

The Port Authority of New York and New Jersey

Condensed Consolidated Financial Statements as of and for the
Three-Month Period Ended March 31, 2018 (Unaudited)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of the financial activities of the Port Authority of New York and New Jersey (The Port Authority) and its component units as of and for the three-month period ended March 31, 2018. This overview is intended to serve as an introduction to the unaudited condensed consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and should be read in conjunction with the Port Authority's audited financial statements and appended note disclosures for the year ended December 31, 2017.

The unaudited financial results for the three-month period ended March 31, 2018 contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2018.

Management's Discussion and Analysis

Management's Discussion and Analysis provides an assessment of how the Port Authority's financial position has changed and identifies the factors that, in management's view, significantly affected the Port Authority's overall financial position.

The Condensed Consolidated Financial Statements

The Statements of Net Position provide information about the nature and amounts of investments in resources (Assets) and the obligations (Liabilities) to the Port Authority, with the difference between the two reported as Net Position (Equity).

The Statements of Revenues, Expenses and Changes in Net Position show how the Port Authority's overall Net position changed during the three-month period ended March 31, 2018 and March 31, 2017.

The Statements of Cash Flows provide information about the Port Authority's cash receipts, cash payments, and net changes in cash resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities for the three-month period ended March 31, 2018 and March 31, 2017.

2. FINANCIAL REPORTING ENTITY

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 primarily 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 for the use of, and privileges at certain of the Port Authority's facilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

3. BASIS OF ACCOUNTING

The Port Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, Net position, Revenues and Expenses are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The preparation of the condensed consolidated 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 condensed consolidated 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.

Adoption of New Accounting Standard

In June 2015, GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" The requirements of GASB Statement No. 75 are effective for financial statements periods beginning after June 15, 2017. The objective of this Statement is to improve financial accounting and reporting for postemployment benefits other than pensions by governmental employers that provide such benefits, commonly referred to as OPEB. The Port Authority is in the process of calculating the cumulative impact of adopting GASB Statement No. 75 for its year ending December 31, 2018 audited consolidated financial statements. It is currently estimated that the cumulative impact of adopting GASB Statement No. 75 on the Port Authority's unrestricted Net Position is a decrease of approximately \$1.7 billion.

4. FINANCIAL STATEMENT COMPARISON FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

Net Position (Equity)

The Port Authority's overall Net position (Equity) totaled \$17.2 billion at March 31, 2018, an increase of \$142 million from December 31, 2017. This increase is comprised of Income from operations of \$189 million, partially offset by Non-operating expenses of \$47 million.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

	March 31, 2018	March 31, 2017	Variance
		(In thousands)	
Gross operating revenues	\$ 1,258,232	\$ 1,223,761	\$ 34,471
Operating expenses	(757,950)	(734,671)	(23,279)
Depreciation and amortization	(311,334)	(312,253)	919
Income from operations	188,948	176,837	12,111
Financial income*	6,342	10,544	(4,202)
Interest expense, net**	(207,256)	(205,070)	(2,186)
Grants and other non-operating revenues/(expenses)***	5,601	4,656	945
Capital contributions and Passenger Facility Charges (PFCs)	147,892	144,895	2,997
Non-operating (expenses)/revenues	(47,421)	(44,975)	(2,446)
Increase in net position	\$ 141,527	\$ 131,862	\$ 9,665

* Includes changes to the fair market value of investments of \$(9.6) million in 2018 and \$(417) thousand in 2017, respectively.

** Includes amounts due the Port Authority related to the reimbursement of Tower 4 Liberty Bond debt service payments.

***Includes pass-through grant payments to sub-recipients of \$877 thousand in 2018 and \$16.6 million in 2017, respectively.

Income from Operations:

The Port Authority generated \$189 million in Income from operations in the first three-months of 2018, an increase of \$12 million when compared to the same three-month period of 2017. The major economic impacts to Income from operations are discussed below.

