

The Commonwealth of Massachusetts
Annual Financial Information
Special Obligation Revenue Bonds

March 23, 2018

The following annual financial information is provided by The Commonwealth of Massachusetts (the “Commonwealth”) pursuant to certain continuing disclosure undertakings entered into by the Commonwealth in connection with the Commonwealth’s issuance of special obligation revenue bonds. Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2017, updating the financial information presented in the Commonwealth’s statement of annual financial information for special obligation debt dated March 21, 2017 with respect to the fiscal year ended June 30, 2016. Specific reference is made to the Official Statement dated December 22, 2004 relating to the Commonwealth’s Special Obligation Revenue Bonds, Consolidated Loan of 2005, Series A (the “Official Statement”), a copy of which has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement.

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

Questions regarding information contained in this statement may be directed to Sue Perez, Deputy Treasurer, Office of the Treasurer and Receiver-General, 3 Center Plaza, Suite 430, 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 of actual gasoline sales on a ten-year comparative basis, concluding with the prior fiscal year.

HISTORICAL GASOLINE SALES

<u>Fiscal Year</u>	<u>Average Price of Gasoline</u> ⁽¹⁾	<u>Gasoline Consumed (millions of gallons)</u> ⁽²⁾	<u>Percentage Change in Gasoline Consumed</u>	<u>Non-Farm Employment (thousands)</u> ⁽³⁾	<u>Percentage Change in Non-Farm Employment</u>
2017	\$2.347	2,796	0.53%	3,592	1.66%
2016	2.282	2,781	1.54	3,533	1.88
2015	2.925	2,739	0.24	3,468	2.12
2014	3.613	2,733	0.45	3,396	1.72
2013	3.684	2,721	(1.84)	3,339	1.56
2012	3.652	2,772	0.19	3,287	1.55
2011	3.204	2,766	0.58	3,237	1.03
2010	2.694	2,750	(0.31)	3,204	(1.93)
2009	2.577	2,759	(2.84)	3,267	(1.60)
2008	3.147	2,839	0.08	3,321	0.99

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

- (1) Reflects the Average Price of Gasoline in all of Massachusetts.
- (2) Based on Historical Gasoline Tax Collections pursuant to Chapter 64A, *except* Aviation Fuel. See the Official Statement under *Commonwealth Motor Fuels Tax - Refunds and Abatements from Gasoline Tax*.
- (3) Seasonally adjusted. Calculated as fiscal year average of monthly employment. Historical employment figures have recently been revised by the U.S. Bureau of Labor Statistics by a re-benchmarking process which the Bureau goes through periodically.

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

Historical Annual Collection of Gasoline Tax

Fiscal Year	Average Gasoline Tax Rate ⁽¹⁾	Gasoline Tax Receipts (in thousands) ⁽²⁾	Percentage Change in Gasoline Tax Receipts	One Cent of Gasoline Tax (in thousands)	Percentage Change in One Cent of Gasoline Tax
2017	\$0.24	\$671,100	0.53%	\$27,962	0.53%
2016	0.24	667,540	1.54	27,814	1.54
2015	0.24	657,431	2.46	27,393	0.24
2014	0.24	641,664	12.31	27,328	0.45
2013	0.21	571,334	(1.84)	27,206	(1.84)
2012	0.21	582,021	0.19	27,715	0.19
2011	0.21	580,902	0.58	27,662	0.58
2010	0.21	577,542	(0.31)	27,502	(0.31)
2009	0.21	579,320	(2.84)	27,587	(2.84)
2008	0.21	596,274	0.08	28,394	0.08

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

- (1) The tax rate per gallon has been 24¢ effective July 31, 2013.
- (2) Includes all Gasoline Tax collected by the Commonwealth and credited to various budgeted funds, *except* Aviation Gasoline and Special Fuel (Diesel). See the Official Statement under *Commonwealth Gasoline Tax — Crediting of Receipts*. Net of refunds and abatements from Gasoline Tax. See the Official Statement under *Commonwealth Gasoline Tax — Refunds and Abatements from Gasoline Tax*.

