Name of Issuer: The Port Authority of New York and New Jersey

Six Digit Base CUSIP Number(s): 733580, 73358E, 73358T, 73358W

Nine Digit CUSIP Number(s): 649519BP9, 649519BR5, 649519BS3, 649519BQ7, 649519BU8, 649519BV6, 645918Y64, 645918Y72, 645918Y80, 645918Y98, 645918Z22, 645918Z30, 6459182E2, 645918Z48, 645918Z55, 645918Z63, 645918Z71, 645918Z89, 645918Z97, 6459182A0, 6459182B8, 6459182F9, 6459182D4, 6459182C6, 649519DA0, 649519DB8, 649519DC6, 649519DD4, 650116AU0, 650116AH9, 650116AJ5, 650116AK2, 650116AL0, 650116AM8, 650116AN6, 650116AP1, 650116AS5, 650116AQ9, 650116AW6, 650116AR7, 650116AV8, 650116AT3, 650116AX4, 650116AY2, 650116AZ9, 650116BA3, 650116BB1, 650116BC9, 650116BD7, 650116BE5, 650116BF2

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Type of information being provided: The Port Authority of New York and New Jersey Financial Statements & Appended Notes for the Year Ended December 31, 2018.

I hereby represent that I am authorized by the issuer to distribute this information publicly.
Issuer Contact:

Comment: Please confirm receipt of this filing.

John A. Tomasulo
Debt Manager
Debt Management, Treasury Department
The Port Authority of New York & New Jersey
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Comptroller's Department

Financial Statements & Appended Notes

for the Year Ended December 31, 2018

THE PORT AUTHORITY OF NY & NJ

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
FINANCIAL STATEMENTS AND APPENDED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018

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CERTIFICATE WITH RESPECT TO
2018 CONSOLIDATED 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 consolidated financial statements of The Port Authority of New York and New Jersey (the "Authority") and its component units for the years ended December 31, 2018 and December 31, 2017 (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 Net position, Changes in Net position, and Cash flows, in conformity with accounting principles generally accepted in the United States of America; 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 accounting principles generally accepted in the United States of America.

Dated: New York, New York
March 6, 2019

Rick Cotton

Richard Cotton
Executive Director

Elizabeth M. McCarthy
Chief Financial Officer

Daniel G. McCarron

Daniel G. McCarron
Comptroller

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

Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Port Authority of New York and New Jersey (the Port Authority), which comprise the consolidated statements of net position as of December 31, 2018 and 2017, and the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the net position of the Port Authority as of December 31, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note A.3.q to the consolidated financial statements, as of January 1, 2017, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and the schedules listed under the heading Required Supplementary Information within the table of contents, be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We 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 consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits for the years ended December 31, 2018 and 2017 were conducted for the purpose of forming an opinion on the Port Authority's consolidated financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the table of contents, related to the years ended December 31, 2018 and 2017 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements for the years ended December 31, 2018 and 2017, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1, D-2, D-3, E and F related to the years ended December 31, 2018 and 2017 is fairly stated, in all material respects, in relation to the 2018 and 2017 consolidated financial statements, respectively, as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of the Port Authority as of and for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 (not presented herein), and have issued our reports thereon dated March 1, 2017, March 7, 2016, March 13, 2015, March 6, 2014, and February 25, 2013, respectively, which contained an unmodified opinions on the respective consolidated 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, 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, 2016, 2015 and 2014, is presented for purposes of additional analysis and is not a required part of the consolidated 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 2016, 2015, 2014, 2013, and 2012 consolidated financial statements, as applicable. This information has been subjected to the auditing procedures applied in the audits of the 2016, 2015, 2014, 2013, and 2012 consolidated financial statements, as applicable, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those consolidated financial statements or to those consolidated 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, 2016, 2015, 2014, 2013, and 2012 and the supplementary information included in Schedule D-3 related to the years ended December 31, 2016, 2015 and 2014, is fairly stated, in all material respects, in relation to the 2016, 2015, 2014, 2013, and 2012 consolidated financial statements, as applicable, as a whole.

The Port Authority's consolidated financial statements for the years ended December 31, 2009 through 2011 (not presented herein) were audited by other auditors whose reports thereon expressed unmodified opinions on those respective consolidated financial statements. The reports of the other auditors on these consolidated financial statements stated that the supplementary information included in Schedules D-1 and D-2 for fiscal years 2009 through 2011, was subjected to the auditing procedures applied in the audit of the respective consolidated financial statements and, in their opinion, was fairly stated in all material respects in relation to the respective consolidated financial statements as a whole.

The supplementary information included in Schedule D-3 for fiscal years 2009 through 2013 and Schedule G, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

We have audited the accompanying Schedules A, B and C of the Port Authority, which comprise financial statements that present the assets and liabilities as of December 31, 2018, and the revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolutions.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements included in Schedules A, B and C referred to above present fairly, in all material respects, the assets and liabilities of the Port Authority as of December 31, 2018, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

Report on Summarized Comparative Information

We have previously audited Schedules A, B and C prepared in accordance with the requirements of the Port Authority's bond resolutions as of and for the year ended December 31, 2017, and we expressed an unmodified audit opinion on them in our report dated March 20, 2018. In our opinion, the summarized comparative information presented on Schedules A, B, and C herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited Schedules A, B and C as of and for the year ended December 31, 2017 from which it has been derived.

Emphasis of Matters

Basis of Accounting

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

Restriction on Use

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

KPMG LLP

New York, New York
March 6, 2019

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Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2018 and 2017

Introduction

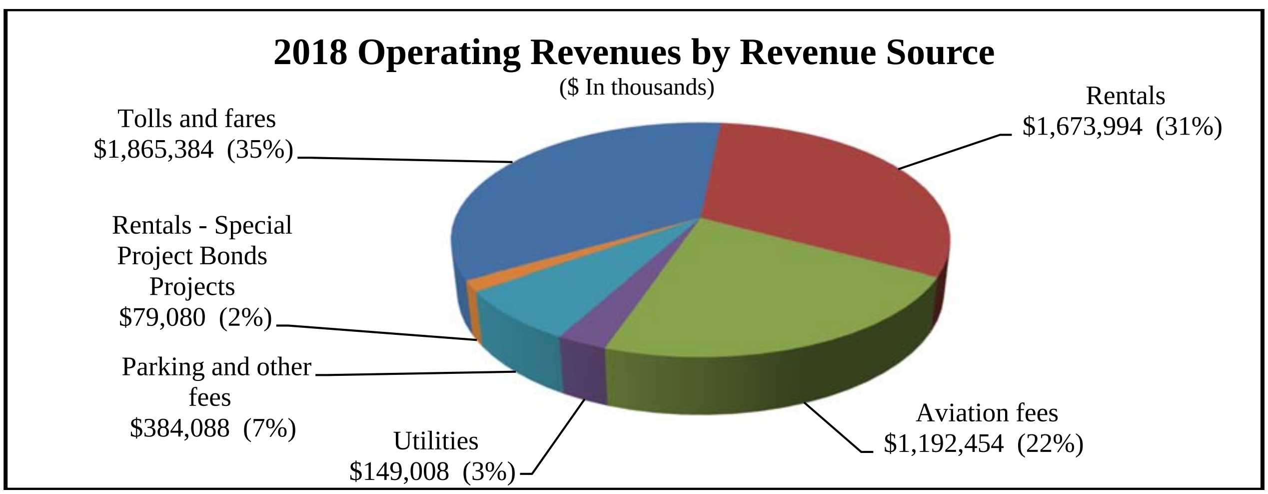
The following discussion and analysis of the financial activities of The Port Authority of New York and New Jersey (the Port Authority) and its component units described herein (see *Note A.1.d – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the consolidated financial statements of the Port Authority for the year ended December 31, 2018, with selected comparative information for the years ended December 31, 2017 and December 31, 2016. This section has been prepared by management of the Port Authority and should be read in conjunction with the consolidated financial statements and appended note disclosures that follow the Management's Discussion and Analysis section of this report.

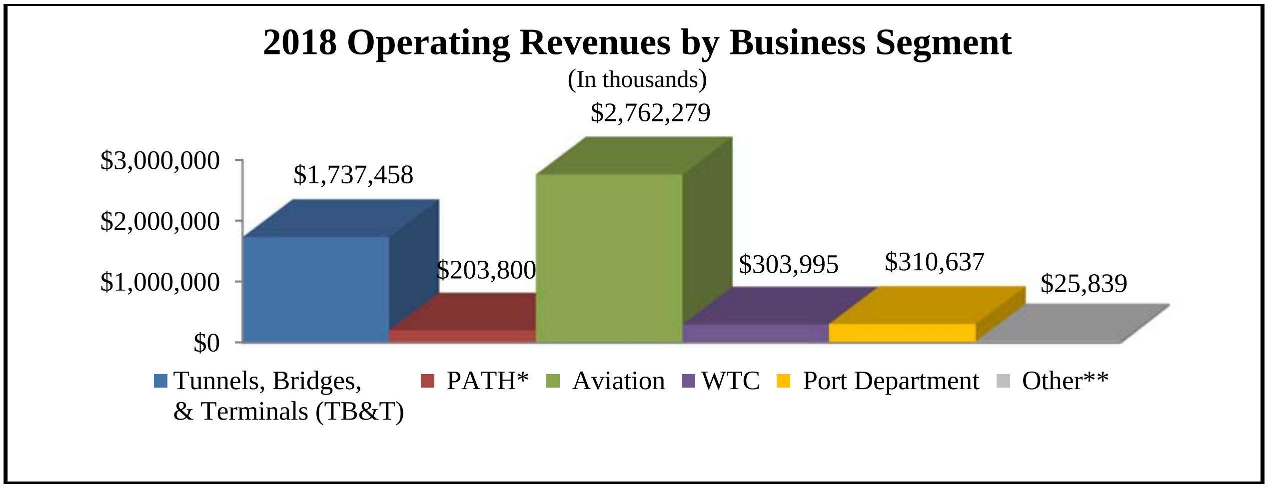
2018 Financial Results

The Port Authority's Net position increased approximately $508 million from December 31, 2017, comprised of $730 million in Income from operations, partially offset by $222 million in Non-operating activities.

Description	**2018**
	(In thousands)
Gross operating revenues	$ 5,344,008
Operating expenses	(3,242,315)
Depreciation and amortization	(1,371,157)
Income from operations	730,536
Non-operating expenses, net	(760,818)
Capital contributions and Passenger Facility Charges (PFCs)	538,620
Decrease related to non-operating activities	(222,198)
Increase in Net position	$ 508,338

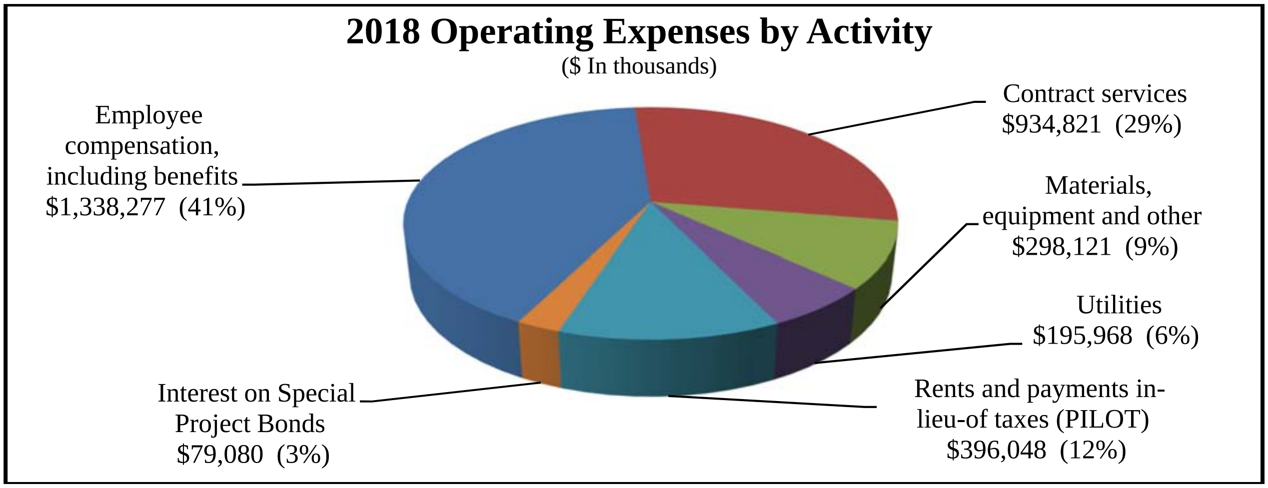
Gross operating revenues totaled $5.3 billion in 2018, comprised of:

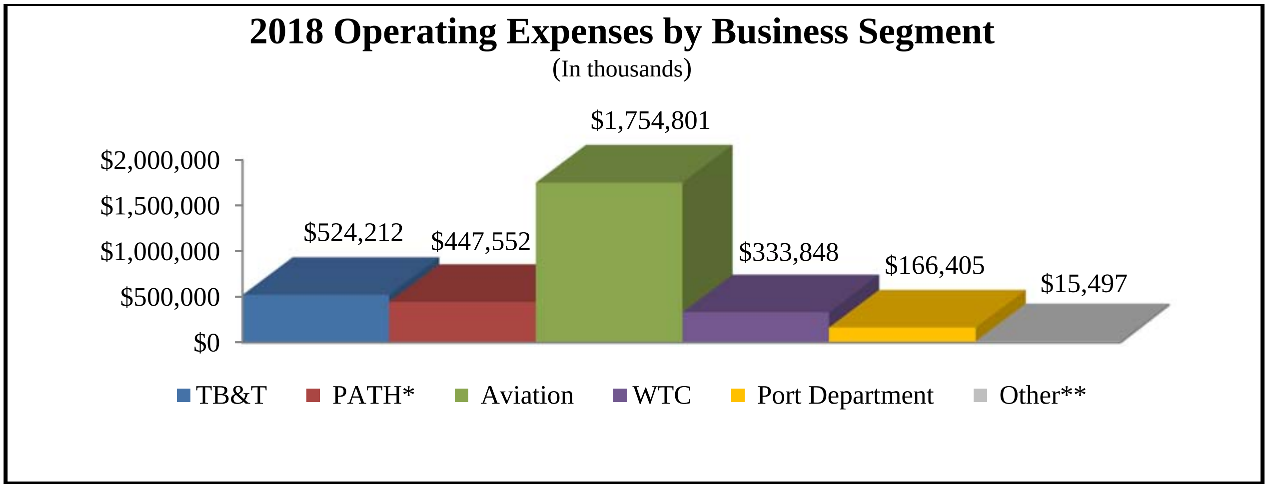




* Port Authority Trans-Hudson Corporation (PATH) includes World Trade Center (WTC) Transportation Hub.
**Other includes Development Facilities and Ferry Transportation.

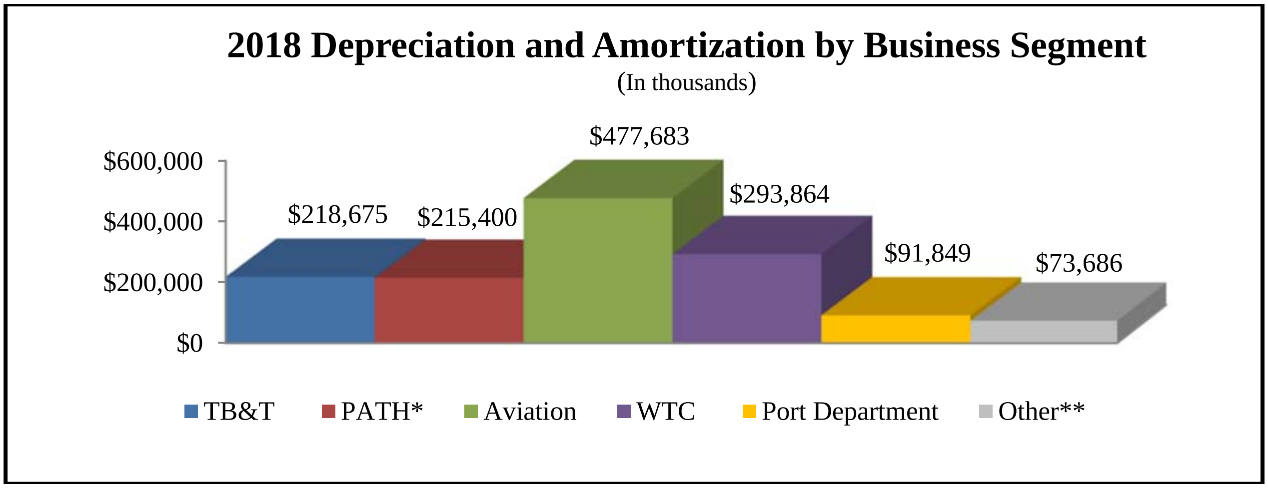
Operating expenses totaled $3.2 billion in 2018, comprised of:





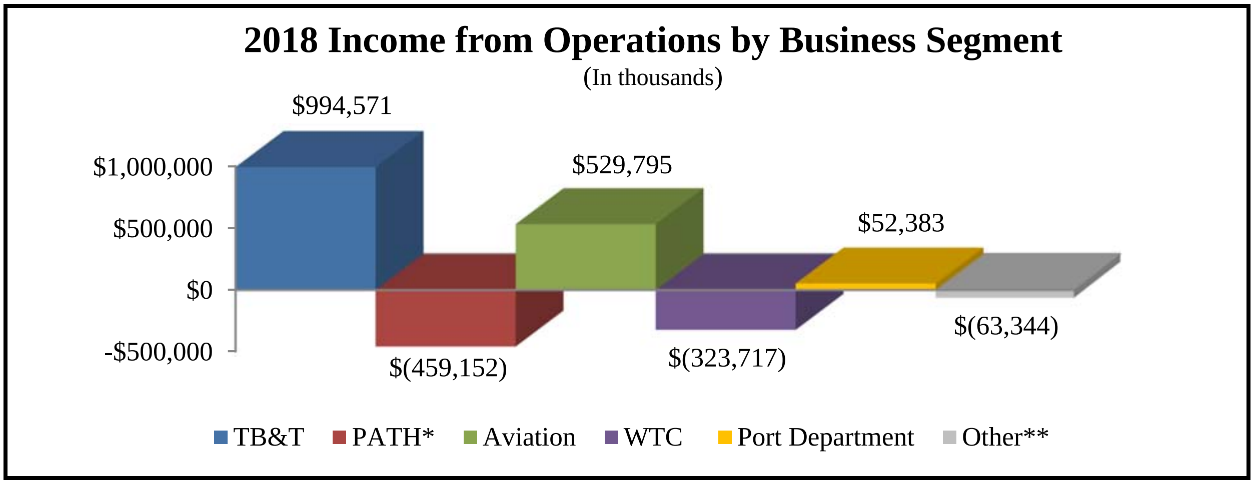
* PATH includes WTC Transportation Hub.
** Other includes Regional Facilities and Programs, Port Authority Insurance Captive Entity, LLC (PAICE), Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

Depreciation and amortization totaled $1.4 billion in 2018, comprised of:



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

Income/(Loss) from operations totaled $730 million in 2018, comprised of:



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

Non-operating revenue and expense activities, comprised of, interest expense, financial income, PFCs, grants and contributions in aid of construction decreased Net position by $222 million in 2018:

	2018
	(In thousands)
Contributions in aid of construction and PFCs	$ 538,620
Grants, in connection with operating activities and pass-through grant program payments	22,568
Financial income, including changes in fair value of investments	89,304
Interest expense in connection with bonds and other asset financings, net*	(872,690)
Increase/(Decrease) from non-operating activities	$ (222,198)

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

Financial Statement Comparison for the Years Ended December 31, 2018, December 31, 2017 and December 31, 2016

Management's discussion and analysis is intended to serve as an introduction to the Port Authority's consolidated financial statements, including the notes to the consolidated financial statements, required supplementary information, financial schedules pursuant to Port Authority bond resolutions, and statistical and other supplemental information. The consolidated financial statements comprise the following: the Consolidated Statements of Net Position, the Consolidated Statements of Revenues, Expenses and Changes in Net Position, the Consolidated Statements of Cash Flows, and the Notes to the Consolidated Financial Statements.

Consolidated Statements of Net Position

The Consolidated Statements of Net Position present the financial position of the Port Authority at the end of the fiscal year and include all of the 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 assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position follows on the subsequent page:

	2018	2017 (Restated)*	2016
		(In thousands)	
ASSETS			
Current assets	**$ 2,660,266**	$ 2,767,697	$ 2,683,308
Noncurrent assets:			
Facilities, net	**37,400,013**	35,963,576	34,693,691
Other noncurrent assets	**7,283,951**	7,751,457	7,884,673
Total assets*	**47,344,230**	46,482,730	45,261,672
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	**78,510**	73,148	79,046
Pension related amounts	**276,586**	328,602	555,794
OPEB related amounts	**169,257**	-	-
Total deferred outflows of resources	**524,353**	401,750	634,840
LIABILITIES			
Current liabilities	**3,421,109**	3,375,701	3,392,909
Noncurrent liabilities:			
Bonds and other asset financing obligations	**22,919,908**	22,464,963	21,533,071
Other noncurrent liabilities*	**5,422,432**	5,483,366	4,288,389
Total liabilities	**31,763,449**	31,324,030	29,214,369
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	**43,859**	47,237	30,407
Pension related amounts	**177,998**	68,237	76,842
OPEB related amounts*	**4,883**	74,920	-
Total deferred inflows of resources	**226,740**	190,394	107,249
NET POSITION			
Net investment in capital assets	**14,190,682**	13,179,105	12,746,144
Restricted	**500,610**	760,912	567,443
Unrestricted*	**1,187,102**	1,430,039	3,261,307
Net position, December 31	**$ 15,878,394**	$ 15,370,056	$ 16,574,894

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Statement of Net position.

2018 vs. 2017

Port Authority assets totaled $47.3 billion at December 31, 2018, an increase of $862 million from December 31, 2017. This overall increase was primarily a result of:

- Facilities, net, including contributed capital, of $37.4 billion, increased $1.4 billion from December 31, 2017 due to the continued capital investment in core transportation facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. (See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on capital investment by business segment).

- Receivables, including restricted amounts, of $756 million increased $81 million from December 31, 2017, primarily due to timing differences in receiving aviation fees and rentals from airlines, amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority, and amounts due from the WTC Towers 3 and 4 net lessees who exercised their respective rights under the 2010 tenant support agreement to defer the payment of certain rentals.

- Cash balances of $295 million decreased $564 million from December 31, 2017, primarily due to the funding of approximately $2.9 billion of capital construction projects at Port Authority facilities with bond proceeds received in 2017 and available funds. This decrease was partially offset by $2 billion in cash provided by operations primarily due to increased rentals and aviation fees and $388 million in cash provided by investing activities due to the maturity of certain investment securities.

- Current and noncurrent investments of $4.0 billion decreased $297 million primarily due to the application of available PFCs to fund LaGuardia Airport (LGA) redevelopment capital projects.

Deferred outflows of resources totaled $524 million at December 31, 2018, an increase of $123 million from December 31, 2017. This increase was primarily due to an increase in the Port Authority's actuarially determined costs associated with employer provided Other Postemployment Benefits (OPEB). Deferred outflows of resources related to OPEB will be amortized as future operating expense on a straight-line basis over a closed period (see *Note J- Other Postemployment Employee Benefits (OPEB)* for additional information related to OPEB).

Port Authority liabilities totaled $32 billion at December 31, 2018, an increase of $439 million from December 31, 2017. This increase was primarily due to:

- Bonds and other asset financing obligations of $25.1 billion, including $1.2 billion associated with Tower 4 Liberty Bonds, increased $486 million primarily due to the issuance of $2.0 billion additional consolidated bonds for purposes of funding capital construction and refunding existing debt obligations and a $87 million increase in amounts related to the Goethals Bridge Replacement Project (GBRP) Developer Financing Arrangement (DFA). These increases were partially offset by the retirement and refunding of $1.6 billion in consolidated bonds and commercial paper obligations.

