Effective April 11, 2007, the Executive Office of Economic Development was divided into the Executive Office of Housing and Economic Development, incorporating the former Department of Housing and Community Development, and the Executive Office of Labor and Workforce Development. The Department of Public Utilities and the Department of Energy Resources were transferred to the renamed Executive Office of Energy and Environmental Affairs from the Executive Office of Economic Development, a net shift of 100 FTEs.
- (2) Effective April 10, 2007, the Massachusetts Commission Against Discrimination became an independent agency, separating from the Executive Office for Administration and Finance, a new shift of 61 FTEs.
- (3) Effective March 10, 2008, the Department of Early Education and Care, Department of Education and Board of Higher Education were consolidated under the Executive Office of Education.
- (4) Effective November 1, 2009, the Executive Office of Transportation and Public Works, which included the Massachusetts Highway Department, Registry of Motor Vehicles and Massachusetts Aeronautics Commission, was abolished and in its place was established the Massachusetts Department of Transportation. A net shift of 1,269 occurred as these employees were transferred to the Massachusetts Department of Transportation's non-appropriated fund, the Massachusetts Transportation Trust Fund.
- (5) Other includes members of the Legislature and their staff, the offices of the State Treasurer, Secretary, Auditor and Attorney General, the eleven District Attorneys, the seven former county sheriffs that have become state agencies, and other agencies independent from the Governor.

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13. Five-year summary presentation of actual capital project expenditures.

The following table sets forth actual capital expenditures for fiscal 2008 to fiscal 2012.

Commonwealth Historical Capital Spending (in millions) (1)

Investment Category:	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
Information technology	\$ 65	\$ 97	\$ 100	\$ 119	\$ 120
Infrastructure/facilities	186	333	391	458	518
Environment	188	246	158	142	131
Housing	172	252	318	174	185
Public safety	19	21	11	7	17
Transportation	1,109	1,388	1,694	1,512	1,740
Convention centers	-	-	5	-	-
Other	43	96	108	127	126
Total (1)	<u>\$1,782</u>	<u>\$2,432</u>	<u>\$2,785</u>	<u>\$2,539</u>	<u>\$2,837</u>

SOURCE: Executive Office for Administration and Finance and Office of the State Comptroller.

(1) Totals may not add due to rounding.

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14. Statement of general and special obligation long-term debt issuance and repayment analysis on a five-year comparative basis through the end of the prior fiscal year.

The following table shows long-term debt of the Commonwealth issued and retired from fiscal 2008 through fiscal 2012, exclusive of unamortized bond premiums:

General and Special Obligation Long-Term Debt Issuance and Repayment Analysis (in thousands) (1)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
Beginning Balance as of July 1	\$18,736,961	\$18,734,440	\$19,264,569	\$19,726,507	\$20,875,055
Debt Issued	<u>1,280,824</u>	<u>1,887,108</u>	<u>1,669,088</u>	<u>2,233,368</u>	<u>1,759,627</u>
Subtotal	<u>20,017,785</u>	<u>20,621,548</u>	<u>20,933,657</u>	<u>21,959,875</u>	<u>22,634,682</u>
Debt retired or defeased, exclusive of refunded debt	(1,179,730)	(1,227,029)	(1,207,150)	(974,770)	(1,202,094)
Refunding debt issued, net of refunded debt (3)	<u>(103,615)</u>	<u>(129,950)</u>	=	<u>(110,050)</u>	<u>965</u>
Ending Balance June 30 (2)	<u>\$18,734,440</u>	<u>\$19,264,569</u>	<u>\$19,726,507</u>	<u>\$20,875,055</u>	<u>\$21,433,553</u>

SOURCE: Office of the Comptroller.

(1) Including premium, discount and accretion of capital appreciation bonds.

(2) Includes federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums are used to pay interest on the refunding bonds until the refunded bonds are callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continues to be paid from pledged revenues as before.

(3) Amounts may be negative due to defeasances of debt of authorities from the issuance of Commonwealth debt as afforded under General Laws.

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15. Statement of outstanding Commonwealth debt on a five-year comparative basis through the end of the prior fiscal year.

