2018 MASSACHUSETTS PORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Years Ended June 30, 2018 & June 30, 2017

Cover Photo:

VITAL INVESTMENTS

Massport continually reinvests its earnings to strengthen areas such as Safety and Security, Aviation and Maritime. Examples include funding numerous safety drills to safeguard Massport properties such as Logan Airport, investing in advanced technology at Worcester Airport to enable aircraft to land in inclement weather, working in partnership with the Federal and State governments to underwrite the deepening of Boston Harbor to accommodate larger ships, and the consolidation of Terminal B at Logan Airport to better serve our customers.

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MASSACHUSETTS PORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Years Ended June 30, 2018 & June 30, 2017

Prepared by the Massachusetts Port Authority
Administration and Finance Department
located in East Boston, MA

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For Fiscal Years Ended June 30, 2018 and June 30, 2017

MASSACHUSETTS PORT AUTHORITY

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Introduction

Investing to Accommodate Larger Container Ships

The Boston Harbor dredging initiative advanced during fiscal year 2018 as the maintenance dredging phase was completed and work began on the improvement dredging phase. When completed in fiscal year 2022, this $300+ million project, which is being funded collaboratively by Massport, the Commonwealth of Massachusetts and the Federal government, will enable the container lines serving Boston to use the larger ships in their fleet. Work is also underway at Conley Terminal to develop a new deep water Berth 10 and to modernize this facility.

Massachusetts Port Authority
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Telephone (617) 568-5000
www.massport.com

November 26, 2018

To the Members of the Massachusetts Port Authority:

Strong. Strategic. Steady. Those are three words that characterize Massport in Fiscal Year 2018. Those three words also create the foundation for our work in the years ahead as we move toward the future with new leadership. As always, we are guided by our mission to be "a world-class organization that moves people and goods and connects Massachusetts and New England to the world safely and securely while being a good neighbor to people who live near our facilities."

In the past year, we have seen record-breaking growth in Logan Airport passengers and business in the Port of Boston. We have collaborated to improve transportation in South Boston, and we have marked milestones in dredging the harbor. We met or exceeded our environmental goals, and we have been recognized as a model for diversity and inclusion in real estate development. Further, as always, we have found new opportunities to improve safety, security and customer service at all Massport facilities.

Our success has come as a result of thoughful strategy, planning, and management as well as a strong partnership with government, the private sector, labor, non-profit advocacy, and our neighboring communities.

We are pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the Massachusetts Port Authority (the "Authority" or "Massport") for the Fiscal Year ended June 30, 2018. This report was prepared by the Authority's Administration and Finance Department and presents our financial results for the year, as well as selected highlights to illustrate our approach to addressing some of the Authority's most complex challenges.

Looking back and looking forward -- selected highlights from Fiscal Year 2018

As Massport looks back at six years under the extraordinary leadership of Tom Glynn, the organization has much to be proud of: unprecedented growth in international non-stop flights from 26 to 58; a renaissance of the Port of Boston which is Boston's 6th largest employer and in the process of becoming "big ship" ready; the completion of the $75 million Thomas Butler Bypass, a dedicated roadway that removes truck traffic from the South Boston neighborhood; a thriving cruise ship industry; a revitalized regional airport in Worcester; a reputation for diversity and inclusion in real estate development; and consistent collaboration with community residents and their elected officials in major decision-making. A clearly defined strategic plan embraced by the entire Massport organization and executed with visionary operational management has enabled Massport to achieve our ambitious goals, while simultaneously maintaining our long term financial stability and excellent fiscal reputation. We are well prepared for the challenges ahead.

Safety and security is always Massport's first priority

On a single day in April 2018, more than 75,000 people flew out of Logan Airport, which was a new record for daily enplanements. These travelers passed through Logan security and boarded their flights secure in the knowledge that they were safe.

Safety and security are Massport's number one priorities for passengers travelling through Logan Airport, Worcester Airport, and the Flynn Cruiseport Boston, and for consumer goods entering Boston through Conley Container Terminal. Massport recognizes that we must be constantly alert and ready to adapt to new and emerging threats, including cyber terrorism.

Massport practices for disasters we hope will never happen, and has conducted more than 300 Authority-wide exercises, drills and training events over the past five years. These events have focused on aviation and maritime security, fire-rescue and life safety, preparing and responding to hostile events, and resiliency to severe storms.

In September 2017, Massport conducted the Logan Emergency Access Plan, its largest scale exercise to date, to simulate an Active Shooter incident in a Logan Airport terminal. This training exercise involved more than 1,300 law enforcement, fire rescue, emergency medical services, airport operations personnel and volunteers.

In October 2018, Massport conducted a massive safety drill, which simulated a collision and fire involving two aircraft on one of Logan Airport's runways. The simulated collision included passenger casualties and injuries. The drill involved 235 first-responders and civilian volunteers and included Boston EMS, Boston Fire Department, State Police, FBI, Customs and Border Protection, and the Coast Guard in addition to Massport Fire Rescue.

Massport security officials, airline representatives and members of all federal, state and local agencies working at the airport continue to conduct daily briefings (a practice established after September 11, 2001) to share safety and security information, an approach that has become a model for airport and transportation security across the United States. In 2018, The New York Times featured the meeting in an article that distinguished Massport and Logan Airport in our ability to recover quickly from a series of snowstorms in March through strong management.

In January 2019, Harold "Hank" Shaw, former special agent-in-charge of the FBI in Boston and a nationally recognized counter terrorism and cyber security expert, will join Massport as Chief Security Officer. Unknown threats to safety and security are a persistent challenge to any large organization in the transportation industry, but with steadfast attention to preparedness, Massport is well positioned to prevent, respond and recover from threats to the safety and security of our community.

Continued record growth at Logan Airport. On November 11, 2018, JetBlue began a new non-stop international flight to Havana, Cuba from Logan Airport. That is the latest example of record growth in air travel at Logan Airport, which in fiscal year 2018 served a record 39.5 million passengers, a 5.4% increase over fiscal year 2017, and marking our ninth consecutive year of growth.

New international non-stop destinations launched in fiscal year 2018 included: Dublin (Delta Airlines), and Barcelona, Spain (LEVEL). In the summer and fall of 2018, San Salvador, El Salvador (Avianca), Sao Paulo, Brazil (LATAM) and Havana (JetBlue) service was introduced. In the spring of 2019, Logan is expected to add a third Chinese airline, Sichuan Airlines, with non-stop service to Chengdu, and offering a much needed business connection for Massachusetts companies doing business in Central China, including Dell EMC, GE, Thermo Fisher Scientific and Liberty Mutual.

Plans to modernize International Terminal E with a total of seven new gates continue to move forward through the design phase. The $750 million project has been fully permitted, and some site preparation is already underway, including the relocation of a gas station to make room for the expansion.

Massport is encouraged that large carriers continue to invest in improving terminals and services for passengers and making business decisions that benefit the entire community. In 2019, Massport is expected to complete a $200 million improvement of Terminal B in partnership with American Airlines. In October 2018, JetBlue, the largest operator at Logan Airport, announced that it will install noise-reducing vortex generators on all of its Airbus aircraft over the next three years in an effort to reduce overflight noise, which will greatly benefit communities in East Boston, Winthrop and South Boston. JetBlue's decision was influenced by an ongoing collaboration between the airline and Massport, MIT scientists, the Massport Community Advisory Committee, elected officials, and community residents to address noise from overflights.

Worcester Regional Airport takes a giant leap forward. Having served more than 570,000 passengers since JetBlue started service to Orlando and Fort Lauderdale in 2013, and following a $32 million Massport investment in CAT III instrument landing technology, Worcester Regional Airport can now claim a successful turnaround, a hopeful future, and a connection to the world. In May 2018, JetBlue began daily non-stop service between Worcester and New York's JFK airport, enabling passengers on the early morning flight to connect with more than 70 U.S. and international cities. In October 2018, American Airlines began daily non-stop flights to Philadelphia. Delta Air Lines has announced that in 2019 it will initiate service between Worcester and its hub in Detroit. Worcester Regional Airport is an important economic force in Worcester County, the second fastest growing county in Massachusetts. A Massachusetts Department of Transportation economic impact study found that the airport contributes $46.4 million to the regional economy annually.

The Port of Boston is thriving. With its 7,000 jobs, the Port of Boston is Boston's 6th largest employer and contributes $4.6 billion annually to the Massachusetts economy. In fiscal year 2018, Conley Terminal marked its fourth straight record year with a total of 283,720 TEUs (Twenty-foot Equivalent Units) handled, up 10.4% over fiscal year 2017. The increased volume is driven by a strong economy, minimal congestion for trucks driving into/out of the terminal, and a highly productive workforce that completes an average of 33 lifts per hour per crane. During fiscal year 2018, Conley served its largest ship ever, the Seaspan Elbe, which carried 10,000 TEU containers. The facility now serves eight of the world's top 10 shipping lines, and remains the only full-service container terminal in New England.

Conley Terminal is also poised to take the next step in being able to continue to successfully compete with other east coast ports and make Boston "big ship" ready. A $350 million harbor dredging project funded by a partnership of the Federal Government (the U.S. Army Corps of Engineers), The Commonwealth of Massachusetts (the "Commonwealth") and Massport is well underway. Also underway are the development of a new deep water Berth 10 and the acquisition of 3 new cranes for $215 million, and the modernization of the existing terminal at a cost of $103 million. These projects are being funded through a combination of Commonwealth funds that were authorized by the Commonwealth in its 2016 Economic Development Bond Bill, a Federal Government FASTLANE grant and Massport funds.

The fiscal year 2018 cruise ship season marked another record year for Massport's Raymond L. Flynn Cruiseport at Black Falcon Terminal. A total of 159 cruise ships carrying 406,369 passengers called on Boston this year, an increase of 15.5% over the previous year. Flynn Cruiseport welcomed three new cruise lines, and new itineraries included Cuba (Holland America), the Caribbean (Norwegian) and an additional service to Bermuda by Royal Caribbean.

Real Estate development is advancing. Significant progress was made during fiscal year 2018 to develop several key parcels of land owned by Massport. The South Boston Waterfront Transportation Center, containing 1,550 parking spaces and mobility hub capabilities for connections to other modes of transportation, was completed in May 2018. Groundbreaking for the 1,000+ room Omni Hotel also occurred during 2018, a unique development that features a first-ever model of diversity and inclusion for Boston. Developed by Massport, the project puts minority-owned and women-owned businesses at the core of financing to design to construction to hotel operations, and it ensures that an unsurpassed share of the project development roles, equity ownership, hospitality employment contracts and revenue accrue to minority and women-owned businesses. Construction of a mixed-use hotel and apartment development on "Parcel K" in South Boston also began in fiscal year 2018, and work on the Gables Seaport apartment complex in South Boston continued. In East Boston, the Roseland development of buildings 5 and 6 of the Portside at East Pier apartments was advanced, which is adding nearly 300 apartment units. Also in East Boston, Massport collaborated with the Institute of Contemporary Art to transform an empty waterfront warehouse into "The Watershed", a seasonal exhibit space that also features a gallery dedicated to the history of the shipyard and the community.

Meeting or exceeding environmental targets

In 2015, with funding from the FAA, Logan Airport became one of the first airports in the country to incorporate climate change into a sustainability plan, and as Massachusetts and the nation continue to deal with the devastating effects of intense storms and sea level rise, Massport is achieving measurable progress in reducing greenhouse gas, becoming more energy efficient, and designing toward sustainability.

On Earth Day 2018, Massport announced that it had already reached or surpassed the ambitious goals set for 2020 at Logan Airport. Since the 2002 environmental baseline:

- Energy use per passenger is down 26% (above goal of 25%) and energy use per square foot is down 25% (met goal of 25%).
- Greenhouse gas emissions per passenger have been reduced 46% (above goal of 40%).
- 40% of critical assets have been protected from storm surge flooding (above goal of 25%).
- Nearly 100% of construction and demolition waste is recycled or reused.

Snowstorms and flooding in the South Boston Seaport last winter were a sobering reminder that climate change, frequent and more intense storms and sea level rise have the potential to disrupt life in the City of Boston – and Massport operations in the Port of Boston.

Massport's emergency flood operations plan and flood proofing design guidelines help protect our critical infrastructure against sea level rise, and respond and recover from severe weather events. Massport has:

- Installed flood barriers and flood doors that can be deployed in advance of a storm to protect critical infrastructure against storm surges;
- Moved electrical and mechanical equipment to upper building floors wherever possible;
- Purchased pumps and generators to restore operations quickly after a storm; and
- Installed water-resistant materials, water sensors and sealed electrical conduits.

From incorporating sustainability into new building design and construction to installing flood barriers and elevating key systems like generators to protect critical infrastructure against storm surges to creating parks and green space such as Piers Park I along the East Boston waterfront to enhance community well-being, Massport has embraced our important role as an environmental steward.

Transportation challenges ahead – the downside of growth

When the Massachusetts Business Roundtable released its member survey of 80 senior executives at some of Boston's largest employers, the results indicated their number one concern was transportation. Massport is well aware of the Boston-area's transportation challenges because two of the city's fastest growing neighborhoods in both population and real estate value – East Boston and the South Boston Seaport District – are home to Massport facilities.

Encouraging Logan Airport travelers to use High Occupancy Vehicle (HOV) transportation instead of private cars and Transportation Network Companies (TNCs) is critical to reducing traffic in and around the airport, keeping more cars out of residential East Boston and preventing traffic tie ups around the airport.

The good news is that 30.5% of Logan passengers use HOV options– one of the highest rates among U.S. airports. Our goal is to increase HOV rates to 40% by the end of 2027 through increased use of Logan Express (ridership was up 5.7% in fiscal years 2018, the MBTA Blue and Silver Line and private buses. Over the past 20 years, Massport has invested more than $400 million in HOV transportation to Logan and doubled the number of seats on Logan Express buses from 8,000 in 1990 to over 21,000 today. It is now the 7th largest transit system in Massachusetts, used by more than two million travelers last year. In the coming year, Massport will explore new services for Logan Express users, including providing a new remote baggage check-in option at Logan Express parking facilities to make travel more convenient. Massport is also investigating options to reduce traffic and auto emissions on airport roadways and has begun a $15 million study to evaluate the development of an automated people mover (APM) to more efficiently move passengers throughout Logan Airport.

In South Boston, Massport has been an active partner in the development of the South Boston Waterfront Sustainable Transportation Plan along with MassDOT, the City of Boston and the Massachusetts Convention Center Authority. The plan includes expanded MBTA bus routes and improvements to the Silver Line, employer-operated shuttle buses, state-of-the-art traffic controls, and new water transportation. In spring 2018, Massport completed construction of an $85 million, multi-modal South Boston Waterfront Transportation Center with 1,550 shared public parking spaces. Massport is also advancing plans for the Cypher Street to E Street truck corridor in South Boston to support the movement of freight through this part of the city in a timely and safe manner.

While Massport's facilities are fueling economic growth in the City of Boston and the Commonwealth, record-breaking activity is creating pressure on the Authority to reinvest in its facilities to accommodate this growth. Our challenge is to strategically invest in the future to meet the demands of the airlines, container shipping lines, and cruise ship lines while maintaining our superior credit rating. We have been able to successfully walk this fine line in the past, and will continue to do so going forward.

Thank You

Massport's success is a team effort, and we take pride in investing in our people. Such investments include in-house training programs as well as external programs such as The Partnership Program to build leaders from diverse backgrounds. We also strongly believe in recognizing our employees when they perform over and above expectations. Examples of this include the "All Hands" meeting and the "Logan Stars" meeting. The annual "All Hands" meeting is attended by all Massport employees and recognizes certain employees for going above and beyond their normal job resulting in outstanding achievements. The "Logan Stars" meeting recognizes employees for exceptional customer service, acts of heroism, enhanced safety and security, improved efficiency and innovation.

Our results are based on the hard work and steadfast commitment to the mission of the organization from the Board level to managers to employees, as well as from the success of our partners in the airlines, shipping and cruise lines, our tenants and business partners. It is our privilege to work together every day to be an economic engine for Massachusetts – and a good neighbor to communities where we do business. We look forward with confidence toward the coming year.

Very truly yours,

John P. Pranckevicius, Acting Chief Executive Officer

SUPPLEMENTAL INFORMATION

The letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A), which immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the Authority's financial statements. Responsibility for the accuracy, completeness, and fairness of the presentation and disclosures rests with management.

PROFILE OF THE MASSACHUSETTS PORT AUTHORITY

The Authority was created by and exists pursuant to Chapter 465 of the Massachusetts Acts of 1956, as amended to date (the "Enabling Act") and is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts. It is governed by a seven member board. Five members are appointed by the Governor of Massachusetts and one is appointed by the Massachusetts Port Authority Community Advisory Committee. These six members serve staggered terms of seven years each. The seventh member is the Secretary of Transportation and Chief Executive Officer of the Massachusetts Department of Transportation. Members are not compensated for their service.

The Authority owns Logan International Airport (Logan Airport), Hanscom Field, Worcester Regional Airport (Worcester Airport), Conley Terminal, Raymond L. Flynn Cruiseport at Black Falcon Terminal (Flynn Cruiseport) and various other maritime properties (the Port). The Authority has no taxing power and is not taxpayer funded. As a self-sustaining entity, the Authority relies on revenues collected from airline fees, parking fees, terminal, ground and other rents, concessions, and other fees to fund operating expenses. The Authority's operating revenues along with federal grants, passenger facility charges (PFCs), and customer facility charges (CFCs) fund its capital expenditures. The Authority issues revenue bonds that are secured solely by the Authority's revenues, as defined by the 1978 Trust Agreement and the CFC Trust Agreement (collectively, the "Trust Agreements"), respectively. The Authority's bonds do not constitute a debt or a pledge of the full faith and credit of the Commonwealth of Massachusetts or of any other political subdivision thereof. The Authority also receives Federal and State grants for specific capital projects.

ECONOMIC ENVIRONMENT

The national economy continues to expand at a robust pace. Real GDP growth was 2.2% in the first quarter of 2018, and then jumped to 4.2% in the second quarter. This was the highest rate of GDP growth since the third quarter of 2014. The advanced estimate for third quarter GDP growth is 3.5%, while Q4 growth is currently projected to be 2.9% according to the Wall Street Journal Economic Forecasting survey of 60 economists. For 2019, GDP is forecasted to grow between 2-3%.

In 2018, Massachusetts has been growing two times faster than the nation. The Commonwealth experienced GDP growth of 7.3% in the second quarter of 2018, which was significantly higher than the national economy. Data from the U.S. Bureau of Labor Statistics survey of employers and recent trends in state tax revenues indicate that this second quarter surge in the Commonwealth's economic growth reflects strong gains in employment, earnings, and consumer and business spending. The MassBenchmarks Leading Economic Index is predicting GDP growth of 5.3% in the third quarter and 5.0% in the fourth quarter for Massachusetts, both of which are above the forecasts for the national economy. In terms of unemployment, the U.S. unemployment rate dropped to 3.7% in September, and is at its lowest level since 1969. The unemployment rate for Massachusetts in September was even lower at 3.6%.

The Greater Boston Metropolitan Area was the 10th most populated Metropolitan Area in the country as of 2017. It continues to be a leader in the nation's technology, biotechnology, healthcare, finance and education sectors, and is widely recognized as one of the premier cities for innovation. During 2018, USA Today ranked Boston at #3 while Glassdoor ranked Boston at #6 in terms of best cities in the U.S. to find a job. In addition to a highly skilled workforce, other favorable attributes include the close proximity of Logan Airport and the city's rich culture and history. For reasons such as these, major companies such as Amazon have included Boston on their short-lists for headquarters or other large facilities to base their workforce.

The trend of strong U.S. and local economies driving growth at Logan Airport continued in 2018. The airport is not a hub for any single airline, which allows for a highly competitive environment. Logan enjoys a high O&D (Origin-Destination) passenger percentage of approximately 94.4%, and has successfully attracted and retained more international and low cost carriers. This resulted in a solid 5.4% increase in passenger volume in fiscal year 2018 as Logan Airport set another new record by handling 39.5 million passengers. Continued economic strength has also enabled the Authority's Maritime businesses to produce solid financial results due to a 10.4% increase in Twenty-foot Equivalent Units (TEUs) at Conley Terminal and a 28.2% increase in cruise ship calls at Flynn Cruiseport during fiscal year 2018.

FINANCIAL POLICIES AND PRACTICES

Internal Control Environment

The Authority's financial statements are prepared on an accrual basis of accounting. The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the complete and accurate preparation of financial statements in conformity with accounting principles generally accepted in the United States of America applicable to governmental enterprise funds. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The Authority's Internal Audit function maintains oversight over the key areas of the Authority's business and financial processes and controls. In addition, the Authority's Audit and Finance Committee plays a critical role in the oversight of the Authority's internal control structure. This committee meets with the senior staff of the Authority periodically and has regular communication with the Authority's independent auditors, Ernst & Young LLP. Massport's Internal Audit department reports directly to the Authority's Audit and Finance Committee.

Budgetary Controls

Operating budgetary controls and evaluations are accomplished by comparing actual interim and annual results with the budget. The Authority prepares budget and non-GAAP actual financial statements on a monthly basis and prepares unaudited GAAP financial statements on a quarterly basis.

If significant changes occur in the amounts available from expected funding sources, or if the costs of certain projects increase significantly, the Authority will reduce the scope of proposed projects, the overall capital program or both. Many of the commitments within the Authority's capital plan have already been authorized by the Authority and extend over several years. Nevertheless, each project within its capital program is a separate "module" that the Authority approves individually along with a separate project budget. This permits the Authority to undertake the construction and financing of each of these additional projects independently of other capital projects. The Authority believes that the modular design of the capital program significantly increases its ability to make adjustments in capital spending when necessary.

Capital Financing and Debt Management

All debt must be issued pursuant to the Debt Issuance and Debt Management Policy adopted in February 2010, as most recently amended and approved by the Massport Board of Directors in June 2018. As of June 30, 2018, outstanding debt obligations of the Authority issued pursuant to the Trust Agreements totaled approximately $1.68 billion, including subordinated revenue bonds but excluding commercial paper. Special facilities revenue bonds issued on behalf of and payable by certain borrowers are excluded because they are not obligations of the Authority. In fiscal year 2018, the total amounts applied to pay debt service on obligations issued pursuant to the 1978 Trust Agreement (not including subordinate obligations) and the CFC Trust Agreement were $117.0 million and $15.1 million, respectively.

The rating agencies continue to recognize the value of the Authority's prudent financial management, revenue diversity and underlying market strengths. Moody's has rated the Authority's revenue bonds at Aa2, S&P has rated them at AA, and the Fitch rating is AA. These ratings give Massport the highest rating for all large airports in the country, and the Authority continues to diligently meet its debt service requirements, coverage ratios and other compliance issues related to the Trust Agreements.

OTHER INFORMATION

Independent Audit

The financial statements of the Authority, in all material respects, presents fairly and discloses the Authority's financial position, results of operations and cash flows as of and for the year ended June 30, 2018 in accordance with the requirements of accounting principles generally accepted in the United States of America ("GAAP"). An audit of the Authority's financial statements as of and for the fiscal year ended June 30, 2018 has been completed by the Authority's independent auditors, Ernst & Young LLP. Its report is included herein and includes an unmodified opinion on the Authority's financial statements. The introductory, statistical and annual disclosure sections, including the related appendices, have not been subjected to the auditing procedures applied in the audit of the financial statements.

Awards

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the fiscal year ended June 30, 2017. This was the 17th consecutive year that the Authority has received this prestigious award. The Authority believes that the 2018 CAFR continues to meet the requirements of the Certificate of Achievement program, and it will be submitted to the GFOA to determine its eligibility for a Certificate of Achievement for fiscal year 2018.

Requests for Information

For additional information concerning the Authority, please see the Authority's website, www.massport.com. Financial information can be found in the Finance section of the website at http://www.massport.com/massport/finance/. The Retirement CAFR can be found in the Retirement Information section of the website at http://www.massport.com/about-massport/working-at-massport/retirement-information/. Copies of the Annual Statements prepared pursuant to Rule 15c2-12 with respect to the Authority's bonds issued under the 1978 Trust Agreement and the CFC Trust Agreement for years prior to fiscal year 2018 are available at http://www.emma.msrb.org and from the Authority. The Authority's executive offices are located at One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128, and the main tel phone number is (617) 568-5000. Questions may be directed to Anna M. Tenaglia, Acting Director of Administration and Finance and Secretary-Treasurer of the Massachusetts Port Authority.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Massachusetts Port Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Authority Board Members

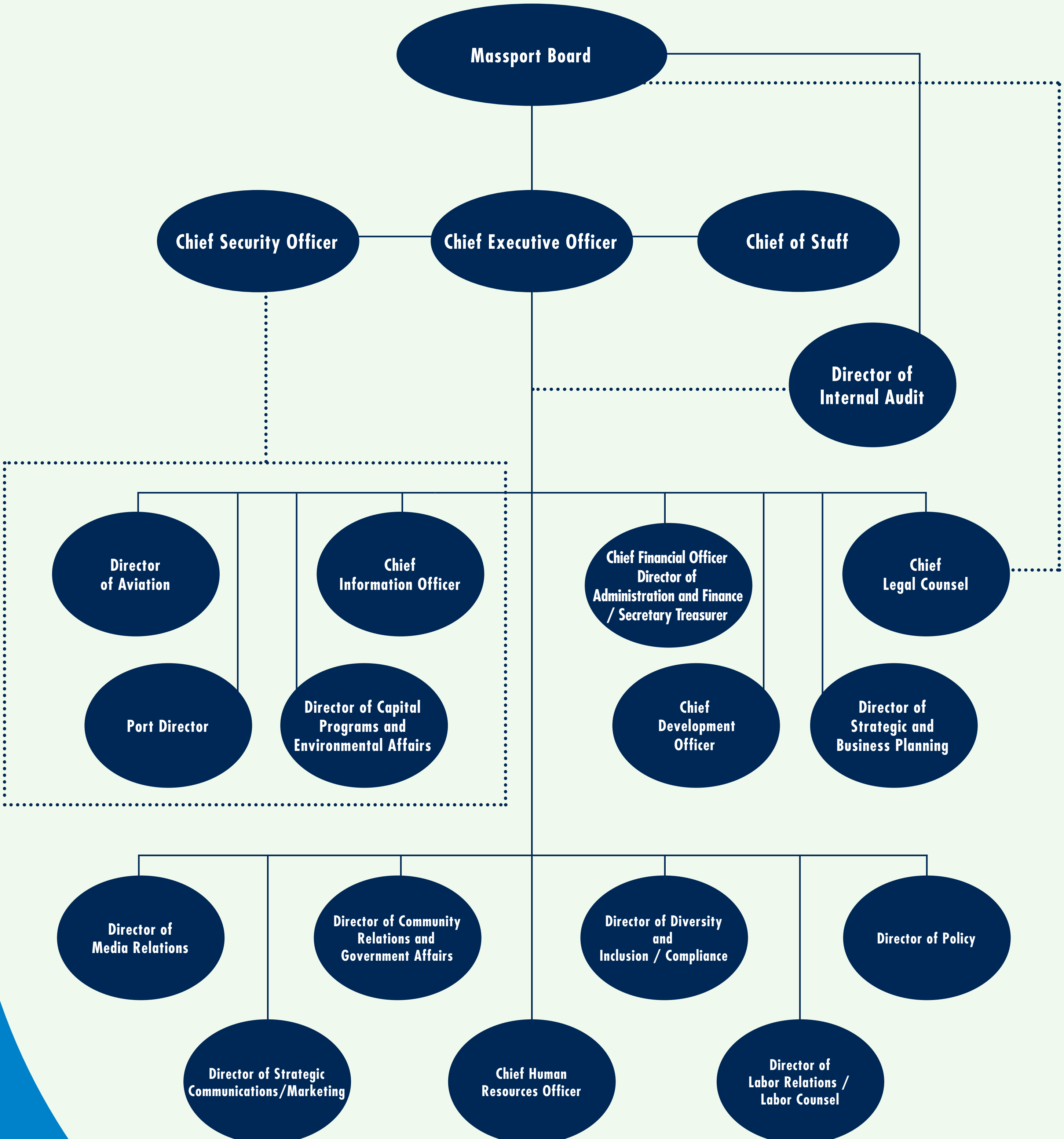
As of November 2018

The Authority consists of seven Members; five appointed by the Governor of Massachusetts and one appointed by the Massachusetts Port Authority Community Advisory Committee to staggered terms of seven years each, and the Secretary and Chief Executive Officer of MassDOT. Members serve without compensation.

Seated from left to right: Stephanie L. Pollack, Secretary and Chief Executive Officer of MassDOT, Lewis G. Evangelidis, Chairman, Laura J. Sen

Standing from left to right: L. Duane Jackson, Vice Chairman, Sean M. O'Brien, Patricia A. Jacobs, John A. Nucci

Massport Organization Chart



Executive Staff

John P. Pranckevicius, Acting CEO and Executive Director

Reed A. Passafaro, Acting Chief of Staff

Anna M. Tenaglia, Acting CFO, Director of Administration and Finance/Secretary-Treasurer

Joel A. Barrera, Director of Strategic and Business Planning

Elizabeth D. Becker, Director of Community Relations & Government Affairs

Brian M. Day, Director of Labor Relations/Labor Counsel

Thomas M. Domenico, Acting Chief Information Officer

Edward C. Freni, Director of Aviation

Gilad Fuxman, Acting Director of Internal Audit

David M. Gambone, Chief Human Resources Officer

Andrew Hargens, Chief Development Officer

José C. Massó, III, Director of Policy

Catherine M. McDonald, Chief Legal Counsel

Jennifer B. Mehigan, Director of Media Relations

George N. Naccara, Chief Security Officer

Houssam H. Sleiman, Director of Capital Programs & Environmental Affairs

Kenneth L. Turner, Acting Director of Strategic Communications and Marketing

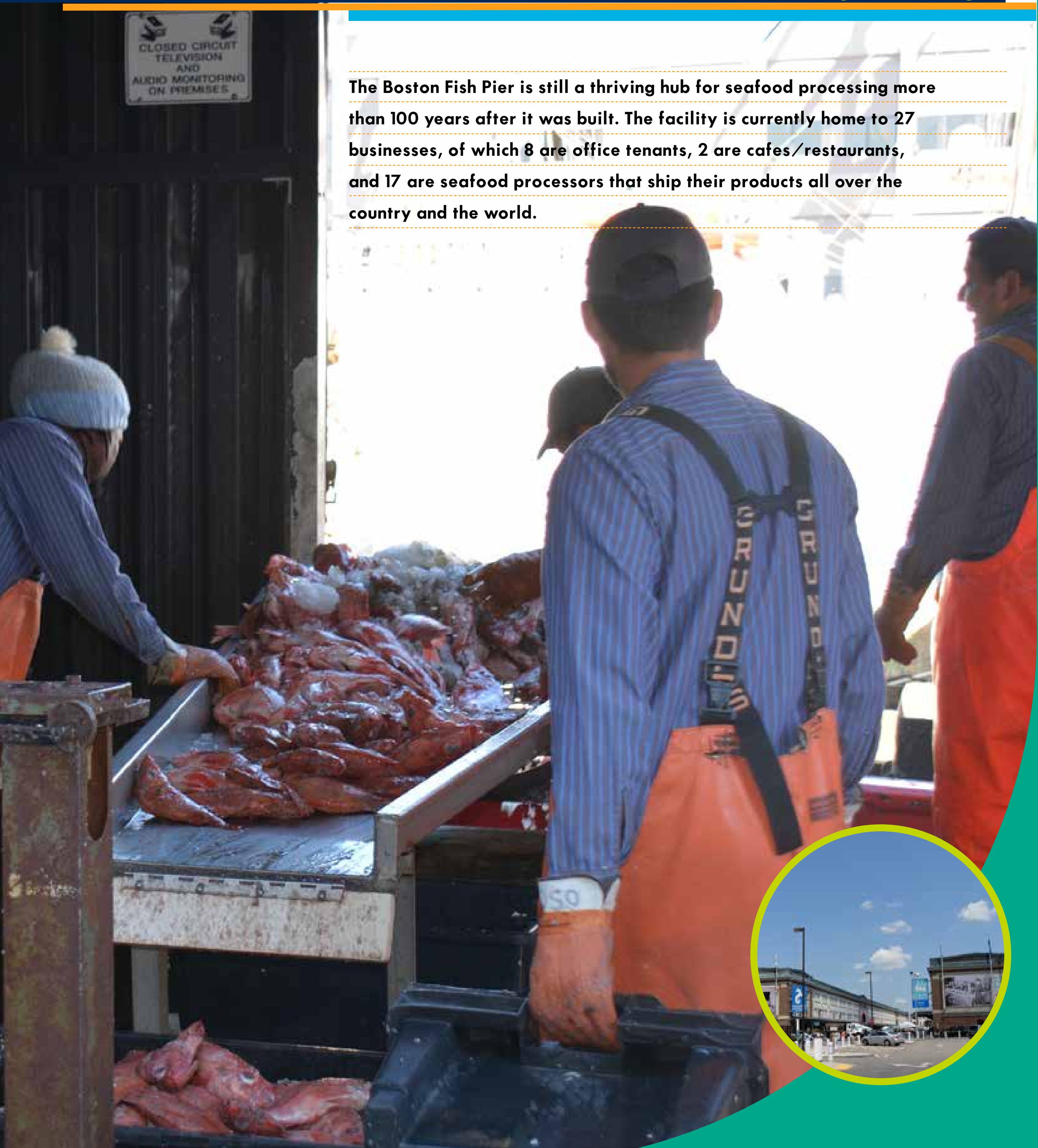
Kenneth L. Turner, Director of Diversity and Inclusion/Compliance

Lisa S. Wieland, Port Director

Financial

Over 100 Years Old and Still Going Strong

The Boston Fish Pier is still a thriving hub for seafood processing more than 100 years after it was built. The facility is currently home to 27 businesses, of which 8 are office tenants, 2 are cafes/restaurants, and 17 are seafood processors that ship their products all over the country and the world.



MASSACHUSETTS PORT AUTHORITY

Financial Statements, Required Supplementary Information, and Supplementary Schedules

Years Ended June 30, 2018 and 2017

(With Report of Independent Auditors)

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ey.com

Building a better working world

Report of Independent Auditors

To the Members of the Massachusetts Port Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Massachusetts Port Authority (the Authority), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Massachusetts Port Authority as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, as of July 1, 2016, the Authority adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Ernst + Young LLP

September 28, 2018

The following Management's Discussion and Analysis (MD&A) of the activities and financial performance of the Massachusetts Port Authority (the Authority) provides an introduction to the financial statements of the Authority for the Fiscal Years ended June 30, 2018 and 2017. 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 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, 2018, 2017 and 2016, 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 hereto for a discussion on the Authority's net position.

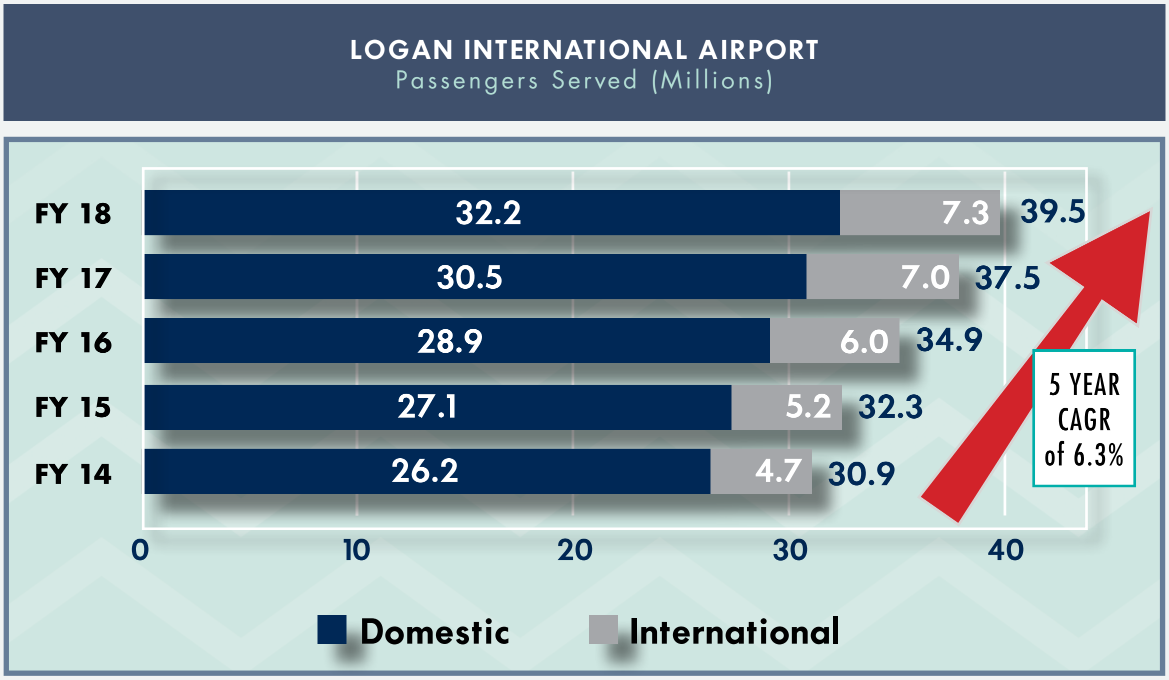
The Statements of Revenues, Expenses and Changes in Net Position report operating revenues, operating expenses, non-operating revenue and expenses, and other changes in net position. Revenues and expenses are categorized as either operating or non-operating based upon management's policies as established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

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

Business Activity Highlights for Fiscal Year 2018

Logan Airport sets new record by serving 39.5 million passengers, 2.0 million more passengers than prior year

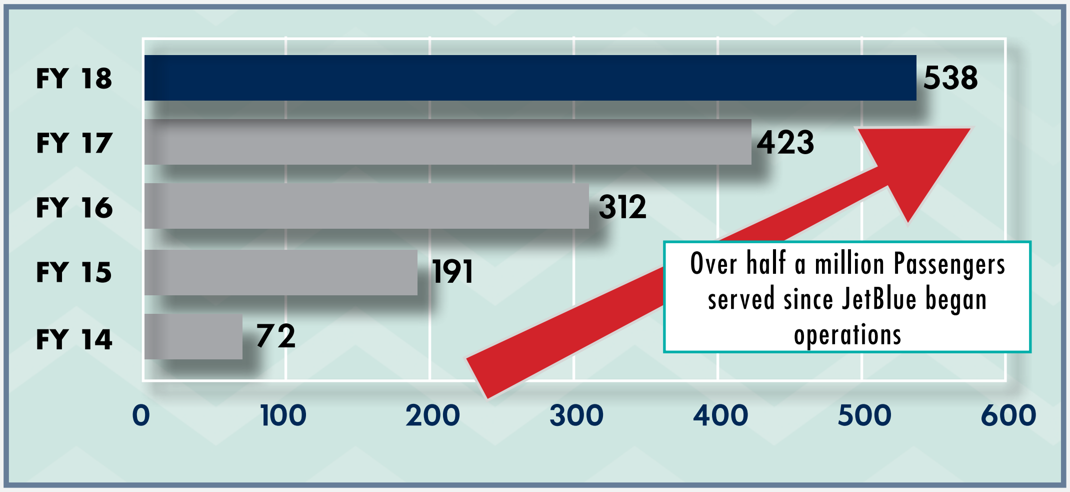
- **Passengers ⬆ 5.4%** versus prior year.
- Domestic passengers of 32.2 million were up 1.7 million or 5.8%. Major contributors to growth were JetBlue Airways (+0.8 million passengers), Delta Air Lines (+0.4 million passengers) and Spirit Airlines (+0.2 million passengers).
- International passengers of 7.3 million were up 0.3 million or 3.7%. Factors contributing to the increase included new services by low cost carriers Norwegian Airlines and WestJet Airlines, the full year impact of Avianca's Bogota service initiated in late FY 2017, growth by Cathay Pacific to Hong Kong and the addition of service by Delta Air Lines to Dublin.
- Record number of 132 nonstop destinations served; 75 domestic and 57 international.
- Logan Express High Occupancy Vehicle (HOV) bus ridership between Logan Airport and Braintree, Framingham, Peabody and Woburn grew by 5.7%, in line with Logan Airport passenger growth.



Worcester Regional Airport welcomes new JetBlue service to New York – JFK and American Airlines announces service

- **New airlines to serve Worcester ⬆ by 1** as American Airlines announced plans to introduce service between Worcester and its Philadelphia hub beginning in October 2018.
- Load Factors on Orlando and Ft. Lauderdale flights remained above 80%.
- Completed installation of CAT III Instrument Landing System to allow aircraft to use the airport during periods of poor visibility.

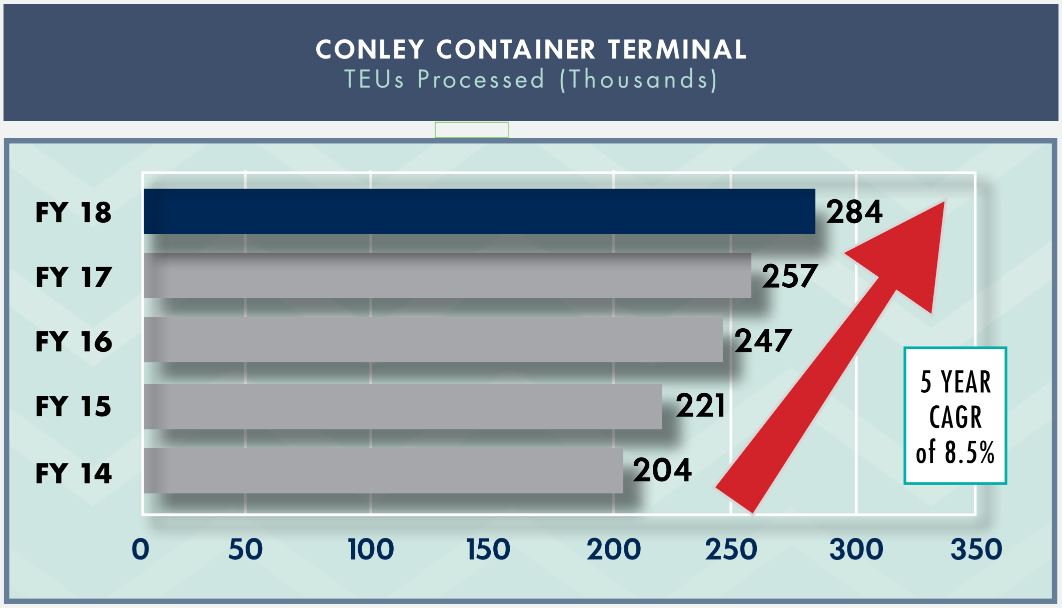
WORCESTER REGIONAL AIRPORT
Cumulative JetBlue Passengers (thousands)



ENTRANCE TO WORCESTER REGIONAL AIRPORT

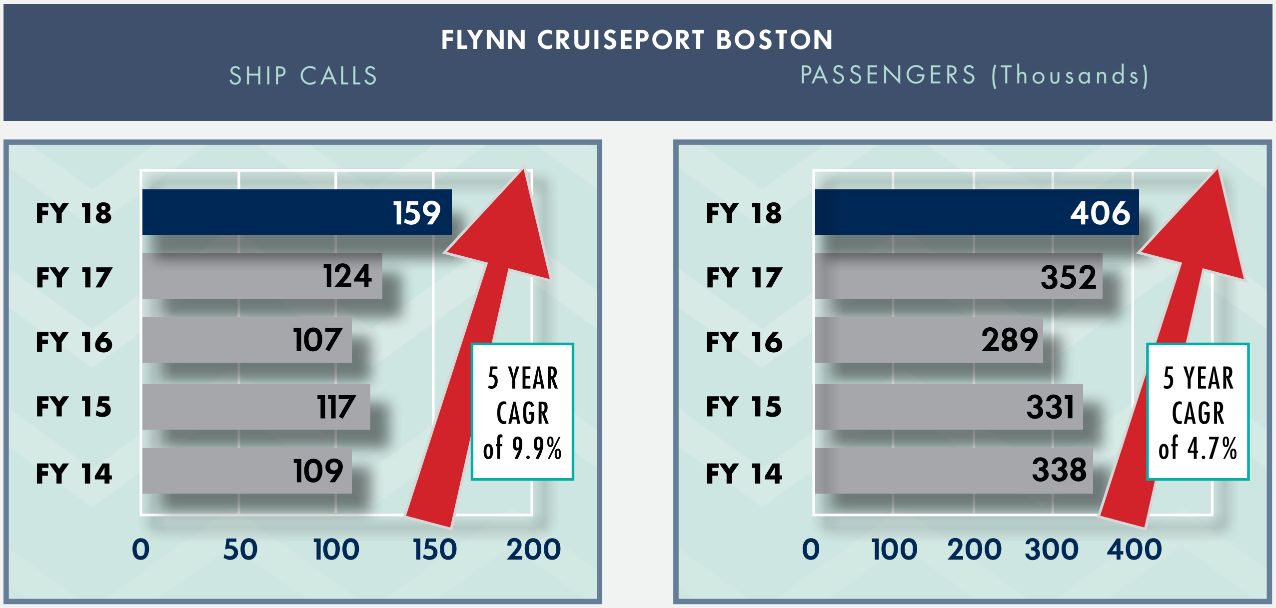
Conley Terminal continued record-setting growth by handling 283,720 TEUs (Twenty-foot Equivalent Units)

- **TEU volume ⬆ 10.4%** versus prior year
- Higher volume driven by strong New England economy, the efficiency of the terminal as demonstrated by minimal congestion for truckers accessing the terminal, highly productive workforce as evidenced by an average of 33 container lifts per hour per crane, and a strong focus on customer service.
- The trend toward larger container ships continued in FY18 as Conley was visited on May 23 by the largest ship ever to call on the terminal, the Seaspan Elbe, with a capacity of 10,000 TEUs.
- Significant progress was made to accommodate the larger container ships during FY18. The Boston Harbor Dredging project advanced with the completion of the maintenance dredging component, which increased the depth of the inner portion of the harbor. The improvement dredging component to deepen the outer portion of the harbor leading into Conley Terminal was bid in FY18 and actual dredging began in July 2018. It is expected to be completed by the Army Corp of Engineers in FY22. When finished, the South North channel depth will be increased to 51 feet, and the Main Shipping Channel (MSC) and turning basin will be deepened and widened to 47 feet.
- The Conley Terminal modernization initiative, funded in part with a $42 million FASTLANE grant from the federal government, also advanced during FY18. At Berth 12, 20 new fenders capable of accommodating the larger cargo vessels were installed to replace the older obsolete ones. At Berth 11, structural improvements began and a contract to deepen that berth was awarded. Finally, the procurement process to replace all 14 of the yard tractors began, with the first seven scheduled for delivery in November 2018.
- Construction of the new deep-water Berth 10 began in June 2018, and the Authority is in the process of acquiring three new cranes capable of servicing the larger container ships. This work is being partially funded with $107.5 million of state funds.



Flynn Cruiseport sets new record by serving 159 Cruise Ships and 406,369 Passengers

- **Number of ship calls ⬆ 28.2%** or 35 ships versus prior year.
- **Cruise passengers ⬆ 15.5%** or 54,455 passengers versus prior year.
- Ship and Passenger volume increased due to an earlier start to cruise season 2018 and more ship calls early and late in the season as well as introduction of new itineraries such as Cuba.
- Flynn Cruiseport Boston welcomed three new cruise lines during FY18, including TUI with Mein Schiff 6, Hurtigruten with the MS Fram, and Noble Caledonia with the Hebridean Sky.



