



**THE COMMONWEALTH OF MASSACHUSETTS  
Federal Highway Grant Anticipation Notes  
(Accelerated Bridge Program)**

**ANNUAL FINANCIAL INFORMATION**

March 26, 2021

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 federal highway grant anticipation note program. Set forth below is certain financial information and operating data relating to the Commonwealth for the fiscal year ended June 30, 2020, updating the financial information presented in the Commonwealth’s statement of annual financial information for federal highway grant anticipation notes dated March 24, 2020, with respect to the fiscal year ended June 30, 2019. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statements related to the above-mentioned bonds, copies of which are available on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”).

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 federal highway grant anticipation note program 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 federal grant anticipation notes. 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.

The Commonwealth’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 has been posted to EMMA and is available at <https://emma.msrb.org/P11561619.pdf>. The Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances for the Grant Anticipation Note Trust Fund are available on pages 176 and 180, respectively, of the Comprehensive Annual Financial Report.

The Commonwealth’s Statutory Basis Financial Report for the fiscal year ended June 30, 2020 (SBFR) has also been posted to EMMA and is available at <https://emma.msrb.org/P11451433-P11125176-P11536365.pdf>. The Non-Budgeted Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Statutory Basis for the Grant Anticipation Note Trust Fund is available on page 122 of the SBFR.

**SPECIAL DISCLOSURE REGARDING COVID-19 MATTERS**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state and local governments, as well as private businesses and organizations, have implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals, businesses and organizations have altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The continued spread of COVID-19, the mitigation measures implemented, and these

behavioral adaptations have caused and may continue to cause, severe disruptions in global, national, and local economies, as well as global financial markets, and significant volatility in the U.S. stock and bond markets.

In March 2020, Governor Baker declared a state of emergency in the Commonwealth, and over the following eight weeks Governor Baker's administration undertook a number of mitigation measures in response to COVID-19, including emergency orders closing certain education programs and non-essential businesses, a number of social distancing mandates, travel advisories, and eviction moratoriums, as well as tax relief measures postponing the collection of certain taxes due in fiscal 2020. All of these measures resulted in widespread economic disruption throughout the Commonwealth.

As the ongoing COVID-19 pandemic continues to evolve, Governor Baker's administration has curtailed certain measures while retaining flexibility to address future waves of the pandemic. In May 2020, the Governor announced a four-phase approach to reopening the Commonwealth, indicating that decisions and timing on all phases would be influenced by public health metrics. Between May and October 2020, as public health metrics improved, the phased reopening plan was implemented in steps, and certain mitigation measures were curtailed. By October 2020, the Commonwealth had proceeded to step 2 of Phase III of the plan.

In December 2020, the Commonwealth rolled back its reopening requirements and standards to step 1 of Phase III in response to an increase in new COVID-19 infections and hospitalizations following the Thanksgiving holiday. As a result, indoor capacity across a broad range of sectors was reduced, several workplace restrictions were tightened, and certain businesses were required to close, including indoor performance venues and certain high-contact indoor recreational businesses.

Following the rollback in the reopening plan in December 2020, public health measures have continued to trend in a positive direction, and the Commonwealth continues to report declines in average daily COVID-19 cases and hospitalizations, and increasing rates of vaccination within the Commonwealth. Accordingly, the Administration has taken steps to continue to implement the reopening plan, and on March 18, 2021 the Administration announced the transition to step 1 of the final phase of the plan, effective March 22, 2021. The Administration is continuing to monitor public health data relating to COVID-19 and expects that it will continue to adjust the reopening plan, as needed, to control the spread of COVID-19 within the Commonwealth.

The COVID-19 pandemic has adversely impacted the Commonwealth's economy in a number of ways. Many businesses have experienced and may continue to experience decreases in operations and revenues. Due to the temporary closure of non-essential business and the stay-at-home advisory, there was a significant reduction in traffic volume, resulting in a reduction in motor fuel excise tax receipts by the Commonwealth, which reduction is expected to continue as many people continue to work from home. These impacts to date have adversely impacted certain revenues of the Commonwealth, including registry of motor vehicle revenues. The extent of these and other impacts will depend on future developments, including the extent to which businesses that have completely or partially closed will reopen, and the extent to which modifications in operations implemented by businesses and organizations during the pandemic, including allowing employees to work from home, will continue after the state of emergency in the Commonwealth is lifted. At this time, the Commonwealth cannot predict whether additional measures will be needed to control the spread of COVID-19 or the duration of any such measures. The continued and ultimate impact of the COVID-19 pandemic on the economy and the financial condition of the Commonwealth remains unknown and is dependent on numerous and highly uncertain factors, many of which are beyond the Commonwealth's control.

Questions regarding information contained in this statement may be directed to Sue Perez, Deputy Treasurer, Office of the Treasurer and Receiver-General, One Center Plaza, Suite 430, Boston, Massachusetts 02108, telephone (617) 367-9333, or to Mark Attia, Assistant Secretary, Executive Office for Administration and Finance, State House, Room 373, Boston, Massachusetts 02133, telephone (617) 727-2040.