Outstanding Long Term Commonwealth Debt (in thousands)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
General Obligation Debt	\$16,086,470	\$17,051,724	\$17,655,539	\$18,516,760	\$18,851,538
Special Obligation Debt	1,112,590	1,078,630	1,063,501	\$1,591,505	1,971,630
Federal Grant Anticipation Notes(1)	<u>1,535,380</u>	<u>1,134,215</u>	<u>997,467</u>	<u>766,790</u>	<u>610,385</u>
TOTAL	<u>\$18,734,440</u>	<u>\$19,264,569</u>	<u>\$19,726,507</u>	<u>\$20,875,055</u>	<u>\$21,433,553</u>

SOURCE: Office of the Comptroller.

(1)The fiscal year 2008 to 2010 amounts include federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums were used to pay interest on the refunding bonds until the refunded bonds were callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continued to be paid from pledged revenues as before. These bonds were retired during fiscal year 2011.

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16. Annual fiscal year debt service requirements for Commonwealth general obligation and special obligation bonds, beginning with the current fiscal year.

The following table sets forth, as of February 28, 2013, the annual fiscal year debt service requirements on outstanding Commonwealth general obligation bonds, special obligation bonds and federal grant anticipation notes. For variable-rate bonds with respect to which the Commonwealth is a fixed-rate payor under an associated interest rate swap agreement, the debt service schedule assumes payment of the fixed rate due under such agreement. For other variable-rate bonds, the schedule assumes a 5% interest rate.

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Debt Service Requirements on Commonwealth Bonds as of February 28, 2013 through Maturity (in thousands) (1)

Period Ending	<u>General Obligation Bonds</u>						<u>Federal Highway Grant Anticipation Notes</u>				
	Principal	CABs	Gross Interest	Build America Bond Subsidies	Net Interest	Debt Service	Principal	Gross Interest	Build America Bond Subsidies	Net Interest	Debt Service
6/30/2013	\$81,185	\$0	\$229,717	\$(6,380)	\$223,337	\$304,522	\$70,400	\$12,492	\$(747)	\$11,745	\$82,145
6/30/2014	1,351,297	7,735	813,122	(36,557)	776,565	2,135,597	170,710	17,451	(1,494)	15,957	186,667
6/30/2015	1,338,428	7,686	760,342	(36,557)	723,785	2,069,899	178,390	9,773	(1,494)	8,279	186,669
6/30/2016	1,387,755	6,652	707,572	(36,557)	671,015	2,065,422	11,390	4,098	(1,434)	2,664	14,054
6/30/2017	1,112,742	5,580	655,276	(36,557)	618,719	1,737,041	11,635	3,720	(1,302)	2,418	14,053
6/30/2018	992,650	4,958	610,095	(36,557)	573,538	1,571,146	11,925	3,277	(1,147)	2,130	14,055
6/30/2019	875,707	4,234	565,913	(36,557)	529,356	1,409,297	12,245	2,780	(973)	1,807	14,052
6/30/2020	871,949	3,479	524,448	(36,300)	488,148	1,363,576	12,600	2,235	(782)	1,453	14,053
6/30/2021	1,133,979	3,071	475,260	(35,014)	440,246	1,577,296	12,985	1,648	(577)	1,071	14,056
6/30/2022	1,037,165	2,765	423,748	(32,698)	391,050	1,430,980	13,390	1,020	(357)	663	14,053
6/30/2023	854,840	2,556	378,094	(31,412)	346,682	1,204,078	13,830	348	(122)	226	14,056
6/30/2024	805,222	2,174	337,755	(31,295)	306,460	1,113,856	-	-	-	-	-
6/30/2025	752,393	2,160	300,870	(31,295)	269,575	1,024,128	-	-	-	-	-
6/30/2026	705,073	2,153	266,401	(30,776)	235,625	942,851	-	-	-	-	-
6/30/2027	611,178	2,170	235,857	(30,203)	205,654	819,002	-	-	-	-	-
6/30/2028	623,216	2,290	208,944	(28,953)	179,991	805,497	-	-	-	-	-
6/30/2029	654,263	1,725	179,132	(26,687)	152,445	808,433	-	-	-	-	-
6/30/2030	615,172	1,323	147,171	(22,892)	124,279	740,774	-	-	-	-	-
6/30/2031	539,780	1,082	113,559	(16,808)	96,751	637,613	-	-	-	-	-
6/30/2032	291,037	582	96,785	(14,776)	82,009	373,628	-	-	-	-	-
6/30/2033	209,443	274	83,834	(12,440)	71,394	281,111	-	-	-	-	-
6/30/2034	210,550	-	73,671	(11,068)	62,603	273,153	-	-	-	-	-
6/30/2035	219,845	-	63,224	(9,647)	53,577	273,422	-	-	-	-	-
6/30/2036	229,405	-	52,337	(8,177)	44,160	273,565	-	-	-	-	-
6/30/2037	240,250	-	40,944	(6,654)	34,290	274,540	-	-	-	-	-
6/30/2038	220,825	-	29,026	(5,077)	23,949	244,774	-	-	-	-	-
6/30/2039	151,585	-	19,897	(3,445)	16,452	168,037	-	-	-	-	-
6/30/2040	120,820	-	12,529	(1,609)	10,920	131,740	-	-	-	-	-
6/30/2041	96,095	-	6,863	-	6,863	102,958	-	-	-	-	-
6/30/2042	65,325	-	3,110	-	3,110	68,435	-	-	-	-	-
6/30/2043	32,600	-	591	-	591	33,191	-	-	-	-	-
Totals	\$18,431,775	\$64,649	\$8,416,087	\$(652,948)	\$7,763,139	\$26,259,563	\$519,500	\$58,842	\$(10,429)	\$48,413	\$567,913

