

The Port Authority of New York and New Jersey

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

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 (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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 30, 2019 and September 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 nine-month period ended September 30, 2019 and September 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.

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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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

(\$ in thousands)	Nine-Month Period Ended September 30, 2019	Nine-Month Period Ended September 30, 2018	Variance
Gross operating revenues	\$ 4,116,806	\$ 4,013,108	\$ 103,698
Operating expenses	(2,504,531)	(2,364,969)	(139,562)
Net operating income	1,612,275	1,648,139	(35,864)
Depreciation and amortization	(1,050,420)	(991,430)	(58,990)
Net revenue related to Superstorm Sandy	175,178	-	175,178
Income from operations	737,033	656,709	80,324
Financial income*	75,189	40,047	35,142
Interest expense, net**	(657,768)	(643,673)	(14,095)
Grants and other non-operating revenues/(expenses)***	16,859	20,650	(3,791)
Capital contributions and Passenger Facility Charges	395,119	406,863	(11,744)
Non-operating expenses, net	(170,601)	(176,113)	5,512
Increase in net position	\$ 566,432	\$ 480,596	\$ 85,836

* Includes changes to the fair market value of investments of \$28.2 million in 2019 and \$(9.9) million in 2018, respectively.

** Nine-month period ended September 2019 and September 2018 interest expense amounts are net of \$49 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 \$(2.7) million in 2019 and \$(1.4) million in 2018, respectively.

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AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 (UNAUDITED)

Operating Activities

Net operating income of \$1.6 billion for the nine-month period ended September 30, 2019 is on plan and is \$35.9 million or 2.2% below the same nine-month period of 2018. This trend is due in part to the fact that tolls and fares have not changed since 2015 and 2014, respectively, while operating and maintenance expenses have been impacted by inflation. See "Recent Developments" for a discussion of Board Action to increase tolls, fares and fees.

Gross operating revenues of \$4.1 billion increased \$103.7 million or 2.6% as compared to the same nine-month period in 2018. This overall increase is primarily due to: *a.*) a \$50 million increase in airline cost recovery fees primarily due to increased policing costs, including traffic mitigation efforts in support of ongoing construction activities at LaGuardia (LGA) Airport; *b.*) a \$44.1 million increase in rental income related to scheduled rent escalations, higher activity based rents and increased leasehold occupancy at Aviation facilities, Port Authority Marine Terminals and the World Trade Center (WTC); and, *c.*) a \$8.2 million increase in Cargo Facility Charges (CFC) and PATH fares primarily due to increased activity. These increases were partially offset by a modest \$600,000 thousand decrease in toll revenues due to lower average toll rates as a result of higher EZPass® utilization.

Operating expenses of \$2.5 billion increased \$139.6 million or 5.9% as compared to the same nine-month period in 2018. This increase is primarily due to: *a.*) a \$66.9 million increase in employee compensation due to general wage increases, changes to PATH Exempt Employee Pension Plan benefits, increased policing costs, including traffic mitigation efforts resulting from construction activities at LGA and additional headcount necessary to meet ongoing public safety and operational requirements; *b.*) a \$49.0 million increase in payments to third-party contractors due scheduled increases in contractor billing rates and increased services, including operational excellence and customer service initiatives at LGA, John F. Kennedy International (JFK) and Newark Liberty International (EWR) airports; *c.*) a \$15.0 million increase in third-party contractor payments at Tunnel and Bridge facilities for, EZPass® processing fees due to higher EZPass® utilization, structural inspections and immediate repairs and the full year impact of Goethals Bridge developer maintenance payments which commenced in July 2018; and, *d.*) a \$9.0 million increase in WTC campus operation and maintenance expenditures due to scheduled increases in contractor billing rates, added services as the campus adds operating assets and increased building services at 1 WTC due to increased occupancy.