- Accounts payable increased $45 million primarily due to increases in operating, maintenance and capital construction contractor accrued payables.

- Accrued pension and OPEB benefits decreased $5 million primarily due to a decrease in the Port Authority's actuarially determined proportionate share of the Net Pension Liability (NPL) of New York State and Local Retirement System (NYSLRS) due to positive investment earnings on plan investments, partially offset by an increase in the Port Authority's Net OPEB Liability.

Deferred inflows of resources totaled $227 million at December 31, 2018, an increase of $36 million from December 31, 2017. This increase was primarily due to an increase in the Port Authority's proportionate share of actuarially determined deferred pension gains related to the Port Authority's participation in NYSLRS. Deferred inflows of resources related to NYLSRS will be amortized as a reduction to future pension expense on a straight-line basis over a closed period (see *Note I - Pension Plans* for additional information related to pensions).

2017 vs. 2016

Port Authority assets totaled $46.5 billion at December 31, 2017, an increase of $1.2 billion from December 31, 2016. This overall increase was primarily a result of:

- Facilities, net, including contributed capital of $35.9 billion, increased $1.3 billion from December 31, 2016 due to the continued capital investment in core transportation facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. (See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on capital investment by business segment).

- Cash balances of $859 million increased $121 million from December 31, 2016, primarily due to $1.9 billion in cash provided by operations, $1.3 billion from consolidated bond proceeds and commercial paper obligations issued for purposes of funding capital construction projects and the receipt of $460 million in Federal Transit Administration (FTA) capital contributions and PFCs. Partially offsetting these increases was $2.2 billion in capital construction contractor payments, $1.3 billion in debt service payments on outstanding debt obligations and the reallocation of available PFCs and reserves from cash equivalents to United States Treasury securities.

- Current and noncurrent investments of $4.3 billion decreased $459 million primarily due to the use of certain investments to refund outstanding consolidated bond debt obligations or fund capital construction projects in 2017. Partially offsetting this decrease was the investment of available PFCs in United States Treasury securities.

- Receivables of $674 million increased $83 million from December 31, 2016, primarily due to timing differences in receiving aviation fees and rents from airlines, amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority and amounts due from the WTC Towers 3 and 4 net lessees who exercised their right under 2010 tenant support agreements to defer the payment of certain net lease rental and debt service payments.

Deferred outflows of resources totaled $402 million at December 31, 2017, a decrease of $233 million from December 31, 2016. This decrease was primarily due to a decrease in the Port Authority's proportionate share of actuarially determined deferred pension costs related to the Port Authority's participation in the NYSLRS. Deferred outflows of resources related to NYSLRS will be amortized as additional pension expense on a straight-line basis over a closed period (see *Note I - Pension Plans* for additional information related to pensions).

Port Authority liabilities totaled $31.3 billion at December 31, 2017, an increase of $2.1 billion from December 31, 2016. This increase was primarily due to:

- Bonds and other asset financing obligations, including Tower 4 Liberty Bonds, increased $637 million primarily due to the issuance of $2.0 billion additional consolidated bonds for purposes of funding capital construction and refunding existing debt obligations and a $190 million increase in accrued amounts related to the GBRP DFA due to the completion of additional capital construction of the replacement bridge. These increases were partially offset by the retirement and refunding of $1.6 billion in consolidated bonds and commercial paper obligations, and a $37 million decrease in amounts payable related to the Fund for Regional Development Buy-Out Obligation.

- Accrued pension and OPEB employee benefits increased $1.4 billion primarily due to a $1.5 billion increase in OPEB resulting from the Port Authority's adoption of GASB Statement No. 75

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies.* Offsetting the increase was a $175 million decrease in the Port Authority's proportionate share of the NPL of NYSLRS resulting from positive investment earnings on plan investments.

- Accounts payable increased $157 million primarily due to increases in capital construction accruals.

Deferred inflows of resources totaled $190 million at December 31, 2017, an increase of $83 million from December 31, 2016. This increase was primarily due to a $75 million increase in actuarially determined deferred OPEB gains resulting from the Port Authority's adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies.* Additionally, deferred gains related to the refunding of outstanding debt obligations in 2017 increase $16 million. Deferred inflows of resources related to OPEB will be amortized as a reduction to future OPEB expense on a straight-line basis over a closed period.

Consolidated Statements of Revenues, Expenses and Changes in Net Position

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 Consolidated Statements of Revenues, Expenses and Changes in Net Position:

	2018	2017 (Restated)*	2016
		(In thousands)	
Gross operating revenues	**$ 5,344,008**	$ 5,220,389	$ 5,167,364
Operating expenses*	**(3,242,315)**	(3,108,910)	(3,013,087)
Depreciation and amortization	**(1,371,157)**	(1,275,303)	(1,238,512)
Net revenue related to Superstorm Sandy	**-**	18,323	-
Income from operations*	**730,536**	854,499	915,765
Non-operating expenses, net	**(760,818)**	(787,596)	(809,747)
Capital contributions and PFCs	**538,620**	463,258	939,313
Increase in net position*	**508,338**	530,161	1,045,331
Net position, January 1	**15,370,056**	16,574,894	15,529,563
Cumulative effect of change in accounting principle*	**-**	(1,734,999)	-
Restated net position, January 1*	**15,370,056**	14,839,895	15,529,563
Net position, December 31*	**$ 15,878,394**	$ 15,370,056	$ 16,574,894

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Consolidated Statements of Revenues, Expenses and Changes in Net Position.

Additional information on individual facility financial results 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 follows:

	2018	2017	2016
		(In thousands)	
Gross operating revenues:			
Tolls and fares	**$ 1,865,384**	$ 1,873,622	$ 1,865,481
Rentals	**1,673,994**	1,618,439	1,564,527
Aviation fees	**1,192,454**	1,128,352	1,112,436
Parking and other	**384,088**	377,421	399,178
Utilities	**149,008**	139,502	138,987
Rentals - Special Project Bonds Projects	**79,080**	83,053	86,755
Total	**$ 5,344,008**	$ 5,220,389	$ 5,167,364

2018 vs. 2017

Gross operating revenues of $5.3 billion increased $124 million or 2.4% from 2017.

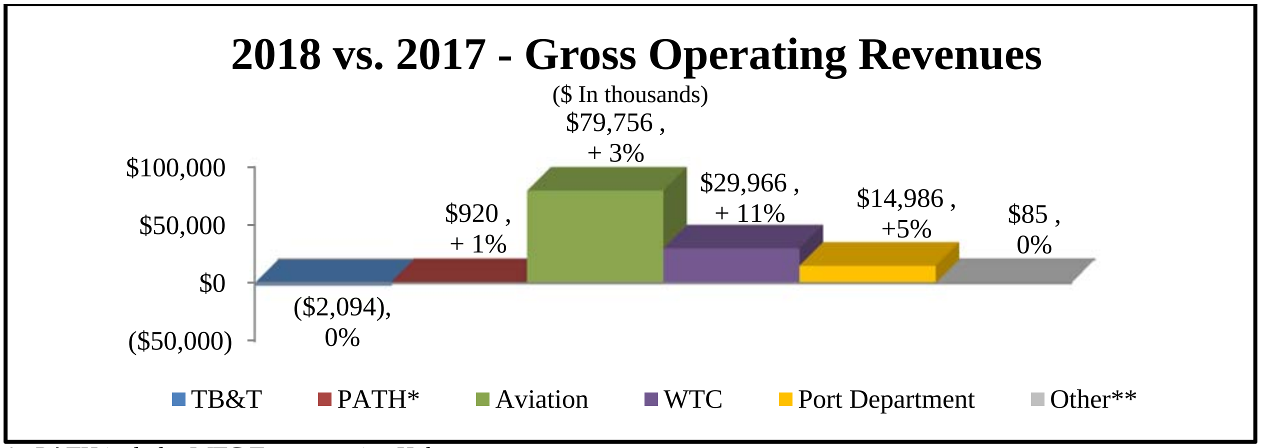
Aviation fees of $1.2 billion increased $64 million or 5.7% from 2017. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of certain Port Authority capital investments and operating expenses. The increase in 2018 fees was primarily due to increased policing and security to meet ongoing security requirements, aeronautical related capital investment being placed into service and increased snow and ice removal activities.

Rental revenues of $1.7 billion increased $56 million or 3.4% from 2017 primarily due to increased activity based percentage rentals at Aviation and Port Marine Terminals resulting from an all-time high in aviation passenger and container activity, increased fixed rentals due to scheduled rent increases at Aviation and Marine Terminals, and increased fixed and percentage rentals at One WTC due to increased occupancy and scheduled rent increases.

Parking and other fees of $384 million increased $7 million or 1.8% from 2017 primarily due to increased One WTC tenant charges resulting from increased occupancy and increased Cargo Facility Charges (CFCs) and Wharfage fees at Port Authority Marine Terminals due to an all-time high of container activity. Partially offsetting these amounts was a decrease in public and tenant parking revenues at Aviation facilities primarily due to inclement weather conditions in the first quarter of 2018, ongoing construction activities at LGA, and lessened demand for public parking at the three major airports.

Toll and PATH fare revenue of $1.9 billion remained relatively flat from 2017 due to increased tolling discounts resulting from higher EZPass® usage at the Port Authority's six vehicular crossings, lower PATH cross honoring of New Jersey Transit (NJT) passengers resulting from Amtrak construction activity at New York Penn Station in 2017 and lower 2018 PATH ridership due to decreased weekend service for the installation of Positive Train Control (PTC). These decreases were partially offset by a .7% increase in overall vehicular traffic at the six vehicular crossings.

The following chart depicts the 2018 change in total gross operating revenues by business segment when compared to 2017:

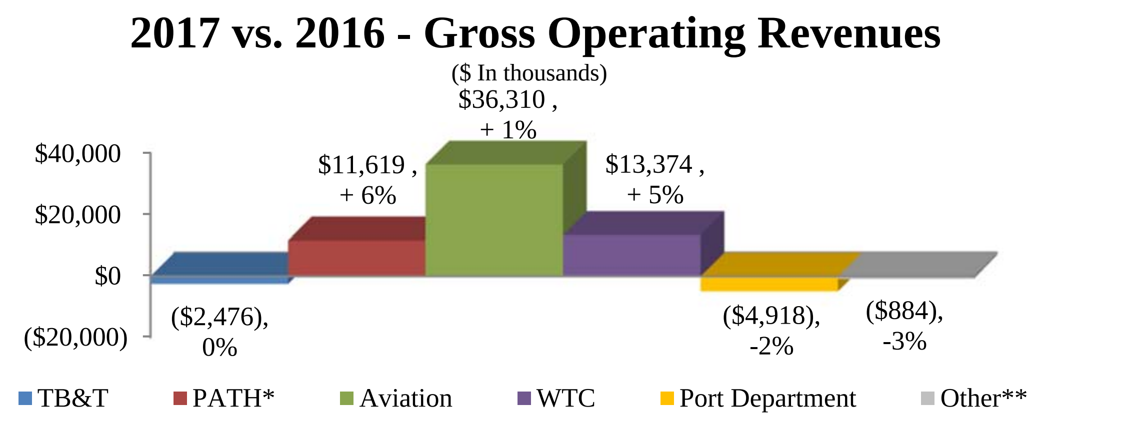


* PATH includes WTC Transportation Hub.
** Other includes Regional Facilities and Programs, Development Facilities and Ferry Transportation.

2017 vs. 2016

Gross operating revenues of $5.2 billion increased $53 million or 1% from 2016. Rentals increased $54 million primarily due to increases in fixed rentals at One WTC due to higher occupancy, scheduled increases in terminal rents at Port Authority Marine Terminals and Aviation facilities and percentage rentals related to John F. Kennedy International Arrivals Terminal 4 (JFKIAT). Partially offsetting these increases was a decrease in certain fixed and percentage rentals at LGA for the operation, on an interim basis, of the existing Terminal B due to the execution of a lease agreement with LaGuardia Gateway Partners (LGP) in June 2016 for the replacement of the existing terminal. Aviation fees, which provide for the recovery of certain Port Authority capital investments and operating expenses at the Port Authority's three major airports increased $16 million, primarily due to the recovery of additional aeronautical related capital investment and policing costs. PATH fares increased $12.4 million primarily due to a 5.4% increase in passenger activity driven in part by the accommodation of approximately 930,000 New Jersey Transit (NJT) passengers due to Amtrak construction activity at Penn Station that resulted in NJT service disruptions. Toll revenue at the Port Authority's six (6) vehicular crossings decreased by $4.3 million primarily due to one less work day in February 2017 when compared to February 2016 (a leap year), and increased discounts resulting from higher E-ZPass® usage. This decrease was partially offset by a 0.5% increase in overall vehicular traffic. Parking and other fees decreased $22 million primarily due to a non-recurring Elizabeth Port Authority Marine Terminal consent fee received in 2016. Partially offsetting this decrease was an increase in CFC and Wharfage fees at Port Authority Marine Terminals due to a 6.8% increase in container activity.

The following chart depicts the 2017 change in total gross operating revenues by business segment when compared to 2016:



* PATH includes WTC Transportation Hub.
**Other includes Regional Facilities and Programs, Development Facilities and Ferry Transportation.

Operating Expenses

A summary of operating expenses follows:

	2018	2017 (Restated)*	2016
		(In thousands)	
Operating expenses:			
Employee compensation, including benefits*	**$ 1,338,277**	$ 1,318,935	$ 1,290,334
Contract services	**934,821**	880,331	852,926
Rents and payments in-lieu-of taxes (PILOT)	**396,048**	390,576	352,293
Materials, equipment and other	**298,121**	252,533	264,977
Utilities	**195,968**	183,482	165,802
Interest on Special Project Bonds	**79,080**	83,053	86,755
Total	**$ 3,242,315**	$ 3,108,910	$ 3,013,087

* 2017 restated amounts include approximately $(24) million related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies.*

2018 vs. 2017

Operating expenses totaled $3.2 billion in 2018, an increase of $133 million or 4.3% from 2017.

Employee compensation, including employer provided healthcare and retirement benefits of $1.3 billion, increased $19 million or 1.5% from 2017 primarily due to increased civilian and public safety employee headcount and increased wages resulting from snow and ice removal activities at Port Authority facilities. Partially offsetting these increases was a net decrease in actuarially determined pension and OPEB related costs primarily due to investment gains on plan investments.

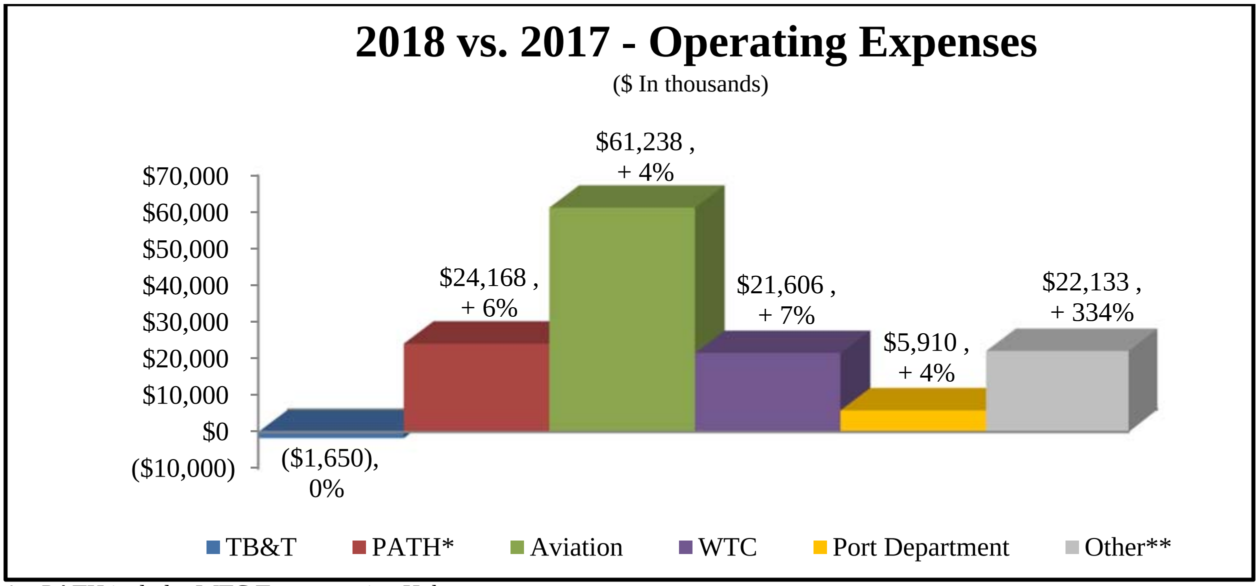
Contract Services of $935 million increased $54 million, or 6.2% from 2017 primarily due to increased customer service related initiatives, including new customer information technology across facilities, increased security at Port Authority facilities due to evolving security requirements, increased maintenance dredging at Port Marine Terminals, the commencement of contract maintenance payments to the Goethals Bridge Replacement Bridge developer and scheduled increases in contractor billing rates.

Materials, Equipment and Other expenditures of $298 million increased $46 million or 18% from 2017 primarily due to increased purchases of operations and maintenance vehicles, including airside snow removal equipment, increased purchases of materials and supplies related to snow and ice removal activities, primarily at the Aviation facilities, increased allowances for doubtful accounts at Port Authority Aviation facilities, Port marine terminals and WTC, and increased self-insured public liability loss reserves.

Utilities of $196 million increased $13 million or 6.8% from 2017 due to increased consumption at John F. Kennedy International Airport (JFK) and WTC due to increased demand for heating and cooling when compared to 2017.

Rents and Payments in-lieu-of-taxes (PILOT) of $396 million increased $5 million or 1% from 2017, primarily due to increased payments to the City of New York related to the WTC site as a result of the substantial completion of WTC Tower 3.

The following chart depicts the 2018 change in total operating expenses by business segment when compared to 2017:



* PATH includes WTC Transportation Hub.

** Other includes Regional Facilities and Programs, PAICE, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program and $24 million year-to-year impact of adopting GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

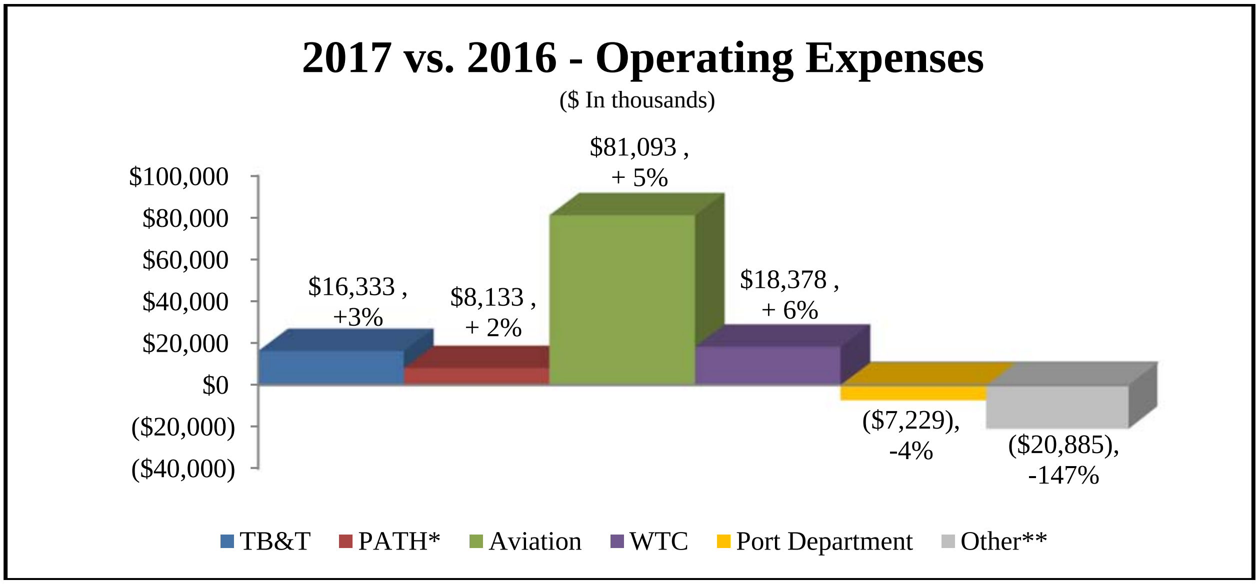
2017 vs. 2016

Operating expenses totaled $3.1 billion in 2017, an increase of $96 million or 3.2% from 2016.

Employee compensation, including employer provided healthcare and retirement benefits totaled $1.3 billion in 2017, an increase of $29 million or 2.2% from 2016 primarily due to increased wages, the hiring of additional police officers, heightened security at Port Authority facilities and increased operational support for construction activities at Aviation facilities. Partially offsetting these increases were decreases in actuarially determined costs related to OPEB resulting from the Port Authority's adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies* and the Port Authority's proportionate share of NYSLRS pension expense.

Operating expenditures relating to material and equipment purchases, utility consumption, rent payable, professional consulting services and contractor payments for operational and maintenance support services totaled $1.8 billion in 2017, an increase of $67 million or 4.0% from 2016 primarily due to scheduled rent escalations at certain Port Authority Aviation facilities, increased property management services and electricity consumption at the WTC site resulting from increases in operational assets under management, increased ground transportation and taxi dispatch services at Aviation facilities to provide additional traffic and parking management in support of construction activities, increased snow and ice removal chemicals and materials, increased federal inspection services at New York Stewart International Airport due to increased air service, and increased consulting services for master planning activities related to Port Authority Marine Terminals. Partially offsetting these increases were decreases in maintenance dredging at Port Authority Marine Terminals, lower capital write-offs related to the Port Authority's 2017-2026 capital plan and lower public liability insurance premiums and self-insured loss reserves, primarily at JFK and PATH.

The following chart depicts the 2017 restated change in total operating expenses by business segment when compared to 2016:



* PATH includes WTC Transportation Hub.

** Other, includes Regional Facilities and Programs, PAICE, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program and $(24) million year-to-year impact of adopting GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Depreciation and Amortization

A summary of depreciation and amortization follows:

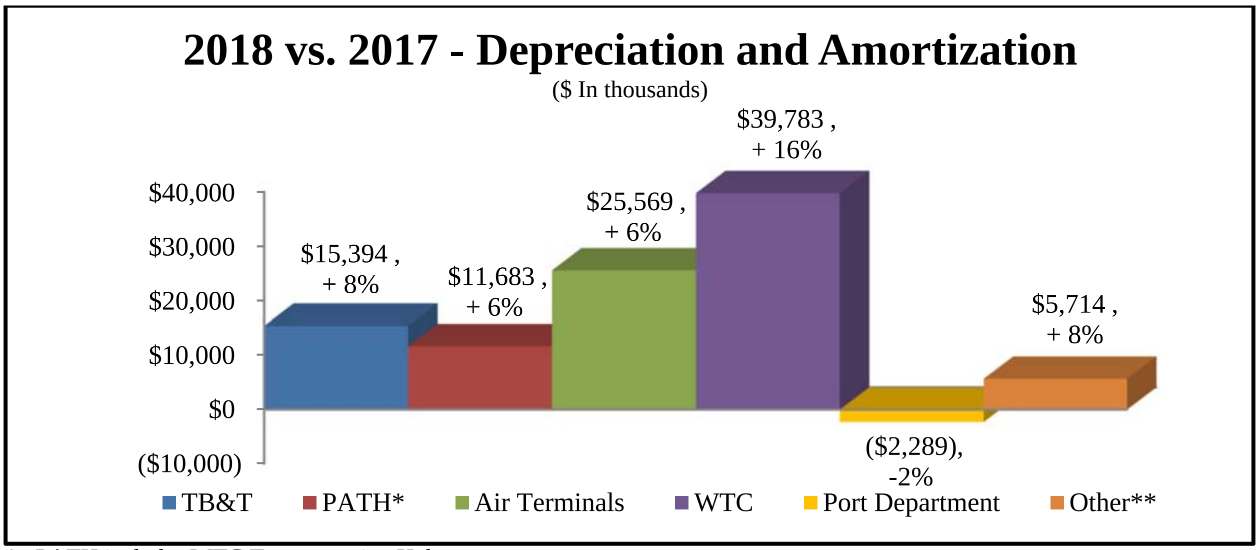
	2018	2017	2016
		(In thousands)	
Depreciation and amortization:			
Depreciation of facilities	**$ 1,329,283**	$ 1,231,139	$ 1,173,747
Amortization of costs for regional programs	**41,874**	44,164	64,765
Total	**$ 1,371,157**	$ 1,275,303	$ 1,238,512

2018 vs. 2017

Depreciation and amortization of $1.4 billion increased $96 million or 7.5% from 2017 as a result of the scheduled completion of approximately $8.0 billion of capital construction projects in 2017 and 2018. These capital infrastructure assets, including elements of the PATH Signal Replacement Program and installation of Positive Train Control (PTC), Goethals Bridge Replacement Bridge Program, Bayonne Bridge Navigational Clearance Program, Lincoln Tunnel Access Program, WTC Tower 3, JFK runway improvements and LGA Redevelopment Program have been placed into service and are now being depreciated over their useful life. Partially offsetting these increases was a decrease in accelerated depreciation primarily related to the former Goethals Bridge and certain elements of the Bayonne Bridge that were fully depreciated and taken out of service in 2017 in anticipation of new and rehabilitated capital construction assets becoming operational in 2018.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net* to the 2018 consolidated financial statements, *Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in the Statistical and Other Supplemental Information section of this report.