SOURCE: Office of the Comptroller.

(1) Totals may not add due to rounding.

Special Obligation Revenue Bonds
(Convention Center)

Special Obligation Revenue Bonds
(CTF- Accelerated Bridge Program)

Special Obligation Revenue Bonds
(Gas Tax)

Period Ending	Principal	Gross Interest	Debt Service	Principal	Gross Interest	Build America Bond Subsidies	Net Interest	Debt Service	Principal	Interest	Debt Service
6/30/2013	\$0	\$0	\$0	\$6,780	\$25,266	\$(6,157)	\$19,109	\$25,889	\$41,150	\$8,886	\$50,036
6/30/2014	0	34,486	34,486	8,475	50,397	(12,314)	38,083	46,558	37,170	15,534	52,704
6/30/2015	19,995	34,486	54,481	8,700	49,973	(12,314)	37,659	46,359	39,070	13,631	52,701
6/30/2016	21,075	33,436	54,511	9,260	49,538	(12,314)	37,224	46,484	39,900	11,482	51,382
6/30/2017	22,210	32,330	54,540	9,840	49,075	(12,314)	36,761	46,601	42,465	9,287	51,752
6/30/2018	23,310	31,164	54,474	10,635	48,583	(12,314)	36,269	46,904	23,040	7,261	30,301
6/30/2019	24,475	30,126	54,601	11,460	48,051	(12,314)	35,737	47,197	24,300	5,994	30,294
6/30/2020	23,380	28,842	52,222	12,530	47,478	(12,314)	35,164	47,694	25,640	4,658	30,298
6/30/2021	24,610	27,673	52,283	13,660	46,852	(12,314)	34,538	48,198	26,905	3,392	30,297
6/30/2022	25,970	26,380	52,350	14,480	46,169	(12,314)	33,855	48,335	28,385	1,912	30,297
6/30/2023	27,440	24,952	52,392	16,085	45,445	(12,314)	33,131	49,216	9,520	476	9,996
6/30/2024	28,990	23,443	52,433	34,005	44,641	(12,314)	32,327	66,332	-	-	-
6/30/2025	30,625	21,848	52,473	35,335	42,929	(11,937)	30,992	66,327	-	-	-
6/30/2026	32,360	20,164	52,524	36,740	41,117	(11,529)	29,588	66,328	-	-	-
6/30/2027	34,190	18,384	52,574	38,265	39,263	(11,065)	28,198	66,463	-	-	-
6/30/2028	36,125	16,504	52,629	39,845	37,260	(10,575)	26,685	66,530	-	-	-
6/30/2029	38,170	14,517	52,687	41,485	35,238	(10,058)	25,180	66,665	-	-	-
6/30/2030	40,330	12,418	52,748	43,185	33,265	(9,512)	23,753	66,938	-	-	-
6/30/2031	42,610	10,199	52,809	44,955	31,060	(8,935)	22,125	67,080	-	-	-
6/30/2032	45,020	7,856	52,876	46,810	28,727	(8,316)	20,411	67,221	-	-	-
6/30/2033	47,565	5,380	52,945	48,735	26,219	(7,661)	18,558	67,293	-	-	-
6/30/2034	50,250	2,764	53,014	50,730	23,673	(6,970)	16,703	67,433	-	-	-
6/30/2035	-	-	-	52,800	21,013	(6,239)	14,774	67,574	-	-	-
6/30/2036	-	-	-	54,950	18,234	(5,466)	12,768	67,718	-	-	-
6/30/2037	-	-	-	57,035	15,332	(4,650)	10,682	67,717	-	-	-
6/30/2038	-	-	-	59,130	12,342	(3,718)	8,624	67,754	-	-	-
6/30/2039	-	-	-	61,110	9,224	(2,546)	6,678	67,788	-	-	-
6/30/2040	-	-	-	63,145	5,982	(1,308)	4,674	67,819	-	-	-
6/30/2041	-	-	-	65,220	2,609	-	2,609	67,829	-	-	-
6/30/2042	-	-	-	-	-	-	-	-	-	-	-
6/30/2043	-	-	-	-	-	-	-	-	-	-	-
Totals	\$638,700	\$457,352	\$1,096,052	\$995,385	\$974,955	\$(262,096)	\$712,859	\$1,708,244	\$337,545	\$82,513	\$420,058

