

**PORT
AUTHORITY
NY NJ**
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Building World Class for Our Next Century

*Annual Comprehensive Financial Report
for the year ended December 31, 2021*



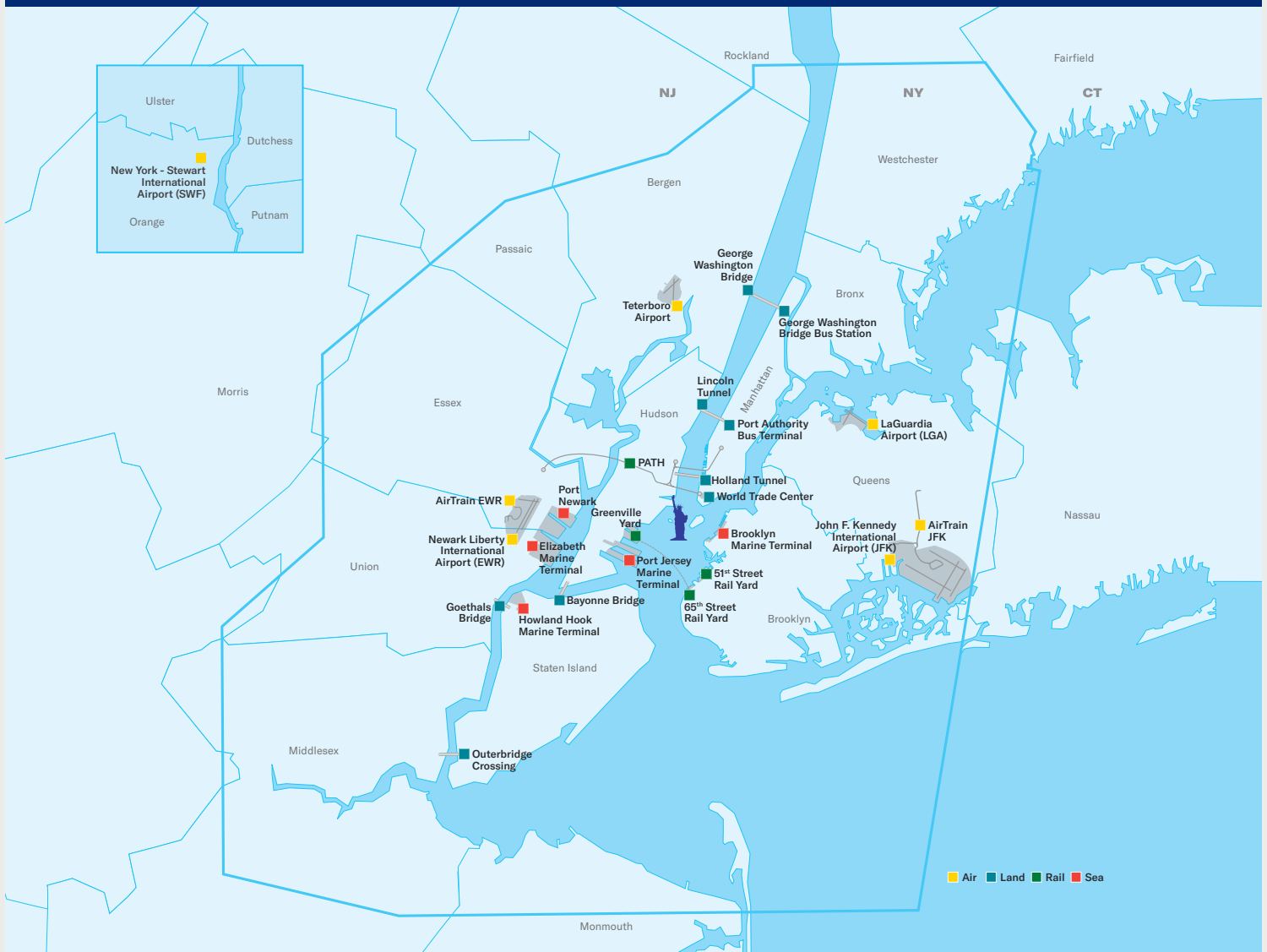
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Our Mission

The Port Authority strives to meet the critical transportation infrastructure needs of the bi-state region's people, businesses, and visitors by providing the highest-quality and most efficient transportation and port commerce facilities and the services to move people and good within the region, provide access to the nation and the world, and promote the region's economic development.

Our mission is simple: to keep the region moving.

The Port District includes the cities of New York and Yonkers in New York State; the cities of Newark, Jersey City, Bayonne, Hoboken, and Elizabeth in the State of New Jersey; and more than 200 other municipalities, including all or part of 17 counties, in the two states.



To the Board of Commissioners of The Port Authority of New York and New Jersey

The Enterprise and Fiduciary Fund financial statements (the “Financial Statements”) of The Port Authority of New York and New Jersey (including its component units, collectively referred to herein as the “Port Authority”) as of and for the years ended December 31, 2021 and December 31, 2020, are enclosed. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation in the Financial Statements rests with management of the Port Authority. The Management’s Discussion and Analysis (“MD&A”) and Required Supplementary Information (“RSI”) sections of the Financial Statements provide a narrative introduction, overview, and analysis of Port Authority financial activities and are required by the Governmental Accounting Standards Board (“GASB”). Schedules A, B, and C have been prepared in accordance with Port Authority bond resolutions and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Schedules D, E, F, and G include other statistical information presented for purposes of additional analysis and are not a required part of the Financial Statements.

Port Authority management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. The Port Authority has established a comprehensive framework of internal controls that includes maintaining records that accurately and fairly reflect the transactions of the Port Authority, providing reasonable assurance that transactions are recorded as necessary for financial statement preparation, and providing reasonable assurance that unauthorized use, acquisition, or disposition of company assets that could have a material impact on the Port Authority’s financial condition would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the financial statements would be prevented or detected.

Pursuant to Port Authority by-laws, the Port Authority’s Executive Director, Comptroller, and I certified the Financial Statements on March 2, 2022. The Financial Statements certificate is presented herein.

A firm of independent auditors is retained annually by the Port Authority Board of Commissioners’ (“Board of Commissioners”) Audit Committee to conduct an audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America. The goal of the independent audit is to provide reasonable assurance that these Financial Statements are free of material misstatement. The audit includes an examination, on a test basis, of the evidence supporting the amounts and disclosures in the Financial Statements, an assessment of the accounting principles used and significant estimates made by management, as well as the overall presentation of the Financial Statements. In planning and performing their audit, the independent auditors consider the Port Authority’s comprehensive framework of internal controls in order to determine auditing procedures for purposes of expressing an opinion on the Financial Statements. The independent auditors’ report is presented herein.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the independent auditors’ report and the audited Financial Statements.

PROFILE OF THE PORT AUTHORITY

The Port Authority is a municipal corporate instrumentality and political subdivision of the states of New York and New Jersey, established in 1921 to provide transportation, terminal, and other facilities of commerce within the Port District, an area of about 1,500 square miles in both states centered about New York Harbor. The Port Authority raises the funds necessary for the improvement, construction, or acquisition of its facilities primarily upon the basis of its own credit and has no power to pledge the credit of either state or any municipality, or to levy taxes or assessments.

The Port Authority's financial planning process integrates an annual budget process with multi-year projections. Through the capital plan and budget process, staff identifies strategic, financial, and operational risks that affect resource allocations, and sets forth an expenditure plan for the year that balances priorities across all agency facilities. Each new budget is separately considered and approved by the Board of Commissioners, although such approval does not in itself authorize specific expenditures, which are authorized from time to time by, or as contemplated by, other specific actions of the Board of Commissioners.

The approved budget becomes a mechanism that facilitates the systematic review of program expenditures to ensure that they are made consistent with statutory, contractual, and other commitments of the agency, the policies and financial decisions of the Board of Commissioners, and the requirements of the by-laws of the Port Authority. Forecasting models are used to assess the agency's projected long-range financial condition, determine the financial feasibility of future capital investment, and perform financial tests to measure fiscal risk. This comprehensive approach to planning, budgeting, and forecasting enables the Port Authority to identify, track, and take corrective action with respect to the funding requirements needed to deliver the projects and services that the Port Authority provides.

The Port Authority continually monitors the economic environment in which it operates in order to develop budgets that are fiscally sustainable and responsive to the transportation and economic needs of the region.

REGIONAL ECONOMIC CONDITION AND OUTLOOK

Regional economic conditions in the seventeen counties comprising the Port District are best understood in the context of the COVID-19 pandemic and its negative impact on the region's economy. Beginning in March 2020, the Port Authority's facilities experienced significantly reduced usage compared to previous years. Since the nadir of activity volumes in April 2020 the Port Authority has seen activity volumes rising across its facilities. However, activity volume recoveries are varying by type of facility, with bridge and tunnel vehicular volumes approaching 2019 levels and cargo shipping activity above 2019 activity volumes. The number of passengers at the Port Authority's airports and riders of the PATH transit system remain below 2019 levels. It is not yet clear that the pace of the recovery will be sustained, and the pattern of the recovery continues to be difficult to estimate and may continue to be volatile as recently evidenced by the reduced PATH riders beginning in December 2021 due to the regional surge of the Omicron variant.

Specifically, 2021 activity volumes as compared to 2019 pre-Covid 19 volume levels:

- Port Authority airports passenger volumes of 75.5 million passengers was 54% of 2019 levels.
- PATH passenger volumes of 29.2 million passengers was 36% of 2019 levels.
- Vehicular volumes at the Port Authority's six vehicular crossings of 116.1 million east bound vehicles was 95% of 2019 levels.
- Cargo shipping activity containerized cargo, in twenty foot equivalent units (TEUs) at Port Authority marine terminals of 9.0 million containers was 120% of 2019 levels.

Based on current information, the Port Authority forecasts that all of its facilities (other than seaports, which have already surpassed 2019 levels) will have recovered to 2019 levels in the period from early 2022 through 2024. For additional information related to COVID-19 impacts please see the "Impacts from the COVID-19 Pandemic" section of the MD&A contained in the enclosed Financial Statements.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port Authority for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. The Port Authority has received this award since 1984, making this the 37th consecutive year that the Port Authority financial statements have achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe the 2021 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for certificate.

Elizabeth M. McCarthy
Chief Financial Officer

March 2, 2022



Government Finance Officers Association

Certificate of
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Presented to

The Port Authority of New York and New Jersey

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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**The Port Authority of New York & New Jersey Financial Statements
and Appended Notes for the Year Ended December 31, 2021**

Prepared by the Comptroller's Department of the Port Authority of New York and New Jersey.
www.panynj.gov



Certificate with Respect to 2021 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 financial statements of The Port Authority of New York and New Jersey (the "Authority") and its component units for the years ended December 31, 2021 and December 31, 2020 (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 2, 2022



Richard Cotton
Executive Director



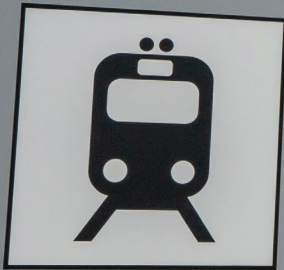
Elizabeth M. McCarthy
Chief Financial Officer



Daniel G. McCarron
Comptroller

HARRISON PATH STATION

TRAINS TO
JOURNAL SQUARE
AND NEW YORK CITY



PATH Trains to Journal Square & New York City

Completed PATH Harrison Station headhouse on the westbound side.



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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities 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, 2021 and 2020, 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.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Port Authority, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust), which represents 100% of the fiduciary activities as of and for the years ended December 31, 2021 and 2020. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Trust, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note A.3.r to the basic financial statements, as of January 1, 2021, the Port Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as



a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 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 Information

Our audits for the years ended December 31, 2021 and 2020 were conducted for the purpose of forming opinions on the financial statements that collectively comprise 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, for the years ended December 31, 2021 and 2020 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. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1, D-2, D-3, E and F is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the years ended December 31, 2021 and 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Port Authority as of and for the years ended December 31, 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 (not presented herein), and have issued our reports thereon dated March 4, 2020, 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 basic 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, 2019, 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, 2019, 2018, 2017, 2016, 2015, and 2014, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 basic financial statements, as applicable. The information was subjected to the audit procedures applied in the audit of the 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 basic financial statements 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, 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 and the supplementary information included in Schedule D-3 related to the years ended December 31, 2019, 2018, 2017, 2016, 2015, and 2014, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2019, 2018, 2017, 2016, 2015, 2014, 2013, and 2012, as applicable.

The supplementary information included in Schedule D-3 for fiscal years 2013 and 2012 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 basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or any form of assurance thereon.

Report on the Audit of Schedules A, B, and C Prepared in Accordance with Port Authority Bond Resolutions

Opinion

We have audited the accompanying Schedules A, B, and C of the Port Authority, which present the assets and liabilities as of December 31, 2021 and revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolution.



In our opinion, the accompanying 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, 2021, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Schedules A, B, and C section of our report. We are required to be independent of the Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note A.4 of the basic financial statements, which describes the basis of accounting. As described in Note A.4 to the basic financial statements, 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. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for Schedules A, B, and C

Management is responsible for the preparation and fair presentation of Schedules A, B, and C in accordance with the requirements of the Port Authority's bond resolutions. Management is also responsible for 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' Responsibilities for the Audit of Schedules A, B, and C

Our objectives are to obtain reasonable assurance about whether Schedules A, B, and C as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Port Authority's December 31, 2020 Schedules A, B, and C prepared in accordance with the requirements of the Port Authority's bond resolutions, and we expressed an unmodified audit opinion on those audited Schedules A, B, and C in our report dated March 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited Schedules A, B, and C from which they have been derived.

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

March 2, 2022



Construction progresses at Newark Liberty International Airport's New Terminal A.

Management's Discussion and Analysis (Unaudited)

Years ended December 31, 2021 and 2020

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 fund and fiduciary fund financial statements ("the financial statements") of the Port Authority for the year ended December 31, 2021, with selected comparative information for the years ended December 31, 2020 and December 31, 2019. 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 information provided below represents the Port Authority's current assessments based on the data it had available at the time the financial statements were compiled. Such data may ultimately prove to be incomplete or misleading, especially when reviewed over a longer period of time. The trajectory and ultimate impact of the COVID-19 pandemic continues to be uncertain and are subject to many developments and actions outside of the Port Authority's control. The operating and financial performance of the Port Authority during the COVID-19 pandemic and forecasted 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. Activity volume recoveries are expected to vary by type of facility, ultimately impacted by the progression of the COVID-19 pandemic and its variants, immunization rates, treatment methods, the public's perception of when the COVID-19 pandemic has abated, how growth of the regional economy is affected, and any restrictions, or easing of restrictions, on activities imposed by local, state, federal, and international governments, among other factors. Actual results may differ significantly from forecasts due to the current unpredictability of such factors.

OPERATIONAL UPDATE

Activity Volume

Beginning in March 2020, the Port Authority's facilities experienced significantly reduced usage compared to previous years. Since the nadir of activity volumes in April 2020 the Port Authority has seen activity volumes rising across its facilities. However, activity volume recoveries are varying by type of facility, with bridge and tunnel vehicular volumes approaching 2019 levels and cargo shipping activity remaining above 2019 activity volumes in 2021. The number of passengers at the Port Authority's airports had been gradually recovering through November 2021, but the positive trend of recovery was negatively impacted in December 2021 and into January 2022 during the Omicron variant surge affecting the region. Based on preliminary TSA checkpoint entries in February 2022, aviation passenger volumes recovered significantly, and for the week of February 18-24, 2022, which contains President's Day, the total combined aviation passenger volume at the Port Authority's airports came close to the total passenger volume during the same period pre-pandemic in February 2019. The volume of riders of the PATH transit system remains at roughly 50% of 2019 levels. It is not yet clear whether the pace of the recovery of bridges and tunnels and at the airports will be sustained, and the pattern of the recovery continues to be difficult to estimate and may continue to be volatile as recently evidenced by the reduced PATH riders beginning in December 2021 due to the regional surge of the Omicron variant. It is also the case that aviation passenger traffic in the future may be affected by the recent war in Ukraine and the impact of sanctions on Russia.

Because approximately one third of the Port Authority's revenues are derived from tolls and fares, reduced utilization of its bridges and tunnels and its PATH transit system has had an ongoing negative effect in 2021 on the Port Authority's revenues. In all cases, as activity volumes return, revenues are expected to recover. Further, as a result of these adverse impacts of the COVID-19 pandemic, the Port Authority has suspended, reduced or waived certain fees and rentals otherwise payable by tenants that locate and operate at its facilities (which also represent approximately one third of the Port Authority's revenues)—see "Rents and Property Use Charges" below for further information.

The Port Authority compared the most recently available total monthly use of its airports, its bridges and tunnels, its PATH transit system, and its cargo shipping activity for the month of January 2022 (when the effect of the Omicron variant surge was most intense) to the total monthly use in January 2019. Tracking total monthly operating volumes in 2022 compared to the equivalent period in 2019 allows comparison of current conditions against a similar pre-COVID-19 pandemic period. Note that cargo shipping activity at the Port Authority's seaports has grown over this period, with most recent preliminary container activity (TEUs) for January 2022 increasing 22.9% compared to January 2019. Future volume will depend on worldwide and regional economic growth coupled with regional supply and demand for imported products.

Unaudited Monthly Activity Volumes

(In thousands)	January 2019	January 2022*	% Variance
Total Passengers, Aviation	10,098	7,137	-29.3%
Total Vehicles, Bridges and Tunnels	9,242	8,351	-9.6%
Total Passengers, PATH	6,480	2,162	-66.6%
Total Cargo Containers (TEU), Marine Terminals	623	765	22.9%

* January 2022 facility activity information contains estimated data based on available information and is subject to revision.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

In addition, the unaudited annual activity volumes for 2019 through 2021 is provided in the table below. As highlighted in the variance comparison of 2020 and 2021 volumes to 2019 volumes, activity volumes for aviation and bridges and tunnels recovered significantly in 2021 as compared to activity volumes in 2020.

Unaudited Annual Activity Volumes (2019-2021)

(In thousands)	2019	2020	2021*	% Variance 2020 vs 2019	% Variance 2021 vs 2019
Total Passengers, Aviation	140,498	40,866	75,544	-70.9%	-46.2%
Total Vehicles, Bridges and Tunnels	122,228	97,829	116,053	-20.0%	-5.1%
Total Passengers, PATH	82,220	27,005	29,245	-67.2%	-64.4%
Total Cargo Containers (TEU), Marine Terminals	7,471	7,586	8,986	1.5%	20.3%

* 2021 facility activity information contains estimated data based on available information and is subject to revision.

The Port Authority also posts other activity volume information, including monthly data, in press releases on its public website which can be found at: <https://www.panynj.gov/port-authority/en/press-room/press-release-archives.html>.

Based on current information, the Port Authority forecasts that all of its facilities (other than seaports, which, as noted above, have already surpassed 2019 levels) will have recovered to 2019 levels in the period from early 2022 through 2024, depending on the line of business. Weekday activity at the Port Authority's bridges and tunnels is close to or at 2019 levels and appears headed to achieve pre-COVID-19 pandemic levels on a sustained basis in the coming months. Activity at the Port Authority's airports is expected to recover closer to pre-COVID-19 pandemic levels during 2022 but is forecasted to be approximately 10% below pre-COVID-19 levels across the full year. Activity at the Port Authority's PATH transit system remains well below pre-COVID-19 pandemic levels and is currently forecast to recover more slowly.

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. Such tenants may be unable to meet certain obligations to the Port Authority and some have requested rent relief.

The Port Authority is continuing to evaluate such requests in light of all the circumstances including the recent impact on activity of the surge in COVID-19 cases as a result of the Omicron variant and the related financial impact of reduced revenues and has provided relief for certain retail concessionaires and other counterparties at its facilities. For certain retail concessionaires, the Port Authority has temporarily suspended or reduced fixed rent obligations from April 1, 2020, through March 31, 2022. The financial impact to the Port Authority of this relief totaled approximately \$74 million in lower revenues for 2020 and approximately \$72 million in lower revenues for 2021. The Port Authority currently expects, absent new adverse effects from COVID-19 or other events occur which materially reduce passenger activity from current levels this emergency relief will continue to be phased out as recovery continues. The estimated relief for the first quarter of 2022 is currently estimated to be approximately \$5.5 million in lower revenues.