Non-Operating Income and Expense Activities

Depreciation and amortization of \$1.1 billion increased \$58.9 million as compared to the same nine-month period of 2018 as a result of the scheduled completion of approximately \$6.7 billion of capital construction projects during 2018 and 2019. These projects include elements of the: *a.*) 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; *f.*) JFK aeronautical area improvement projects; and, *g.*) the substantial completion of WTC Tower 3.

Net revenues related to Superstorm Sandy of \$175.2 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.

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Financial Income of \$75.2 million increased \$35.1 million as compared to the same nine-month period of 2018, primarily due to an increase in non-cash unrealized gains related to changes in the fair market value of securities held in Port Authority's investment accounts.

Contributions in aid of construction and PFCs of \$395.1 million decreased \$11.7 million as compared to the same nine-month period of 2018 primarily due to a one-time capital contribution for certain sub-grade infrastructure supporting the WTC Performing Arts Center received in 2018. This is partially offset by an increase in Federal Transit Administration (FTA) and Federal Emergency Management (FEMA) funding for Superstorm Sandy restoration and resiliency projects at PATH and WTC facilities.

Interest Expense, net of \$657.8 million increased \$14.1 million as compared to the same nine-month period of 2018 primarily due the commencement of Goethals Bridge Replacement Developer Financing Arrangement (DFA) debt service payments in July 2018. This is partially offset by savings realized from the refunding of certain outstanding consolidated bonds.

Assets

Port Authority Assets totaled \$48.7 billion at September 30, 2019, an increase of \$1.3 billion from December 31, 2018. This overall increase is primarily due to:

Facilities, net of \$38.6 billion increased approximately \$1.2 billion, primarily due to additional capital investment in Aviation and Bridge and Tunnel transportation facilities, as outlined in the 2017-2026 Capital Plan, less year-to-date depreciation.

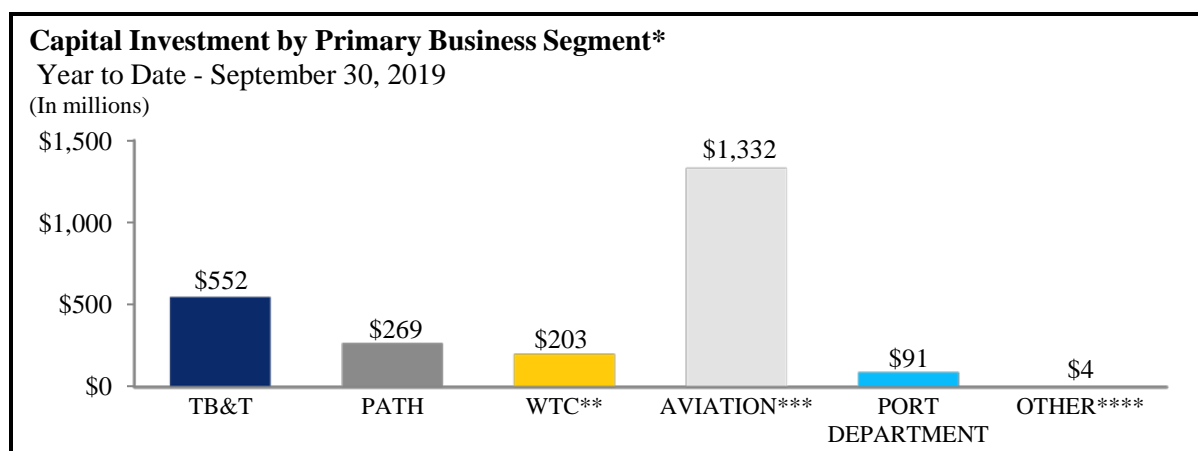
For additional information related to the Port Authority's 2017-2026 Capital Plan, refer to Port Authority's website at: <http://corpinfo.panynj.gov/documents/Capital-Plan-2017-2026>.

The following chart depicts capital investment in Port Authority facilities of \$2.5 billion for the nine-month period ended September 30, 2019, summarized by business segment.

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* Business segment capital investment includes Security capital projects of \$62 million and non-Port Authority managed capital projects of \$217 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 \$216.9 million related to the redevelopment of LGA Terminal B.

