



2020 FINANCIAL STATEMENTS & APPENDED NOTES

For the Year Ended December 31, 2020



THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
FINANCIAL STATEMENTS AND APPENDED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2020

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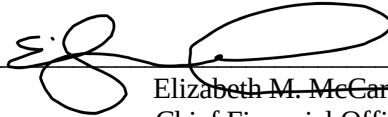
**CERTIFICATE WITH RESPECT TO
2020 FINANCIAL STATEMENTS**

We, the undersigned officers of The Port Authority of New York and New Jersey, hereby certify, in connection with the release of the audited financial statements of The Port Authority of New York and New Jersey (the “Authority”) and its component units for the years ended December 31, 2020 and December 31, 2019 (the “Financial Statements”) that **(a)** to the best of our knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the Financial Statements are accurate in all material respects and reported in a manner designed to present fairly the Authority’s enterprise fund and fiduciary fund Net position, Changes in Net position, and Cash flows, in conformity with United States of America generally accepted accounting principles (“U.S. GAAP”); and **(b)** on the basis that the cost of internal controls should not outweigh their benefits, the Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in conformity with U.S. GAAP.

Dated: New York, New York
March 3, 2021



Richard Cotton
Executive Director



Elizabeth M. McCarthy
Chief Financial Officer



Daniel G. McCarron
Comptroller

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

Board of Commissioners
The Port Authority of New York and New Jersey:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements for the years then ended 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 accordance 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 from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust) as of and for the years ended December 31, 2020 and 2019, which represents 100% of the fiduciary activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as it relates to the amounts included for the Trust as of and for the years ended December 31, 2020 and 2019 are based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type and fiduciary



activities of the Port Authority as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and the schedules listed under the heading Required Supplementary Information within 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 and Other Information

Our audits for the years ended December 31, 2020 and 2019 were conducted for the purpose of forming an opinion on the Port Authority's basic financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the table of contents, related to the years ended December 31, 2020 and 2019 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 2020 and 2019, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1, D-2, D-3, E and F related to the years ended December 31, 2020 and 2019 is fairly stated, in all material respects, in relation to the basic financial statements for the years ended December 31, 2020 and 2019 as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Port Authority as of and for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 (not presented herein), and have issued our reports thereon dated March 6, 2019, March 20, 2018, March 1, 2017, March 7, 2016, March 13, 2015, March 6, 2014, and February 25, 2013, respectively, which contained unmodified opinions on the respective financial statements. The supplementary information included in Schedules D-1 and D-2, as listed in the table of contents, for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013 and 2012, and the supplementary information included in Schedule D-3, as listed in the table of contents, for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018, 2017, 2016, 2015, 2014, 2013, and 2012 financial statements, as applicable. This information has been subjected to the auditing procedures applied in the audits of the financial statements for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013 and 2012, as applicable, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements



or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1 and D-2 related to the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 and the supplementary information included in Schedule D-3 related to the years ended December 31, 2018, 2017, 2016, 2015 and 2014, is fairly stated, in all material respects, in relation to the basic financial statements for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 financial statements, as applicable, as a whole.

The Port Authority's financial statements for the years ended December 31, 2011 (not presented herein) were audited by other auditors whose reports thereon expressed an unmodified opinion on those financial statements. The report of the other auditors on those financial statements stated that the supplementary information included in Schedules D-1 and D-2 for fiscal year 2011, was subjected to the auditing procedures applied in the audit of the financial statements and, in their opinion, was fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information included in Schedule D-3 for fiscal years 2011 through 2013 and Schedule G, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Financial Statements Prepared in Accordance with Port Authority Bond Resolutions

We have audited the accompanying Schedules A, B and C of the Port Authority, which comprise financial statements that present the assets and liabilities as of December 31, 2020, and the revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolutions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Port Authority's bond resolutions; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 included in Schedules A, B and C referred to above present fairly, in all material respects, the assets and liabilities of the Port Authority as of December 31, 2020, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

Report on Summarized Comparative Information

We have previously audited Schedules A, B and C prepared in accordance with the requirements of the Port Authority's bond resolutions as of and for the year ended December 31, 2019, and we expressed an unmodified audit opinion on them in our report dated March 4, 2020. In our opinion, the summarized comparative information presented on Schedules A, B, and C herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited Schedules A, B and C as of and for the year ended December 31, 2019 from which it has been derived.

Emphasis of Matters

Basis of Accounting

We draw attention to Note A.4 of the basic financial statements, which describes the basis of accounting used in Schedules A, B and C. Schedules A, B and C are prepared by the Port Authority based on the requirements present in its bond resolutions, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report on Schedules A, B, and C is intended solely for the information and use of the Port Authority and those who are a party to the Port Authority's bond resolutions, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

New York, New York
March 3, 2021

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Management's Discussion and Analysis (Unaudited) Years ended December 31, 2020 and 2019

Introduction

The following discussion and analysis of business-type and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority) and its component units described herein (see *Note A.1 – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the enterprise and fiduciary fund financial statements (“the financial statements”) of the Port Authority for the year ended December 31, 2020, with selected comparative information for the years ended December 31, 2019 and December 31, 2018. This section has been prepared by management of the Port Authority and should be read in conjunction with the financial statements and appended note disclosures that follow the Management's Discussion and Analysis section of this report.

Impacts from the COVID-19 Pandemic

The Port Authority's 2020 financial results and position are best understood in the context of the SARS-CoV-2 coronavirus and COVID-19, the severe acute respiratory syndrome it causes (“COVID-19”), pandemic on its operational condition. The projected future performance information provided below represents the Port Authority's current assessments based on the data it had available at the time these financial statements were prepared. Such information may ultimately prove to be incomplete or inaccurate, especially when reviewed over a longer time-period. The operating and financial performance of the Port Authority during the COVID-19 pandemic and projected future performance beyond the pandemic, in light of its lingering effects, are dependent in part on the actions of facility users, governmental actors, and the regional economy as a whole. Actual results may differ significantly from projected performance due to the current unpredictability of such factors.

Operational Update

Activity Volume

Beginning in early March 2020, the Port Authority's facilities experienced significantly reduced usage compared to previous years and compared to its 2020 operating activity budget established in late 2019, prior to the availability of credible information on COVID-19 (which generally assumed increased usage over 2019). Because approximately one third of the Port Authority's revenues are derived from tolls and fares, declining utilization of its bridges and tunnels and its PATH transit system has had, and will continue to have, a negative effect on the Port Authority's revenues for an indeterminate period of time.

In addition, parking and other user fee revenues, which are primarily earned at the Port Authority's airports and seaports, comprise approximately 7% of 2020 budgeted revenues and are dependent on activity volumes which have been negatively impacted.

Furthermore, the Port Authority has determined to suspend, reduce or waive certain fees and rentals otherwise payable by tenants who pay rent to locate and operate at its facilities. These tenants are also heavily affected by reduced activity levels and may be unable to meet certain obligations to the Port Authority. Some tenants have requested specific relief from contractual payment obligations (see “Rents & Property Use Charges”, below). Further, the implementation of the new ground transportation access fee at John F. Kennedy International Airport (“JFK Airport”), Newark Liberty International Airport (“EWR Airport”), and LaGuardia Airport (“LaGuardia Airport”) has been delayed from October 3, 2020 to April 5, 2021.

Management's Discussion and Analysis (Unaudited) (continued)

The following shows the decline in volume at the Port Authority facilities from 2019, due to COVID-19.

Facility Activity

(In thousands)	2020	2019	% Variance
Total Passengers, Aviation*	40,679	140,498	(71.0%)
Total Vehicles, Bridges and Tunnels	97,829	122,228	(20.0%)
Total Passengers, PATH	27,005	82,220	(67.2%)
PATH Passengers, Average Weekday Ridership	90	284	(68.3%)
Total Cargo Containers (TEU), Marine Terminals	7,586	7,471	1.5%
Total Rail Lifts, Marine Terminals	706	665	6.2%

* 2020 facility traffic information contains estimated data based on available information and is subject to revision.

The Port Authority expects that its usage volumes will eventually return to pre-COVID-19 levels. However, the speed and pattern of the recovery is difficult to estimate and may experience temporary or more long-lasting volatility including, potential declines as recovery is dependent on the type of facility, the progression of the COVID-19 virus, when the traveling public is confident the pandemic has abated, how growth of the regional economy is affected, and any restrictions on activities imposed by the States of New York and New Jersey and the federal government, among other factors.

Activity levels at the airports may continue to be volatile. Currently, almost all airlines are operating under reduced schedules, and some have reduced service to individual airports. The speed of the recovery may be further impacted based on travel restrictions, including the continued restrictions on travelers from the United States to the United Kingdom and the European Union, as well as the quarantine and testing requirements imposed in the travel advisories issued by the federal government, New York State, New Jersey, and Connecticut, as well as in other states across the nation. There can be no assurance when and whether airlines will return to pre-COVID-19 schedules or whether airlines will decide to curtail services at the Port Authority airports, temporarily or permanently.

Cargo shipping activity at the Port Authority's seaports has been impacted less than the Port Authority's other facilities. Future volume will depend on worldwide and regional economic growth and regional demand for imported products.

Based on current information, the Port Authority is projecting that its facilities other than the marine terminals will recover to 2019 levels in the period from early 2022 through early 2024, depending on the line of business they serve, with the earliest recovery occurring at Port Authority bridges and tunnels, and PATH, with the airports recovery likely taking longer. The projected COVID-19 facility impacts have been adjusted from time to time since it was first developed in March 2020, including a revised expectation of more gradual recovery in aviation passenger and PATH rider volumes than originally predicted, consistent with a slower recovery in the aviation and mass-transit sectors nation-wide.

The trajectory and ultimate impact of the COVID-19 pandemic is uncertain and is subject to many developments and actions outside of the control of the Port Authority. Some of the factors outside the Port Authority's control include: (1) when and how quickly the economy as a whole begins to recover following the impact of COVID-19; (2) when and how quickly those segments of the economy on which its revenues depend recover to pre-COVID-19 levels (e.g. when bridge and tunnel traffic normalizes, when airport passenger traffic normalizes, among others); and, (3) the amount and the terms of any financial assistance or aid from the federal government.

Management's Discussion and Analysis (Unaudited) (continued)

Rents & Property Use Charges

Some tenants who pay rent to lease Port Authority office space or locate and operate businesses at Port Authority facilities have also been affected by the reduced activity levels or have otherwise been impacted by economic conditions. The competitive oversupply of rental space may also create an incentive to seek certain concessions, including Advance Magazine Publishers, Inc. (d/b/a Conde Nast) ("Advance"), the anchor tenant at 1 World Trade Center ("WTC"). Advance has requested that it be permitted to reduce the square footage under its lease and rent per square foot for the remaining space under its lease. Advance has, without being permitted to and legal justification, unilaterally withheld approximately \$2.4 million of rent due and owing for January 2021, it may continue to do so at that level or a higher level unless a resolution is reached. The Port Authority believes it has strong contractual rights to enforce full payment by Advance which it intends to assert.

The Port Authority has provided relief for certain retail concessionaires and other counterparties at its facilities. For certain retail concessionaires, the Port Authority has temporarily suspended fixed rent obligations from April 1, 2020 through March 31, 2021. For these counterparties, rents are being calculated solely based on a percentage of actual gross receipts earned during the relief period. This is the fourth extension of the suspension period the Port Authority has granted since the onset of COVID-19. The financial impact to the Port Authority of the concession relief, other relief, and the exercise by the World Trade Center Observation Deck of contractual rights to suspend rent obligations during the COVID-19 pandemic totaled approximately \$65 million in lower revenues for 2020 and is estimated at approximately \$35 million in lower revenues in 2021. This financial impact assumes tenants and other obligors are generally able to meet their contractual obligations as they become due. The Port Authority continues monitoring activity and evaluating whether any rent relief will be further extended or whether its estimation of financial impact should be revised.

In addition to the relief described above, the Port Authority allowed certain of its counterparties to defer the payment of percentage rentals due for the period of March through June 2020. The amounts deferred were paid in six equal monthly installments in the period of July 1, 2020 through December 31, 2020.

The Port Authority and many airlines operating at its airports have entered into cost recovery agreements which are typically reset in July every year to reflect changes in volume trends or costs from those estimated at the beginning of the year. In July 2020, the Port Authority did not adjust billing rates to reflect the substantially lower volumes. The difference in cash collections, between what the billing rates would have been adjusted to and actual amounts collected have been deferred. This difference, which totaled approximately \$317 million, will be paid by the airlines over a three-year period beginning January 1, 2021.

In addition, approximately \$70 million of cost recovery fees for activity during the period of March 1, 2020 to April 30, 2020 that were deferred were paid in monthly installments over a six-month period which began on July 1, 2020.

Certain Port Authority tenants and contractors have requested a continued extension of rent relief, described above, and in some cases, additional forms of relief from contractual obligations on account of the COVID-19 pandemic. The Port Authority is continuing to evaluate such requests in light of all the circumstances including the financial impact of reduced revenue.

Management's Discussion and Analysis (Unaudited)

(continued)

Financial Update

Revenues

The Port Authority preliminarily estimates that it may experience a reduction in Gross Operating Revenue and Passenger Facility Charge ("PFC") collections of approximately \$3 billion for the period of March 2020 through March 2022 compared to budgeted amounts.

Through December 31, 2020, the Port Authority experienced a revenue loss of approximately \$1.7 billion, consisting of an approximately \$1.5 billion Gross Operating Revenue loss as compared to the 2020 budget, and a \$217 million reduction in PFC collections as compared to 2019, due to reduced airport passenger volume. This revenue loss is consistent with the twenty-four-month period \$3 billion estimated revenue loss discussed above.

Operating Expenses

The Port Authority has continued to examine its operating budget to assess opportunities to reduce costs and take advantage of reduced traffic volumes. In 2020, the Port Authority identified approximately \$190 million in operating expense savings, primarily as a result of reduced activity volumes. Actual 2020 operating expenses were \$144 million lower than 2020 budgeted amounts. This performance was driven by achieving the \$190 million of COVID-19 expense savings which was partially offset by incremental COVID-19 cleaning and response efforts, and other one-time expenses. The Port Authority continues to evaluate its costs including potential incremental costs necessary to address COVID-19 operating protocols as activity increases and other unanticipated costs.

2021 Budget

On December 17, 2020, at the Port Authority's Board of Commissioners meeting, the Board of Commissioners authorized the adoption of the 2021 Budget which consists of Operating, Capital and Debt Service spending. The 2021 Budget can be found at <https://corpinfo.panynj.gov/pages/budget>. The 2021 Operating, Capital and Debt Service Budget of \$7.2 billion aligns with the Port Authority's mission to keep the region moving, while reflecting the adverse impacts of the COVID-19 pandemic on the agency's activity and cash flow. The 2021 Budget is comprised of \$3.2 billion for Operating Expenses, \$2.4 billion for Capital Expenditures and \$1.6 billion for Debt Service and other expenses.

Capital Program

In 2020, the Port Authority invested \$2.6 billion of capital spending which is approximately \$1.0 billion below the 2020 Capital Budget, primarily due to slowing capital spending for projects not already in construction in response to the impacts of COVID-19. The 2021 Capital Budget of \$2.4 billion, represents a one-third, or \$1.2 billion decrease versus the planned 2021 capital spending assumed in the 2017-2026 Capital Plan. Combined, these two reductions total \$2.2 billion over 2020 and 2021, reflecting the reduction in capital capacity suffered as a result of the impact of COVID-19 on Net Revenues.

Capital spending under the 2021 Budget reflects the adverse impacts of the COVID-19 pandemic. The 2021 capital spending assumes no extraordinary funding from the federal government or other sources. The Port Authority is also engaged in evaluating the extent to which its 2017-2026 Capital Plan should be modified to

Management's Discussion and Analysis (Unaudited)

(continued)

guide post-2021 capital spending. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects.

Federal Support

On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") became effective. The CARES Act provides assistance for airports and air carriers, buttressing the domestic airline industry as a whole. On April 14, 2020, the Federal Aviation Administration ("FAA") awarded approximately \$450 million of grants under the CARES Act to the airports operated by the Port Authority. The Port Authority has submitted expense reimbursements to the FAA for Port Authority labor-related and certain contractual costs associated with the operation of the airports, with the full \$450 million drawn down as of December 31, 2020. The CARES Act also provides funding through the Federal Emergency Management Agency ("FEMA") to cover the incremental costs of responding to COVID-19. The Port Authority currently expects cost recovery from FEMA funding to be \$20 million.

On December 27, 2020, the federal Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") became effective. CRRSAA provides economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to COVID-19. The Port Authority is awaiting formal guidance and the grant allocation from the FAA, which is anticipated to be received in March 2021. The Port Authority currently estimates it may be allocated approximately \$122 million, based on the allocation methodology described in CRRSAA. A portion of these funds are to be allocated for COVID-19 related rent relief extended by the Port Authority to certain airport tenants.

These funds will not fully compensate the Port Authority for its losses at the airports due to the COVID-19 pandemic and the Port Authority continues to advocate for further federal support.

Liquidity

As of December 31, 2020, unrestricted cash and investments, excluding amounts in the Capital Fund for purposes of funding the capital construction program (discussed below) and including amounts in the General Reserve Fund, total approximately \$3.3 billion.

In addition to the cash and investments noted above, on December 31, 2020, the Port Authority had approximately \$117 million in its Capital Fund to support the capital construction program. It also had approximately \$193 million in Commercial Paper authorization in excess of the commercial paper currently outstanding. The Port Authority's Commercial Paper Program, which is used to fund the Port Authority's capital program, is authorized in an amount up to \$750 million, and is currently supported by lines of credit that may be utilized in the event of market disruption.

Prospective Financial Condition

The Port Authority has analyzed various possible scenarios that consider the range of potential impacts that the pandemic may have on its financial condition, which assume a wide variety of possible economic recoveries, federal aid and Port Authority actions. The Port Authority expects a significant decline in its revenues, even under the more optimistic scenarios, which will require the Port Authority to evaluate on an ongoing basis various possible options to manage its operating and capital expenditures and liquidity.

However, and subject to the foregoing limitations, based on its current financial position and projected future financial performance as result of COVID-19 impacts, the Port Authority expects to meet its obligations as

Management's Discussion and Analysis (Unaudited)
(continued)

they become due, including both short term operating expenses and debt service on its Consolidated Bonds and Consolidated Notes.

Enterprise Fund Financial Statements Comparison for the Years Ended December 31, 2020, December 31, 2019 and December 31, 2018

The Statements of Net Position present the financial position of the Port Authority at the end of the fiscal year and include all Port Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as applicable. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A summarized comparison of the Port Authority's enterprise fund Statements of Net Position follows:

	2020	2019	2018
	(In thousands)		
ASSETS			
Current assets	\$ 2,408,317	\$ 2,325,761	\$ 2,660,266
Noncurrent assets:			
Facilities, net	39,773,548	39,016,984	37,400,013
Other noncurrent assets	6,505,528	7,793,264	7,283,951
Total assets	48,687,393	49,136,009	47,344,230
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	62,317	71,113	78,510
Pension related amounts	556,005	277,938	276,586
OPEB related amounts	157,234	141,943	169,257
Total deferred outflows of resources	775,556	490,994	524,353
LIABILITIES			
Current liabilities	2,974,044	3,330,227	3,421,109
Noncurrent liabilities:			
Bonds and other asset financing obligations	25,683,241	24,421,179	22,919,908
Other noncurrent liabilities	4,319,516	4,977,960	5,422,432
Total liabilities	32,976,801	32,729,366	31,763,449
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	75,368	51,946	43,859
Pension related amounts	40,210	102,956	177,998
OPEB related amounts	462,460	275,406	4,883
Total deferred inflows of resources	578,038	430,308	226,740
NET POSITION			
Net investment in capital assets	14,954,997	14,620,518	14,190,682
Restricted	538,552	550,736	500,610
Unrestricted	414,561	1,296,075	1,187,102
Net position, December 31 st	\$15,908,110	\$16,467,329	\$15,878,394

2020 vs. 2019

Port Authority assets totaled \$48.7 billion at December 31, 2020, a decrease of \$449 million from December 31, 2019. This overall decrease was primarily a result of:

Facilities, net of \$39.8 billion increased \$757 million from December 31, 2019 due to the continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts of \$1.1 billion increased \$162 million from December 31, 2019, primarily due to the deferral of certain aviation fees in 2020 as a result of COVID-19 that will be recovered over the three-year period covering 2021 to 2023 (see "Impacts from the COVID-19 Pandemic - Rents & Property Use Charges" above). This is partially offset by a decrease in PFCs and activity-based rental income as a result of lower aviation passenger activity.

Cash and Investment balances of \$3.6 billion decreased \$514 million from December 31, 2019, primarily due to lower cash flow from operations as discussed below, and cash funded capital outlays related to construction activities as outlined in the 2017-2026 capital plan.

Cash flows from operations of \$1 billion decreased \$915 million when compared to the same twelve-month period of 2019 primarily due to lower revenues resulting from lower utilization of Port Authority facilities due to the impacts of COVID-19 on activity volumes, in addition to rent relief provided to certain tenants and concessionaires.

Amounts receivable – Special Project Bonds decreased \$1.1 billion due to the retirement of JFKIAT Project Bonds, Series 6 and Series 8.

Port Authority liabilities totaled \$33.0 billion at December 31, 2020, an increase of \$247 million from December 31, 2019. This increase was primarily due to:

Bonds and other asset financing obligations of \$28.1 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds, increased \$1.3 billion from December 31, 2019 primarily due to: **a.)** the issuance of \$2.4 billion of Consolidated Bonds and Consolidated Notes for purposes of funding capital construction, refunding outstanding Consolidated Bonds to achieve savings on future debt service, and funding debt service on outstanding Consolidated Bonds; and, **b.)** an increase in commercial paper notes of \$57 million. This is partially offset by a \$1.1 billion of scheduled retirements of Consolidated Bonds and the Fund for Regional Development Buy-Out Obligation.

Accrued pension and other postemployment benefits (OPEB) of \$2.0 billion increased \$482 million primarily due to a \$622 million increase in the Port Authority's proportionate share of the New York State and Local Retirement System ("NYSLRS") Net Pension Liability ("NPL") due to investment losses on plan investments measured at March 31, 2020. This is partially offset by a \$158 million decrease in the Port Authority's Net OPEB Liability due to investment gains on plan investments measured at December 31, 2020.

Accrued payroll and other employee benefits of \$339 million decreased \$162 million primarily due to payments to employees resulting from the retroactive settlement of expired collective bargaining agreements.

Management's Discussion and Analysis (Unaudited) (continued)

Accounts payable of \$1.1 billion decreased \$260 million primarily due to: **a.)** a decrease in capital expenses for Terminals C and D at LGA Airport; **b.)** decreases in activity for the Lincoln Tunnel access project; and, **c.)** decreases in capital expenses for LGA Airport Redevelopment Program.

Amounts payable – Special Project Bonds decreased \$1.1 billion due to the retirement of JFKIAT Project Bonds, Series 6 and Series 8.

Deferred outflows and inflows of resources, net totaled \$198 million at December 31, 2020, an increase of \$137 million from December 31, 2019, primarily due to an increase in the Port Authority's proportionate share of actuarially determined deferred pension expense related to the Port Authority's participation in NYSLRS due to investment losses on plan investments measured at March 31, 2020; partially offset by a decrease in actuarially determined deferred OPEB expense resulting from investment gains on plan investments measured at December 31, 2020. Deferred outflows and inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future operating expense on a straight-line basis over a closed period of time.

2019 vs. 2018

Port Authority assets totaled \$49.1 billion at December 31, 2019, an increase of \$1.8 billion from December 31, 2018. This overall increase was primarily a result of:

Facilities, net of \$39 billion increased \$1.6 billion from December 31, 2018 due to the continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts of \$941 million increased \$185 million from December 31, 2018, primarily due to timing differences for the receipt of aviation fees, percentage rentals from airlines, Federal Transit Administration ("FTA") capital contributions related to PATH Superstorm Sandy restoration and resiliency capital projects, and amounts due from the WTC Tower 3 and WTC Tower 4 net lessees for certain rent payments that were deferred in accordance with tenant support agreements. Partially offsetting these increases is a decrease in amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority.

Cash and Investment balances of \$4.1 billion decreased \$191 million from December 31, 2018, primarily due to increased capital outlays related to construction activities as outlined in the 2017-2026 capital plan.

Cash flows from operations of \$1.9 billion remained constant when compared to the same twelve-month period of 2018, primarily due to an increase in payments to employees as a result of the settlement of expired labor contracts, offset by the receipt of Superstorm Sandy insurance proceeds and higher aviation fees.

Port Authority liabilities totaled \$32.7 billion at December 31, 2019, an increase of \$966 million from December 31, 2018. This increase was primarily due to:

Bonds and other asset financing obligations of \$26.7 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds, increased \$1.6 billion from December 31, 2018 primarily due to the issuance of

Management's Discussion and Analysis (Unaudited) (continued)

additional Consolidated Bonds for purposes of funding capital construction projects at Port Authority facilities as outlined in the 2017-2026 capital plan.

Accrued pension and other postemployment benefits ("OPEB") of \$1.5 billion decreased \$353 million primarily due to a decrease in the actuarially determined net OPEB liability resulting from increased earnings on plan investments and the continued advanced funding of *The Port Authority of New York and New Jersey Retiree Health Benefits Trust*.

Accrued payroll and other employee benefits of \$501 million decreased \$158 million primarily due to increased payments to employees as a result of the retroactive settlement of expired labor contracts.

Deferred outflows and inflows of resources, net totaled \$60.7 million at December 31, 2019, a decrease of \$237 million from December 31, 2018, primarily due to a decrease in the actuarially determined net OPEB liability resulting from increased investment earnings on plan investments. Deferred outflows and inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future operating expense on a straight-line basis over a closed period of time.

Enterprise Fund Statements of Revenues, Expenses and Changes in Net Position

The year-to-year change in net position is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year. The following is a summary of the Statements of Revenues, Expenses and Changes in Net Position:

(\$ in thousands)	2020	2019	2018
Gross operating revenues	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008
Operating expenses	(3,263,009)	(3,430,176)	(3,242,315)
Depreciation and amortization	(1,566,484)	(1,457,426)	(1,371,157)
Net insurance recoverables	4,033	175,678	-
(Loss)/Income from operations	(491,386)	827,791	730,536
Non-operating revenues/(expenses), net			
Grants, in connection with operating activities and pass-through grant program payments	462,375	22,523	22,568
Financial income, including changes in fair value of investments	81,961	87,948	89,304
Interest expense in connection with bonds and other asset financings, net*	(946,603)	(902,949)	(872,690)
Capital contributions and PFCs	334,434	553,622	538,620
(Decrease)/Increase in net position	(559,219)	588,935	508,338
Net position, January 1 st	16,467,329	15,878,394	15,370,056
Net position, December 31 st	\$ 15,908,110	\$ 16,467,329	\$ 15,878,394

* Includes \$65.3 million related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.

Financial results of an individual facility and business segment for 2020 can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

Management's Discussion and Analysis (Unaudited)
(continued)

Gross Operating Revenues

A summary of gross operating revenues by source and business segment follows:

	2020	2019	2018
		(In thousands)	
Tolls and fares	\$ 1,571,827	\$ 1,876,911	\$ 1,865,384
Rentals	1,421,467	1,748,683	1,673,994
Aviation fees	907,314	1,287,263	1,192,454
Parking and other	240,329	408,609	384,088
Utilities	112,008	144,176	149,008
Rentals - Special Project Bonds	81,129	74,073	79,080
Total	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008

	2020	2019	2018
		(In thousands)	
Aviation	\$ 2,032,359	\$ 2,913,161	\$ 2,762,279
Tunnels, Bridges & Terminals	1,542,081	1,740,044	1,737,458
World Trade Center	328,455	329,212	303,995
Port Department	327,665	322,061	310,637
PATH*	82,110	210,610	203,800
Other**	21,404	24,627	25,839
Total	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008

* Port Authority Trans-Hudson Corporation (PATH) includes WTC Transportation Hub.

** Other includes Development Facilities and Ferry Transportation.

2020 vs. 2019

Gross operating revenues totaled \$4.3 billion in 2020, a decrease of \$1.2 billion, or 22% from 2019.

