

The Commonwealth of Massachusetts
Annual Financial Information
Special Obligation Revenue Bonds

March 22, 2016

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, 2015, updating the financial information presented in the Commonwealth’s statement of annual financial information for special obligation debt dated March 27, 2015 with respect to the fiscal year ended June 30, 2014. 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, Assistant 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

Fiscal Year	Average Price of Gasoline ⁽¹⁾	Gasoline Consumed (millions of gallons) ⁽²⁾	Percentage Change in Gasoline Consumed	Non-Farm Employment (thousands) ⁽³⁾	Percentage Change in Non-Farm Employment
2015	\$2.925	2,739	0.24%	3,466	2.07%
2014	3.613	2,733	0.45	3,396	1.71
2013	3.684	2,721	(1.84)	3,339	1.57
2012	3.652	2,772	0.19	3,287	1.53
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	3,320	0.98
2007	2.634	2,837	0.90	3,288	1.19
2006	2.583	2,812	(1.69)	3,249	0.90

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
2015 ⁽³⁾	\$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
2007	0.21	595,786	0.90	28,371	0.90
2006	0.21	590,477	(1.69)	28,118	(1.69)

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*.
- (3) Amounts are unaudited.

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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 2015**

<u>Month</u>	<u>Gasoline Tax Receipts (in thousands)⁽¹⁾</u>	<u>One Cent of Gasoline Tax (in thousands)</u>
July, 2013	\$49,799	\$2,371
August, 2013	49,623	2,363
September, 2013	60,508	2,521
October, 2013	53,735	2,239
November, 2013	56,201	2,342
December, 2013	54,030	2,251
January, 2014	54,942	2,289
February, 2014	51,348	2,445
March, 2014	47,729	2,273
April, 2014	54,059	2,574
May, 2014	52,675	2,508
June, 2014	57,016	2,715
July, 2014	56,306	2,681
August, 2014	57,090	2,719
September, 2014	58,118	2,422
October, 2014	54,400	2,267
November, 2014	56,112	2,338
December, 2014	54,606	2,275
January, 2015	50,941	2,123
February, 2015	57,003	2,375
March, 2015	48,278	2,012
April, 2015	54,257	2,261
May, 2015	52,426	2,184
June, 2015	57,893	2,412

SOURCE: Department of Revenue

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

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

GROSS DEBT SERVICE REQUIREMENTS⁽²⁾

Fiscal Year	Prior Bonds and 2002 Bonds <u>Debt Service</u>	2005 Bonds <u>Principal</u>	2005 Bonds <u>Interest</u>	2005 Bonds <u>Total</u>	Total Debt <u>Service</u>
2016	\$12,063,925	\$28,465,000	\$10,376,899	\$38,841,899	\$50,905,824
2017	--	42,465,000	8,811,324	51,276,324	51,276,324
2018	--	23,040,000	6,785,319	29,825,319	29,825,319
2019	--	24,300,000	5,518,119	29,818,119	29,818,119
2020	--	25,640,000	4,181,619	29,821,619	29,821,619
2021	--	26,905,000	2,915,772	29,820,772	29,820,772
2022	--	<u>28,385,000</u>	<u>1,435,997</u>	<u>29,820,997</u>	<u>29,820,997</u>
Total⁽¹⁾	\$12,063,925	\$199,200,000	\$40,025,049	\$239,225,049	\$251,288,974

SOURCE: Office of the Treasurer and Receiver-General.

- (1) Totals may not add due to rounding.
- (2) Including debt service payments expected to be funded by reserve fund earnings and amounts in the escrow accounts established in connection with the issuance of the 2002 Bonds and 2005 Bonds but excluding debt service payments on refunded bonds. Assumes that the CPI Bonds bear interest at the Hedged Rates. See the Official Statement under *The 2005 Bonds - Plan of Refunding and Authorization, Security and Sources of Payment for the Bonds - Hedge Agreement*.

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

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

<u>Fiscal Year</u>	<u>Gasoline Taxes ⁽³⁾</u>	<u>Other Fuel Taxes ⁽⁴⁾</u>	<u>Sales Tax ⁽⁵⁾</u>	<u>Registration and License Fees</u>	<u>Other Non-Tax Revenues</u>	<u>Total</u>
2015 ⁽⁶⁾	\$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 ⁽⁷⁾	581,148	79,953	311,658	508,608	11,794	1,493,162
2011 ⁽⁷⁾	580,031	79,928	302,132	496,034	3,207	1,461,331
2010	576,676	77,107	-	462,953	70,433	1,187,169
2009	546,544	73,983	-	382,596	46,750	1,049,873
2008	498,485	75,560	-	375,636	45,933	995,614
2007	498,078	79,545	-	374,275	40,003	991,900
2006	493,639	80,785	-	360,566	41,674	976,664

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 abatement 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) Amounts are unaudited.
- (7) 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.