MASSACHUSETTS PORT AUTHORITY

Financial Statements, Required Supplementary Information, and Supplementary Schedules

Years Ended June 30, 2022 and 2021

(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 Audit of the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority at June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases

As discussed in Note 1 to the financial statements, as of July 1, 2020, the Authority adopted new accounting guidance related to leases as a result of the adoption of GASB Statement No, 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We did not audit the financial statements of the Massachusetts Port Authority Employee's Retirement System (the "System"), which represents 74% and 75% of total assets and 74% and 75% of fiduciary net position as of June 30, 2022 and 2021, respectively, and 71% and 76% 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America 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 is the responsibility of management and, 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 of America, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 of America. 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, 2022

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, 2022 and 2021. 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, 2022, 2021 and 2020, 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, 2022, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* ("GASB 87"). The Authority had previously classified lease agreements as operating leases and recognized inflows and outflows of resources based on the payment provisions of the contract. A lessee is now required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement increases the usefulness of government's financial statements as it enhances the relevance and consistency of information about government's leasing activities.

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.

*** Note. Fiscal year 2021 results were restated to conform to GASB 87 standards for lease reporting in the following charts and tables. However, the comparative discussion for years FY21 to FY20 within the Management Discussion and Analysis were not re-edited to reflect the restatement, but rather remain consistent with the presentation in the FY21 ACFR. Please refer to footnote 1, section S for details.**

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2022

- **Operating revenues were $827.9 million for FY22, a 25.1% increase over the prior year.**

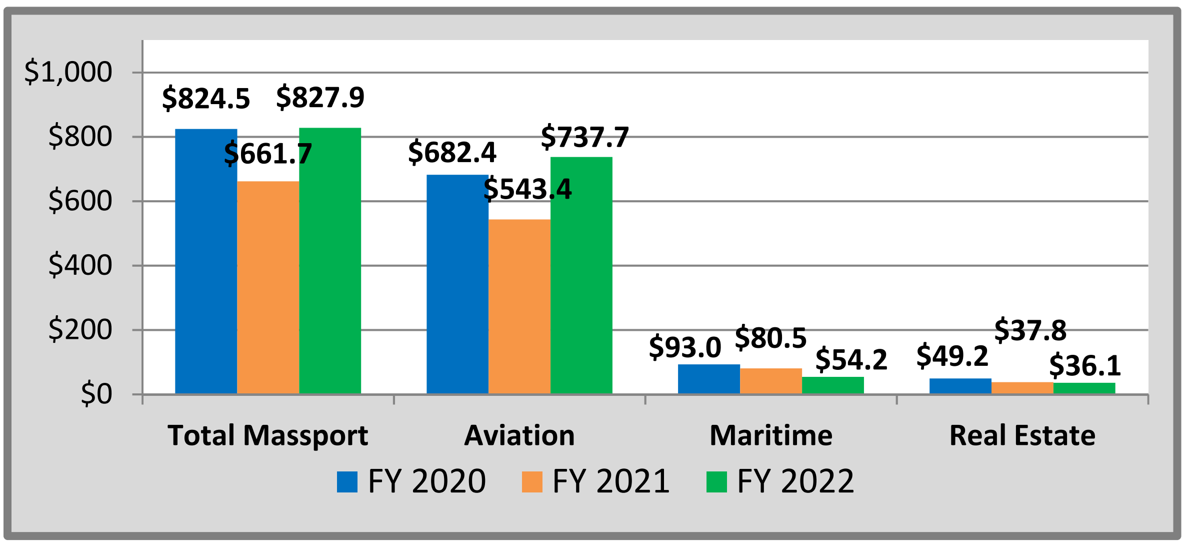
- Logan International Airport ("Logan Airport," "Logan" or the "Airport") served 31.1 million passengers during the year, an increase of 18.9 million passengers compared to FY21. As travel restrictions were lifted and airline operations increased, the Authority's revenue performance improved across many variable aviation revenue sources, including airport parking, airport terminal and rental car concessions, ground transportation related services, and others.

- Aviation revenues in FY22 were $737.7 million, a 35.8% increase over FY21. Logan International Airport generated $712.5 million in total revenue, $189.3 million more than the prior year. Revenues for Hanscom Field and Worcester Regional Airport were $22.9 million and $2.3 million, respectively, increasing a combined $5.0 million over the prior year as business activity also increased at these facilities.

- Maritime revenues were constrained by China port closures and associated supply chain disruptions, resulting in fewer container ships and lower container volume serviced by Conley Terminal. Flynn Cruiseport Boston experienced a return of cruise passengers with the lifting of travel restrictions by the Centers for Disease Control during the fourth quarter. Cruise passenger volume is expected to increase in subsequent quarters as cruise lines continue to resume services. Maritime total revenues for the year were $54.2 million, a decrease of $26.3 million, or 32.7% from the prior year.

- Real Estate assets generated $36.1 million in revenues in FY22, a 4.5% decrease from FY21. The revenue decline was due to a one-time transaction rent of more than $10.7 million in FY21, which was partially offset by $9.0 million in increased revenues from vehicle parking operations, percentage rents on ground leases and other real estate revenues in FY22.

Operating Revenues*
($ Millions)



* FY21 results have been restated to conform to GASB 87 standards for lease reporting.

- **Operating expenses for FY22 were $721.6 million, a 1.5% increase compared to FY21.**

- To accommodate the increase in passenger activity, aviation related expenses for operations and maintenance increased by $26.6 million to $271.8 million. Expenses increased , primarily at Logan International Airport, to accommodate passenger demand and related expenses for cleaning, increased hours of terminal operations, runway maintenance and operations, expanded Logan Express bus operations and service frequency increases to encourage more High Occupancy Vehicle (HOV) use to and from the Airport, additional resources to properly manage onsite commercial parking demand, and higher energy costs as a result of increased usage and the rise of electricity, natural gas, and motor vehicle and equipment fuel prices.

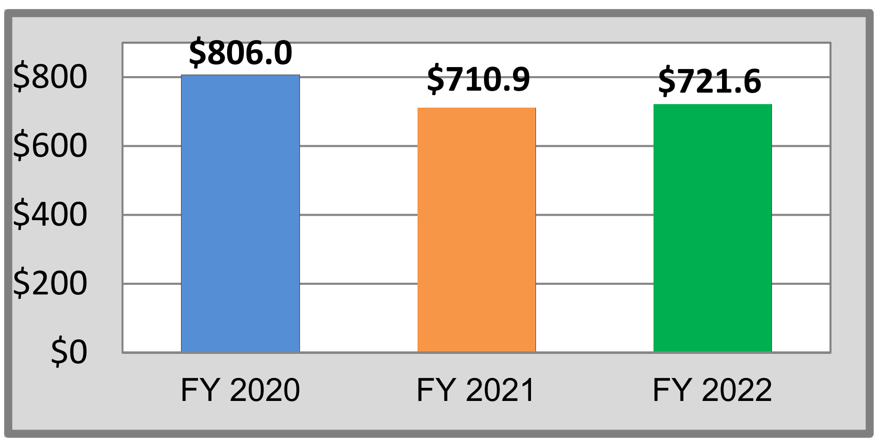
- Maritime related expenses totaled $48.6 million, a decline of $5.8 million, or 10.7% as lower container volumes reduced Stevedoring and other terminal operating expenses.

- Real Estate expenses were $15.9 million, a $2.6 million increase due to the need for professional fees, planning and legal services for parcel development, and for the operation of the South Boston Waterfront Transportation Center, including more staff, credit card fees, and maintenance costs related to higher vehicle parking volumes.

- Pension and Other Post-Employment Benefits (OPEB) expenses decreased an additional $14.9 million, resulting in a credit of $24.7 million due primarily to favorable net investment returns on both pension and OPEB assets for the calendar year ending December 31, 2021.

- Depreciation expense was $319.8 million, an increase of $4.0 million, which reflects $427.1 million of new assets being placed into service, the run-off of certain assets fully amortized, the expensing of projects suspended during the pandemic, and other adjustments.

Operating Expenses*
($ Millions)

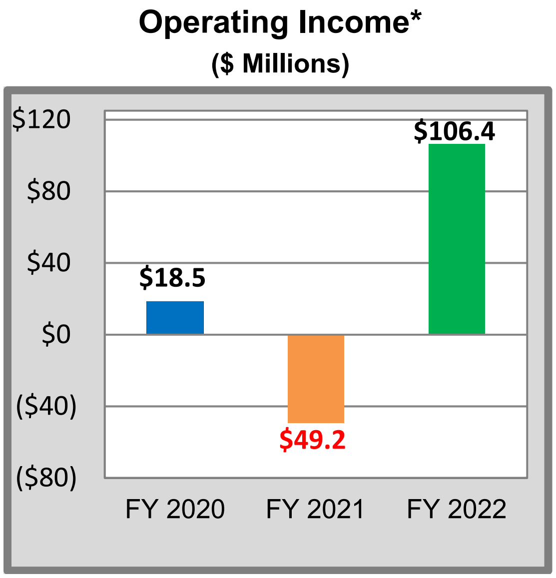


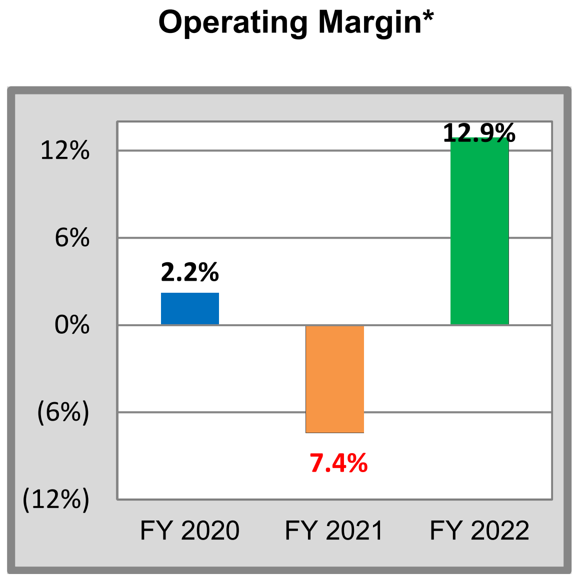
* FY21 results have been restated to conform to GASB 87 standards for lease reporting.

- **Massport's operating income was positive, a reversal of the prior year losses.**

- The Authority ended the year with $106.4 million in operating income, a result of both revenue increases and controlled costs. Passenger activity at Logan International Airport improved, driving variable revenue growth in key areas such as commercial parking and concessions. Management's emphasis on keeping expense controls in place during the year allowed the

Authority to improve financial performance, return to self-sustainability, and increase capital investment at Massport-owned facilities in FY22.





* FY21 results have been restated to conform to GASB 87 standards for lease reporting.

- **The Authority's net position increased by $266 million in FY22.**

- The Authority's FY22 net position increased $266 million, or 10% compared to FY21. The change reflects $102.9 million in net non-operating revenues, $56.6 million in contributed capital and $106.4 million in the Authority's operating income earned by various facilities during FY22. Net non-operating revenue of $102.9 million includes $115.5 million of federal airport assistance from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) and the American Rescue Plan Act (ARPA). As of June 30, 2022, the Authority has recognized a total of $293.6 million, out of a possible $327.4 million, in Coronavirus Aid, Relief and Economic Security Act (CARES) funding, CRRSA Act funds, and ARPA funds. The balance of $33.8 million remains for use prior to the expiration of these programs. Non-operating revenue also includes $92 million in Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) collections, an increase of $52.4 million, primarily as a result of passenger growth at Logan International Airport. These increases were offset by $104.5 million in interest expense to bondholders, an increase of $6.4 million over the prior year, as well as a $60.0 million net decrease in the fair market value of investments, s decrease of $53 million from the prior year.

- In FY 22, contributed capital, which consists mainly of federal and state capital grants, was $56.6 million, a $5.3 million decrease from the year prior. The Authority received contributed capital from federal grants, which was applied towards airport runway and taxiway improvements ($8.6

million), and Conley Terminal modernization initiative ($10.5 million). Also, the Authority received Commonwealth of Massachusetts (the "Commonwealth") contributed capital grants to partially finance the new Berth 10 and three new cranes at Conley Terminal ($37.5 million). The remaining balance of $106.4 million reflects the operating income earned by the Authority's various facilities during FY22.

- The Authority's net position, which primarily consists of capital assets owned by the Authority, benefited from increasing passenger volume at Logan International Airport. Increases to the Authority's net position is an important component of the Authority's ability to maintain its assets in a state of good repair for reliable use by its customers, as well as making new investments in several strategic initiatives such as the modernization of Terminal E to accommodate more international flights, the redesign of Logan Airport roadways to make travel easier for customers, and improvements to Conley Terminal to ensure global shipping connections for the region's importers and exporters.

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

	FY 2022	FY 2021 *(Restated)	$ Change	% Change
Operating revenues	$ 827.9	$ 661.7	$ 166.2	25.1%
Operating expenses including depreciation and amortization	721.6	711.0	10.6	1.5%
Operating (loss) income	**106.4**	**(49.2)**	**155.6**	**(316.3%)**
Total non-operating revenues (expenses), net	102.9	104.3	(1.4)	(1.3%)
Capital grant revenues	56.6	61.9	(5.3)	(8.6%)
Increase (decrease) in net position	**265.9**	**117.0**	**148.9**	**127.3%**
Net position, beginning of year	2,657.3	2,540.3	117.0	4.6%
Net position, end of year	**$ 2,923.3**	**$ 2,657.3**	**$ 266.0**	**10.0%**

	FY 2021 *(Restated)	FY 2020	$ Change	% Change
Operating revenues	$ 661.7	$ 824.5	($ 162.8)	(19.7%)
Operating expenses including depreciation and amortization	711.0	806.0	(95.0)	(11.8%)
Operating (loss) income	**(49.2)**	**18.5**	**(67.7)**	**(365.9%)**
Total non-operating revenues (expenses), net	104.3	85.8	18.5	21.6%
Capital grant revenues	61.9	59.9	2.0	3.3%
Increase (decrease) in net position	**117.0**	**164.2**	**(47.2)**	**(28.7%)**
Net position, beginning of year	2,540.3	2,376.2	164.1	6.9%
Net position, end of year	**$ 2,657.3**	**$ 2,540.3**	**$ 117.0**	**4.6%**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

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

OPERATING REVENUE

The Authority's FY22 operating revenues were $827.9 million, an increase of $166.2 million from the prior year. The Authority's operating revenues benefited primarily from the increase in Logan Airport's passenger activity, as travel restrictions subsided and the propensity to travel improved.

Operating Revenues

($ millions)

	FY 2022	FY 2021 *(Restated)	$ Change	% Change
Aviation Rentals	$ 291.0	$ 274.6	$ 16.4	6.0%
Aviation Parking	156.9	58.2	98.7	169.6%
Aviation Fees	152.7	141.5	11.2	7.9%
Aviation Concessions	120.3	59.3	61.0	102.9%
Shuttle Bus	13.4	8.1	5.3	65.4%
Aviation Operating Grants and Other	3.4	1.8	1.6	88.9%
Total Aviation Revenues	**$ 737.7**	**$ 543.4**	**$ 194.3**	**35.8%**
Maritime Fees, Rentals and Other	54.2	80.5	(26.3)	(32.7%)
Real Estate Fees, Rentals and Other	36.1	37.8	(1.7)	(4.5%)
Total	**$ 827.9**	**$ 661.7**	**$ 166.2**	**25.1%**

	FY 2021 *(Restated)	FY 2020	$ Change	% Change
Aviation Rentals	$ 274.6	$ 275.3	($ .7)	(0.3%)
Aviation Parking	58.2	137.0	(78.8)	(57.5%)
Aviation Fees	141.5	139.2	2.3	1.7%
Aviation Concessions	59.3	111.1	(51.8)	(46.6%)
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	**$ 543.4**	**$ 682.4**	**($ 139.0)**	**(20.4%)**
Maritime Fees, Rentals and Other	80.5	93.0	(12.5)	(13.4%)
Real Estate Fees, Rentals and Other	37.8	49.2	(11.4)	(23.2%)
Total	**$ 661.7**	**$ 824.5**	**($ 162.8)**	**(19.7%)**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

AVIATION REVENUES

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

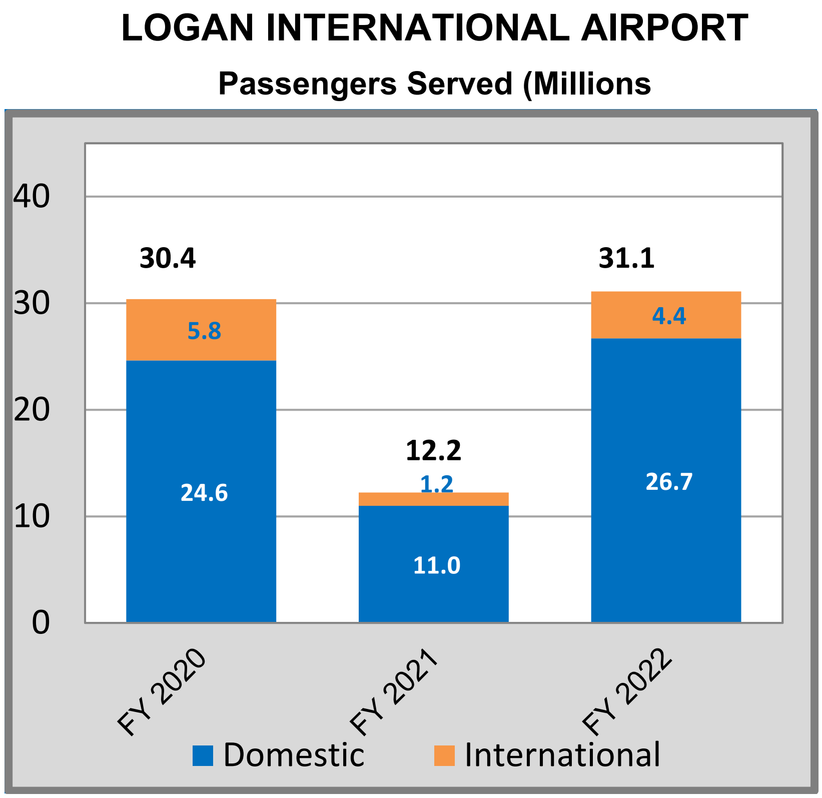
Aviation Revenues
($ millions)

	FY2022	FY2021 *(Restated)	FY2020
Logan	$ 712.5	$ 523.2	$ 665.4
Hanscom	22.9	18.3	14.6
Worcester	2.3	1.8	2.3
Total	**$ 737.7**	**$ 543.4**	**$ 682.4**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

Logan Airport served 31.1 million passengers during FY22.