Aviation fees of \$907.3 million decreased \$379.9 million, or 29.5% as compared to 2019. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of certain capital investment and operating expenses incurred by the Port Authority. The year to year decrease in aviation fees was primarily due to: **a.)** a decrease in aviation recoverable expenses as a result of CARES Act federal funding; **b.)** lower snow and ice removal activities due to milder weather conditions; and, **c.)** a decrease in fees received for the use of federal inspection facilities at EWR Airport Terminal B, and AirTrain fares at JFK Airport due to lower passenger activity resulting from COVID-19 travel restrictions.

Rentals of \$1.4 billion decreased \$327.2 million, or 18.7% as compared to 2019 primarily due to the impacts of COVID-19, including: **a.)** lower activity-based rental income at Aviation facilities; **b.)** rent relief granted to certain tenants and concessionaires at the Port Authority's airports, marine terminals, and bus and rail terminals; and **c.)** the exercise by the World Trade Center Observation Deck lessee of contractual rights to suspend rent obligations during the COVID-19 pandemic.

Toll and PATH fares of \$1.6 billion decreased \$305 million, or 16.3% as compared to 2019 due to significantly reduced usage of the Port Authority's bridges and tunnels and PATH transit system as a result of the impacts of COVID-19, driven by: **a.)** lower vehicular activity at the Port Authority's six vehicular crossings of 20%, including a 20.4% in automobile traffic and 6.6% decrease in truck traffic; and **b.)** lower PATH ridership of 67.2% when compared to the same twelve-month period of 2019. The impact of these decreases is partially

Management's Discussion and Analysis (Unaudited) (continued)

offset by; **a.)** a decrease in the PATH multi-fare discounts implemented in November 2019 and November 2020; and **b.)** an increase in bridge and tunnel toll rates, which became effective in January 2020.

Parking and other fees of \$240.3 million decreased \$168.3 million, or 41.2% as compared to 2019 primarily due to impacts of COVID-19 including; **a.)** a decrease in parking revenue due to lower passenger activity at Aviation facilities; and, **b.)** a decrease in One WTC from lower tenant service charges.

2019 vs. 2018

Gross operating revenues totaled \$5.5 billion in 2019, an increase of \$196 million, or 3.7% from 2018.

Aviation fees of \$1.3 billion increased \$95 million, or 8.0% as compared to 2018. The 2019 increase in aviation fees was primarily due to: **a.)** increased customer service initiatives; **b.)** increased policing and security costs necessary to meet ongoing public safety needs, including traffic management efforts in support of ongoing construction activities at LGA Airport; **c.)** additional aeronautical capital investment being placed into operational service in 2019, including a new concrete runway at JFK Airport; and, **d.)** increased maintenance costs related to AirTrain JFK and AirTrain EWR.

Rentals of \$1.7 billion increased \$75 million, or 4.5% as compared to 2018 primarily due to: **a.)** scheduled rent escalations at Aviation Terminals and WTC; **b.)** increased occupancy at One WTC; and, **c.)** increased activity-based percentage rentals at Aviation Terminals and Port Authority Marine Terminals resulting from increased aviation passengers and cargo container activity.

Toll and PATH fares of \$1.9 billion increased \$12 million or 0.6% as compared to 2018 due to: **a.)** increased PATH ridership of 0.6%; **b.)** higher vehicular traffic at the Port Authority's six vehicular crossings of 1.6%; and **c.)** increased collections for the recovery of delinquent accounts. These increases were partially offset by increased toll violations and toll discounts resulting from higher E-ZPass® utilization.

Parking and other fees of \$409 million increased \$25 million, or 6.4% as compared to 2018 primarily due to: **a.)** increased One WTC tenant charges resulting from higher occupancy; **b.)** increased public parking at activity at LGA Airport as a result of reduced parking lot closures resulting from ongoing construction activities; and, **c.)** increased Cargo Facility Charges (CFCs) at Port Authority Marine Terminals due to higher cargo container activity.

Operating Expenses

A summary of operating expenses by type and business segment follows:

	2020	2019	2018
		(In thousands)	
Employee compensation, including benefits	\$ 1,395,588	\$ 1,413,979	\$ 1,338,277
Contract services	929,520	1,046,216	934,821
Rents and payments in-lieu-of taxes (PILOT)	403,661	388,462	396,048
Materials, equipment and other	290,033	315,676	298,121
Utilities	163,078	191,770	195,968
Interest on Special Project Bonds	81,129	74,073	79,080
Total	\$ 3,263,009	\$ 3,430,176	\$ 3,242,315

Management's Discussion and Analysis (Unaudited)
(continued)

	2020	2019	2018
		(In thousands)	
Aviation	\$ 1,752,439	\$ 1,886,112	\$ 1,754,801
Tunnels, Bridges & Terminals	552,976	553,759	524,212
PATH*	447,034	457,515	447,552
World Trade Center	335,014	346,535	333,848
Port Department	163,395	174,213	166,405
Other**	12,151	12,042	15,497
Total	\$ 3,263,009	\$ 3,430,176	\$ 3,242,315

* PATH includes WTC Transportation Hub.

** Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

2020 vs. 2019

Operating expenses totaled \$3.3 billion in 2020, a decrease of \$167 million, or 4.9% from 2019. These lower amounts were achieved as a result of concerted efforts to realize cost savings as a result of COVID-19.

Contract Services of \$930 million decreased \$116.7 million, or 11.2% as compared to 2019 primarily due to: **a.)** lower snow and ice removal activities due to milder weather conditions; and **b.)** lower payments to third-party contractors for operations and maintenance support services resulting from cost savings realized as a result of lower activity at Port Authority facilities and cost mitigation efforts related to COVID-19.

Utilities of \$163 million decreased \$28.7 million, or 15.0% as compared to 2019 primarily due to lower consumption as a result of milder weather conditions and cost reduction efforts related to COVID-19.

Materials, Equipment and Other of \$290 million decreased \$25.7 million, or 8.1% as compared to 2019 primarily due to: **a.)** lower purchases of materials and equipment for snow and ice removal activities due to milder weather conditions; and **b.)** lower purchases of supplies and equipment to support operations and maintenance resulting from cost savings realized as a result of lower activity at Port Authority facilities and cost reduction efforts related to COVID-19.

Employee compensation, including employer provided healthcare and retirement benefits of \$1.4 billion, decreased \$18.4 million, or 1.3% as compared to 2019 primarily due to: **a.)** decreased overtime related to snow and ice removal activities due to milder weather condition and efficiencies realized as a result of lower activity at Port Authority facilities; and **b.)** lower actuarial determined OPEB expense due to investment gains on plan investments measured at December 31, 2020. Partially offsetting these decreases was an increase in pension expense due to investment losses on NYSLRS plan investments measured as of March 31, 2020 and scheduled contractual salary increases.

Rents and Payments in-lieu-of-taxes (PILOT) of \$404 million increased \$15.2 million, or 3.9% as compared to 2019, primarily due to: **a.)** scheduled rent increases for corporate office space at 4 WTC; **b.)** increased PILOT payments to the City of New York related to the WTC campus; and **c.)** increased rent payments to the City of Newark and the City of New York for the leasing of land at EWR, JFK and LGA airports and New Jersey marine ports.

Management's Discussion and Analysis (Unaudited) (continued)

2019 vs. 2018

Operating expenses totaled \$3.4 billion in 2019, an increase of \$188 million or 5.8% from 2018.

Contract Services of \$1.0 billion increased \$111 million, or 11.9% as compared to 2018 primarily due to: **a.)** scheduled increases in contractor billing rates and additional services related to operational excellence and customer service initiatives at Port Authority facilities; **b.)** scheduled increases in billing rates and added maintenance related to Air Train JFK and Air Train EWR; **c.)** increased E-ZPass® administrative fees due to higher E-ZPass® utilization; **d.)** the full year impact of Goethals Bridge developer maintenance payments, which commenced in July 2018; and, **e.)** increased tenant services at One WTC due to higher occupancy.

Utilities of \$192 million decreased \$4 million, or 2.1% as compared to 2018 primarily due to lower consumption of steam and thermal energy at JFK Airport as a result of milder weather conditions.

Materials, Equipment and Other of \$316 million increased \$18 million, or 5.9% as compared to 2018 primarily due to: **a.)** non-cash write-offs of certain preliminary planning and design costs related to capital projects that are not included in the 2017-2026 capital plan; **b.)** the scheduled replacement of certain operations and maintenance vehicles; and, **c.)** the purchase of materials and equipment related to snow and ice removal activities and PATH car inspections.

Employee compensation, including employer provided healthcare and retirement benefits of \$1.4 billion increased \$76 million, or 5.7% as compared to 2018 primarily due to: **a.)** increased civilian and public safety employee headcount to meet operational and public safety requirements; **b.)** general wage increases; and, **c.)** increased policing costs, including policing related to traffic management efforts in support of construction activities at LGA Airport. Partially offsetting these increases was a decrease in benefit expenses related to postemployment healthcare benefits as a result of increased earnings on plan investments.

Rents and Payments in-lieu-of-taxes (PILOT) of \$388 million decreased \$8 million, or 1.9% as compared to 2018 primarily due to lower PILOT payments to the City of New York related to the application of certain WTC Tower 3 PILOT credits, which commenced in 2019.

Depreciation and Amortization

A summary of depreciation and amortization by type and business segment follows:

	2020	2019	2018
		(In thousands)	
Depreciation of facilities	\$ 1,533,267	\$ 1,420,696	\$ 1,329,283
Amortization of costs for regional programs	33,217	36,730	41,874
Total	\$ 1,566,484	\$ 1,457,426	\$ 1,371,157

Management's Discussion and Analysis (Unaudited)
(continued)

	2020	2019	2018
		(In thousands)	
Aviation	\$ 566,703	\$ 502,286	\$ 477,683
World Trade Center	342,059	311,576	293,864
Tunnels, Bridges & Terminals	279,167	271,441	218,675
PATH*	214,513	201,540	215,400
Port Department	101,553	101,106	91,849
Other**	62,489	69,477	73,686
Total	\$ 1,566,484	\$ 1,457,426	\$ 1,371,157

* PATH includes WTC Transportation Hub.

** Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

2020 vs. 2019

Depreciation and amortization of \$1.6 billion increased \$109 million, or 7.5% as compared to 2019 due to the scheduled completion of approximately \$7.3 billion of capital construction projects in 2019 and 2020. These capital infrastructure projects, including elements of the: **a.)** Bayonne Bridge Navigational Clearance Program; **b.)** LGA Airport Redevelopment Program; **c.)** EWR Terminal One Redevelopment; **d.)** rehabilitation of certain runways and taxiways at JFK Airport; **e.)** Restore the George Washington Bridge Program; **f.)** PATH Signal System Replacement Program; and **g.)** Lincoln Tunnel Access Program, have been placed into operational service and are being depreciated over their estimated useful lives.

2019 vs. 2018

Depreciation and amortization of \$1.5 billion increased \$86 million, or 6.3% as compared to 2018 due to the scheduled completion of approximately \$8.3 billion of capital construction projects in 2018 and 2019. These capital infrastructure projects include constructed assets related to projects that have been placed into service and are being depreciated over their estimated useful lives, including the: **a.)** Goethals Bridge Replacement Bridge; **b.)** WTC Redevelopment; **c.)** Bayonne Bridge Navigational Clearance Program; **d.)** LGA Airport Redevelopment Program; **e.)** rehabilitation of certain runways and taxiways at JFK Airport; **f.)** Restore the George Washington Bridge Program; **g.)** PATH Signal System Replacement Program; and, **h.)** Lincoln Tunnel Access Program.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net, Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in this report.

Net Insurance Recoverables

2020 Net insurance recoverables of \$4 million represent business interruption insurance recoveries for losses sustained by the Port Authority resulting from COVID-19.

2019 Net insurance recoverables of \$175.7 million represent final insurance recoveries received in 2019 for losses sustained by the Port Authority as a result of Superstorm Sandy.

Management's Discussion and Analysis (Unaudited) (continued)

Income/(Loss) from Operations

Income/(Loss) from operations is comprised of gross operating revenues, less the sum of: **a.)** operating expenses; **b.)** depreciation and amortization; and **c.)** net insurance recoverables.

A summary of income / (loss) from operations by business segment follows:

	2020	2019	2018
		(In thousands)	
Tunnels, Bridges & Terminals	\$ 709,938	\$ 914,844	\$ 994,571
Port Department	62,717	46,742	52,383
Other*	(49,203)	118,786	(63,344)
Aviation	(286,783)	524,763	529,795
World Trade Center	(348,618)	(328,899)	(323,717)
PATH**	(579,437)	(448,445)	(459,152)
Income/(Loss)	\$ (491,386)	\$ 827,791	\$ 730,536

* Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Moynihan Station Transportation Program, Ferry Transportation and Net insurance recoverables.

** PATH includes WTC Transportation Hub.

2020 Income/(Loss) from operations of \$(491) million was due to lower activity levels of Port Authority facilities resulting from COVID-19 related travel restrictions.

2019 Income/(Loss) from operations of \$828 million increased \$97 million from 2018 primarily due to an increase in aviation fees and rentals at aviation facilities, increased rental at the WTC Campus, and the receipt of additional insurance recoveries related to the events of Superstorm Sandy.

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2020	2019	2018
		(In thousands)	
Financial income	\$ 63,555	\$ 66,965	\$ 77,406
Net increase in fair value of investments	18,406	20,983	11,898
Interest expense in connection with bonds and other asset financings, net*	(946,603)	(902,949)	(872,690)
Pass-through grant program payments	(26,853)	(3,142)	(1,438)
Grants, in connection with operating activities	489,228	25,665	24,006
Non-operating expenses, net	\$ (402,267)	\$ (792,478)	\$ (760,818)

* Includes amounts related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.

2020 vs. 2019

Financial income, comprised of interest income and the net change in fair value of investments totaled \$81.9 million in 2020, a decrease of \$6 million when compared to 2019. This year-to-year decrease was primarily due to lower earnings on United States Treasury securities due to lower interest rates, lower unrealized gains

Management's Discussion and Analysis (Unaudited) (continued)

related to the change in fair value of securities held in Port Authority investment accounts, and lower investments returns to the WTC Tower 1 Joint Venture minority interest member.

Interest expense in connection with bonds and other asset financings of \$946.6 million increased \$43.7 million from 2019 primarily due to an increase in outstanding Consolidated Bonds and Notes.

Grants, in connection with operating activities of \$489.2 million increased \$463.6 million from 2019 primarily due to the receipt of \$450.4 million of CARES Act federal funding of certain aviation operating expenses.

Pass-through grant program payments to sub-grantees of \$26.8 million increased \$23.7 million when compared to 2019 primarily due to increased funding for baggage screening at LGA Airport that was passed-through to the terminal lessee.

Pass-through grant program payments are offset in their entirety by either a ***Contribution in aid of construction*** or a ***Grant, in connection with an operating activity***.

2019 vs. 2018

Financial income, comprised of interest income and the net change in the fair value of investments, totaled \$87.9 million in 2019, a decrease of \$1.4 million when compared to 2018. This year-to-year decrease was primarily due to the receipt of a non-recurring consent fee of \$15 million relating to Port Jersey-Port Authority Marine Terminal in 2018, partially offset by a \$4.5 million increase in realized earnings on portfolio investments, primarily comprised of United States Treasury securities due to higher interest rates and a \$9.0 million increase in non-cash unrealized gains related to the change in fair value of securities held in Port Authority investment accounts.

Interest expense in connection with bonds and other asset financings of \$903 million increased \$30 million from 2018 due to the full year impact of *Goethals Bridge Replacement Developer Financing Arrangement (DFA)* payments, which commenced in July 2018.

Grants, in connection with operating activities of \$25.7 million increased \$1.7 million from 2019 primarily due to the receipt of federal funding for the Voluntary Airport Low Emission (VALE) Program at JFK Terminal 5 for electric charging stations and increased funding from the Department of Homeland Security (DHS) for port security programs.

Pass-through grant program payments to sub-grantees of \$3 million increased \$1.7 million when compared to 2018 primarily due to the receipt of federal funding for the VALE program at JFK Terminal 5 for electric charging stations that was passed-through to the New York Power Authority (NYPA).

Pass-through grant program payments are offset in their entirety by a ***Contribution in aid of construction*** or a ***Grant, in connection with an operating activity***.

Management's Discussion and Analysis (Unaudited)
(continued)

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and Passenger Facility Charges follows:

	2020	2019	2018
		(In thousands)	
Contributions in aid of construction	\$ 258,925	\$ 261,054	\$ 252,225
PFCs	75,509	292,568	286,395
Total	\$ 334,434	\$ 553,622	\$ 538,620

2020 vs. 2019

Contributions in aid of construction of \$258.9 million decreased \$2.1 million from 2019 primarily due to; **a.)** a \$27.3 million decrease in Airport Improvement Program (AIP) funding related to the rehabilitation of certain runways at the Port Authority aviation facilities that were completed in 2019 and 2020; **b.)** a \$21.8 million decrease in required net lessee capital contributions related to the construction of WTC Tower 3; and, **c.)** a \$3 million decrease in security grants at Port Authority facilities. These decreases are partially offset by a \$26.6 million increase in FTA and FEMA funding for Superstorm Sandy restoration and resiliency capital projects at PATH and a \$24 million increase related to a One WTC construction claim.

Passenger Facility Charges (PFCs) of \$75.5 million decreased \$217.1 million from 2019 due to lower passenger activity of 71% as a result of COVID-19.

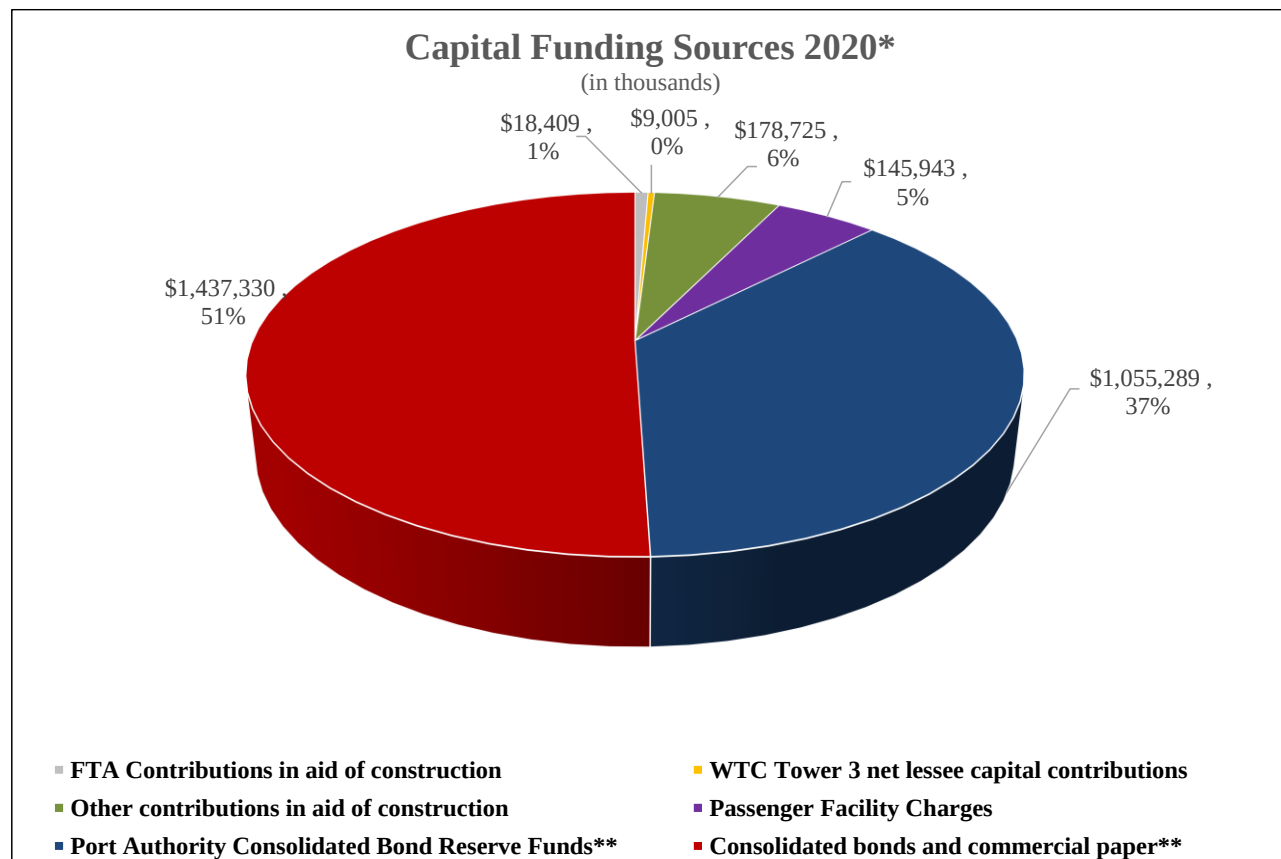
2019 vs. 2018

Contributions in aid of construction of \$261 million increased \$8.8 million from 2018 primarily due to increased funding from the FEMA and the FTA for Superstorm Sandy restoration and resiliency capital projects primarily at PATH. Partially offsetting this increase was a decrease for the reimbursement of certain sub-grade infrastructure supporting the WTC Performing Arts Center, which was received in 2018, and lower capital contributions from the WTC Tower 3 net lessee for the construction of WTC Tower 3 which was substantially completed in the second quarter of 2018. For additional information related to grants and capital contributions see *Note F - Grants and Contributions in Aid of Construction*.

PFCs of \$293 million increased \$6 million from 2018 due to a 1.6% increase in passenger activity.

Capital Construction Activities

Port Authority capital investment, including contributed capital, accrued amounts and landlord leasehold capital investment related to LGA Terminal B, totaled \$2.6 billion in 2020, \$3.4 billion in 2019 and \$3.1 billion in 2018. The decrease in 2020 capital spending of \$767 million when compared to 2019 and \$1.0 billion when compared to 2020 budgeted amounts was driven by slowed capital spending for capital projects not already in construction in response to lower net revenues as a result of COVID-19.



* Capital funding sources exclude accrued amounts in connection with capital construction activities.

** Includes funding for landlord leasehold capital improvements related to LGA Terminal B.

Management's Discussion and Analysis (Unaudited) (continued)

A summary of capital investment by business segment follows:

	2020	2019	2018
		(In millions)	
Aviation*	\$ 1,379	\$ 1,886	\$ 1,278
Tunnels, Bridges & Terminals	582	697	932
PATH	325	334	316
WTC (including WTC Transportation Hub)	232	291	339
Port Department	44	120	146
Other**	5	6	43
Total	\$ 2,567	\$ 3,334	\$ 3,054

* Includes landlord leasehold capital improvements related to LGA Terminal B of \$277 million in 2020, \$297 million in 2019, and \$289 million in 2018.

** Other includes Regional Facilities and Programs, Development Facilities, Moynihan Station Transportation Program, Gateway Early Work Program, and Ferry Transportation.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net*, *Schedule D-3 – Selected Statistical Financial Data by Business Segment*, and *Schedule F – Information on Capital Investment in Port Authority Facilities*.

Capital Financing and Debt Management

As of December 31, 2020, bonds and other asset financing obligations of the Port Authority totaled approximately \$28.1 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/obligor. For additional information related to bonds and other asset financing obligations of the Port Authority see *Note D- Outstanding Financing Obligations*.

During 2020, the Port Authority issued approximately \$2.4 billion of consolidated bond and notes, including \$212 million in issuance premiums. Of this amount \$1.1 billion was allocated to pay debt service, \$659 million was allocated for purposes of funding capital construction, \$547 million was utilized to refund outstanding Consolidated Bonds to achieve savings on future debt service payments and \$100 million was used to retire existing commercial paper obligations.

During 2020, the Port Authority issued approximately \$157 million of commercial paper obligations to fund capital construction project expenditures.

Credit Ratings

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority as of March 3, 2021.

DEBT OBLIGATION	S&P	Fitch Ratings	Moody's Investors Service
Consolidated Bonds	A+	A+	Aa3
Commercial Paper	A-1	F1+	P-1

Management's Discussion and Analysis (Unaudited) (continued)

Citing loss of revenues and volatility surrounding the recovery of activity levels at Port Authority facilities resulting from to COVID-19, the following revisions were made to Port Authority credit ratings during 2020:

- On April 9, 2020 Moody's Investor Service changed their rating outlook from stable to negative, while affirming their Aa3 rating on Port Authority Consolidated Bonds and P-1 rating on Port Authority Commercial Paper Notes.
- On June 26, 2020 Standard and Poor's (S&P) changed their rating on Port Authority Consolidated Bonds from AA- to A+ and from A-1+ to A-1 on Port Authority Commercial Paper Notes. Additionally, S&P changed their ratings outlook from stable to negative.
- On June 26, 2020 Fitch Ratings changed their ratings outlook from stable to negative watch while affirming their AA- rating on Port Authority Consolidated Bonds and F1+ rating on Port Authority Commercial Paper Notes.
- On January 19, 2021, Fitch Ratings changed their rating on Port Authority Consolidated Bonds to A+ and affirmed their F1+ rating on Port Authority Commercial Paper Notes. Additionally, Fitch changed their ratings outlook from rating watch negative to stable.

Each rating reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell, or hold any maturity of Port Authority obligations or as to market price or suitability of any maturity of the obligations for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on market price. Additional information on Port Authority debt obligations can be found in *Note D - Outstanding Financing Obligations*.

Other Activities

Toll & Fare Increases

On September 26, 2019 the Port Authority's Board of Commissioners authorized certain adjustments to tolls, fares, and other fees, including toll increases at the Port Authority's six vehicular crossings and PATH fare increases that were implemented in 2020. For the bridge and tunnel tolls, effective January 5, 2020, the cash and toll by mail rate for cars during all hours increased from \$15.00 to \$16.00. Furthermore, the discount for autos using E-ZPass® was reduced by \$0.25, resulting in an increase of \$1.25. After 2020, tolls will be adjusted for the cumulative effect of inflation when applied to the current Class 1 cash and toll by mail tolls. At the time the first CPI increase reaches \$1.00, tolls for all vehicular classes except classes 8 and 9 (buses) will increase by \$1.00, and the discount for autos using E-ZPass® will be further reduced by \$0.25, resulting in an increase of \$1.25. Thereafter, and when all electronic tolling has been implemented at all crossings, tolls for all vehicular classes will be adjusted annually by the CPI increase. For additional information related to tolling rates, E-ZPass® discounts and designated user programs, please refer to the following link: <http://www.panynj.gov/bridges-tunnels/tolls.html>.

The PATH fare schedule was revised in two steps effective November 1, 2019 and November 1, 2020. Most recently on November 1, 2020, although the PATH base fare for a single trip remains at \$2.75, the cost of multi-trip tickets was increased to \$26.00 for a 10-trip ticket, \$52.00 for a 20-trip ticket and \$104.00 for a 40-trip ticket. After 2020, PATH fares will be indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2020, would, when applied to the single ride fares, result

Management's Discussion and Analysis (Unaudited) (continued)

in an adjustment of at least \$0.25. For additional information related to PATH fares please refer to the following link: <http://www.panynj.gov/path/fares.html>.

Cashless Tolling

Cashless toll collection went into effect in February 2017 at the Bayonne Bridge, April 24, 2019 at the Outerbridge Crossing, and September 4, 2019 at the Goethals Bridge. On July 25, 2019, the Board of Commissioners authorized a project to implement cashless tolling at the Holland Tunnel, Lincoln Tunnel, and George Washington Bridge. As a result of the COVID-19 pandemic, cashless tolling was implemented, on a temporary basis, at the George Washington Bridge, Lincoln Tunnel and Holland Tunnel on March 22, 2020. Cash tolling resumed at the upper level of the George Washington Bridge, Lincoln Tunnel and Holland Tunnel on October 26, 2020. The lower level of the George Washington Bridge will remain cashless permanently.

Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

2021 Budget

On December 17, 2020, the Board of Commissioners approved a 2021 budget that provides for capital and operating expenditures during calendar year 2021 totaling \$7.2 billion. To obtain a copy of the 2021 budget, please refer to the following link: <https://corpinfo.panynj.gov/pages/budget/>.

