

The Commonwealth of Massachusetts
Annual Financial Information

Federal Highway Grant Anticipation Notes
(Accelerated Bridge Program), 2010 Series A
(Accelerated Bridge Program), 2013 Series A
(Accelerated Bridge Program), 2014 Series A
(Accelerated Bridge Program), 2016 Series A
(Accelerated Bridge Program), 2017 Series A

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 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, 2017, updating the financial information presented in the Commonwealth’s statement of annual financial information for special obligation refunding notes and federal highway grant anticipation notes dated March 21, 2017, with respect to the fiscal year ended June 30, 2016. Specific reference is also made to the Official Statement dated December 14, 2010 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2010 Series A (the “2010 Accelerated Bridge Program Official Statement”), to the Official Statement dated November 6, 2013 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2013 Series A (the “2013 Accelerated Bridge Program Official Statement”), to the Official Statement dated December 4, 2014 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2014 Series A (the “2014 Accelerated Bridge Program Official Statement”), to the Official Statement dated September 29, 2016 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2016 Series A (the “2016 Accelerated Bridge Program Official Statement”), and to the Official Statement dated November 1, 2017 relating to the Commonwealth’s Federal Highway Grant Anticipation Notes (Accelerated Bridge Program), 2017 Series A (the “2017 Accelerated Bridge Program Official Statement”), copies of which have 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 respective Official Statements.

The Commonwealth previously issued certain Special Obligation Notes under the Senior Federal Highway Grant Anticipation Note Program. No such Senior Federal Highway Notes remain outstanding and the lien of the Senior Federal Highway Trust Agreement is closed, so the issuance of additional Senior Federal Highway Notes by the Commonwealth is not permitted. Therefore, no financial information relating to the Senior Federal Highway Notes is included herein.

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.

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. Actual CTF Pledged Funds and Net CTF Pledged Funds as of end of prior Commonwealth Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement, the 2014 Accelerated Bridge Program Official Statement, the 2016 Accelerated Bridge Program Official Statement, and the 2017 Accelerated Bridge Program Official Statement.

State Fiscal Year Ending June 30	CTF Pledged Funds ⁽¹⁾⁽²⁾⁽³⁾	Less: Debt Service on 1994 Trust Agreement Bonds	Less: Debt Service on Senior CTF Obligations	Net CTF Pledged Funds ⁽⁴⁾
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
2011	1,160,621,257	58,931,902	14,317,995	1,087,371,360

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

- (1) Fiscal 2011- 2013, consists of: (i) 20.9685¢ of the Gasoline Tax then in effect under Chapter 64A, (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 2010 CTF Bonds issued as Build America Bonds.
- (2) Fiscal 2014, consists of: (i) 23.9685¢ of the Gasoline Tax imposed under Chapter 64A, (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 2010 CTF Bonds issued as Build America Bonds. Fiscal 2014 amounts reflect the reductions to Direct Payments in fiscal 2014-2015 due to federal sequestration.
- (3) Fiscal 2011 and 2012 do 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. See *Commonwealth Registry Fees - Crediting of Receipts*.
- (4) Calculation may not tie out to other columns due to rounding.

2. Aggregate annual fiscal year debt service requirements for the Notes issued under the Trust Agreement, beginning with the current Commonwealth Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement, the 2014 Accelerated Bridge Program Official Statement, the 2016 Accelerated Bridge Program Official Statement, and the 2017 Accelerated Bridge Program Official Statement.

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 (the “Notes”).

State FY Ending June 30	Aggregate Debt Service on Trust Agreement Notes (1)
2018	\$ 85,286,211
2019	100,462,153
2020	100,462,299
2021	109,675,671
2022	109,676,844
2023	106,674,970
2024	108,800,000
2025	108,799,500
2026	108,800,250
2027	108,801,000

SOURCE: Office of the Treasurer and Receiver-General

(1) Includes the 2010A Notes (not including Direct Payments), the 2013A Notes, the 2014A Notes, the 2016A Notes and the 2017A Notes.

