

# The Port Authority of New York and New Jersey

Condensed Consolidated Financial Statements as of and for the  
Six-Month Period Ended June 30, 2019 (Unaudited)

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

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### 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 six-month period ended June 30, 2019. 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, 2018 that are posted in the corporate information section on the Port Authority's website.

The unaudited financial results for the six-month period ended June 30, 2019 contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2019.

#### *Management's Discussion and Analysis*

The Management's Discussion and Analysis (MD&A) section 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 Statement of Net Position provides information about the nature and amounts of investments in resources (Assets) and obligations (Liabilities) to the Port Authority, with the difference between the two reported as Net Position (Equity).

The Statement of Revenues, Expenses and Changes in Net Position shows how the Port Authority's overall Net position changed during the six-month period ended June 30, 2019 and June 30, 2018.

The Statement of Cash Flows provides 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 six-month period ended June 30, 2019 and June 30, 2018.

### 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.

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

### 3. BASIS OF ACCOUNTING

The Port Authority's 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, 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.

### 4. FINANCIAL STATEMENT COMPARISON FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	Six-Month Period Ended June 30, 2019	Six-Month Period Ended June 30, 2018	Variance
	(in thousands)		
Gross operating revenues	\$ 2,685,273	\$ 2,621,680	\$ 63,593
Operating expenses	(1,625,651)	(1,558,967)	(66,684)
Net operating income	1,059,622	1,062,713	(3,091)
Depreciation and amortization	(694,703)	(652,033)	(42,670)
Net revenue related to Superstorm Sandy	171,765	-	171,765
Income from operations	536,684	410,680	126,004
Financial income*	59,152	21,532	37,620
Interest expense, net**	(433,478)	(420,533)	(12,945)
Grants and other non-operating revenues/(expenses)***	13,268	18,054	(4,786)
Capital contributions and Passenger Facility Charges (PFC's)	279,241	275,122	4,119
Non-operating expenses, net	(81,817)	(105,825)	24,008
Increase in net position	\$ 454,867	\$ 304,855	\$ 150,012

\* Includes changes to the fair market value of investments of \$26.3 million in 2019 and \$(9.2) million in 2018, respectively.

\*\* Six-month period ended June 2019 and June 2018 interest expense amounts are net of \$32.6 million due the Port Authority for the reimbursement of Tower 4 Liberty Bond debt service payments from the WTC Tower 4 net lessee.

\*\*\* Includes pass-through grant payments to sub-recipients of \$298 thousand in 2019 and \$1.3 million in 2018, respectively.

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

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### **Overview of Operating Results:**

*Net operating income* of \$1.1 billion for the six-month period ended June 30, 2019 is approximately \$13 million or 1.2% above the 2019 operating budget and flat when compared to the same six-month period of 2018.

The Port Authority's *Net Position (Equity)* increase of \$454.9 million for the six-month period ended June 30, 2019 is approximately \$150 million higher than the same six-month period in 2018. This increase is primarily due to the receipt in June 2019 of insurance proceeds of \$172 million related to Super Storm Sandy losses.

*Gross operating revenues* of \$2.7 billion increased \$63.6 million as compared to the same six-month period in 2018. This overall increase is primarily due to; *a.*) a \$35.4 million increase in scheduled rent increases, and higher activity and occupancy at Aviation facilities, Marine Terminals and the World Trade Center (WTC); *b.*) a \$25.7 million increase in airline cost recovery based fees due to increased policing and security costs and additional aeronautical capital investment being placed into service; and *c.*) a \$2.5 million increase in bridge and tunnels tolls due to a 1.9% increase in overall vehicular traffic, partially offset by increased toll violations and toll discounts resulting from higher E-ZPass® usage.

*Operating expenses* of \$1.6 billion increased \$66.7 million as compared to the same six-month period in 2018. This overall increase is primarily due to: *a.*) a \$20.9 million increase in employee compensation due to general wage increases and additional headcount necessary to meet ongoing public safety and operational requirements, *b.*) a \$39.3 million increase in payments to third-party contractors as a result of scheduled contractor rate increases, incremental resources necessary to manage the impacts of construction at LaGuardia Airport and PATH, and the commencement in July 2018 of maintenance payments to the Goethals Bridge Public Private Partnership; partially offset by a decrease in snow and ice removal contract services activities, and *c.*) a \$12.2 million increase in materials and equipment related to the replacement of fleet vehicles, including specialized snow removal vehicles and the purchase of electrical supplies at Aviation facilities.