Management's Discussion and Analysis (Unaudited)
(continued)

Fiduciary Fund Financial Statements Comparison for the Years Ended December 31, 2020 and December 31, 2019

The year-to-year change in fiduciary net position is an indicator of whether the overall financial condition of The Port Authority of New York and New Jersey Retiree Health Benefit Trust (the Trust) has improved or worsened during the year. A comparison of the Port Authority's Fiduciary Net Position follows:

	2020	2019	2018
	(In thousands)		
Financial position			
Total assets	\$ 1,906,735	\$ 1,803,379	\$ 1,442,035
Total liabilities	974	3,753	28,299
Net position, December 31	\$ 1,905,761	\$ 1,799,626	\$ 1,413,736

A comparison of the Port Authority's Fiduciary Fund Statements of Changes in Fiduciary Net Position follows:

	2020	2019	2018
	(In thousands)		
Total contributions*	\$ 30,061	\$ 256,536	\$ 247,761
Total net investment income/(loss)	225,006	285,996	(86,274)
Total deductions**	(148,932)	(156,642)	(147,855)
Increase in net position	106,135	385,890	13,632
Net position – January 1	1,799,626	1,413,736	1,400,104
Net position – December 31	\$ 1,905,761	\$ 1,799,626	\$ 1,413,736

* 2020 amounts are comprised of current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds. The Port Authority did not make advanced funding contributions to the Trust in 2020. 2019 amounts include \$156.6 in current OPEB benefit payments paid from available Port Authority operating funds and \$100 million in advance funding contributions to the Trust. 2018 amounts include \$147.8 in current OPEB payments made from available Port Authority operating funds and \$100 million in advance funding contributions to the Trust.

** 2020 amounts include current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds and \$118.8 million from Trust funds. 2019 and 2018 OPEB benefits payments were paid in their entirety out of available Port Authority operating funds.

2020 vs. 2019

Net position of the Trust totaled \$1.9 billion at December 31, 2020, an increase of \$106 million when compared to December 31, 2019. This year-to-year increase in the Trust's fiduciary net position was comprised of \$225 million in investment income partially offset by \$118.8 million in OPEB benefit payments paid from Trust funds.

Trust assets totaled \$1.9 billion at December 31, 2020, an increase of \$104 million from December 31, 2019. This increase in Trust assets is primarily due to a \$84 million increase in fair value of Trust investments, and an increase in cash and cash deposits of \$20 million.

Net investment income totaled \$225 million in 2020, a decrease of \$61 million from 2019, primarily due to lower investment gains and financial income on Trust investments. The money-weighted rate of return on Trust investments was 13.48% in 2020 and 19.57% in 2019.

Management's Discussion and Analysis (Unaudited)
(continued)

2019 vs. 2018

Net position of the Trust totaled \$1.8 billion at December 31, 2019, an increase of \$386 million when compared to December 31, 2018. This year-to-year increase in fiduciary net position was a result of an increase in investment income.

Trust assets totaled \$1.8 billion at December 31, 2019, an increase of \$361 million from December 31, 2018. This increase in Trust assets is primarily due to a \$387 million increase in value of Trust investments, partially offset by a decrease in cash and cash deposits of \$26 million.

Net investment income totaled \$286 million in 2019, an increase of \$372 million from 2018 primarily due to investments gains and financial income on Trust investments. The money-weighted rate of return on Trust investments was 19.57% in 2019 and (5.95%) in 2018.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Net Position	December 31, 2020	December 31, 2019
	(In thousands)	
ASSETS		
Current assets:		
Cash	\$ 306,471	\$ 93,315
Restricted cash	87,098	76,989
Investments	927,404	1,228,711
Restricted investments - PAICE	1,250	2,604
Restricted investments - PFC	2,200	18,838
Current receivables, net	895,096	681,361
Other current assets	162,280	143,213
Restricted receivables and other assets	26,518	80,730
Total current assets	2,408,317	2,325,761
Noncurrent assets:		
Restricted cash	4,766	4,813
Investments	2,253,190	2,564,584
Restricted investments - PAICE	21,263	127,542
Other amounts receivable, net	181,023	178,796
Other noncurrent assets	1,709,457	1,684,517
Restricted noncurrent assets - PAICE	5,950	6,954
Amounts receivable - Special Project Bonds	-	1,138,906
Amounts receivable - Tower 4 Liberty Bonds	1,244,413	1,245,025
Unamortized costs for regional programs	60,239	93,456
Landlord leasehold investment-LGA Terminal B	1,025,227	748,671
Facilities, net	39,773,548	39,016,984
Total noncurrent assets	46,279,076	46,810,248
Total assets	48,687,393	49,136,009
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	62,317	71,113
Pension related amounts	556,005	277,938
OPEB related amounts	157,234	141,943
Total deferred outflows of resources	775,556	490,994
LIABILITIES		
Current liabilities:		
Accounts payable	1,057,116	1,316,914
Accrued interest and other current liabilities	444,835	458,385
Restricted other liabilities - PAICE	745	8,866
Accrued payroll and other employee benefits	339,269	500,945
Current portion bonds and other asset financing obligations	1,132,079	1,045,117
Total current liabilities	2,974,044	3,330,227
Noncurrent liabilities:		
Accrued pension and other postemployment benefits	2,020,090	1,538,117
Other noncurrent liabilities	281,956	268,693
Unearned income related to WTC Retail joint venture	736,958	746,218
Restricted other noncurrent liabilities - PAICE	36,099	41,001
Amounts payable - Special Project Bonds	-	1,138,906
Amounts payable - Tower 4 Liberty Bonds	1,244,413	1,245,025
Bonds and other asset financing obligations	25,683,241	24,421,179
Total noncurrent liabilities	30,002,757	29,399,139
Total liabilities	32,976,801	32,729,366
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	75,368	51,946
Pension related amounts	40,210	102,956
OPEB related amounts	462,460	275,406
Total deferred inflows of resources	578,038	430,308
NET POSITION	\$ 15,908,110	\$ 16,467,329
Net position is comprised of:		
Net investment in capital assets	\$ 14,954,997	\$ 14,620,518
Restricted:		
Passenger Facility Charges	267	55,814
Port Authority Insurance Captive Entity, LLC	451,412	394,922
Minority Interest in Tower 1 Joint Venture	86,873	100,000
Unrestricted	414,561	1,296,075
NET POSITION	\$ 15,908,110	\$ 16,467,329

See Notes to Financial Statements.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Revenues, Expenses and Changes in Net Position	Year ended December 31,	
	2020	2019
	(In thousands)	
Gross operating revenues:		
Tolls and fares	\$ 1,571,827	\$ 1,876,911
Rentals	1,421,467	1,748,683
Aviation fees	907,314	1,287,263
Parking and other	240,329	408,609
Utilities	112,008	144,176
Rentals - Special Project Bonds Projects	81,129	74,073
Total gross operating revenues	4,334,074	5,539,715
Operating expenses:		
Employee compensation, including benefits	1,395,588	1,413,979
Contract services	929,520	1,046,216
Rents and payments in-lieu-of taxes (PILOT)	403,661	388,462
Materials, equipment and other	290,033	315,676
Utilities	163,078	191,770
Interest on Special Project Bonds	81,129	74,073
Total operating expenses before depreciation, amortization and other operating expenses	3,263,009	3,430,176
Net insurance recoverables	(4,033)	(175,678)
Depreciation of facilities	1,533,267	1,420,696
Amortization of costs for regional programs	33,217	36,730
(Loss) / income from operations	(491,386)	827,791
Non-operating revenues and (expenses):		
Financial income	63,555	66,965
Net increase in fair value of investments	18,406	20,983
Interest expense in connection with bonds and other asset financing	(1,011,896)	(968,242)
Pass-through grant program payments	(26,853)	(3,142)
4 WTC associated payments	65,293	65,293
Grants, in connection with operating activities	489,228	25,665
Non-operating expenses, net	(402,267)	(792,478)
(Loss) / income before capital contributions and passenger facility charges	(893,653)	35,313
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	258,925	261,054
Passenger facility charges	75,509	292,568
Total capital contributions and passenger facility charges	334,434	553,622
(Decrease) / increase in net position	(559,219)	588,935
Net position, January 1	16,467,329	15,878,394
Net position, December 31	\$ 15,908,110	\$ 16,467,329

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Cash Flows	Year ended December 31,	
	2020	2019
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	\$ 4,084,506	\$ 5,371,526
Cash received from insurance recoverables	262	177,039
Cash paid to or on behalf of employees	(1,247,748)	(1,703,846)
Cash paid to suppliers	(1,407,116)	(1,525,446)
Cash paid to municipalities	(422,046)	(396,295)
Net cash provided by operating activities	1,007,858	1,922,978
Cash flows from noncapital financing activities:		
Payments for Fund for regional development buy-out obligation	(53,210)	(53,211)
Grants received in connection with operating activities	444,745	20,704
Pass-through grant payments	(3,217)	(4,294)
Net cash provided by (used for) noncapital financing activities	388,318	(36,801)
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	(2,717,009)	(3,217,180)
Proceeds from Consolidated Notes	1,096,271	-
Proceeds from capital obligations issued for refunding purposes (including commercial paper)	4,305,897	4,372,675
Principal paid through capital obligations refundings (including commercial paper)	(4,305,897)	(4,372,675)
Proceeds from sales of capital obligations allocated for construction	820,105	2,055,697
Principal paid on capital obligations	(425,150)	(379,815)
Interest paid on capital obligations	(1,110,557)	(1,077,993)
Payments for MOTBY obligation	(5,000)	(5,000)
Contributions in aid of construction	229,479	149,589
Proceeds from passenger facility charges	111,070	290,331
Financial income allocated to capital projects	1,165	2,427
Net cash (used for) capital and related financing activities	(1,999,626)	(2,181,944)
Cash flows from investing activities:		
Purchase of investment securities	(20,106,783)	(18,255,902)
Proceeds from maturity and sale of investment securities	20,859,881	18,359,610
Interest received on investment securities	71,909	69,278
Other interest income	1,661	2,843
Net cash provided by investing activities	826,668	175,829
Net increase/(decrease) in cash	223,218	(119,938)
Cash at beginning of year	175,117	295,055
Cash at end of year	\$ 398,335	\$ 175,117

See Notes to Financial Statements.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Cash Flows (continued)	Year ended December 31,	
	2020	2019
	(In thousands)	
2. Reconciliation of income from operations to net cash provided by operating activities:		
(Loss) / income from operations	\$ (491,386)	\$ 827,791
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities	1,533,267	1,420,696
Amortization of costs for regional programs	33,217	36,730
Amortization of other assets	68,315	81,782
Change in operating assets and operating liabilities:		
(Increase) in receivables	(161,055)	(67,449)
(Increase) in deferred charges and other assets	(76,695)	(84,135)
(Decrease) / increase in payables	10,080	16,420
(Decrease) in other liabilities	(49,874)	(9,729)
(Decrease) in unearned income related to WTC retail joint venture	(9,260)	(9,260)
Increase / (decrease) in accrued payroll, pension and other employee benefits	151,249	(289,868)
Total adjustments	1,499,244	1,095,187
Net cash provided by operating activities	\$ 1,007,858	\$ 1,922,978

3. Capital obligations:

Consolidated bonds and notes, commercial paper, variable rate master notes, Marine Ocean Terminal at Bayonne Peninsula (MOTBY) Obligation and Goethals Bridge Replacement Developer Financing Agreement.

4. Noncash investing, capital and financing activities:

Noncash activity of \$1.2 billion in 2020 and \$122 million in 2019 includes amortization of discount and premium on outstanding debt obligations and debt service in connection with Special Project Bonds.

Noncash capital financing did not include activities that required a change in fair value. In 2020 and 2019, the Silverstein net lessees contributed \$9 million and \$31 million, respectively, towards construction of WTC Tower 3. In 2020 and 2019, preferred returns due the Tower 1 Joint Venture, Durst Member and the WTC Retail Joint Venture, Westfield member totaled \$(9) million.

Noncash capital asset write-offs totaled \$9.9 million in 2020 and \$26.8 million in 2019.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Fiduciary Net Position	December 31, 2020	December 31, 2019
	(In thousands)	
ASSETS		
Cash and deposits	\$ 28,122	\$ 8,134
Receivables:		
Due from broker for investments sold	3,159	3,879
Investment income	3,400	3,445
Total receivables	<u>6,559</u>	<u>7,324</u>
Investments, at fair value:		
Domestic equities	692,618	657,245
Fixed income	643,973	600,733
International equities	439,414	420,226
Real estate	96,049	109,717
Total investments	<u>1,872,054</u>	<u>1,787,921</u>
Total assets	<u>1,906,735</u>	<u>1,803,379</u>
LIABILITIES		
Payables:		
Due to broker for investments purchased	974	3,753
Total liabilities	<u>974</u>	<u>3,753</u>
Net position restricted for other postemployment benefits	\$ <u>1,905,761</u>	\$ <u>1,799,626</u>

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Changes in Fiduciary Net Position	Year ended December 31,	
	2020	2019
	(In thousands)	
Additions:		
Employer contributions*	\$ 30,061	\$ 256,536
Investment income:		
Net increase in fair value of investments	180,775	240,293
Interest and dividends	46,173	47,542
(Less) investment expense	(1,942)	(1,839)
Net investment income	225,006	285,996
Total additions	255,067	542,532
Deductions:		
Benefit payments**	148,836	156,536
Administrative expense	96	106
Total deductions	148,932	156,642
Net increase in net position	106,135	385,890
Net position restricted for other postemployment benefits:		
Beginning of year	1,799,626	1,413,736
End of year	\$ 1,905,761	\$ 1,799,626

* 2020 amounts are comprised of current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds. The Port Authority did not make advanced funding benefit payments to the Trust in 2020. 2019 amounts include \$156.6 million in current OPEB benefit payments paid from available Port Authority operating funds and \$100 million in advance funding's of OPEB benefit payments to the Trust.

** 2020 amounts include current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds and \$118.8 million from Trust funds. 2019 OPEB benefits payments were paid out of available Port Authority operating funds.

Note A – Nature of the Organization and Summary of Significant Accounting Policies

1. Reporting Entity

- a. The Port Authority of New York and New Jersey was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction, or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.
- b. The Governors of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, *"The Financial Reporting Entity,"* as amended, for financial reporting purposes, the Port Authority is a joint venture between the States of New York and New Jersey.
- c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems and the accounting, auditing, and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, general counsel of the Port Authority, and management of the Port Authority. The Audit Committee retained KPMG, LLP to perform the independent audit of the Port Authority's financial statements and Mitchell Titus, LLP to perform the independent audit of the Port Authority of New York and New Jersey Retiree Health Benefits Trust financial statements for the year ending December 31, 2020.

- d. Enterprise fund financial statements and schedules include the accounts of the Port Authority of New York and New Jersey and its blended component units, including:

Port Authority Blended Component Units*	Establishment or Acquisition Date
Port Authority Trans-Hudson Corporation	May 10, 1962
Newark Legal and Communications Center Urban Renewal Corporation	May 12, 1988
New York and New Jersey Railroad Corporation	April 30, 1998
WTC Retail LLC	November 20, 2003
Port District Capital Projects LLC	July 28, 2005
Tower 5 LLC (formerly known as 1 WTC LLC)	September 21, 2006
Port Authority Insurance Captive Entity, LLC	October 16, 2006
New York New Jersey Rail, LLC	September 18, 2008
Tower 1 Member LLC	April 19, 2011
Tower 1 Joint Venture LLC	April 19, 2011
Tower 1 Holdings LLC	April 19, 2011
WTC Tower 1 LLC	April 19, 2011
PA Retail Newco LLC	May 7, 2012
Tower 1 Rooftop Holdings LLC	June 8, 2012

* The blended component units listed are included as part of the Port Authority's reporting entity because: **a.)** the Port Authority's Board of Commissioners serves as the overall governing body of these related entities; and, **b.)** there is a fiscal dependency and a financial benefit or burden relationship between the Port Authority and the respective component unit listed.

- e. *The Port Authority of New York and New Jersey Retiree Health Benefits Trust* (the Trust) was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, Port Authority Trans-Hudson Corporation (PATH) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and eligible dependents of such retired employees to facilitate all or part of the required funding of certain postemployment benefits, including, group healthcare, dental, vision, prescription and term life insurance that are provided through healthcare plans administered by the Port Authority. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Port Authority's Board of Commissioners serve as the board of directors of the Trust. In accordance with GASB Statement No. 84, "*Fiduciary Activities*," the Trust is a fiduciary component unit of the Port Authority.

2. Basis of Accounting

- a. Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.
- b. Port Authority fiduciary activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position are accounted for in a fiduciary fund with investments reported at fair

value, advance fundings reported when paid and contributions related to pay-as-you go benefit payments reported when benefit payments come due.

- c. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

3. Significant Accounting Policies

- a. *Facilities, net* are carried at cost. The cost of facilities includes interest incurred during the period that relates to the construction or production of the capital asset. The amount of capitalized interest is calculated by offsetting interest expense incurred with financial income earned on invested debt proceeds, from the date of the borrowing until the project is ready for its intended use. Generally, projects in excess of \$100,000 for additions, asset replacements, and/or asset improvements that benefit future periods or are expected to prolong the service life of the asset are capitalized (see *Note B – Facilities, net*). *Facilities, net* does not include regional programs undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see *Note H – Regional Facilities and Programs*).
- b. Depreciation of facilities is computed using the straight-line method during the estimated useful lives of the related assets (see *Note B – Facilities, net*). Estimated useful lives are reviewed periodically for each type of asset class. Asset lives used in the calculation of depreciation are generally as follows:
 - Buildings, bridges, tunnels and other structures 25 to 100 years
 - Machinery and equipment 5 to 35 years
 - Runways, roadways and other paving 7 to 40 years
 - Utility infrastructure 10 to 100 years

Assets at facilities leased by the Port Authority are depreciated over the lesser of: **i.)** the remaining lease term of the facility; or, **ii.)** the estimated useful life of the asset.

Costs of Regional facilities and programs are amortized on a straight-line basis over the period benefited up to a maximum of 15 years (see *Note H – Regional Facilities and Programs*).

Costs related to the purchase of ancillary equipment, including: **i.)** operation and maintenance vehicles; and, **ii.)** corporate information technology software and hardware, each providing benefits for periods exceeding one-year are reported as a component of *Other noncurrent assets* and amortized over the period benefited, generally 3 to 15 years, depending on the useful life of the equipment or vehicle.

- c. Cash consists of cash on hand and short-term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal accounts, collateralized time deposits, and money market accounts.
- d. Restricted cash and investments are primarily comprised of Passenger Facility Charges (PFCs), cash restricted for use by the Port Authority Insurance Captive Entity, LLC (PAICE), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.

- e. Enterprise fund net position is comprised of:
 - *Net investment in capital assets*, which consists of capital assets, net of accumulated depreciation, less the outstanding balances related to payables, bonds, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.
 - *Restricted*, which consists of net resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Port Authority's policy to use restricted resources first.
 - *Unrestricted*, which consists of net resources that do not meet the definition of *Restricted* or *Net investment in capital assets*.
- f. Statutorily mandated reserves held by PAICE are restricted for purposes of insuring certain Port Authority risk exposures.
- g. Inventories are valued using an average cost method, which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of *Other noncurrent assets* on the Statements of Net Position.
- h. Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at, Port Authority facilities. Operating expenses include those costs incurred for the operation, maintenance, and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants in connection with operating activities, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.
- i. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration (FAA) approved airport-related projects. Revenues derived from the collection of PFCs, net of the air carriers' handling charges, are recognized as capital contributions when the passenger activity occurs and the fees are due from the air carriers. Capital investment funded by PFCs is reflected as a component of *Facilities, net*.
- j. Required capital contributions due the Port Authority from the World Trade Center (WTC) Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Statements of Net Position and a *Contribution in aid of construction* on the Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. Subsequent to becoming ready for their intended use, WTC Towers 2, 3 and 4 will be depreciated over their estimated useful life. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively.
- k. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase

(yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see *Note C – Cash and Investments*).

- l. In accordance with GASB Statement No. 23, “*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*,” as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- m. Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the *Bonds and other asset financing obligations* on the Statements of Net Position.
- n. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.
- o. The trajectory and ultimate impact of the SARS-CoV-2 coronavirus and COVID-19, the severe acute respiratory syndrome it causes (“COVID-19”), pandemic is uncertain and is subject to many developments and actions outside of the control of the Port Authority. Some of the factors outside the Port Authority’s control include: (1) when and how quickly the economy as a whole begins to recover following the impact of COVID-19; (2) when and how quickly those segments of the economy on which its revenues depend recover to pre-COVID-19 levels (e.g. when bridge and tunnel traffic normalizes, when airport passenger traffic normalizes, among others); and, (3) the amount and the terms of any financial assistance or aid from the federal government.
- p. In May 2020, GASB issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*.” The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.
- q. In June 2017, GASB issued Statement No. 87, “*Leases*.” The requirements of GASB Statement No. 87 were originally effective for financial statements periods beginning after December 15, 2019 and postponed until periods beginning after June 15, 2021 by GASB Statement No. 95. 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. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 87.
- r. In June 2018, GASB issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*.” The requirements of GASB Statement No. 89 were originally effective for financial statements periods beginning after December 15, 2019 and postponed until December 15, 2020 by GASB Statement No. 95. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for the reporting period and

to simplify accounting for interest costs incurred before the end of a construction period. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 89.

- s. In May 2019, GASB issued Statement No. 91, “*Conduit Debt Obligations*.” The requirements of GASB Statement No. 91 were originally effective for financial statements periods beginning after December 15, 2020 and postponed until December 15, 2021 by GASB Statement No. 95. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: **a.)** commitments extended by issuers, **b.)** arrangements associated with conduit debt obligations; and, **c.)** related note disclosures. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 91.
 - t. In March 2020, GASB issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.” The requirements of GASB Statement No. 94 are effective for financial statements periods beginning after June 15, 2022. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and providing guidance for accounting and financial reporting for availability payment arrangements. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 94.
 - u. In May 2020, GASB issued Statement No. 96, “*Subscription-Based Information Technology Arrangements*.” The requirements of GASB Statement No. 96 are effective for financial statements periods beginning after June 15, 2022. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 96.
- 4. Reconciliation of the Financial Statements Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America to Schedules Prepared Pursuant to Port Authority Bond Resolutions**

Schedules A, B, C and D-2 which follow the Required Supplementary Information section of this report, have been prepared in accordance with Port Authority bond resolutions which differ in some respects from accounting principles that are generally accepted in the United States of America, as follows:

- a. Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.
- b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority’s bond resolutions. Instead, capital expenditures are provided for through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.
- c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.

- d. Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.
- e. Consolidated Bonds and Notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.
- f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retiring existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.
- g. Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Facility infrastructure investment* in the capital fund.
- h. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities*.
- i. Amounts received in connection with the March 18, 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture to Westfield are recognized as revenue in their entirety when they are received and are recorded on that basis on *Schedule A – Revenues and Reserves*.
- j. The cumulative impact of adopting a new accounting standard is recognized as either an increase or decrease to the operating fund's net position in the year of adoption and amortized as an application from the Consolidated Bond Reserve Fund over a closed 30-year period.
- k. In accordance with Port Authority bond resolutions, operating expenses provide for contingencies related to the application of future operating and maintenance expenses.

Notes to Financial Statements
(continued)

A reconciliation of the Statements of Net Position to Schedule B – Assets and Liabilities and the Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves follows:

Statements of Net Position to Schedule B – Assets and Liabilities

		Years ended December 31,	
		2020	2019
		(In thousands)	
Net position reported on Statements of Net Position		\$ 15,908,110	\$ 16,467,329
Add:	Accumulated depreciation of facilities	19,914,008	18,509,563
	Accumulated retirements and gains		
	and losses on disposition of assets	3,205,414	3,076,592
	Application of WTC retail joint venture payments	796,936	796,936
	Cumulative amortization of costs for regional programs	1,476,120	1,442,903
	Cumulative unamortized discount and premium	1,693,952	1,547,133
	Subtotal	27,086,430	25,373,127
Less:	Deferred income - PFCs	267	55,814
	Income related to WTC retail joint venture	59,978	50,718
	Operating and maintenance contingencies	50,000	50,000
	Subtotal	110,245	156,532
	Total	\$ 42,884,295	\$ 41,683,924
Net position reported on			
Schedule B - Assets and Liabilities			
(pursuant to Port Authority bond resolutions)		\$ 42,884,295	\$ 41,683,924

Notes to Financial Statements
(continued)

Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves

		Years ended December 31,	
		2020	2019
		(In thousands)	
(Decrease)/increase in Net position reported on Statements of Revenues, Expenses and Changes in Net Position		\$ (559,219)	\$ 588,935
Add:	Depreciation of facilities	1,533,267	1,420,696
	Application of PFCs	131,149	289,639
	Amortization of costs for regional programs	33,217	36,730
	Amortization of discount and premium	(65,121)	(47,099)
	Subtotal	1,632,512	1,699,966
Less:	Debt maturities and retirements	388,428	334,419
	WTC Towers 2,3,4 Net Lessee capital contributions	9,005	30,812
	Direct investment in facilities	1,398,366	1,550,920
	PFC Collections	75,509	292,568
	Income related to WTC retail joint venture	9,260	9,260
	PFC interest income/fair value adjustment	94	508
	Change in accounting principle – pension / OPEB	19,662	18,375
	Subtotal	1,900,324	2,236,862
	Total	\$ (827,031)	\$ 52,039
(Decrease)/increase in Reserves reported on Schedule A - Revenues and Reserves (pursuant to Port Authority bond resolutions)		\$ (827,031)	\$ 52,039

Notes to Financial Statements (continued)

Note B - Facilities, net

1. Facilities, net is comprised of the following:

	Facilities, net Dec. 31, 2019	Additions	Transfers to Completed Construction	Depreciation	Retirements / Dispositions	Facilities, net Dec. 31, 2020
	(In thousands)					
Capital assets not being depreciated:						
Land	\$ 1,484,999	\$ -	\$ 2,658	\$ -	\$ -	\$ 1,487,657
Construction in progress*	5,976,924	2,289,831	(3,993,615)	-	-	4,273,140
Total capital assets not being depreciated	7,461,923	2,289,831	(3,990,957)	-	-	5,760,797
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	23,044,971	-	1,347,119	-	(19,718)	24,372,372
Machinery and equipment	11,929,427	-	1,072,103	-	(85,456)	12,916,074
Runways, roadways and other paving	7,748,469	-	635,132	-	(2,279)	8,381,322
Utility infrastructure	7,341,757	-	936,603	-	(21,369)	8,256,991
Total other capital assets being depreciated	50,064,624	-	3,990,957	-	(128,822)	53,926,759
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,973,397)	-	-	(538,264)	19,718	(6,491,943)
Machinery and equipment	(5,657,955)	-	-	(416,577)	85,456	(5,989,076)
Runways, roadways and other paving	(3,822,656)	-	-	(273,622)	2,279	(4,093,999)
Utility infrastructure	(3,055,555)	-	-	(304,804)	21,369	(3,338,990)
Total accumulated depreciation	(18,509,563)	-	-	(1,533,267)	128,822	(19,914,008)
Facilities, net	\$ 39,016,984	\$ 2,289,831	\$ -	\$ (1,533,267)	\$ -	\$ 39,773,548

	Facilities, net Dec. 31, 2018	Additions	Transfers to Completed Construction	Depreciation	Retirements / Dispositions	Facilities, net Dec. 31, 2019
	(In thousands)					
Capital assets not being depreciated:						
Land	\$ 1,423,058	\$ -	\$ 61,941	\$ -	\$ -	\$ 1,484,999
Construction in progress*	6,254,924	3,037,667	(3,315,667)	-	-	5,976,924
Total capital assets not being depreciated	7,677,982	3,037,667	(3,253,726)	-	-	7,461,923
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	22,038,410	-	1,194,570	-	(188,009)	23,044,971
Machinery and equipment	11,222,090	-	728,556	-	(21,219)	11,929,427
Runways, roadways and other paving	7,005,320	-	759,362	-	(16,213)	7,748,469
Utility infrastructure	6,780,523	-	571,238	-	(10,004)	7,341,757
Total other capital assets being depreciated	47,046,343	-	3,253,726	-	(235,445)	50,064,624
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,650,528)	-	-	(510,878)	188,009	(5,973,397)
Machinery and equipment	(5,293,753)	-	-	(385,421)	21,219	(5,657,955)
Runways, roadways and other paving	(3,583,931)	-	-	(254,938)	16,213	(3,822,656)
Utility infrastructure	(2,796,100)	-	-	(269,459)	10,004	(3,055,555)
Total accumulated depreciation	(17,324,312)	-	-	(1,420,696)	235,445	(18,509,563)
Facilities, net	\$ 37,400,013	\$ 3,037,667	\$ -	\$ (1,420,696)	\$ -	\$ 39,016,984

* Construction in progress additions include the impact of capital write-offs totaling \$9.9 million in 2020 and \$26.8 million in 2019.

