MASSACHUSETTS PORT AUTHORITY

Financial Statements, Required Supplementary Information, and Supplementary Schedules

Years Ended June 30, 2024 and 2023

(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, 2024 and 2023, 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, 2024 and 2023, 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.

We did not audit the financial statements of the Massachusetts Port Authority Employee's Retirement System (the "System"), which represents 73% and 74% of total assets and 73% and 74% of net position as of June 30, 2024 and 2023, respectively, and 69% 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.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 of 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.

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, who 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 GAAS, 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 GAAS. 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 27, 2024

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, 2024 and 2023 ("FY23" and "FY24"). 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 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 ("GAAP") 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, 2024, 2023 and 2022, 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 GASB. Certain sources of the Authority's revenues, including Passenger Facility Charges ("PFC"s), Customer Facility Charges ("CFC"s), investment income and capital grants are reported as other than operating revenue because 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.

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.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

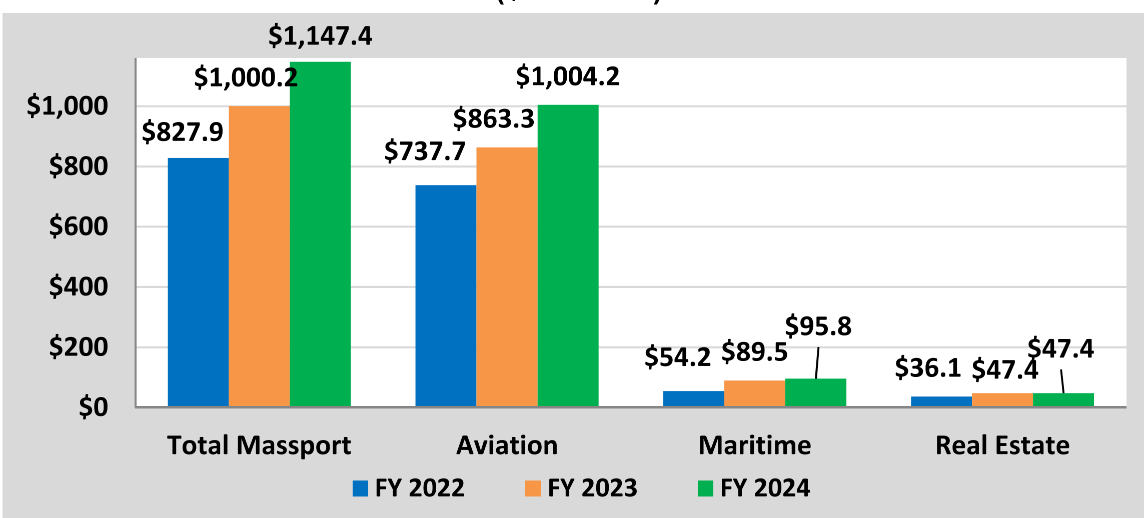
- **Operating revenues were $1.15 billion for FY24, a 14.7% increase over the prior year, as activity improved across Authority operations.**

- Aviation revenues in FY24 were $1.0 billion, a 16.3% increase over FY23 as passenger activity at Logan International Airport ("Logan Airport," "Logan" or the "Airport") reached 41.8 million passengers, an increase of 6.6%, or 2.6 million passengers. Logan Airport generated $979.6 million in total revenue, a $144.1 million, or 17.2% increase over last year. The balance of $24.6 million in Aviation revenues was generated from Hanscom Field and Worcester Regional Airport operations.

- Maritime total revenues for the year were $95.8 million, an increase of $6.3 million, or 7.0% from the prior year. Maritime's financial performance was assisted by a 17.5% increase in Conley Terminal container volume and a 7.3% increase in cruise passengers at Flynn Cruiseport Boston.

- Real Estate assets generated $47.4 million in revenues in FY24, in line with last year's revenue generation.

Operating Revenues
($ millions)



- **Operating expenses for FY24 totaled $947 million, a 10.8% increase over last year as more business activity required additional customer services, and service costs increased with inflation.**

- Aviation expenses totaled $374.4 million, an increase of $57.6 million or 18.2%. The addition of 2.6 million passengers at Logan Airport required an increase in service frequency for terminal cleaning, solid waste management, runway and roadway repairs, and shuttle bus services for passengers and airport employees. Public safety expenses also increased to manage traffic challenges from the closure of the Sumner Tunnel, one of Logan Airport's major gateways.

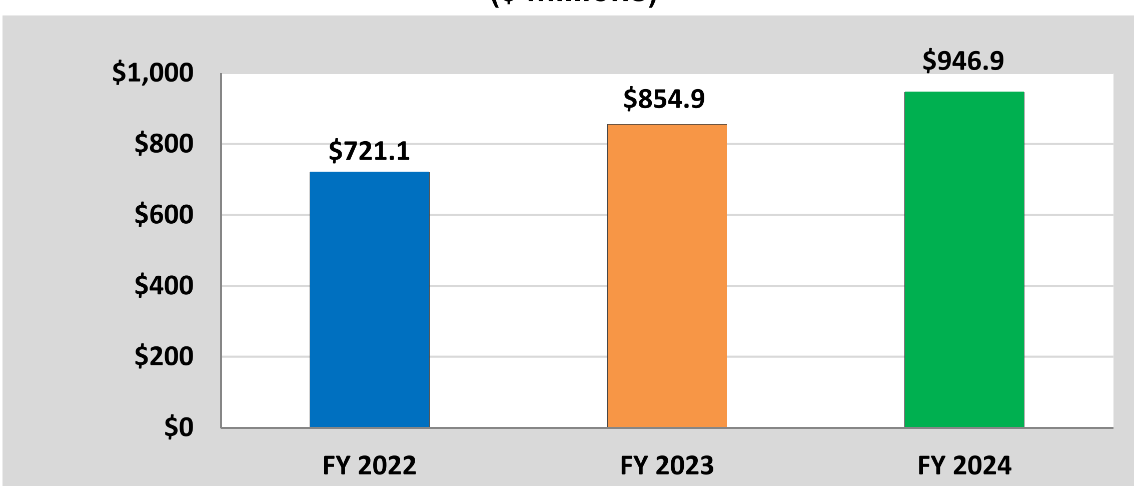
- Maritime related expenses totaled $70.0 million, an increase of $9.5 million, or 15.7%, to service 258,600 twenty-foot equivalent units ("TEU"s) of container volume at Conley Terminal and 156 cruise vessels and 382,000 cruise passengers at Flynn Cruiseport Boston.

- Real Estate expenses were $18.1 million, a $0.3 million decrease over last year's expenses due to lower wholesale electricity rates.

- Pension and Other Post-Employment Benefits ("OPEB") expenses totaled $8.3 million, a decrease of $16.4 million, from excess investment returns generated by both Pension and OPEB assets.

- Depreciation expense was $359.8 million, an increase of $29.8 million, from the addition of four new gates at Logan's expanded international Terminal E, other new assets being placed into service, and the run-off of certain assets fully depreciated and amortized during the fiscal year.

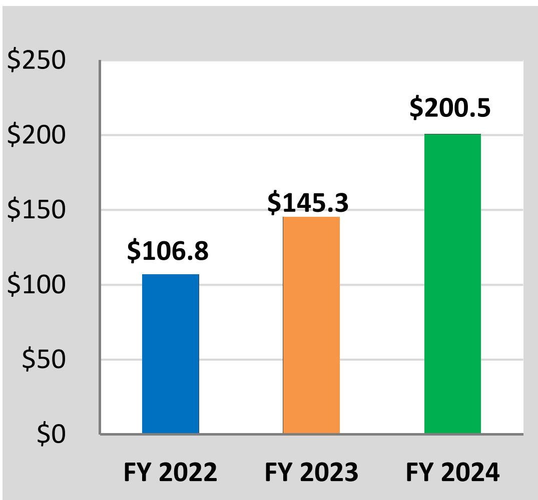
Operating Expenses
($ millions)



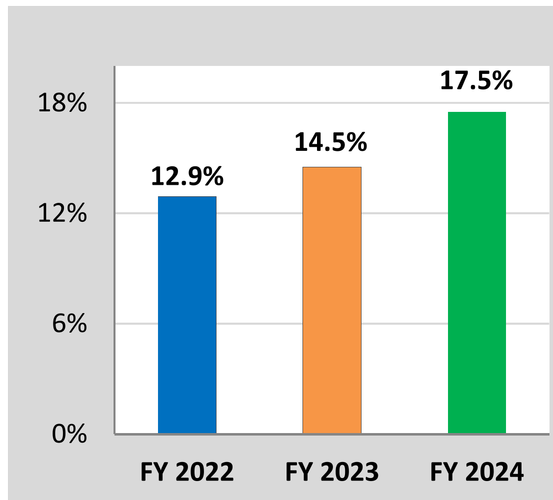
- **Massport's operating income increased $55.2 million over FY23.**

  The Authority's operating net income in FY24 was $200.5 million, an increase of $55.2 million over the prior year as higher business activity produced more variable revenues and effective expense controls were enacted to improve the Authority's overall financial performance. The increase in operating net income is being used to increase investment in Authority-wide environmental sustainability projects, infrastructure improvements, technology enhancements and digitization, and to fund a new debt defeasance to lower Massport's overall indebtedness.

Operating Income
($ millions)



Operating Margin
(% of operating revenue)



- **The Authority's net position improved by $184.4 million over last year from increased operating income, capital contribution revenues, and other non-operating revenues.**

- The Authority's FY24 change in net position totaled $480.3 million, an improvement of $184.4 million over last year, due to the $55.2 million increase in operating income described above, an increase of $63.4 million in net non-operating revenues, and a $65.6 million increase in capital contributions to the Authority in the form of grants from the Federal Aviation Administration ("FAA") for the Federal Bipartisan Infrastructure Law ("BIL") Grants for Airport Terminal Program Grant ("ATP"), Airport Infrastructure Grant ("AIG") and the Federal Airport Improvement Program ("AIP") for runway, taxiway, roadway and terminal improvements, and other grants.

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

	FY 2024	FY 2023	$ Change	% Change
Operating revenues	$ 1,147.4	$ 1,000.2	$ 147.2	14.7%
Operating expenses including depreciation and amortization	946.9	854.9	92.0	10.8%
Operating income	**200.5**	**145.3**	**55.2**	**38.0%**
Total non-operating revenues (expenses), net	189.2	125.8	63.4	50.4%
Capital grant revenues	90.5	24.9	65.6	263.5%
Increase in net position	**480.3**	**295.9**	**184.4**	**62.3%**
Net position, beginning of year	3,219.5	2,923.6	295.9	10.1%
Net position, end of year	**$ 3,699.8**	**$ 3,219.5**	**$ 480.3**	**14.9%**

	FY 2023	FY 2022	$ Change	% Change
Operating revenues	$ 1,000.2	$ 827.9	$ 172.3	20.8%
Operating expenses including depreciation and amortization	854.9	721.1	133.8	18.6%
Operating income	**145.3**	**106.8**	**38.5**	**36.0%**
Total non-operating revenues (expenses), net	125.8	102.8	23.0	22.4%
Capital grant revenues	24.9	56.6	(31.7)	(56.0%)
Increase in net position	**295.9**	**266.2**	**29.7**	**11.2%**
Net position, beginning of year	2,923.6	2,657.3	266.3	10.0%
Net position, end of year	**$ 3,219.5**	**$ 2,923.6**	**$ 295.9**	**10.1%**

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

Operating Revenue

The Authority's FY24 operating revenues were $1.15 billion, an increase of $147.2 million, or 14.7% from the prior year. The Authority's operating revenues improved as business activity across all of Massport's facilities increased when compared to the prior year. The following charts and commentary provide further detail regarding business activity at Massport's facilities and the impact on the Authority's operating revenues.

Operating Revenues
($ millions)

	FY 2024	FY 2023	$ Change	% Change
Aviation Rentals	$ 374.0	$ 313.7	$ 60.3	19.2%
Aviation Parking	213.6	198.5	15.1	7.6%
Aviation Fees	203.8	171.2	32.6	19.0%
Aviation Concessions	183.1	157.4	25.7	16.3%
Shuttle Bus	25.6	18.9	6.7	35.4%
Aviation Operating Grants and Other	4.1	3.6	0.5	13.9%
Total Aviation Revenues	**$ 1,004.2**	**$ 863.3**	**$ 140.9**	**16.3%**
Maritime Fees, Rentals and Other	95.8	89.5	6.3	7.0%
Real Estate Fees, Rentals and Other	47.4	47.4	0.0	0.0%
Total	**$ 1,147.4**	**$ 1,000.2**	**$ 147.2**	**14.7%**

	FY 2023	FY 2022	$ Change	% Change
Aviation Rentals	$ 313.7	$ 291.0	$ 22.7	7.8%
Aviation Parking	198.5	156.9	41.6	26.5%
Aviation Fees	171.2	152.7	18.5	12.1%
Aviation Concessions	157.4	120.3	37.1	30.8%
Shuttle Bus	18.9	13.4	5.5	41.0%
Aviation Operating Grants and Other	3.6	3.4	0.2	5.9%
Total Aviation Revenues	**$ 863.3**	**$ 737.7**	**$ 125.6**	**17.0%**
Maritime Fees, Rentals and Other	89.5	54.2	35.3	65.1%
Real Estate Fees, Rentals and Other	47.4	36.1	11.3	31.3%
Total	**$ 1,000.2**	**$ 827.9**	**$ 172.3**	**20.8%**

Aviation Revenues

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

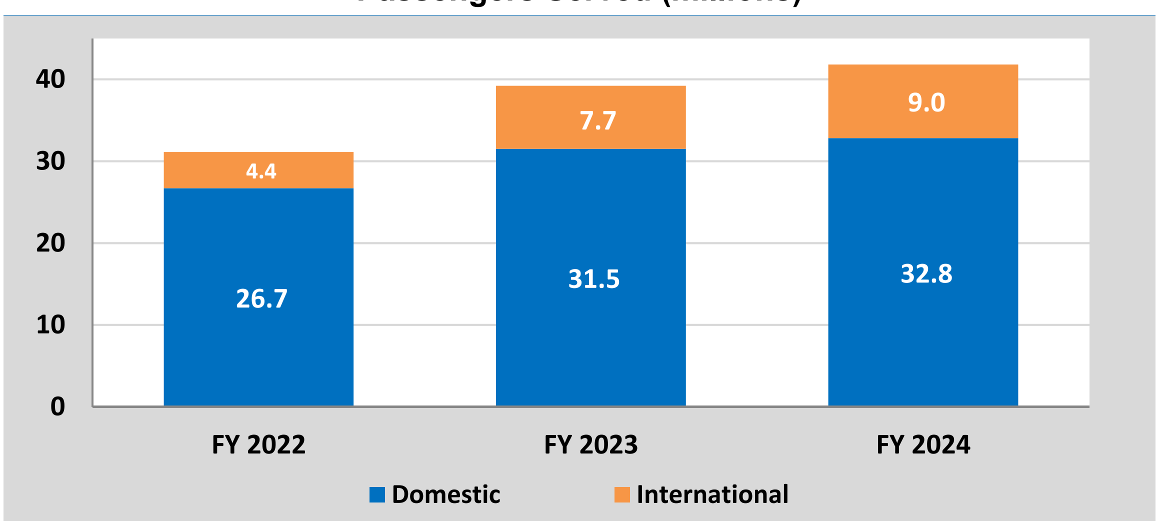
Aviation Revenues
($ millions)

	FY2024	FY2023	FY2022
Logan	$ 979.6	$ 835.5	$ 712.5
Hanscom	21.3	24.8	22.9
Worcester	3.3	3.0	2.3
Total	**$ 1,004.2**	**$ 863.3**	**$ 737.7**

Logan International Airport

Logan Airport served 41.8 million passengers in FY24, an increase of 2.6 million passengers or 6.6% over the prior year. During the year, the airport served 32.8 million domestic passengers, or 1.3 million more than the prior year. International passengers totaled 9.0 million, also an increase of 1.3 million over FY23, as the recovery of international travel strengthened following the pandemic.

Logan International Airport
Passengers Served (millions)



Logan Airport flights in FY24 totaled 396,006, equivalent to last year's activity. The average passenger load factor increased to 84.8% from 82.1% the prior year resulting in more passengers per airline flight. The increase in passengers generated more ground transportation activity compared to the prior year: Logan Express HOV ridership increased 23.6%, Ride app pickups and drop-offs increased 14.3%, and parking operations remained steady at 1.9 million exits. The increase in ground transportation activity contributed to Logan's positive revenue growth but also required additional Logan Express and employee shuttle bus service frequencies to keep pace with the rising transportation needs for both Logan passengers and airport employees.

Fiscal Year 2024 Compared to Fiscal Year 2023

Logan Airport Revenues

Logan Airport generated $979.6 million of revenues in FY24, a $144.1 million, or 17.2%, increase over FY23.

Logan Airport Revenues
($ millions)

	FY2024		FY2023		FY2022	
Logan Rentals	$	364.0	$	299.9	$	277.3
Logan Parking		212.6		197.9		156.8
Logan Fees		191.6		159.3		142.7
Logan Concessions		181.7		156.0		119.0
Shuttle Bus		25.6		18.9		13.4
Logan Operating Grants and Other		4.1		3.5		3.3
Total	**$**	**979.6**	**$**	**835.5**	**$**	**712.5**

Rental revenues are earned through terminal building, non-terminal building, and ground lease agreements. Revenues from Logan Airport rentals were $364.0 million, a $64.1 million or 21.4% increase versus the prior year. Terminal rents, which account for 82.1%, or $298.9 million of Logan Airport's rental revenues, increased by $59.2 million as airline payments increased to recover terminal operating costs associated with increased passenger activity, the recovery of recent terminal capital investments from assets placed into service during the year, and additional rental revenues from the opening of the four new international gates at Terminal E. The remaining $66.0 million in rental revenue was generated from other real estate assets located at Logan Airport which consists of $35.5 million in non-terminal rents, and $29.6 million in ground rents that increased by 14.8% and 1.0%, respectively.

Parking revenues are generated from the Authority's on-airport and off-airport parking facilities. In FY24, Logan parking revenue was $212.6 million, an increase of $14.7 million, or 7.4%, over FY23. Revenue from on-airport facilities was $204.0 million, up $14.1 million, or 7.4%, over the prior year due to more passengers utilizing Logan Airport's online parking reservation system, and a 6.0% increase in revenue per exit, reflecting a rate increase that took effect July 1, 2023. The balance of $8.6 million was generated from additional parking activity at Logan Express sites and Logan's various employee parking facilities as more passengers and employees used these facilities for their journeys to and from Logan Airport.

Fee revenues are earned from aircraft landing fees, utility reimbursements, and aircraft parking and fueling. During FY24, Logan Airport generated $191.6 million from fees, an increase of $32.3 million over FY23. Aircraft landing fees totaled $164.0 million, an increase of $39.7 million or 31.9%, over the previous year. The increase in landing fees reflects the recovery of costs to operate Logan Airport's airfield, added shuttle bus services for passengers and employees, airport employee screening requirements, and runway capital investments and improvements made by the Authority.

Landing fees are collected from scheduled and non-scheduled airlines based on the landed weight of aircraft landing at Logan Airport. Logan's overall landed weight was 25.7 million pounds, an increase of 2.5% over FY23. The increase in landed weight can be attributed to the increase in plane size as airlines flew larger aircraft to accommodate passenger growth at Logan Airport. The landing fee rate for FY24 was $6.20 per one thousand pounds, an increase of $1.39, or 28.9%, over the prior year.

Tenant utility revenues were $14.1 million in FY24, a decrease of $5.3 million, or 27.3% for the year. The decrease reflects a new utility cost recovery model for wholesale electricity expense recapture to improve the management of electricity costs, leverage wholesale pricing efficiencies, and pass on savings to facility tenants at the start of the year. Other fee revenues consist of aircraft parking, fuel flowage, badging, and other miscellaneous revenues. Other Logan aviation fees decreased $2.1 million, to $13.5 million in FY24 due to a one-time payment from a peer-to-peer car sharing operator received in FY23.

Logan Airport Aviation Fees
(in millions)

	FY2024	FY2023	FY2022
Landing Fees	$ 164.0	$ 124.3	$ 115.9
Utilities	14.1	19.4	13.4
Other	13.5	15.6	13.4
Total	**$ 191.6**	**$ 159.3**	**$ 142.7**

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, buses, limousines, ride apps (Transportation Network Companies), aircraft ground handling, and in-flight catering. In FY24, Logan Airport earned $181.7 million from concessions, an increase of $25.7 million compared to FY23, as higher passenger activity led to more revenues from these business activities. The following describes revenue changes for the different Logan Airport concession programs.

In-terminal concessions generated from the commissions of food and beverage retail, foreign exchange, news and gifts, duty free shops, and other categories totaled $73.2 million, an increase of $16.0 million, or 28.0%, over the prior year. Logan's 41.8 million passengers purchased more retail, food and beverage products, duty free purchases, and foreign exchange services during their travel experience through the airport terminals.

