MASSACHUSETTS PORT AUTHORITY

Financial Statements, Required Supplementary Information, and Supplementary Schedules

Years Ended June 30, 2021 and 2020

(With Report of Independent Auditors)

MASSACHUSETTS PORT AUTHORITY

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Report of Independent Auditors

To the Members of the Massachusetts Port Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Massachusetts Port Authority (the Authority), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Massachusetts Port Authority Employee's Retirement System (the "System"), which represents 75% and 74% of total assets and 75% and 75% of fiduciary net position as of June 30, 2021 and 2020, respectively, and 76% and 86% of total additions of the aggregate remaining fund information for the years then ended, respectively. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the System, is based solely on the report of the other auditor. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective position of the business-type activities and the aggregate remaining fund information of the Massachusetts Port Authority as of June 30, 2021 and 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, as of July 1, 2019, the Authority adopted Government Accounting Standards Board Statement No, 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis, the schedule of pension contributions, the schedule of changes in the net pension liability and related ratios, schedule of pension investment returns, schedule of OPEB contributions, schedule of changes in the net OPEB liability and related ratios and schedule of pension investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

September 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the activities and financial performance of the Massachusetts Port Authority (Massport or the Authority) provides an introduction to the financial statements of the Authority for the fiscal years ended June 30, 2021 and 2020. This discussion was prepared by management, and it should be read in conjunction with the audited financial statements and notes that follow this section.

Overview of the Financial Statements

The Authority's business-type activities financial statements consist of: (1) the Statements of Net Position; (2) the Statements of Revenues, Expenses and Changes in Net Position; and (3) the Statements of Cash Flows. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

The comparative Statements of Net Position depict the Authority's financial position as of a point in time, specifically June 30, 2021, 2020 and 2019, and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The Authority's net position is divided into three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Please see Note 1 in the financial statements attached for a discussion on the Authority's net position.

The Statements of Revenues, Expenses and Changes in Net Position report operating revenues, operating expenses, non-operating revenue and expenses, and other changes in net position. Revenues and expenses are categorized as either operating or non-operating based upon management's policies as established in accordance with definitions set forth by the GASB. Certain sources of the Authority's revenues, including Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), investment income and capital grants are reported as other than operating revenue and their uses are restricted and generally are not available for operating purposes.

The Statements of Cash Flows present information showing how the Authority's cash and cash equivalents changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments resulting from operating activities, capital and related financing activities, and investing activities.

As of July 1, 2019, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (“GASB 84”). The Authority’s defined benefit retirement plan and other post-employment benefits plan are administered through and hold resources in trust for members and beneficiaries of the plans. Those activities are now required to be reported as separate fiduciary funds. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position present financial information about pension and other employee benefit trust activities for which the Authority acts solely as a fiduciary for the benefit of its employees and retirees.

The Notes to the basic financial statements are an integral part of the financial statements. Such disclosures are essential to a full understanding of the information provided in the basic financial statements.

COVID-19 Impact Statement

The outbreak of COVID-19 in March, 2020 and related restrictions had an adverse impact on business activity at Massport that continued into FY21. The pandemic has affected international and domestic travel at the Authority’s airport properties (Boston-Logan International Airport, Worcester Regional Airport and Hanscom Field). While airlines reported an increase in traffic during the spring of 2021 as the number of vaccinated individuals grew, Logan Airport traffic remained at approximately 46% of pre-pandemic levels in the fourth quarter of FY21. For the full year, Logan passenger volume in FY21 was 12.2 million, 59.7% lower than FY20. This significant decrease resulted in lower passenger-related revenue in FY21 such as parking, concessions, and ground transportation. Worcester Regional Airport served 2,185 passengers for the months of July-September 2020, then zero as airlines initially reduced and then suspended operations in light of decreased travel demand. Hanscom Field was not impacted as severely because its operations are mainly comprised of private jets and non-commercial airlines.

The pandemic also impacted the Authority’s port properties. COVID-19 resulted in a 12.7% decline in FY21 container volumes and a reduction in associated revenues. The Centers for Disease Control and Prevention (CDC) issued a No Sail Order effective March 14, 2020 that resulted in the cancellation of all cruises out of Flynn Cruiseport Boston during FY21.

As a result of the above, Massport’s revenues for FY21 were lower than the previous year.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021

- **Total Operating Revenue was $657 million for FY21.**

- Operating revenues of $657 million in FY21 were 20% lower than the prior year due to a decline in business activity caused by COVID-19 and various travel bans. Improved passenger travel at Logan Airport in April through June of 2021 helped drive fourth quarter operating revenues 29% higher than the average of the first three quarters.

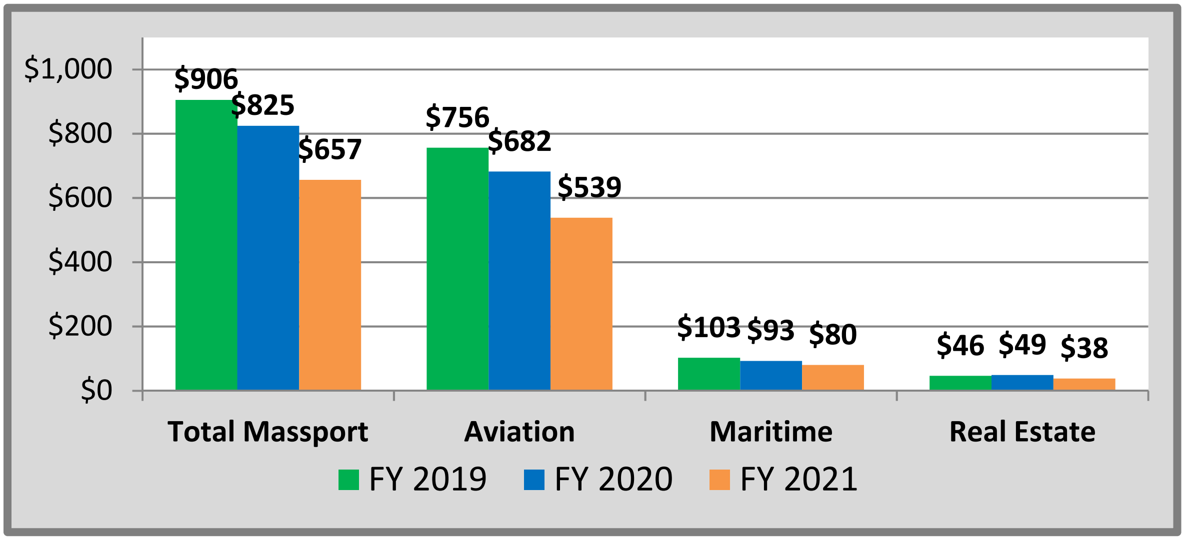
- The Authority pursued strategies to identify new revenue opportunities to mitigate the impact of the pandemic. These included identifying and realizing new revenue streams such as maximizing the Authority's real estate assets, increasing existing fees and/or implementing new ones, potentially selling non-core assets and temporarily repurposing certain facilities to generate additional revenue.

- Aviation revenue in FY21 was $539 million, 21.1% lower than the prior year. The Logan Airport passenger volume of 12.2 million in FY21 represented a 59.7% decrease from FY20 and resulted in a decline in passenger volume-related revenues such as parking and terminal concessions. While revenue for these items was below prior year for the first nine months of FY21, this trend reversed in the fourth quarter of FY21 as passenger volume increased to levels above the prior year as the number of vaccinated individuals grew.

- Maritime revenue of $80 million in FY21 was down 13.9% versus FY20. Conley Terminal had a solid year in light of the pandemic and the associated supply chain disruptions and processed 247,845 TEUs. This was 12.4% lower than FY20, which resulted in $4.3 million less container revenue versus the prior year. As a result of the pandemic, there was no activity at Flynn Cruiseport Boston in FY21, resulting in a $7.6 million reduction in revenues versus the prior year.

- Real Estate revenue of $38 million in FY21 was down by 22.8% versus FY20 mainly due to a one-time transaction rent fee that the Authority was paid in FY20. Parking revenue also declined due to a full fiscal year of the pandemic and the adverse impact this had on business employees, convention attendees, restaurant customers and other consumers of parking in South Boston.

Operating Revenues
($ Millions)



- **Operating Expenses excluding depreciation for FY21 were $404 million, $103 million or 20% lower than FY20.**

- As a result of the pandemic, Massport proactively executed a cost containment plan in March 2020 to reduce operating expenses to mitigate the decline in business activity and associated revenues. This plan continued into FY21, and in November 2020, the Authority's Board approved a FY21 Financial Sustainability Workforce Plan (the "Workforce Plan") intended to reduce the Authority's current labor force and lower operating expenses by approximately $25 million per year. In addition to wage and fringe benefit savings, costs were reduced for shuttle bus services, stevedoring, overtime, materials and supplies, repairs, professional fees, students, temporary workers and interns, travel and other items by as much as 100%.

- Wage and benefit expenses were lower by $11.3 million due primarily to the Workforce Plan that was executed in January 2021. These savings would have been higher if $5.6 million of one-time expenses such as severance and unemployment pay were excluded.

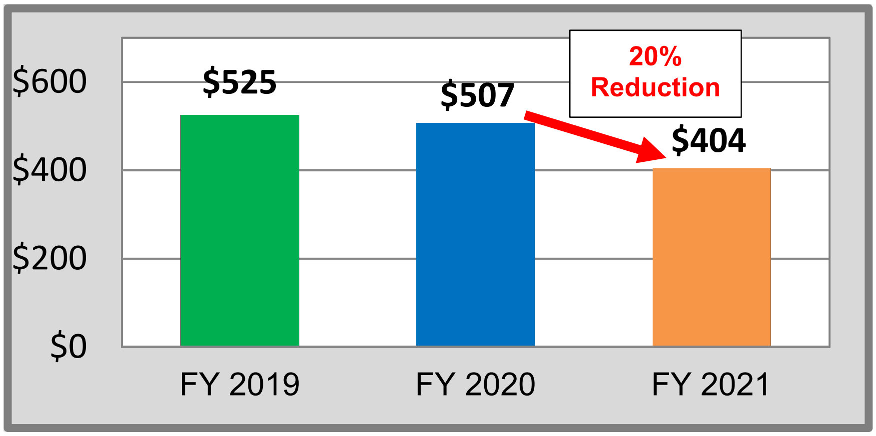
- Overtime expense was down by $12.1 million driven by a combination of decreased business activity and tighter controls over use of overtime.

- Pension and Other Post-Employment Benefits (OPEB) expense decreased by $45.8 million due primarily to favorable net investment returns for both funds for the calendar year ending December 31, 2020.

- Shuttle Bus expense was lower by $9.2 million as the frequency of bus services within Logan Airport was reduced in line with decreased passenger activity.

- Materials and supplies, repairs, and services were lower by $17.8 million as these budgets were all decreased as part of cost containment efforts due to the pandemic.

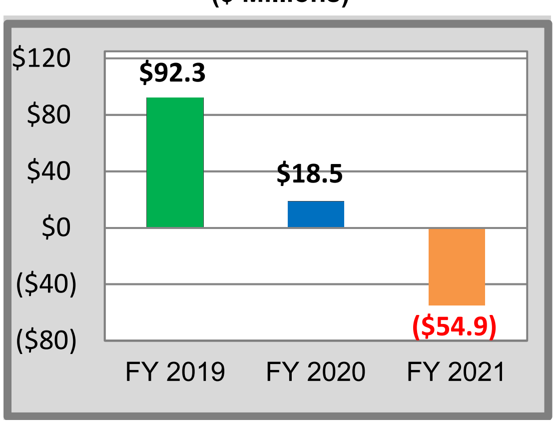
Operating Expenses Excluding Depreciation
($ Millions)



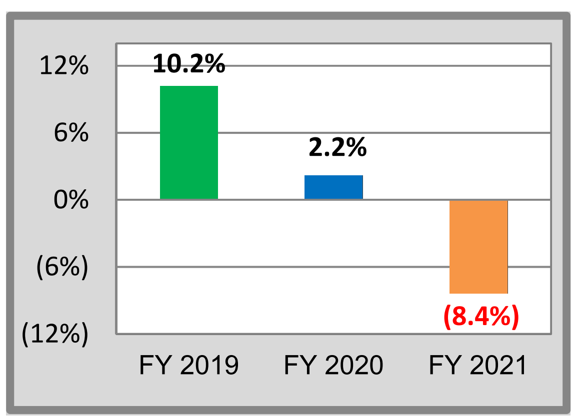
- **Operating Loss for FY21 was $55 million.**

- While the Authority ended the year with an operating deficit of $54.9 million, Logan Airport's improved fourth quarter passenger activity helped mitigate three consecutive quarters of losses. The Authority's fourth quarter operating income of $22.4 million partially offset the previous three quarters cumulative loss of $77.3 million.

Operating Income
($ Millions)



Operating Margin



- **The Authority's Net Position increased by $83 million.**

- Expansion of the Authority's net position, which is primarily comprised of capital assets owned by the Authority, is critical to fund the capital program. The program includes strategic initiatives such as the modernization of Terminal E to accommodate more international flights, redesigning the roadways at Logan Airport to make travel easier for customers, and improvements to Conley Terminal to support the industry trend toward larger 10,000+ TEU container ships.

- The FY21 increase in net position of $83.0 million was due to $76.0 million of non-operating income and $61.9 million of capital grant revenues less $54.9 million of operating losses for the year.

- The $76.0 million of non-operating income includes $121.1 million of federal relief funds, specifically $86.6 million from the CARES (Coronavirus Aid, Relief, and Economic Security) Act and $34.5 million from the CRRSA (Coronavirus Response and Relief Supplemental Appropriations) Act. As of June 30, 2021, the Authority has recognized the entire $143.7 million CARES Act funding and $34.5 million of the $36.9 million CRRSA Act funds. The total federal funding increase of $64.0 million in FY21 versus FY20 was offset by lower investment income due to lower rates and balances and a reduction in PFC and CFC revenues due to the decline in passengers.

Condensed Statement of Revenues, Expenses and Changes in Net Position
($ millions)

	FY 2021	FY 2020	$ Change	% Change
Operating revenues	$ 656.7	$ 824.5	($ 167.8)	(20.4%)
Operating expenses including depreciation and amortization	711.6	806.0	(94.4)	(11.7%)
Operating (loss) income	**(54.9)**	**18.5**	**(73.4)**	**(396.8%)**
Total non-operating revenues (expenses), net	76.0	85.8	(9.8)	(11.4%)
Capital grant revenues	61.9	59.9	2.0	3.3%
Increase (decrease) in net position	**83.0**	**164.2**	**(81.2)**	**(49.5%)**
Net position, beginning of year	2,540.3	2,376.2	164.1	6.9%
Net position, end of year	**$ 2,623.4**	**$ 2,540.3**	**$ 83.1**	**3.3%**

	FY 2020	FY 2019	$ Change	% Change
Operating revenues	$ 824.5	$ 905.5	($ 81.0)	(8.9%)
Operating expenses including depreciation and amortization	806.0	813.2	(7.2)	(0.9%)
Operating income	**18.5**	**92.3**	**(73.8)**	**(80.0%)**
Total non-operating revenues (expenses), net	85.8	91.4	(5.6)	(6.1%)
Capital grant revenues	59.9	28.2	31.7	112.4%
Increase (decrease) in net position	**164.2**	**211.9**	**(47.7)**	**(22.5%)**
Net position, beginning of year	2,376.2	2,164.3	211.9	9.8%
Net position, end of year	**$ 2,540.3**	**$ 2,376.2**	**$ 164.1**	**6.9%**

Column totals may not add due to rounding.

Detailed descriptions of operating revenues and expenses, and non-operating revenues and expenses are described in the following sections.

OPERATING REVENUE

The Authority's operating revenues for FY21 were $656.7 million, down $167.8 million or 20.4% from the prior year. The decline was mainly attributable to decreased business activity at Logan Airport. Business activity across Massport's businesses was weaker than prior year for the first nine months until April 2021 when the impact of the pandemic began to ease.

Operating Revenues
($ millions)

	FY 2021	FY 2020	$ Change	% Change
Aviation Rentals	$ 270.6	$ 275.3	($ 4.7)	(1.7%)
Aviation Parking	58.2	137.0	(78.8)	(57.5%)
Aviation Fees	141.5	139.2	2.3	1.7%
Aviation Concessions	58.4	111.1	(52.7)	(47.4%)
Shuttle Bus	8.1	17.0	(8.9)	(52.4%)
Aviation Operating Grants and Other	1.8	2.8	(1.0)	(35.7%)
Total Aviation Revenues	**$ 538.6**	**$ 682.4**	**($ 143.8)**	**(21.1%)**
Maritime Fees, Rentals and Other	80.1	93.0	(12.9)	(13.9%)
Real Estate Fees, Rentals and Other	38.0	49.2	(11.2)	(22.8%)
Total	**$ 656.7**	**$ 824.5**	**($ 167.8)**	**(20.4%)**

	FY 2020	FY 2019	$ Change	% Change
Aviation Rentals	$ 275.3	$ 267.1	$ 8.2	3.1%
Aviation Parking	137.0	182.1	(45.1)	(24.8%)
Aviation Fees	139.2	153.2	(14.0)	(9.1%)
Aviation Concessions	111.1	130.8	(19.7)	(15.1%)
Shuttle Bus	17.0	21.2	(4.2)	(19.8%)
Aviation Operating Grants and Other	2.8	2.0	0.8	40.0%
Total Aviation Revenues	**$ 682.4**	**$ 756.4**	**($ 74.0)**	**(9.8%)**
Maritime Fees, Rentals and Other	93.0	102.8	(9.8)	(9.5%)
Real Estate Fees, Rentals and Other	49.2	46.3	2.9	6.3%
Total	**$ 824.5**	**$ 905.5**	**($ 81.0)**	**(8.9%)**

AVIATION REVENUES

The Authority's Aviation revenues are derived from its three airport facilities: Logan Airport, Hanscom Field and Worcester Regional Airport.

Aviation Revenues
($ millions)

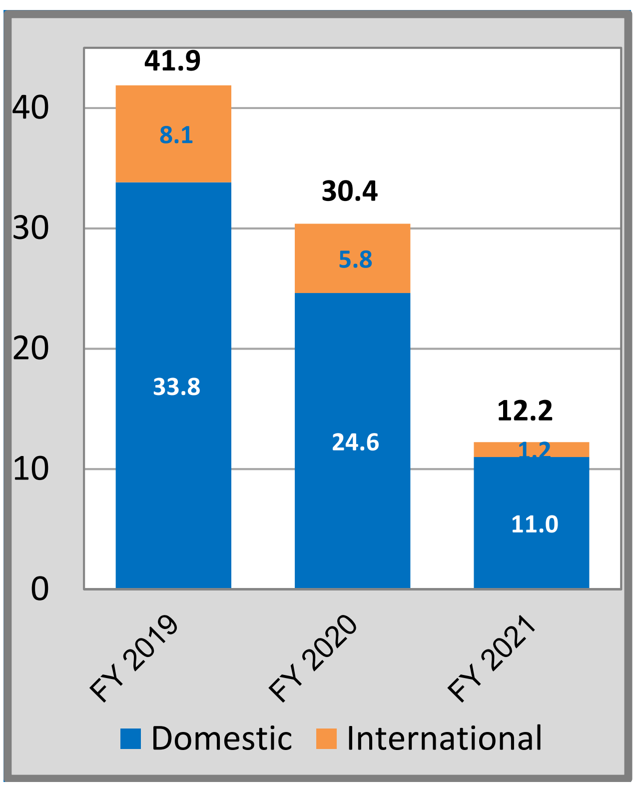
	FY2021	FY2020	FY2019
Logan	$ 522.7	$ 665.4	$ 738.3
Hanscom	14.1	14.6	14.9
Worcester	1.8	2.3	3.2
Total	**$ 538.6**	**$ 682.4**	**$ 756.4**

Logan International Airport

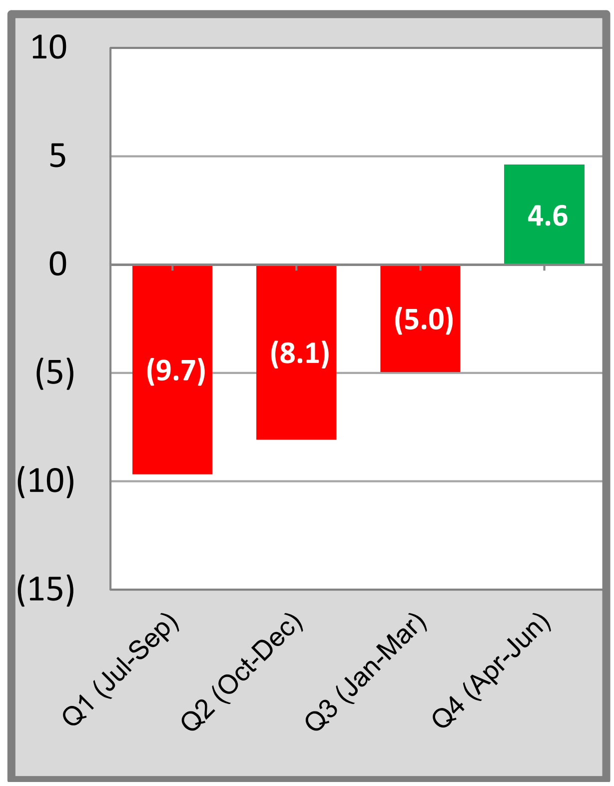
- **12.2 million passengers were served at Logan Airport during FY21.**
- Logan Airport passenger volume in FY21 was 12.2 million, a decline of 59.7% from the 30.4 million passengers in FY20. The airport served 11.0 million domestic passengers (down 55.4% versus FY20) and 1.2 million international passengers (down 78.1% versus prior year).

LOGAN INTERNATIONAL AIRPORT

Passengers Served (Millions)



FY21 versus FY20
Quarterly Passenger Growth (Millions)



- Flight operations in FY21 were down by 45% versus the prior year. Similar to passenger activity, airline flight operations were higher in April through June of 2021 versus the same period in 2020 as airlines increased capacity to meet the rebounding travel demand.

- Even though there were positive trends towards the end of FY21, Logan's ground transportation programs produced lower revenue for the year as a result of fewer passengers using Logan Airport. Parking exit volume for FY21 was 0.6 million, a reduction of 1.1 million exits or 65.7% versus FY20. Logan Express High Occupancy Vehicle (HOV) bus ridership declined by 76% and Ride App pickups and drop-offs were lower by 72% compared to the prior year.

Fiscal Year 2021 Compared to 2020

Logan Airport Revenues

Logan Airport generated $522.7 million of revenues in FY21, a $142.7 million or 21.4% decrease versus the prior year.

Logan Airport Revenues
($ millions)

	FY2021	FY2020	FY2019
Logan Rentals	$ 261.6	$ 266.9	$ 258.6
Logan Parking	58.1	136.4	181.5
Logan Fees	135.5	132.2	145.3
Logan Concessions	57.7	110.2	129.8
Shuttle Bus	8.1	17.0	21.2
Logan Operating Grants and Other	1.7	2.7	1.8
Total	**$ 522.7**	**$ 665.4**	**$ 738.3**

Logan rental revenues are earned through terminal building, non-terminal building and ground lease agreements. Revenue from Logan Airport rentals was $261.6 million, a $5.3 million or 2.0% decrease versus the prior year. Terminal rent, which accounts for 80.0% or $209.3 million of this revenue, declined slightly by $1.8 million. The remaining 20.0% is comprised of non-terminal rent (11.6%) and ground rent (8.4%).

Ground/land rent was lower by $4.0 million primarily due to decreased revenue from the hotels on airport property. The rent payments to Massport by these hotels is related to the revenues they earn, so fewer customers staying at these hotels due to the pandemic resulted in decreased revenue paid to Massport.

Logan parking revenues are generated from the Authority's on-airport and off-airport parking facilities. In FY21, Logan parking revenue was $58.1 million, down 57.4% from the $136.4 million earned in FY20, in line with the decrease in passenger activity at Logan. Revenue from on-airport facilities was $56.1 million, down $74.9 million or 57.2% as parking exits declined by 65.7% versus prior year from decreased passenger activity. Parking revenue from the off-airport Logan Express locations was $2.0 million, down $3.5 million as the number of Logan Express riders was 75.9% lower.

Logan fee revenues consist of revenues earned from aircraft landing fees, utility reimbursements, and aircraft parking and fueling. During FY21, Logan Airport aviation fees were $135.5 million, a $3.3 million or 2.5% increase versus prior year. Logan Airport aircraft landing fees, which account for 90.5% of Logan aviation fees, were higher by $12.1 million versus FY20 due to a higher rate. Landing fees are collected from scheduled and non-scheduled airlines based on the landed weight of aircraft serving Logan Airport. The landing fee rate is determined annually based on full cost recovery of landing field costs necessary to operate and maintain the airfield for the Authority's airline customers. Utility and other fees were lower in FY21 by $8.8 million primarily as a result of a $1.7 million decline in utility reimbursement fees, a $0.8 million decline in aircraft parking fees, a $0.6 million decline in fees for fuel flowage, a $0.6 million decline for security badging and fingerprinting fees, a $0.5 million decrease in reimbursement fees for security details and a decline of $4.6 million in miscellaneous other items.

Logan Airport Aviation Fees
($ millions)

	FY2021	FY2020	FY2019
Landing Fees	$ 122.6	$ 110.5	$ 119.8
Utilities	9.3	11.0	13.6
Other	3.6	10.8	11.8
Total	**$ 135.5**	**$ 132.2**	**$ 145.3**

Logan concessions revenues are earned from airport terminal retail operations, on-airport car rental transactions, and the activities of ground transportation and other service providers including taxis, bus, limousine, Ride Apps (Transportation Network Companies), aircraft ground handling, and in-flight catering. In FY21, Logan Airport earned $57.7 million from concessions versus $110.2 million in FY20, a decrease of $52.5 million or 47.6% as a result of fewer passengers.

Revenues from in-terminal concessions totaled $12.2 million, a decrease of $34.4 million or 73.8% compared to the prior year. Food and beverage, news and gifts, and duty free revenue were all down due to lower passenger volume in the terminals. Rental car revenue of $25.6 million was down by $4.4 million, or 14.7% due to negotiated minimum annual rent guarantees. Revenues from ground transportation and other of $19.9 million was down by $13.7 million versus prior year primarily due to fewer passengers taking ride apps, taxis, and buses to/from the Airport.

Logan Airport Concession Fees
($ millions)

	FY2021	FY2020	FY2019
In-Terminal	$ 12.2	$ 46.6	$ 56.0
Rental Car	25.6	30.0	35.3
Ground Transportation & Other	19.9	33.6	38.5
Total	**$ 57.7**	**$ 110.2**	**$ 129.8**

Shuttle bus and other revenues are primarily the result of an on-airport shuttle that links the terminal buildings, rental car center, parking garages and the MBTA Blue Line station, as well as the bus operations from four off-airport Logan Express sites in the Boston metropolitan region and Boston's Back Bay area. The Authority earned $8.1 million of revenue from the Logan Airport shuttle bus operations, a decline of $8.9 million from the prior year. Revenue from the on-airport shuttle bus of $4.0 million was down by $2.3 million. Logan Express ticket revenue of $2.3 million was down by $5.8 million due to a 75.9% drop in riders as service was reduced or suspended to adjust to decreased passenger demand. The remaining $1.8 million of revenue earned in FY21 was due to an agreement with the MBTA for Silver Line bus service to/from Logan Airport and from an employee shuttle bus operation.

During FY21, Logan Airport received $1.7 million in other revenues from federal other transaction agreements.

Logan Airport Shuttle Bus and Other Revenues
($ millions)

	FY2021	FY2020	FY2019
Shuttle Bus	$ 8.1	$ 17.0	$ 21.2
Other	1.7	2.7	1.8
Total	**$ 9.8**	**$ 19.7**	**$ 23.0**

Worcester Regional Airport and Hanscom Field

- During FY20, Worcester was served by three major airlines: American Airlines, Delta and JetBlue. The revitalization plan for this strategic transportation asset was progressing as planned with cumulative passengers at the Airport exceeding 850,000 passengers since 2013.