Logan Airport served 31.1 million passengers during the year, an increase of 18.9 million passengers, or 154.1% compared to FY21, as travel restrictions were lifted and airline operations increased, The Airport served 26.7 million domestic passengers (up 143.2% versus FY21) and 4.4 million international passengers (up 249.5% FY21). During FY22, passenger volume reached 74.4% of pre-pandemic volumes generated in FY19. Passenger volumes for the first half of FY22 reached 67% of pre-pandemic levels and increased to 80% of pre-pandemic levels during the second half of the year compared to FY19.



- Flight operations at Logan Airport in FY22 were 343,402, an increase of 82.1% versus the prior year as airlines increased capacity to accommodate higher passenger demand.

- Logan Airport's ground transportation services benefited from increasing passenger volumes as well. Airport parking facilities had 1.5 million exits, an increase of 937,223 exits, or 160.1%, compared to FY21. Logan Express HOV ridership increased 210%, and Ride App pickups and drop-offs improved 215% compared to the prior year. Improvements in these business activities contributed to Logan Airport's revenue growth.

Fiscal Year 2022 Compared to 2021

Logan Airport Revenues

Logan Airport generated $712.5 million of revenues in FY22, a $189.3 million, or 36.2% increase over FY21.

Logan Airport Revenues
($ millions)

	FY2022	FY2021 *(Restated)	FY2020
Logan Rentals	$ 277.3	$ 261.2	$ 266.9
Logan Parking	156.8	58.1	136.4
Logan Fees	142.7	135.5	132.2
Logan Concessions	119.0	58.6	110.2
Shuttle Bus	13.4	8.1	17.0
Logan Operating Grants and Other	3.3	1.7	2.7
Total	**$ 712.5**	**$ 523.2**	**$ 665.4**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

Rental revenues are earned through terminal building, non-terminal building and ground lease agreements. Revenue from Logan Airport rentals was $277.3 million, a $16.1 million or 6.2% increase versus the prior year. Terminal rent, which accounts for 79.4%, or $220.3 million of this revenue, increased by $8.7 million as fees increased to recover operating costs associated with increased passenger activity and the recovery of recent capital investments. The remaining 20.6% is comprised of non-terminal rent (11.8%) and ground rent (8.8%). Non-terminal rent and ground rent increased by $2 million each due to contractual annual CPI rate increases.

Parking revenues are generated from the Authority's on-airport and off-airport parking facilities. In FY22, Logan parking revenue was $156.8 million, up 169.9% from the $58.1 million earned in FY21. Revenue from on-airport facilities was $151.2 million, up $95.0 million, as parking exits increased 160% over the prior year and the average revenue per exit improved from $86.76 in FY21 to $95.52 in FY22. The introduction of an online parking reservation system to improve the customer experience also contributed to parking revenue performance. Parking revenues from the off-airport Logan Express locations were $5.6 million, an increase of $3.7 million compared to the prior year as more passengers used this HOV transportation service.

Fee revenues are earned from aircraft landing fees, utility reimbursements, and aircraft parking and fueling. During FY22, Logan Airport generated $142.7 million from fees, an increase of $7.2 million over FY21. Aircraft landing fees, which account for 81.2% of fee revenues, were lower by $6.7 million compared to FY21 due to reduced operating expenses and lower capital amortization recovery in this cost center. 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 recovery of landing field costs necessary to operate and maintain the airfield. Tenant utility revenues were $13.4 million in FY22 as energy prices increased resulting in higher cost recovery. Other fees totaled $13.4 million in FY22, an increase of $9.8 million, as growth in flight operations resulted in an increase in aircraft parking fees and additional aircraft fuel flowage fees.

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 FY22, Logan Airport earned $119.0 million from concessions, an increase of $60.4 million compared to FY21 as higher passenger volumes translated to more in-terminal purchases and more rental car transactions.

Revenues from in-terminal concessions totaled $39.8 million, an increase of $26.7 million over the prior year. Food and beverage, news and gifts, and duty-free revenue were all higher as more passengers flowed through Logan's terminals. Rental car revenue benefited from additional passenger activity and generated $37.9 million in revenue in FY22, a $12.3 million, or 48% increase over the prior year. Revenues from various ground transportation services and commission related activities totaled $41.3 million, up $21.4 million over FY21 primarily due to more passengers using ride apps, taxis, and buses, and other commission-based revenues increased.

Logan Airport Concession Fees
($ millions)

	FY2022	FY2021 *(Restated)	FY2020
In-Terminal	$ 39.8	$ 13.1	$ 46.6
Rental Car	37.9	25.6	30.0
Ground Transportation & Other	41.3	19.9	33.6
Total	**$ 119.0**	**$ 58.6**	**$ 110.2**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

Shuttle bus and other revenues consist of revenues from both the on-airport shuttle bus that links the terminal buildings, rental car center, parking garages and the MBTA Blue Line station, as well as the Logan Express shuttle bus, which operate routes to and from four off-airport Logan Express sites in the Boston metropolitan region, and MBTA Silver Line bus service. The Authority earned $13.4 million of revenue from the Logan Airport shuttle bus operations, an increase of $5.3 million over the prior year. Revenue from the on-airport shuttle bus of $5.0 million was up by $1.0 million. Logan Express shuttle bus revenue increased to $7.6 million, or $5.3 million above FY21, as service increased and the fourth Logan Express service from Peabody resumed service from a new, more accessible location. The MBTA Silver Line bus service experienced a reduction in revenue of $0.8 million, reflecting less ridership traffic due to the pandemic.

Logan operating grants and other during FY22, consisted $3.3 million from federal operating grants and emergency management reimbursements for expenses related to COVID-19.

Logan Airport Shuttle Bus and Other Revenues
($ millions)

	FY2022	FY2021	FY2020
Shuttle Bus	$ 13.4	$ 8.1	$ 17.0
Other	3.3	1.7	2.7
Total	**$ 16.7**	**$ 9.8**	**$ 19.7**

Worcester Regional Airport and Hanscom Field

- During FY22, service at Worcester Regional Airport was restored by three major airlines: American Airlines, Delta and JetBlue. The revitalization plan for this strategic transportation asset progressed as planned, resulting in 96,000 passengers served in FY22, and a cumulative 946,000 passengers served since 2013.

- Hanscom Field benefited from the return of general aviation activity in the region as jet activity, chartered flights, and recreational general aviation activity improved as travel restrictions subsided. Hanscom Field also benefited from new leasing opportunities with several fixed based operators expanding their operations resulting in improved financial performance.

Worcester Regional Airport and Hanscom Field Revenues

Worcester Regional Airport generated $2.3 million in operating revenues in FY22, up $0.5 million from FY21 as commercial services resumed resulting in additional commercial aviation revenues such as landing fees, terminal rents, fuel flowage, and commission revenue. Hanscom Field revenues were $22.9 million in FY22, up nearly $4.6 million from the prior year. Hanscom operations for the year were 232,379, up 97% from a higher volume of aircraft operations. Activity resulted in $4.6 million in additional revenues, driven by landing fees, aircraft parking and other user Hanscom related fees.

Worcester and Hanscom Revenues
($ millions)

	FY2022	FY2021 *(Restated)	FY2020
Hanscom	$ 22.9	$ 18.3	$ 14.6
Worcester	2.3	1.8	2.3
Total	**$ 25.2**	**$ 20.2**	**$ 16.9**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

Fiscal Year 2021 Compared to 2020*

The Authority's airports generated $538.6 million of Aviation revenues during FY21, which was $143.8 million or 21.1% lower than the prior year.

Logan Airport generated $522.7 million in revenues in FY21, a $142.7 million or 21.4% decrease versus FY20. Revenue from Logan Airport rentals was $261.6 million, a $5.3 million decrease versus the prior year driven primarily the reduction of costs recovered through the terminal rates. Logan parking revenue was $58.1 million, down $78.3 million from FY20 due to fewer passengers traveling during the pandemic. Logan Airport aviation fees were $135.5 million, a $3.3 million increase over the prior year. Logan Airport aircraft landing fees, which account for 90.5% of Logan aviation fees, were higher by $12.1 million compared to FY20 driven by the higher operating and capital costs recovery.

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 compared to the prior year mainly due to a $33.6 million decline in customer amenity services, retails, duty free shops, and food and beverage sales while commissions from foreign currency exchange were also lower by $0.7 million. Logan Airport earned $25.6 million from rental car companies during FY21, a decrease of $4.4 million compared to FY20. Ground transportation and other fees of $19.9 million declined by $13.7 million. Ground transportation fees collected from Taxis, Limos, and Ride Apps totaled $5.8 million, a decrease of $8.5 million, driven by fewer pick-ups due to fewer passengers.

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 was down by $3.1 million and Logan Express ticket revenue was down by $5.8 million as service was reduced or suspended to adjust to passenger demand.

During FY21, Logan Airport received $1.7 million in other revenues from federal operating grants.

Hanscom Field revenues were $14.1 million in FY21, down slightly by $0.5 million or 3.4% from the prior year. The decrease was primarily due to lower commercial services and user fees. Worcester Regional Airport generated $1.8 million in operating revenues in FY21, down $0.5 million due to reduced parking revenues and landing fees.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

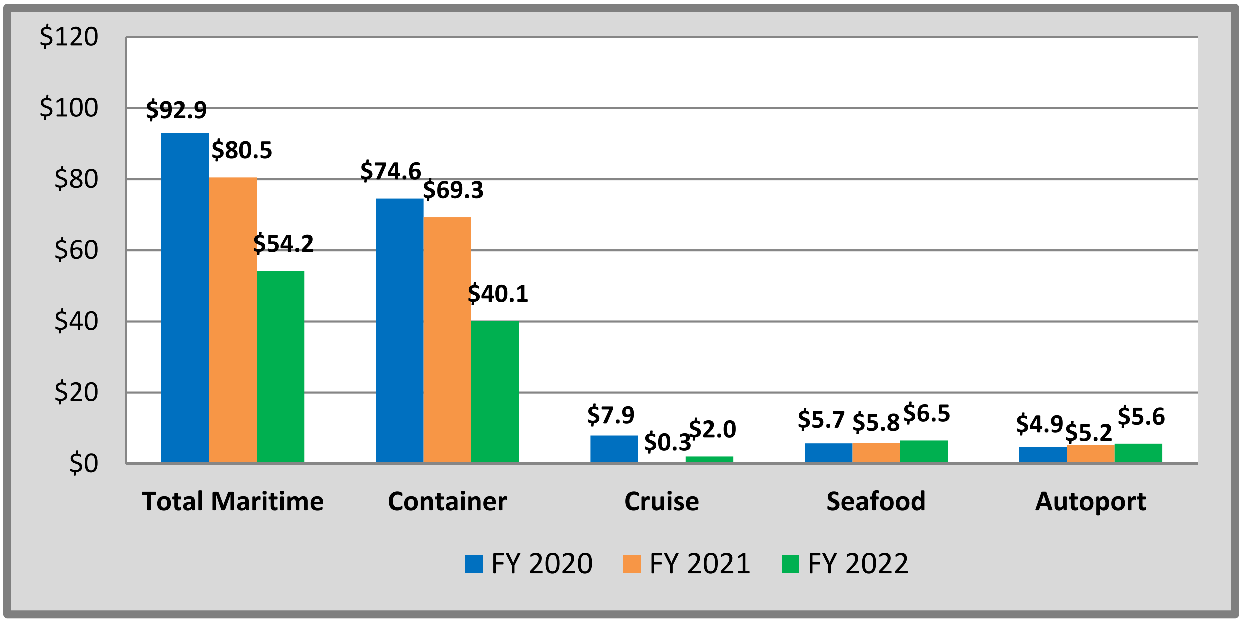
MARITIME REVENUES

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. In FY22, the maritime business experienced reduced container activity and a limited return of cruise operations as COVID-19 related international port closures, supply chain disruptions, and the lifting of cruise sailing restrictions late in the season affected overall maritime business activity. As a result, Maritime operations generated $54.2 million in fees, rentals and other income in FY22, which was $29.2 million or 42.1% lower than the prior year.

*Maritime Revenues by Category**

($ Millions)



* FY21 results have been restated to conform to GASB 87 standards for lease reporting.

<u>Conley Container Terminal</u>

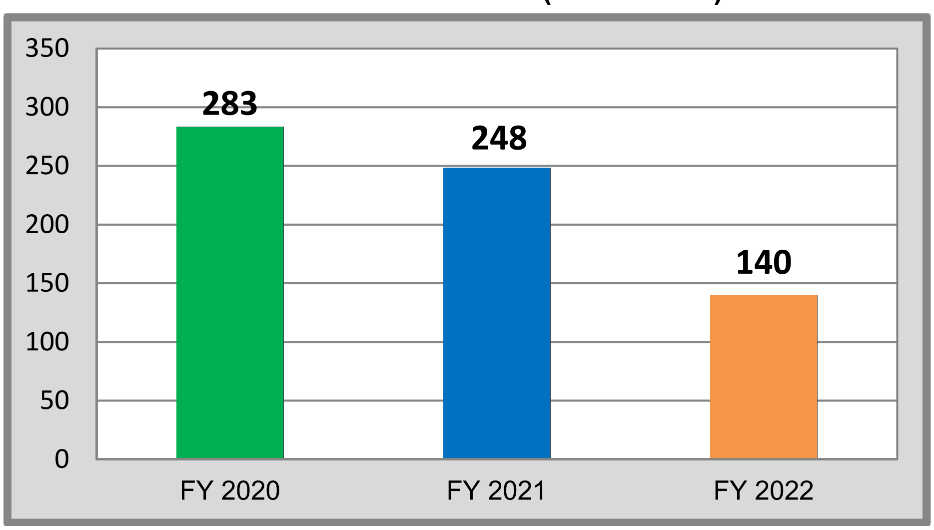
- **Conley Terminal announces four new trade routes in FY22, expanding its global connectivity and adding to future container volume.**

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. These advantages combined with significant new investments to deepen Boston Harbor, construct a deep-water berth, and procure three new ship-to-shore cranes, have enhanced Conley Terminal's capabilities to handle more cargo. As a result, Conley Terminal has welcomed additional carriers with new diversified trade routes providing New England shippers with direct access to more global markets.

Conley Terminal added four new services to its international portfolio allowing its customers to broaden their global footprint through the Port of Boston. In May 2022, Conley Terminal welcomed its newest line, ZIM Integrated Shipping Services Ltd., which directly connects Boston with Vietnam and China via the Suez Canal. Also in FY22 Conley Terminal announced two new services: (i) Mediterranean Shipping Company (MSC), "Santana" service connecting Boston to Vietnam, China, South Korea & Singapore through the Suez Canal, and (ii) Costco Shipping "ALUEG" service, which will deployin fall 2022, connecting Boston to China, Vietnam, the Middle East and Greece via the Suez Canal. Overall, in FY22, the Authority added 17 new direct ports globally for New England shippers to access.

The pandemic's disruption to the global supply chain, and the shutdown of certain China ports, resulted in Conley Terminal servicing 140,000 Twenty-foot Equivalent Units (TEUs) in FY22, 43% fewer than the 248,000 TEUs serviced by the Port in FY21.

Conley Container Terminal
Annual TEUs Processed (thousands)

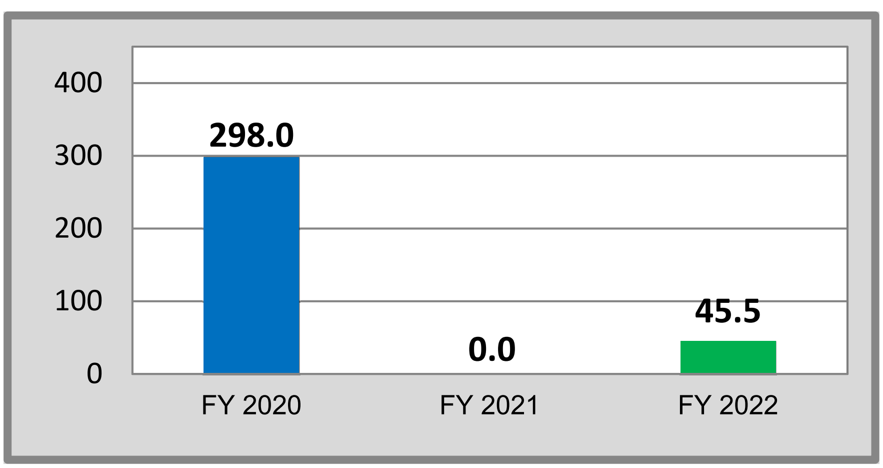


Flynn Cruiseport Boston

- **Flynn Cruiseport Boston re-opened for business in FY 22.**
- Flynn Cruiseport Boston saw the return of cruise ships in FY22 as the CDC's no sail order was lifted and expects to host 19 cruise lines and 125 vessels, including 54 homeports and 71 port of calls during the 2022 cruise season (April-November). For the first time, Flynn Cruiseport Boston will have four cruise lines offering five homeport vessels to Bermuda and Canada/New England, in addition to repositioning cruises with unique destinations, including an Arctic crossing from Copenhagen that calls calling ports throughout Greenland and Iceland. Based on strong pent-up demand and a full cruise schedule, higher passenger volume for cruise season 2022 is expected and welcomed.
- During FY22, Flynn Cruiseport Boston was the first cruiseport in the Northeast to resume cruise passenger service in August 2021, welcoming four sailings between Boston and Bermuda. For FY22, Flynn Cruiseport Boston accommodated 19 ships and 45,500 passengers as cruise lines re-commenced service in May and June and passenger loads incrementally improved each month.

Flynn Cruiseport Boston

Annual Passengers (thousands)



Fiscal Year 2022 Compared to 2021

Container revenues during FY22 were $40.1 million, $29.2 million lower than the prior year. The decline in revenues reflects lower container volumes caused by worldwide port closures and supply chain disruptions. Revenue is collected from fees paid by 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 140,000 TEUs during FY22, 43% fewer than the prior year.

Cruise revenues from operations at Flynn Cruiseport Boston were $2.0 million in FY22 including fees paid by cruise lines and revenues from event space rentals at the facility.

Seafood revenues were $6.5 million in FY22, which was $0.7 million more than 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.

