

MASSACHUSETTS PORT AUTHORITY

Statements of Net Position

December 31, 2014 and June 30, 2014

(In thousands)

(Unaudited)

	12/31/2014	6/30/2014
	FY2015	FY2014
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 56,799	\$ 41,696
Investments	49,660	35,020
Restricted cash and cash equivalents	147,907	180,043
Restricted investments	251,142	169,594
Accounts receivable		
Trade, net	49,933	59,836
Grants receivable	35,654	29,573
Total receivables (net)	85,587	89,409
Prepaid expenses and other assets	16,243	7,150
Total current assets	607,338	522,912
Noncurrent assets:		
Investments	76,533	66,587
Restricted investments	269,667	286,489
Prepaid expenses and other assets	6,146	7,318
Investment in joint venture	2,263	2,263
Net OPEB asset	55,192	55,418
Capital assets, net	2,894,981	2,900,644
Total noncurrent assets	3,304,782	3,318,719
Total assets	3,912,120	3,841,631
Deferred outflows of resources		
Deferred loss on refunding of bonds	18,511	20,017
Total deferred outflows of resources	18,511	20,017
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	79,203	102,714
Compensated absences	1,415	1,483
Contract retainage	7,910	12,561
Current portion of long term debt	87,560	84,665
Commercial notes payable	150,000	150,000
Accrued interest on bonds payable	35,031	35,304
Unearned revenues	8,525	5,219
Total current liabilities	369,644	391,946
Noncurrent liabilities:		
Accrued expenses	19,800	19,604
Compensated absences	18,096	18,974
Long-term debt, net	1,530,100	1,501,803
Unearned revenues	8,059	8,982
Total noncurrent liabilities	1,576,055	1,549,363
Total liabilities	1,945,699	1,941,309
Net Position		
Invested in capital assets	1,235,204	1,227,358
Restricted		
Bond funds	174,879	201,754
Project funds	243,757	214,772
Passenger facility charges	74,548	65,951
Customer facility charges	8,404	1,571
Other purposes	27,145	25,472
Total restricted	528,733	509,520
Unrestricted	220,995	183,461
Total net position	\$ 1,984,932	\$ 1,920,339

MASSACHUSETTS PORT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

Quarters ended December 31, 2014 and 2013

(In thousands)

(Unaudited)

	12/31/2014	12/31/2013
	FY2015	FY2014
	<u> </u>	<u> </u>
Operating revenues:		
Fees, tolls and other services	\$ 165,593	\$ 153,059
Rentals	107,796	99,366
Concessions	44,438	40,953
Other	15,666	12,781
Operating grants	2,217	1,268
	<u>335,710</u>	<u>307,427</u>
Operating expenses:		
Operations and maintenance	146,425	136,757
Administration	28,233	26,432
Insurance	4,354	3,960
Pension	5,593	6,000
Other post-employment benefits	7,517	7,070
Payments in lieu of taxes	9,641	9,222
Provision for uncollectible accounts	(196)	102
Depreciation and amortization	111,427	104,094
	<u>312,994</u>	<u>293,637</u>
Total operating expenses		
Operating income	<u>22,716</u>	<u>13,790</u>
Nonoperating revenues and (expenses):		
Passenger facility charges	32,091	30,413
Customer facility charges	18,363	17,772
Investment income	3,532	3,425
Net increase (decrease) in the fair value of investments	12	373
Other revenues	25	7
Settlement of claims	—	326
Terminal A debt service contribution	(5,955)	(5,919)
Other expenses	(518)	(995)
Gain (loss) on sale of equipment	125	89
Interest expense	(32,483)	(31,207)
	<u>15,192</u>	<u>14,284</u>
Total nonoperating revenues (expenses), net		
Increase in net position before capital grant revenue	37,908	28,074
Capital grant revenue	<u>26,685</u>	<u>24,916</u>
Increase in net position	64,593	52,990
Net position, beginning of year	<u>1,920,339</u>	<u>1,828,561</u>
Net position, end of year	<u>\$ 1,984,932</u>	<u>\$ 1,881,551</u>

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Net Position

December 31, 2014

(In thousands)

(Unaudited)