- In the fourth quarter of FY20, many airlines petitioned the U.S. Department of Transportation (US DOT) to reduce service at certain airports including Worcester. The US DOT granted Worcester service exemptions to JetBlue and American Airlines. By the end of June 2020, JetBlue suspended flights to Orlando, Ft. Lauderdale, and its New York (JFK) hub and American Airlines suspended flights to its Philadelphia hub. Delta continued to provide service to its Detroit hub until October 2020.

- Although Worcester did not serve any commercial airline passengers during much of FY21, there is still a strong interest in this market. JetBlue resumed service between Worcester and its New York (JFK) hub on August 19, 2021, once again enabling access to many cities across the United States for air passengers in Central Massachusetts, and also opening access to international destinations such as London, which JetBlue began serving from JFK on August 11, 2021. JetBlue also announced plans to resume service to Fort Lauderdale in October 2021. Delta and American have announced plans to resume service from Worcester in November 2021.

- Hanscom Field was not impacted as much by the pandemic with corporate jet activity declining only slightly.

Worcester Regional Airport and Hanscom Field Revenues

Worcester Regional Airport generated $1.8 million in operating revenues in FY21, down $0.5 million due to lower commercial parking, fuel flowage and commission revenue. Hanscom Field revenues were $14.1 million in FY21, down by $0.5 million or 3.4% from the prior year. The decrease was primarily due to lower aircraft parking, customs-related and commission revenues, partially offset by higher non-terminal rent revenue.

Worcester and Hanscom Revenues
($ millions)

	FY2021	FY2020	FY2019
Hanscom	$ 14.1	$ 14.6	$ 14.9
Worcester	1.8	2.3	3.2
Total	**$ 15.9**	**$ 16.9**	**$ 18.1**

Fiscal Year 2020 Compared to 2019

The Authority's airports generated $682.4 million of Aviation revenues during FY20, which was $74.0 million or 9.8% lower than the prior year.

Logan Airport generated $665.4 million in revenues in FY20, a $72.9 million or 9.9% decrease versus FY19. Revenue from Logan Airport rentals was $266.9 million, an $8.3 million or 3.2% increase versus the prior year driven primarily by the recovery of terminal operating and capital costs from the airlines in the form of higher terminal rental rates. Logan parking revenue was $136.4 million, down $45.1 million, or 24.8% versus the prior year due to fewer passengers traveling during the pandemic. Logan Airport aviation fees were $132.2 million, a $13.1 million or 9.0% decrease versus prior year. Utility reimbursements were lower in FY20 by $2.6 million, primarily as a result of lower electricity costs due to chiller upgrades at Logan's central heating plant. Logan Airport aircraft landing fees, which account for 83.6% of Logan aviation fees, were lower by $9.3 million or 7.8% versus FY19 driven by the decline in activity in the spring of FY20 due to the pandemic.

In FY20, Logan Airport earned $110.2 million from concessions versus $129.8 million in FY19, a decrease of $19.6 million or 15.1% as a result of fewer passengers. Revenues from in-terminal concessions totaled $46.6 million, a decrease of $9.4 million or 16.8% compared to the prior year mainly due to a $5.6 million decline in food and beverage sales. Revenues from ground and commercial services declined by $2.6 million while commissions from foreign currency exchanges were also lower by $1.1 million. Logan Airport earned $30.0 million from rental car companies during FY20, a decrease of $5.3 million or 15.0% compared to FY19. Rental car transactions decreased by 25.7% and sales per transaction increased slightly by 1.3%. Ground transportation and other fees of $33.6 million declined by $4.9 million or 12.7%. Ground transportation fees collected from Taxis, Limos, and Ride Apps totaled $16.3 million, a decrease of $1.0 million or 6.0%, driven by fewer pick-ups due to fewer passengers.

The Authority earned $17.0 million of revenue from the Logan Airport shuttle bus operations, a decline of $4.2 million from the prior year. Revenue from the on-airport shuttle bus was down by $1.0 million and Logan Express ticket revenue was down by $3.2 million as service was reduced or suspended to adjust to passenger demand.

During FY20, Logan Airport received $2.7 million in other revenues from federal operating grants.

Hanscom Field revenues were $14.6 million in FY20, down slightly by $0.3 million or 2.0% from the prior year. The decrease was primarily due to lower aircraft fuel flowage fees. Worcester Regional Airport generated $2.3 million in operating revenues in FY20, down $0.9 million due to reduced ground lease revenue.

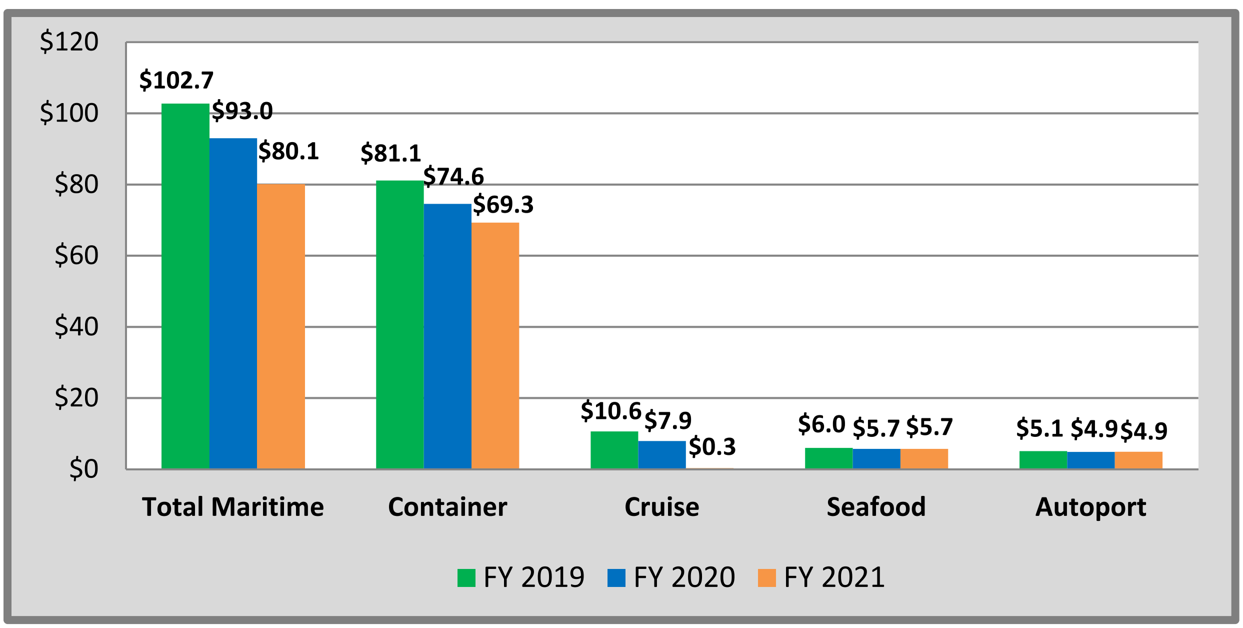
MARITIME REVENUES

The Authority's maritime business includes container operations at Conley Terminal, cruise activity at Flynn Cruiseport Boston, rental facilities for seafood processors and commercial parking at the Boston Fish Pier, and the Autoport, which houses an automobile import/export facility and other maritime industrial businesses in Charlestown.

Maritime fees, rentals and other revenues are collected primarily from container shipping lines, cruise lines and other customers that use the Authority's Port facilities. The Authority collected $80.1 million in fees, rentals and other income from its maritime operations in FY21, which was $12.9 million or 13.9% below the prior year but a solid performance given the pandemic's impact on the global economy.

Maritime Revenues by Category

($ Millions)



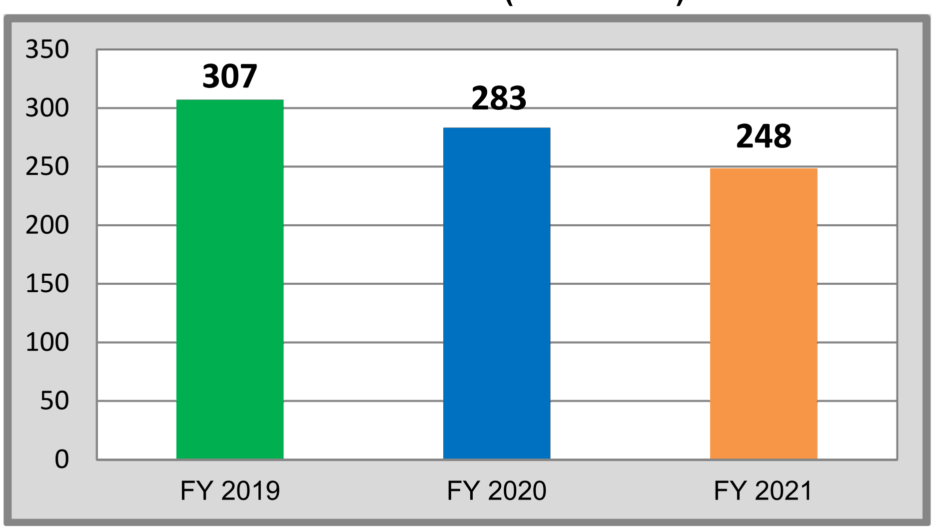
Conley Container Terminal

- **Conley Terminal processed 247,845 TEUs (twenty-foot equivalent units) during FY21.**

- Conley Container Terminal is anchored by the strength of the New England economy, easy and quick truck access in and out of the terminal with efficient access to the interstate highway system, a highly productive workforce, and an ongoing focus on customer service. While the 247,845 TEUs handled by Conley was 12.4% fewer than the 283,061 TEUs that went through the Port in FY20, it was a strong performance given the severe disruption to the global supply chain that resulted from the pandemic.

- Average turn time per truck was 29 minutes in FY21, a 5% decrease from 31 minutes in FY20 and 34 minutes in FY19, as the Terminal continued to achieve productivity improvements. The average number of container lifts per hour, per crane was 33, which was above the goal of 30 lifts per hour and demonstrated Conley's position as a highly efficient port.

Conley Container Terminal
Annual TEUs Processed (thousands)

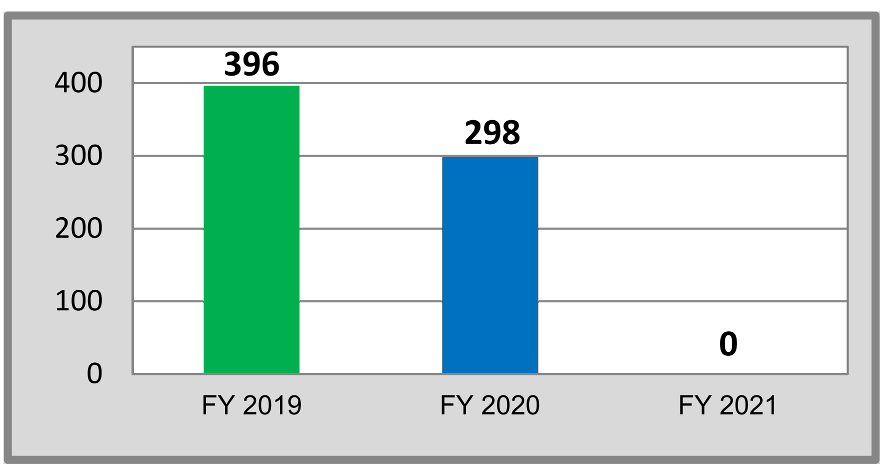


Flynn Cruiseport Boston

- **Flynn Cruiseport Boston did not serve any cruise passengers in FY21.**
- As a result of COVID-19, there was no cruise activity at Flynn Cruiseport Boston during FY21. The CDC issued a No Sail Order in March 2020 and then issued subsequent Conditional Sail Orders in October 2020, April 2021 and May 2021 that enabled cruises to resume as long as stringent health and safety protocols are followed.
- There are signs of a recovery in the cruise industry as the Crystal Symphony, owned and operated by Crystal Cruises, sailed from Flynn Cruiseport Boston on August 23, 2021. This was the first cruise ship to call on the Cruiseport since November 2019, and was the first of four planned sailings by the Crystal Symphony between Boston and Bermuda in August and September 2021. Additional cruises to/from Flynn Cruiseport Boston have been scheduled for the fall of 2021 and spring of 2022.

Flynn Cruiseport Boston

Annual Passengers (thousands)



Fiscal Year 2021 Compared to 2020

Container revenue during FY21 was $69.2 million, $5.4 million or 7.2% below the prior year. Revenue is generated through the collection of fees from ocean shipping lines for the loading and unloading of containers at Conley Terminal and for related services through tariffs and contracts with the shipping lines and shippers using the Port. Conley Terminal processed 247,845 TEUs during FY21.

Cruise revenue from operations at Flynn Cruiseport Boston was $0.3 million in FY21 as no ships called on Boston due to the pandemic. The revenue that was generated was predominantly from space rentals at the Cruiseport.

Seafood revenues were $5.7 million in FY21, which was comparable to the prior year. Revenues are earned through space and ground rents from seafood processing and office tenants, commissions, utility charges, fees and parking lots at the Fish Pier. A slight increase in ground rent revenues due to development at the Massport Maritime Terminal in South Boston was offset by decreased space rent revenue at the Fish Pier.

Autoport revenue was $4.9 million in FY21, which was comparable to the prior year as the ground lease revenue from the tenant remained relatively stable.

Fiscal Year 2020 Compared to 2019

The Authority's maritime operations at the Port of Boston generated $93.0 million of revenue during FY20, which was $9.7 million or 9.4% below the prior year.

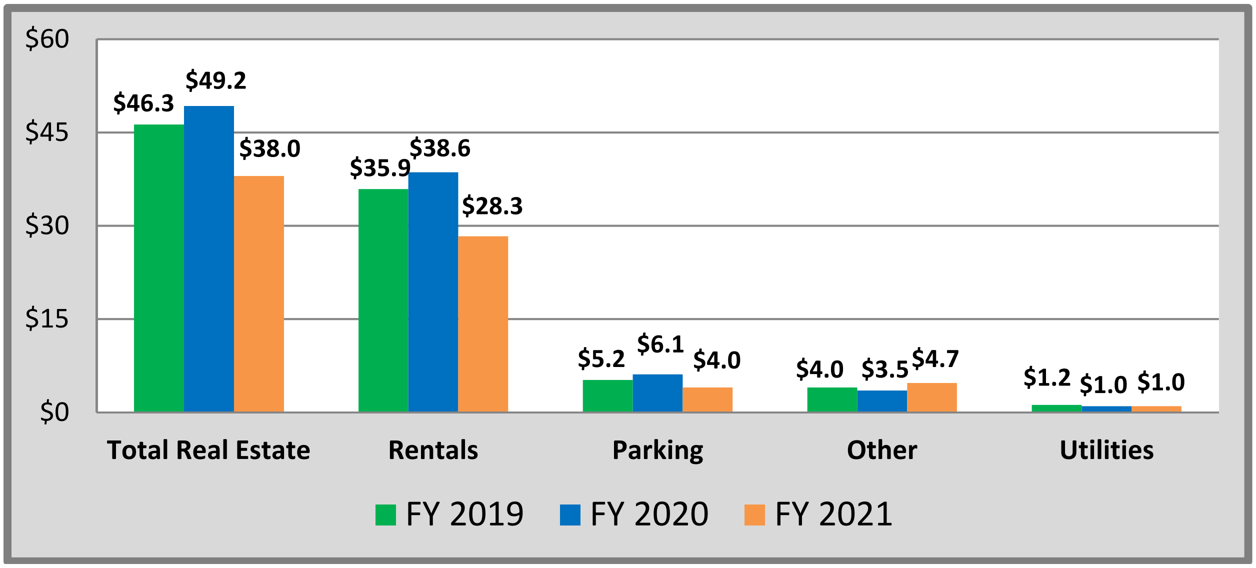
Container revenue during FY20 was $74.6 million, $6.5 million or 8.0% below the prior year. Container volume declined in the spring of FY20 as the supply chain was adversely impacted by the pandemic. Still, Conley Terminal processed 283,061 TEUs, making FY20 one of Conley's strongest years. Cruise revenue was $7.9 million in FY20, down $2.7 million or 25.5% versus prior year. After a very strong fall season that saw new lines call on the Cruiseport and an extension of the season into November, the CDC issued a No Sail Order in March 2020 due to the pandemic, which effectively cancelled the spring and summer cruise seasons.

Seafood revenues were $5.7 million in FY20, down $0.3 million or 5.0% from the prior year due to less parking revenue and a decrease in utility reimbursement fees. Autoport revenue was $4.9 million in FY20, down marginally from FY19 due to a decrease in utility reimbursement fees.

REAL ESTATE REVENUES

The Authority's commercial real estate business earns revenues from ground leases, district service fees and parking on properties owned by the Authority in South Boston, East Boston and Charlestown. Revenues from the Authority's real estate activities totaled $38.0 million in FY21, a reduction of $11.2 million as a result of the collection of a one-time transaction rent fee in FY20.

Real Estate Revenues by Category
($ Millions)



- **Massport's real estate portfolio generated $38 million of revenue in FY21, lower than the prior year mainly due to one-time fees.**

Fiscal Year 2021 Compared to 2020

Total FY21 real estate revenue of $38.0 million was $11.2 million lower than prior year. Rental revenues of $28.3 million were lower by $10.3 million primarily due to a smaller one-time transaction rent fee generated by the Authority's properties in FY21 compared to the prior year. Parking revenue of $4.0 million decreased by $2.1 million due to lower demand for parking in Boston as conventions, restaurant dining and parking for business needs was down as a result of COVID-19. Other revenue of $4.7 million was higher by $1.2 million mainly due to reimbursement for security details provided by the Authority.

Fiscal Year 2020 Compared to 2019

Total real estate revenue of $49.2 million in FY20 was $2.9 million higher than prior year. Rental revenue of $38.6 million was $2.7 million higher than FY20 primarily due to one-time transaction rent fees, which were higher in FY20 than in FY19. Parking revenue of $6.1 million increased by $0.9 million due in part to dynamic pricing at the 1,550 space South Boston Waterfront

Transportation Center. Other revenue of $3.5 million was down by $0.5 million mainly due to lower security detail reimbursements.

OPERATING EXPENSES

Total operating expenses were lower in FY21 as the result of actions taken by Massport management to offset the decline in revenues from reduced business activity. FY21 reflects the full year impact of the immediate cost containment actions taken by the operating and administrative departments from March through June of 2020, as well as additional expense reduction initiatives implemented during FY21 including the Workforce Plan intended to reduce the Authority's labor force and lower operating expenses by approximately $25 million per year.

The Authority's total operating expenses in FY21 were $711.6 million, a decrease of $94.4 million or 11.7% versus the prior year. Excluding Depreciation and Amortization, operating expenses were down $102.6 million or 20.3%.

Operating Expenses
($ Millions)

	FY 2021	FY 2020	$ Change	% Change
Aviation Operations and Maintenance	$ 252.5	$ 295.7	($ 43.2)	(14.6%)
Maritime Operations and Maintenance	54.8	61.1	(6.3)	(10.3%)
Real Estate Operations and Maintenance	14.3	15.0	(0.7)	(4.7%)
General and Administrative	56.2	68.1	(11.9)	(17.5%)
Payments in Lieu of Taxes	22.2	21.0	1.2	5.7%
Pension and Other Post-employment Benefits	(9.8)	36.1	(45.9)	(127.1%)
Other	13.8	9.7	4.1	42.3%
Depreciation and Amortization	307.6	299.3	8.3	2.8%
Total Operating Expenses	**$ 711.6**	**$ 806.0**	**($ 94.4)**	**(11.7%)**

	FY 2020	FY 2019	$ Change	% Change
Aviation Operations and Maintenance	$ 295.7	$ 305.6	($ 9.9)	(3.2%)
Maritime Operations and Maintenance	61.1	64.4	(3.3)	(5.1%)
Real Estate Operations and Maintenance	15.0	16.9	(1.9)	(11.2%)
General and Administrative	68.1	67.3	0.8	1.2%
Payments in Lieu of Taxes	21.0	21.3	(0.3)	(1.4%)
Pension and Other Post-employment Benefits	36.1	40.7	(4.6)	(11.3%)
Other	9.7	8.6	1.1	12.8%
Depreciation and Amortization	299.3	288.3	11.0	3.8%
Total Operating Expenses	**$ 806.0**	**$ 813.2**	**($ 7.2)**	**(0.9%)**

Aviation Operations and Maintenance Expenses – FY 2021

The cost containment program implemented by the Authority resulted in a decline in aviation operations and maintenance expenses by $43.2 million to $252.5 million in FY21 from $295.7 million in FY20. The breakdown of aviation operations and maintenance expenses by each of Massport's aviation facilities is provided below:

Aviation Operating and Maintenance Expenses
($ millions)

	FY 2021	FY 2020	FY 2019
Logan	$ 235.3	$ 272.6	$ 285.5
Hanscom	9.7	11.0	10.6
Worcester	7.5	12.1	9.5
Total	**$ 252.5**	**$ 295.7**	**$ 305.6**

Logan Airport Operations and Maintenance Expenses – FY 2021

Operations and maintenance expenses for Logan Airport in FY21 were $235.3 million and accounted for approximately 93.2% of all aviation operations and maintenance expenses and 73.2% of the Authority's total operations and maintenance expenses.

FY21 expenses benefited from the actions taken in late FY20 to reduce expenses such as the reduction and/or suspension of services including the Logan Airport Shuttle bus and Logan Express, the consolidation or closure of airport parking and some terminal spaces, and a scaling back of non-essential facility maintenance activities, supplies, services and repairs. These savings combined with lower wages, benefits and overtime resulted in a $37.3 million or 13.7% expense reduction versus FY20.

Logan Airport Operations and Maintenance Expenses – FY 2020

Operations and maintenance expenses for Logan Airport in FY20 were $272.6 million and accounted for approximately 92.2% of all aviation operations and maintenance expenses and 73.3% of the Authority's total operations and maintenance expenses. In FY20, operations and maintenance expenses for Logan Airport were lower by $12.9 million or 4.5% versus prior year.

Significant actions were taken beginning in March of 2020 to reduce expenses. As a result, expenses versus prior year were lower by $13.2 million.

Worcester Airport and Hanscom Field Operations and Maintenance Expenses – FY 2021

Cost containment measures were also implemented at Worcester Regional Airport and Hanscom Field. In FY21, operations and maintenance expenses for Worcester Regional Airport were $7.5 million, a $4.6 million or 38.0% decrease versus the prior year as commercial flight activity at this airport was discontinued during the pandemic. The decrease was due to a $2.1 million reduction in wage and benefit expenses due to less staff, a $0.7 million decline in overtime and a $1.8 million decrease in materials, services, supplies and state police detail expenses.

Operations and maintenance expenses for Hanscom Field were $9.7 million, a $1.3 million or 11.8% decrease versus the prior year. The decrease was due to a $0.6 million reduction in overtime expense, a $0.3 million reduction in services such as landscaping and computer support, and a $0.4 million decrease in other expenses due to the need for fewer materials, supplies, repairs and state police details.

Worcester Airport and Hanscom Field Operations and Maintenance Expenses – FY 2020

In FY20, operations and maintenance expenses for Worcester Regional Airport were $12.1 million, a $2.6 million or 27.4% increase. This increase reflects a $2.0 million increase in wage and benefit expenses from the full year impact of additional ARFF (Aircraft Rescue and Firefighting) personnel hired in FY19 and higher State Police costs of $1.6 million partially offset by a $0.6 million reduction in overtime and a $0.5 million decrease in materials, services and supplies expenses.

Operations and maintenance expenses for Hanscom Field were $11.0 million, a $0.4 million or 3.8% increase versus the prior year. The increase was due to a $1.3 million increase in wage and benefit expenses from the full year impact of additional ARFF personnel hired in April 2019 partially offset by a decrease of $0.9 million for lower materials, supplies and services expenses.

Maritime Operations and Maintenance Expenses – FY 2021

Maritime operations and maintenance expenses were $54.8 million, a $6.3 million or 10.3% decrease from the prior year. Stevedoring costs were $1.3 million lower due to lower container volume and new flex-time rules that were implemented in late FY20. Overtime was down $1.1 million as the result of lower container volumes and realigned staffing. Materials, supplies and services expenses were $1.1 million lower than prior year. Professional fees were down by $0.8 million as planning and engineering consulting was significantly reduced. Wage and benefit expense decreased by $0.4 million due to staff reductions, and utilities expenses were down by $0.3 million. Other expenses were down by $1.3 million compared to the prior year.

Maritime Operations and Maintenance Expenses – FY 2020

Maritime operations and maintenance expenses were $61.1 million, a $3.3 million or 5.1% decrease from the prior year. Stevedoring costs were $1.0 million lower due to lower container volume and the new flex-time rules that lowered wage expenses. Materials, supplies, services and repairs expenses collectively were $1.0 million lower than prior year. Overtime was down $0.9 million based on a successful initiative to realign staffing needs.

Wage and benefit expenses increased by $0.7 million, and other expenses were lower by $1.1 million due in part to lower maritime property remediation expenses versus FY19.

Real Estate Operations and Maintenance Expenses – FY 2021

Real Estate operations and maintenance costs in FY21 were $14.3 million, down $0.7 million or 4.7% versus the prior year. Professional fees for parcel development planning and legal services were lower by $0.7 million. Expenses for landscaping, rubbish removal and other such services was lower by $0.3 million. Other expenses increased by $0.4 million versus prior year due to higher utilities expenses.

Real Estate Operations and Maintenance Expenses – FY 2020

Real Estate operations and maintenance costs in FY20 were $15.0 million, down $1.9 million or 11.2% versus the prior year. Professional fees were reduced by $0.9 million. Repairs and services expenses were lower by $0.5 million, and utility expenses were down by $0.3 million. Other expenses were down by $0.2 million versus prior year.

General and Administrative Expenses – FY 2021

The Authority's general and administrative costs were $56.2 million in FY21, a reduction of $11.9 million or 17.5% compared to the prior year. The Authority's cost reduction strategies and Workforce Plan caused employee wage and benefit costs for administrative employees to decline by $4.0 million. Professional fees decreased by $3.3 million as the use of engineering, planning, legal and marketing consultants was significantly curtailed. Services expenses were lower by $2.5 million due to cost reductions for computer maintenance, HVAC maintenance, software fees, temporary personnel and other items. Media and advertising costs were reduced by $1.0 million to meet expense reduction targets. Materials, supplies and repair expenses were down by $0.5 million, and other expenses were lower by $0.6 million.

The following table shows the allocation of the Authority's general and administrative expenses by business line for FY21, FY20 and FY19.

General and Administrative Expenses
($ millions)

	FY 2021	FY 2020	FY 2019
Logan	$ 37.6	$ 45.5	$ 46.1
Hanscom	2.3	2.7	3.1
Worcester	2.5	3.6	3.4
Maritime	8.4	10.1	9.2
Real Estate	5.4	6.2	5.4
Total	**$ 56.2**	**$ 68.1**	**$ 67.3**

General and Administrative Expenses – FY 2020

The Authority's general and administrative costs were $68.1 million in FY20, $0.8 million or 1.2% higher than FY19. Employee wage and benefit costs for administrative employees increased by $2.4 million for annual merit pay adjustments, and services expenses were up $1.1 million due primarily to increased cleaning costs necessitated by COVID-19.

The increases were partially offset by a $1.5 million decline in professional fees for engineering and planning resources. Media and advertising expenses were lower by $1.5 million as part of the cost cutting initiatives. Other expenses were higher by $0.3 million.

PILOT, Pension & OPEB and Other Expenses – FY 2021

In FY21, the Authority's PILOT (payment in lieu of taxes) payments to the City of Boston and the Town of Winthrop totaled $22.2 million and were $1.2 million or 5.7% higher than FY20. The City of Boston's PILOT payments are contractually linked to the annual rise in the Consumer Price Index (CPI), which added $0.4 million of new costs. The other $0.8 million increase was related to community mitigation payments made to organizations such as the East Boston and Winthrop Foundations as specific milestone achievements in FY21 triggered community payments.

The Authority's pension and OPEB expenses were positively impacted by the strong investment returns generated by both of the asset plans. The Authority's pension expense experienced a 16.1% return (net of fees) on pension plan assets versus the 7.0% rate used to project the pension liability. The Authority's OPEB expense also had a favorable return of 14.1% (net of fees) versus the 7.0% rate used to project the OPEB liability. As a result, the Authority recorded a $9.8 million contra expense in FY21, which represented a decrease of $45.9 million compared to the $36.1 million of expense incurred in FY20. The measurement period for both the pension and OPEB assets was calendar year ended December 31, 2020.