Autoport revenues were $5.6 million in FY22, an increase of $0.4 million over the prior year as the ground lease revenue from the tenant increased slightly and higher energy costs were recovered from tenant billings.

Fiscal Year 2021 Compared to 2020*

The Authority's maritime operations at the Port of Boston generated $80.1 million of revenues during FY21, which was $12.9 million or 13.9% below the prior year.

Container revenues during FY21 were $69.2 million, $5.4 million or 7.2% below the prior year. Container volume declined in FY21 to 247,845 TEUs as the supply chain was adversely impacted by the pandemic. Cruise revenues were $0.3 million in FY21, down $7.6 million or 96.2% versus prior year, as cruises from U.S. ports was halted during FY21. The CDC issued a No Sail Order in March 2020 and subsequent Conditional Sail Orders in November 2020, April 2021 and May 2021 due to the pandemic.

Seafood revenues and Autoport revenues were $5.7 million and $4.9 million in FY21, respectively, and were relatively stable compared to the prior year.

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REAL ESTATE REVENUES

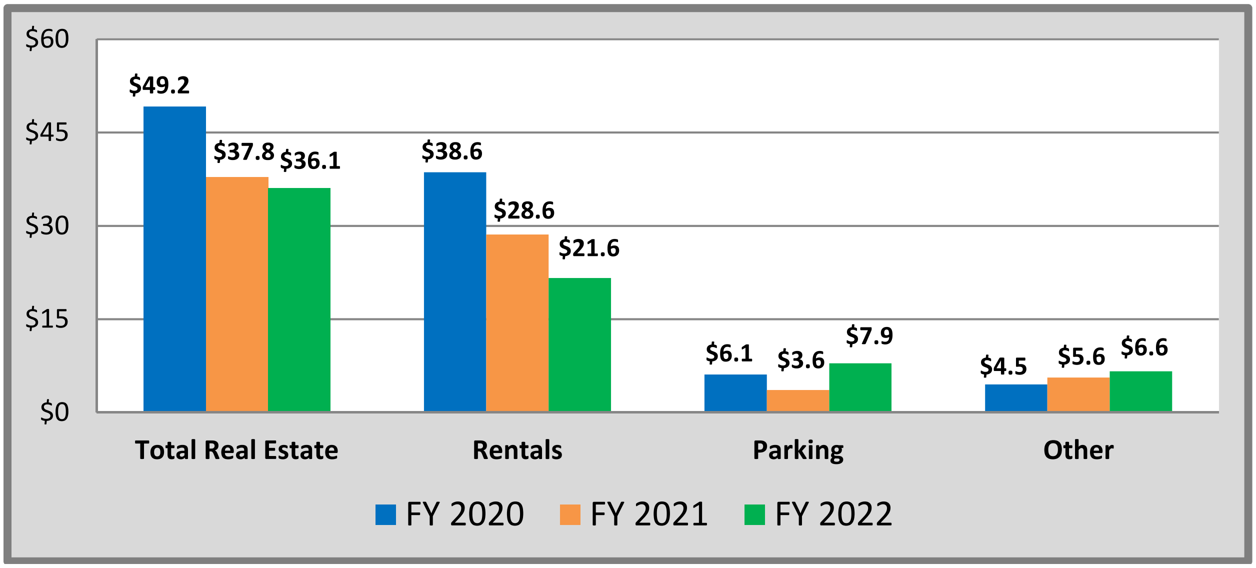
- ## Massport's real estate portfolio generated $36.1 million of revenues in FY22.

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 $36.1 million in FY22, a decrease of $1.7 million, or 4.5% from the prior year.

Fiscal Year 2022 Compared to 2021

FY22 real estate revenues totaled $36.1 million, which was $1.7 million lower than the prior year. Rental revenues were $21.6 million, reflecting an increase of $3.7 million in commercial ground rents as hotel occupancies improved, CPI adjustments to ground rents took effect and development property ground rents improved. These real estate revenue increases were offset by a one-time transaction rent of $10.7 million received in FY21. Parking revenues of $7.9 million were $4.3 million more than the prior year as event and transient parking improved at the South Boston Waterfront Transportation Center with the opening of the new Omni Boston Hotel at the Seaport, increased convention activity, and stronger demand for vehicle parking from restaurant dining patrons. Other revenues also increased in FY22 by $1.0 million to $6.6 million.

*Real Estate Revenues by Category**
($ Millions)



* FY21 results have been restated to conform to GASB 87 standards for lease reporting.

*Fiscal Year 2021 Compared to 2020**

Total FY21 real estate revenues of $38.0 million were $11.2 million lower than prior year. Rental revenues of $28.3 million decreased 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.

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OPERATING EXPENSES

Total operating expenses increased only 1.5% in FY22, to $721.6 million, as the Authority continued efforts to control costs while restoring services to keep pace with growing passenger demand and increasing operations at its three aviation facilities.

More passenger activity at Logan Airport led to additional terminal building cleaning, elevator and escalator maintenance and other operating costs related to extended hours of operations. Shuttle Bus operations increased and Logan Express busing locations and frequencies were added as the Authority continued to encourage HOV use to and from the Airport. Difficult winter conditions also led to higher snow removal and fuel costs to keep runways operational as passenger demand recovered. These demand-driven expense increases were offset by reduced General and Administrative costs, lower container handling expenses at Conley Terminal and expense credits in OPEB and Pension accounts realized from investment gains that exceeded actuarial estimates.

Operating Expenses
($ Millions)

	FY 2022	FY 2021 *(Restated)	$ Change	% Change
Aviation Operations and Maintenance	$ 271.8	$ 245.2	$ 26.6	10.8%
Maritime Operations and Maintenance	48.6	54.4	(5.8)	(10.7%)
Real Estate Operations and Maintenance	15.9	13.3	2.6	19.5%
General and Administrative	52.7	56.0	(3.3)	(5.9%)
Payments in Lieu of Taxes	21.7	22.2	(0.5)	(2.3%)
Pension and Other Post-employment Benefits	(24.7)	(9.8)	(14.9)	152.0%
Other	15.8	13.8	2.0	14.5%
Depreciation and Amortization	319.8	315.8	4.0	1.3%
Total Operating Expenses	**$ 721.6**	**$ 711.0**	**$ 10.6**	**1.5%**

	FY 2021 *(Restated)	FY 2020	$ Change	% Change
Aviation Operations and Maintenance	$ 245.2	$ 295.7	($ 50.5)	(17.1%)
Maritime Operations and Maintenance	54.4	61.1	(6.7)	(11.0%)
Real Estate Operations and Maintenance	13.3	15.0	(1.7)	(11.3%)
General and Administrative	56.0	68.1	(12.1)	(17.8%)
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	315.8	299.3	16.5	5.5%
Total Operating Expenses	**$ 711.0**	**$ 806.0**	**($ 95.0)**	**(11.8%)**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

Aviation Operations and Maintenance Expenses – FY 2022

Increased business activity across all three aviation facilities resulted in additional expenses to restore an array of demand-driven services and higher maintenance and operations costs. As a result, aviation operations and maintenance expenses increased by $26.6 million, or 10.8%, to $271.8 million in FY22. 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 2022	FY 2021 *(Restated)	FY 2020
Logan	$ 251.4	$ 228.0	$ 272.6
Hanscom	10.8	9.7	11.0
Worcester	9.6	7.5	12.1
Total	**$ 271.8**	**$ 245.2**	**$ 295.7**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

Logan Airport Operations and Maintenance Expenses – FY 2022

Operations and maintenance expenses for Logan Airport in FY22 were $251.4 million, accounting for approximately 92.5% of all aviation operations and maintenance expenses.

Logan Airport's FY22 expenses increased mainly to keep pace with increased passenger demand. The restoration of services and frequencies for the on-airport Shuttle bus and Logan Express added $6.2 million in expenses throughout the year to accommodate higher levels of passengers and employees. Further supporting transportation services, a limited number of personnel were recalled to manage increased parking demand, which necessitated the re-opening of parking inventory previously taken off line. Terminal expenses increased to address additional cleaning frequencies, more elevator and escalator use, and facility maintenance and repairs, adding approximately $11.9 million in additional expenses. Energy expenses were also higher by $6.7 million to address increased terminal operating hours and higher per unit energy costs. Snow removal costs also contributed to the expense increase, as the FY22 season brought higher than average snowfall. Technology investments for new customer experience initiatives including a new on-line parking reservation system and online ticket purchase capabilities for Logan Express operations, also contributed to higher expenses. Credit card transaction processing fees increased commensurate with the return of parking demand and other on-line transactions used by customers. These expenses were offset by lower employee benefit costs and other miscellaneous expense reductions and cost controls.

Logan Airport Operations and Maintenance Expenses – FY 2021*

Operations and maintenance expenses for Logan Airport in FY21 were $235.3 million, 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.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

Worcester Airport and Hanscom Field Operations and Maintenance Expenses – FY 2022

Worcester Regional Airport expenses increased due to the restoration of commercial airline services by American Airlines, Delta Air Lines, and JetBlue. In FY22, operations and maintenance expenses for Worcester Regional Airport were $9.6 million, an increase of $2.1 million or 28.0%, as a result of increased passenger and aircraft activity, additional public safety requirements, and other building and facility services and maintenance was required.

Operations and maintenance expenses for Hanscom Field were $10.8 million, a $1.1 million or 11.3% increase, versus the prior year as total operations increased during the year by 5.3%. Higher flight volume resulted in additional expenses for facility maintenance and repairs. Expenses for landscaping, professional services for environmental reporting, and other miscellaneous expenses also increased.

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 airline service were suspended during the pandemic. The decrease was due to a $2.1 million reduction in wage and benefit expenses due to fewer staff, a $0.7 million decline in overtime and a $1.8 million decrease in materials, services, supplies and state police detail expenses.

FY 21 operations and maintenance expenses for Hanscom Field were $9.7 million, a $1.3 million or 11.8% decrease compared to FY20. 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.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

Maritime Operations and Maintenance Expenses – FY 2022

Maritime operations and maintenance expenses were $48.6 million, a $5.8 million or 10.7% decrease from the prior year. Stevedoring costs were lower by $6.4 million as a result of reduced container activity. Materials, supplies, repairs, and other miscellaneous expenses were also lower commensurate with reduced container volume. These savings were offset by increases in areas such as snow removal and energy costs, as well as cruise marketing to support the return cruise passengers at Flynn Cruiseport Boston.

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 the prior year. Professional fees were down by $0.8 million as planning and engineering consulting was significantly reduced. Wage and benefit expenses 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.

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Real Estate Operations and Maintenance Expenses – FY 2022

Real Estate operations and maintenance costs in FY22 were $15.9 million, an increase of $2.6 million or 19.5% over the prior year. Professional fees for parcel development, planning, and legal services increased by $1.2 million reflecting continued progress and reviews on certain development parcels under negotiation. An increase in parking activity at the South Boston Waterfront Transportation Center required additional facility maintenance and management expenses. Utility expenses increased by $0.8 million due to higher energy costs and increased usage on properties under management.

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% compared to 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 were lower by $0.3 million. Other expenses increased by $0.4 million due to higher utilities expenses.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

General and Administrative Expenses – FY 2022

The Authority's general and administrative costs were $52.7 million in FY22, a reduction of $3.3 million or 5.9% compared to FY21. Employee wages, benefits, and severance costs decreased by $6.4 million as a result of the FY21 Financial Sustainability Workforce Plan. Additional investments in technology increased third party service costs as business returned across various Authority facilities, adding $1.2 million of expense. Professional fees for engineering, marketing, and legal expertise were needed during the year resulting in $1.9 million of added expense.

General and Administrative Expenses – FY 2021*

FY21 general and administrative expenses were $56.2 million, a reduction of $11.9 million or 17.5% compared to FY20. The Authority's cost reduction strategies and Financial Sustainability Workforce Plan reduced wages and benefit costs for administrative employees 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.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

The following table shows the allocation of the Authority's general and administrative expenses by business line for FY22, FY21 and FY20.

General and Administrative Expenses
($ millions)

	FY 2022	FY 2021 *(Restated)	FY 2020
Logan	$ 34.9	$ 37.4	$ 45.5
Hanscom	2.2	2.3	2.7
Worcester	2.9	2.5	3.6
Maritime	8.1	8.5	10.1
Real Estate	4.5	5.3	6.2
Total	**$ 52.7**	**$ 56.0**	**$ 68.1**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

PILOT, Pension & OPEB and Other Expenses – FY 2022

In FY22, the Authority's PILOT (payment in lieu of taxes) payments to the City of Boston and the Town of Winthrop totaled $21.7 million and were $0.5 million or 2.3% lower than FY21. Although baseline PILOT payments to the City of Boston and Town of Winthrop increased $0.6 million based on the annual rise in the Consumer Price Index (CPI) as contractually required, these higher payments were offset by non-recurring community mitigation payments linked to capital project milestones in FY22.

The Authority's pension and OPEB expenses were positively impacted by the strong investment returns generated by both plans. The Authority's pension plan assets realized a 16.1% return (net of fees) compared to the 7.0% rate used to project the pension liability. The Authority's OPEB expenses also had a favorable return of 13.8% (net of fees) versus the 7.0% rate used to project the OPEB liability. As a result, the Authority recorded a $24.7 million contra expense in FY22. The measurement period for both the pension and OPEB assets was calendar year ended December 31, 2021.

Other expenses in FY 22 increased by $2.0 million to $15.8 million due to higher insurance premium payments for property, business liability, workers compensation excess, and other risk management premiums.

The following tables show the allocation of PILOT, Pension, OPEB, and other expenses by business line for FY22:

FY22 - PILOT, Pension, OPEB, and Other Expenses
($ millions)

	PILOT	PENSION	OPEB	OTHER	TOTAL
Logan	$ 18.9	($ 15.8)	($ 3.5)	$ 10.7	$ 10.3
Hanscom	0.0	(0.9)	(0.1)	0.3	(0.7)
Worcester	0.0	(0.6)	(0.1)	0.2	(0.5)
Maritime	1.5	(1.3)	(0.1)	3.7	3.8
Real Estate	1.3	(1.5)	(0.8)	0.9	(0.1)
Total	**$ 21.7**	**($ 20.1)**	**($ 4.6)**	**$ 15.8**	**$ 12.8**

PILOT, Pension & OPEB and Other Expenses – FY 2021

In FY21, the Authority's PILOT 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 increased by $0.4 million due to the annual CPI adjustment. The other $0.8 million increase was related to community mitigation payments 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 plans. The Authority's pension plan experienced a 16.1% return (net of fees) on assets versus the 7.0% rate used to project the pension liability. The Authority's OPEB plan 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 FY 21:

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**

Depreciation and Amortization Expenses – FY 2022

The Authority recognized $319.8 million in depreciation and amortization expenses in FY22, an increase of $4.0 million or 1.3% compared to FY21. The Authority placed $427.1 million of new assets into service during the year which produced $14.5 million of new depreciation expenses. New assets placed into service included Berth 10 and three ship-to-shore Cranes ($184.0 million) at Conley Terminal, Logan Airport Terminal B to C roadway improvements ($101.2 million), Terminal C Canopy and a newly constructed upper deck ($55.4 million), and the mid-life rebuild of airport buses ($10.0 million). The Authority also fully depreciated $310.8 million in assets in the prior year reducing FY22 depreciation expenses by $8.8 million. In addition, the Authority adjusted for project costs suspended during the pandemic and made other capital asset expense modifications to reflect pertinent depreciable asset values.

Depreciation and Amortization Expenses – FY 2021*

In FY21, the Authority recognized $307.6 million in depreciation and amortization expenses, 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 at Logan Airport included the rehabilitation of Runway 9-27 ($37.5 million), the replacement of HVAC in Terminals B, C and E ($15.5 million), improvements to the North Airfield Cargo Facility ($15.0 million), roof replacement ($12.4 million), and upgrades to elevators and escalators ($11.0 million).

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NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS

For FY22 the Authority recognized $102.9 million in non-operating revenues, a decrease of $1.4 million versus FY21. The Authority's non-operating income was favorably impacted by Logan Airport's increase in passenger volume. Passenger Facility Charge (PFC) revenues increased by $38.6M to $66.5 million to fund various capital investments and debt service expenses at the facility. Also, the Authority collected $25.5 million in Customer Facility Charge (CFC) revenues, an increase of $13.8 million, from on-Airport rental car transactions. CFC revenues are used to service debt obligations and fund maintenance reserve capital requirements at the Rental Car facility. During FY22, the Authority recognized $115.5 million in Federal airport assistance from the CRRSA Act and ARPA grant programs as reimbursements for eligible expenses, a 5% decrease from the year prior. The Authority earned $52.4 million in interest income on investments and leases during the year, an increase of $7.2 million, or 16% from the year prior. The Authority also recorded a $60.0 million loss in the fair value of its fixed income investments as a result of increasing interest rates. The Authority also paid $104.5 million in interest expense on $2.7 billion in outstanding Authority bonds. This was $6.4 million increase from the year prior.

Non-operating Revenues and Expenses and Capital Contributions
($ millions)

	FY 2022	FY 2021 *(Restated)	$ Change	% Change
Passenger facility charges	$ 66.5	$ 27.9	$ 38.6	138.4%
Customer facility charges	25.5	11.7	13.8	117.9%
Investment income on investments	15.7	15.5	0.2	1.3%
Lease interest income	36.7	29.6	7.1	24.0%
Other income (expense), net	63.0	117.7	(54.7)	(46.5%)
Interest expense	(104.5)	(98.1)	(6.4)	6.5%
Total Non-operating Revenues (Expenses)	**$ 102.9**	**$ 104.3**	**($ 1.4)**	**(1.3%)**
Capital Contributions	**$ 56.6**	**$ 61.9**	**($ 5.3)**	**(8.6%)**

	FY 2021 (Restated)	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 on investments	15.5	35.9	(20.4)	(56.8%)
Investment income on leases	29.6	-	29.6	100.0%
Other income (expense), net	117.7	73.5	44.2	60.1%
Interest expense	(98.1)	(109.4)	11.3	(10.3%)
Total Non-operating Revenues (Expenses)	**$ 104.3**	**$ 85.8**	**$ 18.5**	**21.6%**
Capital Contributions	**$ 61.9**	**$ 59.9**	**$ 2.0**	**3.3%**

* FY21results have been restated to conform to GASB 87 standards for lease reporting.

