

**THE COMMONWEALTH OF MASSACHUSETTS
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA FOR FISCAL YEAR 2014
GENERAL OBLIGATION DEBT**

March 27, 2015

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 Clean Water 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, 2014, updating the financial information and operating data presented in the Commonwealth's statement of annual financial information for general obligation debt dated March 25, 2014 with respect to the fiscal year ended June 30, 2013. Specific reference is hereby made to the Commonwealth's Statutory Basis Financial Report for the year ended June 30, 2014 and its Comprehensive Annual Financial Report (GAAP basis) for the year ended June 30, 2014, 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, 2015 is projected and subject to change.

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. 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 2010 through 2014. The Commonwealth's statutory basis financial statements have been independently reviewed but not audited. Projections for fiscal 2015 have been prepared by the Executive Office for Administration and Finance. Except where otherwise indicated, they are based on the office's most recent estimate of tax revenue (as officially issued) and non-tax revenue, on enacted appropriations adjusted for projected reversions and on supplemental appropriations filed by the Governor that remain before the Legislature. 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 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012 (2)</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>	<u>Projected Fiscal 2015 (3)</u>
<u>Beginning Fund Balances</u>						
Reserved or Designated	\$68.9	\$122.0	\$400.1	\$170.4	\$297.1	\$190.0
Stabilization Fund	841.3	669.8	1,379.1	1,652.1	1,556.7	1,248.4
Undesignated	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>167.2</u>	<u>20.6</u>	<u>12.1</u>
Total	<u>\$1,016.6</u>	<u>\$903.1</u>	<u>\$1,900.8</u>	<u>\$1,989.7</u>	<u>\$1,874.4</u>	<u>\$1,450.5</u>
<u>Revenues and Other Sources</u>						
Alcoholic Beverages	71.0	72.7	76.1	76.3	78.8	80.1
Banks	234.9	(11.0)	266.6	78.0	135.8	25.9
Cigarettes	456.2	453.6	451.0	440.1	520.7	510.7
Corporations	1,600.3	1,951.4	1,771.1	1,821.9	2,049.1	2,038.2
Deeds	137.9	140.2	158.8	188.9	223.1	245.2
Income	10,110.3	11,576.0	11,911.4	12,830.9	13,201.6	13,955.3
Inheritance and Estate	221.4	309.6	293.3	313.4	401.5	314.7
Insurance	330.0	340.3	363.6	426.0	368.1	398.7
Motor Fuel	654.6	660.8	661.9	651.6	732.2	762.5
Public Utilities	(0.3)	(8.8)	(35.9)	(11.5)	9.8	2.0
Room Occupancy	101.6	110.4	121.6	129.2	138.3	148.8
Sales:						
Regular	3,282.8	3,476.3	3,544.4	3,595.9	3,810.6	4,042.4
Meals	759.6	813.3	868.8	901.2	948.9	1,001.6
Motor Vehicles	<u>569.3</u>	<u>615.2</u>	<u>646.1</u>	<u>666.9</u>	<u>736.4</u>	<u>783.3</u>
Sub-Total-Sales	4,611.7	4,904.8	5,059.3	5,163.9	5,495.9	5,827.3
Miscellaneous	<u>14.1</u>	<u>16.6</u>	<u>15.9</u>	<u>14.2</u>	<u>15.1</u>	<u>15.9</u>
Total Tax Revenues	<u>\$18,543.7</u>	<u>\$20,516.6</u>	<u>\$21,114.7</u>	<u>\$22,123.0</u>	<u>\$23,370.0</u>	<u>\$24,325.3</u>
MBTA Transfer (4)	(767.1)	(767.1)	(779.1)	(786.9)	(799.3)	(970.6)
MSBA Transfer	<u>(605.2)</u>	<u>(654.6)</u>	(670.5)	(682.0)	(727.5)	(772.5)
Workforce Training Fund Transfer (5)	-	-	<u>(21.4)</u>	<u>(22.2)</u>	<u>(21.2)</u>	<u>(21.5)</u>
Total Budgeted Operating Tax Revenues	<u>\$17,171.4</u>	<u>\$19,094.9</u>	<u>\$19,643.7</u>	<u>\$20,631.9</u>	<u>\$21,822.0</u>	<u>\$22,560.7</u>
Federal Reimbursements	8,548.8	9,299.5	7,971.7	8,228.4	8,372.1	9,771.7
Departmental and Other Revenues (6)	2,800.9	2,912.3	3,175.0	3,370.5	3,712.4	4,141.5