The following tables show the allocation of PILOT, Pension, OPEB, and other expenses by business line for FY21 and FY20:

FY21 - PILOT, Pension, OPEB, and Other Expenses

($ millions)

	PILOT	PENSION	OPEB	OTHER	TOTAL
Logan	$ 19.4	($ 8.7)	$ 1.4	$ 10.0	$ 22.1
Hanscom	0.0	(0.5)	(0.0)	0.3	(0.2)
Worcester	0.0	(0.5)	(0.1)	0.2	(0.4)
Maritime	1.5	(0.6)	0.5	2.6	4.0
Real Estate	1.3	(0.9)	(0.3)	0.7	0.8
Total	**$ 22.2**	**($ 11.2)**	**$ 1.5**	**$ 13.8**	**$ 26.3**

FY20 - PILOT, Pension, OPEB, and Other Expenses
($ millions)

	PILOT	PENSION	OPEB	OTHER	TOTAL
Logan	$ 18.2	$ 10.4	$ 17.4	$ 7.9	$ 53.9
Hanscom	0.0	0.5	0.8	0.2	1.5
Worcester	0.0	0.6	0.5	0.4	1.5
Maritime	1.5	1.3	2.8	0.9	6.5
Real Estate	1.3	0.7	1.1	0.3	3.4
Total	**$ 21.0**	**$ 13.5**	**$ 22.6**	**$ 9.7**	**$ 66.8**

PILOT, Pension & OPEB and Other Expenses – FY 2020

In FY20, the Authority's PILOT payments to the City of Boston and the Town of Winthrop totaled $21.0 million and reflect a $0.3 million or 1.4% decrease versus FY19. The City of Boston's PILOT payments are contractually linked to the annual rise in the Consumer Price Index (CPI), which added $0.4 million of new costs. This was more than offset by lower expenses in FY20 related to community mitigation payments made to organizations such as the East Boston Foundation as fewer milestones were achieved.

The Authority's expenses for pension and OPEB were $36.1 million, a decrease of $4.6 million or 11.3% compared to FY19. The Authority's pension expense decreased by $8.7 million, primarily due to a 19.7% favorable net return on pension plan assets versus the 7.25% rate used to project the pension liability. The Authority's OPEB expense increased by $4.1 million as the result of the Trust fiscal year end being changed from June 30th to December 31st, which resulted in recording 18 months of expense during FY20. The measurement period for both the pension and OPEB assets was calendar year ended December 31, 2019.

Depreciation and Amortization Expenses – FY 2021

The Authority recognized $307.6 million in depreciation and amortization expenses in FY21, an increase of $8.3 million or 2.8% compared to FY20. The increase is the result of $161.5 million of new assets being placed into service. During FY21, major projects completed and placed into service included Logan Runway 9-27 Rehabilitation ($37.5 million), Terminal B, C and E HVAC Replacement Phase 2 ($15.5 million), Logan North Air Cargo Facility ($15.0 million), Logan Roof Replacement Phase 2 ($12.4 million), and Logan Elevators/Escalators Upgrade Phase 2 ($11.0 million).

Depreciation and Amortization Expenses – FY 2020

The Authority recognized $299.3 million in depreciation and amortization expenses in FY20, an increase of $11.0 million or 3.8% compared to FY19. The increase is the result of $291.2 million of new assets being placed into service. During FY20, major projects completed and placed into service included Central Garage Modifications to Support Ride Apps ($26.5 million), Terminal B Gate Reconfiguration ($15.0 million), Terminal B Sanitary Pipe Replacement ($14.2 million), Logan Airport Old Tower Relocation ($13.6 million) and the New Hanscom ARFF and CBP Facility ($11.9 million).

NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS

The Authority recognized $76.0 million in non-operating revenues in FY21, a decrease of $9.8 million versus FY20. The Authority's non-operating income was favorably impacted by the recognition of federal assistance provided by the CARES Act and the CRRSA Act. In FY21, the Authority recognized $121.1 million for these items versus $57.1 million in FY20. This $64.0 million increase was offset by lower investment income and a reduction in PFC and CFC revenues.

Non-operating Revenues and Expenses and Capital Contributions

($ millions)

	FY 2021	FY 2020	$ Change	% Change
Passenger facility charges	$ 27.9	$ 59.9	($ 32.0)	(53.4%)
Customer facility charges	11.7	25.9	(14.2)	(54.8%)
Investment income	15.5	35.9	(20.4)	(56.8%)
Other income (expense), net	119.0	73.5	45.5	61.9%
Interest expense	(98.1)	(109.4)	11.3	(10.3%)
Total Non-operating Revenues (Expenses)	**$ 76.0**	**$ 85.8**	**($ 9.8)**	**(11.4%)**
Capital Contributions	**$ 61.9**	**$ 59.9**	**$ 2.0**	**3.3%**

	FY 2020	FY 2019	$ Change	% Change
Passenger facility charges	$ 59.9	$ 84.8	($ 24.9)	(29.4%)
Customer facility charges	25.9	33.5	(7.6)	(22.7%)
Investment income	35.9	29.8	6.1	20.5%
Other income (expense), net	73.5	26.8	46.7	174.3%
Terminal A debt service contributions	0.0	(7.5)	7.5	(100.0%)
Interest expense	(109.4)	(76.0)	(33.4)	43.9%
Total Non-operating Revenues (Expenses)	**$ 85.8**	**$ 91.4**	**($ 5.6)**	**(6.1%)**
Capital Contributions	**$ 59.9**	**$ 28.2**	**$ 31.7**	**112.4%**

For FY21, PFCs were $27.9 million, a $32.0 million or 53.4% decrease as a result of fewer enplaned passengers. Revenues from CFCs totaled $11.7 million, a $14.2 million or 54.8% decrease as rental car transaction days were down by 55.1%. The Authority generated

$15.5 million of investment income, a decrease of $20.4 million primarily due to lower interest rates in highly liquid investment vehicles used to fund near term capital expenditures in the capital program. Other income was $119.0 million, which was $45.5 million higher than prior year and includes the accrual of $121.1 million from the federal CARES Act and CRRSA Act grants, $5.0 million from the BOSFUEL bond refinancing transaction, $0.4 million from airlines that reimbursed the Authority for prior expenditures and $1.6 million of other items partially offset by a $7.0 million decrease in the fair value of investments. Interest expense on Authority bonds was $98.1 million, lower by $11.3 million or 10.3% versus FY20 due to the favorable impact of refinanced debt during FY21.

For FY20, PFCs were $59.9 million, a $24.9 million or 29.4% decrease as a result of fewer enplaned passengers. Revenues from CFCs totaled $25.9 million, a $7.6 million or 22.7% decrease as rental car transaction days at Logan Airport's Rental Car Center were down by 22.6%. The Authority generated $35.9 million of investment income, an increase of $6.1 million due to higher interest rates on fixed income investments and an increase in the Authority's cash balance. Other income was $73.5 million, which was $46.7 million higher than prior year. Other income includes $57.1 million from the federal CARES Act, $7.6 million from the BOSFUEL bond refinancing transaction, $0.6 million from airlines that reimbursed the Authority for prior expenditures and an $8.2 million increase in the fair value of investments. Interest expense was $109.4 million, up $33.4 million or 43.9% due to an increase in debt outstanding.

Capital Contributions

Capital contributions in FY21 were $61.9 million, an increase of $2.0 million versus the prior year. The Authority received capital contributions for projects from The Commonwealth of Massachusetts for the expansion of Conley Terminal, the FAA AIP grant program and from the U.S. Department of Transportation Maritime Administration (MARAD) FASTLANE grant. The Commonwealth of Massachusetts funds are being used to help pay for a portion of the new Berth 10 and three new cranes at Conley Terminal. The majority of the FAA AIP grants include reimbursements for the rehabilitation of Runway 9-27 at Logan Airport, the rehabilitation of Runway 11-29 at Worcester Regional Airport and the electrification of ground service equipment (GSE) at Logan Airport. The MARAD grant funds were used primarily for the new gate processing facilities at Conley Terminal.

Capital contributions in FY20 were $59.9 million, an increase of $31.7 million versus the prior year. The Authority received capital contributions for projects from The Commonwealth of Massachusetts, the FAA AIP grant program and from MARAD. The Commonwealth of Massachusetts funds paid for a portion of the new Berth 10 and three new cranes at Conley Terminal. The major components of the FAA AIP grants were reimbursements for the rehabilitation of runway 9-27 at Logan Airport, resurfacing of the north cargo apron at Logan Airport and the electrification of GSE at Logan Airport. The MARAD grant funds were primarily used for the rehabilitation of Conley Terminal Berths 11 and 12, paving of the reefer area at Conley Terminal, and the replacement of RTG (Rubber Tired Gantry) crane drives.

THE AUTHORITY'S STATEMENTS OF NET POSITION

The Statements of Net Position present the financial position of the Authority at the end of each fiscal year. The Statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net Position is the difference between total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. A summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021, 2020 and 2019 is as follows:

Condensed Statements of Net Position for FY 2021 and FY 2020
($ millions)

	FY 2021	FY 2020	$ Change	% Change
Assets				
Current assets	$ 1,321.8	$ 1,242.8	$ 79.0	6.4%
Capital assets, net	4,105.9	3,963.1	142.8	3.6%
Other non-current assets	740.7	589.8	150.9	25.6%
Total Assets	**6,168.4**	**5,795.7**	**372.7**	**6.4%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	11.7	13.3	(1.6)	(12.0%)
Deferred outflows of resources related to Pension plan	31.0	9.7	21.3	219.6%
Deferred outflows of resources related to OPEB	24.5	17.3	7.2	41.6%
Total Deferred Outflows of Resources	**67.2**	**40.3**	**26.9**	**66.7%**
Liabilities				
Current liabilities	$ 283.3	$ 325.7	($ 42.4)	(13.0%)
Bonds payable, including current portion	3,029.4	2,688.2	341.2	12.7%
Other non-current liabilities	129.3	193.8	(64.5)	(33.3%)
Total Liabilities	**3,442.0**	**3,207.7**	**234.3**	**7.3%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	25.9	9.8	16.1	164.3%
Deferred inflows of resources related to Pension plan	83.9	47.9	36.0	75.2%
Deferred inflows of resources related to OPEB	60.5	30.2	30.3	100.3%
Total Deferred Inflows of Resources	**170.3**	**87.9**	**82.4**	**93.7%**
Total Net Position	**$ 2,623.4**	**$ 2,540.3**	**$ 83.1**	**3.3%**
Net position				
Net investment in capital assets	$ 1,351.1	$ 1,548.6	(197.5)	(12.8%)
Restricted	785.8	714.7	71.1	9.9%
Unrestricted	486.5	277.1	209.4	75.6%
Total Net Position	**$ 2,623.4**	**$ 2,540.3**	**83.1**	**3.3%**

Column totals may not add due to rounding.

The Authority ended FY21 with total assets of $6,168.4 million, an increase of $372.7 million or 6.4% over the prior year. The increase is primarily due to a $209.5 million increase in restricted and unrestricted investments, a $142.8 million increase in new capital assets placed into service and construction in progress net of accumulated depreciation and a $38.4 million increase in accounts receivable due to deferred payment trade receivables owed by airlines and federal relief program grant receivables partially offset by lower restricted and unrestricted cash balances. The Authority's total assets consist primarily of capital assets, net, which represent $4,105.9 million or 65.8% of the Authority's total assets and deferred outflows of resources as of June 30, 2021. Total deferred outflows of resources increased by $26.9 million in FY21 versus the prior year primarily due to the timing of the Pension and OPEB funding subsequent to the measurement period.

The Authority's total liabilities as of June 30, 2021 were $3,442.0 million, an increase of $234.3 million or 7.3% over the prior year, as the bonds payable balance increased by $341.2 million due to new debt issued in FY21. Bonds payable (including current portion) of $3,029.4 million is the largest component of total liabilities, and accounted for 83.9% of the Authority's total liabilities and deferred inflows at June 30, 2021. Total deferred inflows of resources increased by $82.4 million in FY21 versus the prior year primarily due to Pension and OPEB investment gains.

The Authority's total net position for FY21 was $2,623.4 million, an $83.1 million or 3.3% increase over the prior year. This increase reflects the Authority's net operating loss of $54.9 million, net non-operating income of $76.0 million and capital contributions of $61.9 million. The growth in net position is being used to fund the Authority's strategic initiatives.

Condensed Statements of Net Position for FY 2020 and FY 2019

($ millions)

	FY 2020	FY 2019	$ Change	% Change
Assets				
Current assets	$ 1,242.8	$ 902.1	$ 340.7	37.8%
Capital assets, net	3,963.1	3,725.3	237.8	6.4%
Other non-current assets	589.8	506.4	83.4	16.5%
Total Assets	**5,795.7**	**5,133.8**	**661.9**	**12.9%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	13.3	14.7	(1.4)	(9.5%)
Deferred outflows of resources related to Pension plan	9.7	51.9	(42.2)	(81.3%)
Deferred outflows of resources related to OPEB	17.3	36.2	(18.9)	(52.2%)
Total Deferred Outflows of Resources	**40.3**	**102.8**	**(62.5)**	**(60.8%)**
Liabilities				
Current liabilities	$ 325.7	$ 366.9	($ 41.2)	(11.2%)
Bonds payable, including current portion	2,688.2	2,176.2	512.0	23.5%
Other non-current liabilities	193.8	293.6	(99.8)	(34.0%)
Total Liabilities	**3,207.7**	**2,836.7**	**371.0**	**13.1%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	9.8	5.2	4.6	88.5%
Deferred inflows of resources related to Pension plan	47.9	2.6	45.3	1742.3%
Deferred inflows of resources related to OPEB	30.2	16.0	14.2	88.8%
Total Deferred Inflows of Resources	**87.9**	**23.8**	**64.1**	**269.3%**
Total Net Position	**$ 2,540.3**	**$ 2,376.2**	**$ 164.1**	**6.9%**
Net position				
Net investment in capital assets	$ 1,548.6	$ 1,489.8	58.8	3.9%
Restricted	714.7	690.0	24.7	3.6%
Unrestricted	277.1	196.4	80.7	41.1%
Total Net Position	**$ 2,540.3**	**$ 2,376.2**	**164.1**	**6.9%**

The Authority ended FY20 with total assets of $5,795.7 million, an increase of $661.9 million or 12.9% over the prior year. The increase is primarily due to additional cash from the issuance of new bonds, $237.8 million of new capital assets placed into service and construction in progress net of accumulated depreciation. Deferred outflows of resources totaled $40.3 million, a $62.5 million decrease caused by favorable investment gains and increased amortization of prior years' losses. The Authority's total assets consist primarily of capital assets, net, which represent $3,963.1 million or 67.9% of the Authority's total assets and deferred outflows of resources as of June 30, 2020.

The Authority's total liabilities as of June 30, 2020 were $3,207.7 million, an increase of $371.0 million or 13.1% as the bonds payable balance increased by $512.0 million due to new debt issued in FY20. Bonds payable (including current portion) is the largest component of total liabilities, and accounted for 81.6% of the Authority's total liabilities and deferred inflows at June 30, 2020.

The Authority's total net position for FY20 was $2,540.3 million, a $164.1 million or 6.9% increase over the prior year. This increase reflects the Authority's net operating income of $18.5 million, net non-operating income of $85.8 million and capital contributions of $59.9 million. The growth in net position is being used to fund the Authority's strategic initiatives.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021 and 2020, the Authority had $4,105.9 million and $3,963.1 million of capital assets (net of depreciation), respectively. These include land, construction in process, buildings, runways, roadways, machinery and equipment, air rights and parking rights. The Authority's net capital assets increased by $142.8 million or 3.6% in FY21 primarily as the result of the addition of $443.7 million in capital expenditures, which was partially offset by $307.6 million of depreciation expense.

In FY21, the Authority placed $161.5 million of new assets into service. Major projects completed and placed into service included Logan Runway 9-27 Rehabilitation ($37.5 million), Terminal B, C and E HVAC Replacement Phase 2 ($15.5 million), New Logan North Air Cargo Facility ($15.0 million), Logan Roof Replacement Phase 2 ($12.4 million), and Logan Elevators/Escalators Upgrade Phase 2 ($11.0 million).

In FY20, the Authority placed $291.2 million of new assets into service. Major projects completed and placed into service included Central Garage Modifications to Support Ride Apps ($26.5 million), Terminal B Gate Reconfiguration ($15.0 million), Terminal B Sanitary Pipe Replacement ($14.2 million), Logan Airport Old Tower Relocation ($13.6 million) and the Hanscom ARFF and CBP Facility ($11.9 million).

Capital assets, net comprised 65.8%, 67.9% and 71.2% of the Authority's total assets and deferred outflows of resources at June 30, 2021, 2020 and 2019, respectively. During FY21, FY20 and FY19, the Authority spent $515.9 million, $492.0 million and $759.9 million (including $358.9 million related to the refunding of debt for Logan Terminal A), respectively, constructing new assets and improving existing assets already in service.

The Authority's capital assets are principally funded by the proceeds of revenue bonds, operating revenues, PFCs, CFCs, and federal and state grants. The following chart provides a breakdown of the Authority's total capital assets at June 30, 2021, 2020 and 2019:

Capital Assets by Type
($ thousands)

	FY 2021	FY 2020	FY 2019	% Change 2021-2020	% Change 2020-2019
Land	$ 230,680	$ 230,600	$ 230,600	0.0%	0.0%
Construction in progress	779,910	499,869	260,888	56.0%	91.6%
Buildings	2,120,490	2,199,903	2,190,942	(3.6%)	0.4%
Runways and other pavings	369,919	363,950	386,629	1.6%	(5.9%)
Roadways	301,619	322,842	316,585	(6.6%)	2.0%
Machinery and equipment	251,557	287,075	275,111	(12.4%)	4.3%
Air rights	36,281	41,908	46,015	(13.4%)	(8.9%)
Parking rights	15,421	16,963	18,504	(9.1%)	(8.3%)
Capital assets, net	**$ 4,105,877**	**$ 3,963,110**	**$ 3,725,274**	**3.6%**	**6.4%**

Please see Note 4, Capital Assets in the attached financial statements.

Debt Administration

Since the start of the COVID-19 pandemic, the Authority has taken several actions relating to its capital program and outstanding debt to enhance the Authority's current and future liquidity positions. Such actions have included taking advantage of the modular nature of the Authority's capital program to suspend or defer certain projects and also to refinance and restructure outstanding debt to take full advantage of the low interest rate environment.

The Authority's bond issuances must be approved by the Members of the Authority (the "Board") and must comply with the rules and regulations of the United States Treasury Department. The Authority, through its 1978 Trust Agreement, has a covenant to maintain a debt service coverage ratio of not less than 1.25. Debt service coverage is calculated based on a formula set forth in the 1978 Trust Agreement. Historically, the Authority has maintained a debt service coverage ratio higher than its 1978 Trust Agreement requirement to maintain high investment grade bond ratings and keep capital costs low. In FY21, the Authority's debt service coverage ratio was 5.51 and was aided by the debt restructuring program enacted by management as part of the Authority's sustainability plan and liquidity strategy, and the accrual of federal support for airports through the CARES Act and CRRSA Act.

The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. In FY21, the Authority's CFC Trust coverage was 2.05, exceeding coverage by 75 basis points.

The Authority had net bonds payable and subordinated obligations outstanding as of June 30, 2021 in the amount of $2,686.2 million (see Note 5), an increase of $254.7 million compared to June 30, 2020. During FY21, the Authority issued $692.8 million of bonds in five series, of which $287.3 million were Revenue Refunding Bonds and $405.5 million were Revenue Bonds.

The Series 2021-A Revenue Refunding Bonds (Non-AMT) were issued in the principal amount of $35.6 million with an original issue premium of $13.0 million. The Series 2021-B Revenue Refunding Bonds (AMT) were issued in the principal amount of $21.9 million with an original issue premium of $7.4 million. The Series 2021-C Revenue Refunding Bonds (Taxable) were issued in the principal amount of $229.7 million with no original issue premium or discount. The proceeds from the Series 2021-A and Series 2021-B Refunding Bonds were used to refund and defease all of the Authority's outstanding Series 2010-A Revenue Bonds and all of the outstanding Series 2010-B Revenue Refunding Bonds. A portion of the Series 2021-C Revenue Refunding Bonds along with available funds held under the 1978 Trust Agreement were used to refund and defease all of the Series 2012-A Revenue Bonds and Series 2012-B Revenue Refunding Bonds and to pay and defease the principal and interest due on the July 1, 2021 and July 1, 2022 maturities of the Series 2014-A Revenue Bonds, Series 2014-B Revenue Bonds, Series 2014-C Revenue Refunding Bonds, Series 2015-A Revenue Bonds, Series 2015-B Revenue Bonds, Series 2016-A Revenue Refunding Bonds, Series 2017-A Revenue Bonds, Series 2019-A Revenue Bonds, Series 2019-B Revenue Bonds and the Series 2019-C Revenue Bonds.

The Series 2021-D Revenue Bonds (Non-AMT) were issued in the principal amount of $56.5 million with an original issue premium of $16.7 million. The Series 2021-E Revenue Bonds (AMT) were issued in the principal amount of $349.1 million with an original issue premium of $93.3 million. The proceeds from the Series 2021-D and Series 2021-E Revenue Bonds will be used to finance a portion of the Authority's current Capital Program. Due to the nature of a portion of the construction projects funded with the bonds, the Series 2021-E bonds were issued as bonds subject to the AMT.

As of June 30, 2020, the Authority had net bonds payable and subordinated obligations outstanding in the amount of $2,431.5 million (see Note 5), a net increase of $448.4 million compared to June 30, 2019. During FY20, the Authority issued $455.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2019-B Revenue Bonds were issued in the principal amount of $157.7 million with a net original issue premium of $27.6 million. The Series 2019-C Revenue Bonds were issued in the principal amount of $297.4 million with an original issue premium of $62.4 million. The proceeds from these bonds were used to finance a portion of the Authority's FY19-23 Capital Program. Due to the nature of a portion of the construction projects funded with the bonds, the Series 2019-C bonds were issued as bonds subject to the AMT.

On April 3, 2020, the Authority entered into a direct purchase agreement with Bank of America, NA for the sale of up to $258.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2020-A Revenue Refunding Bonds were issued in the principal amount of $95.6 million. The Series 2020-B Revenue Bonds were issued in the principal amount of $162.4 million. The Series 2020-A Bonds were issued to refund and defease portions of the Series 2010 Bonds, the Series 2012-A Bonds and the Series 2012-B Bonds, and the Series 2020-B Bonds were issued to finance a portion of the Authority's Capital Program. Due to the nature of a portion of the construction projects funded with the bonds, the Series 2020-A bonds were issued as bonds subject to the AMT.

The Official Statements relating to the Authority's bond issuances are available from the Authority or by accessing the Authority's website.

Please see Note 5, Bonds and Notes Payable in the attached Financial Statements.

THE AUTHORITY'S CONDENSED CASH FLOWS

The following summary shows the major sources and uses of cash during the following years:

Statements of Cash Flows
($ millions)

	FY 2021	FY 2020	$ Change	% Change
Net cash provided by operating activities	$ 207.2	$ 325.7	($ 118.5)	(36.4%)
Net cash provided by non-capital activities (CARES/CRRSA Acts)	98.0	35.0	63.0	180.0%
Net cash provided / (used in) capital and related financing activities	(149.5)	1.6	(151.1)	(9443.8%)
Net cash provided / (used in) investing activities	(201.0)	(151.8)	(49.2)	32.4%
Net increase in cash and cash equivalents	(45.3)	210.5	(255.8)	(121.5%)
Cash and cash equivalents, beginning of year	500.8	290.3	210.5	72.5%
Cash and cash equivalents, end of year	**$ 455.5**	**$ 500.8**	**($ 45.3)**	**(9.0%)**

	FY 2020	FY 2019	$ Change	% Change
Net cash provided by operating activities	$ 325.7	$ 372.9	($ 47.2)	(12.7%)
Net cash provided by non-capital activities (CARES Act fund)	35.0	—	35.0	100.0%
Net cash provided / (used in) capital and related financing activities	1.6	(372.1)	373.7	(100.4%)
Net cash provided / (used in) investing activities	(151.8)	76.9	(228.7)	(297.4%)
Net increase in cash and cash equivalents	210.5	77.8	132.7	170.6%
Cash and cash equivalents, beginning of year	290.3	212.6	77.7	36.5%
Cash and cash equivalents, end of year	**$ 500.8**	**$ 290.3**	**$ 210.5**	**72.5%**

The Authority's cash and cash equivalents at June 30, 2021 were $455.5 million, a decrease of $45.3 million or 9.0% from the prior year. The Authority generated $207.2 million in cash during FY21 primarily from business activity at Logan Airport and the Port of Boston. In addition, the Authority received $98.0 million of federal CARES and CRRSA Act funds as a result of the COVID-19 public health emergency. The Authority used $149.5 million in cash for capital and related financing activities to finance the Authority's capital program and to pay debt service expenses during the year. The Authority also invested $201.0 million in cash for future operating and capital payments.

The Authority's cash and cash equivalents at June 30, 2020 was $500.8 million, an increase of $210.5 million or 72.5% compared to the prior year. The Authority generated $325.7 million in cash during FY20 primarily from business activity at Logan Airport and the Port of Boston. In addition, the Authority received $35.0 million of federal CARES Act funds as a result of the COVID-19 public health emergency. The Authority provided $1.6 million in cash for capital and related financing activities to finance the Authority's capital program and to pay debt service expenses during the year. Finally, the Authority also invested $151.8 million in cash for future operating and capital payments.

Contacting the Authority's Financial Management

For additional information concerning the Authority and the Retirement System, please see the Authority's website, www.massport.com. Financial information can be found by clicking on "Finance". The Authority's executive offices are located at One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128, and the main telephone number is (617) 568-5000. Questions may be directed to John P. Pranckevicius, CPA, Director of Administration and Finance, and Secretary-Treasurer for the Massachusetts Port Authority.

MASSACHUSETTS PORT AUTHORITY

Statements of Net Position

Proprietary Fund Type – Enterprise Fund

June 30, 2021 and 2020

(In thousands)

	2021	2020
Current assets:		
Cash and cash equivalents	$ 181,240	$ 82,623
Investments	164,363	142,427
Restricted cash and cash equivalents	274,238	418,182
Restricted investments	557,699	475,577
Accounts receivable		
Trade, net	82,314	74,404
Grants receivable	53,312	39,229
Total receivables (net)	135,626	113,633
Prepaid expenses and other assets	8,622	10,349
Total current assets	1,321,788	1,242,791
Noncurrent assets:		
Investments	271,229	254,683
Restricted investments	414,405	325,531
Accounts receivable, long-term	16,420	—
Prepaid expenses and other assets	6,667	6,422
Investment in joint venture	2,838	3,147
Net pension asset	29,167	—
Capital assets-not being depreciated	1,010,591	730,469
Capital assets-being depreciated-net	3,095,286	3,232,641
Total noncurrent assets	4,846,603	4,552,893
Total assets	6,168,391	5,795,684
Deferred outflows of resources		
Deferred loss on refunding of bonds	11,801	13,304
Deferred outflows of resources related to pensions	30,957	9,712
Deferred outflows of resources related to OPEB	24,489	17,254
Total deferred outflows of resources	67,247	40,270
Current liabilities:		
Accounts payable and accrued expenses	192,972	231,852
Compensated absences	1,140	1,462
Contract retainage	7,179	11,007
Current portion of long term debt	26,568	78,178
Commercial notes payable	22,000	22,000
Accrued interest on bonds payable	53,260	53,913
Unearned revenues	6,749	5,462
Total current liabilities	309,868	403,874
Noncurrent liabilities:		
Accrued expenses	11,454	10,025
Compensated absences	14,578	18,698
Net pension liability	—	18,785
Net OPEB liability	64,562	108,287
Contract retainage	11,690	10,233
Long-term notes payable	258,000	330,500
Long-term debt, net	2,744,880	2,279,530
Unearned revenues	26,941	27,730
Total noncurrent liabilities	3,132,105	2,803,788
Total liabilities	3,441,973	3,207,662
Deferred inflows of resources		
Deferred gain on refunding of bonds	25,864	9,847
Deferred inflows of resources related to pensions	83,912	47,935
Deferred inflows of resources related to OPEB	60,495	30,162
Total deferred inflows of resources	170,271	87,944
Net position		
Net investment in capital assets	1,351,090	1,548,630
Restricted		
Bond funds	224,209	259,893
Project funds	423,022	328,897
Passenger facility charges	72,351	51,577
Customer facility charges	37,961	39,869
Other purposes	28,251	34,416
Total restricted	785,794	714,652
Unrestricted	486,510	277,066
Total net position	$ 2,623,394	$ 2,540,348

The accompanying notes are an integral part of these financial statements.