*Depreciation and amortization* of \$694.7 million increased \$42.7 million as compared to the same six-month period of 2018 as a result of the completion of approximately \$6.0 billion of capital construction projects during 2018 and 2019. These capital infrastructure assets include elements of the; *a.*) LaGuardia Airport (LGA) Redevelopment Program; *b.*) Goethals Bridge Replacement Bridge Program; *c.*) Bayonne Bridge Navigational Clearance Program; *d.*) PATH Signal Replacement Program; *e.*) Lincoln Tunnel Access Program; and, *f.*) JFK infrastructure rehabilitation projects.

*Net revenues related to Superstorm Sandy* of \$171.8 million represent final insurance recoveries received in the second quarter of 2019 for losses sustained by the Port Authority as a result of Superstorm Sandy.

### ***Non-Operating Income and Expense Activities, net:***

*Financial Income* of \$59.2 million increased \$37.6 million as compared to the same six-month period of 2018, primarily due to an increase in non-cash unrealized gains related to the fair market value of United States Treasury securities.

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

**Interest Expense** of \$433.5 million increased \$12.9 million as compared to the same six-month period of 2018 due to increased Goethals Bridge Replacement Developer Financing Arrangement (DFA) debt service payments; partially offset by lower outstanding Consolidated Bonds and the Fund for Regional Development Buy-Out obligation.

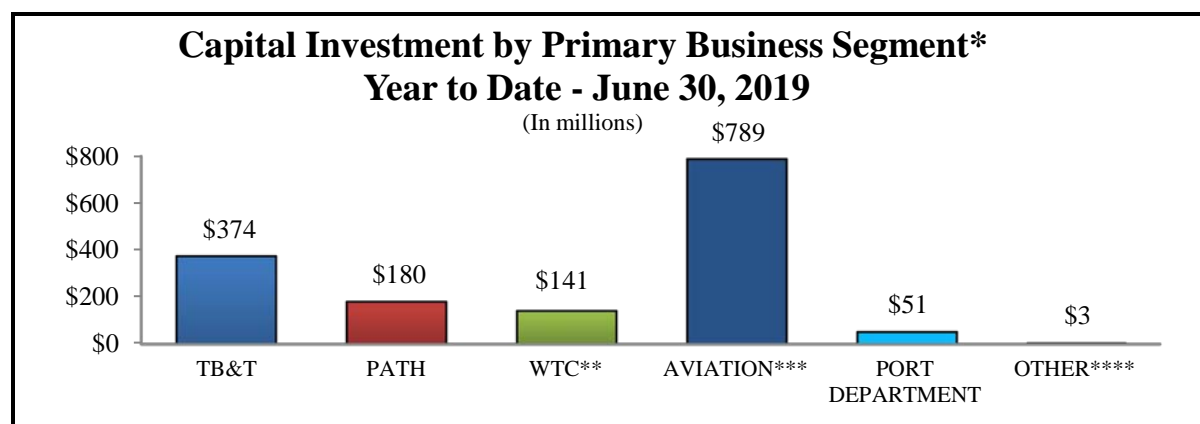
### Assets:

Port Authority Assets totaled \$47.6 billion at June 30, 2019, an increase of \$288.6 million from December 31, 2018. This overall increase is primarily due to:

**Facilities, net** of \$38.1 billion, increased approximately \$729.1 million, primarily due to additional capital investment in Aviation and Tunnel and Bridge 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 \$1.5 billion for the six-month period ended June 30, 2019, summarized by business segment.



\* Business segment capital investment includes Security capital projects of \$45 million and non-Port Authority managed capital projects of \$136 million, respectively.

\*\* Includes capital investment related to the WTC Transportation Hub and required capital contributions from the WTC Tower 3 net lessee.