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012 (2)</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>	<u>Projected Fiscal 2015 (3)</u>
Inter-fund Transfers from Non-budgeted Funds and other sources (7)	1,788.8	1,768.6	1,032.3	1,548.1	1,566.6	1,983.9
Budgeted Revenues and Other Sources	<u>\$30,310.0</u>	<u>\$33,075.3</u>	<u>\$32,546.5</u>	<u>\$33,778.9</u>	<u>\$35,473.1</u>	<u>\$38,457.8</u>
Inter-fund Transfers	770.8	3,460.9	1,032.3	1,456.6	1,757.0	1,047.3
Total Budgeted Revenues and Other Sources	<u>\$31,080.8</u>	<u>\$36,536.3</u>	<u>\$33,578.8</u>	<u>\$35,235.5</u>	<u>\$37,230.1</u>	<u>\$39,505.1</u>
<u>Expenditures and Uses</u>						
Direct Local Aid	4,837.4	4,784.7	4,929.5	5,115.7	5,292.5	5,423.3
Medicaid	9,287.6	10,237.3	10,431.1	10,799.7	11,900.8	13,736.3
Other Health and Human Services	4,616.6	4,614.8	4,710.5	4,768.9	4,979.5	5,465.1
Group Insurance	1,063.8	1,130.3	1,206.2	1,278.5	1,402.9	1,651.9
Department of Elementary and Secondary Education	358.1	349.4	435.9	489.2	515.3	591.6
Higher Education	845.6	943.0	937.1	990.8	1,091.5	1,154.5
Department of Early Education and Care	513.5	515.1	494.3	483.4	509.6	552.8
Public Safety	1,423.2	905.0	929.7	960.0	1,010.4	1,612.4
Energy and Environmental Affairs	202.2	185.6	186.8	201.8	215.0	229.9
Debt Service	1,979.9	1,663.9	1,923.2	2,117.2	2,133.4	2,427.2
Post -Employment Benefits (8)	1,748.6	1,838.9	1,892.3	1,967.0	2,050.4	2,287.9
Other Program Expenditures	2,509.0	2,850.4	2,898.7	3,006.7	3,293.7	2,207.9
Total - Programs and Services before transfers to Non-budgeted funds	<u>\$29,384.5</u>	<u>\$30,018.6</u>	<u>\$30,975.3</u>	<u>\$32,178.7</u>	<u>\$34,395.0</u>	<u>\$37,340.7</u>
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund (9)	631.7	739.0	614.9	661.2	390.1	0.0
Medical Assistance Trust Fund	313.3	886.1	220.9	390.9	395.0	637.5
Massachusetts Transportation Trust Fund	-	195.1	180.1	161.7	270.1	437.7
Other	94.1	238.8	466.4	501.8	446.7	297.6
Total Inter-Fund Transfers to Non-Budgeted Funds	<u>\$1,039.1</u>	<u>\$2,059.0</u>	<u>\$1,482.3</u>	<u>\$1,715.6</u>	<u>\$1,501.9</u>	<u>\$1,372.8</u>
Budgeted Expenditures and Other Uses	<u>\$30,423.6</u>	<u>\$32,077.6</u>	<u>\$32,457.6</u>	<u>\$33,894.3</u>	<u>\$35,897.0</u>	<u>\$38,713.5</u>
Inter-fund Transfers	770.8	3,460.9	1,032.3	1,456.6	1,757.0	1,047.3
Total Budgeted Expenditures and Other Uses	<u>\$31,194.4</u>	<u>\$35,538.5</u>	<u>\$33,489.9</u>	<u>\$35,350.9</u>	<u>\$37,654.0</u>	<u>\$39,760.8</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(\$113.6)</u>	<u>\$997.8</u>	<u>\$88.9</u>	<u>(\$115.4)</u>	<u>(\$423.8)</u>	<u>(\$255.7)</u>
<u>Ending Fund Balances</u>						
Reserved or Designated (10)	122.0	400.1	170.5	297.1	190.0	14.4
Stabilization Fund	669.8	1,379.1	1,652.1	1,556.7	1,248.4	1,128.5
Undesignated	111.3	121.7	167.1	20.6	12.1	52.6
Total	<u>\$903.1</u>	<u>\$1,900.8</u>	<u>\$1,989.7</u>	<u>\$1,874.4</u>	<u>\$1,450.5</u>	<u>\$1,195.5</u>

SOURCES: Fiscal 2010-2014, Office of the Comptroller; fiscal 2015, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) Some fiscal 2012 amounts were reclassified to conform to the fiscal 2013 presentation in the Statutory Basis Financial Report.
- (3) Consensus forecast adjusted for subsequent developments in fiscal 2015.
- (4) Beginning in fiscal 2015, the amount of dedicated sales tax receipts and the base revenue amount statutorily required to be credited to the MBTA was increased by \$160 million annually.
- (5) The fiscal 2012 budget adopted changes to the Workforce Training Fund, which is funded annually through employer contributions for workforce training initiatives for incumbent workers in the private sector. Beginning in fiscal 2012 the Workforce Training Fund is not subject to annual appropriation, and the employer contributions are deposited directly in the Workforce Training Fund after their collection.
- (6) The fiscal 2015 budget also assumes \$183 million from the modification of the existing tax and non-tax judgment and settlement law.
- (7) Inter-fund Transfers from Non-budgeted Funds and Other Sources include profits from the State Lottery, transfer of tobacco settlement funds through fiscal 2012, abandoned property proceeds as well as other inter-fund transfers.
- (8) Starting in fiscal 2010 Post-Employment Benefits include budgeted pension transfers and State Retiree Benefit Trust Fund.
- (9) The fiscal 2015 budget does not include an appropriation of funding for the Health Connector because it assumes that increased dedicated revenues in the CCTF, federal grants and self-generated revenues will be able to cover the full program and administrative costs.
- (10) Consists largely of appropriations authorized to be expended in following year.

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 2010 through fiscal 2014.

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

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>
Beginning fund balances	\$5,061.3	\$4,585.7	\$5,267.6	\$6,318.9	\$4,869.9
Revenues and Financing Sources	49,853.1	53,898.4	54,370.1	55,289.9	57,210.0
Expenditures and Financing Uses	50,328.7	53,216.5	53,318.8	56,738.9	57,460.5
Excess/(deficit)	<u>(475.6)</u>	<u>681.9</u>	<u>1,051.3</u>	<u>(1,449.0)</u>	<u>(250.5)</u>
Ending fund balances—GAAP fund perspective	<u>\$4,585.7</u>	<u>\$5,267.6</u>	<u>\$6,318.9</u>	<u>\$4,869.9</u>	<u>\$4,619.4</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 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>
2014	\$4,863,373	\$1,069,958	\$974,562
2013	4,850,482	1,050,128	955,801
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

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
2013	-	253.5	253.5
2014	-	282.1	282.1
Total	<u>\$434.00</u>	<u>\$3,637.1</u>	<u>\$4,071.2</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.”

The following table sets forth the Commonwealth’s net state tax revenues and allowable state tax revenues, as defined in Chapter 62F, for fiscal 2010 through fiscal 2014.