Gross operating revenues of \$1.3 billion increased \$34 million or 2.8% from the same three-month period in 2017. Fixed and percentage rentals increased \$19 million primarily due to increased percentage rentals at Port Authority Marine Terminals resulting from increased container activity, derived from strong demand for imported goods, facilitated in part by the completion of the Bayonne Bridge Navigational Clearance Project in 2017, which allows access of larger, more efficient ships to certain marine terminals. In addition, fixed rentals increased at One World Trade Center (WTC) due to higher occupancy and scheduled rent escalations for existing tenants and John F. Kennedy International (JFK) airport resulting from the receipt of a non-recurring cargo handling lease termination fee. Aviation fees, which provide for the recovery of certain capital investments and operating expenses at the Port Authority's three major airports increased \$17 million, primarily due to the recovery of additional aeronautical related capital investment. PATH fares increased \$1.7 million primarily due to a 1.2% increase in passenger activity due to continued economic growth in Manhattan and Hudson County, New Jersey. Cargo Facility Charges (CFC) and Wharfage fees at Port Authority Marine Terminals increased \$1.6 million due to a 7.5% increase in container activity. Toll revenue at the Port Authority's six (6) vehicular crossings was consistent with the same period in 2017, primarily due to an 0.8% increase in overall vehicular traffic, partially impacted by inclement weather conditions in the first quarter of 2018, offset by increased toll discounts resulting from higher E-ZPass® usage. Partially offsetting these amounts was a decrease in parking revenues at Aviation facilities of approximately \$4 million primarily due to decreased public parking activity as a result of inclement winter weather conditions in the first quarter of 2018 when compared to the same period in 2017.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

Operating expenses of \$758 million increased \$23 million or 3.1% from the same three-month period in 2017. Employee compensation increased \$12 million primarily due to increased headcount and wages, including additional police officers and increased snow and ice removal activities at Port Authority facilities when compared to the same period in 2017.

Operating expenditures relating to contract services for operational and maintenance support, utility consumption, rents and professional consulting services increased \$11 million primarily due to increased contract security guard services at the World Trade Center (WTC) and Aviation facilities, increased building maintenance services for WTC site operational locations, increased maintenance dredging at Port Authority Marine Terminals and increased utility consumption, primarily at Aviation facilities and WTC, resulting from inclement winter weather conditions in the first quarter of 2018. Partially offsetting these increases was decreased professional consulting services due to the completion of certain studies and conceptual design activities at Aviation facilities and decreased contractor payments for the demolition of certain structures at Stewart International Airport.

Depreciation and amortization of \$311 million decreased \$1 million from the same three-month period of 2017, primarily due to the existing Goethals Bridge being fully depreciated in December 2017 in anticipation of the replacement bridge becoming fully operational. Partially offsetting this decrease were increases relating to the completion of additional capital construction projects located at the World Trade Center site, including the Vehicular Security Center (VSC).

Non-Operating (Revenue) and Expense Activities, net

Non-operating expense activities of \$47 million increased \$2 million from the same three-month period of 2017, primarily due to a \$4 million decrease in financial income due to a year to year increase in interest rates and the resulting downward impact on the fair market valuation of the Port Authority's investment portfolio, comprised primarily of United States Treasury securities, partially offset by an increase in realized earnings on Port Authority's investments purchased in 2018. Interest expense in connection with bonds and other asset financings increased \$2 million when compared to the same three-month period of 2017, primarily due to an overall increase in debt obligations when compared to the same period in 2017, partially offset by an increase in interest charged to capital projects under construction and the achievement of debt service savings resulting from the refunding of certain outstanding debt obligations in 2017. Grants and Contributions in aid of construction increased \$4.0 million primarily due to increases in Federal Emergency Management Agency (FEMA) funding for Superstorm Sandy restoration and resiliency projects at Port Authority Aviation, Tunnels, and Rail facilities and the receipt of a \$48 million capital contribution from the World Trade Center Performing Arts Center, Inc. to fund certain subgrade WTC capital infrastructure, partially offset by a \$47 million decrease in Federal Transportation Administration (FTA) funding related to the construction of the WTC Transportation Hub, which was phased out in 2017.

Assets:

Port Authority assets totaled \$47.4 billion at March 31, 2018, an increase of \$801 million from December 31, 2017. This overall increase is primarily due to:

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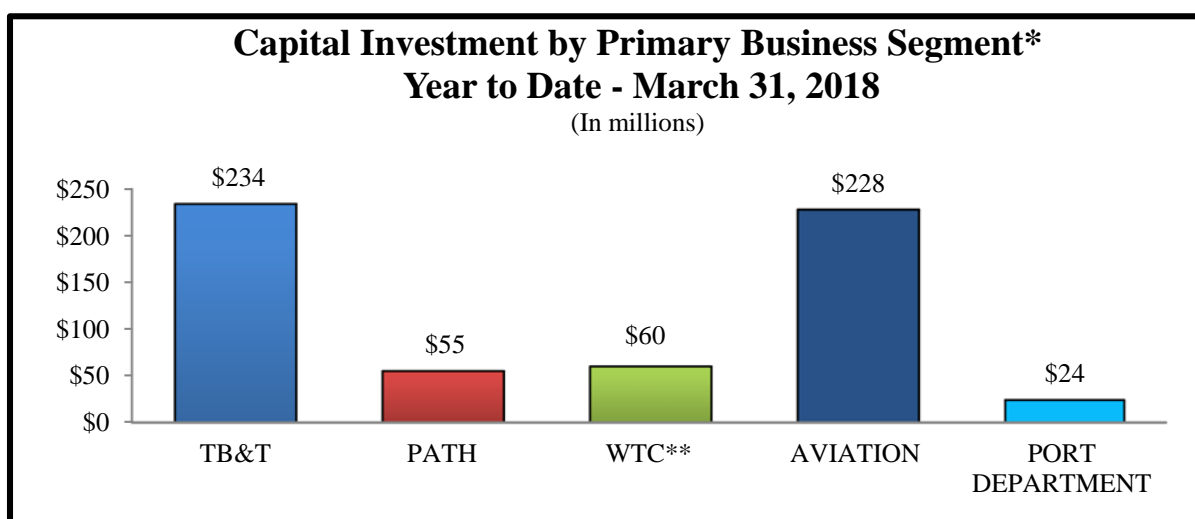
MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

Facilities, net, including capital investment funded with capital contributions in aid of construction activities totaled \$36.3 billion at March 31, 2018, an increase of approximately \$301 million, primarily due to increased capital investment in Aviation and TB&T transportation facilities as outlined in the 2017-2026 ten-year capital plan, less year-to-date depreciation.

For additional information related to the Port Authority's current ten-year capital plan, please refer to Port Authority's website at: <http://corpinfo.panynj.gov/documents/Capital-Plan-2017-2026>.

The following chart depicts capital investment in Port Authority facilities of \$601 million for the three-month period ended March 31, 2018, summarized by primary business segment.



*Excludes Development Facilities, Regional Facilities and Programs and Ferry Transportation.

**Capital Investment includes capital investment related to the WTC Transportation Hub.

Receivables (including restricted amounts) of \$802 million increased \$147 million from December 31, 2017, primarily due to timing differences in receiving payments relating to the maturity of certain investment securities received in April 2018, amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority and amounts due from the Three WTC and Four WTC net lessees, who exercised their right to defer certain rent and debt service payments.

Cash and Investments (excluding PAICE restricted investments) of \$5.3 billion increased approximately \$386 million when compared to December 2017. This overall increase in cash and investments was primarily the result of the investment, on an interim basis, of consolidated bond proceeds issued in February 2018 for purposes of refunding existing consolidated bonded debt obligations in the second and third quarters of 2018, partially offset by the funding of additional capital construction in core transportation facilities.

Cash flows from operations of \$504 million increased approximately \$58 million when compared to the same three-month period of 2017. This overall increase is primarily due to increased rentals and aviation fees, partially offset by an increase in payments to employees.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

Port Authority Investments, at fair value

Investment Type*	Fair Value Hierarchy Levels***	at March 31, 2018 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 3,604,207	467
United States Treasury Bills	Level 1	344,802	25
United States Government Agency Obligations	Level 2	192,275	7
JFK International Air Terminal LLC Obligations****	-	63,774	2,818
Repurchase Agreements****	-	489,657	5
Other Governmental Obligations	Level 2	6,159	349
Total Investments**		\$ 4,700,874	
Portfolio Weighted Average Maturity (in days)			399

* Excludes \$400 million of Collateralized Bank Accounts that are classified as cash equivalents and approximately \$1.4 billion in investments that are on deposit in a restricted trust dedicated to Other Postemployment Employee Benefits (OPEB).