1. Net interest expense added to the cost of facilities was \$121.8 million in 2020 and \$131.4 million in 2019.
2. Projects that have been suspended pending determination of their continued viability totaled \$132.6 million in 2020 and \$34.6 million in 2019.
3. Depreciation includes accelerated depreciation of \$3 million in 2020 and \$2.4 million in 2019 related to capital assets that were retired and taken out of service.
4. Retirements and Dispositions include the book value, if any, related to capital assets that have been sold or otherwise disposed of.

Notes to Financial Statements
(continued)

Note C – Cash and Investments

The components of Port Authority and PAICE cash and investments are:

Cash	December 31,	
	2020	2019
	(In thousands)	
Cash on hand	\$ 1,194	\$ 1,274
Cash equivalents	397,141	173,843
Total cash	398,335	175,117
Less restricted cash	91,864	81,802
Unrestricted cash	\$ 306,471	\$ 93,315

Investments, at fair value*	December 31,				
	2020		2019		
	(In thousands)				
	Fair Value Hierarchy Levels**	Port Authority	PAICE	Total	Total
United States Treasury notes	Level 1	\$ 2,440,690	\$ 21,250	\$ 2,461,940	\$ 2,634,628
United States Treasury bills	Level 1	404,999	1,250	406,249	708,071
United States government agency obligations	Level 2	-	-	-	16,820
United States Treasury obligations held pursuant to repurchase agreements***	-	322,069	-	322,069	431,755
JFK International Air Terminal LLC obligations (JFKIAT)****	-	-	-	-	47,831
Corporate bonds	Level 2	-	-	-	74,779
Municipal bonds	Level 2	-	-	-	10,142
Accrued interest receivable		15,036	13	15,049	18,253
Total investments		3,182,794	22,513	3,205,307	3,942,279
Less current investments*****		929,604	1,250	930,854	1,250,153
Noncurrent investments		\$ 2,253,190	\$ 21,263	\$ 2,274,453	\$ 2,692,126

* Cash and investments of approximately \$1.9 billion and \$1.8 billion held in The Port Authority of NY and NJ Retiree Health Benefits Trust are not included in the Port Authority's Enterprise Statements of Net Position as of December 31, 2020 and 2019, respectively.

** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Port Authority investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

*** Investments are valued at unamortized cost.

**** Includes PFC restricted investments of \$2 million and \$19 million in 2020 and 2019, respectively.

Port Authority Investment Policies

Port Authority policy provides for cash funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum fair value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation (FDIC) and the New Jersey Governmental Unit Deposit Protection Act (GUDPA). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of \$1 million.

Total actual bank balances excluding amounts held by third party trustees were \$313.3 million at December 31, 2020. Of that amount, \$1.8 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of \$311.5 million was fully collateralized with collateral held by a third-party custodian acting as the Port Authority's agent and held by such custodian in the Port Authority's name.

The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. For the Port Authority, but not necessarily its component units, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third-party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions. The notable exception is the execution of Tri-Party Repurchase Agreements. These transactions are completed when the Tri-Party custodian posts collateral to the Port Authority's account in exchange for investment funds.

Proceeds received in connection with Consolidated Bonds and other asset financing obligation issuances may be invested, on an interim basis, in conformance with applicable federal laws and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time deposit accounts.

Consolidated Bond Reserve Fund and General Reserve Fund amounts may be invested in obligations of (or fully guaranteed by) the United States of America. Additionally, amounts in the Consolidated Bond Reserve Fund and the General Reserve Fund (subject to certain limitations) may be invested in obligations of the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the General Reserve Fund.

Operating funds may be invested in various items including: **a.)** direct obligations of the United States of America, obligations of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; **b.)** investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, premier status and with issues actively traded in secondary markets; **c.)** commercial paper having only the highest short-term ratings separately issued by two nationally recognized rating agencies; **d.)** United States Treasury and municipal bond futures contracts; **e.)** certain interest rate exchange contracts with banks and investment firms; and, **f.)** certain interest rate options contracts that are limited to \$50 million of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities. The Board of Commissioners has from time-to-time authorized other investments of operating funds.

Notes to Financial Statements (continued)

It is the general policy of the Port Authority to limit exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than two years. Extending the weighted average maturity beyond two years requires explicit written approval of the Chief Financial Officer of the Port Authority. Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The fair value and weighted average maturity of investments held by the Port Authority, excluding PAICE, at December 31, 2020, follows:

Port Authority Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$2,440,690	580
United States Treasury bills	404,999	7
United States REPO	322,069	4
Total fair value of investments*	\$3,167,758	
Investment weighted average maturity		448

*Excludes accrued interest receivable amounts of \$15 million.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements (REPO) bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the fair value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2020 and 2019, respectively.

PAICE Investment Policies

The investment policies of PAICE have been established and approved by the PAICE Board of Directors, which is comprised of Port Authority executive staff. Consistent with the Port Authority Board of Commissioners' authorization with respect to the establishment of PAICE as a wholly owned entity of the Port Authority, PAICE provides the Port Authority Board of Commissioners' Committee on Finance with periodic updates on PAICE's investment activities.

In 2020, PAICE's investment policies were updated to create a three-tier set of investment accounts. First, PAICE is required to set aside assets equal to the actuarial loss reserve estimates in a "Minimum Reserve Account." Once this is satisfied, PAICE may establish a "Reserve Account" equal to the balance of all possible losses, less amounts invested in the Minimum Reserve Account. Finally, any excess funds that remain after both the Minimum Reserve Account and Reserve Account requirements are satisfied may be used to establish a "Reserve Surplus Account."

Allowable investments in the Minimum Reserve Account may consist of: **a.)** United States Treasury notes and United States Federal Agency debt; **b.)** repurchase agreements collateralized by United States Government securities or; **c.)** money market funds investing in United States Treasuries or United States Government Agency securities. The maximum maturity of any single investment is limited to 10 years from the date of purchase, and the duration of the Minimum Reserve Account is limited to 1 to 5 years.

Reserve Account allowable investments are the allowable investments in the Minimum Reserve Account, plus the following types of investments: **a.)** United States dollar-denominated issues of sovereigns, supranationals,

Notes to Financial Statements (continued)

and foreign government sponsored agencies; **b.)** money market instruments; **c.)** investment grade corporate obligations issued by United States domestic issuers and United States dollar-denominated issues of foreign issuers; **d.)** municipal notes and bonds; **e.)** agency mortgage backed securities and agency collateralized mortgage obligations; and, **f.)** AAA rated asset-backed securities (“ABS”). The maximum permissible maturity of any single investment in the Reserve Account is 30 years at time of purchase and the duration of the Reserve Account is limited to 1 to 8 years. The average credit rating of Reserve Account investments may not fall below AA-.

Under conditions outlined above, PAICE may establish a Reserve Surplus Account comprised of all of the allowable investments in the Minimum Reserve Account and the Reserve Account, plus passive equity index investments that are traded on major exchanges.

In December 2018, the PAICE Board of Directors authorized PAICE to make intercompany loans as a permitted investment for the purpose of efficiently allocating capital resources among the Port Authority and its component units. As of December 31, 2020, PAICE had \$360 million in intercompany loans due from the Port Authority.

The fair value and weighted average maturity of investments held by PAICE at December 31, 2020, follows:

<u>PAICE Investment Type</u>	<u>Fair Value</u> (In thousands)	<u>Weighted Average Maturity</u> (In days)
United States Treasury notes	\$ 21,250	1,432
United States Treasury bills	1,250	168
Total fair value of investments*	\$ 22,500	
Investment weighted average maturity		1,361

*Excludes accrued interest receivable amounts of \$13 thousand and \$360 million in intercompany loans due from the Port Authority.

The Port Authority of New York and New Jersey Retiree Health Benefits Trust

Investment Policies

The Port Authority, acting through or by authority of its Board of Commissioners, establishes investment guidelines consistent with the purpose of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (“the Trust”). Such investment guidelines are written and may be changed from time to time only by means of a written document adopted by the Port Authority, acting through or by the authority of its Board of Commissioners.

An Investment Committee was established to provide oversight and management of the policies and procedures of the Trust. The Investment Committee is comprised of the: **a.)** Chief Financial Officer; **b.)** Chief, Human Capital; **c.)** Comptroller; and, **d.)** Treasurer of the Port Authority. Periodic updates on the portfolio structure, rate of return performance as compared to the benchmark indexes, and any changes to investment strategy are provided to the Committee on Finance of the Port Authority’s Board of Commissioners.

The Trust’s investment policy statement, approved by the Executive Director of the Port Authority, permits the Trust to invest in equities, fixed income, and cash equivalents. The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing the long-term rate of return on investments and minimizing risk of loss to fulfill the long-term Other Postemployment Benefits (“OPEB”) obligations of the Port Authority and PATH. The investment objectives are based on a 15-year investment horizon so that interim

Notes to Financial Statements (continued)

fluctuations should be viewed with appropriate perspective. Investments are managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Trust's investment objectives. Investments are diversified with the intent to minimize the risk of investment losses.

Rate of Return

The annual money-weighted rate of return on Trust investments, net of investment expense was 13.48% and 19.57% for 2020 and 2019, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Diversification

The Trust's investment policy requires that Trust assets be invested using the following diversification percentages for each fund classification:

	<u>Range</u>
Cash and cash equivalents	0%-20%
Fixed income securities	25%-65%
Mutual fund asset classes:	
Equity mutual funds:	
Domestic equity	23%-43%
International equity	11%-31%
Real estate investment trusts	0%-12%

Market Risk

The Trust's investment policy is currently targeted to 60% equity and 40% fixed income asset weighting. The equity portion of the investments is in four funds focused on the international equity market, the broad domestic equity market, and publicly traded real estate investment trusts ("REITs"). The primary risk associated with this portion of the portfolio is volatility within the equity financial markets. However, dollar cost averaging provides a measure of risk mitigation by limiting the amount of investment on any one day at any particular valuation level.

Notes to Financial Statements
(continued)

Investment Type, at fair value	FairValue Hierarchy level*	December 31,	
		2020	2019
(In thousands)			
Cash and cash equivalents	Level 1	\$ 28,122	\$ 8,134
Investment at fair value:			
Fixed income securities:			
Corporate and foreign bonds	Level 2	238,434	186,753
U.S. Treasury securities	Level 1	107,160	101,338
U.S. Government agency securities	Level 2	23,788	-
Municipal bonds	Level 2	39,007	7,256
Asset-backed securities	Level 2	212,814	276,208
Bond funds	Level 1	22,770	29,178
Mutual funds:			
Equity mutual funds:			
Domestic mutual funds	Level 1	692,618	657,245
International mutual funds	Level 1	439,414	420,226
Real estate mutual funds	Level 1	96,049	109,717
Total investments		\$ 1,872,054	\$ 1,787,921
Total cash, cash equivalents and investments		\$ 1,900,176	\$ 1,796,055

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset and should be used only when relevant Level 1 and Level 2 inputs are unavailable. The Trust investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

Credit Risk

The Trust's investment policy generally requires the overall rating of fixed income assets to have an average credit quality of at least "A".

The fixed income portion of the portfolio is managed by a number of investment managers who have advised that the average credit quality rating associated with their investment accounts for the Trust have an average credit quality rating of AA, respectively.

Notes to Financial Statements
(continued)

As of December 31, 2020, fixed income investment types had the following credit ratings (in thousands):

Ratings	U.S.		Municipal bonds	Asset- backed securities	Bonds funds	Total
	Corporate and foreign bonds	Government Agency securities				
AAA	\$ 1,470	\$ -	\$ 1,804	\$ 37,839	\$ -	\$ 41,113
AA+/AA/AA-	7,025	20,548	25,190	20,759	-	73,522
A+/A/A-	63,826	-	8,642	20,540	-	93,008
BBB+/BBB/BBB-	122,935	-	3,371	23,860	-	150,166
BB+/BB/BB-	26,945	-	-	6,379	-	33,324
B+/B/B-	14,085	-	-	2,874	-	16,959
CC/CCC+/CCC/CCC-	1,007	-	-	4,726	-	5,733
N/A	1,141	3,240	-	14,187	22,770	41,338
Total	\$238,434	\$23,788	\$39,007	\$131,164	\$22,770	\$455,163

Note: U.S. Treasury securities of \$107.2 million and certain U.S. Government agency securities of \$81.6 million are guaranteed by the U.S. Government and therefore, not considered to have any credit risk.

As of December 31, 2019, fixed income investment types had the following credit ratings (in thousands):

Ratings	Corporate and foreign bonds	Municipal bonds	Asset- backed securities	Bonds funds	Total
AAA	\$ 21	\$ -	\$ 49,009	\$ -	\$ 49,030
AA+/AA/AA-	3,030	1,466	154,347	-	158,843
A+/A/A-	35,853	3,675	19,837	-	59,365
BBB+/BBB/BBB-	99,335	2,115	25,387	-	126,837
BB+/BB/BB-	33,856	-	7,017	-	40,873
B+/B/B-	12,594	-	5,578	-	18,172
CC/CCC+/CCC/CCC-	908	-	3,103	-	4,011
N/A	1,156	-	11,930	29,178	42,264
Total	\$186,753	\$ 7,256	\$276,208	\$29,178	\$499,395

Note: U.S. Treasury securities of \$101.3 million, are guaranteed by the U.S. Government and therefore, not considered to have any credit risk.

Cash and cash equivalents held in the Trust of \$28.1 million consist of \$27.1 million of short-term U.S. Government Treasury Securities and \$1 million of money market funds. The money market funds have credit ratings of AAAM and Aaa-mf by Standard and Poor's and Moody's, respectively.

Concentration of Credit Risk

Investments of Trust funds are diversified in accordance with the Investment Company Act of 1940 and the Trust's investment policy statement that defines guidelines for the portfolio including, holding no individual company stock that exceeds 5% of the portfolio weighting, 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.

Notes to Financial Statements
(continued)

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the Trust's Trustee, the Trust will not be able to recover the value of its investments or collateral securities. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Trust. 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.

Interest Rate Risk

Interest rate risk associated with the Trust is confined to the fixed income portion of the portfolio. The fixed income component of the portfolio is subject to interest rate risk due to the nature of the underlying securities. To mitigate fair value losses associated with the fluctuation of interest rates, the duration of the fixed income fund positions of the portfolio are monitored and adjusted accordingly.

The following is a listing of the Trust's fixed income investments and related maturity schedule as of December 31, 2020:

Investment Type	<1 Year	1 to 5 Yrs	5 to 10 Yrs	10+ Yrs	Total
			(In thousands)		
Corporate and foreign bonds	\$ 1,641	\$ 63,500	\$ 116,746	\$ 56,547	\$238,434
U.S. Treasury securities	9,584	25,493	58,006	14,077	107,160
U.S. Government securities	17,823	5,629	-	336	23,788
Municipal bonds	126	2,930	4,657	31,294	39,007
Asset-backed securities	457	12,549	19,010	180,798	212,814
Bonds funds	-	-	-	22,770	22,770
Total	\$29,631	\$110,101	\$198,419	\$305,822	\$643,973

The following is a listing of the Trust's fixed income investments and related maturity schedule as of December 31, 2019:

Investment Type	<1 Year	1 to 5 Yrs	5 to 10 Yrs	10+ Yrs	Total
			(In thousands)		
Corporate and foreign bonds	\$ 2,708	\$ 61,834	\$ 70,824	\$ 51,387	\$ 186,753
U.S. Treasury securities	-	21,558	44,912	34,868	101,338
Municipal bonds	-	445	1,659	5,152	7,256
Asset-backed securities	2,201	11,965	24,383	237,659	276,208
Bonds funds	-	-	-	29,178	29,178
Total	\$ 4,909	\$ 95,802	\$141,778	\$358,244	\$600,733

Audited financial statements of the Trust for the year ended December 31, 2020 are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

December 31, 2020			
	Current	Noncurrent	Total
	(In thousands)		
A. Consolidated Bonds and Notes	\$ 449,685	\$ 24,616,146	\$ 25,065,831
B. Commercial Paper Obligations	557,325	-	557,325
C. Variable Rate Master Notes	69,600	-	69,600
D. Port Authority Equipment Notes	-	-	-
E. Fund for Regional Development Buy-Out Obligation	52,898	-	52,898
F. MOTBY Obligation	2,571	43,697	46,268
G. Tower 4 Liberty Bonds	-	1,244,413	1,244,413
H. Goethals Bridge Replacement Developer Financing Arrangement	-	1,023,398	1,023,398
I. Amounts Payable - Special Project Bonds	-	-	-
	\$1,132,079	\$ 26,927,654	\$ 28,059,733

December 31, 2019			
	Current	Noncurrent	Total
	(In thousands)		
A. Consolidated Bonds and Notes	\$ 425,150	\$ 23,299,494	\$ 23,724,644
B. Commercial Paper Obligations	500,565	-	500,565
C. Variable Rate Master Notes	69,600	-	69,600
D. Port Authority Equipment Notes	-	-	-
E. Fund for Regional Development Buy-Out Obligation	47,359	52,899	100,258
F. MOTBY Obligation	2,443	46,268	48,711
G. Tower 4 Liberty Bonds	-	1,245,025	1,245,025
H. Goethals Bridge Replacement Developer Financing Arrangement	-	1,022,518	1,022,518
I. Amounts Payable - Special Project Bonds	-	1,138,906	1,138,906
	\$1,045,117	\$ 26,805,110	\$ 27,850,227

Notes to Financial Statements
(continued)

A. Consolidated Bonds and Notes

	Dec. 31, 2019	Issued	Refunded/ Retired	Dec. 31, 2020
	(In thousands)			
Consolidated Bonds and Notes - par value	\$22,161,860	\$ 2,198,750	\$ 972,495	\$ 23,388,115
Add unamortized premium and (discount)	1,562,784	211,940	97,008	1,677,716
Consolidated Bonds and Notes - cost	\$23,724,644	\$2,410,690	\$1,069,503	\$25,065,831

	Dec. 31, 2018	Issued	Refunded/ Retired	Dec. 31, 2019
	(In thousands)			
Consolidated Bonds and Notes - par value	\$20,898,775	\$ 2,401,220	\$ 1,138,135	\$ 22,161,860
Add unamortized premium and (discount)	1,232,040	392,997	62,253	1,562,784
Consolidated bonds and Notes - cost	\$22,130,815	\$2,794,217	\$1,200,388	\$23,724,644

Consolidated Bond Series *One Hundred Seventieth, One Hundred Ninety Ninth and Two Hundred Fourth* were direct placements with unrelated parties.

For information related to the payment of Consolidated Bonds and Notes, see *Note E- General and Consolidated Bond Reserve Fund* (pursuant to Port Authority bond resolutions).

Debt service requirements to maturity for Consolidated Bonds and Notes outstanding at December 31, 2020 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
	(In thousands)		
2021	\$ 449,685	\$ 1,047,805	\$ 1,497,490
2022	464,915	1,027,407	1,492,322
2023	1,574,865	1,001,765	2,576,630
2024	517,850	974,725	1,492,575
2025	524,260	946,545	1,470,805
2026-2030	3,039,690	4,346,420	7,386,110
2031-2035	3,866,920	3,533,670	7,400,590
2036-2040	3,515,520	2,633,251	6,148,771
2041-2045	3,120,755	1,833,407	4,954,162
2046-2050	2,151,960	1,183,290	3,335,250
2051-2055	1,566,275	776,432	2,342,707
2056-2060	1,512,635	400,365	1,913,000
2061-2065	643,875	142,633	786,508
2066-2070	338,910	54,890	393,800
2071-2094	100,000	118,622	218,622
	\$ 23,388,115	\$ 20,021,227	\$ 43,409,342

The most recent information, as of the date of this report, related to a specific consolidated bond series can be found in *Section V. Schedules of Outstanding Debt* in the Port Authority's Official Statement dated January 21,

2021, which can be located in the corporate information section on the Port Authority's website at: <https://www.panynj.gov/corporate/en/financial-information/consolidated-bonds-and-notes.html>.

During 2020, the Port Authority raised funds from the sale of Consolidated Bonds, to refund \$547.3 million of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately \$198.1 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2020 debt refundings (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt) totaled approximately \$156.5 million in net present value savings, or 28.6% of the refunded par amount.

On July 8, 2020, the Port Authority raised funds from the issuance of \$1.1 billion of Consolidated Notes, which proceeds are intended to be used to pay debt service on currently outstanding Consolidated Bonds. The notes mature July 1, 2023 and bear interest of 1.086% per annum until maturity. The Notes were structured as an index-eligible 3-year maturity due on July 1, 2023. The Port Authority expects to refinance such Consolidated Notes with long-term Consolidated Bonds at maturity.

On July 26, 2018, the Board of Commissioners rescinded and cancelled certain series of Consolidated Bonds and Notes which had not been issued under the July 23, 2015 authorization, authorized additional series of Consolidated Bonds and Consolidated Notes, approved the continued issuance of Commercial Paper Obligations, Port Authority Equipment Notes, Versatile Structure Obligations and Variable Rate Master Notes, within the scope of the current authorizations and established and authorized a Plan of Financing. This Plan of Financing shall apply with equal force and effect to each series of Consolidated Bonds sold on or after September 1, 2018 pursuant to this resolution commencing with the Two Hundred-Twelfth Series and numbered consecutively thereafter, and authorized the issuance and sale of each Series at a true interest cost to the Authority not in excess of eight percent (8%), with a term to maturity not in excess of 50 years.

Also at its July 26, 2018 meeting, the Board of Commissioners established Consolidated Notes to be issued on or after September 1, 2018 in one or more series, commencing with Series AAA and denominated with three uniform letters in consecutive alphabetic order thereafter, with the sale of each series for a term to maturity not in excess of 3 years and at a true interest cost to the Port Authority not to exceed eight percent (8%). The total aggregate principal amount of Consolidated Bonds, Consolidated Notes and Versatile Structure Obligations to be issued and sold under this Plan of Financing, shall not exceed \$8 billion. An Authorized Officer of the Authority would be authorized to take any and all action that could be taken by the Committee on Finance in connection with each of such Series, provided, however, that such actions in connection with the decision to sell such series shall be subject to prior approval of the Committee on Finance.

On February 5, 2021, the Port Authority issued \$1.3 billion of Consolidated Bonds for the purposes of refunding outstanding Consolidated Bonds and to fund capital projects in connection with facilities of the Port Authority.

B. Commercial Paper Obligations

Commercial paper obligations are special obligations of the Port Authority generally issued to provide interim financing for authorized capital projects. Port Authority commercial paper obligations are currently issued under the resolution of the Board of Commissioners adopted on October 29, 2020, which authorizes their issuance through December 31, 2025. For additional information related to the payment of special obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

Under the current program, the maximum aggregate principal amount that may be outstanding at any one time is \$250 million for Series A, \$250 million for Series B and \$250 million for Series C.

Notes to Financial Statements
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To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amounts and the interest due at maturity, the Port Authority has entered into liquidity facilities for each of Series A, Series B, and Series C. On August 29, 2019, the Port Authority entered into an agreement with the Bank of Montreal, acting through its Chicago Branch, to establish a Letter of Credit in the amount of approximately \$250 million to support the Port Authority's obligation to pay Commercial Paper, Series C Notes. In addition, on November 1, 2019, the Port Authority entered into a Revolving Credit Agreement with PNC Bank, National Association with a commitment amount of \$250 million to support the Port Authority's obligation to pay Commercial Paper, Series A Notes. On June 26, 2020, the Port Authority entered into a Revolving Credit Agreement with JPMorgan Chase Bank, National Association in the amount of \$250 million to support the Port Authority's obligation to pay Commercial Paper, Series B Notes. On December 16, 2020, the Port Authority entered into an amendment and extension of each of the liquidity facilities. As of December 31, 2020, these commitment amounts have not been drawn upon.

In addition, to mitigate any future market disruption risk to the Port Authority's Commercial Paper Program due to the ongoing Covid-19 Pandemic, the Port Authority has qualified to participate in the Commercial Paper Funding Facility ("CPFF") offered by the Federal Reserve Bank of New York. Under the CPFF, the Port Authority may sell up to approximately \$550 million in total aggregate amount of three-month commercial paper to the CPFF through participating commercial paper dealers through March 31, 2021. The Port Authority has continued to market its commercial paper in the public markets without utilizing the CPFF program.

	Dec. 31, 2019	Issued	Repaid	Dec. 31, 2020
	(In thousands)			
Series A*	\$ 153,315	\$ 1,053,100	\$ 1,065,570	\$ 140,845
Series B	187,000	1,219,045	1,210,055	195,990
Series C**	160,250	1,543,165	1,482,925	220,490
	\$ 500,565	\$ 3,815,310	\$ 3,758,550	\$ 557,325

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

** Obligations are subject to federal taxation.

	Dec. 31, 2018	Issued	Repaid	Dec. 31, 2019
	(In thousands)			
Series A*	\$ 166,610	\$ 1,160,080	\$ 1,173,375	\$ 153,315
Series B	158,070	826,995	798,065	187,000
Series C**	156,085	1,647,080	1,642,915	160,250
	\$ 480,765	\$ 3,634,155	\$ 3,614,355	\$ 500,565

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

** Obligations are subject to federal taxation.

Interest rates for all commercial paper notes ranged from 0.12% to 5.75% in 2020.

Notes to Financial Statements
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C. Variable Rate Master Notes

Variable Rate Master Notes are direct placements and special obligations of the Port Authority and may be issued in aggregate principal amounts outstanding at any one time not to exceed \$400 million (see *Note E – General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2019	Issued	Refunded/ Repaid	Dec. 31, 2020
	(In thousands)			
Agreements 1989 -1995*	\$ 44,900	\$ -	\$ -	\$ 44,900
Agreements 1989 -1998	24,700	-	-	24,700
	\$ 69,600	\$ -	\$ -	\$ 69,600

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

	Dec. 31, 2018	Issued	Refunded/ Repaid	Dec. 31, 2019
	(In thousands)			
Agreements 1989 -1995*	\$ 44,900	\$ -	\$ -	\$ 44,900
Agreements 1989 -1998	24,700	-	-	24,700
	\$ 69,600	\$ -	\$ -	\$ 69,600

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

Interest rates are determined weekly, based upon a spread added to a specific industry index (the Securities Industry and Financial Markets Association rate) as stated in each master note agreement, and ranged from 0.13% to 5.28% in 2020.

Annual debt service requirements on outstanding Variable Rate Master Notes, determined for presentation purposes at the rate in effect at December 31, 2020, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
	(In thousands)		
2021	\$ 25,000	\$ 599	\$ 25,599
2022	24,700	250	24,950
2023	-	215	215
2024	-	216	216
2025	19,900	154	20,054
	\$ 69,600	\$ 1,434	\$ 71,034

Variable Rate Master Notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

D. Port Authority Equipment Notes

Port Authority Equipment Notes may be issued in aggregate principal amounts outstanding at any one time not to exceed \$250 million. Equipment Notes are special obligations to the Port Authority and are payable in the

Notes to Financial Statements
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same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

There were no outstanding Port Authority Equipment Notes as of December 31, 2020 and December 31, 2019.