Assets and Deferred Outflows	Authority Operations	PFC Program	CFC Program	Eliminations	Combined Totals
Current assets:					
Cash and cash equivalents	\$ 56,799	\$ —	\$ —	\$ —	\$ 56,799
Investments	49,660	—	—	—	49,660
Restricted cash and cash equivalents	99,692	34,459	13,756	—	147,907
Restricted investments	232,303	10,030	8,809	—	251,142
Accounts receivable					
Trade, net	40,573	7,550	1,810	—	49,933
Grants	34,678	—	976	—	35,654
Total receivables, net	<u>75,251</u>	<u>7,550</u>	<u>2,786</u>	<u>—</u>	<u>85,587</u>
Prepaid expenses and other assets	16,047	139	57	—	16,243
Interfund transfer Authority Loan	10,000	—	—	(10,000)	—
Total current assets	<u>539,752</u>	<u>52,178</u>	<u>25,408</u>	<u>(10,000)</u>	<u>607,338</u>
Noncurrent assets:					
Investments	76,533	—	—	—	76,533
Restricted investments	218,380	25,104	26,183	—	269,667
Prepaid expenses and other assets, long-term	4,780	136	1,230	—	6,146
Investment in joint venture	2,263	—	—	—	2,263
Net OPEB asset	55,192	—	—	—	55,192
Capital assets, net	2,189,040	408,658	297,283	—	2,894,981
Total noncurrent assets	<u>2,546,188</u>	<u>433,898</u>	<u>324,696</u>	<u>—</u>	<u>3,304,782</u>
Total assets	<u>3,085,940</u>	<u>486,076</u>	<u>350,104</u>	<u>(10,000)</u>	<u>3,912,120</u>
Deferred outflows of resources					
Deferred loss on refunding of bonds	17,739	772	—	—	18,511
Total deferred outflows of resources	<u>17,739</u>	<u>772</u>	<u>—</u>	<u>—</u>	<u>18,511</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	77,058	429	1,716	—	79,203
Compensated absences	1,415	—	—	—	1,415
Contract retainage	6,472	—	1,438	—	7,910
Current portion of long-term debt	66,259	18,091	3,210	—	87,560
Commercial notes payable	150,000	—	—	—	150,000
Interfund transfer Authority Loan	—	—	10,000	(10,000)	—
Accrued interest payable	26,903	2,282	5,846	—	35,031
Unearned revenues	8,525	—	—	—	8,525
Total current liabilities	<u>336,632</u>	<u>20,802</u>	<u>22,210</u>	<u>(10,000)</u>	<u>369,644</u>
Noncurrent liabilities					
Accrued expenses	18,994	159	647	—	19,800
Compensated absences	18,096	—	—	—	18,096
Long-term debt, net	1,253,052	76,558	200,490	—	1,530,100
Unearned revenues	8,059	—	—	—	8,059
Total noncurrent liabilities	<u>1,298,201</u>	<u>76,717</u>	<u>201,137</u>	<u>—</u>	<u>1,576,055</u>
Total liabilities	<u>1,634,833</u>	<u>97,519</u>	<u>223,347</u>	<u>(10,000)</u>	<u>1,945,699</u>
Net Position					
Invested in capital assets	802,070	314,781	118,353	—	1,235,204
Restricted for other purposes					
Bond funds	174,879	—	—	—	174,879
Project funds	243,757	—	—	—	243,757
Passenger facility charges	—	74,548	—	—	74,548
Customer facility charges	—	—	8,404	—	8,404
Other purposes	27,145	—	—	—	27,145
Total restricted	<u>445,781</u>	<u>74,548</u>	<u>8,404</u>	<u>—</u>	<u>528,733</u>
Unrestricted	220,995	—	—	—	220,995
Total net position	<u>\$ 1,468,846</u>	<u>\$ 389,329</u>	<u>\$ 126,757</u>	<u>\$ —</u>	<u>\$ 1,984,932</u>

MASSACHUSETTS PORT AUTHORITY

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

Quarter ended December 31, 2014

(In thousands)

(Unaudited)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Fees, tolls and other services	\$ 165,593	\$ —	\$ —	\$ 165,593
Rentals	107,796	—	—	107,796
Concessions	44,438	—	—	44,438
Other	15,666	—	—	15,666
Operating grants	2,217	—	—	2,217
Total operating revenues	<u>335,710</u>	<u>—</u>	<u>—</u>	<u>335,710</u>
Operating expenses:				
Operations and maintenance	146,425	—	—	146,425
Administration	28,233	—	—	28,233
Insurance	4,354	—	—	4,354
Pension	5,593	—	—	5,593
Other post-employment benefits	7,517	—	—	7,517
Payments in lieu of taxes	9,641	—	—	9,641
Provision for uncollectible accounts	(196)	—	—	(196)
Depreciation and amortization	85,427	19,039	6,961	111,427
Total operating expenses	<u>286,994</u>	<u>19,039</u>	<u>6,961</u>	<u>312,994</u>
Operating income (loss)	<u>48,716</u>	<u>(19,039)</u>	<u>(6,961)</u>	<u>22,716</u>
Nonoperating revenues and (expenses):				
Passenger facility charges	—	32,091	—	32,091
Customer facility charges	—	—	18,363	18,363
Investment income	2,793	549	190	3,532
Net increase (decrease) in the fair value of investments	12	—	—	12
Other revenues	12	—	13	25
Terminal A debt service contribution	—	(5,955)	—	(5,955)
Other expenses	40	(199)	(359)	(518)
Gain on sale of equipment	125	—	—	125
Interest expense	(25,092)	(2,004)	(5,387)	(32,483)
Total nonoperating (expense) revenue, net	<u>(22,110)</u>	<u>24,482</u>	<u>12,820</u>	<u>15,192</u>
Increase in net position before capital grant revenue	26,606	5,443	5,859	37,908
Capital grant revenue	26,679	—	6	26,685
Increase in net position	53,285	5,443	5,865	64,593
Net position, beginning of year	1,415,561	383,886	120,892	1,920,339
Net position, end of year	<u>\$ 1,468,846</u>	<u>\$ 389,329</u>	<u>\$ 126,757</u>	<u>\$ 1,984,932</u>