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 the highly liquid investment vehicles used to fund near term capital. 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 a 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 refinancing debt during FY21.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

Capital Contributions

In FY22 contributed capital, which consists mainly of federal and state capital grants, was $56.6 million, a $5.3 million decrease from the year prior. The Authority received capital contributions for certain projects from the Commonwealth, the FAA AIP grant program and the U.S. Department of Transportation Maritime Administration (MARAD) FASTLANE and BUILD grants. The Authority received FAA AIP grants for airport runway and taxiway improvements ($8.6 million) and MARAD funding for investment in the Conley Terminal modernization initiative ($10.5 million). The Commonwealth provided contributed capital to partially finance the construction costs for Berth 10 and three cranes at Conley Terminal ($37.5 million).

In FY21 capital contributions were $61.9 million, an increase of $2.0 million versus the prior year. The Authority received capital contributions for projects from the Commonwealth for the expansion of Conley Terminal, the FAA AIP grant program and from the MARAD FASTLANE grant. The Commonwealth funds were used to help pay for a portion of Berth 10 and three 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 support equipment (GSE) at Logan Airport. The MARAD grant funds were used primarily for new gate processing facilities at Conley Terminal.

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, 2022, 2021 and 2020 is as follows:

Condensed Statements of Net Position for FY 2022 and FY 2021
($ millions)

	FY 2022	FY 2021 *(Restated)	$ Change	% Change
Assets				
Current assets	$ 1,274.6	$ 1,349.0	($ 74.4)	(5.5%)
Capital assets, net	4,450.3	4,199.4	250.9	6.0%
Other non-current assets	3,087.3	2,238.4	848.9	37.9%
Total Assets	**8,812.2**	**7,786.8**	**1,025.4**	**13.2%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	10.3	11.7	(1.4)	(12.0%)
Pension related	28.3	31.0	(2.7)	(8.7%)
OPEB related	18.0	24.5	(6.5)	(26.5%)
Total Deferred Outflows of Resources	**56.6**	**67.2**	**(10.6)**	**(15.8%)**
Liabilities				
Current liabilities	$ 328.5	$ 294.9	$ 33.6	11.4%
Bonds payable, including current portion	3,002.9	3,029.5	(26.6)	(0.9%)
Other non-current liabilities	338.5	189.5	149.0	78.6%
Total Liabilities	**3,669.9**	**3,513.9**	**156.0**	**4.4%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	23.6	25.9	(2.3)	(8.9%)
Lease related	2,080.0	1,512.6	567.4	37.5%
Pension related	112.1	83.9	28.2	33.6%
OPEB related	59.9	60.5	(0.6)	(1.0%)
Total Deferred Inflows of Resources	**2,275.6**	**1,682.9**	**592.7**	**35.2%**
Total Net Position	**$ 2,923.3**	**$ 2,657.3**	**$ 266.0**	**10.0%**
Net position				
Net investment in capital assets	$ 1,505.8	$ 1,444.6	61.2	4.2%
Restricted	824.8	785.8	39.0	5.0%
Unrestricted	592.7	426.9	165.8	38.8%
Total Net Position	**$ 2,923.3**	**$ 2,657.3**	**266.0**	**10.0%**

*Note: Fiscal year 2021results were restated to conform to GASB No. 87 standards for Lease reporting.

The Authority ended FY22 with total assets of $8.8 billion, an increase of $1.0 billion, or 13.2% over the prior year. The increase in total assets reflects the Authority's adoption of GASB 87 and the recording of $533 million of lease receivables from five new or amended lease transactions executed by the Authority, a net $276 million increase in capital assets that were placed into service during the year, and a $249 million increase in investments made by the Authority from positive cash flows.

The Authority's total liabilities at years' end was $3.7 billion, an increase of $156.0 million or 4.4% over the prior year. The adoption of GASB 87 resulted in the recording of a net change of $166.2 million in long-term lease liabilities from a term extension contract the Authority executed for land in South Boston that is being developed to support the Seafood industry and the Authority's Maritime mission. The Authority's Accounts Payable also increased $45.3 million to $242.5 million and reflects the expected return of airline fees over-collected as business activity exceeded plan. Bonds payable (including current portion) of $3.0 billion is the largest component of total liabilities and accounts for 50.5% of the Authority's total liabilities and deferred inflows at June 30, 2022. Bonds payable declined nearly $26.6 million and reflects primality the retirement of outstanding commercial paper and principal payments made to bond holders during the year.

Total deferred inflows of resources increased by $592.7 million in FY22 and primarily reflects the adoption of GASB 87 and the deferred inflows of lease related revenues of $567.4 million from five third party leases executed during the year. Also, positive investment returns resulted in a $27.6 million net increase in the deferred inflows from Pension and OPEB compared to last year.

The Authority's total net position for FY22 was $2.9 billion, an increase of $266.0 million or 10.0% over the prior year. This increase reflects the Authority's net operating income of $106.4 million, net non-operating income of $102.9 million and capital contributions of $56.6 million. The growth in net position is being used to fund the Authority's strategic initiatives.

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

	FY 2021 *(Restated)	FY 2020	$ Change	% Change
Assets				
Current assets	$ 1,349.0	$ 1,242.8	$ 106.2	8.5%
Capital assets, net	4,199.4	3,963.1	236.3	6.0%
Other non-current assets	2,238.4	589.8	1,648.6	279.5%
Total Assets	**7,786.8**	**5,795.7**	**1,991.1**	**34.4%**
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	$ 294.9	$ 325.7	($ 30.8)	(9.5%)
Bonds payable, including current portion	3,029.5	2,688.2	341.3	12.7%
Other non-current liabilities	189.5	193.8	(4.3)	(2.2%)
Total Liabilities	**3,513.9**	**3,207.7**	**306.2**	**9.5%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	25.9	9.8	16.1	164.3%
Lease related	1,512.6	-	1,512.6	100.0%
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	**1,682.9**	**87.9**	**1,595.0**	**1814.6%**
Total Net Position	**$ 2,657.3**	**$ 2,540.3**	**$ 117.0**	**4.6%**
Net position				
Net investment in capital assets	$ 1,444.6	$ 1,548.6	(104.0)	(6.7%)
Restricted	785.8	714.7	71.1	9.9%
Unrestricted	426.9	277.1	149.8	54.1%
Total Net Position	**$ 2,657.3**	**$ 2,540.3**	**117.0**	**4.6%**

*Note: Fiscal year 2021results were restated to conform to GASB No. 87 standards for Lease reporting.

The Authority ended FY21* with total assets of $6.2 billion, an increase of $372.7 million or 6.4% over the prior year. The increase is primarily due to a $209.4 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 consisted primarily of capital assets, net, which represented $4.1 billion 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 pension and OPEB funding subsequent to the measurement period.

The Authority's total liabilities as of June 30, 2021 were $3.4 billion, 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 $3.0 billion 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 $2.6 billion, 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.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022 and 2021, the Authority had $4.5 billion and $4.2 billion of capital assets (net of depreciation), respectively. These include land, construction in process, buildings, runways, roadways, machinery and equipment, air rights, parking rights and right of use assets. The Authority's net capital assets increased by $250.9 million or 6.0% in FY22 primarily as new assets placed into service exceeded payments made during the year for capital project construction in progress.

In FY22, the Authority placed $427.1 million of new assets into service. Major projects completed and placed into service included Berth 10 and three cranes at Conley Terminal ($184.0 million), Terminal B to C roadway improvements ($101.2 million), a new Terminal C canopy and upper deck roadway ($55.4 million) and the mid-life rebuild of airport buses ($10.0 million).

In FY21, the Authority placed $161.5 million of new assets into service. Major projects completed and placed into service included rehabilitation of Logan Airport's Runway 9-27 ($37.5 million), HVAC replacement in Terminals B, C and E at Logan Airport ($15.5 million), improvements to the Logan Airport North Airfield Cargo Facility ($15.0 million), roof replacement at Logan Airport ($12.4 million), and upgrades to Logan Airport's elevators and escalators ($11.0 million).

Capital assets comprised 50.2%, 53.5% and 67.9% of the Authority's total assets and deferred outflows of resources at June 30, 2022, 2021 and 2020, respectively. During FY22, FY21 and FY20, the Authority spent $397.0 million, $515.9 million and $492.0 million, 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, 2022, 2021 and 2020:

Capital Assets by Type
($ thousands)

	FY 2022	FY 2021 *(Restated)	FY 2020	% Change 2022-2021	% Change 2021-2020
Land	$ 240,553	$ 230,680	$ 230,600	4.3%	0.0%
Construction in progress	744,952	779,910	499,869	(4.5%)	56.0%
Buildings	2,173,517	2,120,490	2,199,903	2.5%	(3.6%)
Runways and other pavings	349,519	369,919	363,950	(5.5%)	1.6%
Roadways	371,204	301,619	322,842	23.1%	(6.6%)
Machinery and equipment	265,753	251,557	287,075	5.6%	(12.4%)
Air rights	31,880	36,281	41,908	(12.1%)	(13.4%)
Parking rights	13,879	15,421	16,963	(10.0%)	(9.1%)
Right of use assets	259,066	93,538	-	177.0%	100.0%
Capital assets, net	**$ 4,450,323**	**$ 4,199,415**	**$ 3,963,110**	**6.0%**	**6.0%**

* Note: Fiscal year 2021results were restated to conform to GASB No. 87 standards for Lease reporting.

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 the 1978 Trust Agreement requirement to maintain high investment grade bond ratings and keep capital costs low. In FY22, the Authority's debt service coverage ratio was 6.10 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 FY22, the Authority's CFC Trust coverage was 2.46, exceeding coverage by 116 basis points.

In FY22 the Authority did not issue any new long-term bonds. However, in July of 2022 Massport issued its Revenue Bonds, Series 2022 A (AMT) (Green Bonds) in the aggregate principal amount of $120.9 million (See Note 16 Subsequent Event for more details).

The Authority had net bonds payable and subordinated obligations outstanding as of June 30, 2022 in the amount of $2.7 billion (see Note 5), a decrease of $12.4 million compared to June 30, 2021.

The Authority had net bonds payable and subordinated obligations outstanding as of June 30, 2021 in the amount of $2.7 billion (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 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.

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 2022	FY 2021 *(Restated)	$ Change	% Change
Net cash provided by operating activities	$ 472.6	$ 198.8	$ 273.8	137.7%
Net cash provided by non-capital activities (CARES/CRRSA/ARPA Acts	79.2	98.0	(18.8)	(19.2%)
Net cash provided / (used in) capital and related financing activities	(375.5)	(141.2)	(234.3)	165.9%
Net cash provided / (used in) investing activities	(98.5)	(201.0)	102.5	(51.0%)
Net increase in cash and cash equivalents	77.8	(45.3)	123.1	(271.7%)
Cash and cash equivalents, beginning of year	455.5	500.8	(45.3)	(9.0%)
Cash and cash equivalents, end of year	**$ 533.3**	**$ 455.5**	**$ 77.8**	**17.1%**

	FY 2021 *(Restated)	FY 2020	$ Change	% Change
Net cash provided by operating activities	$ 198.8	$ 325.7	($ 126.9)	(39.0%)
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	(141.2)	1.6	(142.8)	(8925.0%)
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%)**

* Note: Fiscal year 2021results were restated to conform to GASB No. 87 standards for Lease reporting.

The Authority's cash and cash equivalents at June 30, 2022 were $533.3 million, an increase of $77.8 million or 17.1% from the prior year. The Authority generated $472.7 million in cash during FY22 primarily from business activity at Logan Airport and the Port of Boston. In addition, the Authority received $79.2 million of federal CRRSA and ARPA grant funds as a result of the COVID-19 public health emergency. The Authority used $375.5 million in cash to finance the Authority's capital program and to pay debt service expenses to bondholders during the year. The Authority also used $98.5 million in cash to purchase investments that will be used for future operating and capital payments.

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 Act and CRRSA grant 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.

* Comparative discussion for FY21 compared to FY20 has not been updated to reflect restatement of FY21 results to conform to GASB 87 standards for lease reporting. Accordingly, the numbers reflected in these paragraphs may not match the restated numbers presented in the tables herein.

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, 2022 and 2021

(In thousands)

	2022	2021 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 201,136	$ 181,240
Investments	221,354	164,363
Restricted cash and cash equivalents	332,144	274,238
Restricted investments	299,272	557,699
Accounts receivable		
Trade, net	92,641	82,314
Lease receivable	29,165	27,164
Grants receivable	87,676	53,312
Total receivables (net)	209,482	162,790
Prepaid expenses and other assets	11,150	8,622
Total current assets	1,274,538	1,348,952
Noncurrent assets:		
Investments	520,000	271,229
Restricted investments	421,254	414,405
Lease receivable	2,019,965	1,486,966
Accrued lease Interest receivable	25,595	10,748
Accounts receivable, long-term	5,855	16,420
Prepaid expenses and other assets	7,312	6,667
Investment in joint venture	2,822	2,838
Net pension asset	84,496	29,167
Capital assets-not being depreciated	985,505	1,010,591
Capital assets-being depreciated-net	3,464,818	3,188,824
Total noncurrent assets	7,537,622	6,437,855
Total assets	8,812,160	7,786,807
Deferred outflows of resources		
Deferred loss on refunding of bonds	10,305	11,801
Pension related	28,380	30,957
OPEB related	18,010	24,489
Total deferred outflows of resources	56,695	67,247
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	242,533	197,195
Compensated absences	1,108	1,140
Contract retainage	8,958	7,179
Current portion of long term debt	37,868	26,568
Commercial notes payable	—	22,000
Accrued interest on bonds payable	58,902	53,260
Accrued interest on leases payable	1,086	127
Lease liability	8,256	8,082
Unearned revenues	7,736	5,913
Total current liabilities	366,447	321,464
Noncurrent liabilities:		
Accrued expenses	14,016	11,454
Compensated absences	14,175	14,578
Net OPEB liability	41,209	64,562
Contract retainage	12,793	11,690
Long-term notes payable	251,575	258,000
Long-term debt, net	2,713,438	2,744,880
Long term lease liability	252,132	85,948
Unearned revenues	4,171	1,279
Total noncurrent liabilities	3,303,509	3,192,391
Total liabilities	3,669,956	3,513,855
Deferred inflows of resources		
Deferred gain on refunding of bonds	23,654	25,864
Lease related	2,079,959	1,512,595
Pension related	112,118	83,912
OPEB related	59,901	60,495
Total deferred inflows of resources	2,275,632	1,682,866
Net position		
Net investment in capital assets	1,505,816	1,444,628
Restricted		
Bond funds	222,972	224,209
Project funds	414,678	423,022
Passenger facility charges	108,001	72,351
Customer facility charges	50,234	37,961
Other purposes	28,888	28,251
Total restricted	824,773	785,794
Unrestricted	592,678	426,911
Total net position	$ 2,923,267	$ 2,657,333

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, 2022 and 2021

(In thousands)

	2022	2021 (Restated)
Operating revenues:		
Aviation rentals	$ 290,971	$ 274,550
Aviation parking	156,921	58,213
Aviation shuttle bus	13,391	8,084
Aviation fees	152,674	141,524
Aviation concessions	120,333	59,274
Aviation operating grants and other	3,408	1,759
Maritime fees, rentals and other	54,175	80,485
Real estate fees, rents and other	36,076	37,830
Total operating revenues	827,949	661,719
Operating expenses:		
Aviation operations and maintenance	271,813	245,156
Maritime operations and maintenance	48,560	54,383
Real estate operations and maintenance	15,939	13,329
General and administrative	52,734	56,042
Payments in lieu of taxes	21,657	22,247
Pension and other post-employment benefits	(24,747)	(9,764)
Other	15,827	13,777
Total operating expenses before depreciation and amortization	401,783	395,170
Depreciation and amortization	319,769	315,780
Total operating expenses	721,552	710,950
Operating income /(loss)	106,397	(49,231)
Nonoperating revenues and (expenses):		
Passenger facility charges	66,545	27,948
Customer facility charges	25,473	11,657
Lease interest income	36,706	29,561
Investment income on investments	15,661	15,521
Net decrease in the fair value of investments	(60,012)	(6,997)
Other revenues	125,153	126,492
Settlement of claims	—	2
Other expenses	(137)	(429)
Gain on sale of equipment / property	247	(41)
Interest expense on leases	(2,238)	(1,275)
Interest expense on financing	(104,486)	(98,146)
Total nonoperating revenues, net	102,912	104,293
Increase in net position before capital contributions	209,309	55,062
Capital contributions	56,625	61,923
Increase in net position	265,934	116,985
Net position, beginning of year	2,657,333	2,540,348
Net position, end of year	$ 2,923,267	$ 2,657,333

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, 2022 and 2021
(In thousands)

	2022	2021 (Restated)
Cash flows from operating activities:		
Cash received from customers and operating grants	$ 944,020	$ 626,819
Payments to vendors	(286,065)	(221,921)
Payments to employees	(152,834)	(163,437)
Payments in lieu of taxes	(21,507)	(22,247)
Other post-employment benefits	(10,946)	(20,447)
Net cash provided by operating activities	472,668	198,767
Cash flows from noncapital financing activities:		
Cash received from CARES Act Airport Relief fund	79,168	98,046
Net cash provided by noncapital financing activities	79,168	98,046
Cash flows from capital and related financing activities:		
Proceeds from leases interest income	21,859	17,280
Interest paid on leases	(1,279)	(1,148)
Acquisition and construction of capital assets	(396,980)	(515,906)
Right to use assets	(8,129)	(7,706)
Proceeds from Bosfuel project contribution	7,285	5,002
Proceeds from the issuance of bonds and notes	—	821,337
Principal payments on refunded debt	—	(298,730)
Interest paid on bonds and notes	(113,459)	(123,892)
Principal payments on long-term debt	(12,420)	(139,345)
Proceeds from commercial paper financing	—	22,000
Principal payments on commercial paper	(22,000)	(22,000)
Proceeds from passenger facility charges	66,270	20,718
Proceeds from customer facility charges	24,172	10,302
Proceeds from capital contributions	58,909	70,838
Settlement of claims	2	2
Proceeds from sale of equipment	271	63
Net cash used in capital and related financing activities	(375,499)	(141,185)
Cash flows from investing activities:		
Purchases of investments	(1,240,607)	(1,141,491)
Sales of investments	1,127,678	921,139
Realized (loss) on sale of investments	(36)	(11)
Interest received on investments	14,430	19,406
Net cash used in investing activities	(98,535)	(200,957)
Net increase (decrease) in cash and cash equivalents	77,802	(45,329)
Cash and cash equivalents, beginning of year	455,478	500,807
Cash and cash equivalents, end of year	$ 533,280	$ 455,478
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Cash flows from operating activities:		
Operating income (loss)	$ 106,397	$ (49,231)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	319,769	315,780
Changes in operating assets and liabilities:		
Trade receivables	33,700	(15,629)
Prepaid expenses and other assets	(3,805)	3,338
Accounts payable and accrued expenses	52,396	24,575
Net pension liability and deferred inflows/outflows	(24,545)	(33,221)
Net OPEB liability and deferred inflows/outflows	(15,523)	(20,625)
Compensated absences	(435)	(4,442)
Unearned revenue	4,714	(21,778)
Net cash provided by operating activities	$ 472,668	$ 198,767
Noncash investing activities:		
Net increase (decrease) in the fair value of investments	$ (57,663)	$ 2,313