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

Receivables (including restricted amounts) increased \$119.8 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 Superstorm Sandy restoration and resiliency capital projects; and, *c.)* WTC Tower 3 and WTC Tower 4 net lessees for payments deferred in accordance with tenant support agreements.

Cash balances decreased approximately \$126.5 million from December 2018 primarily due to the outlay of capital funds for capital construction activities, as outlined in the 2017-2026 Capital Plan.

Cash flows from operations of \$1.5 billion decreased approximately \$141.2 million when compared to the same nine-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.

Port Authority Investments increased approximately \$43.3 million from December 2018 primarily due to the investment, on an interim basis, of consolidated proceeds issued in August 2019 for purposes of refunding existing consolidated bonded debt obligations in the fourth quarter of 2019. This is partially offset by the maturity of short-term investments utilized to fund capital construction activities.

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AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 (UNAUDITED)

Port Authority Investments at fair value

Investment Type*	Fair Value Hierarchy Levels***	At September 30, 2019 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 2,676,650	777
United States Treasury Bills	Level 1	768,001	15
JFK International Air Terminal LLC Obligations****	-	55,803	2,255
Repurchase Agreements****	-	297,276	2
Total Investments**		\$ 3,797,730	
Portfolio Weighted Avg Maturity (In days)			584

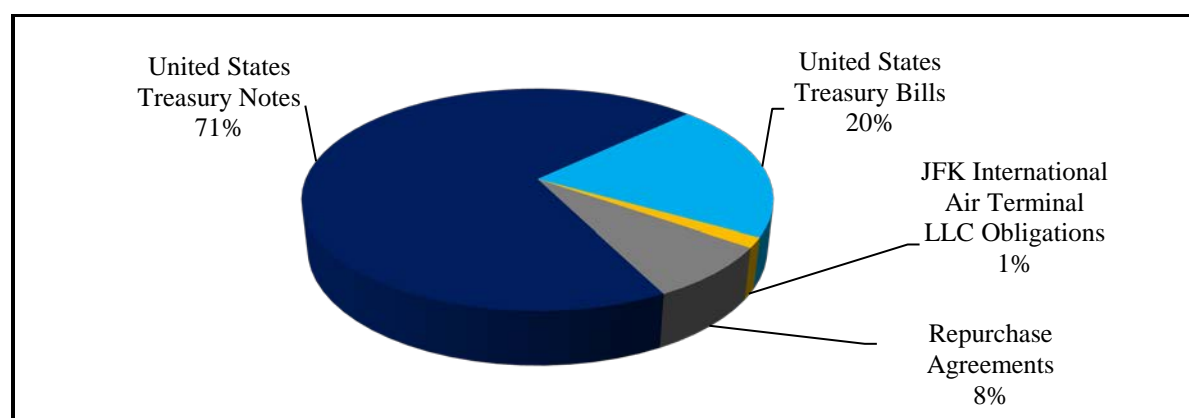
* Excludes \$197,851 of Collateralized Bank Accounts that are classified as cash equivalents and approximately \$1.7 billion in investments that are on deposit in a restricted trust dedicated to Other Postemployment Benefits (OPEB).

** Excludes accrued interest receivable amounts of \$17.5 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 decreased approximately \$113.7 million from December 2018 primarily due to intercompany loan transfers to the Port Authority.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 (UNAUDITED)