FINANCIAL POSITION**Revenues**

The Port Authority projected in mid-2020 that it would likely experience a reduction in Gross Operating Revenue and Passenger Facility Charge ("PFC") collections compared to pre-COVID-19 pandemic projections of approximately \$3 billion for the twenty-four-month period of March 2020 through March 2022. Of this amount, approximately \$2.7 billion has been realized through 2021, and the remaining \$300 million is anticipated to be realized through 2022. Until activity volumes at the Port Authority's various facilities recover to pre-COVID-19 levels, the Port Authority anticipates that it will continue to experience a reduction in revenues as compared to pre-COVID-19 pandemic projections.

Capital Program

The Port Authority is currently engaged in evaluating the extent to which and how the 2017-2026 Capital Plan should be modified to guide future Capital Spending in light of the adverse impacts of the COVID-19 pandemic on the agency's cash flow and capital capacity. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects and the timing thereof.

The 2022 annual Capital Spending Budget totals \$2.7 billion, which reflects an increase of \$316 million, or 13% versus the 2021 austerity Capital Spending Budget. The 2022 Capital Spending Budget is still well below the pre-pandemic level given the substantial reductions made to annual Capital Spending in 2020 and 2021 as a result of the COVID-19 pandemic. The 2022 annual Capital Spending Budget is (24%) below what was originally envisioned for 2022 Capital Spending in the 2017-2026 Capital Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued**Federal Support**

The Port Authority's airports were allocated approximately \$450 million under the airport funding provision contained in the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES") Act in April 2020. Due to a portion of these funds being applied to expenses associated with cost recovery agreements between the Port Authority and airlines operating at its airports, more than half of these funds (approximately \$232 million) were credited to airlines operating under these cost recovery agreements. The balance of these funds (\$218 million) accrued to the benefit of the Port Authority and are reflected in 2020 financial results.

The CARES Act also provided funding through the Federal Emergency Management Agency ("FEMA") to cover the incremental costs of responding to the COVID-19 pandemic at its facilities. The Port Authority currently expects cost recovery from FEMA funding to total approximately \$20 million. The Port Authority has submitted approximately \$8 million in expense reimbursements to FEMA through December 31, 2021.

The Port Authority's airports were awarded approximately \$107 million under the airport funding provision contained in the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") in December 2020, in addition to approximately \$15 million attributable to financial relief to in-terminal concessionaires, on-airport rental car companies, and on-airport parking operations (collectively referred to as "Concessionaires.") To date, the Port Authority has drawn down nearly all of its \$107 million allocation, of which approximately \$6 million was credited to airlines operating under cost recovery agreements. The balance of these funds accrued to the benefit of the Port Authority and are reflected in 2021 financial results.

The Port Authority's airports were awarded approximately \$433 million under the airport funding provision contained in the America Rescue Plan Act ("ARPA") allocated to eligible U.S. airports in March 2021 for eligible operating and development costs, in addition to approximately \$60 million attributable to financial relief to Concessionaires. To date, the Port Authority has drawn down approximately \$133 million of its \$433 million allocation, of which approximately \$54 million was credited to airlines operating under cost recovery agreements. These funds are expected to be drawn down through mid-2024.

The Port Authority expects to receive additional federal aviation-related assistance pursuant to the provisions of the Infrastructure Investment and Jobs Act, commonly referred to as the Bipartisan Infrastructure Law ("BIL") signed in November 2021. BIL provides funding for over 350 programs across several federal departments and agencies, including new airport infrastructure grants (the "Airport Infrastructure Grants") totaling \$15 billion to be allocated among U.S. airports through 2026.

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, both in the short-term and over time, which assume a wide variety of possible economic recoveries, federal support and Port Authority actions. To date, the Port Authority has experienced a significant loss of revenue and, under even optimistic forward-looking scenarios, it may not achieve revenues equal to its pre-COVID-19 pandemic projections for several years. Recovering volumes may not be sustained over time and the region may suffer COVID-19 pandemic related shocks in the future which may further adversely affect the Port Authority's revenues.

However, and subject to the foregoing, based on its current financial position and forecasts, the Port Authority expects to meet its obligations as they become due, including both short term operating expenses and debt service on its Consolidated Bonds and Consolidated Notes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

The Port Authority of New York and New Jersey Enterprise Fund Financial Statements Comparison for the Years Ended December 31, 2021, December 31, 2020 and December 31, 2019

The Port Authority of New York and New Jersey Enterprise Fund Statements of Net Position

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:

	2021	2020	2019
		(In thousands)	
ASSETS			
Current assets	\$ 2,382,757	\$ 2,408,317	\$ 2,325,761
Noncurrent assets:			
Facilities, net*	40,168,584	39,812,810	39,026,447
LaGuardia Terminal B landlord leasehold investment*	1,034,390	985,965	739,208
Other noncurrent assets	5,854,471	5,480,301	7,044,593
Total assets	49,440,202	48,687,393	49,136,009
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	57,497	62,317	71,113
Pension related amounts	1,059,884	556,005	277,938
OPEB related amounts	139,346	157,234	141,943
Total deferred outflows of resources	1,256,727	775,556	490,994
LIABILITIES			
Current liabilities	2,922,464	2,974,044	3,330,227
Noncurrent liabilities:			
Bonds and other asset financing obligations	26,647,422	25,683,241	24,421,179
Other noncurrent liabilities	3,651,145	4,319,516	4,977,960
Total liabilities	33,221,031	32,976,801	32,729,366
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	103,875	75,368	51,946
Pension related amounts	996,876	40,210	102,956
OPEB related amounts	477,044	462,460	275,406
Total deferred inflows of resources	1,577,795	578,038	430,308
NET POSITION			
Net investment in capital assets	14,720,470	14,954,997	14,620,518
Restricted	589,328	538,552	550,736
Unrestricted	588,305	414,561	1,296,075
Net position, December 31	\$ 15,898,103	\$ 15,908,110	\$ 16,467,329

* 2020 and 2019 include the reclassification of \$39.3 million and \$9.5 million, respectively, of accumulated depreciation to LaGuardia Terminal B landlord leasehold investment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued**2021 vs. 2020**

Port Authority assets totaled \$49.4 billion at December 31, 2021, an increase of \$753 million from December 31, 2020. This overall increase was primarily a result of:

Facilities, net of \$40.2 billion increased \$356 million from December 31, 2020 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 and business segment, see *Schedule F – Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts of \$1.3 billion increased \$203 million from December 31, 2020 primarily due to: **a)** an increase in amounts due from the Federal Transit Administration (“FTA”) for Superstorm Sandy restoration and resiliency capital projects for Port Authority Trans-Hudson Corporation (“PATH”); **b)** an increase in federal funding under the ARPA for JFK, LaGuardia (“LGA”), and Newark Liberty International (“EWR”) airports; **c)** an increase in E-ZPass® tolls due from other tolling agencies; and, **d)** an increase in percentage rents due from tenants at Aviation facilities. These increases are partially offset by a decrease in 2020 aviation fees due the Port Authority that were deferred in 2020 as a result of COVID-19 and are being recovered over a three- year period covering 2021-2023.

Cash and investment balances of \$3.8 billion increased \$190 million from December 31, 2020, primarily due to increases in tolls, rentals and aviation fees as activity levels at Port Authority facilities continue to recover from the nadir of activity levels in April 2020 as a result of COVID-19. These increases are partially offset by the drawdown of consolidated bond funds for purposes of funding capital construction at Port Authority facilities.

Cash flows from operations of \$1.9 billion increased \$924 million when compared to the same twelve-month period of 2020 primarily due to: **a)** increases in tolls, rentals and aviation fees as activity levels at Port Authority facilities continue to recover from the nadir of activity levels in April 2020 as a result of COVID-19; and, **b)** the collection of 2020 aviation fees that were deferred in 2020 as a result of COVID-19 and are being recovered over a three-year period covering 2021-2023.

Port Authority liabilities totaled \$33.2 billion at December 31, 2021, an increase of \$244 million from December 31, 2020. This increase was primarily due to:

Bonds and other asset financing obligations of \$29 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds, increased \$911 million from December 31, 2020, primarily due to the issuance of \$1.3 billion of Consolidated Bonds for purposes of funding capital construction activities, partially offset by \$437 million for the scheduled retirement of outstanding Consolidated Bonds.

Accrued pension and other postemployment benefits (“OPEB”) of \$1.3 billion decreased \$671 million primarily due to a decrease in the Port Authority’s proportionate share of the New York State and Local Retirement System (“NYSLRS”) net pension liability (“NPL”) and the Port Authority’s net Other Postemployment Benefit (“OPEB”) liability due to gains on plan investments, in excess of their actuarially calculated expected rate of return, measured at March 31, 2021 and December 31, 2021, respectively.

Accounts payable of \$923 million decreased \$135 million primarily due to a decrease in accrued capital construction contract payments for the Lincoln Tunnel Access Program, LGA Airport Redevelopment Program and Super Storm Sandy capital projects at PATH.

Accrued interest and other current liabilities of \$587 million increased \$142 million primarily due to; **a)** the prepayment of 2022 aviation fees by airlines; **b)** increased prepaid tolls from E-ZPass® tag holders; and, **c)** the timing of the scheduled debt service payments on outstanding Consolidated Bonds.

Deferred outflows of resources totaled \$1.3 billion at December 31, 2021, an increase of \$481 million from December 31, 2020. This increase was primarily due to changes in actuarial assumptions used in the valuation of the Port Authority’s proportionate share of the actuarially determined NYSLRS NPL. Deferred outflows of resources are amortized as an increase to future operating expense on a straight-line basis over a closed period of time.

Deferred inflows of resources totaled \$1.6 billion at December 31, 2021, an increase of \$1.0 billion from December 31, 2020. This increase was primarily due to a decrease in the Port Authority’s proportionate share of the actuarially determined NYSLRS NPL and the Port Authority’s actuarially determined net OPEB liability resulting from gains on plan investments, in excess of their expected rate of return. Deferred inflows of resources are amortized as a decrease to future operating expense on a straight-line basis over a closed period of time.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued**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 \$786 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 Passenger facility charges (“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 obligations 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 gains on plan investments, in excess of their actuarially calculated expected rate of return, 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.

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/ (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 lower than the actuarially calculated expected rate of return measured at March 31, 2020; partially offset by a decrease in actuarially determined deferred OPEB expense resulting from gains on plan investments, in excess of their expected rate of return, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

The Port Authority of New York and New Jersey 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:

	2021	2020	2019
		(In thousands)	
Gross operating revenues	\$ 5,142,604	\$ 4,334,074	\$ 5,539,715
Operating expenses	(3,106,221)	(3,263,009)	(3,430,176)
Depreciation and amortization	(1,629,089)	(1,566,484)	(1,457,426)
Net insurance recoverables	—	4,033	175,678
Income/(Loss) from operations	407,294	(491,386)	827,791
Non-operating revenues/(expenses), net			
Grants, in connection with operating activities and pass-through grant program payments	253,996	462,375	22,523
Financial (loss) income, including changes in fair value of investments	(13,544)	81,961	87,948
Interest expense in connection with bonds and other asset financings, net*	(1,086,163)	(946,603)	(902,949)
Loss on disposition of assets	(4,623)	—	—
Capital contributions and PFCs	433,033	334,434	553,622
(Decrease)/Increase in net position	(10,007)	(559,219)	588,935
Net position, January 1	15,908,110	16,467,329	15,878,394
Net position, December 31	\$ 15,898,103	\$ 15,908,110	\$ 16,467,329

* Includes \$66.7 million, \$65.3 million and \$65.3 million in 2021, 2020 and 2019, respectively, related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the World Trade Center ("WTC") Tower 4 net lessee.

Financial results of an individual facility and business segment for 2021 can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

Gross Operating Revenues

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

	2021	2020	2019
		(In thousands)	
Bridge and tunnel tolls	\$ 1,759,244	\$ 1,500,669	\$ 1,679,102
Rentals	1,612,971	1,421,467	1,748,683
Aviation fees	1,213,743	907,314	1,287,263
Parking and other	353,261	240,329	408,609
Utilities	125,937	112,008	144,176
PATH fares	77,448	71,158	197,809
Rentals – Special Project Bonds	—	81,129	74,073
Total	\$ 5,142,604	\$ 4,334,074	\$ 5,539,715

	2021	2020	2019
		(In thousands)	
Aviation	\$ 2,508,088	\$ 2,032,359	\$ 2,913,161
Tunnels, Bridges & Terminals	1,796,753	1,542,081	1,740,044
Port Department	386,626	327,665	322,061
World Trade Center	342,757	328,455	329,212
PATH*	85,220	82,110	210,610
Other**	23,160	21,404	24,627
Total	\$ 5,142,604	\$ 4,334,074	\$ 5,539,715

* PATH includes WTC Transportation Hub.

** Other includes Development Facilities and Ferry Transportation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued**2021 vs. 2020**

2021 financial results significantly improved from 2020 as activity levels at Port Authority facilities continue to recover from the lows in 2020. 2021 increases in activity-driven revenues, including tolls & fares, percentage-based rentals and airport parking were the primary drivers of the \$809 million increase in *Gross operating revenues*. Although 2021 saw a significant increase in gross operating revenues, they remain \$397 million, or 7% lower than 2019 despite the impact of the toll and fare increases that took place in late 2019 and early 2020. Similarly, PFCs were \$133 million below 2019 levels as a result of lower activity levels at the airports.

Activity levels at Port Authority tunnels and bridge crossings have recovered quicker than activity at other Port Authority facilities and is within 5% of 2019 pre-Covid-19 levels. Cargo container activity at Port Authority Marine Terminals was at record highs throughout 2021 and increased 17% from 2019. Aviation passenger activity is recovering at a slower pace and remained 46% lower than 2019 pre-Covid-19 activity levels. Activity at PATH also continues to recover at a slower rate with passenger activity being 64% lower than 2019 pre-COVID-19 ridership.

Comparing 2021 revenues to projected revenues for 2021 when the 2020 budget was adopted by the Board in December 2019 and which anticipated the 2019 and 2020 Board approved toll and fare increases, there is a shortfall in gross operating revenues and PFC collections of approximately \$1 billion in 2021. This is consistent with the Port Authority's estimate of total revenue loss for 2021 resulting from COVID-19. Combined with the \$1.7 billion revenue loss sustained in 2020, these losses are consistent with the approximately \$3 billion revenue loss projected for the twenty-four-month period ending March 2022.

Gross operating revenues, excluding PFCs totaled \$5.1 billion in 2021, an increase of \$809 million, or 19% as compared to 2020, a period that included the nadir in activity volumes resulting from COVID-19.

Bridge and Tunnel Tolls of \$1.8 billion increased \$258.6 million or 17% as compared to 2020 primarily due to a 19% increase in vehicular activity at the Port Authority's six vehicular crossings due to the continued recovery of vehicular activity from the nadir of activity levels in April 2020 as a result of COVID-19. 2021 bridge and tunnel tolls are \$80 million or 5% higher than 2019, primarily due to bridge and tunnel toll increases that became effective in January 2020 that was partially offset by a 5% decrease in vehicular activity, resulting from COVID-19.

Rentals of \$1.6 billion increased \$191.5 million, or 13% as compared to 2020 primarily due to: **a)** an increase in activity-based rental income at Aviation facilities due to an 85% increase in passenger activity from 2020; **b)** an increase in activity-based rental income at Port Authority Marine Terminals due to an 18% increase in cargo container activity; **c)** an increase in fixed rent at Aviation facilities due to scheduled rent increases; and, **d)** an increase in percentage and fixed rentals at the One WTC Observation Deck, which reopened to the public in June 2021. These increases are partially offset by COVID-19 rent relief granted to various tenants at Port Authority facilities, which have been granted for the period beginning April 1, 2020, and ending December 31, 2021.

Aviation fees of \$1.2 billion increased \$306.4 million, or 34% as compared to 2020. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of eligible capital investment and operating expenses incurred by the Port Authority. The increase in aviation fees was primarily due to: **a)** a reduction in the amount of federal funding credits, provided as a result of COVID-19, to be applied against recoverable operating expenses as compared to 2020; **b)** an increase in fees for the usage of federal inspection facilities at EWR Airport, Terminal B due to a 2021 rate increase and increased passenger activity; and, **c)** the implementation of the for-hire-vehicle airport access fee in April 2021.

Parking and other fees of \$353.3 million increased \$112.9 million, or 47% as compared to 2020 primarily due to: **a)** an increase in Port Authority Marine Terminal Cargo Facility Charges ("CFCs") due to increased cargo container activity levels; and, **b)** increased public parking activity at Aviation facilities as a result of an 85% increase in aviation passengers due to the continued recovery from the nadir of activity levels in April 2020 as a result of COVID-19 and aviation passengers electing to park at Port Authority airport public parking facilities rather than electing to use other forms of public transportation. However, 2021 parking and other fees were \$56 million or 14% lower when compared to 2019 pre-COVID-19 levels.

PATH fares of \$77.4 million increased \$6.3 million or 9% compared to 2020, primarily due to an 8% increase in ridership as mass transit systems in the region are recovering slower than vehicular traffic from the adverse impacts of COVID-19. However, fares generated from PATH ridership in 2021 remained \$120 million lower than 2019 as 2021 ridership was only 36% of 2019 pre-COVID-19 levels. This impact would have been higher if PATH fares had not increased in November 2019 and 2020.

Rentals – Special Project Bonds decreased \$81.1 million due to the cessation of rental revenue due to the retirement of JFKIAT Special Project Bonds, Series 6 and Series 8 in 2020. This bond retirement resulted in a corresponding decrease in operating expenses. (See Interest on Special Project Bonds below in discussion of Operating Expenses incurred in 2021).

2020 vs. 2019

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

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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

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.

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 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 usage 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.

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.

Operating Expenditures

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

	2021	2020	2019
		(In thousands)	
Employee compensation, including benefits	\$ 1,296,724	\$ 1,395,588	\$ 1,413,979
Contract services	938,408	929,520	1,046,216
Rents and payments in-lieu-of taxes ("PILOT")	396,628	403,661	388,462
Materials, equipment and other	289,810	290,033	315,676
Utilities	184,651	163,078	191,770
Interest on Special Project Bonds	—	81,129	74,073
Total	\$ 3,106,221	\$ 3,263,009	\$ 3,430,176

	2021	2020	2019
		(In thousands)	
Aviation	\$ 1,617,595	\$ 1,752,439	\$ 1,886,112
Tunnels, Bridges & Terminals	524,557	552,976	553,759
PATH*	467,051	447,034	457,515
World Trade Center	320,647	335,014	346,535
Port Department	164,851	163,395	174,213
Other**	11,520	12,151	12,042
Total	\$ 3,106,221	\$ 3,263,009	\$ 3,430,176

* 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.

2021 vs. 2020

Operating expenses totaled \$3.1 billion in 2021, a decrease of \$157 million or 5.0% from 2020 and \$324 million or 9% lower than 2019.

Employee compensation, excluding the \$178 million year over year decrease related to lower actuarially determined non-cash NYSLRS pension and OPEB expense, increased approximately \$79 million from 2020 due to **a)** an increase in overtime for snow and ice removal activities at Port Authority facilities due to inclement winter weather conditions; **b)** increases in operational and maintenance support at Port Authority facilities due to incremental increases in activity volumes at Port Authority facilities; and **c)** scheduled contractual increases for represented employees. Partially offsetting these increases were **d)** position reduction initiatives which began mid-2020 in response to the adverse impacts of COVID-19. After consideration of NYSLRS and OPEB expense credits, employee compensation decreased \$99 million, or 7% as compared to 2020.

Contract services of \$938.4 million increased \$8.9 million, or 1.0% as compared to 2020 primarily due to an increase in snow and ice removal activities at Port Authority facilities due to inclement winter weather conditions and higher EZ Pass credit card fees due to increased vehicular activity at Port Authority bridge and tunnel crossings. Partially offsetting these increases are decreases in payments to third-party contractors for operations and maintenance support services, primarily at Aviation facilities, due to cost saving measures implemented in 2020 resulting from COVID-19 that carried forward into 2021.