MASSACHUSETTS PORT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

Proprietary Fund Type – Enterprise Fund

Years ended June 30, 2021 and 2020

(In thousands)

	2021	2020
Operating revenues:		
Aviation rentals	$ 270,643	$ 275,271
Aviation parking	58,213	136,951
Aviation shuttle bus	8,084	17,013
Aviation fees	141,535	139,239
Aviation concessions	58,368	111,130
Aviation operating grants and other	1,759	2,762
Maritime fees, rentals and other	80,107	92,952
Real estate fees, rents and other	38,013	49,196
Total operating revenues	656,722	824,514
Operating expenses:		
Aviation operations and maintenance	252,482	295,748
Maritime operations and maintenance	54,747	61,089
Real estate operations and maintenance	14,338	14,971
General and administrative	56,196	68,083
Payments in lieu of taxes	22,247	21,030
Pension and other post-employment benefits	(9,764)	36,058
Other	13,777	9,684
Total operating expenses before depreciation and amortization	404,023	506,663
Depreciation and amortization	307,583	299,334
Total operating expenses	711,606	805,997
Operating income /(loss)	(54,884)	18,517
Nonoperating revenues and (expenses):		
Passenger facility charges	27,948	59,875
Customer facility charges	11,657	25,884
Investment income	15,521	35,931
Net increase (decrease) in the fair value of investments	(6,997)	8,207
Other revenues	126,492	65,252
Settlement of claims	2	(22)
Other expenses	(429)	(187)
Gain on sale of equipment / property	(41)	264
Interest expense	(98,146)	(109,441)
Total nonoperating revenues, net	76,007	85,763
Increase in net position before capital contributions	21,123	104,280
Capital contributions	61,923	59,899
Increase in net position	83,046	164,179
Net position, beginning of year	2,540,348	2,376,169
Net position, end of year	$ 2,623,394	$ 2,540,348

The accompanying notes are an integral part of these financial statements.

MASSACHUSETTS PORT AUTHORITY
Statements of Cash Flows
Proprietary Fund Type – Enterprise Fund
Years ended June 30, 2021 and 2020
(In thousands)

	2021	2020
Cash flows from operating activities:		
Cash received from customers and operating grants	$ 644,098	$ 822,280
Payments to vendors	(230,774)	(284,813)
Payments to employees	(163,437)	(176,426)
Payments in lieu of taxes	(22,247)	(22,030)
Other post-employment benefits	(20,447)	(13,341)
Net cash provided by operating activities	207,193	325,670
Cash flows from noncapital financing activities:		
Cash received from CARES Act Airport Relief fund	98,046	34,958
Net cash provided by noncapital financing activities	98,046	34,958
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(515,906)	(491,978)
Proceeds from Bosfuel project contribution	5,002	7,579
Proceeds from the issuance of bonds and notes	821,337	833,347
Principal payments on refunded debt	(298,730)	(239,640)
Interest paid on bonds and notes	(123,892)	(119,503)
Principal payments on long-term debt	(139,345)	(57,525)
Proceeds from commercial paper financing	22,000	—
Principal payments on commercial paper	(22,000)	(82,000)
Proceeds from passenger facility charges	20,718	72,140
Proceeds from customer facility charges	10,302	28,617
Proceeds from capital contributions	70,838	49,653
Settlement of claims	2	648
Proceeds from sale of equipment	63	282
Net cash used in capital and related financing activities	(149,611)	1,620
Cash flows from investing activities:		
Purchases of investments	(1,141,491)	(1,562,646)
Sales of investments	921,139	1,373,589
Realized (loss)/gain on sale of investments	(11)	223
Interest received on investments	19,406	37,049
Net cash used in investing activities	(200,957)	(151,785)
Net increase (decrease) in cash and cash equivalents	(45,329)	210,463
Cash and cash equivalents, beginning of year	500,807	290,344
Cash and cash equivalents, end of year	$ 455,478	$ 500,807

	2021	2020
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Cash flows from operating activities:		
Operating income (loss)	$ (54,884)	$ 18,517
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	307,583	299,334
Provision for uncollectible accounts	4,656	1,056
Changes in operating assets and liabilities:		
Trade receivables	(20,284)	(3,022)
Prepaid expenses and other assets	3,338	3,107
Accounts payable and accrued expenses	24,575	(7,422)
Net pension liability and deferred inflows/outflows	(33,221)	1,433
Net OPEB liability and deferred inflows/outflows	(20,625)	6,869
Compensated absences	(4,442)	2,243
Unearned revenue	497	3,555
Net cash provided by operating activities	$ 207,193	$ 325,670
Noncash investing activities:		
Net increase in the fair value of investments	$ 2,313	$ 9,300

MASSACHUSETTS PORT AUTHORITY
Statements of Fiduciary Net Position
Fiduciary Funds
June 30, 2021 and 2020
(in thousands)

	Pension and Retiree Benefit Trust Funds	
	2021	2020
Assets:		
Cash and cash equivalents	$ 1,017	$ 6,216
Investments, at fair value:		
Common stocks	15,638	19,900
Commingled funds:		
Domestic equity	331,330	271,301
Fixed income	298,520	289,775
International equity	298,748	252,520
Real estate	78,748	73,331
Private Equity	63,494	47,631
Total investments, at fair value	1,086,478	954,458
Receivables:		
Plan member contributions	292	650
Employer contributions	7,321	—
Accrued interest and dividends	19	19
Other state retirement plans	1,537	1,482
Receivable for securities sold	21	135
Other	32	55
Total receivables	9,222	2,341
Total assets	1,096,717	963,015
Liabilities:		
Payables to other state retirement plans	679	623
Payable for securities purchased	—	43
Other payables	749	2,709
Total liabilities	1,428	3,375
Net position:		
Restricted for:		
Pensions	819,159	716,201
Postemployment benefits other than pensions	276,130	243,439
Total net position	$ 1,095,289	$ 959,640

The accompanying notes are an integral part of these financial statements.

MASSACHUSETTS PORT AUTHORITY

Statements of Change in Fiduciary Net Position

Fiduciary Fund

Years ended June 30, 2021 and 2020

(in thousands)

	Pension and Retiree Benefit Trust Funds	
	2021	**2020**
Additions:		
Contributions:		
Plan members	$ 13,419	$ 12,733
Plan sponsor	23,536	20,923
Total contributions	36,955	33,656
Intergovernmental:		
Transfers from other state retirement plans	173	2,396
Section 3(8)(c) transfers, net	1,200	827
Net intergovernmental	1,373	3,223
Investment earnings:		
Interest and dividends	15,695	16,871
Net appreciation in fair value of investments	136,472	119,798
Less management and related fees	(2,795)	(2,819)
Net investment earnings	149,372	133,850
Total additions	187,700	170,729
Deductions:		
Retirement benefits	48,976	41,618
Withdrawals by inactive members	1,047	533
Transfers to other state retirement plans	653	412
Administrative expenses	1,375	1,351
Total deductions	52,051	43,914
Net increase in fiduciary net position	135,649	126,815
Net position - beginning of year	959,640	832,825
Net position - end of year	$ 1,095,289	$ 959,640

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies and Practices

Reporting Entity

The Massachusetts Port Authority (the "Authority") is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth") created and existing pursuant to Chapter 465 of the Acts of 1956, as amended, (the "Enabling Act"). The Authority controls, operates and manages Boston-Logan International Airport ("Logan Airport"), Laurence G. Hanscom Field, Worcester Regional Airport, the Port of Boston and other facilities in the Port of Boston.

The Authority has no stockholders or equity holders, and the Authority's financial statements are not a component unit of the Commonwealth's financial statements. The provisions of the Enabling Act and the Trust Agreement, dated as of August 1, 1978 as amended and supplemented (the "1978 Trust Agreement"), between the Authority and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee (the "Trustee"), the Passenger Facility Charges ("PFC") Depositary Agreement dated July 3, 2017 (the "PFC Depositary Agreement"), between the Authority and The Bank of New York Mellon, as custodian (the "PFC Custodian")", and the Customer Facility Charges ("CFC") Revenue Bond Trust Agreement dated May 18, 2011, as amended and supplemented (the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "CFC Trustee"), govern all funds, with limited exceptions, received by the Authority pursuant to the Enabling Act.

In April 1981, the Authority adopted a retiree benefit plan whereby the Authority assumed the full cost of group health insurance including basic life insurance, dental insurance and catastrophic illness coverage to those retirees and surviving spouses (and qualifying dependents) who have retired under the Authority's retirement system (collectively referred to as the "OPEB Plan"). In June 2009 and May 2016, the Members of the Authority (the "Board") made changes to the plan benefits to be paid by the Authority for certain existing and future retirees. For additional details, see Note 7.

In June 2008, the Authority created the Retiree Benefits Trust (the "RBT" or the "Trust") to fund its OPEB Plan obligations. It was established as an irrevocable governmental trust under Section 115 of the Internal Revenue Code. In no event shall any part of the principal or income of the RBT be paid or revert back to the Authority or be used for any purpose whatsoever other than for the exclusive benefit of retirees and their beneficiaries.

Basis of Accounting

The Authority's business-type activities are accounted in a manner similar to that often utilized in the private sector. The Authority's financial statements are presented in the form of a business-type activity related to owning and operating the airports and other facilities in the Port of Boston and fiduciary activities related to a pension and retiree benefits trust fund. The Authority's financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus in accordance with U.S. generally accepted accounting principles ("GAAP").

Revenues from airlines, rentals, parking fees, tolls and concessions are reported as operating revenues. Capital contributions, PFCs, CFCs and financing or investing related transactions are reported as non-operating revenues and expenses. All expenses related to operating the Authority's facilities are reported as operating expenses.

Accounting per Applicable Trust Agreements

Under the 1978 Trust Agreement, cash of the Authority is deposited daily into the Revenue Fund established pursuant to the 1978 Trust Agreement and is transferred to the cash concentration account. All such revenues are then transferred to the various funds established pursuant to the 1978 Trust Agreement. After providing for operating expenses, including pension expense and transfers to the self-insurance account, cash revenues are then transferred to the Bond Service Account, to be applied to debt service on any outstanding revenue bonds, the Maintenance Reserve Fund, the Payment In Lieu of Taxes Fund, the Capital Budget Fund, if applicable, and finally, the Improvement and Extension Fund.

CFC revenue is deposited in the CFC Revenue Fund established pursuant to the CFC Trust Agreement and is utilized to pay debt service on CFC Special Facilities Bonds as required in the CFC Trust Agreement. Any remaining funds are transferred to the CFC Stabilization Fund.

See Note 2 for a reconciliation between the increase in net position as calculated per GAAP and net revenues as calculated per accounting practices prescribed by the 1978 Trust Agreement.

a) Net Position

The Authority follows the "business type" activity requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, which requires that resources be classified for accounting and reporting purposes into the following three business-type activity net position components:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt and the deferred outflows / inflows of resources attributable to the acquisition, construction or improvement of those assets.

- Restricted: Net position of assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include the construction funds held pursuant to the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement and the self-insurance fund.

- Unrestricted: Net position of assets that are not subject to externally imposed stipulations. Net amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the determination of net investment in capital assets or restricted components of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties. When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

b) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and will be recognized as an outflow of resources (expense) in a future period. At June 30, 2021 and 2020, the Authority recognized deferred outflows for debt refundings, the pension plan, and other post-employment benefits (OPEB).

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources, which represents an acquisition of net position that applies to a future period and will be recognized as an inflow of resources (revenue) in a future period. At June 30, 2021 and 2020, the Authority recognized deferred inflows for debt refundings, the pension plan, and other post-employment benefits (OPEB).

Deferred outflows and inflows of resources for debt refundings are amortized over the shorter maturity of the refunded or the refunding debt. The pension and OPEB deferred inflows and outflows related to the difference between expected and actual experience and changes in assumptions are recognized in pension and OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pension and OPEB through the plans. The pension and OPEB deferred inflows and outflows related to the difference between projected and actual earnings are recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Authority considers all highly liquid investments, including restricted assets, with an original maturity date of 30 days or less to be cash equivalents.

d) Investments

Investments with a maturity greater than one year are recorded at fair value with all investment income, including changes in the fair value of investments, reported as investment income in the financial statements. Investments with a maturity date of less than one year are carried at amortized cost, which approximates fair value. Nonparticipating interest earning contracts, including certificates of deposit and guarantees investment contracts, are carried at cost. Fair value is determined based on quoted market prices. The Authority recorded in investment income an unrealized decrease in the fair value of investments of \$7.0 million and a realized gain of \$0.01 million at June 30, 2021 and an unrealized increase in the fair value of investments of \$8.0 million and a realized gain of \$0.2 million at June 30, 2020.

e) *Restricted Cash and Investments*

Certain cash, cash equivalents and investments are restricted for use by the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement, and other external requirements. These amounts have been designated primarily for expenditures related to future construction or asset acquisitions, debt service and debt service reserves.

f) *Capital Assets*

Capital assets are recorded at cost and include land, land improvements, buildings, machinery and equipment, runways, roadways and other paving and non-maintenance dredging. Such costs include, where appropriate, capitalized interest and related legal costs. The costs of normal upkeep, maintenance, maintenance dredging and repairs are not capitalized.

The capitalization threshold is noted below:

Asset Category		Dollar Threshold
Buildings	$	10,000
Machinery & Equipment		5,000
Equipment Repair/Overhaul (Major)		25,000
Runway, Roadways & Other Paving		50,000
Land Improvements		50,000

g) *Depreciation*

The Authority provides for depreciation using the straight-line method. Assets placed in service are depreciated for the full year. Depreciation is intended to distribute the cost of depreciable properties over the following estimated useful lives:

Asset Category	Years
Buildings	25
Air rights	10 to 25
Runways (original construction)	25
Other airfield paving	12
Roadway	25
Roadway-landscaping	10
Dredging	15
Machinery and equipment	5 to 10
Land use rights	30

h) Other Assets and Prepaid Items

Other assets consist of certain payments to vendors reflecting costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

i) Amortization

Revenue bond premiums and discounts are deferred and amortized on a straight-line basis over the term of the bonds, as this approximates the effective interest method. Unamortized amounts are presented as a (reduction) addition of the face amount of bonds payable.

The difference between the reacquisition price and net carrying amount of defeased bonds is amortized on the straight-line method over the shorter of the maturity of the new debt or the defeased debt and is recorded as deferred inflows/outflows of resources on the statement of net position.

j) Revenue Recognition

Fees and other services consist of parking fees, landing fees, and container handling fees. Revenues from parking fees and container handling fees are recognized at the time the service is provided. Landing fees are recognized as part of operating revenue when airline related facilities are utilized and are principally based on the landed weight of the aircraft. The scheduled airline fee structure is determined and approved annually by the Board and is based on full cost recovery pursuant to an arrangement between the Authority and the respective airlines.

Rental and concession fees are generated from airlines, rental car companies, and other commercial tenants. Rental revenue on leases is recognized over the term of the associated lease. Concession revenue is recognized partially based on self-reported concession revenue by the tenants and partially based on minimum rental rates. Unearned revenue consists primarily of amounts received in advance for future rents or other services. These amounts are recognized as revenue as they are earned over the applicable period.

Rates and charges are set annually based on the budgeted operating costs and actual capital costs. A true-up calculation is performed for landing fees, terminal rents, and baggage fees at year-end based on the actual results. In the event the actual costs are more than the budgeted amounts for the year, the Authority will recover additional rates and charges. In the event the actual costs are less than the budgeted amounts, the Authority will issue credits to the respective airlines.

The Authority presents its accounts receivable at the expected net realizable value. Accordingly, the Authority has recorded an allowance for doubtful accounts against its accounts receivable of $7.2 million and $6.9 million at June 30, 2021 and 2020, respectively.

k) *Passenger Facility Charges*

In 1993, the Authority received initial approval from the Federal Aviation Administration ("FAA") to impose a $3.00 PFC be collected from every eligible passenger at Logan Airport. PFCs collected by the Authority can be used for capital projects determined by the FAA to be eligible in accordance with the Aviation Safety and Capacity Expansion Act of 1990. Effective October 1, 2005, the Authority received approval from the FAA to increase the PFC collection to $4.50. All PFC's collected by the Authority are deposited under the PFC Depositary Agreement with the PFC Custodian.

Through June 30, 2021, the Authority had cumulative PFC cash collections of $1,383.0 million, including interest thereon.

As part of the Final Agency Decision issued by the FAA in 2011, the Authority was authorized, but not required, to use up to $14.4 million per year in PFCs to pay approximately one-third of the debt service on its Terminal A Special Facility Bonds (the "Terminal A Bonds"). The Authority chose to make this use of PFC revenue in order to offset the increase in Terminal A rates and charges that would have resulted from the scheduled increase in Terminal A debt service associated with the beginning of principal payments on January 1, 2012 through January 1, 2019 for the Terminal A Bonds. This use of PFCs maintained a consistent rate across all terminals and facilitated the Authority's ability to assign carriers to Terminal A. On February 13, 2019, the Authority issued its Series 2019 A Bonds to refund all of the outstanding Terminal A Bonds to achieve significant interest rate savings compared to the rates on the Terminal A Bonds.

Pursuant to the 1978 Trust Agreement, commencing in fiscal year 2020, the Authority is authorized to approve a resolution or resolutions that designate specified PFC revenues as Available Funds, and, to the extent approved by the FAA, such amount would then be used to pay debt service on specific Series of Bonds. The Authority expects, to the extent approved by the FAA, to designate in each annual budget certain PFCs as Available Funds to pay a portion of the debt service on certain outstanding Series of Bonds.

At June 30, 2021, the Authority's collection authorization and total use approval is $2.46 billion.

Revenues derived from the collection of PFCs are recognized on the accrual basis, based on the month the charges were levied and collected by the airlines. Due to their restricted use, PFCs are categorized as non-operating revenues. The Authority recognized $27.9

million and $59.9 million in PFC revenue for the fiscal years ended June 30, 2021 and 2020, respectively.

l) *Customer Facility Charges*

Effective December 1, 2008, the Board established a CFC of $4.00 per transaction day for rental cars which originated out of Logan Airport. Effective December 1, 2009, this charge was increased to $6.00 per transaction day. The proceeds of the CFC are being used to finance and maintain the Rental Car Center (the "RCC") and associated bus purchases. Revenues derived from the collection of CFCs are recognized on the accrual basis, based on the month the charges were levied and collected by the rental car companies. Due to their restricted use, CFCs are categorized as non-operating revenues. Pursuant to the CFC Trust Agreement, the Authority issued two series of Special Facilities Revenue Bonds in June 2011 (the "Series 2011 Bonds"). The Series 2011 Bonds were issued for the purpose of providing funds sufficient, together with other available funds of the Authority, to finance the development and construction of the RCC and related improvements at Logan Airport, fund certain deposits to the Debt Service Reserve Fund and the Supplemental Reserve Fund, and pay certain costs of issuance of the Series 2011 Bonds. The Series 2011 Bonds and any additional bonds that may be issued under the CFC Trust Agreement on parity with the Series 2011 Bonds are secured by CFC Pledged Revenues and by Contingent Rent, if any, payable by the rental car companies and other funds. The Series 2011 Bonds are not secured by any other revenues of the Authority. For additional information on the Series 2011 Bonds, see Note 5.

The Authority recognized $11.7 million and $25.9 million in CFC revenue for the fiscal years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, $120.3 million and $124.4 million of CFC bonds were outstanding, respectively.

m) *Capital Contributions*

The Authority receives capital contributions from various federal agencies and the Commonwealth in support of specific operational programs and its Capital Program. Grant revenues are recognized as related expenditures are incurred and all eligibility requirements are met. Grants for capital asset acquisition, facility development, runway/ airfield rehabilitation and long-term planning are reported as capital contributions. Capital contributions are reported in the Statement of Revenues, Expenses and Changes in Net Position after non-operating revenues and expenses and their use is restricted. In fiscal years 2021 and 2020, the Authority recognized $61.9 million and $59.9 million of capital contributions, respectively. The 2021 and the 2020 capital contributions were generated primarily from reimbursements under the FAA AIP grant program, the Nationally Significant Freight and Highway Project Program – Fastlane, and The Commonwealth of Massachusetts Department of Transportation for the Conley Terminal Berth 10 project.

n) *Compensated Absences*

The Authority accrues for vacation and sick pay liabilities when they are earned by the employee. The liability for vested vacation and sick pay is reflected in the accompanying statements of net position as compensated absences. The current portion of compensated absences at June 30, 2021 and 2020 was $1.1 million and $1.5 million, respectively. The table below presents the Authority's compensated absences activity at June 30, 2021 and 2020 and for the years then ended (in thousands):

		2021		2020
Liability balance, beginning of year	$	20,160	$	17,917
Vacation and sick pay earned during the year		15,980		17,921
Vacation and sick pay used during the year		(20,422)		(15,678)
Liability balance, end of year	$	15,718	$	20,160

o) *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts Port Authority Employees Retirement System (the "Plan") and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information on the Plan, see Note 6.

p) *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Massachusetts Port Authority Retiree Benefits Trust (the "Trust") and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information on OPEB, see Note 7.

q) *Type of Fiduciary Fund*

Pension and Other Employee Benefits Trust Funds report resources that are required to be held in trust for the members and beneficiaries of the Authority's defined benefit retirement plan and OPEB plan. Information reported for the plans was obtained from the audited financial statements prepared by each of the plans. The financial information obtained from the defined benefit retirement plan was for the years ended December 31, 2020 and 2019. The financial information obtained from the OPEB plans was for the year ended December 31, 2020 and six months ended December 30, 2019. Effective January 1, 2020, the OPEB plan changed its year end from June 30 to December 31. These plans are considered fiduciary component units of the Authority and reported as fiduciary funds.

r) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

s) *New Accounting Pronouncements Recently Adopted*

GASB Statement No. 84, *Fiduciary Activities,* was issued in January 2017. The primary objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The Authority adopted this statement on July 1, 2019. As of July 1, 2019, the Authority identified the Pension and Other Employee Benefits Trust Funds as fiduciary activities. The cumulative effect of adopting this statement was the establishment of beginning fiduciary net position of approximately $0.960 million.

GASB Statement No. 90*, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61,* was issued in August 2018. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The statement, as amended by GASB 95, is effective for reporting periods beginning after December 15, 2019. The adoption of this statement did not have an impact on the financial statements.

t) Accounting Pronouncements Issued But Not Yet Adopted

GASB Statement No. 87, *Leases*, was issued in June 2017. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The statement, as amended by GASB 95, is effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 91*, Conduit Debt Obligations,* was issued in May 2019. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This statement, as amended by GASB 95, is effective for reporting periods beginning after December 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 92*, Omnibus 2020,* was issued in January 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to all other items, as amended by GASB 95, are effective for fiscal years or reporting periods beginning after June 15, 2021. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 93*, Replacement of Interbank Offered Rates,* was issued in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark for a derivative instrument that hedges the interest rate risk of taxable debt is effective for reporting periods ending after December 31, 2021. Amendments to modify the provisions of lease contracts are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement, as amended by GASB 95, are effective for reporting periods beginning after June 15, 2020. The Authority is in the process of evaluating the impact of its adoption of the remaining provisions on the financial statements.

GASB Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* was issued in March 2020. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which is defined in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 97, *Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities,* be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans,* or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* respectively.

This statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this statement. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

2. Reconciliation between increase in business-type activities net position as calculated under GAAP and net revenues as calculated under accounting practices prescribed by the 1978 Trust Agreement

Presented below are the calculations of the net revenues of the Authority under the 1978 Trust Agreement. Net revenue calculated based on the 1978 Trust Agreement is used in determining the Authority's compliance with the debt service coverage ratio (in thousands).

	2021	2020
Increase in Net Position per GAAP	$ 83,046	$ 164,179
Additions:		
Depreciation and amortization	307,583	299,334
Interest expense	98,146	109,441
Payments in lieu of taxes	22,247	21,030
Other operating expenses	5,925	(3,128)
Adjustment for uncollectible accounts	2,255	(1,122)
OPEB expenses, net	(14,518)	4,799
Pension expense	(25,900)	1,434
Less:		
Passenger facility charges	(27,948)	(59,875)
Customer facility charges	(11,657)	(25,884)
Self insurance expenses	1,423	(237)
Capital grant revenue	(61,923)	(59,899)
Net decrease (increase) in the fair value of investments	6,997	(8,207)
Loss (gain) on sale of equipment	41	(264)
Settlement of claims	(2)	22
Other (revenues) expenses	(2,847)	(1,739)
Other non-operating revenues	(4,936)	(7,988)
Investment income	(5,125)	(12,537)
Net Revenue per the 1978 Trust Agreement	$ 372,807	$ 419,359

Total net revenues, as defined by the 1978 Trust Agreement, pledged for the repayment of bonds issued under the 1978 Trust Agreement were $372.8 million and $419.4 million for the years ended June 30, 2021 and 2020, respectively.

3. Deposits and Investments

Enterprise Fund:

The Authority's investments are made in accordance with the provisions of the 1978 Trust Agreement, the PFC Depositary Agreement and the CFC Trust Agreement along with the investment policy adopted by the Board (the "Investment Policy"). The goals of the Investment Policy are, in order of importance, to preserve capital, to provide liquidity and to generate interest income.

As of June 30, 2021 and 2020, all investments were held on behalf of the Authority by the Trustee, the PFC Custodian, the CFC Trustee or custodians in the Authority's name. The 1978 Trust Agreement, the PFC Depositary Agreement and the CFC Trust Agreement require that securities collateralizing repurchase agreements must continuously have a fair value at least equal to the cost of the agreement plus accrued interest.

The Authority's structured investments are in the form of a guaranteed investment contract ("GIC") and are fully collateralized. These investments provide for scheduled principal payments equaling the interest rate previously agreed to between the Authority and the provider of the guaranteed investment contract.

The total accumulated unrealized gain due to the changes in fair value of investments related to investments with maturities in excess of one year was a gain of approximately $2.3 million as of June 30, 2021 and a gain of approximately $9.3 million as of June 30, 2020.

The following summarizes the Authority's cash and cash equivalents and investments by type held at June 30, 2021 and 2020 (in thousands):

2021	Credit Rating (1)		Cost		Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Unrated	$	367,792	$	367,792	0.003
Federal Home Loan Bank	AA+ / Aaa		84,426		84,022	1.764
Federally Deposit Insurance Corporation	Unrated (2)		1,000		1,000	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa		73,336		72,488	1.792
Federal National Mortgage Association	AA+ / Aaa		69,082		68,763	1.691
Federal Farm Credit	AA+ / Aaa		20,004		19,922	1.230
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)		50,529		50,529	7.945
Cash Deposit	Unrated		2,871		2,871	0.003
Certificates of Deposit	AAA / Aaa (3)		44,736		44,736	0.439
Commercial Paper	A-1/ P-1 (5)		584,367		584,367	0.410
Supranational	AAA / Aaa (5)		10,025		9,855	4.515
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)		50,185		50,185	0.003
Municipal Bond	AA / Aa2		226,740		228,747	2.574
Money Market Funds	Unrated		2,459		2,459	0.003
Insured Cash Sw eep	Unrated (2)		31,371		31,371	0.003
Corporate Bonds	AA- / Aa3 (7)		241,937		244,067	2.526
		$	1,860,860	$	1,863,174	

2020	Credit Rating (1)		Cost		Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Unrated	$	415,161	$	415,161	0.003
Federal Home Loan Bank	AA+ / Aaa		16,096		16,125	1.512
Federally Deposit Insurance Corporation	Unrated (2)		1,000		1,000	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa		151,266		151,341	1.353
Federal National Mortgage Association	AA+ / Aaa		16,710		16,736	1.224
Federal Farm Credit	AA+ / Aaa		22,554		22,619	1.411
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)		48,536		48,536	8.260
Cash Deposit	Unrated		2,815		2,815	0.003
Certificates of Deposit	AAA / Aaa (3)		108,215		108,215	0.720
Commercial Paper	A-1/ P-1 (5)		231,472		231,472	0.279
Supranational	AAA / Aaa (5)		107,715		108,166	3.492
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)		43,279		43,279	0.003
Municipal Bond	AAA/ Aa1		186,506		189,795	1.950
Money Market Funds	Unrated		7,254		7,254	0.004
Insured Cash Sw eep	Unrated (2)		31,295		31,295	0.003
Corporate Bonds	AA- / Aa2 (7)		299,848		305,214	1.346
		$	1,689,722	$	1,699,023	

1. The ratings are from S&P or Moody's as of the fiscal year presented.
2. FDIC Insured Deposits Accounts.
3. Collateralized by Federal Agency Notes or Letter of Credit backed by each reserve.
4. Underlying rating of security held.
5. Credit quality of fund holdings.
6. MMDT and GIC are carried at cost, w hich approximates fair value in the tables.
7. The Authority ow ns a diverse portfolio of corporate bonds w ith S&P credit ratings ranging from BBB+ to AA+ and Moody's credit ratings ranging from Baa1 to Aaa.