E. Fund for Regional Development Buy-Out Obligation

In 1983, the Fund for Regional Development (“the Fund”) was established to sublease space in the WTC held by the State of New York as lessee. An agreement among the Port Authority and the States of New York and New Jersey with respect to the Fund provided that net revenues from subleasing activities were to be accumulated subject to disbursements to be made upon the concurrence of the Governors of New York and New Jersey. The assets, liabilities, revenues, and expenses of the Fund were not consolidated with those of the Port Authority. In 1990, the Port Authority and the States of New York and New Jersey agreed to terminate the Fund. In consideration for purchasing the State of New York and the State of New Jersey interests in the Fund, the Port Authority is obligated to pay approximately \$1.2 billion, equally divided between both states, in semi-annual payments through 2021. The aggregate cost to the Port Authority at the time of the Fund’s termination of \$431 million, including the assumption of the Fund’s net liabilities of \$101 million, \$3.5 million payment to the State of New York related to the termination agreement and the net present value of future payments to both states of \$326 million (at an implicit interest rate of 8.25% per annum) was recognized as a special obligation to the Port Authority in 1990. Payments related to the Fund obligation are payable in the same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
		(In thousands)		
Obligation outstanding	\$ 100,258	\$ -	\$ 47,360	\$ 52,898

	Dec. 31, 2018	Accretion	Amortization	Dec. 31, 2019
		(In thousands)		
Obligation outstanding	\$ 143,939	\$ -	\$ 43,681	\$ 100,258

Payment requirements related to the Port Authority’s purchase of the Fund’s interests at December 31, 2020 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2021	\$ 52,898	\$ 709	\$ 53,607

F. Marine Ocean Terminal at Bayonne Peninsula (MOTBY) Obligation

On August 3, 2010, the Port Authority acquired approximately 131 acres of the former MOTBY from the Bayonne Local Redevelopment Authority (BLRA) for \$235 million. The acquired property is comprised of three parcels on the southern side of the peninsula and has been incorporated into the Port Jersey – Port

Notes to Financial Statements
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Authority Marine Terminal for future marine terminal purposes. The \$235 million total purchase price is payable to the BLRA in twenty-four annual installment payments through 2033.

The total purchase price of \$235 million was discounted to a present value of \$178.4 million at an implicit interest rate of 5.25% per annum and recognized as a special obligation of the Port Authority in 2010 (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
		(In thousands)		
Obligation Outstanding	\$ 48,711	\$ -	\$ 2,443	\$ 46,268

	Dec. 31, 2018	Accretion	Amortization	Dec. 31, 2019
		(In thousands)		
Obligation Outstanding	\$ 51,032	\$ -	\$ 2,321	\$ 48,711

Payment requirements for the MOTBY obligation outstanding at December 31, 2020 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
	(In thousands)		
2021	\$ 2,571	\$ 2,429	\$ 5,000
2022	2,706	2,294	5,000
2023	2,848	2,152	5,000
2024	2,997	2,003	5,000
2025	3,155	1,845	5,000
2026-2030	18,438	6,562	25,000
2031-2033	13,553	1,447	15,000
	\$ 46,268	\$ 18,732	\$ 65,000

G. Tower 4 Liberty Bonds

The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project) issued by the New York Liberty Development Corporation on November 15, 2011 in the aggregate principal amount of approximately \$1.2 billion. In connection with the issuance of such Tower 4 Liberty Bonds by the New York Liberty Development Corporation, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 bond trustee to make certain debt service payments of principal and interest on the bonds (net of fixed rent paid or payable under the City of New York's Tower 4 space lease, which has been assigned by the Tower 4 Silverstein net lessee directly to the Tower 4 bond trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds). The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority to the trustee during the term of the agreement, from May 11, 2012 through November 15, 2051 (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority).

Notes to Financial Statements
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Port Authority debt service payments related to Tower 4 Liberty Bonds in whole or in part are reimbursable to the Port Authority from Tower 4 cash flow and to the extent Tower 4 cash flow is not sufficient, would accrue interest until reimbursed or paid with an overall term for such reimbursement or payment not in excess of 40 years (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus* for additional information related to the redevelopment of WTC Tower 4).

	Dec. 31, 2019	Issued	Repaid/ Amortized	Dec. 31, 2020
	(In thousands)			
Series 2011	\$ 1,225,520	\$ -	\$ -	\$ 1,225,520
Add: unamortized premium	19,505	-	612	18,893
Total Tower 4 Liberty Bonds	\$ 1,245,025	\$ -	\$ 612	\$ 1,244,413

	Dec. 31, 2018	Issued	Repaid/ Amortized	Dec. 31, 2019
	(In thousands)			
Series 2011	\$ 1,225,520	\$ -	\$ -	\$ 1,225,520
Add: unamortized premium	20,117	-	612	19,505
Total Tower 4 Liberty Bonds	\$ 1,245,637	\$ -	\$ 612	\$ 1,245,025

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2020 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
	(In thousands)		
2021	\$ -	\$ 65,293	\$ 65,293
2022	-	65,293	65,293
2023	-	65,293	65,293
2024	-	65,293	65,293
2025	-	65,293	65,293
2026-2030	109,345	318,599	427,944
2031-2035	170,455	282,855	453,310
2036-2040	217,875	235,437	453,312
2041-2045	278,500	174,810	453,310
2046-2050	363,610	89,706	453,316
2051	85,735	4,930	90,665
Total	\$ 1,225,520	\$ 1,432,802	\$ 2,658,322

H. Goethals Bridge Replacement Developer Financing Arrangement

On August 30, 2013, the Port Authority and a private developer entered into an agreement (“the Project Agreement”) for the design, construction, financing, and maintenance of a replacement Goethals Bridge (“the Replacement Bridge”). Substantial completion of the Replacement Bridge was achieved on June 30, 2018 (“Substantial Completion”) and project completion, including the demolition of the existing bridge, occurred on December 31, 2018. Pursuant to the Project Agreement, which has a scheduled expiration date of June 30, 2053, the thirty-fifth anniversary of Substantial Completion, the private developer performs certain operation

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and maintenance work relating to the Replacement Bridge, and the Port Authority retains control over the toll collection system, including its operation and maintenance, and receives toll revenues. The Port Authority controls all tolling activities, including the determination and approval of toll rates.

Pursuant to the Goethals Bridge Replacement Developer Financing Arrangement (“DFA”) contained within the Project Agreement, upon Substantial Completion of the Replacement Bridge the private developer became entitled to receive from the Port Authority, fixed payments in the principal amount of approximately \$1.02 billion, subject to certain adjustments, to be paid in monthly payments of principal and interest (DFA payments) over the term of the Project Agreement. The Port Authority’s obligation to make DFA payments is memorialized as an interest-bearing loan from the private developer to the Port Authority. Monthly DFA payments commenced in July 2018. DFA payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement. DFA payments are a special obligation of the Port Authority, payable over a thirty-five-year term (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
	(In thousands)			
Goethals Bridge Replacement Developer Financing Arrangement	\$1,022,518	\$ 880	\$ -	\$1,023,398

	Dec. 31, 2018	Accretion	Amortization	Dec. 31, 2019
	(In thousands)			
Goethals Bridge Replacement Developer Financing Arrangement	\$1,021,023	\$ 1,495	\$ -	\$1,022,518

In accordance with the Project Agreement, DFA payments to the private developer commenced in July 2018. Annual DFA payments required to be made to the private developer are as follows:

Year ending December 31:	Amortization	Implicit Interest*	Total DFA Payments
	(In thousands)		
2021	\$ 112	\$ 58,507	\$ 58,619
2022	1,011	58,488	59,499
2023	1,975	58,417	60,392
2024	2,844	58,454	61,298
2025	4,106	58,111	62,217
2026-2030	39,852	285,514	325,366
2031-2035	81,416	269,095	350,511
2036-2040	138,601	238,999	377,600
2041-2045	217,109	189,675	406,784
2046-2050	323,573	114,648	438,221
2051-2053	212,799	18,678	231,477
Total	\$ 1,023,398	\$ 1,408,586	\$ 2,431,984

* DFA loan interest rate equals 5.64%.

I. Amounts Payable - Special Project Bonds

Neither the full faith and credit of the Port Authority, nor the General Reserve Fund, nor the Consolidated Bond Reserve Fund are pledged to the payment of the principal and interest on special project bonds. Principal and interest on each series of special project bonds are secured solely by a mortgage by the Port Authority of facility rental (to the extent received by the Port Authority from a lessee) as set forth in a lease with respect to a project to be financed with the proceeds of the bonds of such series, by a mortgage by the lessee of its leasehold interest under the lease and by a security interest granted by the lessee to the Port Authority and mortgaged by the Port Authority in certain items of the lessee's personal property to be located at the project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

A summary of December 31, 2020 and December 31, 2019 Special Project Bonds outstanding are as follows:

	Dec. 31, 2019	Issued	Repaid/ Amortized	Dec. 31, 2020
(In thousands)				
Series 6, JFKIAT Project (a)*				
5.75%-6.25% due 2020-2025	\$ 384,050	-	\$ 384,050	\$ -
Less: unamortized discount	1,984	-	1,984	-
Total - Series 6	382,066	-	382,066	-
Series 8, JFKIAT Project (b)				
5%-6.5% due 2020-2042	766,365	-	766,365	-
Less: unamortized discount	9,525	-	9,525	-
Total - Series 8	756,840	-	756,840	-
Amounts payable - Special Project Bonds	\$ 1,138,906	\$ -	\$ 1,138,906	\$ -

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

- (a) Special project bonds, Series 6, JFKIAT Project, were issued in 1997 in connection with a project that included the development and construction of a new passenger terminal at JFK Terminal 4.
- (b) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK Airport.

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	Dec. 31, 2018	Issued	Repaid/ Amortized	Dec. 31, 2019
(In thousands)				
Series 4, KIAC Partners Project (a)*				
6.75% due 2019	\$ 27,700	\$ -	\$ 27,700	\$ -
Less: unamortized discount	145	-	145	-
Total - Series 4	27,555	-	27,555	-
Series 6, JFKIAT Project (b)*				
5.75%-6.25% due 2020-2025	436,450	-	52,400	384,050
Less: unamortized discount	2,319	-	335	1,984
Total - Series 6	434,131	-	52,065	382,066
Series 8, JFKIAT Project (c)				
5%-6.5% due 2020-2042	781,685	-	15,320	766,365
Less: unamortized discount	9,939	-	414	9,525
Total - Series 8	771,746	-	14,906	756,840
Amounts payable - Special Project Bonds	\$ 1,233,432	\$ -	\$ 94,526	\$ 1,138,906

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

- (a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK Airport, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.
- (b) Special project bonds, Series 6, JFKIAT Project, were issued in 1997 in connection with a project that included the development and construction of a new passenger terminal at JFK Terminal 4.
- (c) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK Airport.

Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)

The Port Authority has no power to levy taxes or assessments. Port Authority bonds, notes and other debt obligations are not obligations of the States of New York and New Jersey or of either of them and are not guaranteed by said States or by either of them.

Consolidated Bonds and Consolidated Notes

Consolidated Bonds and Consolidated Notes are direct and general obligations of the Port Authority and the full faith and credit of the Port Authority are pledged to the payment of debt service thereon. Consolidated Bonds and Consolidated Notes are secured equally and ratably with all other Consolidated Bonds and Consolidated Notes heretofore or hereafter issued by a pledge of: **a.)** the net revenues (as defined in the Consolidated Bond Resolution of 1952 (“Consolidated Bond Resolution”) of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through

the medium of Consolidated Bonds and Consolidated Notes; **b.)** the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund; and, **c.)** the Consolidated Bond Reserve Fund established by the Consolidated Bond Resolution.

The General Reserve Fund is pledged in support of Consolidated Bonds and Consolidated Notes. Statutes, which require the Port Authority to create and maintain the General Reserve Fund (“General Reserve Fund Statutes”), established the principle of pooling revenues from all facilities and require the Port Authority to apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount equal to at least 10% of the par value of outstanding bonds legal for investment. At December 31, 2020, the General Reserve Fund balance was \$2,401,503,000 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

The balance remaining of all net revenues (as defined in the Consolidated Bond Resolution) of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and Consolidated Notes and the amount necessary to maintain the General Reserve Fund at its statutorily required amount is to be paid into the Consolidated Bond Reserve Fund, which is pledged as additional security for all outstanding Consolidated Bonds and Consolidated Notes. Consolidated Bonds and Consolidated Notes have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds and Consolidated Notes.

Amounts deposited into the General Reserve Fund may be accumulated or applied only to purposes set forth in the General Reserve Fund Statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the General Reserve Fund. Amounts deposited into the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in the Consolidated Bond Resolution. At December 31, 2020, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain both reserve funds in cash and specified securities.

In addition, the Port Authority has a long-standing policy of maintaining the aggregate amount of both reserve funds in an amount equal to at least the next two years' bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund.

Special Obligations

Commercial paper obligations, Variable Rate Master Notes, the MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement DFA are special obligations of the Port Authority. The Port Authority is also a special limited co-obligor on the senior debt issued for WTC Tower 3, with a capped amount of debt service shortfalls payable as a special obligation of the Port Authority (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus*, for additional information related to certain contingent obligations of the Port Authority with respect to the development of WTC Tower 3).

Special obligations of the Port Authority are payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds and Consolidated Notes issued in whole or in part for such purposes, or from net revenues (as defined below) deposited into the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefore, from other moneys of the Port Authority legally available for such payments when due.

Net revenues for purposes of special obligations of the Port Authority are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after: **i.)** payment or provision for payment of debt service on Consolidated Bonds and Consolidated

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Notes as required by the applicable provisions of the Consolidated Bond Resolution; **ii.)** payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and, **iii.)** applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

Special obligations of the Port Authority are subject in all respects to payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes.

Special obligations of the Port Authority are not secured by or payable from the General Reserve Fund. Additionally, special obligations of the Port Authority do not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Equipment Notes and the Fund buy-out obligation are special obligations to the Port Authority, payable in the same manner and from the same sources as operating expenses.

Special project bonds are not secured by or payable from the General Reserve Fund or the Consolidated Bond Reserve Fund.

Note F – Grants and Contributions in Aid of Construction

During 2020 and 2019 the Port Authority received reimbursements related to certain policing activities as well as federal, state, and local funding for operating and capital construction activities:

Policing programs

K-9 Program – The FAA and the Transportation Security Administration (“TSA”) provided limited funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately \$1.3 million in 2020 and \$1.2 million in 2019.

U.S. Department of State (“USDOS”) – The Port Authority recognized \$1 thousand in 2020 and \$751 thousand in 2019 from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly.

Amounts received in connection with the Port Authority Police Department providing services to a third-party are exchange transactions and recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Position.

Grants, in connection with operating activities

Security Programs – In 2020 and 2019 the Port Authority recognized approximately \$31.2 million and \$16.3 million, respectively, from the TSA for security related programs, including Urban Area Security Initiatives programs, Transit Security, and the Port Security programs.

Federal Emergency Management Agency (“FEMA”) – In 2020 and 2019, the Port Authority recognized \$200 thousand and \$3.2 million, respectively, from the immediate response and repair efforts related to Hurricane Maria and Winter Storm Quinn.

Airport Improvement Program (“AIP”) – The Port Authority recognized \$700 thousand in 2020 and \$2.7 million in 2019 in AIP discretionary funding primarily related to certain capacity and planning studies at aviation facilities, and the construction of electric charging stations at JFK Airport.

Superstorm Sandy – In 2020 and 2019 the Port Authority recognized \$4.3 million and \$2.3 million, respectively, from the FEMA and Federal Transit Administration (“FTA”) for Superstorm Sandy immediate repair efforts.

Coronavirus Air, Relief, and Economic Security Act (“CARES Act”) – In 2020, the Port Authority recognized \$450.4 million in federal funding under the CARES Act related to Port Authority aviation operating expenditures.

Contributions in Aid of Capital Construction

Superstorm Sandy – In 2020 and 2019 the Port Authority recognized \$182 million and \$169 million, respectively, in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

One WTC – The Port Authority recognized \$24 million in 2020 in required capital contributions for the construction of the One WTC façade maintenance system.

AIP – The Port Authority recognized \$17.8 million in 2020 and \$45.1 million in 2019 in AIP funding primarily related to rehabilitation of taxiways and runways at all Airport Facilities, including airport wide infrastructure at Newark Liberty International Airport (“EWR Airport”).

WTC Tower 3 – The Port Authority recognized \$9 million in 2020 and \$30.8 million in 2019 in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

Federal Highway Administration (“FHWA”) – In 2020 and 2019 the Port Authority recognized \$9 million and \$8 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

Other – The Port Authority recognized \$1.8 million in 2020 for the New York Works Economic Development funding for a community center at the George Washington Bus Station.

Note G - Lease Commitments

Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately \$1.2 billion and \$1.3 billion in 2020 and 2019, respectively.

Property held for lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Teleport and WTC. Investments in such facilities, as of December 31, 2020, include property associated with minimum rentals derived from the leases. It is not

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reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

Future minimum rentals are predicated upon the ability of the lessees to meet their commitments. Future minimum rentals scheduled to be received on operating leases in effect on December 31, 2020 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2021 (a)	\$ 1,120,602
2022	1,055,480
2023	982,611
2024	864,780
2025	826,926
2026-2100 (b)	23,025,917
Total future minimum rentals (c)	\$ 27,876,316

(a) Includes \$17 million related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture, expected to be received in 2021.

(b) Includes future minimum rentals of approximately \$13.9 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4.

(c) Future minimum rentals exclude amounts attributable to the transfer of the Port Authority's interests in the WTC Retail Joint Venture that are contingent upon the construction of certain retail space located within WTC Towers 2 and 3 and market conditions at the time.

Property leased from others

Rental payments include payments to the Cities of New York and Newark related to air and marine terminals and other leased premises, including rent related to the Port Authority's WTC Tower 4 corporate headquarters leased space. Rental payments totaled \$335 million in 2020 and \$320 million in 2019. Rental payments exclude PILOT payments to municipalities.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2020 are detailed below. Additional rents may be payable based on operating net revenues or gross operating revenues of specified facilities.

Year ending December 31:	Minimum Rentals
	(In thousands)
2021	\$ 321,509
2022	313,229
2023	313,151
2024	309,353
2025	309,979
2026-2030	1,547,609
2031-2035	1,562,319
2036-2040	1,534,708
2041-2045	1,482,286
2046-2050	1,267,183
2051-2099*	1,494,982
Total future minimum rent payments	\$ 10,456,308

* Future minimum rent payments for the years 2051-2099 consist of expected rent payments relating to leased marine and air terminals, including the operating lease related to New York Stewart International Airport which expires in 2099.

Note H – Regional Facilities and Programs

At the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. To the extent not otherwise associated with an existing Port Authority facility, these projects are effectuated through the certification of an additional Port Authority facility established solely for these purposes. The Port Authority does not expect to derive any revenues from regional development facilities and programs described below.

Regional Facilities

Port Authority Bus Program (certified in 1979 & 1982) – In 1979 the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance, and transfer, subject to appropriate certifications, up to \$440 million of buses and ancillary bus facilities in the States of New York and New Jersey, with up to \$220 million allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The Port Authority has provided 2,907 buses and related spare parts under the Port Authority Bus Programs in the States of New York and New Jersey. As of June 30, 1998, title to all buses leased under such programs in the States of New York and New Jersey was transferred to the respective lessees thereof. Funds related to this program have been fully allocated and amortized.

Regional Development Facility (certified in 1987) – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that \$250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2020, approximately \$249 million has been allocated under this program.

Regional Economic Development Program (certified in 1989) – This facility is comprised of up to \$400 million for certain transportation, economic development and infrastructure renewal projects. Funds allocated under this program have been fully allocated.

Oak Point Rail Freight Link (certified in 1981) – The Port Authority has participated with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. As of December 31, 2020, the Port Authority has provided approximately \$102 million for this rail project, of which approximately \$63 million was made available through the Regional Development Facility and the Regional Economic Development Program. Funds related to this program have been fully allocated and amortized.

New Jersey Marine Development Program (certified in 1989) – This program was undertaken to fund certain fishery, marine or port development projects in the State of New Jersey at a total cost not to exceed \$27 million. Funds related to this program have been fully allocated and amortized.

New York Transportation, Economic Development and Infrastructure Renewal Program (certified in 2002) – This facility was established to provide up to \$250 million for certain transportation, economic development and infrastructure renewal projects in the State of New York. All funds under this program have been fully allocated.

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Regional Transportation Program (certified in 2002) – This facility was established in conjunction with a program to provide up to \$500 million for regional transportation initiatives. All funds under this program have been fully allocated.

Hudson-Raritan Estuary Resources Programs (certified in 2002 and 2014) – These facilities were established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under these programs are not to exceed \$120 million. As of December 31, 2020, approximately \$54 million has been allocated under these programs.

Regional Rail Freight Program (certified in 2002) – This facility provides for the Port Authority to participate, in consultation with other governmental entities in the States of New York and New Jersey, in the development of certain regional rail freight projects to provide for increased rail freight capacity. The Port Authority is authorized to provide up to \$50 million. All funds under this program have been fully allocated.

Meadowlands Passenger Rail Facility (certified in 2006) – This facility, which links New Jersey Transit's (NJT) Pascack Valley Rail Line to the Meadowlands Sports Complex, encourages greater use of PATH service since NJT runs shuttle bus service at peak times to Hoboken. The improved level of passenger rail service provided by the facility also serves to ease traffic congestion on the Port Authority's interstate tunnel and bridge crossings. The Port Authority is authorized to provide up to \$150 million towards the project's capital costs. All funds under this program have been fully allocated.

As of December 31, 2020, approximately \$2.2 billion has been expended under regional facilities. Costs for these programs are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2019	Project Expenditures	Amortization	Dec. 31, 2020
	(In thousands)			
Port Authority Bus Program	\$ -	\$ -	\$ -	\$ -
Regional Development Facility	966	-	341	625
Regional Economic Development Program	1,277	-	262	1,015
Oak Point Rail Freight Link	-	-	-	-
New Jersey Marine Development Program	-	-	-	-
New York Transportation, Economic Development and Infrastructure Renewal Program	14,356	-	7,470	6,886
Regional Transportation Program	32,327	-	11,260	21,067
Hudson-Raritan Estuary Resources Program	16,279	-	3,384	12,895
Regional Rail Freight Program	856	-	500	356
Meadowlands Passenger Rail Facility	27,395	-	10,000	17,395
Total unamortized costs of regional programs	\$ 93,456	\$ -	\$ 33,217	\$ 60,239

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – On September 26, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of \$150 million to the State of New York to advance

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the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Gateway Early Work Program (certified in 2018) – On February 15, 2018, the Board of Commissioners certified: **i.)** up to \$35 million in funds authorized by the Board in March 2016; and, **ii.)** up to \$44 million in funds authorized by the Board in February 2018, for a total of \$79 million (collectively, the “Gateway Early Work Program”), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. The Port Authority’s participation in the Gateway Program is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Note I - Pension Plans

Port Authority and PATH employees participate in different retirement plans, as described below.

Port Authority Employees

Generally, full-time employees of the Port Authority (but not its component units) are required to join one of two cost-sharing, multiple-employer defined benefit pension plans administered by the New York State Comptroller’s Office, the New York State and Local Employees' Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”), collectively referred to as the New York State and Local Retirement System (“NYSLRS”). The New York State Constitution provides that membership in a pension plan or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

NYSLRS Plan Benefits

Classes of employees covered under the NYSLRS range from Tiers 1–6. Date ranges determining tier membership follows:

Tier	ERS Membership		PFRS Membership	
	On or After:	Before:	On or After:	Before:
1	-	July 1, 1973	-	July 31, 1973
2	July 1, 1973	July 27, 1976	July 31, 1973	July 1, 2009
3	July 27, 1976	September 1, 1983	July 1, 2009	January 9, 2010
4	September 1, 1983	January 1, 2010	N/A	N/A
5	January 1, 2010	April 1, 2012	January 9, 2010	April 1, 2012
6	April 1, 2012	Present	April 1, 2012	Present

Members in Tiers 1–4 need five years of service to be 100 percent vested. Tiers 5–6 members require ten years of service credit to be 100 percent vested.

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Participating employers are required under the provisions of the New York State Retirement and Social Security Law ("RSSL") to contribute to the NYSLRS at an actuarially determined rate adopted annually by the State Comptroller of New York. The average contribution rate for ERS for the fiscal years ended March 31, 2020 and March 31, 2019 were approximately 14.6 percent and 14.9 percent of payroll, respectively. The average contribution rate for PFRS for the fiscal years ended March 31, 2020 and March 31, 2019 was approximately 23.5 percent of payroll, for both years.

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the respective NYSLRS plans. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the NYSLRS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Benefits for each NYSLRS plan are established and may be amended under the provisions contained in the New York State RSSL.

Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62. Generally, the benefit for Tier 1 and Tier 2 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit for Tier 3, Tier 4 and Tier 5 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years. For PFRS Tier 5 (there are no Port Authority members enrolled in PFRS Tier 3 and 4), each year used in

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the final average salary calculation is limited to no more than 20 percent greater than the average of the previous two years.

Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Generally, the benefit for Tier 6 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Certain Port Authority PFRS members belong to 25-Year Plans, which allow for retirement after 25 years of service with a benefit of one-half of final average salary or 20-Year Plans, which allow for retirement after 20 years of service with a benefit of one-half of final average salary.

Port Authority contributions for the period covering April 1, 2020 through March 31, 2021 due NYSLRS on February 1, 2021 total \$200.8 million, including \$77.6 million to ERS and \$123.2 million to PFRS.

Detailed information about the fiduciary net position and valuation methods related to ERS and PFRS can be found in the NYSLRS Annual Report as of and for the years ended March 31, 2020 and March 31, 2019, which is publicly available at the following web address:

http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php

NYSLRS – Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

NYSLRS Net Pension Liability - 2020 and 2019

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*,” as amended, defines the Net Pension Liability (“NPL”) as the difference between the Total Pension Liability (“TPL”) and the pension plan’s fiduciary net position determined as of a measurement date established by the employer. For purposes of measuring the NPL, the plan’s fiduciary net position has been determined on the same basis as it is reported for ERS and PFRS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value.

The Port Authority’s proportionate share of the NYSLRS plans’ NPLs totaled:

NPL	December 31, 2020	December 31, 2019
	(In thousands)	
ERS	\$ 430,993	\$ 91,792
PFRS	412,870	129,920
Total Net Pension Liability	\$ 843,863	\$221,712

Notes to Financial Statements
(continued)

The NPLs at December 31, 2020 and 2019 were measured as of March 31, 2020 and 2019, based on actuarial valuations as of April 1, 2019 and 2018, with update procedures used to roll forward the TPL to March 31, 2020 and 2019, respectively.

The Port Authority's proportion of the NYSLRS plans' NPL totaled:

	2020	2019
ERS	1.6%	1.3%
PFRS	7.7%	7.7%

The Port Authority's proportionate share of the ERS and PFRS NPLs were actuarially determined based on the projection of the Port Authority's long-term share of contributions to each respective plan relative to the projected long-term contributions of all participating employers of each plan.

NYSLRS Pension Expense - 2020 and 2019

The Port Authority's proportionate share of the NYSLRS plans' actuarially determined pension expense totaled:

Pension Expense	2020	2019
	(In thousands)	
ERS	\$ 156,509	\$ 66,146
PFRS	140,285	79,500
Total Pension Expense	\$ 296,794	\$ 145,646

NYSLRS Deferred Inflows/Outflows of Resources - 2020 and 2019

GASB Statement No. 68, as amended, requires certain changes in the NPL to be recognized as deferred inflows of resources or deferred outflows of resources. Deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows), to future years' pension expense, using a systematic and rational method over a closed period.

Notes to Financial Statements
(continued)

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2020:

Deferred Outflows of Resources	December 31, 2020		
	ERS	PFRS	Total
(In thousands)			
Differences between expected and actual experience	\$ 25,366	\$ 27,493	\$ 52,859
Changes in actuarial assumptions	8,678	35,290	43,968
Net difference between projected and actual investment earning on pension plan investments	220,948	185,928	406,876
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	29,894	1,797	31,691
Subtotal - Deferred Outflows of Resources	284,886	250,508	535,394
Port Authority contributions subsequent to the measurement date	-	-	-
Total Deferred Outflows of Resources	\$284,886	\$ 250,508	\$ 535,394

	December 31, 2020		
Deferred Inflows of Resources	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ -	\$ 6,916	\$ 6,916
Changes in actuarial assumptions	7,493	-	7,493
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	326	15,282	15,608
Total Deferred Inflows of Resources	\$ 7,819	\$ 22,198	\$ 30,017

Deferred outflows and deferred inflows as of December 31, 2020, excluding contributions made by the Port Authority after the measurement date, will be recognized in future years pension expense as follows:

Year ended December 31:	ERS	PFRS	Total
(In thousands)			
2021	\$ 50,623	\$ 46,335	\$ 96,958
2022	70,122	53,293	123,415
2023	86,589	68,858	155,447
2024	69,733	57,790	127,523
2025	-	2,034	2,034
Total	\$ 277,067	\$ 228,310	\$ 505,377

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2019:

Notes to Financial Statements
(continued)

Deferred Outflows of Resources	December 31, 2019		
	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ 18,076	\$ 31,561	\$ 49,637
Changes in actuarial assumptions	23,073	47,203	70,276
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	13,043	2,333	15,376
Subtotal - Deferred Outflows of Resources	54,192	81,097	135,289
Port Authority contributions subsequent to the measurement date*	70,582	61,277	131,859
Total Deferred Outflows of Resources	\$ 124,774	\$ 142,374	\$ 267,148

*Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPL for the fiscal year ending December 31, 2020.