SOURCE: Office of the Comptroller.
(1) Totals may not add due to rounding.

17. Annual fiscal year contract assistance requirements for Commonwealth general obligation contract assistance, beginning with the current fiscal year.

The following table sets forth the Commonwealth's general obligation contract assistance requirements pursuant to contracts with the Massachusetts Water Pollution Abatement Trust, the Massachusetts Department of Transportation (as successor to the Massachusetts Turnpike Authority) and Massachusetts Development Finance Agency. These figures are as of December 31, 2012.

General Obligation Contract Assistance Requirements
(in thousands)

<u>Fiscal Year</u>	<u>Massachusetts Water Pollution Abatement Trust</u>	<u>Massachusetts Department of Transportation</u>	<u>Massachusetts Development Finance Agency</u>	<u>Total</u>
2013	\$63,036	\$125,000	\$2,172	\$190,208
2014	59,731	125,000	2,176	186,907
2015	58,272	125,000	2,544	185,816
2016	53,414	125,000	2,546	180,960
2017	46,296	125,000	2,545	173,841
2018	40,547	125,000	2,543	168,090
2019	40,306	125,000	2,545	167,851
2020	34,969	125,000	2,544	162,513
2021	28,132	125,000	2,546	155,678
2022	18,942	125,000	2,547	146,489
2023	19,329	125,000	2,543	146,872
2024	11,277	125,000	2,544	138,821
2025	7,323	125,000	2,544	134,867
2026	5,174	125,000	2,547	132,721
2027 through 2049	9,438 (1)	1,875,000	36,968	\$1,921,406
Total	\$496,185	\$3,625,000 (2)	\$71,853	\$4,193,038

SOURCES: Massachusetts Water Pollution Abatement Trust column – Office of the Treasurer and Receiver-General; Massachusetts Department of Transportation and Massachusetts Development Finance Agency columns - Executive Office for Administration and Finance.

- (1) Current contract assistance payments end in fiscal 2033.
- (2) Represents \$25 million per year for fiscal years 2027 to 2049, inclusive and \$100 million per year for fiscal years 2027 to 2039, inclusive.

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18. Annual fiscal year budgetary contractual assistance liabilities for Commonwealth, beginning with the current fiscal year.

The following table sets forth the Commonwealth's budgetary contract assistance requirements. These figures are as of June 30, 2012.