	<u>Net State Tax Revenues</u>	<u>Allowable State Tax Revenues</u>	<u>Net State Tax Revenues (under) Allowable State Tax Revenues</u>
2014	\$23,666,801,083.60	\$27,048,676,153.30	\$(3,381,875,069.70)
2013	22,397,185,748.50	26,074,941,365.50	(3,677,755,617.00)
2012	21,384,338,827.60	25,236,379,380.50	(3,852,040,552.90)
2011	20,776,233,462.10	25,063,267,392.60	(4,287,033,930.50)
2010	18,792,776,938.00	24,948,702,948.70	(6,155,926,010.70)

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 and MTRS as of January 1, 2014, the date of the most recent combined valuations, is as follows:

Retirement Systems Membership

	<u>MSERS</u>	<u>MTRS</u>
Retirees and beneficiaries currently receiving benefits	56,327	61,034
Terminated employees entitled to benefits but not yet receiving them	4,216	N/A
Subtotal	60,543	61,034
Current Members	88,156	88,788
Total	148,699	149,822

SOURCE: Public Employee Retirement Administration Commission

The MSERS is a multiple-employer defined-benefit public employee retirement 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. For members who joined the system prior to April 2, 2012 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 those employees who were system members before April 2, 2012 occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most members who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS and MTRS are partially funded by employee contributions of regular compensation. The following tables indicate current employee contribution rates (figures are approximate):

Employee Contribution Rates			
<u>MTRS (1)</u>	<u>% of Compensation (1)</u>	<u>Active Members</u>	<u>% of Total Active</u>
<u>Hire Date</u>			
Pre-1975	5%	371	0.4%
1975-1983	7	940	1.1
1984-June 30, 1996	8	8,881	10.0
July 1, 1996-Present	9	15,120	17.0
July 1, 2001-Present	11	63,476	71.5
Totals		88,788	100.0%

SOURCE: Public Employee Retirement Administration Commission. Membership data from Teachers' Retirement System January 1, 2014 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.

<u>MSERS (1)</u>			
<u>Hire Date</u>	<u>% of Compensation (1)</u>	<u>Active Members</u>	<u>% of Total Active</u>
Pre-1975	5%	1,115	1.3%
1975-1983	7	6,636	7.5
1984-June 30, 1996	8	21,361	24.2
July 1, 1996-Present	9	58,389	66.2
State Police 1996-Present	12	<u>655</u>	<u>0.7</u>
Totals		<u>88,156</u>	<u>100.0%</u>

SOURCE: Public Employee Retirement Administration Commission. Membership data from State Board of Retirement January 1, 2014 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.

The most recently approved funding schedule for payments into the Commonwealth's Pension Liability Fund was filed by the Secretary of Administration and Finance on January 14, 2014. The assumptions underlying the new funding schedule include valuation of assets and liabilities as of January 1, 2013, an annual rate of return on assets of 8.0%, and appropriation increases of 10% per year until fiscal 2017 with 7% increases thereafter until the final amortization payment in fiscal 2036 (four years before the statutory requirement). The fiscal 2015 budget enacted by the Legislature and approved by the Governor includes the fiscal 2015 amount shown below and, as has become customary, amended state law to mandate the funding of the amounts shown for fiscal 2016 and fiscal 2017. The Governor has proposed an early retirement incentive program, to be in place by the beginning of fiscal 2016, that would add an annual cost of \$48.7 million to the amounts in the approved schedule for 15 years, beginning in fiscal 2016. The Governor's fiscal 2016 budget recommendations include an additional appropriation to cover this cost.

The fiscal 2015 through fiscal 2037 transfers required by the current funding schedule are as follows:

Current Funding Schedule for Pension Obligations (in thousands)

<u>Fiscal Year</u>	<u>Payments</u>	<u>Fiscal Year</u>	<u>Payments</u>
2015	\$1,793,000	2027	\$4,267,000
2016	1,972,000	2028	4,566,000
2017	2,169,000	2029	4,886,000
2018	2,321,000	2030	5,228,000
2019	2,483,000	2031	5,594,000
2020	2,657,000	2032	5,986,000
2021	2,843,000	2033	6,405,000
2022	3,042,000	2034	6,853,000
2023	3,255,000	2035	7,333,000
2024	3,483,000	2036	4,436,342
2025	3,727,000	2037	835,369
2026	3,988,000		

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, with respect to the Commonwealth's aggregate pension obligations, a ten-year comparison of the actuarial value of assets to the market values, the ratio of the actuarial value to market value, and the funded ratio based on actuarial value compared to the funded ratio based on the market value of assets:

Ten Year Comparison of Actuarial and Market Values of Pension Assets (in millions)

Valuation Date (Jan. 1)	Actuarial Value of Assets (1)	Market Value of Assets	% of Actuarial Value to Market Value	Funded Ratio (Actuarial Value)	Funded Ratio (Market Value)
2005	\$34,939	\$35,497	98.4%	72.3%	82.8%
2006	36,377	39,020	93.2	71.5	81.5
2007	40,412	44,902	90.0	75.2	83.5
2008	44,532	49,235	90.4	78.6	86.9
2009	37,058	33,689	110.0	62.7	57.0
2010	41,589	37,809	110.0	67.5	61.4
2011	45,631	41,482	110.0	71.1	64.6
2012	43,942	39,947	110.0	65.1	59.1
2013	43,517	43,760	99.4	60.6	60.9
2014	45,894	48,351	94.9	61.2	64.5

SOURCE: Public Employee Retirement Administration Commission.
 (1) Based on five-year average smoothing methodology.

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The following tables show, for each of the MSERS and the MTRS and for Commonwealth obligations in the aggregate (including Boston Teachers and cost-of-living allowances as well as MSERS and MTRS), the historical funded status for the most recent ten years, based on actuarial values and market values of assets:

Historical Pension Funding Progress for the Last Ten Fiscal Years- Actuarial Value
(Amounts in thousands except for percentages)

	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
State Employees' Retirement System						
Actuarial Valuation as of Jan. 1						
2014	\$21,581,133	\$30,679,600	\$9,098,467	70.3%	\$5,344,510	170.2%
2013	20,317,389	29,385,442	9,068,053	69.1	5,183,195	175.0
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
Teachers' Retirement System						
Actuarial Valuation as of Jan. 1						
2014	\$22,940,196	\$40,741,695	\$17,801,499	56.3%	\$5,962,650	298.6%
2013	21,787,470	39,135,218	17,347,748	55.7	5,783,294	300.0
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
Aggregate Commonwealth Pension Obligations						
Actuarial Valuation as of Jan. 1						
2014	\$45,894,034	\$74,936,994	\$29,042,960	61.2%	\$11,793,788	246.3%
2013	43,517,498	71,865,832	28,348,334	60.6	11,408,407	248.5
2012	43,941,682	67,546,587	23,604,905	65.1	11,011,466	214.4
2011	45,630,507	64,219,135	18,588,628	71.1	10,811,975	171.9
2010	41,589,706	61,575,676	19,985,970	67.5	10,655,881	187.6
2009	37,057,703	59,142,155	22,084,452	62.7	10,537,212	209.6
2008	44,531,652	56,636,710	12,105,058	78.6	10,156,252	119.2
2007	40,411,920	53,761,095	13,349,175	75.2	9,766,122	136.7
2006	36,376,773	50,864,974	14,488,201	71.5	9,406,336	154.0
2005	34,938,529	48,357,694	13,419,165	72.3	8,989,134	149.3