3. Summary presentation of Obligation Authority made available to the Commonwealth and the amount of Obligation Authority actually obligated by the Commonwealth on a ten-year comparative basis, concluding with the prior Federal Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement, the 2014 Accelerated Bridge Program Official Statement, the 2016 Accelerated Bridge Program Official Statement, and the 2017 Accelerated Bridge Program Official Statement.

The Commonwealth of Massachusetts
History of Obligation Authority (“OA”) and Actual Obligations
(in millions)

Federal Fiscal Year	Formula OA	Non-Formula OA ⁽¹⁾	Total OA	Actual Obligations
2008	\$548.1	\$75.2	\$623.3	\$590.0
2009	569.4	527.7 ⁽²⁾	1,097.1 ⁽²⁾	883.2
2010	625.1	29.9	655.0	813.4
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	595.8	6.7	602.5	615.1
Average	599.5	28.7 ⁽³⁾	628.2 ⁽³⁾	660.5

SOURCES: Massachusetts Department of Transportation- Federal Aid Program and Reimbursement Office (FAPRO).

(1) Includes amounts attributable to Redistribution, Minimum Guarantee, High Priority Funds.

(2) Federal Fiscal Year 2009 Non-Formula OA includes \$437.9 million attributable to ARRA.

(3) Average for Non-Formula OA was computed using FFY 2009 figure excluding the \$437.9 million attributable to ARRA.

4. Summary presentation of apportionments received by the Commonwealth on a six-year comparative basis, concluding with the prior Federal Fiscal Year. Pursuant to the 2010 Accelerated Bridge Program Official Statement, the 2013 Accelerated Bridge Program Official Statement, the 2014 Accelerated Bridge Program Official Statement, the 2016 Accelerated Bridge Program Official Statement, and the 2017 Accelerated Bridge Program Official Statement.

**SAFETEA-LU Apportionments
(in millions)**

Federal Fiscal Year	2012
Apportionments-Formula	\$578.0
Minimum Guarantee/ Equity Bonus	\$11.8
High Priority/ DEMO/Other	\$3.8
Total Apportionments	\$593.6

SOURCE: MassDOT FAPRO.

MAP-21. The following table sets forth the total apportionment that Massachusetts received for FFYs 2013, 2014 and 2015, not including any future redistribution funds:

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

Federal Fiscal Year	2013	2014	2015
Apportionments-Formula	\$586.30	\$586.8	\$597.4
DEMO/Other Allocations	\$23.90	\$0.8	\$0.6
Total Funding	\$610.20	\$587.6	\$598.0

SOURCE: MassDOT FAPRO.

The FAST Act. The following table sets forth the total apportionment that Massachusetts received for FFYs 2016 and 2017, and the total apportionments which Massachusetts expects to receive for the period FFY 2018-2021, not including any future redistribution funds:

**FAST Act Apportionments
(in millions)**

Federal Fiscal Year	2016	2017	2018* (estimated)	2019* (estimated)	2020* (estimated)	2021* (estimated)	2022* (estimated)
Apportionments-Formula	\$617.0	\$602.4	\$632.3	\$648.0	\$663.4	\$663.4	\$708.7
DEMO/Other Allocations	\$0.3	\$12.7	\$8.7	\$9.2	\$9.2	\$9.2	-
Total Funding	\$617.3	\$615.1	\$641.0	\$657.2	\$672.6	\$672.6	\$708.7

SOURCE: MassDOT FAPRO.

* Estimated amounts represent the anticipated Federal-Aid Highway Program Apportionments for FFYs 2018, 2019, 2020, 2021 and 2022 before post-apportionment set asides, penalties and sequestration.

GRANT ANTICIPATION NOTE TRUST FUND

Balance Sheet – Statutory Basis (Fiscal Year Ended June 30, 2017)

See Exhibit A attached hereto

Statement of Revenues, Expenditures and Changes in Fund Balance – Statutory Basis (Fiscal Year Ended June 30, 2017)