** Excludes accrued interest receivable amounts of \$14 million.

*** 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 principle-to-principle markets.

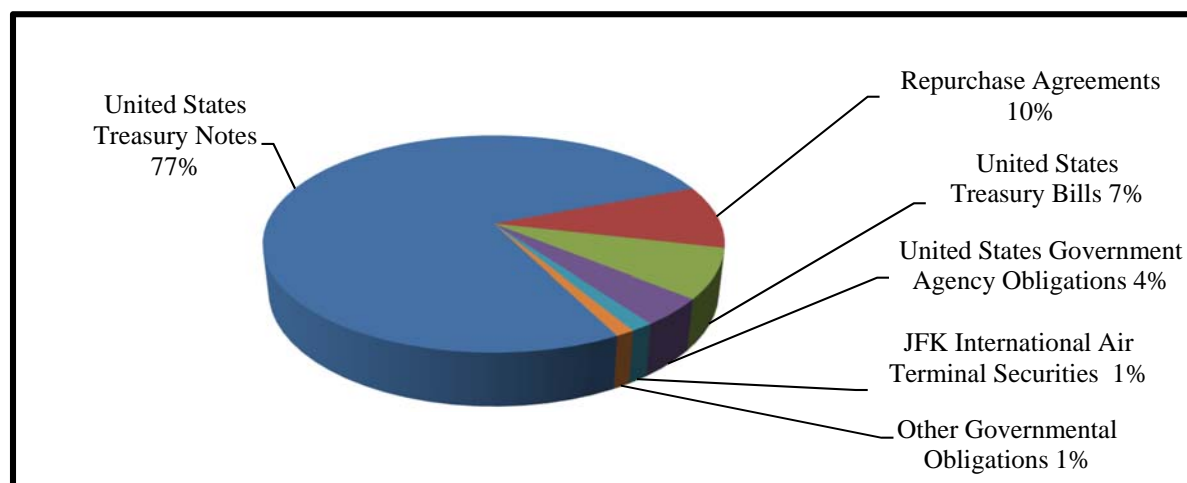
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

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 or last trade reported on the major market exchange on which the individual securities are traded.

****Investments are valued at unamortized cost.

Port Authority Investments Asset Allocation:



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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

Port Authority Insurance Captive Entity, LLC (PAICE) restricted investments of \$235 million, decreased \$4 million from December 31, 2017 primarily due to the maturity of United States Government securities that have not been reinvested as of March 31, 2018.

PAICE Investments, at fair value

Investment Type	Fair Value Hierarchy Levels**	at March 31, 2018 (In thousands)	Weighted Average Maturity (In Days)
United States Treasury Notes	Level 1	\$ 70,870	1,100
United States Government Agency Obligations	Level 2	13,196	361
Corporate Bonds	Level 2	149,515	896
Total Investments*		\$ 233,581	
Portfolio weighted average maturity (In days)			928

* Excludes accrued interest receivable of \$1.2 million.

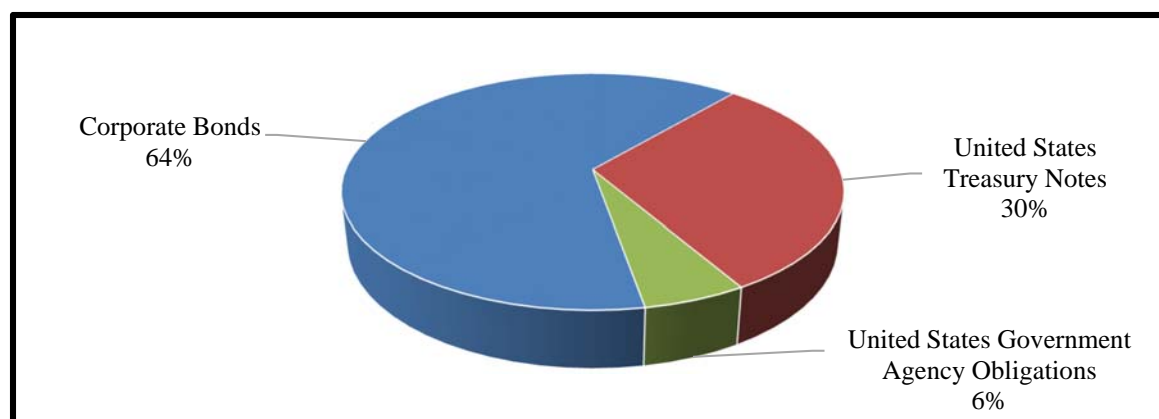
** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets, and principle-to-principle markets.

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 or last trade reported on the major market exchange on which the individual securities are traded.

PAICE Investments Asset Allocation:



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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

Liabilities:

Port Authority liabilities totaled \$30.4 billion at March 31, 2018, an increase of \$660 million from December 31, 2017.

Accrued interest and other liabilities of \$944 million increased \$141 million primarily due to the timing of scheduled debt service payments.