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

**Historical Monthly Collection of Gasoline Tax
Most Recent 24 Months Ending June 2017**

<u>Month</u>	<u>Gasoline Tax Receipts (in thousands)⁽¹⁾</u>	<u>One Cent of Gasoline Tax (in thousands)</u>
July, 2015	56,608	2,359
August, 2015	58,554	2,440
September, 2015	58,604	2,442
October, 2015	55,720	2,322
November, 2015	57,578	2,399
December, 2015	50,446	2,102
January, 2016	60,065	2,503
February, 2016	53,203	2,217
March, 2016	49,553	2,065
April, 2016	55,165	2,299
May, 2016	54,166	2,257
June, 2016	57,878	2,412
July, 2016	58,413	2,434
August, 2016	59,053	2,461
September, 2016	59,398	2,475
October, 2016	56,545	2,356
November, 2016	56,912	2,371
December, 2016	55,555	2,315
January, 2017	58,453	2,436
February, 2017	51,827	2,159
March, 2017	48,052	2,002
April, 2017	55,143	2,298
May, 2017	53,818	2,242
June, 2017	57,928	2,414

SOURCE: Department of Revenue

(1) Net of refunds and abatelements from Gasoline Tax. See the Official Statement under *Commonwealth Gasoline Tax — Refunds and Abatelements from Gasoline Tax*.

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

GROSS DEBT SERVICE REQUIREMENTS⁽²⁾

Fiscal <u>Year</u>	2005 Bonds <u>Principal</u>	2005 Bonds <u>Interest</u>	2005 Bonds <u>Total</u>
2018	\$23,040,000	\$6,785,319	\$29,825,319
2019	24,300,000	5,518,119	29,818,119
2020	25,640,000	4,181,619	29,821,619
2021	26,905,000	2,915,772	29,820,772
2022	<u>28,385,000</u>	<u>1,435,997</u>	<u>29,820,997</u>
Total ⁽¹⁾	\$128,270,000	\$20,836,826	\$149,106,826

SOURCE: Office of the Treasurer and Receiver-General.

- (1) Totals may not add due to rounding.
- (2) Including debt service payments expected to be funded by reserve fund earnings and amounts in the escrow accounts established in connection with the issuance of the 2005 Bonds but excluding debt service payments on refunded bonds. Assumes that the CPI Bonds bear interest at the Hedged Rates. See the Official Statement under *The 2005 Bonds - Plan of Refunding and Authorization, Security and Sources of Payment for the Bonds - Hedge Agreement*.

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

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

<u>Fiscal Year</u>	<u>Gasoline Taxes ⁽³⁾</u>	<u>Other Fuel Taxes ⁽⁴⁾</u>	<u>Sales Tax ⁽⁵⁾</u>	<u>Registration and License Fees</u>	<u>Other Non-Tax Revenues</u>	<u>Total</u>
2017	\$670,093	\$98,343	\$548,371	\$590,869	\$98,473	\$2,006,149
2016	666,819	98,732	535,766	580,426	111,612	1,993,355
2015	657,078	98,129	510,031	581,686	86,455	1,933,379
2014	642,643	88,868	500,749	533,194	13,545	1,778,999
2013	570,477	80,297	318,097	522,199	57,686	1,548,756
2012 ⁽⁶⁾	581,148	79,953	311,658	508,608	11,794	1,493,162
2011 ⁽⁶⁾	580,031	79,928	302,132	496,034	3,207	1,461,331
2010	576,676	77,107	-	462,953	70,433	1,187,169
2009	546,544	73,983	-	382,596	46,750	1,049,873
2008	498,485	75,560	-	375,636	45,933	995,614

SOURCE: Office of the Comptroller.

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