Real Estate opens South Boston Waterfront Transportation Center (SBWTC); Construction begins on other parcels

- The South Boston Waterfront Transportation Center opened for business in May 2018. This facility includes a 1,550-space garage to support the rapid growth in the Seaport District, and also serves as a mobility hub for the community with a connection to the MBTA and other transportation modes. It is located near the Boston Convention and Exhibition Center and next to the new Omni Hotel that is under construction.
- Held groundbreaking ceremony for the 1,000+ room Omni Hotel being constructed on land owned by the Authority across from the Boston Convention and Exhibition Center. In addition to providing hotel capacity to support convention center demand, the Authority's decision to select Omni was based in part on first of its kind diversity and inclusion criteria to have minority-owned businesses participate in the equity, design, construction, development and hotel operations.
- Developers began construction on two properties in South Boston, a mixed-use development on land owned by the Authority known as Parcel K that will have a Hyatt Place hotel as well as an apartment complex, and on Gables Seaport, which is the next phase of the Waterside Place apartment complex.

Financial Highlights for Fiscal Year 2018

Operating Revenue increased $75 million to $836 million

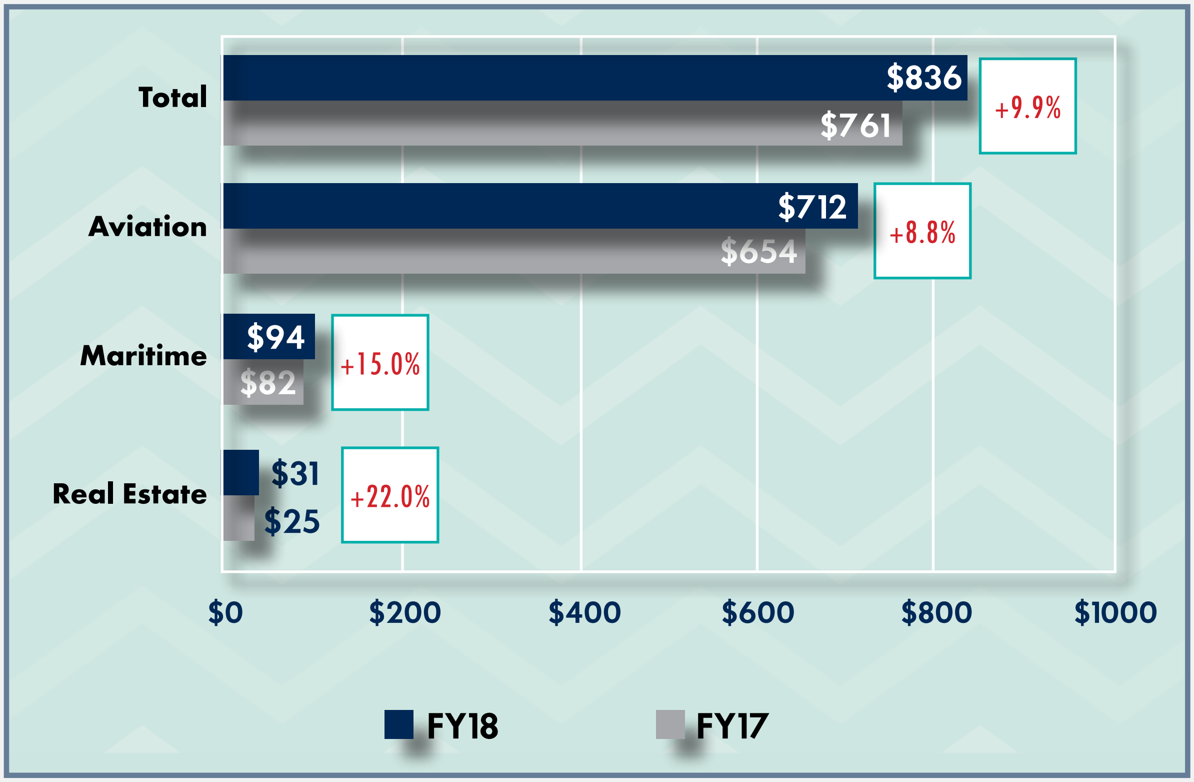
- **Total Operating Revenue⬆ 9.9%** versus prior year.

- Aviation revenue up $57.7 million or 8.8% due to recovery of operating and capital costs from airlines, $11 million in additional parking revenue due mainly to a $3.00 rate increase, and volume-related revenues such as concessions driven by the 5.4% increase in passengers. This revenue is being used to fund Massport's strategic initiatives and its FY18 – FY22 capital program of $2.4 billion that was approved by the board of directors.

- Maritime revenue up $12.3 million or 14.9% due to a 10% increase in container volume, 15% increase in cruise passengers, and 3%-8% increases in demurrage, usage, wharfage and dockage rates effective January 1, 2018. This revenue is being used to fund Boston Harbor dredging, new cranes, new berths and other improvements for Conley Terminal with an estimated total cost of $850 million.

- Real Estate revenue up $5.5 million or 22.0% due to a one-time closing payment by a developer and higher ground rents, which will be used to support the Conley Terminal strategic plan.

OPERATING REVENUES
($ Millions)



Expenses increased $30 million to $757 million

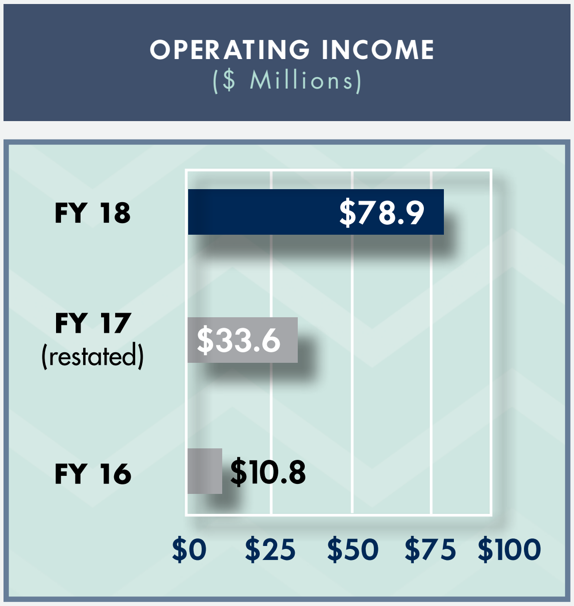
- Higher business activity caused expenses to increase by $5.9 million for items including stevedoring, shuttle bus operation, overtime for container handling, cruise terminal operations and Logan Airport traffic control, credit card processing fees and airport terminal cleaning.
- Payroll expense increased by $5.5 million or 3.0% due primarily to the annual merit and collectively bargained wage increases
- Utilities expenses were higher by $5.3 million or 16.8% due to a 23% increase in electricity rates.
- Weather-related expenses were up $3.2 million due to 60 inches of snow in Fiscal Year 2018 versus 48 inches in Fiscal Year 2017.
- Supplies, Materials, Repairs and Services expenses increased by $3.6 million to enable the airports and port to operate safely and efficiently.
- Miscellaneous expenses were up $5.2 million due primarily to Logan Terminal B and C roadway work, training of a new State Police class, and asset write down for Logan Airport Hangar 16.
- Pension and Other Post-Employment Benefits (OPEB) expense decreased by $9.9 million or 25.4% due to favorable net investment returns of 16.51% (Pension) and 7.59% (OPEB).
- PILOT (Payment in Lieu-of-Taxes) expense was higher by $1.1 million due to the annual increase attributed to growth in the Consumer Price Index and community mitigation payments.
- Depreciation and Amortization expense increased $9.3 million or 3.7% due to $294.3 million of new investment in the Authority's assets.

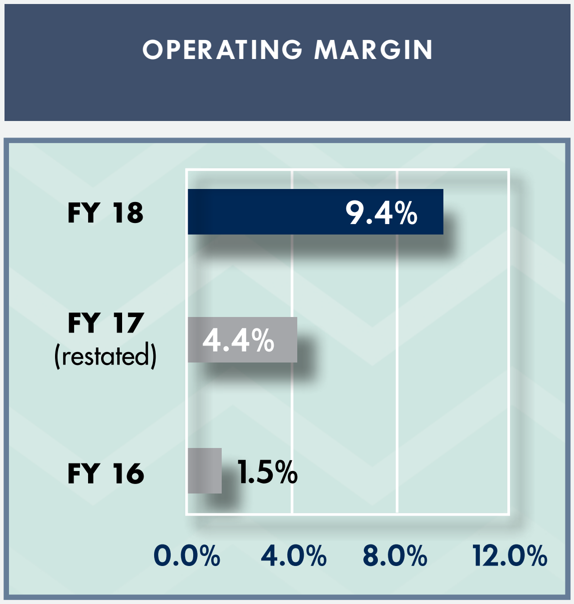
TRUCKS ENTERING TO PICK UP CONTAINERS AT CONLEY TERMINAL

Operating income was $78.9 million, up from $33.6 million in prior year

- In order to fund Massport's $2.4 billion capital program, management's plan called for revenue growth from airline cost recovery, a Logan Airport parking fee increase, and higher business volume revenues to exceed expense growth of 4% resulting in operating income margin expansion.

- FY2018 operating income margin of 9.4% higher than the restated FY2017 margin of 4.4%, but still well below peer airport levels.





Net Position increased by 7.8%

- Net position is a key indicator of the financial health of the Authority and is comprised primarily of capital assets owned by the Authority. Growth in these capital assets as the Authority invests more in its businesses has resulted in a steady increase in net position over the last several years.

- The Fiscal Year 2018 increase in net position of $156.2 million was due to $78.9 million of operating income, $51.9 million of non-operating income, and $25.4 million of capital grant revenue.

- Expansion of the Authority's net income will be used to fund the $2.4 billion of capital programs. It will fund critical strategic initiatives such as adding parking capacity and reducing roadway congestion at Logan Airport, the expansion of Terminal E to accommodate more international flights, and the dredging of Boston Harbor and modernization of Conley Terminal to support the industry trend toward larger 10,000+ TEU container ships.

- The impact of GASB 75, which required the Authority to restate Fiscal Year 2017 results to include the OPEB liability, was a reduction to net position by $165.1 million.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(In Millions)

	FY 2018	FY 2017 (Restated)	$ Change	% Change
Operating revenues	$836.4	$760.9	$75.5	9.9%
Operating expenses including depreciation and amortization	$757.5	$727.3	$30.2	4.2%
Operating income	**$78.9**	**$33.6**	**$45.3**	**134.8%**
Total non-operating revenues (expenses), net	$51.9	$43.1	$8.8	20.4%
Capital grant revenues	$25.4	$12.6	$12.8	101.6%
Increase (decrease) in net position	**$156.2**	**$89.3**	$66.9	74.9%
Net position, beginning of year	$2,008.1	$1,918.8	$89.3	4.7%
Net position, end of year	**$2,164.3**	**$2,008.1**	**$156.2**	**7.8%**

Note: Fiscal Year 2017 results were restated to conform to GASB No. 75 standards for reporting OPEB costs.

	FY 2017 (Restated)	FY 2016	$ Change	% Change
Operating revenues	$760.9	$699.5	$61.4	8.8%
Operating expenses including depreciation and amortization	$727.3	$688.7	$38.6	5.6%
Operating income	**$33.6**	**$10.8**	**$22.8**	**211.1%**
Total non-operating revenues (expenses), net	$43.1	$38.5	$4.6	11.9%
Capital grant revenues	$12.6	$56.0	($43.4)	-77.5%
Increase (decrease) in net position	**$89.3**	**$105.3**	($16.0)	-15.2%
Net position, beginning of year	$2,083.9	$1,978.6	$105.3	5.3%
Cumulative effect of implementing GASB No. 75	($165.1)	$0.0	$0.0	0.0%
Net position, beginning of year	$1,918.8	$0.0	$0.0	0.0%
Net position, end of year	**$2,008.1**	**$2,083.9**	**($75.8)**	**-3.6%**

CRUISE SHIPS AT FLYNN CRUISEPORT BOSTON

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

Operating Revenues

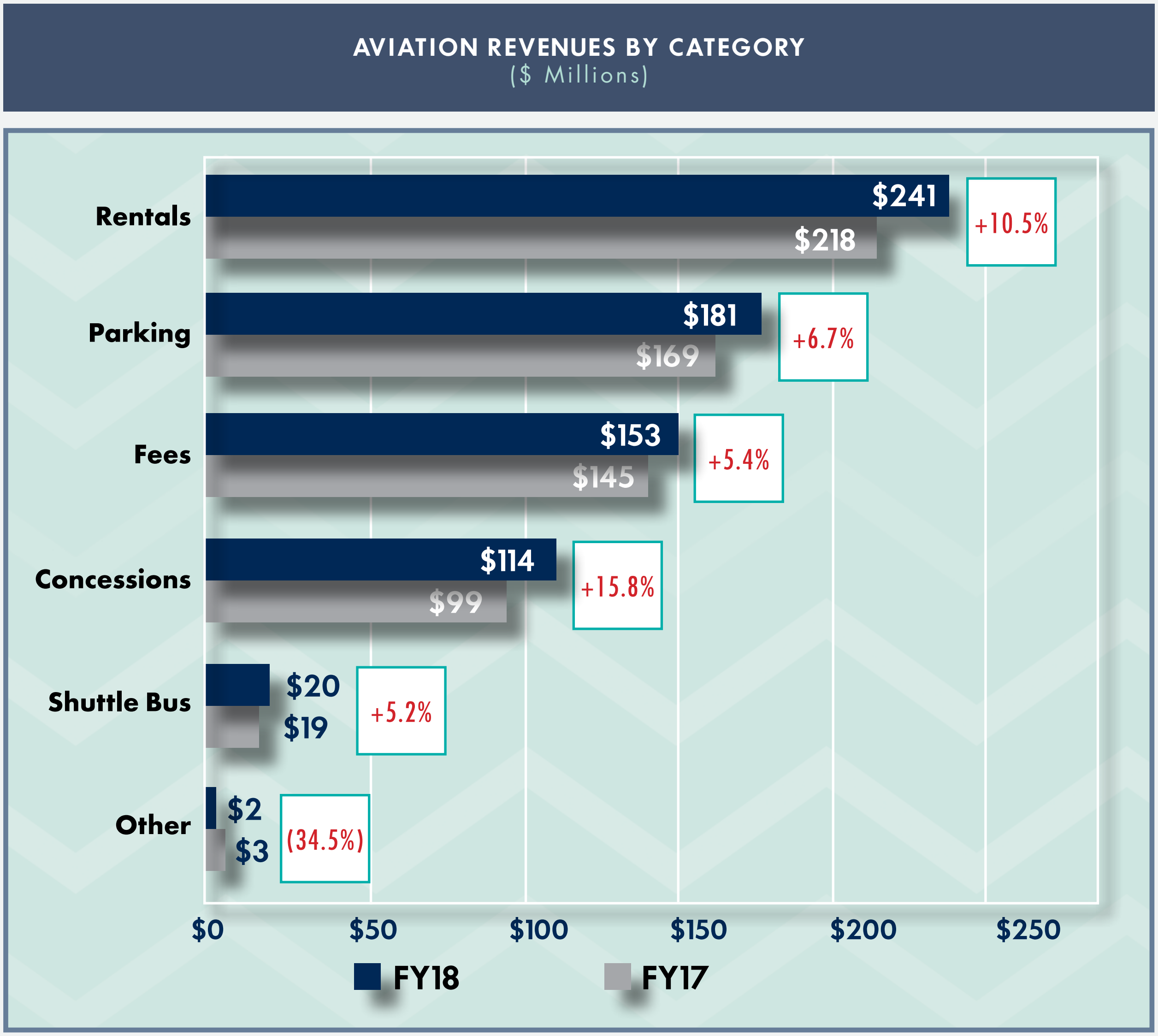
The Authority's operating revenues for Fiscal Year 2018 were $836.4 million, an increase of $75.5 million or 9.9% over Fiscal Year 2017. This growth was primarily the result of additional concession revenue driven by the 5.4% increase in passengers at Logan Airport, higher parking revenue due to a fee increase to fund strategic initiatives, higher container volume at Conley Terminal, and the recovery of operating and capital investment expenses from the airlines in the form of higher Landing Fees and Terminal Rent. This revenue increase will help fund the Authority's $2.4 billion capital program.

OPERATING REVENUES
(In Millions)

	FY 2018	FY 2017	$ Change	% Change
Aviation rentals	$240.8	$217.9	$22.9	10.5%
Aviation parking	$180.8	$169.4	$11.4	6.7%
Aviation fees	$153.2	$145.4	$7.8	5.4%
Aviation concessions	$114.5	$98.9	$15.6	15.8%
Shuttle bus	$20.3	$19.3	$1.0	5.2%
Aviation operating grants and other	$1.9	$2.9	($1.0)	-34.5%
Total aviation revenues	**$711.5**	**$653.8**	**$57.7**	**8.8%**
Maritime fees, rental and other	$94.4	$82.1	$12.3	15.0%
Real estate fees, rental and other	$30.5	$25.0	$5.5	22.0%
Total	**$836.4**	**$760.9**	**$75.5**	**9.9%**

	FY 2017	FY 2016	$ Change	% Change
Aviation rentals	$217.9	$198.1	$19.8	10.0%
Aviation parking	$169.4	$154.6	$14.8	9.6%
Aviation fees	$145.4	$139.4	$6.0	4.3%
Aviation concessions	$98.9	$87.4	$11.5	13.2%
Shuttle bus	$19.3	$18.0	$1.3	7.2%
Aviation operating grants and other	$2.9	$2.8	$0.1	3.6%
Total aviation revenues	**$653.8**	**$600.3**	**$53.5**	**8.9%**
Maritime fees, rental and other	$82.1	$74.7	$7.4	9.9%
Real estate fees, rental and other	$25.0	$24.5	$0.5	2.0%
Total	**$760.9**	**$699.5**	**$61.4**	**8.8%**

Aviation Revenues



Fiscal Year 2018 Compared to 2017

The Authority's aviation revenues are derived from its three airport facilities: Logan Airport, Hanscom Field and Worcester Regional Airport. The Authority earned $711.5 million in revenues from its aviation operations in Fiscal Year 2018.

AVIATION REVENUES
(In Millions)

	FY 2018	FY 2017
Logan	$695.4	$639.3
Hanscom	$14.3	$12.9
Worcester	$1.8	$1.6
Total	**$711.5**	**$653.8**

Logan Airport Revenues

Logan Airport generated $695.4 million in revenues in Fiscal Year 2018, a $56.1 million, or 8.8% increase over last year due to another record-breaking year of 39.5 million passengers that favorably impacted concessions and other passenger volume driven revenues. Other major contributors to the increase were a $3.00 parking rate increase and the recovery of terminal operating and capital costs from the airlines using the airport.

LOGAN AIRPORT REVENUES
(In Millions)

	FY 2018	FY 2017
Logan rentals	$233.3	$211.3
Logan parking	$180.3	$168.9
Logan fees	$146	$138.9
Logan concessions	$113.6	$98.0
Shuttle bus	$20.3	$19.3
Logan operating grants and other	$1.9	$2.9
Total	**$695.4**	**$639.3**

Aviation rentals revenues are earned through terminal building, non-terminal building and ground lease agreements. Revenue from Logan Airport rentals was $233.3 million, a $22.0 million or 10.4% increase over prior year. Terminal rent accounts for 77.4% of this revenue, and increased by $18.9 million. This was driven primarily by the recovery of terminal operating and capital costs from the airlines in the form of higher terminal rental rates. Some of the capital projects responsible for the cost and associated recovery increase include the Terminal E Renovation and Enhancement project, the Terminal B, C and E Heating, Ventilation and Air Conditioning (HVAC) system upgrade, and Improvements to the Customs and Border Patrol (CBP) area in Terminal E. The other contributor was the 3.7% increase in international passengers as the airlines pay an arrival and departure fee per international passenger to use Terminal E.

Aviation parking revenues are primarily generated from the Authority's on-airport and off-airport parking facilities. This revenue is essential to fund the Authority's $2.4 billion capital investment program. In Fiscal Year 2018, Logan parking revenue was $180.3 million, up $11.4 million or 6.7% versus prior year due primarily to a $3.00 rate increase at all Logan parking facilities that was introduced at the beginning of Fiscal Year 2018. Commercial parking on-site at Logan Airport accounted for $9.6 million of the increase and grew by 6.2%, while employee parking increased by $1.2 million. Parking revenue from the three off-airport Logan Express parking locations was $6.2 million, up $0.7 million or 12.7% due to a 6% increase in passengers and an increase in the average number of days parked to 5.5.

Revenues from aviation fees consist of revenues earned from aircraft landing fees, utility reimbursements, and other aviation related fees such as aircraft parking and fueling. During Fiscal Year 2018, Logan Airport aviation fees were $146.0 million, a $7.1 million or 5.1% increase over prior year. Logan Airport aircraft landing fees, which account for 81.6% of Logan aviation fees, were higher by $6.0 million or 5.3% versus Fiscal Year 2017. These landing fees are collected from scheduled and non-scheduled airlines based on the landed weight of aircraft serving Logan Airport. The landing fee rate is determined annually based on full cost recovery of landing field operating and capital costs required to operate and maintain the airfield at Logan Airport in a safe and efficient manner for the Authority's airline customers. The increase in costs recovered in Fiscal Year 2018 was driven by higher operating costs for items including repairs, maintenance, snow removal and utilities, as well as an increase in capital costs for items including Logan Airport Terminal E ramp area renovations and enhancements, new in-ground snow melters and the rehabilitation of two taxiways.

LOGAN AIRPORT AVIATION FEES
(In Millions)

	FY 2018	FY 2017
Landing fees	$119.2	$113.2
Utilities	$15.7	$15.3
Other	$11.1	$10.4
Total	**$146.0**	**$138.9**

Aviation concessions revenues are earned from airport terminal retail operations, on-airport car rental transactions, and the activities of ground transportation and other service providers including taxis, bus, limousine, Transportation Network Companies (TNCs), aircraft ground handling, and in-flight catering. In Fiscal Year 2018, Logan Airport earned $113.6 million from concessions compared to $98.0 million in Fiscal Year 2017, an increase of $15.6 million or 15.9%. Revenues from in-terminal concessions totaled $48.5 million, an increase of $8.5 million or 21.2% compared to the prior year. This increase was mainly due to a $5.5 million increase in food and beverage and retail revenues due to the 5.4% increase in passengers coupled with a new concessions management agreement with MarketPlace Logan LLC that went into effect in FY18. This agreement is providing new restaurant and retail offerings for Logan Airport customers while also allowing the Authority to enjoy a larger share of the revenue versus prior management agreements. Duty Free revenues increased by $1.4 million and foreign exchange revenues increased by $0.7 million in FY18 due in part to more international passengers, and advertising revenue was up by $0.9 million due to a higher volume of ads at Logan Airport.

During Fiscal Year 2018, Logan Airport earned $34.0 million from rental car companies, an increase of $0.7 million or 2.0% primarily due to a 5.3% growth in revenue per transaction versus the prior year partially offset by fewer transactions. Ground transportation fees collected from Taxis, Limos, and TNCs totaled $15.2 million, an increase of $3.7 million or 31.8% driven by a 23% increase in pick-ups. This increase in revenue is being used to fund modifications to Logan Airport's roadways as the increase in vehicle volume is significantly increasing roadway congestion. Other concession revenues from commercial services and ground servicing increased by $2.7 million or 20.7% due to higher levels of passengers and aircraft operations.

LOGAN AIRPORT CONCESSION FEES
(In Millions)

	FY 2018	FY 2017
In-terminal	$48.5	$40.0
Rental car	$34.0	$33.3
Ground transportation & other	$31.1	$24.7
Total	**$113.6**	**$98.0**

The Authority earned $20.3 million of revenue in Fiscal Year 2018 for the Logan Airport shuttle bus operations, an increase of $1.1 million over last year. Shuttle bus operations are comprised of an on-airport shuttle that links the terminal buildings, rental car center, and MBTA station, as well as the bus operations from four off-airport Logan Express sites in the Boston metropolitan region and Boston's Back Bay area. Revenue from the on-airport shuttle bus increased by $0.7 million or 11.7% due to the recovery of operating expenses required to maintain the Rental Car Facility. Logan Express revenue from the four sites at Braintree, Framingham, Peabody and Woburn increased by $0.2 million due to a 5.7% increase in ridership.

During Fiscal Year 2018, Logan Airport received $1.9 million in revenues from federal operating grants compared to $2.9 million in the prior year. The $1.0 million decline was due to $1.1 million in reimbursements received in Fiscal Year 2017 from FEMA for Blizzard Juno in Fiscal Year 2015.

LOGAN AIRPORT SHUTTLE BUS AND OTHER REVENUES
(In Millions)

	FY 2018	FY 2017
Shuttles bus	$20.3	$19.2
Other	$1.9	$2.9
Total	**$22.2**	**$22.1**

Hanscom Field and Worcester Regional Airport Revenues

Hanscom Field revenues were $14.3 million in Fiscal Year 2018, up $1.4 million or 10.9% from the prior year. The increase was due to higher ground rent of $0.9 million primarily from the new Jet Aviation Hangar and FBO Terminal, which opened in June 2017. Aircraft fuel flowage and landing fees at the airport also contributed to the revenue increase. Worcester Regional Airport had $1.8 million in operating revenues in Fiscal Year 2018, up $0.2 million due to higher aircraft fuel flowage, utility reimbursement, parking and other miscellaneous items.

HANSCOM AND WORCESTER REVENUES
(In Millions)

	FY 2018	FY 2017
Hanscom	$14.3	$12.9
Worcester	$1.8	$1.6
Total	**$16.1**	**$14.5**

Fiscal Year 2017 Compared to 2016

The Authority earned $653.8 million in revenues from its aviation operations in Fiscal Year 2017, up $53.5 million or 8.9% compared to prior year.

Revenue from Logan Airport rentals was $211.3 million, a $19.8 million or 10.3% increase over prior year. Terminal rent accounts for 76.5% of this revenue, and increased by $19.5 million. This was driven primarily by the recovery of terminal operating and capital costs from the airlines in the form of higher terminal rental rates. The other major contributor was the 15.9% increase in international passengers as the airlines pay an arrival and departure fee per international passenger to use Terminal E.

Aviation parking revenues are primarily generated from the Authority's on-airport and off-airport parking facilities. Logan parking revenue was $168.9 million, up $14.8 million or 9.6% versus prior year due primarily to a rate increase at all Logan parking facilities. Parking revenue from the three off-airport Logan Express locations was $5.5 million, up $0.7 million or 14.1% due to a 6% increase in passenger use and a longer duration in the average number of days parked.

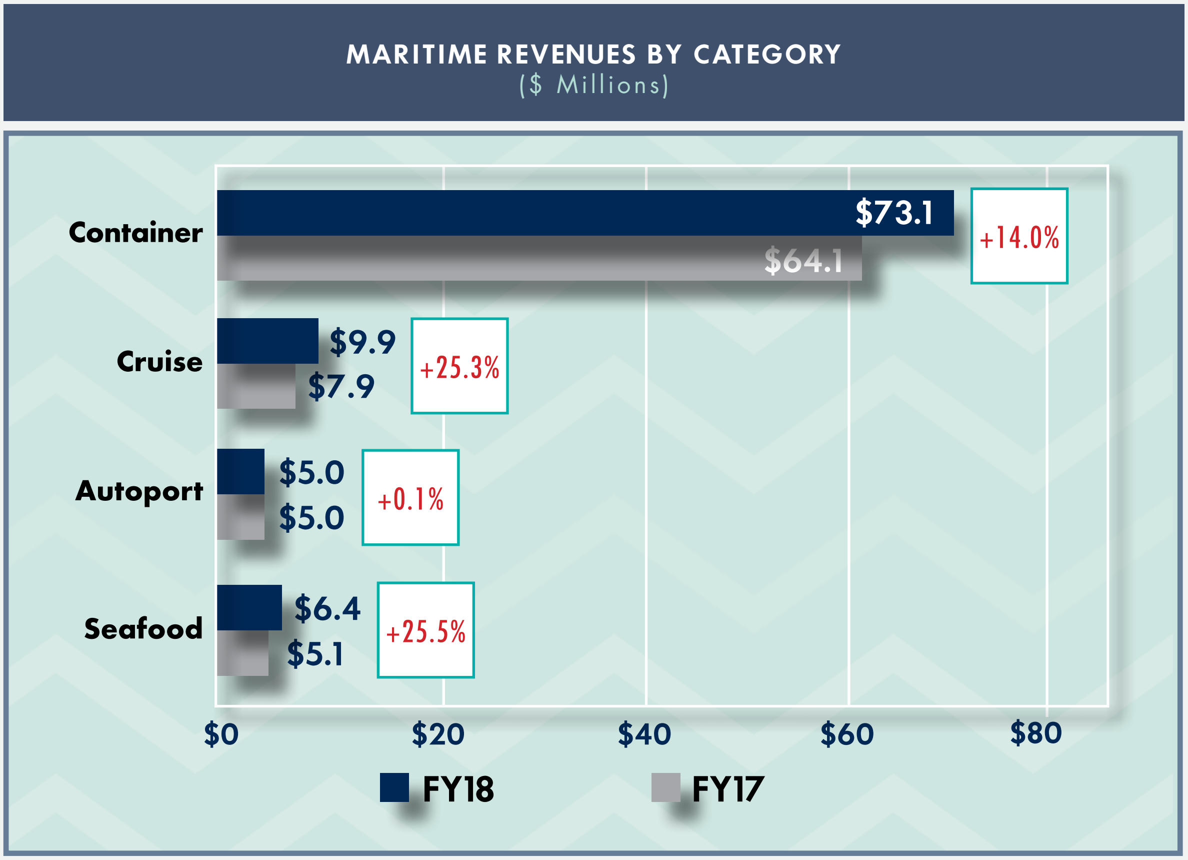
During Fiscal Year 2017, Logan Airport aviation fees were $138.9 million, a $5.2 million or 3.9% increase over prior year. Logan Airport aircraft landing fees, which account for more than 80% of Logan aviation fees, were higher by $8.7 million or 8.3% in Fiscal Year 2017 and reflect operating and capital cost recovery.

Logan concessions revenues earned from airport terminal food, beverage and retail operations, on-airport car rental transactions, the activities of ground transportation and other service providers including taxis, bus, limousine, TNCs, aircraft ground handling, advertising and in-flight catering totaled $98.0 million in Fiscal Year 2017. This was $11.4 million or 13.2% higher than the $86.6 million in fiscal 2016 due to the 7.4% increase in passengers, stronger advertising sales, and higher rental car revenues per transaction.

Logan Airport shuttle bus operations generated $1.2 million over prior year due to an increase in Logan Express ridership. Federal operating grant revenue was $0.3 million higher.

Hanscom Field revenues were up $0.7M or 5.7% from prior year due to higher aircraft fuel flowage and landing fees at the airport, while Worcester Regional Airport revenues were comparable to prior year.

Maritime Revenues



Fiscal Year 2018 Compared to 2017

Maritime fees, rentals and other revenues are collected primarily from container shipping lines, cruise ship lines and other customers that use the Authority's Port facilities. The Authority's maritime business includes cargo container ship operations at Conley Terminal, cruise activity at the Flynn Cruiseport, rental facilities for seafood processors and commercial parking at the Boston Fish Pier in South Boston, and the Moran Terminal, which houses an automobile import/export facility and other port properties in Charlestown. The Authority collected $94.4 million in fees, rentals and other income from its maritime operations in Fiscal Year 2018.

MARITIME REVENUES (In Millions)	FY 2018	FY 2017
Containers	$73.1	$64.1
Cruise	$9.9	$7.9
Seafood	$6.4	$5.1
Autoport	$5.0	$5.0
Total	**$94.4**	**$82.1**

During Fiscal Year 2018, the container business at Conley Terminal earned $73.1 million in revenues, which was $9.0 million or 14.0% higher than the prior year. Revenue is generated through the collection of fees from ocean shipping lines for the loading and unloading of containers at Conley Terminal and for related services through tariffs and contracts with the shipping lines and shippers using the Port. Conley Terminal processed a record 283,720 TEUs, a 10.4% increase over the prior year.

Revenues from operations at the Flynn Cruiseport were $9.9 million in Fiscal Year 2018, up $2.0 million or 25.3% versus prior year. The Authority collects per passenger fees as well as dockage, water and equipment rental charges from home-port and port-of-call cruise ships that dock at the Cruiseport. Fiscal Year 2018 cruise passengers increased by 15.5% over prior year as the benefits from marketing incentive programs to reward cruise lines for meeting certain targets and expanding itineraries continued to have a positive impact. Ship calls increased by 28% as the length of the cruise season increased and there were more sailings in the shoulder seasons.

Seafood revenues grew to $6.4 million in Fiscal Year 2018, up 25.5% from the prior year. Revenues are earned through space and ground rents from seafood processing and office tenants, commissions, utility charges, fees and parking lots at the Fish Pier. The $1.3 million increase in seafood revenues in Fiscal Year 2018 is due to a $0.5 million increase in rental income, contractual increases in ground lease revenues of $0.4 million, higher parking revenue of $0.2 million and utility fee reimbursements of $0.2 million.

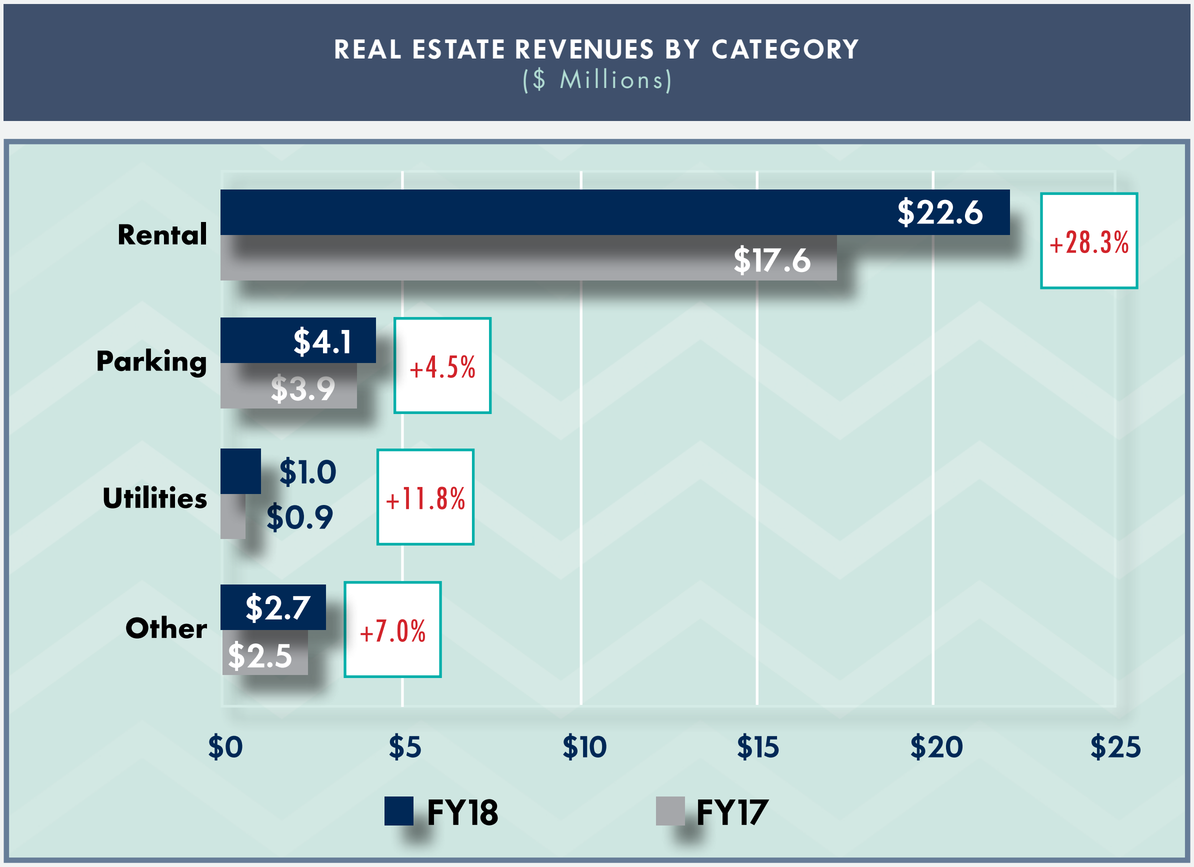
The Autoport earned $5.0 million in Fiscal Year 2018, which was comparable to the Fiscal Year 2017 amount. Revenue increases from ground leases, commissions on fuel sales and utility reimbursement fees were offset by a reduction in supplemental revenue due to the payment of property taxes to the City of Boston.

Fiscal Year 2017 Compared to 2016

The Authority collected $82.1 million in fees, rentals and other income from its maritime operations in Fiscal Year 2017. This was $7.4 million or 9.9% higher than the prior year.

Container revenues were higher by $4.8 million or 8.1% as Conley Terminal set a new record by processing 256,951 TEUs, a 3.9% increase over prior year. Cruiseport revenues increased by $2.1 million or 36.1% due to 21.7% more passengers as the result of a new marketing incentive program and a full season of sailings by Norwegian Cruise Lines' Norwegian Dawn. Seafood and Autoport revenues increased by a combined $0.5 million primarily due to higher ground lease and utility reimbursement revenues.

Real Estate Revenues



Fiscal Year 2018 Compared to 2017

The Authority's commercial real estate line of business earns revenues from ground leases, district service fees and parking on properties owned by the Authority in South Boston, East Boston and Charlestown. Revenues from the Authority's real estate activities totaled $30.5 million in Fiscal Year 2018, up $5.5 million or 22.0% versus prior year.

REAL ESTATE REVENUES
(In Millions)

	FY 2018	FY 2017
Real Estate	$30.5	$25.0

The increase in revenue was primarily due to a $5.0 million increase in ground rent income due to a one-time closing payment on a parcel in South Boston from a developer, along with annual escalations to existing leases. Parking revenue increased by $0.2 million due in part to the opening of the South Boston Waterfront Transportation Center in May 2018. This new facility has 1,550 spaces, and will be supplemented during FY2019 with branding, public realm, and other enhancements. Other revenue increases included higher utility fee reimbursements of $0.1 million and other miscellaneous increases of $0.2 million.

Fiscal Year 2017 Compared to 2016

Revenues from the Authority's real estate activities in Fiscal Year 2017 totaled $25.0 million and reflected an increase of $0.5 million versus Fiscal Year 2016. The increase was primarily due to a $0.3 million increase in ground rent income due to annual adjustments to leases, higher utility fee reimbursements of $0.1 million and other miscellaneous increases of $0.1 million.

Operating Expenses

The Authority's total operating expenses in Fiscal Year 2018 were $757.5 million, an increase of $30.2 million or 4.2% over the prior year. The increase was due primarily to a $27.8 million or 8.0% increase in operations and maintenance expenses to support higher business activity. Pension and other post-employment benefits expense declined by a combined $9.9 million or 25.4% due to favorable net investment returns of 16.51% (Pension) and 7.59% (OPEB). Depreciation and amortization expense increased by $9.3 million or 3.7% as $294.3 million of assets were placed into service.

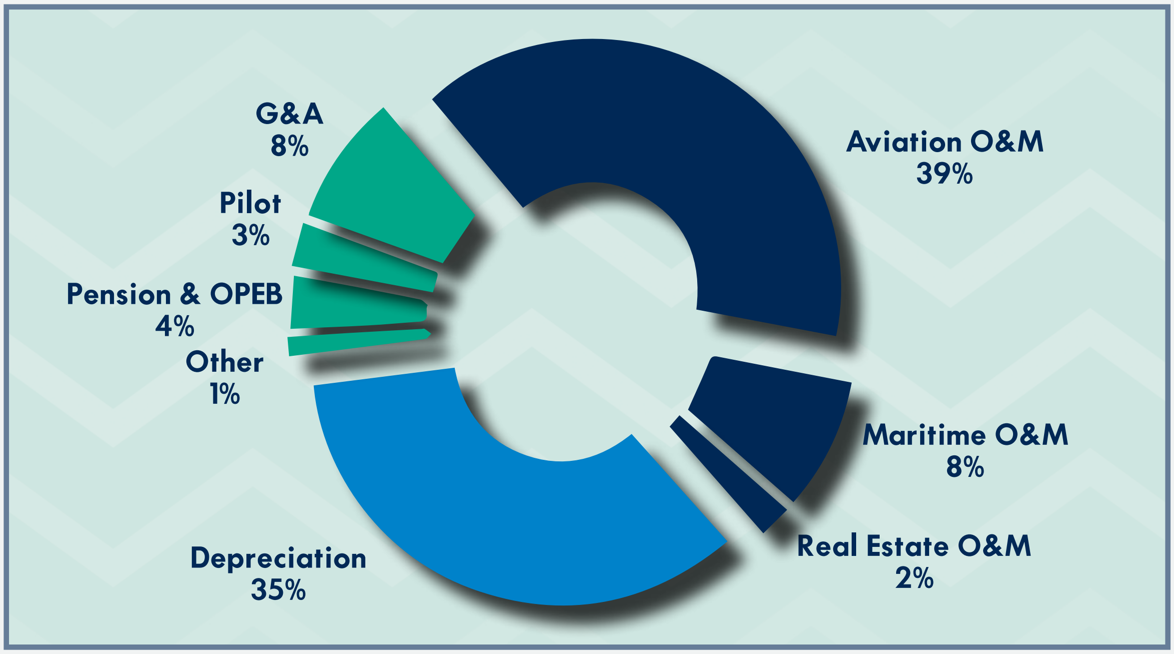
OPERATING EXPENSES
(In Millions)

	FY 2018	FY 2017 (Restated)	$ Change	% Change
Aviation operations and maintenance	$296.2	$274.5	$21.7	7.9%
Maritime operations and maintenance	$64.0	$59.6	$4.4	7.4%
Real estate operations and maintenance	$14.9	$13.2	$1.7	12.9%
General and administrative	$62.5	$59.4	$3.1	5.2%
Payments in lieu of taxes	$20.4	$19.3	$1.1	5.7%
Pension and other post-employment benefits	$29.0	$38.9	($9.9)	-25.4%
Other	$8.4	$9.6	($1.2)	-12.5%
Depreciation and amortization	$262.1	$252.8	$9.3	3.7%
Total operating expenses	**$757.5**	**$727.3**	**$30.2**	**4.2%**

	FY 2017 (Restated)	FY 2016	$ Change	% Change
Aviation operations and maintenance	$274.5	$261.1	$13.4	5.1%
Maritime operations and maintenance	$59.6	$53.4	$6.2	11.6%
Real estate operations and maintenance	$13.2	$11.9	$1.3	10.9%
General and administrative	$59.4	$58.2	$1.2	2.1%
Payments in lieu of taxes	$19.3	$19.4	($0.1)	-0.5%
Pension and other post-employment benefits	$38.9	$29.7	$9.2	31.0%
Other	$9.6	$7.6	$2.0	26.3%
Depreciation and amortization	$252.8	$247.5	$5.3	2.1%
Total operating expenses	**$727.3**	**$688.7**	**$38.6**	**5.6%**

Note: Fiscal Year 2016 Pension and Other Post-employment Benefits expense does not reflect the changes in accounting for OPEB costs proscribed by GASB No. 75.

FY18 OPERATING EXPENSES BY CATEGORY
(% of Total Expenses)



Aviation Operations and Maintenance Expenses – FY 2018

In Fiscal Year 2018, aviation operations and maintenance expenses were $296.2 million, an increase of $21.7 million or 7.9% over the previous year. The breakdown of aviation operations and maintenance expenses by each of Massport's aviation facilities is provided below:

AVIATION OPERATING AND MAINTENANCE EXPENSES
(In Millions)

	FY 2018	FY 2017	FY 2016
Logan	$277.4	$257.8	$245.1
Hanscom	$11.8	$10.2	$9.3
Worcester	$7.0	$6.5	$6.7
Total	**$296.2**	**$274.5**	**$261.1**

Logan Airport Operations and Maintenance Expenses – FY 2018

Operations and maintenance expenses for Logan Airport in Fiscal Year 2018 were $277.4 million and accounted for approximately 93.7% of all aviation operations and maintenance expenses and 74.0% of the Authority's total operations and maintenance expenses. In Fiscal Year 2018, operations and maintenance expenses for Logan Airport increased by $19.6 million, or 7.6% over the prior year.

Increased business activity resulted in a $2.7 million cost increase for items including shuttle bus operations, terminal building cleaning, overtime for Logan Airport ground traffic control and credit card processing fees for parking operations. Utility expenses increased by $3.5 million due to a 23% increase in the cost of electricity. Payroll expense was higher by $4.3 million due to merit increases and collectively bargained wage adjustments. Weather-related costs increased by $2.5 million as the Authority required more overtime, materials and services to keep the airport open and safe due to 60 inches of snowfall in FY18 versus 48 inches in FY17. Expenses were also higher by $2.8 million for remediation work required on the old Air Traffic Control tower and other assets at Logan Airport slated for demolition or renovation. Miscellaneous expenses were up $4.6 million due primarily to Logan Terminal B and C roadway work, training of a new State Police class, and a one-time asset write down of $0.7 million for Logan Airport Hangar 16.

Logan Airport Operations and Maintenance Expenses – FY 2017

Operations and maintenance expenses for Logan Airport in Fiscal Year 2017 were $257.8 million and accounted for approximately 94% of all aviation operations and maintenance expenses and 74% of the Authority's total operations and maintenance expenses. They increased by $12.7 million, or 5.2% over the prior year.

Increased business activity resulted in a $2.6 million cost increase for items including shuttle bus operations, ground transportation staff, terminal building cleaning and credit card processing fees. Airfield and structural repairs and maintenance resulted in a $2.8 million increase, and utility expenses increased by $2.6 million. Payroll expense was higher by $2.5 million and security-related costs increased by $2.1 million.

Hanscom Field and Worcester Airport Operations and Maintenance Expenses – FY 2018

In Fiscal Year 2018, operations and maintenance expenses for Hanscom Field were $11.8 million, an increase of $1.6 million or 15.7% over the prior year. The majority of the increase was due to $1.0 million for property repairs related to flooding from the July 13, 2017 rain storm, and most of this expense is being recovered through an insurance claim. The remaining $0.5 million increase was attributable to higher payroll and benefits expense.

Operations and maintenance expenses for Worcester Regional Airport were $7.0 million, a $0.5 million or 7.7% increase. Contributors to the expense increase included $0.2 million for higher payroll and benefits expense, $0.1 million for higher utility costs, and $0.2 million for additional materials, supplies and other miscellaneous expenses.

Hanscom Field and Worcester Airport Operations and Maintenance Expenses – FY 2017

In Fiscal Year 2017, operations and maintenance expenses for Hanscom Field were $10.2 million, an increase of $0.9 million or 10.7% over the prior year. The increase was due to $1.0 million for environmental remediation expenses related to the demolition of a hangar.

Operations and maintenance expenses for Worcester Regional Airport were $6.5 million, a decrease of $0.2 million or 4.2% due primarily to lower equipment rental expense of $0.2 million as fire rescue equipment that was rented in Fiscal Year 2016 was replaced with purchased equipment in Fiscal Year 2017.