Bonds and other asset financing obligations of \$23.9 billion increased \$568 million from December 31, 2017. This increase was primarily attributable to the issuance of additional consolidated bonds in February 2018 for purposes of refunding existing debt obligations in the second and third quarters of 2018 and an increase in the Goethals Bridge Replacement Project (GBRP) Developer Financing Arrangement (DFA) due to the completion of additional capital construction. These amounts were partially offset by a \$16 million decrease in outstanding commercial paper notes and a \$23 million decrease in amounts payable related to The Fund for Regional Development Buy-Out Obligation.

Bonds and Other Financing Obligations*

	Opening Balance Dec. 31, 2017	Issued/ Accreted	Refunded/ Retired	Ending Balance March 31, 2018
	(In millions)			
Consolidated Bonds and Notes	\$ 20,673	\$ 832	\$ 350	\$ 21,155
Commercial Paper Notes	465	447	463	449
Variable Rate Master Notes	78	-	-	78
Fund for Regional Development Buy-Out Obligation	184	-	23	161
MOTBY Obligation	53	-	-	53
Goethals Bridge Replacement Developer Financing Arrangement	934	15	-	949
Subtotal-Principal	\$ 22,387	\$ 1,294	\$ 836	\$ 22,845
Add: Unamortized premium/(discount)	1,024	116	7	1,133
Total	\$ 23,411	\$ 1,410	\$ 843	\$ 23,978

*Excludes amounts payable associated with Special Project Bond projects of \$1.3 billion and Tower 4 Liberty Bonds of \$1.2 billion.

In the first quarter of 2018, the Port Authority issued approximately \$832 million in Consolidated Bonds and received \$116 million in bond premiums at issuance for purposes of refunding \$918 million of existing debt obligations to achieve savings on future debt service payments as well as to fund \$30 million of additional capital construction at Port Authority facilities.

Accounts payable of \$1.1 billion decreased \$120 million from December 31, 2017. This decrease is primarily due to a decrease in capital construction accruals related to the Bayonne Bridge Navigational Clearance Program and the Moynihan Station Transportation Program.

CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION – UNAUDITED*

	MARCH 31, 2018	DECEMBER 31, 2017
	(In thousands)	
Assets		
Facilities, net	\$ 36,264,395	\$ 35,963,576
Cash, including restricted amounts	600,472	858,896
Port Authority investments, including PFCs	4,715,368	4,071,618
PAICE restricted investments	234,783	238,927
Receivables, including restricted amounts	801,934	655,164
Amounts receivable - Special Project Bonds projects	1,314,570	1,314,334
Amounts receivable - Tower 4 Liberty Bonds	1,246,096	1,246,249
Unamortized costs for regional programs	161,019	172,060
Net OPEB asset	98,948	98,948
Other assets	1,945,539	1,961,906
Total assets	47,383,124	46,581,678
Deferred outflows of resources		
Loss on debt refundings	72,330	73,148
Pension related amounts	328,602	328,602
Total deferred outflows of resources	400,932	401,750
Liabilities		
Bonds and other asset financing obligations	23,978,238	23,410,555
Amounts payable - Special Project Bonds projects	1,314,570	1,314,334
Amounts payable - Tower 4 Liberty Bonds	1,246,096	1,246,249
Accounts payable	1,109,540	1,229,863
Accrued payroll, pension and other employee benefits	1,092,036	1,018,498
Unearned income related to WTC Retail	762,423	764,738
Accrued interest and other liabilities	943,950	802,670
Total liabilities	30,446,853	29,786,907
Deferred inflows of resources		
Gain on debt refundings	46,392	47,237
Pension related amounts	68,237	68,237
Total deferred inflows of resources	114,629	115,474
Net position	\$ 17,222,574	\$ 17,081,047

CONDENSED CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – UNAUDITED*

	THREE-MONTHS ENDED MARCH 31, 2018	2017
	(In thousands)	
Gross operating revenues	\$ 1,258,232	\$ 1,223,761
Operating expenses	(757,950)	(734,671)
Depreciation and amortization	(311,334)	(312,253)
Income from operations	188,948	176,837
Non-operating expenses, net	(195,313)	(189,870)
Capital contributions and PFC's	147,892	144,895
Non-operating revenues/(expenses)	(47,421)	(44,975)
Increase in net position	141,527	131,862
Net position, January 1	17,081,047	16,574,894
Net position, March 31	\$ 17,222,574	\$ 16,706,756

see footnote () on next page.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED*