Rental Car revenue for FY24 was $45.1 million, a $2.7 million, or 6.4% increase over the prior year. Logan Airport's passenger volume generated nearly 1.2 million rental car transactions, a 9.5% increase over FY23. However, the increase in transaction days was somewhat offset by a 4.1% decline in average sales per rental car transaction. These factors contributed to higher commission payments earned from rental car companies servicing Logan Airport.

Ground transportation and other concession revenues generated from ride app, taxi and limo transactions, commercial and ground servicing fees, and other fees totaled $63.4 million, a $7.0 million, or 12.4%, increase. Ground transportation fees were $33.3 million, from an increase of $4.4 million, or 15.0%, due to higher passenger demand for these services. Other revenues including commercial and ground servicing fees, and other service fees totaled $30.1 million, an increase of $2.7 million, or 9.9% as more airline business activity increased commissions collected from these airline services at Logan Airport.

Logan Airport Concession Fees
($ millions)

	FY2024	FY2023	FY2022
In-Terminal	$ 73.2	$ 57.2	$ 39.8
Rental Car	45.1	42.4	37.9
Ground Transportation & Other	63.4	56.4	41.3
Total	**$ 181.7**	**$ 156.0**	**$ 119.0**

Shuttle bus and other revenues consist of revenues from the on-airport shuttle bus that links the terminal buildings, rental car center, parking facilities, water transportation dock, Logan Office Center and the MBTA Blue Line station; Logan Express bus services from off-airport locations in the Boston metropolitan area (i.e., Back Bay, Braintree, Framingham, Danvers, Quincy and Woburn); and the MBTA Silver Line bus. Collectively, the Authority earned $25.6 million in revenues from these services, an increase of $6.7 million, or 35.3%, resulting from an increase in Logan passenger and employee utilization. Logan Express shuttle bus revenue totaled $14.5 million, a $2.4 million, or 19.8%, increase over FY23 as more Logan passengers relied on this HOV service for travel to and from the airport. Revenues from new bus services added in Quincy and Revere (Wonderland) to facilitate Logan Airport employee travel to and from the airport generated $1.8 million in revenues, an increase of $0.3 million, or 16.9%. On-airport shuttle bus revenues from services transporting passengers between the Rental Car Center and Airport terminals totaled $10.1 million in FY24, an increase of $4.0 million, or 65.4%, compared to FY23. The increase reflects cost recovery paid by rental car companies for more bus services and frequencies to accommodate the higher volume of passengers traveling between the terminals and the Rental Car Center. Ridership revenue from the MBTA Silver Line bus was $1.0 million, an increase of $0.3 million over the prior year as more passengers used this transit service to travel to and from the Airport.

Logan operating grants and other revenues totaled $4.1 million, a $0.6 million increase over FY23 from snowstorm related expense reimbursements received from the Federal Emergency Management Agency ("FEMA").

Logan Airport Shuttle Bus and Other Revenues
($ millions)

	FY2024	FY2023	FY2022
Shuttle Bus	$ 25.6	$ 18.9	$ 13.4
Other	4.1	3.5	3.3
Total	**$ 29.7**	**$ 22.4**	**$ 16.7**

Worcester Regional Airport and Hanscom Field

Worcester Regional Airport is home to three major airlines, American, Delta and Jet Blue, which provide nonstop flights to Florida and New York markets. Worcester Airport served 228,000 passengers in FY24, an increase of 18.0% over FY23 driven by the addition of JetBlue's seasonal service to Fort Myers and JetBlue's addition of a daily flight to Orlando, which commenced in June 2023. Hanscom Field is the region's premier and largest general aviation airport and a vital link in the Massachusetts and New England transportation networks. In FY24 Hanscom Field accommodated 122,500 flight operations, in line with previous year operations.

Worcester Regional Airport and Hanscom Field Revenues

Worcester Regional Airport generated $3.3 million in operating revenues in FY24, up $0.3 million, or 10.0% over last year. Revenue increases reflect more passenger activity at the Airport resulting in additional higher rental car commissions, on-airport parking, and fuel flowage. Hanscom Field revenues were $21.3 million in FY24, a decrease of $3.5 million over the prior year. Revenues from Hanscom operations increased $0.5 million, or 2.2%, from terminal rents, landing fees, fuel flowage and customer user fees. Ground lease revenue totaled $3.8 million, a decline of 43.0%. While ground leases performed as expected during the year, the $3.5 million revenue decline reflects a $2.9 million prior year non-cash accounting adjustment, and a $0.6 million current year revenue reduction made to correct a misinterpretation of a lease start date.

Worcester and Hanscom Revenues
($ millions)

	FY2024	FY2023	FY2022
Hanscom	$ 21.3	$ 24.8	$ 22.9
Worcester	3.3	3.0	2.3
Total	**$ 24.6**	**$ 27.8**	**$ 25.2**

Fiscal Year 2023 Compared to Fiscal Year 2022

The Authority's airports generated $863.3 million of Aviation revenues during FY23, which was $125.6 million or 17.0%, higher than the prior year.

Logan Airport generated $835.5 million of revenues in FY23, a $123.0 million, or 17.3% increase, over FY22. Revenue from Logan Airport rentals was $299.9 million, a $22.6 million, or 8.2% increase, versus the prior year, driven primarily by the increase in Terminal Rents as fees increased to recover operating costs associated with higher passenger activity and the recovery of recent capital investments. In FY23, Logan parking revenue was $197.9 million, up 26.2% from the $156.8 million earned in FY22 as passenger traffic increased. Aircraft landing fees were higher by $8.4 million compared to FY22 due to reduced operating expenses and lower capital amortization recovery in this cost center.

In FY23, Logan Airport earned $156.0 million from concessions, an increase of $37.0 million compared to FY22, as higher passenger volumes translated to more in-terminal purchases and more rental car transactions. Revenues from in-terminal concessions totaled $57.2 million, an increase of $17.4 million over the prior year due to more passengers and higher passenger spending. Rental car revenue benefited from additional passenger activity and generated $42.4 million in revenue in FY23, a $4.5 million, or 11.9%, increase over the prior year. Revenues from various ground transportation services and commission related activities totaled $56.4 million, up $15.1 million over FY22 primarily due to more passengers using ride apps, taxis, and buses. The Authority earned $18.9 million of revenue from the Logan Airport shuttle bus operations, an increase of $5.5 million over the prior year.

Worcester Regional Airport generated $3.0 million in operating revenues in FY23, up $0.7 million due to growth in parking revenues and landing fees. Hanscom Field revenues were $24.8 million in FY23, up nearly $1.9 million from the prior year. The increase was primarily due to an increase in jet operations

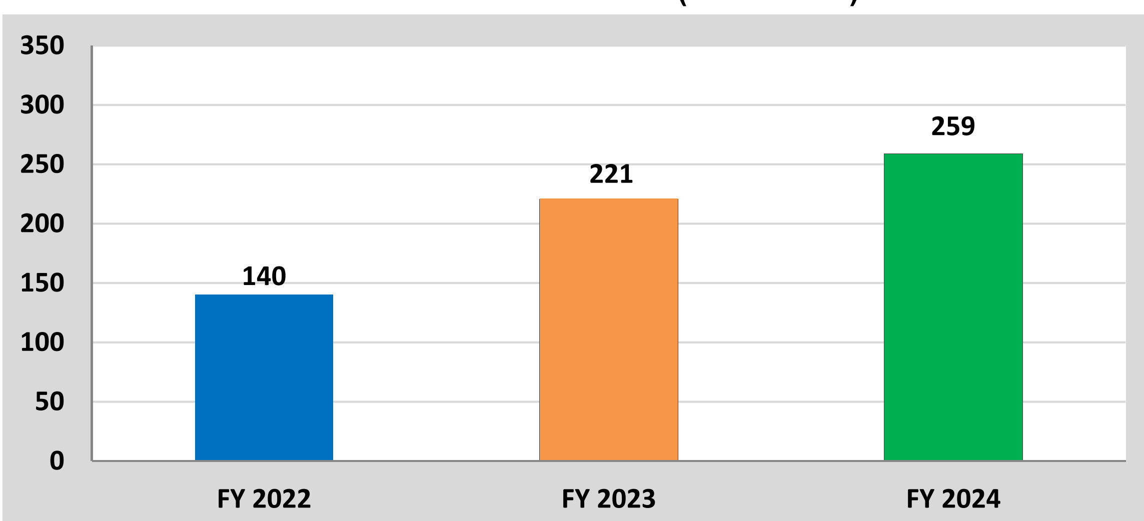
Maritime Revenues

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 in Charlestown; an automobile import/export facility, and other maritime industrial businesses.

Conley Container Terminal

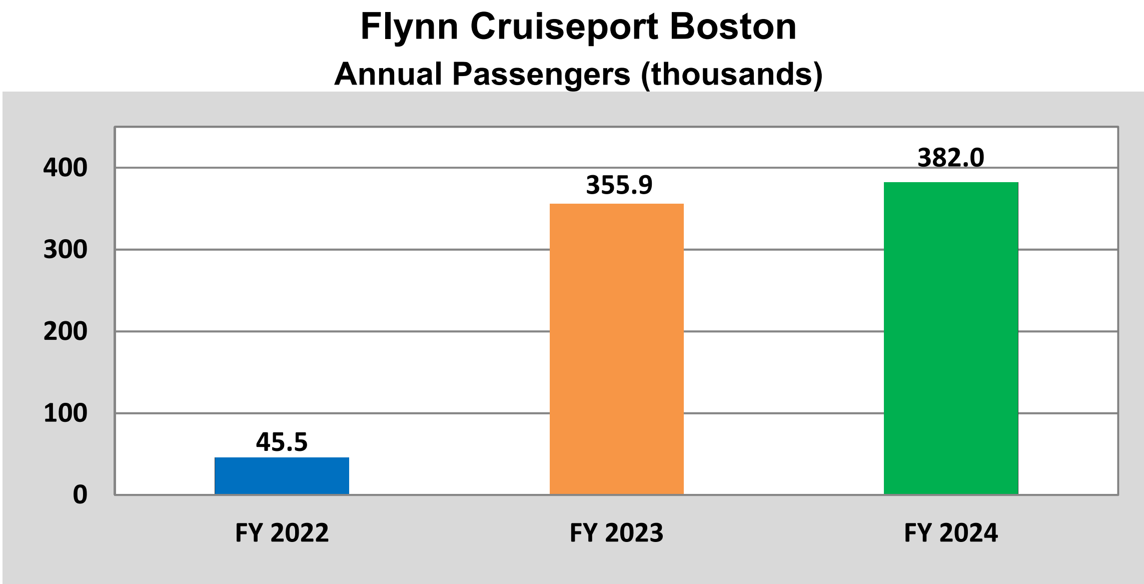
Conley Terminal serves as a vital gateway, seamlessly connecting more than 2,500 New England importers and exporters to over 30 global ports. Massport's container business is anchored by the strength of the New England economy, efficient access to the interstate highway system, quick truck turnaround times, a highly productive workforce, and an ongoing focus on customer service. These strategic advantages combined with a world-class workforce, investments to deepen Boston Harbor, construct a deep-water berth, and procure three new ship-to-shore cranes make Conley Terminal the preferred choice for New England businesses seeking reliable and cost effective shipping solutions on a global scale. In FY24, Conley Terminal served 258,600 TEUs, an increase of 17.1% over FY23.

Conley Terminal
Annual TEUs Processed (thousands)



Flynn Cruiseport Boston

Flynn Cruiseport Boston offers homeport cruises to Bermuda, Canada/New England, the Caribbean, and other destinations and welcomes port-of-call cruise vessels that visit the Port for the day. The cruise facility hosts a lineup of 25 cruise brands, including its newest homeport partner, Princess Cruises with nine Boston calls scheduled for the 2024 cruise season. Cruise activity at Flynn Cruiseport Boston continued to recover from the pandemic in FY24 serving 156 vessels and 382,000 cruise passengers. This represents an increase of 26,100 passengers, or 7.3%, compared to FY23.



Maritime Revenues by Category
($ millions)

	FY2024	FY2023	FY2022
Containers	$ 71.5	$ 65.4	$ 40.1
Cruise	12.5	11.3	2.0
Seafood	6.6	6.4	6.5
Autoport	5.2	6.4	5.6
Total Maritime Revenues	**$ 95.8**	**$ 89.5**	**$ 54.2**

Fiscal Year 2024 Compared to Fiscal Year 2023

<u>Maritime Revenues</u>

In FY24, Maritime revenues collected primarily from container shipping lines, cruise lines and other customers using the Authority's port facilities were $95.8 million, an increase of $6.3 million, or 7.0%, from FY23. Conley Terminal generates nearly 75% of Maritime revenue. The balance represents revenues from cruise operations at Flynn Cruiseport Boston, and tenant rents paid for leased space at the Boston Fish Pier, ground lease revenues at the Autoport, and parking operations at various properties.

Container revenues in FY24 were $71.5 million, a $6.1 million, or 9.3%, increase compared to the prior year. Container revenues are generated from fees paid by ocean shipping lines for container lifts to and from vessels, stevedoring cost reimbursements, and yard servicing fees and tariffs paid by importers and exporters to move their goods through the Port. Conley Terminal's revenue increase reflects the 17.1% growth in container volumes from 220,800 TEUs in FY23 to 258,600 TEUs in FY24.

Cruise revenues generated at Flynn Cruiseport Boston totaled $12.5 million, an increase of $1.2 million, or 10.6% over FY23. Revenue growth is directly related to 26,100, or 7.3%, additional cruise passengers using the facility.

Seafood revenues were $6.6 million in FY24, which was $0.2 million or 3.1%, higher than the prior year. Revenues are earned through space and ground rents from seafood processors and office tenants, commissions, utility charges, parking and other fees charged at the Boston Fish Pier.

Autoport revenues were $5.2 million in FY24, a decrease of $1.2 million or 18.8%. Revenue from ground rent paid by the tenant was stable, however, tenant utility reimbursements were lower from reduced wholesale electricity rates charged to customers during the year.

Fiscal Year 2023 Compared to Fiscal Year 2022

The Authority's maritime operations at the Port of Boston generated $89.5 million of revenues during FY23, which was $35.3 million or 65.1%, higher than FY22 revenues.

Container revenues during FY23 were $65.4 million, $25.3 million, or 62.9%, greater than the prior year. Container volume increased in FY23 to 220,800 TEUs, as the supply chain recovered from pandemic disruptions. Cruise revenues were $11.3 million in FY23, up $9.3 million or 462% versus the prior year, as passengers resumed cruising.

Seafood revenues and Autoport revenues were $12.8 million and $12.1 million in FY23 and FY22 respectively, as ground rentals continued to improve.

Real Estate Revenues

The Authority's commercial real estate business earns revenues from ground leases, license fees, district service fees and parking on properties owned by the Authority in South Boston, East Boston and Charlestown. The diverse portfolio of commercial, lab, and maritime/industrial properties spans over 400 acres, and contains 4.6 million square feet of rented space.

Fiscal Year 2024 Compared to Fiscal Year 2023

Real Estate Revenues

FY24 real estate revenues totaled $47.4 million, in line with last year's revenue generation. Revenue from rentals was $27.5 million, an increase of $0.2 million, or 0.7%, as commercial and maritime ground leases increased slightly reflective of Consumer Price Index ("CPI") adjustments, percentage rent payments, and rent payments generated from short-term licensing agreements. Parking revenues totaled $12.0 million, an increase of $0.2 million, or 1.7%, over the prior year as revenues from the South Boston Waterfront Transportation Center increased due to increased higher activity from conventions and transient parking. Other real estate revenues, collected from district service fees, dockage rentals, cargo throughput fees, utility reimbursements, and other miscellaneous charges totaled $7.9 million, a decrease of $0.4 million, or 4.8% compared to FY23. The revenue decrease reflects a reduction in utility reimbursements from lower electricity rates charged to tenants for the recovery of wholesale electricity costs incurred by the Authority.

Real Estate Revenues by Category
($ millions)

	FY2024	FY2023	FY2022
Rentals	27.5	27.3	21.6
Parking	12.0	11.8	7.9
Other	7.9	8.3	6.6
Total Real Estate Revenues	**$ 47.4**	**$ 47.4**	**$ 36.1**

Fiscal Year 2023 Compared to Fiscal Year 2022

FY23 real estate revenues totaled $47.4 million, an increase of $11.3 million from FY22. Rental revenues were $27.3 million, reflecting an increase of $5.7 million from higher percentage rents on commercial and maritime ground leases and other real estate assets over the prior year as hotel occupancies rose, CPI adjustments to ground rents took effect and development property ground rents improved. Parking revenues of $11.8 million were $3.9 million higher than the prior year as event and transient parking improved at the South Boston Waterfront Transportation Center with increased convention activity and stronger demand for vehicle parking from restaurant dining patrons.

Operating Expenses

The Authority's FY24 operating expenses were influenced by the growth in business activity across transportation facilities. Total operating expenses for FY24 were $946.9 million, an increase of $92.0 million, or 10.8%, over FY23. A breakdown of operating expenses for Aviation, Maritime and Real Estate operations and other expense categories is shown below.

Operating Expenses
($ millions)

	FY 2024	FY 2023	$ Change	% Change
Aviation Operations and Maintenance	$ 374.4	$ 316.8	$ 57.6	18.2%
Maritime Operations and Maintenance	70.0	60.5	9.5	15.7%
Real Estate Operations and Maintenance	18.1	18.4	(0.3)	(1.6%)
General and Administrative	74.3	64.3	10.0	15.6%
Payments in Lieu of Taxes	25.9	23.2	2.7	11.6%
Pension and Other Post-employment Benefits	8.3	24.7	(16.4)	(66.4%)
Other	16.2	17.0	(0.8)	(4.7%)
Depreciation and Amortization	359.8	330.0	29.8	9.0%
Total Operating Expenses	**$ 946.9**	**$ 854.9**	**$ 92.0**	**10.8%**

	FY 2023	FY 2022	$ Change	% Change
Aviation Operations and Maintenance	$ 316.8	$ 270.1	$ 46.7	17.3%
Maritime Operations and Maintenance	60.5	48.3	12.2	25.3%
Real Estate Operations and Maintenance	18.4	15.9	2.5	15.7%
General and Administrative	64.3	51.6	12.7	24.6%
Payments in Lieu of Taxes	23.2	21.7	1.5	6.9%
Pension and Other Post-employment Benefits	24.7	(24.7)	49.4	(200.0%)
Other	17.0	15.8	1.2	7.6%
Depreciation and Amortization	330.0	322.4	7.6	2.4%
Total Operating Expenses	**$ 854.9**	**$ 721.1**	**$ 133.8**	**18.6%**

Aviation Operating and Maintenance Expenses

<u>Aviation Operations and Maintenance Expenses – FY 2024</u>

Aviation operations and maintenance expenses represent the direct operating costs required to operate Logan International Airport, Worcester Regional Airport, and Hanscom Field. In FY24, aviation operations and maintenance expenses totaled $374.4 million, a $57.6 million, or 18.2%, increase over FY23. The increase in expenses is directly linked to the 6.6% increases in passenger volume at Logan Airport, which accounts for 93.3% of the total Aviation operating and maintenance expenses.

Aviation Operating and Maintenance Expenses

($ millions)

	FY 2024	FY 2023	FY 2022
Logan	$ 349.2	$ 294.0	$ 249.7
Hanscom	12.9	11.8	10.8
Worcester	12.3	11.0	9.6
Total	**$ 374.4**	**$ 316.8**	**$ 270.1**

Logan Airport Operations and Maintenance Expenses – FY 2024

Operations and maintenance expenses for Logan Airport in FY24 totaled $349.2 million, a $55.2 million, or 18.8% increase from FY23. The opening of four new gates in Terminal E in the fall of 2023 added 275,581 of square feet to Logan's terminal portfolio and $7.5 million of additional operating costs. More on-airport shuttle bus frequencies to move passengers between terminals, the Rental Car Center, the MBTA Blue Line, and other Logan properties resulted in $6.4 million of additional expenses. Employee shuttle bus expenses increased $14.3 million reflecting a new service from Revere, the expanded Quincy service, and an increased expense to operate the Chelsea service. Existing bus service at the Logan Express sites added $4.2 million of new expenses. Passenger growth also required $5.7 million of added expense for additional terminal cleaning and waste management services, mechanical maintenance due to increased use of elevators, escalators, moving walkways and baggage carousels, and pavement maintenance. Logan Airport expenses also reflect a 4% increase in staff for additional security and screening, customer service representatives, facility management, fire rescue personnel, and other employee functions, which added approximately $21.0 million to expenses. The Sumner Tunnel closure required a heightened public safety presence to manage vehicle traffic flow on Airport roadways. These expense increases were offset by a $3.9 million decrease in utility expenses from lower electricity rates that were passed onto tenants, lower environmental remediation expenses, and other savings.

Logan Airport Operations and Maintenance Expenses – FY 2023

Operations and maintenance expenses for Logan Airport in FY23 were $294.0 million, accounting for approximately 92.8% of all aviation operations and maintenance expenses.