Deferred Inflows of Resources	December 31, 2019		
	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ 6,162	\$ 13,871	\$ 20,033
Net difference between projected and actual earnings on pension plan investments	23,559	26,020	49,579
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	679	17,514	18,193
Total Deferred Inflows of Resources	\$ 30,400	\$ 57,405	\$ 87,805

NYSLRS Actuarial Assumptions - 2020 and 2019

The TPL for each plan was determined using an actuarial valuation as of April 1, 2019 for fiscal year 2020 and April 1, 2018 for fiscal year 2019, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2020 and March 31, 2019, respectively. These actuarial valuations used the following actuarial assumptions:

ERS	2020	2019
Investment rate of return	6.8% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	4.2%, indexed by service	4.2%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

Notes to Financial Statements
(continued)

PFRS	2020	2019
Investment rate of return	6.8% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	5.0%, indexed by service	5.0%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

Mortality rates for both the fiscal year 2020 and 2019 actuarial valuation are based on each Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015, with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2018.

The long-term expected rate of return on pension plan investments for each actuarial valuation for ERS and PFRS was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses 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 target allocation and best estimates of arithmetic real rates of return for each major asset class included in the determination of the investment rate of return for each actuarial valuation are summarized in the following table:

Asset Class	<u>2020*</u>		<u>2019*</u>	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity	36%	4.05%	36%	4.55%
International equity	14%	6.15%	14%	6.35%
Private equity	10%	6.75%	10%	7.50%
Real estate	10%	4.95%	10%	5.55%
Absolute return strategies**	2%	3.25%	2%	3.75%
Opportunistic portfolio	3%	4.65%	3%	5.68%
Real assets	3%	5.95%	3%	5.29%
Bonds and mortgages	17%	0.75%	17%	1.31%
Cash	1%	0.00%	1%	(0.25)%
Inflation-indexed bonds	4%	0.50%	4%	1.25%
Total	100%		100%	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

** Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

NYSLRS Discount Rate Analysis - 2020 and 2019

The discount rate used to calculate the TPL for ERS and PFRS was 6.8% for 2020 and 7.0% for 2019, respectively. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rates and that employer contributions will be made at their contractually required rates, as actuarially determined.

Notes to Financial Statements (continued)

Based upon these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for both ERS and PFRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL for each plan.

The following tables present the Port Authority's proportionate share of the NPL for ERS and PFRS calculated for 2020 and 2019 using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate actually used.

	1% Decrease (5.8%)	<u>2020</u> Discount Rate (6.8%)	1% Increase (7.8%)
(In thousands)			
ERS - Port Authority's proportionate share of the NPL	\$ 790,994	\$ 430,993	\$ 99,431
PFRS - Port Authority's proportionate share of the NPL	738,220	412,870	121,512
Total	\$1,529,214	\$ 843,863	\$ 220,943

	1% Decrease (6.0%)	2019 Discount Rate (7.0%)	1% Increase (8.0%)
(In thousands)			
ERS - Port Authority's proportionate share of the NPL	\$ 401,330	\$ 91,792	\$ (168,242)
PFRS - Port Authority's proportionate share of the NPL	469,512	129,920	(153,678)
Total	\$ 870,842	\$ 221,712	\$ (321,920)

Additional information related to the Port Authority's proportionate share of the net pension liability for ERS and PFRS and the Port Authority's contributions to ERS and PFRS can be found in the Required Supplementary Information (RSI) section of this report following the appended notes.

New York State Voluntary Defined Contribution Program (VDC)

Non-represented New York State public employees hired on or after July 1, 2013 with annual wages of \$75,000 or more are eligible to participate in the VDC by electing out of the ERS defined benefit pension plan. The VDC plan is administered by TIAA-CREF. System benefits and contribution requirements are established and may be amended under provisions of the RSSL.

An electing VDC employee contributes up to six percent (6%) of their annual gross wages with an additional employer contribution of eight percent (8%) of the employee's annual gross wages.

Notes to Financial Statements
(continued)

As of December 31, 2020 and 2019, 341 and 339 employees, respectively were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2020	2019
	(In thousands)	
Employer Contributions	\$ 3,206	\$ 2,675
Employee Contributions	2,358	1,956
Total	\$ 5,564	\$ 4,631

Port Authority Trans-Hudson Corporation (“PATH”) Employees

Federal Railroad Retirement Program

PATH employees are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH represented and non-represented employees are members of a two tiered Federal Railroad Retirement Program administered by the United States Railroad Retirement Board. The Federal Railroad Retirement Program is a cost-sharing defined benefit pension plan, providing benefits to employees of governmental and private sector railroad entities. Program benefits are established and may be amended by federal legislation. Under the Federal Railroad Retirement Program, employees are entitled to retirement benefits related to years of railroad service, age and salary. Survivor and disability benefits are also available to members based on program eligibility requirements. Vesting of benefits is determined after a set period of credited railroad service. Funding of the Federal Railroad Retirement Program is legislatively determined through the collection of employer and employee Railroad Retirement Taxes. In 2020 and 2019, 1,221 and 1,232 PATH employees, respectively, participated in the Federal Railroad Retirement Program.

Employer and employee contributions to the Federal Railroad Retirement Program were as follows:

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2020	7.65%	\$ 9,384	7.65%	\$ 9,384	\$ 18,768
2019	7.65%	\$ 8,466	7.65%	\$ 8,466	\$ 16,932
Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2020	4.9%	\$ 5,170	13.1%	\$ 13,823	\$ 18,993
2019	4.9%	\$ 4,832	13.1%	\$ 12,918	\$ 17,750

Detailed information about the Federal Railroad Retirement Program can be found in the U.S. Railroad Retirement Board Performance and Accountability Report, which is publicly available at the following web address: https://www.rrb.gov/sites/default/files/2020-11/par2020_0.pdf

PATH Employees Supplemental Pension Plans

In addition to pension benefits provided under the Federal Railroad Retirement Program, PATH employees are eligible to participate in certain supplemental pension plans.

PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately \$7.0 million in 2020 and \$6.7 million in 2019.

PATH Non-Represented Employees

Employees of PATH who are not covered by collective bargaining agreements (PATH Exempt Employees) are members of the PATH Exempt Employees Supplemental Pension Plan, amended and restated as of January 1, 2011 (the Plan). The Plan is a non-contributory, unfunded, single-employer, defined benefit, qualified governmental pension plan administered by PATH. The Plan provides retirement benefits related to years of service as a PATH Exempt Employee and final average salary, death benefits for active PATH Exempt Employees, vesting of retirement benefits after a set period of credited service as a PATH Exempt Employee, and optional methods of retirement benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years of service requirement and the benefit formula used in calculating retirement benefits.

On August 22, 2013, the Port Authority established the PATH Exempt Employees Supplemental Pension Plan Trust with Wells Fargo Bank, N.A. as Trustee. As of December 31, 2020, no amounts have been deposited into the trust to fund future pension payments.

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PATH Exempt Employee Supplemental Pension Plan – Total Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

PATH Exempt Employee Supplemental Pension Plan Total Pension Liability - 2020 and 2019

GASB Statement No. 68, as amended, defines the NPL as the difference between the TPL and the pension plan's fiduciary net position. As the Plan is unfunded and has no plan assets, the TPL and NPL are of equal amounts. Changes in the TPL from the previous measurement date are as follows:

Total Pension Liability	2020*	2019**
	(In thousands)	
Beginning Balance	\$ 76,498	\$ 89,381
Changes recognized for the fiscal year:		
Service cost	2,401	1,720
Interest on the total pension liability	3,155	3,070
Differences between expected and actual experience	2,926	1,778
Changes in assumptions	13,667	(15,700)
Benefit payments	(3,927)	(3,751)
Net change in TPL	18,222	(12,883)
TPL recognized at December 31	\$ 94,720	\$ 76,498

* The Plan's TPL reported at December 31, 2020 was measured as of January 1, 2020 based on an actuarial valuation as of the same date.

** The Plan's TPL reported at December 31, 2019 was measured as of January 1, 2019 based on an actuarial valuation as of the same date.

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2020 and 2019

Pension expense related to the Plan totaled:

	2020	2019
	(In thousands)	
Pension Expense	\$ 7,365	\$ 3,996

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2020 and 2019

GASB Statement No. 68, as amended, requires certain changes in the TPL to be recognized as deferred inflows of resources or deferred outflows of resources. These deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense using a systematic and rational method over a closed period.

Notes to Financial Statements
(continued)

At December 31, 2020 and December 31, 2019, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	\$ 4,081	\$ 3,375
Changes in actuarial assumptions	12,605	3,487
Subtotal - Deferred Outflows of Resources	16,686	6,862
Contributions subsequent to the measurement date	3,925*	3,928
Total Deferred Outflows of Resources	\$ 20,611	\$ 10,790

* Contributions made by Port Authority to the Path Exempt Employee Supplemental Pension Plan after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the TPL for the fiscal year ended December 31, 2021.

At December 31, 2020 and December 31, 2019, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	\$ 525	\$ 888
Changes in actuarial assumptions	9,668	14,263
Total Deferred Inflows of Resources	\$ 10,193	\$ 15,151

Deferred outflows and deferred inflows as of December 31, 2020, excluding contributions made by the Port Authority after the measurement date, will be recognized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2021	\$ 1,642
2022	1,379
2023	2,023
2024	1,449
Total	\$ 6,493

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2020 and 2019

The TPL measured as of January 1, 2020 and January 1, 2019, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	N/A

Actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Actuarial assumptions used in the January 1, 2019

Notes to Financial Statements
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valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Mortality rates used in the 2020 and 2019 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2019 and MP-2018 from 2010, respectively. Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants, and include the types of benefits provided at the time of each valuation.

As of the January 1, 2020 and January 1, 2019 valuation date, Plan participants comprised:

	2020	2019
Retired PATH Exempt Employees (or their beneficiaries)	117	114
Active PATH Exempt Employees	104	95
Terminated but vested employees who are not currently receiving benefits	17	17
Total participants	238	226

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2020 and 2019

Because the plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 2.74% as of the January 1, 2020 measurement date and 4.10% as of the January 1, 2019 measurement date.

The following tables present the 2020 and 2019 Plan's TPL calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

	1% Decrease (1.74%)	<u>2020</u> Discount Rate (2.74%)	1% Increase (3.74%)
		(In thousands)	
Total Pension Liability	\$ 107,557	\$ 94,720	\$ 84,123

	1% Decrease (3.10%)	<u>2019</u> Discount Rate (4.10%)	1% Increase (5.10%)
		(In thousands)	
Total Pension Liability	\$ 85,852	\$ 76,498	\$ 68,676

Note J – Other Postemployment Benefits (OPEB)

Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan (the Plan) that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as other postemployment benefits (OPEB). Benefits are provided through a third-party insurer. Benefits are paid: **a.)** directly by the Port Authority or PATH from available operating funds; **b.)** by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions; or, **c.)** from a

Notes to Financial Statements
(continued)

dedicated trust established for such purposes. The Port Authority and PATH also reimburse eligible retirees and dependents for the cost of certain Medicare premiums.

Participants in the Plan at January 1st consisted of the following:

	2020	2019
Retirees and surviving spouses currently receiving benefits	8,166	7,951
Covered spouses of retired employees receiving benefits	4,224	4,135
Active employees plan participants	8,270	7,970
Total plan members	20,660	20,056

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2019, certain Plan provisions relating to represented employees' contributions toward OPEB were changed due to the amendment of certain collective bargaining agreements. Retiree contributions are dependent on a number of factors including type of benefit, hire date, years of service, pension earnings and retirement date.

On December 14, 2006, the Port Authority on behalf of itself and its component unit, PATH established The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and the eligible dependents of such retired employees to facilitate all or part of the funding for OPEB benefits, which are provided through the Plan.

Employer contributions in relation to the Trust include advance funding of the Trust as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. The Port Authority is not required by law to provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide current benefits to eligible retired employees and the eligible dependents of such retired employees. No advanced funding contributions were made to the Trust in 2020. In 2019, annual advanced funding contributions totaled \$100 million.

Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," defines the Net OPEB Liability (NOL) as the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For purposes of measuring the NOL, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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(continued)

Net OPEB Liability – 2020 and 2019

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2019	\$ 3,039,533	\$ 1,799,626	\$ 1,239,907
Changes Increase/(Decrease) for the year:			
Service cost	32,566	-	32,566
Interest cost on the total OPEB liability	209,925	-	209,925
Changes in benefit terms	(2,928)	-	(2,928)
Differences between expected and actual experience	58,916	-	58,916
Changes in assumptions	(201,908)	-	(201,908)
Benefit payments*	(148,836)	(148,836)	-
Contributions-employer**	-	30,061	(30,061)
Net investment income	-	225,006	(225,006)
Administrative expenses	-	(96)	96
(Decrease)/Increase	(52,265)	106,135	(158,400)
Balance at December 31, 2020	\$ 2,987,268	\$ 1,905,761	\$ 1,081,507

* 2020 benefit payment includes \$30.1 million from available Port Authority operating funds and \$118.8 million paid from the Trust.

** Includes OPEB benefit payments totaling \$30.1 million to OPEB plan members or their beneficiaries out of available Port Authority operating funds.

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2018	\$ 3,095,346	\$ 1,413,736	\$ 1,681,610
Changes Increase/(Decrease) for the year:			
Service cost	33,132	-	33,132
Interest cost on the total OPEB liability	213,607	-	213,607
Changes in benefit terms	(4,046)	-	(4,046)
Differences between expected and actual experience	99,585	-	99,585
Changes in assumptions	(241,555)	-	(241,555)
Benefit payments*	(156,536)	(156,536)	-
Contributions-employer**	-	256,536	(256,536)
Net investment income	-	285,996	(285,996)
Administrative expenses	-	(106)	106
(Decrease)/Increase	(55,813)	385,890	(441,703)
Balance at December 31, 2019	\$ 3,039,533	\$ 1,799,626	\$ 1,239,907

* Includes benefit payments totaling \$156.5 million from available Port Authority operating funds.

** Includes OPEB benefit payments totaling \$156.5 million to OPEB plan members from available Port Authority operating funds and \$100 million in advanced fundings to the Trust.

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The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate for the year ending December 31:

	<u>2020</u>			<u>2019</u>		
	1% Decrease (5.7%)	Discount Rate (6.7%)	1% Increase (7.7%)	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
	(In thousands)					
Net OPEB Liability	1,494,194	1,081,507	745,904	1,657,112	1,239,907	900,404

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the healthcare cost trend rates used in the January 1 actuarial valuation disclosed above:

	<u>2020</u>			<u>2019</u>		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(In thousands)					
Net OPEB Liability	766,535	1,081,507	1,470,273	914,168	1,239,907	1,641,829

OPEB Expense

OPEB expense related to the Plan totaled:

	<u>2020</u>	<u>2019</u>
	(In thousands)	
OPEB Expense	\$ 43,425	\$ 112,666

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020 and 2019, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

<u>Deferred Outflows of Resources</u>	<u>2020</u>	<u>2019</u>
	(In thousands)	
Differences between actual and expected experience	\$ 157,234	\$ 141,943
Total Deferred Outflows of Resources	\$ 157,234	\$ 141,943

Notes to Financial Statements (continued)

At December 31, 2020 and 2019, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2020	2019
	(In thousands)	
Changes in actuarial assumptions	\$ 326,159	\$ 203,700
Net difference between expected and actual earnings on OPEB plan investments	136,301	71,706
Total Deferred Inflows of Resources	\$ 462,460	\$ 275,406

The difference between reported deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized as either an increase (deferred out flows) or decrease (deferred inflows) to future OPEB expense over a closed period as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2021	\$ (74,354)
2022	(55,624)
2023	(96,254)
2024	(65,994)
2025	(13,000)
Total	\$ (305,226)

Actuarial Methods and Assumptions

The actuarially determined valuation of OPEB is reviewed annually for the purpose of estimating the present value of postemployment benefits earned by plan participants as of the valuation. Projections of benefits for financial reporting purposes are based on the benefit plans as described by the Port Authority and PATH to participants, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future, including future employment with a salary scale at a rate of 3% per year, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Port Authority's total OPEB liabilities were measured as of December 31, 2020 and 2019 based on actuarial valuations as of January 1, 2020 and 2019 with update procedures used to roll forward the total OPEB liability to the measurement date. The actuarial assumptions used in these valuations were based on the results of an actuarial experience study for the period January 1, 2014 to January 1, 2017. Mortality rates for the January 2020 and 2019 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2020 and Scale MP-2018 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2020 and Scale MP-2018 from the central year for civilian employees, for years 2020 and 2019, respectively.

Notes to Financial Statements
(continued)

The entry age normal cost method based on a level percentage of pay was used in both actuarial valuations of the Port Authority and PATH OPEB obligation for all participants. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	2020	2019
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Discount rate *	6.70%	7.00%
Medical healthcare cost trend rates (Pre-65 year old participant)**	6.00%	6.00%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.25%	5.50%
Pharmacy benefit cost trend rate***	7.00%	8.00%
Dental benefit cost trend rate	4.00%	5.00%
Employer Group Waiver Plan savings	3.00%	8.00%
Medicare Part B	5.00%	5.00%

* Represents the expected long-term rate of return on investments expected to be used for the payment of benefits

** Declining to an ultimate medical healthcare cost trend rate of 4.5% in 2026 (including 2.5% inflation factor)

*** Decreasing to 4.5% in 2026

The long-term expected rate of return on OPEB 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31 is summarized in the following table:

Asset Class	Target Asset Allocation		Long-Term Expected Real Rate of Return*	
	2020	2019	2020	2019
Domestic Equity	33%	33%	5.0%	4.9%
International Equity	21%	21%	5.1%	4.9%
Real Estate Investment Trust	6%	6%	4.0%	3.8%
Fixed Income	40%	40%	1.3%	3.2%

* The long-term expected real rate of return is net of the long-term inflation assumption of 2.5%

The discount rate used to measure the total OPEB liability was 6.7%. The projection of cash flows used to determine the discount rate assumed the Port Authority will make advanced funding contributions to the Trust as well as contributions related to pay-as-you-go benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note K– Commitments and Certain Charges to Operations

1. Approval of a budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions by the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.
2. At December 31, 2020, the Port Authority had entered into various construction contracts totaling approximately \$4.7 billion, which are expected to be completed within the next three years.
3. Other amounts receivable, net recognized on the Statements of Net Position totaled \$181 million at December 31, 2020, and is comprised of the following:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
	(In thousands)			
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	\$ 79,355	\$ 19,771	\$ 15,927	\$ 83,199
Long-term receivables from tenants	37,899	91,654	83,517	46,036
Amounts due – Goethals Bridge Replacement Bridge Developer	28,238	-	-	28,238
Tower 4 Liberty Bonds debt service	24,402	65,293	78,785	10,910
Other receivables	8,902	3,974	236	12,640
Total other amounts receivable, net	\$ 178,796	\$180,692	\$178,465	\$ 181,023

4. The 2020 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
	(In thousands)			
Self-Insured Public Liability Claims	\$ 68,403	\$ 4,972	\$ 2,302	\$ 71,073
Self-Insured Worker's Compensation Claims	68,431	30,278	22,357	76,352
Other payables	77,678	8,550	5,973	80,255
Goethals Bridge Replacement milestone payments	2,000	-	-	2,000
Pollution remediation obligation	21,661	3,006	4,335	20,332
Asset forfeiture program	29,259	1,424	1,162	29,521
Reinsurance premium payable	3,093	-	690	2,403
Surety and security deposits	4,761	282	326	4,717
WTC Joint Venture Preferred Returns	7,798	3,030	-	10,828
Deferred Gain/Loss on NLCC	4,761	-	-	4,761
Total Liabilities	\$287,845	\$51,542	\$37,145	\$302,242
Less: Current worker's compensation liability	17,152			18,286
Current Goethals Bridge milestones	2,000			2,000
Total other non-current liabilities	\$268,693			\$281,956

Notes to Financial Statements
(continued)

Unearned income related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture is:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
	(In thousands)			
Unearned Income related to WTC Retail Joint Venture	\$ 746,218	\$ -	\$ 9,260	\$ 736,958

For additional information see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus*.

5. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligating event occurs. In 2020, the Port Authority recognized an additional \$3 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation facilities and Marine Terminals. Cumulative operating expense remediation provisions through December 31, 2020 totaled \$94 million, net of \$2.1 million in recoveries.

As of December 31, 2020, the outstanding pollution remediation liability totaled \$20.3 million, primarily consisting of future remediation activities associated with asbestos removal, lead based paint abatement, ground water contamination, and soil contamination at Port Authority facilities.

Note L – Information with Respect to the Redevelopment of the World Trade Center Campus

Conceptual Framework for the Redevelopment of the Office, Retail and Other Components of the World Trade Center

The terms of the original July 2001 net leases established both an obligation and concomitant right for the net lessees, at their sole cost and expense, to restore their net leased premises following a casualty whether or not the damage is covered by insurance proceeds in accordance, to the extent feasible, prudent and commercially reasonable, with the plans and specifications as they existed before the casualty or as otherwise agreed to with the Port Authority.

The redevelopment of the WTC provides for approximately 10 million square feet of above-grade office space with associated storage, mechanical, loading, below-grade parking, and other non-office space, and consists of One World Trade Center, Tower 2, Tower 3, Tower 4, WTC Site 5, approximately 456,000 square feet of retail space, a WTC Transportation Hub, a memorial and interpretive museum (Memorial/Museum), a Greek orthodox church, The Performing Arts Center at the WTC and certain related infrastructure. A December 2010 World Trade Center Amended and Restated Master Development Agreement (MDA), among the Port Authority, PATH, 1 WTC LLC, WTC Retail LLC, and the Silverstein net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction on the WTC site, including the allocation of construction responsibilities and costs between the parties to the MDA.

Future minimum rentals (see *Note G – Lease Commitments*) include rentals of approximately \$13.8 billion, for the years 2026-2100, relating to the net leases for WTC Towers 2, 3 and 4. The inclusion of this amount in future rentals is predicated upon the assumption that the net lessees of various components of the WTC will continue to meet their contractual commitments pertaining to their net leased properties, including those with respect to the payment of rent and the restoration of their net leased properties.

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization through entities formed by such parties entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. In June 2011, The Durst Organization contributed \$100 million for a minority equity interest in the joint venture related to One World Trade Center through the current net lessee WTC Tower 1 LLC. One World Trade Center contains 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. As of December 31, 2020, WTC Tower 1 LLC has leased, (i) approximately 2.7 million square feet of office space at One World Trade Center, representing approximately 90% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center for an observation deck, which opened to the public in 2015.

World Trade Center Tower 2

The MDA requires the Tower 2 Silverstein net lessee to complete subgrade and foundation work for Tower 2, which has been substantially completed by the Port Authority as part of the overall site improvements shared by all of the World Trade Center tenants. Upon closing of any future construction financing and commencement of above-grade construction of Tower 2, the Tower 2 Silverstein net lessee will be required to reimburse the Port Authority for the Tower 2 Silverstein net lessee's allocated costs for the subgrade and foundation work funded by the Port Authority at the site. Under the Tower 2 net lease, ground rent is payable by the Tower 2 Silverstein net lessee upon the earlier of (i) commencement of construction of Tower 2 and (ii) December 2022, whether or not construction is commenced.

World Trade Center Tower 3

To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private real estate and capital markets triggers, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Tenant Support Agreement"). Under the Tower 3 Tenant Support Agreement, the Port Authority is required to provide up to \$600 million in overall support, comprised of: (x) \$210 million for the construction of Tower 3 as a landlord capital improvement, and (y) backstop funding of \$390 million for (i) construction overruns and certain leasing cost overruns, through landlord capital improvements (ii) operating expense deficits and certain leasing cost overruns through the Tower 3 Silverstein net lessee's right to defer payments of net lease rent to the Port Authority under the net lease with respect to Tower 3, and (iii) senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of \$390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to \$200 million of the \$600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority from the State of New York and the City of New York of up to \$400 million. To date, the Port Authority has applied \$80 million of the \$93.4 million received from the State of New York as a capital contribution for the partial reimbursement of the \$210 million landlord capital improvement the Port Authority made in December 2014 towards the construction of Tower 3. In addition, under a Public Support Agreement with the City of New York, the Port Authority will receive \$130 million plus accrued interest in WTC PILOT credits as reimbursement for the remaining share of the Port Authority's landlord capital improvement. WTC payments in lieu of taxes (PILOT) credits from City of New York commenced in July 2019.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of the \$390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, with an overall term for such reimbursement or payment not to exceed the term of the Tower 4 support agreement described below. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the \$390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third-party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement. To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 net lessee exercised its right to defer certain Tower 3 net lease rent payments due the Port Authority effective November 2017.

As of December 31, 2020, deferred rent due from the Tower 3 net lessee totaled approximately \$39 million. As of December 31, 2020, the Silverstein Tower 3 net lessee has repaid the approximately \$9 million in senior debt service shortfalls previously provided under the WTC Tower 3 Tenant Support Agreement.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2020, 79% of leasable office space has been leased to tenants.

World Trade Center Tower 4

In December 2010, the Port Authority entered into certain agreements with the Silverstein net lessee of Tower 4, providing for the Port Authority's participation in the financing for Tower 4 construction.

Tower 4 Liberty Bonds were issued on November 15, 2011, in the aggregate principal amount of approximately \$1.2 billion, by the New York Liberty Development Corporation to finance construction and development of WTC Tower 4. The Port Authority is a co-borrower/obligor for the Liberty Bonds, and is obligated to make certain debt service payments on the Tower 4 Liberty Bonds. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

Additionally, the Silverstein net lessee of Tower 4 has the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease and defer the application of certain free rent periods available to the Port Authority under its Tower 4 space lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2020, deferred rent due from the Tower 4 net lessee totaled approximately \$45 million. Port Authority debt service payments related to Tower 4 Liberty Bonds, and deferred net lease rent payable to the Port Authority under the Tower 4 net lease, are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow. Amounts required to be reimbursed or paid to the Port Authority accrue interest at a rate of 7.5% annum until reimbursed or paid (with the exception of deferred net lease rent held on deposit which receives earnings on certain permitted investments plus nominal

interest), with an overall term for such reimbursement or payment not to exceed 40 years. As of December 31, 2020, Tower 4 Liberty Bond debt service payments due from the Tower 4 net lessee, including amounts assigned directly to the Tower 4 Liberty Bond trustee by the City of New York related to their Tower 4 leasehold, totaled approximately \$10.9 million.

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of December 31, 2020, approximately 98% of the leasable office space has been leased to tenants.

The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners of the Port Authority authorized the WTC Transportation Hub project for the construction of a transportation hub and permanent PATH terminal. Construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the WTC Transportation Hub project at an estimated total project cost range of approximately \$3.74 billion to \$3.995 billion. The Port Authority reached the maximum funding amount of \$2.872 billion from the FTA towards the construction of the WTC Transportation Hub in 2017. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

World Trade Center Infrastructure Projects

In addition to the WTC Transportation Hub, the Port Authority continues to construct various WTC site infrastructure projects toward full build out of the WTC site. In 2014, certain portions of these infrastructure projects, including portions of the vehicular security center for cars, tour buses, and delivery vehicles to access subgrade loading facilities became operational to support commercial development throughout the WTC site. Other infrastructure work includes street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

WTC Retail

Through a series of transactions between the Port Authority and Westfield, the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with Westfield, which is not expected to fully compensate the Port Authority for the cost of construction.