The following chart depicts the 2018 change in total depreciation by business segment when compared to 2017:



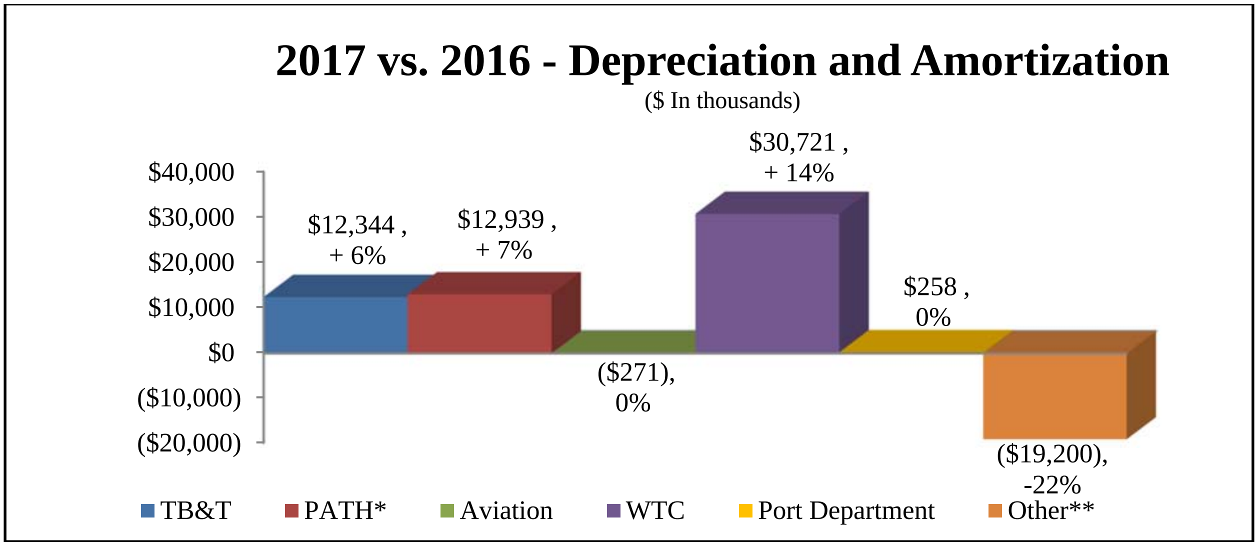
* PATH includes WTC Transportation Hub.
** Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

2017 vs. 2016

Depreciation and amortization of $1.3 billion increased $36 million or 3.0% from 2016 resulting from the scheduled completion of $2.9 billion of capital construction in both 2016 and 2017. These capital infrastructure assets, primarily located at the WTC, PATH, Goethals Bridge and Bayonne Bridge are ready for their intended use and are being depreciated over their estimated useful lives. Partially offsetting these increases was a $20.6 million decrease in amortization related to certain Regional facilities and programs that were fully amortized during 2016 and 2017, respectively. For additional information related to regional facilities, see *Note H- Regional Facilities and Programs*.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net* to the 2017 consolidated financial statements, *Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in the Statistical and Other Supplemental Information section of this report.

The following chart depicts the 2017 change in total depreciation by business segment when compared to 2016:



* 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.

Net revenues related to Superstorm Sandy

2016 - 2018

In 2017, the Port Authority recovered $18.3 million of additional insurance proceeds related to Port Authority WTC Superstorm Sandy related insurance claims from participating insurance carriers. As of December 31, 2018, the Port Authority has received approximately $581 million in insurance recoveries related to Superstorm Sandy.

Income from Operations

Income from operations represents the difference between gross operating revenues, and the sum of operating expenses, depreciation and amortization and net revenue related to Superstorm Sandy.

2018 vs. 2017

Income from operations of $730 million declined $124 million from 2017, primarily due to an increase in depreciation related to the scheduled completion of approximately $8.0 billion in capital construction projects in 2017 and 2018 located at the WTC, PATH, Goethals and Bayonne Bridges, JFK and LGA.

2017 vs. 2016

Income from operations of $854 million, declined $61 million from 2016 primarily due to increases in depreciation related to the completion of additional capital construction projects located at the WTC, PATH, Goethals Bridge and Bayonne Bridge and increased operating expenses resulting from increased rents due to municipalities, and contractor payments at the WTC site and Aviation facilities.

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2018	2017	2016**
		(In thousands)	
Non-operating revenues and (expenses):			
Financial income	**$ 77,406**	$ 48,077	$ 7,519
Net increase / (decrease) in fair value of investments	**11,898**	(12,751)	(11,493)
Interest expense in connection with bonds and other asset financings, net*	**(872,690)**	(843,050)	(859,393)
Pass-through grant program payments	**(1,438)**	(19,717)	(10,695)
Grants, in connection with operating activities	**24,006**	39,845	64,315
Non-operating expenses, net	**$ (760,818)**	$ (787,596)	$ (809,747)

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

** For presentation purposes, amortization of bond premiums received at issuance were reclassified from Financial income to Interest expense in connection with bonds and other asset financings, net.

2018 vs. 2017

- Financial income, comprised of interest income and the net change in the fair value of investments collectively totaled $89 million in 2018, an increase of $54 million when compared to 2017. These increases were primarily due to a $14 million increase in realized earnings on investments due to higher interest rates and a $25 million year to year increase in the net change in the fair market value of investments, comprised primarily of United States Treasury securities. In addition, the Port Authority received a non-recurring consent fee of $15 million relating to Port Jersey-Port Authority Marine Terminal.

- Interest expense in connection with bonds and other asset financings of $873 million increased $30 million from 2017 due to the commencement of GBRP DFA payments due to the substantial completion of the replacement bridge in June 2018.

- Pass-through grant program payments to sub-grantees of $1 million decreased $18 million from 2017 primarily due to decreased federal funding associated with baggage screening projects at Aviation facilities and the Regional Truck Replacement Program.

  Pass-through grant program payments are completely offset in either, *Contributions in aid of* *construction* or *Grants, in connection with operating activities*.

- Grants, in connection with operating activities of $24 million decreased $16 million from 2017 primarily due to a $9 million decrease in Superstorm Sandy grants for immediate recovery efforts due to the transition from the immediate repair phase to the permanent repair and resiliency phase of the recovery effort and a $3 million decrease in Airport Improvement Program (AIP) discretionary funding associated with noise compatibility studies at the Port Authority's three major airports and a $3 million decrease in available funding from the Department of Homeland Security for cyber security and counter terrorism initiatives.

2017 vs. 2016

- Financial income, comprised of interest income and changes in the fair value of investments, of $35 million increased $39 million when compared to 2016 primarily due to higher earnings on Port Authority investments, comprised primarily of United States Treasury securities, and a decrease in financial returns due the WTC Retail net lessee on their capital investment in the WTC Retail premises, which opened to the public in 2016. Partially offsetting these increases was a decrease in the fair market value of the Port Authority's investment portfolio, due to the fluctuation of interest rates.

- Interest expense in connection with bonds and other asset financings of $843 million decreased $16 million from 2016 primarily due to increased reimbursements due from the WTC Tower 4 net lessee for Tower 4 Liberty Bond debt service payments and a decrease in interest expense achieved through the refunding and retirement of existing debt obligations. Partially offsetting this decrease was an increase in interest expense charged to operations due to a decrease in capital projects under construction.

- Pass-through grant program payments to sub-grantees of $20 million increased $9 million from 2016 primarily due to increased federal funding associated with baggage screening projects at Aviation facilities and the regional truck replacement program that was passed through to third party entities.

  Pass-through grant program payments are completely offset in either, *Contributions in aid of construction* or *Grants, in connection with operating activities*.

- Grants, in connection with operating activities of $40 million decreased $24 million from 2016 primarily due to a $20 million decrease in federal funding related to Urban Area Security Initiatives (UASI) due to lower federal funds being available for reimbursement and a $9 million decrease in grants related to Superstorm Sandy immediate recovery efforts due to the transition from the immediate repairs phase to the permanent repair and resiliency phase of the recovery effort.

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and Passenger Facility Charges follows:

	2018	2017	2016
		(In thousands)	
Contributions in aid of construction	**$ 252,225**	$ 187,473	$ 674,950
PFCs	**286,395**	275,785	264,363
Total	**$ 538,620**	$ 463,258	$ 939,313

2018 vs. 2017

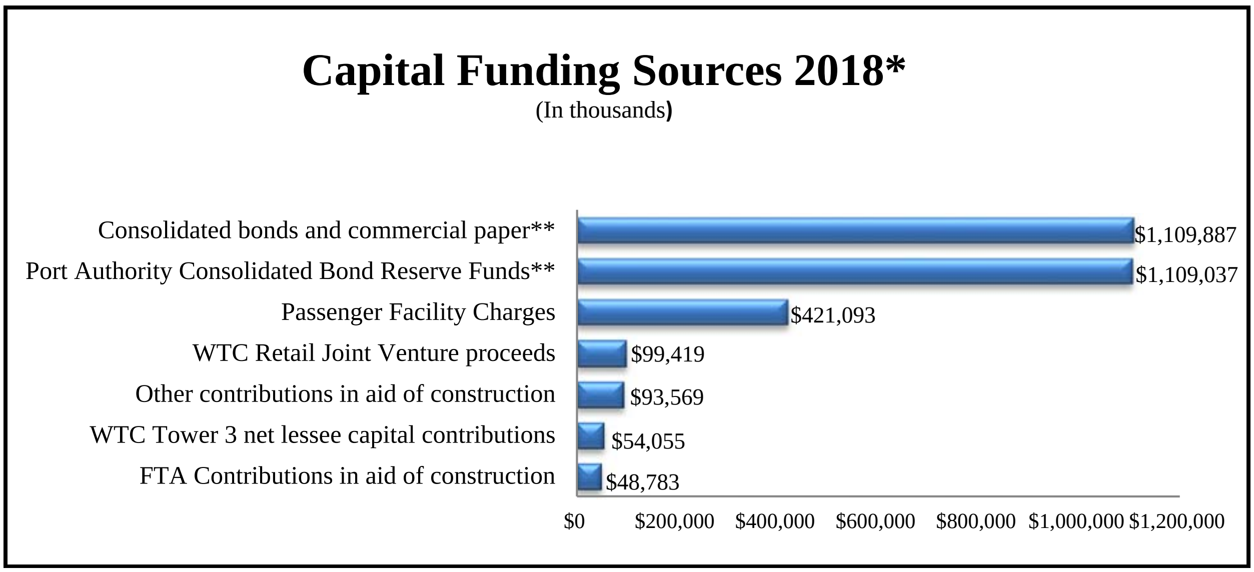
Contributions in aid of construction of $252 million increased $65 million from 2017 primarily due to the reimbursement of certain sub-grade infrastructure supporting the WTC Performing Arts Center, increased required capital contributions from the WTC Tower 3 net lessee for the construction of WTC Tower 3 and increased funding from the Federal Emergency Management Agency (FEMA) and the FTA for Superstorm Sandy restoration and resiliency capital projects. For additional information related to grants and contributions, see *Note F - Grants and Contributions in Aid of Construction.*

2017 vs. 2016

Contributions in aid of construction of $187 million decreased $488 million from 2016 primarily due to a decrease in capital contributions from the net lessee of WTC Tower 3 and the Metropolitan Transportation Authority (MTA) for the redevelopment of certain areas of the WTC site, and the FTA for the construction of the WTC Transportation Hub, which opened to the public in March 2016. AIP funding related to the rehabilitation of certain runways at the Port Authority's three major airports that were substantially completed in 2016 also decreased. Offsetting these decreases were increases in capital contributions from the FTA and FEMA for Superstorm Sandy restoration and resiliency projects. For additional information related to grants and contributions, see *Note F- Grants and Contributions in Aid of Construction*.

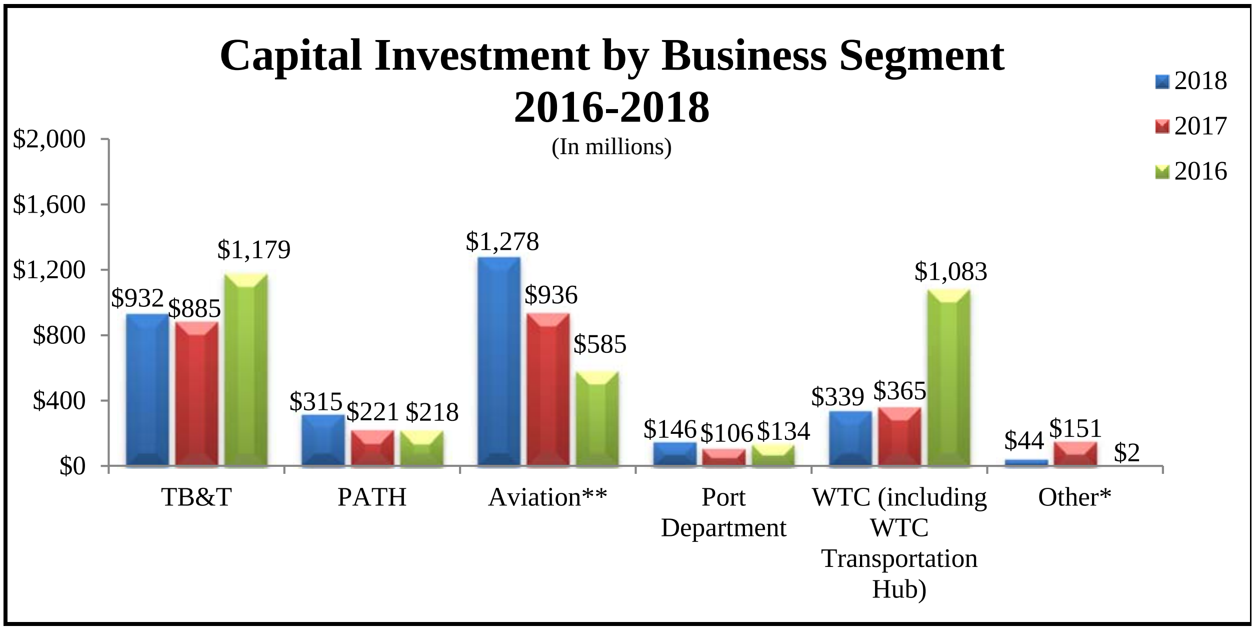
Capital Construction Activities

Port Authority capital investment, including contributed capital and accrued amounts relating to capital construction, totaled $2.9 billion in 2018, $2.5 billion in 2017, and $3.2 billion in 2016.



* Capital funding sources exclude accrued amounts in connection with capital construction activities.
** Includes funding for landlord leasehold capital improvements related to LGA Terminal B.

The following chart depicts capital investment for the last three years summarized by business segment:



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

** Includes landlord leasehold capital improvements related to LGA Terminal B of $289 million in 2018 and $163 million in 2017, respectively.

Additional information related to capital investment in Port Authority facilities can be found in appended *Note B – Facilities, net* to the 2018 consolidated financial statements, and *Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in the Statistical and Other Supplemental Information section of this report.

Capital Financing and Debt Management

As of December 31, 2018, bonds and other asset financing obligations of the Port Authority totaled approximately $25.1 billion, including $1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/obligor. For additional information related to bonds and other asset financing obligations of the Port Authority, see *Note D- Outstanding Financing Obligations*.

During 2018, the Port Authority issued approximately $2 billion of consolidated bonds. Of this amount, $608 million was allocated to fund capital construction and $1.4 million was allocated for purposes of refunding outstanding consolidated bonds to achieve savings on future debt service payments and to retire existing commercial paper obligations.

During 2018, the Port Authority issued approximately $2 billion of commercial paper obligations. Of this amount, $1.7 billion was allocated for the purpose of refunding existing commercial paper obligations and $260 million was issued to fund capital construction project expenditures.

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority. All ratings for outstanding obligations in 2018 remained the same when compared to 2017. 2018 Standard and Poor's (S&P), Fitch Ratings and Moody's Investors Service considered the Port Authority's outlook stable.

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

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* of this report.

Other Activities

- Toll schedules for the Port Authority's six (6) vehicular crossings were last revised effective September 18, 2011 and provided for certain scheduled toll increases over time. The last scheduled toll increase for automobiles paying with cash increased from $14.00 to $15.00 in December 2015; the cash toll for truck classes 2-6 increased from $19.00 per axle to $21.00 per axle in December 2015; the cash toll for buses carrying 10 or more people increased from $23.00 to $24.00 in December 2015. Discounts are available for vehicles using the E-ZPass® electronic toll collection system and certain designated user programs. For additional information related to tolling rates please refer to the following link:
  http://www.panynj.gov/bridges-tunnels/tolls.html

- The PATH base fare schedule was last revised effective September 18, 2011 and provided for certain scheduled fare increases over time. The last scheduled PATH base fare for a single trip increased from $2.50 per trip to $2.75 per trip on October 1, 2014. The cost of the multi-trip tickets and SmartLink passes were also increased at that time in a consistent manner with the base fare increase. For additional information related to PATH fares please refer to the following link: http://www.panynj.gov/path/fares.html

- On December 13, 2018, the Board of Commissioners approved a 2019 budget that provides for capital and operating expenditures during calendar year 2019 totaling $8.5 billion. To obtain a copy of the 2019 budget, please refer to the following link:
  https://corpinfo.panynj.gov/documents/2019-Budget/

- On February 16, 2017, the Board of Commissioners approved a ten-year capital plan covering 2017-2026, totaling $32.2 billion. To obtain a copy of the capital plan, please refer to the following link: http://corpinfo.panynj.gov/documents/Capital-Plan-2017-2026/

- In November 2016, the Gateway Program Development Corporation (GPDC) was organized as a nonprofit corporation under the laws of the State of New Jersey. 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. Based on the provisions of Governmental Accounting Standards Board Statement No. 14, *"The Financial Reporting Entity,"* as amended, the GPDC is not a component unit of the Port Authority for financial reporting purposes.

On February 15, 2018, the Board of Commissioners certified the Port Authority Gateway Support Program, Early Work (Gateway Early Work Program) as an additional facility of the Port Authority and authorized the issuance of Consolidated Bonds for purposes of funding $79 million of capital expenditures in connection with the Gateway Early Work Program.

- On June 30, 2018, substantial completion of the Goethals Bridge Replacement Bridge was achieved and both spans of the bridge opened with its final traffic configuration.

Consolidated Statements of Net Position

		December 31, 2018		December 31, 2017 (Restated)
		(In thousands)		
ASSETS				
Current assets:				
Cash	**$**	**157,143**	$	737,632
Restricted cash		**132,961**		116,447
Investments		**1,529,511**		909,230
Restricted investments - PAICE		**37,162**		-
Restricted investments - PFC		**23,609**		285,487
Current receivables, net		**540,962**		492,131
Other current assets		**161,133**		158,311
Restricted receivables and other assets		**77,785**		68,459
Total current assets		**2,660,266**		2,767,697
Noncurrent assets:				
Restricted cash		**4,951**		4,817
Investments		**2,218,769**		2,876,901
Restricted investments - PAICE		**204,708**		238,927
Other amounts receivable, net		**136,996**		113,726
Other noncurrent assets		**1,649,710**		1,611,906
Restricted noncurrent assets - PAICE		**8,015**		9,669
Amounts receivable - Special Project Bonds		**1,233,432**		1,314,334
Amounts receivable - Tower 4 Liberty Bonds		**1,245,637**		1,246,249
Unamortized costs for regional programs		**130,186**		172,060
Landlord leasehold investment-LGA Terminal B		**451,547**		162,868
Facilities, net		**37,400,013**		35,963,576
Total noncurrent assets		**44,683,964**		43,715,033
Total assets		**47,344,230**		46,482,730
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refundings		**78,510**		73,148
Pension related amounts		**276,586**		328,602
OPEB related amounts		**169,257**		-
Total deferred outflows of resources		**524,353**		401,750
LIABILITIES				
Current liabilities:				
Accounts payable		**1,275,183**		1,229,863
Accrued interest and other current liabilities		**501,986**		533,939
Restricted other liabilities - PAICE		**7,630**		6,887
Accrued payroll and other employee benefits		**659,044**		659,420
Current portion bonds and other asset financing obligations		**977,266**		945,592
Total current liabilities		**3,421,109**		3,375,701
Noncurrent liabilities:				
Accrued pension and other postemployment employee benefits		**1,891,329**		1,896,201
Other noncurrent liabilities		**253,252**		214,512
Unearned income related to WTC Retail joint venture		**755,478**		764,738
Restricted other noncurrent liabilities - PAICE		**43,304**		47,332
Amounts payable - Special Project Bonds		**1,233,432**		1,314,334
Amounts payable - Tower 4 Liberty Bonds		**1,245,637**		1,246,249
Bonds and other asset financing obligations		**22,919,908**		22,464,963
Total noncurrent liabilities		**28,342,340**		27,948,329
Total liabilities		**31,763,449**		31,324,030
DEFERRED INFLOWS OF RESOURCES				
Gain on debt refundings		**43,859**		47,237
Pension related amounts		**177,998**		68,237
OPEB related amounts		**4,883**		74,920
Total deferred inflows of resources		**226,740**		190,394
NET POSITION	**$**	**15,878,394**	$	15,370,056
Net position is comprised of:				
Net investment in capital assets	**$**	**14,190,682**	$	13,179,105
Restricted:				
Passenger Facility Charges		**52,378**		350,878
Port Authority Insurance Captive Entity, LLC		**348,232**		310,034
Minority Interest in Tower 1 Joint Venture		**100,000**		100,000
Unrestricted		**1,187,102**		1,430,039
NET POSITION	**$**	**15,878,394**	$	15,370,056