Logan Airport's FY23 expenses increased primarily to keep pace with higher passenger demand. To support the Authority's Net Zero commitments, Massport expanded services and frequencies for the on-airport shuttle bus and Logan Express, including the restoration of two Logan Express service locations and the addition of a new airport employee-only service. These HOV transportation improvements added $12.1 million of expenses in FY23. Airport terminal expenses were also higher, as the growth in passenger volume required more materials, additional cleaning frequencies, more elevator and escalator maintenance, and increases for other facility operational needs and repairs. Utility expenses increased by $5.5 million due to higher energy prices and increased electricity, water and sewer usage. Credit card transaction processing fees also increased as the demand for parking, online reservations, and e-ticketing grew.

Worcester Airport and Hanscom Field Operations and Maintenance Expenses – FY 2024

Worcester Regional Airport expenses were $12.3 million for the year, an increase of $1.3 million or 11.8%, compared to FY23. The addition of Fort Myers service, and the 28% increase in passenger volume required additional staffing for terminal operations resulting in $0.9 million of payroll and fringe benefit expenses, $0.5 million for facility cleaning and repairs, and $0.2 million for added public safety requirements. These increases were offset by $0.3 million of savings in materials, services, and utility expenses.

Hanscom Field expenses were $12.9 million, a $1.1 million, or 9.3%, increase over the prior year. Payroll and fringe benefits increased $1.0 million, customs usage charges, landscaping, and technology expenses added $0.3 million, and public safety expenses increased $0.2 million. These expenses were offset by $0.4 million in savings from reduced environmental remediation costs and facility repairs.

Worcester Airport and Hanscom Field Operations and Maintenance Expenses – FY 2023

Worcester Regional Airport expenses increased due to a full year of restored commercial airline services by American Airlines, Delta Air Lines, and JetBlue. In FY23, operations and maintenance expenses for Worcester Regional Airport were $11.0 million, an increase of $1.4 million, or 14.6%, as increased passenger and aircraft activity resulted in additional public safety requirements, additional materials and supplies, an increase in employee payroll and benefits, and an increase in utility expenses.

Operations and maintenance expenses for Hanscom Field were $11.8 million, a $1.0 million or 10.2% increase. Environmental remediation expense requirements added $0.4 million in expense, employee payroll and benefits increased $0.3 million, and materials and supply related expenses contributed $0.3 million towards total expenses.

Maritime Operating and Maintenance Expenses

Maritime Operations and Maintenance Expenses – FY 2024

Maritime operations and maintenance expenses were $70.0 million, a $9.5 million, or 15.7% increase from the prior year. Conley Terminal's container volume increased by 17.1% requiring $6.0 million of additional stevedoring services. Container yard expenses were $0.8 million higher as trucking operations increased to service 37,800 additional TEUs passing through the facility. Maritime employee wages and benefits increased by $1.9 million primarily from the addition of 10 new staff. Other operational expenses, including credit card processing and filing fees, increased by $0.8 million.

Maritime Operations and Maintenance Expenses – FY 2023

Maritime operations and maintenance expenses were $60.5 million, a $12.2 million or 25.3% increase from the prior year. Stevedoring services increased by $6.7 million because of higher container volumes. Expenses for materials, supplies and repairs increased by $1.5 million compared to the year prior as a result of higher activity levels. Energy expense also increased by $0.7 million, due to more crane operations and the return of cruise passengers at Flynn Cruiseport Boston. Additional expenses such as marketing support were needed to promote the return of cruise sailings at Flynn Cruiseport Boston.

Real Estate Operating and Maintenance Expenses

Real Estate Operations and Maintenance Expenses – FY 2024

Real Estate operations and maintenance costs in FY24 were $18.1 million, a decrease of $0.3 million or 1.6%, compared to FY23. Employee wages and benefits increased $1.3 million and additional legal expense for real estate transactions added $0.2 million in expenses. These increases were offset by $1.6 million in savings from lower electricity rates, lower environmental remediation expenses, fewer public safety detail hours, and other account savings.

Real Estate Operations and Maintenance Expenses – FY 2023

Real Estate operations and maintenance costs in FY23 were $18.4 million, an increase of $2.5 million, or 15.7%, over the prior year. Public Safety expenses increased $0.8 million as additional construction and development required safety and security services at these sites. Energy costs increased by $0.5 million due to higher electricity costs and greater usage on properties under management. The growth in parking demand at the South Boston Waterfront Transportation Center also required additional operational expenses to properly manage enhanced parking activity.

General and Administrative Expenses

General and Administrative Expenses – FY 2024

The Authority's general and administrative costs were $74.3 million in FY24, an increase of $10.0 million, or 15.6%, compared to the year prior. As business activity improved, investment in additional staff was necessary to expand and improve technology assets and advance digital transformation initiatives, execute Massport's expanded capital investment program, and process a higher volume of procurements, accounting transactions, and treasury activities. Additional staff was also necessary for marketing, legal, corporate safety, and other administrative functions. Collectively, general and administrative employee wages and benefits increased by $5.4 million from the addition of 23 positions and annual wage adjustments. Expenses increased $2.9 million for investments in technology and communication contracts; professional services for environmental, engineering, facility planning, and Net Zero initiatives; and marketing expenses to promote new international and domestic airline services, HOV initiatives, and tunnel closure announcements. The remaining $1.7 million of expense increases were for miscellaneous general and administrative expenses.

General and Administrative Expenses – FY 2023

The Authority's general and administrative costs were $64.3 million in FY23, an increase of $12.7 million, or 24.6%, compared to FY22. As business activity improved, restoration of staff levels required $5.1 million of additional employee wage and benefit expenses. Greater utilization of engineering, environmental, marketing, and legal services as operations and business activity improved, resulted in $3.7 million of additional expenses. Cybersecurity technology investments and digital transformation initiatives added $1.6 million to FY23 expenses.

The following table shows the allocation of the Authority's general and administrative expenses by business line for FY24, FY23 and FY22.

General and Administrative Expenses

($ millions)

	FY 2024	FY 2023	FY 2022
Logan	$ 51.9	$ 43.4	$ 34.0
Hanscom	3.6	3.1	2.2
Worcester	3.8	3.6	2.9
Maritime	9.5	8.8	8.0
Real Estate	5.5	5.4	4.5
Total	**$ 74.3**	**$ 64.3**	**$ 51.6**

PILOT, Pension, OPEB, and Other Expenses

PILOT, Pension, OPEB and Other Expenses – FY 2024

In FY24, the Authority's PILOT (payment in lieu of taxes) payments to the City of Boston and the Town of Winthrop totaled $25.9 million, an increase of $2.7 million, or 11.6%, from FY23. The increase is primarily attributed to the annual rise in the CPI, as contractually required, and $1.2 million in community mitigation payments for the opening of the four new international gates at Logan Airport's Terminal E.

Pension and OPEB (Other Post Employment Benefits) expenses in FY24 were $8.3 million, a $16.4 million, or 66.4%, decrease from the prior year. The decrease for pensions and OPEB expense reflects the 12.45% and 15.09% overall investment returns generated by both plans, respectively, which exceeded their expected rates of return of 6.75% for their measurement period ending December 31, 2023.

Other expenses in FY24 decreased by $0.8 million to $16.2 million due to lower self insurance expenses.

The following table shows the allocation of the Authority's PILOT, Pension, OPEB, and other expenses by business line and expense category for FY24, FY23 and FY22:

PILOT, Pension, OPEB, and Other Expenses

($ millions)

	FY 2024	FY 2023	FY 2022
Logan	$ 42.5	$ 52.8	$ 10.3
Hanscom	0.7	1.0	(0.7)
Worcester	0.7	0.9	(0.5)
Maritime	4.0	7.3	3.8
Real Estate	2.5	2.8	(0.1)
Total	**$ 50.4**	**$ 64.8**	**$ 12.8**

The following table shows the allocation of PILOT, Pension, OPEB, and other expenses to each business line for FY24:

FY24 - PILOT, Pension, OPEB, and Other Expenses
($ millions)

	PILOT	PENSION	OPEB	OTHER	TOTAL
Logan	$ 22.8	$ 6.1	$ 0.3	$ 13.3	$ 42.5
Hanscom	0.0	0.4	0.0	0.3	0.7
Worcester	0.0	0.3	0.0	0.3	0.7
Maritime	1.7	0.7	0.0	1.6	4.0
Real Estate	1.4	0.4	0.1	0.6	2.5
Total	**$ 25.9**	**$ 7.9**	**$ 0.4**	**$ 16.2**	**$ 50.4**

PILOT, Pension, OPEB and Other Expenses – FY 2023

In FY23, the Authority's PILOT payments to the City of Boston and the Town of Winthrop totaled $23.2 million, an increase of $1.5 million, or 6.9%, over FY22 payments. The increase is primarily attributed to the annual rise in the CPI, as contractually required.

The Authority's pension and OPEB expenses increased in FY23, as investment performance was impacted by overall market losses resulting in increased funding requirements. Like many pension and OPEB funds, the Authority's pension plan investments realized an unfavorable (16.8%) return (net of fees) on plan assets, which was below the 6.75% actuarial rate of return used to project pension plan expenses. Similarly, the Authority's OPEB plan assets generated an unfavorable (15.4%) (net of fees) overall return, which was also below the 6.75% actuarial benchmark. As a result, the Authority recorded a combined $24.7 million expense in FY23 for pensions and OPEB compared to a $24.7 million contra expense in FY22 that resulted from strong investment returns by the two plan portfolios in the year prior. The measurement period for both the pension and OPEB assets was the calendar year ended December 31, 2022.

Other expenses in FY23 increased by $1.1 million to $16.9 million due to higher insurance premium payments for property, business liability, workers compensation excess, and other risk management premiums.

Depreciation and Amortization Expenses

<u>Depreciation and Amortization Expenses – FY 2024</u>

The Authority recognized $359.8 million in depreciation and amortization expenses in FY24, an increase of $29.8 million, or 9.0%, compared to FY23. The Authority placed $886.6 million of new assets into service during the year, including the Terminal E Modernization Project ($646.8 million), Terminal B to C Roadway Improvements ($68.0 million), Runway Rehabilitation projects

($80.8 million) an updated gate processing facility at Conley Terminal ($40.5 million), an electrical distribution grid upgrade and the purchase of two more enhanced electric hybrid Silver Line buses to support the Authority's long-term Net Zero/HOV initiatives ($15.7 million) and ($34.8 million) in other new assets. These additions resulted in an increase of $41.8 million in depreciation expense in FY24. The Authority also fully depreciated $148.8 million in assets during the year reducing FY24 depreciation expenses by $12.7 million. The right of use assets increased $0.7 million in amortization expense in FY24.

Depreciation and Amortization Expenses – FY 2023

The Authority recognized $330.0 million in depreciation and amortization expenses in FY23, an increase of $7.6 million, or 2.4%, compared to FY22. The Authority placed $357.3 million of new assets into service during the year, including the Terminal B to C Connector ($162.5 million), an updated gate processing facility at Conley Terminal ($40.5 million), and electrical feed upgrades to support long-term Net Zero initiatives at Logan Airport ($15.7 million). The Authority also made a capital purchase of eight new enhanced electric hybrid Silver Line buses. The Authority also fully depreciated $331.2 million in assets during the year reducing FY23 depreciation expenses by $18.8 million. The Authority's adoption of GASB 96 contributed to increases in depreciation and amortization expenses of $3.6 million in FY23 and $2.6 million in FY22.

Non-operating Revenues (Expenses) and Capital Contributions

In FY24, the Authority recognized $189.2 million in non-operating revenues, an increase of $63.4 million, or 50.4%, over the prior year. The Authority collected $84.3 million in PFCs, an increase of $4.2 million, or 5.2% as passenger activity at Logan Airport increased. PFC revenues are used to fund capital investments and to pay debt service expenses for eligible capital projects at Logan Airport. The Authority collected $33.2 million in CFCs, an increase of $2.4 million, or 7.8%, from on-airport rental car transactions. CFC revenues are specifically used to service debt obligations and fund maintenance reserve capital requirements at Logan Airport's rental car facility. The Authority earned $96.1 million in investment income, an increase of $33.4 million, or 53.3%, from its fixed income portfolio due to rising interest rates. Lease interest income was $39.2 million, a $1.3 million, or 3.2%, decrease from the year prior as tenants made annual lease payments lowering their outstanding balances during the year. Other income was $48.1 million, an increase of $27.3 million over the prior year. Interest rate changes increased the fair market value of investments being held by the Authority by $52.1 million. The Authority also recorded $11.6 million of one-time project reimbursements from an Airport tenant. These two other income increases were offset by a reduction of $33.7 million in the federal American Rescue Plan Act (ARPA) funding which was reimbursed the prior year. The Authority also incurred $111.7 million in interest expense and bond premium amortization on $3.0 billion in outstanding Authority bonds and premiums, an increase of $2.6 million over the year prior.

Non-operating Revenues and Expenses and Capital Contributions

($ millions)

	FY 2024	FY 2023	$ Change	% Change
Passenger facility charges	$ 84.3	$ 80.1	$ 4.2	5.2%
Customer facility charges	33.2	30.8	2.4	7.8%
Investment income on investments	96.1	62.7	33.4	53.3%
Lease interest income (expense), net	39.2	40.5	(1.3)	(3.2%)
Other income (expense), net	48.1	20.8	27.3	131.3%
Interest expense	(111.7)	(109.1)	(2.6)	2.4%
Total Non-operating Revenues (Expenses)	**$ 189.2**	**$ 125.8**	**$ 63.4**	**50.4%**
Capital Contributions	**$ 90.5**	**$ 24.9**	**$ 65.6**	**263.5%**

	FY 2023	FY 2022	$ Change	% Change
Passenger facility charges	$ 80.1	$ 66.5	$ 13.6	20.5%
Customer facility charges	30.8	25.5	5.3	20.8%
Investment income on investments	62.7	15.7	47.0	299.4%
Lease interest income (expense), net	40.5	34.3	6.2	18.1%
Other income (expense), net	20.8	65.3	(44.5)	(68.1%)
Interest expense	(109.1)	(104.5)	(4.6)	4.4%
Total Non-operating Revenues (Expenses)	**$ 125.8**	**$ 102.8**	**$ 23.0**	**22.4%**
Capital Contributions	**$ 24.9**	**$ 56.6**	**($ 31.7)**	**(56.0%)**

Non-operating Revenues (Expenses) – FY 2023

In FY23, the Authority recognized $125.8 million in non-operating revenues, an increase of $23.0 million versus FY22. The Authority's non-operating income was favorably impacted by Logan Airport's increase in passenger volume. PFC revenues increased by $13.6 million to $80.1 million for use on various FAA authorized capital investments and debt service expenses for certain Logan Airport projects. Also, the Authority collected $30.8 million in CFC revenues, an increase of $5.3 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 FY23, the Authority recognized other income of $20.8 million, which reflects $33.7 million in federal airport assistance from the ARPA grant program as reimbursements for eligible expenses and the full draw down of Authority eligible federal funding. This federal assistance was offset by a $17.1 million reduction in the fair value of the Authority's fixed income investment assets as a result of increasing interest rates. The Authority earned $62.7 million in interest income on investments and $40.5 million of interest income on leases during the year, increases of $47.0 million and $6.2 million, respectively. The Authority also incurred $109.1 million in interest expense on $3.1 billion in outstanding Authority bonds, an increase of $4.6 million over the prior year.

Capital Contributions – FY 2024

In FY24, the Authority recognized $90.5 million in contributed capital, a $65.6 million increase over the prior year. Contributed capital consists of federal and state grants received to fund certain Airport and Maritime projects. The Authority received $56.0 million in total FAA AIG and AIP grants to rehabilitate and repair various runways, taxiways, airside aprons, and ramps at Logan Airport, Hanscom Field and Worcester Airport. An additional $27.8 million in FAA ATP grants were used primarily to upgrade Logan Airport's Terminal E facilities. Logan Airport also received $1.9 million from an ATP grant for terminal roadway improvements. Conley Terminal received $2.7 million in federal Build grants from the U.S. Department of the Transportation Maritime Administration (MARAD) for container storage, improve and widen the Conley Terminal truck freight corridor in South Boston and to install new truck gate technologies. The Authority also received $2.0 million from the U.S. Environmental Protection Agency (EPA) and FEMA in various capital projects at Logan Airport and the Port of Boston for environmental and port safety enhancements.

Capital Contributions – FY 2023

In FY23, the Authority recognized $24.9 million in contributed capital, which consists mainly of federal and state capital grants. This is a $31.7 million decrease from the year prior as reimbursements for certain projects from the Commonwealth, the FAA AIP grant program and the MARAD FASTLANE and BUILD grants reimbursements were lower as projects advanced towards completion. During the year, the Authority received FAA AIP grants for airport runway and taxiway safety improvements ($11.8 million) and MARAD funding for investment in the Conley Terminal modernization initiative ($7.7 million).

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 of Net Position 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, 2024 and 2023 is as follows:

Condensed Statements of Net Position for FY 2024 and FY 2023

($ millions)

	FY 2024	FY 2023	$ Change	% Change
Assets				
Current assets	$ 1,549.6	$ 1,343.4	$ 206.2	15.3%
Capital assets, net	4,434.1	4,446.0	(11.9)	(0.3%)
Other non-current assets	3,515.8	3,424.7	91.1	2.7%
Total Assets	**9,499.5**	**9,214.1**	**285.4**	**3.1%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	7.7	9.0	(1.3)	(14.4%)
Pension related	74.1	109.3	(35.2)	(32.2%)
OPEB related	18.9	47.4	(28.5)	(60.1%)
Total Deferred Outflows of Resources	**100.7**	**165.7**	**(65.0)**	**(39.2%)**
Liabilities				
Current liabilities	$ 315.2	$ 337.6	$ (22.4)	(6.6%)
Bonds payable, including current portion	3,003.4	3,099.9	(96.5)	(3.1%)
Other non-current liabilities	371.7	454.9	(83.2)	(18.3%)
Total Liabilities	**3,690.3**	**3,892.4**	**(202.1)**	**(5.2%)**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	19.2	21.4	(2.2)	(10.3%)
Lease related	2,146.2	2,183.9	(37.7)	(1.7%)
Pension related	20.5	28.5	(8.0)	(28.1%)
OPEB related	24.2	34.1	(9.9)	(29.0%)
Total Deferred Inflows of Resources	**2,210.1**	**2,267.9**	**(57.8)**	**(2.5%)**
Total Net Position	**$ 3,699.8**	**$ 3,219.5**	**$ 480.3**	**14.9%**
Net position				
Net investment in capital assets	$ 1,155.2	$ 1,305.8	$ (150.6)	(11.5%)
Restricted	1,424.0	1,265.3	158.7	12.5%
Unrestricted	1,120.6	648.4	472.2	72.8%
Total Net Position	**$ 3,699.8**	**$ 3,219.5**	**$ 480.3**	**14.9%**

The Authority ended FY24 with total assets of $9.5 billion, an increase of $285.4 million, or 3.1%, from the prior year. Cash and cash equivalents, and investments increased $162.8 million from operating earnings generated throughout the year. Restricted cash and cash equivalents and restricted investments increased by $125.1 million from funds for capital projects reserved for future contractor payments and debt service payments that are invested while payments are pending. The Authority also recorded a $14.9 million increase in trade, lease and grants receivables for revenues earned and payments that are pending from Authority partners. The Authority's prepaid expenses decreased by $3.2 million at fiscal year-end mainly from the payment of technology contracts and insurance programs.

The Authority's capital assets of $4.4 billion, decreased $11.9 million, or 0.3%, as capital assets completed construction, were placed into service and depreciated. Other non-current assets decreased $2.2 million at year-end.

Total deferred outflows were $100.7 million, a decrease of $65.0 million as investment returns for both Pension and OPEB assets exceeded their actuarial benchmarks over the prior period reducing the amount of assets to be consumed in future years.

The Authority's total liabilities at fiscal year-end was $3.69 billion, a decrease of $202.1 million. Current liabilities decreased $22.4 million, or 6.6%, from a decrease in accounts payables and other accrued current liabilities. Bonds Payable, including current portion, decreased $96.5 million, to $3.0 billion, and reflect the payment of principal on Authority bonds made during the fiscal year. Noncurrent liabilities declined $83.2 million primarily from a $63.2 million total decrease in pension and OPEB liabilities as investment gains from portfolio assets lowered the Authority's future benefit obligations. All other liabilities decreased approximately $20.0 million from reduced contract retainage and lower long term lease payment obligations on Authority assets used in its course of business.

Total deferred inflows of resources decreased by $57.8 million, or 2.5%, to $2.2 billion in FY24. The deferred inflows of lease related revenues decreased by $37.7 million as payments made to the Authority from beneficial owners of Authority assets reduced future balances of expected payments. Deferred pension and OPEB inflows declined $8.0 million and $9.9 million respectively, from the changes in experience and assumptions made in prior periods, and deferred gains from bond refundings were $2.2 million lower as premiums received were amortized during the period.

The Authority's total net position for FY24 was $3.7 billion, an increase of $480.3 million, or 14.9% from the prior year. This increase reflects the Authority's net operating income of $200.5 million generated from its business activities, net non-operating income of $189.2 million from various accounts, and capital contributions of $90.5 million from various federal and state grants. The growth in net position is being used to fund the Authority's strategic initiatives, Net Zero strategies, a new debt defeasance, and its capital program and investments.