PAICE Investments at fair value

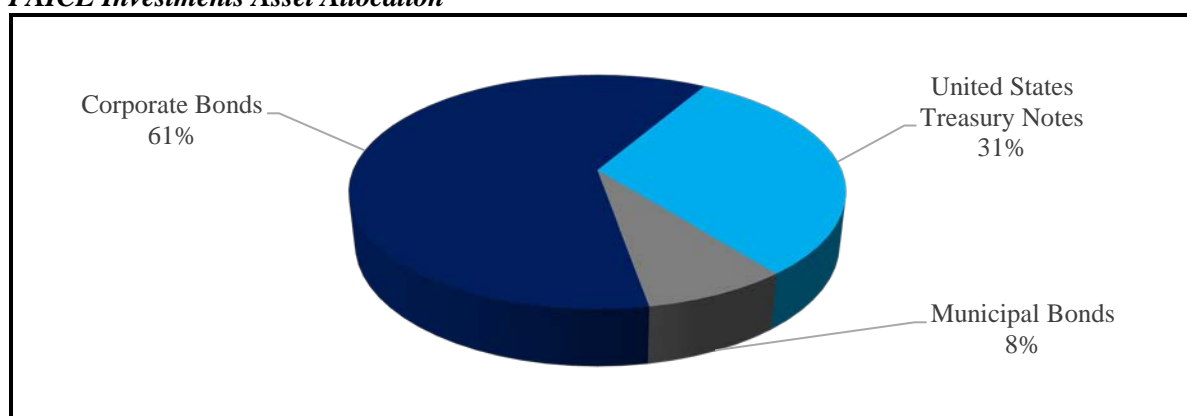
Investment Type	Fair Value Hierarchy Levels**	At September 30, 2019 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 39,144	1,312
Corporate Bonds	Level 2	77,985	867
Municipal Bonds	Level 2	10,180	1,144
Total Investments*		\$ 127,309	
Portfolio Weighted Average Maturity (In days)			1,026

* Excludes \$210 million in intercompany loans to the Port Authority and accrued interest receivable of \$823 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



Liabilities

Port Authority liabilities totaled \$32.6 billion at September 30, 2019, an increase of \$829.8 million from December 31, 2018. This overall increase is due to:

Bonds and other asset financing obligations increased \$834.6 million from December 31, 2018 due to the issuance of consolidated bonds for purposes of funding capital construction projects as outlined in the 2017-2026 Capital Plan. This is partially offset by a decrease in amounts payable related to The Fund for Regional Development Buy-Out Obligation.

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AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 (UNAUDITED)

*Bonds and Other Financing Obligations**

(\$ in millions)	Opening Balance Dec. 31, 2018	Issued/ Accreted	Refunded/ Retired	Ending Balance Sept. 30, 2019
Consolidated Bonds and Notes	\$ 20,899	\$ 1,301	\$ 582	\$ 21,618
Commercial Paper Notes	481	3,121	3,128	474
Variable Rate Master Notes	70	-	-	70
Fund for Regional				
Development Buy-Out Obligation	144	-	46	98
MOTBY Obligation	51	-	2	49
Goethals Bridge Replacement				
Developer Financing Arrangement	1,021	1	-	1,022
Subtotal Principal	\$ 22,666	\$ 4,423	\$ 3,758	\$ 23,331
Add: Unamortized premium/(discount)	1,232	209	40	1,401
Total	\$ 23,898	\$ 4,632	\$ 3,798	\$ 24,732

*Excludes Amounts Payable-Special Project Bonds of \$1.2 billion and Tower 4 Liberty Bonds of \$1.2 billion.

Accrued interest and other liabilities increased \$78.3 million primarily due to the timing differences for scheduled debt service payments, partially offset by a decrease in milestone payments due the Goethals Bridge Replacement Bridge developer.

Accrued payroll, pension and other employee benefits decreased \$77.5 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. This is partially offset by an increase in New York State and Local Retirement System (NYSLRS) pension liabilities.

Recent Developments

At its September 2019 meeting, the Port Authority Board of Commissions approved certain proposed changes in tolls, fares and fees following a lengthy public comment period. Under the Board's action, the following adjustments to tolls, fares and fees were made:

- The bridge and tunnel cash and toll by mail rate for cars during all hours will increase from \$15.00 to \$16.00 as of January 5, 2020. The E-ZPass peak discount for cars will be reduced from \$2.50 to \$2.25; and the E-ZPass off-peak discount will be reduced from \$4.50 to \$4.25. Similar inflation-based adjustments will be made across all vehicle types, and modifications will be made to certain discount programs.
- The base PATH fare will remain at \$2.75 for a single ride but the discount for multi-fare trips will be reduced. The per-ride price for multi-trip purchases (10-trip, 20-trip or 40-trip options) will be adjusted to \$2.50 on November 1, 2019 and \$2.60 a year later. The fare for AirTrain JFK and AirTrain Newark will increase to \$7.75 effective November 1, 2019.
- Bridge and tunnel tolls, PATH fares and AirTrain fares will maintain an inflation-based adjustment mechanism going forward.
- In addition to these increases, the Board also adopted a new airport ground transportation access fee, that will become effective in October 2020.

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These changes to tolls, fares and fees are estimated to increase the Port Authority's annual net revenue by \$235 million, when fully implemented. More information on the new tolls, fares and fees is located on the Port Authority's website, www.panynj.gov.

CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION – UNAUDITED*

(\$ in thousands)	SEPTEMBER 30, 2019	DECEMBER 31, 2018
Assets		
Facilities, net	\$ 38,613,121	\$ 37,400,013
Cash, including restricted amounts	168,545	295,055
Port Authority investments, including PFCs	3,815,181	3,771,889
PAICE restricted investments	128,132	241,870
Receivables, including restricted amounts	827,660	707,898
Amounts receivable - Special Project Bonds projects	1,234,138	1,233,432
Amounts receivable - Tower 4 Liberty Bonds	1,245,178	1,245,637
Unamortized costs for regional programs	102,158	130,186
Landlord leasehold investment-LGA Terminal B	668,493	451,547
Other assets	1,882,069	1,866,703
Total assets	<u>48,684,675</u>	<u>47,344,230</u>
Deferred outflows of resources		
Loss on debt refunding's	73,355	78,510
Pension related amounts	279,383	276,586
OPEB related amounts	169,257	169,257
Total deferred outflows of resources	<u>521,995</u>	<u>524,353</u>
Liabilities		
Bonds and other asset financing obligations	24,731,738	23,897,174
Amounts payable - Special Project Bonds projects	1,234,138	1,233,432
Amounts payable - Tower 4 Liberty Bonds	1,245,178	1,245,637
Accounts payable	1,276,343	1,275,183
Accrued payroll, pension, and other employee benefits	2,472,877	2,550,373
Unearned income -WTC Retail	748,532	755,478
Accrued interest and other liabilities	884,461	806,172
Total liabilities	<u>32,593,267</u>	<u>31,763,449</u>
Deferred inflows of resources		
Gain on debt refundings	49,907	43,859
Pension related amounts	113,787	177,998
OPEB related amounts	4,883	4,883
Total deferred inflows of resources	<u>168,577</u>	<u>226,740</u>
Net position	<u><u>\$ 16,444,826</u></u>	<u><u>\$ 15,878,394</u></u>

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

(\$ in thousands)	NINE-MONTHS ENDED SEPTEMBER 30, 2019	2018
Gross operating revenues	\$ 4,116,806	\$ 4,013,108
Operating expenses	(2,504,531)	(2,364,969)
Depreciation and amortization	(1,050,420)	(991,430)
Net revenues related to Superstorm Sandy	175,178	-
Income from operations	<u>737,033</u>	<u>656,709</u>
Non-operating expenses, net	(565,720)	(582,976)
Capital contributions and PFC's	395,119	406,863
Non-operating revenues/(expenses)	<u>(170,601)</u>	<u>(176,113)</u>
Increase in net position	566,432	480,596
Net position, January 1	<u>15,878,394</u>	<u>15,370,056</u>
Net position, September 30	<u><u>\$ 16,444,826</u></u>	<u><u>\$ 15,850,652</u></u>

see footnote () on next page.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED*