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 legislation approved in May, 2010, which changed the methodology for the Commonwealth's funding of pension benefits paid to Boston teachers) 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. 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 and fiscal 2010. However, the funding schedule in effect was based on the 2008 valuation, before the market downturn. This accounts for most of the discrepancy between the ARC and contributions made in fiscal 2009 and fiscal 2010, with the remainder accounted for by the double payment to SBRS described above.

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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>2014</u>					
Annual required contribution (ARC).....	\$718,909	\$1,158,461	\$1,877,370	n/a	n/a
Contributions made, excluding COLAs.....	<u>573,428</u>	<u>935,936</u>	<u>1,509,364</u>	<u>21,104</u>	<u>99,532</u>
% Funded for the fiscal year.....	80%	81%	80%		
ARC as ratio of total government expenditures (2)	1.9%	3.1%	5.0%	n/a	n/a
<u>2013</u>					
Annual required contribution (ARC).....	\$699,962	\$1,104,486	\$1,804,448	n/a	n/a
Contributions made, excluding COLAs.....	<u>545,453</u>	<u>891,580</u>	<u>1,437,033</u>	<u>20,121</u>	<u>94,846</u>
% Funded for the fiscal year.....	78%	81%	80%		
ARC as ratio of total government expenditures (2)	2.1%	3.3%	5.3%	n/a	n/a
<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

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.

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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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Domestic Equity	19.9%	22.0%	19.2%	20.8%	19.0%
International Equity	20.0	21.7	16.7	18.0	17.1
Emerging Markets Equity	5.7	6.6	6.7	6.5	7.0
Core Fixed Income	14.0	13.2	13.0	12.6	13.9
Value-Added Fixed Income	7.0	6.0	8.6	8.9	8.5
Private Equity	10.6	10.7	12.1	11.7	11.1
Real Estate	9.1	8.2	9.7	8.2	8.9
Timber/Natural Resources	4.1	4.0	3.9	4.0	3.9
Hedge Funds	7.7	7.2	9.9	9.2	9.6
Portfolio Completion Strategies	n/a	n/a	n/a	n/a	0.0

SOURCE: Pension Reserves Investment Management Board.

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

PRIT Fund Rates of Return (Gross of fees)

<u>Fiscal Year</u>	<u>Rate of Return</u>
2014	17.53%
2013	12.69
2012	(0.08)
2011	22.30
2010	12.82
3yr average	9.79%
5yr average	12.80%
10yr average	7.92%
Assumed Rate (1)	8.00%

SOURCE: Pension Reserves Investment Management Board.

(1) Assumed rate changed to 8% as of January 1, 2013.

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

In addition to providing pension benefits, the Commonwealth is required, under Chapter 32A of the Massachusetts General Laws, to provide certain health care and life insurance benefits (“other post-employment benefits” or “OPEB”) for retired employees of the Commonwealth, as well as retired employees of housing authorities, redevelopment authorities and certain other governmental agencies (offline agencies). Substantially all of the Commonwealth’s employees may become eligible for these benefits if they reach retirement age and eligibility while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which is 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 other post-employment benefits for all state and certain agency employees and retirees. The GIC has representation on the Board of Trustees of the State Retiree Benefits Trust Fund (SRBTF). The SRBTF is set up to pay for former state employees’ OPEB benefits and to invest state and certain municipalities funds that have been set aside to pay for OPEB benefits and the cost to administer those funds 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 SRBTF is 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, 2014	\$511,200	\$15,670,200	\$15,159,000	3.4%	\$5,344,500	283.6%
Actuarial Valuation as of Jan. 1, 2013	406,700	15,784,100	15,377,400	2.6	5,183,195	296.7
Actuarial Valuation as of Jan. 1, 2012	360,500	16,559,400	16,298,900	2.2	4,922,388	331.1
Actuarial Valuation as of Jan. 1, 2011	350,500	16,568,600	16,218,100	2.1	4,808,250	337.3
Actuarial Valuation as of Jan. 1, 2010	309,800	15,166,300	14,856,500	2.0	4,711,563	315.3
Actuarial Valuation as of Jan. 1, 2009	273,500	15,305,100	15,031,600	1.8	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 2010</u>	<u>June 2011</u>	<u>June 2012</u>	<u>June 2013</u>	<u>June 2014</u>
Executive Office	69	76	69	68	70
Office of the Comptroller	115	113	109	111	113
Executive Departments					
Administration and Finance	2,768	2,679	2,784	2,823	2,882
Energy and Environmental Affairs	2,020	1,960	1,949	1,915	1,900
Health and Human Services	19,763	19,435	19,397	19,379	19,699
Board of Library Commissioners	10	10	10	10	10
Housing and Economic Development	693	673	677	684	702
Labor and Workforce Development	285	269	262	236	250
Executive Office of Education	336	318	322	359	523
Public Safety and Security	8,444	8,259	8,534	8,626	8,815
Elder Affairs	<u>38</u>	<u>39</u>	<u>37</u>	<u>38</u>	<u>39</u>
Subtotal under Governor's Authority	34,541	33,831	34,150	34,249	35,005
Judiciary	7,387	7,109	7,085	7,217	7,188
Higher Education	12,048	12,940	12,539	12,957	13,840
Other (1)	<u>10,320</u>	<u>10,111</u>	<u>10,084</u>	<u>10,356</u>	<u>10,606</u>
Subtotal funded by the Operating Budget	<u>64,297</u>	<u>63,991</u>	<u>63,858</u>	<u>64,779</u>	<u>66,638</u>
Federal Grant, Trust and Capital Funded	<u>20,551</u>	<u>20,078</u>	<u>20,654</u>	<u>20,650</u>	<u>19,963</u>
Total	<u>84,848</u>	<u>84,069</u>	<u>84,512</u>	<u>85,429</u>	<u>86,602</u>

SOURCE: Executive Office for Administration and Finance.