The table below presents the Authority's cash and cash equivalents and investments based on maturity date (in thousands):

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Securities maturing in 1 year or more	$ 683,745	$ 685,634	$ 573,323	$ 580,214
Securities maturing in less than 1 year	721,637	722,062	615,594	618,004
Cash and cash equivalents	455,478	455,478	500,805	500,805
	$ 1,860,860	$ 1,863,174	$ 1,689,722	$ 1,699,023

a) Credit Risk

Credit risk is the risk that the Authority will be negatively impacted due to the default of the security issuer or investment counterparty.

The Authority's 1978 Trust Agreement, PFC Depositary Agreement and CFC Trust Agreement each stipulate that, in addition to U.S. Treasury and government agency obligations, only certain highly rated securities are eligible investments, including bonds or obligations of any state or political subdivision thereof, rated in the two highest rating categories without regard to gradations within rating categories, by both Moody's (AAA, Aa1, Aa2 and Aa3) and S&P (AAA, AA+, AA, and AA-); commercial paper of a U.S. corporation, finance company or money market funds rated in the highest rating category, without regard to gradations within categories, by both Moody's and S&P; and investment contracts with banks whose long-term unsecured debt rating is in one of the two highest rating categories by both Moody's and S&P. In addition, U.S. dollar denominated corporate bonds, notes or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit or other entity rated in one of the three highest rating categories, without regard to gradations within such categories by Moody's and S&P.

b) Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. Bank deposits in excess of the insured amount are uninsured and uncollateralized.

The Authority maintains depository accounts with Bank of America, N.A., Wells Fargo Bank, N.A., TD Bank, N.A. and the PFC Custodian. The Authority maintains a payroll disbursement, lockbox and collection accounts (for other than PFCs) with Bank of America, N.A. None of these accounts are collateralized.

The Authority's cash on deposit in the banks noted above at June 30, 2021 and 2020 was $2.9 million and $2.8 million, respectively, and of these amounts, $250.0 thousand was insured in each year, and no amount was collateralized at June 30, 2021 or 2020.

c) Custodial Credit Risk – Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Authority would not be able to recover the value of its investments or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Authority and are held by either the counterparty or, the counterparty's trust department or agent, but not in the Authority's name.

The Authority is authorized by the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement and the Investment Policy to invest in obligations of the U.S. Treasury, including obligations of its agencies and instrumentalities, bonds and notes of public agencies or municipalities, bank time deposits, guaranteed investment contracts, money market accounts, commercial paper of a U.S. corporation or finance company and corporate bonds. All investments are held by a third party in the Authority's name. These investments are recorded at fair value.

Additionally, the Authority is authorized to invest in the Massachusetts Municipal Depository Trust ("MMDT"), a pooled money market like investment fund managed by The Commonwealth of Massachusetts, established under the General Laws, Chapter 29, Section 38A. MMDT investments are carried at amortized cost, which approximates fair value which is the same as the value of the pool. The Authority can purchase and sell its investments at any time without penalty.

The following guaranteed investment contracts were in place as of June 30, 2021 and 2020, respectively; they are uncollateralized and recorded at cost (in thousands):

Investment Agreement Provider	Rate	Maturity	2021	2020
Trinity Plus Funding Company	4.36%	January 2, 2031	$ 22,569	$ 21,613
GE Funding Capital Markets	3.81%	December 31, 2030	27,960	26,923
Total			$ 50,529	$ 48,536

d) Concentration of Credit Risk – Investments

Concentration of credit risk is assumed to arise when the amount of investments that the Authority has with any one issuer exceeds 5% of the total value of the Authority's investments. The Authority consults with its Investment Advisor to select Commercial Paper Issuers with strong credit ratings. The book values of portions of the Authority-wide portfolio, excluding investments issued by MMDT, the FDIC, or U.S. Government guaranteed obligations, that exceed 5% of the portfolio are as follows (in thousands):

Issuer:	**2021 % of Portfolio**	**2020 % of Portfolio**
Commercial Paper	31.40%	13.70%
Corporate Bonds	13.00%	17.75%
Municipal Bond	12.18%	11.04%
Federal Agency Bonds	13.32%	12.29%
Certificates of Deposit	2.40%	6.40%
Supranational	0.54%	6.37%

Commercial Paper Issuer	**2021**	**2020**
Australia & NZ	$ 17,971	$ -
Bank of Tokyo Mitsubishi UFJ	29,983	76,809
Canadian Imperial Holdings Inc.	14,986	29,949
Credit Agricole	24,987	74,850
DNB BANK	29,967	-
ING Funding	67,539	-
JP Morgan Chase	24,976	-
Mizuho Bank	89,906	-
Natixis NY	85,962	19,976
Rabobank USA	24,982	-
Royal Bank of Canada	29,948	-
Societe Generale	92,700	-
TD Bank	22,959	-
Toyota Motor Corporation	27,500	29,888
Total	$ 584,366	$ 231,472

e) Credit Ratings – Investments

The 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement and the Investment Policy generally limit the Authority in the types of investments it can purchase to the two highest rating categories without regard to gradations within the rating categories by both Moody's (Aaa, Aa1, Aa2, and Aa3) and S&P (AAA, AA+, AA, and AA-) and in corporate bonds rated in one of the three highest rating categories without regard to gradations within such categories by Moody's and S&P.

Investments in bank certificates of deposits were fully collateralized. Also, the Authority invested in MMDT, managed by the State Treasury, which is not rated.

f) Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority has set targets for the preferred maturity structure of the investments held in each fund and account, and also sets targets each quarter for the effective duration for each fund that reflect the need for liquidity and the expected tradeoffs between yield and term for each different fund and account. It is the Authority's practice to hold investments until maturity in order to insulate the Authority's investment earnings from interest rate risk. The Authority mitigates interest rate risk by managing the weighted average maturity of each portfolio type to best meet its liquidity needs.

g) Cash, Cash Equivalents and Investments by Fund

The following summarizes cash and investments, at cost and fair value, as of June 30, by the various funds and accounts established by the Authority for debt covenant requirements and other purposes. In the following table, the fair value of MMDT and GIC approximate their costs (in thousands):

	2021		2020	
1978 Trust	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Improvement and Extension Fund	$ 502,291	$ 501,757	$ 393,850	$ 395,950
Capital Budget Account	185,576	185,576	220,058	220,056
Debt Service Reserve Funds	168,034	169,303	148,414	150,851
Debt Service Funds	45,790	45,790	101,190	101,190
Maintenance Reserve Fund	266,523	267,434	196,256	198,828
Operating/Revenue Fund	115,075	115,075	83,783	83,783
Subordinated Debt Funds	52,925	52,925	50,933	50,933
Self-Insurance Account	31,230	31,861	34,418	35,281
2018 A Project Fund	11,558	11,558	43,000	43,000
2019 B Project Fund	15,009	15,075	92,780	93,234
2019 C Project Fund	12,872	12,872	73,054	73,667
2020 B Project Fund	22,638	22,638	86,166	86,167
2021 D Project Funds	53,138	53,138	-	-
2021 E Project Funds	216,152	216,163	-	-
Other Funds	39,402	39,415	52,271	52,271
PFC Depositary Agreement				
Other PFC Funds	64,039	64,028	50,545	50,575
2011 CFC Trust				
Debt Service Reserve Funds	21,752	21,733	21,834	21,943
CFC Maintenance Reserve Fund	3,848	3,848	4,577	4,600
Debt Service Funds	5,616	5,606	9,721	9,721
CFC Stabilization and Other CFC Func	27,392	27,379	26,872	26,973
Total	$ 1,860,860	$ 1,863,174	$ 1,689,722	$ 1,699,023

h) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following tables show the fair value and the fair value measurements for the Authority's business-type activity's investments:

Investments Measured at Fair Value (in thousands)

As of June 30, 2021	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 84,022	$ -	$ 84,022	$ -
Federal Home Loan Mortgage Corp.	72,488	-	72,488	-
Federal National Mortgage Association	68,763	-	68,763	-
Federal Farm Credit	19,922	-	19,922	-
Supranational	9,855	-	9,855	-
Commercial Paper	584,367	-	584,367	-
Government Fund-Morgan Stanley / Wells Fargo	50,185	50,185	-	-
Municipal Bond	228,747	-	228,747	-
Money Market Funds	2,459	2,459	-	-
Corporate Bonds	244,067	-	244,067	-
Total Investments Measured at Fair Value	$ 1,364,875	$ 52,644	$ 1,312,231	$ -

Investments Measured at Fair Value (in thousands)

As of June 30, 2020	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 16,125	$ -	$ 16,125	$ -
Federal Home Loan Mortgage Corp.	151,341	-	151,341	-
Federal National Mortgage Association	16,736	-	16,736	-
Federal Farm Credit	22,619	-	22,619	-
Supranational	108,166	-	108,166	-
Commercial Paper	231,472	-	231,472	-
Government Fund-Morgan Stanley / Wells Fargo	43,279	43,279	-	-
Municipal Bond	189,795	-	189,795	-
Money Market Funds	7,254	7,254	-	-
Corporate Bonds	305,214	-	305,214	-
Total Investments Measured at Fair Value	$ 1,092,001	$ 50,533	$ 1,041,468	$ -

Money Market Funds

As of June 30, 2021 and 2020, the Authority held positions in various money market funds and the fair values of those funds were $52.6 million and $50.5 million, respectively. The fair values of the money market funds are valued at the daily closing price as reported by the fund (Level 1).

Federal Agency Notes

As of June 30, 2021 and 2020, the Authority held positions in federal agency notes and the fair values were $245.2 million and $206.8 million, respectively. The fair values of the federal agency notes are based on a market approach using quoted prices by a third party, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers (Level 2).

Commercial Paper Notes

As of June 30, 2021 and 2020, the Authority held positions in commercial paper notes and the fair values were $584.4 million and $231.5 million, respectively. The fair values of the commercial paper notes are based on a market approach using matrix pricing determined by investment managers (Level 2).

Municipal Bonds

As of June 30, 2021 and 2020, the Authority held positions in municipal bonds and the fair values were $228.7 million and $189.8 million, respectively. The fair values of the Municipal Bonds are based on a market approach using quoted prices by a third party, documented trade history in the security, and pricing models maximizing the use of observable inputs determined by investment managers (Level 2).

Corporate Bonds

As of June 30, 2021 and 2020, the Authority held positions in corporate bonds and the fair values were $244.1 million and $305.2 million. The fair values of the corporate bonds are based on a market approach valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager (Level 2).

Supranational

As of June 30, 2021 and 2020, the Authority held positions in supranational bonds and the fair values were $9.9 million and $108.2 million. The fair values of the bonds are based on a market approach valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager (Level 2).

Fiduciary Funds:

Massachusetts Port Authority Retiree Benefits Trust

The Trust's investments are made in accordance with the provisions of the Trust Investment Policy (the "Trust Investment Policy"), which was adopted on May 8, 2009 and amended on December 8, 2014 by the Retiree Benefits Trust Committee (the "Committee"). The goals of the Trust Investment Policy are to invest for the sole purpose of funding the OPEB Plan obligation of the Authority in a prudent manner, and to conserve and enhance the value of the Trust assets through appreciation and income generation, while maintaining a moderate investment risk. In addition, the Trust Investment Policy was developed to achieve a long-term return commensurate with contemporary economic conditions and equal to or exceed the investment objectives set forth in the investment policy, currently set at 7.00%, reduced from 7.25% effective December 31, 2019.

The Trust has retained an investment advisor to work in a fiduciary capacity to ensure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Trust is currently invested in commingled funds which hold stocks (domestic and international) and fixed income securities and three private equity real estate funds.

The exposure limits per the Trust Investment Policy are as follows:

			Asset Weightings (as of December 8, 2014)		
Asset Class	**December 31, 2020 Exposure**	**December 31, 2019 Exposure**	**Minimum Exposure**	**Maximum Exposure**	**Target Allocation**
Domestic equity	40.7%	40.5%	28.0%	48.0%	38.0%
Fixed income	28.0%	29.3%	17.0%	47.0%	32.0%
International equity	21.8%	19.7%	10.0%	30.0%	20.0%
Cash and cash equivalents	0.1%	2.0%	0.0%	20.0%	0.0%
Alternatives:					
Real estate private equity	9.4%	8.5%	0.0%	15.0%	10.0%

The current investment philosophy represents a long-term perspective. When asset weightings fall outside the Investment Policy range, the investment advisor shall advise the Committee on potential investment courses of action and the Committee may elect to rebalance the Trust asset mix.

The following summarizes the Trust's cash, cash equivalents and investments by type held at December 31, 2020 and 2019 (in thousands):

	Credit Rating	**December 31, 2020 Fair Value**	**Credit Rating**	**December 31, 2019 Fair Value**
Cash and Cash Equivalents				
MMDT	Unrated	$ 158	Unrated	$ 4,906
First American Government Fund	Unrated	59	Unrated	112
Total Cash and Cash Equivalents		$ 217		$ 5,018
Investments				
Vanguard Index Funds	Unrated	$ 132,692	Unrated	$ 117,735
Acadian All Country World ex US Fund	Unrated	16,762	Unrated	13,289
WCM Focused International Growth Fund	Unrated	15,346	Unrated	10,850
Vanguard Intermediate Term Investment Grade Fund	A	10,147	A	9,191
Aberdeen Emerging Markets Fund	Unrated	8,151	Unrated	5,937
Alliance Bernstein High Income	B	7,392	BB	7,171
TCW Emerging Markets Income	BB	6,122	BB	5,824
PL Floating Rate Income Fund	B	8,347	B	8,214
Baird Core Plus Fund	A	22,703	A	20,867
Voya Intermediate Bond Fund	A	22,594	A	20,878
Real Estate Private Equity Funds	Unrated	25,867	Unrated	20,775
Total Investments		$ 276,123		$ 240,731

The following discusses the Trust's exposure to common deposit and investment risks related to custodial credit, credit, concentration of credit, interest rate and foreign currency risks as of December 31, 2020 and 2019.

a) *Credit Risk*

For the twelve months ended December 31, 2020 and the six months ended December 31, 2019, the Trust's fixed income investments totaled $77.3 million and $72.1 million, respectively. At December 31, 2020 and 2019, these investments were split between six commingled mutual funds. The investment policy limits fixed income securities of any one issuer to below 5% of the total bond portfolio at the time of purchase and this limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The diversification restrictions for individual stocks and fixed income securities purchased and held in the total portfolio shall not apply to similar investment instruments held in a commingled fund or an SEC registered mutual fund specifically approved by the Committee. The Trust invests primarily commingled funds and SEC registered mutual funds. The overall rating of the fixed income assets, as calculated by the investment advisor, shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization. In cases where the yield spread adequately compensates for additional risk, investments classified at below investment grade can be purchased or held to maturity up to a maximum of 30% of the total market value of the fixed income securities of the Fund. The total percentage of the fixed income investments subject to this provision at December 31, 2020 and 2019 was 29.50% and 28.45%, respectively.

b) *Custodial Credit Risk*

The Trust manages custodial credit risk by limiting its investments to highly rated institutions and or requiring high quality collateral be held by the Trustee in the name of the Trust. All investments are held by a third party in the Trust's name. These investments are recorded at fair value.

Additionally, the Trust is authorized to invest in the Massachusetts Municipal Depository Trust (MMDT), a pooled money market like investment fund managed by The Commonwealth of Massachusetts, established under the General Laws, Chapter 29, Section 38A. MMDT investments are carried at amortized cost, which approximates fair value which is the same as the value of the pool. The Trust can purchase and sell its investments in this fund at any time without penalty.

c) *Concentration of Credit Risk*

Investments of Trust assets are diversified in accordance with the Investment Policy that defines rules for the funds, including having no stock holding or fixed income holding with a 5% or greater portfolio weighting (except U.S. Treasury or securities backed by the federal government), holding no more than 2% of the outstanding shares of an individual stock, and holding no more than 25% of the portfolio in any one industry. Trust assets were in compliance with the Investment Policy at December 31, 2020 and 2019, respectively.

d) *Interest Rate Risk*

This risk is confined to the fixed income and cash portions of the portfolio and is managed within the portfolio using the effective duration methodology. This methodology is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes. The weighted duration of the fixed income portfolio at December 31, 2020 and 2019 was 5.45 and 5.06 years, respectively.

The individual fund durations are as follows at December 31, 2020 and 2019, respectively. (in thousands):

	December 31, 2020 Fair Value	Effective Duration	December 31, 2019 Fair Value	Effective Duration
Fixed Income Investments				
Vanguard Intermediate Term Investment Grade Fund	$ 10,147	6.00	$ 9,191	5.40
Alliance Bernstein High Income	7,392	4.05	7,171	3.68
TCW Emerging Markets Income	6,122	8.22	5,824	7.60
PL Floating Rate Income Fund	8,347	0.29	8,214	0.28
Baird Core Plus	22,703	6.05	20,867	5.68
Voya Intermediate Bond	22,594	6.22	20,878	5.94
Total Fixed Income Investments	$ 77,305		$ 72,145	

e) *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Trust invests in funds that hold stocks in either emerging or developed markets outside of the United States that may have an impact on the fair value of the investments and thus contribute currency risk due to their international equity holdings.

f) *Rate of Return*

As required per GASB Statement 74, the annual money weighted rate of return on trust investments, net of trust expenses was 14.07% for the twelve months December 31, 2020 and 14.12% for the six months December 31, 2019, respectively. The money weighted rate of return expresses investment performance net of investment expenses adjusted for the changing amounts actually invested. The Trust's annual rate of return, measured for financial performance purposes, gross of fees, was 15.2% for the twelve months ended December 31, 2020 and 6.9% for the six months ended December 31, 2019, respectively.

g) *Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same—that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Trust has the following fair value measurements for investments at December 31, 2020 and 2019:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2020	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 132,692	$ 132,692	$ -	$ -
Baird Core Plus	22,703	22,703	-	-
Vanguard Intermediate Term Investment Grade Fund	10,147	10,147	-	-
Voya Internediate Bond	22,594	22,594	-	-
Aberdeen Emerging Markets Fund	8,151	8,151	-	-
AllianceBernstein High Income	7,392	7,392	-	-
TCW Emerging Markets Income	6,122	6,122	-	-
PL Floating Rate Income Fund	8,347	8,347	-	-
WCM Total International Stock Index	15,346	15,346	-	-
Acadian All Country World ex-USFund	16,762	16,762	-	-
Total investments measured by fair value level	250,256	250,256	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	7,795			
Equus Fund X	7,812			
ATEL Private Debt Partners II	1,984			
Golub Capital Partners 12 L.P.	2,433			
PRISA LP	5,843			
Total investments measured at the NAV	25,867			
Total Investments	$ 276,123	$ 250,256	$ -	$ -

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2019	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 117,735	$ 117,735	$ -	$ -
Baird Core Plus	20,867	20,867	-	-
Vanguard Intermediate Term Investment Grade Fund	9,191	9,191	-	-
Voya Internediate Bond	20,878	20,878	-	-
Aberdeen Emerging Markets Fund	5,937	5,937	-	-
AllianceBernstein High Income	7,171	7,171	-	-
TCW Emerging Markets Income	5,824	5,824	-	-
PL Floating Rate Income Fund	8,214	8,214	-	-
WCM Total International Stock Index	10,850	10,850	-	-
Acadian All Country World ex-USFund	13,289	13,289	-	-
Total investments measured by fair value level	219,956	219,956	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	7,356			
Equus Fund X	7,661			
PRISA LP	5,758			
Total investments measured at the NAV	20,775			
Total Investments	$ 240,731	$ 219,956	$ -	$ -

Commingled Mutual Funds

As of December 31, 2020 and 2019, the Authority held positions in several commingled mutual funds as noted above and the fair values were $250.3 million and $220.0 million, respectively. The fair values of the commingled mutual funds were valued using quoted market prices (Level 1).

The valuation method for investments measured at the net asset value (NAV) per share or its equivalent is presented in the following table (in thousands):

	Investments Measured at NAV ($000)		Investments Measured at NAV ($000)			
	December 31, 2020	**Unfunded Commitments**	**December 31, 2019**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Real Estate Private Equity Funds						
Boyd Watterson GSA Fund (1)	$ 7,795	—	$ 7,356	—	Quarterly	60 days
Equus Fund X (2)	7,812	461	7,661	—	—	—
PRISA LP (3)	5,843	—	5,758	—	Quarterly	90 days
ATEL Private Debt Partners II (4)	1,984	2,622	—		—	—
Golub Capital Partners 12 LP (4)	2,433	2,300	—		—	—
Total investments measured at the NAV	$ 25,867		$ 20,775			

1. This fund invests primarily in real estate leased to the U.S. federal government. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The Trust can withdraw from the fund with 60 days' notice prior to a calendar quarter end and the minimum withdrawal of $250,000.
2. This fund invests in U.S. commercial real estate. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The Partnership agreement stipulates a partnership dissolution on a date five years after the end of the Investment Period; provided, however, that the General Partner may, in its sole discretion, extend the term for up to two additional one year periods.
3. This fund invests primarily in commercial real estate. The fair value of the investment has been determined using the NAV per share determined using the NAV per share (or its equivalent) of the Fund's ownership in partners' capital. The Trust can withdraw from the fund quarterly with one full quarter notice.
4. These are private debt funds. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital.

Massport Employee's Retirement System:

The provisions of Massachusetts General Laws (M.G.L.) Chapter 32, Section 23(2) and the Massachusetts Port Authority Employees' Retirement System Board (the "Retirement Board") approved investment policy govern the Plan's investment practice. Diversification is attained through varied investment management styles that comply with Massachusetts state law. This is accomplished through the retention of investment managers that adhere to M.G.L. Chapter 32, Section 23(3), the "Prudent Person" rule. The Plan has retained an investment consultant to work with the Retirement Board in a fiduciary capacity to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Plan is currently invested in stocks (domestic and international), fixed income securities (domestic and international), real estate and private equity.

The exposure limits per the Plan Investment Policy are as follows:

Asset Class	Target Allocation
Domestic equity	27.5%
International equity	27.5%
Fixed income	30.0%
Real estate	7.5%
Private equity	7.5%

The Plan's current rebalancing policy states that "The Retirement Board shall rebalance to the established targets during the quarter following the quarter ended whenever the asset class allocation falls outside the allowable ranges."

The following summarizes the Plan's cash, cash equivalents and investments by type held at December 31, 2020 and 2019 (in thousands):

		December 31, 2020 Fair Value		December 31, 2019 Fair Value
Cash and Cash Equivalents	$	800	$	1,198
Investments				
Common stocks				
Equities	$	15,638	$	19,900
Commingled Equity funds				
Large Cap		202,871		151,889
Small Cap		15,888		19,924
International		238,368		204,197
Commingled Fixed Income funds				
Aggregate		57,407		64,848
Core Bond		163,808		152,782
Other Investments				
PRIT Real Estate fund		52,881		52,556
PRIT Private Equity		63,494		47,631
Total Investments	$	810,355	$	713,727

The following discusses the Plan's exposure to common deposit and investment risks related to custodial credit, credit, concentration of credit, interest rate and foreign currency risks as of December 31, 2020 and 2019.

a) *Credit Risk*

For the years ended December 31, 2020 and 2019, the Plan's fixed income investments totaled $221.2 million and $217.6 million, respectively. These investments are split between two commingled funds. Both funds are not rated.

There are no Plan-wide policy limitations for credit risk exposures within the portfolio. The Plan's two fixed income investments are managed in accordance with an investment contract that is specific as to permissible credit quality ranges and the average credit quality of the overall portfolio.

b) *Custodial Credit Risk*

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Plan's name.

Although there is no Plan-wide policy for custodial credit risk associated with deposits, the Plan's investments are held by the Plan's custodian and registered in the Plan's name. All of the Plan's securities are held by the Plan's custodial bank in the Plan's name, except for investments in mutual and commingled funds, real estate properties, and limited partnerships, which by their nature, are not required to be categorized. Investments in the Short-term Investment Funds (STIF) are held in an SEC-registered pooled fund that is managed by the master custodian bank. The fair value of the position in the pool equals the value of the pool shares.

c) *Concentration of Credit Risk*

The Plan has no investments, at fair value, that exceed 5% of the Plan's total investments as of December 31, 2020 and 2019 other than pooled investments.

d) *Interest Rate Risk*

This risk is managed within the portfolio using the effective duration methodology. It is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes. While there are no Plan-wide policy limitations as to the degree of interest rate risk taken, the Plan's one actively managed fixed income portfolio has guidelines which specify that the average duration of the portfolio ranges between plus or minus 1.5 years of the average duration of the Bloomberg Barclays US Aggregate Bond Index. The other fixed income portfolio is in a passive index fund and the investment objective of this fund is to match the return of the Bloomberg Barclays US Aggregate Bond Index. It is believed that the reporting of effective duration found in the tables below quantifies to the fullest extent possible the interest rate risk of the Plan's fixed income assets.

The individual fund durations are as follows at December 31, 2020 and 2019, respectively (in thousands):

	December 31, 2020 Fair Value	Effective Duration	December 31, 2019 Fair Value	Effective Duration
Fixed Income Investments				
Commingled fund – actively managed	$ 163,808	6.35	$ 152,782	6.00
Commingled fund – passively managed	57,407	6.23	64,848	5.88
Total Fixed Income Investments	$ 221,215		$ 217,630	

e) *Foreign Currency Risk*

From time to time, the Plan's external managers may or may not hedge the portfolio's foreign currency exposures with currency forward contracts depending on their views on a specific foreign currency relative to the U.S. dollar. While there are no Plan-wide policy limitations related to foreign currency risk, the Plan will not manage currency as a separate asset class or enter into speculative currency positions in its portfolios, except as it relates to specific cross-hedging activity, which may be permitted in certain investment manager guidelines. While the System has no investments denominated in foreign currencies, the following represents the investments denominated in U.S. dollars that can be subject to fluctuations in foreign currencies.

	December 31, 2020	December 31, 2019
Currency (in thousands)		
International equity pooled funds (various currencies)	$ 238,368	$ 204,197

f) *Rate of Return*

For the years ended December 31, 2020 and 2019, the annual money-weighted rate of return on plan investments, net of plan investment expenses was 16.14% and 19.64%, respectively. The money-weighted rate of return expresses investment performance net of investment expenses adjusted for the changing amounts actually invested.

g) *Fair Value Measurement*

GAAP establishes a fair value hierarchy for investments that prioritizes inputs used to measure fair value into three levels:

Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data;

Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Plan utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

Investments held through commingled funds for which fair value is estimated using net asset values (NAVs) as a practical expedient are not categorized in the fair value hierarchy.