Condensed Statements of Net Position for FY 2023 and FY 2022

($ millions)

	FY 2023	FY 2022	$ Change	% Change
Assets				
Current assets	$ 1,343.4	$ 1,274.5	$ 68.9	5.4%
Capital assets, net	4,446.0	4,457.3	(11.3)	(0.3%)
Other non-current assets	3,424.7	3,087.3	337.4	10.9%
Total Assets	**9,214.1**	**8,819.1**	**395.0**	**4.5%**
Deferred Outflows of Resources				
Deferred loss on refunding of bonds	9.0	10.3	(1.3)	(12.6%)
Pension related	109.3	28.4	80.9	284.9%
OPEB related	47.4	18.0	29.4	163.3%
Total Deferred Outflows of Resources	**165.7**	**56.7**	**109.0**	**192.2%**
Liabilities				
Current liabilities	$ 337.6	$ 331.4	$ 6.2	1.9%
Bonds payable, including current portion	3,099.9	3,002.9	97.0	3.2%
Other non-current liabilities	454.9	342.3	112.6	32.9%
Total Liabilities	**3,892.4**	**3,676.6**	**215.8**	**5.9%**
Deferred Inflows of Resources				
Deferred gain on refunding of bonds	21.4	23.6	(2.2)	(9.3%)
Lease related	2,183.9	2,080.0	103.9	5.0%
Pension related	28.5	112.1	(83.6)	(74.6%)
OPEB related	34.1	59.9	(25.8)	(43.1%)
Total Deferred Inflows of Resources	**2,267.9**	**2,275.6**	**(7.7)**	**(0.3%)**
Total Net Position	**$ 3,219.5**	**$ 2,923.6**	**$ 295.9**	**10.1%**
Net position				
Net investment in capital assets	$ 1,305.8	$ 1,512.8	$ (207.0)	(13.7%)
Restricted	1,265.3	824.8	440.5	53.4%
Unrestricted	648.4	586.0	62.4	10.6%
Total Net Position	**$ 3,219.5**	**$ 2,923.6**	**$ 295.9**	**10.1%**

The Authority ended FY23 with total assets of $9.2 billion, an increase of $395.0 million, or 4.5%, over the prior year. The increase in total assets reflects a $420.5 million increase in cash and cash equivalents, and investments and restricted investments made by the Authority from increasing cash flows. The Authority also recorded a $139.3 million lease receivable from new or amended lease transactions executed during the year. These increases are offset by an $84.5 million decrease in net pension assets due to investment losses, a $63.8 million reduction in grants receivable as Federal CRRSA and ARPA funding programs neared were near completion, along with $15 million of other asset related adjustments. Total deferred outflows of resources increased by $109.0 million to $165.7 million as investment losses on plan assets caused pension and OPEB liabilities to increase.

The Authority's total liabilities at year-end were $3.9 billion, an increase of $215.8 million or 5.9% over FY22. Pension and OPEB liabilities grew $91.9 million and $48.6 million, respectively, as market losses increased these long-term obligations. Bonds payable (including current portion) totaled \$3.1 billion, an increase of \$97.0 million as a result of the \$120.9 million “Green Bonds” sale in the first quarter of FY23 and a \$15 million increase in all other liability accounts. These increases were offset by a \$10.8 million reduction in accounts payable and accrued expenses, and a \$36.0 million decrease in lease liabilities.

Total deferred inflows of resources decreased by \$7.7 million to \$2.3 billion in FY23. The deferred inflows of lease related revenues increased \$103.4 million, resulting from lease related adjustments. This increase was offset by reductions to deferred inflows from pension and OPEB as the values of these portfolios were lowered to reflect losses from their equity and fixed asset investments.

The Authority’s total net position for FY23 was \$3.2 billion, an increase of \$295.9 million, or 10.1%, compared to the prior year. This increase reflects the Authority’s net operating income of \$145.3 million, net non-operating income of \$125.8 million and capital contributions of \$24.9 million. The growth in net position is being used to fund the Authority’s strategic initiatives, Net Zero strategies, and capital investment.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024 and 2023, the Authority had \$4.43 billion of capital assets (net of depreciation). These include land, construction in process, buildings, runways and taxiways, roadways, machinery and equipment, air rights, parking rights, and right-of-use assets. The Authority’s net capital assets decreased by \$11.9 million, or 0.3%, in FY24 as a \$350.0 million increase in new capital investments, primarily the Terminal E Modernization and Improvements, the rehabilitation of Runway 15R/33L and Runway 29, Terminal B to C Roadway Improvements and Piers Park Phase 2 was offset with a \$359.8 million reduction from asset depreciation and amortization for the year.

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, 2024, 2023 and 2022 (for further information on Capital Assets see Note 4):

Capital Assets by Type

($ thousands)

	FY 2024	FY 2023	FY 2022	% Change 2024-2023	% Change 2023-2022
Land	$ 240,575	$ 240,562	$ 240,553	0.0%	0.0%
Construction in progress	193,464	730,130	744,952	(73.5%)	(2.0%)
Buildings	2,633,937	2,261,820	2,173,517	16.5%	4.1%
Runways and other pavings	389,703	317,148	349,520	22.9%	(9.3%)
Roadways	412,349	352,394	371,204	17.0%	(5.1%)
Machinery and equipment	316,300	275,522	265,753	14.8%	3.7%
Air rights	24,474	27,287	31,880	(10.3%)	(14.4%)
Parking rights	10,795	12,337	13,879	(12.5%)	(11.1%)
Right of use assets	212,502	228,820	266,025	(7.1%)	(14.0%)
Capital assets, net	**$ 4,434,099**	**$ 4,446,020**	**$ 4,457,283**	**(0.3%)**	**(0.3%)**

Debt Administration

The Authority's bond issuances are governed by the Debt Management and Issuance Policy, which was most recently re-adopted by the Members of the Authority (the "Board") at its June 2023 meeting. Among other things, the issuance of new or refunding debt must be approved by 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 FY24, the Authority's debt service coverage ratio, defined as annual net revenues divided by annual principal and interest expense payments, was 3.91, a slight increase over last year's coverage ratio of 3.89.

The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. In FY24 and FY23, the Authority's CFC Trust coverage was 3.73 and 3.08, respectively.

The Authority had total net Bonds Payable of $3.0 billion outstanding as of June 30, 2024. Total net Bonds Payable consists of Senior Debt revenue bonds of $2.39 billion, Subordinated Debt Revenue Bonds of $74.0 million, Senior Direct Placement Debt of $229.1 million, and $314.1 million of unamortized bond premiums as of June 30, 2024 (see Note 5). The $3.0 billion of net Bonds Payable as of June 30, 2024 is $96.5 million less than the previous year.

In FY23, the Authority issued its first ever "Green Bonds", Revenue Bonds Series 2022 A (AMT), in the aggregate principal amount of $120.9 million (See Note 5 for more details).

The Authority's net Bonds Payable as of June 30, 2023 was $3.1 billion. Total net Bonds Payable consists of Senior Debt revenue bonds of $2.45 billion, Subordinated debt revenue bonds of $74.0 million, Senior Direct Placement debt of $251.6 million, and $329.1 million of unamortized bond premiums as of June 30, 2023 (see Note 5). The $3.1 billion of net Bonds Payable as of June 30, 2023 is $97.0 million more than the previous year.

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, Long-term Debt 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 2024	FY 2023	$ Change	% Change
Net cash provided by operating activities	$ 472.5	$ 477.1	($ 4.6)	(1.0%)
Net cash provided by non-capital activities (CARES/CRRSA/ARPA Acts)	17.8	97.4	(79.6)	(81.7%)
Net cash used in capital and related financing activities	(333.6)	(199.6)	(134.0)	67.1%
Net cash used in investing activities	(98.5)	(320.2)	221.7	(69.2%)
Net increase in cash and cash equivalents	**58.2**	**54.6**	**3.6**	**6.6%**
Cash and cash equivalents, beginning of year	**587.9**	**533.3**	**54.6**	**10.2%**
Cash and cash equivalents, end of year	**$ 646.1**	**$ 587.9**	**$ 58.2**	**9.9%**

	FY 2023	FY 2022	$ Change	% Change
Net cash provided by operating activities	$ 477.1	$ 475.7	$ 1.4	0.3%
Net cash provided by non-capital activities (CARES/CRRSA/ARPA Acts)	97.4	79.2	18.2	23.0%
Net cash used in capital and related financing activities	(199.6)	(378.5)	178.9	(47.3%)
Net cash used in investing activities	(320.2)	(98.5)	(221.7)	225.1%
Net increase in cash and cash equivalents	**54.6**	**77.8**	**(23.2)**	**(29.8%)**
Cash and cash equivalents, beginning of year	**533.3**	**455.5**	**77.8**	**17.1%**
Cash and cash equivalents, end of year	**$ 587.9**	**$ 533.3**	**$ 54.6**	**10.2%**

The Authority's cash and cash equivalents at June 30, 2024 were $646.1 million, an increase of $58.2 million or 9.9% from the prior year. The Authority generated $472.5 million in cash during FY24 primarily as a result of increased business activity at aviation and maritime facilities. In addition, the Authority received $17.8 million in expense reimbursements from federal COVID-19 funding from ARPA grant programs. The Authority used $333.6 million in cash for capital project expenses (mainly to fund the Terminal E modernization and other runway improvement projects), debt service payments to bondholders, and other financing activities. The Authority also used $98.5 million in cash to purchase investments that will fund future operating activities and capital payments.

The Authority's cash and cash equivalents at June 30, 2023 were $587.9 million, an increase of $54.6 million, or 10.2%, from the prior year. The Authority generated $477.1 million in cash during FY23 primarily as a result of increased business activity at aviation and maritime facilities. In addition, the Authority received $97.4 million in expense reimbursements from federal COVID-19 funding provided by the CRRSA and ARPA grant programs. The Authority used $199.6 million in cash for capital project expenses, debt service payments to bondholders, and other financing activities. The Authority also used $320.2 million in cash to purchase investments that will fund future operating activities and capital payments.

Contacting the Authority's Financial Management

For additional information concerning the Authority and the Retirement System, please see the Authority's website, www.massport.com. Financial information can be found by clicking on "Business" from the home page and then selecting "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, 2024 and 2023

(In thousands)

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 227,191	$ 112,441
Investments	297,408	256,908
Restricted cash and cash equivalents	418,895	475,439
Restricted investments	439,335	349,170
Accounts receivable		
Trade, net	90,558	75,650
Lease receivable	40,837	37,506
Grants receivable	20,550	23,914
Total receivables (net)	151,945	137,070
Prepaid expenses and other assets	14,834	12,378
Total current assets	1,549,608	1,343,406
Noncurrent assets:		
Investments	654,256	646,739
Restricted investments	666,440	574,918
Lease receivable	2,138,617	2,150,964
Accrued lease Interest receivable	52,506	42,397
Prepaid expenses and other assets	4,008	9,625
Capital assets-not being depreciated	434,039	970,693
Capital assets-being depreciated-net	4,000,060	3,475,327
Total noncurrent assets	7,949,926	7,870,663
Total assets	9,499,534	9,214,069
Deferred outflows of resources		
Deferred loss on refunding of bonds	7,689	8,984
Pension related	74,069	109,311
OPEB related	18,934	47,419
Total deferred outflows of resources	100,692	165,714
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	215,687	232,951
Compensated absences	1,184	1,087
Contract retainage	16,388	14,512
Current portion of long term debt	99,264	96,489
Accrued interest on bonds payable	60,064	61,561
Accrued interest on leases payable	5,294	3,145
Lease and subscription liability	10,310	13,039
Unearned revenues	6,246	11,247
Total current liabilities	414,437	434,031
Noncurrent liabilities:		
Accrued expenses	29,985	32,953
Compensated absences	15,151	13,902
Net pension liability	61,124	91,907
Net OPEB liability	57,360	89,783
Contract retainage	2,674	8,005
Long-term debt, net	2,904,182	3,003,447
Long term lease and subscription liability	205,140	217,846
Unearned revenues	272	504
Total noncurrent liabilities	3,275,888	3,458,347
Total liabilities	3,690,325	3,892,378
Deferred inflows of resources		
Deferred gain on refunding of bonds	19,234	21,444
Lease related	2,146,245	2,183,858
Pension related	20,466	28,455
OPEB related	24,189	34,142
Total deferred inflows of resources	2,210,134	2,267,899
Net position		
Net investment in capital assets	1,155,226	1,305,831
Restricted		
Bond funds	315,540	295,253
Project funds	772,253	691,089
Passenger facility charges	202,533	177,893
Customer facility charges	89,045	67,007
Other purposes	44,605	34,093
Total restricted	1,423,976	1,265,335
Unrestricted	1,120,565	648,340
Total net position	$ 3,699,767	$ 3,219,506

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, 2024 and 2023

(In thousands)

	2024	2023
Operating revenues:		
Aviation rentals	$ 374,035	$ 313,696
Aviation parking	213,574	198,511
Aviation shuttle bus	25,601	18,919
Aviation fees	203,790	171,191
Aviation concessions	183,123	157,425
Aviation operating grants and other	4,097	3,617
Maritime fees, rentals and other	95,814	89,464
Real estate fees, rents and other	47,368	47,346
Total operating revenues	1,147,402	1,000,169
Operating expenses:		
Aviation operations and maintenance	374,417	316,848
Maritime operations and maintenance	70,010	60,507
Real estate operations and maintenance	18,051	18,381
General and administrative	74,275	64,292
Payments in lieu of taxes	25,901	23,206
Pension and other post-employment benefits	8,319	24,710
Other	16,157	16,956
Total operating expenses before depreciation and amortization	587,130	524,900
Depreciation and amortization	359,759	330,002
Total operating expenses	946,889	854,902
Operating income	200,513	145,267
Nonoperating revenues and (expenses):		
Passenger facility charges	84,262	80,106
Customer facility charges	33,158	30,824
Lease interest income	43,106	44,070
Investment income on investments	96,127	62,702
Net increase (decrease) in the fair value of investments	35,087	(17,099)
Settlement of claims	888	—
Other revenues	12,180	37,731
Gain on sale of equipment / property	35	163
Interest expense on leases	(3,881)	(3,605)
Interest expense on financing	(111,738)	(109,117)
Total nonoperating revenues, net	189,224	125,775
Increase in net position before capital contributions	389,737	271,042
Capital contributions	90,524	24,888
Increase in net position	480,261	295,930
Net position, beginning of year	3,219,506	2,923,576
Net position, end of year	$ 3,699,767	$ 3,219,506

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, 2024 and 2023
(In thousands)

	2024	2023
Cash flows from operating activities:		
Cash received from customers and operating grants	$ 1,074,979	$ 984,345
Payments to vendors	(413,408)	(304,106)
Payments to employees	(151,005)	(170,811)
Payments in lieu of taxes	(25,901)	(23,206)
Other post-employment benefits	(12,131)	(9,100)
Net cash provided by operating activities	472,534	477,122
Cash flows from noncapital financing activities:		
Cash received from CRRSA and ARPA Acts Airport Relief fund	17,754	97,376
Net cash provided by noncapital financing activities	17,754	97,376
Cash flows from capital and related financing activities:		
Proceeds from leases interest income	32,998	27,268
Interest paid on leases	(1,731)	(1,603)
Acquisition and construction of capital assets	(352,734)	(336,650)
Right to use assets	(13,325)	(12,382)
Proceeds from Bosfuel and Other project contributions	11,500	3,059
Proceeds from the issuance of bonds and notes	—	135,294
Interest paid on bonds and notes	(122,683)	(121,924)
Principal payments on long-term debt	(81,605)	(23,720)
Proceeds from passenger facility charges	83,691	75,726
Proceeds from customer facility charges	32,976	30,340
Proceeds from capital contributions	76,365	24,468
Settlement of claims	888	6
Proceeds from sale of equipment	70	467
Net cash used in capital and related financing activities	(333,590)	(199,651)
Cash flows from investing activities:		
Purchases of investments	(1,043,179)	(1,174,681)
Sales of investments	857,950	807,993
Realized (loss) gain on sale of investments	(102)	6
Interest received on investments	86,840	46,433
Net cash used in investing activities	(98,491)	(320,249)
Net increase in cash and cash equivalents	58,207	54,598
Cash and cash equivalents, beginning of year	587,879	533,281
Cash and cash equivalents, end of year	$ 646,086	$ 587,879
Reconciliation of operating income to net cash provided by operating activities:		
Cash flows from operating activities:		
Operating income	$ 200,513	$ 145,267
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	359,759	330,002
Changes in operating assets and liabilities:		
Trade receivables	(42,930)	(7,866)
Prepaid expenses and other assets	(2,366)	(374)
Accounts payable and accrued expenses	(23,438)	3,282
Net pension liability and deferred inflows/outflows	(3,530)	11,810
Net OPEB liability and deferred inflows/outflows	(11,735)	(4,549)
Compensated absences	1,347	(294)
Unearned revenue	(5,086)	(156)
Net cash provided by operating activities	$ 472,534	$ 477,122
Noncash investing activities:		
Net decrease in the fair value of investments	$ (39,580)	$ (74,768)

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

MASSACHUSETTS PORT AUTHORITY
Statements of Fiduciary Net Position
Fiduciary Funds
June 30, 2024 and 2023
(in thousands)

	Pension and Retiree Benefit Trust Funds	
	2024	**2023**
Assets:		
Cash and cash equivalents	$ 9,911	$ 5,533
Investments, at fair value:		
Common stocks	13,952	11,347
Commingled funds:		
Domestic equity	315,490	270,496
Fixed income	285,600	264,180
Opportunistic credit	45,693	41,011
International equity	290,985	254,224
Real estate	90,950	97,273
Private equity	97,670	93,501
Total investments, at fair value	1,140,340	1,032,032
Receivables:		
Plan member contributions	388	305
Accrued interest and dividends	22	20
Other state retirement plans	2,662	1,854
Receivable for securities sold	26	623
Other	94	80
Total receivables	3,192	2,882
Right of use Asset	78	265
Total assets	1,153,521	1,040,712
Liabilities:		
Payables to other state retirement plans	1,297	411
Other payables	885	801
Lease liability	79	267
Total liabilities	2,261	1,479
Net position:		
Restricted for:		
Pensions	838,594	766,197
Postemployment benefits other than pensions	312,666	273,036
Total net position	$ 1,151,260	$ 1,039,233

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, 2024 and 2023
(in thousands)

	Pension and Retiree Benefit Trust Funds 2024	Pension and Retiree Benefit Trust Funds 2023
Additions:		
Contributions:		
Plan members	$ 13,656	$ 12,294
Plan sponsor	23,570	22,913
Total contributions	37,226	35,207
Intergovernmental:		
Transfers from other state retirement plans	1,503	1,137
Section 3(8)(c) transfers, net	598	1,580
Net intergovernmental	2,101	2,717
Investment earnings:		
Interest and dividends	26,032	24,069
Net (depreciation) appreciation in fair value of investments	112,847	(200,946)
Less management and related fees	(3,426)	(3,434)
Net investment earnings/(losses)	135,453	(180,311)
Total deductions/additions	174,780	(142,387)
Deductions:		
Retirement benefits	60,027	58,350
Withdrawals by inactive members	657	778
Transfers to other state retirement plans	408	929
Administrative expenses	1,661	1,454
Total deductions	62,753	61,511
Net (decrease) increase in fiduciary net position	112,027	(203,898)
Net position - beginning of year	1,039,233	1,243,131
Net position - end of year	$ 1,151,260	$ 1,039,233

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 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. 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.

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 fund held pursuant to the 1978 Trust Agreement, the PFC Depositary Agreement, the CFC Trust Agreement, the self-insurance fund and other custodial funds.

- 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, 2024 and 2023, 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, 2024 and 2023, 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 experience and assumption 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. Leases with respect to which 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. For the years ended June 30, 2024 and 2023 the Authority recorded unrealized gain of $35.1 million and a loss of $17.1 million respectively, in investment income.

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 $2.9 million and $3.0 million at June 30, 2024 and 2023, respectively.

k) Leases

<u>As Lessee:</u>

The Authority is a lessee for non-cancelable leases of land, buildings, equipment and another party's information technology (IT) software or subscription-based information technology arrangements (SBITAs). 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. The Authority monitors changes in SBITA agreements for circumstances that would change its lease liability and Right to Use Asset.

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 leases 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 to 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.

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, 2024, the Authority's collection authorization and total use approval pertaining to certain approval of capital investments is $2.46 billion. Through June 30, 2024, the Authority had cumulative PFC cash collections of $1.62 billion, including interest thereon. The Authority had cumulative PFC expenditures of $1.44 billion on the FAA approved PFC airport projects.

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 $84.3 million and $80.1 million in PFC revenue for the fiscal years ended June 30, 2024 and 2023, respectively.

m) *Customer Facility Charges*

Effective December 1, 2008, the Board established a CFC of $4.00 per transaction day for rental cars that 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 or CFC 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 $33.2 million and $30.8 million in CFC revenue for the fiscal years ended June 30, 2024 and 2023, respectively. For the years ended June 30, 2024 and 2023 there were $110.7 million and $115.6 million of CFC bonds outstanding, respectively.