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

MASSACHUSETTS PORT AUTHORITY

Statements of Fiduciary Net Position
Fiduciary Funds
June 30, 2022 and 2021
(in thousands)

	Pension and Retiree Benefit Trust Funds	
	2022	2021
Assets:		
Cash and cash equivalents	$ 5,983	$ 1,017
Investments, at fair value:		
Common stocks	12,552	15,638
Commingled funds:		
Domestic equity	370,268	331,330
Fixed income	348,338	298,520
International equity	300,725	298,748
Real estate	103,997	78,748
Private Equity	100,150	63,494
Total investments, at fair value	1,236,030	1,086,478
Receivables:		
Plan member contributions	267	292
Employer contributions	—	7,321
Accrued interest and dividends	12	19
Other state retirement plans	1,956	1,537
Receivable for securities sold	4	21
Other	44	32
Total receivables	2,283	9,222
Total assets	1,244,296	1,096,717
Liabilities:		
Payables to other state retirement plans	524	679
Other payables	639	749
Total liabilities	1,163	1,428
Net position:		
Restricted for:		
Pensions	920,490	819,159
Postemployment benefits other than pensions	322,643	276,130
Total net position	$ 1,243,133	$ 1,095,289

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, 2022 and 2021
(in thousands)

	Pension and Retiree Benefit Trust Funds	
	2022	2021
Additions:		
Contributions:		
Plan members	$ 11,303	$ 13,419
Plan sponsor	33,169	23,536
Total contributions	44,472	36,955
Intergovernmental:		
Transfers from other state retirement plans	406	173
Section 3(8)(c) transfers, net	1,408	1,200
Net intergovernmental	1,814	1,373
Investment earnings:		
Interest and dividends	21,078	15,695
Net appreciation in fair value of investments	143,566	136,472
Less management and related fees	(3,278)	(2,795)
Net investment earnings	161,366	149,372
Total additions	207,652	187,700
Deductions:		
Retirement benefits	56,002	48,976
Withdrawals by inactive members	1,274	1,047
Transfers to other state retirement plans	1,095	653
Administrative expenses	1,437	1,375
Total deductions	59,808	52,051
Net increase in fiduciary net position	147,844	135,649
Net position - beginning of year	1,095,289	959,640
Net position - end of year	$ 1,243,133	$ 1,095,289

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 Trust Company, 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 Trust Company, 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 OPEB 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 assets that applies to future periods and will be recognized as an outflow of resources (expense) in a future period. At June 30, 2022 and 2021, 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 assets that applies to future periods and will be recognized as an inflow of resources (revenue) in a future period. At June 30, 2022 and 2021, the Authority recognized deferred inflows for debt refundings, the pension plan, OPEB and leases related inflows of resources.

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 and leases where the Authority is the lessor are recorded as deferred inflows until the resources become available in the applicable reporting 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 guaranteed 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 $60.0 million and a realized loss of $36 thousand at June 30, 2022 and an unrealized increase in the fair value of investments of $7.0 million and a realized gain of $0.01 million at June 30, 2021.

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
Right of use	5,000

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
Right of use assets	2 to 100

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 $3.5 million and $7.2 million at June 30, 2022 and 2021, respectively.

k) *Leases*

As Lessee:

The Authority is a lessee for non-cancelable leases of equipment. The Authority recognizes a lease liability and an intangible right-to-use lease assets (lease asset) in the financial statements. The Authority recognizes lease liabilities with an initial, individual value of $5,000 or more.

Lease liabilities are initially recognized at the lease commencement date based on the present value of future lease payments to be made by the Authority over the lease term. The estimated payments are discounted using the Authority's estimated incremental borrowing rate. The lease term includes the non-cancelable period of the lease. The lease liability is subsequently reduced by the principal portion of lease payments made. Lease liabilities are reported on the statements of net position.

Lease assets are recognized at the lease commencement date and represent the Authority's right to use an underlying asset for the lease term. Lease assets are initially measured at the initial value of the lease liability, adjusted for lease payments made at or before the lease commencement date and initial direct costs. The lease asset is subsequently amortized on a straight-line basis over its useful life. Lease assets are reported with capital assets on the statements of net position.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

As Lessor:

The Authority is a lessor for non-cancelable leases of buildings, land, and other capital assets. The Authority recognizes a lease receivable and a deferred outflow of resources in the statement of net position.

At the commencement of the lease, the Authority initially measures the lease receivable at the present value of lease payments expected to be received from lessees over the lease term. The estimated payments are discounted using the Authority's estimated incremental borrowing rate. The lease term includes the non-cancelable period of the lease. Lease receivables are subsequently reduced by the principal portion of lease payments received.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Deferred lease inflows are recognized as revenue over the lease term on a straight-line basis.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease receivable and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivable.

l) 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, 2022, the Authority had cumulative PFC cash collections of $1.45 billion, 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, 2022, 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 $66.5 million and $27.9 million in PFC revenue for the fiscal years ended June 30, 2022 and 2021, respectively.

m) 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 $25.5 million and $11.7 million in CFC revenue for the fiscal years ended June 30, 2022 and 2021, respectively.

As of both June 30, 2022 and 2021, $120.3 million of CFC bonds were outstanding.

n) 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 2022 and 2021, the Authority recognized $56.6 million and $61.9 million of capital contributions, respectively. The 2022 and the 2021 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.

o) 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 both June 30, 2022 and 2021 was $1.1 million, respectively. The table below presents the Authority's compensated absences activity at June 30, 2022 and 2021 and for the years then ended (in thousands):

		2022	2021
Liability balance, beginning of year	$	15,718	20,160
Vacation and sick pay earned during the year		17,211	15,980
Vacation and sick pay used during the year		(17,646)	(20,422)
Liability balance, end of year	$	15,283	15,718

p) *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.

q) *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.

r) *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 plans was for the years ended December 31, 2021 and 2020. These plans are considered fiduciary component units of the Authority and reported as fiduciary funds.

s) *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.

t) New Accounting Pronouncements Recently Adopted

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee 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. Limited exceptions to the single approach guidance are provided for short-term leases, defined as lasting a maximum of twelve months at inception, including any options to extend, financed purchases, leases of assets that are investments and certain regulated leases. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the earliest period presented.

The Statement, as amended by GASB 95, is effective for fiscal years beginning after June 15, 2021 and all reporting periods thereafter. The Authority has adopted GASB 87 as of July 1, 2020. Changes adopted to conform to the provisions of this Statement were applied retroactively by restating the Authority's Net Position as of July 1, 2020, the Statement of Net Position as of June, 30, 2021, the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2021 and the Statement of Cash Flows for the year ended June 30, 2022.

	As Reported in Fiscal Year 2021	Adjusted	Restated Fiscal Year 2021
Statement of Net Position as of June 30, 2021 (in thousands):			
Assets and Deferred Outflows			
Lease receivable, current	$ —	$ 27,164	$ 27,164
Lease receivable, noncurrent	—	1,486,966	1,486,966
Accrued interest receivable, noncurrent	—	10,748	10,748
Capital assets-being depreciated and right to use asset, net	3,095,286	93,538	3,188,824
Total noncurrent assets	4,846,603	1,591,252	6,437,855
Total assets	6,168,391	1,618,416	7,786,807
Liabilities and Deferred Inflows			
Accounts payable and accrued expenses	192,972	4,223	197,195
Accrued interest lease liability, current	—	127	127
Lease liability, current	—	8,082	8,082
Unearned revenues. current	6,749	(836)	5,913
Total current liabilities	309,868	11,596	321,464
Lease liability, noncurrent	—	85,948	85,948
Unearned revenues, noncurrent	26,941	(25,662)	1,279
Total noncurrent liabilities	3,132,105	60,286	3,192,391
Total liabilities	3,441,973	71,882	3,513,855
Deferred inflows of resources related to leases	—	1,512,595	1,512,595
Total deferred inflows of resources	170,271	1,512,595	1,682,866
Net Position			
Net Investment in Capital Assets	1,351,090	93,538	1,444,628
Unrestricted	486,510	(59,599)	426,911
Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2021, (in thousands):			
Operating revenues:			
Aviation rentals	$ 270,643	$ 3,907	$ 274,550
Aviation fees	141,535	(11)	141,524
Aviation concessions	58,368	906	59,274
Maritime fees, rentals and other	80,107	378	80,485
Real estate fees, rents and other	38,013	(183)	37,830
Total operating revenues	656,722	4,997	661,719
Operating expenses:			
Aviation operations and maintenance	252,482	(7,326)	245,156
Maritime operations and maintenance	54,747	(364)	54,383
Real estate operations and maintenance	14,338	(1,009)	13,329
General and administrative	56,196	(154)	56,042
Total operating expenses before depreciation and amortization	404,023	(8,853)	395,170
Depreciation and amortization	307,583	8,197	315,780
Total operating expenses	711,606	(656)	710,950
Operating income/(loss)	(54,884)	5,653	(49,231)
Nonoperating revenues and (expenses):			
Investment income on leases	—	29,561	29,561
Interest expenses, leases	—	1,275	1,275
Total nonoperating revenues, net	76,007	28,286	104,293
Increase in net position before capital contributions	21,123	33,939	55,062
Increase in net position	83,046	33,936	116,982
Net position, end of year	2,623,394	33,939	2,657,333
Statement of Cash Flows as of June 30, 2021 (in thousands):			
Cash flows from operating activities:			
Cash received from customers and operating grants	$ 644,098	$ (17,279)	$ 626,819
Payments to vendors	(230,774)	8,853	(221,921)
Net cash provided by operating activities	207,193	(8,426)	198,767
Cash flows from capital and related financing activities:			—
Proceeds from leases interest income	—	17,280	17,280
Interest paid on leases	—	(1,148)	(1,148)
Right to use assets	—	(7,706)	(7,706)
Net cash used in capital and related financing activities	(149,611)	8,426	(141,185)
Reconciliation of operating income (loss) to net cash provided by operating activities:			—
Operating income (loss)	(54,884)	5,653	(49,231)
Depreciation and amortization	307,583	8,197	315,780
Trade receivables	(20,284)	4,655	(15,629)
Unearned revenue	497	(22,275)	(21,778)
Net cash provided by operating activities	207,193	(8,426)	198,767

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 adopted this Statement as of July 1, 2021 and there was no impact on its 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 adopted this Statement as of July 1, 2021 and there was no impact on its 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 adopted this Statement as of July 1, 2021, and there was no impact on its 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 adopted this Statement as of July 1, 2021, and there was no impact on its financial statements.

t) Accounting Pronouncements Issued But Not Yet Adopted

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. 99, *Omnibus 2022*, was issued on April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument;
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives;
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of

the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset;

- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability;
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt;
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to nonmonetary transactions;
- Pledges of future revenues when resources are not received by the pledging government;
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements;
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position;
- Terminology used in Statement 53 to refer to resource flows Statements. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 101, *Compensated Absences*, was issued on June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. 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).

	2022	2021 (Resated)
Increase in Net Position per GAAP	$ 265,934	$ 116,985
Additions:		
Depreciation and amortization	319,769	315,780
Interest expense	104,486	98,146
Payments in lieu of taxes	21,657	22,247
Adjustment for uncollectible accounts	-	2,255
Net decrease in the fair value of investments	60,012	6,997
Interest expense on Leases	2,238	1,275
Less:		
OPEB income, net	(15,522)	(14,518)
Pension income. Net	(31,880)	(25,900)
Passenger facility charges	(66,545)	(27,948)
Customer facility charges	(25,473)	(11,657)
Self insurance (income) / expenses	(1,857)	1,423
Capital grant revenue	(56,625)	(61,923)
Loss (gain) on sale of equipment	(247)	41
Settlement of claims	-	(2)
Other operating expenses, net	(9,118)	(2,775)
Other revenues, net	(7,834)	(7,997)
Other non-operating revenues	(9,540)	(4,936)
Lease interest income	(36,706)	(29,561)
Investment income	(4,957)	(5,125)
Net Revenue per the 1978 Trust Agreement	$ 507,792	$ 372,807

Total net revenues, as defined by the 1978 Trust Agreement, pledged for the repayment of bonds issued under the 1978 Trust Agreement were $507.8 million and $372.8 million for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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 or loss due to the changes in fair value of investments related to investments with maturities in excess of one year was a loss of approximately $57.7 million as of June 30, 2022 and a gain of approximately $2.3 million as of June 30, 2021.

The following summarizes the Authority's cash and cash equivalents and investments by type held at June 30, 2022 and 2021 (in thousands):

2022	Credit Rating (1)	Cost	Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Not Rated	$ 415,628	$ 415,628	0.003
Federal Home Loan Bank	AA+ / Aaa	287,193	272,573	2.772
Federally Deposit Insurance Corporation	Unrated (2)	1,000	1,000	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	100,445	95,053	2.373
Federal National Mortgage Association	AA+ / Aaa	69,087	64,473	2.722
Federal Farm Credit	AA+ / Aaa	22,844	21,650	2.144
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)	53,609	53,609	6.942
Cash Deposit	Unrated	2,572	2,573	0.003
Certificates of Deposit	AA+ / Aaa (3)	2,584	2,584	0.400
Commercial Paper	A-1/ P-1	296,536	296,536	0.264
Supranational	AAA / Aaa	13,985	12,820	3.245
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)	59,213	59,213	0.003
Municipal Bond	AA+ / Aa2	208,143	198,417	2.110
Money Market Funds	AAA/Aaa (5)	27,498	27,498	0.003
Insured Cash Sweep	Unrated (2)	27,369	27,369	0.003
Corporate Bonds	AA/ Aa2 (7)	385,305	364,325	2.330
U.S. Treasury	AA+/Aaa	79,811	79,840	0.588
		$ 2,052,822	$ 1,995,161	

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 Sweep	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	

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.
6. MMDT and GIC are carried at cost, which approximates fair value in the tables.
7. The Authority owns a diverse portfolio of corporate bonds with S&P credit ratings ranging from A- to AAA and Moody's credit ratings ranging from A3 to Aaa.

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

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Securities maturing in 1 year or more	$ 997,543	941,255	$ 683,745	$ 685,634
Securities maturing in less than 1 year	522,000	520,626	721,637	722,062
Cash and cash equivalents	533,280	533,280	455,478	455,478
	$ 2,052,823	$ 1,995,161	$ 1,860,860	$ 1,863,174

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 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 Bank of New York. 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, 2022 and 2021 was $2.6 million and $2.9 million, respectively, and of these amounts, $250.0 thousand was insured in each year, and no amount was collateralized at June 30, 2022 or 2021.

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 Massachusetts General Laws (M.G.L.), 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, 2022 and 2021, respectively; they are uncollateralized and recorded at cost (in thousands):

Investment Agreement Provider	Rate	Maturity	2022	2021
Trinity Plus Funding Company	4.36%	January 2, 2031	$ 24,048	$ 22,569
GE Funding Capital Markets	3.81%	December 31, 2030	29,561	27,960
Total			$ 53,609	$ 50,529

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 (except MMDT U.S. Treasuries or securities implicitly backed by the U.S Government). The Authority had no exposure to any single issuer over the 5% maximum. The Authority consults with its Investment Advisor to select Commercial Paper Issuers with strong credit ratings. Below is the sector exposure and CP holdings of the Authority:

Issuer:	**2022 % of Portfolio**	**2021 % of Portfolio**
Commercial Paper	14.45%	31.40%
Corporate Bonds	18.77%	13.00%
Municipal Bond	10.14%	12.18%
Federal Agency Bonds	23.41%	13.32%
Certificates of Deposit	0.13%	2.40%
Supranational	0.68%	0.54%

Commercial Paper Issuer	**2022**	**2021**
Apple Inc CP	$ 9,991	$ -
ANZ Australia & New	15,899	17,971
Bank of Tokyo Mitsubishi UFJ	-	29,983
Canadian Imperial Holdings Inc.	-	14,986
Credit Agricole	-	24,987
DNB BANK	19,999	29,967
ING Funding	-	67,539
JP Morgan Chase	14,993	24,976
Mizuho Bank	24,781	89,906
MUFG Bank CP	25,435	-
Natixis NY	19,996	85,962
Old Line Funding	29,795	-
Rabobank USA	-	24,982
Royal Bank of Canada	39,999	29,948
Skandinaviska Enski	3,600	-
Societe Generale	-	92,700
SWEDBANK	29,988	-
TD Bank	37,473	22,959
Toyota Motor Corporation	24,587	27,500
Total	$ 296,536	$ 584,366

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):

	2022				2021			
1978 Trust		**Cost**		**Fair Value**		**Cost**		**Fair Value**
Improvement and Extension Fund	$	859,687		825,265	$	502,291	$	501,757
Capital Budget Account		189,458		189,374		185,576		185,576
Debt Service Reserve Fund		167,837		158,048		168,034		169,303
Debt Service Funds		58,475		58,475		45,790		45,790
Maintenance Reserve Fund		299,809		290,010		266,523		267,434
Operating/Revenue Fund		117,226		117,225		115,075		115,075
Subordinated Debt Fund		56,008		56,008		52,925		52,925
Self-Insurance Account		36,394		35,092		31,230		31,861
2018 A Project Fund						11,558		11,558
2019 B Project Fund		6,018		6,018		15,009		15,075
2019 C Project Fund		3,923		3,923		12,872		12,872
2020 B Project Fund		9,866		9,866		22,638		22,638
2021 D Project Fund		15,988		15,988		53,138		53,138
2021 E Project Fund		24,095		24,095		216,152		216,163
Other Funds		35,877		35,859		39,402		39,415
PFC Depositary Agreement								
Other PFC Funds		99,448		99,403		64,039		64,028
2011 CFC Trust								
Debt Service Reserve Fund		21,731		20,735		21,752		21,733
CFC Maintenance Reserve Fund		7,623		7,334		3,848		3,848
Debt Service Funds		8,476		8,476		5,616		5,606
CFC Stabilization and Other CFC Fund		34,884		33,967		27,392		27,379
Total	$	2,052,823	$	1,995,161	$	1,860,860	$	1,863,174

