

MASSACHUSETTS PORT AUTHORITY

Statements of Net Position

September 30, 2014 and June 30, 2014

(In thousands)

(Unaudited)

	<u>2015</u>	<u>2014</u>
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 61,739	\$ 41,696
Investments	34,092	35,020
Restricted cash and cash equivalents	129,342	180,043
Restricted investments	235,405	169,594
Accounts receivable		
Trade, net	60,133	59,836
Grants receivable	20,898	29,573
Total receivables (net)	<u>81,031</u>	<u>89,409</u>
Prepaid expenses and other assets	37,427	7,150
Total current assets	<u>579,036</u>	<u>522,912</u>
Noncurrent assets:		
Investments	68,821	66,587
Restricted investments	279,966	286,489
Prepaid expenses and other assets	6,516	7,318
Investment in joint venture	2,263	2,263
Net OPEB asset	55,305	55,418
Capital assets, net	2,893,196	2,900,644
Total noncurrent assets	<u>3,306,067</u>	<u>3,318,719</u>
Total assets	<u>3,885,103</u>	<u>3,841,631</u>
Deferred outflows of resources		
Deferred loss on refunding of bonds	18,888	20,017
Total deferred outflows of resources	<u>18,888</u>	<u>20,017</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	94,949	102,714
Compensated absences	1,481	1,483
Contract retainage	9,562	12,561
Current portion of long term debt	87,560	84,665
Commercial notes payable	150,000	150,000
Accrued interest on bonds payable	17,278	35,304
Unearned revenues	7,244	5,219
Total current liabilities	<u>368,074</u>	<u>391,946</u>
Noncurrent liabilities:		
Accrued expenses	19,541	19,604
Compensated absences	18,945	18,974
Long-term debt, net	1,531,677	1,501,803
Unearned revenues	8,521	8,982
Total noncurrent liabilities	<u>1,578,684</u>	<u>1,549,363</u>
Total liabilities	<u>1,946,758</u>	<u>1,941,309</u>
Net Position		
Invested in capital assets	1,263,737	1,227,358
Restricted		
Bond funds	166,259	201,754
Project funds	229,604	214,772
Passenger facility charges	61,612	65,951
Customer facility charges	2,232	1,571
Other purposes	24,967	25,472
Total restricted	<u>484,674</u>	<u>509,520</u>
Unrestricted	208,922	183,461
Total net position	<u>\$ 1,957,333</u>	<u>\$ 1,920,339</u>

MASSACHUSETTS PORT AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

Quarters ended September 30, 2014 and 2013

(In thousands)

(Unaudited)

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Fees, tolls and other services	\$ 84,556	\$ 77,818
Rentals	55,196	50,714
Concessions	24,624	22,575
Other	7,875	5,586
Operating grants	691	1,129
Total operating revenues	<u>172,942</u>	<u>157,822</u>
Operating expenses:		
Operations and maintenance	72,067	65,091
Administration	13,777	13,159
Insurance	1,933	2,026
Pension	2,788	3,000
Other post-employment benefits	3,758	3,535
Payments in lieu of taxes	4,821	4,611
Provision for uncollectible accounts	(218)	13
Depreciation and amortization	52,727	51,270
Total operating expenses	<u>151,653</u>	<u>142,705</u>
Operating income	<u>21,289</u>	<u>15,117</u>
Nonoperating revenues and (expenses):		
Passenger facility charges	16,605	15,708
Customer facility charges	10,942	10,553
Investment income	1,708	1,750
Net increase (decrease) in the fair value of investments	11	—
Other revenues	18	—
Settlement of claims	—	301
Terminal A debt service contribution	(1,994)	(2,960)
Other expenses	(313)	(852)
Gain (loss) on sale of equipment	79	12
Interest expense	(16,563)	(14,658)
Total nonoperating revenues (expenses), net	<u>10,493</u>	<u>9,854</u>
Increase in net position before capital grant revenue	31,782	24,971
Capital grant revenue	<u>5,212</u>	<u>11,430</u>
Increase in net position	36,994	36,401
Net position, beginning of year	<u>1,920,339</u>	<u>1,828,561</u>
Net position, end of year	<u>\$ 1,957,333</u>	<u>\$ 1,864,962</u>

MASSACHUSETTS PORT AUTHORITY

Combining Schedule of Net Position

September 30, 2014

(In thousands)

(Unaudited)