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 2024 and 2023, the Authority recognized $90.5 million and $24.9 million of capital contributions, respectively. The 2024 and the 2023 capital contributions were generated primarily from reimbursements under the Bipartisan Infrastructure Law Grant program, the FAA AIP grant program, the Federal Emergency Management Agency, the United States Maritime Administration and the Environmental Protection Agency.

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 was $1.2 million at June 30, 2024 and $1.1 million at June 30, 2023.

The table below presents the Authority's compensated absences activity at June 30, 2024 and 2023 and for the years then ended (in thousands):

Compensated absences-vacation and sick pay liability

Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Net due within one year
$ 14,989	$ 19,370	$ 18,024	$ 16,335	$ 1,184

Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Net due within one year
$ 15,283	$ 17,058	$ 17,352	$ 14,989	$ 1,087

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, and 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, 2023 and 2022. 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. 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 adopted this statement as of July 1, 2022, and there was no impact on its financial statements.

u) Accounting Pronouncements Issued But Not Yet Adopted

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 requirements of this statement are effective for the fiscal years beginning after December 31, 2023. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Governmental reporting entities face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, 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. 103, *Financial Reporting Model Improvements*, was issued in April 2023. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis:

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in the MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items:

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position:

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information:

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information:

This Statement requires governments to present budgetary comparison information using a single method of communication - RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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).

	2024	2023
Increase in Net Position per GAAP	$ 480,261	$ 295,930
Additions:		
Depreciation and amortization	359,759	330,002
Interest expense	111,738	109,117
Payments in lieu of taxes	25,901	23,206
Net (increase) / decrease in the fair value of investments	(35,087)	17,099
Interest expense on Leases	3,881	3,605
Less:		
OPEB (income), net	(11,735)	(4,549)
Pension (income) / expense , net	(3,530)	11,810
Passenger facility charges	(84,262)	(80,106)
Customer facility charges	(33,158)	(30,824)
Self insurance (income) /expense, net	(9,588)	1,503
Capital grant revenue	(90,524)	(24,888)
Loss (gain) on sale of equipment	(35)	(163)
Other operating revenues / (expenses), net	(6,142)	(13,767)
Other non-operating revenues / expenses, net	(12,180)	(4,058)
Lease interest income	(43,106)	(44,070)
Investment income	(19,791)	(14,862)
Net Revenue per the 1978 Trust Agreement	**$ 632,402**	**$ 574,985**

Total net revenues, as defined by the 1978 Trust Agreement, pledged for the repayment of bonds issued under the 1978 Trust Agreement were $632.4 million and $575.0 million for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, 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 $39.6 million and a loss of approximately $74.8 million for the year ended June 30, 2024 and June 30, 2023, respectively.

The following summarizes the Authority's cash and cash equivalents and investments by type held at June 30, 2024 and 2023 (in thousands):

2024	Credit Rating (1)	Cost	Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Not rated	$ 602,505	$ 602,505	0.003
Federal Home Loan Bank	AA+ / Aaa	312,875	300,107	0.502
Federal Deposit Insurance Corporation	Unrated (2)	1,004	1,004	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	192,075	188,159	1.099
Federal National Mortgage Association	AA+ / Aaa	64,165	61,734	0.235
Federal Farm Credit	AA+ / Aaa	179,221	177,795	0.519
Guaranteed Investment Contracts (GIC) (6)	AA+ / Aa3 (4)	58,086	58,086	5.513
Cash Deposit	Unrated	3,591	3,591	0.003
Certificates of Deposit	A-1+ / P-1 (3)	5,170	5,170	0.033
Commercial Paper	A-1/ P-1	320,841	320,841	0.384
Supranational	AAA / Aaa	29,213	28,295	0.303
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)	36,378	36,378	0.003
Municipal Bond	AA+ / Aa1	290,546	285,854	1.838
Money Market Funds	AAA / Aaa (5)	2,608	2,608	0.003
Corporate Bonds	AA / Aa2 (7)	483,069	469,894	1.648
U.S. Treasury	AA+ / Aaa	161,758	161,504	2.433
		$ 2,743,105	$ 2,703,525	

2023	Credit Rating (1)	Cost	Fair Value	Effective Duration
Massachusetts Municipal Depository Trust (6)	Not Rated	$ 528,393	$ 528,393	0.003
Federal Home Loan Bank	AA+ / Aaa	357,603	336,892	1.976
Federal Deposit Insurance Corporation	Unrated (2)	1,004	1,004	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	177,280	169,599	1.639
Federal National Mortgage Association	AA+ / Aaa	74,144	68,921	1.639
Federal Farm Credit	AA+ / Aaa	71,741	69,723	1.972
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)	55,811	55,812	6.243
Cash Deposit	Unrated	2,840	2,840	0.003
Commercial Paper	A-1/ P-1	318,442	318,442	0.234
Supranational	AAA / Aaa	44,124	42,521	1.632
Government Fund-Morgan Stanley / Wells Fargo	AAA / Aaa (5)	28,012	28,012	0.003
Municipal Bond	AA+ / Aa2	231,744	220,641	1.645
Money Market Funds	AAA/Aaa (5)	27,631	27,631	0.003
Corporate Bonds	AA/ Aa2 (7)	468,821	443,589	2.177
U.S. Treasury	AA+/Aaa	102,792	101,595	0.708
		$ 2,490,382	$ 2,415,615	

1. The ratings are from any two Nationally Recognized Statistical Rating Organizations as of the fiscal year presented.
2. FDIC Insured Deposit Accounts.
3. Collateralized by Federal Agency Notes or Letter of Credit backed by each reserve.
4. Underlying rating of GIC Issuer.
5. Average credit ratings of the money market funds.
6. MMDT and GIC are carried at cost, which approximates fair value in the tables.
7. The Authority owns a diverse portfolio of 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 any two Nationally Recognized Statistical Rating Organizations. Credit ratings listed reflect weighted average ratings of corporate bond holdings.

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

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Securities maturing in 1 year or more	$ 1,353,888	$ 1,320,696	$ 1,291,096	$ 1,221,657
Securities maturing in less than 1 year	743,131	736,743	611,406	606,078
Cash and cash equivalents	646,086	646,086	587,880	587,880
	$ 2,743,105	$ 2,703,525	$ 2,490,382	$ 2,415,615

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 one of the two highest rating categories without regard to gradations within such categories, by any two Nationally Recognized Statistical Rating Organizations (NRSROs), 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 any two NRSROs; and investment contracts with banks whose long-term unsecured debt rating is in one of the two highest rating categories, without regard to gradation within such categories, by any two NRSROs. 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 any two NRSROs.

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 Mellon. The Authority maintains a payroll disbursement, lockbox and collection accounts (for other than PFCs) with Bank of America, N.A.

The Authority's cash on deposit in the banks noted above at June 30, 2024 and 2023 was $3.6 million and $2.8 million, respectively, and of these amounts, $250.0 thousand was insured in each year, and no amount was collateralized at June 30, 2024 or 2023.

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, 2024 and 2023, respectively; they are uncollateralized and recorded at cost (in thousands):

Investment Agreement Provider	Rate	Maturity	2024	2023
Trinity Plus Funding Company	4.36%	January 2, 2031	$ 26,212	$ 25,111
GE Funding Capital Markets	3.81%	December 31, 2030	31,874	30,700
Total			$ 58,086	$ 55,811

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 Commercial Paper holdings of the Authority:

Issuer:	2024 % of Portfolio	2023 % of Portfolio
Commercial Paper	11.70%	12.79%
Corporate Bonds	17.61%	18.83%
Municipal Bond	10.59%	9.31%
Federal Agency Bonds	27.32%	27.38%
Certificates of Deposit	0.13%	0.00%
Supranational	1.06%	1.77%
U.S. Treasury	5.90%	4.13%

Commercial Paper Issuer	**2024**	**2023**
Australia & NZ Bank	$ 9,808	$ 9,802
Canadian Imperial Holdings Inc.	24,555	9,620
DNB Bank	34,609	34,762
Macquarie Bank	27,367	-
Manhattan Asset Funding Co.	-	17,903
Mizuho Bank	-	38,927
MUFG Bank CP	33,820	49,328
National Bank of Canada	24,135	-
Old Line Funding	-	29,897
Royal Bank of Canada	19,747	29,785
Skandinaviska Enski Bank	34,374	19,596
SWEDBANK	14,998	24,665
TD Bank	53,885	29,668
Toyota Motor Corporation	24,237	24,489
WestPac Banking	19,306	-
Total	**$ 320,841**	**$ 318,442**

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 such categories by any two nationally recognized statistical rating organization, and in corporate bonds rated in one of the three highest rating categories without regard to gradations within such categories, by any two NRSROs.

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):

	2024		2023	
1978 Trust	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Improvement and Extension Fund	$ 1,115,552	$ 1,091,263	$ 968,084	$ 923,514
Capital Budget Account	362,723	362,370	372,809	372,232
Debt Service Reserve Fund	180,980	175,286	180,003	168,281
Debt Service Funds	136,410	136,410	120,874	120,874
Maintenance Reserve Fund	403,189	396,052	330,299	317,409
Operating/Revenue Fund	87,592	87,592	92,574	92,574
Subordinated Debt Fund	60,493	60,493	58,218	58,219
Self-Insurance Account	47,444	46,674	44,412	42,615
2020 B Project Fund	-	-	2,458	2,458
2021 D Project Fund	-	-	1,681	1,681
2021 E Project Fund	-	-	8,777	8,777
2022 A Project Fund	-	-	22,167	22,167
Other Funds	50,234	50,234	34,084	34,084
PFC Depositary Agreement				
Other PFC Funds	189,036	188,984	165,473	164,915
2011 CFC Trust				
Debt Service Reserve Fund	22,013	21,471	21,967	20,902
CFC Maintenance Reserve Fund	8,833	8,833	10,112	9,743
Debt Service Funds	12,944	12,753	8,659	8,659
CFC Stabilization and Other CFC Fund	65,662	65,110	47,731	46,511
Total	**$ 2,743,105**	**$ 2,703,525**	**$ 2,490,382**	**$ 2,415,615**

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, 2024	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 300,107	$ -	$ 300,107	$ -
Federal Home Loan Mortgage Corp.	188,159	-	188,159	-
Federal National Mortgage Association	61,734	-	61,734	-
Federal Farm Credit	177,795	-	177,795	-
Supranational	28,295	-	28,295	-
Commercial Paper	320,841	-	320,841	-
Government Fund-Morgan Stanley / Wells Fargo	36,378	36,378	-	-
Municipal Bond	285,854	-	285,854	-
Money Market Funds	2,608	2,608	-	-
Treasury Notes	161,504	-	161,504	-
Corporate Bonds	469,894	-	469,894	-
Total Investments Measured at Fair Value	**$ 2,033,169**	**$ 38,986**	**$ 1,994,183**	**$ -**

Investments Measured at Fair Value (in thousands)

As of June 30, 2023	Fair Value	Level 1	Level 2	Level 3
Federal Home Loan Bank	$ 336,892	$ -	$ 336,892	$ -
Federal Home Loan Mortgage Corp.	169,599	-	169,599	-
Federal National Mortgage Association	68,921	-	68,921	-
Federal Farm Credit	69,723	-	69,723	-
Supranational	42,521	-	42,521	-
Commercial Paper	318,442	-	318,442	-
Government Fund-Morgan Stanley / Wells Fargo	28,012	28,012	-	-
Municipal Bond	220,641	-	220,641	-
Money Market Funds	27,631	27,631	-	-
Treasury Notes	101,595	-	101,595	-
Corporate Bonds	443,589	-	443,589	-
Total Investments Measured at Fair Value	**$ 1,827,566**	**$ 55,643**	**$ 1,771,923**	**$ -**

Money Market Funds

As of June 30, 2024 and 2023, the Authority held positions in various money market funds and the fair values of those funds were $39.0 million and $55.6 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 and U.S. Treasury Notes

As of June 30, 2024 and 2023, the Authority held positions in federal agency notes and the fair values were $889.3 million and $746.7 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, 2024 and 2023, the Authority held positions in commercial paper notes and the fair values were $320.8 million and $318.4 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, 2024 and 2023, the Authority held positions in municipal bonds and the fair values were $285.9 million and $220.6 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, 2024 and 2023, the Authority held positions in corporate bonds and the fair values were $469.9 million and $443.6 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, 2024 and 2023, the Authority held positions in supranational bonds and the fair values were $28.3 million and $42.5 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 that 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 Class	December 31, 2023 Exposure	December 31, 2022 Exposure	Asset Weightings: Minimum Exposure	Asset Weightings: Maximum Exposure	Asset Weightings: Target Allocation
Domestic equity	41.0%	37.9%	28.0%	48.0%	38.0%
Fixed income	28.6%	30.0%	17.0%	47.0%	32.0%
International equity	19.3%	20.1%	10.0%	30.0%	20.0%
Cash and cash equivalents	2.7%	1.6%	0.0%	20.0%	0.0%
Alternatives:					
Real estate private equity	8.4%	10.4%	0.0%	15.0%	10.0%

The current OPEB plan investment philosophy consists of five asset classes. 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, 2023 and 2022 (in thousands):

	December 31, 2023 Credit Rating	December 31, 2023 Fair Value	December 31, 2022 Credit Rating	December 31, 2022 Fair Value
Cash and Cash Equivalents				
First American Government Fund	Unrated	$ 2,222	Unrated	$ 458
Massachusetts Municipal Depository Trust (MMDT)	Unrated	6,182	Unrated	3,962
Total Cash and Cash Equivalents		$ 8,404		$ 4,420
Investments				
Vanguard Index Funds	Unrated	$ 146,503	Unrated	$ 120,209
Acadian All Country World ex US Fund	Unrated	20,945	Unrated	18,919
WCM Focused International Growth Fund	Unrated	15,302	Unrated	13,627
Vanguard Intermediate Term Investment Grade Fund	A	10,329	A	9,510
Aberdeen Emerging Markets Fund	Unrated	5,774	Unrated	5,710
Alliance Bernstein High Income	BB	11,281	B	9,827
TCW Emerging Markets Income	BB	6,474	BB	5,776
Aristotle Floating Rate Income Fund*	B	10,318	B	9,060
Baird Core Plus Fund	AA	26,260	A	24,567
Voya Intermediate Bond Fund	A	24,912	AA	23,267
Real Estate Private Equity Funds	Unrated	26,339	Unrated	28,359
Total Investments		**$ 304,437**		**$ 268,831**

* Pacific funds are now Aristotle Funds as of April 2023.

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, 2023 and 2022.

a) Credit Risk

For the years ended December 31, 2023 and 2022, the Trust's fixed income investments totaled $89.6 million and $82.0 million, respectively. These investments were split between six commingled mutual funds. The investment policy limits fixed income securities of any one issuer to below 5% of the total bond portfolio at the time of purchase and this limitation does not apply to issues of the U.S. Treasury or other Federal Agencies. The diversification restrictions for individual stocks and fixed income securities purchased and held in the total portfolio shall not apply to similar investment instruments held in a commingled fund or an SEC registered mutual fund specifically approved by the Committee. The Trust invests primarily commingled funds and SEC registered mutual funds. The overall rating of the fixed income assets, as calculated by the Advisor, shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization. In cases where the yield spread adequately compensates for additional risk, investments classified at below investment grade can be purchased or held to maturity up to a maximum of 30% of the total market value of the fixed income securities of the Fund. The total percentage of the fixed income investments subject to this provision were 26.10% and 27.38% at December 31, 2023 and 2022, 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 which 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 5% of the outstanding shares of an individual stock, and holding no more than 40% of the portfolio in any one industry. Trust assets were in compliance with the Trust Investment Policy at December 31, 2023 and 2022, 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, 2023 and 2022 was 5.13 and 5.25 years, respectively.

The individual fund durations are as follows at December 31, 2023 and 2022, respectively (in thousands):

		December 31, 2023 Fair Value	Effective Duration		December 31, 2022 Fair Value	Effective Duration
Fixed Income Investments						
Vanguard Intermediate Term Investment Grade Fund	$	10,329	6.10	$	9,510	6.20
Alliance Bernstein High Income		11,281	3.73		9,827	3.96
TCW Emerging Markets Income		6,474	6.63		5,776	6.63
Aristotle Floating Rate Income Fund		10,318	0.31		9,060	0.41
Baird Core Plus		26,260	6.00		24,567	5.96
Voya Intermediate Bond		24,912	6.06		23,267	6.20
Total Fixed Income Investments	**$**	**89,574**		**$**	**82,007**	
Weighted average duration of fixed income assets:			**5.13**			**5.25**

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*

The annual money weighted rate of return on trust investments, net of Trust expenses, were a gain of 15.09% compared to a loss of 15.33% for the audit period ended December 31, 2023 and 2022, 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 a gain of 15.9% and a loss of 15.2%, gross of fees, for the years ended December 31, 2023 and 2022, 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, 2023 and 2022:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2023	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 146,503	$ 146,503	$ -	$ -
Baird Core Plus	26,260	26,260	-	-
Vanguard Intermediate Term Investment Grade Fund	10,329	10,329	-	-
Voya Internediate Bond	24,912	24,912	-	-
Aberdeen Emerging Markets Fund	5,774	5,774	-	-
AllianceBernstein High Income	11,281	11,281	-	-
TCW Emerging Markets Income	6,474	6,474	-	-
Aristotle Floating Rate Income Fund	10,318	10,318	-	-
WCM Total International Stock Index	15,302	15,302	-	-
Acadian All Country World ex-USFund	20,945	20,945	-	-
Total investments measured by fair value level	278,098	278,098	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	8,531			
Equus Fund X	2,602			
ATEL Private Debt Partners II	4,326			
Golub Capital Partners 12 L.P.	4,255			
PRISA LP	6,625			
Total investments measured at the NAV	26,339			
Total Investments	**$ 304,437**	**$ 278,098**	**$ -**	**$ -**

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2022	Fair Value	Level 1	Level 2	Level 3
Investments				
Vanguard Index Funds	$ 120,209	$ 120,209	$ -	$ -
Baird Core Plus	24,567	24,567	-	-
Vanguard Intermediate Term Investment Grade Fund	9,510	9,510	-	-
Voya Internediate Bond	23,267	23,267	-	-
Aberdeen Emerging Markets Fund	5,710	5,710	-	-
AllianceBernstein High Income	9,827	9,827	-	-
TCW Emerging Markets Income	5,776	5,776	-	-
PL Floating Rate Income Fund	9,060	9,060	-	-
WCM Total International Stock Index	13,627	13,627	-	-
Acadian All Country World ex-USFund	18,919	18,919	-	-
Total investments measured by fair value level	240,472	240,472	-	-
Investments measured at the net asset value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	8,807			
Equus Fund X	4,656			
ATEL Private Debt Partners II	3,229			
Golub Capital Partners 12 L.P.	4,211			
PRISA LP	7,456			
Total investments measured at the NAV	28,359			
Total Investments	**$ 268,831**	**$ 240,472**	**$ -**	**$ -**

Commingled Mutual Funds

As of December 31, 2023 and 2022, the Authority held positions in several commingled mutual funds as noted above and the fair values were $278.1 million and $240.5 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)					
	2023		2022			
	NAV	Unfunded Commitments	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Private Equity Funds						
Boyd Watterson GSA Fund (1)	$ 8,531	$ —	$ 8,807	$ —	Quarterly	60 days
Equus Fund X (2)	2,602	461	4,656	461	—	—
PRISA LP (3)	6,625	—	7,456	—	Quarterly	90 days
ATEL Private Debt Partners II (4)	4,326	—	3,229	1,277	—	—
Golub Capital Partners 12 LP (4)	4,255	460	4,211	460	—	—
Total investments measured at the NAV	$ 26,339		$ 28,359			

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.