Rents and payments in-lieu-of-taxes ("PILOT") of \$396.6 million decreased \$7 million, or 1.7% as compared to 2020, primarily due to decreased PILOT payments to the City of New York for the WTC Campus as a result of lower assessed property values.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

Materials, equipment and other of \$289.8 million remained consistent as compared to 2020 amounts due to: **a)** an increase in materials and equipment for snow and ice removal activities; and, **b)** higher property damage insurance premiums and public liability self-insured loss reserves. These increases are offset by a decrease in non-cash capital expense write-offs and bad debt expense.

Utilities of \$184.7 million increased \$21.6 million, or 13.2% as compared to 2020 primarily due to increased billing rates and consumption at Aviation facilities and PATH.

Interest on Special Project Bonds decreased \$81.1 million due to the retirement of JFKIAT Special Project Bonds, Series 6 and Series 8 in 2020. Offsetting this decrease is a corresponding decrease in *Rentals – Special Project Bonds in the Gross Operating Revenue* section above.

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.

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.

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.

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.

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.

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.

Depreciation and Amortization

A summary of depreciation and amortization by business segment follows:

	2021	2020	2019
		(In thousands)	
Aviation*	\$ 595,609	\$ 566,703	\$ 502,286
World Trade Center	356,659	342,059	311,576
Tunnels, Bridges & Terminals	302,754	279,167	271,441
PATH**	227,911	214,513	201,540
Port Department	96,523	101,553	101,106
Other***	49,633	62,489	69,477
Total	\$ 1,629,089	\$ 1,566,484	\$ 1,457,426

* Includes LGA Terminal B landlord leasehold depreciation of \$47 million in 2021, \$30 million in 2020, and \$9 million in 2019.

** PATH includes WTC Transportation Hub.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued**2021 vs. 2020**

Depreciation and amortization of \$1.6 billion increased \$63 million, or 4% as compared to 2020 due to the scheduled completion of approximately \$5.0 billion of capital construction projects in 2020 and 2021. These capital infrastructure projects have been placed into operational service and are now being depreciated over their estimated useful lives, including elements of the: **a)** LaGuardia ("LGA") Airport Redevelopment Program; **b)** the replacement of the suspender ropes at the George Washington Bridge ("GWB"); **c)** the PATH rail car fleet expansion and signal replacement programs and, **d)** EWR runways and taxiway rehabilitation.

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.

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 resulting from COVID-19.

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:

	2021	2020	2019
		(In thousands)	
Tunnels, Bridges & Terminals	\$ 969,442	\$ 709,938	\$ 914,844
Aviation*	294,884	(286,783)	524,763
Port Department	125,252	62,717	46,742
Other**	(37,993)	(49,203)	118,786
World Trade Center	(334,549)	(348,618)	(328,899)
PATH***	(609,742)	(579,437)	(448,445)
Income/(Loss)	\$ 407,294	\$ (491,386)	\$ 827,791

* Includes LGA Terminal B landlord leasehold depreciation of \$47 million in 2021, \$30 million in 2020, and \$9 million in 2019.

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

*** PATH includes WTC Transportation Hub.

2021 Income from operations of \$407 million increased \$899 million from 2020 as a result of increased activity levels at Port Authority facilities due to the continued recovery from COVID-19.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2021	2020	2019
		(In thousands)	
Financial income	\$ 54,223	\$ 63,555	\$ 66,695
Net (decrease) increase in fair value of investments	(67,767)	18,406	20,983
Interest expense in connection with bonds and other asset financings, net*	(1,086,163)	(946,603)	(902,949)
Net loss on disposal of assets	(4,623)	—	—
Pass-through grant program payments	(2,613)	(26,853)	(3,142)
Grants, in connection with operating activities	256,609	489,228	25,665
Non-operating expenses, net	\$ (850,334)	\$ (402,267)	\$ (792,478)

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

2021 vs. 2020

Financial income, comprised of interest income and the net change in fair value of investments totaled \$(13.5) million in 2021, a decrease of \$96 million when compared to 2020. This decrease was primarily due to the recognition of unrealized losses for changes in fair value of United States securities held in Port Authority investment accounts.

Interest expense, net in connection with bonds and other asset financings of \$1.1 billion increased \$139.6 million from 2020 primarily due to a \$138 million increase in interest expense resulting from the 2021 adoption of GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period" which eliminated the capitalization of interest expense incurred during a construction period.

Grants, in connection with operating activities of \$257 million decreased \$232.6 million from 2020 primarily due to the timing and sizing of COVID-19 related federal relief programs. In 2020, \$450 million of federal CARES Act funding was received at JFK, LGA, and EWR airports. In 2021, \$237 million of CRRSAA and ARPA COVID-19 federal funding was received at the Port Authority's JFK, LGA, and EWR airports.

Pass-through grant program payments to sub-grantees of \$2.6 million decreased \$24.2 million when compared to 2020 primarily due to decreased federal funding for baggage screening equipment at LGA that is 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**.

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 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 Consolidated 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**.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and Passenger Facility Charges follows:

	2021	2020	2019
		(In thousands)	
Contributions in aid of construction	\$ 273,179	\$ 258,925	\$ 261,054
PFCs	159,854	75,509	292,568
Total	\$ 433,033	\$ 334,434	\$ 553,622

2021 vs. 2020

Contributions in aid of construction of \$273.2 million increased \$14.3 million from 2020 primarily due to: **a)** a \$37.4 million increase in FTA and FEMA funding for PATH Superstorm Sandy restoration and resiliency capital projects; and, **b)** a \$21.8 million increase in Airport Improvement Program ("AIP") funding related to the rehabilitation of certain runways at Port Authority airports. These increases are partially offset by: **a)** a \$24 million decrease related to One WTC capital construction claims received in 2020; **b)** a \$7.3 million decrease in required net lessee capital contributions related to the construction of WTC Tower 3; and, **c)** a \$7.2 million decrease in Federal Highway Administration ("FHWA") federal funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

Passenger Facility Charges ("PFCs") of \$159.9 million increased \$84.3 million from 2020 due to an 85% increase in passenger activity related to the partial recovery of aviation passenger activity resulting from COVID-19. However, when compared to pre-COVID-19 levels, PFC collections remain \$133 million or 45% lower than 2019.

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 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.

Capital Construction Activities

Port Authority capital investment, including capital contributions, accrued amounts and LGA Terminal B landlord leasehold capital investment, totaled \$2.0 billion in 2021, \$2.6 billion in 2020 and \$3.4 billion in 2019. The decrease in capital spending for 2021 of \$549 million when compared to 2020 and \$1.3 billion when compared to 2019 amounts, was driven by slowed capital spending for capital projects not already in construction in response to lower net revenues resulting from COVID-19.

Capital Funding Sources 2021*

		(In thousands)	
Consolidated bonds and commercial paper obligations**	\$ 1,073,896		55%
Port Authority Consolidated Bond Reserve Funds**	488,195		25%
Other contributions in aid of construction	213,429		11%
Passenger Facility Charges	152,774		8%
FTA Contributions in aid of construction	16,299		1%
WTC Tower 3 net lessee capital contributions	1,723		<1%
Total	\$ 1,946,316		

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

A summary of capital investment by business segment follows:

	2021	2020	2019
	(In millions)		
Aviation*	\$ 1,148	\$ 1,379	\$ 1,886
Tunnels, Bridges & Terminals	393	582	697
PATH	313	325	334
WTC (including WTC Transportation Hub)	123	232	291
Port Department	38	44	120
Other**	3	5	6
Total	\$ 2,018	\$ 2,567	\$ 3,334

* Includes LGA Terminal B landlord leasehold capital improvements of \$95 million in 2021, \$277 million in 2020, and \$297 million in 2019.

** 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, 2021, bonds and other asset financing obligations of the Port Authority totaled approximately \$29.0 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 2021, the Port Authority issued approximately \$3.0 billion of Consolidated Bonds and notes, including the receipt of \$289.3 million in issuance premiums. Of this amount \$1.3 billion was allocated for purposes of funding capital construction, \$1.5 billion was utilized to refund outstanding Consolidated Bonds to achieve savings on future debt service payments and \$200 million was used to retire existing commercial paper obligations.

During 2021, the Port Authority issued approximately \$141.7 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 December 31, 2021.

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

The following revisions were made to Port Authority credit ratings during 2021:

- Citing loss of revenues and volatility surrounding the recovery of activity levels at Port Authority facilities resulting from COVID-19, on January 19, 2021 Fitch Ratings changed their rating on Port Authority Consolidated Bonds and Consolidated Notes from AA- to A+ and affirmed their F1+ rating on Port Authority Commercial Paper Obligations. Additionally, Fitch changed their ratings outlook from rating watch negative to stable.
- On April 22, 2021, Standard and Poor's ("S&P") changed their ratings outlook from negative to stable and affirmed its A+ rating on Port Authority Consolidated Bonds and Consolidated Notes and A-1 rating on Port Authority Commercial Paper Obligations.
- On December 6, 2021, Moody's Investor Service changed their ratings outlook from negative to stable and affirmed its Aa3 rating on Port Authority Consolidated Bonds and Consolidated Notes and P-1 rating on Port Authority Commercial Paper Obligations.
- On December 7, 2021, S&P changed their ratings outlook from stable to positive and affirmed its A+ rating on Port Authority Consolidated Bonds and Consolidated Notes and A-1 on Port Authority Commercial Paper Obligations.

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*.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued**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 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, on September 4, 2019 at the Goethals Bridge, and on December 23, 2020 at the Holland Tunnel. 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. Cashless tolling is expected to take effect permanently in June 2022 at the George Washington Bridge, and December 2022 at the Lincoln Tunnel.

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.

2022 Budget

On December 16, 2021, the Board of Commissioners approved a 2022 budget that provides for capital and operating expenditures during calendar year 2022 totaling \$7.9 billion. To obtain a copy of the 2022 budget, please refer to the following link: <https://www.panynj.gov/corporate/en/financial-information/budget.html>.

The Port Authority of New York and New Jersey Retiree Health Benefit Trust Fiduciary Fund Financial Statements Comparison for the Years Ended December 31, 2021 and December 31, 2020

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:

	2021	2020	2019
		(In thousands)	
Financial position			
Total assets	\$ 1,987,015	\$ 1,906,735	\$ 1,803,379
Total liabilities	19,329	974	3,753
Net position, December 31	\$ 1,967,686	\$ 1,905,761	\$ 1,799,626

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

	2021	2020	2019
		(In thousands)	
Total contributions*	\$ —	\$ 30,061	\$ 256,536
Total net investment income	235,963	225,006	285,996
Total deductions**	(174,038)	(148,932)	(156,642)
Increase in net position	61,925	106,135	385,890
Net position – January 1	1,905,761	1,799,626	1,413,736
Net position – December 31	\$ 1,967,686	\$ 1,905,761	\$ 1,799,626

* 2020 contributions are comprised of OPEB benefit payments totaling \$30.1 million made from available Port Authority operating funds. The Port Authority did not make advanced funding contributions to the Trust in 2020 and 2021. 2019 contributions include \$156.6 million in current OPEB benefit payments made from available Port Authority operating funds and \$100 million in advance funding contributions to the Trust.

** 2021 OPEB benefits payments were paid in their entirety out of Trust funds. 2020 amounts include OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds and \$118.7 million from Trust funds. 2019 OPEB benefits payments were paid in their entirety out of available Port Authority operating funds.

2021 vs. 2020

Net position of the Trust totaled \$2.0 billion at December 31, 2021, an increase of \$61.9 million when compared to December 31, 2020. This increase in the Trust's fiduciary net position was due to \$236 million in investment income partially offset by \$174 million in OPEB benefit payments paid from Trust funds.

Trust assets totaled \$2.0 billion at December 31, 2021, an increase of \$80.3 million from December 31, 2020. This increase in Trust assets is primarily due to a \$58.6 million increase in cash and cash equivalents, an \$11.6 million increase in fair value of Trust investments and a \$10 million increase in receivables.

Trust liabilities totaled \$19.3 million at December 31, 2021, an increase of \$18.4 million from December 31, 2020. This increase in Trust liabilities is due to higher payables to brokers for investment fees.

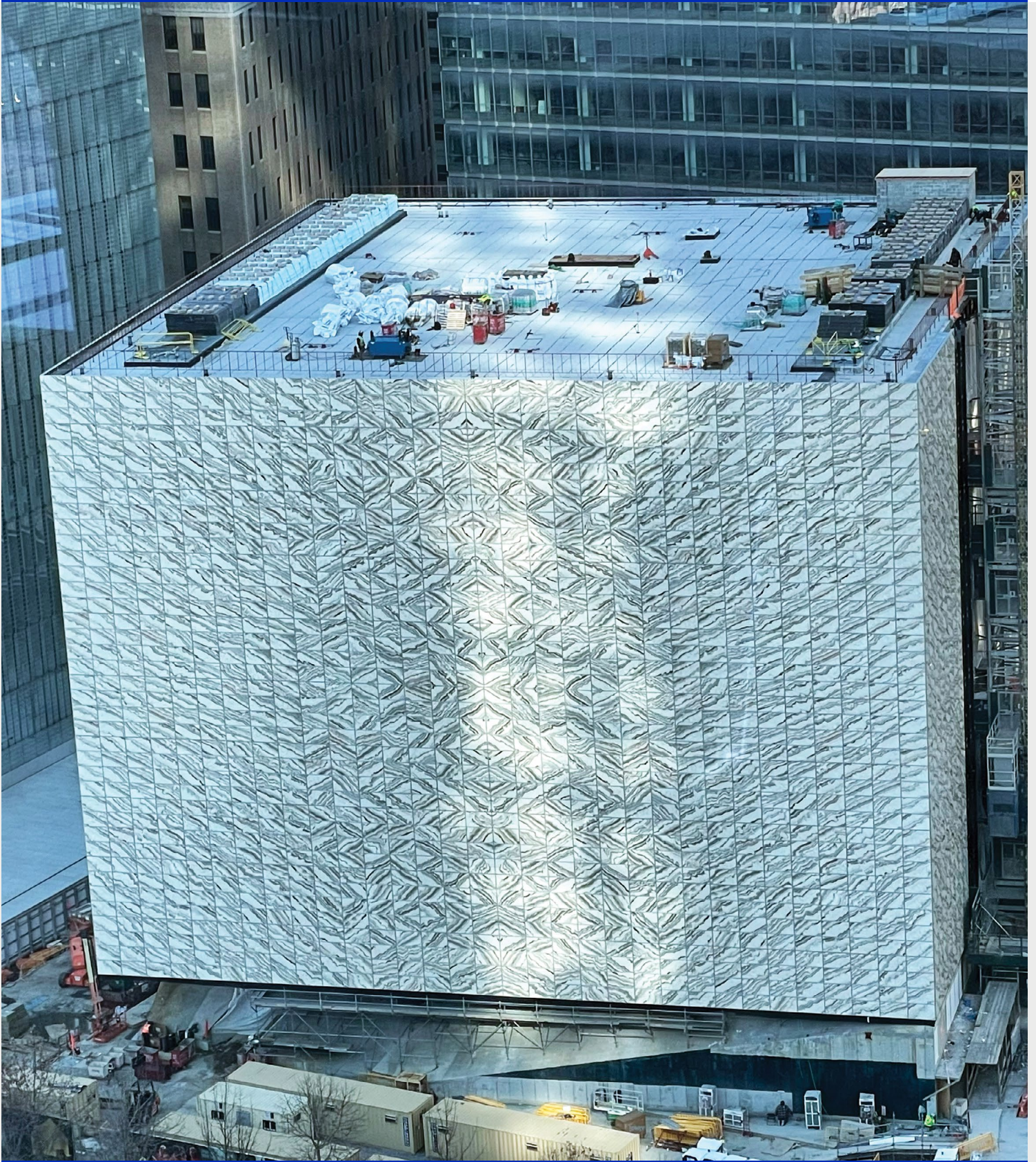
Net investment income totaled \$236 million in 2021, an increase of \$11 million from 2020, primarily due to higher investment gains on Trust investments and financial income. The money-weighted rate of return on Trust investments was 13.00% in 2021 and 13.48% in 2020.

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 \$118.7 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.



Major progress at the World Trade Center campus with substantial completion of the facade at the Ronald O. Perelman Performing Arts Center.

The Port Authority of New York and New Jersey (Enterprise Fund)

STATEMENTS OF NET POSITION

	December 31, 2021	December 31, 2020
(In thousands)		
ASSETS		
Current assets:		
Cash	\$ 343,762	\$ 306,471
Restricted cash	74,121	87,098
Investments	677,079	927,404
Restricted investments – PAICE	4,998	1,250
Restricted investments – PFC	4,600	2,200
Current receivables, net	1,061,751	888,586
Other current assets	152,141	162,280
Restricted receivables and other assets	64,305	33,028
Total current assets	2,382,757	2,408,317
Noncurrent assets:		
Restricted cash	4,628	4,766
Investments	2,622,781	2,253,190
Restricted investments – PAICE	61,860	21,263
Other amounts receivable, net	198,304	181,023
Other noncurrent assets	1,691,644	1,709,457
Restricted noncurrent assets – PAICE	5,503	5,950
Amounts receivable – Tower 4 Liberty Bonds	1,236,905	1,244,413
Unamortized costs for regional programs	32,846	60,239
Landlord leasehold investment –LGA Terminal B Facilities, net	1,034,390	985,965
	40,168,584	39,812,810
Total noncurrent assets	47,057,445	46,279,076
Total assets	49,440,202	48,687,393
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	57,497	62,317
Pension related amounts	1,059,884	556,005
OPEB related amounts	139,346	157,234
Total deferred outflows of resources	1,256,727	775,556
LIABILITIES		
Current liabilities:		
Accounts payable	922,541	1,057,116
Accrued interest and other current liabilities	586,504	444,835
Restricted other liabilities – PAICE	348	745
Accrued payroll and other employee benefits	326,904	339,269
Current portion bonds and other asset financing obligations	1,086,167	1,132,079
Total current liabilities	2,922,464	2,974,044
Noncurrent liabilities:		
Accrued pension and other postemployment benefits	1,348,892	2,020,090
Other noncurrent liabilities	310,104	281,956
Unearned income related to WTC Retail joint venture	727,698	736,958
Restricted other noncurrent liabilities – PAICE	27,546	36,099
Amounts payable – Tower 4 Liberty Bonds	1,236,905	1,244,413
Bonds and other asset financing obligations	26,647,422	25,683,241
Total noncurrent liabilities	30,298,567	30,002,757
Total liabilities	33,221,031	32,976,801
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	103,875	75,368
Pension related amounts	996,876	40,210
OPEB related amounts	477,044	462,460
Total deferred inflows of resources	1,577,795	578,038
NET POSITION	\$ 15,898,103	\$ 15,908,110
Net position is comprised of:		
Net investment in capital assets	\$ 14,720,470	\$ 14,954,997
Restricted:		
Passenger Facility Charges	12,568	267
Port Authority Insurance Captive Entity, LLC	497,847	451,412
Minority Interest in Tower 1 Joint Venture	78,913	86,873
Unrestricted	588,305	414,561
NET POSITION	\$ 15,898,103	\$ 15,908,110

See Notes to Financial Statements

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (ENTERPRISE FUND) ...continued

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31,

	2021	2020
		(In thousands)
Gross operating revenues:		
Tolls and fares	\$ 1,836,692	\$ 1,571,827
Rentals	1,612,971	1,421,467
Aviation fees	1,213,743	907,314
Parking and other	353,261	240,329
Utilities	125,937	112,008
Rentals – Special Project Bonds Projects	–	81,129
Total gross operating revenues	5,142,604	4,334,074
Operating expenses:		
Employee compensation, including benefits	1,296,724	1,395,588
Contract services	938,408	929,520
Rents and payments in-lieu-of taxes (PILOT)	396,628	403,661
Materials, equipment and other	289,810	290,033
Utilities	184,651	163,078
Interest on Special Project Bonds	–	81,129
Total operating expenses before depreciation, amortization and other operating expenses	3,106,221	3,263,009
Net insurance recoverables	–	(4,033)
Depreciation of facilities and landlord leasehold investment	1,601,696	1,533,267
Amortization of costs for regional programs	27,393	33,217
Income/(loss) from operations	407,294	(491,386)
Non-operating revenues and (expenses):		
Financial income	54,223	63,555
Net (decrease) increase in fair value of investments	(67,767)	18,406
Interest expense in connection with bonds and other asset financing	(1,152,878)	(1,011,896)
Loss on disposition of assets	(4,623)	–
Pass-through grant program payments	(2,613)	(26,853)
4 WTC associated payments	66,715	65,293
Grants, in connection with operating activities	256,609	489,228
Non-operating expenses, net	(850,334)	(402,267)
Loss before capital contributions and passenger facility charges	(443,040)	(893,653)
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	273,179	258,925
Passenger facility charges	159,854	75,509
Total capital contributions and passenger facility charges	433,033	334,434
Decrease in net position	(10,007)	(559,219)
Net position, January 1	15,908,110	16,467,329
Net position, December 31	\$ 15,898,103	\$ 15,908,110