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, 2022	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 272,573	$ -	$ 272,573	$ -
Federal Home Loan Mortgage Corp.	95,053	-	95,053	-
Federal National Mortgage Association	64,473	-	64,473	-
Federal Farm Credit	21,650	-	21,650	-
Supranational	12,820	-	12,820	-
Commercial Paper	296,536	-	296,536	-
Government Fund-Morgan Stanley / Wells Fargo	59,213	59,213	-	-
Municipal Bond	198,417	-	198,417	-
Money Market Funds	27,498	27,498	-	-
Corporate Bonds	364,325	-	364,325	-
Total Investments Measured at Fair Value	$ 1,412,558	$ 86,711	$ 1,325,847	$ -

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	$ -

Money Market Funds

As of June 30, 2022 and 2021, the Authority held positions in various money market funds and the fair values of those funds were $86.7 million and $52.6 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, 2022 and 2021, the Authority held positions in federal agency notes and the fair values were $453.7 million and $245.2 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, 2022 and 2021, the Authority held positions in commercial paper notes and the fair values were $296.5 million and $584.4 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, 2022 and 2021, the Authority held positions in municipal bonds and the fair values were $198.4 million and $228.7 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, 2022 and 2021, the Authority held positions in corporate bonds and the fair values were $364.3 million and $244.1 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, 2022 and 2021, the Authority held positions in supranational bonds and the fair values were $12.8 million and $9.9 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's Investment Policy (the "Trust Investment Policy"), which was adopted on May 8, 2009 and most recently 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 Trust Investment Policy, currently set at 6.75%. 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, 2021 Exposure**	**December 31, 2020 Exposure**	**Minimum Exposure**	**Maximum Exposure**	**Target Allocation**
Domestic equity	41.7%	40.7%	28.0%	48.0%	38.0%
Fixed income	27.9%	28.0%	17.0%	47.0%	32.0%
International equity	20.6%	21.8%	10.0%	30.0%	20.0%
Cash and cash equivalents	1.6%	0.1%	0.0%	20.0%	0.0%
Alternatives:					
Real estate private equity	8.2%	9.4%	0.0%	15.0%	10.0%

The current investment philosophy OPEB has five private equity and debt funds. When asset weightings fall outside the Trust 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, 2021 and 2020 (in thousands):

	Credit Rating		December 31, 2021 Fair Value	Credit Rating		December 31, 2020 Fair Value
Cash and Cash Equivalents						
Cash	Unrated	$	—	Unrated	$	22
First American Government Fund	Unrated		200	Unrated		37
Massachusetts Municipal Depository Trust	Unrated		4,850	Unrated		158
Total Cash and Cash Equivalents		$	5,050		$	217
Investments						
Vanguard Index Funds	Unrated	$	154,273	Unrated	$	132,692
Acadian All Country World ex US Fund	Unrated		20,087	Unrated		16,762
WCM Focused International Growth Fund	Unrated		19,105	Unrated		15,346
Vanguard Intermediate Term Investment Grade Fund	A		11,030	A		10,147
Aberdeen Emerging Markets Fund	Unrated		7,741	Unrated		8,151
Alliance Bernstein High Income	B		11,121	B		7,392
TCW Emerging Markets Income	BB		5,812	BB		6,122
PL Floating Rate Income Fund	B		9,133	B		8,347
Baird Core Plus Fund	A		27,071	A		22,703
Voya Intermediate Bond Fund	A		25,969	A		22,594
Real Estate Private Equity Funds	Unrated		26,471	Unrated		25,867
Total Investments		$	317,813		$	276,123

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, 2021 and 2020.

a) *Credit Risk*

For the years ended December 31, 2021 and 2020, the Trust's fixed income investments totaled $90.1 million and $77.3 million, respectively. These investments were split between six commingled mutual funds. The Trust 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 a Securities and Exchange Commission ("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 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 held by the Trust. The total percentage of the fixed income investments subject to this provision were 29.25% and 29.50% at December 31, 2021 and 2020, 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 MMDT, a pooled money market like investment fund managed by The Commonwealth of Massachusetts, established under M.G.L., 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 Trust 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 Trust Investment Policy at December 31, 2021 and 2020, 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, 2021 and 2020 was 5.67 and 5.45 years, respectively.

The individual fund durations are as follows at December 31, 2021 and 2020, respectively. (in thousands):

	December 31, 2021 Fair Value	Effective Duration	December 31, 2020 Fair Value	Effective Duration
Fixed Income Investments				
Vanguard Intermediate Term Investment Grade Fund	$ 11,030	6.50	$ 10,147	6.00
Alliance Bernstein High Income	11,121	3.82	7,392	4.05
TCW Emerging Markets Income	5,812	7.87	6,122	8.22
PL Floating Rate Income Fund	9,133	0.32	8,347	0.29
Baird Core Plus	27,071	6.54	22,703	6.05
Voya Intermediate Bond	25,969	6.60	22,594	6.22
Total Fixed Income Investments	$ 90,136		$ 77,305	

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 13.84% and 14.07% for the audit period ended December 31, 2021 and 2020, respectively. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. The Trust's rates of return, measured for financial performance purposes, were 14.2% and 15.2%, gross of fees, for the years ended December 31, 2021 and 2020, respectively as calculated by the Trust's investment advisor.

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, 2021 and 2020:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2021	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 154,273	$ 154,273	$ -	$ -
Baird Core Plus	27,071	27,071	-	-
Vanguard Intermediate Term Investment Grade Fund	11,030	11,030	-	-
Voya Internediate Bond	25,969	25,969	-	-
Aberdeen Emerging Markets Fund	7,741	7,741	-	-
AllianceBernstein High Income	11,121	11,121	-	-
TCW Emerging Markets Income	5,812	5,812	-	-
PL Floating Rate Income Fund	9,133	9,133	-	-
WCM Total International Stock Index	19,105	19,105	-	-
Acadian All Country World ex-USFund	20,087	20,087	-	-
Total investments measured by fair value level	291,342	291,342	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	8,421			
Equus Fund X	4,779			
ATEL Private Debt Partners II	7,067			
Golub Capital Partners 12 L.P.	1,946			
PRISA LP	4,258			
Total investments measured at the NAV	26,471			
Total Investments	$ 317,813	$ 291,342	$ -	$ -

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	$ -	$ -

Commingled Mutual Funds

As of December 31, 2021 and 2020, the Authority held positions in several commingled mutual funds as noted above and the fair values were $291.3 million and $250.3 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)					
	December 31, 2021		December 31, 2020			
	NAV	Unfunded Commitments	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Private Equity Funds						
Boyd Watterson GSA Fund (1)	$ 8,421	$ —	$ 7,795	$ —	Quarterly	60 days
Equus Fund X (2)	4,779	461	7,812	461	—	—
PRISA LP (3)	7,067	—	5,843	—	Quarterly	90 days
ATEL Private Debt Partners II (4)	1,946	2,622	1,984	2,622	—	—
Golub Capital Partners 12 LP (4)	4,258	460	2,433	2,300	—	—
Total investments measured at the NAV	$ 26,471		$ 25,867			

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 (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.

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Massport Employee's Retirement System:

The provisions of 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:

	Target Allocation	
Asset Class	**2021**	**2020**
Domestic equity	27.5%	27.5%
International equity	27.5%	27.5%
Fixed income	22.5%	30.0%
Opportunistic Credit	5.0%	0.0%
Real estate	7.5%	7.5%
Private equity	10.0%	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, 2022 and 2021 (in thousands):

	December 31, 2021 Fair Value	December 31, 2020 Fair Value
Cash and Cash Equivalents	$ 933	$ 800
Investments		
Common stocks		
Equities	$ 12,552	$ 15,638
Commingled Equity funds		
Large Cap	224,207	202,871
Small Cap	11,462	15,888
International	234,118	238,368
Commingled Fixed Income funds		
Aggregate	76,627	57,407
Core Bond	181,575	163,808
Other Investments		
PRIT Real Estate fund	77,525	52,881
PRIT Private Equity	100,150	63,494
Total Investments	$ 918,216	$ 810,355

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, 2021 and 2020.

a) Credit Risk

For the years ended December 31, 2021 and 2020, the Plan's fixed income investments totaled $258.2 million and $221.2 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, 2021 and 2020 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, 2021 and 2020, respectively (in thousands):

		December 31, 2021 Fair Value	Effective Duration		December 31, 2020 Fair Value	Effective Duration
Fixed Income Investments						
Commingled fund – actively managed	$	181,575	6.81	$	163,808	6.35
Commingled fund – passively managed		76,627	6.78		57,407	6.23
Total Fixed Income Investments	$	258,202		$	221,215	

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, 2021		December 31, 2020
Currency (in thousands)				
International equity pooled funds (various currencies)	$	234,118	$	238,368

f) *Rate of Return*

For the years ended December 31, 2021 and 2020, the annual money-weighted rate of return on Plan investments, net of Plan investment expenses was 16.1% and 16.1%, 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, 2021 and 2020:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2021	Fair Value	Level 1	Level 2	Level 3
Investments				
Common stocks				
Equities	$ 12,552	$ 12,552	$ -	$ -
Investments measured at NAV				
Commingled Equity funds				
Large Cap	224,207	-	-	-
Small Cap	11,462	-	-	-
International	234,118	-	-	-
Commingled Fixed Income funds				
Aggregate	76,627	-	-	-
Core Bond	181,575	-	-	-
Other Investments				
PRIT Real Estate fund	77,525	-	-	-
PRIT Private Equity	100,150	-	-	-
Total Investments	$ 918,216	$ 12,552	$ -	$ -

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	$ -	$ -

Commingled Mutual Funds

The Plan categorizes its fair value measurements within the Fair Value Hierarchy established by GAAP. 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 Pension Reserves Investment Trust ("PRIT") real estate and private equity funds are external investment pools that are not registered with the SEC 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, 2021	December 31, 2020	Redemption Frequency	Redemption Notice Period
Commingled Equity Funds (1)	$ 469,786	$ 457,127	Daily to Thrice Monthly	1-30 days
Commingled Fixed Income Funds (2)	258,202	221,215	Daily	1-30 days
	$ 727,988	$ 678,342		

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, 2022 and 2021 (in thousands):

	June 30, 2021	Additions and Transfers In	Deletions and Transfers Out	June 30, 2022
Capital assets not being depreciated				
Land	$ 230,680	$ 9,873	$ —	$ 240,553
Construction in progress	779,910	390,029	424,987	744,952
Total capital assets not being depreciated	1,010,590	399,902	424,987	985,505
Capital assets being depreciated				
Buildings	4,409,079	211,124	—	4,620,203
Runway and other paving	1,061,586	24,302	—	1,085,888
Roadway	816,391	102,803	—	919,194
Machinery and equipment	848,268	76,348	2,108	922,508
Air rights	187,180	536	—	187,716
Parking rights	46,261	—	—	46,261
Right of use assets	101,735	174,487	—	276,222
Total capital assets being depreciated	7,470,500	589,600	2,108	8,057,992
Less accumulated depreciation:				
Buildings	2,288,589	158,098	—	2,446,687
Runway and other paving	691,667	44,701	—	736,368
Roadway	514,772	33,218	—	547,990
Machinery and equipment	596,711	62,127	2,083	656,755
Air rights	150,899	4,937	—	155,836
Parking rights	30,840	1,542	—	32,382
Right of use assets	8,197	8,959	—	17,156
Total accumulated depreciation	4,281,675	313,582	2,083	4,593,174
Total capital assets being depreciated, net	3,188,825	276,018	25	3,464,818
Capital assets, net	$ 4,199,415	$ 675,920	$ 425,012	$ 4,450,323

Depreciation and amortization for fiscal year 2022 and 2021 was $319.8 million and $315.8 million, respectively. During fiscal year 2022 and 2021, the Authority wrote off approximately $6.2 million and $8.7 million, respectively, for discontinued projects, which is included in depreciation expenses.

	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
Right of use assets	—	101,735	—	101,735
Total capital assets being depreciated	7,211,693	265,257	6,450	7,470,500
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
Right of use assets	—	8,197	—	8,197
Total accumulated depreciation	3,979,052	307,132	4,509	4,281,675
Total capital assets being depreciated, net	3,232,641	(41,875)	1,941	3,188,825
Capital assets, net	$ 3,963,110	$ 401,849	$ 165,544	$ 4,199,415

5. Bonds and Notes Payable

Long-term debt at June 30, 2022 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2021	Additions	Reductions	June 30, 2022	Due within one year
Revenue Bonds:					
Senior Debt-1978 Trust Agreement:					
2014, Series A, 3.00% to 5.00%, issued July 17, 2014 due 2024 to 2045	$ 40,075	$ —	$ —	$ 40,075	$ —
2014, Series B, 5.00%, issued July 17, 2014 due 2024 to 2045	42,545	—	—	42,545	—
2014, Series C, 3.40% to 5.00%, issued July 17, 2014 due 2024 to 2036	108,005	—	—	108,005	—
2015, Series A, 5.00%, issued July 15, 2015 due 2024 to 2046	96,250	—	—	96,250	—
2015, Series B, 5.00%, issued July 15, 2015 due 2024 to 2046	61,720	—	—	61,720	—
2015, Series C, 2.12% to 2.83%, issued June 30, 2015 due 2022 to 2030	104,465	—	12,420	92,045	12,675
2016, Series A, 4.00% to 5.00%, issued July 20, 2016 due 2024 to 2039	42,430	—	—	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, 5.00%, issued July 19, 2017 due 2024 to 2048	131,785	—	—	131,785	—
2019, Series A, 5.00%, issued February 13, 2019 due 2024 to 2041	284,395	—	—	284,395	—
2019, Series B, 3.00% to 5.00%, issued July 17, 2019 due 2024 to 2050	156,680	—	—	156,680	—
2019, Series C, 4.00% to 5.00%, issued July 17, 2019 due 2024 to 2050	292,525	—	—	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	2,233,960	—	12,420	2,221,540	12,675

	June 30, 2021	Additions	Reductions	June 30, 2022	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, 6.202% to 6.352%, issued June 15, 2011 due 2022 to 2038	120,255	—	—	120,255	4,620
Subtotal CFC Senior Debt	120,255	—	—	120,255	4,620
Total Bonds Payable	2,428,215	—	12,420	2,415,795	17,295
Less unamortized amounts:					
Bond premium (discount), net	343,233	—	14,148	329,085	14,148
Total Bonds Payable, net	$ 2,771,448	$ —	$ 26,568	$ 2,744,880	$ 31,443

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

	June 30, 2021	Additions	Reductions	June 30, 2022	Due within one year
Senior Debt-1978 Trust Agreement:	$ 2,233,960	$ —	$ 12,420	$ 2,221,540	$ 12,675
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	120,255	—	—	120,255	4,620
	$ 2,428,215	$ —	$ 12,420	$ 2,415,795	$ 17,295

	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

Debt service requirements on revenue bonds (1978 Trust and CFC Trust) outstanding at June 30, 2022 are as follows (in thousands):

	Principal	Interest	Total
Year ending June 30:			
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	71,245	103,864	175,109
2028-2032	436,640	467,190	903,830
2033-2037	474,065	353,192	827,257
2038-2042	454,200	241,757	695,957
2043-2047	493,180	133,212	626,392
2048-2052	277,065	34,874	311,939
Total	$ 2,415,795	$ 1,781,260	$ 4,197,055

a) *Senior Debt - 1978 Trust Agreement*

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
Total 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, 2022.

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, 2022 and 2021, the Authority's debt service coverage under the 1978 Trust Agreement was 6.10 and 5.51, 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, 2022, the value of the two GICs was approximately $53.6 million as compared to $50.5 million as of June 30, 2021.

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 $25.5 million and $11.7 million during fiscal years

2022 and 2021, respectively. The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. As of June 30, 2022 and 2021, the CFC debt service coverage ratio was 2.46 and 2.05, respectively.

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; however, the Defeased 2010 and 2012 Bonds were not redeemed until July 1, 2022.

Direct Placement Long-term debt at June 30, 2022 and 2021 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2021	Additions	Reductions	June 30, 2022	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	$ 6,425
2020, Series B, 2.08%, issued					
April 3, 2020 due 2024 to 2033	162,380	—	—	162,380	—
Total Direct Placement Bonds Payable	$ 258,000	$ —	$ —	$ 258,000	$ 6,425

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

	June 30, 2021	Additions	Reductions	June 30, 2022	Due within one year
Revenue Bonds Direct Placement:					
Senior Debt-1978 Trust Agreement:	$ 258,000	$ —	$ —	$ 258,000	$ 6,425
Total Direct Placement Bonds Payable	$ 258,000	$ —	$ —	$ 258,000	$ 6,425

	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	$ —
Total Direct Placement Bonds Payable	$ 258,000	$ —	$ —	$ 258,000	$ —

Debt service requirements on direct placement bonds outstanding at June 30, 2022 are as follows (in thousands):

	Principal	Interest	Total
Year ending June 30:			
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	20,150	3,677	23,827
2028 - 2032	169,710	12,848	182,558
Total	$ 258,000	$ 34,597	$ 292,597

e) 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, 2022. 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.

As of June 30, 2022 and 2021, the aggregate principal amount of the Authority's special facilities revenue bonds outstanding were approximately $141.7 million and $142.9 million, respectively. All of which were 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. The Authority has no obligation to assume the liability for the BOSFUEL special facilities revenue bonds or to direct revenue to pay debt service on such bonds.

f) Commercial Paper Notes Payable

The Authority's commercial paper notes payable as of June 30, 2022 and 2021 were as follows (in thousands):

		2022		2021
Commercial paper notes-beginning	$	22,000	$	22,000
Commercial paper notes issued		-		22,000
Principal paid on commercial paper notes		(22,000)		(22,000)
Commercial paper notes-ending	$	-	$	22,000

On December 8, 2021, the Authority completed a restructuring of its existing commercial paper program, increasing the authorized maximum aggregate principal amount from $200 million to $250 million and authorizing the issuance of taxable and tax-exempt AMT and non-AMT commercial paper. In connection with this restructuring the Authority entered into an Amended and Restated Letter of Credit and Reimbursement Agreement, with TD Bank, N.A., which expires June 1, 2025, to provide security for the commercial paper program. The obligations of the Authority with respect to its commercial paper notes are secured by the Improvement & Extension Fund and the proceeds of Bonds subsequently issued for the purpose. While PFC's are not pledged to secure the Authority's commercial paper, the Authority currently expects to repay a significant portion of the notes from the PFC Capital Fund. As of June 30, 2022, the Authority has no outstanding commercial paper.

g) Interest Rate Swaps / Hedging

During fiscal year 2022 and fiscal year 2021, the Authority did not have any interest rate swaps or other interest rate hedging arrangements.

h) 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, 2022 and 2021, 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 of the Acts of 1978 (an amendment to M.G.L. Chapter 32) 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 Massachusetts Port Authority Employees' Retirement System Board (the "Retirement Board"), consisting of five members including one ex-officio member, two elected members, one member appointed by the Massachusetts Port Authority and one member appointed by the other four board members.