Budgetary Contract Assistance Liabilities (in thousands)

<u>Fiscal Year</u>	<u>Route 3 North Transportation Improvements Association Commonwealth Lease Revenue Bonds</u>	<u>MassDevelopment/ Saltonstall Building Redevelopment Corporation Lease Revenue Bonds (1)</u>	<u>Other Leases (2)</u>	<u>Total</u>
2013	\$1,129	\$9,465	\$155,005	\$165,599
2014	1,130	9,534	120,048	130,712
2015	1,128	9,629	100,586	111,343
2016	1,129	9,701	83,542	94,372
2017	1,116	9,775	65,171	76,062
2018	--	9,851	57,317	67,168
2019	--	9,930	48,248	58,178
2020	--	10,037	39,024	49,061
2021	--	10,120	23,725	33,845
2022	--	10,206	16,368	26,574
2023	--	10,295	14,179	24,474
2024	--	10,386	14,269	24,655
2025	--	10,506	13,352	23,858
2026 through 2036	--	122,886	84,930	207,816
Total	<u>\$5,632</u>	<u>\$252,321</u>	<u>\$835,764</u>	<u>\$1,093,717</u>

SOURCES: Other Leases column - Office of the Comptroller; GAAP Basis, all other columns - Executive Office for Administration and Finance.

(1) Cash flows from the Commonwealth represent gross payments to MassDevelopment, including projections provided by MassDevelopment of the Commonwealth's share of operating costs and other items that are subject to change.

(2) Includes operating and capital leases. Leases with the institutions of higher education that are supported by tuition and fees are not included.

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19. Five-year summary presentation of authorized but unissued general obligation debt.

General obligation bonds of the Commonwealth are authorized to correspond with capital appropriations. Over the last decade, the Commonwealth has typically had a large amount of authorized but unissued debt. However, the Commonwealth's actual expenditures for capital projects in a given year relate more to the capital needs which the Commonwealth determines it can afford to finance in such year than to the total amount of authorized but unissued debt. The table below presents authorized but unissued debt at year end:

Authorized but Unissued Debt (in thousands)

<u>Fiscal Year</u>	<u>Authorized But Unissued Debt</u>
2008	\$7,043,446
2009	19,517,272
2010	18,516,310
2011	15,870,432
2012	13,893,469

SOURCE: Office of the Comptroller.

Authorized but unissued debt is measured in accordance with the statutory basis of accounting, which is different from GAAP. Only the net proceeds of bonds issued (exclusive of underwriters' discount, costs of issuance and other financing costs) are deducted from the amount of authorized but unissued debt. Therefore, the change in authorized but unissued debt at the end of any fiscal year is not intended to correlate to the change in the principal amount of debt outstanding as measured and reported in conformity with GAAP.

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20. So long as Commonwealth statutes impose a limit on the amount of outstanding “direct” bonds, information as to compliance therewith as of the end of the prior fiscal year.

Since December, 1989 state finance law has included a limit on the amount of outstanding “direct” bonds of the Commonwealth. As most recently amended in July and August, 2012, the law sets a fiscal 2012 limit of \$17.070 billion and provides that the limit for each subsequent fiscal year is to be 105% of the previous fiscal year’s limit. This limit is calculated under the statutory basis of accounting, which differs from GAAP in that the principal amount of outstanding bonds is measured net of underwriters’ discount, costs of issuance and other financing costs. The law further provides that bonds to be refunded from the proceeds of Commonwealth refunding bonds are to be excluded from outstanding “direct” bonds upon the issuance of the refunding bonds. Pursuant to special legislation enacted over the years, certain outstanding Commonwealth debt obligations are not counted in computing the amount of bonds subject to the limit, including Commonwealth refunding/restructuring bonds issued in September and October, 1991, federal grant anticipation notes, bonds issued to pay operating notes issued by the MBTA or to reimburse the Commonwealth for advances to the MBTA, bonds payable from the Central Artery and Statewide Road and Bridge Infrastructure Fund, bonds issued to finance the Massachusetts School Building Authority and bonds issued to finance the Commonwealth’s Accelerated Bridge Program. The statutory limit on “direct” bonds during fiscal 2013 is \$17,923,500,000.

