

**THE COMMONWEALTH OF MASSACHUSETTS  
ANNUAL FINANCIAL INFORMATION AND OPERATING DATA FOR FISCAL YEAR 2013  
GENERAL OBLIGATION DEBT**

March 25, 2014

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, 2013, updating the financial information and operating data presented in the Commonwealth's statement of annual financial information for general obligation debt dated March 27, 2013, as amended and restated May 7, 2013, with respect to the fiscal year ended June 30, 2012 (the "2012 Annual Disclosure Statement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the 2012 Annual Disclosure Statement. Specific reference is hereby made to the Commonwealth's Statutory Basis Financial Report for the year ended June 30, 2013 and its Comprehensive Annual Financial Report (GAAP basis) for the year ended June 30, 2013, 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, Undersecretary of the 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 2009 through 2013. The Commonwealth's statutory basis financial statements 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 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012 (9)</u>	<u>Fiscal 2013</u>	<u>Projected Fiscal 2014 (2)</u>
<b>Beginning Fund Balances</b>						
Reserved or Designated	\$171.5	\$68.9	\$122.0	\$400.1	\$170.4	\$297.0
Stabilization Fund	2,119.2	841.3	669.8	1,379.1	1,652.1	1,556.8
Undesignated	<u>115.1</u>	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>167.2</u>	<u>20.6</u>
<b>Total</b>	<b><u>\$2,405.8</u></b>	<b><u>\$1,016.6</u></b>	<b><u>\$903.1</u></b>	<b><u>\$1,900.8</u></b>	<b><u>\$1,989.7</u></b>	<b><u>\$1,874.4</u></b>
<b>Revenues and Other Sources</b>						
Alcoholic Beverages	71.9	71.0	72.7	76.1	76.3	77.8
Banks	242.6	234.9	(11.0)	266.6	78.0	5.4
Cigarettes	456.8	456.2	453.6	451.0	440.1	531.6
Corporations	1,548.6	1,600.3	1,951.4	1,771.1	1,821.9	2,034.6
Deeds	105.5	137.9	140.2	158.8	188.9	223.4
Income	10,583.7	10,110.3	11,576.0	11,911.4	12,830.9	13,210.5
Inheritance and Estate	259.7	221.4	309.6	293.3	313.4	308.8
Insurance	356.7	330.0	340.3	363.6	426.0	424.9
Motor Fuel	654.0	654.6	660.8	661.9	651.6	730.4
Public Utilities	(1.7)	(0.3)	(8.8)	(35.9)	(11.5)	(1.8)
Room Occupancy	109.5	101.6	110.4	121.6	129.2	138.3
Sales:						
Regular	2,799.7	3,282.8	3,476.3	3,544.4	3,595.9	3,813.1
Meals	629.6	759.6	813.3	868.8	901.2	949.0
Motor Vehicles	<u>439.3</u>	<u>569.3</u>	<u>615.2</u>	<u>646.1</u>	666.9	739.0
Sub-Total-Sales	3,868.6	4,611.7	4,904.8	5,059.3	5,163.9	5,501.1
Miscellaneous	<u>3.3</u>	<u>14.1</u>	<u>16.6</u>	<u>15.9</u>	14.2	15.1
<b>Total Tax Revenues</b>	<b><u>\$18,259.5</u></b>	<b><u>\$18,543.7</u></b>	<b><u>\$20,516.6</u></b>	<b><u>\$21,114.7</u></b>	<b><u>\$22,123.0</u></b>	<b><u>\$23,200.0</u></b>
MBTA Transfer	(767.1)	(767.1)	(767.1)	(779.1)	(786.9)	(799.3)
MSBA Transfer	<u>(702.3)</u>	<u>(605.2)</u>	<u>(654.6)</u>	(670.5)	(682.0)	(728.3)
WTF Transfer(3)	-	-	-	<u>(21.4)</u>	<u>(22.2)</u>	<u>(22.2)</u>
<b>Total Budgeted Operating Tax Revenues</b>	<b><u>\$16,790.0</u></b>	<b><u>\$17,171.4</u></b>	<b><u>\$19,094.9</u></b>	<b><u>\$19,643.7</u></b>	<b><u>\$20,631.9</u></b>	<b><u>\$21,650.2</u></b>
Federal Reimbursements	8,250.9	8,548.8	9,299.5	7,971.7	8,228.4	8,595.0
Departmental and Other Revenues	2,326.2	2,800.9	2,912.3	3,175.0	3,370.5	3,594.4
Inter-fund Transfers from Non-budgeted Funds and other sources (4)	<u>1,850.3</u>	<u>1,788.8</u>	<u>1,768.6</u>	<u>1,032.3</u>	<u>1,548.1</u>	<u>2,019.1</u>