Maritime Operations and Maintenance Expenses – FY 2018

Maritime operations and maintenance expenses were $64.0 million, $4.4 million or 7.4% higher than the prior year. Higher business activity resulted in a $3.2 million increase in expenses, $2.9 million of which was for stevedoring container handling costs to support the 10.4% increase in container volume while the remainder was for overtime required to support record container and cruise activity. Other increases included $0.6 million for higher weather-related expenses due to 60 inches of snow in FY18 versus 48 inches in FY17, an increase of $0.5 million for utility expenses due to higher electricity costs, and payroll and benefits expense of $0.3 million.

Maritime Operations and Maintenance Expenses – FY 2017

Maritime operations and maintenance expenses in FY2017 were $59.6 million, $6.2 million or 11.6% higher than the prior year. Maritime incurred an additional $2.5 million of stevedoring expense driven by the 3.9% increase in TEUs coupled with additional weekend container ship visits causing higher stevedoring pay. Other increases included $1.5 million for the Sail Boston event for overtime, security screening, equipment rental and other expenses, $0.9 million for maintenance improvements to the Flynn Cruiseport, $0.7 million for additional services related to equipment maintenance and snow removal, and higher payroll and benefits expense of $0.4 million.

Real Estate Operations and Maintenance Expenses – FY 2018

Real Estate operations and maintenance costs in Fiscal Year 2018 were $14.9 million, up by $1.7 million or 12.9% versus the prior year. Repair expenses were up by $0.6 million due to damages to the pier at 88 Black Falcon caused by a container ship that broke free from Conley Terminal in a storm. The Authority has filed an insurance claim to recoup these costs. Professional fees increased by $0.4 million for engineering and legal resources to help advance the development of several parcels of land. The Authority incurred a $0.3 million asset write off as part of a parcel development, and payroll and benefits expenses were higher by $0.3 million.

Real Estate Operations and Maintenance Expenses – FY 2017

Real Estate operations and maintenance costs in Fiscal Year 2017 were $13.2 million, up by $1.3 million or 10.9% versus the prior year. The increase was due to higher security costs of $0.3 million for state police growth in the Seaport District, higher payroll and benefits expense of $0.2 million, $0.4 million for repairs related to roadway surfaces and higher public affairs expense for special events, and $0.1 million for increased utilities costs.

General and Administrative Expenses – FY 2018

The Authority's general and administrative costs were $62.5 million in Fiscal Year 2018, $3.1 million or 5.2% higher than Fiscal Year 2017. The drivers of the increase include additional payroll costs for administrative employees of $1.7 million primarily for merit based pay increases as new hiring was minimal, and a $0.4 million increase in materials and supplies expense mainly related to computers and copy machines.

The following table shows the allocation of the Authority's general and administrative expenses by business line for Fiscal Years 2018, 2017 and 2016.

GENERAL AND ADMINISTRATIVE EXPENSES
(In Millions)

	FY 2018	FY 2017 (Restated)	FY 2016
Logan	$43.6	$42.5	$42.3
Hanscom	$2.3	$2.1	$1.9
Worcester	$2.8	$2.3	$2.0
Maritime	$8.5	$8.1	$8.2
Real Estate	$5.3	$4.4	$3.8
Total	**$62.5**	**$59.4**	**$58.2**

General and Administrative Expenses – FY 2017

The Authority's restated FY2017 general and administrative costs were $59.4 million, $1.2 million or 2.1% higher than Fiscal Year 2016. The GASB 75 restatement related to health care benefits resulted in an expense increase of $0.3 million over FY2016. Payroll costs for administrative employees were higher by $1.6 million for merit based pay increases, and benefits expense was up by $0.5 million. These increases were partially offset by a $1.3 million decrease in Airline Business Incentive Program expenses due primarily to the completion of incentive programs for Turkish Airlines and Emirates Airlines in Fiscal Year 2016.

PILOT, Pension & OPEB and Other Expenses – FY 2018

In Fiscal Year 2018, the Authority's PILOT payments to the City of Boston and the Town of Winthrop totaled $20.4 million and reflect a $1.1 million or 5.7% increase versus Fiscal Year 2017. The City of Boston's PILOT payments are contractually linked to the annual rise in the Consumer Price Index (CPI), which added $0.4 million of new costs. The remainder of the increase is related to community mitigation payments to organizations such as the East Boston Foundation for new facilities being constructed at Logan Airport.

The Authority's expenses for pension and OPEB were $29.0 million, a decrease of $9.9 million or 25.4% compared to Fiscal Year 2017. The Authority's pension expense decreased by $10.9 million, primarily due to a 16.51% favorable net return on pension plan assets versus the 7.25% rate used to project the pension liability. The Authority's OPEB expense increased by $1.0 million due to a 7.59% favorable net return on the OPEB assets versus the 7.25% rate used to project the OPEB liability net of amortization of prior year losses. The investment return on the pension assets was higher than the return for the OPEB assets as the measurement period for the pension assets was calendar year ended December 31, 2017, while the measurement period for OPEB was Fiscal Year ended June 30, 2017.

The following table shows the allocation of PILOT, Pension, OPEB, and other expenses by business line for Fiscal Years 2018 and 2017.

FY18 - PILOT, Pension, OPEB, and Other Expenses (In Millions)					
	Pilot	**Pension**	**OPEB**	**Other**	**Total**
Logan	$18.2	$7.0	$15.9	$5.8	$46.9
Hanscom	$0.0	$0.3	$0.6	$0.3	$1.2
Worcester	$0.0	$0.3	$0.4	$0.2	$0.9
Maritime	$1.3	$0.8	$2.4	$1.8	$6.3
Real Estate	$0.9	$0.4	$0.9	$0.3	$2.5
Total	**$20.4**	**$8.8**	**$20.2**	**$8.4**	**$57.8**

FY17 - PILOT, Pension, OPEB, and Other Expenses (In Millions)					
	Pilot	**Pension**	**OPEB** (Restated)	**Other**	**Total**
Logan	$17.2	$15.6	$15.1	$7.4	$55.3
Hanscom	$0.0	$0.6	$0.6	$0.2	$1.4
Worcester	$0.0	$0.7	$0.3	$0.2	$1.2
Maritime	$1.3	$1.9	$2.4	$1.6	$7.2
Real Estate	$0.8	$0.9	$0.8	$0.2	$2.7
Total	**$19.3**	**$19.7**	**$19.2**	**$9.6**	**$67.8**

PILOT, Pension & OPEB and Other Expenses – FY 2017

In Fiscal Year 2017, the Authority's PILOT payments to the City of Boston and the Town of Winthrop totaled $19.3 million and reflect a 0.5% or $0.1 million decrease versus Fiscal Year 2016. The decrease reflects the end of a 10-year agreement that required the Authority to pay a $0.7 million per year supplemental payment to the City of Boston from FY07 through FY16. The City of Boston's PILOT payments are contractually linked to the CPI, which added $0.4 million of new costs, and also incorporate an agreement for mitigation payments to the East Boston Foundation for new facilities being constructed at Logan Airport. The amount of these mitigation payments increased by $250,000 in Fiscal Year 2017.

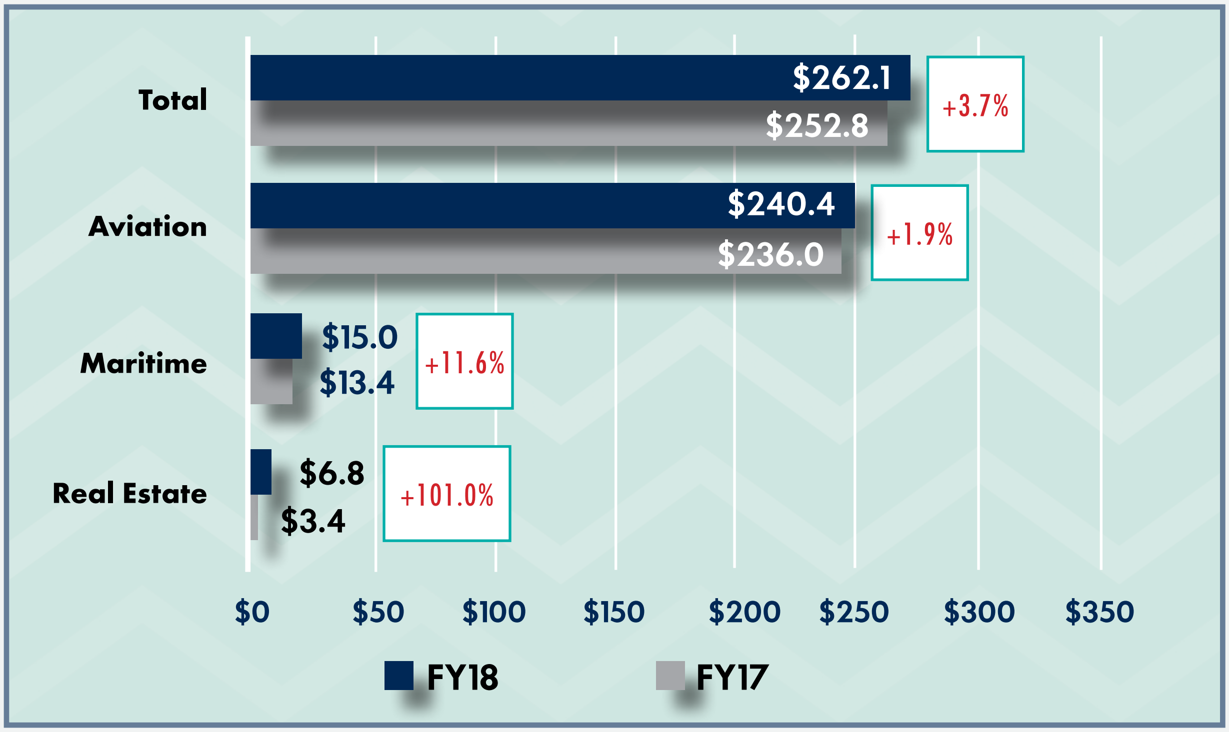
The Authority's expenses for pension and OPEB were $38.9 million, an increase of $9.2 million or 31.0% compared to Fiscal Year 2016. The Authority's net pension liability increased $33.4 million, primarily due to a reduction in the plan's discount rate resulting in a $4.1 million pension expense increase in FY2017. The Authority's OPEB expense increased by $5.1 million due to revisions to the mortality tables used in calculating benefits and the addition of approximately 100 beneficiaries previously omitted from the prior year's actuarial OPEB valuation.

Please see Note 6 (Pension Plan), Note 7 (OPEB) and Note 10 (PILOT) in the attached financial statements.

Depreciation and Amortization Expenses – FY 2018

The Authority recognized $262.1 million in depreciation and amortization expenses in Fiscal Year 2018, an increase of $9.3 million or 3.7% compared to Fiscal Year 2017. This increase is the result of $294.3 million in new assets being placed into service. During Fiscal Year 2018, the Authority completed and placed into service assets in the Real Estate business unit including the South Boston Waterfront Transportation Center at a cost of $84.4 million, assets in the Maritime unit including the Conley Terminal Dedicated Freight Corridor at a cost of $36.8 million, and assets in the Aviation unit including the CAT III Instrument Landing System at Worcester Airport at a cost of $30.2 million and modifications to Gates 37 and 38 at Logan Airport at a cost of $19.4 million. These amounts represent the amount of capital actually placed into service and not necessarily the total project cost.

DEPRECIATION AND AMORTIZATION EXPENSE
($ Millions)



Depreciation and Amortization Expenses – FY 2017

The Authority recognized $252.8 million in depreciation and amortization expenses in Fiscal Year 2017, an increase of $5.3 million or 2.1% compared to Fiscal Year 2016. This increase is the result of $384.9 million in new assets being placed into service. During Fiscal Year 2017, the Authority completed and placed into service projects including the Logan Airport Terminal E Renovation and Enhancement at a cost of $155.8 million, the final portion of the Checked Baggage Inspection System (CBIS) at Logan Airport at a cost of $52.2 million, phase two of the Heating, Ventilation and Air Conditioning (HVAC) system replacement at Logan Airport Terminals B, C and E at a cost of $14.8 million, and the Rehabilitation of Runway 4L/22R at Logan Airport at a cost of $14.7 million.

Non-Operating Revenues (Expenses) and Capital Contributions

The Authority recognized a net $51.9 million in non-operating revenues in Fiscal Year 2018, an increase of $8.8 million, or 20.4%, over Fiscal Year 2017. Non-operating revenues in Fiscal Year 2017 were $43.1 million, an increase of $4.6 million or 11.9% over the $38.5 million recognized in Fiscal Year 2016.

NON-OPERATING REVENUES AND EXPENSES AND CAPITAL CONTRIBUTIONS
(In Millions)

	FY 2018	FY 2017	$ Change	% Change
Passenger facility charges	$81.0	$76.3	$4.7	6.2%
Customer facility charges	$33.0	$33.1	($0.1)	-0.3%
Investment income	$18.6	$13.1	$5.5	42.0%
Other income (expense), net	($1.0)	($0.3)	($0.7)	233.3%
Terminal A debt service contributions	($12.2)	($11.9)	($0.3)	2.5%
Interest expense	($67.5)	($67.2)	($0.3)	0.4%
Total non-operating revenues (expenses)	**$51.9**	**$43.1**	**$8.8**	**20.4%**
Capital contributions	**$25.4**	**$12.6**	**$12.8**	**101.6%**

	FY 2017	FY 2016	$ Change	% Change
Passenger facility charges	$76.3	$70.7	$5.6	7.9%
Customer facility charges	$33.1	$32.3	$0.8	2.5%
Investment income	$13.1	$9.5	$3.6	37.9%
Other income (expense), net	($0.3)	$1.5	($1.8)	-120.0%
Terminal A debt service contributions	($11.9)	($11.9)	$0.0	0.0%
Interest expense	($67.2)	($63.6)	($3.6)	5.7%
Total non-operating revenues (expenses)	**$43.1**	**$38.5**	**$4.6**	**11.9%**
Capital contributions	**$12.6**	**$56.0**	**($43.4)**	**-77.5%**

For Fiscal Year 2018, PFCs were $81.0 million, a $4.7 million or 6.2% increase over the prior year due to increased passenger activity at Logan Airport. Revenues from CFCs totaled $33.0 million, basically flat versus prior year as rental car transaction days at Logan Airport's Rental Car Center were relatively constant with prior year. The Authority also generated $18.6 million of investment income, an increase of $5.5 million due to higher interest rates on fixed income investments and an increase in the Authority's cash balance available for investment. Other expense was $1.0 million, which was $0.7 million higher than prior year due to miscellaneous items including settlement claims, gains or losses on short term investments and gains or losses on sale of equipment. The Authority made a voluntary contribution of $12.2 million in PFCs to the Terminal A debt service fund to help reduce terminal rental rates, which was slightly higher than the contribution made in the prior year. Interest expense on long term debt was $67.5 million, which was $0.3 million or 0.4% higher than Fiscal Year 2017.

For Fiscal Year 2017, PFCs were $76.3 million, a $5.6 million or 7.9% increase over the prior year due to increased passenger activity at Logan Airport. Revenues from CFCs totaled $33.1 million, $0.8 million higher than the prior year due to a 2.0% increase in rental car transaction days at Logan Airport's Rental Car Center. The Authority also generated $13.1 million of investment income, an increase of $3.6 million due to higher interest rates on fixed income investments and an increase in the Authority's cash balance available for investment. Other income (expense), which is comprised of settlement claims, gains or losses on short term investments, gains or losses on the sale of equipment, and any other Authority income, was ($0.3) million, a decrease of $1.8 million due in part to a decrease in the fair market value on its investments as higher interest rates reduced bond prices. The Authority also made a voluntary contribution of $11.9 million in PFCs to the Terminal A debt service fund to help reduce terminal rental rates, which was comparable to the contribution made in the prior year. Interest expense on long term debt was $67.2 million, which was $3.6 million or 5.7% higher than Fiscal Year 2016.

Capital Contributions

The majority of the Authority's capital contributions are grants awarded by the Federal Aviation Administration (FAA) and by the Maritime Administration (MARAD) unit of the United States Department of Transportation. The FAA grants are for the Airport Improvement Program (AIP) to construct runways, taxiways, apron lighting, residential sound proofing projects, and other capital related projects, primarily at Logan Airport. The MARAD grant is a FASTLANE grant that is being used to improve Conley Terminal. The Authority also receives capital contributions from the Department of Homeland Security, as well as grants from the Federal Emergency Management Administration, the Environmental Protection Agency and the Massachusetts Executive Office of Public Safety and Security related to the State Homeland Security Program, which safeguards the Airport and Port of Boston.

Capital contributions in Fiscal Year 2018 were $25.4 million, an increase of $12.8 million versus the prior year. The major components of the 2018 revenues were from the FAA AIP grant program for project expenditures related to runway rehabilitation and improvements at Logan Airport and the CAT III ILS project at Worcester Regional Airport, and from MARAD for the rehabilitation of Conley Terminal Berths 11 and 12 and the replacement of RTG (Rubber Tired Gantry) drives. The $12.8 million increase versus last year was primarily due to $10.2 million of MARAD FASTLANE grant funding, which began in FY 2018, and $2.3 million of additional FAA AIP funding versus the prior year.

The majority of the $12.6 million of Fiscal Year 2017 revenues were from the FAA AIP grant program for project expenditures related to runway rehabilitation and improvements at Logan Airport and the CAT III ILS project at Worcester Regional Airport. The $43.4 million decline versus the prior year was primarily due to the CBIS project as the Authority received $37.8 million of Transportation Security Administration (TSA) reimbursements for this project in Fiscal Year 2016 versus no reimbursements in Fiscal Year 2017 as that project was completed.

The Authority's Statements of Net Position

The Statements of Net Position present the financial position of the Authority at the end of each Fiscal Year. The Statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority. Net Position is the difference between total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources and is an indicator of the current fiscal health of the Authority. A summarized comparison of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2018, 2017 and 2016 is as follows:

CONDENSED STATEMENTS OF NET POSITION FOR FY 2018 AND FY 2017
(In Millions)

	FY 2018	FY 2017 (Restated)	$ Change	% Change
ASSETS				
Current assets	$948.4	$803.9	$144.5	18.0%
Capital assets, net	$3,216.3	$3,142.5	$73.8	2.3%
Other non-current assets	$402.6	$420.1	($17.5)	-4.2%
Total assets	**$4,567.3**	**$4,366.5**	**$200.8**	**4.6%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of bonds	$16.2	$18.0	($1.8)	-10.0%
Deferred outflows of resources related to pension plan	$13.9	$37.3	($23.4)	-62.7%
Deferred outflows of resources related to OPEB	$29.0	$37.7	($8.7)	-23.1%
Total deferred outflows of resources	**$59.1**	**$93.0**	**($33.9)**	**-36.5%**
LIABILITIES				
Current liabilities	$360.6	$308.0	$52.6	17.1%
Bonds payable, including current portion	$1,835.3	$1,850.7	($15.4)	-0.8%
Other non-current liabilities	$233.8	$285.9	($52.1)	-18.2%
Total liabilities	**$2,429.7**	**$2,444.6**	**($14.9)**	**-0.6%**
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of bonds	$6.1	$6.8	($0.7)	-10.3%
Deferred inflows of resources related to pension plan	$25.4	$0.0	$25.4	100.0%
Deferred inflows of resources related to OPEB	$0.8	$0.0	$0.8	100.0%
Total deferred inflows of resources	**$32.3**	**$6.8**	**$25.5**	**375.0%**
Total net position	**$2,164.3**	**$2,008.1**	**$156.2**	**7.8%**

Column totals might not add due to rounding.

The Authority ended Fiscal Year 2018 with total assets of $4,567.3 million, an increase of $200.8 million or 4.6% over the prior year. This increase is primarily due to growth in current assets due to higher investment balances from bond proceeds and additional income from FY18 operations. Deferred outflows of resources for Fiscal Year 2018 were $59.1 million, a $33.9 million decrease from the previous year due to a reduction in the deferred outflows on the OPEB and Pension Plan investments from favorable investment gains on plan assets and less amortization of prior year losses. The Authority's total assets consist primarily of capital assets, net, which represent approximately $3,216.3 million or 69.5% of the Authority's total assets and deferred outflows of resources as of June 30, 2018.

The Authority's total liabilities as of June 30, 2018 were $2,429.7 million, a decrease of $14.9 million or 0.6% due mainly to the decline in the Authority's pension and OPEB liabilities due to favorable investment returns. The Authority's liabilities consist primarily of bonds payable (including current portion), which accounted for 74.5% of the Authority's total liabilities and deferred inflows at June 30, 2018.

The Authority's total net position for Fiscal Year 2018 was $2,164.3 million, a $156.2 million or 7.8% increase over the prior year. This increase reflects the Authority's net operating income of $78.9 million, net non-operating income of $51.9 million and capital contributions of $25.4 million. The growth in net position will be used to fund the Authority's strategic initiatives.

CONDENSED STATEMENTS OF NET POSITION FOR FY 2017 AND FY 2016
(In Millions)

	FY 2017 (Restated)	FY 2016	$ Change	% Change
ASSETS				
Current assets	$803.9	$632.3	$171.6	27.1%
Capital assets, net	$3,142.5	$3,086.9	$55.6	1.8%
Other non-current assets	$420.1	$496.7	($76.6)	-15.4%
Total assets	**$4,366.5**	**$4,215.9**	**$150.6**	**3.6%**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of bonds	$18.0	$17.9	$0.1	0.6%
Deferred outflows of resources related to pension plan	$37.3	$47.0	($9.7)	-20.6%
Deferred outflows of resources related to OPEB	$37.7	$0.0	$37.7	100.0%
Total deferred outflows of resources	**$93.0**	**$64.9**	**$28.1**	**43.3%**
LIABILITIES				
Current liabilities	$308.0	$331.9	($23.9)	-7.2%
Bonds payable, including current portion	$1,850.7	$1,724.5	$126.2	7.3%
Other non-current liabilities	$285.9	$132.4	$153.5	115.9%
Total liabilities	**$2,444.6**	**$2,188.8**	**$255.8**	**11.7%**
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of bonds	$6.8	$8.1	($1.3)	-16.0%
Total deferred inflows of resources	**$6.8**	**$8.1**	**($1.3)**	**-16.0%**
Total net position	**$2,008.1**	**$2,083.9**	**($75.8)**	**-3.6%**

The Authority ended Fiscal Year 2017 with total assets of $4,366.5 million, an increase of $150.6 million or 3.6% over the prior year. This increase was primarily due to growth in current assets due to higher investment balances. Deferred outflows of resources for Fiscal Year 2017 were $93.0 million, a $28.1 million increase from the previous year due primarily to the recording of the $37.7 million deferred outflow of resources related to OPEB as required by GASB 75. The Authority's total assets consist primarily of capital assets, which represent approximately $3,142.5 million or 70.5% of the Authority's total assets and deferred outflows of resources as of June 30, 2017.

The Authority's total liabilities as of June 30, 2017 were $2,444.6 million, an increase of $255.8 million or 11.7% due mainly to the growth in the Authority's debt to finance strategic initiatives and the reporting for the first time of the net OPEB liability as required by GASB 75. The Authority's liabilities consist primarily of bonds payable (including current portion), which accounted for 75.5% of the Authority's total liabilities and deferred inflows at June 30, 2017.

The Authority's total net position for Fiscal Year 2017 was $2,008.1 million, a $75.8 million or 3.6% decrease compared to the prior year. This decrease reflects the impact of GASB 75 of $165.1 million partially offset by net operating income of $33.6 million, net non-operating income of $43.1 million and capital contributions of $12.6 million. The growth in net position will be used to fund the Authority's strategic initiatives.

CHILDREN'S LITERATURE EXHIBIT AT LOGAN AIRPORT

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018 and 2017, the Authority had $3,216.3 million and $3,142.5 million of capital assets (net of depreciation), respectively. These include land, construction in process, buildings, runways, roadways, machinery and equipment, air rights and parking rights. The Authority's net capital assets increased by $73.8 million or 2.3% in Fiscal Year 2018 primarily as the result of $337.3 million in capital expenditures partially offset by $262.1 million of depreciation expense.

In Fiscal Year 2018, the Authority placed $294.3 million of new assets into service. Major projects included the South Boston Waterfront Transportation Center which includes 1,550 parking spaces and other transportation amenities at a cost of $84.4 million, the Conley Terminal Dedicated Freight Corridor at a cost of $36.8 million, the CAT III Instrument Landing System at Worcester Airport to enable aircraft to land at that airport in poor visibility conditions at a cost of $30.2 million, and modifications to Gates 37 and 38 at Logan Airport at a cost of $19.4 million.

The Authority placed $384.9 million of assets into service for completed capital projects during Fiscal Year 2017. Major projects included the Logan Airport Terminal E Renovation and Enhancement at a cost of $155.8 million and the final component of the new Checked Baggage Inspection System (CBIS) at a cost of $52.2 million. Other assets placed into service in Fiscal Year 2017 included a new Heating, Ventilation and Air Conditioning (HVAC) system for Terminals B, C, and E at Logan Airport at a costs of $14.8 million and the rehabilitation of Runway 4L/22R at Logan Airport at a cost of $14.7 million.

Capital assets, net comprised approximately 69.5%, 70.5% and 72.1% of the Authority's total assets and deferred outflows of resources at June 30, 2018, 2017 and 2016, respectively. During Fiscal Years 2018, 2017 and, 2016, the Authority spent approximately $293.2 million, $322.7 million and $351.0 million, respectively, constructing new assets and improving existing assets already in service, inclusive of construction in process.

The Authority's capital assets are principally funded by the proceeds of revenue bonds, Authority generated revenues, PFCs, CFCs, and federal and state grants. The Authority's aviation facilities account for approximately 90% of all capital assets. The following chart provides a breakdown of total capital assets at June 30, 2018, 2017 and 2016.

CAPITAL ASSETS BY TYPE
(In Thousands)

	FY 2018	FY 2017	FY 2016	% Change 2018-2017	% Change 2017-2016
Land	$230,600	$230,593	$226,497	0.0%	1.8%
Construction in progress	$192,782	$149,730	$225,930	28.8%	-33.7%
Buildings	$1,727,729	$1,727,657	$1,594,212	0.0%	8.4%
Runways and other pavings	$389,082	$364,152	$356,538	6.8%	2.1%
Roadways	$345,881	$327,839	$351,920	5.5%	-6.8%
Machinery and equipment	$258,063	$262,306	$243,958	-1.6%	7.5%
Air rights	$52,143	$58,628	$64,711	-11.1%	-9.4%
Parking rights	$20,047	$21,588	$23,131	-7.1%	-6.7%
Capital assets, net	**$3,216,327**	**$3,142,493**	**$3,086,897**	**2.3%**	**1.8%**

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

Debt Administration

The Authority's bond sales must be approved by the Members of the Authority (the "Board") and must comply with the rules and regulations of the United States Treasury Department. The Authority, through its 1978 Trust Agreement, has a covenant to maintain a debt service coverage ratio of not less than 1.25. Debt service coverage is calculated based on a formula set forth in the 1978 Trust Agreement. Historically, the Authority has maintained a debt service coverage ratio higher than its 1978 Trust Agreement requirement to maintain its high investment grade bond ratings and keep capital costs low. As of June 30, 2018, 2017, and 2016, the Authority's debt service coverage under the 1978 Trust Agreement was 3.43, 3.27 and 2.98, respectively.

The 1999 PFC Trust Agreement requires a First Lien Sufficiency covenant ratio in excess of 1.05. There was no PFC debt as of June 30, 2018 as all debt was paid off on July 3, 2017. As of June 30, 2017 and 2016, the Authority's PFC First Lien Sufficiency covenant under the PFC Trust Agreement was 63.44 and 10.68, respectively. The ratio was much higher as of June 30, 2017 because the Authority's remaining long term PFC debt was paid off in full on July 3, 2017.

The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.30. As of June 30, 2018, 2017, and 2016, the CFC debt service coverage ratio was 2.65, 2.60 and 2.50, respectively.

The Authority had net bonds payable outstanding as of June 30, 2018 in the amount of $1,684.0 million, a net decrease of $34.8 million compared to Fiscal Year 2017. During Fiscal Year 2018, the Authority issued $169.5 million of Massachusetts Port Authority Revenue Bonds, Series 2017-A with an original issue premium of $27.2 million. Approximately $91.4 million of the proceeds from the Series 2017-A Bonds was used to refund the entire outstanding balances of the Authority's 2007 Series C and 2010 Series D bonds, resulting in a net present value benefit to the Authority of $2.8 million. The remaining $91.0 million of Series 2017-A proceeds is being used to finance capital improvements, with the primary project being the consolidation and optimization of Terminal B at Logan Airport. Due to the "private activity" nature of the construction projects, the bonds were sold as Alternative Minimum Tax (AMT) bonds.

The Authority had net bonds payable outstanding as of June 30, 2017 in the amount of $1,718.8 million, a net increase of $93.3 million compared to Fiscal Year 2016. During Fiscal Year 2017, the Authority issued $230.3 million of Massachusetts Port Authority Revenue Bonds in two series. The proceeds from the Series 2016 A Revenue Refunding Bonds, in the principal amount of $50.0 million, were used to refund a portion of the outstanding balance of the Authority's 2007 Series A bonds and the entire outstanding balance of the Authority's 2008 Series A bonds, resulting in a net present value benefit to the Authority of $6.8 million. The Series 2016 B Revenue Bonds were issued in the amount of $180.3 million and were used to finance capital improvements, including renovations and enhancements to Terminal E and the consolidation of Terminal B. Due to the "private activity" nature of the construction projects, they were sold as Alternative Minimum Tax (AMT) bonds.

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

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

The Authority's Condensed Cash Flows

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

STATEMENTS OF CASH FLOWS
(In Millions)

	FY 2018	FY 2017	$ Change	% Change
Net cash provided by operating activities	$334.0	$315.1	$18.9	6.0%
Net cash (used in) capital and related financing activities	($228.1)	($164.3)	($63.8)	38.8%
Net cash (used in) investing activities	($166.3)	($128.3)	($38.0)	29.6%
Net (decrease)/increase in cash and cash equivalents	($60.4)	$22.5	($82.9)	-368.4%
Cash and cash equivalents, beginning of year	$273.0	$250.5	$22.5	9.0%
Cash and cash equivalents, end of year	**$212.6**	**$273.0**	**($60.4)**	**-22.1%**

STATEMENTS OF CASH FLOWS
(In Millions)

	FY 2017	FY 2016	$ Change	% Change
Net cash provided by operating activities	$315.1	$280.7	$34.4	12.3%
Net cash (used in) capital and related financing activities	($164.3)	($318.3)	$154.0	-48.4%
Net cash (used in) investing activities	($128.3)	($125.1)	($3.2)	2.6%
Net (decrease)/increase in cash and cash equivalents	$22.5	($162.7)	$185.2	-113.8%
Cash and cash equivalents, beginning of year	$250.5	$413.2	($162.7)	-39.4%
Cash and cash equivalents, end of year	**$273.0**	**$250.5**	**$22.5**	**9.0%**

The Authority's cash and cash equivalents at June 30, 2018 was $212.6 million, a decrease of $60.4 million, or 22.1% from the $273.0 million in cash and cash equivalents reported in Fiscal Year 2017. The Authority generated $334.0 million in cash from operations during Fiscal Year 2018 compared to $315.1 million in the prior year, an increase of $18.9 million, or 6.0%, primarily from increased business activity at Logan Airport, record container volumes at Conley Terminal, and activity at its other facilities. The Authority used $228.1 million in cash for capital and related financing activities to finance the Authority's capital program and to pay debt service expenses during the year. This was a $63.8 million increase in the use of cash from the $164.3 million in cash used for capital and related financing activities in Fiscal Year 2017 due mainly to lower proceeds from the issuance of bonds, net. The Authority used $166.3 million in cash from investments towards its capital and operating needs, an increase of $38.0 million from the amount of cash used for investing activities in Fiscal Year 2017.

The Authority's cash and cash equivalents at June 30, 2017 was $273.0 million, an increase of $22.5 million, or 9.0% from the $250.5 million in cash and cash equivalents reported in Fiscal Year 2016. The Authority generated $315.1 million in cash from operations during Fiscal Year 2017 compared to $280.7 million in the prior year, an increase of $34.4 million, or 12.3%, primarily from increased business activity at Logan Airport, record container volumes at Conley Terminal, and activity at its other facilities. The Authority used $164.3 million in cash for capital and related financing activities to finance the Authority's capital program and to pay debt service expenses during the year. This was a $154.0 million decrease in the use of cash from the $318.3 million in cash used for capital and related financing activities in Fiscal Year 2016, which included a debt refunding payment. The Authority used $128.3 million in cash from investments towards its capital and operating needs, an increase of $3.2 million from the amount of cash used for investing activities in Fiscal Year 2016.

Contacting the Authority's Financial Management

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

LOGAN EXPRESS BUSES

MASSACHUSETTS PORT AUTHORITY
STATEMENTS OF NET POSITION JUNE 30, 2018 AND 2017
(In Thousands)

	2018	2017 (Restated)
CURRENT ASSETS:		
Cash and cash equivalents	$73,299	$82,095
Investments	$170,039	$132,021
Restricted cash and cash equivalents	$139,285	$190,914
Restricted investments	$478,519	$317,441
Accounts receivable		
Trade, net	$68,085	$67,630
Grants receivable	$9,948	$5,811
Total receivables, net	**$78,033**	**$73,441**
Prepaid expenses and other assets	$9,171	$7,964
Total current assets	**$948,346**	**$803,876**
NONCURRENT ASSETS:		
Investments	$132,105	$152,661
Restricted investments	$261,576	$259,040
Prepaid expenses and other assets	$5,796	$5,637
Investment in joint venture	$3,130	$2,843
Capital assets-not being depreciated	$423,382	$380,323
Capital assets-being depreciated-net	$2,792,945	$2,762,170
Total noncurrent assets	**$3,618,934**	**$3,562,674**
Total assets	**$4,567,280**	**$4,366,550**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of bonds	$16,243	$17,983
Deferred outflows of resources related to pensions	$13,869	$37,298
Deferred outflows of resources related to OPEB	$28,974	$37,729
Total deferred outflows of resources	**$59,086**	**$93,010**
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$160,488	$133,949
Compensated absences	$1,327	$1,400
Contract retainage	$6,022	$8,729
Current portion of long-term debt	$62,951	$123,000
Commercial notes payable	$142,000	$109,000
Accrued interest on bonds payable	$40,552	$39,015
Unearned revenues	$10,185	$15,939
Total current liabilities	**$423,525**	**$431,032**
NONCURRENT LIABILITIES		
Accrued expenses	$11,300	$14,621
Compensated absences	$17,566	$17,908
Net pension liability	$34,927	$88,322
Net OPEB liability	$143,858	$150,451
Contract retainage	$5,778	$1,236
Long-term debt, net	$1,772,365	$1,727,665
Unearned revenues	$20,419	$13,374
Total noncurrent liabilities	**$2,006,213**	**$2,013,577**
Total liabilities	**$2,429,738**	**$2,444,609**
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding of bonds	$6,074	$6,809
Deferred inflows of resources related to pensions	$25,390	—
Deferred inflows of resources related to OPEB	$831	—
Total deferred inflows of resources	**$32,295**	**$6,809**
NET POSITION		
Net investment in capital assets	$1,379,079	$1,290,338
Restricted		
Bond funds	$212,738	$209,333
Project funds	$271,003	$196,738
Passenger facility charges	$51,133	$102,914
Customer facility charges	$67,161	$48,550
Other purposes	$31,233	$28,101
Total restricted	**$633,268**	**$585,636**
Unrestricted	$151,986	$132,168
Total net position	**$2,164,333**	**$2,008,142**

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

MASSACHUSETTS PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017
(In Thousands)

	2018	2017 (Restated)
OPERATING REVENUES:		
Aviation rentals	$240,798	$217,906
Aviation parking	$180,803	$169,354
Aviation shuttle bus	$20,303	$19,278
Aviation fees	$153,236	$145,418
Aviation concessions	$114,492	$98,913
Aviation operating grants and other	$1,911	$2,909
Maritime fees, rentals and other	$94,351	$82,088
Real estate fees, rents and other	$30,497	$25,037
Total operating revenues	**$836,391**	**$760,903**
OPERATING EXPENSES:		
Aviation operations and maintenance	$296,186	$274,506
Maritime operations and maintenance	$63,976	$59,629
Real estate operations and maintenance	$14,852	$13,215
General and administrative	$62,470	$59,342
Payments in lieu of taxes	$20,408	$19,276
Pension and other post-employment benefits	$28,952	$38,903
Other	$8,449	$9,631
Total operating expenses before depreciation and amortization	**$495,293**	**$474,502**
Depreciation and amortization	$262,162	$252,846
Total operating expenses	**$757,455**	**$727,348**
Operating income	**$78,936**	**$33,555**
NONOPERATING REVENUES AND (EXPENSES):		
Passenger facility charges	$81,016	$76,296
Customer facility charges	$33,003	$33,055
Investment income	$18,577	$13,093
Net (decrease) increase in the fair value of investments	($4,373)	($4,501)
Other revenues	$1,364	$4,062
Settlement of claims	$2,019	$248
Terminal A debt service contribution	($12,232)	($11,941)
Other expenses	($195)	($198)
Gain on sale of equipment / property	$182	$125
Interest expense	($67,490)	($67,157)
Total nonoperating revenues (expenses), net	**$51,871**	**$43,082**
Increase in net position before capital contributions	**$130,807**	**$76,637**
Capital contributions	$25,384	$12,635
Increase in net position	**$156,191**	**$89,272**
Net position, beginning of year	**$2,008,142**	**$1,918,870**
Net position, end of year	**$2,164,333**	**$2,008,142**

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

MASSACHUSETTS PORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017
(In Thousands)

	2018	2017 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and operating grants	$833,354	$765,757
Payments to vendors	($298,606)	($255,538)
Payments to employees	($165,669)	($161,571)
Payments in lieu of taxes	($19,383)	($19,276)
Other post-employment benefits	($15,682)	($14,300)
Net cash provided by operating activities	**$334,014**	**$315,072**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	($293,228)	($322,735)
Proceeds from the issuance of bonds, net	$196,155	$268,866
Principal payments on refunded debt	($94,855)	($63,382)
Interest paid on bonds and notes	($82,151)	($78,220)
Principal payments on long-term debt	($109,425)	($75,240)
Proceeds from commercial paper financing	$64,000	$9,000
Principal payments on commercial paper	($31,000)	($25,000)
Terminal A debt service contribution	($12,232)	($11,941)
Proceeds from passenger facility charges	$79,908	$72,039
Proceeds from customer facility charges	$32,546	$33,059
Proceeds from capital contributions	$20,698	$28,851
Settlement of claims	$1,274	$248
Proceeds from sale of equipment	$170	$178
Net cash used in capital and related financing activities	**($228,140)**	**($164,277)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments, net	($887,039)	($726,630)
Sales of investments, net	$703,791	$586,428
Realized (loss)/gain on sale of investments	($20)	($34)
Interest received on investments	$16,969	$11,987
Net cash used in investing activities	**($166,299)**	**($128,249)**
Net increase (decrease) in cash and cash equivalents	($60,425)	$22,546
Cash and cash equivalents, beginning of year	**$273,009**	**$250,463**
Cash and cash equivalents, end of year	**$212,584**	**$273,009**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Cash flows from operating activities:		
Operating income	$78,936	$33,555
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	$262,162	$252,846
Provision for uncollectible accounts	$439	$1,642
Changes in operating assets and liabilities:		
Trade receivables	$406	($4,835)
Prepaid expenses and other assets	$3,574	$3,481
Accounts payable and accrued expenses	($12,494)	$10,657
Net pension liability and deferred inflows/outflows	($4,576)	$6,141
Net OPEB liability and deferred inflows/outflows	$2,993	$3,563
Compensated absences	($415)	($227)
Unearned revenue	$2,989	$8,249
Net cash provided by operating activities	**$334,014**	**$315,072**
Noncash investing activities:		
Net decrease in the fair value of investments	**($5,666)**	**($1,314)**

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

1 Summary of Significant Accounting Policies and Practices

Reporting Entity

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

The Authority has no stockholders or equity holders, and the Authority's financial statements are not a component unit of the Commonwealth's financial statements. The provisions of the Enabling Act and the Trust Agreement, dated as of August 1, 1978 as amended and supplemented (the "1978 Trust Agreement"), between the Authority and U.S. Bank National Association (as successor in interest to State Street Bank and Trust Company), as trustee (the "Trustee"), the Passenger Facility Charges ("PFC") Revenue Bond Trust Agreement dated May 6, 1999, as amended and supplemented (the "PFC Trust Agreement"), between the Authority and The Bank of New York Mellon, as trustee (the "PFC Trustee"), which was superseded by the PFC Depositary Agreement dated July 3, 2017, and the Customer Facility Charges ("CFC") Revenue Bond Trust Agreement dated May 18, 2011, as amended and supplemented (the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "CFC Trustee"), govern all funds, with limited exceptions, received by the Authority pursuant to the Enabling Act.

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

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

Basis of Accounting

The Authority's activities are accounted in a manner similar to that often utilized in the private sector. 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 grants, 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 Interest and Sinking Fund, which are 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.

Prior to July 3, 2017, all PFC revenue was deposited in the PFC Pledged Revenue Fund established pursuant to the PFC Trust Agreement and was utilized to pay debt service on PFC Revenue Bonds as required in the PFC Trust Agreement. Any remaining funds were transferred to the PFC Capital Fund. The Authority paid the final maturities of the PFC Revenue Bonds outstanding of $52.9 million on July 3, 2017 and established a new PFC Depositary Agreement with The Bank of New York, Mellon, as custodian (the "PFC Custodian").

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 net position components:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt and the deferred outflows / inflows of resources attributable to the acquisition, construction or improvement of those assets.
- Restricted: Net position of assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include the construction funds held pursuant to the 1978 Trust Agreement, the PFC Trust Agreement (which was superseded by the PFC Depositary Agreement dated July 3, 2017), the CFC Trust Agreement and the self insurance fund.
- Unrestricted: Net position of assets that are not subject to externally imposed stipulations. Net amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources not included in the determination of net investment in capital assets or restricted components of net position. Unrestricted net position may be designated for specific purposes by action of management or the Members of the Authority (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. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. At June 30, 2018 and 2017, the Authority has several items that qualify for reporting in this category. The first deferred outflow results from refunding long term debt and is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to the difference in the expected versus actual experience of the Pension Plan and the OPEB Trust. This amount is deferred and amortized over approximately seven years. The third item is related to the change in Pension Plan assumptions, the reduction in the discount rate, which is being amortized over approximately seven years. The fourth item is related to OPEB Trust contributions made subsequent to the measurement date which will reduce the net OPEB liability in Fiscal Year 2019.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2018 and 2017, the Authority has two items that qualify for reporting in this category. The first deferred inflow of resources results from refunding long term debt and is the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to the net deferred gain on Pension Plan and OPEB Trust investments, which is being amortized over a five year period.

c) Cash and Cash Equivalents

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

d) Investments

Investments with a maturity greater than one year are recorded at their 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. Fair value is determined based on quoted market prices. The Authority recorded to investment income an unrealized decrease in the fair value of investments of $4.4 million and a realized loss of $0.02 million at June 30, 2018 and an unrealized decrease in the fair value of investments of $4.5 million and a realized gain of $0.03 million at June 30, 2017.

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

The Authority capitalizes certain interest costs associated with taxable and tax-exempt borrowing, less any interest earned on the proceeds of those borrowings, during the period of construction. Interest expense of $10.4 million and $8.6 million, reduced by interest income of $537.8 thousand and $282.0 thousand resulted in capitalized interest of $9.9 million and $8.3 million for the years ended June 30, 2018 and 2017, respectively.

g) Depreciation

The Authority provides for depreciation using the straight-line method. Depreciation is intended to distribute the cost of depreciable properties over the following estimated useful lives:

ASSET CATEGORY	YEARS
Buildings	25
Runways (original construction)	25
Other airfield paving	12
Roadway	25
Dredging	15
Machinery and equipment	5 to10

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 $4.4 million and $3.5 million at June 30, 2018 and 2017, respectively.

k) Passenger Facility Charges

In 1993, the Authority received initial approval from the Federal Aviation Administration ("FAA") to impose a $3.00 PFC on all outbound tickets purchased 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 presently deposited under the PFC Depositary Agreement with The Bank of New York Mellon, as PFC Custodian.

Through June 30, 2018, the Authority had cumulative PFC cash collections of $1,203.1 million, including interest thereon.

As part of the Final Agency Decision issued by the FAA in 2011, the Authority was authorized, but not required, to use up to $14.4 million per year in PFCs to pay approximately one-third of the debt service on the Terminal A Special Facility bonds. The Authority chose to make this use of PFC revenue in order to offset the increase in Terminal A rates and charges that would have resulted from the scheduled increase in Terminal A debt service associated with the beginning of principal payments on January 1, 2012 for the Terminal A bonds. This use of PFCs will maintain the rate consistency across all terminals and facilitate the Authority's ability to assign carriers to Terminal A.

At June 30, 2018, the Authority's collection authorization and total use approval is $1.65 billion.

As of June 30, 2018 and 2017, $0.0 million and $52.9 million of PFC bonds were outstanding, respectively.

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 $81.0 million and $76.3 million in PFC revenue for the Fiscal Years ended June 30, 2018 and 2017, respectively.

l) Customer Facility Charges

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

The Authority recognized $33.0 million and $33.1 million in CFC revenue for the Fiscal Years ended June 30, 2018 and 2017, respectively.

As of June 30, 2018 and 2017, $194.6 million and $198.2 million of CFC bonds were outstanding, respectively

m) Capital Contributions

The Authority receives capital contributions from various federal agencies and the Commonwealth in support of specific operational programs and its Capital Program. Grant revenues are recognized as related expenditures are incurred and all eligibility requirements are met. Grants for capital asset acquisition, facility development, runway/ airfield rehabilitation and long-term planning are reported as capital contributions. Capital contributions are reported in the Statement of Revenues, Expenses and Changes in Net Position after non-operating revenues and expenses and their use is restricted. In Fiscal Years 2018 and 2017, the Authority recognized $25.4 million and $12.6 million of capital contributions, respectively. The 2018 and the 2017 capital contributions were generated from reimbursements under the FAA AIP grant program and the Nationally Significant Freight and Highway Project Program - Fastlane.

n) Compensated Absences

The Authority accrues for vacation and sick pay liabilities when they are earned by the employee. The liability for vested vacation and sick pay is reflected in the accompanying statements of net position as compensated absences. The current portion of compensated absences at June 30, 2018 and 2017 was $1.3 million and $1.4 million, respectively. The table below presents the Authority's compensated absences activity at June 30, 2018 and 2017 and for the years then ended (in thousands):

	2018	2017
Liability balance, beginning of year	$19,308	$19,536
Vacation and sick pay earned during the year	$16,471	$16,107
Vacation and sick pay used during the year	($16,886)	($16,335)
Liability Balance, End Of Year	**$18,893**	**$19,308**

o) Pensions

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

p) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Massachusetts Port Authority Retiree Benefits Trust (the "Trust") and additions to/deductions from 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.

q) 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.

r) New Accounting Pronouncements

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB") ("GASB No. 75"). The objective of this Statement is to address reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

The requirements of GASB 75 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with OPEB through OPEB plans that are administered through trusts that meet certain criteria and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. The requirements apply whether the government's financial statements are presented in stand-alone financial reports or are included in the financial reports of another government.

GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined OPEB plans, GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employer service. Note disclosure and required supplementary information requirements about OPEB are also addressed.

GASB 75 replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The requirements of Statement 45 remain applicable for OPEB that are not covered by the scope of this Statement.

The Authority adopted GASB 75 effective July 1, 2016. In connection with the adoption of this new standard all accounts were analyzed by management in order to assess the impact on the financial statements. The implementation of GASB 75 resulted in the Authority reporting a Net OPEB Liability of $121.2 million as of July 1, 2016. The Authority's Net Position as of July 1, 2016 and the Authority's Statement of Net Position as of June 30, 2017 and Statement of Revenues and Expenses and Changes in Net Position for the year ended June 30, 2017 have been restated to reflect the required adjustments.

JETBLUE AIRCRAFT AT WORCESTER REGIONAL AIRPORT

Restatements related to implementation of GASB No. 75 (in thousands):

	AS PREVIOUSLY REPORTED	ADJUSTMENT	RESTATED
As of July 1, 2016:			
Net Position	$2,083,942	($165,072)	$1,918,870
For the year ended June 30, 2017:			
General and administrative	$59,142	$200	$59,342
Pension and other post employment benefits-	$37,603	$1,300	$38,903
Total operating expense	$725,848	$1,500	$727,348
Operating income	$35,055	($1,500)	$33,555
Increase in Net Position	$90,772	($1,500)	$89,272
As of June 30, 2017:			
Net OPEB liability	$0	$150,451	$150,451
Net OPEB asset	$53,850	($53,850)	$0
Deferred outflows of resources related to OPEB	$0	$37,729	$37,729
Net Position	$2,174,714	($166,572)	$2,008,142

In January 2017, GASB issued Statement No. 84, Fiduciary Activities, ("GASB No. 84"). This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post employment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018.

The Authority is currently evaluating the impact of the implementation of GASB No. 84 on its financial statements.

In March 2017, GASB issued Statement No. 85, Omnibus 2017 ("GASB No. 85").The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB.

Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and "negative" goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus..
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority adopted this Statement as of July 1, 2016 and there was no significant impact on its financial statements.

In May 2017, GASB issued Statement No. 86, Certain Debt Extinguishment Issues, ("GASB No. 86").The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Authority adopted this Statement and there was no impact on its financial statements.

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

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019.

The Authority is currently evaluating the impact of the implementation of GASB No. 87 on its financial statements.

In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, ("GASB No. 88") The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

The Authority is currently evaluating the impact of the implementation of GASB No. 88 on its financial statements.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before The End Of A Construction Period, ("GASB No. 89") The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The Authority is currently evaluating the impact of the implementation of GASB No. 89 on its financial statements.

In September 2018, GASB issued Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61 ("GASB No. 90"). The primary objectives of this Statement are to improve the consistency and comparability of government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

The Authority is currently evaluating the impact of the implementation of GASB No. 90 on its financial statements.

2 Reconciliation between increase in 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):

	2018	2017
Increase in Net Position per GAAP	$156,191	$89,272
ADDITIONS:		
Depreciation and amortization	$262,162	$252,846
Interest expense	$67,490	$67,157
Payments in lieu of taxes	$20,408	$19,276
Other operating expenses	$10,398	$3,789
Terminal A bonds - debt service contribution	$12,232	$11,941
OPEB expenses, net	$4,480	$ 4,903
Settlement of claims	($2,019)	($248)
Pension expense	($4,576)	$ 6,141
LESS:		
Passenger facility charges	($81,016)	($76,296)
Customer facility charges	($33,003)	($33,055)
Self insurance expenses	($61)	($245)
Capital grant revenue	($25,384)	($12,635)
Net decrease (increase) in the fair value of investments	$4,354	$4,501
Loss (gain) on sale of equipment	($182)	($125)
Other (revenues) expenses	($1,654)	$3,945
Other non-operating revenues	($1,169)	($3,865)
Investment income	($6,293)	($5,191)
Net revenue per the 1978 Trust Agreement	**$382,358**	**$332,111**

Total net revenues, as defined by the 1978 Trust Agreement, pledged for the repayment of bonds issued under the 1978 Trust Agreement were $382.4 million and $332.1 million for the years ended June 30, 2018 and 2017, respectively.

3 Deposits and Investments

The Authority's investments are made in accordance with the provisions of the 1978 Trust Agreement, the PFC Trust Agreement (which was superseded by the PFC Depositary Agreement in July 2017) 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, 2018 and 2017, 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 investments in forward delivery agreements are in the form of a guaranteed investment contract ("GIC") which provides for, among other things, the sequential delivery of securities to be sold to the Trustee, PFC Custodian, or CFC Trustee, as applicable, periodically at a discount from maturity value such that the aggregate discount equals the interest rate previously agreed to between the Authority and the provider of the guaranteed investment contract.

The total accumulated unrealized gain (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 $5.7 million as of June 30, 2018 and a loss of approximately $1.3 million as of June 30, 2017.

The following summarizes the Authority's cash and cash equivalents and investments by type held at June 30, 2018 and 2017 (in thousands):

2018	CREDIT RATING (1)	COST	FAIR VALUE	EFFECTIVE DURATION
Massachusetts Municipal Depository Trust (6)	Unrated	$181,981	$181,981	0.003
Federal Home Loan Bank	AA+ / Aaa	$49,006	$48,753	0.989
Federally Deposit Insurance Corporation	Unrated (2)	$1,001	$1,001	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	$41,799	$41,452	0.946
Federal National Mortgage Association	AA+ / Aaa	$81,155	$80,395	1.350
Federal Farm Credit	AA+ / Aaa	$18,055	$17,990	0.791
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)	$44,818	$44,818	10.229
Cash Deposit	Unrated	$1,818	$1,818	0.003
Certificates of Deposit	AAA / Aaa (3)	$33,327	$33,327	0.351
Commercial Paper	A-1/ P-1 (5)	$423,452	$423,452	0.271
Government Fund-Morgan Stanley/Wells Fargo	AAA / Aaa (5)	$22,591	$22,591	0.003
Municipal Bond	AAA/ Aa1	$99,734	$98,697	1.179
Money Market Funds	Unrated	$2,231	$2,231	0.003
Insured Cash Sweep	Unrated (2)	$2,962	$2,962	0.003
Treasury Notes	AA+ / Aaa	$12,036	$11,985	0.862
Corporate Bonds	AA- / Aa2 (7)	$244,523	$241,370	2.254
		$ 1,260,489	$1,254,823	

2017	CREDIT RATING(1)	COST	FAIR VALUE	EFFECTIVE DURATION
Massachusetts Municipal Depository Trust (6)	Unrated	$233,906	$233,906	0.003
Federal Home Loan Bank	AA+ / Aaa	$97,379	$97,197	0.989
Federally Deposit Insurance Corporation	Unrated (2)	$5,003	$5,003	0.003
Federal Home Loan Mortgage Corp.	AA+ / Aaa	$50,904	$50,728	0.946
Federal National Mortgage Association	AA+ / Aaa	$98,923	$98,484	1.350
Federal Farm Credit	AA+ / Aaa	$36,085	$36,025	0.791
Guaranteed Investment Contracts (GIC) (6)	AA+ / A1 (4)	$43,051	$43,051	10.229
Cash Deposit	Unrated	$1,085	$1,085	0.003
Certificates of Deposit	AAA / Aaa (3)	$58,838	$58,838	0.351
Commercial Paper	A-1/ P-1 (5)	$188,769	$188,769	0.271
Government Fund-Morgan Stanley/Wells Fargo	AAA / Aaa (5)	$31,740	$31,740	0.003
Municipal Bond	AAA/ Aa1	$117,603	$117,498	1.179
Money Market Funds	Unrated	$3,015	$3,015	0.003
Insured Cash Sweep	Unrated (2)	$3,263	$3,263	0.003
Treasury Notes	AA+ / Aaa	$33,027	$33,012	0.862
Corporate Bonds	AA- / Aa2 (7)	$132,894	$132,558	2.254
		$1,135,485	$1,134,172	

1. The ratings are from S&P or Moody's as of the Fiscal Year presented.
2. FDIC Insured Deposits Accounts.
3. Collateralized by Federal Agency Notes or Letter of Credit backed by each reserve.
4. Underlying rating of security held.
5. Credit quality of fund holdings.
6. MMDT and GIC are carried at cost, which approximates fair value in the tables.
7. The Authority owns a diverse portfolio of corporate bonds with S&P credit ratings ranging from A to AAA and Moody's credit ratings ranging from A1 to Aaa. These corporate bonds have an average credit rating of AA- / Aa2

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

	2018		2017	
	COST	FAIR VALUE	COST	FAIR VALUE
Securities maturing in 1 year or more	$398,566	$393,681	$412,899	$411,701
Securities maturing in less than 1 year	$649,339	$648,558	$449,577	$449,462
Cash and cash equivalents	$212,584	$212,584	$273,009	$273,009
TOTAL	**$1,260,489**	**$1,254,823**	**$1,135,485**	**$1,134,172**

Credit Risk

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

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

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

The Authority's cash on deposits in the banks noted above at June 30, 2018 and 2017 was $1.8 million and $1.1 million, respectively, and of these amounts, $1.3 million and $1.0 million was insured in each year, and no amount was collateralized at June 30, 2018 or 2017.

b) Custodial Credit Risk – Investments

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

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

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

The following guaranteed investment contracts were in force as of June 30, 2018 and 2017, respectively; they are uncollateralized and recorded at cost (in thousands):

INVESTMENT AGREEMENT PROVIDER	RATE	MATURITY	2018	2017
Trinity Plus Funding Company	4.357%	1/2/2031	$19,843	$19,003
GE Funding Capital Markets	3.808%	12/31/2030	$24,975	$24,048
		TOTAL	**$44,818**	**$43,051**

c) Concentration of Credit Risk – Investments

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

COMMERCIAL PAPER ISSUER	2018	2017
Bank of Tokyo Mitsubishi UFJ	$61,482	$ 54,819
BNP Paribas	$29,767	$0
Canadian Imperial	$10,456	$0
Dexia	$61,264	$0
General Electric	$40,876	$0
JP Morgan Chase	$61,530	$47,832
Credit Agricole	$61,563	$31,843
Rabobank	$3,961	$0
Toyota Motor Corporation	$30,858	$54,275
ING Funding	$61,695	$0
Total	**$423,452**	**$188,769**
% of Portfolio	**34.00%**	**16.70%**

d) Credit Ratings– Investments

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

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

e) 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.

f) 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.

Cash, Cash Equivalents and Investments by Fund (in thousands)

	2018		2017	
	COST	FAIR VALUE	COST	FAIR VALUE
1978 Trust				
Improvement and Extension Fund	$306,833	$304,378	$277,639	$277,012
Capital Budget Account	$135,774	$135,774	$68,323	$68,323
Debt Service Reserve Funds	$113,714	$112,827	$114,717	$114,509
Debt Service Funds	$83,226	$83,226	$77,137	$77,137
Maintenance Reserve Fund	$208,620	$207,405	$172,845	$172,539
Operating/Revenue Fund	$71,063	$71,063	$89,765	$89,764
Subordinated Debt Funds	$47,218	$47,218	$45,449	$45,449
Self-Insurance Account	$32,047	$31,689	$31,492	$31,474
2015 B Project Fund	$0	$0	$16,749	$16,749
2016 B Project Fund	$17,143	$17,143	$53,912	$53,908
2017 A Project Fund	$63,063	$63,063	$0	$0
Other Funds	$49,777	$49,777	$20,409	$20,409
1999 PFC Trust/PFC Depositary				
Debt Service Reserve Funds	$0	$0	$551	$551
Debt Service Funds	$0	$0	$54,388	$54,388
Other PFC Funds	$38,600	$38,453	$37,544	$37,517
2011 CFC Trust				
Debt Service Reserve Funds	$28,023	$27,821	$27,977	$27,959
CFC Maintenance Reserve Fund	$2,587	$2,585	$1,696	$1,696
Debt Service Reserve Funds	$9,519	$9,519	$ 9,402	$9,402
Other CFC Funds	$53,282	$52,882	$35,490	$35,386
TOTAL	**$1,260,489**	**$1,254,823**	**$1,135,485**	**$1,134,172**

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 following tables show the fair value and the fair value measurements for our cash and cash equivalents and investments:

Cash, Cash Equivalents and Investments Measured at Fair Value (in thousands)

AS OF JUNE 30, 2018	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Federal Home Loan Bank	$48,753	$0	$48,753	$0
Federally Insured Cash Account	$1,001	$1,001	$0	$0
Federal Home Loan Mortgage Corp.	$41,452	$0	$41,452	$0
Federal National Mortgage Association	$80,395	$0	$80,395	$0
Federal Farm Credit	$17,990	$0	$17,990	$0
Cash Deposit	$1,818	$1,818	$0	$0
Certificates of Deposit	$33,327	33,327	$0	$0
Commercial Paper	$423,452	$0	$423,452	$0
Government Fund-Morgan Stanley / Wells Fargo	$22,591	22,591	$0	$0
Municipal Bond	$98,697	$0	$98,697	$0
Money Market Funds	$2,231	2,231	$0	$0
Insured Cash Sweep	$2,962	2,962	$0	$0
Treasury Notes	$11,985	$0	$11,985	$0
Corporate Bonds	$241,370	$0	$241,370	$0
Total Cash, Cash equivalents and Investments Measured at Fair Value	**$1,028,024**	**$63,930**	**$964,094**	**$0**

Cash, Cash Equivalents and Investments Measured at Fair Value (in thousands)

AS OF JUNE 30, 2017	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Federal Home Loan Bank	$97,197	$0	$97,197	$0
Federally Insured Cash Account	$5,003	$5,003	$0	$0
Federal Home Loan Mortgage Corp.	$50,728	$0	$50,728	$0
Federal National Mortgage Association	$98,484	$0	$98,484	$0
Federal Farm Credit	$36,025	$0	$36,025	$0
Cash Deposit	$1,085	$1,085	$0	$0
Certificates of Deposit	$58,838	$58,838	$0	$0
Commercial Paper	$188,769	$0	$188,769	$0
Government Fund-Morgan Stanley / Wells Fargo	$31,740	$31,740	$0	$0
Municipal Bond	$117,498	$0	$117,498	$0
Money Market Funds	$3,015	$3,015	$0	$0
Insured Cash Sweep	$3,263	$3,263	$0	$0
Treasury Notes	$33,012	$0	$33,012	$0
Corporate Bonds	$132,558	$0	$132,558	$0
Total Cash, Cash equivalents and Investments Measured at Fair Value	**$857,215**	**$102,944**	**$754,271**	**$0**

Cash and Money Market Funds

As of June 30, 2018 and 2017, the Authority held positions in various cash and money market funds and the fair values of those funds were $63.9 million and $102.9 million, respectively. The fair values of the cash and money market funds were valued using quoted market prices (Level 1).

Federal Agency Notes

As of June 30, 2018 and 2017, the Authority held positions in federal agency notes and the fair values were $188.6 million and $282.4 million, respectively. The fair values of the federal agency notes were based on a market approach using quoted prices by a third party for markets that are not active (Level 2).

Commercial Paper Notes

As of June 30, 2018 and 2017, the Authority held positions in commercial paper notes and the fair values were $423.5 million and $188.8 million, respectively. The fair values of the commercial paper notes were based on a market approach using quoted prices by a third party for markets that are not active (Level 2).

Municipal Bonds

As of June 30, 2018 and 2017, the Authority held positions in municipal bonds and the fair values were $98.7 million and $117.5 million, respectively. The fair values of the municipal bonds were based on a market approach using quoted prices by a third party for markets that are not active (Level 2).

Treasury Notes

As of June 30, 2018 and 2017, the Authority held positions in Treasury Notes and the fair values were $12.0 million and $33.0 million, respectively. The fair values of the Treasury Notes were based on a market approach using quoted prices by a third party for markets that are not active (Level 2).

Corporate Bonds

As of June 30, 2018 and 2017, the Authority held positions in corporate bonds and the fair values were $241.4 million and $132.6 million. The fair values of the corporate bonds was based on a market approach using quoted prices by a third party for markets that are not active (Level 2).

4 Capital Assets

Capital assets consisted of the following at June 30, 2018 and 2017 (in thousands):

	JUNE 30, 2017	ADDITIONS AND TRANSFERS IN	DELETIONS AND TRANSFERS OUT	JUNE 30, 2018
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	$230,593	$7	$0	$230,600
Construction In Progress	$149,730	$337,320	$294,268	$192,782
Total Capital Assets Not Being Depreciated	**$380,323**	**$337,327**	**$294,268**	**$423,382**
CAPITAL ASSETS BEING DEPRECIATED:				
Buildings	$3,440,430	$128,337	$4,508	$3,564,259
Runway And Other Paving	$878,224	$69,824	$0	$948,048
Roadway	$718,290	$48,775	$11	$767,054
Machinery And Equipment	$630,754	$47,098	$957	$676,895
Air Rights	$184,905	$226	$0	$185,131
Parking Rights	$46,261	$0	$0	$46,261
Total Capital Assets Being Depreciated	**$5,898,864**	**$294,260**	**$5,476**	**$6,187,648**
LESS ACCUMULATED DEPRECIATION:				
Buildings	$1,712,773	$126,929	$3,172	$1,836,530
Runway And Other Paving	$514,072	$44,894	$0	$558,966
Roadway	$390,451	$30,728	$6	$421,173
Machinery And Equipment	$368,448	$51,334	$950	$418,832
Air Rights	$126,277	$6,711	$0	$132,988
Parking Rights	$24,673	$1,541	$0	$26,214
Total Accumulated Depreciation	**$3,136,694**	**$262,137**	**$4,128**	**$3,394,703**
Total Capital Assets Being Depreciated, Net	**$2,762,170**	**$32,123**	**$1,348**	**$2,792,945**
Capital Assets, Net	**$3,142,493**	**$369,450**	**$295,616**	**$3,216,327**

Depreciation and amortization for Fiscal Year 2018 and 2017 was $262.2 million and $252.8 million, respectively.

	JUNE 30, 2016	ADDITIONS AND TRANSFERS IN	DELETIONS AND TRANSFERS OUT	JUNE 30, 2017
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	$226,497	$4,388	$292	$230,593
Construction In Progress	$225,930	$308,789	$384,989	$149,730
Total Capital Assets Not Being Depreciated	$452,427	$313,177	$385,281	$380,323
CAPITAL ASSETS BEING DEPRECIATED:				
Buildings	$3,187,058	$260,994	$7,622	$3,440,430
Runway And Other Paving	$830,546	$47,678	$0	$878,224
Roadway	$713,641	$4,649	$0	$718,290
Machinery And Equipment	$565,267	$66,547	$1,060	$630,754
Air Rights	$184,173	$732	$0	$184,905
Parking Rights	$46,261	$0	$0	$46,261
Total Capital Assets Being Depreciated	$5,526,946	$380,600	$8,682	$5,898,864
LESS ACCUMULATED DEPRECIATION:				
Buildings	$1,592,846	$124,246	$4,319	$1,712,773
Runway And Other Paving	$474,008	$40,064	$0	$514,072
Roadway	$361,721	$28,730	$0	$390,451
Machinery And Equipment	$321,309	$48,146	$1,007	$368,448
Air Rights	$119,462	$6,815	$0	$126,277
Parking Rights	$23,130	$1,543	$0	$24,673
Total Accumulated Depreciation	**$2,892,476**	**$249,544**	**$5,326**	**$3,136,694**
Total Capital Assets Being Depreciated, net	**$2,634,470**	**$131,056**	**$3,356**	**$2,762,170**
Capital Assets, Net	**$3,086,897**	**$444,233**	**$388,637**	**$3,142,493**

Capital assets (excluding construction in progress) at June 30 comprised the following (in thousands):

	2018	2017
Facilities completed by operation:		
Airports	$5,752,753	$5,592,547
Port	$665,495	$ 536,910
Capital assets (excluding construction in progress)	**$6,418,248**	**$6,129,457**

During Fiscal Year 2017, the Authority completed and placed into service portions of its new Checked Baggage Inspection System ("CBIS"). The write off of the old CBIS generated a $3.3 million current period expense in Fiscal Year 2017, which is included in depreciation expense.

5 Bonds and Notes Payable

Long-term debt at June 30, 2018 consisted of the following and represents maturities on the Authority's Fiscal Year basis (in thousands):

	JUNE 30, 2017	ADDITIONS	REDUCTIONS	JUNE 30, 2018	DUE WITHIN ONE YEAR
Revenue Bonds:					
SENIOR DEBT-1978 TRUST AGREEMENT:					
2007, Series A, 4.00% to 4.50%, issued May 31, 2007 due 2017 to 2038	$1,275	$0	$1,275	$0	$0
2007, Series C, 4.00% to 5.00%, issued May 31, 2007 due 2017 to 2028	$23,615	$0	$23,615	$0	$0
2008, Series C, 4.60% to 5.00%, issued July 9, 2008 due 2017 to 2021	$12,850	$0	$5,020	$7,830	$5,275
2010, Series A, 3.00% to 5.00%, issued August 5, 2010 due 2017 to 2041	$90,160	$0	$2,135	$88,025	$2,220
2010, Series B, 3.00% to 5.00%, issued August 5, 2010 due 2017 to 2041	$128,175	$0	$1,865	$126,310	$1,920
2010, Series C, 4.00% to 5.00%, issued August 5, 2010 due 2017 to 2019	$7,340	$0	$3,530	$3,810	$3,810
2010, Series D, Multi-Modal variable, issued August 5, 2010 due 2017 to 2030	$78,690	$0	$78,690	$0	$0
2012, Series A, 3.00% to 5.00%, issued July 11, 2012 due 2017 to 2043	$96,305	$0	$5,975	$90,330	$1,560
2012, Series B, 3.00% to 5.00%, issued July 11, 2012 due 2017 to 2033	$158,830	$0	$2,425	$156,405	$7,150
2014, Series A, 2.00% to 5.00%, issued July 17, 2014 due 2018 to 2045	$45,455	$0	$825	$44,630	$845
2014, Series B, 4.00% to 5.00%, issued July 17, 2014 due 2018 to 2045	$48,230	$0	$855	$47,375	$890
2014, Series C, 2.00% to 5.00%, issued July 17, 2014 due 2017 to 2036	$144,020	$0	$7,180	$136,840	$7,400
2015, Series A, 5.00%, issued July 15, 2015 due 2019 to 2045	$104,480	$0	$0	$104,480	$0
2015, Series B, 5.00%, issued July 15, 2015 due 2019 to 2045	$67,005	$0	$0	$67,005	$0
2015, Series C, 2.12% to 2.83%, issued June 30, 2015 due 2026 to 2030	$156,965	$0	$14,070	$142,895	$14,370
2016, Series A, 3.00% to 5.00%, issued July 20, 2016 due 2018 to 2038	$49,970	$0	$290	$49,680	$1,320
2016, Series B, 4.00% to 5.00%, issued July 20, 2016 due 2043 and 2046	$180,285	$0	$0	$180,285	$0
2017, Series A, 4.00% to 5.00%, issued July 19, 2017 due 2044 and 2047	$0	$169,500	$0	$169,500	$5,565
Subtotal Senior Debt	**$1,393,650**	**$169,500**	**$147,750**	**$1,415,400**	**$52,325**

	JUNE 30, 2017	ADDITIONS	REDUCTIONS	JUNE 30, 2018	DUE WITHIN ONE YEAR
SUBORDINATED DEBT- 1978 TRUST AGREEMENT:					
2000, Series A,B & C, 6.45%, issued December 29, 2000 due 2031	$40,000	$0	$0	$40,000	$0
2001, Series A,B & C, 6.45%, issued January 2, 2001 due 2031	$34,000	$0	$0	$34,000	$0
Subtotal Subordinate Debt	**$74,000**	**$0**	**$0**	**$74,000**	**$0**
SENIOR DEBT - PFC TRUST AGREEMENT:					
2007, Series B, 4.00% to 5.00%, issued May 31, 2007 due 2016 to 2018	$9,760	$0	$9,760	$0	$0
2007, Series D, 5.00%, issued May 31, 2007 due 2016 to 2018	$43,150	$0	$43,150	$0	$0
Subtotal PFC Senior Debt	**$52,910**	**$0**	**$52,910**	**$0**	**$0**
SENIOR DEBT - CFC TRUST AGREEMENT:					
2011, Series A, 5.125%, issued June 8, 2011 due 2038 to 2042	$58,030	$0	$0	$58,030	$0
2011, Series B, 3.53% to 6.352%, issued June 8, 2011 due 2017 to 2038	$140,165	$0	$3,620	$136,545	$3,780
Subtotal CFC Senior Debt	**$198,195**	**$0**	**$3,620**	**$194,575**	**$3,780**
Total Bonds Payable	**$1,718,755**	**$169,500**	**$204,280**	**$1,683,975**	**$56,105**
LESS UNAMORTIZED AMOUNTS:					
Bond premium (discount), net	$131,910	$27,248	$7,817	$151,341	$6,846
Total Bonds Payable, net	**$1,850,665**	**$196,748**	**$212,097**	**$1,835,316**	**$62,951**

The Authority's bonds payable at June 30, 2018 contain no variable rate debt. The bonds payable at June 30, 2017 included $78.7 million of variable rate demand bonds ("VRDB") consisting of Series 2010 D. The VRDBs had remarketing features which allow bondholders the right to return, or put, the bonds to the Authority. On August 7, 2013, the Authority entered into a five year irrevocable letter of credit agreement with State Street Bank, in support of the VRDBs. This agreement required repayment of the tendered, unremarketed VRDBs and any associated obligations on the bonds tendered. This agreement terminated in connection with the refunding of the Series 2010 D bonds and subsequent redemption thereof on July 20, 2017.

The VRDBs were issued as multi-modal bonds, thus allowing the Authority to reissue and refund through one of several modes. As a result, the Authority had classified $7.3 million to its current portion of long term debt, in addition to the amounts identified in the schedules of the Authority's bonds payable at June 30th due within one year, for the Fiscal Year ending June 30, 2017.

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

	JUNE 30, 2017	ADDITIONS	REDUCTIONS	JUNE 30, 2018	DUE WITHIN ONE YEAR
Senior Debt -1978 Trust Agreement:	$1,393,650	$169,500	$147,750	$1,415,400	$52,325
Subordinated Debt -1978 Trust Agreement:	$74,000	$0	$0	$74,000	$0
Senior Debt - PFC Trust Agreement:	$52,910	$0	$52,910	$0	$0
Senior Debt - CFC Trust Agreement:	$198,195	$0	$3,620	$194,575	$3,780
	$1,718,755	**$169,500**	**$204,280**	**$1,683,975**	**$56,105**

	JUNE 30, 2016	ADDITIONS	REDUCTIONS	JUNE 30, 2017	DUE WITHIN ONE YEAR
Senior Debt -1978 Trust Agreement:	$1,274,590	$230,255	$111,195	$1,393,650	$60,185
Subordinated Debt -1978 Trust Agreement:	$74,000	$0	$0	$74,000	$0
Senior Debt - PFC Trust Agreement:	$75,235	$0	$22,325	$52,910	$52,910
Senior Debt - CFC Trust Agreement:	$201,680	$0	$3,485	$198,195	$3,620
	$1,625,505	**$230,255**	**$137,005**	**$1,718,755**	**$116,715**

Debt service requirements on revenue bonds (1978 Trust and CFC Trust) outstanding at June 30, 2018 are as follows (in thousands):

Year ending June 30:	PRINCIPAL	INTEREST	TOTAL
2018	$56,105	$80,679	$136,784
2019	$54,215	$79,000	$133,215
2020	$57,000	$76,824	$133,824
2021	$58,160	$74,550	$132,710
2022	$61,000	$72,039	$133,039
2023-2027	$323,740	$318,960	$642,700
2028-2032	$355,775	$237,376	$593,151
2033-2037	$256,325	$149,758	$406,083
2038-2042	$265,770	$85,954	$351,724
2043-2047	$195,885	$21,083	$216,968
Total	**$1,683,975**	**$1,196,223**	**$2,880,198**

a) Senior Debt – 1978 Trust Agreement

On July 19, 2017, the Authority issued $169.5 million of Massachusetts Port Authority Revenue Bonds in one series. The Series 2017 A Bonds were issued in the principal amount of $169.5 million with an original issue premium of approximately $27.2 million and an interest rate of 5.0%. The 2017 A Bonds were issued, in part, to refund all of the currently outstanding Series 2007 C Revenue Refunding Bonds and all of the currently outstanding variable rate Series 2010 D Multi-Modal Revenue Refunding Bonds and resulted in a net present value savings of $2.8 million.

Additionally, the Authority expects to use approximately $91.0 million of the proceeds of the 2017 A Bonds to finance a portion of the Authority's FY18-22 Capital Program. Due to the "private activity" nature of the construction projects, these bonds were sold as AMT bonds.

On July 20, 2016, the Authority issued $230.3 million of Massachusetts Port Authority Revenue Bonds in two series. The Series 2016 A Revenue Refunding Bonds were issued in the principal amount of $50.0 million with an original issue premium of approximately $12.6 million and interest rates ranging from 3.0% to 5.0%. The 2016 A Bonds were issued to refund a portion of the currently outstanding Bonds, Series 2007 A Revenue Bonds on an advance basis and all of the currently outstanding variable rate demand revenue bonds, Series 2008 A.

The Series 2016 B Revenue Bonds were issued in the principal amount of $180.3 million with an original issue premium of approximately $26.8 million and interest rates ranging from 4.0% to 5.0%. The 2016 B Bonds were issued to finance a portion of the Authority's FY16-FY20 Capital Program in part through the repayment of $25.0 million of then outstanding Series 2012 B Tax Exempt Commercial Paper notes, which had been used to finance a portion of the Authority's FY16-FY20 Capital Program prior to the date of issuance of the Series 2016 B Bonds. Due to the "private activity" nature of the construction projects, these bonds were sold as AMT bonds.

The Authority, through 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 Trust Agreement requirement to maintain its investment grade bond ratings. As of June 30, 2018 and 2017, the Authority's debt service coverage under the 1978 Trust Agreement was 3.43 and 3.27, 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 which at maturity will provide for the $74.0 million principal payments of the subordinate debt at their respective maturities on December 31, 2030 and January 1, 2031. As of June 30, 2018, the value of the two GICs was approximately $44.8 million as compared to $43.1 million as of June 30, 2017.

c) Senior Debt – PFC Trust Agreement

As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the Authority paid the final maturities outstanding of $52.9 million on July 3, 2017. Massport currently has authority to impose and use a $4.50 PFC, in accordance with the PFC Depositary Agreement. The Authority maintains the ability to file new PFC applications with the FAA as well as the ability to issue new PFC bonds under the PFC Trust Agreement.

The Authority's PFC debt was backed by a pledge of the $4.50 PFC collections. The Authority earned PFC Revenues, as defined by the PFC Trust Agreement, of approximately $76.3 million during Fiscal Year 2017. The amount includes approximately $0.5 million of investment income on PFC receipts during Fiscal Year 2017.

The PFC Trust Agreement required a First Lien Sufficiency covenant ratio in excess of 1.05. As of June 30, 2017, the Authority's PFC First Lien Sufficiency covenant ratio under the PFC Trust Agreement was 63.44.

d) Senior Debt – CFC Trust Agreement

The Authority's outstanding CFC debt continues to be backed by a pledge of the $6.00 CFC collections. The Authority earned CFC Revenues, as defined in the CFC Trust Agreement, of approximately $34.3 million and $33.8 million during Fiscal Years 2018 and 2017, respectively. These amounts include approximately $1.3 million and $0.8 million of investment income on CFC receipts during each of the Fiscal Years 2018 and 2017, respectively.

The CFC Trust Agreement requires that the Authority maintain a debt service coverage ratio of at least 1.3. As of June 30, 2018 and 2017, the CFC debt service coverage ratio was 2.65 and 2.60, respectively.

e) Special Facility Bonds

To provide for the construction and improvement of various facilities at Logan Airport, the Authority has four outstanding series of special facilities revenue bonds as of June 30, 2018. The Authority's special facilities revenue bonds are all special limited obligations of the Authority, and are payable and secured solely from and by certain revenues of a separate trustee. The Authority's special facilities revenue bonds do not constitute a debt or pledge of the full faith and credit of the Authority, or the Commonwealth of Massachusetts or any subdivision thereof and, accordingly, have not been reflected in the accompanying financial statements. As of June 30, 2018 and 2017, the aggregate principal amount of the Authority's special facilities revenue bonds outstanding was approximately $464.4 million and $529.4 million, respectively. The Authority has no obligation for $86.4 million of Special Facility Bonds related to BosFuel and only limited obligation for the remaining $378.0 million of special facility bonds related to Terminal A described below.

Approximately $378.0 million of the Authority's outstanding special facility bonds as of June 30, 2018 relate to the Delta Airlines Series 2001 A, B, and C bonds issued in connection with Delta Airlines construction of Terminal A. During September 2005, Delta Airlines entered into bankruptcy and as of April 2007 re-emerged out of bankruptcy. The Authority is under no obligation to assume any liability for the Terminal A Special Facility Bonds or to direct revenue, other than an obligation to remit to the trustee of the Terminal A bonds a portion of the Terminal A airline revenue, to service the debt. The Authority and Delta Airlines negotiated a restated and amended lease (the "Amended Lease") for Terminal A pursuant to which Delta Airlines reduced the number of gates that it occupied in Terminal A. The Amended Lease was approved by the bankruptcy court and was effective as of July 1, 2006 for an initial term of ten years. Effective July 1, 2016, the lease was amended to extend the term with automatic one year extensions until terminated by either party.

f) Commercial Notes Payable

The Authority's commercial notes payable as of June 30, 2018 and 2017 were as follows (in thousands):

	2018	2017
Commercial paper notes	$109,000	$125,000
Commercial paper notes issued	$64,000	$9,000
Principal paid on commercial paper notes	($31,000)	($25,000)
Commercial paper notes	**$142,000**	**$109,000**

In March 2014, the Authority expanded its commercial paper program to $150 million. Commercial notes payable have been issued under the terms of the 1978 Trust Agreement and are backed by the proceeds of the Improvement and Extension Fund or anticipated bond funds. The allowable maximum principal amount outstanding at any time, in the aggregate principal amount, cannot exceed the lesser of 10% of the Authority's outstanding long-term debt or $150.0 million, and is backed by a Letter of Credit Agreement with the TD Bank N.A. expiring in June 2022.

The $142.0 million and $109.0 million of the commercial notes payable as of June 30, 2018 and 2017 have been used to fund PFC eligible projects; therefore the Authority anticipates that PFC revenues will be the source to pay such redemptions. The blended interest rate on the Series 2012 A Notes was 1.485% and 1.106% during Fiscal Years 2018 and 2017, respectively. The blended interest rate on the Series 2012 B Notes was 1.599% and 1.189% during Fiscal Years 2018 and 2017, respectively. The Authority's commercial notes payable mature in July, August and September of 2018.

During Fiscal Year 2018 and Fiscal Year 2017, the Authority did not have any interest rate swaps or other interest rate hedging arrangements.

g) Arbitrage – Rebate Liability

The United States Treasury has issued regulations on calculating the rebate due to the United States Government on arbitrage liability and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage liability arises when the Authority temporarily invests the proceeds of tax exempt debt in securities with higher yields. The Authority has no estimated liability as of June 30, 2018 and 2017, respectively.

6 Pension Plan

a) Plan Description

The Massachusetts Port Authority Employees' Retirement System (the Plan) is a single employer plan established on July 18, 1978, effective January 1, 1979, by enactment of Chapter 487 (an amendment to Chapter 32) of the General Laws of The Commonwealth of Massachusetts to provide retirement benefits for substantially all employees of the Massachusetts Port Authority (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 Board).

PIERS PARK IN EAST BOSTON

b) Benefits provided

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

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

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

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

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

At January 1, 2018 and 2017, the Plan's membership consisted of:

	2018	2017
Retirees and beneficiaries receiving benefits	779	749
Terminated employees entitled to benefits but not yet receiving them	72	78
CURRENT MEMBERS:		
Active	1,268	1,245
Inactive	136	115
Total Membership	**2,255**	**2,187**

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, 2018 and 2017, the Authority was required and did contribute to the Plan $13.4 million and $13.6 million, respectively. The Authority's annual contribution is made in July of each Fiscal Year therefore eliminating any deferred outflows related to the timing of contributions. The Authority bears the risk that plan assets might decline due to fluctuations in the fair value of the Plan's investments and contributions by the Authority will increase as part of its annual assessment.

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

Contributions totaling $24.6 million ($13.4 million employer and $11.2 million employee) and $24.2 million ($13.6 million employer and $10.6 million employee) were recognized by the Plan for plan years 2017 and 2016, respectively.

MASSPORT EMPLOYEES DONATED MORE THAN 60 BACKPACKS FILLED WITH SCHOOL SUPPLIES AND NEW CLOTHES TO SUPPORT CHILDREN IN NEIGHBORING COMMUNITIES

d) Investment valuation

Investments are reported at fair value. Securities traded on a national or international securities exchange are valued at the last reported sales price on the last business day of the plan year; investments traded on a national securities exchange for which no sale was reported on that date and investments in common and preferred stocks traded in over-the-counter markets are valued at the mean of the last reported bid and asked prices, or the last reported bid price. Mutual funds and commingled funds, including real estate and alternative investments, are valued based on net asset or unit value at year end.

e) Pension plan fiduciary net position

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.

f) Net Pension Liability

The components of the net pension liability of the System as of December 31, 2017 and 2016, is as follows (in thousands):

	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY (A)	PLAN FIDUCIARY NET POSITION (B)	NET PENSION LIABILITY (A)-(B)
Balance at December 31, 2015	**$618,537**	**$526,622**	**$91,915**
Service cost	$15,920	$0	$15,920
Interest	$44,962	$0	$44,962
Changes between expected and actual experience	$2,592	$0	$2,592
Changes in assumptions	($1,479)	$0	($1,479)
Contributions – employer	$0	$13,552	($13,552)
Contributions – employees	$0	$10,660	($10,660)
Net investment income	$0	$42,565	($42,565)
Benefits payments	($28,604)	($28,604)	$0
Administrative expenses	$0	($1,189)	$1,189
Balance at December 31, 2016	**$651,928**	**$563,606**	**$88,322**
Service cost	$16,419	$0	$16,419
Interest	$47,341	$0	$47,341
Changes between expected and actual experience	($1,474)	$0	($1,474)
Contributions – employer	$0	$13,362	($13,362)
Contributions – employees	$0	$11,242	($11,242)
Net investment income	$0	$92,226	($92,226)
Benefits payments	($30,731)	($30,731)	$0
Administrative expenses	$0	($1,149)	$1,149
Balance at December 31, 2017	**$683,483**	**$648,556**	**$34,927**

g) Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2017 and update procedures were used to roll forward the total pension liability forward from the valuation date (1/1/17) to the measurement date (12/31/17). The following actuarial assumptions were applied to the periods included in the measurement for 2017 and 2016:

- Inflation – 3.0%
- Salary increases – 4.5%
- Investment rate of return – 7.25%, net of plan investment expense
- Cost–of–living increases – 3.0% on a maximum base of $14,000
- Mortality:
  - Healthy – RP 2000 Table (sex distinct) projected with Scale BB and Generational Mortality. Post retirement the RP 2000 healthy annuitant Table (sex distinct) projected with Scale BB Generational Mortality.
  - Disabled RP 2000 healthy annuitant Table (sex distinct) and Generational Mortality set forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.
- Long-term Expected Rate of Return:
  The long term expected rate of return on plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric long term expected real rates of return for each major asset class are summarized in the following table:

	LONG-TERM EXPECTED REAL RATE OF RETURN	
Asset Class	**2017***	**2016***
Domestic equity	5.01%	5.10%
International equity	5.21%	5.29%
Fixed income	2.34%	2.38%
Real estate	5.20%	4.90%
Private equity	7.68%	7.90%

*amounts are net of inflation assumption of 2.32%

h) Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2017 and 2016 was 7.25% and 7.25%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected further benefit payments of current plan members. Therefore, the long term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Plan as of December 31, 2017 and 2016, calculated using the discount rate of 7.25% for 2017 and 2016, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25% for 2017 and 2016) or one percentage point higher (8.25% for 2017 and 2016) than the current rate (in thousands):

FISCAL YEAR	1% DECREASE (6.250%)	CURRENT DISCOUNT RATE (7.250%)	1% INCREASE (8.250%)
2018	$116,065	$34,927	($31,954)

FISCAL YEAR	1% DECREASE (6.250%)	CURRENT DISCOUNT RATE (7.250%)	1% INCREASE (8.250%)
2017	$166,752	$88,322	$23,780

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

For the years ended June 30, 2018 and 2017, the Authority recognized pension expense of $8.8 million and $19.7 million, respectively.

At June 30, 2018 and 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2018		2017	
	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$753	$0	$2,446	$0
Differences arising from the recognition of changes in assumptions	$13,116	$0	$16,217	$0
Net difference between projected and actual earnings on pension Plan investments	$0	$25,390	$18,635	$0
Total	**$13,869**	**$25,390**	**$37,298**	**$0**

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

Year ended June 30:	
2019	$2,078
2020	$741
2021	($7,923)
2022	($7,171)
2023	$867
Thereafter	($113)

7 Other Postemployment Benefits

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 days after leaving the Authority. The Board also voted to eliminate retiree dental and life insurance coverage, as well as Medicare Part B premium subsidy for this group of employees.

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

b) Benefits provided

The medical plans are either HMOs, PPOs or indemnity plans, and some are designed to work with Medicare benefits, such a 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. To comply with the requirements of GASB No. 75, the Authority performed an actuarial valuation at January 1, 2017, and used June 30, 2017 as the measurement date. The Authority issues publicly available audited financial statements for the Trust. The report may be obtained by writing to the Massachusetts Port Authority, Attn: John P. Pranckevicius, CPA, Director of Administration and Finance and Secretary-Treasurer, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909. Those statements are prepared with an "economic resources" measurement focus on the accrual basis of accounting in accordance with U.S generally accepted accounting principles. Employer contributions are recognized when the employer has made formal commitments to provide the contributions and benefits are recorded when due and payable in accordance with the terms of the Trust. Investments are reported at fair value. Mutual funds and commingled funds are valued based on fair value and alternative investments are valued based on net asset or unit value at year end. The Trust did not own any individual securities and no long term contracts for contributions to the Trust existed at June 30, 2018 or 2017.

At June 30, 2018 and 2017, the Trust's membership consisted of:

	2018	2017
Active Employees		
Pre-Medicare (hired prior to 3/31/1986)	57	74
Post-Medicare (hired after 3/31/1986)	1,234	1,205
Total	1,291	1,279
Inactive Participants (Vested)	65	68
Retired, Disabled, Survivors and Beneficiaries	935	903
Total Membership	**2,291**	**2,250**

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 Trust on a level cost basis, and to fund operating costs of the Trust. For the years ended June 30, 2017 and 2016, the Authority contributed to the Trust $14.3 million and $12.0 million, respectively and these amounts are recorded in the Statement of Net Position as a deferred outflow of resources as of June 30, 2017 and July 1, 2016. The Authority's annual contribution is made monthly throughout the Fiscal Year. 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) OPEB Trust deposits and investments

i) OPEB Trust Investment Policy

The Trust's investments are made in accordance with the provisions of the Trust Investment Policy (the "Investment Policy") which was adopted on May 8, 2009 and amended on December 8, 2014 by the Retiree Benefits Trust Committee (the "Committee"). The goals of the 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 investment policy was developed to achieve a long-term return commensurate with contemporary economic conditions and equal to or exceed the investment objectives set forth in the investment policy, currently set at 7.25%.

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

The Trust is currently invested in commingled funds which hold stocks (domestic and international) and fixed income securities and a REIT index fund. Additionally, during FY 2016, the Trust invested in two private equity real estate funds. The exposure limits per the Trust Investment Policy are as follows:

			ASSET WEIGHTINGS (AS OF DECEMBER 8, 2014)		
ASSET CLASS	2017 EXPOSURE	2016 EXPOSURE	MINIMUM EXPOSURE	MAXIMUM EXPOSURE	TARGET ALLOCATION
Domestic equity	39.8%	38.1%	28%	48%	38.0%
Fixed income	30.6%	33.5%	17%	47%	32.0%
International equity	20.0%	19.2%	10%	30%	20.0%
Cash and cash equivalents	0.2%	1.0%	0%	20%	10.0%
Alternatives:			0%	15%	7.5%
REIT index fund	2.8%	3.2%			
Real estate private equity	6.6%	5.0%			
Total Alternatives	9.4%	8.2%			

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

The following summarizes the Trust's cash, cash equivalents and investments by type held at June 30, 2017 and 2016 (in thousands):

	CREDIT RATINGS	2017 FAIR VALUE	CREDIT RATING	2016 FAIR VALUE
Cash and Cash Equivalents				
MMDT	Unrated	$1,525	Unrated	$870
First American Government Fund	Unrated	$120	Unrated	$200
US Bank Money Market Fund		$0	Unrated	$551
Total Cash and Cash Equivalents		**$1,645**		**$1,621**
Investments				
Vanguard Index Funds	Unrated	$107,429	Unrated	$93,263
Vanguard Total Bond Market Fund	AA	$18,946	AA	$20,794
Vanguard Intermediate Term Investment Grade Fund	A	$9,558	A	$6,308
Vanguard Short Term Bond Index Fund	AA	$8,234	AA	$12,032
Aberdeen Emerging Markets Fund	Unrated	$7,958	Unrated	$5,115
Alliance Bernstein High Income	BBB	$9,475	BBB	$6,179
TCW Emerging Markets Income	BB	$4,624	BB	$4,054
PL Floating Rate Income Fund	B	$5,487	B	$5,114
Real Estate Private Equity Funds	Unrated	$12,235	Unrated	$8,060
Total Investments		**$183,946**		**$160,919**

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 June 30, 2017 and 2016.

ii) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the Trust's deposits may not be returned. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Trust and are held by either the depository financial institution or the depository financial institution's trust department or agent but not in the Trust's name.

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

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

iii) Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations.

For the years ended June 30, 2017 and 2016, the Trust's fixed income investments totaled $56.3 million and $54.4 million, respectively. At June 30, 2017 and 2016, 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 percentage of the fixed income portfolio below investment grade at June 30, 2017 and 2016 was 22.72% and 20.34%, respectively.