See Notes to Consolidated Financial Statements

Consolidated Statements of Revenues, Expenses and Changes in Net Position

	Year ended December 31, 2018	2017 (Restated)
	(In thousands)	
Gross operating revenues:		
Tolls and fares	**$ 1,865,384**	$ 1,873,622
Rentals	**1,673,994**	1,618,439
Aviation fees	**1,192,454**	1,128,352
Parking and other	**384,088**	377,421
Utilities	**149,008**	139,502
Rentals - Special Project Bonds Projects	**79,080**	83,053
Total gross operating revenues	**5,344,008**	5,220,389
Operating expenses:		
Employee compensation, including benefits	**1,338,277**	1,318,935
Contract services	**934,821**	880,331
Rents and payments in-lieu-of taxes (PILOT)	**396,048**	390,576
Materials, equipment and other	**298,121**	252,533
Utilities	**195,968**	183,482
Interest on Special Project Bonds	**79,080**	83,053
Total operating expenses before depreciation, amortization and other operating expenses	**3,242,315**	3,108,910
Net (revenues) related to Superstorm Sandy	**-**	(18,323)
Depreciation of facilities	**1,329,283**	1,231,139
Amortization of costs for regional programs	**41,874**	44,164
Income from operations	**730,536**	854,499
Non-operating revenues and (expenses):		
Financial income	**77,406**	48,077
Net increase / (decrease) in fair value of investments	**11,898**	(12,751)
Interest expense in connection with bonds and other asset financing	**(937,983)**	(908,343)
Pass-through grant program payments	**(1,438)**	(19,717)
4 WTC associated payments	**65,293**	65,293
Grants, in connection with operating activities	**24,006**	39,845
Non-operating expenses, net	**(760,818)**	(787,596)
Loss / Income before capital contributions and passenger facility charges	**(30,282)**	66,903
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	**252,225**	187,473
Passenger facility charges	**286,395**	275,785
Total capital contributions and passenger facility charges	**538,620**	463,258
Increase in net position	**508,338**	530,161
Net position, January 1	**15,370,056**	16,574,894
Cumulative effect of change in accounting principle	**-**	(1,734,999)
Restated net position, January 1	**15,370,056**	14,839,895
Net position, December 31	**$ 15,878,394**	$ 15,370,056

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

	Year ended December 31, 2018	2017
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	**$ 5,198,892**	$ 5,020,368
Cash received related to Superstorm Sandy Insurance	**9,494**	8,734
Cash paid to or on behalf of employees	**(1,421,042)**	(1,266,537)
Cash paid to suppliers	**(1,453,743)**	(1,491,565)
Cash paid to municipalities	**(383,124)**	(392,876)
Net cash provided by operating activities	**1,950,477**	1,878,124
Cash flows from noncapital financing activities:		
Principal paid on noncapital financing obligations	**(33,620)**	(40,000)
Payments for Fund for regional development buy-out obligation	**(53,214)**	(53,213)
Consent fee	**15,000**	-
Grants received in connection with operating activities	**45,195**	46,740
Pass-through grant payments	**(7,315)**	(63,163)
Net cash (used for) noncapital financing activities	**(33,954)**	(109,636)
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	**(2,774,784)**	(2,184,808)
Proceeds from capital obligations issued for refunding purposes	**3,349,935**	2,684,195
Principal paid through capital obligations refundings	**(3,349,935)**	(3,078,775)
Proceeds from sales of capital obligations allocated for construction	**893,863**	1,280,304
Principal paid on capital obligations	**(384,155)**	(300,905)
Interest paid on capital obligations	**(1,056,955)**	(1,009,232)
Payments for MOTBY obligation	**(5,000)**	(5,000)
Contributions in aid of construction	**166,784**	192,409
Proceeds from passenger facility charges	**287,635**	267,858
Financial income allocated to capital projects	**4,381**	4,196
Net cash (used for) capital and related financing activities	**(2,868,231)**	(2,149,758)
Cash flows from investing activities:		
Purchase of investment securities	**(34,359,449)**	(21,013,911)
Proceeds from maturity and sale of investment securities	**34,677,781**	21,460,429
Interest received on investment securities	**63,740**	53,313
Other interest income	**5,795**	2,300
Net cash provided by investing activities	**387,867**	502,131
Net (decrease) / increase in cash	**(563,841)**	120,861
Cash at beginning of year	**858,896**	738,035
Cash at end of year	**$ 295,055**	$ 858,896

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
(continued)

	Year ended December 31, 2018	2017 (Restated)
	(In thousands)	
2. Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	**$ 730,536**	$ 854,499
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities	**1,329,283**	1,231,139
Amortization of costs for regional programs	**41,874**	44,164
Amortization of other assets	**58,007**	54,233
Change in operating assets and operating liabilities:		
(Increase) in receivables	**(32,448)**	(114,204)
(Increase) in other assets	**(126,881)**	(146,833)
Increase/(decrease) in payables	**10,272**	(6,311)
Increase/(decrease) in other liabilities	**31,859**	(81,702)
(Decrease) in unearned income related to WTC retail joint venture	**(9,260)**	(9,260)
(Decrease)/increase in accrued payroll, pension and other employee benefits	**(82,765)**	52,399
Total adjustments	**1,219,941**	1,023,625
Net cash provided by operating activities	**$ 1,950,477**	$ 1,878,124

3. Capital obligations:

Consolidated bonds and notes, commercial paper, variable rate master notes and Marine Ocean Terminal at Bayonne Peninsula Obligation (MOTBY).

4. Noncash investing, capital and financing activities:

Noncash activity of $114 million in 2018 and $110 million in 2017 includes amortization of discount and premium on outstanding debt obligations and debt service in connection with Special Project Bonds.

Noncash capital financing did not include activities that required a change in fair value. In 2018 and 2017, the Silverstein net lessees contributed $54 million and $14 million, respectively, towards construction of WTC Tower 3. In 2018 and 2017, preferred returns due the Tower 1 Joint Venture, Durst Member and the WTC Retail Joint Venture, Westfield member totaled ($9) million and ($9) million, respectively. As of December 31, 2018, the Goethals Bridge Replacement Developer Financing Arrangement totaled $1.021 billion, including accrued amounts of $87 million in 2018 and $190 million in 2017, respectively.

Noncash capital asset write-offs totaled $8.1 million in 2018 and $8.5 million in 2017.

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

1. Reporting Entity

a. The Port Authority of New York and New Jersey was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.

b. The Governors of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, *"The Financial Reporting Entity,"* as amended, for financial reporting purposes, the Port Authority is a joint venture between the States of New York and New Jersey.

c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems and the accounting, auditing and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, a law firm retained to address certain Audit Committee matters, and management of the Port Authority. On June 28, 2018, the Audit Committee retained KPMG LLP as independent auditors to perform the independent audit of the Port Authority's consolidated financial statements for the year ending December 31, 2018.

d. The consolidated financial statements and schedules include the accounts of the Port Authority of New York and New Jersey and its 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 above 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 above.

2. Basis of Accounting

a. The Port Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

3. Significant Accounting Policies

a. *Facilities, net* are carried at cost. The cost of facilities includes interest incurred during the period that relates to the construction or production of the capital asset. The amount of capitalized interest is calculated by offsetting interest expense incurred with financial income earned on invested debt proceeds, from the date of the borrowing until the project is ready for its intended use. Generally, projects in excess of $100,000 for additions, asset replacements and/or asset improvements that benefit future periods or are expected to prolong the service life of the asset are capitalized (see *Note B – Facilities, net*). *Facilities, net* does not include regional programs undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see *Note H – Regional Facilities and Programs*).

b. Depreciation of facilities is computed using the straight-line method during the estimated useful lives of the related assets (see *Note B – Facilities, net*). Estimated useful lives are reviewed periodically for each type of asset class. Asset lives used in the calculation of depreciation are generally as follows:

➢ Buildings, bridges, tunnels and other structures	25 to 100 years
➢ Machinery and equipment	5 to 35 years
➢ Runways, roadways and other paving	7 to 40 years
➢ Utility infrastructure	10 to 100 years

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

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

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

c. Cash consists of cash on hand and short-term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal accounts, collateralized time deposits, and money market accounts.

d. Restricted cash and investments are primarily comprised of Passenger Facility Charges (PFCs), cash restricted for use by the Port Authority Insurance Captive Entity, LLC (PAICE), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.

e. 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 Consolidated Statements of Net Position.

h. Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at Port Authority facilities. Operating expenses include those costs incurred for the operation, maintenance and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants in connection with operating activities, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.

i. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration (FAA) approved airport-related projects. Revenues derived from the collection of PFCs, net of the air carriers' handling charges, are recognized as capital contributions when the passenger activity occurs and the fees are due from the air carriers. Capital investment funded by PFCs is reflected as a component of *Facilities, net*.

j. Required capital contributions due the Port Authority from the World Trade Center (WTC) Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Consolidated Statements of Net Position and a *Contribution in aid of construction* on the Consolidated Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. Subsequent to becoming ready for their intended use, WTC Towers 2, 3 and 4 will be depreciated over their estimated useful life. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively.

k. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives, and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see *Note C – Cash and Investments*).

l. In accordance with GASB Statement No. 23, "*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities,*" as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

m. Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the bond payable liability on the Consolidated Statements of Net Position.

n. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

o. For presentation purposes, certain amounts in the fiscal year 2017 financial statements have been reclassified to conform to the fiscal year 2018 financial statements herein. These reclassifications have no impact on the overall change in net position or cash flows.

p. In June 2015, GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*" The requirements of GASB Statement No. 74 were effective for financial statements with periods beginning after June 15, 2016. The objective of GASB Statement No 74 is to improve accountability and the usefulness of information relating to postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental Other Postemployment Employee Benefits (OPEB) plans. Adoption of this statement resulted in no change to the Port Authority's 2017 consolidated financial statements. Additional and expanded note disclosures required under GASB Statement No. 74 are included in the general purpose financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust.

q. GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,*" (GASB Statement No. 75) as amended by GASB Statement No. 85, "*Omnibus 2017,*" was implemented by the Port Authority as of January 1, 2018. The objective of these statements is to improve financial accounting and reporting for postemployment benefits other than pensions by governmental employers that provide such benefits and to address certain practice issues identified during implementation and application of GASB Statement No. 75.

Adoption of GASB Statement No. 75 and GASB Statement No. 85 resulted in the Port Authority recording a net OPEB liability and associated deferred inflows of resources. The cumulative effect of adopting GASB Statement No. 75 and amendments described above totaled approximately $1.7 billion and was recognized as a restatement of the Port Authority's January 1, 2017 beginning net position.

The following table displays the effect of implementation of GASB Statement No. 75 on previously reported 2017 amounts:

Consolidated Statements of Net Position

	December 31, 2017 Published	December 31, 2017 Restated	Change
		(In thousands)	
ASSETS			
Net OPEB asset	$ 98,948	$ -	$ (98,948)
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related amounts	$ -	$ -	$ -
LIABILITIES			
Accrued pension and other postemployment employee benefits	$ (359,078)	$ (1,896,201)	$ (1,537,123)
DEFERRED INFLOWS OF RESOURCES			
OPEB related amounts	$ -	$ (74,920)	$ (74,920)
NET POSITION			
Unrestricted	$ (3,141,030)	$ (1,430,039)	$ 1,710,991
Add: Restated impact on 2017 Revenues, Expenses, and Changes in Net position			$ 24,008
Cumulative impact on Net Position, January 1, 2017			$ 1,734,999

r. The Port Authority Retiree Health Benefits Trust is a fiduciary fund of the Port Authority. Accordingly, the financial activities of the trust are not included on the Consolidated Statement of Net Position (see *Note J - Other Postemployment Employee Benefits (OPEB))* for additional information related to OPEB.

s. In January 2017, GASB issued Statement No. 84, *"Fiduciary Activities."* The requirements of GASB Statement No. 84 are effective for financial statements periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 84.

t. In June 2017, GASB issued Statement No. 87, *"Leases."* The requirements of GASB Statement No. 87 are effective for financial statements periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 87.

u. In April 2018, GASB issued Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements."* The requirements of GASB Statement No. 88 are effective for financial statements periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 88.

v. 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 are effective for financial statements periods beginning after December 15, 2019. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for the reporting period and to simplify accounting for interest costs incurred before the end of a construction period. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 89.

4. Reconciliation of the Consolidated Financial Statements Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America to Schedules Prepared Pursuant to Port Authority Bond Resolutions

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

a. Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.

b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority's bond resolutions. Instead, capital expenditures are provided for through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.

c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.

d. Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.

e. Consolidated bonds and notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.

f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retire existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.

g. Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Facility infrastructure investment* in the capital fund.

h. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities*.

i. Amounts received in connection with the March 18, 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture to Westfield are recognized as revenue in their entirety when they are received, and are recorded on that basis on *Schedule A – Revenues and Reserves*.

j. The cumulative impact of adopting a new accounting standard is recognized as either an increase or decrease to the Net position of the operating fund 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 future operating and maintenance expenses.

A reconciliation of the Consolidated Statements of Net Position to Schedule B and the Consolidated Statements of Revenues, Expenses and Changes in Net Position to Schedule A follows:

Consolidated Statements of Net Position to Schedule B – Assets and Liabilities

		Years ended December 31,	
		2018	2017 (Restated)*
		(In thousands)	
Net position reported on Consolidated Statements of Net Position*		**$ 15,878,394**	$ 15,370,056
Add:	Accumulated depreciation of facilities	**17,324,312**	16,374,155
	Accumulated retirements and gains and losses on disposition of assets	**2,841,147**	2,462,021
	Application of WTC retail joint venture payments	**796,936**	796,936
	Cumulative amortization of costs for regional programs	**1,406,173**	1,364,299
	Cumulative unamortized discount and premium	**1,201,235**	1,005,881
	Cumulative effect of change in accounting principle*	**-**	1,710,991
	Subtotal*	**23,569,803**	23,714,283
Less:	Deferred income - PFCs	**52,378**	196,257
	Income related to WTC retail joint venture	**41,458**	32,198
	Operating and maintenance contingencies	**50,000**	50,000
	Subtotal	**143,836**	278,455
	Total	**$ 39,304,361**	$ 38,805,884
Net position reported on Schedule B - Assets and Liabilities (pursuant to Port Authority bond resolutions)		**$ 39,304,361**	$ 38,805,884

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Statement of Net Position.

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

		Years ended December 31, 2018	2017 (Restated)*
		(In thousands)	
Increase in Net position reported on Consolidated Statements of Revenues, Expenses and Changes in Net Position*		**$ 508,338**	$ 530,161
Add:	Depreciation of facilities	**1,329,283**	1,231,139
	Application of PFCs	**433,326**	285,335
	Amortization of costs for regional programs	**41,874**	44,164
	Amortization of discount and premium	**(46,178)**	(35,644)
	Subtotal	**1,758,305**	1,524,994
Less:	Debt maturities and retirements	**319,090**	300,905
	Debt retirement acceleration	**8,300**	-
	Repayment of asset financing obligations	**188**	1,276
	WTC Towers 2,3,4 Net Lessee capital contributions	**54,052**	14,219
	Direct investment in facilities	**1,771,900**	1,623,347
	Collection of PFCs	**286,395**	275,785
	Income related to WTC retail joint venture	**9,260**	9,260
	PFC interest income/fair value adjustment	**3,380**	2,080
	Change in accounting principle*	**-**	24,008
	Subtotal*	**2,452,565**	2,250,880
	Total	**$ (185,922)**	$ (195,725)
Increase/(Decrease) in Reserves reported on Schedule A - Revenues and Reserves (pursuant to Port Authority bond resolutions)		**$ (185,922)**	$ (195,725)

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Consolidated Statements of Revenues, Expenses and Changes in Net Position.

Note B - Facilities, net

1. Facilities, net is comprised of the following:

(In thousands)

	Facilities, net Dec. 31, 2017	Additions	Transfers to Completed Construction	Depreciation	Retirements / Dispositions	Facilities, net Dec. 31, 2018
Capital assets not being depreciated:						
Land	$ 1,393,192	$ -	$ 29,866	$ -	$ -	$ 1,423,058
Construction in progress*	8,520,340	2,765,720	(5,031,136)	-	-	6,254,924
Total capital assets not being depreciated	9,913,532	2,765,720	(5,001,270)	-	-	7,677,982
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	19,378,224	-	2,753,569	-	(93,383)	22,038,410
Machinery and equipment	10,333,200	-	926,654	-	(37,764)	11,222,090
Runways, roadways and other paving	6,491,932	-	664,766	-	(151,378)	7,005,320
Utility infrastructure	6,220,843	-	656,281	-	(96,601)	6,780,523
Total other capital assets being depreciated	42,424,199	-	5,001,270	-	(379,126)	47,046,343
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,280,089)	-	-	(463,822)	93,383	(5,650,528)
Machinery and equipment	(4,946,885)	-	-	(384,632)	37,764	(5,293,753)
Runways, roadways and other paving	(3,500,503)	-	-	(234,806)	151,378	(3,583,931)
Utility infrastructure	(2,646,678)	-	-	(246,023)	96,601	(2,796,100)
Total accumulated depreciation	(16,374,155)	-	-	(1,329,283)	379,126	(17,324,312)
Facilities, net	$ 35,963,576	$ 2,765,720	$ -	$ (1,329,283)	$ -	$ 37,400,013

(In thousands)

	Facilities, net Dec. 31, 2016	Additions	Transfers to Completed Construction	Depreciation	Retirements / Dispositions	Facilities, net Dec. 31, 2017
Capital assets not being depreciated:						
Land	$ 1,373,785	$ -	$ 19,407	$ -	$ -	$ 1,393,192
Construction in progress*	8,969,436	2,501,024	(2,950,120)	-	-	8,520,340
Total capital assets not being depreciated	10,343,221	2,501,024	(2,930,713)	-	-	9,913,532
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	17,990,092	-	1,388,132	-	-	19,378,224
Machinery and equipment	9,784,810	-	548,390	-	-	10,333,200
Runways, roadways and other paving	5,869,216	-	622,716	-	-	6,491,932
Utility infrastructure	5,849,368	-	371,475	-	-	6,220,843
Total other capital assets being depreciated	39,493,486	-	2,930,713	-	-	42,424,199
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(4,849,892)	-	-	(430,197)	-	(5,280,089)
Machinery and equipment	(4,601,539)	-	-	(345,346)	-	(4,946,885)
Runways, roadways and other paving	(3,270,466)	-	-	(230,037)	-	(3,500,503)
Utility infrastructure	(2,421,119)	-	-	(225,559)	-	(2,646,678)
Total accumulated depreciation	(15,143,016)	-	-	(1,231,139)	-	(16,374,155)
Facilities, net	$ 34,693,691	$ 2,501,024	$ -	$ (1,231,139)	$ -	$ 35,963,576

* Construction in progress additions include the impact of capital write-offs totaling $8.1 million in 2018 and $8.5 million in 2017.

1. Net interest expense added to the cost of facilities was $135 million in 2018 and $143 million in 2017.

2. Projects that have been suspended pending determination of their continued viability totaled $33.1 million in 2018 and $40.9 million in 2017.

3. The impact on accelerated depreciation for buildings, bridges, tunnels, and other structures was $29.5 million in 2018 and $0.6 million in 2017.

4. Retirements and Dispositions include the carrying value associated with the sale of capital assets.

Note C – Cash and Investments

The components of cash and investments are:

Cash	December 31, 2018	2017
	(In thousands)	
Cash on hand	**$ 1,384**	$ 1,550
Cash equivalents	**293,671**	857,346
Total cash	**295,055**	858,896
Less restricted cash	**137,912**	121,264
Unrestricted cash	**$ 157,143**	$ 737,632

Investments, at fair value*

	Fair Value Hierarchy Levels**	Port Authority	PAICE	December 31, 2018 Total	2017 Total
				(In thousands)	
United States Treasury notes	**Level 1**	**$ 2,973,170**	**$ 79,746**	**$ 3,052,916**	$ 3,397,619
United States Treasury bills	**Level 1**	**544,260**	**-**	**544,260**	282,977
United States government agency obligations	**Level 2**	**7,164**	**8,025**	**15,189**	208,874
United States Treasury obligations held pursuant to repurchase agreements***	**-**	**172,879**	**-**	**172,879**	182,134
JFK International Air Terminal LLC obligations (JFKIAT)***	**-**	**55,803**	**-**	**55,803**	63,774
Other governmental obligations	**Level 2**	**6,084**	**-**	**6,084**	8,933
Corporate bonds	**Level 2**	**-**	**152,589**	**152,589**	154,339
Accrued interest receivable		**12,529**	**1,510**	**14,039**	11,895
Total investments		**3,771,889**	**241,870**	**4,013,759**	4,310,545
Less current investments****		**1,553,120**	**37,162**	**1,590,282**	1,194,717
Noncurrent investments		**$ 2,218,769**	**$ 204,708**	**$ 2,423,477**	$ 3,115,828

* Cash and investments of approximately $1.4 billion held in The Port Authority Retiree Health Benefits Trust fiduciary fund are not consolidated on the Port Authority's Consolidated 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.

**** Includes PFC restricted investments of $24 million and $285 million in 2018 and 2017, 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 market value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation (FDIC) and the New Jersey Governmental Unit Deposit Protection Act (GUDPA). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of $1 million.

Total actual bank balances excluding amounts held by third party trustees were $199.1 million at December 31, 2018. Of that amount, $2.1 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of $197 million was fully collateralized with collateral held by a third-party custodian acting as the Port Authority's agent and held by such custodian in the Port Authority's name.

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

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

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

Operating funds may be invested in various items including (a) direct obligations of the United States of America, obligations of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; (b) investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, premier status and with issues actively traded in secondary markets; (c) commercial paper having only the highest short-term ratings separately issued by two nationally recognized rating agencies; (d) United States Treasury and municipal bond futures contracts; (e) certain interest rate exchange contracts with banks and investment firms; (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; and (g) certain unrated obligations of JFKIAT (comprising approximately 1.5% total Port Authority investments at December 31, 2018) for certain costs attributable to the construction of Terminal 4 (JFKIAT) completed in 2001. 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 market 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, 2018, follows:

Port Authority Investment Type	**Fair Value**	**Weighted Average Maturity**
	(In thousands)	(In days)
United States Treasury notes	$2,973,170	460
United States Treasury bills	544,260	45
United States government agency obligations	7,164	2
United States REPO	172,879	5
JFKIAT obligations	55,803	2,543
Other governmental obligations	6,084	72
Total fair value of investments*	$3,759,360	
Investment weighted average maturity		408

*Excludes accrued interest receivable amounts of $12.5 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 market 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, 2018 and 2017, 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.

Under PAICE's investment policies, eligible investments include money market demand accounts of commercial banks, not to exceed bank deposit insurance limits, and/or taxable or tax-exempt money market mutual funds that offer daily purchase and redemption while maintaining a constant share price and whose fund assets are primarily United States Treasury notes and bonds and whose assets are at least $500 million. Other investments include: intercompany loans, United States Treasury securities and United States government agency obligations, AAA rated tax-exempt general obligation issues of states, U.S. dollar denominated corporate debt rated AA or above.

In December 2018, the PAICE Board of Directors authorized PAICE to make intercompany loans as a permitted investment. In January 2019, the Port Authority borrowed $135 million from PAICE for the efficient and cost-effective deployment of capital among the Port Authority and its wholly-owned affiliates.

The fair value and weighted average maturity of investments held by PAICE at December 31, 2018, follows:

PAICE Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	$ 79,746	1,186
United States government agency obligations	8,025	86
Corporate bonds	152,589	798
Total fair value of investments*	$ 240,360	
Investment weighted average maturity		903

*Excludes accrued interest receivable amounts of $1.5 million.