	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012 (9)</u>	<u>Fiscal 2013</u>	<u>Projected Fiscal 2014 (2)</u>
<b>Budgeted Revenues and Other Sources</b>	<b>\$29,217.4</b>	<b>\$30,310.0</b>	<b>\$33,075.3</b>	<b>\$32,546.5</b>	<b>\$33,778.9</b>	<b>\$35,858.7</b>
Inter-fund Transfers	<u>1,963.8</u>	<u>770.8</u>	<u>3,460.9</u>	<u>1,032.3</u>	<u>1,456.6</u>	<u>907.6</u>
<b>Total Budgeted Revenues and Other Sources</b>	<b><u>\$31,181.2</u></b>	<b><u>\$31,080.8</u></b>	<b><u>\$36,536.3</u></b>	<b><u>\$33,578.8</u></b>	<b><u>\$35,235.5</u></b>	<b><u>\$36,766.3</u></b>
<b>Expenditures and Uses</b>						
Direct Local Aid	4,723.6	4,837.4	4,784.7	4,929.5	5,115.7	5,292.4
Medicaid (5)	8,679.2	9,287.6	10,237.3	10,431.1	10,799.7	12,113.4
Other Health and Human Services	4,828.3	4,616.6	4,614.8	4,710.5	4,768.9	5,109.8
Group Insurance	973.1	1,063.8	1,130.3	1,206.2	1,278.5	1,365.0
Department of Elementary and Secondary Education	495.9	358.1	349.4	435.9	489.2	603.4
Higher Education	1,035.5	845.6	943.0	937.1	990.8	1,082.2
Department of Early Education and Care	560.3	513.5	515.1	494.3	483.4	523.8
Public Safety	1,514.3	1,423.2	905.0	929.7	960.0	1,552.4
Energy and Environmental Affairs	215.9	202.2	185.6	186.8	201.8	220.5
Debt Service	2,011.7	1,979.9	1,663.9	1,923.2	2,117.2	2,428.5
Post -Employment Benefits (6)	1,314.4	1,748.6	1,838.9	1,892.3	1,967.0	2,050.4
Other Program Expenditures	<u>2,350.9</u>	<u>2,509.0</u>	<u>2,850.4</u>	<u>2,898.7</u>	<u>3,006.7</u>	<u>2,373.4</u>
<b>Total - Programs and Services before transfers to Non-budgeted funds</b>	<b>\$28,703.1</b>	<b>\$29,384.5</b>	<b>\$30,018.6</b>	<b>\$30,975.3</b>	<b>\$32,178.7</b>	<b>\$34,715.2</b>
Inter-fund Transfers to Non-budgeted Funds						
Commonwealth Care Trust Fund	987.6	631.7	739.0	614.9	661.2	340.1
State Retiree Benefit Trust Fund (7)	352.0	-	-	-	-	-
Medical Assistance Trust Fund	374.0	313.3	886.1	220.9	390.9	568.0
Massachusetts Transportation Trust Fund	-	-	195.1	180.1	161.7	316.5
Other	<u>189.9</u>	<u>94.1</u>	<u>238.8</u>	<u>466.4</u>	<u>501.8</u>	<u>371.2</u>
<b>Total Inter-Fund Transfers to Non-Budgeted Funds</b>	<b><u>\$1,903.5</u></b>	<b><u>\$1,039.1</u></b>	<b><u>\$2,059.0</u></b>	<b><u>\$1,482.3</u></b>	<b><u>\$1,715.6</u></b>	<b><u>\$1,595.8</u></b>
Budgeted Expenditures and Other Uses	<b><u>\$30,606.6</u></b>	<b><u>\$30,423.6</u></b>	<b><u>\$32,077.6</u></b>	<b><u>\$32,457.6</u></b>	<b><u>\$33,894.3</u></b>	<b><u>\$36,311.0</u></b>
Inter-fund Transfers	<u>1,963.8</u>	<u>770.8</u>	<u>3,460.9</u>	<u>1,032.3</u>	<u>1,456.6</u>	<u>907.6</u>
<b>Total Budgeted Expenditures and Other Uses</b>	<b><u>\$32,570.4</u></b>	<b><u>\$31,194.4</u></b>	<b><u>\$35,538.5</u></b>	<b><u>\$33,489.9</u></b>	<b><u>\$35,350.9</u></b>	<b><u>\$37,218.6</u></b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b><u>(\$1,389.2)</u></b>	<b><u>(\$113.6)</u></b>	<b><u>\$997.8</u></b>	<b><u>\$88.9</u></b>	<b><u>(\$115.4)</u></b>	<b><u>(\$452.3)</u></b>
<b>Ending Fund Balances</b>						
Reserved or Designated (8)	68.9	122.0	400.1	170.5	297.1	13.9
Stabilization Fund (10)	841.3	669.8	1,379.1	1,652.1	1,556.7	1,387.6
Undesignated	<u>106.4</u>	<u>111.3</u>	<u>121.7</u>	<u>167.1</u>	<u>20.6</u>	<u>20.6</u>
<b>Total</b>	<b><u>\$1,016.6</u></b>	<b><u>\$903.1</u></b>	<b><u>\$1,900.8</u></b>	<b><u>\$1,989.7</u></b>	<b><u>\$1,874.4</u></b>	<b><u>\$1,422.1</u></b>

SOURCES: Fiscal 2009-2013, Office of the Comptroller; fiscal 2014, Executive Office for Administration and Finance.