See Notes to Financial Statements

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (ENTERPRISE FUND) ...continued

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2021	2020
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	\$ 5,192,419	\$ 4,084,506
Cash received from insurance recoverables	—	262
Cash paid to or on behalf of employees	(1,494,989)	(1,247,748)
Cash paid to suppliers	(1,352,068)	(1,407,116)
Cash paid to municipalities	(388,113)	(422,046)
Net cash provided by operating activities	1,957,249	1,007,858
Cash flows from noncapital financing activities:		
Payments for Fund for regional development buy-out obligation	(53,606)	(53,210)
Grants received in connection with operating activities	287,142	444,745
Pass-through grant payments	(24,056)	(3,217)
Net cash provided by noncapital financing activities	209,480	388,318
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	(2,131,910)	(2,717,009)
Proceeds from Consolidated Notes	—	1,096,271
Proceeds from capital obligations issued for refunding purposes (including commercial paper)	3,498,760	4,305,897
Principal paid through capital obligations refundings (including commercial paper)	(3,423,760)	(4,305,897)
Proceeds from sales of capital obligations allocated for construction	1,469,286	820,105
Principal paid on capital obligations	(461,905)	(425,150)
Interest paid on capital obligations	(1,144,429)	(1,110,557)
Payments for MOTBY obligation	(5,000)	(5,000)
Contributions in aid of construction	76,154	229,479
Proceeds from passenger facility charges	147,557	111,070
Proceeds from disposition of assets	7,563	—
Financial income allocated to capital projects	21	1,165
Net cash (used for) capital and related financing activities	(1,967,663)	(1,999,626)
Cash flows from investing activities:		
Purchase of investment securities	(17,041,707)	(20,106,783)
Proceeds from maturity and sale of investment securities	16,803,365	20,859,881
Interest received on investment securities	58,317	71,909
Other interest income	5,135	1,661
Net cash (used for)/provided by investing activities	(174,890)	826,668
Net increase in cash	24,176	223,218
Cash at beginning of year	398,335	175,117
Cash at end of year	\$ 422,511	\$ 398,335

See Notes to Financial Statements

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (ENTERPRISE FUND) ...continued

STATEMENTS OF CASH FLOWS ...continued

	Year ended December 31,	
	2021	2020
	(In thousands)	
2. Reconciliation of income from operations to net cash provided by operating activities:		
Income/(loss) from operations	\$ 407,294	\$ (491,386)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities and landlord leasehold investment	1,601,696	1,533,267
Amortization of costs for regional programs	27,393	33,217
Amortization of other assets	67,500	68,315
Change in operating assets and operating liabilities:		
(Increase) in receivables	(37,604)	(161,055)
(Increase) in deferred charges and other assets	(68,547)	(76,695)
Increase in payables	25,929	10,080
Increase/(decrease) in other liabilities	141,117	(49,874)
(Decrease) in unearned income related to WTC retail joint venture	(9,260)	(9,260)
(Decrease)/increase in accrued payroll, pension and other employee benefits	(198,269)	151,249
Total adjustments	1,549,955	1,499,244
Net cash provided by operating activities	\$ 1,957,249	\$ 1,007,858

3. Capital obligations:

Consolidated bonds and notes, commercial paper, variable rate master notes, Marine Ocean Terminal at Bayonne Peninsula (MOTBY) Obligation, WTC Tower 4 Liberty Bonds and Goethals Bridge Replacement Developer Financing Agreement.

4. Noncash investing, capital and financing activities:

Noncash activity of \$(98) million in 2021 and \$1.2 billion in 2020 includes amortization of discount and premium on outstanding debt obligations.

Noncash capital financing did not include activities that required a change in fair value. In 2021 and 2020, the Silverstein net lessees contributed \$2 million and \$9 million, respectively, towards construction of WTC Tower 3. In 2021 and 2020 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 \$348 thousand in 2021 and \$9.9 million in 2020.

The Port Authority of New York and New Jersey Retiree Health Benefits Trust (Fiduciary Fund)

STATEMENTS OF FIDUCIARY NET POSITION

	December 31, 2021	December 31, 2020
ASSETS		(In thousands)
Cash and cash equivalents	\$ 86,759	\$ 28,122
Receivables:		
Due from employer	12,048	—
Due from broker for investments sold	952	3,159
Investment income	3,570	3,400
Total receivables	16,570	6,559
Investments, at fair value:		
Domestic equities	694,909	692,618
Fixed income	640,462	643,973
International equities	410,299	439,414
Real estate	138,016	96,049
Total investments	1,883,686	1,872,054
Total assets	1,987,015	1,906,735
LIABILITIES		
Payables:		
Due to broker for investments purchased	19,329	974
Total liabilities	19,329	974
Net position restricted for other postemployment benefits	\$ 1,967,686	\$ 1,905,761

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Year ended December 31,	
	2021	2020
Additions:		(In thousands)
Employer contributions*	\$ —	\$ 30,061
Investment income:		
Net increase in fair value of investments	195,105	180,775
Interest and dividends	42,798	46,173
(Less) investment expense	(1,940)	(1,942)
Net investment income	235,963	225,006
Total additions	235,963	255,067
Deductions:		
Benefit payments**	173,920	148,836
Administrative expense	118	96
Total deductions	174,038	148,932
Net increase in net position	61,925	106,135
Net position restricted for other postemployment benefits:		
Beginning of year	1,905,761	1,799,626
End of year	\$ 1,967,686	\$ 1,905,761

* 2020 contributions are comprised of OPEB benefit payments totaling \$30.1 million made from available Port Authority operating funds. The Port Authority did not make advanced funding contributions to the Trust in 2020 and 2021.

** 2021 OPEB benefits payments were paid in their entirety out of Trust funds. 2020 amounts include OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds and \$118.7 million from Trust funds.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

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 (the “Port Authority”) 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 Governor 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 (“GASB”) Statement 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, 2021.
- d.** Enterprise fund financial statements and schedules include the accounts of the Port Authority 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*,” and GASB Statement No. 97 “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*,” the Trust is a fiduciary component unit of the Port Authority.

NOTES TO FINANCIAL STATEMENTS ...continued

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. 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*).

Prior to 2021, the cost of facilities includes interest incurred during the period that related to the construction or production of the capital asset. The amount of capitalized interest was 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. Effective January 1, 2021, in accordance with GASB Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*,” the Port Authority eliminated the capitalization of interest expense incurred during the construction period.

- 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, money market accounts and money market funds.
- 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.

NOTES TO FINANCIAL STATEMENTS ...continued

- 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 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* and *Landlord Leasehold Investment-LGA Terminal B*.
- 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 *Contributions in aid of construction* on the Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively. WTC Towers 2, 3 and 4 are being depreciated over their estimated useful life.
- 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.** For presentation purposes, certain amounts in fiscal years 2020 financial statements have been reclassified to conform to fiscal year 2021 financial statements, presented herein. These reclassifications have no impact on the overall change in net position or cash flows.
- p.** 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 recovers 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.
- 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, "Postponement of the Effective Dates of Certain Authoritative Guidance." The objective of GASB Statement No. 87 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, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 89 eliminated the capitalization of interest expense incurred during construction and is to be applied on a prospective basis. The Port Authority has adopted GASB Statement No. 89 effective January 1, 2021.
- 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, "Postponement of the Effective Dates of Certain Authoritative Guidance." The objective of GASB Statement No. 91 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,

NOTES TO FINANCIAL STATEMENTS ...continued

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 GASB Statement No. 94 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 GASB Statement No. 96 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.

v. In October 2021, GASB issued Statement No. 98, “*The Annual Comprehensive Financial Report.*” The requirements of GASB Statement No. 98 are effective for financial statements periods ending after December 15, 2021. GASB Statement No. 98 establishes the term Annual Comprehensive Financial Report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The Port Authority has adopted GASB Statement No. 98 in 2021.

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 *Net Position – 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 Consolidated 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 *Net Position – 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*.

NOTES TO FINANCIAL STATEMENTS ...continued

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.

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,	
	2021	2020
	(In thousands)	
Net position reported on Statements of Net Position	\$ 15,898,103	\$ 15,908,110
Add: Accumulated depreciation of facilities and landlord leasehold investment	21,194,721	19,914,008
Accumulated retirements and gains and losses on disposition of assets	3,531,020	3,205,414
Application of WTC retail joint venture payments	796,936	796,936
Cumulative amortization of costs for regional programs	1,503,513	1,476,120
Cumulative unamortized discount and premium	1,907,764	1,693,952
Subtotal	28,933,954	27,086,430
Less: Deferred income – PFCs	12,568	267
Income related to WTC retail joint venture	69,238	59,978
Operating and maintenance contingencies	50,000	50,000
Subtotal	131,806	110,245
Total	\$ 44,700,251	\$ 42,884,295
Net position reported on <i>Schedule B – Assets and Liabilities</i> (pursuant to Port Authority bond resolutions)	\$ 44,700,251	\$ 42,884,295

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

	Years ended December 31,	
	2021	2020
	(In thousands)	
(Decrease) in Net position reported on Statements of Revenues, Expenses and Changes in Net Position	\$ (10,007)	\$ (559,219)
Add: Depreciation of facilities and landlord leasehold investment	1,601,696	1,533,267
Application of PFCs	147,557	131,149
Amortization of costs for regional programs	27,393	33,217
Loss on disposition of assets	4,623	—
Subtotal	1,781,269	1,697,633
Less: Debt maturities and retirements	425,278	388,428
WTC Towers 2, 3, 4 Net Lessee capital contributions	1,723	9,005
Direct investment in facilities	870,697	1,398,366
PFC Collections	159,854	75,509
Income related to WTC retail joint venture	9,260	9,260
PFC interest income/fair value adjustment	4	94
Change in accounting principle – pension/OPEB	21,038	19,662
Amortization of discount and premium	75,534	65,121
Subtotal	1,563,388	1,965,445
Total	\$ 207,874	\$ (827,031)
Increase/(Decrease) in Reserves reported on <i>Schedule A – Revenues and Reserves</i> (pursuant to Port Authority bond resolutions)	\$ 207,874	\$ (827,031)

NOTES TO FINANCIAL STATEMENTS ...continued

Note B – Facilities, net

	Facilities, net Dec. 31, 2020	Additions	Transfers to Completed Construction	Depreciation**	Retirements/ Dispositions	Facilities, net Dec. 31, 2021
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,487,657	\$ —	\$ 6,139	\$ —	\$ (12,186)	\$ 1,481,610
Construction in progress*	5,217,739	1,922,951	(1,679,030)	—	—	5,461,660
Total capital assets not being depreciated	6,705,396	1,922,951	(1,672,891)	—	(12,186)	6,943,270
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	23,907,922	—	565,634	—	(166,695)	24,306,861
Machinery and equipment	12,737,896	—	470,209	—	(94,575)	13,113,530
Runways, roadways and other paving	8,304,069	—	234,218	—	(29,465)	8,508,822
Utility infrastructure	8,032,273	—	402,830	—	(30,248)	8,404,855
Total other capital assets being depreciated	52,982,160	—	1,672,891	—	(320,983)	54,334,068
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(6,476,799)	—	—	(543,963)	166,695	(6,854,067)
Machinery and equipment	(5,980,425)	—	—	(417,963)	94,575	(6,303,813)
Runways, roadways and other paving	(4,090,328)	—	—	(274,930)	29,465	(4,335,793)
Utility infrastructure	(3,327,194)	—	—	(318,135)	30,248	(3,615,081)
Total accumulated depreciation	(19,874,746)	—	—	(1,554,991)	320,983	(21,108,754)
Facilities, net	\$ 39,812,810	\$ 1,922,951	\$ —	\$ (1,554,991)	\$ (12,186)	\$ 40,168,584
(In thousands)						
	Facilities, net*** Dec. 31, 2019	Additions	Transfers to Completed Construction	Depreciation**	Retirements/ Dispositions	Facilities, net*** Dec. 31, 2020
Capital assets not being depreciated:						
Land	\$ 1,484,999	\$ —	\$ 2,658	\$ —	\$ —	\$ 1,487,657
Construction in progress*	6,204,199	2,289,831	(3,276,291)	—	—	5,217,739
Total capital assets not being depreciated	7,689,198	2,289,831	(3,273,633)	—	—	6,705,396
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	22,953,090	—	974,550	—	(19,718)	23,907,922
Machinery and equipment	11,899,193	—	924,159	—	(85,456)	12,737,896
Runways, roadways and other paving	7,713,249	—	593,099	—	(2,279)	8,304,069
Utility infrastructure	7,271,817	—	781,825	—	(21,369)	8,032,273
Total other capital assets being depreciated	49,837,349	—	3,273,633	—	(128,822)	52,982,160
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,970,204)	—	—	(526,313)	19,718	(6,476,799)
Machinery and equipment	(5,656,211)	—	—	(409,670)	85,456	(5,980,425)
Runways, roadways and other paving	(3,821,404)	—	—	(271,203)	2,279	(4,090,328)
Utility infrastructure	(3,052,282)	—	—	(296,281)	21,369	(3,327,194)
Total accumulated depreciation	(18,500,101)	—	—	(1,503,467)	128,822	(19,874,746)
Facilities, net	\$ 39,026,446	\$ 2,289,831	\$ —	\$ (1,503,467)	\$ —	\$ 39,812,810

* Additions to construction in progress include deductions related to capital write-offs totaling \$348 thousand in 2021 and \$9.9 million in 2020.

** Excludes depreciation related to LaGuardia Terminal B landlord leasehold investment of \$46.7 million in 2021 and \$29.8 million in 2020.

*** Facilities, net December 31, 2020 and December 31, 2019 includes reclassification of \$39.3 million and \$9.5 million, respectively, of accumulated depreciation to LaGuardia Terminal B landlord leasehold investment.

Notes:

- In accordance with GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," interest expense incurred during construction was not capitalized in 2021. Interest expense added to the cost of facilities in 2020 was \$121.8 million.
- Projects that have been suspended pending determination of their continued viability totaled \$165.7 million in 2021 and \$132.6 million in 2020.
- Depreciation includes accelerated depreciation of \$13.9 million in 2021 and \$3.0 million in 2020 related to capital assets that were retired and taken out of service.
- Retirements/Dispositions include the book value, if any, related to capital assets that have been sold or otherwise disposed.

NOTES TO FINANCIAL STATEMENTS ...continued

Note C – Cash and Investments

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

Cash	December 31,			
	2021		2020	
	Port Authority	PAICE	Total	Total
	(In thousands)			
Cash	\$ 91,487	\$ 9,035	\$ 100,522	\$ 151,468
Cash equivalents	268,609	53,380	321,989	246,867
Total cash	360,096	62,415	422,511	398,335
Less restricted cash	16,334	62,415	78,749	91,864
Unrestricted cash	\$ 343,762	\$ —	\$ 343,762	\$ 306,471

Investments, at fair value*	Fair Value Hierarchy Levels**	December 31,			
		Port Authority [†]	PAICE	Total	Total
		(In thousands)			
United States Treasury notes	Level 1	\$ 2,719,197	\$ 47,612	\$ 2,766,809	\$ 2,461,940
United States Treasury bills	Level 1	1,000	—	1,000	406,249
United States government agency obligations	Level 2	1,000	—	1,000	—
United States Treasury obligations held pursuant to repurchase agreements***	—	573,457	—	573,457	322,069
Corporate bonds	Level 2	—	11,479	11,479	—
Mortgage-backed securities	Level 2	—	5,171	5,171	—
Asset-backed securities	Level 2	—	2,442	2,442	—
Accrued interest receivable		9,806	154	9,960	15,049
Total investments		3,304,460	66,858	3,371,318	3,205,307
Less current investments		681,679	4,998	686,677	930,854
Noncurrent investments		\$ 2,622,781	\$ 61,860	\$ 2,684,641	\$ 2,274,453

* Cash and investments of approximately \$2.0 billion and \$1.9 billion held in The Port Authority of NY and NJ Retiree Health Benefits Trust are not included in the Port Authority's Enterprise Fund Statements of Net Position.

** 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.

† Port Authority investments includes PFC restricted investments of \$4.6 million and \$2.2 million in 2021 and 2020, respectively.

Port Authority cash equivalents, excluding PAICE, at December 31, 2021 and 2020 of \$268.6 million and \$197.2 million, respectively, consist of negotiable order of withdrawal accounts.

PAICE cash equivalents at December 31, 2021 and 2020 of \$53.4 million and \$49.7 million, respectively, consist of money market accounts of \$46.4 million and \$35.9 million, respectively, and money market funds of \$7.0 million and \$13.8 million, respectively. The money market funds have ratings of AAAM and Aaa-mf by S&P and Moody's, 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.

NOTES TO FINANCIAL STATEMENTS ...continued

Total actual bank balances, excluding amounts held by third party trustees were \$353.8 million at December 31, 2021. Of that amount, \$1.8 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of \$352 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 obligations 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.

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, 2021, follows:

Port Authority Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$ 2,719,197	707
United States Treasury bills	1,000	46
United States government agency obligations	1,000	12
United States repurchase agreements	573,457	3
Total fair value of investments*	\$ 3,294,654	
Investment weighted average maturity		584

* Excludes accrued interest receivable amounts of \$9.8 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, 2021 and 2020, 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.

NOTES TO FINANCIAL STATEMENTS ...continued

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, 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 the 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, 2021, 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, 2021, follows:

PAICE Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$ 47,612	1,790
Corporate bonds	11,479	3,086
Mortgage-backed securities	5,171	2,285
Asset-backed securities	2,442	980
Total fair value of investments*	\$ 66,704	
Investment weighted average maturity		2,022

* Excludes accrued interest receivable amounts of \$154 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 assets, 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 interim 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 13.00% and 13.48% for 2021 and 2020, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTES TO FINANCIAL STATEMENTS ...continued

Diversification

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

	Range
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.

Investment Type, at fair value	Fair Value Hierarchy level*	December 31,	
		2021	2020
			(In thousands)
Cash and cash equivalents	Level 1	\$ 86,759	\$ 28,122
Investment at fair value:			
Fixed income securities:			
Corporate and foreign bonds	Level 2	224,842	238,434
U.S. Treasury securities	Level 1	119,350	107,160
U.S. Government agency securities	Level 2	—	23,788
Municipal bonds	Level 2	51,876	39,007
Mortgage and Asset-backed securities**	Level 2	226,540	212,814
Bond mutual funds	Level 1	17,854	22,770
Equity and real estate mutual funds			
Equity mutual funds:			
Domestic mutual funds	Level 1	694,909	692,618
International mutual funds	Level 1	410,299	439,414
Real estate mutual funds	Level 1	138,016	96,049
Total investments		\$ 1,883,686	\$ 1,872,054
Total cash, cash equivalents and investments		\$ 1,970,445	\$ 1,900,176

* 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.

** December 31, 2021 and December 31, 2020 includes U.S. Government agency securities totaling \$104.2 million and \$81.6 million, respectively.

NOTES TO FINANCIAL STATEMENTS ...continued

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" and was in compliance with the investment policy.

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.

As of December 31, 2021, fixed income investment types had the following credit ratings (in thousands):

Ratings**	Corporate and foreign bonds	Municipal bonds	Mortgage and Asset-backed securities	Bonds funds	Total
AAA	\$ 1,508	\$ 3,767	\$ 37,105	\$ —	\$ 42,380
AA+/AA/AA-	4,495	30,575	16,875	—	51,945
A+/A/A-	42,008	13,237	22,515	—	77,760
BBB+/BBB/BBB-	137,066	4,297	26,571	—	167,934
BB+/BB/BB-	26,688	—	4,005	—	30,693
B+/B/B-	11,070	—	1,277	—	12,347
CC/CCC+/CCC/CCC-	542	—	4,388	—	4,930
N/A*	1,465	—	9,644	17,854	28,963
Total	\$ 224,842	\$ 51,876	\$ 122,380	\$ 17,854	\$ 416,952

* N/A represents securities that were not rated.