\*\*\* Includes landlord leasehold capital improvements totaling \$133 million related to the redevelopment of LaGuardia Airport Terminal B.

\*\*\*\* Includes Development Facilities, Regional Facilities and Programs, Ferry Transportation and Gateway Early Work Program.

**Receivables (including restricted amounts)** of \$943.7 million increased \$235.8 million from December 31, 2018, primarily due to timing differences in receiving payments from *a.)* lessees at Aviation facilities, *b.)* third party capital contributions primarily related to PATH and WTC Superstorm Sandy permanent repair and resiliency capital projects, *c.)* the maturity of certain securities on June 30, 2019 and *d.)* insurance recoveries related to Superstorm Sandy.

**Port Authority Investments** of \$3.2 billion decreased approximately \$539.7 million from December 2018 primarily due to the funding of capital construction at Port Authority facilities.

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

### Port Authority Investments, at fair value

Investment Type*	Fair Value Hierarchy Levels***	At June 30, 2019 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 2,047,847	359
United States Treasury Bills	Level 1	325,340	62
JFK International Air Terminal LLC Obligations****	-	55,803	2,347
Repurchase Agreements****	-	790,305	3
Total Investments**		\$ 3,219,295	
Portfolio Weighted Average Maturity (in days)			276

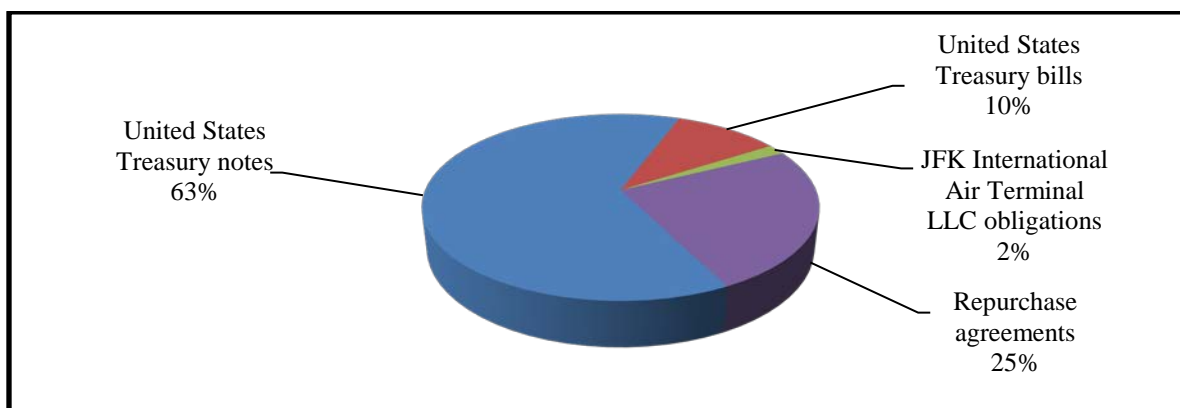
\* Excludes \$5.3 million of Collateralized Bank Accounts that are classified as cash equivalents and approximately \$1.6 billion in investments that are on deposit in a restricted trust dedicated to Other Postemployment Benefits (OPEB).

\*\* Excludes accrued interest receivable amounts of \$12.9 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.

\*\*\*\* Investments are valued at unamortized cost.

### Port Authority Investments Asset Allocation:



**Port Authority Insurance Captive Entity, LLC (PAICE)** restricted investments of \$128.4 million decreased approximately \$113.5 million from December 2018 primarily due to the issuance of intercompany loans to the Port Authority in the first-quarter of 2019.