- (1) Totals may not add due to rounding.
- (2) Based on the January 14, 2014 tax revenue estimate of \$23.2 billion, which was an upward revision of the original budgetary tax revenue estimate of \$22.797 billion.
- (3) 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 WTF is not 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 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.
- (9) Some fiscal 2012 amounts have been reclassified to conform to the fiscal 2013 presentation in the Statutory Basis Financial Report.
- (10) Fiscal 2014 ending balance assumes enactment of the Governor's proposal to modify the existing judgments and settlements law, resulting in a smaller balance in the Stabilization Fund.

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 2009 through fiscal 2013.

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

	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>
Beginning fund balances	\$7,062.7	\$5,061.3	\$4,585.7	\$5,267.6	\$6,318.9
Revenues and Financing Sources	49,787.9	49,853.1	53,898.4	54,370.1	55,289.9
Expenditures and Financing Uses	51,789.3	50,328.7	53,216.5	53,318.8	56,738.9
Excess/(deficit)	<u>(2,001.4)</u>	<u>(475.6)</u>	<u>681.9</u>	<u>1,051.3</u>	<u>(1,449.0)</u>
<b>Ending fund balances—GAAP fund perspective</b>	<b><u>\$5,061.3</u></b>	<b><u>\$4,585.7</u></b>	<b><u>\$5,267.6</u></b>	<b><u>\$6,318.9</u></b>	<b><u>\$4,869.9</u></b>

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>
2014 (1)	\$4,782,466	\$1,055,873	\$957,263
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
2009	4,442,924	959,007	859,407

Source: State Lottery Commission  
(1) Fiscal 2014 figures are projected.

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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
<b>Total</b>	<b><u>\$434.0</u></b>	<b><u>\$3,355.0</u></b>	<b><u>\$3,789.1</u></b>

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 2009 through fiscal year 2013.

	<u>Net State Tax Revenues</u>	<u>Allowable State Tax Revenues</u>	<u>Net State Tax Revenues (under) Allowable State Tax Revenues</u>
2013	\$22,397,185,748.5	\$26,074,941,365.5	\$(3,677,755,617.0)
2012	21,384,338,827.6	25,236,379,380.5	(3,852,040,552.9)
2011	20,776,233,462.1	25,063,267,392.6	(4,287,033,930.5)
2010	18,792,776,938.0	24,948,702,948.7	(6,155,926,010.6)
2009	18,513,036,393.4	24,591,415,515.0	(6,078,379,121.6)

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, 2013, the date of the most recent valuations, is as follows:

**Retirement Systems Membership**

	<u>MSERS</u>	<u>MTRS</u>
<b>Retirees and beneficiaries currently receiving benefits</b>	55,383	59,019
<b>Terminated employees entitled to benefits but not yet receiving them</b>	4,067	N/A
<b>Subtotal</b>	59,450	59,019
<b>Current Members</b>	87,175	87,765
<b>Total</b>	146,625	146,784

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%	510	0.6%
1975-1983	7	1,054	1.2
1984-June 30, 1996	8	9,111	10.4
July 1, 1996-Present	9	11,958	13.6
July 1, 2001-Present	11	65,132	74.2
<b>Totals</b>		<b>87,765</b>	<b>100.0%</b>

SOURCE: Public Employee Retirement Administration Commission. Membership data from Teachers' Retirement System January 1, 2013 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)**

<b><u>Hire Date</u></b>	<b><u>% of Compensation (1)</u></b>	<b><u>Active Members</u></b>	<b><u>% of Total Active</u></b>
Pre-1975	5%	1,392	1.6%
1975-1983	7	7,399	8.5
1984-June 30, 1996	8	22,412	25.7
July 1, 1996-Present	9	55,456	63.6
State Police 1996-Present	12	516	0.6
<b>Totals</b>		<b>87,175</b>	<b>100.0%</b>

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SOURCE: Public Employee Retirement Administration Commission. Membership data from State Board of Retirement January 1, 2013 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 recent pension 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 deadline of fiscal 2040).

The fiscal 2014 through fiscal 2037 transfers required by the 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>
2014	\$1,630,000	2026	\$3,988,000
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

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)**

<u>Valuation Date (Jan. 1)</u>	<u>Actuarial Value of Assets (1)</u>	<u>Market Value of Assets</u>	<u>% of Actuarial Value to Market Value</u>	<u>Funded Ratio (Actuarial Value)</u>	<u>Funded Ratio (Market Value)</u>
2004	\$34,045	\$31,709	107.4%	73.9	84.0
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

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)

	<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>
<b>State Employees' Retirement System</b>						
Actuarial Valuation as of Jan. 1						
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
2004	15,931,000	18,996,000	3,065,000	83.9	3,842,000	79.8
<b>Teachers' Retirement System</b>						
Actuarial Valuation as of Jan. 1						
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
2004	17,075,000	24,519,000	7,444,000	69.6	4,556,000	163.4
<b>Aggregate Commonwealth Pension Obligations</b>						
Actuarial Valuation as of Jan. 1						
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
2004	34,045,177	46,059,209	12,014,032	73.9	8,765,592	137.1

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.