(1) 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 2010 to fiscal 2014.

Commonwealth Historical Capital Spending (in millions) (1)

Investment Category:	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>
Information technology	\$ 100	\$ 119	\$ 129	\$133	\$190
Infrastructure/facilities	391	458	518	452	457
Environment	158	142	131	130	138
Housing	318	174	185	183	182
Public safety	11	7	17	17	22
Transportation	1,694	1,512	1,618	1,528	1,790
Convention centers	5	-	-	-	-
Other	108	127	125	434	952
Total (1)	<u>\$2,785</u>	<u>\$2,539</u>	<u>\$2,724</u>	<u>\$2,877</u>	<u>\$3,731</u>

SOURCE: Fiscal 2010-2013, Executive Office for Administration and Finance and Office of the State Comptroller; Fiscal 2014 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 2010 through fiscal 2014, exclusive of unamortized bond premiums:

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

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014 (4)</u>
Beginning Balance as of July 1	\$19,264,569	\$19,726,507	\$20,875,055	\$21,433,553	\$21,513,039
Debt Issued	<u>1,669,088</u>	<u>2,233,368</u>	<u>1,759,627</u>	<u>1,470,473</u>	<u>2,359,899</u>
Subtotal	<u>20,933,657</u>	<u>21,959,875</u>	<u>22,634,682</u>	<u>22,904,026</u>	<u>23,672,983</u>
Debt retired or defeased, exclusive of refunded debt	(1,207,150)	(974,770)	(1,202,094)	(1,386,527)	(1,434,511)
Refunding debt issued, net of refunded debt (3)	-	<u>(110,050)</u>	<u>965</u>	<u>(4,460)</u>	<u>(18,575)</u>
Ending Balance June 30 (2)	<u>\$19,726,507</u>	<u>\$20,875,055</u>	<u>\$21,433,553</u>	<u>\$21,513,039</u>	<u>\$22,419,852</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.
- (4) In accordance with GAAP, includes \$200 million in principal related to commercial paper bond anticipation notes (BANs) which were retired subsequent to year-end upon the issuance of long-term general obligation bonds on July 11, 2014.

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

The following table sets forth the amounts of Commonwealth long-term general obligation debt, special obligation debt and federal grant anticipation notes outstanding, exclusive of unamortized bond premiums, as of the end of the last five fiscal years.

Outstanding Long Term Commonwealth Debt (in thousands)

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014 (2)</u>
General Obligation Debt	\$17,682,517	\$18,516,760	\$18,851,538	\$19,140,239	\$19,596,662
Special Obligation Debt	1,052,620	1,591,505	1,971,630	1,923,700	2,292,255
Federal Grant Anticipation Notes(1)	<u>991,370</u>	<u>766,790</u>	<u>610,385</u>	<u>449,100</u>	<u>530,935</u>
TOTAL	<u>\$19,726,507</u>	<u>\$20,875,055</u>	<u>\$21,433,553</u>	<u>\$21,513,039</u>	<u>\$22,419,852</u>

SOURCE: Office of the Comptroller.

- (1) The fiscal 2010 amount includes 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.
- (2) In accordance with GAAP, includes \$200 million in principal related to commercial paper bond anticipation notes (BANs) which were retired subsequent to year end upon the issuance of long-term general obligation bonds on July 11, 2014.

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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, 2015, 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, 2015 through Maturity (in thousands)

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
6/30/2015	\$108,900	\$ -	\$243,981	\$(6,380)	\$237,601	\$346,501	\$45,840	\$18,049	\$(747)	\$17,302	\$63,142
6/30/2016	1,574,815	6,652	893,268	(36,557)	856,711	2,438,177	42,815	33,234	(1,434)	31,799	74,614
6/30/2017	1,429,447	5,580	834,590	(36,557)	798,033	2,233,059	44,440	31,582	(1,302)	30,280	74,720
6/30/2018	1,219,635	4,958	779,222	(36,557)	742,665	1,967,258	47,150	29,776	(1,147)	28,629	75,779
6/30/2019	1,078,080	4,852	729,711	(36,557)	693,154	1,776,085	49,300	27,606	(973)	26,634	75,934
6/30/2020	1,123,814	4,410	680,799	(36,300)	644,499	1,772,724	51,615	25,261	(782)	24,479	76,094
6/30/2021	1,169,532	3,797	624,609	(35,014)	589,595	1,762,923	54,125	22,724	(577)	22,147	76,272
6/30/2022	1,072,422	3,587	572,143	(32,698)	539,445	1,615,453	56,780	20,053	(357)	19,696	76,476
6/30/2023	921,767	3,385	525,129	(31,412)	493,717	1,418,868	65,470	17,236	(122)	17,114	82,584
6/30/2024	948,988	3,168	480,679	(31,412)	449,267	1,401,423	67,725	14,371	-	14,371	82,096
6/30/2025	900,830	3,191	436,035	(31,177)	404,858	1,308,879	70,190	10,991	-	10,991	81,181
6/30/2026	856,921	3,238	395,046	(30,776)	364,270	1,224,429	73,425	7,492	-	7,492	80,917
6/30/2027	747,443	3,382	357,512	(30,203)	327,309	1,078,135	76,820	3,828	-	3,828	80,648
6/30/2028	749,274	3,416	324,210	(28,953)	295,257	1,047,947	-	-	-	-	-
6/30/2029	785,261	2,900	288,882	(26,687)	262,195	1,050,356	-	-	-	-	-
6/30/2030	746,127	2,552	251,850	(22,892)	228,958	977,637	-	-	-	-	-
6/30/2031	705,649	2,313	211,963	(16,808)	195,155	903,117	-	-	-	-	-
6/30/2032	546,895	1,895	186,496	(14,776)	171,720	720,510	-	-	-	-	-
6/30/2033	325,005	1,214	165,838	(12,440)	153,398	479,617	-	-	-	-	-
6/30/2034	370,903	644	149,891	(11,068)	138,823	510,370	-	-	-	-	-
6/30/2035	314,961	223	133,674	(9,647)	124,027	439,210	-	-	-	-	-
6/30/2036	324,405	-	118,323	(8,177)	110,146	434,551	-	-	-	-	-
6/30/2037	330,250	-	102,357	(6,654)	95,703	425,953	-	-	-	-	-
6/30/2038	315,825	-	86,176	(5,077)	81,099	396,924	-	-	-	-	-
6/30/2039	286,385	-	70,889	(3,445)	67,444	353,829	-	-	-	-	-
6/30/2040	286,720	-	56,247	(1,609)	54,639	341,359	-	-	-	-	-
6/30/2041	270,145	-	42,294	-	42,294	312,439	-	-	-	-	-
6/30/2042	252,935	-	29,756	-	29,756	282,691	-	-	-	-	-
6/30/2043	334,200	-	18,671	-	18,671	352,871	-	-	-	-	-
6/30/2044	196,040	-	3,406	-	3,406	199,446	-	-	-	-	-
Totals (1)	\$20,293,573	\$65,356	\$9,793,648	\$(579,834)	\$9,213,814	\$29,572,743	\$745,695	\$262,202	\$(7,441)	\$254,761	\$1,000,456