*[Remainder of page intentionally left blank]*

**Actual CTF Pledged Funds and Net CTF Pledged Funds as of end of prior Commonwealth Fiscal Year.**

**Historical CTF Pledged Funds**

<b>State Fiscal Year Ending June 30</b>	<b>CTF Pledged Funds<sup>(1)(2)</sup></b>	<b>Less: Debt Service on 1994 Trust Agreement Bonds</b>	<b>Less: Debt Service on CTF Obligations</b>	<b>Net CTF Pledged Funds<sup>(3)</sup></b>
2020	\$1,275,859,697	\$29,821,619	\$184,360,754	\$1,061,677,324
2019	1,402,170,515	29,818,119	176,188,996	1,196,163,400
2018	1,391,800,275	29,825,319	149,967,624	1,212,007,332
2017	1,378,010,858	51,276,324	102,029,000	1,224,705,534
2016	1,356,751,027	50,905,824	96,199,716	1,209,645,487
2015	1,347,462,538	52,224,674	81,054,021	1,214,183,843
2014	1,275,261,340	52,227,574	69,920,976	1,153,112,790
2013	1,183,756,257	58,921,684	58,108,497	1,066,726,076
2012	1,181,098,731	58,938,599	32,623,280	1,089,536,852

SOURCE: CTF Pledged Funds column, Office of the Comptroller; all other columns Office of the Treasurer and Receiver-General

- (1) For Fiscal 2012 and 2013, consists of: (i) 20.9685¢ per gallon of 21¢ per gallon Gasoline Tax then in effect, (ii) 100% of the remaining Motor Fuels Tax, (iii) Registry Fees expected to be credited to the Commonwealth Transportation Fund pursuant to Section 34(iii) of Chapter 90, and (iv) Direct Payments relating to the 2010 CTF Bonds issued as Build America Bonds. For Fiscal 2014-2016, consists of (i) 23.964¢ per gallon of the 24¢ per gallon Gasoline Tax, (ii) 100% of the remaining Motor Fuels Tax, (iii) Registry Fees expected to be credited to the CTF pursuant to Section 34(iii) of Chapter 90 and (iv) Direct Payments relating to the 2010 CTF Bonds issued as Build America Bonds.
- (2) Fiscal 2012 does not include \$1 million and \$2 million, respectively, of the Registry Fees which represented civil motor infraction fees collected in such fiscal years and transferred to the CTF in fiscal 2013.
- (3) Calculation may not tie out to other columns due to rounding.

**Aggregate annual fiscal year debt service requirements for the Notes issued under the Trust Agreement, beginning with the current Commonwealth Fiscal Year.**

**DEBT SERVICE REQUIREMENTS**

The following table sets forth the debt service requirements on the Notes issued under the Trust Agreement dated December 1, 2010, as amended and supplemented.

<b><u>State FY Ending June 30</u></b>	<b><u>Aggregate Debt Service on Trust Agreement Notes (1)</u></b>
2021	\$ 112,350,671
2022	112,351,844
2023	112,349,970
2024	111,475,000
2025	111,474,500
2026	134,975,250
2027	140,301,000

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SOURCE: Office of the Treasurer and Receiver-General

(1) Debt service on Trust Agreement Notes does not reflect receipt of Direct Payments.

Summary presentation of Obligation Authority (“OA”) made available to the Commonwealth and the amount of OA actually obligated by the Commonwealth on a ten-year comparative basis, concluding with the prior Federal Fiscal Year.

**THE COMMONWEALTH OF MASSACHUSETTS  
HISTORY OF OA AND ACTUAL OBLIGATIONS  
(in millions)**

Federal Fiscal Year	Formula OA <sup>(1)</sup>	Non-Formula OA <sup>(2)</sup>	Total OA	Actual Obligations
2011	641.9	36.1	678.0	653.1
2012	585.7	24.3	610.0	597.5
2013	619.0	9.0	628.0	606.5
2014	617.9	4.0	621.9	621.9
2015	590.4	2.8	593.1	593.1
2016	602.1	8.7	610.8	631.4
2017	602.4	12.7	615.1	627.7
2018	597.7	17.7	615.4	615.4
2019	594.4	22.8	617.2	646.4
2020	662.4	71.0	733.4	684.8

SOURCE: Massachusetts Department of Transportation – Federal Aid Program and Reimbursement Office. (MassDOT FAPRO)

- (1) Includes amounts attributable to Redistribution.
- (2) Includes amounts attributable to Minimum Guarantee and High Priority Funds.

**Summary presentation of apportionments received by the Commonwealth on a six-year comparative basis, concluding with the prior Federal Fiscal Year.**

*SAFETEA-LU* and MAP-21. Funding under SAFETEA-LU expired in federal fiscal 2012, replaced by MAP-21. Funding under MAP-21 expired in December 2015, with the enactment of the FAST Act. Total apportionments under SAFETEA-LU (federal fiscal years 2005-2012) and MAP-21 (federal fiscal years 2013-2015), in each case, not including any future redistribution funds, can be found under the heading “COMMONWEALTH PARTICIPATION IN THE FEDERAL-AID HIGHWAY PROGRAM – Funding History” in the most recent Official Statement for The Commonwealth of Massachusetts Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), available at <https://emma.msrb.org/ER1270759-ER992058-ER1394760.pdf>.

The following table sets forth the total apportionment that Massachusetts received under MAP-21 for federal fiscal year 2015, not including any future redistribution funds:

**MAP-21 Apportionments  
(in millions)**

Federal Fiscal Year	2015
Apportionments-Formula	\$597.4
DEMO/Other Allocations	\$0.6
Total Funding	\$598.0

SOURCE: MassDOT FAPRO.

*The FAST Act.* The following table sets forth the total apportionment that Massachusetts received for federal fiscal years 2016-2020, not including any future redistribution funds:

**FAST Act Apportionments  
(in millions)**

FFY	2016	2017	2018	2019	2020
Apportionments-Formula	\$617.0	\$602.4	\$648.2	\$661.7	\$662.4
DEMO/Other Allocations	\$0.3	\$39.9	-	-	\$71.0
Total Funding	\$617.3	\$642.3	\$648.2	\$661.7	\$733.4

SOURCE: MassDOT FAPRO.