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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>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
<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

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Domestic Equity	20.9%	19.3%	22.0%	19.9%	24.4%
International Equity	17.9	16.7	21.7	20.0	19.0
Emerging Markets	6.5	6.7	6.6	5.7	5.0
Fixed Income	12.6	13.0	13.2	14.0	13.0
Value-Added Fixed Income	8.9	8.6	6.0	7.0	7.7
Private Equity	11.7	12.1	10.7	10.6	9.6
Real Estate	8.2	9.7	8.2	9.1	10.9
Timber/Natural Resources	4.0	3.9	4.0	4.1	4.7
Hedge Funds	9.2	9.9	7.2	7.7	5.7
Portable Alpha Wind Down(1)	0.1	0.1	0.4	1.9	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>
<b>2013</b>	12.69%
<b>2012</b>	(0.08)
<b>2011</b>	22.30
<b>2010</b>	12.82
<b>2009</b>	(23.87)
<b>3yr average</b>	11.26%
<b>5yr average</b>	3.41%
<b>10yr average</b>	8.10%
<b>Assumed Rate (1)</b>	8.25%

SOURCE: Pension Reserves Investment Management Board.

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

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<p>11. Summary presentation of actuarial valuations of OPEB assets, liabilities and funding progress.</p>
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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 (“other post-employment benefits” or “OPEB”) 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>
<b>Actuarial Valuation as of Jan. 1, 2013</b>	\$406,700	\$15,784,100	\$15,377,400	2.6%	\$5,183,195	296.7%
<b>Actuarial Valuation as of Jan. 1, 2012</b>	360,500	16,559,400	16,298,900	2.2	4,922,388	331.1
<b>Actuarial Valuation as of Jan. 1, 2011</b>	350,500	16,568,600	16,218,100	2.1	4,808,250	337.3
<b>Actuarial Valuation as of Jan. 1, 2010</b>	309,800	15,166,300	14,856,500	2.0	4,711,563	315.3
<b>Actuarial Valuation as of Jan. 1, 2009</b>	273,500	15,305,100	15,031,600	1.8	4,712,655	319.0

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.

<b>State Workforce</b>					
	<u>June 2009</u>	<u>June 2010</u>	<u>June 2011</u>	<u>June 2012</u>	<u>June 2013</u>
Executive Office	72	69	76	69	68
Office of the Comptroller	115	115	113	109	111
Executive Departments					
Administration and Finance (2)	2,861	2,768	2,679	2,784	2,823
Energy and Environmental Affairs (1)	2,208	2,020	1,960	1,949	1,915
Housing and Community Development (1)	-	-	-	-	-
Early Education and Care (3)	-	-	-	-	-
Health and Human Services	20,895	19,763	19,435	19,397	19,379
Transportation and Public Works (4)	1,200	-	-	-	-
Board of Library Commissioners	13	10	10	10	10
Economic Development (1)	-	-	-	-	-
Housing and Economic Development (1)	616	693	673	677	684
Labor and Workforce Development (1)	316	285	269	262	236
Executive Office of Education (3)	570	336	318	322	359
Department of Education (3)	-	-	-	-	-
Board of Higher Education (3)	-	-	-	-	-
Public Safety and Security	8,483	8,444	8,259	8,534	8,626
Elder Affairs	<u>50</u>	<u>38</u>	<u>39</u>	<u>37</u>	<u>38</u>
Subtotal under Governor's Authority	37,398	34,541	33,831	34,150	34,249
Judiciary	7,821	7,387	7,109	7,085	7,217
Higher Education	13,409	12,048	12,940	12,539	12,957
Other (5)	<u>8,044</u>	<u>10,320</u>	<u>10,111</u>	<u>10,084</u>	<u>10,356</u>
Subtotal funded by the Operating Budget	<u>66,672</u>	<u>64,297</u>	<u>63,991</u>	<u>63,858</u>	<u>64,779</u>
Federal Grant, Trust and Capital Funded	<u>16,381</u>	<u>20,551</u>	<u>20,078</u>	<u>20,654</u>	<u>20,650</u>
<b>Total</b>	<b><u>83,053</u></b>	<b><u>84,848</u></b>	<b><u>84,069</u></b>	<b><u>84,512</u></b>	<b><u>85,429</u></b>

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 net 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 2009 to fiscal 2013.