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

### PAICE Investments, at fair value

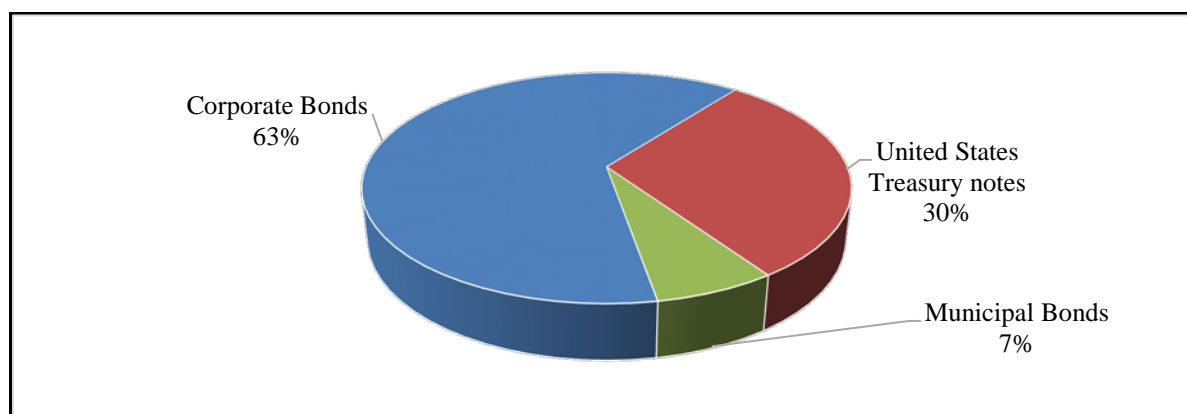
Investment Type	Fair Value Hierarchy Levels**	at June 30, 2019 (In thousands)	Weighted Average Maturity (In Days)
United States Treasury Notes	Level 1	\$ 37,700	1,388
Corporate Bonds	Level 2	81,101	838
Municipal Bonds	Level 2	8,645	1,194
Total Investments*		\$ 127,446	
Portfolio weighted average maturity (In days)			1,025

\* Excludes \$210 million intercompany loan to the Port Authority and accrued interest receivable of \$913 thousand.

\*\* 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.

### PAICE Investments Asset Allocation:



**Cash balances** of \$137.6 million decreased approximately \$157.4 million from December 2018 primarily due to increased payments to employees for the retroactive wage settlement of expired labor contract, payments to contractors for the ambitious capital construction program, and the timing of debt issuances to fund construction.

Cash flows from operations of \$954.4 million decreased approximately \$186.7 million when compared to the same six-month period of 2018. This overall decrease is primarily due to an increase in payments to employees as a result of the settlement of expired labor contracts; partially offset by the receipt of Superstorm Sandy insurance proceeds.

### Liabilities:

**Port Authority liabilities** totaled \$31.6 billion at June 30, 2019, a decrease of \$176.9 million from December 31, 2018. This overall decrease is due to:



# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

**Accrued payroll, pension and other employee benefits** decreased \$169.5 million from December 2018 primarily due to increased payments to employees as a result of the retroactive settlement of expired labor contracts and contributions to the Port Authority of New York and New Jersey Retiree Health Benefits Trust.

**Bonds and other asset financing obligations**, excluding Tower 4 Liberty Bonds totaled \$23.8 billion at June 30, 2019, a decrease of \$52.6 million. This decrease was primarily due to the scheduled maturity of obligations .

### Bonds and Other Financing Obligations\*

	Opening Balance Dec. 31, 2018	Issued/ Accreted	Refunded/ Retired	Ending Balance June 30, 2019
		(In millions)		
Consolidated Bonds and Notes	\$ 20,899	\$ -	\$ 39	<b>\$ 20,860</b>
Commercial Paper Notes	481	1,944	1,904	<b>521</b>
Variable Rate Master Notes	70	-	-	<b>70</b>
Fund for Regional				
Development Buy-Out Obligation	144	-	22	<b>122</b>
MOTBY Obligation	51	-	2	<b>49</b>
Goethals Bridge Replacement				
Developer Financing Arrangement	1,021	1	-	<b>1,022</b>
Subtotal-Principal	\$ 22,666	\$ 1,945	\$ 1,967	<b>\$ 22,644</b>
Add: Unamortized premium/(discount)	1,232	-	31	<b>1,201</b>
<b>Total</b>	<b>\$ 23,898</b>	<b>\$ 1,945</b>	<b>\$ 1,998</b>	<b>\$ 23,845</b>

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

**Accounts payable** of \$1.4 billion increased \$91.6 million from December 31, 2018, primarily due to timing of payments for capital construction projects.

**CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION – UNAUDITED\***

	<b>JUNE 30, 2019</b>	<b>DECEMBER 31, 2018</b>
	(In thousands)	
<b>Assets</b>		
Facilities, net	\$ 38,129,072	\$ 37,400,013
Cash, including restricted amounts	137,640	295,055
Port Authority investments, including PFCs	3,232,212	3,771,889
PAICE restricted investments	128,359	241,870
Receivables, including restricted amounts	943,742	707,898
Amounts receivable - Special Project Bonds projects	1,233,903	1,233,432
Amounts receivable - Tower 4 Liberty Bonds	1,245,331	1,245,637
Unamortized costs for regional programs	110,926	130,186
Landlord leasehold investment-LGA Terminal B	584,949	451,547
Other assets	1,886,675	1,866,703
Total assets	<u>47,632,809</u>	<u>47,344,230</u>
<b>Deferred outflows of resources</b>		
Loss on debt refunding's	73,805	78,510
Pension related amounts	276,586	276,586
OPEB related amounts	169,257	169,257
Total deferred outflows of resources	<u>519,648</u>	<u>524,353</u>
<b>Liabilities</b>		
Bonds and other asset financing obligations	23,844,594	23,897,174
Amounts payable - Special Project Bonds projects	1,233,903	1,233,432
Amounts payable - Tower 4 Liberty Bonds	1,245,331	1,245,637
Accounts payable	1,366,788	1,275,183
Accrued payroll, pension, and other employee benefits	2,380,899	2,550,373
Unearned income -WTC Retail	750,847	755,478
Accrued interest and other liabilities	764,197	806,172
Total liabilities	<u>31,586,559</u>	<u>31,763,449</u>
<b>Deferred inflows of resources</b>		
Gain on debt refundings	49,756	43,859
Pension related amounts	177,998	177,998
OPEB related amounts	4,883	4,883
Total deferred inflows of resources	<u>232,637</u>	<u>226,740</u>
<b>Net position</b>	<u>\$ 16,333,261</u>	<u>\$ 15,878,394</u>

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

	<b>SIX-MONTHS ENDED JUNE 30, 2019</b>	<b>2018</b>
	(In thousands)	
Gross operating revenues	\$ 2,685,273	\$ 2,621,680
Operating expenses	(1,625,651)	(1,558,967)
Depreciation and amortization	(694,703)	(652,033)
Net revenues related to Superstorm Sandy	171,765	-
Income from operations	<u>536,684</u>	<u>410,680</u>
Non-operating expenses, net	(361,058)	(380,947)
Capital contributions and PFC's	279,241	275,122
Non-operating revenues/(expenses)	<u>(81,817)</u>	<u>(105,825)</u>
<b>Increase in net position</b>	454,867	304,855
Net position, January 1	<u>15,878,394</u>	<u>15,370,056</u>
<b>Net position, June 30</b>	<u>\$ 16,333,261</u>	<u>\$ 15,674,911</u>

\*see footnote (\*) on next page.

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED\*

	SIX-MONTHS ENDED JUNE 30,	
	2019	2018
	(In thousands)	
Net cash provided by operating activities	\$ 954,418	\$ 1,141,092
Net cash (used for) noncapital financing activities	(23,215)	(8,035)
Net cash (used for) capital construction and related financing activities	(1,741,243)	(885,372)
Net cash provided by / (used for) investing activities	652,625	(613,057)
Net (decrease) in cash	(157,415)	(365,372)
Cash at beginning of year	295,055	858,896
Cash at six-months ended	\$ 137,640	\$ 493,524

\* 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, 2018.