** Fixed income investments exclude guaranteed U.S. Treasury and U.S. Government agency securities totaling \$119.4 million and \$104.2 million, respectively.

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

Ratings**	Corporate and foreign bonds	U.S. Government agency securities	Municipal bonds	Mortgage and Asset-backed securities	Bonds funds	Total
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

* N/A represents securities that were not rated.

** Fixed income investments exclude guaranteed U.S. Treasury and U.S. Government agency securities totaling \$107.2 million and \$81.6 million, respectively.

Cash and cash equivalents held in the Trust, at December 31, 2021, of \$87 million consist of \$51 million of money market funds and \$36 million of short-term U.S. Government Treasury securities. Cash and cash equivalents held in the Trust, at December 31, 2020, of \$28 million consist of \$27 million of short-term U.S. Government Treasury securities and \$1 million of money market funds. The money market funds have ratings of AAAM and Aaa-mf by S&P and Moody's, respectively.

Concentration of Credit Risk

Investments of Trust funds are diversified in accordance with 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. As of December 31, 2021, the Trust had no investments of more than 5% of its fiduciary net position with a single organization.

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 securities be held by the Trustee in the name of the Trust.

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021:

Investment Type	<1 Year	1 to 5 Years	5 to 10 Years	10+ Years	Total
			(In thousands)		
Corporate and foreign bonds	\$ 4,761	\$ 44,741	\$ 121,521	\$ 53,819	\$ 224,842
U.S. Treasury securities	19,728	42,964	14,351	42,307	119,350
Municipal bonds	—	2,737	10,775	38,364	51,876
Mortgage & Asset-backed securities	—	6,069	19,698	200,773	226,540
Bonds funds	—	—	—	17,854	17,854
Total	\$ 24,489	\$ 96,511	\$ 166,345	\$ 353,117	\$ 640,462

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 Years	5 to 10 Years	10+ Years	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

Audited financial statements of the Trust for the year ended December 31, 2021, 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.

NOTES TO FINANCIAL STATEMENTS ...continued

Note D – Outstanding Financing Obligations**OUTSTANDING BONDS AND OTHER ASSET FINANCING OBLIGATIONS**

	Current	December 31, 2021		Total
		Noncurrent		
(In thousands)				
A. Consolidated Bonds and Consolidated Notes	\$ 463,850	\$ 25,584,156		\$ 26,048,006
B. Commercial Paper Obligations	574,000	—		574,000
C. Variable Rate Master Notes	44,600	—		44,600
D. Port Authority Equipment Notes	—	—		—
E. Fund for Regional Development Buy-Out Obligation	—	—		—
F. MOTBY Obligation	2,706	40,991		43,697
G. Tower 4 Liberty Bonds	—	1,236,905		1,236,905
H. Goethals Bridge Replacement Developer Financing Arrangement	1,011	1,022,275		1,023,286
Total	\$ 1,086,167	\$ 27,884,327		\$ 28,970,494

	Current	December 31, 2020		Total
		Noncurrent		
(In thousands)				
A. Consolidated Bonds and Consolidated 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
Total	\$ 1,132,079	\$ 26,927,654		\$ 28,059,733

A. Consolidated Bonds and Consolidated Notes

	December 31, 2020	Issued	Refunded/ Retired	December 31, 2021
	(In thousands)			
Consolidated Bonds and Consolidated Notes – par value	\$ 23,388,115	\$ 2,757,675	\$ 1,956,316	\$ 24,189,474
Add unamortized premium and (discount)	1,677,716	289,346	108,530	1,858,532
Consolidated Bonds and Consolidated Notes – cost	\$ 25,065,831	\$ 3,047,021	\$ 2,064,846	\$ 26,048,006

	December 31, 2019	Issued	Refunded/ Retired	December 31, 2020
	(In thousands)			
Consolidated Bonds and Consolidated 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 Consolidated Notes – cost	\$ 23,724,644	\$ 2,410,690	\$ 1,069,503	\$ 25,065,831

NOTES TO FINANCIAL STATEMENTS ...continued

Consolidated Bond Series *One Hundred Ninety Ninth, Two Hundred Fourth, and Two Hundred Twenty Eighth (A, B, C, D)*, were direct placements with unrelated parties.

For information related to the payment of Consolidated Bonds and Consolidated 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 Consolidated Notes outstanding at December 31, 2021 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2022	\$ 463,850	\$ 1,054,927	\$ 1,518,777
2023	1,578,240	1,029,208	2,607,448
2024	521,310	1,002,053	1,523,363
2025	527,820	973,875	1,501,695
2026	550,205	949,116	1,499,321
2027-2031	3,238,490	4,334,909	7,573,399
2032-2036	3,937,424	3,479,511	7,416,935
2037-2041	3,431,435	2,593,363	6,024,798
2042-2046	3,171,950	1,848,098	5,020,048
2047-2051	2,314,300	1,221,008	3,535,308
2052-2056	1,679,945	805,064	2,485,009
2057-2061	1,922,570	373,796	2,296,366
2062-2066	497,190	116,242	613,432
2067-2071	254,745	44,593	299,338
2072-2094	100,000	112,496	212,496
Total	\$ 24,189,474	\$ 19,938,259	\$ 44,127,733

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 for Consolidated Bonds, Two Hundred Twenty-Ninth Series dated December 15, 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 2021, the Port Authority raised funds from the sale of Consolidated Bonds, to refund \$1.5 billion of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately \$587.6 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2021 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 \$455.9 million in net present value savings, or 30% of the refunded par amount.

On July 26, 2018, the Board of Commissioners rescinded and cancelled certain series of Consolidated Bonds and Consolidated 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.

NOTES TO FINANCIAL STATEMENTS ...continued

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 (pursuant to Port Authority bond resolutions).

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.

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. On October 6, 2021, the Port Authority entered into an amendment and extension with PNC Bank, National Association for Commercial Paper, Series A Notes. As of December 31, 2021, these commitment amounts have not been drawn upon.

	December 31, 2020	Issued	Repaid	December 31, 2021
	(In thousands)			
Series A*	\$ 140,845	\$ 425,470	\$ 402,000	\$ 164,315
Series B	195,990	649,695	657,085	188,600
Series C**	220,490	845,860	845,265	221,085
Total	\$ 557,325	\$ 1,921,025	\$ 1,904,350	\$ 574,000

* 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.

	December 31, 2019	Issued	Repaid	December 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
Total	\$ 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.

Interest rates for all Commercial Paper Obligations ranged from 0.07% to 0.35% in 2021.

NOTES TO FINANCIAL STATEMENTS ...continued

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 (pursuant to Port Authority bond resolutions) for additional information related to the payment of special obligations of the Port Authority).

	December 31, 2020	Issued	Refunded/ Repaid	December 31, 2021
		(In thousands)		
Agreements 1989–1995*	\$ 44,900	\$ —	\$ 25,000	\$ 19,900
Agreements 1989–1998	24,700	—	—	24,700
Total	\$ 69,600	\$ —	\$ 25,000	\$ 44,600

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

	December 31, 2019	Issued	Refunded/ Repaid	December 31, 2020
		(In thousands)		
Agreements 1989–1995*	\$ 44,900	\$ —	\$ —	\$ 44,900
Agreements 1989–1998	24,700	—	—	24,700
Total	\$ 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 0.07% to 0.19% in 2021.

Annual debt service requirements on outstanding Variable Rate Master Notes, determined for presentation purposes at the rate in effect at December 31, 2021, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2022	\$ —	\$ 474	\$ 474
2023	—	474	474
2024	—	474	474
2025	19,900	414	20,314
2026	—	259	259
2027	24,700	13	24,713
Total	\$ 44,600	\$ 2,108	\$ 46,708

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 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 (pursuant to Port Authority bond resolutions).

There were no outstanding Port Authority Equipment Notes as of December 31, 2021 and December 31, 2020.

NOTES TO FINANCIAL STATEMENTS ...continued

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).

On September 14, 2021, the New York Liberty Development Corporation issued \$1.2 billion Tax-Exempt Liberty Revenue Refunding Bonds Series 2021A (4 World Trade Center Project) (Green Bonds) and \$11.4 million Taxable Liberty Revenue Refunding Bonds Series 2021B (4 World Trade Center Project) (Green Bonds) to redeem all of the outstanding Liberty Bonds issued in 2011 and to pay certain issuance costs. The material terms of the original November 2011 Tower 4 financing remain unchanged, including, the Port Authority remaining co-borrower/obligor for the refunding 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 from May 11, 2012, through November 15, 2051. (see Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions), for additional information related to the payment of special obligations of the Port Authority).

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 from the issuance date of the original Tower 4 Liberty Bond financing (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).

	December 31, 2020	Issued	Repaid/ Amortized	December 31, 2021
(In thousands)				
Series 2021A	\$ —	\$ 1,225,520	\$ —	\$ 1,225,520
Series 2021B	—	11,385	—	11,385
Series 2011	1,225,520	—	1,225,520	—
Add: unamortized premium	18,893	—	18,893	—
Total Tower 4 Liberty Bonds	\$ 1,244,413	\$ 1,236,905	\$ 1,244,413	\$ 1,236,905

	December 31, 2019	Issued	Repaid/ Amortized	December 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

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2021 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
(In thousands)			
2022	\$ 2,200	\$ 38,061	\$ 40,261
2023	2,200	32,534	34,734
2024	2,200	32,520	34,720
2025	2,200	32,499	34,699
2026	2,585	32,474	35,059
2027-2031	140,180	158,955	299,135
2032-2036	179,025	144,424	323,449
2037-2041	228,840	119,287	348,127
2042-2046	292,955	83,796	376,751
2047-2051	384,520	35,895	420,415
Total	\$ 1,236,905	\$ 710,445	\$ 1,947,350

NOTES TO FINANCIAL STATEMENTS ...continued

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 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 (pursuant to Port Authority bond resolutions), for additional information related to the payment of special obligations of the Port Authority).

	December 31, 2020	Accretion	Amortization	December 31, 2021
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	\$ 1,023,398	\$ —	\$ 112	\$ 1,023,286

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

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)	
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	5,290	57,860	63,150
2027-2031	47,113	283,133	330,246
2032-2036	91,326	264,443	355,769
2037-2041	152,528	230,737	383,265
2042-2046	235,887	176,997	412,884
2047-2051	349,006	95,790	444,796
2052-2053	132,200	7,649	139,849
Total	\$ 1,023,286	\$ 1,350,079	\$ 2,373,365

* DFA loan implicit interest rate equals 5.64% per annum.

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021, the General Reserve Fund balance was \$2,480,806,000 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, 2021, 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 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.

NOTES TO FINANCIAL STATEMENTS ...continued

Note F – Grants and Contributions in Aid of Construction

During 2021 and 2020 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 both 2021 and 2020.

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 2021 and 2020, the Port Authority recognized approximately \$5.5 million and \$31.2 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 2021 and 2020, the Port Authority recognized approximately \$8.2 million and \$200 thousand, respectively, primarily from COVID-19 relief funding.

Airport Improvement Program (“AIP”) – The Port Authority recognized approximately \$2.6 million in 2021 and \$700 thousand in 2020 in AIP discretionary funding at Aviation facilities.

Superstorm Sandy – In 2021 and 2020, the Port Authority recognized approximately \$900 thousand and \$4.3 million, respectively, from FEMA and Federal Transit Administration (“FTA”) for Superstorm Sandy immediate repair efforts.

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

Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) – In 2021, the Port Authority recognized approximately \$104.5 million in CRRSAA federal funding related to Port Authority aviation operating expenditures.

America Rescue Plan Act (“ARPA”) – In 2021, the Port Authority recognized approximately \$133.2 million in ARPA federal funding related to Port Authority aviation operating expenditures.

Contributions in Aid of Capital Construction

Superstorm Sandy – In 2021 and 2020, the Port Authority recognized approximately \$219.2 million and approximately \$182 million, respectively, in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

Airport Improvement Program (“AIP”) – The Port Authority recognized approximately \$39.6 million in 2021 and \$17.8 million in 2020 in AIP funding primarily related to rehabilitation of taxiways and runways at Port Authority Aviation facilities.

WTC Tower 3 – The Port Authority recognized approximately \$1.7 million in 2021 and \$9 million in 2020 in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

Federal Highway Administration (“FHWA”) – In 2021 and 2020, the Port Authority recognized approximately \$1.8 million and \$9 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

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

Other – In 2021, the Port Authority recognized \$800 thousand for funding from the United States Economic Development Administration for the stabilization and repair of Military Ocean Terminal at Bayonne Peninsula (“MOTBY”) bulkhead.

NOTES TO FINANCIAL STATEMENTS ...continued

Note G – Lease Commitments**Operating lease revenues**

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately \$1.2 billion in 2021 and 2020.

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, 2021, include property associated with minimum rentals derived from the leases. It is not 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, 2021 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2022 ^(a)	\$ 1,214,880
2023	1,038,841
2024	918,638
2025	876,091
2026	855,442
2027-2100	27,118,234
Total future minimum rentals ^(b)	\$ 32,022,126

(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 2022.

(b) Includes future minimum rentals of approximately \$14.6 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4. 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 \$346 million in 2021 and \$335 million in 2020. Rental payments exclude PILOT payments to municipalities.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2021 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)
2022	\$ 330,483
2023	324,448
2024	320,337
2025	319,997
2026	318,904
2027-2031	1,600,744
2032-2036	1,616,212
2037-2041	1,577,205
2042-2046	1,477,365
2047-2051	1,302,191
2052-2099*	3,758,622
Total future minimum rent payments	\$ 12,946,508

* Future minimum rent payments for the years 2052-2099 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.

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021, 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, 2021, 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.

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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS ...continued

As of December 31, 2021, approximately \$2.2 billion has been cumulatively 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:

	December 31, 2020	Project Expenditures	Amortization	December 31, 2021
		(In thousands)		
Port Authority Bus Program	\$ —	\$ —	\$ —	\$ —
Regional Development Facility	625	—	341	284
Regional Economic Development Program	1,015	—	128	887
Oak Point Rail Freight Link	—	—	—	—
New Jersey Marine Development Program	—	—	—	—
New York Transportation, Economic Development and Infrastructure Renewal Program	6,886	—	3,733	3,153
Regional Transportation Program	21,067	—	10,465	10,602
Hudson-Raritan Estuary Resources Program	12,895	—	3,223	9,672
Regional Rail Freight Program	356	—	286	70
Meadowlands Passenger Rail Facility	17,395	—	9,217	8,178
Total unamortized costs of regional programs	\$ 60,239	\$ —	\$ 27,393	\$ 32,846

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 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.

NOTES TO FINANCIAL STATEMENTS ...continued

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.

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, 2021 and March 31, 2020 was approximately 14.6 percent of payroll, for both years. The average contribution rate for PFRS for the fiscal years ended March 31, 2021 and March 31, 2020 were approximately 24.4 percent and 23.5 percent of payroll, respectively.

Generally, Tiers 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 Tiers 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, Tiers 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.

Tiers 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

NOTES TO FINANCIAL STATEMENTS ...continued

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. Tiers 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. Tiers 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 Tiers 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 Tiers 3 and 4), each year used in 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 of \$162.4 million, including \$71.1 million to ERS and \$91.3 million to PFRS for the period covering April 1, 2021 through March 31, 2022 were paid to NYSLRS on December 15, 2021.

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, 2021 and March 31, 2020, 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 – 2021 and 2020

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, 2021	December 31, 2020
		(In thousands)
ERS	\$ 1,658	\$ 430,993
PFRS	169,991	412,870
Total Net Pension Liability	\$ 171,649	\$ 843,863

The NPLs at December 31, 2021 and 2020 were measured as of March 31, 2021 and 2020, based on actuarial valuations as of April 1, 2020 and 2019, with update procedures used to roll forward the TPL to March 31, 2021 and 2020, respectively.

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

	2021	2020
ERS	1.7%	1.6%
PFRS	9.8%	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.

NOTES TO FINANCIAL STATEMENTS ...continued

NYSLRS Pension Expense – 2021 and 2020

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

Pension Expense	2021	2020
		(In thousands)
ERS	\$ 50,448	\$ 156,509
PFRS	99,509	140,285
Total Pension Expense	\$ 149,957	\$ 296,794

NYSLRS Deferred Inflows/Outflows of Resources – 2021 and 2020

GASB Statement No. 68, as amended, requires certain changes in the NPL to be recognized as deferred outflows of resources or deferred inflows 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.

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2021:

Deferred Outflows of Resources	ERS	December 31, 2021	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ 20,243	\$ 37,720	\$ 57,963
Changes in actuarial assumptions	304,760	417,650	722,410
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	31,793	63,140	94,933
Subtotal – Deferred Outflows of Resources	356,796	518,510	875,306
Port Authority contributions subsequent to the measurement date*	71,150	91,287	162,437
Total Deferred Outflows of Resources	\$ 427,946	\$ 609,797	\$ 1,037,743

* Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pensions 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, 2022.

Deferred Inflows of Resources	ERS	December 31, 2021	
		PFRS	Total
		(In thousands)	
Changes in actuarial assumptions	\$ 5,748	\$ —	\$ 5,748
Net difference between projected and actual earnings on pension plan investments	476,130	499,849	975,979
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	—	9,516	9,516
Total Deferred Inflows of Resources	\$ 481,878	\$ 509,365	\$ 991,243

The difference between reported deferred outflows of resources, excluding contributions made by the Port Authority after the measurement date, and deferred inflows of resources will be amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense as follows:

Year ended December 31:	ERS	PFRS	Total
		(In thousands)	
2022	\$ (17,520)	\$ (11,412)	\$ (28,932)
2023	(652)	8,024	7,372
2024	(17,858)	(6,170)	(24,028)
2025	(89,052)	(77,068)	(166,120)
2026	—	95,771	95,771
Total	\$ (125,082)	\$ 9,145	\$ (115,937)

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	ERS	December 31, 2020	
		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
Total Deferred Outflows of Resources	\$ 284,886	\$ 250,508	\$ 535,394

Deferred Inflows of Resources	ERS	December 31, 2020	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ —	\$ 6,916	\$ 6,916
Changes in actuarial assumptions	7,493	—	7,493
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

NYSLRS Actuarial Assumptions – 2021 and 2020

The TPL for each plan was determined using an actuarial valuation as of April 1, 2020 for fiscal year 2021 and April 1, 2019 for fiscal year 2020, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2021 and March 31, 2020, respectively. These actuarial valuations used the following actuarial assumptions:

ERS	2021	2020
Investment rate of return	5.9% compounded annually, net of investment expenses, including inflation	6.8% compounded annually, net of investment expenses, including inflation
Salary scale	4.4%, indexed by service	4.2%, indexed by service
Inflation	2.7%	2.5%
Cost of living adjustment	1.4%	1.3%

PFRS	2021	2020
Investment rate of return	5.9% compounded annually, net of investment expenses, including inflation	6.8% compounded annually, net of investment expenses, including inflation
Salary scale	6.2%, indexed by service	5.0%, indexed by service
Inflation	2.7%	2.5%
Cost of living adjustment	1.4%	1.3%

Mortality rates for the fiscal year 2021 actuarial valuation are based on the experience study for each plan for of the period April 1, 2015, through March 31, 2020, with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2020. Mortality rates for the fiscal year 2020 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.

NOTES TO FINANCIAL STATEMENTS ...continued

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	2021*		2020*	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.05%	36%	4.05%
International equity	15%	6.30%	14%	6.15%
Private equity	10%	6.75%	10%	6.75%
Real estate	9%	4.95%	10%	4.95%
Opportunistic/Absolute return strategies**	3%	4.50%	5%	7.90%
Credit	4%	3.63%	0%	0.00%
Real assets	3%	5.95%	3%	5.95%
Fixed Income	23%	0.00%	17%	0.75%
Cash	1%	0.50%	1%	0.00%
Inflation-indexed bonds	0%	0.00%	4%	0.50%
Total	100%		100%	

* The real rate of return is net of the long-term inflation assumption of 2.0% in 2021 and 2.5% in 2020.

** 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 – 2021 and 2020

The discount rate used to calculate the TPL for ERS and PFRS was 5.9% for 2021 and 6.8% for 2020, 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.