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

		December 31, 2018		
		Current	**Noncurrent**	**Total**
			(In thousands)	
A.	Consolidated Bonds and Notes	$ 379,820	$ 21,750,995	$ 22,130,815
B.	Commercial Paper Obligations	480,765	-	480,765
C.	Variable Rate Master Notes	69,600	-	69,600
D.	Port Authority Equipment Notes	-	-	-
E.	Fund for Regional Development Buy-Out Obligation	44,760	99,179	143,939
F.	MOTBY Obligation	2,321	48,711	51,032
G.	Tower 4 Liberty Bonds	-	1,245,637	1,245,637
H.	Goethals Bridge Replacement Developer Financing Arrangement (DFA)	-	1,021,023	1,021,023
I.	Amounts Payable - Special Project Bonds	-	1,233,432	1,233,432
		$ 977,266	$ 25,398,977	$ 26,376,243

		December 31, 2017		
		Current	**Noncurrent**	**Total**
			(In thousands)	
A.	Consolidated Bonds and Notes	$ 360,580	$ 21,335,795	$ 21,696,375
B.	Commercial Paper Obligations	464,615	-	464,615
C.	Variable Rate Master Notes	77,900	-	77,900
D.	Port Authority Equipment Notes	-	-	-
E.	Fund for Regional Development Buy-Out Obligation	40,292	143,938	184,230
F.	MOTBY Obligation	2,205	51,032	53,237
G.	Tower 4 Liberty Bonds	-	1,246,249	1,246,249
H.	Goethals Bridge Replacement Developer Financing Arrangement (DFA)	-	934,198	934,198
I.	Amounts Payable - Special Project Bonds	-	1,314,334	1,314,334
		$ 945,592	$ 25,025,546	$ 25,971,138

A. Consolidated Bonds and Notes

		Dec. 31, 2017	Issued	Refunded/ Retired	Dec. 31, 2018
			(In thousands)		
Eighty-fifth series	5.2%-5.375% due 2019-2028	$ 67,000	$ -	$ 4,500	$ 62,500
Ninety-third series	6.125% due 2094	100,000	-	-	100,000
One hundred fiftieth series**	4.75%-6.4% due 2019-2027	180,000	-	180,000	-
One hundred fifty-first series*	5.25%, 6% & 5.75% due 2023, 2028 & 2035	350,000	-	350,000	-
One hundred fifty-second series*	4.75%-5.75% due 2019-2038	400,000	-	400,000	-
One hundred fifty-third series	4%-5% due 2019-2038	500,000	-	500,000	-
One hundred fifty-fourth series	4%-5% due 2019-2029	67,495	-	4,520	62,975
One hundred fifty-fifth series	3.5% due 2019	8,000	-	4,000	4,000
One hundred fifty-sixth series	4%-5% due 2025-2039	100,000	-	-	100,000
One hundred fifty-seventh series**	5.309% due 2019	150,000	-	-	150,000
One hundred fifty-eighth series**	5.859% due 2024	250,000	-	-	250,000
One hundred fifty-ninth series**	6.04% due 2029	350,000	-	-	350,000
One hundred sixtieth series	4%-5% due 2030-2039	300,000	-	-	300,000
One hundred sixty-first series	4.25%-5% due 2030-2039	300,000	-	-	300,000
One hundred sixty-second series	3.1%-3.3% due 2019-2020	11,000	-	5,000	6,000
One hundred sixty-third series	2.375%-5% due 2019-2040	397,070	-	3,080	393,990
One hundred sixty-fourth series**	5.647% due 2040	425,000	-	-	425,000
One hundred sixty-fifth series**	5.647% due 2040	425,000	-	-	425,000
One hundred sixty-sixth series	5%-5.25% due 2030-2041	300,000	-	-	300,000
One hundred sixty-seventh series*	5%-5.5% due 2019-2028	143,560	-	15,790	127,770
One hundred sixty-eighth series**	4.926% due 2051	1,000,000	-	-	1,000,000
One hundred sixty-ninth series*	4.5%-5% due 2019-2041	295,895	-	14,255	281,640
One hundred seventieth series	5%-5.25% due 2041 & 2043	672,480	-	-	672,480
One hundred seventy-first series	4%-5% due 2030-2042	400,000	-	-	400,000
One hundred seventy-second series*	3%-5% due 2019-2037	304,205	-	8,765	295,440
One hundred seventy-third series	3%-5% due 2019-2032	300,000	-	13,845	286,155
One hundred seventy-fourth series**	4.458% due 2062	2,000,000	-	-	2,000,000
One hundred seventy-fifth series	3%-5% due 2019-2042	393,205	-	13,065	380,140
One hundred seventy-sixth series**	1.05%-2.5% due 2019-2022	85,000	-	17,000	68,000
One hundred seventy-seventh series*	3%-5% due 2019-2043	314,200	-	4,495	309,705
One hundred seventy-eighth series*	5% due 2019-2043	421,220	-	17,025	404,195
One hundred seventy-ninth series	4%-5% due 2019-2043	809,945	-	31,135	778,810
One hundred eightieth series	4%-5% due 2019-2021	55,370	-	15,345	40,025
One hundred eighty-first series**	4.96% due 2046	500,000	-	-	500,000
One hundred eighty-second series**	5.31% due 2046	500,000	-	-	500,000
One hundred eighty-third series	3%-5% due 2025-2044	400,000	-	-	400,000
One hundred eighty-fourth series	4%-5% due 2019-2039	346,125	-	-	346,125
One hundred eighty-fifth series*	4%-5% due 2019-2034	424,035	-	4,985	419,050
One hundred eighty-sixth series*	5% due 2019-2044	338,775	-	23,405	315,370
One hundred eighty-seventh series**	2.529%-4.426% due 2020-2034	250,000	-	-	250,000
One hundred eighty-eighth series*	5% due 2019-2035	96,975	-	10,205	86,770
One hundred eighty-ninth series	3%-5% due 2019-2045	463,585	-	14,010	449,575
One hundred ninetieth series	5% due 2026-2038	160,000	-	-	160,000
One hundred ninety-first series**	4.823% due 2045	250,000	-	-	250,000
One hundred ninety-second series**	4.81% due 2065	500,000	-	-	500,000
One hundred ninety-third series*	5% due 2019-2035	284,965	-	10,520	274,445
One hundred ninety-fourth series	4%-5.25% due 2019-2055	1,185,880	-	14,055	1,171,825
One hundred ninety-fifth series*	1.45%-5% due 2019-2036	289,940	-	14,135	275,805
One hundred ninety-sixth series*	2.125%-2.625% due 2027-2034	200,000	-	-	200,000
One hundred ninety-seventh series*	5% due 2019-2041	214,230	-	23,505	190,725
One hundred ninety-eighth series	5%-5.25% due 2027-2056	350,000	-	-	350,000
One hundred ninety-ninth series*	1.58%-3.05% due 2022-2031	236,405	-	-	236,405
Two hundredth series	5%-5.25% due 2027-2057	250,000	-	-	250,000
Two hundred-first series**	4.229% due 2057	300,000	-	-	300,000
Two hundred-second series*	4.875%-5% due 2019-2037	238,005	-	19,170	218,835
Two hundred-third series*	3% due 2032	50,000	-	-	50,000
Two hundred-fourth series*	1.91%-5% due 2023-2028	138,105	-	-	138,105
Two hundred-fifth series	5%-5.25% due 2019-2057	729,695	-	980	728,715
Two hundred-sixth series*	5% due 2028-2047	100,000	-	-	100,000
Two hundred-seventh series*	4% - 5% due 2022-2048	-	677,800	-	677,800
Two hundred-eighth series**	2.114% - 2.767% due 2018-2022	-	154,480	24,030	130,450
Two hundred-ninth series	5% due 2019-2038	-	454,950	-	454,950
Two hundred-tenth series**	4.031% due 2048	-	300,000	-	300,000
Two hundred-eleventh series	4% - 5% due 2029-2048	-	400,000	-	400,000
Consolidated bonds and notes-at par value		$20,672,365	$1,987,230	$1,760,820	$20,898,775
Add unamortized premium and (discount)		1,024,010	236,270	28,241	1,232,040
Consolidated bonds and notes		$21,696,375	$2,223,500	$1,789,061	$22,130,815

* 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.

Debt service requirements to maturity for Consolidated Bonds and Notes outstanding at December 31, 2018 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2019	$ 379,820	$ 983,928	$ 1,363,748
2020	423,040	965,149	1,388,189
2021	445,345	945,875	1,391,220
2022	460,465	925,773	1,386,238
2023	469,940	905,431	1,375,371
2024-2028	2,722,965	4,171,274	6,894,239
2029-2033	3,551,735	3,451,973	7,003,708
2034-2038	3,460,820	2,595,172	6,055,992
2039-2043	2,920,560	1,821,478	4,742,038
2044-2048	2,208,705	1,171,418	3,380,123
2049-2053	1,274,605	759,755	2,034,360
2054-2058	1,495,595	430,592	1,926,187
2059-2063	925,945	142,594	1,068,539
2064-2068	59,235	34,339	93,574
2069-2094[a]	100,000	130,871	230,871
	$ 20,898,775	$ 19,435,622	$ 40,334,397

[a] Debt service for the years 2069-2094 reflects principal and interest payments associated with Consolidated Bonds, Ninety-third series.

Consolidated Bonds & Notes Outstanding as of December 31, 2017

	Dec. 31, 2016	2017 Issued/ Accreted	2017 Refunded/ Retired	Dec. 31, 2017
		(In thousands)		
Cumulative amounts – December 31	$ 20,429,565	$ -	$ 1,563,005	$ 18,866,560
2017 Issuances:				
Two hundredth series	-	250,000	-	250,000
Two hundred-first series**	-	300,000	-	300,000
Two hundred-second series*	-	254,730	16,725	238,005
Two hundred-third series*	-	50,000	-	50,000
Two hundred-fourth series*	-	138,105	-	138,105
Two hundred-fifth series	-	729,695		729,695
Two hundred-sixth series*	-	100,000		100,000
Consolidated Bonds & Notes- at par value	**20,429,565**	**1,822,530**	**1,579,730**	**20,672,365**
Add: unamortized premium and (discount)	856,307	225,719	58,016	1,024,010
Total Consolidated Bonds and Notes	**$ 21,285,872**	**$ 2,048,249**	**$ 1,637,746**	**$ 21,696,375**

* 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.

During 2018, the Port Authority raised funds from the sale of Consolidated Bonds, including bond issuance premiums, to refund $1.4 billion of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately $379.9 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2018 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 $259.3 million in net present value savings.

On July 23, 2015, the Board of Commissioners established Consolidated Bonds, One Hundred Ninety-second Series through Consolidated Bonds, Two Hundred-Eleventh Series, and authorized the issuance and sale of each series at a true interest cost to the Port Authority not in excess of eight percent (8%), for a term to maturity not in excess of one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities to be provided with the proceeds of such series. The Board also established Consolidated Notes, Series AAA, Series BBB, Series CCC, Series DDD and Series EEE, and authorized the issuance and sale of each series at a true interest cost to the Port Authority not in excess of eight percent (8%) for a term not in excess of 3 years. The total aggregate principal amount of Consolidated Bonds, One Hundred Ninety-second Series through Consolidated Bonds, Two Hundred-Eleventh Series, Consolidated Notes, Series AAA, Series BBB, Series CCC, Series DDD and Series EEE, and Versatile Structure Obligations issued and sold shall not exceed $10 billion. The Committee on Finance would be authorized to sell and to deliver all or any part of each of such series with such terms and at such time or times as it deems appropriate, at public or private sale, and would also be authorized to take, and to delegate authority for, certain actions with respect to each of such series. An Authorized Officer of the Port Authority would be authorized to take any and all action that could be taken by the Committee on Finance in connection with each of such series, provided, however, that such actions in connection with the decision to sell such series shall be subject to prior approval of the Committee on Finance.

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

Also at its July 26, 2018 meeting, the Board of Commissioners established Consolidated Notes to be issued on or after September 1, 2018 in one or more series, commencing with Series AAA and denominating 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.

B. Commercial Paper Obligations

Commercial paper obligations are special obligations of the Port Authority generally issued to provide interim financing for authorized capital projects. Commercial paper obligations may be outstanding until December 31, 2020 pursuant to the July 23, 2015 resolution, entitled “Port Authority Commercial Paper Obligations-Resolution”, authorizing their issuance. The July 23, 2015 resolution also authorized a taxable commercial paper program, Series C. For additional information related to the payment of special obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds.*

Under the current program, the maximum aggregate principal amount that may be outstanding at any one time is $250 million for Series A, $250 million for Series B and $250 million for Series C. Commercial paper obligations are issued without third-party provider support for payment at their maturity dates.

	Dec. 31, 2017	Issued	Refunded/ Repaid	Dec. 31, 2018
		(In thousands)		
Series A*	$ 220,755	$ 731,120	$ 785,265	$ 166,610
Series B	223,860	746,455	812,245	158,070
Series C**	20,000	538,545	402,460	156,085
	$ 464,615	$ 2,016,120	$ 1,999,970	$ 480,765

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

	Dec. 31, 2016	Issued	Refunded/ Repaid	Dec. 31, 2017
		(In thousands)		
Series A*	$ 205,200	$ 917,895	$ 902,340	$ 220,755
Series B	183,115	978,355	937,610	223,860
Series C**	-	20,000	-	20,000
	$ 388,315	$ 1,916,250	$ 1,839,950	$ 464,615

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

Interest rates for all commercial paper notes ranged from 1.10% to 2.62% in 2018.

C. Variable Rate Master Notes

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

	Dec. 31, 2017	Issued	Refunded/ Repaid	Dec. 31, 2018
		(In thousands)		
Agreements 1989 -1995*	$ 44,900	$ -	$ -	$ 44,900
Agreements 1989 -1998	33,000	-	8,300	24,700
	$ 77,900	$ -	$ 8,300	$ 69,600

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

	Dec. 31, 2016	Issued	Refunded/ Repaid	Dec. 31, 2017
		(In thousands)		
Agreements 1989 -1995*	$ 44,900	$ -	$ -	$ 44,900
Agreements 1989 -1998	33,000	-	-	33,000
	$ 77,900	$ -	$ -	$ 77,900

* 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 0.99% to 1.89% in 2018.

Annual debt service requirements on outstanding Variable Rate Master notes, determined for presentation purposes at the rate in effect at December 31, 2018, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2019	$ -	$ 1,238	$ 1,238
2020	-	1,242	1,242
2021	25,000	998	25,998
2022	24,700	415	25,115
2023	-	323	323
2024-2025	19,900	646	20,546
	$ 69,600	$ 4,862	$ 74,462

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.*

There were no outstanding Port Authority Equipment Notes as of December 31, 2018 and December 31, 2017, respectively.

E. Fund for Regional Development Buy-Out Obligation

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

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Obligation outstanding	$ 184, 230	$ -	$ 40,291	$ 143,939

	Dec. 31, 2016	Accretion	Amortization	Dec. 31, 2017
		(In thousands)		
Obligation outstanding	$ 221,393	$ -	$ 37,163	$ 184,230

Payment requirements related to the Port Authority's purchase of the Fund's interests at December 31, 2018 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2019	$ 44,760	$ 9,528	$ 54,288
2020	46,282	5,851	52,133
2021	52,897	709	53,606
	$ 143,939	$ 16,088	$ 160,027

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

On August 3, 2010, the Port Authority acquired approximately 131 acres of the former MOTBY from the Bayonne Local Redevelopment Authority (BLRA) for $235 million. The acquired property is comprised of three parcels on the southern side of the peninsula and has been incorporated into the Port Jersey – Port Authority Marine Terminal for future marine terminal purposes. The $235 million total purchase price is payable to the BLRA in twenty-four annual installment payments through 2033.

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

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Obligation Outstanding	$ 53,237	$ -	$ 2,205	$ 51,032

	Dec. 31, 2016	Accretion	Amortization	Dec. 31, 2017
		(In thousands)		
Obligation Outstanding	$ 55,332	$ -	$ 2,095	$ 53,237

Payment requirements for the MOTBY obligation outstanding, at December 31, 2018 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2019	$ 2,321	$ 2,679	$ 5,000
2020	2,443	2,557	5,000
2021	2,571	2,429	5,000
2022	2,706	2,294	5,000
2023	2,848	2,152	5,000
2024-2028	16,645	8,355	25,000
2029-2033	21,498	3,502	25,000
	$ 51,032	$ 23,968	$ 75,000

G. Tower 4 Liberty Bonds

In connection with the issuance of the Tower 4 Liberty Bonds by the New York Liberty Development Corporation on November 15, 2011, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 bond trustee to make, as a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project), 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) as a special obligation of the Port Authority to the trustee during the term of the agreement, from May 11, 2012 through November 15, 2051 (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority).

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

	Dec. 31, 2017	Issued	Repaid/ Amortized	Dec. 31, 2018
		(In thousands)		
Series 2011	$ 1,225,520	$ -	$ -	$ 1,225,520
Add: unamortized premium	20,729	-	612	20,117
Total Tower 4 Liberty Bonds	$ 1,246,249	$ -	$ 612	$ 1,245,637

	Dec. 31, 2016	Issued	Repaid/ Amortized	Dec. 31, 2017
		(In thousands)		
Series 2011	$ 1,225,520	$ -	$ -	$ 1,225,520
Add: unamortized premium	21,341	-	612	20,729
Total Tower 4 Liberty Bonds	$ 1,246,861	$ -	$ 612	$ 1,246,249

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2018 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2019	$ -	$ 65,293	$ 65,293
2020	-	65,293	65,293
2021	-	65,293	65,293
2022	-	65,293	65,293
2023	-	65,293	65,293
2024-2028	52,005	325,198	377,203
2029-2033	154,560	298,753	453,313
2034-2038	197,495	255,815	453,310
2039-2043	252,455	200,860	453,315
2044-2048	325,535	127,777	453,312
2049-2051	243,470	28,521	271,991
Total	$ 1,225,520	$ 1,563,389	$ 2,788,909

H. Goethals Bridge Replacement Developer Financing Arrangement (DFA)

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). Pursuant to the Project Agreement, after the Replacement Bridge becomes operational, the private developer will perform certain operation and maintenance work. The Port Authority controls all tolling activities, including the determination and approval of toll rates. Construction activities commenced in December 2013 and substantial completion of the Replacement Bridge was achieved on June 30, 2018.

Pursuant to the Project Agreement, upon substantial completion of the Replacement Bridge, the Port Authority is required to make a payment to the private developer in the amount of approximately $1.02 billion, subject to certain adjustments for the construction of the Replacement Bridge. In lieu of a cash payment at that time, the developer extended a loan in that principal amount to the Port Authority, to be repaid in monthly payments of amortization and interest (DFA payments) to the private developer. DFA payments are a special obligation of the Port Authority, payable over the term of the Project Agreement, which has a scheduled expiration date on the thirty-fifth anniversary of the substantial completion date of the Replacement Bridge (see *Note E – General and Consolidated Bond Reserve Funds,* for additional information related to the payment of special obligations of the Port Authority). DFA payments are subject to certain deductions for non-compliance by the private developer with the terms of the Project Agreement.

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	$ 934,198	$ 86,825	$ -	$1,021,023

	Dec. 31, 2016	Accretion	Amortization	Dec. 31, 2017
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	$ 744,401	$ 189,797	$ -	$ 934,198

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)	
2019	$ (1,494)	$ 58,394	$ 56,900
2020	(880)	58,633	57,753
2021	112	58,507	58,619
2022	1,011	58,488	59,499
2023	1,975	58,417	60,392
2024-2028	26,549	289,271	315,820
2029-2033	63,149	277,079	340,228
2034-2038	113,610	252,912	366,522
2039-2043	182,819	212,030	394,849
2044-2048	276,993	148,372	425,365
2049-2053	357,179	53,511	410,690
Total	$ 1,021,023	$ 1,525,614	$ 2,546,637

* DFA implicit interest rate equals 5.64%.

I. Amounts Payable - Special Project Bonds

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

A summary of December 31, 2018 and December 31, 2017 Special Project Bonds outstanding are as follows:

	Dec. 31, 2017	Issued	Repaid/ Amortized	Dec. 31, 2018
		(In thousands)		
Series 4, KIAC Partners Project (a)*				
6.75% due 2019	$ 45,400	$ -	$ 17,700	$ 27,700
Less: unamortized discount	337	-	192	145
Total - Series 4	45,063	-	17,508	27,555
Series 6, JFKIAT Project (b)*				
5.75%-6.25% due 2019-2025	486,000	-	49,550	436,450
Less: unamortized discount	2,655	-	336	2,319
Total - Series 6	483,345	-	49,214	434,131
Series 8, JFKIAT Project (c)				
5%-6.5% due 2019-2042	796,280	-	14,595	781,685
Less: unamortized discount	10,354	-	415	9,939
Total - Series 8	785,926	-	14,180	771,746
Amounts payable - Special Project Bonds	$ 1,314,334	$ -	$ 80,902	$ 1,233,432

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

(a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.

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

(c) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK.

	Dec. 31, 2016	Issued	Repaid/ Amortized	Dec. 31, 2017
		(In thousands)		
Series 4, KIAC Partners Project (a)*				
6.75% due 2017-2019	$ 62,100	$ -	$ 16,700	$ 45,400
Less: unamortized discount	528	-	191	337
Total - Series 4	61,572	-	16,509	45,063
Series 6, JFKIAT Project (b)*				
5.75%-6.25% due 2017-2025	532,790	-	46,790	486,000
Less: unamortized discount	2,991	-	336	2,655
Total - Series 6	529,799	-	46,454	483,345
Series 8, JFKIAT Project (c)				
5%-6.5% due 2018-2042	796,280	-	-	796,280
Less: unamortized discount	10,769	-	415	10,354
Total - Series 8	785,511	-	(415)	785,926
Amounts payable - Special Project Bonds	$ 1,376,882	$ -	$ 62,548	$ 1,314,334

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

(a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.

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

(c) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK.

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

The General Reserve Fund is pledged in support of Consolidated Bonds and Notes Statutes, which require the Port Authority to create and maintain the General Reserve Fund, established the principle of pooling revenues from all facilities and require that the Port Authority 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, 2018, the General Reserve Fund balance was $2,297,475,500 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

The balance remaining of all net revenues of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and 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 Notes. Consolidated Bonds and 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 Notes.

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 Site*, 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 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 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 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 obligation are special obligations to the Port Authority, payable in the same manner and from the same sources as operating expenses.

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

The moneys in the reserve funds may be accumulated or applied only to purposes set forth in legislation and the agreements with the holders of the Port Authority's obligations pertaining thereto. At December 31, 2018, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain total reserve funds in cash and certain specified securities.

In addition, the Port Authority has a long-standing policy of maintaining total 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.

Note F – Grants and Contributions in Aid of Construction

During 2018 and 2017, the Port Authority received reimbursements related to certain policing activities as well as federal and state funding for operating and capital construction activities:

1. 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 2018 and $1.4 million in 2017.

Airport Screening Program – Federal funding relating to this program concluded in 2017.

U.S. Department of State (USDOS) – The Port Authority recognized $721 thousand in 2018 and $1.2 million in 2017 from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly (UNGA).

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 Consolidated Statements of Revenues, Expenses and Changes in Net Position.

2. Grants, in connection with operating activities

Security Programs – In 2018 and 2017, the Port Authority recognized approximately $10.1 million and $26.8 million, respectively from the TSA for security related programs, including Urban Area Security Initiatives (UASI) programs, Transit Security and the Port Security programs.

Superstorm Sandy – In 2018 and 2017, the Port Authority recognized $7.7 million and $13.6 million, respectively, from the Federal Emergency Management Agency (FEMA) and Federal Transit Administration (FTA) for Superstorm Sandy immediate repair efforts. In addition, in 2017 approximately $15 million of Superstorm Sandy immediate repair grants were reallocated to fund future Superstorm Sandy permanent repair and resiliency projects.

Airport Improvement Program (AIP) – The Port Authority recognized $3.7 million in 2018 and $4.7 million in 2017 in AIP discretionary funding primarily related to certain capacity and planning studies at Port Authority Aviation facilities and the acquisition of Aircraft Rescue & Fire Fighting Vehicles at Newark Liberty International Airport (EWR).

3. Contributions in Aid of Capital Construction

WTC Tower 3 – The Port Authority recognized $54 million in 2018 and $14 million in 2017 in required capital contributions due from the WTC Tower 3 net lessee for the continued construction of WTC Tower 3.

WTC Transportation Hub – The Port Authority recognized $87 million in 2017 from the FTA for the construction of the WTC Transportation Hub. As of December 31, 2017, the Port Authority has received the maximum amount of approximately $2.9 billion from the FTA for the construction of the WTC Transportation Hub, which opened to the public in 2016.

AIP – The Port Authority recognized $20.5 million in 2018 and $9.4 million in 2017 in AIP funding primarily related to rehabilitation of taxiways at JFK and airport wide infrastructure at EWR.

Superstorm Sandy – In 2018 and 2017, the Port Authority recognized $84.4 million and $50.2 million, respectively in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

Federal Highway Administration (FHWA) – In 2018 and 2017, the Port Authority recognized $18 million and $14 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard Port Authority Marine Terminal.