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	Special Obligation Revenue Bonds (Convention Center)			Special Obligation Revenue Bonds (CTF- Accelerated Bridge Program)				Special Obligation Revenue Bonds (Gas Tax)			
	Principal	Gross Interest	Debt Service	Principal	Gross Interest	Build America Bond Subsidies	Net Interest	Debt Service	Principal	Interest	Debt Service
6/30/2015	\$ -	\$ -	\$ -	\$8,700	\$37,323	\$(6,157)	\$31,166	\$39,866	\$39,070	\$6,577	\$45,647
6/30/2016	21,075	33,436	54,511	9,260	74,627	(12,314)	62,313	71,573	39,900	11,006	50,906
6/30/2017	22,210	32,330	54,540	9,840	74,164	(12,314)	61,850	71,690	42,465	8,811	51,276
6/30/2018	23,310	31,164	54,474	10,635	73,672	(12,314)	61,358	71,993	23,040	6,785	29,825
6/30/2019	24,475	30,126	54,601	11,460	73,141	(12,314)	60,826	72,286	24,300	5,518	29,818
6/30/2020	23,380	28,842	52,222	12,530	72,568	(12,314)	60,253	72,783	25,640	4,182	29,822
6/30/2021	24,610	27,673	52,283	13,660	71,941	(12,314)	59,627	73,287	26,905	2,916	29,821
6/30/2022	25,970	26,380	52,350	14,480	71,258	(12,314)	58,944	73,424	28,385	1,436	29,821
6/30/2023	27,440	24,952	52,392	24,500	70,534	(12,314)	58,220	82,720	-	-	-
6/30/2024	28,990	23,443	52,433	34,005	69,309	(12,314)	56,995	91,000	-	-	-
6/30/2025	30,625	21,848	52,473	50,825	67,598	(11,937)	55,660	106,485	-	-	-
6/30/2026	32,360	20,164	52,524	53,415	65,011	(11,529)	53,482	106,897	-	-	-
6/30/2027	34,190	18,384	52,574	56,100	62,323	(11,065)	51,258	107,358	-	-	-
6/30/2028	36,125	16,504	52,629	45,975	59,429	(10,575)	48,853	94,828	-	-	-
6/30/2029	38,170	14,517	52,687	48,240	57,161	(10,058)	47,104	95,344	-	-	-
6/30/2030	40,330	12,418	52,748	50,555	54,850	(9,512)	45,338	95,893	-	-	-
6/30/2031	42,610	10,199	52,809	53,125	52,277	(8,935)	43,342	96,467	-	-	-
6/30/2032	45,020	7,856	52,876	55,865	49,536	(8,316)	41,220	97,085	-	-	-
6/30/2033	47,565	5,380	52,945	58,825	46,575	(7,661)	38,914	97,739	-	-	-
6/30/2034	50,250	2,764	53,014	61,850	43,553	(6,970)	36,584	98,434	-	-	-
6/30/2035	-	-	-	65,065	40,337	(6,239)	34,099	99,164	-	-	-
6/30/2036	-	-	-	68,455	36,946	(5,466)	31,479	99,934	-	-	-
6/30/2037	-	-	-	72,035	33,368	(4,650)	28,718	100,753	-	-	-
6/30/2038	-	-	-	75,625	29,778	(3,718)	26,060	101,685	-	-	-
6/30/2039	-	-	-	79,565	25,836	(2,546)	23,289	102,854	-	-	-
6/30/2040	-	-	-	83,665	21,735	(1,308)	20,427	104,092	-	-	-
6/30/2041	-	-	-	87,995	17,408	-	17,408	105,403	-	-	-
6/30/2042	-	-	-	91,665	13,740	-	13,740	105,405	-	-	-
6/30/2043	-	-	-	95,935	9,470	-	9,470	105,405	-	-	-
6/30/2044	-	-	-	100,000	5,000	-	5,000	105,000	-	-	-
Totals (1)	\$618,705	\$388,380	\$1,007,085	\$1,503,850	\$1,480,467	\$(237,471)	\$1,242,996	\$2,746,846	\$249,705	\$47,231	\$296,936

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 for fiscal 2015 and thereafter pursuant to contracts with the Massachusetts Clean Water Trust, the Massachusetts Department of Transportation (as successor to the Massachusetts Turnpike Authority) and Massachusetts Development Finance Agency and contracts associated with the Social Innovation Financing Trust Fund.