Assets and Deferred Outflows	Authority Operations	PFC Program	CFC Program	Eliminations	Combined Totals
Current assets:					
Cash and cash equivalents	\$ 61,739	\$ —	\$ —	\$ —	\$ 61,739
Investments	34,092	—	—	—	34,092
Restricted cash and cash equivalents	90,558	18,753	20,031	—	129,342
Restricted investments	219,839	10,754	4,812	—	235,405
Accounts receivable					
Trade, net	48,173	8,667	3,293	—	60,133
Grants	19,927	—	971	—	20,898
Total receivables, net	68,100	8,667	4,264	—	81,031
Prepaid expenses and other assets	37,231	139	57	—	37,427
Interfund transfer Authority Loan	10,000	—	—	(10,000)	—
Total current assets	521,559	38,313	29,164	(10,000)	579,036
Noncurrent assets:					
Investments	68,821	—	—	—	68,821
Restricted investments	228,928	24,857	26,181	—	279,966
Prepaid expenses and other assets, long-term	5,101	171	1,244	—	6,516
Investment in joint venture	2,263	—	—	—	2,263
Net OPEB asset	55,305	—	—	—	55,305
Capital assets, net	2,176,255	420,604	296,337	—	2,893,196
Total noncurrent assets	2,536,673	445,632	323,762	—	3,306,067
Total assets	3,058,232	483,945	352,926	(10,000)	3,885,103
Deferred outflows of resources					
Deferred loss on refunding of bonds	18,048	840	—	—	18,888
Total deferred outflows of resources	18,048	840	—	—	18,888
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	87,566	589	6,794	—	94,949
Compensated absences	1,481	—	—	—	1,481
Contract retainage	6,577	—	2,985	—	9,562
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	13,214	1,141	2,923	—	17,278
Unearned revenues	7,242	—	2	—	7,244
Total current liabilities	332,339	19,821	25,914	(10,000)	368,074
Noncurrent liabilities					
Accrued expenses	18,894	—	647	—	19,541
Compensated absences	18,945	—	—	—	18,945
Long-term debt, net	1,254,263	76,937	200,477	—	1,531,677
Unearned revenues	8,521	—	—	—	8,521
Total noncurrent liabilities	1,300,623	76,937	201,124	—	1,578,684
Total liabilities	1,632,962	96,758	227,038	(10,000)	1,946,758
Net Position					
Invested in capital assets	813,666	326,415	123,656	—	1,263,737
Restricted for other purposes					
Bond funds	166,259	—	—	—	166,259
Project funds	229,604	—	—	—	229,604
Passenger facility charges	—	61,612	—	—	61,612
Customer facility charges	—	—	2,232	—	2,232
Other purposes	24,967	—	—	—	24,967
Total restricted	420,830	61,612	2,232	—	484,674
Unrestricted	208,922	—	—	—	208,922
Total net position	\$ 1,443,418	\$ 388,027	\$ 125,888	\$ —	\$ 1,957,333

MASSACHUSETTS PORT AUTHORITY

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

Quarter ended September 30, 2014

(In thousands)

(Unaudited)

	Authority Operations	PFC Program	CFC Program	Combined Totals
Operating revenues:				
Fees, tolls and other services	\$ 84,556	\$ —	\$ —	\$ 84,556
Rentals	55,196	—	—	55,196
Concessions	24,624	—	—	24,624
Other	7,875	—	—	7,875
Operating grants	691	—	—	691
Total operating revenues	<u>172,942</u>	<u>—</u>	<u>—</u>	<u>172,942</u>
Operating expenses:				
Operations and maintenance	72,067	—	—	72,067
Administration	13,777	—	—	13,777
Insurance	1,933	—	—	1,933
Pension	2,788	—	—	2,788
Other post-employment benefits	3,758	—	—	3,758
Payments in lieu of taxes	4,821	—	—	4,821
Provision for uncollectible accounts	(218)	—	—	(218)
Depreciation and amortization	39,939	9,520	3,268	52,727
Total operating expenses	<u>138,865</u>	<u>9,520</u>	<u>3,268</u>	<u>151,653</u>
Operating income (loss)	<u>34,077</u>	<u>(9,520)</u>	<u>(3,268)</u>	<u>21,289</u>
Nonoperating revenues and (expenses):				
Passenger facility charges	—	16,605	—	16,605
Customer facility charges	—	—	10,942	10,942
Investment income	1,346	269	93	1,708
Net increase (decrease) in the fair value of investments	11	—	—	11
Other revenues	12	—	6	18
Settlement of claims	—	—	—	—
Terminal A debt service contribution	—	(1,994)	—	(1,994)
Other expenses	40	(200)	(153)	(313)
Gain on sale of equipment	79	—	—	79
Interest expense	(12,920)	(1,019)	(2,624)	(16,563)
Total nonoperating (expense) revenue, net	<u>(11,432)</u>	<u>13,661</u>	<u>8,264</u>	<u>10,493</u>
Increase in net position before capital grant revenue	22,645	4,141	4,996	31,782
Capital grant revenue	5,212	—	—	5,212
Increase in net position	<u>27,857</u>	<u>4,141</u>	<u>4,996</u>	<u>36,994</u>
Net position, beginning of year	<u>1,415,561</u>	<u>383,886</u>	<u>120,892</u>	<u>1,920,339</u>
Net position, end of year	\$ <u>1,443,418</u>	\$ <u>388,027</u>	\$ <u>125,888</u>	\$ <u>1,957,333</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.