Other – In 2018, the Port Authority recognized $48 million from the New York State Urban Development Corporation for the Ronald O. Perelman Performing Arts Center and $9 million from the TSA for Selected Surveillance Systems - CCTV at JFK and EWR.

Note G - Lease Commitments

1. Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately $1.2 billion in each of 2018 and 2017, respectively.

2. 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 the WTC site. Investments in such facilities, as of December 31, 2018, 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, 2018 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2019 (a)	$ 1,124,784
2020 (a)	1,054,283
2021	981,662
2022	955,145
2023	867,615
2024-2100 (b)	23,799,283
Total future minimum rentals (c)	$ 28,782,772

(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 2019-2020.
(b) Includes future minimum rentals of approximately $14.3 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4.
(c) Future minimum rentals exclude approximately $223 million attributable to the transfer of the Port Authority's interests in the WTC Retail Joint Venture that are contingent upon the construction of retail space located within WTC Towers 2 and 3.

3. 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 $321 million in 2018 and $331 million in 2017, respectively. Rental payments exclude PILOT payments to municipalities.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2018 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)
2019	$ 318,236
2020	319,454
2021	312,576
2022	309,236
2023	308,942
2024-2028	1,537,809
2029-2033	1,554,861
2034-2038	1,550,131
2039-2043	1,537,201
2044-2048	1,317,522
2049-2099*	2,003,099
Total future minimum rent payments	$ 11,069,067

* Future minimum rent payments for the years 2049-2099 consist of expected rent payments relating to leased marine and air terminals, including the operating lease related to New York Stewart International Airport which expires in 2099.

Note H – Regional Facilities and Programs

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

Regional Facilities

Port Authority Bus Program (certified in 1979 & 1982) – In 1979, the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance and transfer, subject to appropriate certifications, up to $440,000,000 of buses and ancillary bus facilities in the States of New York and New Jersey, with up to $220,000,000 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, 2018, 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 totaled approximately $397 million as of December 31, 2018.

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, 2018, 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. All funds under this program have been fully allocated.

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, 2018, approximately $54 million has been allocated under this program.

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

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

As of December 31, 2018, approximately $2.2 billion has been expended under regional facilities. Costs for these programs, that are not otherwise recognized as part of another Port Authority facility, are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2017	Project Expenditures	Amortization	Dec. 31, 2018
		(In thousands)		
Port Authority Bus Program	$ -	$ -	$ -	$ -
Regional Development Facility	1,649	-	342	1,307
Regional Economic Development Program	2,597	-	666	1,931
Oak Point Rail Freight Link	-	-	-	-
New Jersey Marine Development Program	12	-	11	1
New York Transportation, Economic Development and Infrastructure Renewal Program	31,546	-	9,044	22,502
Regional Transportation Program	60,052	-	15,167	44,885
Hudson-Raritan Estuary Resources Program	23,312	-	3,600	19,712
Regional Rail Freight Program	5,497	-	3,044	2,453
Meadowlands Passenger Rail Facility	47,395	-	10,000	37,395
Total unamortized costs of regional programs	$ 172,060	$ -	$ 41,874	$ 130,186

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – This facility provides for 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 (collectively, the "Gateway Early Work Program"), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. The Port Authority's participation in the Gateway Program is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Note I - Pension Plans

Port Authority 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 (5) years of service to be 100 percent vested. Tiers 5–6 members require ten (10) 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, 2018 and March 31, 2017 were approximately 15.3 percent and 15.5 percent of payroll, respectively. The average contribution rate for PFRS for the fiscal years ended March 31, 2018 and March 31, 2017 were approximately 24.4 percent and 24.3 percent of payroll, respectively.

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the respective NYSLRS plans. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten (10) or more years of membership or credited service with the NYSLRS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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

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

Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit for Tier 3, Tier 4 and Tier 5 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years. For PFRS Tier 5 (there are no Port Authority members enrolled in PFRS Tier 3 and 4), each year used in 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 to NYSLRS in 2018 totaled $116.8 million including $56.9 million to ERS and $59.9 million to PFRS.

Detailed information about the fiduciary net position and valuation methods related to ERS and PFRS can be found in the NYSLRS Annual Report as of and for the years ended March 31, 2018 and March 31, 2017, 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 - 2018 and 2017

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, 2018**	**December 31, 2017**
	(In thousands)	
ERS	$ 41,500	$ 120,672
PFRS	77,081	152,806
Total Net Pension Liability	$118,581	$ 273,478

The NPLs at December 31, 2018 and 2017 were measured as of March 31, 2018 and 2017, based on actuarial valuations as of April 1, 2017 and 2016, with update procedures used to roll forward the TPL to March 31, 2018 and 2017, respectively.

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

	2018	**2017**
ERS	1.3%	1.3%
PFRS	7.6%	7.4%

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

NYSLRS Pension Expense - 2018 and 2017

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

Pension Expense	**2018**	**2017**
	(In thousands)	
ERS	$ 54,797	$ 72,521
PFRS	69,095	85,462
Total Pension Expense	$ 123,892	$ 157,983

NYSLRS Deferred Inflows/Outflows of Resources - 2018 and 2017

GASB Statement No. 68, as amended, requires certain changes in the NPL to be recognized as deferred inflows of resources or deferred outflows of resources. These deferred outflows of resources and deferred inflows of resources are amortized as either an increase or decrease, respectively, 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, 2018:

Deferred Outflows of Resources	ERS	December 31, 2018 PFRS	Total
		(In thousands)	
Differences between expected and actual experience	$ 14,801	$ 31,726	$ 46,527
Changes in actuarial assumptions	27,518	58,403	85,921
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	12,423	1,750	14,173
Subtotal - Deferred Outflows of Resources	54,742	91,879	146,621
Port Authority contributions subsequent to the measurement date*	56,866	59,931	116,797
Total Deferred Outflows of Resources	$ 111,608	$ 151,810	$ 263,418

*Contributions made by participating employers to pension plans 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.

Deferred Inflows of Resources	ERS	PFRS	Total
		(In thousands)	
Differences between expected and actual experience	$ 12,231	$ 20,482	$ 32,713
Net difference between projected and actual earnings on pension plan investments	58,702	63,258	121,960
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	1,031	17,714	18,745
Total Deferred Inflows of Resources	$ 71,964	$ 101,454	$ 173,418

The amount of deferred outflows of resources associated with contributions made subsequent to the measurement date will be recognized as a reduction to the ERS and PFRS NPL for the fiscal year ending December 31, 2019. The difference between the remaining amount of deferred outflows and deferred inflows of resources, related to NYSLRS plans will be recognized in future years' pension expense as follows:

Year ended December 31:	ERS	PFRS	Total
		(In thousands)	
2019	$ 13,510	$ 11,246	$ 24,756
2020	9,967	9,484	19,451
2021	(27,943)	(19,824)	(47,767)
2022	(12,756)	(12,932)	(25,688)
2023	-	2,451	2,451
Total	$ (17,222)	$ (9,575)	$ (26,797)

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2017:

Deferred Outflows of Resources	ERS	PFRS	Total
		December 31, 2017 (In thousands)	
Differences between expected and actual experience	$ 3,024	$ 20,046	$ 23,070
Changes in actuarial assumptions	41,226	75,281	116,507
Net difference between projected and actual earnings on pension plan investments	24,103	22,821	46,924
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	11,361	-	11,361
Subtotal - Deferred Outflows of Resources	79,714	118,148	197,862
Port Authority contributions subsequent to the measurement date*	56,743	60,797	117,540
Total Deferred Outflows of Resources	$ 136,457	$ 178,945	$ 315,402

*Contributions made by participating employers to pension plans 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.

Deferred Inflows of Resources	ERS	PFRS	Total
		(In thousands)	
Differences between expected and actual experience	$ 18,325	$ 26,402	$ 44,727
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	1,383	17,299	18,682
Total Deferred Inflows of Resources	$ 19,708	$ 43,701	$ 63,409

NYSLRS Actuarial Assumptions - 2018 and 2017

The TPL for each plan was determined using an actuarial valuation as of April 1, 2017 for fiscal year 2018 and April 1, 2016 for fiscal year 2017, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2018 and March 31, 2017 respectively. These actuarial valuations used the following actuarial assumptions:

ERS	2018	2017
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	3.8%, indexed by service	3.8%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

PFRS	2018	2017
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	4.5%, indexed by service	4.5%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

Mortality rates for both the fiscal year 2018 and 2017 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-2014.

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:

	2018*		2017*	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity	36%	4.55%	36%	4.55%
International equity	14%	6.35%	14%	6.35%
Private equity	10%	7.50%	10%	7.75%
Real estate	10%	5.55%	10%	5.80%
Absolute return strategies**	2%	3.75%	2%	4.00%
Opportunistic portfolio	3%	5.68%	3%	5.89%
Real assets	3%	5.29%	3%	5.54%
Bonds and mortgages	17%	1.31%	17%	1.31%
Cash	1%	(0.25)%	1%	(0.25)%
Inflation-indexed bonds	4%	1.25%	4%	1.50%
Total	100%		100%	

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

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

NYSLRS Discount Rate Analysis - 2018 and 2017

The discount rate used to calculate the TPL for ERS and PFRS was 7.0% for both 2018 and 2017, 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 2018 and 2017 using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

	2018		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
		(In thousands)	
ERS - Port Authority's proportionate share of the NPL	$ 313,998	$ 41,500	$ (189,023)
PFRS - Port Authority's proportionate share of the NPL	377,563	77,081	$ (174,953)
Total	$ 691,561	$ 118,581	$ (363,976)

	2017		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
		(In thousands)	
ERS - Port Authority's proportionate share of the NPL	$ 385,403	$ 120,672	$ (103,157)
PFRS - Port Authority's proportionate share of the NPL	433,197	152,806	(82,372)
Total	$ 818,600	$ 273,478	$ (185,529)

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

New York State Voluntary Defined Contribution Program (VDC)

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

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

As of December 31, 2018 and 2017, 255 and 195 employees, respectively were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2018	2017
	(In thousands)	
Employer Contributions	**$ 2,030**	$ 1,389
Employee Contributions	**1,491**	1,016
Total	**$ 3,521**	$ 2,405

<u>Port Authority Trans-Hudson Corporation (PATH) Employees</u>

Federal Railroad Retirement Program

Employees of PATH are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH 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 2018 and 2017, 1,231 and 1,235 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)		
2018	7.65%	$ 8,197	7.65%	$ 8,197	$ 16,394
2017	7.65%	$ 8,150	7.65%	$ 8,150	$ 16,300

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
2018	4.9%	$ 4,687	13.1%	$ 12,530	$ 17,217
2017	4.9%	$ 4,659	13.1%	$ 12,455	$ 17,114

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: http://www.rrb.gov/pdf/oig/reports/1601.pdf

PATH Employees Supplemental Pension Plans

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

PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately $6.8 million in 2018 and $6.8 million in 2017.

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, 2018, no amounts have been deposited into the trust to prefund future pension payments.

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 - 2018 and 2017

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	**2018***	**2017****
	(In thousands)	
Beginning Balance	$ 84,091	$ 83,388
Changes recognized for the fiscal year:		
Service cost	1,585	1,323
Interest on the total pension liability	3,169	2,961
Differences between expected and actual experience	(1,449)	5,478
Changes in assumptions	5,676	(5,496)
Benefit payments	(3,691)	(3,563)
Net change in TPL	5,290	703
TPL recognized at December 31	$ 89,381	$ 84,091

* The Plan's TPL reported at December 31, 2018 was measured as of January 1, 2018 based on an actuarial valuation as of the same date.
** The Plan's TPL reported at December 31, 2017 was measured as of January 1, 2017 based on an actuarial valuation as of the same date.

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2018 and 2017

For the twelve months ended December 31, 2018 and 2017, pension expense related to the Plan totaled:

	2018	**2017**
	(In thousands)	
Pension Expense	$ 8,824	$ 7,456

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2018 and 2017

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

At December 31, 2018 and December 31, 2017, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2018	2017
	(In thousands)	
Differences between actual and expected experience	$ 3,153	$ 4,328
Changes in actuarial assumptions	6,264	5,180
Subtotal - Deferred Outflows of Resources	9,417	9,508
Contributions subsequent to the measurement date*	3,751	3,692
Total Deferred Outflows of Resources	$ 13,168	$ 13,200

*Contributions made by participating employers to pension plans 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.

At December 31, 2018 and December 31, 2017, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2018	2017
	(In thousands)	
Differences between actual and expected experience	$ 1,420	$ 501
Changes in actuarial assumptions	3,160	4,327
Total Deferred Inflows of Resources	$ 4,580	$ 4,828

The amounts of deferred outflows of resources at December 31, 2018 associated with contributions made subsequent to the measurement date will be recognized as a reduction to the TPL for the fiscal year ended December 31, 2019. The remaining amount of deferred outflows of resources and deferred inflows of resources, net at December 31, 2018 related to the PATH Exempt Employee Supplemental Pension Plan to be recognized in future years' pension expense are as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2019	$ 2,246
2020	1,062
2021	896
2022	633
Total	$ 4,837

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2018 and 2017

The TPL measured as of January 1, 2018 and January 1, 2017, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

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

Actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2017 to December 31, 2017. Actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2016 to December 31, 2016. Mortality rates used in the 2018 valuation were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2017 from 2010. Mortality rates used in the 2017 valuation were based on RP-2014 Combined Healthy Mortality Table projected on a generational basis with Scale MP-2016 from the central year. 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, 2018 and January 1, 2017 valuation date, Plan participants comprised:

	2018	**2017**
Retired PATH Exempt Employees (or their beneficiaries)	110	110
Active PATH Exempt Employees	96	96
Terminated but vested employees who are not currently receiving benefits	19	19
Total participants	225	225

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2018 and 2017

Because the plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 3.44% as of the January 1, 2018 measurement date and 3.78% as of the January 1, 2017 measurement date.

The following tables present the 2018 and 2017 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.

		2018	
	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
		(In thousands)	
Total Pension Liability	$ 101,822	$ 89,381	$ 79,079

		2017	
	1% Decrease (2.78%)	Discount Rate (3.78%)	1% Increase (4.78%)
		(In thousands)	
Total Pension Liability	$ 95,529	$ 84,091	$ 74,586

Note J – Other Postemployment Employee 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 postemployment benefits other than pensions (OPEB). Benefits are provided through a third-party insurer. Some of these benefits are paid directly by the Port Authority or PATH; in other cases, the benefits are paid by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions. 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:

	2018	**2017**
Retirees and surviving spouses currently receiving benefits	7,738	7,551
Covered spouses of retired employees receiving benefits	3,954	3,899
Active employees plan participants	7,728	7,584
Total plan members	19,420	19,034

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2018, 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. Employer contributions include advance funding of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (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. Advance funding contributions are reported when paid by the Port Authority. Contributions related to pay-as-you go benefit payments are reported as benefit payments come due. 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 the current benefits to eligible retired employees and the eligible dependents of such retired employees.

The Trust was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, PATH. 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. The Trust was established 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.

The Port Authority's Board of Commissioners serve as the board of directors of the Trust. An OPEB Investment Committee was established to provide oversight and management of the policies and procedures of the Trust. The Investment Committee is comprised of the Chief Financial Officer, Chief Human Capital Officer, Comptroller, and 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 OPEB Investment Committee in consultation with the Port Authority Board of Commissioners grant the authority to establish and amend the contribution requirements of the Trust. In 2018 and 2017, annual funding contributions to the Trust totaled $100 million.

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

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* defines the Net OPEB Liability (NOL) as the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For purposes of measuring the NOL, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan'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.

Net OPEB Liability – 2018 and 2017

	Total OPEB Liability (a)	OPEB Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2017	$ 2,937,227	$ 1,400,104	$ 1,537,123
Changes Increase/(Decrease) for the year:			
Service cost	25,442	-	25,442
Interest cost on the total OPEB liability	202,303	-	202,303
Changes in benefit terms	(6,948)	-	(6,948)
Differences between expected and actual experience	90,986	-	90,986
Changes in assumptions	(5,903)	-	(5,903)
Benefit payments	(147,761)	(147,761)	-
Contributions-employer	-	247,761	(247,761)
Net investment income	-	(86,274)	86,274
Administrative expenses	-	(94)	94
Increase	158,119	13,632	144,487
Balance at December 31, 2018	$ 3,095,346	$ 1,413,736	$ 1,681,610

	Total OPEB Liability (a)	OPEB Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2016	$ 2,860,047	$ 1,124,403	$ 1,735,644
Changes Increase/(Decrease) for the year:			
Service cost	23,778	-	23,778
Interest cost on the total OPEB liability	196,930	-	196,930
Benefit payments	(143,528)	(143,528)	-
Contributions-employer	-	243,528	(243,528)
Net investment income	-	175,795	(175,795)
Administrative expenses	-	(94)	94
Increase/(Decrease)	77,180	275,701	(198,521)
Balance at December 31, 2017	$ 2,937,227	$ 1,400,104	$ 1,537,123

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate for the year ending December 31st:

	2018			2017		
	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
			(In thousands)			
Net OPEB Liability	2,118,029	1,681,610	1,327,270	1,934,855	1,537,123	1,212,059

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:

	2018			2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
			(In thousands)			
Net OPEB Liability	1,339,152	1,681,610	2,105,053	1,230,005	1,537,123	1,911,887

OPEB Expense

For the years ended December 31, 2018 and 2017, the Port Authority recognized OPEB expense of $153 million and $120 million, respectively.

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

At December 31, 2018 and 2017, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	**2018**	2017 (Restated)
	(In thousands)	
Differences between actual and expected experience	$ 75,271	$ -
Net difference between projected and actual earnings on OPEB plan investments	93,986	-
Total Deferred Outflows of Resources	$ 169,257	$ -

At December 31, 2018 and 2017, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	**2018**	2017 (Restated)
	(In thousands)	
Changes in actuarial assumptions	$ 4,883	$ -
Net difference between projected and actual earnings on OPEB plan investments	-	74,920
Total Deferred Inflows of Resources	$ 4,883	$ 74,920

The difference between reported deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized as a component of future OPEB expense over a closed period as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2019	$ 33,509
2020	33,509
2021	33,509
2022	52,239
2023	11,608
Total	$ 164,374

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, 2018 and 2017 based on actuarial valuations as of January 1, 2018 and 2017 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 2018 actuarial valuation was based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2017 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2017 from the central year for civilian employees. Mortality rates for the January 2017 actuarial valuation was based on the RP-2014 Blue Collar headcount-weighted table projected generationally with Scale MP-2016 from the central year for Union employees and RP 2014 Aggregate headcount weighted table projected generationally with Scale MP-2016 from the central year for Management/Non Union employees.

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.

	2018	2017
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Discount rate *	7.00%	7.00%
Medical healthcare cost trend rates (Pre-65 year old participant)**	6.00%	6.75%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.50%	6.00%
Pharmacy benefit cost trend rate***	9.00%	9.50%
Dental benefit cost trend rate	5.00%	5.00%
Employer Group Waiver Plan savings***	9.00%	9.50%

* 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 2025 (including 2.5% inflation factor)

*** Decreasing to 4.5% in 2025

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 31st is summarized in the following table:

Asset Class	Target Asset Allocation 2018	Target Asset Allocation 2017	Long-Term Expected Real Rate of Return* 2018	Long-Term Expected Real Rate of Return* 2017
Domestic Equity	33%	33%	5.0%	5.2%
International Equity	21%	21%	4.9%	5.2%
Real Estate Investment Trust	6%	6%	4.0%	3.9%
Fixed Income	40%	40%	2.6%	3.0%

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

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Port Authority contributions will continue to include $100 million in advanced funding contributions as well as contributions related to pay-as-you-go benefit payments until the Plan is fully funded. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Following are the Condensed Statements of Fiduciary Net Position and Changes in Fiduciary Net Position held in trust for OPEB for 2018 and 2017. The activities of the trust are accounted for using the accrual basis of accounting and all investments are recorded at their fair value. The financial activities of the Trust, including cash and investments are not consolidated on the Port Authority's Consolidated Statement of Net Position.

The audited financial statements for the years ended December 31, 2018 of the Trust, which provides additional information concerning trust assets, 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.

OPEB Trust Statement of Fiduciary Net Position (In thousands)

		December 31, 2018
Assets		
Cash and deposits	$	34,166
Receivables:		
Due from broker for investments sold		4,247
Investment income		3,024
Total receivables		7,271
Investments, (at fair value):		
Domestic equities		
Fixed income		494,308
International equities		555,728
Real estate		289,453
Total investments		61,109
Total assets		1,400,598
Liabilities		1,442,035
Payables:		
Due to broker for investments purchased		28,299
Total liabilities		28,299
Net position restricted for other postemployment benefits	$	1,413,736

Statement of Changes in Fiduciary Net Position (In thousands)

		Year Ended December 31, 2018
Additions		
Employer contributions*	$	247,761
Investment income:		
Net (decrease) in fair value of investments		(123,528)
Interest and dividends		38,270
(Less) investment expense		(1,016)
Net investment loss		(86,274)
Total additions		161,487
Deductions		
Benefit payments*		(147,761)
Administration expense		(94)
Total deductions		(147,855)
Net increase in net position		13,632
Net position restricted for other postemployment benefits		
Beginning of year		1,400,104
End of year	$	1,413,736

*Includes Port Authority OPEB payments totaling $147.8 million in 2018 from available Port Authority operating funds.

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, 2018, the Port Authority had entered into various construction contracts totaling approximately $6.6 billion, which are expected to be completed within the next three years.

3. Other amounts receivable, net recognized on the Consolidated Statements of Net Position totaled $137 million at December 31, 2018, and is comprised of the following:

	Dec. 31, 2017	Additions	Deductions	Dec. 31, 2018
		(In thousands)		
Deferred Rent due from the WTC Tower 3 and 4 net lessees	$ 30,472	$ 37,923	$ 10,155	$ 58,240
Long-term receivables from tenants	21,791	8,594	1,193	29,192
Amounts Due – Goethals Bridge Replacement Bridge Developer	-	28,238	-	28,238
Tower 4 Liberty Bonds debt service	20,972	65,293	75,359	10,906
Other receivables	16,488	40	7,479	9,049
Insurance receivable - Superstorm Sandy	10,865	-	9,494	1,371
WTC - MTA Connectors	13,138	10,479	23,617	-
Total other amounts receivable, net	$ 113,726	$ 150,567	$ 127,297	$ 136,996

4. The 2018 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2017	Additions	Deductions	Dec. 31, 2018
		(In thousands)		
Self-Insured Public Liability Claims	$ 66,171	$ 11,724	$ 7,618	$ 70,277
Self-Insured Worker's Compensation Claims	64,057	26,518	21,681	68,894
Other payables	49,613	7,980	119	57,474
Goethals Bridge Replacement milestone payments	87,400	11,700	50,000	49,100
Pollution remediation obligation	16,425	6,211	5,809	16,827
Asset forfeiture program	23,408	3,248	5,004	21,652
Reinsurance premium payable	-	26,191	5,248	20,943
Surety and security deposits	4,763	611	474	4,900
WTC Joint Venture Preferred Returns	3,281	9,245	7,628	4,898
Deferred Gain/Loss on NLCC	4,761	-	-	4,761
Total Liabilities	$ 319,879	$ 103,428	$ 103,581	$ 319,726
Less: Current worker's compensation liability	17,967			17,374
Current Goethals Bridge milestones	87,400			49,100
Total other non-current liabilities	$ 214,512			$ 253,252

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

	Dec. 31, 2017	Additions	Deductions	Dec. 31, 2018
		(In thousands)		
Unearned Income related to WTC Retail Joint Venture	$ 764,738	$ -	$ 9,260	$ 755,478

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

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 2018, the Port Authority recognized an additional $6.2 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation and Port facilities. Cumulative operating expense remediation provisions through December 31, 2018 totaled $80 million, net of $2.1 million in expected recoveries.