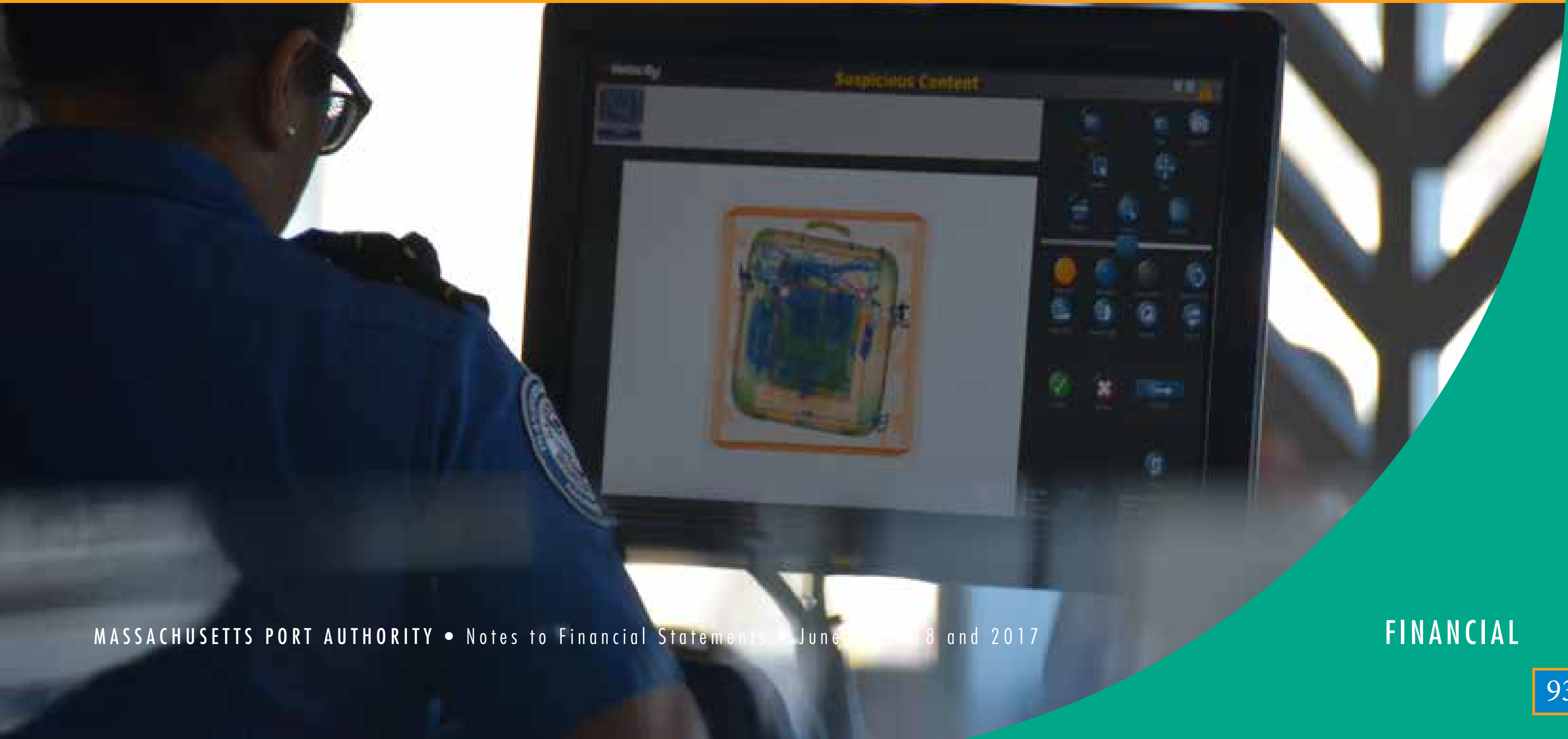
iv) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the Trust's investment in a single issuer. Investments of Trust assets are diversified in accordance with the Investment Policy that defines rules for the funds, including having no stock holding or fixed income holding with a 5% or greater portfolio weighting (except U.S. Treasury or securities backed by the federal government), holding no more than 2% of the outstanding shares of an individual stock, and holding no more than 25% of the portfolio in any one industry. Trust assets were in compliance with the Investment Policy at June 30, 2017 and 2016, respectively.

v) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 June 30, 2017 and 2016 was 4.68 and 4.32 years, respectively.

BAGGAGE SCREENING AT LOGAN AIRPORT



The individual fund durations are as follows at June 30, 2017 and 2016, respectively:

	2017 FAIR VALUE	EFFECTIVE DURATION	2016 FAIR VALUE	EFFECTIVE DURATION
Fixed Income Investments				
Vanguard Total Bond Market Fund	$18,947	6.10	$20,794	5.50
Vanguard Intermediate Term Investment Grade Fund	$9,558	5.50	$6,308	5.50
Vanguard Short Term Bond Index Fund	$8,234	2.80	$12,032	2.70
Alliance Bernstein High Income	$9,475	4.18	$6,179	3.96
TCW Emerging Markets Income	$4,624	6.72	$4,054	6.72
PI Floating Rate Income Fund	$5,487	0.33	$5,114	0.36
Total Fixed Income Investments	**$56,325**		**$54,481**	

vi) 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.

vii) Rate of Return

As required per GASB Statement 74, , the annual money weighted rate of return on trust investments, net of trust expenses was 11.88% and 1.53% for the years ended June 30, 2017 and 2016, respectively. The money weighted rate of return expresses investment performance net of investment expenses adjusted for the changing amounts actually invested. The Trust's annual rate of return, measured for financial performance purposes, was 12.1% and 1.7%, gross of fees, for Fiscal Years 2017 and 2016, respectively.

viii) 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 June 30, 2017 and 2016:

Investments Measured by Fair Value Level ($ 000)

As of June 30, 2017	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Investments				
Vanguard Index Funds	$107,429	$107,429	$0	$0
Vanguard Total Bond Market Fund	$18,946	$18,946	$0	$0
Vanguard Intermediate Term Investment Grade Fund	$9,558	$9,558	$0	$0
Vanguard Short Term Bond Index Fund	$8,234	$8,234	$0	$0
Aberdeen Emerging Markets Fund	$7,958	$7,958	$0	$0
AllianceBernstein High Income	$9,475	$9,475	$0	$0
TCW Emerging Markets Income	$4,624	$4,624	$0	$0
PI Floating Rate Income Fund	$5,487	$5,487	$0	$0
Total investments measured by fair value level	**$171,711**	**$171,711**	$0	$0
Investments Measured at the Net Asset Value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	$5,592			
Equus Fund X	$6,643			
Total investments measured at the NAV	**$12,235**			
Total Investments	**$183,946**	**$171,711**	$0	$0

Investments Measured by Fair Value Level ($ 000)

As of June 30, 2016	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Investments				
Vanguard Index Funds	$93,263	$93,263	$0	$0
Vanguard Total Bond Market Fund	$20,794	$20,794	$0	$0
Vanguard Intermediate Term Investment Grade Fund	$6,308	$6,308	$0	$0
Vanguard Short Term Bond Index Fund	$12,032	$12,032	$0	$0
Aberdeen Emerging Markets Fund	$5,115	$5,115	$0	$0
AllianceBernstein High Income	$6,179	$6,179	$0	$0
TCW Emerging Markets Income	$4,054	$4,054	$0	$0
PI Floating Rate Income Fund	$5,114	$5,114	$0	$0
Total investments measured by fair value level	**$152,859**	**$152,859**	**$0**	**$0**
Investments Measured at the Net Asset Value (NAV)				
Real Estate Private Equity Funds:				
Boyd Watterson GSA Fund	$5,120			
Equus Fund X	$2,940			
Total investments measured at the NAV	**$8,060**			
Total Investments	**$160,919**	**$152,859**	**$0**	**$0**

Comingled Mutual Funds

As of June 30, 2017 and 2016, the Authority held positions in several comingled mutual funds as noted above and the fair values were $171.7 million and $152.9 million, respectively. The fair values of the comingled 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:

Investments Measured at NAV ($ 000)

	2017	2016	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTIN NOTICE PERIOD
Real Estate Private Equity Funds					
Boyd Watterson GSA Fund (1)	$5,592	$5,120	—	—	60 days
Equus Fund X(2)	$6,643	$2,940	—	—	—
Total investments measured at the NAV	**$12,235**	**$8,060**			

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.

e) Net OPEB Liability

The total OPEB liability at June 30, 2018 was determined by an actuarial valuation as of January 1, 2017 and update procedures were used to roll forward the total OPEB liability from the valuation date (1/1/17) to the measurement date (6/30/17). The total OPEB liability at June 30, 2017 was determined by an actuarial valuation as of January 1, 2016 and update procedures were used to roll backward the total OPEB liability from the valuation date (1/1/16) to the measurement date (6/30/16).

The components of the net OPEB liability of the Trust as of June 30, 2018 and 2017, is as follows (in thousands):

	INCREASE (DECREASE)		
	TOTAL OPEB LIABILITY (A)	TRUST FIDUCIARY NET POSITION (B)	NET OPEB LIABILITY (A)-(B)
Balance at June 30, 2016	**$279,789**	**$158,630**	**$121,159**
Service cost	$5,891	$0	$5,891
Interest	$20,285	$0	$20,285
Contributions – employer	$0	$13,340	($13,340)
Contributions – employees	$0	$209	($209)
Difference between expected and actual experience	$18,841	$0	$18,841
Net investment income	$0	$2,348	($2,348)
Benefits payments	($11,987)	($11,987)	$0
Administrative expenses	$0	($172)	$172
Balance at June 30, 2017	**$312,819**	**$162,368**	**$150,451**
Service cost	$6,405	$0	$6,405
Interest	$22,693	$0	$22,693
Contributions – employer	$0	$15,787	($15,787)
Contributions – employees	$0	$248	($248)
Net investment income	$0	$19,829	($19,829)
Benefits payments	($12,643)	($12,643)	$0
Administrative expenses	$0	($173)	$173
Balance at June 30, 2018	**$329,274**	**$185,416**	**$143,858**

f) Actuarial Assumptions

The following actuarial assumptions were applied to the periods included in the measurement for 2017 and 2016:

- **Inflation** – 3.0%

- **Salary increases** – 4.5%

- **Investment rate of return** – 7.25%, net of Trust investment expense

- **Health care trend rates** – Initial annual health care cost trend rate range from 1.1% to 9.0% which decrease to a long-term trend rate between 5.0% and 6.0% for all health care benefits after ten years. The initial annual dental cost trend rates range from 0.0% to 7.0% which decrease to a long-term trend rate between 5.0% and 5.3% for all dental benefits after 10 years.

- **Mortality**:
  - Healthy – RP 2000 Table (sex distinct) projected with Scale BB and Generational Mortality. Post retirement the RP 2000 healthy annuitant Table (sex distinct) projected with Scale BB Generational Mortality.
  - Disabled RP 2000 healthy annuitant Table (sex distinct) and Generational Mortality set forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.

- **Other information:**
  As of January 1, 2016, employees hired after September 30, 2009 are not eligible for post-retirement medical insurance until age 60 with 10 year of service

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

- **Long term Expected Rate of Return:**
  The long term expected rate of return on Trust investments was determined 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. 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 arithmetic 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 2017	2016
Domestic equity		
Vanguard Total Stock Market Index	6.48%	6.48 %
Fixed income		
Vanguard Total Bond Market Fund	3.13%	3.13%
Vanguard Short Term Bond Index Fund	3.13%	3.13%
Vanguard Intermediate Term Investment Grade	4.00%	4.00%
Alliance Bernstein High Income	4.75%	4.75%
PI Floating Rate Income Fund	2.89%	2.89%
TCW Emerging Markets Income	5.25%	5.25%
International equity		
Vanguard Total International Stock Index	6.65%	6.65%
Vanguard Developed Market Stock Index	6.65%	6.65%
Aberdeen Emerging Markets Fund	7.20%	7.63%
Cash and cash equivalents	0.75%	0.75%
Alternatives		
REIT index fund	4.62%	4.62%
Real estate private equity	7.65%	7.65%

g) Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2018 and 2017 was 7.25%, respectively. 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.

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

The following presents the net OPEB liability of the Authority as of June 30, 2018 and 2017, calculated using the discount rate of 7.25% for 2018 and 2017, 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 (6.25% for 2018 and 2017) or one percentage point higher (8.25% for 2018 and 2017) than the current rate (in thousands):

FISCAL YEAR END	1% DECREASE (6.250%)	CURRENT DISCOUNT RATE (7.250%)	1% INCREASE (8.250%)
2018	$192,188	$143,858	$105,549

FISCAL YEAR END	1% DECREASE (6.250%)	CURRENT DISCOUNT RATE (7.250%)	1% INCREASE (8.250%)
2017	$196,996	$150,451	$113,564

i) 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 June 30, 2018 and 2017, calculated using healthcare cost trend rates of 9.0% decreasing to 5.0% as well as what the net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

FISCAL YEAR END	1% DECREASE (8.0% DECREASNG TO 4.0%)	HEALTHCARE COST TREND RATE (9.0% DECREASING TO 5.0%)	1% INCREASE (10.0% DECREASING TO 6.0%)
2018	$100,533	$143,858	$199,282

FISCAL YEAR END	1% DECREASE (8.0% DECREASING TO 4.0%)	HEALTHCARE COST TREND RATE (9.0% DECREASING TO 5.0%)	1% INCREASE (10.0% DECREASING TO 6.0%)
2017	$111,339	$150,451	$200,379

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

For the years ended June 30, 2018 and 2017, the Authority recognized OPEB expense of $20.2 million and $19.2 million, respectively.

At June 30, 2018 and 2017 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	2018		2017	
	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$13,292	$0	$16,066	$0
Net difference between projected and actual earnings on OPEB investments	$0	$831	$7,363	$0
OPEB contribution subsequent to measurement date	$15,682	$0	$14,300	$0
Total	**$28,974**	**$831**	**$37,729**	**$0**

In accordance with GASB Statement No. 75, the Authority reported $15,682 as deferred outflows of resources related to the Authority's OPEB contribution subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

Year ended June 30:	
2019	$3,027
2020	$3,027
2021	$3,027
2022	$1,187
2023	$2,193

8 Leases

a) Commitments

The Authority has commitments under various operating leases, which contain escalation clauses, as lessee.

The following is a schedule by years of minimum rental payments under noncancelable operating leases as of June 30, 2018 (in thousands):

YEARS	AMOUNT	YEARS	AMOUNT
2019	$2,168	2039 – 2043	$4,880
2020	$1,708	2044 – 2048	$4,880
2021	$1,488	2049 – 2053	$4,880
2022	$1,432	2054 – 2058	$4,880
2023	$1,432	2059 – 2063	$4,880
2024 – 2028	$5,792	2064 – 2068	$4,880
2029 – 2033	$4,880	2069 – 2072	$2,602
2034 – 2038	$4,880		
		Total	**$55,662**

Rent expense and other operating lease related payments were $6.9 million and $10.9 million for Fiscal Years 2018 and 2017, respectively.

b) Rental Income

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

The following is a schedule by years of minimum future rental income on noncancelable operating leases as of June 30, 2018 (in thousands):

YEARS	AMOUNT	YEARS	AMOUNT
2019	$96,451	2054 – 2058	$60,616
2020	$83,375	2059 – 2063	$64,031
2021	$77,826	2064 – 2068	$65,809
2022	$69,084	2069 – 2073	$69,978
2023	$60,076	2074 – 2078	$72,048
2024 – 2028	$195,128	2079 – 2083	$76,099
2029 – 2033	$102,620	2084 – 2088	$67,491
2034 – 2038	$92,358	2089 – 2093	$69,553
2039 – 2043	$93,005	2094 – 2098	$64,439
2044 – 2048	$76,899	2099 – 2103	$4,154
2049 – 2053	$62,061	2104 – 2107	$1,401
		Total	**$1,624,502**

Rental income and concession income, including contingent payments received under these provisions, were approximately $386.2 million and $341.9 million for the Fiscal Years 2018 and 2017, respectively.

9 Risk Management

The Authority, as mandated by the 1978 Trust Agreement, maintains a self insurance account for general liability and workers compensation within the Operating Fund. The self insurance accruals are determined based on insurance claim history and actuarial estimates needed to pay prior and current-year claims. The accrued liability was approximately $8.1 million as of June 30, 2018 and 2017, respectively, and is included as a component of accrued expenses in the accompanying financial statements. This liability is fully funded as of June 30, 2018 and 2017.

Changes in the accrued liability accounts, related to self insurance, in Fiscal Year 2018, 2017 and 2016 were as follows (in thousands):

	2018	2017	2016
Liability balance, beginning of year	$8,053	$7,986	$7,625
Provision to record estimated losses	$3,538	$3,308	$2,706
Payments	($3,516)	($3,241)	($2,345)
Liability balance, end of year	**$8,075**	**$8,053**	**$7,986**

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 Massport employees and International Longshoreman's Association Members; $1,000 per occurrence for automobile liability; aviation general liability and airport terrorism insurance; $0.25 million for airside incidents and for non-airside auto losses; $25 thousand for Comprehensive Marine Liability, Terminal Operator's Liability, Stevedore's liability; and $0.25 million 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. Further, insurance maintained in Fiscal Years 2018 and 2017 has not changed significantly from prior periods.

10 Payments in Lieu of Taxes

The Authority's Enabling Act and the 1978 Trust Agreement authorize and directs 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 Boston PILOT Agreement (the "Amended Boston PILOT Agreement"), the term of the Amended Boston PILOT Agreement terminates on June 30, 2022 subject to (1) mutual rights annually to terminate the Amended Boston PILOT Agreement and (2) automatic one year extensions of the term each July 1. In November 2016, the City of Boston notified the Authority of its election to terminate the Boston PILOT Agreement on June 30, 2022, and the parties expect to commence negotiations on a successor agreement or an amendment to the existing agreement. The Amended Boston PILOT Agreement provides for the Authority to pay (i) an annual base amount (the "Base Amount") of $14.0 million, which, commencing in Fiscal Year 2007, increases annually by the annual percentage change in the consumer price index, provided that such increase shall be no less than 2% nor greater than 8% per year, (ii) for ten years ending in Fiscal Year 2016, an amount of $700,000, which shall not be increased or adjusted, and (iii) a community portion (the "Community Portion").

In Fiscal Year 2006, the Authority and the Town of Winthrop entered into an Amended and Restated Payment-In-Lieu-Of-Taxes Agreement (the "Amended Winthrop PILOT Agreement"), which extended the base in-lieu-of-tax payments through Fiscal Year 2025. The Amended Winthrop PILOT Agreement provides for the Authority to make an annual payment of $900,000.

PILOT expenses to the City of Boston for Fiscal Years 2018 and 2017 were $19.0 million and $18.4 million, respectively. PILOT expenses to the Town of Winthrop for Fiscal Years 2018 and 2017 were $0.9 million for each year.

11 Commitments

a) Contractual Obligations for Construction

The Authority enters into construction contracts with various construction and engineering companies. Construction contracts outstanding were approximately $261.8 million and $304.5 million as of June 30, 2018 and 2017, respectively.

b) Seaport Bond Bill

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

c) Boston Harbor Dredging Project

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

12 Litigation

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

13 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, 2018 and 2017 is $4.6 million and $1.2 million, respectively, which represents the approximate amounts the Authority expects to pay for future remediation activities. The Authority paid approximately $0.8 million and $1.1 million in Fiscal Years 2018 and 2017, respectively. This estimate was generated using input and guidance from internal management and professional consultants, and represents a wide array of remediation activities ranging from onetime events to longer-term sustained monitoring activity. The Authority will continue to closely monitor each of these obligations, working toward regulatory closure, and will make any necessary adjustments to the potential liability as new information becomes available.

14 Interagency Agreements

a) Investment in Joint Venture

In May 1996, the Authority entered into an interagency agreement with the Massachusetts Highway Department ("MHD") and Massachusetts Bay Transportation Authority ("MBTA") for the construction of a Regional Transportation Center ("RTC") in Woburn, Massachusetts ("Interagency Agreement"). Under the terms of the Interagency Agreement, the Authority has paid one third of the costs of acquiring the site and constructing the RTC and will share in a like proportion in the profits and losses of the RTC. During Fiscal Years 2018 and 2017, the Authority recognized income of approximately $0.3 million and $0.2 million, respectively, representing its share of the earnings of the RTC.

b) Logan Airport Silver Line Transportation Agreement

In December 2005, the Authority entered into a ten year agreement with the MBTA to provide public transportation between South Station in Boston, Massachusetts and Logan Airport along a route called the Silver Line. Pursuant to this agreement, the Authority purchased eight buses at a cost of $13.3 million, and the MBTA agreed to operate and maintain the Authority's Silver Line buses for a cost of $2.0 million per year, paid in equal monthly installments. In August 2015, this agreement was extended for an additional five year period and modified to provide that the Authority would be responsible for paying the FAA approved rate of 76.06% of the costs to operate and maintain the Silver Line buses and 76.06% of the costs of the future rebuild of the Silver Line buses. During Fiscal Years 2018 and 2017, the estimated costs to operate and maintain the Silver Line buses was $2.86 million and $3.0 million, respectively, and the Authority also incurred expenses of $1.8 million and $2.5 million, respectively, to rebuild four Silver Line Buses in each year.

15 Subsequent Events

a) Bond Offering

In February 2018, the Board authorized the issuance and sale of up to $107.5 million of subordinated obligations, Series 2018 – A (AMT) to finance the design and construction of Berth 10 and the acquisition of 3 STS cranes. This transaction is expected to close in the fourth quarter of calendar 2018.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2018
(In Thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$13,362	$13,552	$10,845	$11,146	$11,960	$9,594	$5,710	$4,924	$7,621	$401
Actual contribution in relation to the actuarially determined contribution	$13,362	$13,552	$10,845	$11,146	$ 11,960	$9,594	$5,710	$4,924	$7,621	$401
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered employee payroll	$110,173	$106,444	$99,190	$94,340	$90,042	$87,476	$85,941	$89,950	$89,704	$85,120
Contributions as a percentage of covered employee payroll	12.1%	12.7%	10.9%	11.8%	13.3%	11.0%	6.6%	5.5%	8.5%	0.5%

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated annually as of January 1, 18 months prior to the end of the Fiscal Year in which the contributions are reported. Contributions are made on July 1, of each year.

Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Frozen entry age
Amortization method	20 Level dollar, closed
Remaining amortization period	Multiple bases with remaining periods from 8 to 20 years
Asset valuation method	Beginning in 2008, fair value of assets using a five year smoothing period. Prior to 2008, used four year asset smoothing period.
Inflation rate	3.0%
Salary increases	2013 valuation: 4.5%; 2009 valuation: 4.75%; prior to 2009: 5.00%
Investment rate of return	2016 valuation 7.25%; 2015 valuation: 7.5%; 2012 valuation: 7.625%; 2010 valuation: 7.75%; 2009 valuation: 8.0%; prior to 2009: 7.75%
Retirement age	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 mortality	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.
Other information	As of January 1, 2016, employees hired after September 30, 2009 and not eligible for post-retirement medical insurance until age 60, retirement age begins at age 60 with 10 years of service. As of January 1, 2013, the mortality assumption was changed to the RP2000 Generational Table and the retirement, disability and withdrawal assumptions were changed based on an experience study. As of January 1, 2012, the mortality assumption was changed to the RP2000 Table projected forward 22 years with Scale AA, interest rate changed to 7.625% (from 7.75%) and salary rate to 4.50% (from 4.75%). Vacation buyback factor was increased from 1.00% to 1.25%. As of January 1, 2011, the mortality assumption was changed to the RP2000 Table projected forward 11 years with Scale AA. As of January 1, 2010, the mortality assumption was changed to the RP2000 Table projected forward 10 years with Scale AA, interest rate was changed to 7.75% (from 8.00%). As of January 1, 2009, the mortality assumption was changed to the RP2000 Table projected forward 9 years with Scale AA, interest rate was changed to 8.00% (from 7.75%), salary rate was changed to 4.75% (from 5.00%), contribution timing was changed to the beginning of the Fiscal Year from monthly. As of January 1, 2008, the retirement age assumption was extended to age 70 for Group 1 employees, disabled mortality changed to a 2 year set forward and the asset valuation method was changed to a 5 year smoothing.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2018
(In Thousands)

	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service cost	$16,419	$15,920	$14,875	$13,056
Interest	$47,341	$44,962	$41,160	$40,956
Differences between expected and actual experience	($1,474)	$2,592	($1,395)	$1,929
Change of assumptions	$0	($1,479)	$24,098	$0
Benefit payments, including refunds of employee contributions	($30,731)	($28,604)	($26,106)	($24,357)
Net change in total pension liability	**$31,555**	**$33,391**	**$52,632**	**$31,584**
Total pension liability – beginning	**$651,928**	**$618,537**	**$565,905**	**$534,321**
Total pension liability – ending	**$683,483**	**$651,928**	**$ 618,537**	**$565,905**
PLAN FIDUCIARY NET POSITION				
Contributions - employer	$13,362	$13,552	$10,845	$11,146
Contributions - employee	$11,242	$10,660	$ 9,948	$9,628
Net Investment Income	$92,226	$42,565	($4,572)	$32,062
Benefit payments, including refunds of employee contributions	($30,731)	($28,604)	($26,106)	($24,357)
Administrative expense	($1,149)	($1,189)	($1,189)	($1,417)
Net change in plan fiduciary net position	**$84,950**	**$36,984**	**($11,074)**	**$27,062**
Plan fiduciary net position – beginning	**$563,606**	**$526,622**	**$537,696**	**$510,634**
Plan fiduciary net position – end	**$648,556**	**$563,606**	**$526,622**	**$537,696**
Massport net pension liability - ending	$34,927	$88,322	$91,915	$28,209
Plan fiduciary net position as a percentage of the total pension liability	94.9%	86.5%	85.1%	95.0%
Covered payroll	$114,385	$112,167	$103,212	$99,113
Massport's net pension liability as a percentage of covered employee payroll	30.5%	78.7%	89.1%	28.5%

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

Benefit changes - none
Changes in assumptions - Mortality table changes from Scale AA to BB in FY 2017.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)
Schedule of OPEB Contributions

	2018	2017	2016	2015	2014
Actuarially determined contribution	$15,177	$18,084	$14,390	$13,187	$14,738
Authority contribution	$15,682	$14,300	$12,000	$12,000	$14,000
Contribution deficiency (excess)	**($505)**	**$3,784**	**$2,390**	**$1,187**	**$738**
Covered - employee payroll	$135,585	$131,477	$119,153	$117,277	$110,167
Contributions as a % of covered employee payroll	11.6%	10.9%	10.1%	10.2%	12.7%

	2013	2012	2011	2010	2009
Actuarially determined contribution	$14,006	$18,444	$17,229	$18,345	$17,263
Authority contribution	$20,851	$13,807	$17,100	$15,338	$14,905
Contribution deficiency (excess)	**($ 6,845)**	**$4,637**	**$129**	**$3,007**	**$2,358**
Covered - employee payroll	$102,487	$98,201	$99,457	$97,980	$ 97,946
Contributions as a % of covered employee payroll	20.3%	14.1%	17.2%	15.7%	15.2%

Methods and assumptions used to determine contribution rates.

Valuation date:	Actuarially determined contribution rates are calculated as of January 1, six months prior to the beginning of the Fiscal Year in which contributions are reported. The January 1, 2016 valuation established the rate for the Fiscal Year 2017 contribution and the January 1, 2017 valuation established the Fiscal Year 2018 contribution. The following assumptions were used for the periods included in the funding for 2018 and 2017:
Actuarial cost method:	Contribution: Projected Unit Credit Net OPEB Liability: Entry Age Normal
Amortization method:	30 year level, closed, 20 years remaining
Asset valuation method:	Fair value
Inflation:	3.0%
Salary increases:	4.5%, including inflation 2013 forward 4.75%, including inflation 2009 to 2012
Investment rate of return:	7.25% annually, net of plan investment expenses for funded program 2016 forward 7.50% annually, net of plan investment expenses for funded program 2015 7.75% annually, net of plan investment expenses for funded program pre 2013 4.00% annually, net of plan investment expenses for unfunded program 2013 on 4.25% annually, net of plan investment expenses for unfunded program pre 2013
Health care trend rates	Initial annual health care cost trend rate range of 1.7% to 9.0% which decreases to a long-term trend rate between 5.0% and 6.0% for all health care benefits after ten years. The initial annual dental cost trend rates range from 0.0% to 7.0% which decrease to a long term trend rate between 5.0% and 6.0% for all dental benefits after ten years.
Mortality:	Healthy-RP 2000 Table (sex distinct) projected with Scale BB and Generational Mortality. Post-retirement the RP 2000 healthy annuitant Table (sex-distinct) projected with Scale BB Generational Mortality Disabled-RP 2000 healthy annuitant Table (sex-distinct) and Generational Mortality set-forward 2 years. Mortality for accidental disability is assumed to be 50% from the same cause as the disability.
Notes to Schedule	Changes in assumptions - Mortality table changes from Scale AA to BB in FY 2017. Benefit changes - none
Other Information	As of January 1, 2016, employees hired after September 30, 2009 and 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 As of January 1, 2011, the mortality assumption was changed to the RP2000 Table projected forward 11 years with Scale AA. As of January 1, 2010, the mortality assumption was changed to the RP2000 Table projected forward 10 years with Scale AA. As of January 1, 2009, the mortality assumption was changed to the RP2000 Table projected forward 9 years with Scale AA.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018
(In Thousands)

	2018	2017
TOTAL OPEB LIABILITY		
Service cost	$6,405	$5,891
Interest	$22,693	$20,285
Differences between expected and actual experience	$0	$18,841
Change of assumptions	$0	$0
Benefit payments,	($12,643)	($11,987)
Net change in total OPEB liability	**$16,455**	**$33,030**
Total OPEB liability – beginning	**$312,819**	**$279,789**
Total OPEB liability – ending (a)	**$329,274**	**$312,819**
TRUST FIDUCIARY NET POSITION:		
Contributions - employer	$15,787	$13,340
Contributions - employee	$248	$209
Net Investment Income	$19,829	$2,348
Benefit payments	($12,643)	($11,987)
Administrative expense	($173)	($172)
Net change in plan fiduciary net position	**$23,048**	**$3,738**
Trust fiduciary net position – beginning	**$162,368**	**$158,630**
Trust fiduciary net position – ending (b)	**$185,416**	**$162,368**
Authority's net OPEB liability – end of year (a-b)	**$143,858**	**$150,451**
Trust fiduciary net position as a percentage of the total OPEB liability	56.3%	51.9%
Covered - employee payroll	$131,477	$119,153
Net OPEB liability as a percentage of covered- employee payroll	91.4%	79.2%

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

Notes to Schedule

This schedule is presented based on a measurement date that is 1 year in arrears.

Benefit changes - none

COMBINING SCHEDULE OF NET POSITION
YEAR ENDED JUNE 30, 2018
(In Thousands)

	AUTHORITY OPERATIONS	PFC PROGRAM	CFC PROGRAM	COMBINED TOTALS
CURRENT ASSETS:				
Cash and cash equivalents	$73,299	$0	$0	$73,299
Investments	$170,039	$0	$0	$170,039
Restricted cash and cash equivalents	$117,633	$11,626	$10,026	$139,285
Restricted investments	$426,434	$12,168	$39,917	$478,519
Accounts receivable				
Trade, net	$51,860	$12,788	$3,437	$68,085
Grants	$9,948	$0	$0	$9,948
Total receivables (net)	$61,808	$12,788	$3,437	$78,033
Prepaid expenses and other assets	$9,114	$0	$57	$9,171
Total current assets	**$858,327**	**$36,582**	**$53,437**	**$948,346**
NONCURRENT ASSETS:				
Investments	$132,105	$0	$0	$132,105
Restricted investments	$204,053	$14,659	$42,864	$261,576
Prepaid expenses and other assets, long-term	$4,767	$0	$1,029	$5,796
Investment in joint venture	$3,130	$0	$0	$3,130
Capital assets-not being depreciated	$423,347	$0	35	$423,382
Capital assets-being depreciated-net	$2,146,162	$396,159	$250,624	$2,792,945
Total noncurrent assets	**$2,913,564**	**$410,818**	**$294,552**	**$3,618,934**
Total assets	**$3,771,891**	**$447,400**	**$347,989**	**$4,567,280**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of bonds	$16,243	$0	$0	$16,243
Deferred outflows of resources related to pensions	$13,869	$0	$0	$13,869
Deferred outflows of resources related to OPEB	$28,974	$0	$0	$28,974
Total deferred outflows of resources	**$59,086**	**$0**	**$0**	**$59,086**
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$160,331	$107	$50	$160,488
Compensated absences	$1,327	$0	$0	$1,327
Contract retainage	$6,022	$0	$0	$6,022
Current portion of long-term debt	$59,222	$0	$3,729	$62,951
Commercial notes payable	$142,000	$0	$0	$142,000
Accrued interest on bonds payable	$34,896	$0	$5,656	$40,552
Unearned revenues	$10,185	$0	$0	$10,185
Total current liabilities	**$413,983**	**$107**	**$9,435**	**$423,525**
NONCURRENT LIABILITIES:				
Accrued expenses	$10,846	$0	$454	$11,300
Compensated absences	$17,566	$0	$0	$17,566
Net pension liability	$34,927	$0	$0	$34,927
Net OPEB liability	$143,858	$0	$0	$143,858
Contract retainage	$5,778	$0	$0	$5,778
Long-term debt, net	$1,582,683	$0	$189,682	$1,772,365
Unearned revenues	$20,419	$0	$0	$20,419
Total noncurrent liabilities	**$1,816,077**	**$0**	**$190,136**	**$2,006,213**
Total liabilities	**$2,230,060**	**$107**	**$199,571**	**$2,429,738**
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of bonds	$6,074	$0	$0	$6,074
Deferred inflows of resources related to pensions	$25,390	$0	$0	$25,390
Deferred inflows of resources related to OPEB	$831	$0	$0	$831
Total deferred inflows of resources	**$32,295**	**$0**	**$0**	**$32,295**
Net investment in capital assets	$901,662	396,160	$81,257	$1,379,079
Restricted for other purposes				
Bond funds	$212,738	$0	$0	$212,738
Project funds	$271,003	$0	$0	$271,003
Passenger facility charges	$0	$51,133	$0	$51,133
Customer facility charges	$0	$0	$67,161	$67,161
Other purposes	$31,233	$0	$0	$31,233
Total restricted	$514,974	$51,133	$67,161	$633,268
Unrestricted	$151,986	$0	$0	$151,986
Total net position	**$1,568,622**	**$447,293**	**$148,418**	**$2,164,333**

 See accompanying independent auditors' report.

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018
(In Thousands)

	AUTHORITY OPERATIONS	PFC PROGRAM	CFC PROGRAM	COMBINED TOTALS
OPERATING REVENUES:				
Aviation rentals	$240,798	$0	$0	$240,798
Aviation parking	$180,803	$0	$0	$180,803
Aviation shuttle bus	$20,303	$0	$0	$20,303
Aviation fees	$153,236	$0	$0	$153,236
Aviation concessions	$114,492	$0	$0	$114,492
Aviation operating grants and other	$1,911	$0	$0	$1,911
Maritime fees, rentals and other	$94,351	$0	$0	$94,351
Real estate fees, rents and other	$30,497	$0	$0	$30,497
Total operating revenues	**$836,391**	**$0**	**$0**	**$836,391**
OPERATING EXPENSES:				
Aviation operations and maintenance	$296,186	$0	$0	$296,186
Maritime operations and maintenance	$63,976	$0	$0	$63,976
Real estate operations and maintenance	$14,852	$0	$0	$14,852
General and administrative	$62,470	$0	$0	$62,470
Payments in lieu of taxes	$20,408	$0	$0	$20,408
Pension and other post-employment benefits	$28,952	$0	$0	$28,952
Other	$8,449	$0	$0	$8,449
Total operating expenses before depreciation and amortization	**$495,293**	**$0**	**$0**	**$495,293**
Depreciation and amortization	$203,483	$44,496	$14,183	$262,162
Total operating expenses	**$698,776**	**$44,496**	**$14,183**	**$757,455**
Operating income (loss)	**$137,615**	**($44,496)**	**($14,183)**	**$78,936**
NONOPERATING REVENUES AND (EXPENSES):				
Passenger facility charges	$0	$81,016	$0	$81,016
Customer facility charges	$0	$0	$33,003	$33,003
Investment income	$16,512	$764	$1,301	$18,577
Net (decrease)/increase in the fair value of investments	($3,769)	($120)	($484)	($4,373)
Other revenues	$1,315	$0	$49	$1,364
Settlement of claims	$2,019	$0	$0	$2,019
Terminal A debt service contribution	$0	($12,232)	$0	($12,232)
Other expenses	$0	$0	($195)	($195)
Gain on sale of equipment	$182	$0	$0	$182
Interest expense	($54,215)	($1,856)	($11,419)	($67,490)
Total nonoperating (expense) revenue, net	**($37,956)**	**$67,572**	**$22,255**	**$51,871**
Increase in net position before capital contributions	$99,659	$23,076	$8,072	$130,807
Capital contributions	$25,384	$0	$0	$25,384
Increase in net position	**$125,043**	**$23,076**	**$8,072**	**$156,191**
Net position, beginning of year	**$1,443,579**	**$424,217**	**$140,346**	**$2,008,142**
Net position, end of year	**$1,568,622**	**$447,293**	**$148,418**	**$2,164,333**

See accompanying independent auditors' report.

COMBINING SCHEDULE OF NET POSITION
YEAR ENDED JUNE 30, 2017
(In Thousands)

	AUTHORITY OPERATIONS	PFC PROGRAM	CFC PROGRAM	COMBINED TOTALS
CURRENT ASSETS:				
Cash and cash equivalents	$82,095	$0	$0	$82,095
Investments	$132,021	$0	$0	$132,021
Restricted cash and cash equivalents	$113,659	$60,952	$16,303	$190,914
Restricted investments	$278,257	$21,283	$17,901	$317,441
Accounts receivable				
Trade, net	$52,706	$11,749	$3,175	$67,630
Grants	$5,811	$0	$0	$5,811
Total receivables (net)	$58,517	$11,749	$3,175	$73,441
Prepaid expenses and other assets	$7,907	$0	$57	$7,964
Total current assets	**$672,456**	**$93,984**	**$37,436**	**$803,876**
NONCURRENT ASSETS:				
Investments	$152,661	$0	$0	$152,661
Restricted investments	$208,582	$10,220	$40,238	$259,040
Prepaid expenses and other assets, long-term	$4,550	$0	$1,087	$5,637
Investment in joint venture	$2,843	$0	$0	$2,843
Capital assets-not being depreciated	$380,311	$12	$0	$380,323
Capital assets-being depreciated-net	$2,123,162	$374,201	$264,807	$2,762,170
Total noncurrent assets	**$2,872,109**	**$384,433**	**$306,132**	**$3,562,674**
Total assets	**$3,544,565**	**$478,417**	**$343,568**	**$4,366,550**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of bonds	$17,983	$0	$0	$17,983
Deferred outflows of resources related to pensions	$37,298	$0	$0	$37,298
Deferred outflows of resources related to OPEB	$37,729	$0	$0	$37,729
Total deferred outflows of resources	**$93,010**	**$0**	**$0**	**$93,010**
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$133,941	$0	$8	$133,949
Compensated absences	$1,400	$0	$0	$1,400
Contract retainage	$8,729	$0	$0	$8,729
Current portion of long term debt	$66,521	$52,910	$3,569	$123,000
Commercial notes payable	$109,000	$0	$0	$109,000
Accrued interest payable	$31,994	$1,290	$5,731	$39,015
Unearned revenues	$15,939	$0	$0	$15,939
Total current liabilities	**$367,524**	**$54,200**	**$9,308**	**$431,032**
NONCURRENT LIABILITIES:				
Accrued expenses	$14,118	$0	$503	$14,621
Compensated absences	$17,908	$0	$0	$17,908
Net pension liability	$88,322	$0	$0	$88,322
Net OPEB liability	$150,451	$0	$0	$150,451
Contract retainage	$1,236	$0	$0	$1,236
Long-term debt, net	$1,534,254	$0	$193,411	$1,727,665
Unearned revenues	$13,374	$0	$0	$13,374
Total noncurrent liabilities	**$1,819,663**	**$0**	**$193,914**	**$2,013,577**
Total liabilities	**$2,187,187**	**$54,200**	**$203,222**	**$2,444,609**
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding of bonds	$6,809	$0	$0	$6,809
Deferred inflows of resources related to OPEB	$0	$0	$0	$0
Total deferred inflows of resources	**$6,809**	**$0**	**$0**	**$6,809**
Net investment in capital assets	$877,239	$321,303	$91,796	$1,290,338
Restricted for other purposes				
Bond funds	$209,333	$0	$0	$209,333
Project funds	$196,738	$0	$0	$196,738
Passenger facility charges	$0	$102,914	$0	$102,914
Customer facility charges	$0	$0	$48,550	$48,550
Other purposes	$28,101	$0	$0	$28,101
Total restricted	$434,172	$102,914	$48,550	$585,636
Unrestricted	$132,168	$0	$0	$132,168
Total net position	**$1,443,579**	**$424,217**	**$140,346**	**$2,008,142**

See accompanying independent auditors' report.

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017
(In Thousands)

	AUTHORITY OPERATIONS	PFC PROGRAM	CFC PROGRAM	COMBINED TOTALS
OPERATING REVENUES:				
Aviation rentals	$217,906	$0	$0	$217,906
Aviation parking	$169,354	$0	$0	$169,354
Aviation shuttle bus	$19,278	$0	$0	$19,278
Aviation fees	$145,418	$0	$0	$145,418
Aviation concessions	$98,913	$0	$0	$98,913
Aviation operating grants and other	$2,909	$0	$0	$2,909
Maritime fees, rentals and other	$82,088	$0	$0	$82,088
Real estate fees, rents and other	$25,037	$0	$0	$25,037
Total operating revenues	**$760,903**	**$0**	**$0**	**$760,903**
OPERATING EXPENSES:				
Aviation operations and maintenance	$274,506	$0	$0	$274,506
Maritime operations and maintenance	$59,629	$0	$0	$59,629
Real estate operations and maintenance	$13,215	$0	$0	$13,215
General and administrative	$59,342	$0	$0	$59,342
Payments in lieu of taxes	$19,276	$0	$0	$19,276
Pension and other post-employment benefits	$38,903	$0	$0	$38,903
Other	$9,631	$0	$0	$9,631
Total operating expenses before depreciation and amortization	**$474,502**	**$0**	**$0**	**$474,502**
Depreciation and amortization	$194,895	$43,768	$14,183	$252,846
Total operating expenses	**$669,397**	**$43,768**	**$14,183**	**$727,348**
Operating income (loss)	**$91,506**	**($43,768)**	**($14,183)**	**$33,555**
NONOPERATING REVENUES AND (EXPENSES):				
Passenger facility charges	$0	$76,296	$0	$76,296
Customer facility charges	$0	$0	$33,055	$33,055
Investment income	$11,093	$1,226	$774	$13,093
Net (decrease)/increase in the fair value of investments	($4,005)	($92)	($404)	($4,501)
Other revenues	$3,969	$0	$93	$4,062
Settlement of claims	$248	$0	$0	$248
Terminal A debt service contribution	$0	($11,941)	$0	($11,941)
Other expenses	$0	$0	($198)	($198)
Gain on sale of equipment	$125	$0	$0	$125
Interest expense	($51,470)	($4,118)	($11,569)	($67,157)
Total nonoperating (expense) revenue, net	**($40,040)**	**$61,371**	**$21,751**	**$43,082**
Increase in net position before capital contributions	$51,466	17,603	$7,568	$76,637
Capital contributions	$12,635	$0	$0	$12,635
Increase in net position	**$64,101**	**$17,603**	**$7,568**	**$89,272**
Net position, beginning of year	**$1,379,478**	**$406,614**	**$132,778**	**$1,918,870**
Net position, end of year	**$1,443,579**	**$424,217**	**$140,346**	**$2,008,142**

See accompanying independent auditors' report.

Statistical

Strong Business Activity Fuels Future Investment

Fiscal year 2018 featured new records for passengers served at Logan Airport, containers handled at Conley Terminal, and both cruise ships and cruise passengers visiting Flynn Cruiseport. Continuing growth in Massport's core businesses has created the need to modernize and expand key facilities in order to meet customer demand and maintain a high level of customer satisfaction.

Statistical Section

This part of the Massachusetts Port Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority's overall financial health and performance. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements.

Financial Trends:

These schedules present trend information on how the Authority's financial position changed over time.

S-1 Changes in Net Position, and Net Position by Component
S-4 Conversion of GAAP Revenues and Expenses to the 1978 Trust Agreement Revenues and Expenses
S-5 Calculation of Net Revenues Pledged Under the 1978 Trust Agreement
S-6 Calculation of Total PFC Revenue Pledged Under the PFC Trust Agreement and Calculation of Total CFC Revenue Pledged Under the CFC Trust Agreement

Revenue Capacity:

These schedules present trend information on the Authority's most significant revenue sources.

S-2 Most Significant Own-Source Revenues and Related Rates and Charges
S-3 Historical Principal Operating Revenue Payers

Debt Capacity:

These schedules present information on the Authority's current levels of outstanding debt and its ability to support existing or issue additional debt.

S-7 Calculation of Debt Service Coverage Under the 1978 Trust Agreement, the PFC Trust Agreement and the CFC Trust Agreement
S-8 Calculation of Debt Metrics Under the 1978 Trust Agreement, the PFC Trust Agreement and the CFC Trust Agreement

Demographic and Economic Information:

These schedules provide demographic and economic indicators to help the reader understand the environment within the Authority's financial activities take place.

S-9 Largest Private Sector Employers
S-10 Demographics and Employment Data

Operations and Other Information:

These schedules provide operating data to help the reader understand how the information in the Authority's financial report relates to the services it provides and the activities it performs.