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 2021 and 2020 using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate actually used.

	2021		
	1% Decrease (4.9%)	Discount Rate (5.9%)	1% Increase (6.9%)
	(In thousands)		
ERS – Port Authority's proportionate share of the NPL	\$ 460,056	\$ 1,658	\$ (421,094)
PFRS – Port Authority's proportionate share of the NPL	722,898	169,991	(287,673)
Total	\$ 1,182,954	\$ 171,649	\$ (708,767)
	2020		
	1% Decrease (5.8%)	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

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.

NOTES TO FINANCIAL STATEMENTS ...continued

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.

As of December 31, 2021 and 2020, 356 and 341 employees, respectively, were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2021	2020
	(In thousands)	
Employer Contributions	\$ 3,282	\$ 3,206
Employee Contributions	2,437	2,358
Total	\$ 5,719	\$ 5,564

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 2021 and 2020, 1,203 and 1,221 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)		
2021	7.65%	\$ 9,329	7.65%	\$ 9,329	\$ 18,658
2020	7.65%	\$ 9,384	7.65%	\$ 9,384	\$ 18,768
Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			(\$ In thousands)		
2021	4.9%	\$ 5,130	13.1%	\$ 13,714	\$ 18,844
2020	4.9%	\$ 5,170	13.1%	\$ 13,823	\$ 18,993

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/2021-11/par2021_0.pdf.

NOTES TO FINANCIAL STATEMENTS ...continued**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 that are defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately \$7.5 million in 2021 and \$7.0 million in 2020.

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, 2021, no amounts have been deposited into the trust to fund future pension payments. In July 2019, Principal Financial Group ("Principal") acquired Wells Fargo's Institutional Retirement & Trust business. Migration of the Trust to Principal was completed on February 22, 2022.

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 - 2021 and 2020**

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	2021*	2020**
		(In thousands)
Beginning Balance	\$ 94,720	\$ 76,498
Changes recognized for the fiscal year:		
Service cost	3,905	2,401
Interest on the total pension liability	2,649	3,155
Changes of benefit terms	9,607	—
Differences between expected and actual experience	1,082	2,926
Changes in assumptions	8,015	13,667
Benefit payments	(3,925)	(3,927)
Net change in TPL	21,333	18,222
TPL recognized at December 31	\$ 116,053	\$ 94,720

* The Plan's TPL reported at December 31, 2021 was measured as of January 1, 2021 based on an actuarial valuation as of the same date.

** 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.

NOTES TO FINANCIAL STATEMENTS ...continued

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2021 and 2020

Pension expense related to the Plan totaled:

	2021	2020
	(In thousands)	
Pension Expense	\$ 19,739	\$ 7,365

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources — 2021 and 2020

GASB Statement No. 68, as amended, requires certain changes in the TPL to be recognized as deferred outflows of resources or deferred inflows 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.

At December 31, 2021 and December 31, 2020, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2021	2020
	(In thousands)	
Differences between actual and expected experience	\$ 3,056	\$ 4,081
Changes in actuarial assumptions	14,590	12,605
Subtotal – Deferred Outflows of Resources	17,646	16,686
Contributions subsequent to the measurement date*	4,495	3,925
Total Deferred Outflows of Resources	\$ 22,141	\$ 20,611

* 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, 2022.

At December 31, 2021 and December 31, 2020, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2021	2020
	(In thousands)	
Differences between actual and expected experience	\$ 217	\$ 525
Changes in actuarial assumptions	5,416	9,668
Total Deferred Inflows of Resources	\$ 5,633	\$ 10,193

The difference between reported deferred outflows of resources, excluding contributions made by the Port Authority after the measurement date, and deferred inflows of resources as of December 31, 2021 will be amortized 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)
2022	\$ 3,315
2023	3,958
2024	3,385
2025	1,355
Total	\$ 12,013

NOTES TO FINANCIAL STATEMENTS ...continued**PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2021 and 2020**

The TPL measured as of January 1, 2021 and January 1, 2020, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

Inflation	2.2%
Salary increases	3.0%
Investment rate of return	N/A

Actuarial assumptions used in the January 1, 2021 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 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 2021 and 2020 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2020 and MP-2019 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, 2021 and January 1, 2020 valuation date, Plan participants comprised:

	2021	2020
Retired PATH Exempt Employees (or their beneficiaries)	115	117
Active PATH Exempt Employees	103	104
Terminated but vested employees who are not currently receiving benefits	17	17
Total participants	235	238

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2021 and 2020

As 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 2.12% as of the January 1, 2021 measurement date and 2.74% as of the January 1, 2020 measurement date.

The following tables present the 2021 and 2020 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.

2021	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
		(In thousands)	
Total Pension Liability	\$ 132,886	\$ 116,053	\$ 102,226

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

NOTES TO FINANCIAL STATEMENTS ...continued

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 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 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:

	2021	2020
Retirees and surviving spouses currently receiving benefits	8,302	8,166
Covered spouses of retired employees receiving benefits	4,129	4,224
Active employees plan participants	7,924	8,270
Total plan members	20,355	20,660

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 2021 or 2020.

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.

NOTES TO FINANCIAL STATEMENTS ...continued

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:

	2021			2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(In thousands)					
Net OPEB Liability	\$ 740,772	\$ 1,061,190	\$ 1,457,291	\$ 766,535	\$ 1,081,507	\$ 1,470,273

OPEB Expense

OPEB expense related to the Plan totaled:

	2021	2020
	(In thousands)	
OPEB Expense	\$ 12,154	\$ 43,425

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

At December 31, 2021 and 2020, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2021	2020
	(In thousands)	
Differences between actual and expected experience	\$ 139,346	\$ 157,234
Total Deferred Outflows of Resources	\$ 139,346	\$ 157,234

At December 31, 2021 and 2020, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2021	2020
	(In thousands)	
Changes in actuarial assumptions	\$ 285,650	\$ 326,159
Net difference between projected and actual earnings on OPEB plan investments	191,394	136,301
Total Deferred Inflows of Resources	\$ 477,044	\$ 462,460

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

Year ended December 31,	Total Amortization
	(In thousands)
2022	\$ (83,709)
2023	(121,927)
2024	(91,668)
2025	(38,672)
2026	(1,722)
Total	\$ (337,698)

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021 and 2020 based on actuarial valuations as of January 1, 2021 and 2020 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 2021 and 2020 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2021 and Scale MP-2020 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2021 and Scale MP-2020 from the central year for civilian employees, for years 2021 and 2020, respectively.

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.

	2021	2020
Inflation	2.20%	2.50%
Salary increases	3.00%	3.00%
Discount rate*	6.60%	6.70%
Medical healthcare cost trend rates (Pre-65 year old participant)**	5.75%	6.00%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.25%	5.25%
Pharmacy benefit cost trend rate***	6.00%	7.00%
Dental benefit cost trend rate	4.00%	4.00%
Employer Group Waiver Plan savings	3.00%	3.00%
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 2028 (including inflation factors of 2.2% for 2021 and 2.5% for 2020).

*** Decreasing to 4.5% in 2028.

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*	
	2021	2020	2021	2020
Domestic Equity	33%	33%	5.4%	5.0%
International Equity	21%	21%	5.1%	5.1%
Real Estate Investment Trust	6%	6%	4.4%	4.0%
Fixed Income	40%	40%	1.7%	1.3%

* The long-term expected real rate of return is net of the long-term inflation assumption of 2.2% in 2021 and 2.5% in 2020.

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021, the Port Authority had entered into various construction contracts totaling approximately \$3.4 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 \$198.3 million at December 31, 2021, and is comprised of the following:

	December 31, 2020	Additions	Deductions	December 31, 2021
		(In thousands)		
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	\$ 83,199	\$ 22,448	\$ 18,897	\$ 86,750
Long-term receivables from tenants	46,036	15,750	7,090	54,696
Amounts due – Goethals Bridge Replacement Bridge Developer	28,238	—	—	28,238
Tower 4 Liberty Bonds debt service	10,910	66,715	65,495	12,130
Other receivables	12,640	4,004	154	16,490
Total other amounts receivable, net	\$ 181,023	\$ 108,917	\$ 91,636	\$ 198,304

4. The 2021 balance of Other noncurrent liabilities consists of the following:

	December 31, 2020	Additions	Deductions	December 31, 2021
		(In thousands)		
Self-Insured Public Liability Claims	\$ 71,073	\$ 11,954	\$ 11,332	\$ 71,695
Self-Insured Worker's Compensation Claims	76,352	25,207	20,780	80,779
Other payables	80,255	15,523	5,996	89,782
Goethals Bridge Replacement milestone payments	2,000	—	2,000	—
Pollution remediation obligation	20,332	7,042	6,035	21,339
Asset forfeiture program	29,521	1,168	2,731	27,958
Reinsurance premium payable	2,403	11,216	1,505	12,114
Surety and security deposits	4,717	—	134	4,583
WTC Joint Venture Preferred Returns	10,828	3,209	—	14,037
Deferred Gain/Loss on NLCC	4,761	—	—	4,761
Total Liabilities	\$ 302,242	\$ 75,319	\$ 50,513	\$ 327,048
Less: Current worker's compensation liability	18,286	—	—	16,944
Current Goethals Bridge milestones	2,000	—	2,000	—
Total other non-current liabilities	\$ 281,956			\$ 310,104

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

	December 31, 2020	Additions	Deductions	December 31, 2021
		(In thousands)		
Unearned Income related to WTC Retail Joint Venture	\$ 736,958	\$ —	\$ 9,260	\$ 727,698

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 2021, the Port Authority recognized an additional \$7 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, 2021 totaled \$100.7 million, net of \$2.1 million in recoveries.

As of December 31, 2021, the outstanding pollution remediation liability totaled \$21.3 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.

NOTES TO FINANCIAL STATEMENTS ...continued

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 include rentals of approximately \$14.3 billion relating to the net leases for WTC Towers 2, 3 and 4 (see *Note G – Lease Commitments*). 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, 2021, WTC Tower 1 LLC has leased, **i)** approximately 2.7 million square feet of office space at One World Trade Center, representing approximately 91% 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 (pursuant to Port Authority bond resolutions)* 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

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021, deferred rent due from the Tower 3 net lessee totaled approximately \$41.3 million. As of December 31, 2021, 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, 2021, 82% 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. On September 14, 2021, the New York Liberty Development Corporation issued Series 2021A bonds for \$1.2 billion and Series 2021B bonds for \$11.4 million. The proceeds of these bonds were loaned to the Tower 4 borrower for the purpose of redeeming all the outstanding Tower 4 Liberty Bonds issued in 2011. 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 (pursuant to Port Authority bond resolutions)* 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, 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, 2021, deferred rent due from the Tower 4 net lessee totaled approximately \$45.3 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 from the issuance date of the original Tower 4 Liberty Bond financing.

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, 2021, approximately 98% of the leasable office space has been leased to tenants.

NOTES TO FINANCIAL STATEMENTS ...continued**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.

World Trade Center 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, 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, 2021, 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, 2021, \$69.2 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. The WTC Memorial Plaza opened for public access on September 11, 2011. The museum opened to the public on May 21, 2014.

NOTES TO FINANCIAL STATEMENTS ...continued

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, 2021 and expires on June 1, 2022) 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, 2021 and expires on June 1, 2022).

The Port Authority also purchased property terrorism insurance with respect to all Port Authority facilities for a two-year term, effective June 1, 2021. 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, 2021, and expires October 27, 2022) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2021 and expires October 27, 2022) applies to such facilities, including components of the World Trade Center.

The Port Authority also renewed their terrorism liability insurance program with respect to all Port Authority facilities for a two-year term, effective October 27, 2021 and expiring October 27, 2023. Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers.

The Port Authority also carries terrorism and/or malicious acts insurance for property and liability losses, resulting from nuclear, biological, chemical or radiological material, for all Port Authority facilities. The program renewed for two years effective October 27, 2021 (expiring October 27, 2023) and is insured through PAICE and reinsured through TRIPRA and commercial reinsurers.

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 began a standalone wrap-up contractors' insurance program on March 27, 2018 and expires March 27, 2024, for construction of Terminal A at Newark Liberty International ("EWR") Airport, which includes builders' risk, construction general liability insurance, and statutory workers' compensation insurance 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.

* 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. 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.

NOTES TO FINANCIAL STATEMENTS ...continued

Effective June 1, 2021, PAICE provides \$5 billion of property terrorism insurance for World Trade Center facilities for Certified Acts of Terrorism, and \$1.02 billion for Non-Certified Acts of Terrorism. In addition, PAICE provides \$2 billion of property terrorism insurance for all other facilities for Certified Acts of Terrorism, and \$420 million for Non-Certified Acts of Terrorism. PAICE is fully reinsured for property terrorism by TRIPRA and commercial reinsurers.

In addition, renewed for two years effective October 27, 2021 (expiring October 27, 2023), PAICE provides \$600 million in coverage under the terrorism liability program, which is fully reinsured by TRIPRA and commercial reinsurers.

Further, renewed for two years effective October 27, 2021 (expiring October 27, 2023), PAICE provides \$500 million in coverage under the nuclear, biological, chemical and radiological terrorism and malicious acts program, which is fully reinsured by TRIPRA and commercial reinsurers, and insures \$1.1 billion in excess of \$500 million, which is partially reinsured by TRIPRA.

The financial results for PAICE for the year ended December 31, 2021 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	\$ 519,070
Total Liabilities	85,753
Net Position, December 31, 2021	\$ 433,317
Operating Results 2021	
Revenues	\$ 45,637
Expenses	(3,392)
Change in Net Position	\$ 49,029
Net Position at January 1, 2021	\$ 384,288
Net Position at December 31, 2021	\$ 433,317

The audited financial statements for the years ended December 31, 2021 and December 31, 2020 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. Workers Compensation and public liability IBNR 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)				
2021	\$ 71,073	\$ 11,954	\$ 11,332	\$ 71,695
2020	\$ 68,403	\$ 4,972	\$ 2,302	\$ 71,073

* 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)				
2021	\$ 76,352	\$ 25,207	\$ 20,780	\$ 80,779
2020	\$ 68,431	\$ 30,278	\$ 22,357	\$ 76,352

* Loss reserves exclude loss adjustment expenditures.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) ...continued

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)					
2021	7.65%	\$ 9,329	7.65%	\$ 9,329	\$ 18,658
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		\$ 75,029		\$ 75,029	\$ 150,058

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2021	4.9%	\$ 5,130	13.1%	\$ 13,714	\$ 18,844
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		\$ 41,017		\$ 111,118	\$ 152,135

* 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*	2021	2020	2019	2018	2017	2016	2015
(\$ In thousands)							
Total Pension Liability							
Service cost	\$ 3,905	\$ 2,401	\$ 1,720	\$ 1,585	\$ 1,323	\$ 1,280	\$ 900
Interest cost	2,649	3,155	3,070	3,169	2,961	2,850	3,271
Changes of benefit terms	9,607	—	—	—	—	—	—
Differences between expected and actual experience	1,082	2,926	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	8,015	13,667	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	(3,925)	(3,927)	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	21,333	18,222	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	94,720	76,498	89,381	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	\$ 116,053	\$ 94,720	\$ 76,498	\$ 89,381	\$ 84,091	\$ 83,388	\$ 81,095
Covered Payroll	\$ 16,364	\$ 14,872	\$ 13,052	\$ 13,913	\$ 13,590	\$ 13,187	\$ 12,356
Total Pension Liability as a % of Covered Payroll	709.2%	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, 2021, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) ...continued

Other Postemployment Benefits ("OPEB") Plan

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

	2021	2020	2019	2018	2017
	(\$ In thousands)				
Total OPEB liability:					
Service cost	\$ 34,851	\$ 32,566	\$ 33,132	\$ 25,442	\$ 23,778
Interest cost	196,750	209,925	213,607	202,303	196,930
Changes in benefit terms	—	(2,928)	(4,046)	(6,948)	—
Differences between expected and actual experience	31,334	58,916	99,585	90,986	—
Changes in assumptions	(47,407)	(201,908)	(241,555)	(5,903)	—
Benefit payments	(173,920)	(148,836)	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	41,608	(52,265)	(55,813)	158,119	77,180
Total OPEB liability-beginning	2,987,268	3,039,533	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	3,028,876	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	235,963	225,006	285,996	(86,274)	175,795
Benefit payments	(173,920)	(148,836)	(156,536)	(147,761)	(143,528)
Administrative expenses	(118)	(96)	(106)	(94)	(94)
Net change in plan fiduciary net position	61,925	106,135	385,890	13,632	275,701
Plan fiduciary net position-beginning	1,905,761	1,799,626	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	1,967,686	1,905,761	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) - (b)	\$ 1,061,190	\$1,081,507	\$1,239,907	\$1,681,610	\$1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	64.96%	63.80%	59.21%	45.67%	47.67%
Covered-Employee payroll	\$ 927,676	\$ 987,081	\$ 1,041,188	\$ 870,525	\$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	114.39%	109.57%	119.09%	193.17%	198.97%

Notes to Schedule:

* 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.

Schedule A – Revenues and Reserves

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2021			2020
	Operating Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)			
Gross operating revenues:				
Tolls and fares	\$ 1,836,692	\$ —	\$ 1,836,692	\$ 1,571,827
Rentals	1,603,711	—	1,603,711	1,412,207
Aviation fees	1,213,743	—	1,213,743	907,314
Parking and other	353,261	—	353,261	240,329
Utilities	125,937	—	125,937	112,008
Rentals – Special Project Bonds Projects	—	—	—	81,129
Total gross operating revenues	5,133,344	—	5,133,344	4,324,814
Operating expenses:				
Employee compensation, including benefits	1,296,724	—	1,296,724	1,395,588
Contract services	938,408	—	938,408	929,520
Rents and payments in-lieu-of taxes (“PILOT”)	396,628	—	396,628	403,661
Materials, equipment and other	289,810	—	289,810	290,033
Utilities	184,651	—	184,651	163,078
Interest on Special Project Bonds	—	—	—	81,129
Total operating expenses	3,106,221	—	3,106,221	3,263,009
Amounts in connection with operating asset obligations	708	—	708	5,851
Net insurance recoverables	—	—	—	(4,033)
Net operating revenues	2,026,415	—	2,026,415	1,059,987
Financial income:				
Interest income	1,320	52,901	54,221	63,549
Net (decrease) increase in fair value of investments	(918)	(66,851)	(67,769)	18,318
Contributions in aid of construction	271,456	—	271,456	249,920
Application of Passenger Facility Charges	147,557	—	147,557	131,149
Application of 4 WTC associated payments	66,715	—	66,715	65,293
Grants, in connection with operating activities	256,609	—	256,609	489,228
Pass-through grant program payments	(2,613)	—	(2,613)	(26,853)
Net revenues available for debt service and reserves	2,766,541	(13,950)	2,752,591	2,050,591
Debt service:				
Interest on bonds and other asset financing obligations	960,845	128,782	1,089,627	1,071,166
Interest expense incurred during construction	138,077	—	138,077	—
Debt maturities and retirements	398,600	—	398,600	387,820
Repayment of special obligations	—	26,678	26,678	608
Total debt service	1,497,522	155,460	1,652,982	1,459,594
Transfers to reserves	\$ (1,269,019)	1,269,019	—	—
Revenues after debt service and transfers to reserves		1,099,609	1,099,609	590,997
Direct investment in facilities		(870,697)	(870,697)	(1,398,366)
Change in Accounting Principle - pension/OPEB		(21,038)	(21,038)	(19,662)
Increase/(decrease) in reserves		207,874	207,874	(827,031)
Reserve balances, January 1		3,201,008	3,201,008	4,028,039
Reserve balances, December 31		\$ 3,408,882	\$ 3,408,882	\$ 3,201,008

See Notes to Financial Statements

Schedule B – Assets and Liabilities

(pursuant to Port Authority bond resolutions)