Massport Employees Retirement System

The provisions of M.G.L. Chapter 32, Section 23(2) and the investment policy approved by the Massachusetts Port Authority Employees’ Retirement System Board (the “Retirement Board”) govern the Plan’s investment practice. Diversification is attained through varied investment management styles that comply with Massachusetts 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's Investment Policy are as follows:

	Target Allocation	
Asset Class	**2023**	**2022**
Domestic equity	27.5%	27.5%
International equity	27.5%	27.5%
Fixed income	22.5%	22.5%
Opportunistic Credit	5.0%	5.0%
Real estate	7.5%	7.5%
Private Equity	10.0%	10.0%
	100.0%	100.0%

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, 2023 and 2022 (in thousands):

	December 31, 2023 Fair Value	December 31, 2022 Fair Value
Cash and Cash Equivalents	$ 1,507	$ 1,113
Investments		
Common stocks		
Equities	$ 13,952	$ 11,348
Commingled Equities funds:		
Large Cap	177,212	158,485
Small Cap	10,037	8,457
International	230,702	199,313
Commingled Fixed Income funds:		
Core Bond	196,026	182,173
Commingled Opportunistic Credit Funds	45,694	41,011
Other Investments		
PRIT Real Estate fund	64,611	68,914
PRIT Private Equity	97,670	93,501
Total investments	$ **835,904**	$ **763,202**

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 as of December 31, 2023 and 2022.

a) *Credit Risk*

For the years ended December 31, 2023 and 2022, the Plan's fixed income investments totaled $241.7 million and $223.2 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, 2023 and 2022 other than pooled investments.

d) *Interest Rate Risk*

This risk 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. 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 that 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, 2023 and 2022, respectively (in thousands):

		December 31, 2023 Fair Value	Effective Duration		December 31, 2022 Fair Value	Effective Duration
Fixed Income Investments						
Commingled fund – actively managed fixed income	$	196,026	6.51	$	182,173	6.87
Commingled fund – actively managed -domestic		13,967	3.03		11,709	4.42
Commingled fund – actively managed- global		31,726	6.70		29,302	7.50
Total Fixed Income Investments	$	241,719		$	223,184	

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 plan 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, 2023		December 31, 2022
Currency (in thousands)				
International equity pooled funds (various currencies)	$	230,702	$	199,313

f) *Rate of Return*

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on Plan investments, net of Plan investment expenses, was a gain of 12.45% and a loss of 14.41%, 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, 2023 and 2022:

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2023	Fair Value	Level 1	Level 2	Level 3
Investments				
Common stocks				
Equities	$ 13,952	$ 13,952	$ -	$ -
Investments measured at NAV				
Commingled Equity funds				
Large Cap	177,212	-	-	-
Small Cap	10,037	-	-	-
International	230,702	-	-	-
Commingled Fixed Income funds				
Core Bond	196,026	-	-	-
Commingled opportunistic credit fund	45,694	-	-	-
Other Investments				
PRIT Real Estate fund	64,611	-	-	-
PRIT Private Equity	97,670	-	-	-
Total Investments	**$ 835,904**	**$ 13,952**	**$ -**	**$ -**

Investments Measured by Fair Value Level ($ 000)

As of December 31, 2022	Fair Value	Level 1	Level 2	Level 3
Investments				
Common stocks				
Equities	$ 11,348	$ 11,348	$ -	$ -
Investments measured at NAV				
Commingled Equity funds				
Large Cap	158,485	-	-	-
Small Cap	8,457	-	-	-
International	199,313	-	-	-
Commingled Fixed Income funds				
Aggregate	41,011	-	-	-
Core Bond	182,173	-	-	-
Other Investments				
PRIT Real Estate fund	68,914	-	-	-
PRIT Private Equity	93,501	-	-	-
Total Investments	**$ 763,202**	**$ 11,348**	**$ -**	**$ -**

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, 2023	December 31, 2022	Redemption Frequency	Redemption Notice Period
Commingled Equity Funds (1)	$ 417,951	$ 366,255	Daily to Thrice Monthly	1-30 days
Commingled Fixed Income Funds (2)	196,025	182,173	Daily	1-30 days
Commingled Opportunistic credit funds (3)	45,694	41,011	Daily to Quarterly	10-90 days
	$ 659,670	**$ 589,439**		

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 one fixed income fund that invest in U.S. corporate bonds, U.S. government bonds, U.S. asset-backed securities and foreign bonds.
3. Commingled opportunistic credit funds: This type included two oportunistic credit funds that invest in domestic and global credit-related instruments

4. Capital Assets

Capital assets consisted of the following at June 30, 2024 and 2023 (in thousands):

	June 30, 2023	Additions and Transfers	Deletions and Transfers	June 30, 2024
Capital assets, not being depreciated:				
Land	$ 240,563	$ 12	$ —	$ 240,575
Construction in progress	730,130	349,971	886,637	193,464
Total capital assets, not being depreciated	970,693	349,983	886,637	434,039
Capital assets being depreciated:				
Buildings	4,875,810	551,167	—	5,426,977
Runway and other paving	1,098,318	123,450	—	1,221,768
Roadway	936,092	99,864	—	1,035,956
Machinery and equipment	993,815	110,638	1,467	1,102,986
Air rights	187,719	1,518	—	189,237
Parking rights	46,261	—	—	46,261
Total capital assets, being depreciated	8,138,015	886,637	1,467	9,023,185
Less accumulated depreciation for:				
Buildings	2,613,990	179,050	—	2,793,040
Runway and other paving	781,170	50,895	—	832,065
Roadway	583,698	39,909	—	623,607
Machinery and equipment	718,293	69,826	1,433	786,686
Air rights	160,432	4,331	—	164,763
Parking rights	33,924	1,542	—	35,466
Total accumulated depreciation	4,891,507	345,553	1,433	5,235,627
Total capital assets, being depreciated, net	3,246,508	541,084	34	3,787,558
Right of use assets, being amortized:				
Leased - Land	175,824	4,395	—	180,219
Leased - Buildings	58,248	—	6,702	51,546
Leased - Equipment	6,139	2,442	723	7,858
SBITAs	21,810	2,625	10,540	13,895
Total right of use assets, being amortized	262,021	9,462	17,965	253,518
Less accumulated amortization for:				
Leased - Land	4,385	3,578	691	7,272
Leased - Buildings	19,306	5,571	2,590	22,287
Leased - Equipment	3,237	1,187	338	4,086
SBITAs	6,274	3,870	2,773	7,371
Total accumulated amortization	33,202	14,206	6,392	41,016
Total right of use assets, being amortized, net	228,819	(4,744)	11,573	212,502
Capital assets, net	**$ 4,446,020**	**$ 886,323**	**$ 898,244**	**$ 4,434,099**

Depreciation and amortization for fiscal year 2024 and 2023 was $359.8 million and $330.0 million, respectively.

	June 30, 2022	Additions and Transfers	Deletions and Transfers	June 30, 2023
Capital assets, not being depreciated:				
Land	$ 240,553	$ 10	$ —	$ 240,563
Construction in progress	744,952	342,456	357,278	730,130
Total capital assets, not being depreciated	985,505	342,466	357,278	970,693
Capital assets being depreciated:				
Buildings	4,620,203	255,607	—	4,875,810
Runway and other paving	1,085,888	12,430	—	1,098,318
Roadway	919,194	16,898	—	936,092
Machinery and equipment	922,508	72,330	1,023	993,815
Air rights	187,716	3	—	187,719
Parking rights	46,261	—	—	46,261
Total capital assets, being depreciated	7,781,770	1,042,200	715,579	8,138,015
Less accumulated depreciation for:				
Buildings	2,446,686	167,304	—	2,613,990
Runway and other paving	736,368	44,802	—	781,170
Roadway	547,990	35,708	—	583,698
Machinery and equipment	656,755	62,561	1,023	718,293
Air rights	155,836	4,596	—	160,432
Parking rights	32,382	1,542	—	33,924
Total accumulated depreciation	4,576,017	316,513	1,023	4,891,507
Total capital assets, being depreciated, net	3,205,753	725,687	714,556	3,246,508
Right of use assets, being amortized:				
Leased - Land	220,306	(6,632)	37,850	175,824
Leased - Buildings	50,609	7,639	—	58,248
Leased - Equipment	5,307	832	—	6,139
SBITAs	9,569	12,241	—	21,810
Total right of use assets, being amortized	285,791	14,080	37,850	262,021
Less accumulated amortization for:				
Leased - Land	1,418	3,021	54	4,385
Leased - Buildings	13,734	5,572	—	19,306
Leased - Equipment	2,004	1,233	—	3,237
SBITAs	2,610	3,664	—	6,274
Total accumulated amortization	19,766	13,490	54	33,202
Total right of use assets, being amortized, net	266,025	590	37,796	228,819
Capital assets, net	**$ 4,457,283**	**$ 1,068,743**	**$ 1,109,630**	**$ 4,446,020**

5. Long-term Debt

Long-term debt at June 30, 2024 consisted of the following and represents maturities on the Authority's fiscal year basis (in thousands):

	June 30, 2023	Additions	Reductions	June 30, 2024	Due within one year
Revenue Bonds:					
2014, Series A, 3.00% to 5.00%, issued July 17, 2014 due 2024 to 2045	$ 40,075	$ —	$ 1,040	$ 39,035	$ 1,095
2014, Series B, 5.00%, issued July 17, 2014 due 2024 to 2045	42,545	—	1,105	41,440	1,160
2014, Series C, 3.40% to 5.00%, issued July 17, 2014 due 2024 to 2036	108,005	—	6,035	101,970	6,335
2015, Series A, 5.00%, issued July 15, 2015 due 2024 to 2046	96,250	—	2,325	93,925	2,440
2015, Series B, 5.00%, issued July 15, 2015 due 2024 to 2046	61,720	—	1,490	60,230	1,565
2015, Series C, 2.12% to 2.83%, issued June 30, 2015 due 2022 to 2030	79,370	—	12,950	66,420	13,215
2016, Series A, 4.00% to 5.00%, issued July 20, 2016 due 2024 to 2039	42,430	—	1,805	40,625	1,760
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	—	8,225	123,560	8,795
2019, Series A, 5.00%, issued February 13, 2019 due 2024 to 2041	284,395	—	10,110	274,285	10,615
2019, Series B, 3.00% to 5.00%, issued July 17, 2019 due 2024 to 2050	156,680	—	2,605	154,075	2,705
2019, Series C, 4.00% to 5.00%, issued July 17, 2019 due 2024 to 2050	292,525	—	5,430	287,095	5,690
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	1,955
2021, Series D, 5.00%, issued March 24, 2021 due 2025 to 2052	56,450	—	—	56,450	965
2021, Series E, 5.00%, issued March 24, 2021 due 2024 to 2052	349,080	—	1,100	347,980	1,390
2022,Series A, 5.00%, issued July 20, 2022 due 2029 to 2043	120,925		—	120,925	—
Subtotal Senior Debt	2,329,790	—	54,220	2,275,570	59,685

(continued)	June 30, 2023	Additions	Reductions	June 30, 2024	Due within one year
Subordinated debt- 1978 Trust Agreement:					
2000, Series A,B & C, 6.45%, issued December 29, 2000 due 2031	40,000	—	—	40,000	—
2001, Series A,B & C, 6.45%, issued January 2, 2001 due 2031	34,000	—	—	34,000	—
Subtotal Subordinate Debt	**74,000**	**—**	**—**	**74,000**	**—**
Senior Debt - CFC Trust Agreement:					
2011, Series B, 4.85% to 6.352%, issued July 1,2031 due 2032 to 2038	115,635	—	4,920	110,715	5,245
Subtotal CFC Senior Debt	**115,635**	**—**	**4,920**	**110,715**	**5,245**
Revenue Bonds Direct Placement (DP):					
Senior Debt-1978 Trust Agreement:					
2020, Series A, 1.57%, issued April 3, 2020 due 2023 to 2032	89,195	—	14,030	75,165	10,835
2020, Series B, 2.08%, issued April 3, 2020 due 2024 to 2033	162,380	—	8,435	153,945	8,615
Subtotal DP Bonds Payable	**251,575**	**—**	**22,465**	**229,110**	**19,450**
Total Long-term Debt	**2,771,000**	**—**	**81,605**	**2,689,395**	**84,380**
Less unamortized amounts:					
Bond premium (discount), net	328,936	—	14,884	314,052	14,884
Total Long-term Debt, net	**$ 3,099,936**	**$ —**	**$ 96,489**	**$ 3,003,447**	**$ 99,264**

The following summarizes the Authority's long-term debt activity at June 30 (in thousands):

	June 30, 2023	Additions	Reductions	June 30, 2024	Due within one year
Senior Debt-1978 Trust Agreement:	$ 2,329,790	$ —	$ 54,220	$ 2,275,570	$ 59,685
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	115,635	—	4,920	110,715	5,245
Senior Debt-Direct Placement	251,575	—	22,465	229,110	19,450
Total	**$ 2,771,000**	**$ —**	**$ 81,605**	**$ 2,689,395**	**$ 84,380**

	June 30, 2022	Additions	Reductions	June 30, 2023	Due within one year
Senior Debt-1978 Trust Agreement:	$ 2,221,540	$ 120,925	$ 12,675	$ 2,329,790	$ 54,220
Subordinated Debt- 1978 Trust Agreement	74,000	—	—	74,000	—
Senior Debt - CFC Trust Agreement:	120,255	—	4,620	115,635	4,920
Senior Debt-Direct Placement	258,000	—	6,425	251,575	22,465
Total	**$ 2,673,795**	**$ 120,925**	**$ 23,720**	**$ 2,771,000**	**$ 81,605**

Debt service requirements on long-term debt outstanding at June 30, 2024 are as follows (in thousands):

	Principal	Interest	Total
Year ending June 30:			
2025	$ 84,380	$ 120,127	$ 204,507
2026	87,835	116,939	204,774
2027	91,395	113,588	204,983
2028	95,205	109,975	205,180
2029	101,835	106,182	208,017
2030-2034	632,060	456,176	1,088,236
2035-2039	517,920	323,933	841,853
2040-2044	499,015	203,773	702,788
2045-2049	436,975	88,915	525,890
2050-2052	142,775	12,101	154,876
Total	**$ 2,689,395**	**$ 1,651,709**	**$ 4,341,104**

a) Senior Debt - 1978 Trust Agreement

On July 20, 2022, the Authority issued an additional $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 used 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 proceeds of the bonds, the Series 2022 A Bonds were issued as bonds subject to the alternative minimum tax ("AMT").

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, 2024 and 2023, the Authority's debt service coverage under the 1978 Trust Agreement was 3.91 and 3.89, 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 aggregate principal payments of the subordinate debt at their respective maturities on December 29, 2030 and January 2, 2031. As of June 30, 2024, the aggregate value of the two GICs was approximately $58.1 million as compared to $55.8 million as of June 30, 2023.

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 $33.1 million and $30.8 million during fiscal years 2024 and 2023, respectively. The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. As of June 30, 2024 and 2023, the CFC debt service coverage ratio was 3.73 and 3.08, 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. The Defeased 2010 and 2012 Bonds were redeemed on July 1, 2022.

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, 2024. 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 or any subdivision thereof and, accordingly, have not been reflected in the accompanying financial statements.

As of June 30, 2024 and 2023, the aggregate principal amount of the Authority's special facilities revenue bonds outstanding were approximately $139.2 million and $140.4 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 maintains a commercial paper program pursuant to which it may issue taxable, tax-exempt AMT or tax-exempt non-AMT commercial paper in an aggregate maximum principal amount of $250 million. 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. In addition, the commercial paper program is secured by an Amended and Restated Letter of Credit and Reimbursement Agreement with TD Bank, N.A. which expires June 1, 2025. As of June 30, 2024, the Authority has no outstanding commercial paper.

g) Interest Rate Swaps / Hedging

During fiscal year 2024 and fiscal year 2023, 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 estimated a $62,000 liability as of June 30, 2024 and no estimated liability as of June 30, 2023.

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, 2023 and 2022, the Plan's membership consisted of:

	2023	2022
Retirees and beneficiaries receiving benefits	996	976
Terminated employees entitled to benefits but not yet receiving them	83	78
Current members:		
Active	1,145	1,094
Inactive	211	258
Total membership	**2,435**	**2,406**

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, 2024 and 2023, the Authority was required and did contribute to the Plan $11.4 million and $8.3 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 $24.6 million ($11.4 million employer and $13.2 million employee) and $20.2 million ($8.3 million employer and $11.9 million employee) were recognized by the Plan for plan years 2023 and 2022, respectively.

d) Net Pension (Asset) Liability

The Authority's net pension (asset) liability at June 30, 2024 and 2023 was measured as of December 31, 2023 and 2022 and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of January 1, 2023 and 2022 and update procedures were used to roll forward the total pension (asset) liability to December 31, 2023 and 2022, respectively.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension (Asset) Liability (a) - (b)**
Balance at December 31, 2021	$ 835,994	$ 920,490	$ (84,496)
Service cost	19,440	—	19,440
Interest	56,300	—	56,300
Changes between expected and actual experience	(28,554)	—	(28,554)
Changes in assumptions	17,634	—	17,634
Contributions - employer	—	8,340	(8,340)
Contributions - employees	—	11,841	(11,841)
Net investment income	—	(130,526)	130,526
Benefits payments	(42,708)	(42,708)	—
Administrative expenses	—	(1,238)	1,238
Balance at December 31, 2022	**$ 858,106**	**$ 766,199**	**$ 91,907**
Service cost	17,561	—	17,561
Interest	57,621	—	57,621
Changes in benefit terms	2,709	—	2,709
Changes between expected and actual experience	7,762	—	7,762
Changes in assumptions	—	—	—
Contributions - employer	—	11,439	(11,439)
Contributions - employees	—	13,171	(13,171)
Net investment income	—	93,252	(93,252)
Benefits payments	(44,039)	(44,039)	—
Administrative expenses	—	(1,426)	1,426
Balance at December 31, 2023	**$ 899,720**	**$ 838,596**	**$ 61,124**

e) *Actuarial Assumptions*

The January 1, 2023 and 2022 total pension actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

- *Inflation – 2.5*%
- *Salary increases* – 4.25% for 2023 and 2022
- *Investment rate of return* – 6.75% for 2023 and 2022, net of plan investment expense
- *Cost–of–living increases* – 3.0% on a maximum base of $14,000. Annual cost of living increases are assumed to be 3.0% of the lesser of the base or annual benefits, following a one-time 5.0% increase for FY23.
- *Mortality*:

  Pre-Retirement: Pub 2010 Table Healthy Employees (sex-distinct) projected with MP2021 Generational Mortality. Separate tables for Groups 1 &2 (General Employees) and for Group 4 (Public Safety).

  Post-Retirement: Pub 2010 healthy annuitant Table (sex-distinct) projected with MP2021 Generational Mortality Group distinctions apply as with actives.

  Disabled: Pub-2010 Table for disabled lives (sex distinct) projected with P2021Generational Mortality was used. Mortality for accidental disability is assumed to be 50% from the same cause as the disability. Separate tables for Groups 1&2 and for Group 4.
- *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:

Asset class	Long-term expected real rate of return 2023*	Long-term expected real rate of return 2022*
Domestic equity	2.69 %	4.71 %
International equity	4.01	5.37
Fixed income	2.44	2.42
Opportunistic Credit	3.88	4.20
Real estate	3.96	4.54
Private equity	6.21	7.72

* Amounts are net of inflation assumption of 2.34% and 2.38% in fiscal years 2023 and 2022, 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:

Asset class	Target Allocation 2023	Target Allocation 2022
Domestic equity	27.5%	27.5%
International equity	27.5%	27.5%
Fixed income	22.5%	22.5%
Opportunistic Credit	5.0%	5.0%
Private equity	10.0%	10.0%
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. As of January 1, 2023 the retiree benefit reflects a one-time 5% Cost of Living Adjustment (COLA) that was granted for FY23 (an additional 2% compared to the typical 3% increase).

h) *Discount Rate*

The discount rates used to measure the total pension (asset) liability as of December 31, 2023 and 2022 was 6.75%. 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, 2023 and 2022, calculated using the discount rate of 6.75% 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%)
2023	$ 166,698	$ 61,124	$ (27,700)

Fiscal Year End	1% decrease (5.75%)	Current discount rate (6.75%)	1% increase (7.75%)
2022	$ 193,513	$ 91,907	$ 7,362

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

The Authority recognized pension expense of $7.9 million as of June 30, 2024 and a contra pension expense of $20.1 million as of June 30, 2023.

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,490	$ 17,980	$ 3,361	$ 23,628
Differences arising from the recognition of changes in assumptions	22,963	2,486	31,610	4,827
Net differences between projected and actual earnings on pension Plan investments	42,616		74,340	—
Total	**$ 74,069**	**$ 20,466**	**$ 109,311**	**$ 28,455**

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:	**Expense / (Income)**
2025	$ 7,775
2026	22,073
2027	30,808
2028	(7,628)
2029	575
Total	**$ 53,603**

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, 2023 and 2022, respectively.

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, 2023 and 2022, respectively, the Trust's membership consisted of:

	December 31, 2023	December 31, 2022
Active Employees		
Pre-Medicare (hired prior to 3/31/1986)	5	5
Post-Medicare (hired after 3/31/1986)	1,240	1,140
Total	1,245	1,145
Inactive Participants (Vested)	87	83
Retired, Disabled, Survivors and Beneficiaries	986	977
Total Membership	**2,318**	**2,205**

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, 2024 and 2023, the Authority contributed to the Trust $12.1 million and $9.1 million, 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, 2024 and 2023 was measured as of December 31, 2023 and 2022, and total OPEB liability used to calculate the net OPEB liability was determined using an actuarial valuation as of January 1, 2024 and 2023, respectively.