The Plan uses an independent pricing source to determine the fair value of investments at quoted market prices

The Plan has the following fair value measurements for investments at December 31, 2020 and 2019:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2020	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments				
Common stocks				
Equities	$ 15,638	$ 15,638	$	$
Investments measured at NAV				
Commingled Equity funds				
Large Cap	202,871	-	-	-
Small Cap	15,888	-	-	-
International	238,368	-	-	-
Commingled Fixed Income funds				
Aggregate	57,407	-	-	-
Core Bond	163,808	-	-	-
Other Investments				
PRIT Real Estate fund	52,881	-	-	-
PRIT Private Equity	63,494	-	-	-
Total Investments	$ 810,355	$ 15,638	$ —	$ —

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2019	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments				
Common stocks				
Equities	$ 19,900	$ 19,900	$	$
Investments measured at NAV				
Commingled Equity funds				
Large Cap	151,889	-	-	-
Small Cap	19,924	-	-	-
International	204,197	-	-	-
Commingled Fixed Income funds				
Aggregate	64,848	-	-	-
Core Bond	152,782	-	-	-
Other Investments				
PRIT Real Estate fund	52,556	-	-	-
PRIT Private Equity	47,631	-	-	-
Total Investments	$ 713,727	$ 19,900	$ —	$ —

Commingled Mutual Funds

The Plan categorizes its fair value measurements within the Fair Value Hierarchy established by generally accepted accounting principles. Equity securities classified in Level 1 of the Fair

Value Hierarchy are valued using prices quoted in active markets for those securities. The Plan has no securities classified in Level 2 or Level 3.

The PRIT real estate and private equity funds are external investment pools that are not registered with the Securities and Exchange Commission, but are subject to oversight by the Pension Reserves Investment Management Board (the "PRIM Board"). The PRIM Board was created by legislation to provide general supervision of the investments and management of PRIT. The PRIT real estate and private equity funds are not rated funds. The fair value of the PRIT real estate and private equity funds are based on unit value as reported by management of the PRIT funds. The PRIT funds issue separately available audited financial statements with a year-end of June 30. The Plan is required to provide a 24-hour redemption notice for the PRIT Real Estate fund. The PRIT Private Equity fund is not redeemable until notified by the PRIM Board.

The following represents the significant investment strategies and terms on which the Plan may redeem investments for those investments measured at the NAV (or its equivalent) as a practical expedient (in thousands):

Investments Measured at NAV ($000)

	December 31, 2020	December 31, 2019	Redemption Frequency	Redemption Notice Period
Commingled Equity Funds (1)	$ 457,127	$ 376,010	Daily to Thrice Monthly	1-30 days
Commingled Fixed Income Funds (2)	221,215	217,630	Daily	1-30 days
	$ 678,342	$ 593,640		

1. Commingled Equity Funds: This type includes five funds that invest primarily in U.S. large and small cap equity funds and international equity funds
2. Commingled Fixed Income Funds: This type includes two fixed income funds that invest in U.S. corporate bonds, U.S. government bonds, U.S. asset-backed securities and foreign bonds.

4. Capital Assets

Capital assets consisted of the following at June 30, 2021 and 2020 (in thousands):

	June 30, 2020	Additions and Transfers In	Deletions and Transfers Out	June 30, 2021
Capital assets not being depreciated				
Land	$ 230,600	$ 80	$ —	$ 230,680
Construction in progress	499,869	443,644	163,603	779,910
Total capital assets not being depreciated	730,469	443,724	163,603	1,010,590
Capital assets being depreciated				
Buildings	4,338,498	75,819	5,238	4,409,079
Runway and other paving	1,010,209	51,377	—	1,061,586
Roadway	805,781	10,610	—	816,391
Machinery and equipment	823,796	25,684	1,212	848,268
Air rights	187,148	32	—	187,180
Parking rights	46,261	—	—	46,261
Total capital assets being depreciated	7,211,693	163,522	6,450	7,368,765
Less accumulated depreciation:				
Buildings	2,138,595	153,574	3,580	2,288,589
Runway and other paving	646,259	45,408	—	691,667
Roadway	482,939	31,833	—	514,772
Machinery and equipment	536,721	60,919	929	596,711
Air rights	145,240	5,659	—	150,899
Parking rights	29,298	1,542	—	30,840
Total accumulated depreciation	3,979,052	298,935	4,509	4,273,478
Total capital assets being depreciated, net	3,232,641	(135,413)	1,941	3,095,287
Capital assets, net	$ 3,963,110	$ 308,311	$ 165,544	$ 4,105,877

Depreciation and amortization for fiscal year 2021 and 2020 was $307.6 million and $299.3 million, respectively. During fiscal year 2021, the Authority wrote off approximately $8.7 million for discontinued projects, which amount is included in depreciation expenses.

	June 30, 2019	Additions and Transfers In	Deletions and Transfers Out	June 30, 2020
Capital assets not being depreciated				
Land	$ 230,600	$ —	$ —	$ 230,600
Construction in progress	260,888	537,187	298,206	499,869
Total capital assets not being depreciated	491,488	537,187	298,206	730,469
Capital assets being depreciated				
Buildings	4,176,228	162,270	—	4,338,498
Runway and other paving	990,046	20,163	—	1,010,209
Roadway	767,973	37,808	—	805,781
Machinery and equipment	749,744	76,075	2,023	823,796
Air rights	185,258	1,890	—	187,148
Parking rights	46,261	—	—	46,261
Total capital assets being depreciated	6,915,510	298,206	2,023	7,211,693
Less accumulated depreciation:				
Buildings	1,985,286	153,309	—	2,138,595
Runway and other paving	603,417	42,842	—	646,259
Roadway	451,388	31,551	—	482,939
Machinery and equipment	474,634	64,092	2,005	536,721
Air rights	139,243	5,997	—	145,240
Parking rights	27,756	1,542	—	29,298
Total accumulated depreciation	3,681,724	299,333	2,005	3,979,052
Total capital assets being depreciated, net	3,233,786	(1,127)	18	3,232,641
Capital assets, net	$ 3,725,274	$ 536,060	$ 298,224	$ 3,963,110

5. Bonds and Notes Payable

Long-term debt at June 30, 2021 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021	Due within one year
Revenue Bonds:					
Senior Debt-1978 Trust Agreement:					
2008, Series C, 4.60% to 4.70%, issued July 9, 2008	$ 1,305	$ —	$ 1,305	$ —	$ —
2010, Series A, 4.00% to 5.00%, issued August 5, 2010	44,435	—	44,435	—	—
2010, Series B, 3.00% to 5.00%, issued August 5, 2010	46,280	—	46,280	—	—
2012, Series A, 3.50% to 5.00%, issued July 11, 2012	74,960	—	74,960	—	—
2012, Series B, 3.00% to 5.00%, issued July 11, 2012	85,555	—	85,555	—	—
2014, Series A, 3.00% to 5.00%, issued July 17, 2014 due 2024 to 2045	42,910	—	2,835	40,075	—
2014, Series B, 4.00% to 5.00%, issued July 17, 2014 due 2024 to 2045	45,560	—	3,015	42,545	—
2014, Series C, 3.00% to 5.00%, issued July 17, 2014 due 2024 to 2036	124,430	—	16,425	108,005	—
2015, Series A, 5.00%, issued July 15, 2015 due 2024 to 2046	102,570	—	6,320	96,250	—
2015, Series B, 5.00%, issued July 15, 2015 due 2024 to 2046	65,780	—	4,060	61,720	—
2015, Series C, 2.12% to 2.83%, issued June 30, 2015 due 2022 to 2030	116,625	—	12,160	104,465	12,420
2016, Series A, 4.00% to 5.00%, issued July 20, 2016 due 2024 to 2039	47,060	—	4,630	42,430	—
2016, Series B, 4.00% to 5.00%, issued July 20, 2016 due 2042 to 2047	180,285	—	—	180,285	—
2017, Series A, 3.25% to 5.00%, issued July 19, 2017 due 2024 to 2048	157,840	—	26,055	131,785	—
2019, Series A, 3.00% to 5.00%, issued February 13, 2019 due 2024 to 2041	311,930	—	27,535	284,395	—
2019, Series B, 3.00% to 5.00%, issued July 17, 2019 due 2024 to 2050	157,680	—	1,000	156,680	—
2019, Series C, 3.00% to 5.00%, issued July 17, 2019 due 2024 to 2050	297,365	—	4,840	292,525	—
2021, Series A, 5.00%, issued February 17, 2021 due 2034 to 2041	—	35,630	—	35,630	—
2021, Series B, 5.00%, issued February 17, 2021 due 2034 to 2041	—	21,900	—	21,900	—
2021, Series C, 0.384% to 2.869%, issued February 17, 2021 due 2025 to 2052	—	229,740	—	229,740	—
2021, Series D, 5.00%, issued March 24, 2021 due 2025 to 2052	—	56,450	—	56,450	—
2021, Series E, 5.00%, issued March 24, 2021 due 2024 to 2052	—	349,080	—	349,080	—
Subtotal Senior Debt	1,902,570	692,800	361,410	2,233,960	12,420

	June 30, 2020	Additions	Reductions	June 30, 2021	Due within one year
Subordinated debt- 1978 Trust Agreement:					
2000, Series A,B & C, 6.45%, issued December 29, 2000 due 2031	40,000	—	—	40,000	—
2001, Series A,B & C, 6.45%, issued January 2, 2001 due 2031	34,000	—	—	34,000	—
Subtotal Subordinate Debt	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:					
2011, Series B, 4.85% to 6.352%, issued June 15, 2011 due 2021 to 2038	124,420	—	4,165	120,255	—
Subtotal CFC Senior Debt	124,420	—	4,165	120,255	—
Total Bonds Payable	2,100,990	692,800	365,575	2,428,215	12,420
Less unamortized amounts:					
Bond premium (discount), net	256,718	130,401	43,886	343,233	14,148
Total Bonds Payable, net	$ 2,357,708	$ 823,201	$ 409,461	$ 2,771,448	$ 26,568

The following summarizes the Authority's revenue bonds activity at June 30 (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021	Due within one year
Senior Debt-1978 Trust Agreement:	$ 1,902,570	$ 692,800	$ 361,410	$ 2,233,960	$ 12,420
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	124,420	—	4,165	120,255	—
	$ 2,100,990	$ 692,800	$ 365,575	$ 2,428,215	$ 12,420

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Senior Debt-1978 Trust Agreement:	$ 1,678,315	$ 455,045	$ 230,790	$ 1,902,570	$ 62,680
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	190,795	—	66,375	124,420	4,165
	$ 1,943,110	$ 455,045	$ 297,165	$ 2,100,990	$ 66,845

Debt service requirements on revenue bonds (1978 Trust and CFC Trust) outstanding at June 30, 2021 are as follows (in thousands):

	Principal	Interest	Total
Year ending June 30:			
2022	$ 12,420	$ 89,470	$ 101,890
2023	17,295	118,316	135,611
2024	59,140	112,297	171,437
2025	64,930	109,698	174,628
2026	68,035	106,860	174,895
2027 – 2031	399,760	486,128	885,888
2032 – 2036	487,735	376,660	864,395
2037 – 2041	459,315	263,319	722,634
2042 – 2046	483,820	155,744	639,564
2047 – 2051	337,990	50,427	388,417
2052	37,775	1,815	39,590
Total	$ 2,428,215	$ 1,870,734	$ 4,298,949

a) Senior Debt - 1978 Trust Agreement

On March 24, 2021, the Authority issued $405.5 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2021 D Revenue Bonds were issued in the principal amount of $56.5 million with an original issue premium of approximately $16.7 million and an interest rate of 5.0%. The Series 2021 E Revenue Bonds were issued in the principal amount of $349.1 million with an original issue premium of approximately $93.3 million and an interest rate of 5.0%. The 2021 D and E Bonds were issued to finance a portion of the Authority's current Capital Program. Due to the nature of a portion of the construction projects funded with the bonds, the Series 2021 E bonds were issued as bonds subject to the alternative minimum tax (AMT).

On February 17, 2021, the Authority issued $287.3 million of Massachusetts Port Authority Revenue Refunding Bonds in three series. The Series 2021 A Revenue Refunding Bonds were issued in the principal amount of $35.6 million with an original issue premium of approximately $13.0 million and an interest rate of 5.0%. The Series 2021 B Revenue Refunding Bonds were issued in the principal amount of $21.9 million with an original issue premium of approximately $7.4 million and an interest rate of 5.0%. The Series 2021 C Revenue Refunding Bonds were issued in the principal amount of $229.7 million at par value and interest rates ranging from 0.384% to 2.869%. These refundings had an economic gain and achieved a net present value savings of $58.0 million or 19.4%. The following Series of bonds were refunded and defeased with proceeds of the Series 2021 A, B and C Revenue Refunding Bonds (such Bonds, collectively, the "2021 Defeased Bonds"):

	Refunded by			
	2021 A	**2021 B**	**2021 C**	**Total**
Series 2010 A	$ 26,210	$ 15,825	$ —	$ 42,035
Series 2010 B	23,125	13,975	—	37,100
Series 2012 A	—	—	73,255	73,255
Series 2012 B	—	—	78,180	78,180
Series 2014 A	—	—	1,935	1,935
Series 2014 B	—	—	2,050	2,050
Series 2014 C	—	—	11,215	11,215
Series 2015 A	—	—	4,315	4,315
Series 2015 B	—	—	2,770	2,770
Series 2016 A	—	—	3,170	3,170
Series 2017 A	—	—	19,175	19,175
Series 2019 A	—	—	18,800	18,800
Series 2019 B	—	—	1,000	1,000
Series 2019 C	—	—	3,730	3,730
Toral Bonds Refunded	**$ 49,335**	**$ 29,800**	**$ 219,595**	**$ 298,730**

This transaction constituted a legal defeasance. Accordingly, the 2021 Defeased Bonds are no longer outstanding under the 1978 Trust Agreement and the 2021 Defeased Bonds and the funds to pay them are not included in the Authority's financial statements at June 30, 2021.

The Authority, pursuant to its 1978 Trust Agreement, has covenanted to maintain a debt service coverage ratio of not less than 1.25. Debt service coverage is calculated based on a formula set forth in the 1978 Trust Agreement. Historically, the Authority has maintained a debt service coverage ratio higher than its 1978 Trust Agreement requirement. As of June 30, 2021 and 2020, the Authority's debt service coverage under the 1978 Trust Agreement was 5.51 and 3.52, respectively.

b) *Subordinate Debt - 1978 Trust Agreement*

Subordinate debt is payable solely from funds on deposit in the Improvement and Extension Fund and is not subject to the pledge of the 1978 Trust Agreement or the CFC Trust Agreement. The Authority invested $12.0 million in January 2001 in two GICs, which at maturity will provide for the $74.0 million principal payments of the subordinate debt at their respective maturities on December 29, 2030 and January 2, 2031. As of June 30, 2021, the value of the two GICs was approximately $50.5 million as compared to $48.5 million as of June 30, 2020.

c) *Senior Debt - CFC Trust Agreement*

The Authority's outstanding CFC debt continues to be secured by a pledge of the $6.00 per transaction day CFC collections. The Authority earned CFC Revenues, as defined in the CFC Trust Agreement, of approximately $11.7 million and $25.8 million during fiscal years 2021 and 2020, respectively. The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. As of June 30, 2021 and 2020, the CFC debt service coverage ratio was 2.05 and 2.42, respectively. On June 24, 2020, the Authority deposited $65.6 million into an irrevocable trust with the CFC trustee to provide for all future debt service payments in an in-substance defeasance of all of the outstanding CFC Revenue Bonds, Series 2011 A ($58.0 million) and the 2021 maturity ($4.4 million) of its CFC Revenue Bonds, Series 2011 B (collectively the "Defeased CFC Bonds") plus interest thereon of $3.2 million. This transaction constituted a legal defeasance. Accordingly, the Defeased CFC Bonds are no longer outstanding under the CFC Trust Agreement, and the Defeased CFC Bonds and the funds to pay them are not included in the Authority's financial statements at June 30, 2021 or June 30, 2020.

d) *Senior Debt – Direct Placement*

On April 3, 2020, the Authority entered into a direct purchase agreement with Bank of America, NA ("BAML") for the sale of up to $258.0 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2020 A Revenue Refunding Bonds ("2020 A Bonds") were issued in the principal amount of $95.6 million at an interest rate of 1.57%. The Series 2020 B Revenue Bonds ("2020 B Bonds") were issued in the principal amount of $162.4 million at an interest rate of 2.08%. The 2020 A and 2020 B Bonds were issued to redeem and defease portions of the Series 2010 A Bonds, the Series 2010 B Bonds, the Series 2012 A Bonds and the Series 2012 B Bonds (collectively, the "Defeased 2010 and 2012 Bonds") and to finance a portion of the Authority's Capital Program. Due to the nature of a portion of the construction projects funded with the bonds, the 2020 A Bonds were issued as bonds subject to the AMT. The 2020 B Bonds were sold as taxable bonds. The 2020 A Bonds consist of a single bond maturing on July 1, 2031 and the 2020 B Bonds consist of a single bond maturing on July 1, 2032.

This transaction constituted a legal defeasance. Accordingly, the Defeased 2010 and 2012 Bonds are no longer outstanding under the 1978 Trust Agreement, and the Defeased 2010 and 2012 Bonds and the funds to pay them are not included in the Authority's financial statements at June 30, 2021 or June 30, 2020.

e) *Subordinate Debt – Direct Placement*

On November 20, 2018, the Authority entered into a direct purchase agreement with BAML for sale of up to $107.5 million in aggregate principal amount of the Subordinated Obligations, Series 2018 A (AMT) (the "2018 Subordinated Obligations"). The 2018 Subordinated Obligations were issued as a "draw-down loan" to provide bridge financing for capital projects at the Authority's Port properties. The principal of the 2018 Subordinated Obligations was expected to be paid from funds provided pursuant to a Memorandum of Understanding (the "MOU") between the Authority and the Commonwealth to provide grant funds in the amount of $107.5 million, which equals 50% of the expected construction costs of the new Berth 10 and the purchase of three new ship to shore cranes at Conley Terminal. The 2018 Subordinated Obligations bore interest at variable rates with a final maturity on July 1, 2028. On May 3, 2021, the Subordinated Obligations were called for full redemption and retired, and accordingly are no longer outstanding. As of June 30, 2021 and 2020, the outstanding principal balance of the 2018 Subordinated Obligations was $0.0 million and $72.5 million, respectively.

Direct Placement Long-term debt at June 30, 2021 and 2020 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021	Due within one year
Revenue Bonds Direct Placement:					
Senior Debt-1978 Trust Agreement:					
2020, Series A, 1.57%, issued April 3, 2020 due 2023 to 2032	$ 95,620	$ —	$ —	$ 95,620	$ —
2020, Series B, 2.08%, issued April 3, 2020 due 2024 to 2033	162,380	—	—	162,380	—
Subtotal Senior Debt	258,000	—	—	258,000	—
Subordinated debt- 1978 Trust Agreement:					
2018, Series A, variable rate, issued November 20, 2018 due 2024	72,500	—	72,500	—	—
Subtotal Subordinate Debt	72,500	—	72,500	—	—
Total Direct Placement Bonds Payable	$ 330,500	$ —	$ 72,500	$ 258,000	$ —

The following summarizes the Authority's direct placement bond activity at June 30 (in thousands):

	June 30, 2020	Additions	Reductions	June 30, 2021	Due within one year
Revenue Bonds Direct Placement:					
Senior Debt-1978 Trust Agreement:	$ 258,000	$ —	$ —	$ 258,000	$ —
Subordinated debt- 1978 Trust Agreem	72,500	—	72,500	—	—
Total Direct Placement Bonds Pay	$ 330,500	$ —	$ 72,500	$ 258,000	$ —

	June 30, 2019	Additions	Reductions	June 30, 2020	Due within one year
Revenue Bonds Direct Placement:					
Senior Debt-1978 Trust Agreement:	$ —	$ 258,000	$ —	$ 258,000	$ —
Subordinated debt- 1978 Trust Agreem	40,000	67,500	35,000	72,500	—
Total Direct Placement Bonds Pay	$ 40,000	$ 325,500	$ 35,000	$ 330,500	$ —

Debt service requirements on direct placement bonds outstanding at June 30, 2021 are as follows (in thousands):

		Principal		Interest		Total
Year ending June 30:						
2022	$	—	$	6,071	$	6,071
2023		6,425		4,879		11,304
2024		22,465		4,778		27,243
2025		19,450		4,382		23,832
2026		19,800		4,033		23,833
2027 - 2031		124,055		14,483		138,538
2032 - 2033		65,805		2,042		67,847
Total	$	258,000	$	40,668	$	298,668

f) Special Facility Bonds

To provide for the construction and improvement of various facilities at Logan Airport, the Authority has two outstanding series of special facilities revenue bonds as of June 30, 2021. The Authority's special facilities revenue bonds are special limited obligations of the Authority and are payable and secured solely from and by certain revenues held by a separate trustee. The Authority's special facilities revenue bonds do not constitute a debt or pledge of the full faith and credit of the Authority, or the Commonwealth of Massachusetts or any subdivision thereof and, accordingly, have not been reflected in the accompanying financial statements.

On September 26, 2019, the Authority issued $143.7 million of Massachusetts Port Authority Special Facilities Revenue Bonds (BOSFUEL Project) in two series. The tax-exempt Series 2019A BOSFUEL Bonds were issued in the principal amount of $135.9 million with an original issue premium of approximately $24.1 million and interest rates ranging from 4.0% to 5.0%. The taxable Series 2019B BOSFUEL Bonds were issued in the principal amount of $7.9 million at par with interest rates ranging from 2.7% to 3.7%. A portion of the proceeds of the Series 2019A BOSFUEL Bonds was used to refund the entire $81.1 million principal amount outstanding of the Series 2007 BOSFUEL Bonds and the remaining proceeds, along with the proceeds of the Series 2019B BOSFUEL Bonds, will be used to enhance the Fuel Facilities at Logan Airport to ensure the ability to meet current and future demands. Due to the nature of a portion of the construction projects funded by the bonds, the Series 2019A BOSFUEL Bonds were issued as bonds subject to the AMT.

As of June 30, 2021 and 2020, the aggregate principal amount of the Authority's special facilities revenue bonds outstanding were related to BOSFUEL Projects and were approximately $142.9 million and $143.7 million, respectively. The Authority has no obligation for the $142.9 million of Special Facility Bonds related to BOSFUEL Corporation, a Delaware non-stock membership corporation (BOSFUEL), the members of which are certain air carriers serving the Airport. The Authority leases to BOSFUEL all of the on Airport jet fuel storage and distribution system owned by the Authority that provides jet fuel to the terminals and jet fuel uses at the Airport.

g) Commercial Paper Notes Payable

The Authority's commercial paper notes payable as of June 30, 2021 and 2020 were as follows (in thousands):

		2021		2020
Commercial paper notes-beginning	$	22,000	$	104,000
Commercial paper notes issued		22,000		—
Principal paid on commercial paper notes		(22,000)		(82,000)
Commercial paper notes-ending	$	22,000	$	22,000

On December 2, 2020, the Authority renewed and increased its commercial paper program in an aggregate principal amount not to exceed $200.0 million, which notes may be issued as Series A tax-exempt Non-AMT notes, Series B tax-exempt AMT notes or Series C taxable notes. Commercial paper notes payable have been issued under the terms of the 1978 Trust Agreement and are secured by the proceeds of the Improvement and Extension Fund or anticipated bond funds. The aggregate principal amount of commercial paper notes outstanding at any time cannot exceed the lesser of (i) 10% of the Authority's outstanding long-term debt or (ii) $200.0 million, and the payment of debt service on the commercial paper notes is secured by a Letter of Credit with TD Bank N.A. that expires June 1, 2022.

The $22.0 million of commercial paper notes payable as of June 30, 2021 and 2020, which consisted of Series A Non-AMT notes only, has been used to fund PFC eligible projects; therefore, the Authority anticipates that PFC revenues will be the source to pay such redemptions. The blended interest rate on the Series A Notes was 0.645% and 1.659% during fiscal years 2021 and 2020, respectively. The Authority did not have any Series B Notes or Series C Notes outstanding during fiscal years 2021 or 2020. The Authority's commercial paper notes payable mature in July, August and September of the respective years.

h) Interest Rate Swaps / Hedging

During fiscal year 2021 and fiscal year 2020, the Authority did not have any interest rate swaps or other interest rate hedging arrangements.

i) Arbitrage – Rebate Liability

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage liability and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage liability arises when the Authority temporarily invests the proceeds of tax-exempt debt in securities with higher yields. The Authority has no estimated liability as of June 30, 2021 and 2020, respectively.

6. Pension Plan

a) *Plan Description*

The Massachusetts Port Authority Employees' Retirement System (the "Plan") is a single employer plan established on July 18, 1978, effective January 1, 1979, by enactment of Chapter 487 (an amendment to Chapter 32) of the General Laws of The Commonwealth of Massachusetts to provide retirement benefits for substantially all employees of the Authority, and incidental benefits for their surviving spouses, beneficiaries and contingent annuitants. Prior to this enactment, Authority employees were members of the Commonwealth of Massachusetts Contributory Retirement System and the funding of the pension liability was on a "pay-as-you-go" method. Pursuant to this enactment, the employees' then present rights and benefits were transferred to the new retirement system. The Plan is a contributory defined benefit plan to which the Authority and its employees contribute such amounts as are necessary to provide assets sufficient to meet benefits to be paid to plan participants. The Plan is administered by the Retirement Board.

Detailed information about the Plan's fiduciary net position is available in a separately issued report. The report may be obtained by writing to the Massachusetts Port Authority Employees' Retirement System, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909 or please see the Authority's website, www.massport.com.

b) *Benefits provided*

Benefits are paid by the Plan from plan assets available for plan benefits. Plan participants are entitled at normal retirement age to benefit payments based upon length of service and earnings levels. Vesting occurs after 10 years of service.

Benefits to participants who retired prior to January 1, 1979 are paid by the Massachusetts State Board of Retirement. The Massachusetts State Board of Retirement is reimbursed for all such benefits paid after December 31, 1978 as these benefits represent obligations of the Plan.

Under Chapter 32, Section 3(8) (c), of the General Laws of The Commonwealth of Massachusetts (Chapter 32), the Plan is reimbursed for benefits paid to participants entitled to receive benefits for previous participation in other Massachusetts Chapter 32 plans. The Plan is also obligated to pay a proportionate share of benefits to participants entitled to receive benefits for subsequent participation in other Massachusetts Chapter 32 plans.

Also under Chapter 32, for members leaving the Authority's employment to work for other Massachusetts governmental units, the Plan transfers their accumulated account balances and creditable service to the retirement system of the new employer. Other such retirement systems are in turn required to make comparable transfers to the Plan for employees coming to work for the Authority.

Optional payment methods may be elected, including the contingent annuitant method, which provides for reduced payments during the life of the plan participant and continued payments to the participant's beneficiary after the death of the participant.

At January 1, 2020 and 2019, the Plan's membership consisted of:

	2020	2019
Retirees and beneficiaries receiving benefits	872	858
Terminated employees entitled to benefits but not yet receiving them	74	68
Current members:		
Active	1,348	1,304
Inactive	169	146
Total membership	2,463	2,376

c) *Contributions required and contributions made*

Contributions are made by the Authority based on amounts required to be funded as determined by annual actuarial valuations and are designed to fund the Plan on a level cost basis, as a percentage of pay, over the average remaining working lifetime of the active participants and to fund operating costs of the Plan. For the years ended June 30, 2021 and 2020, the Authority was required and did contribute to the Plan $14.6 million and $12.0 million, respectively. The Authority bears the risk that plan assets might decline due to fluctuations in the fair value of the Plan's investments and contributions by the Authority will increase as part of its annual assessment.

Employees who became members prior to January 1, 1975 contribute 5% of their regular compensation through payroll deductions. Employees whose membership commenced on or after January 1, 1975 but prior to January 1, 1984 contribute 7%. Those employees whose membership began on or after January 1, 1984 but prior to July 1, 1996 contribute 8%. Employees hired after July 1, 1996 contribute 9% of their regular compensation. Employees who are hired after December 31, 1978 contribute an additional 2% of regular compensation over $30,000. These contributions accumulate and, subject to certain restrictions set forth in Chapter 32, are refundable to employees upon termination of employment by the Authority or payable to another retirement system should the employee transfer to another government unit covered by Chapter 32 of the General Laws of The Commonwealth of Massachusetts.