See Exhibit B attached hereto

EXHIBIT A

Grant Anticipation Note Trust Fund Balance Sheet - Statutory Basis as of June 30, 2017 (amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:					
Cash and short-term investments	\$ 6,656	\$ 2,974	\$ 2,965	\$ 14,389	\$ 14,389
Cash with fiscal agent	83,196	83,634	83,494	204,494	192,482
Due from federal government	<u>78,617</u>	<u>87,791</u>	<u>94,421</u>	<u>80,348</u>	<u>71,351</u>
Total assets	<u>\$ 168,469</u>	<u>\$ 174,399</u>	<u>\$ 180,880</u>	<u>\$ 299,231</u>	<u>\$ 278,222</u>
Liabilities and fund balance:					
Due to other funds	\$ 78,617	\$ 87,791	\$ 94,421	\$ 80,348	\$ 71,351
Total liabilities	<u>\$ 78,617</u>	<u>\$ 87,791</u>	<u>\$ 94,421</u>	<u>\$ 80,348</u>	<u>\$ 71,351</u>
Fund balance:					
Reserved fund balance:					
Reserved for debt service	\$ 83,196	\$ 83,634	\$ 83,494	\$ 204,494	\$ 192,482
Designated for specific purpose	<u>6,656</u>	<u>2,974</u>	<u>2,965</u>	<u>14,389</u>	<u>14,389</u>
Total fund balance/(deficit)	<u>\$ 89,852</u>	<u>\$ 86,608</u>	<u>\$ 218,883</u>	<u>\$ 206,871</u>	<u>\$ 205,055</u>
 Total liabilities and fund balance	 <u>\$ 168,469</u>	 <u>\$ 174,399</u>	 <u>\$ 180,880</u>	 <u>\$ 299,231</u>	 <u>\$ 278,222</u>

SOURCE: Office of the Comptroller

EXHIBIT B

Grant Anticipation Note Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Statutory Basis
as of June 30, 2017
(amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues and Other Financing Sources:					
Revenues:					
Federal grants and reimbursements	\$536,280	\$545,369	\$510,855	\$582,871	\$600,585
Miscellaneous	<u>590</u>	<u>176</u>	<u>807</u>	<u>71</u>	<u>760</u>
Total revenues	<u>\$536,870</u>	<u>\$545,545</u>	<u>\$511,662</u>	<u>\$582,942</u>	<u>\$601,345</u>
Other Financing Sources:					
Operating transfers in	36,046	31,582	32,087	9,773	19,585
Proceeds of refunding bonds	-	-	-	-	-
Bond (premiums)/discounts - special obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,014</u>	<u>-</u>
Total other financing sources	<u>\$36,046</u>	<u>\$31,582</u>	<u>\$32,087</u>	<u>\$28,787</u>	<u>\$19,585</u>
Total revenues and other financing sources	<u>\$572,916</u>	<u>\$577,127</u>	<u>\$543,749</u>	<u>\$611,729</u>	<u>\$620,930</u>
Expenditures and Other Financing Uses:					
Expenditures:					
Treasurer and Receiver-General	184	-	675	9,070	931
Debt service:					
Principal retirement	44,440	42,815	178,390	170,710	161,285
Interest and fiscal charges	<u>35,919</u>	<u>33,234</u>	<u>29,068</u>	<u>15,456</u>	<u>26,876</u>
Total expenditures	<u>\$80,543</u>	<u>\$76,049</u>	<u>\$208,133</u>	<u>\$195,236</u>	<u>\$189,092</u>
Other financing uses:					
Federal reimbursement transfer out	<u>489,130</u>	<u>500,928</u>	<u>468,040</u>	<u>404,481</u>	<u>430,022</u>
Total other financing uses	<u>\$489,130</u>	<u>\$500,928</u>	<u>\$468,040</u>	<u>\$404,481</u>	<u>\$430,022</u>
Total expenditures and other financing uses	<u>\$569,673</u>	<u>\$576,977</u>	<u>\$676,173</u>	<u>\$599,717</u>	<u>\$619,114</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditure and other financing uses	3,243	150	(132,424)	12,012	1,816
Fund balance at the beginning of the year, as restated	<u>86,609</u>	<u>86,459</u>	<u>218,883</u>	<u>\$206,871</u>	<u>\$205,055</u>
Fund balance at the end of the year	<u>\$89,852</u>	<u>\$86,609</u>	<u>\$86,459</u>	<u>\$218,883</u>	<u>\$206,871</u>

SOURCE: Office of the Comptroller