	December 31, 2021				2020
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
(In thousands)					
ASSETS					
Current assets:					
Cash	\$ 140,920	\$ 98	\$ 202,744	\$ 343,762	\$ 306,471
Restricted cash:					
Passenger Facility Charges	2,181	—	—	2,181	4,578
Port Authority Insurance Captive Entity, LLC	62,415	—	—	62,415	70,165
Other, including Asset Forfeiture Funds	9,525	—	—	9,525	12,355
Investments	79,836	434,572	162,671	677,079	927,404
Restricted Investments – PAICE	4,998	—	—	4,998	1,250
Restricted Investments – PFC	4,600	—	—	4,600	2,200
Interfund balances	(395,251)	(25,435)	420,686	—	—
Current receivables, net	1,061,751	—	—	1,061,751	888,586
Other current assets	91,459	60,682	—	152,141	162,280
Restricted receivables and other assets	64,305	—	—	64,305	33,028
Total current assets	1,126,739	469,917	786,101	2,382,757	2,408,317
Noncurrent assets:					
Restricted cash	4,628	—	—	4,628	4,766
Investments	—	—	2,622,781	2,622,781	2,253,190
Restricted investments – PAICE	61,860	—	—	61,860	21,263
Other amounts receivable, net	161,666	36,638	—	198,304	181,023
Other noncurrent assets	1,692,695	1,805	—	1,694,500	1,712,643
Restricted other noncurrent assets – PAICE	5,503	—	—	5,503	5,950
Amounts receivable – Tower 4 Liberty Bonds	—	1,236,905	—	1,236,905	1,225,520
Invested in facilities	—	67,460,313	—	67,460,313	65,449,795
Total noncurrent assets	1,926,352	68,735,661	2,622,781	73,284,794	70,854,150
Total assets	3,053,091	69,205,578	3,408,882	75,667,551	73,262,467
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	1,059,884	—	—	1,059,884	556,005
OPEB related amounts	139,346	—	—	139,346	157,234
LIABILITIES					
Current liabilities:					
Accounts payable	335,728	586,813	—	922,541	1,057,116
Accrued interest and other current liabilities	612,182	24,322	—	636,504	494,835
Restricted other liabilities – PAICE	348	—	—	348	745
Accrued payroll and other employee benefits	326,904	—	—	326,904	339,269
Unapplied Passenger Facility Charges	12,568	—	—	12,568	267
Current portion bonds and other asset financing obligations	34,923	1,051,244	—	1,086,167	1,132,079
Total current liabilities	1,322,653	1,662,379	—	2,985,032	3,024,311
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	1,348,892	—	—	1,348,892	2,020,090
Other noncurrent liabilities	274,701	30,644	—	305,345	277,195
Restricted other noncurrent liabilities – PAICE	27,546	—	—	27,546	36,099
Amounts payable – Tower 4 Liberty Bonds	—	1,236,905	—	1,236,905	1,225,520
Consolidated Notes, series AAA	1,100,000	—	—	1,100,000	1,100,000
Bonds and other asset financing obligations	381,295	23,307,595	—	23,688,890	22,905,526
Total noncurrent liabilities	3,132,434	24,575,144	—	27,707,578	27,564,430
Total liabilities	4,455,087	26,237,523	—	30,692,610	30,588,741
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	996,876	—	—	996,876	40,210
OPEB related amounts	477,044	—	—	477,044	462,460
NET POSITION	\$ (1,676,686)	\$ 42,968,055	\$ 3,408,882	\$ 44,700,251	\$ 42,884,295
Net position is comprised of:					
Facility infrastructure investment	—	42,968,055	—	\$ 42,968,055	\$ 41,381,011
Change in accounting principle – pension/OPEB	(1,676,686)	—	—	(1,676,686)	(1,697,724)
Reserves	—	—	3,408,882	3,408,882	3,201,008
NET POSITION	\$ (1,676,686)	\$ 42,968,055	\$ 3,408,882	\$ 44,700,251	\$ 42,884,295

See Notes to Financial Statements

Schedule C – Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2021			2020
	General Reserve Fund	Consolidated Bond Reserve Fund	Combined Total	Combined Total
	(In thousands)			
Balance, January 1	\$ 2,401,503	\$ 799,505	\$ 3,201,008	\$ 4,028,039
Increase in reserve funds*	79,303	1,175,766	1,255,069	722,462
	2,480,806	1,975,271	4,456,077	4,750,501
Applications:				
Repayment of commercial paper	—	25,000	25,000	—
Principal on asset financing obligation	—	1,678	1,678	608
Interest on asset financing obligations	—	128,782	128,782	130,857
Direct investment in facilities	—	870,697	870,697	1,398,366
Change in Accounting Principle - pension/OPEB	—	21,038	21,038	19,662
Total applications	—	1,047,195	1,047,195	1,549,493
Balance, December 31	\$ 2,480,806	\$ 928,076	\$ 3,408,882	\$ 3,201,008

* Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling \$1.27 billion, plus financial loss generated on reserve funds of \$14 million in 2021.



Construction progresses at LaGuardia Airport's Delta Terminal headhouse.

Statistical and Other Supplemental Information

For the Year Ended December 31, 2021

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 Data – 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 (pursuant to Port Authority bond resolutions)* 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)

	2021	2020	2019
	(In thousands)		
Revenues, Expenses and Changes in Net Position:			
Gross operating revenues:			
Tolls and fares	\$ 1,836,692	\$ 1,571,827	\$ 1,876,911
Rentals ^(a)	1,612,971	1,421,467	1,748,683
Aviation fees	1,213,743	907,314	1,287,263
Parking and other	353,261	240,329	408,609
Utilities	125,937	112,008	144,176
Rentals – Special Project Bonds Projects	–	81,129	74,073
Gross operating revenues	5,142,604	4,334,074	5,539,715
Operating expenses:			
Employee compensation, including benefits ^(d)	1,296,724	1,395,588	1,413,979
Contract services	938,408	929,520	1,046,216
Rents and amounts in-lieu-of taxes (“PILOT”)	396,628	403,661	388,462
Materials, equipment and other	289,810	290,033	315,676
Utilities	184,651	163,078	191,770
Interest on Special Project Bonds	–	81,129	74,073
Operating expenses	3,106,221	3,263,009	3,430,176
Net insurance recoverables	–	4,033	175,678
Depreciation of facilities and landlord leasehold investment	(1,601,696)	(1,533,267)	(1,420,696)
Amortization of costs for regional programs	(27,393)	(33,217)	(36,730)
Income from operations ^(d)	407,294	(491,386)	827,791
(Loss)/income on investments (including fair value adjustment)	(13,544)	81,961	87,948
Interest expense on bonds and other asset financing ^(b)	(1,152,878)	(1,011,896)	(968,242)
Net gain/(loss) on disposition of assets	(4,623)	–	–
Pass-through grant program payments	(2,613)	(26,853)	(3,142)
4 WTC associated payments	66,715	65,293	65,293
Grants in connection with operating activities	256,609	489,228	25,665
Contributions in aid of construction	273,179	258,925	261,054
Passenger facility charges	159,854	75,509	292,568
1 WTC LLC/WTC Retail LLC insurance proceeds	–	–	–
(Decrease)/increase in net position December 31, ^(d)	\$ (10,007)	\$ (559,219)	\$ 588,935
Net position is comprised of:			
Net investment in capital assets	\$ 14,720,470	\$ 14,954,997	\$ 14,620,518
Restricted	589,328	538,552	550,736
Unrestricted ^(d)	588,305	414,561	1,296,075
Net Position December 31, ^(c)	\$ 15,898,103	\$ 15,908,110	\$ 16,467,329

(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 2012 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.

2018	2017 (Restated)	2016	2015	2014	2013	2012 (Restated)
(In thousands)						
\$ 1,865,384	\$ 1,873,622	\$ 1,865,481	\$ 1,718,770	\$ 1,553,625	\$ 1,462,957	\$ 1,337,372
1,673,994	1,618,439	1,564,527	1,446,980	1,300,818	1,228,491	1,208,730
1,192,454	1,128,352	1,112,436	1,063,902	1,058,416	934,459	904,666
384,088	377,421	399,178	359,631	321,760	315,111	338,178
149,008	139,502	138,987	144,580	149,052	139,835	152,945
79,080	83,053	86,755	92,719	98,141	103,186	108,125
5,344,008	5,220,389	5,167,364	4,826,582	4,481,812	4,184,039	4,050,016
1,338,277	1,318,935	1,290,334	1,178,967	1,187,877	1,114,397	1,038,243
934,821	880,331	852,926	833,903	797,516	684,411	749,106
396,048	390,576	352,293	356,162	362,627	301,582	304,020
298,121	252,533	264,977	252,071	277,174	220,859	215,937
195,968	183,482	165,802	186,830	199,919	171,833	174,016
79,080	83,053	86,755	92,719	98,141	103,186	108,125
3,242,315	3,108,910	3,013,087	2,900,652	2,923,254	2,596,268	2,589,447
—	18,323	—	123	53,530	28,229	(30,000)
(1,329,283)	(1,231,139)	(1,173,747)	(1,124,383)	(932,149)	(875,979)	(884,239)
(41,874)	(44,164)	(64,765)	(64,665)	(64,484)	(64,275)	(77,719)
730,536	854,499	915,765	737,005	615,455	675,746	468,611
89,304	35,326	(3,974)	4,215	20,060	(2,714)	29,161
(937,983)	(908,343)	(900,914)	(882,840)	(648,204)	(612,031)	(647,813)
—	—	—	—	19,043	4,423	(4)
(1,438)	(19,717)	(10,695)	(51,429)	(107,606)	(176,848)	(56,446)
65,293	65,293	41,521	36,766	6,128	36,660	65,293
24,006	39,845	64,315	101,074	207,898	188,409	52,161
252,225	187,473	674,950	586,295	700,267	689,898	997,441
286,395	275,785	264,363	248,707	233,172	224,301	222,614
—	—	—	—	—	—	3,525
\$ 508,338	\$ 530,161	\$ 1,045,331	\$ 779,793	\$ 1,046,213	\$ 1,027,844	\$ 1,134,543
\$ 14,190,682	\$ 13,179,105	\$ 12,746,144	\$ 11,810,573	\$ 10,402,894	\$ 9,442,138	\$ 9,273,213
500,610	760,912	567,443	456,429	470,857	454,467	392,389
1,187,102	1,430,039	3,261,307	3,262,561	3,900,789	3,831,722	3,034,881
\$ 15,878,394	\$ 15,370,056	\$ 16,574,894	\$ 15,529,563	\$ 14,774,540	\$ 13,728,327	\$ 12,700,483

Schedule D-2 – Selected Statistical Debt Service Data

(pursuant to Port Authority bond resolutions)

	2021	2020	2019
		(In thousands)	
Gross Operating Revenues*	\$ 5,133,344	\$ 4,324,814	\$ 5,530,455
Operating expenses	(3,106,221)	(3,263,009)	(3,430,176)
Net insurance recoverables	—	4,033	175,678
Amounts in connection with operating asset obligations	(708)	(5,851)	(9,529)
Net operating revenues	2,026,415	1,059,987	2,266,428
Financial income	(13,548)	81,867	87,440
Grants and contributions in aid of construction, net	525,452	712,295	252,765
Application of WTC Retail Joint Venture Payments*	—	—	—
Application of Passenger Facility Charges	147,557	131,149	289,639
Application of 4 WTC associated payments	66,715	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)	2,752,591	2,050,591	2,961,565
DEBT SERVICE – OPERATIONS			
Interest on bonds and other asset financing obligations (b)	(1,098,922)	(940,309)	(872,275)
Times, interest earned (a/b)	2.50	2.18	3.40
Debt maturities and retirements (c)	(398,600)	(387,820)	(334,500)
Times, debt service earned [a/(b+c)]	1.84	1.54	2.45
APPLICATION OF RESERVES			
Direct investment in facilities	(870,697)	(1,398,366)	(1,550,920)
Debt retirement acceleration	—	—	—
Appropriations for self-insurance and changes in accounting principles	(21,038)	(19,662)	(18,375)
Interest on bonds and other asset financing obligations	(128,782)	(130,857)	(133,537)
Repayment of asset financing obligations	(26,678)	(608)	81
Acceleration of unamortized brokerage commissions	—	—	—
Net increase/(decrease) in reserves	207,874	(827,031)	52,039
RESERVE BALANCES			
January 1	3,201,008	4,028,039	3,976,000
December 31	3,408,882	3,201,008	4,028,039
Reserve funds balances represented by:			
General Reserve	2,480,806	2,401,503	2,388,243
Consolidated Bond Reserve	928,076	799,505	1,639,796
Total	\$ 3,408,882	\$ 3,201,008	\$ 4,028,039
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)			
Consolidated Bonds and Notes	\$ 24,189,474	\$ 23,388,115	\$ 22,161,860
Fund for regional development buy-out obligation	—	52,898	100,258
MOTBY obligation	43,697	46,268	48,711
Amounts payable – Special Project Bonds	—	—	1,150,415
Variable rate master notes	44,600	69,600	69,600
Commercial paper obligations	574,000	557,325	500,565
Port Authority equipment notes	—	—	—
Tower 4 Liberty Bonds	1,236,905	1,225,520	1,225,520
Goethals Bridge Replacement Developer Financing Arrangement	1,023,286	1,023,398	1,022,518
Total financing obligations	27,111,962	\$ 26,363,124	\$ 26,279,447

* 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.

See accompanying independent auditors' report.

	2018	2017	2016	2015	2014	2013	2012
				(In thousands)			
	\$ 5,334,748	\$ 5,211,129	\$ 5,158,795	\$ 4,818,831	\$ 4,475,193	\$ 4,184,039	\$ 4,050,016
	(3,242,315)	(3,132,918)	(3,013,087)	(2,900,652)	(2,923,254)	(2,596,268)	(2,589,447)
	—	18,323	—	123	53,530	28,229	(30,000)
	(12,921)	(16,050)	(18,871)	(21,387)	(23,734)	(25,908)	(27,956)
	2,079,512	2,080,484	2,126,837	1,846,915	1,581,735	1,590,092	1,402,613
	86,250	33,574	(4,784)	4,080	14,687	(2,964)	29,121
	220,741	193,381	347,390	321,980	565,444	540,746	565,976
	—	—	77,869	66,963	652,104	—	—
	433,326	285,335	229,921	273,721	221,156	175,421	110,015
	65,293	65,293	41,520	36,766	6,128	36,660	65,293
	—	—	—	—	—	—	17,962
	—	—	—	—	—	4,305	2,710
	2,885,122	2,658,067	2,818,753	2,550,425	3,041,254	2,344,260	2,193,690
	(868,510)	(858,694)	(824,586)	(810,356)	(635,262)	(556,824)	(539,436)
	3.32	3.10	3.42	3.15	4.79	4.21	4.07
	(319,090)	(300,905)	(268,520)	(259,315)	(226,205)	(204,000)	(169,770)
	2.43	2.29	2.58	2.38	3.53	3.08	3.09
	(1,771,900)	(1,623,347)	(1,132,915)	(1,949,785)	(1,473,432)	(1,059,756)	(691,079)
	(8,300)	—	—	—	—	—	(54,635)
	—	—	—	—	28,100	10,414	37,547
	(103,056)	(69,570)	(81,601)	(66,461)	(11,542)	(38,689)	(87,764)
	(188)	(1,276)	6,669	(51,928)	(105,562)	(15,701)	(16,514)
	—	—	—	—	—	(46,863)	—
	(185,922)	(195,725)	517,800	(587,420)	617,351	432,841	672,039
	4,161,922	4,357,647	3,839,847	4,427,267	3,809,916	3,377,075	2,705,036
	3,976,000	4,161,922	4,357,647	3,839,847	4,427,267	3,809,916	3,377,075
	2,297,475	2,297,475	2,297,475	2,297,475	2,131,711	2,029,051	2,026,605
	1,678,525	1,864,447	2,060,172	1,542,372	2,295,556	1,780,865	1,350,470
	\$ 3,976,000	\$ 4,161,922	\$ 4,357,647	\$ 3,839,847	\$ 4,427,267	\$ 3,809,916	\$ 3,377,075
	\$ 20,898,775	\$ 20,672,365	\$ 20,429,565	\$ 21,019,925	\$ 19,229,020	\$ 18,212,063	\$ 18,076,497
	143,939	184,230	221,393	253,732	283,562	311,077	336,453
	51,032	53,237	55,332	44,383	48,254	52,329	78,060
	1,245,835	1,327,680	1,391,170	1,451,170	1,530,510	1,605,515	1,675,825
	69,600	77,900	77,900	77,900	77,900	77,900	77,900
	480,765	464,615	388,315	425,760	448,185	348,110	384,625
	—	—	—	—	31,500	46,925	49,565
	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520
	1,021,023	934,198	744,401	430,800	210,316	—	—
	\$ 25,136,489	\$ 24,939,745	\$ 24,533,596	\$ 24,929,190	\$ 23,084,767	\$ 21,879,439	\$ 21,904,445

Schedule D-3 Selected Statistical Financial Data by Business Segment

(pursuant to GAAP)

	2021	2020	2019
	(In thousands)		
Gross Operating Revenues:			
Tunnels, Bridges and Terminals	\$ 1,796,753	\$ 1,542,081	\$ 1,740,044
PATH	85,220	82,110	210,610
Port	386,626	327,665	322,061
Aviation	2,508,088	2,032,359	2,913,161
Development	23,079	21,370	24,380
World Trade Center	342,757	328,455	329,212
Other ^(a)	81	34	247
Total	\$ 5,142,604	\$ 4,334,074	\$ 5,539,715
Operating Expenses:^(b)			
Tunnels, Bridges and Terminals	\$ 524,557	\$ 552,976	\$ 553,759
PATH	467,051	447,034	457,515
Port	164,851	163,395	174,213
Aviation	1,617,595	1,752,439	1,886,112
Development	11,215	11,612	11,475
World Trade Center	320,647	335,014	346,535
Other ^{(c)(f)}	305	539	567
Total	\$ 3,106,221	\$ 3,263,009	\$ 3,430,176
Capital Investment:^(d)			
Tunnels, Bridges and Terminals	\$ 393,208	\$ 582,366	\$ 697,449
PATH (including WTC Transportation Hub)	329,314	339,882	358,166
Port	37,834	43,999	120,019
Aviation ^(g)	1,053,077	1,101,960	1,588,820
Development	—	1	111
World Trade Center	106,809	216,441	266,795
Other ^(e)	2,709	5,182	6,307
Total	\$ 1,922,951	\$ 2,289,831	\$ 3,037,667

(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 is reduced by 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 LaGuardia Terminal B landlord leasehold capital investment of \$95 million in 2021, \$277 million in 2020 and \$297 million in 2019, respectively.

See accompanying independent auditors' report.