S-11 Number of Employees by Facility
S-18 Insurance Coverage
S-19 Physical Asset Data

Other Information:

S-12 Logan International Airport Traffic Metrics
S-13 Logan International Airport Market Share of Total Passenger Traffic
S-14 Logan International Airport Passenger Market
S-15 Port of Boston Cargo and Passenger Activity
S-16 Port of Boston Principal Customers
S-17 Tobin Memorial Bridge Activity

Revenues, Expenses and Changes in Net Position

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-1 Changes in Net Position

	2018	2017	2016	2015	2014
OPERATING REVENUES					
Aviation rentals	$240,798	$217,906	$198,103	$185,953	$181,007
Aviation parking	$180,803	$169,354	$154,568	$149,155	$136,733
Aviation shuttle bus	$20,303	$19,278	$18,009	$15,717	$12,283
Aviation fees	$153,236	$145,418	$139,425	$135,044	$124,718
Aviation concessions	$114,492	$98,913	$87,401	$82,662	$77,838
Aviation operating grants and other	$1,911	$2,909	$2,781	$3,894	$3,763
Maritime fees, rentals and other	$94,351	$82,088	$74,654	$68,435	$62,148
Real estate fees, rents and other	$30,497	$25,037	$24,537	$22,069	$23,981
Bridge (3)	$0	$0	$0	$0	$0
Total operating revenues	**$836,391**	**$760,903**	**$699,478**	**$662,929**	**$622,471**
OPERATING EXPENSES					
Aviation operations and maintenance	$296,186	$274,506	$261,115	$256,519	$237,235
Maritime operations and maintenance	$63,976	$59,629	$53,359	$54,231	$49,974
Real estate operations and maintenance	$14,852	$13,215	$11,887	$10,428	$9,477
Bridge operations and maintenance (3)	$0	$0	$0	$0	$0
General and administrative	$62,470	$59,342 (7)	$58,232	$59,064	$53,809
Payments in lieu of taxes	$20,408	$19,276	$19,375	$19,282	$18,444
Pension and other post-employment benefits	$28,952	$38,903	$29,654	$14,844	$16,814 (6)
Other	$8,449	$9,631	$7,595	$8,005	$9,454
Total operating expenses before depreciation and amortization	**$495,293**	**$474,502**	**$441,217**	**$422,373**	**$395,207**
Depreciation and amortization	$262,162	$252,846	$247,502	$227,158	$217,767
Total operating expenses	**$757,455**	**$727,348**	**$688,719**	**$649,531**	**$612,974**
Operating income	**$78,936**	**$33,555**	**$10,759**	**$13,398**	**$9,497**
NONOPERATING REVENUES AND (EXPENSES)					
Passenger facility charges (1)	$81,016	$76,296	$70,718	$65,807	$62,682
Customer facility charges (2)	$33,003	$33,055	$32,335	$30,768	$29,963
Investment income	$18,577	$13,093	$9,453	$7,405	$6,642
Net increase / (decrease) in the fair value of investments	($4,373)	($4,501)	$2,116	$527	$1,976
Other revenues	$1,364	$4,062	$49	$10,091	$10,547
Gain / (loss) on sales of assets	$182	$125	($595)	$180	$90
Settlement of claims	$2,019	$248	$70	$0	$1,792
Terminal A debt service contributions (PFC)	($12,232)	($11,941)	($11,903)	($10,918)	($11,839)
Other expense	($195)	($198)	($116)	($956)	($1,407)
Interest expense	($67,490)	($67,157)	($63,613)	($64,829)	($64,973)
Total nonoperating (expense) revenue, net	**$51,871**	**$43,082**	**$38,514**	**$38,075**	**$35,473**
Increase in net position before capital contributions	**$130,807**	**$76,637**	**$49,273**	**$51,473**	**$44,970**
Capital contributions	$25,384	$12,635	$56,033	$55,953	$56,124
Tobin Bridge transfer	$0	$0	$0	$0	$0
Increase in net position	**$156,191**	**$89,272**	**$105,306**	**$107,426**	**$101,094**
Net position, beginning of year	**$2,008,142**	**$1,918,870** (7)	**$1,978,636**	**$1,871,210**	**$1,770,116** (6)
Net position, end of year	**$2,164,333**	**$2,008,142**	**$2,083,942**	**$1,978,636**	**$1,871,210**
TOTAL NET POSITION COMPOSED OF:					
Invested in capital assets, net of debt	$1,379,079	$1,290,338	$1,310,922	$1,272,271	$1,227,358
Restricted	$633,268	$585,636	$529,616	$516,906	$509,520
Unrestricted	$151,986	$132,168 (7)	$243,404	$189,459	$134,332 (6)
Total Net Position	**$2,164,333**	**$2,008,142**	**$2,083,942**	**$1,978,636**	**$1,871,210**

(1) PFC accrued revenue exclusive of PFC interest earnings.
(2) CFC accrued revenue exclusive of CFC interest earnings.
(3) Effective 1/1/2010, Tobin Bridge was transferred to the MassDOT pursuant to the Transportation Reform Act.
(4) The Authority revised the Net Position at July 1, 2010 in the amount of $10.8 million to correct an understatement of certain revenue related to fiscal years 2007 through 2010.
(5) In accordance with the requirements of GASB No.65, the Authority's Net position was restated as for fiscal years 2011 and 2012 to reflect the required adjustments.
(6) In accordance with the requirements of GASB No.68, the Authority's Net position and Pension expense were restated for fiscal year 2014 to reflect the required adjustments.
(7) In accordance with the requirements of GASB No.75, the Authority's Net position and OPEB expense were restated as for fiscal year 2017 and forward to reflect the required adjustments.
Source: Authority's audited financial statements.

Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-1 Changes in Net Position (Continued)

	2013	2012	2011	2010	2009
OPERATING REVENUES					
Aviation rentals	$165,107	$160,433	$154,401	$147,883	$146,756
Aviation parking	$132,170	$126,177	$116,465	$107,092	$102,961
Aviation shuttle bus	$ 8,443	$9,790	$9,572	$9,651	$8,637
Aviation fees	$114,360	$117,541	$119,765	$118,174	$123,156
Aviation concessions	$72,504	$68,205	$63,971	$62,218	$60,588
Aviation operating grants and other	$ 2,547	$2,332	$2,448	$2,785	$3,041
Maritime fees, rentals and other	$56,393	$55,168	$53,913	$49,420	$52,762
Real estate fees, rents and other	$20,299	$18,808	$17,107	$15,516	$15,983
Bridge (3)	$0	$0	$0	$15,154	$28,882
Total operating revenues	**$571,823**	**$558,454**	**$537,642**	**$527,893**	**$542,766**
OPERATING EXPENSES					
Aviation operations and maintenance	$217,792	$211,018	$210,087	$196,041	$211,727
Maritime operations and maintenance	$46,433	$44,781	$44,372	$43,353	$46,838
Real estate operations and maintenance	$8,825	$9,808	$7,952	$ 7,146	$8,286
Bridge operations and maintenance (3)	$0	$0	$0	$3,093	$9,220
General and administrative	$48,511	$43,987	$45,988	$41,646	$42,022
Payments in lieu of taxes	$18,090	$17,642	$17,327	$17,547	$18,460
Pension and other post-employment benefits	$23,064	$23,560	$21,451	$25,129	$17,139
Other	$7,667	$9,144	$ 7,738	$9,347	$9,034
Total operating expenses before depreciation and amortization	**$370,382**	**$359,940**	**$354,915**	**$343,302**	**$362,726**
Depreciation and amortization	$199,046	$181,166	$169,365	$164,141	$156,745
Total operating expenses	**$569,428**	**$541,106**	**$524,280**	**$507,443**	**$519,471**
Operating income	**$2,395**	**$17,348**	**$13,362**	**$20,450**	**$23,295**
NONOPERATING REVENUES AND (EXPENSES)					
Passenger facility charges (1)	$60,105	$59,212	$58,531	$58,598	$50,102
Customer facility charges (2)	$29,354	$28,749	$26,203	$20,668	$5,211
Investment income	$8,336	$10,176	$11,676	$14,890	$22,613
Net increase / (decrease) in the fair value of investments	($2,821)	$255	($3,503)	$248	$3,312
Other revenues	$187	$618	$1,725	$2,659	$11,995
Gain / (loss) on sales of assets	($64)	$354	$88	($110)	($1)
Settlement of claims	$567	$640	$1	$8	$3,987
Terminal A debt service contributions (PFC)	($12,114)	($9,105)	$0	$0	$0
Other expense	($1,279)	($398)	($6,070)	($312)	($11,418)
Interest expense	($61,071)	($59,307)(5)	($60,649)(5)	($66,870)	($73,710)
Total nonoperating (expense) revenue, net	**$21,200**	**$31,194**	**$28,002**	**$29,779**	**$12,091**
Increase in net position before capital contributions	**$23,595**	**$48,542**	**$41,364**	**$50,229**	**$35,386**
Capital contributions	$20,234	$40,750	$22,484	$34,340	$42,998
Tobin Bridge transfer	$0	$0	$0	($78,058)(3)	$0
Increase in net position	**$43,829**	**$89,292**	**$63,848**	**$6,511**	**$78,384**
Net position, beginning of year	**$1,784,732**	**$1,695,440**	**$1,631,592**(4)	**$1,617,286**	**$1,538,902**
Net position, end of year	**$1,828,561**	**$1,784,732**	**$1,695,440**	**$1,623,797**	**$1,617,286**
TOTAL NET POSITION COMPOSED OF:					
Invested in capital assets, net of debt	$1,131,577	$1,059,110	$1,055,161	$999,312	$988,026
Restricted	$515,458	$583,272(5)	$486,041(5)	$538,211	$504,505
Unrestricted	$181,526	$142,350	$154,238	$86,274	$124,755
Total Net Position	**$1,828,561**	**$1,784,732**	**$1,695,440**	**$1,623,797**	**$1,617,286**

(1) PFC accrued revenue exclusive of PFC interest earnings.
(2) CFC accrued revenue exclusive of CFC interest earnings.
(3) Effective 1/1/2010, Tobin Bridge was transferred to the MassDOT pursuant to the Transportation Reform Act.
(4) The Authority revised the Net Position at July 1, 2010 in the amount of $10.8 million to correct an understatement of certain revenue related to fiscal years 2007 through 2010.
(5) In accordance with the requirements of GASB No.65, the Authority's Net position was restated as for fiscal years 2011 and 2012 to reflect the required adjustments.
(6) In accordance with the requirements of GASB No.68, the Authority's Net position and Pension expense were restated for fiscal year 2014 to reflect the required adjustments.
(7) In accordance with the requirements of GASB No.75, the Authority's Net position and OPEB expense were restated as for fiscal year 2017 and forward to reflect the required adjustments.
Source: Authority's audited financial statements.

Most Significant Revenues and Related Rates and Charges

Fiscal Years Ended June 30, 2009 through June 30, 2018

S-2 Principal Revenues and Rates as of June 30

	2018	2017	2016	2015	2014
Logan Airport Revenues					
(In Thousands)					
Landing Fees	$119,190	$113,162	$104,489	$101,123	$92,896
Terminal Rentals and Fees	$180,331	$161,816	$142,176	$133,897	$129,487
Parking Fees	$180,349	$168,919	$154,068	$148,653	$136,307
Logan Airport Rates and Charges (1)					
Landing Fee (per 1,000 lbs)	$4.49	$4.78	$4.84	$4.64	$4.57
Terminal Rental Rates (per square foot - annual rate)					
Terminal A (2)	$126.98	$117.29	$101.38	$93.99	$93.94
Terminal B	$130.74	$122.10	$110.99	$110.63	$106.55
Terminal C - Main Terminal	$189.91	$178.30	$134.05	$132.79	$118.31
Terminal E - Type 3 Space	$128.27	$118.51	$105.46	$111.40	$112.66
Baggage Fee (per checked bag)	$1.66	$1.31	$1.35	$1.34	$1.34
Terminal E Passenger Fees (Per Passenger)					
Inbound International	$12.70	$12.82	$11.98	$10.36	$10.17
Outbound	$4.00	$3.19	$2.66	$2.52	$2.74
Inbound Domestic	$12.70	$12.82	$11.98	$10.36	$10.17
Common Use Check-in Fee	$6.65	$7.34	$7.05	$6.67	$7.00
Central Parking Garage (maximum 24 hours)	$35.00	$32.00	$29.00	$29.00	$27.00

(1) Board approved rates as of June 30 of each fiscal year.
(2) Excludes Terminal A facility rent rate.

Source: Authority reports.

LOGAN AIRPORT TERMINAL B OPTIMIZATION PROJECT

Most Significant Revenues and Related Rates and Charges
Fiscal Years Ended June 30, 2009 through June 30, 2018

S-2 Principal Revenues and Rates as of June 30 (Continued)

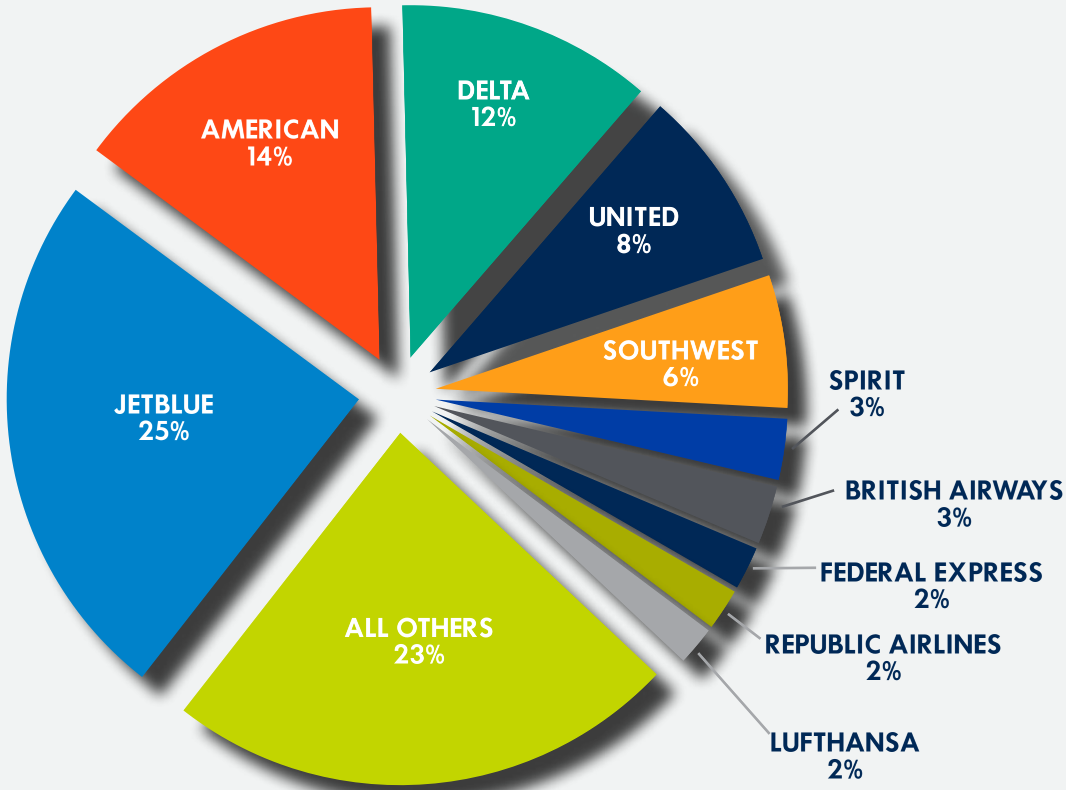
	2013	2012	2011	2010	2009
Logan Airport Revenues					
(In Thousands)					
Landing Fees	$86,533	$88,287	$91,515	$89,718	$89,041
Terminal Rentals and Fees	$117,891	$115,567	$110,267	$106,079	$106,021
Parking Fees	$131,873	$125,771	$116,059	$106,918	$102,778
Logan Airport Rates and Charges (1)					
Landing Fee (per 1,000 lbs)	$4.34	$4.36	$4.61	$4.82	$4.82
Terminal Rental Rates (per square foot - annual rate)					
Terminal A (2)	$93.68	$89.90	$84.62	$83.34	$84.04
Terminal B	$106.23	$98.14	$95.89	$95.31	$91.47
Terminal C - Main Terminal	$109.71	$112.90	$101.47	$104.59	$98.56
Terminal E - Type 3 Space	$116.96	$117.16	$109.48	$105.28	$115.76
Baggage Fee (per checked bag)	$1.45	$1.27	$1.23	$1.49	$1.38
Terminal E Passenger Fees (Per Passenger)					
Inbound International	$10.92	$11.40	$12.17	$14.06	$12.32
Outbound	$3.12	$3.36	$3.26	$3.35	$2.62
Inbound Domestic	$10.92	$11.40	$10.84	$8.37	$1.07
Common Use Check-in Fee	$7.93	$8.31	$8.06	$8.33	$8.39
Central Parking Garage (maximum 24 hours)	$27.00	$27.00	$24.00	$24.00	$24.00

(1) Board approved rates as of June 30 of each fiscal year.
(2) Excludes Terminal A facility rent rate.

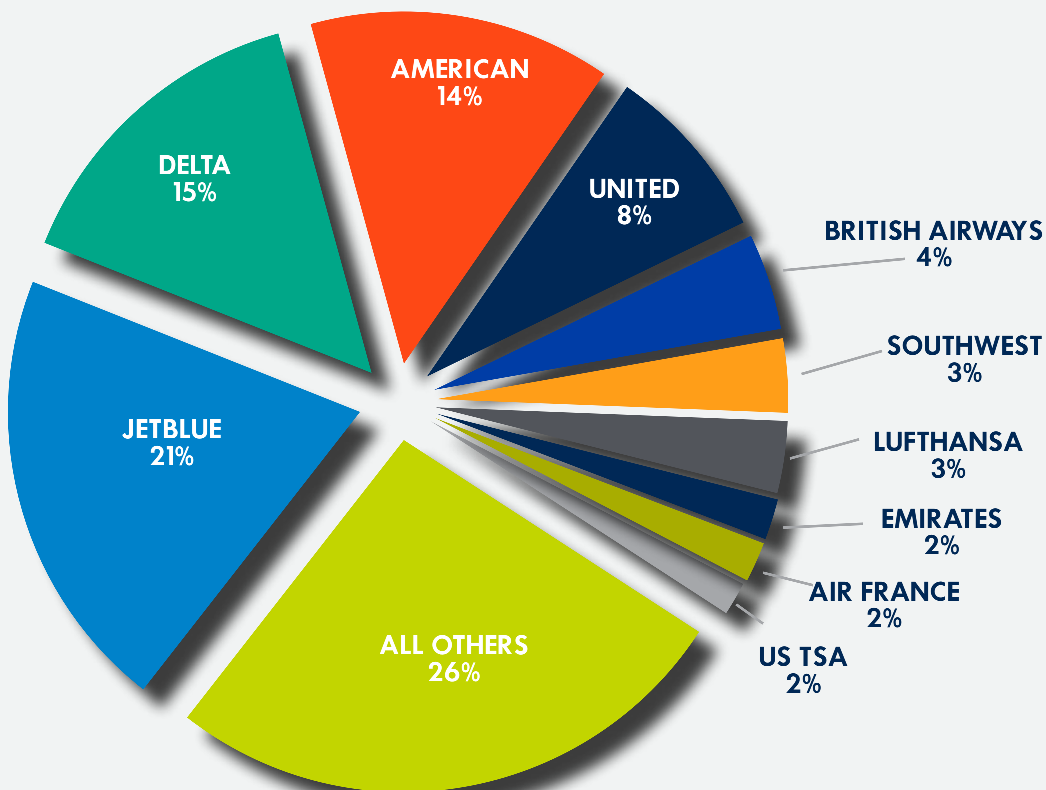
Source: Authority reports.

INAUGURATION OF LATAM SERVICE FROM BOSTON TO SAO PAULO, BRAZIL

Logan International Airport
Percentage of Landing Fee Revenues in FY2018



Logan International Airport
Percentage of Terminal Rent and Fee Revenues in FY2018



Historical Principal Operating Revenue Payers

Current Year and Nine Years Ago (In Thousands)

S-3 Principal Operating Revenue Payers

LANDING FEE REVENUE	FOR THE FISCAL YEAR ENDED JUNE 30, 2018			FOR THE FISCAL YEAR ENDED JUNE 30, 2009		
Customer	**Landing Fee Revenue**	**Rank**	**Ratio: Top Customers to Total Landing Fees**	**Landing Fee Revenue**	**Rank**	**Ratio: Top Customers to Total Landing Fees**
Jetblue Airways	$29,292	1	24.58%	$11,015	3	12.37%
American Airlines (6)	$17,279	2	14.50%	$11,105	2	12.47%
Delta Airlines (1)	$13,988	3	11.74%	$ 8,949	4	10.05%
United Airlines, Inc. (2)	$10,026	4	8.41%	$7,006	5	7.87%
Southwest Airlines Co (3); (4)	$7,261	5	6.09%	$0	-	-
Spirit Airlines	$3,338	6	2.80%	$563	26	0.63%
British Airways, Plc	$3,207	7	2.69%	$2,505	11	2.81%
Federal Express Corp.	$2,355	8	1.98%	$2,655	9	2.98%
Republic Airlines, Inc.	$2,277	9	1.91%	$846	20	0.95%
Lufthansa German Airlines	$2,119	10	1.78%	$1,823	13	2.05%
US Airways, Inc. (6)	$0	-	-	$12,004	1	13.48%
Northwest Airlines (1)	$0	-	-	$3,714	6	4.17%
Continental Airlines (2)	$0	-	-	$3,611	7	4.06%
Airtran Airlines (4)	$0	-	-	$3,425	8	3.85%
Comair Inc. (5)	$0	-	-	$2,609	10	2.93%
All Other Payers	$28,048	-	23.53%	$17,211		19.33%
Total Landing Fees	**$119,190**		**100.00%**	**$89,041**		**100.00%**

TERMINAL RENTS AND FEES	FOR THE FISCAL YEAR ENDED JUNE 30, 2018			FOR THE FISCAL YEAR ENDED JUNE 30, 2009		
Customer	**Terminal Rents and Fee**	**Rank**	**Ratio: Top Customers to Total Terminal Rents and Fees**	**Terminal Rents and Fee**	**Rank**	**Ratio: Top Customers to Total Terminal Rents and Fees**
Jetblue Airways	$36,914	1	20.47%	$8,881	4	8.33%
Delta Airlines (1)	$26,522	2	14.71%	$15,379	1	14.42%
American Airlines (6)	$25,051	3	13.89%	$13,440	2	12.61%
United Airlines, Inc. (2)	$14,727	4	8.17%	$6,316	7	5.92%
British Airways, Plc	$7,996	5	4.43%	$6,527	6	6.12%
Southwest Airlines Co (3)	$6,119	6	3.39%	$0	-	-
Lufthansa German Airlines	$5,957	7	3.30%	$4,545	8	4.26%
Emirates (7)	$3,392	8	1.88%	$0	-	-
Air France	$3,314	9	1.84%	$4,003	9	3.75%
US Transportation Security Admin.	$2,758	10	1.53%	$1,435	17	1.35%
US Airways, Inc. (6)	$0	-	-	$10,557	3	9.90%
Northwest Airlines (1)	$0	-	-	$6,565	5	6.16%
Aer Lingus	$237	45	-	$ 3,990	10	3.74%
All Other Payers	$47,344		26.39%	$24,983		23.43%
Total Terminal Rental and Fees	**$180,331**		**100.00%**	**$106,621**		**100.00%**

PARKING REVENUE	FOR THE FISCAL YEAR ENDED JUNE 30, 2018			FOR THE FISCAL YEAR ENDED JUNE 30, 2009		
Customer	**Logan Parking**	**Rank**	**Ratio: Top Customers to Total Parking Revenue**	**Logan Parking**	**Rank**	**Ratio: Top Customers to Total Parking Revenue**
Public Parking at Airport	$164,570	1	91.25%	$93,822	1	91.29%
Tenant Employee Parking	$9,553	2	5.30%	$5,856	2	5.70%
Public Off-Airport Parking	$6,226	3	3.45%	$3,100	3	3.02%
Total Parking Revenue	**$180,349**		**100.00%**	**$102,778**		**100.00%**

(1) Delta Airlines and Northwest Airlines closed their merger during 2008 and continued to operate under their separate names until January 2010.
(2) United and Continental Airlines closed their merger during October 2010 and continued to operate under their separate names until November 2011.
(3) Southwest Airlines commenced service at Logan Airport in August 2009.
(4) Southwest Airlines and AirTran Airways closed their merger during May 2011 and continued to operate under their separate names until January 2015.
(5) Comair Inc. ceased operations during September 2012.
(6) American Airlines and US Airways closed their merger during December 2013 and continued to operate under their separate names until October 2015.
(7) Emirates commenced service at Logan Airport in March 2014.
Source: Authority's accounting reports.

Conversions of GAAP Revenues and Expenses to the 1978 Trust Agreement Revenues and Expenses

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-4 Conversion of GAAP Revenues and Expenses to the 1978 Trust Agreement Revenues and Expenses

	2018	2017	2016	2015	2014
Operating Revenue: Per Financial Statements	**$836,391**	**$760,903**	**$699,478**	**$662,929**	**$622,471**
Adjustments:					
Provision / recovery for uncollectible accounts	($439)	($1,642)	($186)	($32)	($465)
Other	($629)	$5,189	$69	($170)	($1,546)
Operating Revenue: Per the 1978 Trust Agreement	$835,323	$764,450	$699,361	$662,727	$620,460
Income on Investments: Per Financial Statements	**$18,558**	**$13,093**	**$9,453**	**$7,405**	**$6,642**
Adjustments:					
PFC	($764)	($1,226)	($965)	($1,068)	($1,098)
CFC	($1,301)	($774)	($478)	($384)	($417)
Self Insurance and Other Accounts	($4,228)	($3,191)	($2,321)	($2,123)	($1,919)
Income on Investments: Per the 1978 Trust Agreement	$12,265	$7,902	$5,689	$3,830	$3,208
Total Revenues Per the 1978 Trust Agreement (excludes CFCs) (1)	**$847,588**	**$772,352**	**$705,050**	**$666,557**	**$623,668**
Operating Expenses: Per Financial Statements	**$757,455**	**$727,348**(2)	**$688,719**	**$649,531**	**$612,974**
Adjustments:					
Insurance	$61	$245	$821	$612	($95)
Payments in Lieu of Taxes	($20,408)	($19,276)	($19,375)	($19,282)	($18,444)
Provision for uncollectible accounts	($439)	($1,642)	($186)	($31)	($453)
Depreciation and Amortization	($262,162)	($252,846)	($247,502)	($227,158)	($217,767)
Other post-employment benefits	($4,480)	($4,903)(2)	($2,093)	($654)	($140)
Other Expenses	($10,398)	($3,789)	($5,025)	($5,409)	($4,201)
Pension	$4,576	($6,141)	($4,711)	$8,956	$9,316
Administration Expenses	$1,025	$1,245(2)	$1,338	$1,905	$2,370
Total Expenses Per The 1978 Trust Agreement	**$465,230**	**$440,241**	**$411,986**	**$408,470**	**$383,560**
Net Revenue: Per the 1978 Trust Agreement	**$382,358**	**$332,111**	**$293,064**	**$258,087**	**$240,108**

(1) CFC revenue collection began at Logan Airport on December 1, 2008. CFC Revenues (including investment income) were excluded from the 1978 net revenue in fiscal years 2009 and 2010 in anticipation of execution of the CFC Trust Agreement. The CFC Trust Agreement became effective May 18, 2011, and commencing with fiscal year 2011, all CFC Revenues continue to be excluded from the 1978 Trust Net Revenues.

(2) In accordance with the requirements of GASB No.75, the Authority's Net position and OPEB expense were restated as for fiscal year 2017 and forward to reflect the required adjustments.

Source: Authority's audited financial statements.

Conversions of GAAP Revenues and Expenses to the 1978 Trust Agreement Revenues and Expenses

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-4 Conversion of GAAP Revenues and Expenses to the 1978 Trust Agreement Revenues and Expenses (Continued)

	2013	2012	2011	2010	2009
Operating Revenue:					
Per Financial Statements	**$571,823**	**$558,454**	**$537,642**	**$527,893**	**$542,766**
Adjustments:					
Provision / recovery for uncollectible accounts	$353	($1,061)	($419)	($473)	(1,632)
Other	($1,902)	$3,979	($533)	$0	$0
Operating Revenue:					
Per the 1978 Trust Agreement	$570,274	$561,372	$536,690	$527,420	$541,134
Income on Investments:					
Per Financial Statements	**$8,336**	**$10,176**	**$11,676**	**$14,890**	**$22,613**
Adjustments:					
PFC	($1,118)	($1,141)	($1,344)	($2,037)	($2,271)
CFC	($771)	($802)	($159)	($85)	($10)
Self Insurance and Other Accounts	($2,279)	($1,538)	($1,833)	($1,525)	($2,849)
Income on Investments:					
Per the 1978 Trust Agreement	$4,168	$6,695	$8,340	$11,243	$17,483
Total Revenues					
Per the 1978 Trust Agreement (excludes CFCs) (1)	**$574,442**	**$568,067**	**$545,030**	**$538,663**	**$558,617**
Operating Expenses:					
Per Financial Statements	**$569,428**	**$541,106**	**$524,280**	**$507,443**	**$519,471**
Adjustments:					
Insurance	$678	$266	$1,514	($1,891)	$5,476
Payments in Lieu of Taxes	($18,090)	($17,642)	($17,327)	($17,547)	($18,460)
Provision for uncollectible accounts	$353	($1,085)	($412)	($473)	($1,632)
Depreciation and Amortization	($199,046)	($181,166)	($169,365)	($164,141)	($156,745)
Other post-employment benefits	($450)	($5,859)	($4,505)	($5,570)	($5,526)
Other Expenses	($3,129)	($4,300)	($287)	$1,447	($9,044)
Pension	$0	$0	$0	$0	$0
Administration Expenses	$2,254	$2,648	$1,631	$1,201	$1,280
Total Expenses					
Per The 1978 Trust Agreement	**$351,998**	**$333,968**	**$335,529**	**$320,469**	**$334,820**
Net Revenue:					
Per the 1978 Trust Agreement	**$222,444**	**$234,099**	**$209,501**	**$218,194**	**$223,797**

(1) CFC revenue collection began at Logan Airport on December 1, 2008. CFC Revenues (including investment income) were excluded from the 1978 net revenue in fiscal years 2009 and 2010 in anticipation of execution of the CFC Trust Agreement. The CFC Trust Agreement became effective May 18, 2011, and commencing with fiscal year 2011, all CFC Revenues continue to be excluded from the 1978 Trust Net Revenues.

(2) In accordance with the requirements of GASB No.75, the Authority's Net position and OPEB expense were restated as for fiscal year 2017 and forward to reflect the required adjustments

Source: Authority's audited financial statements.

Calculation of Net Revenues Pledged Under the 1978 Trust Agreement
Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-5 Breakdown of Revenues and Expenses Under 1978 Trust Agreement

	2018	2017	2016	2015	2014
1978 Trust Agreement					
REVENUES:					
Airport Properties - Logan					
Landing Fees	$119,190	$113,162	$104,489	$101,123	$92,896
Parking Fees	$180,349	$168,919	$154,068	$148,653	$136,307
Utility Fees	$15,349	$15,284	$17,960	$18,274	$16,798
Terminal Rentals (1)	$180,331	$161,816	$142,176	$133,897	$129,487
Non-Terminal Building and Ground Rents	$52,856	$49,641	$49,317	$45,756	$46,175
Concessions	$113,588	$98,093	$86,645	$81,270	$76,003
Other (2)	$33,321	$31,303	$32,061	$29,452	$24,895
	$694,984	$638,218	$586,716	$558,425	$522,561
Airport Properties - Hanscom	$14,262	$12,839	$12,195	$12,066	$10,640
Airport Properties - Worcester (3)	$1,800	$1,634	$1,572	$1,624	$1,538
Total Airport Properties	**$711,046**	**$652,691**	**$600,483**	**$572,115**	**$534,739**
PORT PROPERTIES					
Maritime Operations (4)	$93,831	$81,738	$74,259	$68,316	$62,068
Maritime Business Development/Real Estate	$30,446	$30,021	$24,619	$22,295	$23,653
	$124,277	**$111,759**	**$98,878**	**$90,611**	**$85,721**
Bridge (5)	$0	$0	$0	$0	$0
Total Operating Revenue	**$835,323**	**$764,450**	**$699,361**	**$662,726**	**$620,460**
Investment Income (6)	$12,265	$7,902	$5,689	$3,830	$3,208
Total Revenues before CFC	**$847,588**	**$772,352**	**$705,050**	**$666,556**	**$623,668**
CFC Revenues (7)	$0	$0	$0	$0	$0
Total Revenues	**$847,588**	**$772,352**	**$705,050**	**$666,556**	**$623,668**
Operating Expenses (8):					
AIRPORT PROPERTIES					
Logan	$342,973	$328,869	$ 307,394	$307,368	$290,641
Hanscom	$14,498	$12,530	$ 12,152	$10,043	$10,396
Worcester (3)	$10,680	$9,672	$9,408	$9,026	$7,497
	$368,151	**$351,071**	**$328,954**	**$326,437**	**$308,534**
PORT PROPERTIES					
Maritime Operations (4)	$75,695	$70,088	$66,307	$62,020	$59,860
Maritime Business Development/Real Estate	$21,384	$19,082	$16,725	$20,012	$15,166
	$97,079	**$89,170**	**$83,032**	**$82,032**	**$75,026**
Bridge (5)	$0	$0	$0	$0	$0
Total Operating Expenses	**$465,230**	**$440,241**	**$411,986**	**$408,469**	**$383,560**
Net Revenue	**$382,358**	**$332,111**	**$293,064**	**$258,087**	**$240,108**
Net Revenue Excluding CFCs	**$382,358**	**$332,111**	**$293,064**	**$258,087**	**$240,108**

(1) Excludes the portion of Terminal A rental revenue that is pledge to pay debt service on the Terminal A Bonds.
(2) Logan Airport uncollectible accounts have been included in Logan Other Revenue.
(3) On July 1, 2010, the Authority acquired Worcester Regional Airport as required under the Transportation Reform Act.
(4) Maritime Operations include Auto, Container, Cruise and Seafood Business lines.
(5) Effective 1/1/2010, Tobin Bridge was transferred to the MassDOT pursuant to the Transportation Reform Act.
(6) Excludes investment income earned by and deposited into Construction, PFC, CFC and other funds not held under the 1978 Trust Agreement.
(7) CFC revenue collection began at Logan Airport on December 1, 2008. CFC Revenues (including investment income) were excluded from the 1978 net revenue in fiscal years 2009 and 2010 in anticipation of execution of the CFC Trust Agreement. The CFC Trust Agreement became effective May 18, 2011, and commencing with fiscal year 2011, all CFC Revenues continue to be excluded from the 1978 Trust Net Revenues.
(8) Includes allocation of all operating expenses related to Authority General Administration.

Source: Authority's accounting reports.

Calculation of Net Revenues Pledged Under the 1978 Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-5 Breakdown of Revenues and Expenses Under 1978 Trust Agreement (Continued)

	2013	2012	2011	2010	2009
1978 Trust Agreement					
REVENUES:					
Airport Properties - Logan					
Landing Fees	$86,533	$88,287	$91,515	$89,718	$89,041
Parking Fees	$131,873	$125,771	$116,059	$106,918	$102,778
Utility Fees	$14,867	$15,275	$16,144	$18,442	$26,005
Terminal Rentals (1)	$117,891	$115,567	$110,267	$106,079	$106,021
Non-Terminal Building and Ground Rents	$42,086	$40,107	$39,547	$37,574	$ 36,693
Concessions	$70,082	$71,342	$62,750	$60,179	$58,685
Other (2)	$19,162	$20,467	$19,417	$19,908	$16,177
	$482,494	$476,816	$455,699	$438,818	$435,400
Airport Properties - Hanscom	$10,377	$9,984	$ 9,371	$9,227	$9,037
Airport Properties - Worcester (3)	$ 774	$1,238	$ 911	N/A	N/A
Total Airport Properties	**$493,645**	**$488,038**	**$465,981**	**$448,045**	**$444,437**
PORT PROPERTIES					
Maritime Operations (4)	$56,334	$54,556	$ 53,589	$49,493	$52,519
Maritime Business Development/Real Estate	$20,295	$18,778	$17,120	$14,729	$15,296
	$76,629	**$73,334**	**$70,709**	**$64,222**	**$67,815**
Bridge (5)	$0	$0	$0	$15,153	$28,882
Total Operating Revenue	**$570,274**	**$561,372**	**$536,690**	**$527,420**	**$541,134**
Investment Income (6)	$4,168	$6,695	$8,340	$11,243	$17,483
Total Revenues before CFC	**$574,442**	**$568,067**	**$545,030**	**$538,663**	**$558,617**
CFC Revenues (7)	$0	$0	$0	$20,752	$5,221
Total Revenues	**$574,442**	**$568,067**	**$545,030**	**$559,415**	**$563,838**
Operating Expenses (8):					
AIRPORT PROPERTIES					
Logan	$267,157	$ 251,718	$253,062	$243,180	$246,561
Hanscom	$9,235	$8,162	$8,726	$8,159	$8,710
Worcester (3)	$5,012	$5,048	$ 5,122	N/A	N/A
	$281,404	**$264,928**	**$266,910**	**$251,339**	**$255,271**
PORT PROPERTIES					
Maritime Operations (4)	$56,740	$55,798	$56,687	$52,453	$54,212
Maritime Business Development/Real Estate	$13,854	$13,242	$11,932	$11,398	$12,708
	$70,594	**$69,040**	**$68,619**	**$63,851**	**$66,920**
Bridge (5)	$0	$0	$0	$5,279	$12,629
Total Operating Expenses	**$351,998**	**$333,968**	**$335,529**	**$320,469**	**$334,820**
Net Revenue	**$222,444**	**$234,099**	**$209,501**	**$238,946**	**$229,018**
Net Revenue Excluding CFCs	**$222,444**	**$234,099**	**$209,501**	**$218,194**	**$223,797**

(1) Excludes the portion of Terminal A rental revenue that is pledge to pay debt service on the Terminal A Bonds.
(2) Logan Airport uncollectible accounts have been included in Logan Other Revenue.
(3) On July 1, 2010, the Authority acquired Worcester Regional Airport as required under the Transportation Reform Act.
(4) Maritime Operations include Auto, Container, Cruise and Seafood Business lines.
(5) Effective 1/1/2010, Tobin Bridge was transferred to the MassDOT pursuant to the Transportation Reform Act.
(6) Excludes investment income earned by and deposited into Construction, PFC, CFC and other funds not held under the 1978 Trust Agreement.
(7) CFC revenue collection began at Logan Airport on December 1, 2008. CFC Revenues (including investment income) were excluded from the 1978 net revenue in fiscal years 2009 and 2010 in anticipation of execution of the CFC Trust Agreement. The CFC Trust Agreement became effective May 18, 2011, and commencing with fiscal year 2011, all CFC Revenues continue to be excluded from the 1978 Trust Net Revenues.
(8) Includes allocation of all operating expenses related to Authority General Administration.

Source: Authority's accounting reports.

Calculation of Total PFC Pledged Under the PFC Trust Agreement and Calculation of Total CFC Revenue Pledged Under the CFC Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-6 Breakdown of Revenues by Governing Trust Agreement

	2018	2017	2016	2015	2014
PFC Trust Agreement Revenues: (4)					
Logan Airport Net PFC Collections (1)	N/A	$76,296	$70,781	$65,807	$62,682
PFC Investment Income (3)	N/A	$537	$277	$82	$69
PFC Revenue	**N/A**	**$76,833**	**$70,995**	**$65,889**	**$62,751**
CFC Trust Agreement Revenues:					
CFC Collections (5)	$33,003	$33,055	$32,335	$30,768	$29,963
CFC Investment Income	$1,301	$774	$478	$384	$417
CFC Revenue	**$34,304**	**$33,829**	**$32,813**	**$31,152**	**$30,380**

(1) PFC revenue collection began at Logan Airport on November 1, 1993. The PFC Trust Agreement became effective May 6, 1999.
(2) In fiscal year 2010, the Authority changed its accrual policy for calculating PFC revenue.
(3) PFC investment income, per federal PFC law, includes only interest income generated by PFC collections. It does not include earnings on PFC bond funds.
(4) As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the final payment amount of $52.9 million matured on July 1, 2017.
(5) CFC revenue collection began at Logan Airport on December 1, 2008. The CFC Trust Agreement became effective May 18, 2011.

Source: Authority's accounting reports.

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Calculation of Total PFC Pledged Under the PFC Trust Agreement and Calculation of Total CFC Revenue Pledged Under the CFC Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands)

S-6 Breakdown of Revenues by Governing Trust Agreement (Continued)

	2013	2012	2011	2010	2009
PFC Trust Agreement Revenues: (4)					
Logan Airport Net PFC Collections (1)	$60,105	$59,258	$58,485	$58,598 (2)	$50,102
PFC Investment Income (3)	$62	$81	$177	$469	$597
PFC Revenue	**$60,167**	**$59,339**	**$58,662**	**$59,067**	**$50,699**
CFC Trust Agreement Revenues:					
CFC Collections (5)	$29,354	$28,749	$26,203	N/A	N/A
CFC Investment Income	$771	$ 802	$159	N/A	N/A
CFC Revenue	**$30,125**	**$29,551**	**$26,362**	**$0.0**	**$0.0**

(1) PFC revenue collection began at Logan Airport on November 1, 1993. The PFC Trust Agreement became effective May 6, 1999.
(2) In fiscal year 2010, the Authority changed its accrual policy for calculating PFC revenue.
(3) PFC investment income, per federal PFC law, includes only interest income generated by PFC collections. It does not include earnings on PFC bond funds.
(4) As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the final payment amount of $52.9 million matured on July 1, 2017.
(5) CFC revenue collection began at Logan Airport on December 1, 2008. The CFC Trust Agreement became effective May 18, 2011.

Source: Authority's accounting reports.

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Calculation of Debt Service Coverage Under the 1978 Trust Agreement, the PFC Trust Agreement and the CFC Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands - Except Coverage Calculations)

S-7 Debt Service Coverage

	2018	2017	2016	2015	2014
1978 Trust Agreement					
Net Revenue	$382,358	$332,111	$293,064	$258,087	$240,108
Debt Service - Principal	$52,325	$52,895	$49,430	$50,480	$46,910
Debt Service - Interest	$64,706	$59,636	$52,429	$50,211	$48,882
Credits to Debt Service (1)	($5,709)	($11,075)	($3,639)	($2,191)	($5,229)
Annual Debt Service	$111,322	$101,456	$98,220	$98,500	$90,563
Debt Service Coverage	3.43	3.27	2.98 (6)	2.62 (6)	2.65
PFC Trust Agreement (7)					
Net PFC Revenue	N/A	$76,833	$70,995	$65,889	$62,751
Debt Service - Principal	N/A	$52,910	$22,325	$17,475	$17,720
Debt Service - Interest	N/A	$2,579	$3,731	$4,563	$5,435
Credits to Debt Service (2)	N/A	($20,245)	($312)	($841)	($1,311)
Annual Debt Service	N/A	$35,244	$25,744	$21,197	$21,844
Debt Service Coverage (3)	N/A	2.18	2.76	3.11	2.87
First Lien Sufficiency Covenant	N/A	63.44	10.68 (6)	5.64	4.75
CFC Trust Agreement					
CFC Revenue (4)	$33,003	$33,055	$32,335	$30,768	$29,963
Debt Service - Principal	$3,780	$3,620	$3,485	$3,360	$3,260
Debt Service - Interest	$11,311	$11,461	$11,584	$11,693	$11,755
Credits to Debt Service	($1,050)	($729)	($397)	($366)	($2,220)
Annual Debt Service	$14,041	$14,352	$14,672	$14,687	$12,795
Debt Service Coverage before the benefit of Rolling Cov. Fund and Sup. Reserve Fund balances	2.35	2.30	2.20	2.09	2.34
Debt Service Coverage after the benefit of Rolling Cov. Fund and Sup. Reserve Fund balances	2.65	2.60	2.50	2.39 (5)	2.64 (5)

(1) Consists of bond proceeds in the form of Capitalized Interest and investment earnings on the Construction Funds.

(2) Consists of investment income on the PFC Debt Service Reserve Fund, the PFC Project Funds and investment income generated by the PFC Debt Service Funds that were not received from PFC collections. Fiscal year 2017 credits include $19.6 million released from the Debt Service Reserve Fund.

(3) Debt Service Coverage reflects the pledge of revenue at the $4.50 PFC level.

(4) CFC revenue collection began at Logan Airport on December 1, 2008. The CFC Trust Agreement became effective May 18, 2011. The CFC Bonds were issued June 15, 2011. Due to the timing of the issuance, no debt service was due or paid in fiscal year 2011 and, accordingly, coverage cannot be calculated for fiscal year 2011.

(5) Following the issuance of the June 30, 2015 audited financial statements on September 30, 2015, the CFC Debt Service Coverage calculation was updated from 2.42 to 2.39 for fiscal year 2015. Following the issuance of the June 30, 2014 audited financial statements on September 24, 2014, the CFC Debt Service Coverage calculation was updated from 2.69 to 2.64 for fiscal year 2014.

(6) Following the issuance of the June 30, 2016 audited financial statements on September 30, 2016, the 1978 Trust Debt Service Coverage calculations in the fiscal year 2016 MD&A were updated from 2.96 to 2.98 for fiscal year 2016 and from 2.49 to 2.62 for fiscal year 2015, respectively. The PFC First Lien Sufficiency covenant calculation has been updated from 11.03 to 10.68 for fiscal year 2016.

(7) As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the final payment amount of $52.9 million matured on July 1, 2017.

Source: Authority's accounting reports.

Calculation of Debt Service Coverage Under the 1978 Trust Agreement the PFC Trust Agreement and the CFC Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands - Except Coverage Calculations)

S-7 Debt Service Coverage (Continued)

	2013	2012	2011	2010	2009
1978 Trust Agreement					
Net Revenue	$222,444	$234,099	$209,501	$218,194	$223,797
Debt Service - Principal	$44,325	$57,010	$54,100	$53,855	$50,780
Debt Service - Interest	$51,089	$50,024	$50,913	$50,836	$55,889
Credits to Debt Service (1)	($5,330)	($1,198)	($3,994)	$0	$0
Annual Debt Service	$90,084	$105,836	$101,019	$104,691	$106,669
Debt Service Coverage)	2.47	2.21	2.07	2.08	2.10
PFC Trust Agreement (7)					
Net PFC Revenue	$60,167	$59,339	$58,662	$59,067	$50,699
Debt Service - Principal	$16,925	$16,160	$15,735	$17,390	$16,540
Debt Service - Interest	$6,236	$6,999	$7,214	$9,799	$10,648
Credits to Debt Service (2)	($1,417)	($924)	($1,618)	($1,642)	($2,758)
Annual Debt Service	$21,744	$22,235	$21,331	$25,547	$24,430
Debt Service Coverage (3)	2.77	2.67	2.75	2.31	2.08
First Lien Sufficiency Covenant	4.37	3.73	4.09	1.57	1.63
CFC Trust Agreement					
CFC Revenue (4)	$29,354	$28,749	$26,203	N/A	N/A
Debt Service - Principal	$3,185	$2,575	$0	$0	$0
Debt Service - Interest	$11,796	$11,814	$0	$0	$0
Credits to Debt Service	($3,564)	($2,796)	$0	$0	$0
Annual Debt Service	$11,417	$11,593	$0	$0	$0
Debt Service Coverage before the benefit of Rolling Cov. Fund and Sup. Reserve Fund balances	2.57	2.48	N/A	N/A	N/A
Debt Service Coverage after the benefit of Rolling Cov. Fund and Sup. Reserve Fund balances	2.87	2.78	N/A	N/A	N/A

(1) Consists of bond proceeds in the form of Capitalized Interest and investment earnings on the Construction Funds.

(2) Consists of investment income on the PFC Debt Service Reserve Fund, the PFC Project Funds and investment income generated by the PFC Debt Service Funds that were not received from PFC collections. Fiscal year 2017 credits include $19.6 million released from the Debt Service Reserve Fund.

(3) Debt Service Coverage reflects the pledge of revenue at the $4.50 PFC level.

(4) CFC revenue collection began at Logan Airport on December 1, 2008. The CFC Trust Agreement became effective May 18, 2011. The CFC Bonds were issued June 15, 2011. Due to the timing of the issuance, no debt service was due or paid in fiscal year 2011 and, accordingly, coverage cannot be calculated for fiscal year 2011.

(5) Following the issuance of the June 30, 2015 audited financial statements on September 30, 2015, the CFC Debt Service Coverage calculation was updated from 2.42 to 2.39 for fiscal year 2015. Following the issuance of the June 30, 2014 audited financial statements on September 24, 2014, the CFC Debt Service Coverage calculation was updated from 2.69 to 2.64 for fiscal year 2014.

(6) Following the issuance of the June 30, 2016 audited financial statements on September 30, 2016, the 1978 Trust Debt Service Coverage calculations in the fiscal year 2016 MD&A were updated from 2.96 to 2.98 for fiscal year 2016 and from 2.49 to 2.62 for fiscal year 2015, respectively. The PFC First Lien Sufficiency covenant calculation has been updated from 11.03 to 10.68 for fiscal year 2016.