			Net change		9/30/2014	9/30/2013
(In Thousands)	Airport Properties	Port Properties	Investment Income	in the fair value of investments	Fiscal Year 2014 Total	Fiscal Year 2013 Total
Trust revenues:						
Pledged revenues	\$ 148,184	\$ 24,096	\$ -	\$ -	\$ 172,280	\$ 156,307
Operating grants	670	49	-	-	719	1,129
Subtotal	<u>148,854</u>	<u>24,145</u>	<u>-</u>	<u>-</u>	<u>172,999</u>	<u>157,436</u>
Operating interest income	-	-	820	-	820	890
Adjustment for uncollectible accounts	178	39	-	-	217	(13)
Total Trust Revenues	<u>149,032</u>	<u>24,184</u>	<u>820</u>	<u>-</u>	<u>174,036</u>	<u>158,313</u>
Trust operating expenses:						
Operations and maintenance	56,315	14,875	-	-	71,190	64,800
Administration	11,612	2,811	-	-	14,423	13,753
Insurance	1,655	439	-	-	2,094	2,132
Pension	2,400	388	-	-	2,788	3,000
Other Postemployment Benefits (1978 Trust)	2,389	436	-	-	2,825	3,343
Total Trust Expenses	<u>74,371</u>	<u>18,949</u>	<u>-</u>	<u>-</u>	<u>93,320</u>	<u>87,028</u>
Excess of revenues over operating Expenses as prescribed by the 1978 Trust Agreement	74,661	5,235	820	-	80,716	71,285
ADD:						
Revenues recognized under GAAP which are excluded under 1978 Trust Agreement:						
Investment income self insurance / others	-	-	526	-	526	476
Passenger facility charge (PFC)-Logan	16,605	-	-	-	16,605	15,708
Investment income PFC-FAA	-	-	15	-	15	16
Investment income PFC-Non FAA	-	-	254	-	254	258
Other income PFC-Non FAA	-	-	-	-	-	-
Passenger facility charge (PFC)-Worcester	-	-	-	-	-	-
Customer facility charge (CFC)	10,942	-	-	-	10,942	10,553
Investment income CFC	-	-	93	-	93	110
Capital grant revenue	4,980	232	-	-	5,212	11,430
Gain/Loss on sale of equipment	75	4	-	-	79	12
Realized net increase in the fair value of investments	-	-	-	11	11	-
Unrealized net increase in the fair value of investments	-	-	-	-	-	-
Administration Expenses	546	100	-	-	646	592
Operating revenues	285	(306)	-	-	(21)	386
Adjust for Operating Grant	(28)	(8)	-	-	(36)	-
Settlement of claims	-	-	-	-	-	301
Nonoperating other revenues	11	7	-	-	18	-
LESS:						
Expenses recognized under GAAP which are excluded under 1978 Trust Agreement:						
PILOT	(4,339)	(482)	-	-	(4,821)	(4,611)
Other Postemployment Benefits	(789)	(144)	-	-	(933)	(192)
Self insurance cost	12	149	-	-	161	106
Interest expense	(15,981)	(582)	-	-	(16,563)	(14,658)
Loss on sale of equipment	-	-	-	-	-	-
Unrealized net (decrease) in the fair value of investments	-	-	-	-	-	-
Depreciation and amortization (1)	(48,760)	(3,967)	-	-	(52,727)	(51,270)
Operating expenses	(877)	-	-	-	(877)	(289)
Adjustment for uncollectible accounts-nonTrust fund	1	-	-	-	1	-
Terminal A debt service contributions by PFC	(1,994)	-	-	-	(1,994)	(2,960)
Nonoperating other expenses	(313)	-	-	-	(313)	(852)
Increase / (decrease) in net assets	<u>\$ 35,037</u>	<u>\$ 238</u>	<u>\$ 1,708</u>	<u>\$ 11</u>	<u>\$ 36,994</u>	<u>\$ 36,401</u>

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