The outstanding Commonwealth debt, the amounts of such outstanding debt excluded from the statutory debt limit, the net amounts of such outstanding Commonwealth debt subject to the statutory debt limit and the statutory debt limit as of the end of each of the last five fiscal years are shown in the following table on a statutory basis:

Calculation of the Debt Limit
(in thousands)

	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>
Balance as of June 30	\$18,734,440	\$19,264,569	\$19,726,507	\$21,210,134	\$21,907,683
Plus/ (Less) amounts excluded:					
Unamortized (discount)/premium and issuance costs	123,390	216,890	216,688	(335,078)	(474,130)
Special obligation debt (1)	(1,126,668)	(1,100,698)	(1,063,500)	(1,015,380)	(976,245)
Accelerated bridge program	-	-	-	(676,125)	(995,385)
Federal grant anticipation notes (1)	(1,536,206)	(1,134,797)	(997,467)	(666,790)	(610,385)
Assumed county debt	(375)	(300)	(225)	(150)	(75)
MBTA forward funding	(309,203)	(231,000)	(165,559)	(44,472)	(207)
Transportation Infrastructure Fund	(1,434,654)	(1,401,581)	(1,243,250)	(1,356,606)	(1,342,841)
School Building Assistance (SBA)	(946,285)	(921,751)	(894,502)	(824,279)	(795,009)
Outstanding Direct Debt(2)	<u>\$13,504,384</u>	<u>\$14,691,322</u>	<u>\$15,578,692</u>	<u>\$16,291,254</u>	<u>\$16,713,406</u>
Statutory Debt Limit	<u>\$15,585,725</u>	<u>\$16,365,011</u>	<u>\$17,183,261</u>	<u>\$18,042,424</u>	<u>\$17,070,000</u>

SOURCE: Office of the Comptroller.

(1) Includes federal grant anticipation notes issued as crossover refunding bonds. The refunding escrows funded by these bonds and related premiums are used to pay interest on the refunding bonds until the refunded bonds are callable and then to redeem the refunded bonds. Interest on the refunded bonds prior to redemption continues to be paid from pledged revenues as before.

(2) Includes capital appreciation bonds reported at original net proceeds.

21. Summary presentation of the then-current Commonwealth interest rate swap agreements.

The following table describes the interest rate swap agreements, all of which are floating-to-fixed rate hedges that the Commonwealth has entered into in connection with certain of its outstanding variable rate bond issues as of February 28, 2013.

<i>General Obligation Bonds:</i>	Associated Bond Issue	Outstanding Notional Amount (in thousands)	Bond Floating Rate	Swap Fixed Rate Paid (Range)	Swap Variable Rate Received	Effective Date	Termination Date	Fair Value as of 2/28/2013	Counterparty
	Series 1997B (refunding)	\$84,510	VRDB	4.659%	Cost of Funds/VRDBs	8/12/1997	8/1/2015	\$(5,308,823)	Goldman Sachs Matsui Marine Derivative Products Co., LP
	Series 1997B (refunding)	56,340	VRDB	4.659%	SIFMA	9/1/2010	8/1/2015	(3,486,064)	Sumitomo Mitsui Banking Corp.
	Series 1998A (refunding) Consolidated Loan of 2006, Series A Central Artery Loan of 2000, Series A Central Artery Loan of 2000, Series B	181,191	VRDB	4.174%	LIBOR	11/17/2008	9/1/2016	(13,112,312)	Deutsche Bank AG
	Series 1998A (refunding)	120,794	VRDB	4.174%	Cost of Funds/VRDBs	9/17/1998	9/1/2016	(9,165,663)	Citi Swapco, Inc.
	Series 2001B & C (refunding)	491,755	VRDB	4.150%	Cost of Funds/VRDBs	2/20/2001	1/1/2021	(87,559,178)	Morgan Stanley Capital Services, LLC.
	Series 2003B (refunding)	58,765	CPI	4.500%	Cost of Funds/CPI	3/12/2003	12/1/2014	(891,292)	Goldman Sachs Matsui Marine Derivative Products Co., LP
	Series 2003B (refunding)	10,000	CPI	4.500%	Cost of Funds/CPI	10/8/2008	12/1/2013	(109,510)	Deutsche Bank AG
	Series 2010A (refunding)	523,745	SIFMA	3.333 -	Cost of Funds/SIFMA	3/15/2005	2/1/2028	(105,064,831)	Citibank N.A.
	Series 2011A (refunding)			4.004%					
	Series 2012A (refunding)								
	Series 2013A (refunding)								
	Series 2006C (refunding)	100,000	CPI	3.730 - 3.850%	Cost of Funds/CPI	1/1/2007	11/1/2020	(2,121,450)	Citibank N.A.
	Consolidated Loan of 2007, Series A	400,000	LIBOR	4.420%	Cost of Funds/LIBOR	10/8/2008	5/1/2037	(51,882,309)	Barclays Bank, PLC
	Series 2007A (refunding)	31,665	LIBOR	3.936%	Cost of Funds/LIBOR	10/8/2008	11/1/2020	(5,742,862)	Deutsche Bank AG