General Obligation Contract Assistance Requirements
(in thousands)

<u>Fiscal Year</u>	<u>Massachusetts Clean Water Trust</u>	<u>Massachusetts Department of Transportation</u>	<u>Massachusetts Development Finance Agency “I-Cubed Program”</u>	<u>Social Innovation Financing Trust Fund (3)</u>	<u>Total</u>
2015	\$63,709	\$125,000	\$4,978	\$695	\$194,382
2016	57,446	125,000	\$5,278	1,782	189,506
2017	50,000	125,000	\$5,284	2,633	182,917
2018	44,118	125,000	\$5,282	14,630	189,030
2019	43,745	125,000	\$5,281	5,037	179,063
2020	38,274	125,000	\$5,277	8,661	177,212
2021	31,292	125,000	\$5,284	563	162,139
2022	21,965	125,000	\$5,283	-	152,248
2023	22,217	125,000	\$5,283	-	152,500
2024	14,018	125,000	\$5,285	-	144,303
2025	9,927	125,000	\$5,284	-	140,211
2026	7,631	125,000	\$5,283	-	137,914
2027 through 2049	26,224 (1)	1,875,000	\$87,568	-	\$1,988,792
Total	<u>\$430,566</u>	<u>\$3,375,000 (2)</u>	<u>\$150,650</u>	<u>\$34,000</u>	<u>\$3,990,216</u>

SOURCES: Massachusetts Clean Water Trust column – Office of the Treasurer and Receiver-General; Massachusetts Department of Transportation, Massachusetts Development Finance Agency and Social Innovation Financing Trust Fund columns - Executive Office for Administration and Finance.

- (1) Current contract assistance payments end in fiscal 2045.
- (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.
- (3) Projected payment schedule. The actual amount and timing of payments will be based on the achievement of specified performance outcomes. Up to \$10,770,000 of these payments may be funded through a grant from the U. S. Department of Labor.

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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, 2014.

Budgetary Contract Assistance Liabilities (in thousands)

<u>Fiscal Year</u>	<u>MassDevelopment/ Saltonstall Building Redevelopment Corporation Lease Revenue Bonds (1)</u>	<u>Other Leases (2)</u>	<u>Total</u>
2015	\$9,569	\$191,637	\$201,206
2016	9,688	133,818	143,506
2017	9,759	121,314	131,073
2018	9,832	107,948	117,780
2019	9,907	83,623	93,530
2020	10,013	60,752	70,765
2021	10,093	33,999	44,092
2022	10,175	24,780	34,955
2023	10,260	21,549	31,809
2024	10,347	19,385	29,732
2025	10,466	16,173	26,639
2026 through 2044	<u>122,160</u>	<u>114,696</u>	<u>236,856</u>
Total	\$232,269	\$929,674	\$1,161,943

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

- (1) The MassDevelopment/Saltonstall Building Redevelopment Corporation assigned its interest in the ground lease and MassDevelopment defeased the lease revenue bonds as of March 17, 2015.
- (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 and 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 and 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 and unissued debt. The table below presents authorized and unissued debt at year end:

Authorized and Unissued Debt (in thousands)

<u>Fiscal Year</u>	<u>Authorized and Unissued Debt</u>
2010	\$18,516,310
2011	15,870,432
2012	13,893,469
2013	13,762,257
2014	26,255,768

SOURCE: Office of the Comptroller.

Authorized and 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 and unissued debt. Therefore, the change in authorized and 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. For fiscal 2012, the debt limit was \$18.944 billion under the statute in place during fiscal 2012. In August, 2012, state finance law was amended, effective January 1, 2013, to specify that the debt limit be calculated for fiscal years starting in fiscal 2013 using a fiscal 2012 base value of \$17,070,000,000 and increasing the limit for each subsequent fiscal year to 105% of the previous fiscal year’s limit. Based on this calculation, the statutory limit on “direct” bonds during fiscal 2015 is \$19,760,658,750. Prior to June 10, 2013, this limit was calculated using a statutory definition that differed from GAAP in that the principal amount of outstanding bonds included the amount of any premium and was measured net of any discount, costs of issuance and other financing costs (“net proceeds”). On June 10, 2013, state finance law was amended, effective January 1, 2013, to change the statutory definition of outstanding debt from net proceeds to principal outstanding, a change that brings the debt outstanding definition in conformance with GAAP.

The debt limit law 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 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. Previous versions of this table published in Commonwealth Information Statements and in the corresponding schedules to the Commonwealth’s Comprehensive Annual Financial Reports contained incorrect information for fiscal 2011 and fiscal 2012. That information has been corrected in this table. For fiscal 2010 through fiscal 2012, the table below shows the calculation of the debt limit prior to the passage of the legislation approved on June 10, 2013, as described above, and is presented showing net proceeds. For fiscal 2013 and thereafter the limit calculations are presented showing principal amounts as required by the amended law.

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Calculation of the Debt Limit
(in thousands)

	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013 (3)</u>	<u>Fiscal 2014 (4)</u>	<u>Fiscal 2015 (5)</u>
Principal balance	\$19,726,507	\$20,875,055	\$21,433,553	\$21,513,039	\$22,419,852	\$23,481,171
Plus/ (less) amounts excluded:						
Net unamortized (discount)/premium and issuance costs	<u>216,688</u>	<u>335,078</u>	<u>477,815</u>	N/A	N/A	N/A
Total net proceeds/principal	19,943,195	21,210,133	21,911,368	21,513,039	22,419,852	23,481,171
Less: net proceeds/principal of direct debt excluded from the statutory debt limit:						
Special obligation debt (1)	(1,063,500)	(1,025,739)	(986,050)	(935,095)	(888,405)	(868,140)
Accelerated bridge program	-	(672,587)	(1,035,859)	(988,605)	(1,403,850)	(1,503,850)
Federal grant anticipation notes (1)	(997,467)	(691,398)	(628,290)	(449,100)	(530,935)	(745,695)
Assumed county debt	(225)	(150)	(75)	-	-	-
MBTA forward funding	(165,559)	(45,907)	(207)	(207)	(207)	(207)
Transportation Infrastructure Fund School Building Assistance (SBA)	(1,243,250)	(1,362,894)	(1,345,406)	(1,303,013)	(1,241,263)	(1,197,127)
	<u>(894,502)</u>	<u>(841,841)</u>	<u>(811,088)</u>	<u>(764,338)</u>	<u>(723,917)</u>	<u>(689,446)</u>
Outstanding direct debt, net proceeds/principal (2)	<u>\$15,578,692</u>	<u>\$16,569,617</u>	<u>\$17,104,393</u>	<u>\$17,072,681</u>	<u>\$17,631,275</u>	<u>\$18,476,436</u>
Statutory Debt Limit	<u>\$17,183,261</u>	<u>\$18,042,424</u>	<u>\$18,944,152</u>	<u>\$17,923,500</u>	<u>\$18,819,675</u>	<u>\$19,760,659</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.
- (3) For fiscal 2010 through 2012, debt outstanding was defined in state finance law as net proceeds of debt issued. State finance law was amended, effective January 1, 2013, to change the statutory definition of outstanding debt from net proceeds to principal. Therefore, fiscal years prior to 2013 are calculated using net proceeds; fiscal 2013 and thereafter are calculated using principal.
- (4) In accordance with GAAP, includes \$200 million in principal related to commercial paper bond anticipation notes (BANs) which were retired subsequent to year-end upon the issuance of long-term general obligation bonds on July 11, 2014.
- (5) Amounts are unaudited and are as of February 28, 2015.