As of December 31, 2020, including Westfield's 2012 initial joint venture membership capital contribution of \$100 million, the Port Authority has received \$897 million for the transfer of its interests in the WTC retail joint venture to Westfield. These cumulative receipts, exclusive of Westfield's initial 2012 joint venture membership capital contribution of \$100 million, have been recorded as Unearned income and subsequently recognized as

rental income over the remaining term of the existing WTC Retail net lease. As of December 31, 2020, \$60 million has been cumulatively recognized as rental income.

WTC Memorial and Museum

The Port Authority does not have any responsibility for the operation and maintenance of the Memorial, the Memorial/Museum or the Visitor Orientation and Education Center (VOEC). The WTC Memorial Plaza opened for public access on September 11, 2011. The museum opened to the public on May 21, 2014.

Note M – Risk Financing Activities

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductibles, retentions, and exceptions or exclusions of portions of facilities and the scope of insurable hazards. A portion of the insurance under the programs described below is provided by the Port Authority's captive insurer, PAICE.

Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities (which was renewed effective June 1, 2020 and expires on June 1, 2021) applies to all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). Property damage and loss of revenue insurance on the operating portions of the World Trade Center* and related infrastructure is provided in a separate program (which was renewed effective June 1, 2020 and expires on June 1, 2021).

The Port Authority also purchased terrorism insurance with respect to its facilities for a three-year term, effective June 2, 2018. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA")** and commercial reinsurers.

Public Liability Insurance Programs

The public liability insurance program for Port Authority aviation facilities (which was renewed effective October 27, 2020 and expires October 27, 2021) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2020 and expires October 27, 2021) applies to such facilities, including components of the World Trade Center. Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers and was renewed effective October 27, 2019 and expires October 27, 2021.

The Port Authority also carries terrorism and/or malicious acts insurance for losses to property and liability resulting from nuclear, biological, chemical or radiological material for all Port Authority facilities. The program expires October 27, 2021, and is insured through a combination of PAICE, commercial reinsurers and TRIPRA.

* The Port Authority's insurance programs do not provide coverage for World Trade Center Towers 2, 3, 4 (except for the Port Authority's Tower 4 leased space), Tower 5, the World Trade Center Memorial/Museum and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site. Coverage for these assets is the responsibility of the net lessees.

** Under TRIPRA, the formula provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least \$200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of \$100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors' insurance program for all Port Authority operated facilities under construction (excluding the World Trade Center, where such insurance is handled through a contractor controlled insurance program), which was renewed effective June 1, 2020 and expires June 1, 2023, including builders' risk, construction general liability insurance, and statutory workers' compensation coverage. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

The Port Authority placed a standalone wrap-up contractors' insurance program on March 27, 2018, for construction of Terminal A at EWR Airport, which includes builders' risk, construction general liability insurance, and statutory workers' compensation insurance is provided through commercial insurance. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

Port Authority Insurance Captive Entity, LLC

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability, and property damage and loss of revenue insurance programs. Effective June 1, 2020, PAICE provides the first \$500,000 in coverage under the general liability aspect of the Port Authority's contractors' insurance program and 34.5% of the next \$4.5 million of losses that are in excess of the primary \$500,000, and is further reinsured in the \$3 million layer excess of \$2 million. Further, effective October 27, 2018, PAICE provides \$500 million in coverage under the nuclear, biological, chemical and radiological terrorism program, which is fully reinsured by commercial reinsurers and insures \$1.1 billion in excess of \$500 million, which is reinsured by TRIPRA. Finally, effective with the June 1, 2020 renewal of the Property and Loss of Revenue policies, PAICE provides \$163 million in coverage under the World Trade Center program and \$95 million in coverage under the Port Authority facilities program, with both programs being further reinsured by commercial reinsurers.

The financial results for PAICE for the year ended December 31, 2020 are set forth below. Restricted amounts associated with PAICE recorded on the Port Authority's financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	Amounts (In thousands)
Financial Position	
Total Assets	\$ 457,088
Total Liabilities	72,800
Net Position, December 31, 2020	\$ 384,288
Operating Results 2020	
Revenues	\$ 50,395
Expenses	10,197
Change in Net Position	\$ 40,198
Net Position at January 1, 2020	\$ 344,090
Net Position at December 31, 2020	\$ 384,288

Notes to Financial Statements
(continued)

The audited financial statements for the years ended December 31, 2020 and December 31, 2019 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Self-Insured Loss Reserves

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for self-insured claims is based upon the estimated cost of settling the claim, which includes an actuarial review of estimated claims expenses, estimated recoveries, retention thresholds, and a provision for incurred but not reported (IBNR) claims. Self-insured loss reserves were discounted to their present value using a 5.25% discount rate. Changes in the self-insured public liability self-insured loss reserves and self-insured worker's compensation loss reserves are as follows:

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
			(In thousands)	
2020	\$ 68,403	\$ 4,972	\$ 2,302	\$ 71,073
2019	\$ 70,277	\$ 3,943	\$ 5,817	\$ 68,403

* Loss reserves exclude loss adjustment expenditures.

Self-insured workers' compensation loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
			(In thousands)	
2020	\$ 68,431	\$ 30,278	\$ 22,357	\$ 76,352
2019	\$ 68,894	\$ 20,270	\$ 20,733	\$ 68,431

* Loss reserves exclude loss adjustment expenditures.

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM (ERS)

Schedule of Proportionate Share of Net Pension Liability*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Port Authority's proportion of the net pension liability	1.6%	1.3%	1.3%	1.3%	1.3%	1.3%
Port Authority's proportionate share of the net pension liability	\$430,993	\$ 91,792	\$ 41,500	\$120,672	\$212,555	\$ 44,906
Covered payroll (April 1 – March 31)	\$536,527	\$515,065	\$408,384	\$395,378	\$392,529	\$309,571
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	80.3%	17.8%	10.2%	30.5%	54.2%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.2%	98.2%	94.7%	90.7%	97.9%

Schedule of Employer Contributions*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Contractually required contribution	\$77,635	\$70,582	\$56,866	\$56,743	\$57,530	\$63,072
Contributions in relation to the contractually required contribution	\$77,635	\$70,582	\$56,866	\$56,743	\$57,530	\$63,072
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port Authority's covered payroll (January 1 – December 31)	\$462,194	\$536,454	\$500,841	\$404,701	\$395,725	\$409,234
Contributions as a percentage of covered payroll	16.8%	13.2%	11.4%	14.0%	14.5%	15.4%

NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM (PFRS)

Schedule of Proportionate Share of Net Pension Liability*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Port Authority's proportion of the net pension liability	7.7%	7.7%	7.6%	7.4%	8.0%	8.9%
Port Authority's proportionate share of the net pension liability	\$412,870	\$129,920	\$ 77,081	\$152,806	\$236,004	\$ 24,490
Covered payroll (April 1– March 31)	\$467,638	\$271,764	\$263,292	\$256,168	\$246,060	\$248,631
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	88.3%	47.8%	29.3%	59.7%	95.9%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

Schedule of Employer Contributions*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Contractually required contribution	\$123,221	\$ 61,277	\$ 59,931	\$ 60,797	\$ 57,807	\$ 53,652
Contributions in relation to the contractually required contribution	\$123,221	\$ 61,277	\$ 59,931	\$ 60,797	\$ 57,807	\$ 53,652
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Port Authority's covered payroll (January 1 – December 31)	\$398,506	\$393,630	\$ 262,701	\$260,867	\$253,096	\$253,597
Contributions as a percentage of covered payroll	30.9%	15.6%	22.8%	23.3%	22.8%	21.2%

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

FEDERAL RAILROAD RETIREMENT PROGRAM

Schedule of Employee and Employer Railroad Contributions*

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2020	7.65%	\$ 9,384	7.65%	\$ 9,384	\$ 18,768
2019	7.65%	8,466	7.65%	8,466	16,932
2018	7.65%	8,197	7.65%	8,197	16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
2013	7.65%	7,551	7.65%	7,551	15,102
Total Taxes		\$ 65,700		\$ 65,700	\$ 131,400

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2020	4.9%	\$ 5,170	13.1%	\$ 13,823	\$ 18,993
2019	4.9%	4,832	13.1%	12,918	17,750
2018	4.9%	4,687	13.1%	12,530	17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
2013	4.4%	3,714	12.6%	10,636	14,350
Total Taxes		\$ 35,887		\$ 97,404	\$ 133,291

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

PATH EXEMPT EMPLOYEES SUPPLEMENTAL PENSION PLAN

Schedule of Changes to Total Pension Liability and Related Ratios*

	2020	2019	2018	2017	2016	2015
(\$ In thousands)						
Total Pension Liability						
Service cost	\$ 2,401	\$ 1,720	\$ 1,585	\$ 1,323	\$ 1,280	\$ 900
Interest cost	3,155	3,070	3,169	2,961	2,850	3,271
Differences between expected and actual experience	2,926	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	13,667	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	(3,927)	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	18,222	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	76,498	89,381	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	\$94,720	\$76,498	\$89,381	\$84,091	\$83,388	\$81,095
Covered Payroll	\$14,872	\$13,052	\$13,913	\$13,590	\$13,187	\$12,356
Total Pension Liability as a % of Covered Payroll	636.9%	586.1%	642.4%	618.8%	632.4%	656.3%

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Note: As of December 31, 2020, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Schedule of Changes in the Port Authority's Net OPEB Liability and Related Ratios

	2020	2019	2018	2017
	(\$ In thousands)			
Total OPEB liability:				
Service cost	\$ 32,566	\$ 33,132	\$ 25,442	\$ 23,778
Interest cost	209,925	213,607	202,303	196,930
Changes in benefit terms	(2,928)	(4,046)	(6,948)	-
Differences between expected and actual experience	58,916	99,585	90,986	-
Changes in assumptions	(201,908)	(241,555)	(5,903)	-
Benefit payments	(148,836)	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	(52,265)	(55,813)	158,119	77,180
Total OPEB liability-beginning	3,039,533	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	2,987,268	3,039,533	3,095,346	2,937,227
Plan fiduciary net position:				
Contributions-employer	30,061	256,536	247,761	243,528
Net investment income	225,006	285,996	(86,274)	175,795
Benefit payments	(148,836)	(156,536)	(147,761)	(143,528)
Administrative expenses	(96)	(106)	(94)	(94)
Net change in plan fiduciary net position	106,135	385,890	13,632	275,701
Plan fiduciary net position-beginning	1,799,626	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	1,905,761	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) – (b)	\$ 1,081,507	\$ 1,239,907	\$ 1,681,610	\$ 1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	63.80%	59.21%	45.67%	47.67%
Covered-Employee payroll	\$ 987,081	\$ 1,041,188	\$ 870,525	\$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	109.57%	119.09%	193.17%	198.97%

Notes to Schedule:

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

Schedule A - Revenues and Reserves
(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2020			2019
	Operating Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)			
Gross operating revenues:				
Tolls and fares	\$ 1,571,827	\$ -	\$ 1,571,827	\$ 1,876,911
Rentals	1,412,207	-	1,412,207	1,739,423
Aviation fees	907,314	-	907,314	1,287,263
Parking and other	240,329	-	240,329	408,609
Utilities	112,008	-	112,008	144,176
Rentals - Special Project Bonds Projects	81,129	-	81,129	74,073
Total gross operating revenues	4,324,814	-	4,324,814	5,530,455
Operating expenses:				
Employee compensation, including benefits	1,395,588	-	1,395,588	1,413,979
Contract services	929,520	-	929,520	1,046,216
Rents and payments in-lieu-of taxes (PILOT)	403,661	-	403,661	388,462
Materials, equipment and other	290,033	-	290,033	315,676
Utilities	163,078	-	163,078	191,770
Interest on Special Project Bonds	81,129	-	81,129	74,073
Total operating expenses	3,263,009	-	3,263,009	3,430,176
Amounts in connection with operating asset obligations	5,851	-	5,851	9,529
Net insurance recoverables	(4,033)	-	(4,033)	(175,678)
Net operating revenues	1,059,987	-	1,059,987	2,266,428
Financial income:				
Interest income	(1,073)	64,622	63,549	66,965
Net increase in fair value of investments	1,300	17,018	18,318	20,475
Contributions in aid of construction	249,920	-	249,920	230,242
Application of Passenger Facility Charges	131,149	-	131,149	289,639
Application of 4 WTC associated payments	65,293	-	65,293	65,293
Grants, in connection with operating activities	489,228	-	489,228	25,665
Pass-through grant program payments	(26,853)	-	(26,853)	(3,142)
Net revenues available for debt service and reserves	1,968,951	81,640	2,050,591	2,961,565
Debt service:				
Interest on bonds and other asset financing obligations	940,309	130,857	1,071,166	1,005,812
Debt maturities and retirements	387,820	-	387,820	334,500
Debt retirement acceleration	-	-	-	-
Repayment of special obligations	-	608	608	(81)
Total debt service	1,328,129	131,465	1,459,594	1,340,231
Transfers to reserves	\$ (640,822)	640,822	-	-
Revenues after debt service and transfers to reserves		590,997	590,997	1,621,334
Direct investment in facilities		(1,398,366)	(1,398,366)	(1,550,920)
Change in Accounting Principle - pension / OPEB		(19,662)	(19,662)	(18,375)
(Decrease)/increase in reserves		(827,031)	(827,031)	52,039
Reserve balances, January 1		4,028,039	4,028,039	3,976,000
Reserve balances, December 31		\$ 3,201,008	\$ 3,201,008	\$ 4,028,039

See Notes to Financial Statements.

Schedule B - Assets and Liabilities
(pursuant to Port Authority bond resolutions)

	December 31, 2020				2019
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)				
ASSETS					
Current assets:					
Cash	\$ 163,690	\$ 102	\$ 142,679	\$ 306,471	\$ 93,315
Restricted cash:					
Passenger Facility Charges	4,578	-	-	4,578	-
Port Authority Insurance Captive Entity, LLC	70,165	-	-	70,165	64,586
Other, including Asset Forfeiture Funds	12,355	-	-	12,355	12,403
Investments	243,908	117,219	566,277	927,404	1,228,711
Restricted Investments - PAICE	1,250	-	-	1,250	2,604
Restricted investments - PFC	2,200	-	-	2,200	18,838
Interfund balances	(281,461)	42,599	238,862	-	-
Current receivables, net	893,096	2,000	-	895,096	681,361
Other current assets	81,895	80,385	-	162,280	143,213
Restricted receivables and other assets	26,518	-	-	26,518	80,730
Total current assets	1,218,194	242,305	947,818	2,408,317	2,325,761
Noncurrent assets:					
Restricted cash	4,766	-	-	4,766	4,813
Investments	-	-	2,253,190	2,253,190	2,564,584
Restricted investments - PAICE	21,263	-	-	21,263	127,542
Other amounts receivable, net	144,385	36,638	-	181,023	178,796
Other noncurrent assets	1,710,839	1,804	-	1,712,643	1,688,033
Restricted other noncurrent assets - PAICE	5,950	-	-	5,950	6,954
Amounts receivable - Special Project Bonds Projects	-	-	-	-	1,150,415
Amounts receivable - Tower 4 Liberty Bonds	-	1,225,520	-	1,225,520	1,225,520
Invested in facilities	-	65,449,795	-	65,449,795	62,883,408
Total noncurrent assets	1,887,203	66,713,757	2,253,190	70,854,150	69,830,065
Total assets	3,105,397	66,956,062	3,201,008	73,262,467	72,155,826
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	556,005	-	-	556,005	277,938
OPEB related amounts	157,234	-	-	157,234	141,943
LIABILITIES					
Current liabilities:					
Accounts payable	309,798	747,318	-	1,057,116	1,316,914
Accrued interest and other current liabilities	484,870	9,965	-	494,835	508,385
Restricted other liabilities - PAICE	745	-	-	745	8,866
Accrued payroll and other employee benefits	339,269	-	-	339,269	500,945
Unapplied Passenger Facility Charges	267	-	-	267	55,814
Current portion bonds and other asset financing obligations	93,138	1,038,941	-	1,132,079	1,045,117
Total current liabilities	1,228,087	1,796,224	-	3,024,311	3,436,041
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	2,020,090	-	-	2,020,090	1,538,117
Other noncurrent liabilities	256,159	21,036	-	277,195	263,932
Restricted other noncurrent liabilities - PAICE	36,099	-	-	36,099	41,001
Amounts payable - Special Project Bonds	-	-	-	-	1,150,415
Amounts payable - Tower 4 Liberty Bonds	-	1,225,520	-	1,225,520	1,225,520
Consolidated Notes, series AAA	1,100,000	-	-	1,100,000	-
Bonds and other asset financing obligations	373,255	22,532,271	-	22,905,526	22,858,395
Total noncurrent liabilities	3,785,603	23,778,827	-	27,564,430	27,077,380
Total liabilities	5,013,690	25,575,051	-	30,588,741	30,513,421
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	40,210	-	-	40,210	102,956
OPEB related amounts	462,460	-	-	462,460	275,406
NET POSITION					
	\$ (1,697,724)	\$ 41,381,011	\$ 3,201,008	\$ 42,884,295	\$ 41,683,924
Net position is comprised of:					
Facility infrastructure investment	-	41,381,011	-	41,381,011	39,373,270
Change in accounting principle - pension / OPEB	(1,697,724)	-	-	(1,697,724)	(1,717,385)
Reserves	-	-	3,201,008	3,201,008	4,028,039
NET POSITION	\$ (1,697,724)	\$ 41,381,011	\$ 3,201,008	\$ 42,884,295	\$ 41,683,924

Schedule C - Analysis of Reserve Funds
(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2020			2019
	General Reserve Fund	Consolidated Bond Reserve Fund	Combined Total	Combined Total
	(In thousands)			
Balance, January 1	\$ 2,388,243	\$ 1,639,796	\$ 4,028,039	\$ 3,976,000
Increase in reserve funds *	13,260	709,202	722,462	1,754,790
	2,401,503	2,348,998	4,750,501	5,730,790
Applications:				
Repayment of special obligations	-	608	608	(81)
Interest on asset financing obligations	-	130,857	130,857	133,537
Direct investment in facilities	-	1,398,366	1,398,366	1,550,920
Change in Accounting Principle - pension / OPEB	-	19,662	19,662	18,375
Total applications	-	1,549,493	1,549,493	1,702,751
Balance, December 31	\$ 2,401,503	\$ 799,505	\$ 3,201,008	\$ 4,028,039

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling \$640.8 million, plus financial income generated on reserve funds of \$81.6 million in 2020.

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STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2020

The Statistical and Other Supplemental Information section presents additional information as a means to provide context to the information contained in the financial statements, note disclosures and schedules.

Selected Statistical Financial Trends Data – Schedule D-1 (Pursuant to GAAP)

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal condition has changed over time.

Selected Statistical Debt Service – Schedule D-2 (Pursuant to Port Authority bond resolutions)

The Port Authority has several forms of outstanding financing obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D - Outstanding Financing Obligations*, and reserve funds are described in *Note E - General and Consolidated Bond Reserve Funds* to the financial statements). Debt limitations, including in some cases, limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

Selected Statistical Financial Data by Business Segment – Schedule D-3 (Pursuant to GAAP)

Schedule provides information on gross operating revenues, operating expenses and capital investment, summarized by Port Authority business segments.

Information on Port Authority Operations – Schedule E (Pursuant to GAAP)

Detailed information on Port Authority's operating results including income from operations, non-operating expenses, net interest expense, capital contributions, and net income is provided on a Port Authority operating facility level.

Information on Capital Investment in Port Authority Facilities – Schedule F (Pursuant to GAAP)

Schedule provides information on capital investment, summarized by Port Authority operating facilities, including current year capital investment and depreciation.

Port Authority Facility Traffic – Schedule G (Unaudited)

This schedule provides comparative information on Port Authority facility traffic relative to vehicles, passengers, containers, cargo, waterborne vehicles and plane movements.

Schedule D-1 - Selected Statistical Financial Trends Data (pursuant to GAAP)

	2020	2019	2018	2017 (Restated)
	(In thousands)			
Revenues, Expenses and Changes in Net Position:				
Gross operating revenues:				
Tolls and fares	\$ 1,571,827	\$ 1,876,911	\$ 1,865,384	\$ 1,873,622
Rentals ^(a)	1,421,467	1,748,683	1,673,994	1,618,439
Aviation fees	907,314	1,287,263	1,192,454	1,128,352
Parking and other	240,329	408,609	384,088	377,421
Utilities	112,008	144,176	149,008	139,502
Rentals - Special Project Bonds Projects	81,129	74,073	79,080	83,053
Gross operating revenues	4,334,074	5,539,715	5,344,008	5,220,389
Operating expenses:				
Employee compensation, including benefits ^(d)	1,395,588	1,413,979	1,338,277	1,318,935
Contract services	929,520	1,046,216	934,821	880,331
Rents and amounts in-lieu-of taxes (PILOT)	403,661	388,462	396,048	390,576
Materials, equipment and other	290,033	315,676	298,121	252,533
Utilities	163,078	191,770	195,968	183,482
Interest on Special Project Bonds	81,129	74,073	79,080	83,053
Operating expenses	3,263,009	3,430,176	3,242,315	3,108,910
Net insurance recoverables	4,033	175,678	-	18,323
Depreciation of facilities	(1,533,267)	(1,420,696)	(1,329,283)	(1,231,139)
Amortization of costs for regional programs	(33,217)	(36,730)	(41,874)	(44,164)
Income from operations ^(d)	(491,386)	827,791	730,536	854,499
Income on investments (including fair value adjustment) ^(b)	81,961	87,948	89,304	35,326
Interest expense on bonds and other asset financing ^(b)	(1,011,896)	(968,242)	(937,983)	(908,343)
Net gain/(loss) on disposition of assets	-	-	-	-
Pass-through grant program payments	(26,853)	(3,142)	(1,438)	(19,717)
4 WTC associated payments	65,293	65,293	65,293	65,293
Grants in connection with operating activities	489,228	25,665	24,006	39,845
Contributions in aid of construction	258,925	261,054	252,225	187,473
Passenger facility charges	75,509	292,568	286,395	275,785
1 WTC LLC/WTC Retail LLC insurance proceeds	-	-	-	-
(Decrease)/increase in net position December 31, ^(d)	\$ (559,219)	\$ 588,935	\$ 508,338	\$ 530,161
Net position is comprised of				
Net investment in capital assets	\$ 14,954,997	\$ 14,620,518	\$ 14,190,682	\$ 13,179,105
Restricted	538,552	550,736	500,610	760,912
Unrestricted ^(d)	414,561	1,296,075	1,187,102	1,430,039
Net position December 31, ^(c)	\$ 15,908,110	16,467,329	15,878,394	\$ 15,370,056

(a) Commencing in 2014, Rentals include the recognition of unearned income related to the March 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture.

(b) For presentation purposes, amortization of bond premiums received at issuance for the years ended 2009 through 2016 have been reclassified from Income on investments to Interest expense on bonds and other asset financing.

(c) 2012 restated amounts include the cumulative impact of \$160 million related to the adoption of GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*.

(d) 2017 restated amounts include the cumulative impact of \$1.7 billion related to the adoption of GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

See accompanying independent auditors' report.

	2016		2015		2014		2013		2012 (Restated)		2011
\$	1,865,481	\$	1,718,770	\$	1,553,625	\$	1,462,957	\$	1,337,372	\$	1,148,061
	1,564,527		1,446,980		1,300,818		1,228,491		1,208,730		1,150,569
	1,112,436		1,063,902		1,058,416		934,459		904,666		895,356
	399,178		359,631		321,760		315,111		338,178		339,131
	138,987		144,580		149,052		139,835		152,945		154,810
	86,755		92,719		98,141		103,186		108,125		112,553
	5,167,364		4,826,582		4,481,812		4,184,039		4,050,016		3,800,480
	1,290,334		1,178,967		1,187,877		1,114,397		1,038,243		1,037,681
	852,926		833,903		797,516		684,411		749,106		726,883
	352,293		356,162		362,627		301,582		304,020		280,237
	264,977		252,071		277,174		220,859		215,937		219,183
	165,802		186,830		199,919		171,833		174,016		188,432
	86,755		92,719		98,141		103,186		108,125		112,553
	3,013,087		2,900,652		2,923,254		2,596,268		2,589,447		2,564,969
	-		123		53,530		28,229		(30,000)		-
	(1,173,747)		(1,124,383)		(932,149)		(875,979)		(884,239)		(852,727)
	(64,765)		(64,665)		(64,484)		(64,275)		(77,719)		(77,537)
	915,765		737,005		615,455		675,746		468,611		305,247
	(3,974)		4,215		20,060		(2,714)		29,161		(53,227)
	(900,914)		(882,840)		(648,204)		(612,031)		(647,813)		(552,781)
	-		-		19,043		4,423		(4)		-
	(10,695)		(51,429)		(107,606)		(176,848)		(56,446)		(11,507)
	41,521		36,766		6,128		36,660		65,293		8,343
	64,315		101,074		207,898		188,409		52,161		23,727
	674,950		586,295		700,267		689,898		997,441		767,010
	264,363		248,707		233,172		224,301		222,614		214,456
	-		-		-		-		3,525		-
\$	1,045,331	\$	779,793	\$	1,046,213	\$	1,027,844	\$	1,134,543	\$	701,268
\$	12,746,144	\$	11,810,573	\$	10,402,894	\$	9,442,138	\$	9,273,213	\$	10,020,306
	567,443		456,429		470,857		454,467		392,389		294,460
	3,261,307		3,262,561		3,900,789		3,831,722		3,034,881		1,411,125
\$	16,574,894	\$	15,529,563	\$	14,774,540	\$	13,728,327	\$	12,700,483	\$	11,725,891

Schedule D-2 - Selected Statistical Debt Service Data (Pursuant to Port Authority bond resolutions)

	2020	2019	2018	2017
	(In thousands)			
Gross Operating Revenues*	\$ 4,324,814	\$ 5,530,455	\$ 5,334,748	\$ 5,211,129
Operating expenses	(3,263,009)	(3,430,176)	(3,242,315)	(3,132,918)
Operating and maintenance contingencies	-	-	-	-
Net insurance recoverables	4,033	175,678	-	18,323
Amounts in connection with operating asset obligations	(5,851)	(9,529)	(12,921)	(16,050)
Net operating revenues	1,059,987	2,266,428	2,079,512	2,080,484
Financial income	81,867	87,440	86,250	33,574
Grants and contributions in aid of construction, net	712,295	252,765	220,741	193,381
Application of WTC Retail Joint Venture Payments*	-	-	-	-
Application of Passenger Facility Charges	131,149	289,639	433,326	285,335
Application of 4 WTC associated payments	65,293	65,293	65,293	65,293
Application of 1WTC LLC/WTC LLC Retail insurance proceeds	-	-	-	-
Restricted Net Revenues - PAICE	-	-	-	-
Net revenues available for debt service and reserves (a)	2,050,591	2,961,565	2,885,122	2,658,067
DEBT SERVICE - OPERATIONS				
Interest on bonds and other asset financing obligations (b)	(940,309)	(872,275)	(868,510)	(858,694)
Times, interest earned (a/b)	2.18	3.40	3.32	3.10
Debt maturities and retirements (c)	(387,820)	(334,500)	(319,090)	(300,905)
Times, debt service earned [a/(b+c)]	1.54	2.45	2.43	2.29
APPLICATION OF RESERVES				
Direct investment in facilities	(1,398,366)	(1,550,920)	(1,771,900)	(1,623,347)
Debt retirement acceleration	-	-	(8,300)	-
Appropriations for self-insurance and changes in accounting principles	(19,662)	(18,375)	-	-
Interest on bonds and other asset financing obligations	(130,857)	(133,537)	(103,056)	(69,570)
Repayment of asset financing obligations	(608)	81	(188)	(1,276)
Acceleration of unamortized brokerage commissions	-	-	-	-
Net increase/(decrease) in reserves	(827,031)	52,039	(185,922)	(195,725)
RESERVE BALANCES				
January 1	4,028,039	3,976,000	4,161,922	4,357,647
December 31	3,201,008	4,028,039	3,976,000	4,161,922
Reserve funds balances represented by:				
General Reserve	2,401,503	2,388,243	2,297,475	2,297,475
Consolidated Bond Reserve	799,505	1,639,796	1,678,525	1,864,447
Total	\$ 3,201,008	\$ 4,028,039	\$ 3,976,000	\$ 4,161,922
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)				
Consolidated Bonds and Notes	\$ 23,388,115	\$ 22,161,860	\$ 20,898,775	\$ 20,672,365
Fund for regional development buy-out obligation	52,898	100,258	143,939	184,230
MOTBY obligation	46,268	48,711	51,032	53,237
Amounts payable - Special Project Bonds	-	1,150,415	1,245,835	1,327,680
Variable rate master notes	69,600	69,600	69,600	77,900
Commercial paper obligations	557,325	500,565	480,765	464,615
Port Authority equipment notes	-	-	-	-
Tower 4 Liberty Bonds	1,225,520	1,225,520	1,225,520	1,225,520
Goethals Bridge Replacement Developer Financing Arrangement	1,023,398	1,022,518	1,021,023	934,198
Total financing obligations	\$ 26,363,124	\$ 26,279,447	\$ 25,136,489	\$ 24,939,745

* Commencing in 2014, Gross operating revenues exclude the recognition of unearned income related to the March 2014 transfer of the Port Authority interests in the WTC Retail Joint Venture. For bond resolution financial reporting, amounts due the Port Authority related to this transfer are recognized in their entirety in the year in which they are received.