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 M.G.L. Chapter 32, Section 3(8) (c), (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, 2021 and 2020, the Plan's membership consisted of:

	2021	2020
Retirees and beneficiaries receiving benefits	930	872
Terminated employees entitled to benefits but not yet receiving them	70	74
Current members:		
Active	1,263	1,348
Inactive	168	169
Total membership	2,431	2,463

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, 2022 and 2021, the Authority was required and did contribute to the Plan $11.7 million and $14.6 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.

Contributions totaling $22.6 million ($11.7 million employer and $10.9 million employee) and $27.7 million ($14.6 million employer and $13.1 million employee) were recognized by the Plan for plan years 2021 and 2020, respectively.

d) *Net Pension (Asset) Liability*

The Authority's net pension (asset) liability at June 30, 2022 and 2021 was measured as of December 31, 2021 and 2020 and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of January 1, 2021 and

2020 and update procedures were used to roll forward the total pension (asset) liability to December 31, 2021 and 2020, respectively.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
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)
Service cost	18,994	—	18,994
Interest	55,140	—	55,140
Changes between expected and actual experience	(463)	—	(463)
Changes in assumptions	14,881	—	14,881
Contributions – employer	—	11,695	(11,695)
Contributions – employees	—	10,905	(10,905)
Net investment income	—	122,486	(122,486)
Benefits payments	(42,550)	(42,550)	—
Administrative expenses	—	(1,205)	1,205
Balance at December 31, 2021	$ 835,994	$ 920,490	$ (84,496)

e) *Actuarial Assumptions*

The January 1, 2021 and 2020 total pension 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 2021 and 2020

- *Investment rate of return* – 6.75% for 2021, and 7.0% for 2020, net of plan investment expense
- *Cost–of–living increases* – 3.0% on a maximum base of $14,000
- *Mortality*:
  - Healthy – RP2014 at 2006 table healthy employees (sex-distinct) projected with MP2021 Generational Mortality. Post-retirement the RP2014 healthy annuitant table (sex-distinct) projected with MP2021 Generational Mortality. December 31, 2020 projected with MP2018 Generational Mortality.
  - Disabled – RP2014 at 2006 healthy annuitant table (sex-distinct) projected with MP2021 Generational Mortality set-forward 2 years. December 31, 2020 projected with MP2018 Generational Mortality. 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	**2021***	**2020***
Domestic equity	3.63 %	4.10 %
International equity	4.36	4.74
Fixed income	1.07	0.95
Opportunistic Credit	3.13	—
Real estate	4.29	4.67
Private equity	6.75	6.43

* amounts are net of inflation assumption of 2.66% and 2.42% in fiscal years 2021 and 2020, respectively.

f) *Investment Policy*

The provisions of 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:

	Target Allocation	
Asset class	**2021**	**2020**
Domestic equity	27.5%	27.5%
International equity	27.5%	27.5%
Fixed income	22.5%	30.0%
Opportunistic Credit	5.0%	0.0%
Private equity	10.0%	7.5%
Real estate	7.5%	7.5%
Total	100.0%	100.0%

g) *Changes in Benefit Terms*

In accordance with Chapter 147 of the Massachusetts Acts of 2022, vacation buybacks for certain eligible retirees and active members may be included in pensionable earnings when estimating the projected benefit payments. In the Plan fiscal year 2021, the interest rate was changed from 7.0% to 6.75%. The mortality improvement scale was changed from MP2018 to MP2021. Rates of retirement and withdrawal rates were adjusted for Plan fiscal year 2021 only to reflect the impact of the COVID-19 pandemic. The net of these changes resulted in an increased total pension liability totaling $14.9 million.

h) *Discount Rate*

The discount rates used to measure the total pension (asset) liability as of December 31, 2021 and 2020 were 6.75% and 7.0%, respectively. 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 future 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 (asset) liability to changes in the discount rate

The following presents the net pension (asset) liability of the Plan as of December 31, 2021 and 2020, calculated using the discount rate of 6.75% and 7.0% as well as what the net pension (asset) liability 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 (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
2022	$ 13,481	$ (84,496)	$ (166,921)

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

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

For the years ended June 30, 2022 and 2021, the Authority recognized contra pension expense of $20.1 million and pension expense $11.2 million, respectively.

At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2022		2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 4,767	$ 823	$ 6,283	$ 856
Differences arising from the recognition of changes in assumptions	23,613	7,288	17,353	9,748
Net difference between projected and actual earnings on pension Plan investments	—	104,007	—	73,308
Pension Employer contributions subsequent to measurement date	—	—	7,321	—
Total	$ 28,380	$ 112,118	$ 30,957	$ 83,912

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 was recognized as a reduction of the net pension asset in fiscal year 2022.

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:	
2023	$ (19,967)
2024	(36,524)
2025	(21,526)
2026	(7,228)
2027	1,507
Total	$ (83,738)

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. Chapter 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.

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 GAAP. 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, 2021.

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, 2021 and 2020, respectively, the Trust's membership consisted of:

	December 31, 2021	December 31, 2020
Active Employees		
Pre-Medicare (hired prior to 3/31/1986)	12	22
Post-Medicare (hired after 3/31/1986)	1,082	1,241
Total	1,094	1,263
Inactive Participants (Vested)	78	70
Retired, Disabled, Survivors and Beneficiaries	965	930
Total Membership	2,137	2,263

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, 2022 and 2021, the Authority contributed to the Trust $10.9 million and $16.0 million, respectively, and $5.5 million and $16.0 million are recorded in the Statement of Net Position as a deferred outflow of resources as of June 30, 2022 and 2021, 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, 2022 and 2021 was measured as of December 31, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined using an actuarial valuation as of January 1, 2022 and 2021, respectively.

	Total OPEB Liability (a)	Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
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
Service cost	5,591	—	5,591
Interest	23,695	—	23,695
Difference between expected and actual experience	(1,058)	—	(1,058)
Change in assumption	10,488	—	10,488
Contributions – employer	—	23,422	(23,422)
Contributions – employees	—	398	(398)
Net investment income	—	38,880	(38,880)
Benefits payments	(15,556)	(15,955)	399
Administrative expenses	—	(232)	232
Balance at December 31, 2021	$ 363,852	$ 322,643	$ 41,209

e) *Actuarial Assumptions*

The following actuarial assumptions were applied to the periods included in the measurement as of December 31, 2021 and 2020, respectively:

- *Inflation* – 2.5% for both 2021 and 2020.
- *Salary increases* – 4.25% for both 2021 and 2020.
- *Investment rate of return* – 6.75% and 7.0%, net of Trust investment expenses, as of 2021 and 2020, respectively.
- *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-2021.
  - Retirees – RP 2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2021.
  - Disabled - RP 2014 Table adjusted to 2006, (sex-distinct), for Healthy Annuitants projected using Generational Mortality and scale MP-2021. 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, 2021 and 2020 was 6.75% and as of June 30, 2020 was 7.0%. 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, 2021 and 2020, calculated using the discount rate of 6.75% and 7.00%, respectively, 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):

Plan's Fiscal Year End	1% decrease (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
2021	$ 87,380	$ 41,209	$ 3,125
	1% decrease (6.00%)	**discount rate (7.00%)**	**1% increase (8.00%)**
2020	$ 107,620	$ 64,562	$ 28,994

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, 2021 and 2020, 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):

Plan's 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	$ (2,888)	$ 41,209	$ 95,024
2020	$ 26,269	$ 64,562	$ 111,045

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

For the years ended June 30, 2022 and 2021, the Authority recognized OPEB income of $4.6 million and OPEB expense of $1.5 million, respectively.

At June 30, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 805	$ 19,292	$ 3,580	$ 25,737
Changes in assumptions	11,733	9,815	4,909	13,076
Net difference between projected and actual earnings on OPEB investments	—	30,794	—	21,682
OPEB contribution subsequent to measurement date	5,472	—	16,000	—
Total	$ 18,010	$ 59,901	$ 24,489	$ 60,495

The Authority reported $5.5 million and $16.0 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:	
2023	$ (15,624)
2024	(16,322)
2025	(13,218)
2026	(2,199)
Total	$ (47,363)

8. Leases

a) Lease receivable (lessor)

The Authority leases buildings, land, and other capital assets to outside parties under various leases. The future payments that are included in the measurement of the lease receivable, as of June 30, 2022, are as follows (in thousands):

Years	Principal	Interest	Total
2023	$ 29,165	$ 27,468	$ 56,633
2024	32,187	30,730	62,917
2025	31,941	34,230	66,171
2026	31,807	34,756	66,563
2027	26,521	34,864	61,385
2028-2032	121,800	172,220	294,020
2033-2037	101,486	169,669	271,155
2038-2042	103,516	166,177	269,693
2043-2047	133,291	152,723	286,014
2048-2052	130,678	136,918	267,596
2053-2057	124,642	129,033	253,675
2058-2062	127,631	121,684	249,315
2063-2067	67,922	117,664	185,586
2068-2072	94,715	97,800	192,515
2073-2077	104,391	84,668	189,059
2078-2082	116,122	74,494	190,616
2083-2087	122,662	62,673	185,335
2088-2092	128,399	51,244	179,643
2093-2097	119,489	34,408	153,897
2098-2102	75,522	24,984	100,506
2103-2107	70,680	18,211	88,891
2108-2112	56,692	11,821	68,513
2113-2117	57,641	6,627	64,268
2118-2121	40,230	1,281	41,511
Totals	**$ 2,049,130**	**$ 1,796,347**	**$ 3,845,477**

For the years ended June 30, 2022 and 2021, the Authority recognized $62.4 million and $50.8 million in lease revenue and $36.7 million and $29.6 million in lease interest revenue, respectively.

Regulated Leases

For certain lease agreements for airport gates, aprons, airline ticket counters, ticketing / check-in stations and baggage claim facilities, specific terms are regulated by the FAA. The Authority entered into various lease agreements for the right to use these airport gates and aprons to third parties in accordance with these provisions set by the FAA. Specified regulated terms include limits on lease rates, consistency of lease rates for all lessees, and leasing opportunities made available to any potential lessees if the facilities are vacant. The lease revenue related to these regulated agreements amounted to $142.1 million and $136.9 million for the years end June 30, 2022 and 2021, respectively.

Subleases

The Authority subleases certain portions of various Right-of-Use assets to third parties. The Authority's leases for these Right-of-Use assets are included in the lease receivable above as real estate leases. These subleases represent a portion of Right-of-Use assets of $209.4 million and $36.8 million as of June 30, 2022 and 2021, respectively. These agreements result in lease receivables of $45.8 million and $50.3 million and deferred inflows of resources of $44.5 million and $49.6 million, as of June 30, 2022 and 2021, respectively, which are included in the lease receivables tables below.

b) Lease payable (lessee)

The Authority is lessee of certain buildings and other capital assets to outside parties under various leases. The future principal and interest lease payments that are included in the measurement of the lease payable, as of June 30, 2022, are as follows (in thousands):

Years	Principal	Interest	Total
2023	$ 8,256	$ 4,227	$ 12,483
2024	8,320	4,169	12,489
2025	6,748	4,094	10,842
2026	6,126	4,041	10,167
2027	6,050	3,989	10,039
2028-2032	13,284	19,404	32,688
2033-2037	129	19,269	19,398
2038-2042	179	19,253	19,432
2043-2047	219	19,232	19,451
2048-2052	179	19,220	19,399
2053-2057	—	19,202	19,202
2058-2062	—	19,202	19,202
2063-2067	—	19,202	19,202
2068-2072	—	19,213	19,213
2073-2077	—	19,202	19,202
2078-2082	—	19,202	19,202
2083-2087	—	19,202	19,202
2088-2092	—	19,213	19,213
2093-2097	—	19,202	19,202
2098-2102	8,901	19,074	27,975
2103-2107	38,950	16,683	55,633
2108-2112	51,922	12,563	64,485
2113-2117	67,619	7,125	74,744
2018-2120	43,506	1,049	44,555
Totals	**$ 260,388**	**$ 346,232**	**$ 606,620**

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 $12.8 million and $10.5 million as of June 30, 2022 and 2021, respectively, and is included as a component of accrued expenses in the accompanying financial statements. This liability is fully funded as of June 30, 2022 and 2021.

Changes in the accrued liability accounts, related to self-insurance, in fiscal year 2022, 2021, and 2020 were as follows (in thousands):

		2022	2021		2020
Liability balance, beginning of year	$	10,480	9,268	$	8,890
Provision to record estimated losses		7,005	5,258		3,594
Payments		(4,691)	(4,046)		(3,216)
Liability balance, end of year	$	12,794	10,480	$	9,268

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"), and at the City of Boston's election, the Boston PILOT Agreement terminated on June 30, 2022. The parties expect to commence negotiations on a successor agreement or an amendment to the existing agreement. The Boston PILOT Agreement provided for the Authority to pay an annual base amount (the "Base Amount") of $14.0 million, which, commencing in fiscal year 2007, increased 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 2022 and 2021 were $20.0 million and $20.2 million, respectively. PILOT expenses to the Town of Winthrop for fiscal years 2022 and 2021 were $1.7 million and $2.0 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 $299.0 million and $315.2 million as of June 30, 2022 and 2021, 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 Boston Harbor Deepening Project was completed in June 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 2022, the Authority was awarded $146.7 million of federal American Rescue Plan ("ARPA") Act funding under the Airport Coronavirus Response Grant Program to help offset the financial impact of the COVID-19 pandemic. The Authority recognized $113.0 million at June 30, 2022.

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 $2.5 million and $34.4 million in revenue for the years ended June 30, 2022 and 2021, respectively.

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 in revenue for the years ended June 30, 2021 and 2020, respectively, fully utilizing this funding.

These three 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, 2022 and 2021 is $2.3 million and $2.4 million, respectively, which represents the approximate amounts the Authority expects to pay for future remediation activities. The Authority paid approximately $0.1 million and $1.0 million in fiscal years 2022 and 2021, 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 2022 and 2021, the Authority recognized a net loss of approximately $16.0 thousand and $308 thousand, 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 2022 and 2021, the estimated costs to operate and maintain the Silver Line buses was $2.82 million and $2.69 million, respectively.

16. Subsequent Event

Bond issue

On July 20, 2022, the Authority issued $120.9 million of Massachusetts Port Authority Revenue Bonds in one series (the “Series 2022 A Bonds”). The Series 2022 A Bonds were issued in the principal amount of $120.9 million with an original issue premium of approximately $14.7 million and an interest rate of 5.0%. The Authority expects to use the proceeds of the Series 2022 A Bonds, which were issued as “Green Bonds” to finance a portion of the environmentally beneficial projects in the Authority’s current Capital Program. Due to the nature of the construction projects funded with the bonds, the Series 2022 A Bonds were issued as bonds subject to the alternative minimum tax (“AMT”).

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Pension Contributions

(In thousands)

For the years ending June 30,	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 11,695	$ 14,642	$ 12,029	$ 13,043	$ 13,362
Actual contribution in relation to the actuarially determined contribution	11,695	14,642	12,029	13,043	13,362
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 107,861	$ 117,317	$ 125,749	$ 117,686	$ 111,749
Contributions as a percentage of covered payroll	10.8%	12.5%	9.6%	11.1%	12.0%

For the years ending June 30,	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 13,552	$ 10,845	$ 11,146	$ 11,960	$ 9,594
Actual contribution in relation to the actuarially determined contribution	13,552	10,845	11,146	11,960	9,594
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 109,652	$ 101,216	$ 96,686	$ 91,007	$ 86,657
Contributions as a percentage of covered payroll	12.4%	10.7%	11.5%	13.1%	11.1%

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	Fair value of assets using a five year smoothing period.
Inflation rate	3.0%
Salary increases	2020 val: 4.25%
Investment rate of return / discount rate	2020 val: 7.00%
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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
TOTAL PENSION LIABILITY									
Service cost	$ 18,994	$ 17,335	$ 17,529	$ 16,774	$ 16,419	$ 15,920	$ 14,875	$ 13,056	$ 12,516
Interest	55,140	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	(463)	5,846	15	749	(1,474)	2,592	(1,395)	1,929	-
Change of assumptions	14,881	15,574	(13,789)	-	-	(1,479)	24,098	-	-
Benefit payments , including refunds of employee contributions	(42,550)	(36,952)	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)	(22,708)
Net change in total pension liability	46,002	55,007	22,388	29,114	31,555	33,391	52,632	31,584	28,468
Total pension liability - beginning	789,992	734,985	712,597	683,483	651,928	618,537	565,905	534,321	505,853
Total pension liability - ending	$ 835,994	$ 789,992	$ 734,985	$ 712,597	$ 683,483	$ 651,928	$ 618,537	$ 565,905	$ 534,321
PLAN FIDUCIARY NET POSITION									
Contributions - employer	$ 11,695	$ 14,642	$ 12,029	$ 13,043	$ 13,362	$ 13,552	$ 10,845	$ 11,146	$ 11,960
Contributions - employee	10,905	13,100	12,576	11,559	11,242	10,660	9,948	9,628	9,112
Net Investment Income	122,486	113,321	118,235	(31,212)	92,226	42,565	(4,572)	32,062	65,818
Benefit payments , including refunds of employee contributions	(42,550)	(36,952)	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)	(22,707)
Administrative expense	(1,205)	(1,152)	(1,216)	(1,182)	(1,149)	(1,189)	(1,189)	(1,417)	(957)
Net change in plan fiduciary net position	101,331	102,959	108,523	(40,879)	84,950	36,984	(11,074)	27,062	63,226
Plan fiduciary net position - beginning	819,159	716,200	607,677	648,556	563,606	526,622	537,696	510,634	447,408
Plan fiduciary net position - end	$ 920,490	$ 819,159	$ 716,200	$ 607,677	$ 648,556	$ 563,606	$ 526,622	$ 537,696	$ 510,634
Massport net pension liability (asset) - ending	$ (84,496)	$ (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)	110.1%	103.7%	97.4%	85.3%	94.9%	86.5%	85.1%	95.0%	95.6%
Covered payroll	126,887	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	-66.6%	-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 2021	December 2020	December 2019	December 2018	December 2017
Annual money-weighted rate of return, net of investment expense	16.13 %	16.14 %	19.64 %	(4.83)%	16.51 %

	December 2016	December 2015	December 2014	December 2013
Annual money-weighted rate of return, net of investment expense	8.14 %	(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,	2022	2021	2020*	2019	2018
Actuarially determined contribution	$ 16,386	$ 20,294	$ 9,741	$ 15,725	$ 15,177
Authority contribution	21,474	8,894	8,894	18,398	15,682
Contribution deficiency (excess)	$ (5,088)	$ 11,400	$ 847	$ (2,673)	$ (505)
Covered payroll	$ 126,834	$ 136,411	$ 144,321	$ 139,318	$ 133,316
Contributions as a % of covered payroll	16.9%	6.5%	6.2%	13.2%	11.8%

For the years ending June 30,	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 18,084	$ 14,390	$ 13,187	$ 14,738	$ 14,006
Authority contribution	14,300	12,000	12,000	14,000	20,851
Contribution deficiency (excess)	$ 3,784	$ 2,390	$ 1,187	$ 738	$ (6,845)
Covered payroll	$ 129,414	$ 117,743	$ 116,302	$ 108,984	$ 101,106
Contributions as a % of covered payroll	11.0%	10.2%	10.3%	12.8%	20.6%

Methods and assumptions used to determine contribution rates:

Valuation date: January 1, 2021

*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: 20 years from FY 2018, 18 years remaining (open after 10 years) increasing from 0-3% annually

Asset valuation method: Fair value

Inflation: 2.5%

Salary increases: 4.25%, including inflation 2021; 4.5%, including inflation 2013 to 2021

Investment rate of return: 6.75%, net of plan investment expenses as of December 31, 2021
7.00% annually, net of plan investment expenses for funded program 2019 forward
7.25% annually, net of plan investment expenses for funded program 2016 to July 1, 2019

Health care trend rates Initial annual health care cost trend rate 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 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 Tables adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2021.
Retirees - RP 2014 Tables adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2021.
Disabled - RP 2014 Table adjusted to 2006, (sex distinct), for Healthy Annuitants projected using Generational Mortality and scale MP - 2021. Set forward 2 years.