2018	2017 (Restated)	2016	2015	2014	2013	2012
(In thousands)						
\$ 1,737,458	\$ 1,739,552	\$ 1,742,028	\$ 1,599,575	\$ 1,447,896	\$ 1,369,559	\$ 1,258,125
203,800	202,880	191,261	184,560	168,668	150,604	134,382
310,637	295,651	300,569	270,263	248,443	262,526	249,609
2,762,279	2,682,523	2,646,213	2,537,233	2,479,106	2,321,300	2,276,018
25,632	24,967	25,956	26,561	51,077	29,492	87,521
303,995	274,029	260,655	207,634	85,942	50,087	44,107
207	787	682	756	680	471	254
\$ 5,344,008	\$ 5,220,389	\$ 5,167,364	\$ 4,826,582	\$ 4,481,812	\$ 4,184,039	\$ 4,050,016
\$ 524,212	\$ 525,862	\$ 509,529	\$ 499,873	\$ 510,383	\$ 493,429	\$ 468,263
447,552	423,384	415,251	389,276	401,273	338,926	329,663
166,405	160,495	167,724	175,976	172,545	176,459	190,043
1,754,801	1,693,563	1,612,470	1,557,926	1,623,190	1,466,692	1,410,070
11,786	12,399	10,853	13,659	15,737	15,497	79,620
333,848	312,242	293,864	258,748	192,789	94,312	76,149
3,711	(19,035)	3,396	5,194	7,337	10,953	35,639
\$ 3,242,315	\$ 3,108,910	\$ 3,013,087	\$ 2,900,652	\$ 2,923,254	\$ 2,596,268	\$ 2,589,447
\$ 931,539	\$ 885,311	\$ 1,179,307	\$ 956,231	\$ 961,854	\$ 413,946	\$ 233,637
340,635	274,429	454,031	268,428	512,415	559,104	743,136
146,153	106,455	133,874	93,729	210,496	180,760	184,750
989,693	772,520	584,996	791,805	715,456	468,319	351,535
3,682	893	1,569	2,110	1,977	527	140
314,472	311,122	846,597	904,787	1,674,030	1,373,328	1,802,009
39,547	150,409	290	3,144	3,822	3,221	6,767
\$ 2,765,721	\$ 2,501,139	\$ 3,200,664	\$ 3,020,234	\$ 4,080,050	\$ 2,999,205	\$ 3,321,974

Schedule E – Information on Port Authority Operations

Year ended December 31, 2021

2020

	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	\$ 845,784	\$ 131,551	\$ 64,681	\$ 649,552	\$ 41,424	\$ —	\$ 608,128	\$528,211
Holland Tunnel	183,815	89,313	26,592	67,910	18,995	34,092	83,007	42,824
Lincoln Tunnel	269,649	114,933	88,198	66,518	75,520	685	(8,317)	(53,110)
Bayonne Bridge	43,450	15,632	34,832	(7,014)	71,583	—	(78,597)	(70,849)
Goethals Bridge	258,411	29,099	46,256	183,056	81,705	—	101,351	44,500
Outerbridge Crossing	169,627	17,010	8,268	144,349	4,764	—	139,585	125,432
Port Authority Bus Terminal	26,017	127,019	33,927	(134,929)	19,907	—	(154,836)	(157,227)
Subtotal – Tunnels, Bridges & Terminals	1,796,753	524,557	302,754	969,442	313,898	34,777	690,321	459,781
PATH ^(c)	80,881	440,113	141,852	(501,084)	239,579	166,645	(574,018)	(523,143)
WTC Transportation Hub ^(c)	—	11,401	81,791	(93,192)	—	—	(93,192)	(92,189)
Journal Square Transportation Center ^(c)	4,339	15,537	4,268	(15,466)	2,568	—	(18,034)	(17,005)
Subtotal – PATH	85,220	467,051	227,911	(609,742)	242,147	166,645	(685,244)	(632,337)
Ferry Transportation	81	305	5,022	(5,246)	3,562	—	(8,808)	(8,607)
Access to the Regions Core (“ARC”)	—	—	—	—	896	—	(896)	(8,384)
Moynihan Station Transportation Program	—	—	10,000	(10,000)	5,428	—	(15,428)	(14,538)
Gateway Early Work Program	—	—	2,333	(2,333)	270	—	(2,603)	(49)
Total Interstate Transportation Network	1,882,054	991,913	548,020	342,121	566,201	201,422	(22,658)	(204,134)
AVIATION								
LaGuardia ^(d)	391,705	313,622	148,052	(69,969)	18,788	32,848	(55,909)	(78,396)
JFK International ^(d)	1,087,199	722,016	219,537	145,646	(4,165)	107,544	257,355	65,330
Newark Liberty International ^(d)	976,598	531,396	155,379	289,823	2,809	75,152	362,166	172,568
Teterboro	45,235	28,057	14,116	3,062	6,791	3,368	(361)	(6,308)
New York Stewart International ^(d)	7,351	22,504	11,820	(26,973)	3,048	2,639	(27,382)	(12,191)
Total Aviation	2,508,088	1,617,595	548,904	341,589	27,271	221,551	535,869	141,003
PORT								
Port Newark	110,009	83,826	34,272	(8,089)	26,847	—	(34,936)	(43,711)
Elizabeth Port Authority Marine Terminal	192,810	24,079	24,062	144,669	32,817	—	111,852	94,494
Brooklyn Port Authority Marine Terminal	6,790	12,215	3,007	(8,432)	3,060	—	(11,492)	(9,699)
└ Red Hook Terminal	1,016	5,243	62	(4,289)	—	—	(4,289)	(4,851)
Howland Hook Marine Terminal	24,334	18,097	14,936	(8,699)	15,934	2,115	(22,518)	(28,334)
Greenville Yard Port Authority Marine Terminal	1,046	145	—	901	—	—	901	736
└ NYNJ Rail LLC	6,424	6,196	5,348	(5,120)	6,641	1,315	(10,446)	(1,975)
Port Jersey – Port Authority Marine Terminal	44,197	15,050	14,836	14,311	26,281	1,243	(10,727)	(16,312)
Total Port	386,626	164,851	96,523	125,252	111,580	4,673	18,345	(9,652)
DEVELOPMENT								
Essex County Resource Recovery Facility	2,765	112	—	2,653	268	—	2,385	(280)
Industrial Park at Elizabeth	1,707	1,616	249	(158)	204	—	(362)	836
Bathgate Industrial Park	49	(11)	—	60	7	—	53	(1,054)
Teleport	9,352	8,871	1,542	(1,061)	179	—	(1,240)	(2,187)
Newark Legal & Communications Center	3	250	—	(247)	—	—	(247)	(117)
Queens West Waterfront Development	1,285	—	576	709	1,207	—	(498)	(527)
Hoboken South Waterfront Development	7,918	377	2,518	5,023	1,942	—	3,081	3,488
Total Development	23,079	11,215	4,885	6,979	3,807	—	3,172	159
WORLD TRADE CENTER								
WTC Campus	2,413	131,791	114,834	(244,212)	(445)	5,387	(238,380)	(228,824)
One World Trade Center	203,810	129,928	117,757	(43,875)	135,887	—	(179,762)	(140,466)
WTC Towers 2, 3 & 4	78,856	33,408	78,055	(32,607)	—	—	(32,607)	(34,499)
WTC Tower 7	32,022	16,969	—	15,053	—	—	15,053	17,252
WTC Retail	25,656	8,551	46,013	(28,908)	3,209	—	(32,117)	(32,520)
Total World Trade Center	342,757	320,647	356,659	(334,549)	138,651	5,387	(467,813)	(419,057)
LaGuardia Terminal B landlord leasehold investment ^(e)	—	—	46,705	(46,705)	—	—	(46,705)	(29,799)
Regional Facilities and Programs	—	—	27,393	(27,393)	2,824	—	(30,217)	(41,772)
Net insurance recoverables	—	—	—	—	—	—	—	4,033
Total	\$ 5,142,604	\$ 3,106,221	\$ 1,629,089	\$ 407,294	\$ 850,334	\$ 433,033	\$ (10,007)	\$ (559,219)

(a) Amounts include 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) PATH Gross operating revenues include PATH fares collected at the WTC and Journal Square Transportation Center PATH stations.

(d) Facility amounts include Passenger Facility Charge activities.

(e) 2020 depreciation of \$29.8 million was reclassified from LaGuardia.

See accompanying independent auditors' report.

Schedule F – Information on Capital Investment in Port Authority Facilities

	December 31, 2020	Capital Investment ^(a)	Depreciation	Dispositions	December 31, 2021
	(In thousands)				
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	\$ 1,548,775	\$ 175,503	\$ 64,681	\$ —	\$ 1,659,597
Holland Tunnel	558,230	67,777	26,592	—	599,415
Lincoln Tunnel	1,797,023	60,696	88,198	—	1,769,521
Bayonne Bridge	1,577,500	(448)	34,832	—	1,542,220
Goethals Bridge	1,494,214	51,703	46,256	—	1,499,661
Outerbridge Crossing	125,258	97	8,268	—	117,087
Port Authority Bus Terminal	593,543	37,880	33,927	—	597,496
Subtotal – Tunnels, Bridges & Terminals	7,694,543	393,208	302,754	—	7,784,997
PATH	3,166,390	312,599	141,852	—	3,337,137
WTC Transportation HUB	3,350,243	16,351	81,791	—	3,284,803
Journal Square Transportation Center	63,260	364	4,268	—	59,356
Subtotal – PATH	6,579,893	329,314	227,911	—	6,681,296
Ferry Transportation	82,745	—	5,022	—	77,723
Access to the Region's Core ("ARC")	30,227	—	—	—	30,227
Moynihan Station Transportation Program	119,128	—	10,000	—	109,128
Gateway Early Work Program	49,144	2,709	2,333	—	49,520
Total Interstate Transportation Network	14,555,680	725,231	548,020	—	14,732,891
AVIATION^(b)					
LaGuardia ^(e)	2,704,939	267,049	148,052	—	2,823,936
JFK International	3,738,689	128,182	219,537	—	3,647,334
Newark Liberty International	3,790,670	654,193	155,379	—	4,289,484
Teterboro	212,133	3,545	14,116	—	201,562
New York Stewart International	161,647	108	11,820	—	149,935
Total Aviation	10,608,078	1,053,077	548,904	—	11,112,251
PORT					
Port Newark	770,555	6,699	34,272	—	742,982
Elizabeth Port Authority Marine Terminal	916,090	1,903	24,062	—	893,931
Brooklyn Port Authority Marine Terminal/Red Hook Terminal	76,509	2,751	3,069	—	76,191
Howland Hook Marine Terminal	450,753	12	14,936	—	435,829
Greenville Yard Port Authority Marine Terminal/NY NJ Rail LLC	173,956	16,319	5,348	—	184,927
Port Jersey-Port Authority Marine Terminal	495,170	10,150	14,836	12,186	478,298
Total Port	2,883,033	37,834	96,523	12,186	2,812,158
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	—	—	—	5,805
Industrial Park at Elizabeth	4,787	—	249	—	4,538
Teleport	4,859	—	1,542	—	3,317
Queens West Waterfront Development	83,044	—	576	—	82,468
Hoboken South Waterfront Development	55,842	—	2,518	—	53,324
Total Development	154,337	—	4,885	—	149,452
WORLD TRADE CENTER					
WTC Campus ^(c)	3,954,769	78,265	114,834	—	3,918,200
One World Trade Center	3,209,929	19,969	117,757	—	3,112,141
WTC Towers 2, 3 & 4 ^(d)	2,732,848	4,014	78,055	—	2,658,807
WTC Retail	1,714,136	4,561	46,013	—	1,672,684
Total World Trade Center	11,611,682	106,809	356,659	—	11,361,832
FACILITIES, net	39,812,810	1,922,951	1,554,991	12,186	40,168,584
LaGuardia Terminal B landlord leasehold investment^(e)	985,965	95,130	46,705	—	1,034,390
TOTAL	\$ 40,798,775	\$ 2,018,081	\$ 1,601,696	\$ 12,186	\$ 41,202,974
REGIONAL FACILITIES & PROGRAMS	\$ 60,239	\$ —	\$ 27,393	\$ —	\$ 32,846

(a) Capital investment includes contributed capital amounts and is reduced by capital write-offs.

(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 Towers 2, 3 and 4.

(e) December 31, 2020 balances include the reclassification of \$39.3 million of accumulated depreciation from LaGuardia to LaGuardia Terminal B landlord leasehold investment.

See accompanying independent auditors' report.

Schedule G – Port Authority Facility Traffic (Unaudited)*

	2021	2020	2019
TUNNELS AND BRIDGES (Eastbound Traffic)			
AUTOMOBILES			
George Washington Bridge	45,107,088	38,784,553	47,700,000
Lincoln Tunnel	15,631,752	11,513,663	15,317,000
Holland Tunnel	13,647,628	11,061,685	15,033,000
Staten Island Bridges	32,118,961	27,572,632	33,636,000
Subtotal Automobiles	106,505,429	88,932,533	111,686,000
BUSES			
George Washington Bridge	277,876	253,278	440,000
Lincoln Tunnel	1,399,329	1,395,997	2,186,000
Holland Tunnel	38,187	53,052	159,000
Staten Island Bridges	142,270	104,646	167,000
Subtotal Buses	1,857,662	1,806,973	2,952,000
TRUCKS			
George Washington Bridge	3,887,376	3,704,358	3,821,000
Lincoln Tunnel	870,595	772,995	1,031,000
Holland Tunnel	335,758	324,381	443,000
Staten Island Bridges	2,596,494	2,287,868	2,295,000
Subtotal Trucks	7,690,223	7,089,602	7,590,000
TOTAL VEHICLES			
George Washington Bridge	49,272,340	42,742,189	51,961,000
Lincoln Tunnel	17,901,676	13,682,655	18,534,000
Holland Tunnel	14,021,573	11,439,118	15,635,000
Staten Island Bridges	34,857,725	29,965,146	36,098,000
Subtotal Vehicles	116,053,314	97,829,108	122,228,000
PATH			
Total Passengers	29,245,022	27,005,307	82,219,587
Passenger Weekday Average	90,941	90,287	284,380
MARINE TERMINALS			
General Cargo ^(a) (metric tons)	36,505,473	34,829,323	41,090,000
Containers (in twenty foot equivalent units)	8,985,931	7,585,819	7,471,131
International Waterborne Vehicles	458,026	469,529	570,023
Waterborne Bulk Commodities (in metric tons)	4,036,341	3,010,322	3,639,822
CONTAINERS			
New Jersey Marine Terminals	4,550,386	4,038,301	3,950,890
New York Marine Terminals	429,348	217,200	287,217
Subtotal Containers	4,979,734	4,255,501	4,238,107
BUS TERMINALS			
BUS DEPARTURES			
Port Authority Bus Terminal	840,000	835,000	1,190,000
George Washington Bridge Bus Station	105,000	103,000	166,000
PATH Journal Square Transportation Center Bus Station	289,704	291,921	482,725
Total Departures	1,234,704	1,229,921	1,838,725
AVIATION			
PLANE MOVEMENTS			
John F. Kennedy International Airport	289,466	199,767	456,060
LaGuardia Airport	175,135	139,178	374,078
Newark Liberty International Airport	283,902	211,460	446,320
New York Stewart International Airport	25,951	22,513	33,222
Subtotal Plane Movements	774,454	572,918	1,309,680
DOMESTIC PASSENGERS			
John F. Kennedy International Airport	17,993,014	8,267,666	28,233,791
LaGuardia Airport	15,245,520	7,853,368	28,875,041
Newark Liberty International Airport	22,534,964	12,121,093	32,004,140
New York Stewart International Airport	135,144	97,392	366,124
Subtotal Domestic Passengers	55,908,642	28,339,519	89,479,096
INTERNATIONAL PASSENGERS			
John F. Kennedy International Airport	12,750,856	8,362,976	34,317,281
LaGuardia Airport	281,192	391,824	2,209,853
Newark Liberty International Airport	6,603,025	3,771,799	14,332,312
New York Stewart International Airport	—	—	159,591
Subtotal International Passengers	19,635,073	12,526,599	51,019,037
TOTAL PASSENGERS			
John F. Kennedy International Airport	30,743,870	16,630,642	62,551,072
LaGuardia Airport	15,526,712	8,245,192	31,084,894
Newark Liberty International Airport	29,137,989	15,892,892	46,336,452
New York Stewart International Airport	135,144	97,392	525,715
Subtotal Passengers	75,543,715	40,866,118	140,498,133
CARGO-TONS			
John F. Kennedy International Airport	1,532,342	1,152,601	1,338,415
LaGuardia Airport	6,146	5,826	6,376
Newark Liberty International Airport	791,361	695,345	825,266
New York Stewart International Airport	30,996	24,145	23,606
Subtotal Cargo-tons	2,360,845	1,877,917	2,193,663
Revenue mail-tons	165,757	135,733	177,413

* Certain 2021 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.

2018	2017	2016	2015	2014	2013	2012
47,264,000	47,594,000	47,497,000	46,361,000	45,136,000	45,364,000	45,042,000
15,742,000	15,841,000	15,993,000	15,706,000	15,597,000	15,580,000	15,909,000
14,460,000	14,247,000	14,727,000	14,763,000	14,915,000	15,511,000	15,489,000
32,373,000	31,430,000	30,303,000	28,883,000	28,317,000	28,997,000	29,455,000
109,839,000	109,112,000	108,520,000	105,713,000	103,965,000	105,452,000	105,895,000
448,000	442,000	440,000	429,000	426,000	429,000	430,000
2,170,000	2,161,000	2,164,000	2,165,000	2,151,000	2,128,000	2,106,000
168,000	179,000	191,000	199,000	209,000	220,000	234,000
186,000	180,000	177,000	176,000	172,000	171,000	187,000
2,972,000	2,962,000	2,972,000	2,969,000	2,958,000	2,948,000	2,957,000
3,792,000	3,684,000	3,692,000	3,666,000	3,475,000	3,609,000	3,639,000
1,048,000	1,037,000	1,055,000	1,061,000	1,043,000	1,038,000	1,000,000
443,000	446,000	447,000	447,000	446,000	427,000	395,000
2,163,000	2,153,000	2,085,000	2,091,000	2,131,000	2,214,000	2,367,000
7,446,000	7,320,000	7,279,000	7,265,000	7,095,000	7,288,000	7,401,000
51,504,000	51,720,000	51,629,000	50,456,000	49,037,000	49,402,000	49,111,000
18,960,000	19,039,000	19,212,000	18,932,000	18,791,000	18,746,000	19,015,000
15,071,000	14,872,000	15,365,000	15,409,000	15,570,000	16,158,000	16,118,000
34,722,000	33,763,000	32,565,000	31,150,000	30,620,000	31,382,000	32,009,000
120,257,000	119,394,000	118,771,000	115,947,000	114,018,000	115,688,000	116,253,000
81,733,402	82,812,915	78,553,560	76,541,453	73,679,425	72,748,729	72,563,052
280,860	283,719	269,081	258,425	250,071	244,484	241,725
37,577,000	35,450,000	32,556,203	36,781,069	35,370,355	34,059,540	34,322,209
7,179,788	6,710,817	6,251,953	6,371,720	5,772,303	5,467,347	5,529,908
573,035	577,223	505,150	477,170	393,391	452,778	426,943
3,686,686	3,975,000	3,212,603	5,050,519	5,042,690	3,732,292	3,240,189
3,828,434	3,599,514	3,416,144	3,427,226	3,098,049	2,895,769	2,782,059
267,020	246,910	186,364	236,787	244,237	274,066	428,750
4,095,454	3,846,424	3,602,508	3,664,013	3,342,286	3,169,835	3,210,809
1,203,000	1,199,000	1,193,000	1,179,000	1,166,000	1,155,000	1,127,000
171,000	172,000	172,000	170,000	168,000	167,000	163,000
479,960	478,900	478,640	478,560	470,060	469,900	469,304
1,853,960	1,849,900	1,843,640	1,827,560	1,804,060	1,791,900	1,759,304
455,495	448,366	448,753	439,298	423,421	406,181	401,728
371,905	369,152	369,987	358,609	360,834	370,861	369,989
453,377	438,578	431,594	413,873	396,386	413,774	414,127
32,542	34,787	37,295	37,834	36,881	38,905	42,123
1,313,319	1,290,883	1,287,629	1,249,614	1,217,522	1,229,721	1,227,967
28,117,337	26,961,081	27,245,463	26,806,854	25,021,432	23,913,096	24,217,083
27,857,697	27,474,292	27,996,763	26,684,923	25,157,202	24,953,572	24,274,029
31,730,735	30,330,568	27,995,353	25,693,128	23,762,627	23,716,837	22,836,683
366,130	307,621	275,421	281,754	309,357	320,682	364,848
88,071,899	85,073,562	83,513,000	79,466,659	74,250,618	72,904,187	71,692,643
33,518,898	32,518,263	31,693,184	30,079,898	28,198,994	26,541,183	25,057,093
2,224,430	2,087,936	1,790,006	1,752,745	1,814,893	1,727,528	1,433,755
14,128,785	12,891,846	12,324,428	11,805,317	11,848,060	11,299,399	11,147,344
324,281	141,077	—	—	—	—	—
50,196,394	47,639,122	45,807,618	43,637,960	41,861,947	39,568,110	37,638,192
61,636,235	59,479,344	58,938,647	56,886,752	53,220,426	50,454,279	49,274,176
30,082,127	29,562,228	29,786,769	28,437,668	26,972,095	26,681,100	25,707,784
45,859,520	43,222,414	40,319,781	37,498,445	35,610,687	35,016,236	33,984,027
690,411	448,698	275,421	281,754	309,357	320,682	364,848
138,268,293	132,712,684	129,320,618	123,104,619	116,112,565	112,472,297	109,330,835
1,422,160	1,394,509	1,311,191	1,332,091	1,343,855	1,321,035	1,319,226
5,996	6,878	7,586	7,721	7,140	6,720	7,009
848,161	822,589	746,770	405,214	666,840	663,155	742,898
22,808	20,834	18,729	15,144	15,227	17,490	18,781
2,299,125	2,244,810	2,084,276	1,760,170	2,033,062	2,008,400	2,087,914
154,244	153,733	140,418	126,026	112,524	158,778	174,242



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