As of December 31, 2018, the outstanding pollution remediation liability totaled $16.8 million, primarily consisting of future remediation activities associated with asbestos removal, lead based paint abatement, ground water contamination, and soil contamination at Port Authority facilities.

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

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, Tower 5, approximately 456,000 square feet of retail space, a WTC Transportation Hub, a memorial and interpretive museum (Memorial/Museum), The Preforming Arts Center at the WTC and related infrastructure. A December 2010 World Trade Center Amended and Restated Master Development Agreement (MDA), among the Port Authority, PATH, 1 WTC LLC, WTC Retail LLC, and the Silverstein net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction on the WTC site, including the allocation of construction responsibilities and costs between the parties to the MDA.

Future minimum rentals (see *Note G – Lease Commitments*) include rentals of approximately $14.3 billion, for the years 2024-2100, relating to the net leases for WTC Towers 2, 3 and 4. The inclusion of this amount in future rentals is predicated upon the assumption that the net lessees of various components of the WTC will continue to meet their contractual commitments pertaining to their net leased properties, including those with respect to the payment of rent and the restoration of their net leased properties.

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization 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, 2018, WTC Tower 1 LLC has leased, (i) approximately 2.5 million square feet of office space at One World Trade Center, representing approximately 82% 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 (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 net lessee's right to defer payments of net lease rent to the Port Authority under the net lease with respect to Tower 3, and (iii) senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of $390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for $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 in future WTC PILOT credits as reimbursement for the remaining share of the Port Authority's landlord capital improvement. WTC PILOT credits will commence in 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, 2018, deferred rent due from the Tower 3 net lessee totaled approximately $15 million.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2018, 45% 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 of WTC Tower 4. The Port Authority is a co-borrower/obligor for the Liberty Bonds, and is obligated to make certain debt service payments on the Tower 4 Liberty Bonds. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

Additionally, the Silverstein net lessee of Tower 4 has the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease and defer the application of certain free rent periods available to the Port Authority under its Tower 4 space lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2018, deferred rent due from the Tower 4 net lessee totaled approximately $43 million. Port Authority debt service payments related to Tower 4 Liberty Bonds, deferred net lease rent payable to the Port Authority under the Tower 4 net lease, and amounts from deferred free rent periods under the Port Authority's Tower 4 space lease are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow. Amounts required to be reimbursed or paid to the Port Authority accrue interest at a rate of 7.5% annum until reimbursed or paid (with the exception of deferred net lease rent held on deposit which receives earnings on certain permitted investments plus nominal interest), with an overall term for such reimbursement or payment not to exceed 40 years. As of December 31, 2018, Tower 4 Liberty Bond debt service payments due from the Tower 4 net lessee, including amounts assigned directly to the Tower 4 Liberty Bond trustee by the City of New York related to their Tower 4 leasehold, totaled approximately $10.9 million.

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. In November 2014, Port Authority corporate staff began occupying certain portions of its leased space in Tower 4, with remaining space being occupied in 2015. As of December 31, 2018, approximately 97% of the leasable office space has been leased to tenants.

The World Trade Center Transportation Hub

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

World Trade Center Infrastructure Projects

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

WTC Retail

Through a series of transactions between the Port Authority and Westfield, the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion 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 may not fully compensate the Port Authority for the cost of construction.

As of December 31, 2018, 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, 2018, $41 million has been cumulatively recognized as rental income.

WTC Memorial and Museum

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

Note M – Risk Financing Activities

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering self-insured retentions, purchase of insurance through its captive insurance entity, PAICE, exceptions or exclusions of portions of facilities, and the scope of insurable hazards. Availability of coverage varies and may be constrained depending on the state of the insurance industry. As a result, insurance premiums may increase for available coverage in connection with the Port Authority's periodic renewal of its insurance programs.

1. Purchased Insurance

Property damage and loss of revenue insurance program

The property damage and loss of revenue insurance program on Port Authority facilities (renewed effective June 1, 2018 and expires on June 1, 2019) applies to all Port Authority facilities, excluding the World Trade Center (WTC)* (except for the area of the PATH station inside the fare zone), with program limits of $1.6 billion per occurrence and in the aggregate, subject to certain deductibles, retentions, and sub-limits for certain hazards. 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 (renewed June 1, 2018 and expiring on June 1, 2019) with program limits of up to $500 million per occurrence and in the aggregate, subject to certain deductibles, retentions, and sub-limits for certain hazards covering all Port Authority assets at the site and excess limits of $2 billion on One World Trade Center and $1.5 billion on the WTC Transportation Hub, WTC Vehicular Security Center and other assets.

The Port Authority also purchased terrorism insurance with respect to its facilities effective June 1, 2018 for a three-year term, with limits of $2.0 billion per occurrence and in the aggregate for all Port Authority assets excluding the World Trade Center, subject to certain deductibles, retentions and exclusions for certain hazards, and for the operating portions of the World Trade Center, with limits of $5.0 billion per occurrence and in the aggregate, subject to certain deductibles, retentions, and exclusions for certain hazards. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA)** and commercial reinsurers.

Public liability insurance programs

The public liability insurance program for Port Authority aviation facilities (renewed effective October 27, 2018 and expiring October 27, 2019) applies to such facilities with program limits of $1.25 billion per occurrence and in the aggregate, subject to certain retentions, and insurance for aviation war risk, which includes terrorism, and which has no deductible.

The public liability insurance program for “non-aviation” facilities (renewed effective October 27, 2018 and expiring October 27, 2019) applies to such facilities including components of the WTC* with program limits of $1.0 billion per occurrence and in the aggregate, subject to certain deductibles and retentions. Terrorism insurance with respect thereto totals $600 million per occurrence and in the aggregate, which is insured through PAICE and reinsured through TRIPRA** and commercial reinsurers. During each of the past three years, payments for public liability claims have not exceeded insurance limits.

* See “*” footnote on page 87.
See “” footnote on page 87.

The Port Authority renewed its terrorism and /or malicious acts insurance for losses to property and liability resulting from nuclear, biological, chemical or radiological material for all Port Authority facilities. The program expires October 27, 2021, and provides a limit of $1.6 billion per occurrence and in the aggregate, subject to certain deductibles and retentions. This program is insured through PAICE and commercial reinsurers with a limit of $500 million, and by PAICE and TRIPRA** with a limit of $1.1 billion in excess of $500 million.

2. Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors' insurance program for all Port Authority facilities under construction (renewed effective June 1, 2017 and expiring June 1, 2020) with program limits for builders' risk of $50 million per occurrence, subject to certain deductibles, retentions, and sub-limits on certain hazards; construction general liability insurance with program limits of $50 million per occurrence; and statutory workers' compensation coverage, which does not have a deductible. PAICE provides portions of the construction general liability while statutory workers' compensation insurance is provided through commercial insurance. The Port Authority also maintains builders' risk and terrorism coverage, with respect to the Bayonne Bridge Navigational Clearance Program (renewed effective September 1, 2017 and expiring June 1, 2019), each with a program limit of $75 million per occurrence for portions of the bridge that remain under construction, and comprehensive general liability insurance (purchased effective June 1, 2017 and expiring June 1, 2020) with program limits of $50 million per occurrence and in the aggregate in excess of the $50 million coverage described above.

The Port Authority placed a standalone wrap-up contractors' insurance program on March 27, 2018, for construction of Terminal One at Newark Liberty International Airport. Program limits for builders' risk insurance are $1.4 billion per occurrence, subject to certain deductibles, retentions, and sub-limits on certain hazards; for construction general liability insurance program with a limit of $300 million per occurrence; and statutory workers' compensation coverage, which does not have a deductible. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

3. Port Authority Insurance Captive Entity, LLC

On October 16, 2006, the District of Columbia approved the establishment of a Port Authority captive insurance company, known as the Port Authority Insurance Captive Entity, LLC, for the purpose of 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 coverage for the Port Authority and its related entities. With the passage of TRIPRA**, PAICE assumed coverage for acts of terrorism with respect to the Port Authority's public liability and property damage and loss of revenue insurance programs. In addition, as of December 31, 2018, PAICE provides the first $500,000 in coverage under the general liability aspect of the Port Authority's contractor's insurance program and 5% of the next $4.5 million of losses that are in excess of the primary $500,000. Further, effective October 27, 2018, PAICE provides $500 million in coverage under the nuclear, biological, chemical and radiological terrorism program, which is fully reinsured by commercial reinsurers and insures $1.1 billion in excess of $500 million, which is reinsured by TRIPRA**.

Any changes in the lines of insurance being provided by PAICE or its capitalization are subject to prior approval by the Port Authority Board of Commissioners' Committee on Finance. PAICE also provides periodic reports with respect to its general operations to the Port Authority's Board of Commissioners.

* See "*" footnote on page 87.
See "" footnote on page 87.

The financial results for PAICE for the year ended December 31, 2018 are set forth below. Restricted amounts associated with PAICE recorded on the Port Authority's consolidated 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	$ 518,569
Total Liabilities	220,381
Net Position, December 31, 2018	$ 298,188
Operating Results 2018	
Revenues	$ 45,560
Expenses	8,292
Change in Net Position	$ 37,268
Net Position at January 1, 2018	$ 260,920
Net Position at December 31, 2018	$ 298,188

The audited financial statements for the years ended December 31, 2018 and December 31, 2017 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.

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

** Under TRIPRA, the Federal government reinsures 82% of certified terrorism losses in 2018 (and decreases its reinsurance incrementally by 1% per year for the next two (2) years), subject to aggregate industry insured losses of at least $160 million in 2018 (which increases incrementally $20 million per year for the next two years) 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. No Federal payments are made under this program until the aggregate industry insured losses from acts of terrorism exceed $160 million. 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.

4. 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. 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)		
2018	$ 66,171	$ 11,724	$ 7,618	$ 70,277
2017	$ 68,031	$ 7,463	$ 9,323	$ 66,171

* 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)		
2018	$ 64,057	$ 26,518	$ 21,681	$ 68,894
2017	$ 63,159	$ 21,256	$ 20,358	$ 64,057

* Loss reserves exclude loss adjustment expenditures.

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM (ERS)

Schedule of Proportionate Share of Net Pension Liability*

	2018	2017	2016	2015
	($ In thousands)			
Port Authority’s proportion of the net pension liability	1.3%	1.3%	1.3%	1.3%
Port Authority's proportionate share of the net pension liability	$ 41,500	$ 120,672	$ 212,555	$ 44,906
Covered payroll (April 1st – March 31st)	$ 408,384	$ 395,378	$ 392,529	$ 309,571
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	10.2%	30.5%	54.2%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%

Schedule of Employer Contributions*

	2018	2017	2016	2015
	($ In thousands)			
Contractually required contribution	$ 56,866	$ 56,743	$ 57,530	$ 63,072
Contributions in relation to the contractually required contribution	$ 56,866	$ 56,743	$ 57,530	$ 63,072
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Port Authority’s covered payroll (January 1st – December 31st)	$ 500,841	$ 404,701	$ 395,725	$ 409,234
Contributions as a percentage of covered payroll	11.4%	14.0%	14.5%	15.4%

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

Schedule of Proportionate Share of Net Pension Liability*

	2018	2017	2016	2015
	($ In thousands)			
Port Authority’s proportion of the net pension liability	7.6%	7.4%	8.0%	8.9%
Port Authority's proportionate share of the net pension liability	$ 77,081	$ 152,806	$ 236,004	$ 24,490
Covered payroll (April 1st – March 31st)	$ 263,292	$ 256,168	$ 246,060	$ 248,631
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	29.3%	59.7%	95.9%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	96.9%	93.5%	90.2%	99.0%

Schedule of Employer Contributions*

	2018	2017	2016	2015
	($ In thousands)			
Contractually required contribution	$ 59,931	$ 60,797	$ 57,807	$ 53,652
Contributions in relation to the contractually required contribution	$ 59,931	$ 60,797	$ 57,807	$ 53,652
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Port Authority’s covered payroll (January 1st – December 31st)	$ 262,701	$ 260,867	$ 253,096	$ 253,597
Contributions as a percentage of covered payroll	22.8%	23.3%	22.8%	21.2%

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

See accompanying independent auditors’ report.

FEDERAL RAILROAD RETIREMENT PROGRAM

Schedule of Employee and Employer Railroad Contributions*

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
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		$ 47,850		$ 47,850	$ 95,700

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
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		$ 25,885		$ 70,663	$ 96,548

*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*

	2018	2017	2016	2015
		($ In thousands)		
Total Pension Liability				
Service cost	$ 1,585	$ 1,323	$ 1,280	$ 900
Interest cost	3,169	2,961	2,850	3,271
Differences between expected and actual experience	(1,449)	5,478	(945)	51
Changes in assumptions	5,676	(5,496)	3,809	10,632
Benefit payments, including refunds of member contributions	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	**$ 89,381**	**$ 84,091**	**$ 83,388**	**$ 81,095**
Covered Payroll	$ 13,913	$ 13,590	$ 13,187	$ 12,356
Total Pension Liability as a % of Covered Payroll	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, 2018, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) PLAN

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

	2018	2017
	($ In thousands)	
Total OPEB liability:		
Service cost	$ 25,442	$ 23,778
Interest cost	202,303	196,930
Changes in benefit terms	(6,948)	-
Differences between expected and actual experience	90,986	-
Changes in assumptions	(5,903)	-
Benefit payments	(147,761)	(143,528)
Net change in total OPEB liability	158,119	77,180
Total OPEB liability-beginning	2,937,227	2,860,047
Total OPEB liability-ending (a)	3,095,346	2,937,227
Plan fiduciary net position:		
Contributions-employer	247,761	243,528
Net investment income	(86,274)	175,795
Benefit payments	(147,761)	(143,528)
Administrative expenses	(94)	(94)
Net change in plan fiduciary net position	13,632	275,701
Plan fiduciary net position-beginning	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	1,413,736	1,400,104
Net OPEB liability-ending (a) – (b)	$ 1,681,610	$ 1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	45.67%	47.67%
Covered-Employee payroll	$ 870,525	$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	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, 2018			2017
	Operating Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)			
Gross operating revenues:				
Tolls and fares	$ 1,865,384	$ -	**$ 1,865,384**	$ 1,873,622
Rentals	1,664,734	-	**1,664,734**	1,609,179
Aviation fees	1,192,454	-	**1,192,454**	1,128,352
Parking and other	384,088	-	**384,088**	377,421
Utilities	149,008	-	**149,008**	139,502
Rentals - Special Project Bonds Projects	79,080	-	**79,080**	83,053
Total gross operating revenues	5,334,748	-	**5,334,748**	5,211,129
Operating expenses:				
Employee compensation, including benefits	1,338,277	-	**1,338,277**	1,342,943
Contract services	934,821	-	**934,821**	880,331
Rents and payments in-lieu-of taxes (PILOT)	396,048	-	**396,048**	390,576
Materials, equipment and other	298,121	-	**298,121**	252,533
Utilities	195,968	-	**195,968**	183,482
Interest on Special Project Bonds	79,080	-	**79,080**	83,053
Total operating expenses	3,242,315	-	**3,242,315**	3,132,918
Operating and maintenance contingencies	-	-	**-**	-
Amounts in connection with operating asset obligations	12,921	-	**12,921**	16,050
Net (revenue)/expense related to Superstorm Sandy	-	-	**-**	(18,323)
Net operating revenues	2,079,512	-	**2,079,512**	2,080,484
Financial income:				
Interest income	24,666	52,621	**77,287**	47,711
Net (decrease) in fair value of investments	(517)	9,480	**8,963**	(14,137)
Contributions in aid of construction	198,173	-	**198,173**	173,253
Application of WTC Retail Joint Venture Payments	-	-	**-**	-
Application of Passenger Facility Charges	433,326	-	**433,326**	285,335
Application of 4 WTC associated payments	65,293	-	**65,293**	65,293
Grants, in connection with operating activities	24,006	-	**24,006**	39,845
Pass-through grant program payments	(1,438)	-	**(1,438)**	(19,717)
Net revenues available for debt service and reserves	2,823,021	62,101	**2,885,122**	2,658,067
Debt service:				
Interest on bonds and other asset financing obligations	868,510	103,056	**971,566**	928,264
Debt maturities and retirements	319,090	-	**319,090**	300,905
Debt retirement acceleration	-	8,300	**8,300**	-
Repayment of asset financing obligations	-	188	**188**	1,276
Total debt service	1,187,600	111,544	**1,299,144**	1,230,445
Transfers to reserves	$ (1,635,421)	1,635,421	**-**	-
Revenues after debt service and transfers to reserves		1,585,978	**1,585,978**	1,427,622
Direct investment in facilities		(1,771,900)	**(1,771,900)**	(1,623,347)
Increase/(Decrease) in reserves		(185,922)	**(185,922)**	(195,725)
Reserve balances, January 1		4,161,922	**4,161,922**	4,357,647
Reserve balances, December 31		$ 3,976,000	**$ 3,976,000**	$ 4,161,922

See Notes to Consolidated Financial Statements

Schedule B - Assets and Liabilities

(pursuant to Port Authority bond resolutions)

	December 31, 2018				2017
	Operating Fund	**Capital Fund**	**Reserve Funds**	**Combined Total**	Combined Total
			(In thousands)		
ASSETS					
Current assets:					
Cash	$ 121,296	$ 9,961	$ 25,886	**$ 157,143**	$ 737,632
Restricted cash:					
Passenger Facility Charges	161	-	-	**161**	30,825
Port Authority Insurance Captive Entity, LLC	117,922	-	-	**117,922**	85,622
Other, including Asset Forfeiture Funds	14,878	-	-	**14,878**	-
Investments	8,130	508,827	1,012,554	**1,529,511**	909,230
Restricted Investments - PAICE	37,162	-	-	**37,162**	-
Restricted investments - PFC	23,609	-	-	**23,609**	285,487
Interfund balances	(759,262)	(15,399)	774,661	**-**	-
Current receivables, net	540,962	-	-	**540,962**	492,131
Other current assets	92,547	68,586	-	**161,133**	158,311
Restricted receivables and other assets	77,785	-	-	**77,785**	68,459
Total current assets	275,190	571,975	1,813,101	**2,660,266**	2,767,697
Noncurrent assets:					
Restricted cash	4,951	-	-	**4,951**	4,817
Investments	55,133	737	2,162,899	**2,218,769**	2,876,901
Restricted investments - PAICE	204,708	-	-	**204,708**	238,927
Other amounts receivable, net	99,899	37,097	-	**136,996**	113,726
Other noncurrent assets	1,652,100	1,458	-	**1,653,558**	1,619,689
Restricted other noncurrent assets - PAICE	8,015	-	-	**8,015**	9,669
Amounts receivable - Special Project Bonds Projects	-	1,245,835	-	**1,245,835**	1,327,680
Amounts receivable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	1,225,520
Net OPEB asset	-	-	-	**-**	98,948
Invested in facilities	-	59,548,616	-	**59,548,616**	56,494,218
Total noncurrent assets	2,024,806	62,059,263	2,162,899	**66,246,968**	64,010,095
Total assets	2,299,996	62,631,238	3,976,000	**68,907,234**	66,777,792
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	276,586	-	-	**276,586**	328,602
OPEB related amounts	169,257	-	-	**169,257**	-
LIABILITIES					
Current liabilities:					
Accounts payable	301,490	973,693	-	**1,275,183**	1,229,863
Accrued interest and other current liabilities	500,782	51,204	-	**551,986**	583,939
Restricted other liabilities - PAICE	7,630	-	-	**7,630**	6,887
Accrued payroll and other employee benefits	659,044	-	-	**659,044**	659,420
Unapplied Passenger Facility Charges	52,378	-	-	**52,378**	196,257
Current portion bonds and other asset financing obligations	54,878	922,388	-	**977,266**	945,592
Total current liabilities	1,576,202	1,947,285	-	**3,523,487**	3,621,958
Noncurrent liabilities:					
Accrued pension and other postemployment employee benefits	1,891,329	-	-	**1,891,329**	359,078
Other noncurrent liabilities	234,421	14,070	-	**248,491**	209,752
Restricted other noncurrent liabilities - PAICE	43,304	-	-	**43,304**	47,332
Amounts payable - Special Project Bonds	-	1,245,835	-	**1,245,835**	1,327,680
Amounts payable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	1,225,520
Bonds and other asset financing obligations	553,464	21,134,405	-	**21,687,869**	21,440,953
Total noncurrent liabilities	2,722,518	23,619,830	-	**26,342,348**	24,610,315
Total liabilities	4,298,720	25,567,115	-	**29,865,835**	28,232,273
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	177,998	-	-	**177,998**	68,237
OPEB related amounts	4,883	-	-	**4,883**	-
NET POSITION	$ (1,735,762)	$ 37,064,123	$ 3,976,000	**$ 39,304,361**	$ 38,805,884
Net position is comprised of:					
Facility infrastructure investment	-	37,064,123	-	**$ 37,064,123**	$ 34,668,732
Change in accounting principle	(1,735,762)	-	-	**(1,735,762)**	(24,770)
Reserves	-	-	3,976,000	**3,976,000**	4,161,922
NET POSITION	$ (1,735,762)	$ 37,064,123	$ 3,976,000	**$ 39,304,361**	$ 38,805,884

Schedule C - Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2018			2017
	General Reserve Fund	**Consolidated Bond Reserve Fund**	**Combined Total**	Combined Total
	(In thousands)			
Balance, January 1	$ 2,297,475	$ 1,864,447	**$ 4,161,922**	$ 4,357,647
Increase in reserve funds *	-	$ 1,697,522	**1,697,522**	1,498,468
	2,297,475	3,561,969	**5,859,444**	5,856,115
Applications:				
Repayment of asset financing obligations	-	188	**188**	1,276
Interest on asset financing obligations	-	103,056	**103,056**	69,570
Debt retirement acceleration	-	8,300	**8,300**	-
Direct investment in facilities	-	1,771,900	**1,771,900**	1,623,347
Total applications	-	1,883,444	**1,883,444**	1,694,193
Balance, December 31	$ 2,297,475	$ 1,678,525	**$ 3,976,000**	$ 4,161,922

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling $1.64 billion, plus financial income generated on reserve funds of $62.1 million in 2018.

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STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2018

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 health has changed over time.

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

The Port Authority has several forms of outstanding obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D - Outstanding Financing Obligations*, and reserve funds are described in *Note E - General and Consolidated Bond Reserve Funds* to the consolidated 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)

	2018	2017 (Restated)	2016	2015
			(In thousands)	
Revenues, Expenses and Changes in Net Position:				
Gross operating revenues:				
Tolls and fares	**$ 1,865,384**	$ 1,873,622	$ 1,865,481	$ 1,718,770
Rentals [a]	**1,673,994**	1,618,439	1,564,527	1,446,980
Aviation fees	**1,192,454**	1,128,352	1,112,436	1,063,902
Parking and other	**384,088**	377,421	399,178	359,631
Utilities	**149,008**	139,502	138,987	144,580
Rentals - Special Project Bonds Projects	**79,080**	83,053	86,755	92,719
Gross operating revenues	**5,344,008**	5,220,389	5,167,364	4,826,582
Operating expenses:				
Employee compensation, including benefits [d]	**1,338,277**	1,318,935	1,290,334	1,178,967
Contract services	**934,821**	880,331	852,926	833,903
Rents and amounts in-lieu-of taxes (PILOT)	**396,048**	390,576	352,293	356,162
Materials, equipment and other	**298,121**	252,533	264,977	252,071
Utilities	**195,968**	183,482	165,802	186,830
Interest on Special Project Bonds	**79,080**	83,053	86,755	92,719
Operating expenses	**3,242,315**	3,108,910	3,013,087	2,900,652
Net revenue/(expense) related to the events of September 11, 2001	**-**	-	-	-
Net revenue/(expense) related to the events of Superstorm Sandy	**-**	18,323	-	123
Depreciation of facilities	**(1,329,283)**	(1,231,139)	(1,173,747)	(1,124,383)
Amortization of costs for regional programs	**(41,874)**	(44,164)	(64,765)	(64,665)
Income from operations [d]	**730,536**	854,499	915,765	737,005
Income on investments (including fair value adjustment) [b]	**89,304**	35,326	(3,974)	4,215
Interest expense on bonds and other asset financing [b]	**(937,983)**	(908,343)	(900,914)	(882,840)
Net gain/(loss) on disposition of assets	**-**	-	-	-
Pass-through grant program payments	**(1,438)**	(19,717)	(10,695)	(51,429)
4 WTC associated payments	**65,293**	65,293	41,521	36,766
Grants in connection with operating activities	**24,006**	39,845	64,315	101,074
Contributions in aid of construction	**252,225**	187,473	674,950	586,295
Passenger facility charges	**286,395**	275,785	264,363	248,707
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	-	-	-
Increase in net position December 31, [d]	**$ 508,338**	$ 530,161	$ 1,045,331	$ 779,793
Net position is comprised of				
Net investment in capital assets	**$ 14,190,682**	$ 13,179,105	$ 12,746,144	$ 11,810,573
Restricted	**500,610**	760,912	567,443	456,429
Unrestricted [d]	**1,187,102**	1,430,039	3,261,307	3,262,561
Net position December 31, [c]	**$ 15,878,394**	$ 15,370,056	$ 16,574,894	$ 15,529,563

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

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

(c) 2012 restated amounts include the cumulative impact of adopting GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities.*

(d) 2017 restated amounts include the cumulative impact of adopting GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

See accompanying independent auditors' report.