	THREE-MONTHS ENDED MARCH 31,	
	2018	2017
	(In thousands)	
Net cash provided by operating activities	\$ 504,338	\$ 446,145
Net cash (used for) noncapital financing activities	(17,470)	(38,146)
Net cash provided / (used for) capital construction and related financing activities	65,559	(438,584)
Net cash (used for) investing activities	(810,851)	(228,225)
Net decrease in cash	(258,424)	(258,810)
Cash at beginning of year	858,896	738,035
Cash at three-months ended	\$ 600,472	\$ 479,225

* The unaudited Condensed Consolidated Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows have been prepared, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with accounting principles generally accepted in the United States of America. This unaudited condensed financial information should be read in conjunction with the Consolidated Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2017.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES - UNAUDITED

(In thousands)

Three-month period ended March 31, 2018

	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income/(Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions and PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	\$ 397,762	\$ 121,229	\$ 45,624	\$ 230,909	\$ 38,222	\$ 904	\$ 193,591
PATH	48,211	117,670	48,950	(118,409)	48,291	8,676	(158,024)
Aviation	658,841	403,483	111,679	143,679	44,522	82,465	181,622
Port Commerce	78,809	40,677	22,934	15,198	21,022	7,847	2,023
World Trade Center	68,443	71,181	64,565	(67,303)	33,682	48,000	(52,985)
Other***	6,166	3,710	17,582	(15,126)	9,574	-	(24,700)
Increase in net position	\$1,258,232	\$ 757,950	\$ 311,334	\$ 188,948	\$ 195,313	\$ 147,892	\$ 141,527

Three-month period ended March 31, 2017

	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income/(Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions and PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	\$ 397,638	\$ 119,499	\$ 49,011	\$ 229,128	\$ 29,718	\$ 944	\$ 200,354
PATH	45,790	101,140	51,022	(106,372)	48,107	53,904**	(100,575)
Aviation	638,618	404,404	112,880	121,334	47,597	78,076	151,813
Port Commerce	70,041	34,141	23,108	12,792	22,411	2,733	(6,886)
World Trade Center	65,313	72,165	59,671	(66,523)	34,201	9,238	(91,486)
Other***	6,361	3,322	16,561	(13,522)	7,836	-	(21,358)
Increase in net position	\$1,223,761	\$ 734,671	\$ 312,253	\$ 176,837	\$ 189,870	\$ 144,895	\$ 131,862

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

** PATH Capital Contributions include Federal Transit Administration (FTA) funding related to the construction of the WTC Transportation Hub.

*** Other includes Development Facilities, certified Regional Facilities and Programs, Ferry Transportation, Access to the Regions Core (ARC), Moynihan Station Transportation Program and PAICE administrative expenses.

Note: These unaudited schedules related to Port Authority Facilities have been prepared, subject to audit, adjustment and reconciliation, solely for general information purpose, in accordance with accounting principles generally accepted in the United States of America. This unaudited financial information should be read in conjunction with the Consolidated Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2017.

REVENUES AND RESERVES (pursuant to Port Authority bond resolutions) – UNAUDITED

	March 31, 2018 (Actual)	March 31, 2018 (Budget)	March 31, 2017 (Actual)
	(In millions)		
Gross operating revenues	\$ 1,256	\$ 1,250	\$ 1,221
Total operating expenses	(758)	(780)	(735)
Amounts in connection with operating asset obligations*	(4)	(4)	(4)
Net operating revenue	494	466	482
Grants and contributions in aid of construction	77	35	64
Application of Passenger Facility Charges	18	17	14
Financial Income and Other	22	27	27
Net revenues available for debt service	611	545	587
Debt service**	(230)	(225)	(224)
Net Revenues after Debt Service and Transfers to Reserves***	\$ 381	\$ 320	\$ 363

* Includes interest expense on Equipment notes and the Fund for Regional Development Buy-out obligation.

** Includes debt service on Consolidated bonds and notes and special obligations of the Port Authority, including Commercial paper obligations, Variable rate master notes, MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement Developer Financing Arrangement.

*** Excludes the application of amounts from the Consolidated Bond Reserve Fund for purposes of funding capital investment in Port Authority Facilities.

FACILITY TRAFFIC – UNAUDITED

	1st Qtr. 2018	1st Qtr. 2017	% Increase
	(in thousands)		
Total Aviation Passengers	29,150	29,130	0.1%
Total Tunnel and Bridge Vehicles	27,200	26,980	0.8%
Total PATH Passengers	19,365	19,140	1.2%
Total Containers-Marine Terminals	950	890	7.5%