Associated Bond Issue	Outstanding Notional Amount (in thousands)	Bond Floating Rate	Swap Fixed Rate Paid (Range)	Swap Variable Rate Received	Effective Date	Termination Date	Fair Value as of 2/28/2013	Counterparty
Series 2007A (refunding)	414,130	LIBOR	3.936 - 4.083%	Cost of Funds/LIBOR	10/8/2008	11/1/2025	(86,011,422)	Bank of New York Mellon
Central Artery Loan of 2000, Series A	106,675	VRDB	3.942%	SIFMA	8/16/2007	8/1/2018	(13,602,642)	Merrill Lynch Capital Services, Inc.
Central Artery Loan of 2000, Series A	53,575	VRDB	3.942%	SIFMA	8/16/2007	8/1/2018	(6,855,368)	J. P. Morgan Chase Bank
Consolidated Loan of 2006, Series B Consolidated Loan of 2000, Series D	294,000	VRDB/A RS	4.515%	LIBOR	4/2/2009	6/15/2033	(103,582,330)	Barclays Bank, PLC
Subtotal	<u>\$ 2,927,145</u>						<u>(494,496,056)</u>	
<i>Special Obligation Dedicated Tax Revenue Bonds:</i>								
Series 2004	28,863	CPI	4.450 - 5.250%	Cost of Funds/CPI	6/29/2004	1/1/2018	(1,341,102)	Goldman Sachs Capital Markets, LP
Series 2004	28,864	CPI	4.450 - 5.250%	Cost of Funds/CPI	6/29/2004	1/1/2018	(1,346,662)	J.P. Morgan Chase Bank
Series 2004	28,863	CPI	4.450 - 5.250%	Cost of Funds/CPI	6/29/2004	1/1/2018	(1,347,316)	J. P. Morgan Chase Bank
Series 2005A	<u>96,490</u>	CPI	4.771 - 5.059%	Cost of Funds/CPI	1/12/2005	6/1/2022	(3,471,274)	Merrill Lynch Capital Services, Inc.
Subtotal	<u>\$183,080</u>						<u>(\$7,506,354)</u>	
Total	<u>\$3,110,225</u>						<u>(\$502,002,410)</u>	

SOURCE: Office of the Treasurer and Receiver General.

22. Summary presentation of the then-current Commonwealth liquidity facilities.

Liquidity Facilities

The following table describes the liquidity facilities that the Commonwealth had in connection with certain of its outstanding bond issues as of February 28, 2013.

<u>Variable Rate Bonds</u>	<u>Outstanding Principal Amount (in thousands)</u>	<u>Bank</u>	<u>Facility Type</u>	<u>Termination Date</u>
1997 Series B (Refunding)	\$140,850	JP Morgan Chase	SBPA(1)	3/8/2013
2000 Series A	\$200,000	Bank of America	SBPA	12/23/2014
2000 Series B	\$75,590	U.S. Bank	SBPA	5/22/2015
2001 Series C (Refunding)	\$245,880	State Street Bank	SBPA	2/20/2014
2006 Series A	\$150,000	Wells Fargo Bank	SBPA	8/15/2014
2006 Series B	\$200,000	JP Morgan Chase	SBPA	5/24/2013

SOURCE: Office of the Treasurer and Receiver General.

(1) Standby bond purchase agreement.