(\$ in thousands)	NINE-MONTHS ENDED SEPTEMBER 30, 2019	2018
Net cash provided by operating activities	\$ 1,512,417	\$ 1,653,596
Net cash (used for) noncapital financing activities	(46,772)	(24,466)
Net cash (used for) capital construction and related financing activities	(1,748,764)	(1,527,915)
Net cash provided by / (used for) investing activities	<u>156,609</u>	<u>(618,948)</u>
Net (decrease) in cash	(126,510)	(517,733)
Cash at beginning of year	<u>295,055</u>	<u>858,896</u>
Cash at nine-months ended	<u><u>\$ 168,545</u></u>	<u><u>\$ 341,163</u></u>

* 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

Nine-month period ended September 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	\$ 1,298,343	\$ 405,764	\$ 186,629	\$ 705,950	\$ 186,103	\$ 6,166	\$ 526,013
PATH	156,713	348,577	150,007	(341,871)	125,653	77,994	(389,530)
Aviation	2,151,293	1,375,672	354,296	421,325	111,501	253,137	562,961
Port Commerce	245,243	117,435	74,956	52,852	55,966	13,518	10,404
World Trade Center	246,274	247,639	231,839	(233,204)	77,580	44,304	(266,480)
Other**	18,940	9,444	52,693	(43,197)	8,917	-	(52,114)
Net revenue related to Superstorm Sandy	-	-	-	175,178	-	-	175,178
Total	\$ 4,116,806	\$ 2,504,531	\$ 1,050,420	\$ 737,033	\$ 565,720	\$ 395,119	\$ 566,432

Nine-month period ended September 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	\$ 1,300,505	\$ 379,127	\$ 159,149	\$ 762,229	\$ 137,502	\$ 2,107	\$ 626,834
PATH	152,240	330,546	155,252	(333,558)	139,502	26,821	(446,239)
Aviation	2,073,003	1,286,252	337,689	449,062	123,743	263,724	589,043
Port Commerce	237,862	117,213	69,035	51,614	61,519	20,310	10,405
World Trade Center	228,958	239,686	214,878	(225,606)	96,431	93,901	(228,136)
Other**	20,540	12,145	55,427	(47,032)	24,279	-	(71,311)
Total	\$ 4,013,108	\$ 2,364,969	\$ 991,430	\$ 656,709	\$ 582,976	\$ 406,863	\$ 480,596

* 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.

Revenue and Reserves-Unaudited (pursuant to Port Authority bond resolutions)

	Nine-Month Period Ended Sept. 30, 2019 (Actual)	Nine-Month Period Ended Sept. 30, 2019 (Budget)	Nine-Month Period Ended Sept. 30, 2018 (Actual)
(\$ in thousands)			
Gross operating revenues*	\$ 4,109,861	\$ 4,040,630	\$ 4,006,162
Total operating expenses	(2,504,533)	(2,438,249)	(2,364,969)
Amounts in connection with operating asset obligations**	(7,517)	(7,517)	(10,032)
Net operating revenue	1,597,811	1,594,864	1,631,161
Net revenues related to Superstorm Sandy	175,178	-	-
Net operating income	1,772,989	1,594,864	1,631,161
Grants and contributions in aid of construction	159,782	209,254	166,742
Application of Passenger Facility Charges	231,404	218,349	358,722
Financial Income and Other	123,729	101,133	86,116
Net revenues available for debt service	2,287,904	2,123,600	2,242,741
Debt service***	(809,910)	(802,606)	(809,403)
Net Revenues after Debt Service and Transfers to Reserves****	\$ 1,477,994	\$ 1,320,994	\$ 1,433,338

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

** Includes interest expense on Equipment notes and 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 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

	Nine-Month Period Ended Sept. 30, 2019	Nine-Month Period Ended Sept. 30, 2018	% Variance
(In thousands)			
Total Passengers, Aviation*	105,787	103,837	1.88%
Total Vehicles, Bridges and Tunnels	91,268	89,754	1.69%
Total Passengers, PATH	61,706	61,138	0.93%
PATH Passengers, Average Weekday Ridership	285	280	1.79%
Total Cargo Containers (TEU), Marine Terminals	5,588	5,328	4.88%
Total Rail Lifts, Marine Terminals	498	483	3.11%

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