Contributions totaling $27.7 million ($14.6 million employer and $13.1 million employee) and $24.6 million ($12.0 million employer and $12.6 million employee) were recognized by the Plan for plan years 2020 and 2019, respectively.

d) *Net Pension (Asset) Liability*

The Authority's net pension (asset) liability at June 30, 2021 and 2020 was measured as of December 31, 2020 and 2019 and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of January 1, 2020 and

2019 and update procedures were used to roll forward the total pension (asset) liability to December 31, 2020 and 2019, respectively.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balance at December 31, 2018	$ 712,597	$ 607,677	$ 104,920
Service cost	17,529	—	17,529
Interest	51,734	—	51,734
Changes between expected and actual experience	15	—	15
Changes in assumptions	(13,789)	—	(13,789)
Contributions – employer	—	12,029	(12,029)
Contributions – employees	—	12,576	(12,576)
Net investment income	—	118,235	(118,235)
Benefits payments	(33,101)	(33,101)	—
Administrative expenses	—	(1,216)	1,216
Balance at December 31, 2019	$ 734,985	$ 716,200	$ 18,785
Service cost	17,335	—	17,335
Interest	53,204	—	53,204
Changes between expected and actual experience	5,846	—	5,846
Changes in assumptions	15,574	—	15,574
Contributions – employer	—	14,642	(14,642)
Contributions – employees	—	13,100	(13,100)
Net investment income	—	113,321	(113,321)
Benefits payments	(36,952)	(36,952)	—
Administrative expenses	—	(1,152)	1,152
Balance at December 31, 2020	$ 789,992	$ 819,159	$ (29,167)

e) *Actuarial Assumptions*

The total pension liability in the January 1, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

- *Inflation – 3.0%*
- *Salary increases – 4.25% for 2020 and 4.5% for 2019*
- *Investment rate of return – 7.0% for 2020, and 7.25% for 2019, net of plan investment expense*
- *Cost–of–living increases – 3.0% on a maximum base of $14,000*
- *Mortality*:
  - Healthy – RP 2014 at Table Healthy Employees (sex-distinct) projected with MP 2018 Generational Mortality. Post-retirement the RP 2014 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality.
  - Disabled-RP 2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality set-forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.
- Long-term Expected Rate of Return:

  The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric long-term expected real rates of return for each major asset class are summarized in the following table:

	Long-term expected real rate of return	
Asset class	**2020***	**2019***
Domestic equity	4.10 %	4.92 %
International equity	4.74	5.30
Fixed income	0.95	2.18
Real estate	4.67	5.17
Private equity	6.43	7.49

* amounts are net of inflation assumption of 2.36% and 2.23% in fiscal years 2020 and 2019, respectively

f) *Investment Policy*

The provisions of Massachusetts General Laws (M.G.L.) Chapter 32, Section 23(2) and the Retirement Board approved investment policy govern the Plan's investment practice.

Diversification is attained through varied investment management styles that comply with Massachusetts state law. This is accomplished through the retention of investment managers that adhere to M.G.L. Chapter 32, Section 23(3), and the "Prudent Person" rule.

The Plan has retained an investment consultant to work with the Retirement Board in a fiduciary capacity to assure that strategic investment diversification is attained, to employ investment managers with expertise in their respective asset classes, and to closely monitor the implementation and performance of the respective investment strategies.

The Plan is currently invested in stocks (domestic and international), fixed income securities (domestic and international), real estate and private equity.

The target allocation for each major asset class is summarized in the following table:

Asset class	Target Allocation
Domestic equity	27.50%
International equity	27.50%
Fixed income	30.00%
Real estate	7.50%
Private equity	7.50%
Total	100.00%

g) *Changes in Benefit Terms*

In 2020, the interest rate was changed to 7.0% from 7.25%. The salary increase assumption was changed to 4.25% from 4.50%. Compensation limits under Section 401(a) were recognized. The net of these changes resulted in an increased total pension liability totaling $15.6 million.

In 2019, there were three changes to plan provisions resulting in a $13.8 million reduction of the net pension liability.

The assumed rate of retirement, withdrawal, and disability was revised based on the results of an experience study, the mortality tables being used were updated and an additional $500,000 was added to the vacation buyback liability representing interest.

h) *Discount Rate*

The discount rate used to measure the total pension (assets) liability was 7.0% as of December 31, 2020 and 7.25% as of December 31, 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected further benefit payments of current plan members. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

i) Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Plan as of December 31, 2020 and 2019, calculated using the discount rate of 7.0% and 7.25% as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate (in thousands):

Fiscal Year End	1% decrease (6.00%)	Current discount rate (7.00%)	1% increase (8.00%)
2021	$ 62,404	$ (29,167)	$ (106,451)

Fiscal Year End	1% decrease (6.25%)	Current discount rate (7.25%)	1% increase (8.25%)
2020	$ 102,414	$ 18,785	$ (51,964)

j) Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the years ended June 30, 2021 and 2020, the Authority recognized contra pension expense of $11.2 million and pension expense $13.5 million, respectively.

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,283	$ 856	$ 2,120	$ 1,263
Differences arising from the recognition of changes in assumptions	17,353	9,748	7,592	12,208
Net difference between projected and actual earnings on pension Plan investments	—	73,308	—	34,464
Pension Employer contributions subsequent to measurement date	7,321	—	—	—
Total	$ 30,957	$ 83,912	$ 9,712	$ 47,935

In fiscal year 2021, the Authority reported $7.3 million as deferred outflows of resources related to the Authority's pension contributions subsequent to the measurement date but before the fiscal year end, which amount will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (expense) income as follows (in thousands):

Year ended June 30:	
2022	$ (24,870)
2023	(9,511)
2024	(26,067)
2025	(11,070)
2026	3,229
Thereafter	691

7. Other Postemployment Benefits (OPEB)

a) Plan Description

In addition to providing the pension benefits described in Note 6, the Authority provides post-employment health care and life insurance benefits ("OPEB") for retired employees. The OPEB Plan is a single-employer plan and offers retirees a choice of medical plans, as well as two dental plans, and basic life insurance. The benefit levels, employer contributions and future employee contributions are governed by the Authority and can be amended by the Authority.

In June 2009, the Board made changes to the plan benefits to be paid by the Authority for certain existing and future retirees. All current retired members of the Authority and all existing Authority employees who were vested as of October 1, 2009 would be eligible to have 100% of their premium cost subsidized. Employees not yet vested but employed by the Authority on October 1, 2009 would, upon retirement be eligible to receive 85% of the premium cost for benefits with the balance paid for by the retiree. For employees hired on or after October 1, 2009, the Board voted to implement a sliding scale subsidy for retiree health care premiums (ranging from 0%-85%) based on creditable service at retirement age (retirees must be age 60 or older to receive the subsidy), and whether or not the employee retired within sixty (60) days after leaving the Authority. The Board also voted to eliminate retiree dental and life insurance coverage, as well as Medicare Part B premium subsidy for this group of employees.

In May 2016, the Board made changes to the plan benefits to be paid by the Authority for certain future retirees. Persons who commenced employment with the Authority during the period from October 1, 2009 through May 25, 2016, and who, as of the date such employment commenced, had accrued ten (10) years or more of creditable service pursuant to M.G.L.c. 32, would upon retirement, be eligible to receive 80% of the premium cost for those benefits with the balance paid for by the retiree; provided, however, that employees who retire with at least thirty (30) years of creditable service would be eligible to receive 85% of the premium cost of such benefits with the balance paid for by the retiree. For purposes of calculating the percentage of the subsidy (80% or 85%), years of creditable service shall be calculated at separation from employment with the Authority. The spouse and dependents of eligible retirees will qualify for the same premium subsidy and retiree health benefits as the retiree. Eligible retirees, but not their spouse or dependents, will also qualify for a 100% subsidy from the Authority for retiree basic life insurance.

During fiscal year 2020, the Board voted to change the fiscal year end of the Trust from June 30 to December 31.

The Authority issues publicly available audited financial statements for the Trust. The report may be obtained by writing to the Massachusetts Port Authority, Attn: John P. Pranckevicius, CPA, Director of Administration and Finance and Secretary-Treasurer, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909. Those statements are prepared with an "economic resources" measurement focus on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Employer contributions are recognized when the employer has made formal commitments to provide the contributions and benefits are recorded when due and payable in accordance with the terms of the Trust. Investments are reported at fair value. Mutual funds and commingled funds are valued based on fair value and alternative investments are valued based on net asset or unit value at year-end. The Trust did not own any individual securities and no long-term contracts for contributions to the Trust existed at December 31, 2020.

b) Benefits provided

The medical plans are either HMOs, PPOs or indemnity plans, and some are designed to work with Medicare benefits, such as Medicare supplement or Medicare HMO plans. The basic life insurance provides a $5,000 death benefit to the retiree. Spouses and dependents are not eligible for this death benefit upon their death.

At December 31, 2020 and 2019, respectively, the Trust's membership consisted of:

	December 31, 2020	**December 31, 2019**
Active Employees		
Pre-Medicare (hired prior to 3/31/1986)	22	42
Post-Medicare (hired after 3/31/1986)	1,241	1,306
Total	1,263	1,348
Inactive Participants (Vested)	70	74
Retired, Disabled, Survivors and Beneficiaries	930	868
Total Membership	2,263	2,290

c) Contributions required and contributions made

The Trust has adopted a funding policy that allows for the contributions to attempt to minimize the volatility from year to year and is the sum of the employees normal cost and expenses plus a payment to amortize the unfunded accrued liability as of the date of the valuation. The annual employer contribution rate goal shall be 100% of the Actuarial determined contribution. For the years ended June 30, 2021 and 2020, the Authority contributed to the Trust $16.0 million and $13.3 million, respectively, and $16.0 million and $4.4 million are recorded in the Statement of Net Position as a deferred outflow of resources as of June 30, 2021 and July 1, 2020, respectively. The Authority bears the risk that trust assets might decline due to fluctuations in the fair value of the Trust's investments and contributions by the Authority will increase as part of its annual assessment.

d) Net OPEB liability

The Authority's net OPEB liability at June 30, 2021 and 2020 was measured as of December 31, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined using an actuarial valuation as of January 1, 2021 and 2019, respectively.

	Total OPEB Liability (a)	Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ 337,624	$ 203,075	$ 134,549
Service cost	9,022	—	9,022
Interest	37,032	—	37,032
Difference between expected and actual experience	(7,968)	—	(7,968)
Change in assumption	(3,552)	—	(3,552)
Contributions – employer	—	29,669	(29,669)
Contributions – employees	—	469	(469)
Net investment income	—	31,460	(31,460)
Benefits payments	(20,432)	(20,901)	469
Administrative expenses	—	(333)	333
Balance at December 31, 2019	$ 351,726	$ 243,439	$ 108,287
Service cost	6,103	—	6,103
Interest	24,569	—	24,569
Difference between expected and actual experience	(16,263)	—	(16,263)
Change in assumption	(11,751)	—	(11,751)
Contributions – employer	—	10,552	(10,552)
Contributions – employees	—	319	(319)
Net investment income	—	36,052	(36,052)
Benefits payments	(13,692)	(14,010)	318
Administrative expenses	—	(222)	222
Balance at December 31, 2020	$ 340,692	$ 276,130	$ 64,562

e) Actuarial Assumptions

The following actuarial assumptions were applied to the periods included in the measurement as of December 31, 2020 and 2019, respectively:

- *Inflation – 2.50%*
- *Salary increases – 4.25% for 2020 and 4.5% for 2019*
- *Investment rate of return – 7.00%, net of Trust investment expenses, as of December 31, 2020, and 2019, respectively. 7.25%, net of Trust investment expenses, as of July 1, 2019.*
- *Health care trend rates-Initial annual health care cost trend rates range of 3.5% to 9.0%, which decreases to a long-term trend rate between 5.0% and 6.0% for all health care benefits after six years. The initial annual dental cost trend rates range from 5.0% to 7.0%, which decreases to a long-term trend rate of 5.0% for all dental benefits after two years.*
- *Mortality*:
  - Actives – RP-2014 Table adjusted to 2006, (sex-distinct) for employees projected using Generational Mortality and scale MP-2020.
  - Retirees – RP 2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2020.
  - Disabled - RP 2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2020. Set forward 2 years.
- *Other Information*
  - As of January 1, 2019, the effect of eliminating the “Cadillac Tax” on liabilities was recognized.
  - As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized.
  - As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post –retirement medical insurance until age 60, and retirement age begins at age 60 with 10 years of service.
- *Long-term Expected Rate of Return:*

  The long-term expected rate of return on Trust investments was using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Trust investment expense and inflation) are developed for each major asset class and fund. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

f) *Discount Rate*

The discount rate used to measure the total OPEB liability as of December 31, 2020 and 2019 was 7.00% and as of June 30, 2019 was 7.25%. The projection of cash flows used to determine the discount rate assumed that Trust member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Trust's fiduciary net position was projected to be available to make all projected further benefit payments of current Trust members. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

g) *Sensitivity of the net OPEB liability to changes in the discount rate*

The following presents the net OPEB liability of the Authority as of December 31, 2020 and 2019, calculated using the discount rate of 7.00%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate (in thousands):

Fiscal Year End	1% decrease (6.00%)	Current discount rate (7.00%)	1% increase (8.00%)
2021	$ 107,620	$ 64,562	$ 28,994
2020	$ 155,806	$ 108,287	$ 69,385

h) *Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Rates*

The following presents the net OPEB liability of the Authority as of December 31, 2020 and 2019, calculated using healthcare cost trend rates of 9.0% decreasing to 5.0% as well as what the net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is one-percentage point lower or one-percentage point higher than the current rate (in thousands):

Fiscal Year End	1% decrease (8.0% decreasing to 4.0%)	Healthcare Cost Trend rate (9.0% decreasing to 5.0%)	1% increase (10.0% decreasing to 6.0%)
2021	$ 26,269	$ 64,562	$ 111,045
2020	$ 63,266	$ 108,287	$ 163,650

i) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the years ended June 30, 2021 and 2020, the Authority recognized OPEB expense of $1.5 million and $22.6 million, respectively.

At June 30, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,580	$ 25,737	$ 6,354	$ 16,764
Changes in assumptions	4,909	13,076	6,453	4,587
Net difference between projected and actual earnings on OPEB investments	—	21,682	—	8,811
OPEB contribution subsequent to measurement date	16,000	—	4,447	—
Total	$ 24,489	$ 60,495	$ 17,254	$ 30,162

The Authority reported $16.0 million and $4.4 million as deferred outflows of resources related to the Authority's OPEB contributions subsequent to the measurement date but before the fiscal year end, which amounts will be recognized as a reduction of the net OPEB liability in the subsequent years ended June 30, 2022 and 2021, respectively, rather than in the current fiscal period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ended June 30:	
2022	$ (28,520)
2023	(13,679)
2024	(14,377)
2025	(11,273)
2026	158

8. Leases

a) *Commitments*

The Authority has commitments under various operating leases, which contain escalation clauses, as lessee. The following is a schedule by years of minimum rental payments under non-cancelable operating leases as of June 30, 2021 (in thousands):

Years	Amount	Years	Amount
2022	$ 9,800	2037 – 2041	$ 5,097
2023	9,729	2042 – 2046	5,129
2024	4,345	2047 – 2051	5,129
2025	3,800	2052 – 2056	4,880
2026	2,816	2057 – 2061	4,880
2027 – 2031	9,650	2062 – 2066	4,880
2032 – 2036	5,076	2067 – 2071	3,578
		Total	$ 78,789

Rent expense and other operating lease related payments were $11.1 million and $10.1 million for fiscal years 2021 and 2020, respectively.

b) *Rental Income*

The Authority leases a major portion of its Aviation and Port properties to various tenants. Many of these operating leases provide for periodic adjustments to rental rates, including certain provisions for contingent payments based on specified percentages of the tenant's gross revenue.

The following is a schedule by years of minimum future rental income on non-cancelable operating leases as of June 30, 2021 (in thousands):

Years	Amount	Years	Amount
2022	$ 90,529	2062 – 2066	$ 97,956
2023	79,448	2067 – 2071	103,798
2024	58,587	2072 – 2076	112,091
2025	51,796	2077 – 2081	119,481
2026	49,507	2082 – 2086	122,837
2027 – 2031	178,350	2087 – 2091	123,001
2032 – 2036	126,773	2092 – 2096	113,503
2037 – 2041	117,156	2097 – 2101	30,556
2042 – 2046	105,123	2102 – 2106	3,822
2047 – 2051	89,777	2107 – 2111	2,228
2052 – 2056	86,583	2112 – 2116	1,842
2057 – 2061	91,198	2117	202
		Total	$ 1,956,144

Rental income and concession income, including contingent payments received under these provisions, were approximately $365.2 million and $443.1 million for the fiscal years 2021 and 2020, respectively.

9. Risk Management

The Authority, as mandated by the 1978 Trust Agreement, maintains a self-insurance account for general liability and workers compensation within the Operating Fund. The self-insurance accruals are determined based on insurance claim history and actuarial estimates needed to pay prior and current-year claims. The accrued liability was approximately $10.5 million and $9.3 million as of June 30, 2021 and 2020, respectively, and is included as a component of accrued expenses in the accompanying financial statements. This liability is fully funded as of June 30, 2021 and 2020.

Changes in the accrued liability accounts, related to self-insurance, in fiscal year 2021, 2020 and 2019 were as follows (in thousands):

	2021	2020	2019
Liability balance, beginning of year	$ 9,268	$ 8,890	$ 8,075
Provision to record estimated losses	5,258	3,594	3,972
Payments	(4,046)	(3,216)	(3,157)
Liability balance, end of year	$ 10,480	$ 9,268	$ 8,890

As part of its normal operations, the Authority encounters the risk of accidental losses stemming from third party liability claims, property loss or damage, and job related injuries and illnesses. In managing these loss exposures, a combination of risk management measures is applied, including safety and loss prevention programs, emergency planning, contractual risk transfer, self-insurance, and insurance.

In connection with the self-insurance and insurance programs, the Authority retains part of the losses incurred and internally manages the self-insured claims. The self-insured retention currently includes: $1.0 million for worker's compensation per job related accident for Authority employees and International Longshoreman's Association Members; $5,000 per occurrence for automobile liability; aviation general liability and airport terrorism insurance; $0.25 million for airside incidents and for non-airside auto losses; $25 thousand for Comprehensive Marine Liability, Terminal Operator's Liability, Stevedore's liability; and $1.0 million plus 10% of the first $50 million layer for property losses per occurrence. Insurance is purchased above the self-insured amounts, subject to availability and the reasonableness of cost. Liabilities for self-insured claims are reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported at year-end and are based on the historical cost of settling similar claims. The Authority records such liabilities as accrued expenses. The Authority from time to time is engaged in various matters of routine litigation. These matters include personal injury and property damage claims for which the

Authority's liability is covered in whole or in part by insurance. The Authority does not expect that these matters will require any amounts to be paid which in the aggregate would materially affect the financial statements.

Settled claims resulting from the risks discussed above have not exceeded the amount of insurance coverage in force in any of the past three fiscal years.

10. Payments in Lieu of Taxes

The Authority's Enabling Act and the 1978 Trust Agreement authorize and direct the Authority, subject to certain standards and limitations, to enter into agreements to make annual payments in lieu of taxes to the City of Boston and the Town of Winthrop (collectively, the "PILOT Agreements").

The PILOT Agreements provide that annual payments may not exceed the balance of revenues remaining after deposits to pay operating expenses, required deposits to the Interest and Sinking Fund and required deposits to the Maintenance Reserve Fund.

Pursuant to the terms of the amended payment–in-lieu-of-taxes agreement between the Authority and the City of Boston (the "Boston PILOT Agreement"), the Boston PILOT Agreement terminates on June 30, 2022; provided, however, that absent an annual election by either party to terminate the Boston PILOT Agreement, the term is subject to automatic one-year extensions of the term on each July 1. In November 2016, the City of Boston notified the Authority of its election to terminate the Boston PILOT Agreement on June 30, 2022, and the parties expect to commence negotiations on a successor agreement or an amendment to the existing agreement. The Boston PILOT Agreement provides for the Authority to pay an annual base amount (the "Base Amount") of $14.0 million, which, commencing in fiscal year 2007, increases annually by the annual percentage change in the consumer price index, provided that such increase shall be no less than 2% nor greater than 8% per year and a community portion (the "Community Portion").

Pursuant to the terms of the amended and restated payment-in-lieu-of-taxes agreement between the Authority and the Town of Winthrop (the "Winthrop PILOT Agreement"), the Winthrop PILOT Agreement expires June 30, 2025. The Winthrop PILOT Agreement was amended in November 2018, and pursuant thereto the Authority expects to make adjusted annual payments for the remainder of the term, commencing with a payment of $1.4 million in fiscal year 2019 and increasing annually to $2.0 million by fiscal year 2025, as well as an additional community portion.

PILOT expenses to the City of Boston for fiscal years 2021 and 2020 were $20.2 million and $19.7 million, respectively. PILOT expenses to the Town of Winthrop for fiscal years 2021 and 2020 were $2.0 million and $1.4 million, respectively.

11. Commitments

a) Contractual Obligations for Construction

The Authority enters into construction contracts with various construction and engineering companies. Construction contracts outstanding were approximately $315.2 million and $330.7 million as of June 30, 2021 and 2020, respectively.

b) Seaport Bond Bill

The Seaport Bond Bill was enacted in 1996 and among other things, provides for funding improvements to the Massachusetts rail transportation network allowing rail shipment of double stack cargo from Allston Yards in Boston to points west, which is anticipated to encourage expanded container shipments through the Port of Boston. The Seaport Bond Bill requires that the Authority provides up to fifty percent (50%) of the cost of improvements to the rail line from Framingham to the Allston Yard in Boston permitting double stack shipments. Expenditure of funds will not occur until the execution of a Master Agreement, as defined by the statute, between the Commonwealth and the participating railroads. The Authority believes that the likelihood that any such Master Agreement will be executed and Authority funds committed for double stack improvements within the next fiscal year is remote.

c) Boston Harbor Dredging Project

During fiscal year 2018, the Authority entered into an agreement with the Department of the Army and The Commonwealth of Massachusetts, Department of Transportation related to the Boston Harbor Deep Draft Improvement Project and the construction of the Dredged or excavated Material Facility at Boston Harbor, Massachusetts. This project includes the deepening and widening of the Broad Sound North Channel to 51 feet, the deepening and widening of the Main Ship Channel (MSC) and Reserve Channel Turning Basin to 47 feet. The non-federal share is split between the Authority and the Commonwealth. The project is expected to be completed in fiscal year 2022.

12. Litigation

The Authority is engaged in numerous matters of routine litigation. These matters include personal injury and property damage claims for which the Authority’s liability is covered in whole or in part by insurance. Others include such matters as disputes with contractors, subcontractors, engineers and others arising out of construction and maintenance of the Authority’s properties; disputes over leases and concessions; property, theft and damage claims arising from the Authority’s operations, employment matters and workers compensation, as to which the Authority is self-insured. The Authority does not expect that these matters will require any amounts to be paid which, in the aggregate, will be material to the results of operations.

13. Federal Grants

The Authority participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. In the opinion of the Authority's management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

In fiscal year 2021, the Authority was awarded $36.9 million of federal Coronavirus Response and Relief Appropriations ("CRRSA") Act funding under the Airport Coronavirus Response Grant Program to help offset the financial impact of the COVID-19 pandemic. The Authority recognized $34.5 million at June 30, 2021.

In fiscal year 2020, the Authority was awarded $143.7 million of federal Coronavirus Aid, Relief, and Economic Security ("CARES") Act funding to help offset the financial impact of the COVID-19 pandemic. The Authority recognized $86.6 million and $57.1 million at June 30, 2021 and 2020, respectively.

Both CARES and CRRSA grants are reported as a component of other non-operating revenues.

14. Pollution Remediation Obligation

The Authority is currently involved in six separate pollution remediation obligations that meet the requirements for accounting treatment under GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations ("GASB No. 49"). These obligations are generally related to the removal and/or treatment of contaminated soil, groundwater and petroleum products associated with fuel storage and conveyance. GASB No. 49 dictates that for each obligating event, an estimate of the expected pollution remediation outlays is required to be accrued as a liability and expensed in the current period. Re-measurement of the liability is required when new information indicates increases or decreases in estimated outlays.

The estimated liability as of June 30, 2021 and 2020 is $2.4 million and $1.3 million, respectively, which represents the approximate amounts the Authority expects to pay for future remediation activities. The Authority paid approximately $1.0 million and $1.4 million in fiscal years 2021 and 2020, respectively. This estimate was generated using input and guidance from internal management and professional consultants, and represents a wide array of remediation activities ranging from onetime events to longer-term sustained monitoring activity. The Authority will continue to closely monitor each of these obligations, working toward regulatory closure, and will make any necessary adjustments to the potential liability as new information becomes available.

15. Interagency Agreements

a) Investment in Joint Venture

In May 1996, the Authority entered into an interagency agreement with the Massachusetts Highway Department ("MHD") and Massachusetts Bay Transportation Authority ("MBTA") for the construction of a Regional Transportation Center ("RTC") in Woburn, Massachusetts ("Interagency Agreement"). Under the terms of the Interagency Agreement, the Authority has paid one third of the costs of acquiring the site and constructing the RTC and will share in a like proportion in the profits and losses of the RTC. During fiscal years 2021 and 2020, the Authority recognized a net loss of approximately $0.3 million and a net income of approximately $0.2 million, respectively, representing its share of the net loss or earnings of the RTC.

b) Logan Airport Silver Line Transportation Agreement

The Authority entered into an agreement with the MBTA to provide public transportation between South Station in Boston, Massachusetts and Logan Airport along a route called the Silver Line. The Authority is responsible for paying the FAA approved rate of 76.06% of the costs to operate and maintain the Silver Line buses and 76.06% of the costs of the future rebuild of the Silver Line buses. During fiscal years 2021 and 2020, the estimated costs to operate and maintain the Silver Line buses was $2.69 million and $2.82 million, respectively.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Pension Contributions

(In thousands)

For the years ending June 30,	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 14,642	$ 12,029	$ 13,043	$ 13,362	$ 13,552
Actual contribution in relation to the actuarially determined contribution	14,642	12,029	13,043	13,362	13,552
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 117,317	$ 125,749	$ 117,686	$ 111,749	109,652
Contributions as a percentage of covered payroll	12.5%	9.6%	11.1%	12.0%	12.4%

For the years ending June 30,	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 10,845	$ 11,146	$ 11,960	$ 9,594	$ 5,710
Actual contribution in relation to the actuarially determined contribution	10,845	11,146	11,960	9,594	5,710
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 101,216	$ 96,686	$ 91,007	$ 86,657	$ 85,605
Contributions as a percentage of covered payroll	10.7%	11.5%	13.1%	11.1%	6.7%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated based on valuations as of January 1, 12 months prior to the end of the Trust's fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen entry age
Amortization method	20 Level dollar, closed
Remaining amortization period	Multiple bases with remaining periods from 4 to 20 years
Asset valuation method	Beginning in 2008, fair value of assets using a five year smoothing period. Prior to 2008, used four year asset smoothing period.
Inflation rate	3.0%
Salary increases	2020 val: 4.25% ; 2013 val: 4.50% ; 2009 val: 4.75% ; Prior to 2009: 5.00%
Investment rate of return / discount rate	2020 val: 7.00% ; 2016 val: 7.25%; 2015 val: 7.50%; 2012 val: 7.625% ; 2010 val: 7.75% ; 2009 val: 8.00% ; Prior to 2009: 7.75%
Retirement age	2019 valuation changed based on an experience study. In the 2013 valuation, additional retirement assumptions were added for employees hired after April 1, 2012 and subject to pension reform and the assumption was changed due to an experience study. In the 2008 valuation the retirement assumption was extended to age 70 for Group 1 employees.
Disability and withdrawal	Changed in 2019 and 2013 due to an experience study.
Mortality	2019 valuation saw a change to the RP-2014 mortality table projected generationally using MP-2018.