**Commonwealth Historical Capital Spending (in millions) (1)**

<b>Investment Category:</b>	<b><u>Fiscal 2009</u></b>	<b><u>Fiscal 2010</u></b>	<b><u>Fiscal 2011</u></b>	<b><u>Fiscal 2012</u></b>	<b><u>Fiscal 2013</u></b>
Information technology	\$ 97	\$ 100	\$ 119	\$ 129	\$133
Infrastructure/facilities	333	391	458	518	452
Environment	246	158	142	131	130
Housing	252	318	174	185	183
Public safety	21	11	7	17	17
Transportation	1,388	1,694	1,512	1,618	1,528
Convention centers	-	5	-	-	-
Other	<u>96</u>	<u>108</u>	<u>127</u>	<u>125</u>	<u>434</u>
Total (1)	<u>\$2,432</u>	<u>\$2,785</u>	<u>\$2,539</u>	<u>\$2,724</u>	<u>\$2,877</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 2009 through fiscal 2013, exclusive of unamortized bond premiums:

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

	<u>Fiscal 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>
<b>Beginning Balance as of July 1</b>	\$18,734,440	\$19,264,569	\$19,726,507	\$20,875,055	\$21,433,553
Debt Issued	<u>1,887,108</u>	<u>1,669,088</u>	<u>2,233,368</u>	<u>1,759,627</u>	1,470,473
Subtotal	<u>20,621,548</u>	<u>20,933,657</u>	<u>21,959,875</u>	<u>22,634,682</u>	<u>22,904,026</u>
Debt retired or defeased, exclusive of refunded debt	(1,227,029)	(1,207,150)	(974,770)	(1,202,094)	(1,386,527)
Refunding debt issued, net of refunded debt (3)	<u>(129,950)</u>	=	<u>(110,050)</u>	965	<u>(4,460)</u>
<b>Ending Balance June 30 (2)</b>	<b><u>\$19,264,569</u></b>	<b><u>\$19,726,507</u></b>	<b><u>\$20,875,055</u></b>	<b><u>\$21,433,553</u></b>	<b><u>\$21,513,039</u></b>

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.

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 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>
General Obligation Debt	\$17,051,724	\$17,682,517	\$18,516,760	\$18,851,538	\$19,140,239
Special Obligation Debt	1,078,630	1,052,620	1,591,505	1,971,630	1,923,700
Federal Grant Anticipation Notes(1)	<u>1,134,215</u>	<u>991,370</u>	<u>766,790</u>	<u>610,385</u>	<u>449,100</u>
<b><u>TOTAL</u></b>	<b><u>\$19,264,569</u></b>	<b><u>\$19,726,507</u></b>	<b><u>\$20,875,055</u></b>	<b><u>\$21,433,553</u></b>	<b><u>\$21,513,039</u></b>

SOURCE: Office of the Comptroller.

(1)The fiscal year 2009 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, 2014, 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, 2014 through Maturity (in thousands)**

<u>General Obligation Bonds</u>							<u>Federal Highway Grant Anticipation Notes</u>				
Period Ending	Principal	CABs	Gross Interest	Build America Bond Subsidies	Net Interest	Debt Service	Principal	Gross Interest	Build America Bond Subsidies	Net Interest	Debt Service
6/30/2014	\$95,235	\$ -	\$227,576	\$(6,380)	\$221,197	\$316,432	\$8,455	\$13,746	\$(747)	\$12,999	\$21,454
6/30/2015	1,427,428	7,686	845,294	(36,557)	808,737	2,243,851	178,390	21,739	(1,494)	20,246	198,636
6/30/2016	1,465,495	6,652	790,421	(36,557)	753,864	2,226,010	30,795	16,065	(1,434)	14,631	45,426
6/30/2017	1,180,902	5,580	734,709	(36,557)	698,152	1,884,633	31,765	14,960	(1,302)	13,658	45,423
6/30/2018	1,065,080	4,958	687,309	(36,557)	650,751	1,720,790	32,810	13,762	(1,147)	12,615	45,425
6/30/2019	939,365	4,852	641,968	(36,557)	605,411	1,549,628	34,125	12,271	(973)	11,298	45,423
6/30/2020	934,594	3,883	597,309	(36,300)	561,009	1,499,486	35,540	10,667	(782)	9,885	45,425
6/30/2021	1,131,557	3,437	545,172	(35,014)	510,158	1,645,152	37,070	8,934	(577)	8,358	45,428
6/30/2022	1,034,759	3,240	493,725	(32,698)	461,026	1,499,025	38,665	7,116	(357)	6,759	45,424
6/30/2023	852,005	3,076	448,446	(31,412)	417,034	1,272,115	40,365	5,185	(122)	5,063	45,428
6/30/2024	821,893	2,713	408,020	(31,412)	376,608	1,201,214	27,840	3,534	-	3,534	31,374
6/30/2025	773,138	2,757	370,329	(31,177)	339,152	1,115,046	14,200	2,147	-	2,147	16,347
6/30/2026	725,721	2,736	334,857	(30,776)	304,080	1,032,537	14,490	1,448	-	1,448	15,938
6/30/2027	631,865	2,861	303,309	(30,203)	273,106	907,833	14,880	731	-	731	15,611
6/30/2028	623,768	2,906	275,893	(28,953)	246,940	873,614	-	-	-	-	-
6/30/2029	654,788	2,372	246,078	(26,687)	219,391	876,550	-	-	-	-	-
6/30/2030	615,609	1,914	214,115	(22,892)	191,222	808,745	-	-	-	-	-
6/30/2031	540,190	1,691	180,501	(16,808)	163,693	705,574	-	-	-	-	-
6/30/2032	356,333	1,062	162,475	(14,776)	147,699	505,094	-	-	-	-	-
6/30/2033	324,638	618	145,872	(12,440)	133,432	458,687	-	-	-	-	-
6/30/2034	370,684	258	129,890	(11,068)	118,822	489,764	-	-	-	-	-
6/30/2035	314,845	-	113,674	(9,647)	104,026	418,871	-	-	-	-	-
6/30/2036	324,405	-	98,287	(8,177)	90,110	414,515	-	-	-	-	-
6/30/2037	330,250	-	82,394	(6,654)	75,740	405,990	-	-	-	-	-
6/30/2038	315,825	-	66,176	(5,077)	61,099	376,924	-	-	-	-	-
6/30/2039	246,585	-	52,547	(3,445)	49,102	295,687	-	-	-	-	-
6/30/2040	235,820	-	40,329	(1,609)	38,720	274,540	-	-	-	-	-
6/30/2041	211,095	-	29,313	-	29,313	240,408	-	-	-	-	-
6/30/2042	185,325	-	20,060	-	20,060	205,385	-	-	-	-	-
6/30/2043	222,600	-	14,187	-	14,187	236,787	-	-	-	-	-
6/30/2044	125,000	-	2,813	-	2,813	127,813	-	-	-	-	-
<b>Totals (1)</b>	<b>\$19,076,795</b>	<b>\$65,250</b>	<b>\$9,303,044</b>	<b>\$(616,391)</b>	<b>\$8,686,652</b>	<b>\$27,828,698</b>	<b>\$539,390</b>	<b>\$132,305</b>	<b>\$(8,935)</b>	<b>\$123,371</b>	<b>\$662,761</b>