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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, 2015.

Associated Bond Issue	Outstanding Notional Amount (thousands)	Bond Floating Rate	Swap Fixed Rate Paid (Range)	Swap Variable Rate Received	Effective Date	Termination Date	Fair value as of 2/28/2015	Counterparty
<i>General Obligation Bonds:</i>								
Series 1997B (refunding)	\$22,074	VRDB	4.659%	Cost of Funds	8/12/1997	August 1, 2015	\$(515,494)	Goldman Sachs Matsui Marine Derivative Products Co., LP
Series 1997B (refunding)	14,716	VRDB	4.659%	SIFMA	9/1/2010	August 1, 2015	(339,381)	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	80,700	VRDB	4.174%	60% 1-Month LIBOR + 25 basis points	11/17/2008	September 1, 2016	(2,604,057)	Deutsche Bank AG
Series 1998A (refunding) (1)	34,098	VRDB	4.174%	Cost of Funds	9/17/1998	September 1, 2016	(1,202,302)	Wells Fargo Bank
Series 2001B & C	482,230	VRDB	4.150%	Cost of Funds	2/20/2001	January 1, 2021	(55,479,710)	Morgan Stanley Capital Services
Series 2012A, 2013A, 2014B, 2014D & 2014E (refunding)	508,915	SIFMA	3.616% -	SIFMA	3/15/2005	February 1, 2028	(86,825,175)	Wells Fargo Bank
Series 2006C (refunding)	100,000	CPI	3.73%- 3.85%	CPI-based formula	1/1/2007	November 1, 2020	(6,874,702)	Wells Fargo Bank
Series 2007A	400,000	LIBOR	4.420%	67% 3-Month LIBOR + 0.57%	10/8/2008	May 1, 2037	(27,428,945)	Barclays Bank PLC

Associated Bond Issue	Outstanding Notional Amount (thousands)	Bond Floating Rate	Swap Fixed Rate Paid (Range)	Swap Variable Rate Received	Effective Date	Termination Date	Fair value as of 2/28/2015	Counterparty
Series 2007A (refunding)	31,665	LIBOR	3.936%	67% 3-Month LIBOR + 0.46%	10/8/2008	November 1, 2020	(3,974,227)	Deutsche Bank AG
Series 2007A (refunding)	\$414,130	LIBOR	4.083%	67% 3-Month LIBOR + 0.55%	10/8/2008	November 1, 2025	(69,303,575)	Bank of NY Mellon
Series 2000A	100,658	VRDB	3.942%	SIFMA - 3 basis points	8/16/2007	August 1, 2018	(6,540,107)	Merrill Lynch Capital Services
Series 2000A	50,892	VRDB	3.942%	SIFMA - 3 basis points	8/16/2007	August 1, 2018	(3,116,578)	JP Morgan formerly Bear Stearns
Series 2006B, Series 2000D	294,000	VRDB/ARS	4.515%	67% 3-Month LIBOR	4/2/2009	June 15, 2033	(93,922,214)	Barclays Bank PLC
Subtotal	\$2,534,078						(358,126,467)	
<i>Special Obligation Dedicated Tax Revenue Bonds</i>								
Series 2004 (Convention Ctr)	22,198	CPI	4.45% - 5.25%	CPI-based formula	6/29/2004	January 1, 2018	(1,104,001)	Goldman Sachs Capital Markets
Series 2004 (Convention Ctr)	22,199	CPI	4.45% - 5.25%	CPI-based formula	6/29/2004	January 1, 2018	(910,358)	JP Morgan formerly Bear Stearns
Series 2004 (Convention Ctr)	22,198	CPI	4.45% - 5.25%	CPI-based formula	6/29/2004	January 1, 2018	(912,179)	JPMorgan Chase Bank
Series 2005A (Gas Tax)	96,490	CPI	4.771% - 5.059%	CPI-based formula	1/12/2005	June 1, 2022	(7,134,513)	Merrill Lynch Capital Services
Subtotal	\$163,085						(10,061,050)	
Total	\$2,697,163						\$(368,187,517)	

SOURCE: Office of the Treasurer and Receiver General.

(1) The Series 1998A swap with Citi Swapco was partially terminated as part of the novation of the Commonwealth's swaps with Citi Swapco and Citibank to Wells Fargo on September 20, 2013.

22. Summary presentation of the then-current Commonwealth 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, 2015.

Variable Rate Bonds	Outstanding Principal Amount (in thousands)	Bank	Termination Date
1997 Series B (Refunding)	\$36,790	TD Bank	8/10/2015
2000 Series A	200,000	Bank of America	4/30/2015 (1)
2000 Series B	75,590	US Bank	5/22/2015 (1)
2001 Series C (Refunding)	241,115	State Street Bank	4/17/2017
2006 Series A	150,000	Wells Fargo Bank	8/8/2017

SOURCE: Office of the Treasurer and Receiver General.

(1) Pursuant to a request for responses, the Commonwealth has selected banks to provide new standby bond purchase agreements for its 2000 Series A and B Bonds.

The Commonwealth also has liquidity support for a \$200 million commercial paper program. A line of credit provided by TD Bank, N. A. expires on April 17, 2015. Pursuant to a request for responses, the Commonwealth has selected a bank to provide a line of credit for its commercial paper program after expiration of the current credit agreement.