# CONDENSED CONSOLIDATED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES - UNAUDITED

## Six-month period ended June 30, 2019

	(In thousands)						
	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	\$ 847,951	\$ 265,836	\$ 122,445	\$ 459,670	\$ 120,186	\$ 4,802	\$ 344,286
PATH	101,390	218,382	100,137	(217,129)	79,840	57,118	(239,851)
Aviation	1,400,555	897,358	235,847	267,350	71,397	174,352	370,305
Port Commerce	162,186	79,414	47,733	35,039	35,654	9,471	8,856
World Trade Center	161,055	158,653	152,714	(150,312)	49,110	33,498	(165,924)
Other**	12,136	6,008	35,827	(29,699)	4,871	-	(34,570)
Net revenue related to Superstorm Sandy	-	-	-	171,765	-	-	171,765
<b>Total</b>	<b>\$ 2,685,273</b>	<b>\$ 1,625,651</b>	<b>\$ 694,703</b>	<b>\$ 536,684</b>	<b>\$ 361,058</b>	<b>\$ 279,241</b>	<b>\$ 454,867</b>

## Six-month period ended June 30, 2018

	(In thousands)						
	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	\$ 847,953	\$ 253,208	\$ 100,301	\$ 494,444	\$ 77,349	\$ 1,166	\$ 418,261
PATH	100,911	223,399	103,206	(225,694)	93,971	19,909	(299,756)
Aviation	1,357,526	842,297	224,580	290,649	84,106	172,392	378,935
Port Commerce	158,369	82,162	45,871	30,336	41,909	14,831	3,258
World Trade Center	144,703	150,124	141,387	(146,808)	66,334	66,824	(146,318)
Other**	12,218	7,777	36,688	(32,247)	17,278	-	(49,525)
<b>Total</b>	<b>\$ 2,621,680</b>	<b>\$ 1,558,967</b>	<b>\$ 652,033</b>	<b>\$ 410,680</b>	<b>\$ 380,947</b>	<b>\$ 275,122</b>	<b>\$ 304,855</b>

\* 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.

\*\* Other includes Development Facilities, certified Regional Facilities and Programs, Ferry Transportation, Access to the Regions Core (ARC), Moynihan Station Transportation Program, Gateway Early Work 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, 2018.

**REVENUES AND RESERVES-Unaudited (pursuant to Port Authority bond resolutions)**

	<b>Six-Month Period Ended June 30, 2019 (Actual)</b>	<b>Six-Month Period Ended June 30, 2019 (Budget)</b>	<b>Six-Month Period Ended June 30, 2018 (Actual)</b>
		(In thousands)	
Gross operating revenues*	<b>\$ 2,680,643</b>	\$ 2,642,502	\$ 2,617,051
Total operating expenses	<b>(1,625,651)</b>	(1,600,259)	(1,558,967)
Net revenues related to Superstorm Sandy	<b>171,765</b>	-	-
Amounts in connection with operating asset obligations**	<b>(5,206)</b>	(5,206)	(6,868)
Net operating revenue	<b>1,221,551</b>	1,037,037	1,051,216
Grants and contributions in aid of construction	<b>116,205</b>	137,736	128,589
Application of Passenger Facility Charges	<b>141,171</b>	148,105	44,353
Financial Income and Other	<b>91,507</b>	67,422	52,339
Net revenues available for debt service	<b>1,570,434</b>	1,390,300	1,276,497
Debt service***	<b>(521,367)</b>	(512,257)	(507,806)
Net Revenues after Debt Service and Transfers to Reserves****	<b>\$ 1,049,067</b>	\$ 878,043	\$ 768,691

\* Excludes amortization of upfront payments received in connection with the purchase of the Port Authority's interests in the WTC Retail Joint Venture.

\*\* 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, the MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement Developer Financing Arrangement (DFA).

\*\*\*\* Excludes applications from the Consolidated Bond Reserve Fund (CBRF) for purposes of funding direct capital investment in Port Authority Facilities.

**FACILITY TRAFFIC – Unaudited**

	<b>Six-Month Period Ended June 30, 2019</b>	<b>Six-Month Period Ended June 30, 2018</b>	<b>Pct. Increase/ (Decrease)</b>
	(In thousands)		
Total Passengers-Aviation*	68,405	66,312	3.2%
Total Vehicles-Tunnels and Bridges	59,250	58,160	1.9%
Total Passengers- PATH	40,489	40,691	(0.5%)
PATH Passengers- Average Weekday Ridership	283	280	1.3%
Total Cargo Containers (TEU)-Marine Terminals	3,653	3,450	5.9%
Total Rail Lifts-Marine Terminals	329	315	4.4%

\* 2019 facility traffic information contains estimated data based on available information and is subject to revision.