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)**

**Build America  
Bond**

Period Ending	Principal	Gross Interest	Debt Service	Principal	Gross Interest	Subsidies	Net Interest	Debt Service	Principal	Interest	Debt Service
6/30/2014	-	-	-	\$8,475	\$36,248	\$(6,157)	\$30,090	\$38,565	\$37,170	\$7,529	\$44,699
6/30/2015	\$19,995	\$34,486	\$54,481	8,700	70,062	(12,314)	57,748	66,448	39,070	13,155	52,225
6/30/2016	21,075	33,436	54,511	9,260	69,627	(12,314)	57,313	66,573	39,900	11,006	50,906
6/30/2017	22,210	32,330	54,540	9,840	69,164	(12,314)	56,850	66,690	42,465	8,811	51,276
6/30/2018	23,310	31,164	54,474	10,635	68,672	(12,314)	56,358	66,993	23,040	6,785	29,825
6/30/2019	24,475	30,126	54,601	11,460	68,141	(12,314)	55,826	67,286	24,300	5,518	29,818
6/30/2020	23,380	28,842	52,222	12,530	67,568	(12,314)	55,253	67,783	25,640	4,182	29,822
6/30/2021	24,610	27,673	52,283	13,660	66,941	(12,314)	54,627	68,287	26,905	2,916	29,821
6/30/2022	25,970	26,380	52,350	14,480	66,258	(12,314)	53,944	68,424	28,385	1,436	29,821
6/30/2023	27,440	24,952	52,392	24,500	65,534	(12,314)	53,220	77,720	-	-	-
6/30/2024	28,990	23,443	52,433	34,005	64,309	(12,314)	51,995	86,000	-	-	-
6/30/2025	30,625	21,848	52,473	50,825	62,598	(11,937)	50,660	101,485	-	-	-
6/30/2026	32,360	20,164	52,524	53,415	60,011	(11,529)	48,482	101,897	-	-	-
6/30/2027	34,190	18,384	52,574	56,100	57,323	(11,065)	46,258	102,358	-	-	-
6/30/2028	36,125	16,504	52,629	45,975	54,429	(10,575)	43,853	89,828	-	-	-
6/30/2029	38,170	14,517	52,687	48,240	52,161	(10,058)	42,104	90,344	-	-	-
6/30/2030	40,330	12,418	52,748	50,555	49,850	(9,512)	40,338	90,893	-	-	-
6/30/2031	42,610	10,199	52,809	53,125	47,277	(8,935)	38,342	91,467	-	-	-
6/30/2032	45,020	7,856	52,876	55,865	44,536	(8,316)	36,220	92,085	-	-	-
6/30/2033	47,565	5,380	52,945	58,825	41,575	(7,661)	33,914	92,739	-	-	-
6/30/2034	50,250	2,764	53,014	61,850	38,553	(6,970)	31,584	93,434	-	-	-
6/30/2035	-	-	-	65,065	35,337	(6,239)	29,099	94,164	-	-	-
6/30/2036	-	-	-	68,455	31,946	(5,466)	26,479	94,934	-	-	-
6/30/2037	-	-	-	72,035	28,368	(4,650)	23,718	95,753	-	-	-
6/30/2038	-	-	-	75,625	24,778	(3,718)	21,060	96,685	-	-	-
6/30/2039	-	-	-	79,565	20,836	(2,546)	18,289	97,854	-	-	-
6/30/2040	-	-	-	83,665	16,735	(1,308)	15,427	99,092	-	-	-
6/30/2041	-	-	-	87,995	12,408	-	12,408	100,403	-	-	-
6/30/2042	-	-	-	91,665	8,740	-	8,740	100,405	-	-	-
6/30/2043	-	-	-	95,935	4,470	-	4,470	100,405	-	-	-
6/30/2044	-	-	-	-	-	-	-	-	-	-	-
<b>Totals (1)</b>	<b>\$638,700</b>	<b>\$422,866</b>	<b>\$1,061,566</b>	<b>\$1,412,325</b>	<b>\$1,404,454</b>	<b>\$(249,785)</b>	<b>\$1,154,669</b>	<b>\$2,566,994</b>	<b>\$286,875</b>	<b>\$61,337</b>	<b>\$348,212</b>