Notes to Schedule

Benefit changes: None

Changes in assumptions: Prior mortality was as follows:
Actives - RP 2014 Tables adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2020.
Retirees - RP 2014 Tables 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.

Actives - RP 2014 Tables adjusted to 2006, (sex distinct), for Employees projected using Generational Mortality and scale MP - 2018.
Retirees - RP 2014 Tables 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.

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.

* Data represents six months. In March 2020, the Committee voted to recommend that the Authority's Board change the Trust's fiscal year end from June 30 to December 31. The Board approved the change in May 2020.

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

	December 2021	December 2020	December 2019 *	June 2018	June 2017	June 2016
Total OPEB liability:						
Service cost	$ 5,591	$ 6,103	$ 9,022	$ 6,692	$ 6,405	$ 5,891
Interest	23,695	24,569	37,032	23,870	22,693	20,285
Differences between expected and actual experience	(1,058)	(16,263)	(7,968)	(17,359)	—	18,841
Change of assumptions	10,488	(11,751)	(3,552)	8,575	—	—
Benefits payments	(15,556)	(13,692)	(20,432)	(13,428)	(12,643)	(11,987)
Net change in total OPEB liability	23,160	(11,034)	14,102	8,350	16,455	33,030
Total OPEB liability – beginning	340,692	351,726	337,624	329,274	312,819	279,789
Total OPEB liability – ending (a)	$ 363,852	$ 340,692	$ 351,726	$ 337,624	$ 329,274	$ 312,819
Trust fiduciary net position:						
Contributions – employer	23,422	10,552	29,668	17,237	15,787	13,340
Contributions – employees	398	319	468	279	248	209
Net investment income	38,880	36,052	31,460	13,755	19,829	2,348
Benefits payments	(15,955)	(14,010)	(20,900)	(13,428)	(12,643)	(11,987)
Administrative expenses	(232)	(222)	(332)	(184)	(173)	(172)
Net change in fiduciary net position	46,513	32,691	40,364	17,659	23,048	3,738
Trust fiduciary net position – beginning	276,130	243,439	203,075	185,416	162,368	158,630
Trust fiduciary net position – ending (b)	$ 322,643	$ 276,130	$ 243,439	$ 203,075	$ 185,416	$ 162,368
Authority's net OPEB liability – end of year (a-b)	$ 41,209	$ 64,562	$ 108,287	$ 134,549	$ 143,858	$ 150,451
Trust fiduciary net position as a percentage of the total OPEB liability	88.7%	81.0%	69.2%	60.1%	56.3%	51.9%
Covered payroll	$ 127,740	$ 141,877	$ 125,822	$ 140,995	$ 135,585	$ 131,477
Net OPEB liability as a percentage of covered payroll	32.3%	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

In March 2020, the Committee voted to recommend that the Authority's Board change the Trust's fiscal year end from June 30 to December 31. The Board approved the change in May 2020. The measurement date for 2020 is 6 months in arrears and previous periods are 1 year in arrears.

* Data represents eighteen months.

Benefit changes - none

Changes in assumptions :

The discount rate was changed from 7.00% as of 01/01/2021 to 6.75% as of 12/31/2021.

As of January 1, 2021, 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-2021 and the disability assumptions were changed as above, set forward 2 years.

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 2021	December 2020	December 2019	June 2019	June 2018	June 2017	June 2016
Annual money-weighted rate of return, net of investment expense	13.84 %	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.

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Net Position

Proprietary Fund Type – Enterprise Fund

June 30, 2022

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ 201,136	$ —	$ —	$ 201,136
Investments	221,354	—	—	221,354
Restricted cash and cash equivalents	267,417	46,295	18,432	332,144
Restricted investments	244,952	48,104	6,216	299,272
Accounts receivable				
Trade, net	80,864	8,784	2,993	92,641
Lease receivable	29,165	—	—	29,165
Grants	87,676	—	—	87,676
Total receivables, net	197,705	8,784	2,993	209,482
Prepaid expenses and other assets	11,108	—	42	11,150
Total current assets	1,143,672	103,183	27,683	1,274,538
Noncurrent assets:				
Investments	520,000	—	—	520,000
Restricted investments	370,387	5,004	45,863	421,254
Lease receivable	2,019,965	—	—	2,019,965
Accrued lease Interest receivable	25,595	—	—	25,595
Accounts receivable, long-term	5,855	—	—	5,855
Prepaid expenses and other assets, long-term	6,773	—	539	7,312
Investment in joint venture	2,822	—	—	2,822
Net pension asset	84,496	—	—	84,496
Capital assets-not being depreciated	984,369	—	1,136	985,505
Capital assets-being depreciated-net	2,931,637	333,813	199,368	3,464,818
Total noncurrent assets	6,951,899	338,817	246,906	7,537,622
Total assets	8,095,571	442,000	274,589	8,812,160
Deferred outflows of resources				
Deferred loss on refunding of bonds	10,305	—	—	10,305
Pension related	28,380	—	—	28,380
OPEB related	18,010	—	—	18,010
Total deferred outflows of resources	56,695	—	—	56,695
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	241,162	186	1,185	242,533
Compensated absences	1,108	—	—	1,108
Contract retainage	8,958	—	—	8,958
Current portion of long-term debt	33,248	—	4,620	37,868
Accrued interest on bonds payable	55,130	—	3,772	58,902
Accrued interest on leases payable	1,086			1,086
Lease liability	8,256			8,256
Unearned revenues	7,736	—	—	7,736
Total current liabilities	356,684	186	9,577	366,447
Noncurrent liabilities				
Accrued expenses	13,758	—	258	14,016
Compensated absences	14,175	—	—	14,175
Net OPEB liability	41,209	—	—	41,209
Contract retainage	12,793	—	—	12,793
Long-term notes payable	251,575	—	—	251,575
Long-term debt, net	2,597,803	—	115,635	2,713,438
Long term lease liability	252,132			252,132
Unearned revenues	4,171	—	—	4,171
Total noncurrent liabilities	3,187,616	—	115,893	3,303,509
Total liabilities	3,544,300	186	125,470	3,669,956
Deferred inflows of resources				
Deferred gain on refunding of bonds	23,654	—	—	23,654
Lease related	2,079,959			2,079,959
Pension related	112,118	—	—	112,118
OPEB related	59,901	—	—	59,901
Total deferred inflows of resources	2,275,632	—	—	2,275,632
Net position				
Net investment in capital assets	1,073,118	333,813	98,885	1,505,816
Restricted for other purposes				
Bond funds	222,972	—	—	222,972
Project funds	414,678	—	—	414,678
Passenger facility charges	—	108,001	—	108,001
Customer facility charges	—	—	50,234	50,234
Other purposes	28,888	—	—	28,888
Total restricted	666,538	108,001	50,234	824,773
Unrestricted	592,678	—	—	592,678
Total net position	$ 2,332,334	$ 441,814	$ 149,119	$ 2,923,267

Schedule II

MASSACHUSETTS PORT AUTHORITY

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

Proprietary Fund Type – Enterprise Fund

Year ended June 30, 2022

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 290,971	$ —	$ —	$ 290,971
Aviation parking	156,921	—	—	156,921
Aviation shuttle bus	13,391	—	—	13,391
Aviation fees	152,674	—	—	152,674
Aviation concessions	120,333	—	—	120,333
Aviation operating grants and other	3,408	—	—	3,408
Maritime fees, rentals and other	54,175	—	—	54,175
Real estate fees, rents and other	36,076	—	—	36,076
Total operating revenues	827,949	—	—	827,949
Operating expenses:				
Aviation operations and maintenance	271,813	—	—	271,813
Maritime operations and maintenance	48,560	—	—	48,560
Real estate operations and maintenance	15,939	—	—	15,939
General and administrative	52,734	—	—	52,734
Payments in lieu of taxes	21,657	—	—	21,657
Pension and other post-employment benefits	(24,747)	—	—	(24,747)
Other	15,827	—	—	15,827
Total operating expenses before depreciation and amortization	401,783	—	—	401,783
Depreciation and amortization	252,480	52,539	14,750	319,769
Total operating expenses	654,263	52,539	14,750	721,552
Operating income (loss)	173,686	(52,539)	(14,750)	106,397
Nonoperating revenues and (expenses):				
Passenger facility charges	—	66,545	—	66,545
Customer facility charges	—	—	25,473	25,473
Lease interest income	36,706	—	—	36,706
Investment income on investments	14,895	330	436	15,661
Net (decrease) in the fair value of investments	(57,784)	(38)	(2,190)	(60,012)
Other revenues	125,104	—	49	125,153
Terminal A debt service contribution	9,109	(9,109)	—	—
Other expenses	(17)	—	(120)	(137)
Gain on sale of equipment	247	—	—	247
Interest expense on leases	(2,238)	—	—	(2,238)
Interest expense on financing	(96,821)	(79)	(7,586)	(104,486)
Total nonoperating revenue, net	29,201	57,649	16,062	102,912
Increase in net position before capital contributions	202,887	5,110	1,312	209,309
Capital contributions	56,625	—	—	56,625
Increase in net position	259,512	5,110	1,312	265,934
Net position, beginning of year	2,072,822	$ 436,704	$ 147,807	2,657,333
Net position, end of year	$ 2,332,334	$ 441,814	$ 149,119	$ 2,923,267

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Net Position **(Restated)**

Proprietary Fund Type – Enterprise Fund

June 30, 2021

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Assets				
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
Lease receivable	27,164	—	—	27,164
Grants	53,312	—	—	53,312
Total receivables, net	152,111	8,868	1,811	162,790
Prepaid expenses and other assets	8,581	—	41	8,622
Total current assets	1,251,008	69,787	28,157	1,348,952
Noncurrent assets:				
Investments	271,229	—	—	271,229
Restricted investments	379,033	3,109	32,263	414,405
Lease receivable	1,486,966	—	—	1,486,966
Accrued lease Interest receivable	10,748	—	—	10,748
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	2,615,248	364,352	209,224	3,188,824
Total noncurrent assets	5,826,109	367,461	244,285	6,437,855
Total assets	7,077,117	437,248	272,442	7,786,807
Deferred outflows of resources				
Deferred loss on refunding of bonds	11,801	—	—	11,801
Pension related	30,957	—	—	30,957
OPEB related	24,489	—	—	24,489
Total deferred outflows of resources	67,247	—	—	67,247
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	196,350	544	301	197,195
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 on bonds payable	49,488	—	3,772	53,260
Accrued interest on leases payable	127	—	—	127
Lease liability	8,082	—	—	8,082
Unearned revenues	5,913	—	—	5,913
Total current liabilities	316,847	544	4,073	321,464
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
Long term lease liability	85,948	—	—	85,948
Unearned revenues	1,279	—	—	1,279
Total noncurrent liabilities	3,071,829	—	120,562	3,192,391
Total liabilities	3,388,676	544	124,635	3,513,855
Deferred inflows of resources				
Deferred gain on refunding of bonds	25,864	—	—	25,864
Lease related	1,512,595	—	—	1,512,595
Pension related	83,912	—	—	83,912
OPEB related	60,495	—	—	60,495
Total deferred inflows of resources	1,682,866	—	—	1,682,866
Net position				
Net investment in capital assets	970,429	364,353	109,846	1,444,628
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	426,911	—	—	426,911
Total net position	$ 2,072,822	$ 436,704	$ 147,807	$ 2,657,333

Schedule IV

MASSACHUSETTS PORT AUTHORITY

Combining Statement of Revenues, Expenses, and Changes in Net Position **(Restated)**

Proprietary Fund Type – Enterprise Fund

Year ended June 30, 2021

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 274,550	$ —	$ —	$ 274,550
Aviation parking	58,213	—	—	58,213
Aviation shuttle bus	8,084	—	—	8,084
Aviation fees	141,524	—	—	141,524
Aviation concessions	59,274	—	—	59,274
Aviation operating grants and other	1,759	—	—	1,759
Maritime fees, rentals and other	80,485	—	—	80,485
Real estate fees, rents and other	37,830	—	—	37,830
Total operating revenues	661,719	—	—	661,719
Operating expenses:				
Aviation operations and maintenance	245,156	—	—	245,156
Maritime operations and maintenance	54,383	—	—	54,383
Real estate operations and maintenance	13,329	—	—	13,329
General and administrative	56,042	—	—	56,042
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	395,170	—	—	395,170
Depreciation and amortization	249,158	52,278	14,344	315,780
Total operating expenses	644,328	52,278	14,344	710,950
Operating income (loss)	17,391	(52,278)	(14,344)	(49,231)
Nonoperating revenues and (expenses):				
Passenger facility charges	—	27,948	—	27,948
Customer facility charges	—	—	11,657	11,657
Lease interest income	29,561	—	—	29,561
Investment income on investments	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)
Loss on sale of equipment	(41)	—	—	(41)
Interest expense on leases	(1,275)	—	—	(1,275)
Interest expense on financing	(90,289)	(305)	(7,552)	(98,146)
Total nonoperating revenue, net	79,059	20,776	4,458	104,293
Increase (decrease) in net position before capital contributions	96,450	(31,502)	(9,886)	55,062
Capital contributions	61,923	—	—	61,923
Increase (decrease) in net position	158,373	(31,502)	(9,886)	116,985
Net position, beginning of year	1,914,449	$ 468,206	$ 157,693	2,540,348
Net position, end of year	$ 2,072,822	$ 436,704	$ 147,807	$ 2,657,333

MASSACHUSETTS PORT AUTHORITY

Schedule V

Combining Statements of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Assets:			
Cash and cash equivalents	$ 933	$ 5,050	$ 5,983
Investments, at fair value:			
Common stocks	12,552	—	12,552
Commingled funds:			
Domestic equity	235,669	134,599	370,268
Fixed income	258,202	90,136	348,338
International equity	234,118	66,607	300,725
Real estate	77,526	26,471	103,997
Private Equity	100,150	—	100,150
Total investments, at fair value	918,217	317,813	1,236,030
Receivables:			
Plan member contributions	267	—	267
Accrued interest and dividends	12	—	12
Other state retirement plans	1,956	—	1,956
Receivable for securities sold	4	—	4
Other	9	35	44
Total receivables	2,248	35	2,283
Total assets	921,398	322,898	1,244,296
Liabilities:			
Payables to other state retirement plans	524	—	524
Other payables	384	255	639
Total liabilities	908	255	1,163
Net position:			
Restricted for:			
Pensions	920,490	—	920,490
Postemployment benefits other than pensions	—	322,643	322,643
Total net position	$ 920,490	$ 322,643	$ 1,243,133

MASSACHUSETTS PORT AUTHORITY

Combining Statements of Change in Fiduciary Net Position

Fiduciary Funds

Year ended June 30, 2022

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Additions:			
Contributions:			
Plan members	$ 10,905	$ 398	$ 11,303
Plan sponsor	11,695	21,474	33,169
Total contributions	22,600	21,872	44,472
Intergovernmental:			
Transfers from other state retirement plans	406	—	406
Section 3(8)(c) transfers, net	1,408	—	1,408
Net intergovernmental	1,814	—	1,814
Investment earnings:			
Interest and dividends	15,149	5,929	21,078
Net appreciation in fair value of investments	110,433	33,133	143,566
Less management and related fees	(3,096)	(182)	(3,278)
Net investment earnings	122,486	38,880	161,366
Total additions	146,900	60,752	207,652
Deductions:			
Retirement benefits	41,995	14,007	56,002
Withdrawals by inactive members	1,274	—	1,274
Transfers to other state retirement plans	1,095	—	1,095
Administrative expenses	1,205	232	1,437
Total deductions	45,569	14,239	59,808
Net increase in fiduciary net position	101,331	46,513	147,844
Net position - beginning of year	819,159	$ 276,130	1,095,289
Net position - end of year	$ 920,490	$ 322,643	$ 1,243,133

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
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

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