(7) As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the final payment amount of $52.9 million matured on July 1, 2017.

Source: Authority's accounting reports.

Debt Metrics Under the 1978 Trust Agreement, the PFC Trust Agreement and the CFC Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands - Except Per Passenger Calculations)

S-8 Debt Metrics (1)

	2018	2017	2016	2015	2014
1978 Trust Agreement-Annual Debt Service per enplaned passenger	$5.67	$5.45	$5.67	$6.13	$5.90
1978 Trust Agreement Bonds Outstanding (GAAP)	$1,489,400	$1,467,650	$1,348,590	$1,398,070	$1,194,540
Less Annual Debt Service - Principal	$52,325	$52,895	$49,430	$50,480	$46,910
1978 Trust Agreement Bonds Outstanding	$1,437,075	$1,414,755	$1,299,160	$1,347,590	$1,147,630
1978 Trust Agreement Bonds per enplaned passenger	$73.18	$75.93	$74.94	$83.87	$74.82
PFC Trust Agreement Annual Debt Service per enplaned passenger	N/A	$1.89	$1.49	$1.32	$1.42
PFC Trust Agreement Bonds Outstanding (GAAP)	N/A	$52,910	$75,235	$92,710	$110,430
Less Annual PFC Debt Service - Principal	N/A	$52,910	$22,325	$17,475	$17,720
PFC Trust Agreement Bonds Outstanding (2)	N/A	_	$52,910	$75,235	$92,710
PFC Trust Agreement Bonds per enplaned passenger	N/A	_	$3.05	$4.68	$6.04
CFC Trust Agreement Bonds Outstanding (GAAP)	$194,575	$198,195	$201,680	$205,040	$208,300
Less Annual CFC Debt Service - Principal	$3,780	$3,620	$3,485	$3,360	$3,260
CFC Trust Agreement Bonds Outstanding	$190,795	$194,575	$198,195	$201,680	$205,040
CFC Trust Agreement Bonds per enplaned passenger	$9.72	$10.44	$11.43	$12.55	$13.37
Total Outstanding Bonds at June 30 (GAAP)	**$1,683,975**	**$1,718,755**	**$1,625,505**	**$1,695,820**	**$1,513,270**

(1) Excluding accrued maturities and commercial paper. See Exhibit S-12 for enplaned passenger statistics.
(2) As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the final payment amount of $52.9 million matured on July 1, 2017.

Source: Authority's accounting reports.

Debt Metrics Under the 1978 Trust Agreement, the PFC Trust Agreement and the CFC Trust Agreement

Fiscal Years Ended June 30, 2009 through June 30, 2018 (In Thousands - Except Per Passenger Calculations)

S-8 Debt Metrics (1) (Continued)

	2013	2012	2011	2010	2009
1978 Trust Agreement-Annual Debt Service per enplaned passenger	$6.16	$7.27	$7.15	$7.98	$8.57
1978 Trust Agreement Bonds Outstanding (GAAP)	$1,238,865	$1,200,360	$1,254,460	$1,220,925	$1,292,560
Less Annual Debt Service - Principal	$44,325	$57,010	$54,100	$53,855	$50,780
1978 Trust Agreement Bonds Outstanding	$1,194,540	$1,143,350	$1,200,360	$1,167,070	$1,241,780
1978 Trust Agreement Bonds per enplaned passenger	$81.70	$78.54	$84.91	$88.97	$99.72
PFC Trust Agreement Annual Debt Service per enplaned passenger	$1.49	$1.53	$1.51	$1.95	$1.96
PFC Trust Agreement Bonds Outstanding (GAAP)	$127,355	$143,515	$159,250	$192,770	$209,310
Less Annual PFC Debt Service - Principal	$16,925	$16,160	$15,735	$17,390	$16,540
PFC Trust Agreement Bonds Outstanding (2)	$110,430	$127,355	$143,515	$175,380	$192,770
PFC Trust Agreement Bonds per enplaned passenger	$7.55	$8.75	$10.15	$13.37	$15.48
CFC Trust Agreement Bonds Outstanding (GAAP)	$211,485	$214,060	$214,060	N/A	N/A
Less Annual CFC Debt Service - Principal	$3,185	$2,575	-	N/A	N/A
CFC Trust Agreement Bonds Outstanding	$208,300	$211,485	$214,060	N/A	N/A
CFC Trust Agreement Bonds per enplaned passenger	$14.25	$14.53	$15.14	N/A	N/A
Total Outstanding Bonds at June 30 (GAAP)	**$1,577,705**	**$1,557,935**	**$1,627,770**	**$1,413,695**	**$1,501,870**

(1) Excluding accrued maturities and commercial paper. See Exhibit S-12 for enplaned passenger statistics.
(2) As of July 3, 2017, there are no PFC Revenue Bonds outstanding under the PFC Trust Agreement, as the final payment amount of $52.9 million matured on July 1, 2017.

Source: Authority's accounting reports.

Largest Private Sector Employers

Current Year and Nine Years Ago (Listed in alphabetical order)

S-9 Largest Private Sector Employers – Top 20 Massachusetts Employers with 10,000+ Employees (1)

Calendar Year 2018 (2)

EMPLOYER	HEADQUARTERS	PRODUCT OR SERVICE
Bj's Wholesale Club Inc	Westborough	Wholesale Clubs
Boston Scientific Corp	Marlborough	Physicians & Surgeons Equip & Supls-Whls
Bright Horizons Family Solutions	Watertown	Child Care Service
De Moulas Market Basket Inc	Tewksbury	Grocers-Retail
Five Star Senior Living Inc	Newton	Health Care Management
FMR LLC	Boston	Financial Advisory Services
Fresenius Medical Care North	Waltham	Dialysis
General Electric Co	Boston	Electronic Equipment & Supplies-Mfrs
Iron Mountain Inc	Boston	Business Records & Documents-Storage
John Hancock	Boston	Insurance
Liberty Mutual Holding Co Inc	Boston	Insurance-Holding Companies
Massachusetts Mutual Life Ins	Springfield	Insurance
National Amusements Inc	Norwood	Theatres-Movie
National MENTOR Holdings Inc	Boston	Human Services Organizations
Partners Health Care System	Boston	Health Care Management
Philips Electronics N America	Andover	Health Equipment & Supls-Manufacturers
Raytheon Co	Waltham	Aerospace Industries (Mfrs)
State Street Corp	Boston	Holding Companies (Bank)
Thermo Fisher Scientific Inc	Waltham	Laboratory Equipment & Supplies (Whls)
Virtusa Corp	Southborough	Computer Programming Services

Calendar Year 2009

EMPLOYER	HEADQUARTERS	PRODUCT OR SERVICE
Bay State Medical Center	Springfield	Hospital
Beth Israel Deaconess Medical Center	Boston	Hospital
Boston Medical Center Corporation	Boston	Hospital
Boston University	Boston	University
Brigham and Women's Hospital	Boston	Hospital
DeMoulas Supermarket Inc.	Tewksbury	Supermarket
EMC Corporation	Hopkinton	Computer Storage & Peripherals
General Hospital Corporation	Boston	Hospital
Massachusetts Institute of Technology	Cambridge	University
New England Medical Center	Boston	Hospital
President and Fellows of Harvard College	Boston	University
Raytheon Company	Lexington	Electronics/Defense
Shaw's Supermarkets, Inc.	West Bridgewater	Supermarket
Southcoast Hospitals Group	New Bedford	Hospital
State Street Corp	Boston	Banking
The Children's Hospital Corporation	Boston	Hospital
Tufts University	Boston	University
UMass Memorial Medical Center, Inc.	Worcester	Hospital
Verizon New England, Inc.	Boston	Telecommunications

(1) Largest employers headquartered in MA only, excludes subsidiaries that are headquartered outside of MA.
(2) Updated data as of September 2018.

Sources: InfoUSA, Inc. (2018).
Verison New England is a subsidiary of Verizon Communications, headquartered in New York.

Demographics and Employment Data
Calendar Years Ended 2008 through 2017

S-10 Demographics and Employment Data

BOSTON METROPOLITAN STATISTICAL AREA (1)	2017	2016	2015	2014	2013
Population (5)	4,836,531	4,805,942	4,766,755	4,739,385	4,698,356
Total personal income (in millions)	N/A(2)	$336,363	$326,046	$304,329	$289,275
Per capita personal income	N/A(2)	$70,157	$68,292	$64,311	$61,754
Unemployment rate (annual average) (4)	3.4%	3.5%	4.4%	5.2%	6.1%
Employment By Industry Industry Type (In thousands) (3, 4)					
Educational and Health Services	589.0	582.4	570.6	558.6	539.9
Trade, Transportation and Utilities	436.7	437.8	434.6	432.4	423.8
Professional and Business Services	487.5	477.2	464.9	449.2	439.0
Government	316.8	319.6	318.4	320.1	313.5
Manufacturing	188.7	187.6	189.5	193.1	193.3
Leisure and Hospitality	267.4	263.6	257.1	250.0	242.4
Financial Activities	184.2	185.4	184.8	180.4	178.9
Construction	114.5	110.0	107.8	97.9	90.5
Other Services	103.9	101.1	100.1	99.8	98.3
Information	79.0	79.3	77.7	76.3	75.1
Total	2,767.7	2,744.0	2,705.5	2,657.8	2,594.7

(1) The Metropolitan Statistical Area as defined by the Office of Management and Budget for Federal statistical purposes.
(2) U.S. Department of Labor changed its release date for statistical data estimates of personal income for all local areas. Data is expected to be released 11 months after the end of the referenced year.
(3) On February 28, 2013, the Office of Management and Budget announced through Bulletin No. 13-01 revised delineations of Metropolitan Statistical Areas. The Local Area Unemployment Statistics implemented these 2010 Census-based delineations on March 17, 2015. Employment figures are reflected as of December 31 each calendar year.
(4) Employment data for calendar year 2016 has been revised from what was reflected in Table S-10 of the Authority's fiscal year 2017 CAFR, reflecting updated data released by the Bureau of Labor Statistics.
(5) Population data for calendar year 2016 has been revised from what was reflected in Table S-10 of the Authority's fiscal year 2017 CAFR, reflecting updated data released by the U.S. Census Bureau.

Sources: Bureau of Economic Analysis - U.S. Department of Commerce and Bureau of Labor Statistics - U.S. Department of Labor.

CHILDREN'S LITERATURE CHARACTERS IN PLAY AREA AT LOGAN AIRPORT

Demographics and Employment Data
Calendar Years Ended 2008 through 2017

S-10 Demographics and Employment Data (Continued)

BOSTON METROPOLITAN STATISTICAL AREA (1)	2012	2011	2010	2009	2008
Population (5)	4,642,095	4,591,112	4,559,372	4,588,680	4,544,705
Total personal income (in millions)	$280,244	$265,794	$252,729	$246,471	$250,810
Per capita personal income	$60,387	$57,893	$55,431	$53,713	$55,187
Unemployment rate (annual average) (4)	6.1%	6.6%	7.6%	7.5%	5.0%
Employment By Industry Industry Type (In thousands) (3, 4)					
Educational and Health Services	532.8	521.9	512.5	505.0	492.4
Trade, Transportation and Utilities	419.6	417.3	412.8	407.3	423.1
Professional and Business Services	425.8	412.3	399.9	389.7	409.2
Government	309.7	308.1	309.9	309.9	308.7
Manufacturing	193.6	192.9	196.2	194.6	210.9
Leisure and Hospitality	233.6	225.8	219.8	210.6	213.5
Financial Activities	178.7	177.9	179.6	181.3	189.1
Construction	86.3	80.9	77.9	77.4	91.6
Other Services	97.6	95.8	93.2	90.1	90.2
Information	74.6	74.8	72.0	72.6	74.8
Total	2,552.3	2,507.7	2,473.8	2,438.5	2,503.5

(1) The Metropolitan Statistical Area as defined by the Office of Management and Budget for Federal statistical purposes.
(2) U.S. Department of Labor changed its release date for statistical data estimates of personal income for all local areas. Data is expected to be released 11 months after the end of the referenced year.
(3) On February 28, 2013, the Office of Management and Budget announced through Bulletin No. 13-01 revised delineations of Metropolitan Statistical Areas. The Local Area Unemployment Statistics implemented these 2010 Census-based delineations on March 17, 2015. Employment figures are reflected as of December 31 each calendar year.
(4) Employment data for calendar year 2016 has been revised from what was reflected in Table S-10 of the Authority's fiscal year 2017 CAFR, reflecting updated data released by the Bureau of Labor Statistics.
(5) Population data for calendar year 2016 has been revised from what was reflected in Table S-10 of the Authority's fiscal year 2017 CAFR, reflecting updated data released by the U.S. Census Bureau.

Sources: Bureau of Economic Analysis - U.S. Department of Commerce and Bureau of Labor Statistics - U.S. Department of Labor.

HEAD OF THE CHARLES REGATTA EXHIBIT IN LOGAN AIRPORT TERMINAL B

Number of Employees by Facility
Fiscal Years Ended June 30, 2009 through June 30, 2018

S-11 Number of Employees by Facility (1)

FACILITY	2018	2017	2016	2015	2014
Tobin Bridge (2)	-	-	-	-	-
Logan Airport	777.0	780.0	750.5	725.0	707.0
Hanscom Field	19.0	18.0	19.0	19.0	18.0
Worcester Regional Airport (3)	33.0	32.0	31.0	32.0	26.5
Maritime	119.0	121.0	120.5	115.5	121.0
General Administration	336.0	322.0	318.0	311.5	300.5
Total Employees	1,284.0	1,273.0	1,239.0	1,203.0	1,173.0

(1) Excludes policing services that are provided to the Authority by Troop F of the Massachusetts State Police who are employees of the Commonwealth. In fiscal year 2018, there were 145 State Police positions assigned to the Authority.
(2) Effective 1/1/2010, Tobin Bridge was transferred to MassDOT pursuant to the Transportation Reform Act.
(3) Effective 7/1/2010, the Authority acquired Worcester Regional Airport pursuant to the Transportation Reform Act.

Source: Authority-Wide Vacancy report as of June 30 each fiscal year.

MASSPORT EMPLOYEES AT ANNUAL "ALL HANDS" MEETING TO RECOGNIZE OUTSTANDING ACHIEVEMENT

Number of Employees by Facility

Fiscal Years Ended June 30, 2009 through June 30, 2018

S-11 Number of Employees by Facility (1) (Continued)

FACILITY	2013	2012	2011	2010	2009
Tobin Bridge (2)	-	-	-	-	51.5
Logan Airport	678.5	696.5	686.5	698.5	705.5
Hanscom Field	19.0	19.0	18.0	19.0	18.0
Worcester Regional Airport (3)	21.0	24.0	5.0	-	-
Maritime	118.0	114.0	113.0	115.0	119.0
General Administration	287.5	255.0	258.0	264.5	271.0
Total Employees	1,124.0	1,108.5	1,080.5	1,097.0	1,165.0

(1) Excludes policing services that are provided to the Authority by Troop F of the Massachusetts State Police who are employees of the Commonwealth. In fiscal year 2018, there were 145 State Police positions assigned to the Authority.
(2) Effective 1/1/2010, Tobin Bridge was transferred to MassDOT pursuant to the Transportation Reform Act.
(3) Effective 7/1/2010, the Authority acquired Worcester Regional Airport pursuant to the Transportation Reform Act.

Source: Authority-Wide Vacancy report as of June 30 each fiscal year.

AWARDS PRESENTED AT "ALL HANDS" MEETING

Logan International Airport
Traffic Metrics
Fiscal Years Ended June 30, 2009 through June 30, 2018

S-12 Logan International Airport Activity

	2018	2017	2016	2015	2014
Aircraft Operations (1)					
Domestic (2)	257,296	244,857	237,479	224,928	219,534
International (3)	52,483	51,500	46,687	41,084	38,059
Regional	71,198	68,223	72,416	71,233	79,983
General Aviation	31,186	31,300	30,026	26,114	26,286
Total Operations	412,163	395,880	386,608	363,359	363,862
Aircraft Landed Weights (1,000 pounds) (4)	25,249,192	24,040,957	22,652,895	20,784,046	20,297,245
Passengers Traffic					
Domestic (2)					
Enplaned	14,995,819	14,257,124	13,368,762	12,551,985	11,990,184
Deplaned	15,079,032	14,348,544	13,466,887	12,591,542	12,045,512
International (3)					
Enplaned	3,609,751	3,493,005	3,004,322	2,611,642	2,337,269
Deplaned	3,649,730	3,506,567	3,034,210	2,634,590	2,348,399
Regional					
Enplaned	1,030,643	881,940	962,163	903,180	1,011,299
Deplaned	1,028,876	871,399	952,308	910,348	1,021,968
Subtotal	39,393,851	37,358,579	34,788,652	32,203,287	30,754,631
General Aviation ("GA")					
Enplaned	56,329	55,886	54,883	47,967	47,816
Deplaned	56,329	55,886	54,883	47,967	47,816
Total Passengers	**39,506,509**	**37,470,351**	**34,898,418**	**32,299,221**	**30,850,263**
Total Enplaned Passengers (excluding GA)	**19,636,213**	**18,632,069**	**17,335,247**	**16,066,807**	**15,338,752**
Average Passengers Per Flight					
Domestic (2)	116.9	116.8	113.0	111.8	109.5
International (3)	138.3	135.9	129.3	127.7	123.1
Regional	28.9	25.7	26.4	25.5	25.4
Air Carrier and Passenger Metrics					
Primary carrier (5)	JetBlue	JetBlue	JetBlue	JetBlue	JetBlue
Primary carrier market share (5)	27.9%	27.2%	26.5%	26.9%	26.5%
Two top carriers market share (5)	44.1%	44.3%	40.7%	39.2%	37.7%
Origination & destination share (6)	94.2%(7)	94.4%	94.8%	94.5%	94.5%
Compensatory airline payments to Massport per enplaned passenger (8)	$14.37	$13.98	$13.45	$13.78	$13.55
Logan Airport revenue per enplaned passenger (9)	$35.39	$34.25	$33.85	$34.76	$34.07
Total Cargo & Mail (1,000 pounds)	727,175	672,402	606,101	625,749	572,226

(1) Includes all-cargo flights.
(2) Includes domestic flights on jets and charters.
(3) Includes international flights on jet, charter and commuter carriers.
(4) Excludes general aviation and non-tenant.
(5) Data consists of mainline activity only.
(6) Source: For fiscal years 2009 and 2010, this statistic was estimated in the market studies published in the Authority's Official Statements, and was only calculated when the Authority issued bonds. Commencing with fiscal year 2011, all data is as of fiscal year end and the source of this statistic is the Massachusetts Port Authority and U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T1, as reported in Appendix CFC-1 to the Authority's CAFR; this statistic is calculated based on outbound passengers only as of fiscal year end.
(7) Fiscal year 2018 data is preliminary.
(8) Consists of landing fees, terminal rents, certain non-PFC passenger fees and aircraft parking fees.
(9) Consists of landing fees, terminal rents, parking, utilities, non-terminal and ground rent, concessions and baggage fees.
Source: Authority reports.

Logan International Airport
Traffic Metrics
Fiscal Years Ended June 30, 2009 through June 30, 2018

S-12 Logan International Airport Activity (Continued)

	2013	2012	2011	2010	2009
Aircraft Operations (1)					
Domestic (2)	206,566	210,309	216,249	200,015	190,271
International (3)	38,400	37,956	33,961	33,814	34,919
Regional	79,608	87,895	91,307	100,148	109,208
General Aviation	26,924	29,062	20,740	13,766	16,690
Total Operations	351,498	365,222	362,257	347,743	351,088
Aircraft Landed Weights (1,000 pounds) (4)	19,494,836	19,858,768	19,712,898	18,681,983	18,741,720
Passengers Traffic					
Domestic (2)					
Enplaned	11,374,807	11,296,136	11,110,527	10,062,680	9,314,138
Deplaned	11,409,669	11,308,598	11,152,038	10,085,288	9,344,673
International (3)					
Enplaned	2,216,937	2,146,491	1,874,108	1,818,370	1,868,603
Deplaned	2,255,775	2,182,472	1,896,528	1,834,023	1,884,406
Regional					
Enplaned	1,029,877	1,114,704	1,152,967	1,236,145	1,270,475
Deplaned	1,024,898	1,117,810	1,152,971	1,223,010	1,272,569
Subtotal	29,311,963	29,166,211	28,339,139	26,259,516	24,954,864
General Aviation ("GA")					
Enplaned	48,471	58,899	42,048	27,473	32,606
Deplaned	48,471	58,899	42,048	27,473	32,606
Total Passengers	**29,408,905**	**29,284,009**	**28,423,235**	**26,314,462**	**25,020,076**
Total Enplaned Passengers (excluding GA)	**14,621,621**	**14,557,331**	**14,137,602**	**13,117,195**	**12,453,216**
Average Passengers Per Flight					
Domestic (2)	110.3	107.5	102.9	100.7	98.1
International (3)	116.5	114.1	111.0	108.0	107.5
Regional	25.8	25.4	25.3	24.6	23.3
Air Carrier and Passenger Metrics					
Primary carrier (5)	JetBlue	JetBlue	JetBlue	JetBlue	JetBlue
Primary carrier market share (5)	26.2%	23.8%	21.2%	16.9%	14.7%
Two top carriers market share (5)	37.6%	35.0%	32.9%	29.9%	28.8%
Origination & destination share (6)	95.0%	95.5%	95.6%	95.0%	NA
Compensatory airline payments to Massport per enplaned passenger (8)	$13.16	$13.20	$13.65	$14.93	$15.66
Logan Airport revenue per enplaned passenger (9)	$33.00	$32.75	$32.23	$33.45	$34.96
Total Cargo & Mail (1,000 pounds)	552,378	546,243	568,806	563,210	571,186

(1) Includes all-cargo flights.
(2) Includes domestic flights on jets and charters.
(3) Includes international flights on jet, charter and commuter carriers.
(4) Excludes general aviation and non-tenant.
(5) Data consists of mainline activity only.
(6) Source: For fiscal years 2009 and 2010, this statistic was estimated in the market studies published in the Authority's Official Statements, and was only calculated when the Authority issued bonds. Commencing with fiscal year 2011, all data is as of fiscal year end and the source of this statistic is the Massachusetts Port Authority and U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T1, as reported in Appendix CFC-1 to the Authority's CAFR; this statistic is calculated based on outbound passengers only as of fiscal year end.
(7) Fiscal year 2018 data is preliminary.
(8) Consists of landing fees, terminal rents, certain non-PFC passenger fees and aircraft parking fees.
(9) Consists of landing fees, terminal rents, parking, utilities, non-terminal and ground rent, concessions and baggage fees.
Source: Authority reports.

Logan International Airport
Market Share of Total Passenger Traffic
Current Year and Nine Years Ago

S-13 Passenger Traffic Market Shares

AIR CARRIER (1)	FISCAL YEAR 2018 PASSENGERS	%	FISCAL YEAR 2009 PASSENGERS	%
JetBlue Airways Corp.	11,007,911	27.9%	3,671,809	14.7%
American Airlines, Inc. (2)	6,412,462	16.2%	6,690,585	26.7%
Foreign Flag	5,622,698	14.2%	2,591,950	10.4%
Delta Air Lines, Inc. (3)	4,985,417	12.6%	3,977,981	15.9%
United Air Lines, Inc. (4)	3,867,254	9.8%	3,413,220	13.6%
Southwest Airlines Co. (5)	2,990,557	7.6%	1,228,217	4.9%
Others	2,557,255	6.5%	723,466	2.9%
Regional Carriers (6)	2,062,955	5.2%	2,722,848	10.9%
Total	**39,506,509**	**100.0%**	**25,020,076**	**100.0%**

AIR CARRIER (1)	2018	2017	2016	2015	2014
American (2)	**16.2%**	**17.1%**	**19.4%**	**20.3%**	**21.0%**
American	-	-	14.2	9.4	10.0
US Airways	-	-	5.2	10.9	11.0
Delta Air Lines (3)	**12.6%**	**12.0%**	**11.5%**	**12.3%**	**10.8%**
Delta	-	-	-	-	-
Northwest Airlines	-	-	-	-	-
JetBlue Airways	**27.9%**	**27.2%**	**26.5%**	**26.9%**	**26.5%**
Southwest (5)	**7.6%**	**8.2%**	**8.1%**	**7.6%**	**8.2%**
AirTran Airways	-	-	-	7.3	1.9
Southwest	-	-	-	0.3	6.3
United Airlines (4)	**9.8%**	**10.1%**	**10.3%**	**10.2%**	**11.2%**
Continental Airlines	-	-	-	-	-
United	-	-	-	-	-
Foreign Flag	**14.2%**	**14.4%**	**13.0%**	**12.0%**	**10.9%**
Regional U.S. Carriers (6)	**5.2%**	**4.7%**	**5.5%**	**5.6%**	**6.6%**
Other U.S. Carriers (7)	**6.5%**	**6.3%**	**5.7%**	**5.1%**	**4.7%**
Total (8)	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

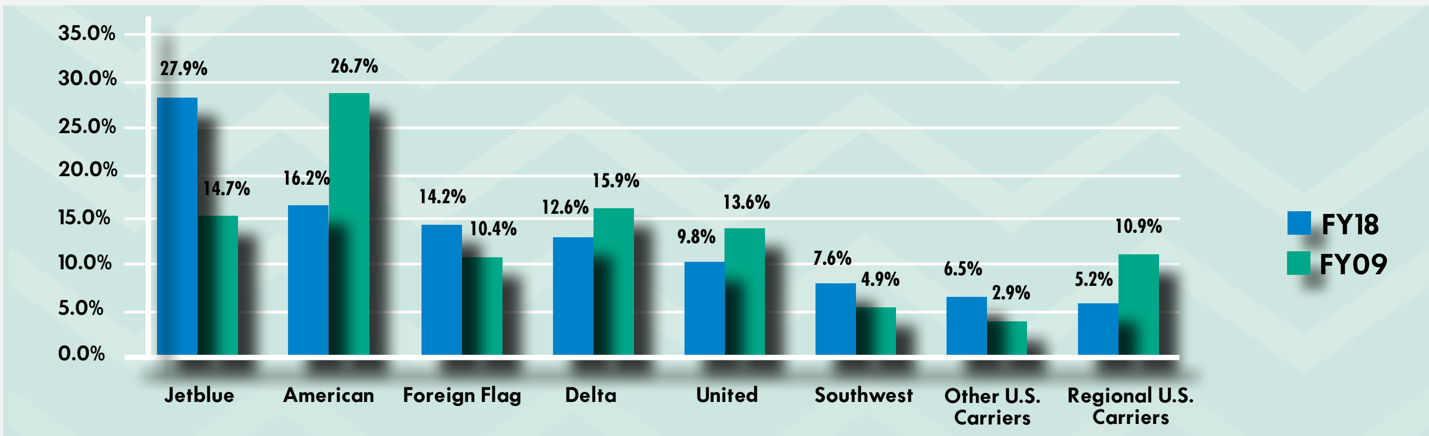
(1) For purposes of comparison, data for consolidated air carriers (American, Delta, Southwest and United) is presented for all fiscal years. In the case of each such consolidated air carrier, the data provided for each period occurring prior to the consolidation is estimated based on a summation of the individual carrier information for such period. The data provided for period(s) occurring after the consolidation reflects actual data for such period(s). To the extent individual merged carriers continue to operate separately, individual carrier information is also shown for the periods occurring post-merger, which information may not add to the consolidated figure.
(2) In December 2013, American merged with US Airways, and effective October 1, 2015, the two airlines were fully integrated under the American name.
(3) In January 2010, Northwest Airlines merged into Delta and discontinued service as an independent entity.
(4) In March 2012, Continental merged into United and discontinued service as an independent entity.
(5) In May 2011, Southwest merged with Air Tran Airways, and effective January 1, 2015, the two airlines were fully integrated under the Southwest name. Southwest Airlines commenced service at Logan Airport in August 2009.
(6) Includes PenAir, Cape Air, American Eagle (through November 2011), US Airways Shuttle, Delta Shuttle, United Express, Continental Express, Envoy and associated regional carriers.These figures for passengers traveling on U.S. flag regional carriers include passengers traveling internationally.
(7) Includes Alaska Airlines, Spirit Airlines, Sun Country, Virgin America (merged with Alaska effective January 11, 2018) and chartered/non-scheduled domestic service.
(8) Includes General Aviation figures.

Source: Authority reports.

Logan International Airport
Market Share of Total Passenger Traffic
Current Year and Nine Years Ago

S-13 Passenger Traffic Market Shares (Continued)

LOGAN INTERNATIONAL AIRPORT MARKET SHARE (1)
TOTAL PASSENGER TRAFFIC: FY18 VS FY09



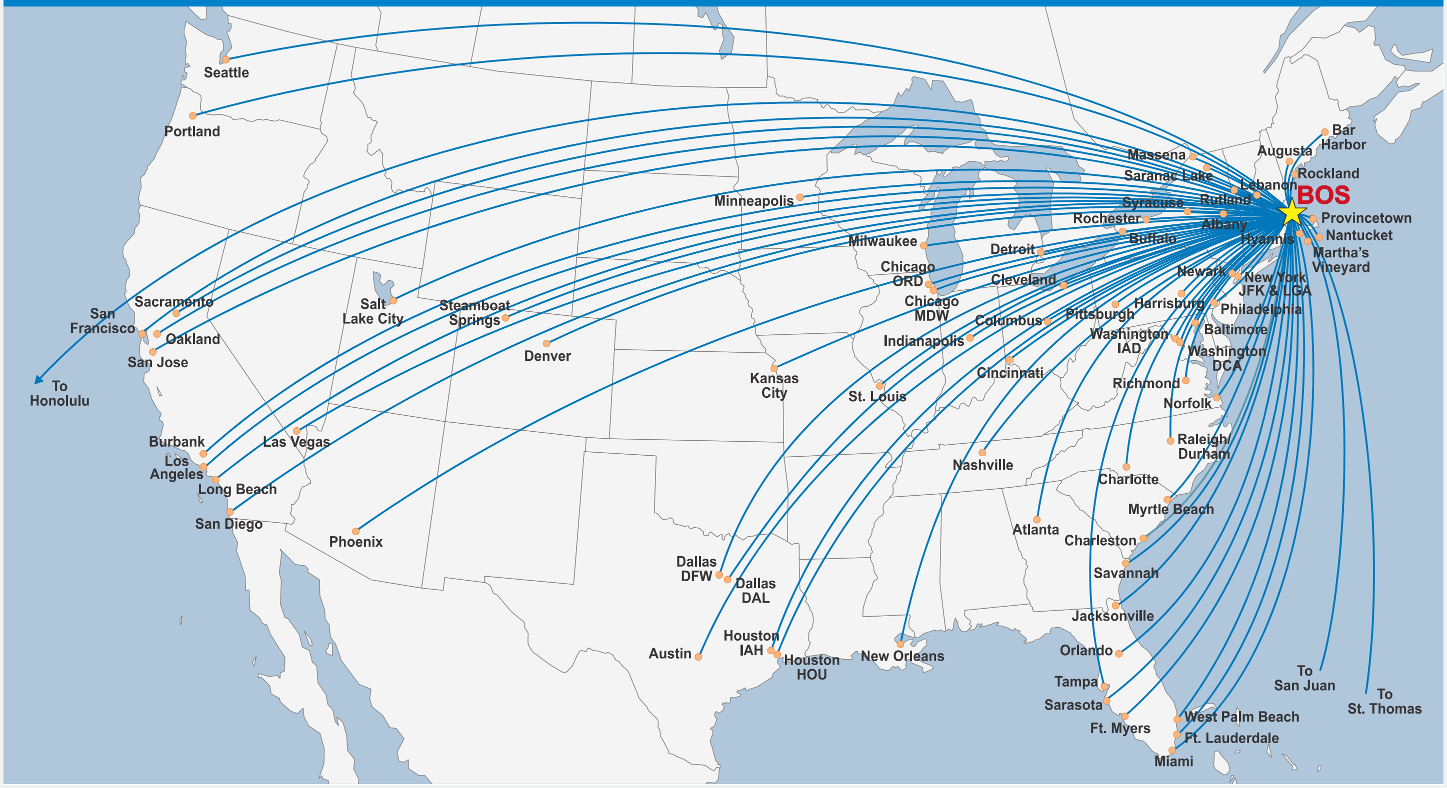
AIR CARRIER (1)	2013	2012	2011	2010	2009
American (2)	**21.7%**	**21.9%**	**22.4%**	**25.3%**	**26.7%**
American	10.8	10.7	11.3	13.6	14.1
US Airways	10.9	11.2	11.1	11.7	12.6
Delta Air Lines (3)	**10.7%**	**11.1%**	**11.7%**	**10.5%**	**15.9%**
Delta	-	-	-	-	11.0
Northwest Airlines	-	-	-	-	4.9
JetBlue Airways	**26.2%**	**23.8%**	**21.2%**	**16.3%**	**14.7%**
Southwest (5)	**8.1%**	**9.4%**	**10.2%**	**5.5%**	**4.9%**
AirTran Airways	2.9	3.9	4.4	5.1	4.9
Southwest	5.2	5.5	5.8	0.4	-
United Airlines (4)	**11.3%**	**11.6%**	**11.7%**	**12.6%**	**13.6%**
Continental Airlines	-	2.6	3.8	4.0	4.5
United	-	9.0	7.9	8.6	9.1
Foreign Flag	**10.3%**	**9.6%**	**9.4%**	**9.6%**	**10.4%**
Regional U.S. Carriers (6)	**7.1%**	**7.3%**	**8.3%**	**9.7%**	**10.9%**
Other U.S. Carriers (7)	**4.5%**	**5.3%**	**5.2%**	**10.5%**	**2.9%**
Total (8)	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

(1) For purposes of comparison, data for consolidated air carriers (American, Delta, Southwest and United) is presented for all fiscal years. In the case of each such consolidated air carrier, the data provided for each period occurring prior to the consolidation is estimated based on a summation of the individual carrier information for such period. The data provided for period(s) occurring after the consolidation reflects actual data for such period(s). To the extent individual merged carriers continue to operate separately, individual carrier information is also shown for the periods occurring post-merger, which information may not add to the consolidated figure.
(2) In December 2013, American merged with US Airways, and effective October 1, 2015, the two airlines were fully integrated under the American name.
(3) In January 2010, Northwest Airlines merged into Delta and discontinued service as an independent entity.
(4) In March 2012, Continental merged into United and discontinued service as an independent entity.
(5) In May 2011, Southwest merged with Air Tran Airways, and effective January 1, 2015, the two airlines were fully integrated under the Southwest name. Southwest Airlines commenced service at Logan Airport in August 2009.
(6) Includes PenAir, Cape Air, American Eagle (through November 2011), US Airways Shuttle, Delta Shuttle, United Express, Continental Express, Envoy and associated regional carriers.These figures for passengers traveling on U.S. flag regional carriers include passengers traveling internationally.
(7) Includes Alaska Airlines, Spirit Airlines, Sun Country, Virgin America (merged with Alaska effective January 11, 2018) and chartered/non-scheduled domestic service.
(8) Includes General Aviation figures.

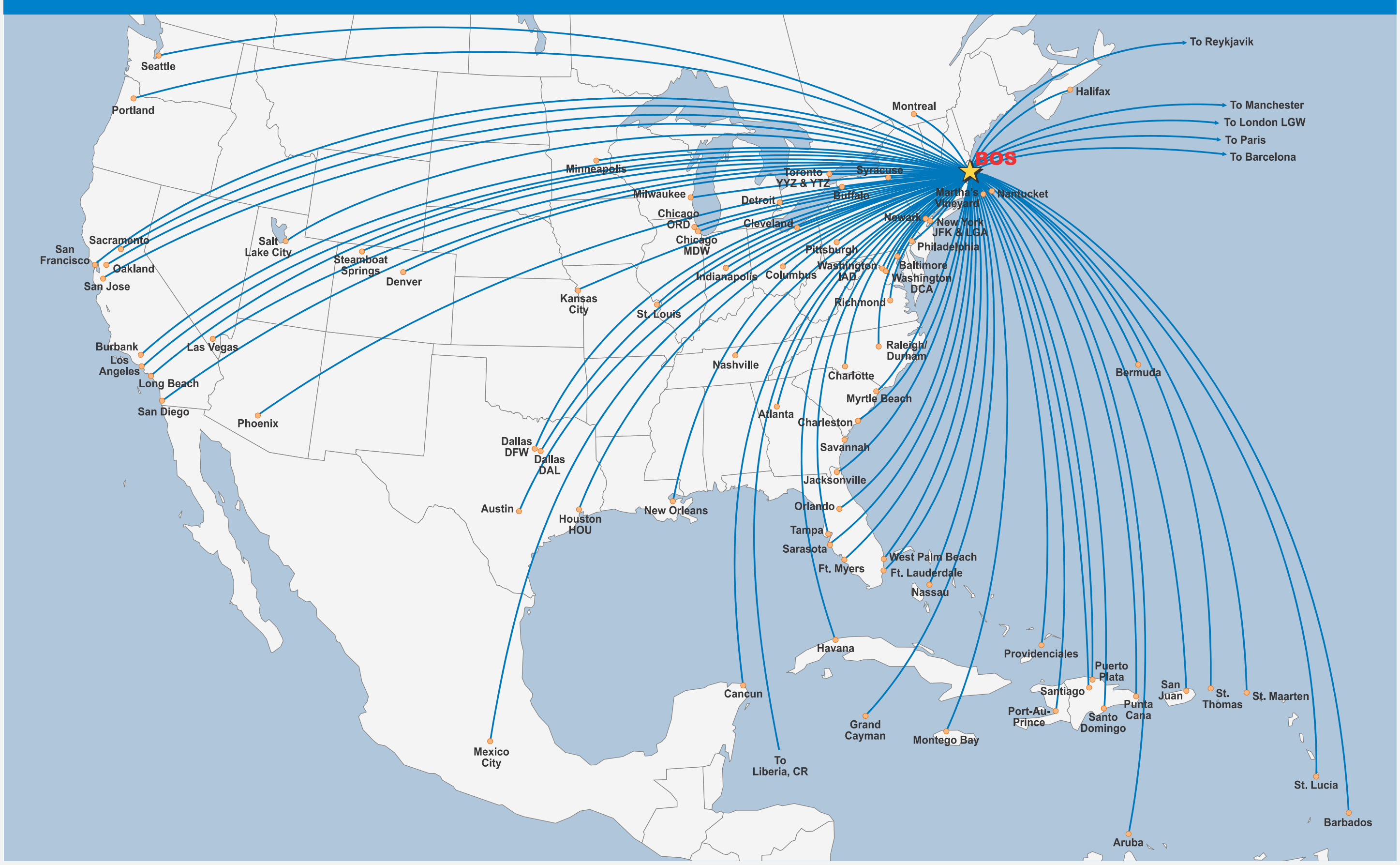
Source: Authority reports.

Logan International Airport

BOSTON LOGAN HAS NONSTOP DOMESTIC SERVICE TO 76 DESTINATIONS



OF THE 134 TOTAL NONSTOP DESTINATIONS SERVED FROM BOSTON LOGAN, LOW-COST CARRIERS PROVIDE COMPETING SERVICE TO 86 DESTINATIONS



Logan International Airport
Passenger Markets
Calendar Year 2017 and Nine Years Ago

The following table shows the percentage of passengers traveling on U.S. air carrier airlines to or from the Airport and other final domestic destinations for calendar year 2017, as reported by the United States Department of Transportation. International passengers are not included. It also shows the comparative ranking of the top 20 domestic destinations for the same period and for calendar year 2008.

S-14 Logan International Airport – Passenger Markets

MARKET	CALENDAR 2017 PERCENTAGE	CALENDAR 2017 RANK	CALENDAR 2008 RANK
NY Area (JFK, LGA, EWR) (1)	5.9%	1	1
Chicago, IL (ORD, MDW) (2)	5.8%	2	6
Washington DC (IAD, DCA) (3)	5.3%	3	2
SFO: San Francisco, CA	5.3%	4	3
LAX: Los Angeles, CA	5.1%	5	4
ATL: Atlanta, GA	4.0%	6	7
MCO: Orlando, FL	4.0%	7	5
BWI: Baltimore, MD	3.0%	8	9
Dallas/Fort Worth, TX (DFW & DAL) (4)	2.7%	9	12
FLL: Fort Lauderdale, FL	2.7%	10	8
PHL: Philadelphia, PA	2.7%	11	24
DEN: Denver, CO	2.6%	12	13
RSW: Fort Myers, FL	2.1%	13	11
TPA: Tampa, FL	2.1%	14	10
Houston, TX (IAH & HOU) (5)	2.0%	15	22
SEA: Seattle, WA	2.0%	16	17
CLT: Charlotte-Douglas, NC	1.8%	17	18
LAS: Las Vegas, NV	1.8%	18	15
RDU: Raleigh/Durham, NC	1.8%	19	20
DTW: Detroit, MI	1.8%	20	27
Total for Cities Listed	64.5%		

(1) Includes JFK, La Guardia and Newark Liberty International Airports.
(2) Includes Chicago O'Hare Airport and Midway Airport.
(3) Includes Dulles Airport & National Airport.
(4) Includes Dallas/Fort Worth Airport and Dallas Love Field Airport.
(5) Includes Houston Intercontinental Airport and Houston Hobby Airport.

Source: DiiO: USDOT, O&D Survey.

Port of Boston
Cargo and Passenger Activity
Fiscal Years Ended June 30, 2009 through June 30, 2018

S-15 Port of Boston Cargo and Passenger Activity

PORT ACTIVITY	2018	2017	2016	2015	2014
Containers (1)	161,130	145,540	140,967	125,809	116,800
Cruise Passengers	406,369	351,914	289,076	330,535	338,442
Automobiles (2)	52,736	48,983	59,740	57,522	57,662
Bulk Tonnage	82,868	110,480	110,673	155,415	182,714

(1) Does not include over-the-road volumes.
(2) Does not include vehicles entered by over-the-road means.

Source: Authority reports.

CRUISE SHIPS AT FLYNN CRUISEPORT BOSTON

Port of Boston
Cargo and Passenger Activity
Fiscal Years Ended June 30, 2009 through June 30, 2018

S-15 Port of Boston Cargo and Passenger Activity (Continued)

PORT ACTIVITY	2013	2012	2011	2010	2009
Containers (1)	110,163	107,477	106,856	100,970	114,871
Cruise Passengers	369,428	380,151	307,224	310,482	275,407
Automobiles (2)	46,116	37,215	42,256	33,208	26,966
Bulk Tonnage	121,890	144,430	112,667	89,394	167,881

(1) Does not include over-the-road volumes.
(2) Does not include vehicles entered by over-the-road means.

Source: Authority reports.

SEASPAN ELBE, THE LARGEST CONTAINER SHIP TO EVER CALL ON CONLEY TERMINAL

Port of Boston Principal Customers

Current Year and Nine Years Ago

S-16 Port of Boston Principal Customers

Fiscal Year 2018

DIRECT SERVICE	SHIPPING LINES	CRUISE LINES	LARGE CUSTOMS HOUSE BROKERS
APL	APL	Aida	A.N. Deringer
China Ocean Shipping Co.	China Ocean Shipping Co.	Azamara	Albatrans, Inc.
CMA CGM	CMA CGM	Carnival Cruise Line	BDP International, Inc.
Evergreen America	Evergreen America	Celebrity	C.H. Powell Company
Hapag Lloyd	Hapag Lloyd	Crystal	DB Schenker
Mediterranean Shipping Corp.	Mediterranean Shipping Corp.	Cunard	DHL Forwarding
Ocean Network Express (ONE)	Ocean Network Express (ONE)	Disney	Dolliff & Company, Inc.
OOCL	OOCL	Fred Olsen	Dynasty International, Inc.
Yang Ming Line	Yang Ming Line	Hapag Lloyd	EGL Eagle Global Logistics
		Holland American	Exel Global Logistics
		Norwegian Cruise Line	Expeditors Int'l
		Oceania	Fedex Trade Networks
		P&O	Hellmann Worldwide Logistics, Inc.
		Phoenix Reisen	J.F. Moran Co., Inc.
		Ponant	Kuehne & Nagel, Inc.
		Princess	Liberty International
		Regent	Magic Customs Brokers, Inc.
		Royal Caribbean	OceanAir, Inc
		Seabourn	Panalpina, Inc.
		Silversea	Savino Del Bene, Inc.
		TUI	SDV (USA)
		Viking	UPS Supply Chain Solutions
			Vandegrift Intl.

Fiscal Year 2009

DIRECT SERVICE	SHIPPING LINES	CRUISE LINES	LARGE CUSTOMS HOUSE BROKERS
China Ocean Shipping Co.	China Ocean Shipping Co	Carnival	A.N. Deringer
CMA-CGM	Chilean Line	Celebrity Cruises	Albatrans, Inc.
Columbia Coastal Transport	CMA-CGM	Crystal Cruises	BDP International, Inc.
Hanjin Shipping	Evergreen	Cunard	Boston Bay Brokers Inc.
K-Line	Hanjin	Hapag Lloyd	C.H. Powell Company
Mediterranean Shipping Corp.	Hapag Lloyd	Holland America	DHL Danzas
Yang Ming Line	Hatsu	Norwegian Cruise Line	Dolliff & Company, Inc.
	K Line	P&O	Dynasty International, Inc.
	Maersk	Phoenix Seereisen	EGL Eagle Global Logistics
	Mediterranean Shipping Co.	Princess Line	Expeditors Int'l
	NYK Line	Royal Caribbean	Fedex Trade Networks
	OOCL	Saga Holidays	Hellmann Worldwide Logistics, Inc.
	Safmarine	Silversea Cruise	J.F. Moran Co., Inc.
	Yang Ming		Kuehne & Nagel, Inc.
	Zim Line		Liberty International
			Magic Customs Brokers, Inc.
			OceanAir, Inc
			Panalpina, Inc.
			Savino Del Bene, Inc.
			Schenker International, Inc.
			UPS Supply Chain Solutions

Source: Authority reports.

Tobin Memorial Bridge

Fiscal Years Ended June 30, 2005 through June 30, 2010

S-17 Bridge Statistics (In-Bound)

	2010 (1)	2009	2008	2007	2006	2005
Tobin Bridge Toll	$3.00	$3.00	$3.00	$3.00	$3.00	$3.00
Class 1 - Passenger vehicles						
Class 1 Passenger	4,498,957	8,526,559	8,988,012	9,203,180	8,384,939	8,164,954
Resident: Vehicles with Resident Discount	400,356	739,921	702,354	655,520	695,357	648,510
Total Passenger Vehicles	4,899,313	9,266,480	9,690,366	9,858,700	9,080,296	8,813,464
Class 2 - 6 Commercial	458,740	901,558	979,516	1,031,598	862,845	796,425
Total Paying Vehicles	**5,358,053**	**10,168,038**	**10,669,882**	**10,890,298**	**9,943,141**	**9,609,889**
Massachusetts Bay Transportation Authority (MBTA)	34,547	70,609	74,289	68,143	54,460	48,231
Other Non-Revenue Vehicles	27,468	56,729	48,012	39,463	44,039	65,093
Total Non-Paying Vehicles	**62,015**	**127,338**	**122,301**	**107,606**	**98,499**	**113,324**
Total Vehicles	**5,420,068**	**10,295,376**	**10,792,183**	**10,997,904**	**10,041,640**	**9,723,213**

(1) Six months data only, effective 1/1/2010, Tobin Bridge was transferred to MassDOT pursuant to the Transportation Reform Act.