**Reconciliation of Revenues and Operating Expenses as Determined by Accounting Practices Prescribed by the 1978 Trust Agreement to the Financial Statement
Trust Operating Results and Change in Net Assets
(Unaudited)**

Presented below are the revenues and operating expenses as determined in accordance with the 1978 Trust Agreement, and a reconciliation to net assets as determined under accounting principles generally accepted in the United States of America ("GAAP") for the period presented.

	(Unaudited)			Net change	12/31/2014	12/31/2013
(In Thousands)	Airport Properties	Port Properties	Investment Income	in the fair value of investments	Fiscal Year 2015 Total	Fiscal Year 2014 Total
Trust revenues:						
Pledged revenues	\$ 287,509	\$ 46,051	\$ -	\$ -	\$ 333,560	\$ 305,532
Operating grants	1,901	352	-	-	2,253	1,267
Subtotal	289,410	46,403	-	-	335,813	306,799
Operating interest income	-	-	1,727	-	1,727	1,700
Adjustment for uncollectible accounts	183	12	-	-	195	(106)
Total Trust Revenues	289,593	46,415	1,727	-	337,735	308,393
Trust operating expenses:						
Operations and maintenance	116,882	28,957	-	-	145,839	136,462
Administration	23,648	5,876	-	-	29,524	27,618
Insurance	3,305	987	-	-	4,292	4,382
Pension	4,817	776	-	-	5,593	6,000
Other Postemployment Benefits (1978 Trust)	5,062	936	-	-	5,998	7,000
Total Trust Expenses	153,714	37,532	-	-	191,246	181,462
Excess of revenues over operating expenses as prescribed by the 1978 Trust Agreement	135,879	8,883	1,727	-	146,489	126,931
ADD:						
Revenues recognized under GAAP which are excluded under 1978 Trust Agreement						
Investment income self insurance / others	-	-	1,066	-	1,066	957
Passenger facility charge (PFC)-Logan	32,091	-	-	-	32,091	30,413
Investment income PFC-FAA	-	-	39	-	39	37
Investment income PFC-Non FAA	-	-	510	-	510	515
Customer facility charge (CFC)	18,363	-	-	-	18,363	17,772
Investment income CFC	-	-	190	-	190	216
Capital grant revenue	26,402	283	-	-	26,685	24,916
Gain/Loss on sale of equipment	118	7	-	-	125	89
Realized net increase in the fair value of investments	-	-	-	12	12	373
Administration Expenses	1,090	201	-	-	1,291	1,186
Operating revenues	239	(306)	-	-	(67)	628
Adjust for Operating Grant	(36)	-	-	-	(36)	-
Settlement of claims	-	-	-	-	-	326
Nonoperating other revenues	18	7	-	-	25	7
LESS:						
Expenses recognized under GAAP which are excluded under 1978 Trust Agreement						
PILOT	(8,677)	(964)	-	-	(9,641)	(9,222)
Other Postemployment Benefits	(1,283)	(236)	-	-	(1,519)	(70)
Self insurance cost	(44)	(18)	-	-	(62)	422
Interest expense	(31,552)	(931)	-	-	(32,483)	(31,207)
Depreciation and amortization (1)	(103,374)	(8,053)	-	-	(111,427)	(104,094)
Operating expenses	(579)	(7)	-	-	(586)	(295)
Adjustment for uncollectible accounts-nonTrust fund	1	-	-	-	1	4
Terminal A debt service contributions by PFC	(5,955)	-	-	-	(5,955)	(5,919)
Nonoperating other expenses	(518)	-	-	-	(518)	(995)
Increase / (decrease) in net assets	\$ 62,183	\$ (1,134)	\$ 3,532	\$ 12	\$ 64,593	\$ 52,990

(1) Capital Assets are depreciated under GAAP but not under 1978 Trust Agreement.