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 2014 and thereafter 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 and contracts associated with the Social Innovation Financing Trust Fund.

**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>Social Innovation Financing Trust Fund (3)</u>	<u>Total</u>
2014	\$63,056	\$125,000	\$2,176	\$ -	\$190,232
2015	59,376	125,000	2,544	1,628	188,548
2016	54,463	125,000	2,546	1,120	183,129
2017	47,290	125,000	2,545	931	175,766
2018	41,485	125,000	2,543	14,550	183,578
2019	41,187	125,000	2,545	2,538	171,270
2020	35,793	125,000	2,544	6,234	169,571
2021	28,898	125,000	2,546	-	156,444
2022	19,650	125,000	2,547	-	147,197
2023	19,977	125,000	2,543	-	147,520
2024	11,865	125,000	2,544	-	139,409
2025	7,853	125,000	2,544	-	135,397
2026	5,644	125,000	2,547	-	133,191
2027 through 2049	<u>11,431 (1)</u>	<u>1,875,000</u>	<u>36,968</u>	<u>-</u>	<u>1,923,399</u>
<b>Total</b>	<b><u>\$447,968</u></b>	<b><u>\$3,500,000 (2)</u></b>	<b><u>\$69,682</u></b>	<b><u>\$27,000</u></b>	<b><u>\$4,044,651</u></b>

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.
- (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, 2013.

**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>
2014	\$9,431	\$159,152	\$169,713
2015	9,569	128,295	138,992
2016	9,688	107,264	118,081
2017	9,759	87,019	97,894
2018	9,832	72,718	82,550
2019	9,907	59,863	69,770
2020	10,013	46,549	56,562
2021	10,093	27,509	37,602
2022	10,175	19,273	29,448
2023	10,260	15,659	25,919
2024	10,347	15,427	25,774
2025	10,466	14,380	24,846
2026 through 2036	<u>122,160</u>	<u>90,303</u>	<u>212,463</u>
<b>Total</b>	<b><u>\$241,700</u></b>	<b><u>\$843,411</u></b>	<b><u>\$1,089,614</u></b>

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 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>
2009	\$19,517,272
2010	18,516,310
2011	15,870,432
2012	13,893,469
2013	13,762,257

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 2014 is \$18,819,675,000. 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 2009 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 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 2009</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>	<u>Fiscal 2012</u>	<u>Fiscal 2013 (3)</u>	<u>Fiscal 2014 (4)</u>
Principal balance	\$19,264,569	\$19,726,507	\$20,875,055	\$21,433,553	\$21,513,039	\$22,019,336
Plus/ (less) amounts excluded:						
Net unamortized (discount)/premium and issuance costs	<u>216,890</u>	<u>216,688</u>	<u>335,078</u>	<u>477,815</u>	N/A	N/A
Total net proceeds/principal	19,481,459	19,943,195	21,210,133	21,911,368	21,513,039	22,019,336
Less: net proceeds/principal of direct debt excluded from the statutory debt limit:						
Special obligation debt (1)	(1,100,698)	(1,063,500)	(1,025,739)	(986,050)	(935,095)	(925,575)
Accelerated bridge program	-	-	(672,587)	(1,035,859)	(988,605)	(1,412,325)
Federal grant anticipation notes (1)	(1,134,797)	(997,467)	(691,398)	(628,290)	(449,100)	(539,390)
Assumed county debt	(300)	(225)	(150)	(75)	-	-
MBTA forward funding	(231,000)	(165,559)	(45,907)	(207)	(207)	(207)
Transportation Infrastructure Fund School Building Assistance (SBA)	(1,401,581)	(1,243,250)	(1,362,894)	(1,345,406)	(1,303,013)	(1,200,151)
	<u>(921,751)</u>	<u>(894,502)</u>	<u>(841,841)</u>	<u>(811,088)</u>	<u>(764,338)</u>	<u>(723,917)</u>
Outstanding direct debt, net proceeds/principal (2)	<u>\$14,691,332</u>	<u>\$15,578,692</u>	<u>\$16,569,617</u>	<u>\$17,104,393</u>	<u>\$17,072,681</u>	<u>\$17,217,771</u>
Statutory Debt Limit	<b><u>\$16,365,011</u></b>	<b><u>\$17,183,261</u></b>	<b><u>\$18,042,424</u></b>	<b><u>\$18,944,152</u></b>	<b><u>\$17,923,500</u></b>	<b><u>\$18,819,675</u></b>

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 2009 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) For fiscal 2009 through fiscal 2013, amounts are as of June 30; fiscal 2014 amounts are as of February 28, 2014.