	Increase (Decrease)		
	Total OPEB Liability (a)	**Trust Fiduciary NetPosition (b)**	**Net OPEB Liability (a) - (b)**
Balance at December 31, 2021	$ 363,851	$ 322,643	$ 41,208
Service cost	6,131	—	6,131
Interest	24,427	—	24,427
Difference between expected and actual experience	(19,748)	—	(19,748)
Changes in assumptions	4,381	—	4,381
Contributions - employer	—	14,573	(14,573)
Contributions - employees	—	453	(453)
Net investment income	—	(49,785)	49,785
Benefits payments	(16,223)	(14,632)	(1,591)
Administrative expenses	—	(216)	216
Balance at December 31, 2022	**$ 362,819**	**$ 273,036**	**$ 89,783**
Service cost	5,469	—	5,469
Interest	24,298	—	24,298
Difference between expected and actual experience	(5,937)	—	(5,937)
Changes in assumptions	—	—	—
Contributions - employer	—	14,288	(14,288)
Contributions - employees	—	485	(485)
Net investment income	—	42,201	(42,201)
Benefits payments	(16,623)	(17,109)	486
Administrative expenses	—	(235)	235
Balance at December 31, 2023	**$ 370,026**	**$ 312,666**	**$ 57,360**

e) *Actuarial Assumptions*

The following actuarial assumptions were applied to the periods included in the measurement as of December 31, 2023 and 2022, respectively:

- *Inflation* – 2.5%% for both 2023 and 2022.
- *Salary increases* – 4.25% for both 2023 and 2022.
- *Investment rate of return* – 6.75%, net of Trust investment expenses, for both 2023 and 2022,
- *Health care trend rates* – Initial annual health care cost trend rates range of 8.5% to 8.7%, which decreases to a long-term trend rate between 5.0% and 6.5% for all health care benefits after six years. The initial annual dental cost trend rates range from 6.0% to 7.0%, which decreases to a long-term trend rate of 5.0% for all dental benefits after two years.
- *Mortality:*

  The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4)

  - Actives: Employee Tables
  - Retirees: Healthy Retiree Tables
  - Disabled: Disabled Retiree Tables
  - Surviving Spouses: Contingent Survivor Tables
- *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, 2023 and 2022 was 6.75% 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, 2023 and 2022, calculated using the discount rate of 6.75%, 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%)
2023	$ 104,158	$ 57,360	$ 19,319
2022	$ 135,902	$ 89,783	$ 51,713

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, 2023 and 2022, calculated using healthcare cost trend rates of 8.7% decreasing to 5.0% and 8.4% decreasing to 5.0% respectively, 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):

	1% decrease	Health care Cost base trend rate	1% increase
Authority's net OPEB liability	**7.7% decreasing to 4.0%**	**8.7% decreasing to 5.0%**	**9.7% decreasing to 6.0%**
2023	$ 13,274	$ 57,360	$ 111,003
Authority's net OPEB liability	**7.4% decreasing to 4.0%**	**8.4% decreasing to 5.0%**	**9.4% decreasing to 6.0%**
2022	$ 45,853	$ 89,783	$ 143,357

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

The Authority recognized OPEB expense of $0.4 million as of June 30, 2024 and $4.6 million as of June 30, 2023.

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ 20,896	$ —	$ 27,587
Changes in assuptions	7,036	3,293	11,575	6,555
Net differences between projected and actual earnings on OPEB investments	11,898	—	35,844	—
Total	**$ 18,934**	**$ 24,189**	**$ 47,419**	**$ 34,142**

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

Year ended June 30:	Expense / (Income)
2025	$ (7,850)
2026	3,170
2027	5,369
2028	(5,885)
2029	(59)
Total	**$ (5,255)**

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, 2024, are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2025	$ 40,838	$ 37,451	$ 78,288
2026	41,646	37,533	79,179
2027	36,857	37,185	74,042
2028	38,160	36,789	74,949
2029	32,705	36,200	68,905
2030-2034	144,373	172,491	316,864
2035-2039	96,745	169,861	266,606
2040-2044	107,538	168,037	275,575
2045-2049	136,794	154,815	291,609
2050-2054	102,162	147,808	249,971
2055-2059	122,900	143,824	266,725
2060-2064	88,776	142,552	231,328
2065-2069	57,767	144,700	202,466
2070-2074	79,327	135,352	214,679
2075-2079	95,555	118,986	214,541
2080-2084	114,193	114,020	228,213
2085-2089	108,625	109,721	218,346
2090-2094	124,497	105,008	229,504
2095-2099	80,089	98,722	178,812
2100-2104	108,118	44,567	152,685
2105-2109	120,847	33,574	154,420
2110-2114	119,520	22,570	142,090
2115-2119	144,663	10,392	155,055
2120-2124	36,759	434	37,194
Totals	**$ 2,179,454**	**$ 2,222,592**	**$ 4,402,046**

For the years ended June 30, 2024 and 2023, the Authority recognized $69.7 million and $64.7 million in lease revenue and $43.1 million and $44.1 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 $174.3 million and $151.9 million for the years end June 30, 2024 and 2023, 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 as real estate leases. These subleases represent a portion of Right-of-Use assets of $168.4 million and $170.4 million as of June 30, 2024 and 2023, respectively. These agreements result in lease receivables of $18.1 million and $18.5 million and deferred inflows of resources of $17.9 million and $18.4 million, as of June 30, 2024 and 2023, respectively.

Discount Rate

The Authority uses discount rates in order to account for future cash flows associated with leases. The Authority uses incremental borrowing rates as the discount rate when calculating the present value of lease payments. The rates are in compliance with applicable accounting standards to accurately represent the present value of lease obligations on our financial statements.

b) Lease payable (lessee)

The Authority is lessee of certain buildings, ground land 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, 2024, are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2025	$ 7,642	$ 1,492	$ 9,134
2026	6,864	1,425	8,289
2027	6,609	1,365	7,974
2028	6,732	1,311	8,043
2029	6,852	1,256	8,108
2030-2034	1,011	6,515	7,526
2035-2039	137	7,523	7,660
2040-2044	205	8,694	8,899
2045-2049	228	10,049	10,277
2050-2054	85	11,627	11,712
2055-2059	-	13,477	13,477
2060-2064	-	15,623	15,623
2065-2069	-	18,112	18,112
2070-2074	-	20,996	20,996
2075-2079	-	24,341	24,341
2080-2084	-	28,217	28,217
2085-2089	-	32,712	32,712
2090-2094	-	37,922	37,922
2095-2099	-	43,962	43,962
2100-2104	-	50,964	50,964
2105-2109	29,121	29,960	59,081
2110-2114	57,852	10,638	68,490
2115-2119	74,761	4,639	79,400
2120-2124	11,366	78	11,444
Totals	$ **209,465**	$ **382,898**	$ **592,363**

At June 30, 2024 and 2023, the Authority reported right of use capital asset liability activities (in thousands):

Right of use capital asset liability:	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amount due within one year
Leased - Land	$ 174,726	$ 4,022	$ 605	$ 178,143	$ 829
Leased - Buildings	38,189	3	11,105	27,087	5,131
Leased - Equipment	2,835	2,652	1,252	4,235	1,683
Total capital capital asset -lease liability	**$ 215,750**	**$ 6,677**	**$ 12,962**	**$ 209,465**	**$ 7,643**

c) SBITA payable (lessee)

The Authority is using IT software specified in the Authority's contracts, to which the Authority has control of the right to use another party's IT software alone or in combination with a tangible capital assets (with underlying IT assets).

The future principal and interest lease payments that are included in the measurement of the lease payable, as of June 30, 2024, are as follows (in thousands):

Years	Principal		Interest		Total	
2025	$	2,668	$	133	$	2,801
2026		2,042		63		2,105
2027		961		20		981
2028		298		2		300
2029		16		-		16
Total	**$**	**5,985**	**$**	**218**	**$**	**6,203**

At June 30, 2024 and 2023, the Authority reported SBITA liability activities (in thousands):

	Balance June 30, 2023		Additions		Reductions		Balance June 30, 2024		Amount due within one year
Right of use subscription liability	$	15,134	$	1,106	$	10,255	$	5,985	$ 2,668

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 $13.9 million and $14.1 million as of June 30, 2024 and 2023, respectively, and is included as a component of accrued expenses in the accompanying financial statements. This liability is fully funded as of June 30, 2024 and 2023.

Changes in the accrued liability accounts, related to self-insurance, in fiscal years 2024 and 2023, were as follows (in thousands):

	2024	2023
Liability balance, beginning of year	$ 14,142	$ 12,794
Provision to record estimated losses	4,836	7,497
Payments	(5,115)	(6,149)
Liability balance, end of year	**$ 13,863**	**$ 14,142**

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; $2.5 million for a comprehensive network liability policy 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 Authority continues to make payments in accordance with the terms of the Agreement pending further communication from the City. 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 2024 and 2023 were $23.5 million and $21.4 million, respectively. PILOT expenses to the Town of Winthrop for fiscal years 2024 and 2023 were $2.4 million and $1.8 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 $513.9 million and $367.8 million as of June 30, 2024 and 2023, 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 to permit 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 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 2024 the Authority recognized $90.5 million in contributed capital, which consists mainly of federal and state capital grants. During the year the Authority recognized FAA AIG grants for Airports runway improvements projects ($43.4 million), FAA ATP grants for Airports terminals and roadway projects ($29.7 million), FAA AIP grants for airport runway and taxiway improvements ($12.7 million), MARAD funding for investment in the Conley Terminal modernization initiative ($2.7 million) and other funding from FEMA and EPA for safety, security and environmental programs ($2.0 million).

In fiscal year 2023 the Authority recognized $24.9 million in contributed capital, which consists mainly of federal and state capital grants. This is a $31.7 million decrease from the year prior as reimbursements 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 reimbursements were lower as projects advanced towards completion. During the year the Authority received FAA AIP grants for airport runway and taxiway improvements ($17.1 million) and MARAD funding for investment in the Conley Terminal modernization initiative ($7.7 million).

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, 2024 and 2023 is $7.2 million and $6.8 million, respectively, which represents the approximate amounts the Authority expects to pay for future remediation activities. The Authority paid approximately $1.1 million and $1.2 million in fiscal years 2024 and 2023, 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 current portion of the Pollution Remediation Obligations estimate was $2.1 million at June 30, 2024 and $2.5 million at June 30, 2023. 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 the Massachusetts Bay Transportation Authority ("MBTA") for the construction of a Regional Transportation Center ("RTC") in Woburn, Massachusetts (the "Interagency Agreement"). Under the terms of the Interagency Agreement, the Authority paid one third of the costs of acquiring the site and constructing the RTC and now shares in a like proportion in the profits and losses of the RTC, which opened in 2001. During fiscal years 2024 and 2023, the Authority recognized a net profit of approximately $294.8 thousand and $182.6 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 in December 2004, to provide public transportation between South Station in Boston, Massachusetts and Logan Airport along a route called the Silver Line. Under the agreement, the Authority is responsible for a proportionate share (76.06%) of the operations and maintenance of the Silver Line service based on the amount of vehicle miles traveled between Logan Airport's terminals and the MBTA's south Boston World Trade center passenger facility, as well as bus acquisition costs. The Authority disbursed $2.3 million and $2.9 million to operate and maintain the Silver Line service in fiscal year 2024 and 2023, respectively. During fiscal year 2024, the Authority paid

$19.9 million to acquire ten new enhanced electric buses of which $13.5 million has been accrued in fiscal year 2023.

16. Subsequent Event

On July 23, 2024, the Authority entered into a Defeasance Escrow Agreement with the Trustee, pursuant to which the Authority deposited $110.4 million into a Defeasance Escrow Fund held by the Trustee, which amount shall be used to pay the principal and interest coming due on certain outstanding series of 1978 Trust Revenue Bonds (collectively the "Defeased Bonds"), resulting in an in-substance defeasance of the Defeased Bonds. The Defeased Bonds consist of the following: (a) (i) $1.1 million aggregate principal amount of Revenue Bonds, Series 2014 A, maturing July 1, 2025; (ii) $40.3 million aggregate principal amount of Revenue Bonds, Series 2014 B, maturing July 1, 2025 through July 1, 2044, inclusive; and (iii) $6.7 million aggregate principal amount of Revenue Bonds, Series 2014 C, maturing July 1, 2025, each to be redeemed on March 22, 2025 or the first business day thereafter on which the bonds may be called for redemption pursuant to Section 303 of the 1978 Trust Agreement; (b) (i) $2.6 million aggregate principal amount of Revenue Bonds, Series 2015 A, maturing July 1, 2025; and (ii) $58.7 million aggregate principal amount of Revenue Bonds, Series 2015 B, maturing July 1, 2025 through July 1, 2045, inclusive, each to be redeemed on July 1, 2025 or the first business day thereafter on which the bonds may be called for redemption pursuant to Section 303 of the 1978 Trust Agreement; and (c) $1.1 million stated principal amount of Revenue Bonds, Series 2020 A, maturing July 1, 2031, which were redeemed on July 25, 2024. This transaction will allow the Authority to realize future debt service savings and it satisfies the criteria for an in-substance defeasance.

MASSACHUSETTS PORT AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Pension Contributions

(In thousands)

For the years ending June 30,	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 11,439	$ 8,340	$ 11,695	$ 14,642	$ 12,029
Actual contribution in relation to the actuarially determined contribution	11,439	8,340	11,695	14,642	12,029
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 137,850	$ 119,308	$ 107,861	$ 117,317	$ 125,749
Contributions as a percentage of covered payroll	8.3%	7.0%	10.8%	12.5%	9.6%

For the years ending June 30,	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 13,043	$ 13,362	$ 13,552	$ 10,845	$ 11,146
Actual contribution in relation to the actuarially determined contribution	13,043	13,362	13,552	10,845	11,146
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 117,686	$ 111,749	$ 109,652	$ 101,216	$ 96,686
Contributions as a percentage of covered payroll	11.1%	12.0%	12.4%	10.7%	11.5%

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 year Level, 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	2.5% for 2023 and 3% for 2022.
Salary increases	4.25% for 2023 and 2022.
Investment rate of return / discount rate	6.75%, net of plan investment expenses for 2023 and 2022.
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 due to an experience study.

Mortality - 2023 and 2022

- Pre-Retirement: Pub-2010 Table Healthy Employees (sex-distinct) projected with MP2021 Generational Mortality. Separate tables for Groups 1 & 2 (General Employees) and for Group 4 (Public Safety).
- Post-Retirement: Pub-2010 healthy annuitant Table (sex-distinct) projected with MP2021 Generational Mortality. Group distinctions apply as with actives.
- Disabled: Pub-2010 Table for disabled lives (sex-distinct) projected with MP2021 Generational Mortality was used. Mortality for accidental disability is assumed to be 50% from the same cause as the disability. Separate tables for Groups 1 & 2 and for Group 4.

Mortality - 2021

- Healthy: RP2014 at 2006 Table Healthy Employees (sex-distinct) projected with MP2020 Generational Mortality Post-retirement the RP2014 healthy annuitant Table (sex-distinct) projected with MP2020 Generational Mortality
- Disabled: RP2014 at 2006 healthy annuitant Table (sex-distinct) projected with MP2020 Generational Mortality set-forwarc 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability

Other information

The Cost-of-Living base is assumed to be $14,000. Annual Cost-of-Living increases are assumed to be 3.0% of the lesser of the base or annual benefits, following a one-time 5% increase for FY23.

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%.

Employees of Group 4 were assumed to retire at the later of age 56 and 10 years of service.

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY										
Service cost	$ 17,561	$ 19,438	$ 18,994	$ 17,335	$ 17,529	$ 16,774	$ 16,419	$ 15,920	$ 14,875	$ 13,056
Interest	57,621	56,300	55,140	53,204	51,734	49,569	47,341	44,962	41,160	40,956
Change in benefit terms	2,709	-	-	-	-	(4,891)	-	-	-	-
Differences between expected and actual experience	7,762	(28,554)	(463)	5,846	15	749	(1,474)	2,592	(1,395)	1,929
Change of assumptions	-	17,634	14,881	15,574	(13,789)	-	-	(1,479)	24,098	-
Benefit payments, including refunds of employee contributions	(44,039)	(42,708)	(42,550)	(36,952)	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)
Net change in total pension liability	41,614	22,110	46,002	55,007	22,388	29,114	31,555	33,391	52,632	31,584
Total pension liability - beginning	858,104	835,994	789,992	734,985	712,597	683,483	651,928	618,537	565,905	534,321
Total pension liability - ending	$ 899,718	$ 858,104	$ 835,994	$ 789,992	$ 734,985	$ 712,597	$ 683,483	$ 651,928	$ 618,537	$ 565,905
PLAN FIDUCIARY NET POSITION										
Contributions - employer	$ 11,439	$ 8,340	$ 11,695	$ 14,642	$ 12,029	$ 13,043	$ 13,362	$ 13,552	$ 10,845	$ 11,146
Contributions - employee	13,171	11,841	10,905	13,100	12,576	11,559	11,242	10,660	9,948	9,628
Net Investment Income	93,252	(130,526)	122,486	113,321	118,235	(31,212)	92,226	42,565	(4,572)	32,062
Benefit payments, including refunds of employee contributions	(44,039)	(42,708)	(42,550)	(36,952)	(33,101)	(33,087)	(30,731)	(28,604)	(26,106)	(24,357)
Administrative expense	(1,426)	(1,240)	(1,205)	(1,152)	(1,216)	(1,182)	(1,149)	(1,189)	(1,189)	(1,417)
Net change in plan fiduciary net position	72,397	(154,293)	101,331	102,959	108,523	(40,879)	84,950	36,984	(11,074)	27,062
Plan fiduciary net position - beginning	766,197	920,490	819,159	716,200	607,677	648,556	563,606	526,622	537,696	510,634
Plan fiduciary net position - end	$ 838,594	$ 766,197	$ 920,490	$ 819,159	$ 716,200	$ 607,677	$ 648,556	$ 563,606	$ 526,622	$ 537,696
Massport net pension liability (asset) - ending	$ 61,124	$ 91,907	$ (84,496)	$ (29,167)	$ 18,785	$ 104,920	$ 34,927	$ 88,322	$ 91,915	$ 28,209
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.2%	89.3%	110.1%	103.7%	97.4%	85.3%	94.9%	86.5%	85.1%	95.0%
Covered payroll	120,628	112,199	126,887	128,613	119,262	114,541	114,385	112,167	99,190	99,113
Massport's net pension liability (asset) as a percentage of covered payroll	50.7%	81.9%	-66.6%	-22.7%	15.8%	91.6%	30.5%	78.7%	92.7%	28.5%

Note to Schedule

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

Benefit changes

2023 - As of January 1, 2023 the retiree benefits reflects a one-time 5% COLA that was granted for FY23 (an additional 2% compared to the typical 3% increase), resulting in an increased net pension liability totaling $2.7 million.

2018 - Cost-of-Living adjustments increased, resulting in an increased net pension liability totaling $3.0 million. Additionally, vacation buybacks were no longer includable in pensionable earnings, resulting in a decreased net pension liability totaling $7.9 million.

Changes in assumptions

2022 - The mortality assumption was changed to the Pub-2010 Tables. This assumption change resulted in an increased net pension liability totaling $17.6 million.

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 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.

2020 - The interest rate was changed to 7.0% from 7.25%. The salary increase assumption was changed to 4.25% from 4.5%. Compensation limits under Section 401(a) were recognized. The net of these changes resulted in an increased total pension liability totaling $15.6 million.

2019 - The mortality assumption was changed to the RP2014 at 2006 Table Healthy Employees (sex-distinct) projected with MP2018 Generational Mortality. The withdrawal, retirement and disability assumptions were also changed. These assumption changes resulted in a decreased net pension liability totaling $13.8 million.

2016 - The minimum retirement age increased to age 60 for post 9/30/2009 hires, resulting in a decreased net pension liability totaling $1.5 million.

2015 - Discount rate decreased from 7.625% to 7.25%, resulting in an increased net pension liability totaling $24.1 million.

MASSACHUSETTS PORT AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Pension Investment Returns

	December 2023	December 2022	December 2021	December 2020	December 2019
Annual money-weighted rate of return, net of investment expense	12.45 %	(14.41)%	16.13 %	16.14 %	19.64 %

	December 2018	December 2017	December 2016	December 2015	December 2014
Annual money-weighted rate of return, net of investment expense	(4.83)%	16.51 %	8.14 %	(0.82)%	6.36 %

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

	June 2024	June 2023	June 2022	June 2021	June 2020
Actuarially determined contribution (ADC)	$ 14,233	$ 10,857	$ 13,014	$ 20,294	$ 19,482
Contributions in relation to the ADC:					
Premium implicit subsidy contribution	2,157	2,021	2,068	1,807	1,532
Authority contribution	12,131	9,100	10,946	20,447	13,341
Contribution deficiency (excess)	$ (55)	$ (264)	$ —	$ (1,960)	$ 4,609
Covered payroll	$ 161,141	$ 139,967	$ 126,834	$ 136,411	$ 144,321
Contributions as a percentage of covered payroll	8.9%	7.9% #	10.3% #	16.3% #	10.3%

	June 2019	June 2018	June 2017	June 2016	June 2015
Actuarially determined contribution	$ 15,725	$ 15,177	$ 18,084	$ 14,390	$ 13,187
Contributions in relation to the ADC:					
Premium implicit subsidy contribution	1,611	1,555	1,487	1,260	1,905
Authority contribution	18,398	15,682	14,300	12,000	12,000
Contribution deficiency (excess)	$ (4,284)	$ (2,060)	$ 2,297	$ 1,130	$ (718)
Covered payroll	$ 139,318	$ 133,316	$ 129,414	$ 117,743	$ 116,302
Contributions as a percentage of covered payroll	14.4% #	12.9% #	12.2% #	11.3% #	12.0%

Methods and assumptions used to determine contribution rates:

Valuation date: January 1, 2023

Actuarial cost method: Entry Age Normal

Amortization method: 20 years from FY 2018, 14 years remaining as of December 31, 2023 increasing from 0-3% annually

Asset valuation method: 10 years smoothing of market value gains/ losses; prior to 2023, 5 years; prior to 2018 Market value of assets.