Source: Authority reports.

Insurance Coverage
Fiscal Year Ended June 30, 2018

S-18 Insurance Coverage

POLICY 7/01/17 - 6/30/2018	BROKER / UNDERWRITER	LIMITS	RETENTION / UNDERLYING
PROPERTY INSURANCE			
All Risk Property Insurance including Boiler & Mach., Contractor's Equip. & Bus. Int. & Terrorism	Lockton/AIG	$1,000,000,000	$250,000
Hull Insurance - Including Terrorism	HUB International/CNA	Agreed Value	$1,000 - $50,000
LIABILITY INSURANCE			
Aviation General Liability War Risk Coverage Primary and Excess	Aon /Chubb	$500,000,000	$250,000
Marine Liability Terminal Operator's Liability Protection & Indemnity Including Port & Stevedore Liability Primary and Excess Including Terrorism	Marsh/Berkley	$100,000,000	$25,000
Automobile Liability Primary & Excess	Knapp, Schenck/Hanover	$5,000,000	
Comprehensive & Collision Deductible			$1,000
WORKERS' COMPENSATION			
Excess Workers' Compensation	HUB International/AIG	Statutory	$1,000,000
OTHER COVERAGE			
Crime, Dishonesty Burglary and Robbery	Braley & Wellington/ Hartford Insurance Company	$3,000,000	$10,000-$100,000
Secretary-Treasurer's Bond	Braley & Wellington/ Hartford Insurance Company	$1,000,000	$0
Customs Bond	Braley & Wellington American Casualty Company	$50,000	$0
Marine Terminal Operator's Bond	Braley & Wellington Western Surety Company	$100,000	$0

Source: Authority reports.

Physical Asset Data
Fiscal Year Ended June 30, 2018

S-19 List of Certain Physical Asset Characteristics

	2018
Logan Airport	
Area of Airport (acres - approximate)	2,411
Runways	
Runway 15R/33L (length in feet)	10,083
Runway 4R/22L (length in feet)	10,005
Runway 4L/22R (length in feet)	7,860
Runway 9/27 (length in feet)	7,000
Runway 15L/33R (length in feet)	2,557
Runway 14/32 (length in feet)	5,000
Terminal Buildings	
Terminal A (number of jet contact gates)	21
Terminal B (number of jet contact gates)	37
Terminal C (number of jet contact gates)	27
Terminal E (number of jet contact gates)	12
Parking	
Number of commercial and employee parking spaces	20,721
Cargo Facilities (square feet)	273,556
Hanscom Field	
Area of Airport (acres - approximate)	1,302
Runways	
Runway 11/29 (length in feet)	7,011
Runway 5/23 (length in feet)	5,107
Worcester Regional Airport	
Area of Airport (acres - approximate)	1,330
Runways	
Runway 11/29 (length in feet)	7,000
Runway 15/33 (length in feet)	5,000
Port of Boston	
Conley Terminal (101 acres)	
Berth 11 (length in feet)	1,000
Berth 12 (length in feet)	1,000
Berth 14 (length in feet)	500
Berth 15 (length in feet)	500
Moran Terminal (64 acres)	
Berth 1 (length in feet)	1,000
Black Falcon Terminal	
10 berths (length in feet (each))	500
Commercial Real Estate (approximate acres)	90.5

Source: Authority reports.

Annual Disclosure

Investing in Safety and Security

Every year, Massport conducts numerous safety and security exercises, drills and training events to prevent as well as react to potential threats or disasters. Partipants include members from Massport Fire Rescue, the State Police, the City of Boston, the FBI and others who all work collaboratively to make Massport's airports and Port facilities as safe and secure as possible. While investing financially to support Massport growth is important, investing in resources to safeguard all of Massport's customers is the highest priority.

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA

Of The Massachusetts Port Authority For Fiscal Year 2018

INTRODUCTION

This Statement of Annual Financial Information and Operating Data dated as of November 26, 2018 (the "Annual Disclosure Statement") of the Massachusetts Port Authority (the "Authority") is prepared and submitted in accordance with the requirements of the Continuing Disclosure Agreement dated as of August 1, 1997 (the "Continuing Disclosure Agreement"), between the Authority and U.S. Bank National Association (successor-in-interest to State Street Bank and Trust Company), as trustee (the "Trustee"). Set forth below is certain financial information and operating data relating to the Authority for the fiscal year ended June 30, 2018 ("fiscal year 2018") updating the financial information and operating data presented in the Authority's Statement of Annual Financial Information and Operating Data dated as of November 28, 2017 (the "2017 Annual Disclosure Statement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Authority's Official Statement dated July 12, 2017 (the "2017 Official Statement"). This Annual Disclosure Statement is part of the Authority's Comprehensive Annual Financial Report dated November 26, 2018 (the "CAFR") for fiscal year 2018 and the remaining sections of the CAFR are incorporated herein by reference. The Authority's audited financial statements for fiscal year 2018 and comparative information for fiscal year 2017, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), with a report thereon by Ernst & Young LLP, independent auditors, are included in the financial section of the CAFR. The 2017 Official Statement and the 2017 Annual Disclosure Statement are each on file with the Municipal Securities Rulemaking Board ("MSRB"). For a more complete description of the Authority and the Bonds (as defined below), reference is made to the 2017 Official Statement.

This Annual Disclosure Statement applies to the following series of Bonds issued by the Authority and outstanding at June 30, 2018 (collectively, the "Bonds"):

Massachusetts Port Authority Revenue Bonds, Series 2017-A (AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2016-A (Non-AMT)
Massachusetts Port Authority Revenue Bonds, Series 2016-B (AMT)
Massachusetts Port Authority Revenue Bonds, Series 2015-A (Non-AMT)
Massachusetts Port Authority Revenue Bonds, Series 2015-B (AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2015-C (Non-AMT)
Massachusetts Port Authority Revenue Bonds, Series 2014-A (Non-AMT)
Massachusetts Port Authority Revenue Bonds, Series 2014-B (AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2014-C (Non-AMT)
Massachusetts Port Authority Revenue Bonds, Series 2012-A (AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2012-B (Non-AMT)
Massachusetts Port Authority Revenue Bonds, Series 2010-A (Non-AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2010-B (Non-AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2010-C (AMT)
Massachusetts Port Authority Revenue Refunding Bonds, Series 2008-C (Non-AMT)

As of June 30, 2018, the Authority had issued and outstanding 15 series of bonds pursuant to the Trust Agreement dated as of August 1, 1978, as supplemented and amended (the "1978 Trust Agreement") between the Authority and the Trustee. Please see Note 5 of the Authority's Financial Statements as of June 30, 2018 for more detailed information.

The Authority has also issued six series of its Subordinated Revenue Bonds, outstanding in the aggregate principal amount of $74.0 million as of June 30, 2018 (collectively, the "Subordinated Revenue Bonds"). The Subordinated Revenue Bonds are payable solely from amounts on deposit in the Improvement and Extension Fund established under the 1978 Trust Agreement and in a separate account not subject to the pledge of the 1978 Trust Agreement. The Subordinated Revenue Bonds are subordinate to all of the revenue bonds issued prior to the date hereof by the Authority pursuant to the 1978 Trust Agreement.

As of June 30, 2018, the Authority had no outstanding series of PFC Revenue Bonds (collectively, the "PFC Bonds") issued pursuant to a PFC Revenue Bond Trust Agreement dated as of May 6, 1999, as supplemented and amended (the "PFC Trust Agreement"), between the Authority and The Bank of New York Mellon, as trustee. Accordingly, the Authority is no longer including as part of the CAFR the Statement of PFC Annual Financial Information and Operating Data with respect to the PFC Bonds. Please see Note 5 of the Authority's financial statements as of June 30, 2018 for more detailed information.

As of June 30, 2018, the Authority has two outstanding series of CFC Revenue Bonds (collectively, the "CFC Bonds") issued pursuant to a Trust Agreement dated May 18, 2011 (the "CFC Trust Agreement") between the Authority and U.S. Bank National Association (the "CFC Trustee"). The CFC Bonds were issued for the purpose of providing funds sufficient, together with other available funds, to finance the design and construction of a new consolidated rental car facility and related improvements at Logan Airport, fund certain deposits to the debt service reserve and supplemental reserve funds for the CFC Bonds, and pay certain costs of issuance of the CFC Bonds. Please see Note 5 of the Authority's financial statements as of June 30, 2018 for more detailed information. Pursuant to the Continuing Disclosure Certificate dated as of June 15, 2011 (the "CFC Disclosure Certificate") delivered by the Authority, the Authority is also including as part of the CAFR its Statement of Annual Financial Information and Operating Data for fiscal year 2018 (the "2018 CFC Disclosure Statement") with respect to the CFC Bonds.

As of June 30, 2018, the Authority had one outstanding series of BOSFUEL Project Special Facilities Revenue Bonds (the "2007 BOSFUEL Bonds"). The 2007 BOSFUEL Bonds were issued to finance the design and construction of improvements to the integrated jet fuel storage and distribution system at Logan Airport and to currently refund the previously issued 1997 BOSFUEL Bonds. The 2007 BOSFUEL Bonds are not subject to the Authority's Continuing Disclosure Agreement or the CFC Disclosure Certificate.

The Authority has issued and outstanding four series of special facilities bonds, including the above referenced 2007 BOSFUEL Bonds and the Special Facilities Revenue Bonds (Delta Air Lines, Inc. Project), Series 2001A, 2001B and 2001C, in the aggregate principal amount of $464.4 million as of June 30, 2018 (collectively, the "Special Facilities Bonds"). The principal of and interest on the Special Facilities Bonds issued by the Authority are special obligations of the Authority, payable solely from the sources provided; none of such Special Facilities Bonds are secured by the Revenues of the Authority. Each Special Facility Bond issue is secured differently and under a separate trust agreement. The Authority is under no obligation to assume the liability for any of the outstanding Special Facilities Bonds or to direct revenue, other than a portion of the Terminal A rental revenues, which are pledged to pay debt service on the special facilities revenue bonds relating to certain Terminal A improvements (the "Terminal A Bonds"). The portion of Terminal A rental revenues pledged to pay debt service on the Terminal A Bonds is calculated based on a formula set forth in the trust agreement governing such debt and the Authority's lease with Delta Airlines. The portion of Terminal A rental revenues pledged to pay debt service on the Terminal A Bonds is not included in Revenues or Net Revenues of the Authority. In addition, the Authority has received FAA approval to use PFCs to pay a portion of the debt service on the Terminal A Bonds allocable to the public space within Terminal A and applies approximately $12.0 million per year of PFCs for such purpose.

For additional information concerning the Authority, please see the Authority's website, www.massport.com. Financial information can be found in the Financial Publications section of the Authority's website at http://www.massport.com/massport/finance/financial-publications. Copies of the Annual Statements prepared pursuant to Rule 15c2-12 with respect to the Authority's bonds issued under the 1978 Trust Agreement and the CFC Trust Agreement for prior fiscal years are available at http://www.emma.msrb.org and from the Authority. The Authority's principal office is located at One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128. Its telephone number is (617) 568-5000. Questions may be directed to Anna M. Tenaglia, the Authority's Acting Director of Administration and Finance/Secretary-Treasurer.

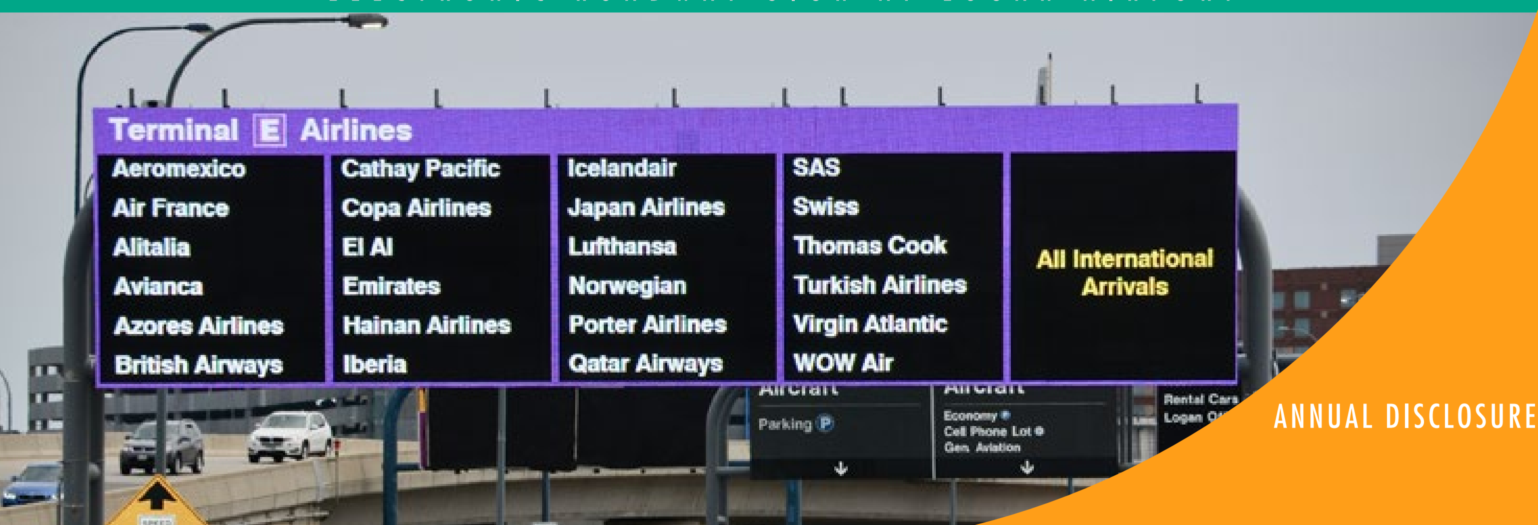
Annual Disclosure Statement

This Annual Disclosure Statement is of limited scope. It contains only an updating of certain financial information and operating data described below. **Except as expressly noted, all information presented in this Annual Disclosure Statement is on the basis required under the 1978 Trust Agreement, and not on the basis of GAAP.** For a comparison of the Authority's financial results under the 1978 Trust Agreement and GAAP, please refer to Table S-4 (Conversion of GAAP Revenues and Expenses to 1978 Trust Agreement Revenues and Expenses) set forth in the Statistical Section of the CAFR or to Exhibit I at the end of this section. The information set forth herein does not contain all material information concerning the Bonds or the Authority necessary to make an informed investment decision. This Annual Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy the Bonds.

This Annual Disclosure Statement is submitted pursuant to the Continuing Disclosure Agreement. The intent of the Authority's undertaking under the Continuing Disclosure Agreement is to provide on a continuing basis for the benefit of the owners of the Bonds and any other bonds of the Authority that are designated by resolution of the Authority as subject to and having the benefits of the Continuing Disclosure Agreement the information described in Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934. Pursuant to the Continuing Disclosure Agreement, the Authority has agreed with respect to the Bonds to provide, or cause to be provided, certain annual financial information and operating data, prepared on the basis of the 1978 Trust Agreement, and notices of certain listed events. The Authority reserves the right to modify the disclosure required under the Continuing Disclosure Agreement, or the format of such disclosure, so long as any such modification is permitted by the Rule.

The purpose of the Authority's undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights for the Trustee or for the underwriters of the Bonds, any registered owner or beneficial owner of Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC, or any other person. The sole remedy in the event of any actual or alleged failure by the Authority to comply with any provision of the Continuing Disclosure Agreement shall be an action for the specific performance of the Authority's obligations thereunder and not for money damages in any amount. Any failure by the Authority to comply with any provision of such undertaking shall not constitute an event of default under the 1978 Trust Agreement or any other instrument relating to the Bonds.

ELECTRONIC ROADWAY SIGN AT LOGAN AIRPORT



Updated Operating Information

Airport Properties

Boston-Logan International Airport ("Logan Airport") continues to be the principal source of the Authority's Revenues, Net Revenues and net income, and is the dominant factor in the determination of the Authority's financial condition. In fiscal year 2018, Logan Airport accounted for 82.0% of the Authority's Revenues and 92.1% of the Authority's Net Revenues, as defined in the 1978 Trust Agreement. For additional information regarding activities at Logan Airport Properties during fiscal year 2018, please refer to Exhibits S-5, S-12, S-13 and S-14 presented in the Statistical Section of the CAFR. Exhibit S-12 summarizes Logan Airport traffic statistics for the ten most recent fiscal years.

Logan Airport plays a leading role in New England's air service infrastructure. According to data from the Airports Council International ("ACI"), Logan Airport was the most active airport in New England and the 17th most active airport in North America in reporting year 2017, based upon total passenger volume. In reporting year 2017, Logan Airport was the 52nd most active in the world according to data from the ACI. Enplaned plus deplaned passengers at Logan Airport for fiscal year 2018 totaled approximately 39.4 million passengers (excludes general aviation). This is a 5.4% increase from the 37.4 million passengers that used Logan Airport in fiscal year 2017.

The primary destinations of passengers using Logan Airport for calendar year 2017 were: 15.5% to Florida, 5.9% to the New York market, which includes traffic to LaGuardia, JFK and Newark, 5.8% to Chicago and 5.3% to Washington, D.C. The proportion of domestic passengers traveling to the West Coast cities of Los Angeles and San Francisco, California, was 10.4%.

In fiscal year 2018, international passengers (including those traveling on foreign flag and regional carriers) accounted for 18.4% of passenger traffic, or approximately 7.3 million passengers. This is an increase of 3.7% or 259,909 international passengers over last year. The shares of international passengers at Logan Airport were 51.9% for Europe, 14.4% for Canada, 14.3% for Bermuda and the Caribbean, 8.1% for the Middle East, 7.2% for Trans-Pacific and 4.1% for Central and South America. International passenger traffic grew by 3.7% and 15.9% in fiscal years 2018 and 2017, respectively.

In fiscal year 2018, regional airlines accounted for approximately 5.2% of total passenger traffic at Logan Airport, or approximately 2.1 million passengers. The number of regional passengers (excluding passengers traveling internationally) increased by 17.5% in fiscal year 2018. As of June 30, 2018, the top five regional airlines were Republic Airlines with 38.4% of domestic regional passengers, followed by Endeavor Air with 28.0% , Cape Air with 8.5%, ExpressJet with 7.9% and GoJet with 5.9% of domestic regional passengers.

During fiscal year 2018, five domestic low-cost carriers ("LCCs") and ultra-low cost carriers ("ULCCs") handled 40.1% of Logan Airport's passengers – JetBlue Airways, Southwest Airlines, Spirit Airlines, Sun Country (MN Airlines) and Virgin America. In addition to these domestic LCCs, eight foreign flag LCCs handled 2.1% of Logan Airport's passengers – Air Berlin, Level, Norwegian (includes Air Shuttle and UK), Porter, Primera, Thomas Cook, Westjet and WOW Air. As of July 1, 2018 , ten of these 13 carriers (excluding Virgin America, which merged with Alaska effective January 11, 2018, Air Berlin, which declared bankruptcy September 30, 2017 and Primera which ceased operations on September 30, 2018, then declared bankruptcy) scheduled 84 non-stop destinations. While Logan Airport passenger traffic as a whole grew by 5.4% in fiscal year 2018, passenger traffic for all LCCs and ULCCs serving Logan Airport grew 6.0%.

In fiscal year 2018, total combined cargo and mail volume was approximately 727.2 million pounds. The volume in fiscal year 2018 increased by 8.1% from fiscal year 2017. A large percentage of the total volume of air cargo for the period was attributable to integrated all-cargo companies and small package/express carriers, including Federal Express (with Wiggins), United Parcel Service, DHL (with Air Transport International, LLC, Atlas Air, ABX Air, Inc.) and Mountain Air Cargo. Integrated carriers accounted for 54.2% and 54.9% of total domestic and international cargo (including mail) volume in fiscal years 2018 and 2017, respectively.

Selected Financial Data

Table S-5 set forth in the Statistical Section of the CAFR reflects Revenues and Operating Expenses for the ten most recent fiscal years, prepared in accordance with accounting principles required by the 1978 Trust Agreement. Information for each of the ten fiscal years is derived from the Authority's financial statements for the respective fiscal years; note that in certain cases information from prior fiscal years has been conformed to comply with current GASB standards. Financial statements of the Authority for fiscal year 2018 and comparative data for fiscal year 2017, together with the report thereon of Ernst & Young LLP, independent auditors, are included in the Financial Section of the CAFR.

Tables S-7 and S-8 of the CAFR shows the calculation of Annual Debt Service Coverage of the Authority, as provided under the 1978 Trust Agreement, which equals the ratio of the Net Revenues of the Authority divided by the Annual Debt Service. "Net Revenues" is defined in the 1978 Trust Agreement as the excess of Revenues over Operating Expenses; provided that for the purpose of the calculations, proceeds of passenger facility charges ("PFCs") and customer facility charges ("CFCs") have been excluded from Revenues because such proceeds have been excluded from Revenues under the 1978 Trust Agreement. All PFCs collected by the Authority are presently deposited with The Bank of New York Mellon, as custodian (the "PFC Custodian"), pursuant to a PFC Depositary Agreement dated July 3, 2017 (the "PFC Depositary Agreement"), between the Authority and the PFC Custodian. CFCs are pledged to secure the CFC Bonds, pursuant to the CFC Trust Agreement. Certain specific information pertaining to the CFC Bonds, as required by the CFC Disclosure Certificate, is set forth in the separate 2018 CFC Disclosure Statement. As used in the tables, "Annual Debt Service" is equal to the "Principal and Interest Requirements" on Bonds (other than the Special Facilities Revenue Bonds) outstanding for the applicable fiscal year.

By resolution adopted June 23, 2016, the Authority approved the Twenty-first Supplemental Agreement, which provides for certain modifications to the 1978 Trust Agreement (the "Consent Amendments"), which will take effect when approved by the holders of 51% of the outstanding Bonds of the Authority. Massport has not yet reached this bondholder consent threshold. These modifications include the provision that if PFCs, CFCs or other revenues of the Authority that do not constitute Revenues (collectively, "Available Funds") shall be pledged or irrevocably committed or are held by the Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal of, interest or premium, if any, on specified Bonds pursuant to a resolution of the Authority (and are not otherwise required for payment of another series of Bonds), then the principal, interest and/or premium to be paid from such Available Funds or from earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements. The modifications also allow the Authority, by adoption of a resolution, to designate as "Revenues" Available Funds in an amount, for the period and subject to such conditions as may be provided by such resolution.The calculations reflected in Tables S-7 and S-8 of the CAFR are not impacted by the Consent Amendments.

Management's Discussion Of Historical Operating Results

Prepared in Accordance with the 1978 Trust Agreement

Total Operating Revenues in fiscal year 2018 were $847.6 million compared to $772.4 million in fiscal year 2017, while Operating Expenses were $465.2 million in fiscal year 2018 compared to $440.2 million in fiscal year 2017, resulting in Net Revenues of $382.4 million and $332.1 million in fiscal year 2018 and fiscal year 2017, respectively. Logan Airport is the primary source of the Authority's Revenues, Net Revenues and Operating Expenses. For a discussion of the differences between the accounting principles required by the 1978 Trust Agreement and GAAP, see Note 2 to the Financial Statements or Exhibit I at the end of this section. Revenues and Net Revenues do not include PFC revenues which are required under federal law to be applied to certain FAA authorized capital projects at the Airport and are not pledged for the benefit of holders of the Bonds, or CFC revenues, which are pledged as security for the CFC Bonds. Revenues and Net Revenues also do not include a portion of the Terminal A rental revenues collected by the Authority from air carriers, which amounts have been pledged to pay debt service on the Terminal A Bonds.

Airport Properties

Airport Properties Net Revenues (Airport Properties Revenues less Airport Properties Operating Expenses) increased by $41.3 million or 13.7% from fiscal year 2017. The number of passengers using Logan Airport (excluding general aviation) in fiscal year 2018 was 5.4% higher than in fiscal year 2017. Landed weights were 5.0% higher than the prior fiscal year. Logan Airport Parking revenues were 6.8% higher than such revenues in fiscal year 2017, due to the $3.00 per day parking rate increase effective July 1, 2017. Logan Airport generated approximately $695.0 million of Operating Revenues and incurred $343.0 million of Operating Expenses in fiscal year 2018 compared to $638.2 million of Operating Revenues and $328.9 million of Operating Expenses in fiscal year 2017. Operating revenue and expense figures for Logan Airport stated in this paragraph do not include certain items, particularly expense items, such as interest, depreciation and amortization, properly allocable to Logan Airport, that are excluded from the definition of operating expenses pursuant to the 1978 Trust Agreement.

Unlike many airport operators, the Authority is not constrained by contractual arrangements with the air carriers serving Logan Airport governing the incurrence of aeronautical costs and the recovery of such costs in the landing fee and terminal rentals fee. Instead, the landing fees and terminal rentals are set annually by the Authority on a compensatory basis to cover direct and allocated capital, administration, maintenance and operating costs. The Authority can also make adjustments during the year to the landing fee and to the terminal rental rates, if necessary. Accordingly, each October, the Authority establishes the landing fee per thousand pounds of landed weight and the rental rates for the terminals, based upon historical capital costs and projected landed weights and the budgeted direct and allocable indirect operating costs of providing these facilities for that fiscal year.

Landing Fees. Logan Airport generated $119.2 million in landing fee revenue in fiscal year 2018. This was a $6.0 million or 5.3% increase over the $113.2 million generated in fiscal year 2017. Logan Airport's 2018 landing fee adjusted rate of $4.60 per thousand pounds was lower than the $4.64 per thousand pounds approved in 2017. Total landed weights in fiscal year 2018 was 25,249,192 thousand pounds, an increase of 1,208,235 thousand pounds compared to fiscal year 2017. The combination of a lower landing fee rate and the increase in landed weight resulted in the overall 5.3% increase in landing fee revenue during fiscal year 2018.

Parking Fees. Logan Airport parking revenues (including Logan Express) increased from $168.9 million in fiscal year 2017 to $180.3 million in fiscal year 2018. This increase is due primarily to a $3.00 rate increase at all Logan parking facilities that was introduced at the beginning of fiscal year 2018. The number of commercial parking spaces at Logan Airport is subject to a limitation imposed by the EPA.

Terminal Rentals. Each fiscal year, the Authority establishes terminal building rental rates and fees for all of the Terminals on a compensatory basis. All leases with air carriers for terminal space at the Airport currently provide that the Authority may revise rental rates periodically, at the discretion of the Authority, to recover the actual direct and indirect capital and operating costs for such leased space. The Authority resets these rates each fiscal year to recover its actual capital and budget operating costs. Similar to its policy regarding landing fees, the Authority calculates the variance from the projections after the fiscal year ends, and the adjustment is invoiced to (in the case of a shortfall) or paid to (in the case of a surplus) the air carriers. The Authority's practice, however, is that the Authority does not recover through its terminal rentals the cost allocable to unrented space. The Authority can also make adjustments during the year to the rates charged to air carriers for terminal usage.

The Authority exercises significant control over Terminal facilities at Logan Airport through the leasing arrangements it has entered into with the carriers operating at the Airport. The Authority uses a combination of short-term leases, preferential use provisions, recapture provisions and forced subletting provisions to allow it to allocate its gate resources effectively and accommodate new entrant carriers.

In general, the Authority prefers to lease space on a short term basis-either on a month-to-month or year-to-year basis. This provides the Authority the flexibility to allocate gates so that carriers will maximize usage of these facilities. The Authority also has adopted a preferential gate use policy applicable to all gates at Logan Airport. Under the conditions specified in the policy, the Authority may schedule arrivals and departures at a gate by carriers other than the tenant for any period that the tenant is not using the gate. The tenant carrier must permit the carrier being accommodated under the policy to use the facilities required for the functional use of the gate, and may assess reasonable fees for such use. If a tenant carrier fails to accommodate a carrier under the terms of the preferential use policy, then the Authority may convert the gate to a common use gate.

The table below reflects the Authority's lease arrangements for contact gates at the Airport as of June 30, 2018. In addition to those listed below, one gate in Terminal C and all of the gates in Terminal E were common use gates as of such date.

TERMINAL	CARRIER	# OF GATES	LEASE TERM	EXPIRATION DATE
TERMINAL A	DELTA	16	1 YEAR	*
	SOUTHWEST	5	MONTHLY	N/A
TERMINAL B	AMERICAN	7†	20 YEARS	JUNE 13, 2021
		13†	25 YEARS	SEPTEMBER 30, 2023
		7	MONTHLY	N/A
	SPIRIT	2	MONTHLY	N/A
	UNITED	8	1 YEAR	**
TERMINAL C	ALASKA AIRLINES	2	MONTHLY	N/A
	JETBLUE	24‡	1 YEAR	***
	TOTAL:	84		

* The Delta lease was entered into on July 1, 2006 , with an original term of ten years. Effective as of July 1, 2016, the lease was amended to extend the term with automatic one-year extensions, until terminated by either party. Delta subleases one gate to WestJet.

** The United lease was entered into on May 1, 2014 with an original term of one year and automatic one-year extensions thereafter, until terminated by either party.

*** The JetBlue lease was entered into on March 18, 2005 with an effective date of May 1, 2005 and an original term of five years with 20 automatic one-year extensions thereafter, until terminated by either party.

† American subleases five gates to other airlines: three to Air Canada and two to the Authority. The Authority currently re-leases these two gates to United

‡ JetBlue subleases one gate to Cape Air. It also allows Aer Lingus to operate out of three of its gates pursuant to a Facility Use Agreement and allows TAP to operate out of one of its gates pursuant to a Facility Use Agreement.

The leases with Delta, American, United and JetBlue provide for the "recapture" of gates by the Authority if the tenant carrier's average usage (measured in the number of daily operations per gate) falls below a certain Airport-wide average for such usage. These leases also generally require that, at the request of the Authority, the tenant carrier sublease a certain number of gates, as specified in the lease. The monthly leases with Southwest, Spirit and Alaska Airlines do not contain "recapture" language, but rather provide the Authority with the right to terminate portions of the premises on 30-days' notice.

The Authority's preference is to lease space on a short-term basis. The only long-term lease arrangement currently in place is with American (previously US Airways), which lease arrangement was entered into in connection with the significant capital investments the carrier made in the Authority's Terminal B facilities. Such terminal improvements were largely financed with special facilities revenue bonds issued by the Authority for the benefit of US Airways (now American) on a non-recourse basis. American has fully repaid its special facilities revenue bonds.

As reflected above, as of June 30, 2018, the Authority leased 84 of its 97 contact gates to various carriers serving the Airport. Rental revenue from Terminals (excluding the portion of Terminal A revenue pledged to pay debt service on the Terminal A Bonds) totaled $180.3 million in fiscal year 2018 and rental income from non-terminal buildings and ground rents other than Terminals totaled $52.9 million in fiscal year 2018.

Concessions. Revenues from concessions increased from $98.1 million in fiscal year 2017 to $113.6 million in fiscal year 2018. The increase is primarily due to the higher passenger volume at the Logan Airport during fiscal year 2018 coupled with a new concessions management agreement with MarketPlace Logan LLC that went into effect in fiscal year 2018. This agreement is providing new restaurant and retail offerings for Logan Airport customers while also allowing the Authority to participate in a larger share of the revenue versus prior management agreements. Concession revenues include payments made by rental car companies that operate at Logan Airport and commissions from the following concessions: food and beverage, news and gifts, duty free shops, specialty shops, ground transportation services and other concessions.

Hanscom Field. During fiscal year 2018, Revenues from operations at Hanscom Field represented approximately 1.7% of the total Revenues of the Authority, and Hanscom Field's Operating Expenses constituted approximately 3.1% of the Authority's Operating Expenses. In fiscal year 2018, Hanscom Field contributed $14.3 million of Revenue, with Operating Expenses of $14.5 million, yielding an operating deficit before debt service or other capital expenses of approximately $236,000. The primary driver for the increase in operating expenses is for property repairs related to flooding from a July 13, 2017 rain storm; most of this expense is expected to be recovered through an insurance claim. Operating revenue and expense figures for Hanscom Field stated in this paragraph do not include certain items, particularly expense items, such as interest, depreciation and amortization, properly allocable to Hanscom Field, that are excluded from the definition of operating expenses pursuant to the 1978 Trust Agreement.

Worcester Regional Airport. In fiscal year 2018, Revenues from operations at Worcester Regional Airport represented less than 1% of the total Revenues of the Authority and Worcester's Operating Expenses constituted approximately 2.3% of the Authority's Operating Expenses and represented an operating loss of approximately $8.9 million before debt service and other capital expenses. In fiscal year 2017, Worcester Regional Airport generated an operating loss of approximately $8.0 million before debt service and other capital expenses. Worcester Airport had $1.8 million in operating revenues in fiscal year 2018, an increase of $166,000 compared to the prior year.

Port Properties

In fiscal year 2018, the Revenue attributable to the Port Properties totaled approximately $124.3 million, or approximately 14.7% of the Revenues of the Authority, and the Port Properties accounted for approximately $97.1 million of Operating Expenses according to the 1978 Trust Agreement, or approximately 20.9% of the Authority's Operating Expenses. The Port Properties realized a surplus of approximately $27.2 million and $22.6 million in Net Revenues in fiscal years 2018 and 2017, respectively. Revenues from Maritime Real Estate for fiscal year 2018 include a one-time $4.5 million closing payment on Parcel K in South Boston. Over the period shown, the Authority has pursued a policy of seeking compensatory (or cost recovery) pricing, aggressively negotiating new lease terms when possible, and revenue development through more intense use of the Port Properties and a marketing program designed to increase the volume of containers handled and the number of cruise passengers who embark or disembark in Boston.

Operating revenue and expense figures for the Port Properties stated in this paragraph do not include certain items, particularly expense items such as payments in lieu of taxes, interest and depreciation and amortization, properly allocable to the Port Properties, that are excluded from the definition of operating expenses pursuant to the 1978 Trust Agreement.

Other

Investment Income. Investment income (excluding CFCs, PFCs and other funds not held under the 1978 Trust Agreement) during fiscal year 2018 was $12.3 million, an increase of $4.4 million from fiscal year 2017, as the Authority had more cash available to invest and was able to take advantage of a higher interest rate environment.

CHILDREN ENTERTAINING HOLIDAY TRAVELERS AT LOGAN AIRPORT

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.

Exhibit – 1 **Unaudited** (IN THOUSANDS)	AIRPORT PROPERTIES	PORT PROPERTIES	INVESTMENT INCOME	NET CHANGE IN THE FAIR VALUE OF INVESTMENTS	6/30/18 FISCAL YEAR 2018 TOTAL	6/30/17 FISCAL YEAR 2017 TOTAL (RESTATED) (2)
Trust revenues:						
Pledged revenues	$709,141	$124,731	$0	$0	$833,872	$763,197
Operating grants	$1,856	$34	$0	$0	$1,890	$2,895
Subtotal	$710,997	$124,765	$0	$0	$835,762	$766,092
Operating interest income	$0	$0	$12,284	($19)	$12,265	$7,902
Adjustment for uncollectible accounts	$49	($488)	$0	$0	($439)	($1,642)
Total Trust Revenues	**$711,046**	**$124,277**	**$12,284**	**($19)**	**$847,588**	**$772,352**
Trust operating expenses:						
Operations and maintenance	$287,961	$76,655	$0	$0	$364,616	$343,561
Administration	$49,545	$13,950	$0	$0	$63,495	$60,587
Insurance	$6,308	$1,763	$0	$0	$8,071	$8,234
Pension	$11,337	$2,029	$0	$0	$13,366	$13,559
Other Postemployment Benefits (1978 Trust)	$13,000	$2,682	$0	$0	$15,682	$14,300
Total Trust Expenses	**$368,151**	**$97,079**	**$0**	**$0**	**$ 465,230**	**$440,241**
Excess of revenues over operating expenses as prescribed by the 1978 Trust Agreement	**$342,895**	**$27,198**	**$12,284**	**($19)**	**$382,358**	**$332,111**
ADD: Revenues recognized under GAAP which are excluded under 1978 Trust Agreement:						
Investment income self insurance / others	$0	$0	$4,228	$0	$4,228	$3,191
Passenger facility charge (PFC)-Logan	$81,016	$0	$0	$0	$81,016	$76,296
Investment income PFC-FAA	$0	$0	$764	$0	$764	$537
Investment income PFC-Non FAA	$0	$0	$0	$0	$0	$689
Customer facility charge (CFC)	$33,003	$0	$0	$0	$33,003	$33,055
Investment income CFC	$0	$0	$1,301	$0	$1,301	$774
Capital grant revenue	$14,514	$10,870	$0	$0	$25,384	$12,635
Gain/Loss on sale of equipment	$180	$2	$0	$0	$182	$125
Operating revenues	$546	$90	$0	$0	$636	($5,196)
Adjust for Operating Grant	$0	($7)	$0	$0	($7)	$7
Settlement of claims	$1,850	$169	$0	$0	$2,019	$248
Nonoperating other revenues	$1,240	$124	$0	$0	$1,364	$4,062
Pension	$3,922	$654	$0	$0	$4,576	$0
LESS: Expenses recognized under GAAP which are excluded under 1978 Trust Agreement:						
PILOT	($18,248)	($2,160)	$0	$0	($20,408)	($19,276)
Other Postemployment Benefits	($3,720)	($760)	$0	$0	($4,480)	($4,903)
Self insurance cost	($77)	$138	$0	$0	$61	$245
Pension	$0	$0	$0	$0	$0	($6,141)
Interest expense	($66,380)	($1,110)	$0	$0	($67,490)	($67,157)
Realized net (decrease) in the fair value of investments	$0	$0	$0	$0	$0	($34)
Unrealized net (decrease) in the fair value of investments	$0	$0	$0	($4,354)	($4,354)	($4,467)
Depreciation and amortization (1)	($240,442)	($21,720)	$0	$0	($262,162)	($252,846)
Operating expenses	($8,470)	($1,928)	$0	$0	($10,398)	($3,789)
Administration Expenses Adjustments	$859	$166	$0	$0	$1,025	$1,245
Terminal A debt service contributions by PFC	($12,232)	$0	$0	$0	($12,232)	($11,941)
Nonoperating other expenses	($195)	$0	$0	$0	($195)	($198)
Increase / (decrease) in net assets	**$130,261**	**$11,726**	**$18,577**	**($4,373)**	**$156,191**	**$89,272**

(1) Capital Assets are depreciated under GAAP but not under 1978 Trust Agreement.
(2) Fiscal year 2017 GAAP statement was restated to conform to GASB No. 75 standards for reporting OPEB costs.

CFC Disclosure

Contributing to the Community

Massport continues to invest in the surrounding communities to "give back" in terms of parks, events, and other items. The Bremen Street Park is very popular with the East Boston residents, especially in the summer months. Massport is advancing plans to build more parks, such as Piers Park phase II, which is also in East Boston on the waterfront. Another way Massport gives back to the community is through sponsorships, such as the Piers Park Sailing Center.

STATEMENT OF
CFC ANNUAL FINANCIAL INFORMATION AND OPERATING DATA
Of The Massachusetts Port Authority For Fiscal Year 2018

Introduction

This Statement of Annual Financial Information and Operating Data dated as of November 26, 2018 (the "CFC Annual Disclosure Statement") of the Massachusetts Port Authority (the "Authority") is prepared and submitted in accordance with the requirements of the Continuing Disclosure Certificate dated as of June 15, 2011 (the "CFC Disclosure Certificate") executed and delivered by the Authority for the benefit of the owners of the CFC Bonds (defined below). Set forth below is certain financial information and operating data relating to the Authority for the fiscal year ended June 30, 2018 ("fiscal year 2018") updating the financial information and operating data presented in the Authority's Official Statement dated June 8, 2011 relating to the CFC Bonds (the "2011 CFC Official Statement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the 2011 CFC Official Statement. This CFC Annual Disclosure Statement is part of the Authority's Comprehensive Annual Financial Report dated November 26, 2018 (the "2018 CAFR") for fiscal year 2018. The Authority's audited financial statements for fiscal year 2018 and comparative information for fiscal year 2017, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), with a report thereon by Ernst & Young LLP, independent auditors, are included in the Financial Section of the 2018 CAFR. The 2011 CFC Official Statement is on file with the Municipal Securities Rulemaking Board ("MSRB"). For a more complete description of the Authority and the CFC Bonds, reference is made to the 2011 CFC Official Statement.

This CFC Annual Disclosure Statement applies to the following series of Bonds issued by the Authority (collectively, the "CFC Bonds") pursuant to a Trust Agreement dated as of May 18, 2011, as supplemented and amended (the "CFC Trust Agreement"), between the Authority and U.S. Bank National Association, as trustee (the "CFC Trustee"):

Massachusetts Port Authority
Special Facilities Revenue Bonds (ConRAC Project),
Series 2011-A (Non-AMT)

Massachusetts Port Authority
Special Facilities Revenue Bonds (ConRAC Project),
Series 2011-B (Federally Taxable)

For additional information concerning the Authority, please see the Authority's website, www.massport.com. Financial information can be found in the Financial Publications section of the Authority's website at http://www.massport.com/massport/finance/financial-publications. Copies of the Annual Statements prepared pursuant to Rule 15c2-12 with respect to the Authority's bonds issued under the 1978 Trust Agreement and the CFC Trust Agreement for prior fiscal years are available at http://www.emma.msrb.org and from the Authority. The Authority's principal office is located at One Harborside Drive, Suite 200S, East Boston, Massachusetts 02128. Its telephone number is (617) 568-5000. Questions may be directed to Anna M. Tenaglia, the Authority's Acting Director of Administration and Finance/Secretary-Treasurer.

Annual Disclosure Statement

This CFC Annual Disclosure Statement is of limited scope. It contains only an updating of certain financial information and operating data described below. **Except as expressly noted, all information presented in this CFC Annual Disclosure Statement is on the basis required under the CFC Trust Agreement, and not on the basis of GAAP.** The information set forth herein does not contain all material information concerning the CFC Bonds or the Authority necessary to make an informed investment decision. This CFC Annual Disclosure Statement does not constitute an offer to sell or the solicitation of an offer to buy the CFC Bonds.

This CFC Annual Disclosure Statement is submitted pursuant to the CFC Disclosure Certificate dated June 15, 2011, executed by the Authority in connection with the issuance of the CFC Bonds. The intent of the Authority's undertaking under the CFC Disclosure Certificate is to provide on a continuing basis for the benefit of the owners of the CFC Bonds and any other bonds of the Authority that are designated by resolution of the Authority as subject to and having the benefits of the CFC Disclosure Certificate the information described in Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as in effect as of the date of the CFC Disclosure Certificate. Pursuant to the CFC Disclosure Certificate, the Authority has agreed with respect to the CFC Bonds to provide, or cause to be provided, certain annual financial information and operating data, prepared on the basis of the CFC Trust Agreement, and notices of material events. The Authority reserves the right to modify the disclosure required under the CFC Disclosure Certificate, or the format of such disclosure, so long as any such modification is permitted by the Rule.

The purpose of the Authority's undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights for the CFC Trustee or for the underwriters of the CFC Bonds, any registered owner or beneficial owner of CFC Bonds, any municipal securities broker or dealer, any potential purchaser of the CFC Bonds, the SEC, or any other person. The sole remedy in the event of any actual or alleged failure by the Authority to comply with any provision of the CFC Disclosure Certificate shall be an action for the specific performance of the Authority's obligations thereunder and not for money damages in any amount. Any failure by the Authority to comply with any provision of such undertaking shall not constitute an event of default under the CFC Trust Agreement or any other instruments relating to the CFC Bonds.

Updated Operating Information

Incorporation by Reference

To view the 2018 CAFR on-line, please visit:
http://www.massport.com/massport/finance/financial-publications/comprehensive-annual-financial-report-cafr/

CFC Annual Filing

The following information is provided with respect to the CFC Bonds pursuant to the CFC Disclosure Certificate.

Historical Total Enplaned Passengers, by Type of Passenger

A table presenting historical Total Enplaned Passengers, by Type of Passenger as of June 30, 2018 is attached hereto as APPENDIX CFC-1.

Debt Service Coverage – Rate Covenant

A table presenting CFC Revenues (as defined in the CFC Trust Agreement) and debt service coverage on the CFC Bonds as of June 30, 2018 is attached hereto as APPENDIX CFC-2.

Additional Information

The remaining information required to be included in the Authority's Annual Filing under subsection 4(a) of the CFC Disclosure Certificate is included in the Authority's audited financial statements for the fiscal year ended June 30, 2018, which are included as part of the 2018 CAFR.

This CFC Annual Disclosure Statement has been executed and delivered on behalf of the Authority pursuant to the CFC Disclosure Certificate.

Appendix CFC-1 TOTAL ENPLANED PASSENGERS, BY TYPE OF PASSENGER

Boston-Logan International Airport
Fiscal Years 2014 through 2017; and Fiscal Year 2018
(Passengers in Thousands)

Outbound O&D Passengers

	Residents		Visitors				
Fiscal Year	**Passengers**	**Percent of O&D total**	**Passengers**	**Percent of O&D total**	**Total**	**Connecting and other passengers**	**Total**
2014	7,631	52.5%	6,904	47.5%	14,535	846	15,381
2015	7,926	52.0%	7,307	48.0%	15,233	882	16,115
2016	8,523	51.7%	7,955	48.3%	16,478	912	17,390
2017	8,947	50.7%	8,698	49.3%	17,645	1,043	18,688
2018*	9,416	50.7%	9,138	49.3%	18,554	1,139	19,693

Notes: Figures may not sum due to rounding.
Because foreign-flag carriers are not required to report with respect to the U.S. DOT Air Passenger Origin-Destination Survey, some LeighFisher estimates were used to develop the data in the above table.

** U.S. DOT data for 2018 is preliminary.*

Source: Massachusetts Port Authority; U.S. DOT, Air Passenger Origin-Destination Survey, reconciled to Schedule T100.

Appendix CFC-2 DEBT SERVICE COVERAGE - RATE COVENANT

	Fiscal Year 2018
Rental car transaction days	5,500,417
Percentage change from prior year	-0.16%
CFC Revenues	$33,002,502
Plus: Portion of Rolling Coverage Fund balance (a)	$3,510,360
Plus: Portion of Supplemental Reserve Fund balance (b)	$ 702,072
Total	**$37,214,934**
Aggregate Debt Service	$14,041,441
Debt service coverage	2.65
Debt service coverage (without Rolling Coverage Fund and Supplemental Reserve Fund balances)	2.35

(a) An amount equivalent to not more than 25% of Aggregate Debt Service.
(b) An amount equivalent to not more than 5% of Aggregate Debt Service.

THANK YOU, TOM GLYNN,
FOR 6 YEARS OF EXTRAORDINARY
LEADERSHIP THAT HAS PRODUCED THE FOLLOWING:

- Additional focus on safety and security, including over 300 exercises, drills and training events during the past five years
- Growth of international flights and advancement of plans to add gates at Logan Terminal E to accommodate this growth
- A renaissance of the Port of Boston through major investments to modernize Conley Terminal and dredge Boston Harbor
- Establishing Massport as a model for diversity and inclusion in the real estate industry
- Constant and consistent collaboration with community residents and their elected officials with respect to strategic planning
- The revitalization of the Worcester Airport with the addition of more airlines and destinations

massport

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