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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, 2014.

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 2/28/2014	Counterparty
<i>General Obligation Bonds:</i>								
Series 1997B (refunding)	\$54,075	VRDB	4.659%	Cost of Funds	8/12/1997	August 1, 2015	\$(2,245,877)	Goldman Sachs Matsui Marine Derivative Products Co., LP
Series 1997B (refunding)	36,050	VRDB	4.659%	SIFMA	9/1/2010	August 1, 2015	(1,475,082)	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	143,838	VRDB	4.174%	60% 1-Month LIBOR + 25 basis points	11/17/2008	September 1, 2016	(6,987,926)	Deutsche Bank AG
Series 1998A (refunding)	60,775	VRDB	4.174%	Cost of Funds	9/17/1998	September 1, 2016	(3,151,612)	Wells Fargo Bank
Series 2001B & C	487,095	VRDB	4.150%	Cost of Funds	2/20/2001	January 1, 2021	(65,090,534)	Morgan Stanley Capital Services
Series 2003B	45,765	CPI	4.500%	CPI-based formula	3/12/2003	December 1, 2014	(518,356)	Goldman Sachs Matsui Marine Derivative Products Co., LP
Series 2011A, 2012A, 2013A, 2014A & 2014B (refunding)	513,680	SIFMA	3.555% - 4.004%	SIFMA	3/15/2005	February 1, 2028	(70,239,791)	Wells Fargo Bank
Series 2006C (refunding)	100,000	CPI	3.73% - 3.85%	CPI-based formula	1/1/2007	November 1, 2020	(4,860,996)	Wells Fargo Bank

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 2/28/2014	Counterparty
Series 2007A	\$400,000	LIBOR	4.420%	67% 3-Month LIBOR + 0.57%	10/8/2008	May 1, 2037	\$(37,000,571)	Barclays Bank PLC
Series 2007A (refunding)	31,665	LIBOR	3.936%	67% 3-Month LIBOR + 0.46%	10/8/2008	November 1, 2020	(4,238,107)	Deutsche Bank AG
Series 2007A (refunding)	414,130	LIBOR	4.083%	67% 3-Month LIBOR + 0.55%	10/8/2008	November 1, 2025	(62,153,492)	Bank of NY Mellon
Series 2000A	105,417	VRDB	3.942%	SIFMA - 3 basis points	8/16/2007	August 1, 2018	(9,913,944)	Merrill Lynch Capital Services
Series 2000A	53,108	VRDB	3.942%	SIFMA - 3 basis points	8/16/2007	August 1, 2018	(5,009,388)	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	(79,453,598)	Barclays Bank PLC
<b>Subtotal</b>	<b>\$2,739,598</b>						<b>\$(352,339,273)</b>	
<i>Special Obligation Dedicated Tax Revenue Bonds</i>								
Series 2004 (Convention Ctr)	28,863	CPI	4.45% - 5.25%	CPI-based formula	6/29/2004	January 1, 2018	(1,185,185)	Goldman Sachs Capital Markets
Series 2004 (Convention Ctr)	28,864	CPI	4.45% - 5.25%	CPI-based formula	6/29/2004	January 1, 2018	(1,171,625)	JP Morgan formerly Bear Stearns
Series 2004 (Convention Ctr)	28,863	CPI	4.45% - 5.25%	CPI-based formula	6/29/2004	January 1, 2018	(1,171,729)	JPMorgan Chase Bank
Series 2005A (Gas Tax)	96,490	CPI	4.771% - 5.059%	CPI-based formula	1/12/2005	June 1, 2022	(5,607,956)	Merrill Lynch Capital Services
<b>Subtotal</b>	<b>\$183,080</b>						<b>\$(9,136,495)</b>	
<b>Total</b>	<b>\$2,922,678</b>						<b>\$(361,475,768)</b>	

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, 2014.

<u>Variable Rate Bonds</u>	<u>Outstanding Principal Amount (in thousands)</u>	<u>Bank</u>	<u>Termination Date</u>
1997 Series B (Refunding)	\$90,125	TD Bank	8/10/2015
2000 Series A	200,000	Bank of America	12/23/2014
2000 Series B	75,590	US Bank	5/22/2015
2001 Series C (Refunding)	243,550	State Street Bank	4/22/2014 <sup>(1)</sup>
2006 Series A	150,000	Wells Fargo Bank	8/15/2014

SOURCE: Office of the Treasurer and Receiver General.

(1) The Commonwealth has selected State Street Bank pursuant to a request for responses to provide a new standby bond purchase agreement for its 2001 Series C (Refunding) Bonds.