Note: This selected financial data is prepared primarily from information contained in Schedules A, B and C and is presented for general information only and is not intended to reflect the specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

	2016		2015		2014		2013		2012		2011
\$	5,158,795	\$	4,818,831	\$	4,475,193	\$	4,184,039	\$	4,050,016	\$	3,800,480
	(3,013,087)		(2,900,652)		(2,923,254)		(2,596,268)		(2,589,447)		(2,564,969)
	-		(50,000)		-		-		-		-
	-		123		53,530		28,229		(30,000)		-
	(18,871)		(21,387)		(23,734)		(25,908)		(27,956)		(29,580)
	2,126,837		1,846,915		1,581,735		1,590,092		1,402,613		1,205,931
	(4,784)		4,080		14,687		(2,964)		29,121		(53,270)
	347,390		321,980		565,444		540,746		565,976		499,516
	77,869		66,963		652,104		-		-		-
	229,921		273,721		221,156		175,421		110,015		215,645
	41,520		36,766		6,128		36,660		65,293		8,343
	-		-		-		-		17,962		57,340
	-		-		-		4,305		2,710		644
	2,818,753		2,550,425		3,041,254		2,344,260		2,193,690		1,934,149
	(824,586)		(810,356)		(635,262)		(556,824)		(539,436)		(480,623)
	3.42		3.15		4.79		4.21		4.07		4.02
	(268,520)		(259,315)		(226,205)		(204,000)		(169,770)		(140,390)
	2.58		2.38		3.53		3.08		3.09		3.11
	(1,132,915)		(1,949,785)		(1,473,432)		(1,059,756)		(691,079)		(742,001)
	-		-		-		-		(54,635)		(6,100)
	-		-		28,100		10,414		37,547		1,949
	(81,601)		(66,461)		(11,542)		(38,689)		(87,764)		(37,702)
	6,669		(51,928)		(105,562)		(15,701)		(16,514)		(20,258)
	-		-		-		(46,863)		-		-
	517,800		(587,420)		617,351		432,841		672,039		509,024
	3,839,847		4,427,267		3,809,916		3,377,075		2,705,036		2,196,012
	4,357,647		3,839,847		4,427,267		3,809,916		3,377,075	\$	2,705,036
	2,297,475		2,297,475		2,131,711		2,029,051		2,026,605		1,783,370
	2,060,172		1,542,372		2,295,556		1,780,865		1,350,470		921,666
\$	4,357,647	\$	3,839,847	\$	4,427,267	\$	3,809,916	\$	3,377,075	\$	2,705,036
\$	20,429,565	\$	21,019,925	\$	19,229,020	\$	18,212,063	\$	18,076,497	\$	15,550,039
	221,393		253,732		283,562		311,077		336,453		359,859
	55,332		44,383		48,254		52,329		78,060		105,141
	1,391,170		1,451,170		1,530,510		1,605,515		1,675,825		1,741,440
	77,900		77,900		77,900		77,900		77,900		77,900
	388,315		425,760		448,185		348,110		384,625		396,155
	-		-		31,500		46,925		49,565		68,160
	1,225,520		1,225,520		1,225,520		1,225,520		1,225,520		1,225,520
	744,401		430,800		210,316		-		-		-
\$	24,533,596	\$	24,929,190	\$	23,084,767	\$	21,879,439	\$	21,904,445	\$	19,524,214

Schedule D-3 Selected Statistical Financial Data by Business Segment (pursuant to GAAP)

	2020	2019	2018	2017 (Restated)
				(In thousands)
Gross Operating Revenues:				
Tunnels, Bridges and Terminals	\$ 1,542,081	\$ 1,740,044	\$ 1,737,458	\$ 1,739,552
PATH	82,110	210,610	203,800	202,880
Port	327,665	322,061	310,637	295,651
Aviation	2,032,359	2,913,161	2,762,279	2,682,523
Development	21,370	24,380	25,632	24,967
World Trade Center	328,455	329,212	303,995	274,029
Other ^(a)	34	247	207	787
Total	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008	\$ 5,220,389

Operating Expenses: ^(b)				
Tunnels, Bridges and Terminals	\$ 552,976	\$ 553,759	\$ 524,212	\$ 525,862
PATH	447,034	457,515	447,552	423,384
Port	163,395	174,213	166,405	160,495
Aviation	1,752,439	1,886,112	1,754,801	1,693,563
Development	11,612	11,475	11,786	12,399
World Trade Center	335,014	346,535	333,848	312,242
Other ^{(c) (f)}	539	567	3,711	(19,035)
Total	\$ 3,263,009	\$ 3,430,176	\$ 3,242,315	\$ 3,108,910

Capital Investment: ^(d)				
Tunnels, Bridges and Terminals	\$ 582,366	\$ 697,449	\$ 931,539	\$ 885,311
PATH (including WTC Transportation Hub)	339,882	358,166	340,635	274,429
Port	43,999	120,019	146,153	106,455
Aviation ^(g)	1,101,960	1,588,820	989,693	772,520
Development	1	111	3,682	893
World Trade Center	216,441	266,795	314,472	311,122
Other ^(e)	5,182	6,307	39,547	150,409
Total	\$ 2,289,831	\$ 3,037,667	\$ 2,765,720	\$ 2,501,139

^(a) Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, and Regional Facilities and Programs.

^(b) Amounts include all direct and allocated operating expenses.

^(c) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program and administrative expenses related to PAICE.

^(d) Capital investment includes contributed capital amounts and write-offs related to capital construction.

^(e) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program, and Gateway Early Work Program.

^(f) 2017 restated amount includes \$ (24) million related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

^(g) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$277 million in 2020, \$297 million in 2019 and \$289 million in 2018, respectively.

See accompanying independent auditors' report.

	2016		2015		2014		2013		2012		2011
\$	1,742,028	\$	1,599,575	\$	1,447,896	\$	1,369,559	\$	1,258,125	\$	1,078,977
	191,261		184,560		168,668		150,604		134,382		121,102
	300,569		270,263		248,443		262,526		249,609		236,461
	2,646,213		2,537,233		2,479,106		2,321,300		2,276,018		2,221,157
	25,956		26,561		51,077		29,492		87,521		100,800
	260,655		207,634		85,942		50,087		44,107		41,816
	682		756		680		471		254		167
\$	5,167,364	\$	4,826,582	\$	4,481,812	\$	4,184,039	\$	4,050,016	\$	3,800,480

\$	509,529	\$	499,873	\$	510,383	\$	493,429	\$	468,263	\$	460,960
	415,251		389,276		401,273		338,926		329,663		322,133
	167,724		175,976		172,545		176,459		190,043		185,053
	1,612,470		1,557,926		1,623,190		1,466,692		1,410,070		1,385,582
	10,853		13,659		15,737		15,497		79,620		82,637
	293,864		258,748		192,789		94,312		76,149		106,277
	3,396		5,194		7,337		10,953		35,639		22,327
\$	3,013,087	\$	2,900,652	\$	2,923,254	\$	2,596,268	\$	2,589,447	\$	2,564,969

\$	1,179,307	\$	956,231	\$	961,854	\$	413,946	\$	233,637	\$	168,759
	454,031		268,428		512,415		559,104		743,136		720,797
	133,874		93,729		210,496		180,760		184,750		228,747
	584,996		791,805		715,456		468,319		351,535		243,995
	1,569		2,110		1,977		527		140		(26,556)
	846,597		904,787		1,674,030		1,373,328		1,802,009		2,087,741
	290		3,144		3,822		3,221		6,767		9,464
\$	3,200,664	\$	3,020,234	\$	4,080,050	\$	2,999,205	\$	3,321,974	\$	3,432,947

Schedule E - Information on Port Authority Operations

	Year ended December 31, 2020							2019
	Gross Operating Revenues	Operating Expenses ^(a)	Depreciation & Amortization	Income (Loss) from Operations	Interest, Grants & Other Expenses ^(b)	Capital Contributions & PFCs	Increase/ (Decrease) in Net Position	Increase/ (Decrease) in Net Position
(In thousands)								
INTERSTATE TRANSPORTATION NETWORK								
George Washington Bridge & Bus Station	\$ 740,102	\$ 132,516	\$ 51,869	\$ 555,717	\$ 29,306	\$ 1,800	\$ 528,211	\$ 565,159
Holland Tunnel	156,842	91,924	23,923	40,995	12,718	14,547	42,824	88,005
Lincoln Tunnel	208,386	122,387	86,719	(720)	55,257	2,867	(53,110)	7,752
Bayonne Bridge	35,592	15,370	34,351	(14,129)	56,720	-	(70,849)	(64,351)
Goethals Bridge	218,680	34,161	42,403	142,116	97,616	-	44,500	52,460
Outerbridge Crossing	154,077	17,858	7,422	128,797	3,365	-	125,432	129,108
Port Authority Bus Terminal	28,402	138,760	32,480	(142,838)	14,389	-	(157,227)	(114,487)
Subtotal - Tunnels, Bridges & Terminals	1,542,081	552,976	279,167	709,938	269,371	19,214	459,781	663,646
PATH	77,667	418,817	131,052	(472,202)	185,430	134,489	(523,143)	(406,091)
WTC Transportation Hub	-	12,976	79,213	(92,189)	-	-	(92,189)	(89,926)
Journal Square Transportation Center	4,443	15,241	4,248	(15,046)	1,959	-	(17,005)	(13,734)
Subtotal - PATH	82,110	447,034	214,513	(579,437)	187,389	134,489	(632,337)	(509,751)
Ferry Transportation	34	470	5,279	(5,715)	2,892	-	(8,607)	(8,379)
Access to the Regions Core (ARC)	-	2	7,586	(7,588)	796	-	(8,384)	(11,543)
Moynihan Station Transportation Program	-	18	10,000	(10,018)	4,520	-	(14,538)	(14,878)
Gateway Early Work Program	-	49	-	(49)	-	-	(49)	-
Total Interstate Transportation Network	1,624,225	1,000,549	516,545	107,131	464,968	153,703	(204,134)	119,095
AVIATION								
LaGuardia ^(c)	326,552	342,727	168,672	(184,847)	(58,379)	18,273	(108,195)	(24,422)
JFK International ^(c)	920,388	816,449	220,667	(116,728)	(123,225)	58,833	65,330	409,620
Newark Liberty International ^(c)	739,600	544,024	151,632	43,944	(82,744)	45,880	172,568	368,481
Teterboro	37,788	28,967	15,140	(6,319)	1,339	1,350	(6,308)	2,084
New York Stewart International ^(c)	8,031	20,272	10,592	(22,833)	(7,245)	3,397	(12,191)	(19,679)
Total Aviation	2,032,359	1,752,439	566,703	(286,783)	(270,254)	127,733	111,204	736,084
PORT								
Port Newark	97,695	83,657	35,479	(21,441)	23,456	1,186	(43,711)	(39,654)
Elizabeth Port Authority Marine Terminal	170,360	23,344	26,089	120,927	26,433	-	94,494	80,675
Brooklyn Port Authority Marine Terminal	7,702	12,149	2,880	(7,327)	2,372	-	(9,699)	(8,143)
└ Red Hook Terminal	717	5,506	62	(4,851)	-	-	(4,851)	(4,392)
Howland Hook Marine Terminal	15,816	16,065	18,638	(18,887)	12,762	3,315	(28,334)	(24,564)
Greenville Yard Port Authority Marine Terminal	896	160	-	736	-	-	736	766
└ NYNJ Rail LLC	5,656	6,333	4,396	(5,073)	3,813	6,911	(1,975)	5,209
Port Jersey - Port Authority Marine Terminal	28,823	16,181	14,009	(1,367)	17,054	2,109	(16,312)	(18,565)
Total Port	327,665	163,395	101,553	62,717	85,890	13,521	(9,652)	(8,668)
DEVELOPMENT								
Essex County Resource Recovery Facility	3	72	-	(69)	211	-	(280)	(315)
Industrial Park at Elizabeth	1,286	32	249	1,005	169	-	836	667
Bathgate Industrial Park	2,880	2,654	1,254	(1,028)	26	-	(1,054)	(194)
Teleport	8,034	8,490	1,543	(1,999)	188	-	(2,187)	(1,573)
Newark Legal & Communications Center	16	133	-	(117)	-	-	(117)	10
Queens West Waterfront Development	1,029	1	576	452	979	-	(527)	(177)
Hoboken South Waterfront Development	8,122	230	2,785	5,107	1,619	-	3,488	3,704
Total Development	21,370	11,612	6,407	3,351	3,192	-	159	2,122
WORLD TRADE CENTER								
WTC Campus	3,128	139,177	100,521	(236,570)	(1,274)	6,472	(228,824)	(182,114)
One World Trade Center	197,318	135,246	118,378	(56,306)	108,160	24,000	(140,466)	(124,171)
WTC Towers 2, 3 & 4	68,272	33,935	77,841	(43,504)	-	9,005	(34,499)	(53,612)
WTC Tower 7	34,351	17,099	-	17,252	-	-	17,252	5,969
WTC Retail	25,386	9,557	45,319	(29,490)	3,030	-	(32,520)	(31,230)
Total World Trade Center	328,455	335,014	342,059	(348,618)	109,916	39,477	(419,057)	(385,158)
Regional Facilities and Programs	-	-	33,217	(33,217)	8,555	-	(41,772)	(50,218)
Net insurance recoverables	-	-	-	4,033	-	-	4,033	175,678
Total Port Authority	\$ 4,334,074	\$ 3,263,009	\$ 1,566,484	\$ (491,386)	\$ 402,267	\$ 334,434	\$ (559,219)	\$ 588,935

^(a) Amounts include all direct and allocated operating expenses.

^(b) Amounts include net interest expense (interest expense less financial income), Tower 4 Liberty Bond debt service reimbursements, Pass-through grant program payments, Grants in connection with operating activities and gains or losses generated by the disposition of assets, if any.

^(c) Facility amounts include Passenger Facility Charge activities.

Schedule F - Information on Capital Investment in Port Authority Facilities

	Facilities, net Dec. 31, 2019	Capital Investment ^(a)	Depreciation	Dispositions	Facilities, net Dec. 31, 2020
	(In thousands)				
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	\$ 1,354,302	\$ 246,342	\$ 51,869	\$ -	\$ 1,548,775
Holland Tunnel	503,926	78,227	23,923	-	558,230
Lincoln Tunnel	1,697,535	186,207	86,719	-	1,797,023
Bayonne Bridge	1,609,005	2,846	34,351	-	1,577,500
Goethals Bridge	1,530,133	6,484	42,403	-	1,494,214
Outerbridge Crossing	127,414	5,266	7,422	-	125,258
Port Authority Bus Terminal	569,029	56,994	32,480	-	593,543
Subtotal - Tunnels, Bridges & Terminals	7,391,344	582,366	279,167	-	7,694,543
PATH	2,976,479	320,963	131,052	-	3,166,390
WTC Transportation HUB	3,414,371	15,085	79,213	-	3,350,243
Journal Square Transportation Center	63,674	3,834	4,248	-	63,260
Subtotal - PATH	6,454,524	339,882	214,513	-	6,579,893
Ferry Transportation	87,942	82	5,279	-	82,745
Access to the Region's Core (ARC)	37,813	-	7,586	-	30,227
Moynihan Station Transportation Program	129,128	-	10,000	-	119,128
Gateway Early Work Program	44,044	5,100	-	-	49,144
Total Interstate Transportation Network	14,144,795	927,430	516,545	-	14,555,680
AVIATION ^(b)					
LaGuardia ^(c)	2,682,764	151,585	168,672	-	2,665,677
JFK International	3,724,604	234,752	220,667	-	3,738,689
Newark Liberty International	3,251,530	690,772	151,632	-	3,790,670
Teterboro	220,730	6,543	15,140	-	212,133
New York Stewart International	153,931	18,308	10,592	-	161,647
Total Aviation	10,033,559	1,101,960	566,703	-	10,568,816
PORT					
Port Newark	789,602	16,432	35,479	-	770,555
Elizabeth Port Authority Marine Terminal	942,179	-	26,089	-	916,090
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	75,435	4,016	2,942	-	76,509
Howland Hook Marine Terminal	469,391	-	18,638	-	450,753
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	167,494	10,858	4,396	-	173,956
Port Jersey-Port Authority Marine Terminal	496,486	12,693	14,009	-	495,170
Total Port	2,940,587	43,999	101,553	-	2,883,033
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	5,036	-	249	-	4,787
Bathgate Industrial Park	1,254	-	1,254	-	-
Teleport	6,402	-	1,543	-	4,859
Queens West Waterfront Development	83,620	-	576	-	83,044
Hoboken South Waterfront Development	58,626	1	2,785	-	55,842
Total Development	160,743	1	6,407	-	154,337
WORLD TRADE CENTER					
WTC Campus ^(c)	3,924,076	131,214	100,521	-	3,954,769
One World Trade Center	3,269,628	58,679	118,378	-	3,209,929
WTC Towers 2, 3 & 4 ^(d)	2,797,128	13,561	77,841	-	2,732,848
WTC Retail	1,746,468	12,987	45,319	-	1,714,136
Total World Trade Center	11,737,300	216,441	342,059	-	11,611,682
FACILITIES, net	\$ 39,016,984	\$ 2,289,831	\$ 1,533,267	\$ -	\$ 39,773,548
REGIONAL FACILITIES & PROGRAMS	\$ 93,456	\$ -	\$ 33,217	\$ -	\$ 60,239

^(a) Capital investment includes contributed capital amounts and write-offs related to capital construction.

^(b) Facility capital investment amounts include projects funded with Passenger Facility Charges.

^(c) Capital investment includes campus wide infrastructure primarily related to utilities, roadways, WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

^(d) Includes WTC net lessee required capital contributions related to the construction of WTC Tower 2, 3 and 4.

^(e) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$277 million.

Schedule G - Port Authority Facility Traffic (Unaudited)*

	2020	2019	2018	2017
TUNNELS AND BRIDGES (Eastbound Traffic)	AUTOMOBILES			
	George Washington Bridge	38,784,000	47,700,000	47,264,000
	Lincoln Tunnel	11,514,000	15,317,000	15,742,000
	Holland Tunnel	11,062,000	15,033,000	14,460,000
	Staten Island Bridges	27,573,000	33,636,000	32,373,000
	Subtotal Automobiles	88,933,000	111,686,000	109,839,000
	BUSES			
	George Washington Bridge	253,000	440,000	448,000
	Lincoln Tunnel	1,396,000	2,186,000	2,170,000
	Holland Tunnel	53,000	159,000	168,000
TUNNELS AND BRIDGES (Westbound Traffic)	Staten Island Bridges	105,000	167,000	186,000
	Subtotal Buses	1,807,000	2,952,000	2,972,000
	TRUCKS			
	George Washington Bridge	3,705,000	3,821,000	3,792,000
	Lincoln Tunnel	773,000	1,031,000	1,048,000
	Holland Tunnel	324,000	443,000	443,000
	Staten Island Bridges	2,287,000	2,295,000	2,163,000
	Subtotal Trucks	7,089,000	7,590,000	7,446,000
	TOTAL VEHICLES			
	George Washington Bridge	42,742,000	51,961,000	51,504,000
TUNNELS AND BRIDGES (Total)	Lincoln Tunnel	13,683,000	18,534,000	18,960,000
	Holland Tunnel	11,439,000	15,635,000	15,071,000
	Staten Island Bridges	29,965,000	36,098,000	34,722,000
	Subtotal Vehicles	97,829,000	122,228,000	120,257,000
	PATH			
	Total passengers	27,005,307	82,219,587	81,733,402
	Passenger weekday average	90,287	284,380	280,860
	MARINE TERMINALS			
	General cargo ^(a) (Metric tons)	34,829,323	41,090,000	37,577,000
	Containers (in twenty foot equivalent units)	7,585,819	7,471,131	7,179,788
MARINE TERMINALS	International waterborne vehicles	469,529	570,023	573,035
	Waterborne bulk commodities (in metric tons)	3,010,322	3,639,822	3,686,686
	CONTAINERS			
	New Jersey Marine Terminals	4,038,301	3,950,890	3,828,434
	New York Marine Terminals	217,200	287,217	267,020
	Subtotal Containers	4,255,501	4,238,107	4,095,454
	BUS TERMINALS			
	BUS DEPARTURES			
	Port Authority Bus Terminal	835,000	1,190,000	1,203,000
	George Washington Bridge Bus Station	103,000	166,000	171,000
BUS TERMINALS	PATH Journal Square Transportation Center Bus Station	291,921	482,725	479,960
	Total Departures	1,229,921	1,838,725	1,853,960
	PLANE MOVEMENTS			
	John F. Kennedy International Airport	197,487	456,060	455,495
	LaGuardia Airport	139,172	374,078	371,905
	Newark Liberty International Airport	213,927	446,320	453,377
	New York Stewart International Airport	19,986	33,222	32,542
	Subtotal Plane Movements	570,572	1,309,680	1,313,319
	DOMESTIC PASSENGERS			
	John F. Kennedy International Airport	8,219,917	28,233,791	28,117,337
DOMESTIC PASSENGERS	LaGuardia Airport	7,795,189	28,875,041	27,857,697
	Newark Liberty International Airport	12,300,652	32,004,140	31,730,735
	New York Stewart International Airport	97,994	366,124	366,130
	Subtotal Domestic Passengers	28,413,752	89,479,096	88,071,899
	INTERNATIONAL PASSENGERS			
	John F. Kennedy International Airport	8,172,515	34,317,281	33,518,898
	LaGuardia Airport	389,051	2,209,853	2,224,430
	Newark Liberty International Airport	3,703,518	14,332,312	14,128,785
	New York Stewart International Airport	-	159,591	324,281
	Subtotal International Passengers	12,265,084	51,019,037	50,196,394
TOTAL PASSENGERS	TOTAL PASSENGERS			
	John F. Kennedy International Airport	16,392,432	62,551,072	61,636,235
	LaGuardia Airport	8,184,240	31,084,894	30,082,127
	Newark Liberty International Airport	16,004,170	46,336,452	45,859,520
	New York Stewart International Airport	97,994	525,715	690,411
	Subtotal Passengers	40,678,836	140,498,133	138,268,293
	CARGO-TONS			
	John F. Kennedy International Airport	1,150,978	1,338,415	1,422,160
	LaGuardia Airport	5,804	6,376	5,996
	Newark Liberty International Airport	682,631	825,266	848,161
CARGO-TONS	New York Stewart International Airport	23,017	23,606	22,808
	Subtotal Cargo-tons	1,862,430	2,193,663	2,299,125
	Revenue mail-tons	133,332	177,413	154,244
				153,733

* Certain 2020 and 2019 numbers reflect estimated data based on available year-end information and are subject to revision.

(a) International oceanborne general and bulk cargo as recorded in the New York - New Jersey Customs District.

See accompanying independent auditors' report.

2016	2015	2014	2013	2012	2011
47,497,000	46,361,000	45,136,000	45,364,000	45,042,000	46,116,000
15,993,000	15,706,000	15,597,000	15,580,000	15,909,000	16,644,000
14,727,000	14,763,000	14,915,000	15,511,000	15,489,000	15,968,000
30,303,000	28,883,000	28,317,000	28,997,000	29,455,000	29,700,000
108,520,000	105,713,000	103,965,000	105,452,000	105,895,000	108,428,000
440,000	429,000	426,000	429,000	430,000	487,000
2,164,000	2,165,000	2,151,000	2,128,000	2,106,000	2,156,000
191,000	199,000	209,000	220,000	234,000	268,000
177,000	176,000	172,000	171,000	187,000	200,000
2,972,000	2,969,000	2,958,000	2,948,000	2,957,000	3,111,000
3,692,000	3,666,000	3,475,000	3,609,000	3,639,000	3,794,000
1,055,000	1,061,000	1,043,000	1,038,000	1,000,000	1,029,000
447,000	447,000	446,000	427,000	395,000	354,000
2,085,000	2,091,000	2,131,000	2,214,000	2,367,000	2,434,000
7,279,000	7,265,000	7,095,000	7,288,000	7,401,000	7,611,000
51,629,000	50,456,000	49,037,000	49,402,000	49,111,000	50,397,000
19,212,000	18,932,000	18,791,000	18,746,000	19,015,000	19,829,000
15,365,000	15,409,000	15,570,000	16,158,000	16,118,000	16,590,000
32,565,000	31,150,000	30,620,000	31,382,000	32,009,000	32,334,000
118,771,000	115,947,000	114,018,000	115,688,000	116,253,000	119,150,000
78,553,560	76,541,453	73,679,425	72,748,729	72,563,052	76,555,644
269,081	258,425	250,071	244,484	241,725	256,186
32,556,203	36,781,069	35,370,355	34,059,540	34,322,209	33,896,217
6,251,953	6,371,720	5,772,303	5,467,347	5,529,908	5,503,485
505,150	477,170	393,391	452,778	426,943	387,656
3,212,603	5,050,519	5,042,690	3,732,292	3,240,189	3,885,614
3,416,144	3,427,226	3,098,049	2,895,769	2,782,059	2,652,744
186,364	236,787	244,237	274,066	428,750	544,272
3,602,508	3,664,013	3,342,286	3,169,835	3,210,809	3,197,016
1,193,000	1,179,000	1,166,000	1,155,000	1,127,000	1,132,000
172,000	170,000	168,000	167,000	163,000	153,000
478,640	478,560	470,060	469,900	469,304	407,200
1,843,640	1,827,560	1,804,060	1,791,900	1,759,304	1,692,200
448,753	439,298	423,421	406,181	401,728	408,730
369,987	358,609	360,834	370,861	369,989	365,870
431,594	413,873	396,386	413,774	414,127	410,024
37,295	37,834	36,881	38,905	42,123	46,530
1,287,629	1,249,614	1,217,522	1,229,721	1,227,967	1,231,154
27,245,463	26,806,854	25,021,432	23,913,096	24,217,083	23,757,976
27,996,763	26,684,923	25,157,202	24,953,572	24,274,029	23,086,756
27,995,353	25,693,128	23,762,627	23,716,837	22,836,683	22,189,669
275,421	281,754	309,357	320,682	364,848	412,053
83,513,000	79,466,659	74,250,618	72,904,187	71,692,643	69,446,454
31,693,184	30,079,898	28,198,994	26,541,183	25,057,093	23,886,084
1,790,006	1,752,745	1,814,893	1,727,528	1,433,755	1,035,722
12,324,428	11,805,317	11,848,060	11,299,399	11,147,344	11,509,823
-	-	-	-	-	1,601
45,807,618	43,637,960	41,861,947	39,568,110	37,638,192	36,433,230
58,938,647	56,886,752	53,220,426	50,454,279	49,274,176	47,644,060
29,786,769	28,437,668	26,972,095	26,681,100	25,707,784	24,122,478
40,319,781	37,498,445	35,610,687	35,016,236	33,984,027	33,699,492
275,421	281,754	309,357	320,682	364,848	413,654
129,320,618	123,104,619	116,112,565	112,472,297	109,330,835	105,879,684
1,311,191	1,332,091	1,343,855	1,321,035	1,319,226	1,382,949
7,586	7,721	7,140	6,720	7,009	7,390
746,770	405,214	666,840	663,155	742,898	812,341
18,729	15,144	15,227	17,490	18,781	16,263
2,084,276	1,760,170	2,033,062	2,008,400	2,087,914	2,218,943
140,418	126,026	112,524	158,778	174,242	184,696