Healthy – RP 2014 at Table Healthy Employees (sex distinct) projected with MP 2018 Generational Mortality.
Post-retirement the RP 2014 healthy annuitant Table (sex distinct) projected with MP 2018 Generational Mortality.
Disabled-RP 2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality set forward 2 years.
Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

Changed in the 2018 valuation to;
Healthy – RP 2000 Table (sex-distinct) projected with Scale BB and Generational Mortality. Post retirement the RP 2000 healthy annuitant Table (sex distinct) projected with Scale BB Generational Mortality.
Disabled-RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB, a base year of 2000 and Generational Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

Other information

Changed in the 2013 valuation due to an experience study.
In the 2013 valuation, mortality was changed to RP2000 projected generationally with scale BB.
In the 2012 valuation, mortality was changed to RP2000 projected 22 years using scale AA.
In the 2009, 2010 and 2011 valuations mortality was changed to RP2000 projected nine, ten and eleven years, respectively, using scale AA.

In the 2012 valuation the superannuation retirement liability and normal cost for actives was increased by 1.25% to reflect vacation buybacks. This provision was removed in the 2019 valuation, and replaced with a liability for return of related contributions.

As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post-retirement medical insurance until age 60, retirement age begins at age 60 with 10 years of service.

As of January 1, 2013, the mortality assumption was changed to the RP2000 Generational Table and the retirement, disability and withdrawal assumptions were changed based on an experience study.

As of January 1, 2012, the mortality assumption was changed to the RP2000 Table projected forward 22 years with Scale AA, interest rate changed to 7.625% (from 7.75%) and salary rate to 4.50% (from 4.75%). Vacation buyback factor was increased from 1.00% to 1.25%.

As of January 1, 2011, the mortality assumption was changed to the RP2000 Table projected forward 11 years with Scale AA.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

(In thousands)

For the years ending December 31,	2020	2019	2018	2017	2016	2015	2014	2013
TOTAL PENSION LIABILITY								
Service cost	$ 17,335	$ 17,529	$ 16,774	$ 16,419	$ 15,920	$ 14,875	$ 13,056	$ 12,516
Interest	53,204	51,734	49,569	47,341	44,962	41,160	40,956	38,660
Change in benefit terms	-	-	(4,891)	-	-	-	-	-
Differences between expected and actual experience	5,846	15	749	(1,474)	2,592	(1,395)	1,929	-
Change of assumptions	15,574	(13,789)	-	-	(1,479)	24,098	-	-
Benefit payments , including refunds of employee contributions	(36,952)	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)	(22,708)
Net change in total pension liability	55,007	22,388	29,114	31,555	33,391	52,632	31,584	28,468
Total pension liability - beginning	734,985	712,597	683,483	651,928	618,537	565,905	534,321	505,853
Total pension liability - ending	$ 789,992	$ 734,985	$ 712,597	$ 683,483	$ 651,928	$ 618,537	$ 565,905	$ 534,321
PLAN FIDUCIARY NET POSITION								
Contributions - employer	$ 14,642	$ 12,029	$ 13,043	$ 13,362	$ 13,552	$ 10,845	$ 11,146	$ 11,960
Contributions - employee	13,100	12,576	11,559	11,242	10,660	9,948	9,628	9,112
Net Investment Income	113,321	118,235	(31,212)	92,226	42,565	(4,572)	32,062	65,818
Benefit payments , including refunds of employee contributions	(36,952)	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)	(22,707)
Administrative expense	(1,152)	(1,216)	(1,182)	(1,149)	(1,189)	(1,189)	(1,417)	(957)
Net change in plan fiduciary net position	102,959	108,523	(40,879)	84,950	36,984	(11,074)	27,062	63,226
Plan fiduciary net position - beginning	716,200	607,677	648,556	563,606	526,622	537,696	510,634	447,408
Plan fiduciary net position - end	$ 819,159	$ 716,200	$ 607,677	$ 648,556	$ 563,606	$ 526,622	$ 537,696	$ 510,634
Massport net pension liability (asset) - ending	$ (29,167)	$ 18,785	$ 104,920	$ 34,927	$ 88,322	$ 91,915	$ 28,209	$ 23,687
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.7%	97.4%	85.3%	94.9%	86.5%	85.1%	95.0%	95.6%
Covered payroll	128,613	119,262	114,541	114,385	112,167	99,190	99,113	90,042
Massport's net pension liability (asset) as a percentage of covered payroll	-22.7%	15.8%	91.6%	30.5%	78.7%	92.7%	28.5%	26.3%

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Note to Schedule
This schedule is presented based on a measurement date that is 6 months in arrears.

Benefit changes: None

Changes in assumptions: Mortality Tables
Changed in the 2019 valuation to;
Healthy – RP 2014 at Table Healthy Employees (sex distinct) projected with MP 2018 Generational Mortality.
Post-retirement the RP 2014 healthy annuitant Table (sex distinct) projected with MP 2018 Generational Mortality.
Disabled-RP 2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP 2018 Generational Mortality set forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

Changed in the 2018 valuation to;
Healthy – RP 2000 Table (sex-distinct) projected with Scale BB and Generational Mortality. Post retirement the RP 2000 healthy annuitant Table (sex distinct) projected with Scale BB Generational Mortality.
Disabled-RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB, a base year of 2000 and Generational Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

Mortality table changes from Scale AA to BB in fiscal year 2017.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Pension Investment Returns

	December 2020	December 2019	December 2018	December 2017	December 2016
Annual money-weighted rate of return, net of investment expense	16.14 %	19.64 %	(4.83)%	16.51 %	8.14 %

	December 2015	December 2014	December 2013
Annual money-weighted rate of return, net of investment expense	(0.82)%	6.36 %	14.80 %

Note: This schedule is intended to present 10 years of data. Additional years will be presented when available.

MASSACHUSETTS PORT AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of OPEB Contributions

For the years ending June 30,	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 20,294	$ 9,741	$ 15,725	$ 15,177	$ 18,084
Authority contribution	8,894	8,894	18,398	15,682	14,300
Contribution deficiency (excess)	$ 11,400	$ 847	$ (2,673)	$ (505)	$ 3,784
Covered payroll	$ 136,411	$ 144,321	$ 139,318	$ 133,316	$ 129,414
Contributions as a % of covered payroll	6.5%	6.2%	13.2%	11.8%	11.0%

For the years ending June 30,	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 14,390	$ 13,187	$ 14,738	$ 14,006	$ 18,444
Authority contribution	12,000	12,000	14,000	20,851	13,807
Contribution deficiency (excess)	$ 2,390	$ 1,187	$ 738	$ (6,845)	$ 4,637
Covered payroll	$ 117,743	$ 116,302	$ 108,984	$ 101,106	$ 96,137
Contributions as a % of covered payroll	10.2%	10.3%	12.8%	20.6%	14.4%

Methods and assumptions used to determine contribution rates:

Valuation date:
*ADC and Contribution amounts for years prior to December 2019 are measured from July 1 to June 30.
Actuarially determined contribution rates are calculated as of January 1, six months prior to the beginning of the fiscal year in which contributions are reported. The January 1, 2017 valuation established the rate for the fiscal year 2018 contribution and the January 1, 2018 valuation established the fiscal year 2019 contribution. The following assumptions were used for the periods included in the funding for 2020 and 2019:

Actuarial cost method: Contribution: Projected Unit Credit
Net OPEB Liability: Entry Age Normal

Amortization method: 30 year level, closed, 18 years remaining

Asset valuation method: Fair value

Inflation: 3.0%

Salary increases: 4.5%, including inflation 2013 forward
4.75%, including inflation 2009 to 2012

Investment rate of return: 7.00% annually, net of plan investment expenses for funded program 2016 forward
7.25% annually, net of plan investment expenses for funded program 2016 forward
7.50% annually, net of plan investment expenses for funded program 2015
7.75% annually, net of plan investment expenses for funded program pre 2013
4.00% annually, net of plan investment expenses for unfunded program 2013 on
4.25% annually, net of plan investment expenses for unfunded program pre 2013

Health care trend rates Initial annual health care cost trend rate range of 2.7% to 9.0% which decreases to a long-term trend rate between 5.0% and 6.0% for all health care benefits after ten years. The initial annual dental cost trend rates range from 5.0% to 7.0% which decrease to a long term trend rate of 5.0% for all dental benefits after ten years.

Mortality: Actives - RP 2014 Table adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2018.
Retirees - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2018.
Disabled - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2018. Set forward 2 years.

Notes to Schedule

Benefit changes: None

Changes in assumptions: Mortality table changes from RP2000 with Scale BB to RP 2014.
Prior valuation mortality was as follows:
Actives - RP 2000 Mortality Tables, (sex distinct), for Employees projected using generational mortality and scale BB using a base year of 2000 .
Retirees - RP 2000 Mortality Tables, (sex distinct), for Healthy Annuitants projected using generational mortality and scale BB using a base year of 2000 .
Disabled - RP 2000 Tables (sex distinct), for Healthy Annuitants projected using generational mortality and scale BB. Set forward 2 years.

Other information: As of January 1, 2019, the effects of the "Cadillac Tax" on liabilities was eliminated.

As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized.

As of January 1, 2017, the mortality assumption was changed to the RP 2000 Table with Scale AA to Scale BB.

As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post-retirement medical insurance until age 60, retirement age begins at age 60 with 10 years of service.

As of January 1, 2013, the mortality assumption was changed to the RP 2000 Generational Table and the retirement, disability and withdrawal assumptions were changed based on an experience study.

As of January 1, 2012, the mortality assumption was changed to the RP 2000 Table projected forward 22 years with Scale AA.

As of January 1, 2011, the mortality assumption was changed to the RP 2000 Table projected forward 11 years with Scale AA.

MASSACHUSETTS PORT AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net OPEB Liability and Related Ratios
(in thousands)

	December 2020	December 2019 *	June 2018	June 2017	June 2016
Total OPEB liability:					
Service cost	$ 6,103	$ 9,022	$ 6,692	$ 6,405	$ 5,891
Interest	24,569	37,032	23,870	22,693	20,285
Differences between expected and actual experience	(16,263)	(7,968)	(17,359)	—	18,841
Change of assumptions	(11,751)	(3,552)	8,575	—	—
Benefits payments	(13,692)	(20,432)	(13,428)	(12,643)	(11,987)
Net change in total OPEB liability	(11,034)	14,102	8,350	16,455	33,030
Total OPEB liability – beginning	351,726	337,624	329,274	312,819	279,789
Total OPEB liability – ending (a)	$ 340,692	$ 351,726	$ 337,624	$ 329,274	$ 312,819
Trust fiduciary net position:					
Contributions – employer	10,552	29,668	17,237	15,787	13,340
Contributions – employees	319	468	279	248	209
Net investment income	36,052	31,460	13,755	19,829	2,348
Benefits payments	(14,010)	(20,900)	(13,428)	(12,643)	(11,987)
Administrative expenses	(222)	(332)	(184)	(173)	(172)
Net change in fiduciary net position	32,691	40,364	17,659	23,048	3,738
Trust fiduciary net position – beginning	243,439	203,075	185,416	162,368	158,630
Trust fiduciary net position – ending (b)	$ 276,130	$ 243,439	$ 203,075	$ 185,416	$ 162,368
Authority's net OPEB liability – end of year (a-b)	$ 64,562	$ 108,287	$ 134,549	$ 143,858	$ 150,451
Trust fiduciary net position as a percentage of the total OPEB liability	81.0%	69.2%	60.1%	56.3%	51.9%
Covered payroll	$ 141,877	$ 125,822	$ 140,995	$ 135,585	$ 131,477
Net OPEB liability as a percentage of covered payroll	45.5%	86.1%	95.4%	106.1%	114.4%

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Notes to Schedule

During FY 2020 the Trust changed its fiscal year end to December 31.
The measurement date for 2020 is 6 months in arrears and previous periods are 1 year in arrears.

Benefit changes - none

Changes in assumptions :

As of January 1, 2020, the mortality assumptions for Actives and Retirees was changed to the RP-2014 Table adjusted to 2006, sex distinct, using generational mortality and scale MP-2020 and the disability assumptions were changed as above, set forward 2 years.

As of January 1, 2019, the effect of the "Cadillac Tax" on liabilities was eliminated.

As of January 1, 2018, the scales used to convert the premiums to age weighted claim costs were updated and the effect of the “Cadillac Tax” on liabilities was recognized.

OPEB liabilities as of December 31, 2020 no longer include an estimate of the impact from the Patient Protection and Affordable Care Act (PPACA),

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of OPEB Investment Returns

	December 2020	December 2019	June 2019	June 2018	June 2017	June 2016
Annual money-weighted rate of return, net of investment expense	14.07 %	14.12 %	7.64 %	7.32 %	11.88 %	1.53 %

Note: This schedule is intended to present 10 years of data. Additional years will be presented when available.

Schedule I

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Net Position

Proprietary Fund Type – Enterprise Fund

June 30, 2021

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Current assets:				
Cash and cash equivalents	$ 181,240	$ —	$ —	$ 181,240
Investments	164,363	—	—	164,363
Restricted cash and cash equivalents	218,283	39,828	16,127	274,238
Restricted investments	526,430	21,091	10,178	557,699
Accounts receivable				
Trade, net	71,635	8,868	1,811	82,314
Grants	53,312	—	—	53,312
Total receivables, net	124,947	8,868	1,811	135,626
Prepaid expenses and other assets	8,581	—	41	8,622
Total current assets	1,223,844	69,787	28,157	1,321,788
Noncurrent assets:				
Investments	271,229	—	—	271,229
Restricted investments	379,033	3,109	32,263	414,405
Accounts receivable, long-term	16,420	—	—	16,420
Prepaid expenses and other assets, long-term	6,087	—	580	6,667
Investment in joint venture	2,838	—	—	2,838
Net pension asset	29,167	—	—	29,167
Capital assets-not being depreciated	1,008,373	—	2,218	1,010,591
Capital assets-being depreciated-net	2,521,710	364,352	209,224	3,095,286
Total noncurrent assets	4,234,857	367,461	244,285	4,846,603
Total assets	5,458,701	437,248	272,442	6,168,391
Deferred outflows of resources				
Deferred loss on refunding of bonds	11,801	—	—	11,801
Deferred outflows of resources related to pensions	30,957	—	—	30,957
Deferred outflows of resources related to OPEB	24,489	—	—	24,489
Total deferred outflows of resources	67,247	—	—	67,247
Current liabilities:				
Accounts payable and accrued expenses	192,127	544	301	192,972
Compensated absences	1,140	—	—	1,140
Contract retainage	7,179	—	—	7,179
Current portion of long-term debt	26,568	—	—	26,568
Commercial notes payable	22,000	—	—	22,000
Accrued interest payable	49,488	—	3,772	53,260
Unearned revenues	6,749	—	—	6,749
Total current liabilities	305,251	544	4,073	309,868
Noncurrent liabilities				
Accrued expenses	11,147	—	307	11,454
Compensated absences	14,578	—	—	14,578
Net OPEB liability	64,562	—	—	64,562
Contract retainage	11,690	—	—	11,690
Long-term notes payable,	258,000	—	—	258,000
Long-term debt, net	2,624,625	—	120,255	2,744,880
Unearned revenues	26,941	—	—	26,941
Total noncurrent liabilities	3,011,543	—	120,562	3,132,105
Total liabilities	3,316,794	544	124,635	3,441,973
Deferred inflows of resources				
Deferred gain on refunding of bonds	25,864	—	—	25,864
Deferred inflows of resources related to pensions	83,912	—	—	83,912
Deferred inflows of resources related to OPEB	60,495	—	—	60,495
Total deferred inflows of resources	170,271	—	—	170,271
Net position				
Net investment in capital assets	876,891	364,353	109,846	1,351,090
Restricted for other purposes				
Bond funds	224,209	—	—	224,209
Project funds	423,022	—	—	423,022
Passenger facility charges	—	72,351	—	72,351
Customer facility charges	—	—	37,961	37,961
Other purposes	28,251	—	—	28,251
Total restricted	675,482	72,351	37,961	785,794
Unrestricted	486,510	—	—	486,510
Total net position	$ 2,038,883	$ 436,704	$ 147,807	$ 2,623,394

Schedule II

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund Type – Enterprise Fund

Year ended June 30, 2021

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 270,643	$ —	$ —	$ 270,643
Aviation parking	58,213	—	—	58,213
Aviation shuttle bus	8,084	—	—	8,084
Aviation fees	141,535	—	—	141,535
Aviation concessions	58,368	—	—	58,368
Aviation operating grants and other	1,759	—	—	1,759
Maritime fees, rentals and other	80,107	—	—	80,107
Real estate fees, rents and other	38,013	—	—	38,013
Total operating revenues	656,722	—	—	656,722
Operating expenses:				
Aviation operations and maintenance	252,482	—	—	252,482
Maritime operations and maintenance	54,747	—	—	54,747
Real estate operations and maintenance	14,338	—	—	14,338
General and administrative	56,196	—	—	56,196
Payments in lieu of taxes	22,247	—	—	22,247
Pension and other post-employment benefits	(9,764)	—	—	(9,764)
Other	13,777	—	—	13,777
Total operating expenses before depreciation and amortization	404,023	—	—	404,023
Depreciation and amortization	240,961	52,278	14,344	307,583
Total operating expenses	644,984	52,278	14,344	711,606
Operating income (loss)	11,738	(52,278)	(14,344)	(54,884)
Nonoperating revenues and (expenses):				
Passenger facility charges	—	27,948	—	27,948
Customer facility charges	—	—	11,657	11,657
Investment income	14,583	240	698	15,521
Net increase (decrease) in the fair value of investments	(6,682)	(41)	(274)	(6,997)
Other revenues	126,443	—	49	126,492
Settlement of claims	2	—	—	2
Terminal A debt service contribution	7,066	(7,066)	—	—
Other expenses	(309)	—	(120)	(429)
Gain on sale of equipment	(41)	—	—	(41)
Interest expense	(90,289)	(305)	(7,552)	(98,146)
Total nonoperating revenue, net	50,773	20,776	4,458	76,007
Increase (decrease) in net position before capital contributions	62,511	(31,502)	(9,886)	21,123
Capital contributions	61,923	—	—	61,923
Increase (decrease) in net position	124,434	(31,502)	(9,886)	83,046
Net position, beginning of year	1,914,449	$ 468,206	$ 157,693	2,540,348
Net position, end of year	$ 2,038,883	$ 436,704	$ 147,807	$ 2,623,394

Schedule III

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Net Position

Proprietary Fund Type – Enterprise Fund

June 30, 2020

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Current assets:				
Cash and cash equivalents	$ 82,623	$ —	$ —	$ 82,623
Investments	142,427	—	—	142,427
Restricted cash and cash equivalents	368,560	37,648	11,974	418,182
Restricted investments	411,386	12,928	51,263	475,577
Accounts receivable				
Trade, net	72,426	1,401	577	74,404
Grants	39,229	—	—	39,229
Total receivables, net	111,655	1,401	577	113,633
Prepaid expenses and other assets	10,306	—	43	10,349
Total current assets	1,126,957	51,977	63,857	1,242,791
Noncurrent assets:				
Investments	254,683	—	—	254,683
Restricted investments	325,531	—	—	325,531
Prepaid expenses and other assets, long-term	5,802	—	620	6,422
Investment in joint venture	3,147	—	—	3,147
Capital assets-not being depreciated	730,375	—	94	730,469
Capital assets-being depreciated-net	2,592,589	416,629	223,423	3,232,641
Total noncurrent assets	3,912,127	416,629	224,137	4,552,893
Total assets	5,039,084	468,606	287,994	5,795,684
Deferred outflows of resources				
Deferred loss on refunding of bonds	13,304	—	—	13,304
Deferred outflows of resources related to pensions	9,712	—	—	9,712
Deferred outflows of resources related to OPEB	17,254	—	—	17,254
Total deferred outflows of resources	40,270	—	—	40,270
Current liabilities:				
Accounts payable and accrued expenses	231,403	400	49	231,852
Compensated absences	1,462	—	—	1,462
Contract retainage	11,007	—	—	11,007
Current portion of long-term debt	74,013	—	4,165	78,178
Commercial notes payable	22,000	—	—	22,000
Accrued interest payable	48,437	—	5,476	53,913
Unearned revenues	5,462	—	—	5,462
Total current liabilities	393,784	400	9,690	403,874
Noncurrent liabilities				
Accrued expenses	9,669	—	356	10,025
Compensated absences	18,698	—	—	18,698
Net pension liability	18,785	—	—	18,785
Net OPEB liability	108,287	—	—	108,287
Contract retainage	10,233	—	—	10,233
Long-term notes payable,	330,500	—	—	330,500
Long-term debt, net	2,159,275	—	120,255	2,279,530
Unearned revenues	27,730	—	—	27,730
Total noncurrent liabilities	2,683,177	—	120,611	2,803,788
Total liabilities	3,076,961	400	130,301	3,207,662
Deferred inflows of resources				
Deferred gain on refunding of bonds	9,847	—	—	9,847
Deferred inflows of resources related to pensions	47,935	—	—	47,935
Deferred inflows of resources related to OPEB	30,162	—	—	30,162
Total deferred inflows of resources	87,944	—	—	87,944
Net position				
Net investment in capital assets	1,014,177	416,629	117,824	1,548,630
Restricted for other purposes				
Bond funds	259,893	—	—	259,893
Project funds	328,897	—	—	328,897
Passenger facility charges	—	51,577	—	51,577
Customer facility charges	—	—	39,869	39,869
Other purposes	34,416	—	—	34,416
Total restricted	623,206	51,577	39,869	714,652
Unrestricted	277,066	—	—	277,066
Total net position	$ 1,914,449	$ 468,206	$ 157,693	$ 2,540,348

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund Type – Enterprise Fund

Year ended June 30, 2020

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 275,271	$ —	$ —	$ 275,271
Aviation parking	136,951	—	—	136,951
Aviation shuttle bus	17,013	—	—	17,013
Aviation fees	139,239	—	—	139,239
Aviation concessions	111,130	—	—	111,130
Aviation operating grants and other	2,762	—	—	2,762
Maritime fees, rentals and other	92,952	—	—	92,952
Real estate fees, rents and other	49,196	—	—	49,196
Total operating revenues	824,514	—	—	824,514
Operating expenses:				
Aviation operations and maintenance	295,748	—	—	295,748
Maritime operations and maintenance	61,089	—	—	61,089
Real estate operations and maintenance	14,971	—	—	14,971
General and administrative	68,083	—	—	68,083
Payments in lieu of taxes	21,030	—	—	21,030
Pension and other post-employment benefits	36,058	—	—	36,058
Other	9,684	—	—	9,684
Total operating expenses before depreciation and amortization	506,663	—	—	506,663
Depreciation and amortization	233,992	51,013	14,329	299,334
Total operating expenses	740,655	51,013	14,329	805,997
Operating income (loss)	83,859	(51,013)	(14,329)	18,517
Nonoperating revenues and (expenses):				
Passenger facility charges	—	59,875	—	59,875
Customer facility charges	—	—	25,884	25,884
Investment income	32,375	1,101	2,455	35,931
Net increase in the fair value of investments	8,076	14	117	8,207
Other revenues	65,203	—	49	65,252
Settlement of claims	(22)	—	—	(22)
Terminal A debt service contribution	11,572	(11,572)	—	—
Other expenses	—	—	(187)	(187)
Gain on sale of equipment	264	—	—	264
Interest expense	(92,361)	(1,451)	(15,629)	(109,441)
Total nonoperating revenue, net	25,107	47,967	12,689	85,763
Increase (decrease) in net position before capital contributions	108,966	(3,046)	(1,640)	104,280
Capital contributions	59,899	—	—	59,899
Increase (decrease) in net position	168,865	(3,046)	(1,640)	164,179
Net position, beginning of year	1,745,584	471,252	159,333	2,376,169
Net position, end of year	$ 1,914,449	$ 468,206	$ 157,693	$ 2,540,348

Schedule V

MASSACHUSETTS PORT AUTHORITY

Combining Statements of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Assets:			
Cash and cash equivalents	$ 800	$ 217	$ 1,017
Investments, at fair value:			
Common stocks	15,638	—	15,638
Commingled funds:			
Domestic equity	218,759	112,571	331,330
Fixed income	221,215	77,305	298,520
International equity	238,368	60,380	298,748
Real estate	52,881	25,867	78,748
Private Equity	63,494	—	63,494
Total investments, at fair value	810,355	276,123	1,086,478
Receivables:			
Plan member contributions	292	—	292
Employer contributions	7,321	—	7,321
Accrued interest and dividends	19	—	19
Other state retirement plans	1,537	—	1,537
Receivable for securities sold	21	—	21
Other	5	27	32
Total receivables	9,195	27	9,222
Total assets	820,350	276,367	1,096,717
Liabilities:			
Payables to other state retirement plans	679	—	679
Payable for securities purchased			—
Other payables	512	237	749
Total liabilities	1,191	237	1,428
Net position:			
Restricted for:			
Pensions	819,159		819,159
Postemployment benefits other than pensions		276,130	276,130
Total net position	$ 819,159	$ 276,130	$ 1,095,289

Schedule VI

MASSACHUSETTS PORT AUTHORITY

Combining Statements of Change in Fiduciary Net Position

Fiduciary Funds

Year ended June 30, 2021

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Additions:			
Contributions:			
Plan members	$ 13,100	$ 319	$ 13,419
Plan sponsor	14,642	8,894	23,536
Total contributions	27,742	9,213	36,955
Intergovernmental:			
Transfers from other state retirement plans	173	—	173
Section 3(8)(c) transfers, net	1,200	—	1,200
Net intergovernmental	1,373	—	1,373
Investment earnings:			
Interest and dividends	10,360	5,335	15,695
Net appreciation in fair value of investments	105,606	30,866	136,472
Less management and related fees	(2,645)	(150)	(2,795)
Net investment earnings	113,321	36,051	149,372
Total additions	142,436	45,264	187,700
Deductions:			
Retirement benefits	36,625	12,351	48,976
Withdrawals by inactive members	1,047	—	1,047
Transfers to other state retirement plans	653	—	653
Administrative expenses	1,153	222	1,375
Total deductions	39,478	12,573	52,051
Net increase in fiduciary net position	102,958	32,691	135,649
Net position - beginning of year	716,201	243,439	959,640
Net position - end of year	$ 819,159	$ 276,130	$ 1,095,289

Schedule VII

MASSACHUSETTS PORT AUTHORITY

Combining Statements of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Assets:			
Cash and cash equivalents	$ 1,198	$ 5,018	$ 6,216
Investments, at fair value:			
Common stocks	19,900	—	19,900
Commingled funds:			
Domestic equity	171,813	99,488	271,301
Fixed income	217,630	72,145	289,775
International equity	204,197	48,323	252,520
Real estate	52,556	20,775	73,331
Private Equity	47,631	—	47,631
Total investments, at fair value	713,727	240,731	954,458
Receivables:			
Plan member contributions	650	—	650
Employer contributions	—	—	—
Accrued interest and dividends	19	—	19
Other state retirement plans	1,482	—	1,482
Receivable for securities sold	135	—	135
Other	29	26	55
Total receivables	2,315	26	2,341
Total assets	717,240	245,775	963,015
Liabilities:			
Payables to other state retirement plans	623	—	623
Payable for securities purchased	43		43
Other payables	373	2,336	2,709
Total liabilities	1,039	2,336	3,375
Net position:			
Restricted for:			
Pensions	716,201		716,201
Postemployment benefits other than pensions		243,439	243,439
Total net position	$ 716,201	$ 243,439	$ 959,640

Schedule VIII

MASSACHUSETTS PORT AUTHORITY

Combining Statements of Change in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2020
(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Additions:			
Contributions:			
Plan members	$ 12,576	$ 157	$ 12,733
Plan sponsor	12,029	8,894	20,923
Total contributions	24,605	9,051	33,656
Intergovernmental:			
Transfers from other state retirement plans	2,396	—	2,396
Section 3(8)(c) transfers, net	827	—	827
Net intergovernmental	3,223	—	3,223
Investment earnings:			
Interest and dividends	13,996	2,875	16,871
Net appreciation in fair value of investments	106,766	13,032	119,798
Less management and related fees	(2,527)	(292)	(2,819)
Net investment earnings	118,235	15,615	133,850
Total additions	146,063	24,666	170,729
Deductions:			
Retirement benefits	35,378	6,240	41,618
Withdrawals by inactive members	533	—	533
Transfers to other state retirement plans	412	—	412
Administrative expenses	1,216	135	1,351
Total deductions	37,539	6,375	43,914
Net increase in fiduciary net position	108,524	18,291	126,815
Net position - beginning of year	607,677	225,148	832,825
Net position - end of year	$ 716,201	$ 243,439	$ 959,640