Inflation: 2.5%

Salary increases: 4.25%, including inflation

Investment rate of return: 6.75%, net of plan investment expenses as of December 31, 2023, 2022 and 2021, respectively
7.00%, net of plan investment expenses prior to January 01, 2021
7.25% per year prior to July 1, 2019

Health care trend rates Initial annual health care cost trend rate range of 8.5% to 8.7% which decreases to a long-term trend rate of 5.0% for all health care benefits after ten years. The initial annual dental cost trend rates range from 6.0% to 7.0% which decrease to a long term trend rate of 5.0% for all dental benefits after ten years.

Mortality: The PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4).

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 - 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.

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.

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.

Mortality table changes from Scale AA to BB in FY 2017.

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

	December 2023	December 2022	December 2021	December 2020	December 2019 *	June 2018	June 2017	June 2016
Total OPEB liability:								
Service cost	$ 5,469	$ 6,131	$ 5,591	$ 6,103	$ 9,022	$ 6,692	$ 6,405	$ 5,891
Interest	24,298	24,427	23,695	24,569	37,032	23,870	22,693	20,285
Differences between expected and actual experience	(5,937)	(19,748)	(1,058)	(16,263)	(7,968)	(17,359)	—	18,841
Change of assumptions	—	4,381	10,488	(11,751)	(3,552)	8,575	—	—
Benefits payments	(16,623)	(16,223)	(15,557)	(13,692)	(20,432)	(13,428)	(12,643)	(11,987)
Net change in total OPEB liability	7,207	(1,032)	23,159	(11,034)	14,102	8,350	16,455	33,030
Total OPEB liability – beginning	362,819	363,851	340,692	351,726	337,624	329,274	312,819	279,789
Total OPEB liability – ending (a)	$ 370,026	$ 362,819	$ 363,851	$ 340,692	$ 351,726	$ 337,624	$ 329,274	$ 312,819
Trust fiduciary net position:								
Contributions – employer	14,288	16,617	23,422	10,552	29,668	17,237	15,787	13,340
Contributions – employees	485	453	398	319	468	279	248	209
Net investment income	42,201	(49,785)	38,880	36,052	31,460	13,755	19,829	2,348
Benefits payments	(17,109)	(16,676)	(15,955)	(14,010)	(20,900)	(13,428)	(12,643)	(11,987)
Administrative expenses	(235)	(216)	(232)	(222)	(332)	(184)	(173)	(172)
Net change in fiduciary net position	39,630	(49,607)	46,513	32,691	40,364	17,659	23,048	3,738
Trust fiduciary net position – beginning	273,036	322,643	276,130	243,439	203,075	185,416	162,368	158,630
Trust fiduciary net position – ending (b)	$ 312,666	$ 273,036	$ 322,643	$ 276,130	$ 243,439	$ 203,075	$ 185,416	$ 162,368
Authority's net OPEB liability – end of year (a-b)	$ 57,360	$ 89,783	$ 41,208	$ 64,562	$ 108,287	$ 134,549	$ 143,858	$ 150,451
Trust fiduciary net position as a percentage of the total OPEB liability	84.5%	75.3%	88.7%	81.0%	69.2%	60.1%	56.3%	51.9%
Covered payroll	$ 149,758	$ 134,761	$ 127,740	$ 141,877	$ 125,822	$ 140,995	$ 135,585	$ 131,477
Net OPEB liability as a percentage of covered payroll	38.3%	66.6%	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% through fiscal year ended 12/31/23.

As of January 1, 2022, the PUB-2010 Headcount-weighted Mortality Tables, sex-distinct, for Employees projected using generational mortality and scale MP-2021; General (Groups 1&2 and Spouses), Safety (Group 4)

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), including the so-called "Cadillac Tax".

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

	December 2023	December 2022	December 2021	December 2020	December 2019	June 2019	June 2018	June 2017	June 2016
Annual money-weighted rate of return, net of investment expense	15.09 %	(15.33)%	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 Schedule of Net Position

Proprietary Fund Type – Enterprise Fund

June 30, 2024

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ 227,191	$ —	$ —	$ 227,191
Investments	297,408	—	—	297,408
Restricted cash and cash equivalents	347,021	46,231	25,643	418,895
Restricted investments	320,161	91,292	27,882	439,335
Accounts receivable				
Trade, net	73,476	13,649	3,433	90,558
Lease receivable	40,837	—	—	40,837
Grants	20,550	—	—	20,550
Total receivables, net	134,863	13,649	3,433	151,945
Prepaid expenses and other assets	14,834	—	—	14,834
Total current assets	1,341,478	151,172	56,958	1,549,608
Noncurrent assets:				
Investments	654,256	—	—	654,256
Restricted investments	560,337	51,461	54,642	666,440
Lease receivable	2,138,617	—	—	2,138,617
Accrued lease Interest receivable	52,506	—	—	52,506
Prepaid expenses and other assets, long-term	4,008	—	—	4,008
Capital assets-not being depreciated	434,022	—	17	434,039
Capital assets-being depreciated-net	3,566,461	254,243	179,356	4,000,060
Total noncurrent assets	7,410,207	305,704	234,015	7,949,926
Total assets	8,751,685	456,876	290,973	9,499,534
Deferred outflows of resources				
Deferred loss on refunding of bonds	7,689	—	—	7,689
Pension related	74,069	—	—	74,069
OPEB related	18,934	—	—	18,934
Total deferred outflows of resources	100,692	—	—	100,692
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	215,521	100	66	215,687
Compensated absences	1,184	—	—	1,184
Contract retainage	16,388	—	—	16,388
Current portion of long-term debt	94,019	—	5,245	99,264
Accrued interest on bonds payable	56,587	—	3,477	60,064
Accrued interest on leases payable	5,294	—	—	5,294
Lease and subscription liability	10,310	—	—	10,310
Unearned revenues	6,246	—	—	6,246
Total current liabilities	405,549	100	8,788	414,437
Noncurrent liabilities				
Accrued expenses	29,825	—	160	29,985
Compensated absences	15,151	—	—	15,151
Net pension liability	61,124	—	—	61,124
Net OPEB liability	57,360	—	—	57,360
Contract retainage	2,674	—	—	2,674
Long-term debt, net	2,798,712	—	105,470	2,904,182
Long term lease and subscription liability	205,140	—	—	205,140
Unearned revenues	272	—	—	272
Total noncurrent liabilities	3,170,258	—	105,630	3,275,888
Total liabilities	3,575,807	100	114,418	3,690,325
Deferred inflows of resources				
Deferred gain on refunding of bonds	19,234	—	—	19,234
Lease related	2,146,245	—	—	2,146,245
Pension related	20,466	—	—	20,466
OPEB related	24,189	—	—	24,189
Total deferred inflows of resources	2,210,134	—	—	2,210,134
Net position				
Net investment in capital assets	813,473	254,243	87,510	1,155,226
Restricted for other purposes				
Bond funds	315,540	—	—	315,540
Project funds	772,253	—	—	772,253
Passenger facility charges	—	202,533	—	202,533
Customer facility charges	—	—	89,045	89,045
Other purposes	44,605	—	—	44,605
Total restricted	1,132,398	202,533	89,045	1,423,976
Unrestricted	1,120,565	—	—	1,120,565
Total net position	$ 3,066,436	$ 456,776	$ 176,555	$ 3,699,767

MASSACHUSETTS PORT AUTHORITY

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

Proprietary Fund Type – Enterprise Fund

Year ended June 30, 2024

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 374,035	$ —	$ —	$ 374,035
Aviation parking	213,574	—	—	213,574
Aviation shuttle bus	25,601	—	—	25,601
Aviation fees	203,790	—	—	203,790
Aviation concessions	183,123	—	—	183,123
Aviation operating grants and other	4,097	—	—	4,097
Maritime fees, rentals and other	95,814	—	—	95,814
Real estate fees, rents and other	47,368	—	—	47,368
Total operating revenues	1,147,402	—	—	1,147,402
Operating expenses:				
Aviation operations and maintenance	374,417	—	—	374,417
Maritime operations and maintenance	70,010	—	—	70,010
Real estate operations and maintenance	18,051	—	—	18,051
General and administrative	74,275	—	—	74,275
Payments in lieu of taxes	25,901	—	—	25,901
Pension and other post-employment benefits	8,319	—	—	8,319
Other	16,157	—	—	16,157
Total operating expenses before depreciation and amortization	587,130	—	—	587,130
Depreciation and amortization	273,989	72,499	13,271	359,759
Total operating expenses	861,119	72,499	13,271	946,889
Operating income (loss)	286,283	(72,499)	(13,271)	200,513
Nonoperating revenues and (expenses):				
Passenger facility charges	—	84,262	—	84,262
Customer facility charges	—	—	33,158	33,158
Lease interest income	43,106	—	—	43,106
Investment income on investments	83,187	9,399	3,541	96,127
Net inecrease in the fair value of investments	33,246	519	1,322	35,087
Settlement of claims	888	—	—	888
PFC debt service contribution	25,402	(25,402)	—	—
Other revenues (expenses)	12,242	—	(62)	12,180
Gain on sale of equipment	35	—	—	35
Interest expense on leases	(3,881)	—	—	(3,881)
Interest expense on financing	(104,246)	—	(7,492)	(111,738)
Total nonoperating revenue, net	89,979	68,778	30,467	189,224
Increase in net position before capital contributions	376,262	(3,721)	17,196	389,737
Capital contributions	90,524	—	—	90,524
Increase in net position	466,786	(3,721)	17,196	480,261
Net position, beginning of year	2,599,650	460,497	159,359	3,219,506
Net position, end of year	$ 3,066,436	$ 456,776	$ 176,555	$ 3,699,767

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Net Position

Proprietary Fund Type – Enterprise Fund

June 30, 2023

(In thousands)

Schedule III

	Authority Operations	PFC Program	CFC Program	Combined Totals
Assets				
Current assets:				
Cash and cash equivalents	$ 112,441	$ —	$ —	$ 112,441
Investments	256,908	—	—	256,908
Restricted cash and cash equivalents	415,339	41,351	18,749	475,439
Restricted investments	239,031	81,502	28,637	349,170
Accounts receivable				
Trade, net	59,144	13,145	3,361	75,650
Lease receivable	37,506	—	—	37,506
Grants	23,914	—	—	23,914
Total receivables, net	120,564	13,145	3,361	137,070
Prepaid expenses and other assets	12,337	—	41	12,378
Total current assets	1,156,620	135,998	50,788	1,343,406
Noncurrent assets:				
Investments	646,739	—	—	646,739
Restricted investments	494,427	42,062	38,429	574,918
Lease receivable	2,150,964	—	—	2,150,964
Accrued lease Interest receivable	42,397	—	—	42,397
Prepaid expenses and other assets, long-term	9,128	—	497	9,625
Investment in joint venture (combined with prepaid)		—	—	—
Capital assets-not being depreciated	968,822	—	1,871	970,693
Capital assets-being depreciated-net	3,004,613	282,604	188,110	3,475,327
Total noncurrent assets	7,317,090	324,666	228,907	7,870,663
Total assets	8,473,710	460,664	279,695	9,214,069
Deferred outflows of resources				
Deferred loss on refunding of bonds	8,984	—	—	8,984
Pension related	109,311	—	—	109,311
OPEB related	47,419	—	—	47,419
Total deferred outflows of resources	165,714	—	—	165,714
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	231,921	167	863	232,951
Compensated absences	1,087	—	—	1,087
Contract retainage	14,512	—	—	14,512
Current portion of long-term debt	91,569	—	4,920	96,489
Accrued interest on bonds payable	57,932	—	3,629	61,561
Accrued interest on leases payable	3,145			3,145
Lease and subscription liability	13,039			13,039
Unearned revenues	11,247	—	—	11,247
Total current liabilities	424,452	167	9,412	434,031
Noncurrent liabilities				
Accrued expenses	32,744	—	209	32,953
Compensated absences	13,902	—	—	13,902
Net pension liability	91,907	—	—	91,907
Net OPEB liability	89,783	—	—	89,783
Contract retainage	8,005	—	—	8,005
Long-term debt, net	2,892,732	—	110,715	3,003,447
Long term lease and subscription liability	217,846			217,846
Unearned revenues	504	—	—	504
Total noncurrent liabilities	3,347,423	—	110,924	3,458,347
Total liabilities	3,771,875	167	120,336	3,892,378
Deferred inflows of resources				
Deferred gain on refunding of bonds	21,444	—	—	21,444
Lease related	2,183,858			2,183,858
Pension related	28,455	—	—	28,455
OPEB related	34,142	—	—	34,142
Total deferred inflows of resources	2,267,899	—	—	2,267,899
Net position				
Net investment in capital assets	930,875	282,604	92,352	1,305,831
Restricted for other purposes				
Bond funds	295,253	—	—	295,253
Project funds	691,089	—	—	691,089
Passenger facility charges	—	177,893	—	177,893
Customer facility charges	—	—	67,007	67,007
Other purposes	34,093	—	—	34,093
Total restricted	1,020,435	177,893	67,007	1,265,335
Unrestricted	648,340	—	—	648,340
Total net position	$ 2,599,650	$ 460,497	$ 159,359	$ 3,219,506

MASSACHUSETTS PORT AUTHORITY

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

Schedule IV

Proprietary Fund Type – Enterprise Fund

Year ended June 30, 2023

(In thousands)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Aviation rentals	$ 313,696	$ —	$ —	$ 313,696
Aviation parking	198,511	—	—	198,511
Aviation shuttle bus	18,919	—	—	18,919
Aviation fees	171,191	—	—	171,191
Aviation concessions	157,425	—	—	157,425
Aviation operating grants and other	3,617	—	—	3,617
Maritime fees, rentals and other	89,464	—	—	89,464
Real estate fees, rents and other	47,346	—	—	47,346
Total operating revenues	1,000,169	—	—	1,000,169
Operating expenses:				
Aviation operations and maintenance	316,848	—	—	316,848
Maritime operations and maintenance	60,507	—	—	60,507
Real estate operations and maintenance	18,381	—	—	18,381
General and administrative	64,292	—	—	64,292
Payments in lieu of taxes	23,206	—	—	23,206
Pension and other post-employment benefits	24,710	—	—	24,710
Other	16,956	—	—	16,956
Total operating expenses before depreciation and amortization	524,900	—	—	524,900
Depreciation and amortization	264,130	51,209	14,663	330,002
Total operating expenses	789,030	51,209	14,663	854,902
Operating income (loss)	211,139	(51,209)	(14,663)	145,267
Nonoperating revenues and (expenses):				
Passenger facility charges	—	80,106	—	80,106
Customer facility charges	—	—	30,824	30,824
Lease interest income	44,070	—	—	44,070
Investment income on investments	55,825	4,979	1,898	62,702
Net (decrease) in the fair value of investments	(16,135)	(512)	(452)	(17,099)
PFC debt service contribution	14,684	(14,684)	—	—
Other revenues (expenses)	37,798	—	(67)	37,731
Gain on sale of equipment	160	3	—	163
Interest expense on leases	(3,605)	—	—	(3,605)
Interest expense on financing	(101,817)	—	(7,300)	(109,117)
Total nonoperating revenue, net	30,980	69,892	24,903	125,775
Increase in net position before capital contributions	242,119	18,683	10,240	271,042
Capital contributions	24,888	—	—	24,888
Increase in net position	267,007	18,683	10,240	295,930
Net position, beginning of year	2,332,643	441,814	149,119	2,923,576
Net position, end of year	$ 2,599,650	$ 460,497	$ 159,359	$ 3,219,506

Schedule V

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Fiduciary Net Position

Fiduciary Funds

June 30, 2024

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Assets:			
Cash and cash equivalents	$ 1,507	$ 8,404	$ 9,911
Investments, at fair value:			
Common stocks	13,952	—	13,952
Commingled funds:			
Domestic equity	187,249	128,241	315,490
Fixed income	196,026	89,574	285,600
Opportunistic credit	45,693	—	45,693
International equity	230,702	60,283	290,985
Real estate	64,611	26,339	90,950
Private Equity	97,670	—	97,670
Total investments, at fair value	835,903	304,437	1,140,340
Receivables:			
Plan member contributions	388	—	388
Accrued interest and dividends	22	—	22
Other state retirement plans	2,662	—	2,662
Receivable for securities sold	26	—	26
Other	9	85	94
Total receivables	3,107	85	3,192
Right of use Asset	78	—	78
Total assets	840,595	312,926	1,153,521
Liabilities:			
Payables to other state retirement plans	1,297	—	1,297
Other payables	625	260	885
Lease liability	79	—	79
Total liabilities	2,001	260	2,261
Net position:			
Restricted for:			
Pensions	838,594	—	838,594
Postemployment benefits other than pensions	—	312,666	312,666
Total net position	$ 838,594	$ 312,666	$ 1,151,260

Schedule VI

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Change in Fiduciary Net Position

Fiduciary Funds

Year ended June 30, 2024

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Additions:			
Contributions:			
Plan members	$ 13,171	$ 485	$ 13,656
Plan sponsor	11,439	12,131	23,570
Total contributions	24,610	12,616	37,226
Intergovernmental:			
Transfers from other state retirement plans	1,503	—	1,503
Section 3(8)(c) transfers, net	598	—	598
Net intergovernmental	2,101	—	2,101
Investment earnings:			
Interest and dividends	16,868	9,164	26,032
Net appreciation in fair value of investments	79,578	33,269	112,847
Less management and related fees	(3,194)	(232)	(3,426)
Net investment earnings	93,252	42,201	135,453
Total additions	119,963	54,817	174,780
Deductions:			
Retirement benefits	45,075	14,952	60,027
Withdrawals by inactive members	657	—	657
Transfers to other state retirement plans	408	—	408
Administrative expenses	1,426	235	1,661
Total deductions	47,566	15,187	62,753
Net increase in fiduciary net position	72,397	39,630	112,027
Net position - beginning of year	766,197	273,036	1,039,233
Net position - end of year	$ 838,594	$ 312,666	$ 1,151,260

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Assets:			
Cash and cash equivalents	$ 1,113	$ 4,420	$ 5,533
Investments, at fair value:			
Common stocks	11,347	—	11,347
Commingled funds:			
Domestic equity	166,942	103,554	270,496
Fixed income	182,173	82,007	264,180
Opportunistic credit	41,011	—	41,011
International equity	199,313	54,911	254,224
Real estate	68,914	28,359	97,273
Private Equity	93,501	—	93,501
Total investments, at fair value	763,201	268,831	1,032,032
Receivables:			
Plan member contributions	305	—	305
Accrued interest and dividends	20	—	20
Other state retirement plans	1,854	—	1,854
Receivable for securities sold	623	—	623
Other	41	39	80
Total receivables	2,843	39	2,882
Right of use Asset	265	—	265
Total assets	767,422	273,290	1,040,712
Liabilities:			
Payables to other state retirement plans	411	—	411
Other payables	547	254	801
Lease liability	267	—	267
Total liabilities	1,225	254	1,479
Net position:			
Restricted for:			
Pensions	766,197	—	766,197
Postemployment benefits other than pensions	—	273,036	273,036
Total net position	$ 766,197	$ 273,036	$ 1,039,233

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Change in Fiduciary Net Position

Fiduciary Funds

Year ended June 30, 2023

(in thousands)

	Pension	Retiree Benefit Trust Fund	Total Pension and Retiree Benefit Trust Funds
Additions:			
Contributions:			
Plan members	$ 11,841	$ 453	$ 12,294
Plan sponsor	8,340	14,573	22,913
Total contributions	20,181	15,026	35,207
Intergovernmental:			
Transfers from other state retirement plans	1,137	—	1,137
Section 3(8)(c) transfers, net	1,580	—	1,580
Net intergovernmental	2,717	—	2,717
Investment earnings:			
Interest and dividends	14,379	9,690	24,069
Net appreciation in fair value of investments	(141,684)	(59,262)	(200,946)
Less management and related fees	(3,221)	(213)	(3,434)
Net investment earnings	(130,526)	(49,785)	(180,311)
Total additions	(107,628)	(34,759)	(142,387)
Deductions:			
Retirement benefits	43,718	14,632	58,350
Withdrawals by inactive members	778	—	778
Transfers to other state retirement plans	929	—	929
Administrative expenses	1,238	216	1,454
Total deductions	46,663	14,848	61,511
Net increase in fiduciary net position	(154,291)	(49,607)	(203,898)
Net position - beginning of year	920,488	322,643	1,243,131
Net position - end of year	$ 766,197	$ 273,036	$ 1,039,233