2014	2013	2012 (Restated)	2011	2010	2009
$ 1,553,625	$ 1,462,957	$ 1,337,372	$ 1,148,061	$ 1,069,785	$ 1,068,105
1,300,818	1,228,491	1,208,730	1,150,569	1,144,709	1,115,652
1,058,416	934,459	904,666	895,356	872,774	839,327
321,760	315,111	338,178	339,131	321,257	316,005
149,052	139,835	152,945	154,810	154,041	140,817
98,141	103,186	108,125	112,553	71,457	72,337
4,481,812	4,184,039	4,050,016	3,800,480	3,634,023	3,552,243
1,187,877	1,114,397	1,038,243	1,037,681	1,022,195	974,154
797,516	684,411	749,106	726,883	630,438	683,418
362,627	301,582	304,020	280,237	272,002	276,830
277,174	220,859	215,937	219,183	418,639	263,682
199,919	171,833	174,016	188,432	183,826	168,249
98,141	103,186	108,125	112,553	71,457	72,337
2,923,254	2,596,268	2,589,447	2,564,969	2,598,557	2,438,670
-	-	-	-	53,051	202,978
53,530	28,229	(30,000)	-	-	-
(932,149)	(875,979)	(884,239)	(852,727)	(789,011)	(712,331)
(64,484)	(64,275)	(77,719)	(77,537)	(76,504)	(74,617)
615,455	675,746	468,611	305,247	223,002	529,603
20,060	(2,714)	29,161	(53,227)	(762)	141,779
(648,204)	(612,031)	(647,813)	(552,781)	(496,410)	(497,110)
19,043	4,423	(4)	-	-	27,125
(107,606)	(176,848)	(56,446)	(11,507)	(2,166)	(1,120)
6,128	36,660	65,293	8,343	-	-
207,898	188,409	52,161	23,727	11,708	10,613
700,267	689,898	997,441	767,010	358,268	382,978
233,172	224,301	222,614	214,456	210,387	201,737
-	-	3,525	-	42,814	50,813
$ 1,046,213	$ 1,027,844	$ 1,134,543	$ 701,268	$ 346,841	$ 846,418
$ 10,402,894	$ 9,442,138	$ 9,273,213	$ 10,020,306	$ 9,200,077	$ 8,415,993
470,857	454,467	392,389	294,460	222,871	211,725
3,900,789	3,831,722	3,034,881	1,411,125	1,601,675	2,050,064
$ 14,774,540	$ 13,728,327	$ 12,700,483	$ 11,725,891	$ 11,024,623	$ 10,677,782

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

	2018	2017	2016	2015
		(In thousands)		
Gross Operating Revenues*	**$ 5,334,748**	$ 5,211,129	$ 5,158,795	$ 4,818,831
Operating expenses	**(3,242,315)**	(3,132,918)	(3,013,087)	(2,900,652)
Net revenue/(expense) related to the events of September 11, 2001	**-**	-	-	-
Operating and maintenance contingencies	**-**	-	-	(50,000)
Net revenue/(expense) related to Superstorm Sandy	**-**	18,323	-	123
Amounts in connection with operating asset obligations	**(12,921)**	(16,050)	(18,871)	(21,387)
Net operating revenues	**2,079,512**	2,080,484	2,126,837	1,846,915
Financial income	**86,250**	33,574	(4,784)	4,080
Grants and contributions in aid of construction, net	**220,741**	193,381	347,390	321,980
Application of WTC Retail Joint Venture Payments*	**-**	-	77,869	66,963
Application of Passenger Facility Charges	**433,326**	285,335	229,921	273,721
Application of 4 WTC associated payments	**65,293**	65,293	41,520	36,766
Application of 1WTC LLC/WTC LLC Retail insurance proceeds	**-**	-	-	-
Restricted Net Revenues - PAICE	**-**	-	-	-
Net revenues available for debt service and reserves (a)	**2,885,122**	2,658,067	2,818,753	2,550,425
DEBT SERVICE - OPERATIONS				
Interest on bonds and other asset financing obligations (b)	**(868,510)**	(858,694)	(824,586)	(810,356)
Times, interest earned (a/b)	**3.32**	3.10	3.42	3.15
Debt maturities and retirements (c)	**(319,090)**	(300,905)	(268,520)	(259,315)
Times, debt service earned [a/(b+c)]	**2.43**	2.29	2.58	2.38
APPLICATION OF RESERVES				
Direct investment in facilities	**(1,771,900)**	(1,623,347)	(1,132,915)	(1,949,785)
Debt retirement acceleration	**(8,300)**	-	-	-
Change in appropriations for self-insurance	**-**	-	-	-
Interest on bonds and other asset financing obligations	**(103,056)**	(69,570)	(81,601)	(66,461)
Repayment of asset financing obligations	**(188)**	(1,276)	6,669	(51,928)
Acceleration of unamortized brokerage commissions	**-**	-	-	-
Net increase/(decrease) in reserves	**(185,922)**	(195,725)	517,800	(587,420)
RESERVE BALANCES				
January 1	**4,161,922**	4,357,647	3,839,847	4,427,267
December 31	**3,976,000**	4,161,922	4,357,647	3,839,847
Reserve funds balances represented by:				
General Reserve	**2,297,475**	2,297,475	2,297,475	2,297,475
Consolidated Bond Reserve	**1,678,525**	1,864,447	2,060,172	1,542,372
Total	**$ 3,976,000**	$ 4,161,922	$ 4,357,647	$ 3,839,847
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)				
Consolidated Bonds and Notes	**$ 20,898,775**	$ 20,672,365	$ 20,429,565	$ 21,019,925
Fund for regional development buy-out obligation	**143,939**	184,230	221,393	253,732
MOTBY obligation	**51,032**	53,237	55,332	44,383
Amounts payable - Special Project Bonds	**1,245,835**	1,327,680	1,391,170	1,451,170
Variable rate master notes	**69,600**	77,900	77,900	77,900
Commercial paper obligations	**480,765**	464,615	388,315	425,760
Versatile structure obligations	**-**	-	-	-
Port Authority equipment notes	**-**	-	-	-
Tower 4 Liberty Bonds	**1,225,520**	1,225,520	1,225,520	1,225,520
Goethals Bridge Replacement Developer Financing Arrangement	**1,021,023**	934,198	744,401	430,800
Total financing obligations	**$ 25,136,489**	$ 24,939,745	$ 24,533,596	$ 24,929,190

* 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. Amounts 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.

	2014	2013	2012	2011	2010	2009
	$ 4,475,193	$ 4,184,039	$ 4,050,016	$ 3,800,480	$ 3,634,023	$ 3,552,243
	(2,923,254)	(2,596,268)	(2,589,447)	(2,564,969)	(2,598,557)	(2,438,670)
	-	-	-	-	53,051	202,978
	-	-	-	-	-	-
	53,530	28,229	(30,000)	-	-	-
	(23,734)	(25,908)	(27,956)	(29,580)	(46,561)	(55,058)
	1,581,735	1,590,092	1,402,613	1,205,931	1,041,956	1,261,493
	14,687	(2,964)	29,121	(53,270)	(900)	141,136
	565,444	540,746	565,976	499,516	367,810	392,471
	652,104	-	-	-	-	-
	221,156	175,421	110,015	215,645	207,122	205,164
	6,128	36,660	65,293	8,343	-	-
	-	-	17,962	57,340	61,468	266,676
	-	4,305	2,710	644	(102)	3,177
	3,041,254	2,344,260	2,193,690	1,934,149	1,677,354	2,270,117
	(635,262)	(556,824)	(539,436)	(480,623)	(436,622)	(427,384)
	4.79	4.21	4.07	4.02	3.84	5.31
	(226,205)	(204,000)	(169,770)	(140,390)	(178,095)	(147,370)
	3.53	3.08	3.09	3.11	2.73	3.95
	(1,473,432)	(1,059,756)	(691,079)	(742,001)	(1,375,008)	(1,522,096)
	-	-	(54,635)	(6,100)	-	-
	28,100	10,414	37,547	1,949	(3,971)	6,463
	(11,542)	(38,689)	(87,764)	(37,702)	(7,580)	(8,938)
	(105,562)	(15,701)	(16,514)	(20,258)	(30,062)	(13,525)
	-	(46,863)	-	-	-	-
	617,351	432,841	672,039	509,024	(353,984)	157,267
	3,809,916	3,377,075	2,705,036	2,196,012	2,549,996	2,392,729
	4,427,267	3,809,916	3,377,075	$ 2,705,036	$ 2,196,012	$ 2,549,996
	2,131,711	2,029,051	2,026,605	1,783,370	1,584,955	1,412,221
	2,295,556	1,780,865	1,350,470	921,666	611,057	1,137,775
	$ 4,427,267	$ 3,809,916	$ 3,377,075	$ 2,705,036	$ 2,196,012	$ 2,549,996
	$ 19,229,020	$ 18,212,063	$ 18,076,497	$ 15,550,039	$ 13,340,378	$ 12,284,449
	283,562	311,077	336,453	359,859	373,707	386,480
	48,254	52,329	78,060	105,141	138,396	-
	1,530,510	1,605,515	1,675,825	1,741,440	1,803,145	1,064,380
	77,900	77,900	77,900	77,900	77,900	90,990
	448,185	348,110	384,625	396,155	354,280	321,010
	-	-	-	-	175,200	250,900
	31,500	46,925	49,565	68,160	98,645	110,485
	1,225,520	1,225,520	1,225,520	1,225,520	-	-
	210,316	-	-	-	-	-
	$ 23,084,767	$ 21,879,439	$ 21,904,445	$ 19,524,214	$ 16,361,651	$ 14,508,694

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

	2018	2017 (Restated)	2016	2015
			(In thousands)	
Gross Operating Revenues:				
Tunnels, Bridges and Terminals	**$ 1,737,458**	$ 1,739,552	$ 1,742,028	$ 1,599,575
PATH	**203,800**	202,880	191,261	184,560
Port	**310,637**	295,651	300,569	270,263
Aviation	**2,762,279**	2,682,523	2,646,213	2,537,233
Development	**25,632**	24,967	25,956	26,561
World Trade Center	**303,995**	274,029	260,655	207,634
Other [a]	**207**	787	682	756
Total	**$ 5,344,008**	$ 5,220,389	$ 5,167,364	$ 4,826,582
Operating Expenses: [b]				
Tunnels, Bridges and Terminals	**$ 524,212**	$ 525,862	$ 509,529	$ 499,873
PATH	**447,552**	423,384	415,251	389,276
Port	**166,405**	160,495	167,724	175,976
Aviation	**1,754,801**	1,693,563	1,612,470	1,557,926
Development	**11,786**	12,399	10,853	13,659
World Trade Center	**333,848**	312,242	293,864	258,748
Other [c] [f]	**3,711**	(19,035)	3,396	5,194
Total	**$ 3,242,315**	$ 3,108,910	$ 3,013,087	$ 2,900,652
Capital Investment: [d]				
Tunnels, Bridges and Terminals	**$ 931,539**	$ 885,311	$ 1,179,307	$ 956,231
PATH (including WTC Transportation Hub)	**340,635**	274,429	454,031	268,428
Port	**146,153**	106,455	133,874	93,729
Aviation [g]	**989,693**	772,520	584,996	791,805
Development	**3,682**	893	1,569	2,110
World Trade Center	**314,472**	311,122	846,597	904,787
Other [e]	**39,547**	150,409	290	3,144
Total	**$ 2,765,720**	$ 2,501,139	$ 3,200,664	$ 3,020,234

[a] Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, and Regional Facilities and Programs.

[b] Amounts include all direct and allocated operating expenses.

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

[d] Capital investment includes contributed capital amounts and write-offs related to capital construction.

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

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

[g] Excludes landlord leasehold capital improvements related to LGA Terminal B of $289 million in 2018 and $163 million in 2017, respectively.

2014	2013	2012	2011	2010	2009
$ 1,447,896	$ 1,369,559	$ 1,258,125	$ 1,078,977	$ 1,009,891	$ 1,009,313
168,668	150,604	134,382	121,102	109,704	106,063
248,443	262,526	249,609	236,461	223,095	205,861
2,479,106	2,321,300	2,276,018	2,221,157	2,124,955	2,043,091
51,077	29,492	87,521	100,800	89,457	98,603
85,942	50,087	44,107	41,816	76,704	89,189
680	471	254	167	217	123
$ 4,481,812	$ 4,184,039	$ 4,050,016	$ 3,800,480	$ 3,634,023	$ 3,552,243
$ 510,383	$ 493,429	$ 468,263	$ 460,960	$ 437,775	$ 436,796
401,273	338,926	329,663	322,133	385,686	300,874
172,545	176,459	190,043	185,053	163,424	127,240
1,623,190	1,466,692	1,410,070	1,385,582	1,317,749	1,306,078
15,737	15,497	79,620	82,637	77,200	85,246
192,789	94,312	76,149	106,277	116,797	158,348
7,337	10,953	35,639	22,327	99,926	24,088
$ 2,923,254	$ 2,596,268	$ 2,589,447	$ 2,564,969	$ 2,598,557	$ 2,438,670
$ 961,854	$ 413,946	$ 233,637	$ 168,759	$ 149,803	$ 175,392
512,415	559,104	743,136	720,797	752,486	741,002
210,496	180,760	184,750	228,747	302,858	174,459
715,456	468,319	351,535	243,995	518,545	658,292
1,977	527	140	(26,556)	29,297	23,237
1,674,030	1,373,328	1,802,009	2,087,741	1,091,464	903,220
3,822	3,221	6,767	9,464	133,229	44,953
$ 4,080,050	$ 2,999,205	$ 3,321,974	$ 3,432,947	$ 2,977,682	$ 2,720,555

Schedule E - Information on Port Authority Operations

	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	2017 (Restated) Increase/ (Decrease) in Net Position
	Year ended December 31, 2018 (In thousands)							
INTERSTATE TRANSPORTATION NETWORK								
George Washington Bridge & Bus Station	$ 797,617	$ 127,517	$ 46,220	623,880	$ 27,081	$ -	**$ 596,799**	$ 597,928
Holland Tunnel	192,379	84,022	20,208	88,149	11,374	2,965	**79,740**	85,853
Lincoln Tunnel	267,236	108,737	68,864	89,635	48,148	667	**42,154**	51,370
Bayonne Bridge	32,217	15,981	20,372	(4,136)	36,168	-	**(40,304)**	(55,587)
Goethals Bridge	224,673	29,697	30,510	164,466	61,004	-	**103,462**	162,564
Outerbridge Crossing	175,863	32,480	5,240	138,143	2,082	-	**136,061**	146,552
Port Authority Bus Terminal	47,473	125,778	27,261	(105,566)	12,163	-	**(117,729)**	(117,520)
Subtotal - Tunnels, Bridges & Terminals	1,737,458	524,212	218,675	994,571	198,020	3,632	**800,183**	871,160
PATH	198,417	423,135	135,537	(360,255)	181,226	44,905	**(496,576)**	(491,945)
WTC Transportation Hub	-	11,958	74,211	(86,169)	-	(1,458)	**(87,627)**	6,274
Journal Square Transportation Center	5,383	12,459	5,652	(12,728)	2,413	-	**(15,141)**	(19,824)
Subtotal - PATH	203,800	447,552	215,400	(459,152)	183,639	43,447	**(599,344)**	(505,495)
Ferry Transportation	207	489	5,289	(5,571)	3,424	-	**(8,995)**	(9,599)
Access to the Regions Core (ARC)	-	2,137	10,115	(12,252)	1,731	-	**(13,983)**	(14,355)
Moynihan Station Transportation Program	-	20	9,372	(9,392)	4,142	-	**(13,534)**	(2,317)
Gateway Early Work Program	-	-	-	-	-	-	**-**	-
Total Interstate Transportation Network	1,941,465	974,410	458,851	508,204	390,956	47,079	**164,327**	339,394
AVIATION								
LaGuardia [(c)]	385,036	339,712	98,051	(52,727)	35,729	73,919	**(14,537)**	3,883
JFK International [(c)]	1,304,661	810,456	206,413	287,792	68,079	146,377	**366,090**	377,887
Newark Liberty International [(c)]	1,010,284	544,624	149,413	316,247	49,906	113,193	**379,534**	304,216
Teterboro	50,009	31,414	14,528	4,067	6,362	2,009	**(286)**	(4,464)
New York Stewart International [(c)]	12,289	28,595	9,278	(25,584)	2,100	1,694	**(25,990)**	(25,972)
Total Aviation	2,762,279	1,754,801	477,683	529,795	162,176	337,192	**704,811**	655,550
PORT								
Port Newark	92,910	86,474	33,220	(26,784)	23,254	48	**(49,990)**	(50,482)
Elizabeth Port Authority Marine Terminal	162,381	21,796	32,123	108,462	31,323	-	**77,139**	54,751
Brooklyn Port Authority Marine Terminal	7,726	9,305	1,816	(3,395)	1,033	314	**(4,114)**	(10,047)
└Red Hook Terminal	1,231	5,992	62	(4,823)	-	-	**(4,823)**	(3,748)
Howland Hook Marine Terminal	15,768	12,626	16,442	(13,300)	11,128	2,037	**(22,391)**	(23,545)
Greenville Yard Port Authority Marine Terminal	896	33	-	863	-	-	**863**	887
└NYNJ Rail LLC	5,481	6,657	490	(1,666)	263	22,067	**20,138**	14,144
Port Jersey - Port Authority Marine Terminal	24,244	23,522	7,696	(6,974)	(2,550)	1,009	**(3,415)**	(9,106)
Total Port	310,637	166,405	91,849	52,383	64,451	25,475	**13,407**	(27,146)
DEVELOPMENT								
Essex County Resource Recovery Facility	17	11	1	5	244	-	**(239)**	(494)
Industrial Park at Elizabeth	1,215	20	254	941	210	-	**731**	683
Bathgate Industrial Park	3,916	1,994	1,147	775	63	-	**712**	739
Teleport	11,080	9,276	2,495	(691)	(118)	-	**(573)**	39
Newark Legal & Communications Center	7	33	-	(26)	-	-	**(26)**	(43)
Queens West Waterfront Development	1,342	-	605	737	1,177	-	**(440)**	(593)
Hoboken South Waterfront Development	8,055	452	2,534	5,069	2,043	-	**3,026**	2,684
Total Development	25,632	11,786	7,036	6,810	3,619	-	**3,191**	3,015
WORLD TRADE CENTER								
WTC Campus	3,295	147,670	86,217	(230,592)	(357)	48,000	**(182,235)**	(216,623)
One World Trade Center	207,148	119,976	97,047	(9,875)	122,430	-	**(132,305)**	(164,194)
WTC Towers 2, 3 & 4	46,801	38,347	68,988	(60,534)	-	63,557	**3,023**	(12,073)
WTC Tower 7	23,513	19,849	-	3,664	-	-	**3,664**	2,096
WTC Retail	23,238	8,006	41,612	(26,380)	2,706	17,317	**(11,769)**	(25,970)
Total World Trade Center	303,995	333,848	293,864	(323,717)	124,779	128,874	**(319,622)**	(416,764)
Port Authority Insurance Captive Entity, LLC	-	597	-	(597)	(3,980)	-	**3,383**	3,823
Regional Facilities and Programs	-	468	41,874	(42,342)	18,817	-	**(61,159)**	(70,042)
Net Revenues related to Superstorm Sandy	-	-	-	-	-	-	**-**	18,323
Change in accounting principle [(d)]	-	-	-	-	-	-	**-**	24,008
Total Port Authority	$ 5,344,008	$ 3,242,315	$ 1,371,157	$ 730,536	$ 760,818	$ 538,620	**$ 508,338**	**$ 530,161**

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

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

[(c)] Facility amounts include Passenger Facility Charge activities.

[(d)] Represents the 2017 Net Position impact related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Schedule F - Information on Capital Investment in Port Authority Facilities

	Facilities, net Dec. 31, 2017	Capital Investment (a)	Depreciation	Dispositions	Facilities, net Dec. 31, 2018
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,077,182	$ 183,397	$ 46,220	$ -	$ 1,214,359
Holland Tunnel	434,053	53,573	20,208	-	467,418
Lincoln Tunnel	1,402,783	238,797	68,864	-	1,572,716
Bayonne Bridge	1,346,325	221,016	20,372	-	1,546,969
Goethals Bridge	1,411,514	145,940	30,510	-	1,526,944
Outerbridge Crossing	86,404	15,452	5,240	-	96,616
Port Authority Bus Terminal	494,211	73,364	27,261	-	540,314
Subtotal - Tunnels, Bridges & Terminals	6,252,472	931,539	218,675	-	6,965,336
PATH	2,588,398	315,046	135,537	-	2,767,907
WTC Transportation HUB	3,515,405	24,836	74,211	-	3,466,030
Journal Square Transportation Center	68,860	753	5,652	-	63,961
Subtotal - PATH	6,172,663	340,635	215,400	-	6,297,898
Ferry Transportation	96,735	1,737	5,289	-	93,183
Access to the Region's Core (ARC)	58,043	-	10,115	-	47,928
Moynihan Station Transportation Program	148,500	-	9,372		139,128
Gateway Early Work Program	-	37,810	-		37,810
Total Interstate Transportation Network	12,728,413	1,311,721	458,851	-	13,581,283
AVIATION (b)					
LaGuardia (e)	2,100,205	369,568	98,052	-	2,371,721
JFK International	3,609,209	128,582	206,413	-	3,531,378
Newark Liberty International	2,350,684	479,094	149,412	-	2,680,366
Teterboro	216,971	11,723	14,528	-	214,166
New York Stewart International	157,945	726	9,278	-	149,393
Total Aviation	8,435,014	989,693	477,683	-	8,947,024
PORT					
Port Newark	818,815	22,104	33,220	-	807,699
Elizabeth Port Authority Marine Terminal	992,110	10,409	32,123	-	970,396
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	62,737	12,610	1,878	-	73,469
Howland Hook Marine Terminal	475,038	6,719	16,442	-	465,315
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	102,630	38,454	490	-	140,594
Port Jersey-Port Authority Marine Terminal	416,040	55,857	7,696	-	464,201
Total Port	2,867,370	146,153	91,849	-	2,921,674
DEVELOPMENT					
Essex County Resource Recovery Facility	5,806	-	1	-	5,805
Industrial Park at Elizabeth	5,541	-	254	-	5,287
Bathgate Industrial Park	1,563	2,943	1,147	-	3,359
Teleport	9,919	739	2,495	-	8,163
Queens West Waterfront Development	84,801	-	605	-	84,196
Hoboken South Waterfront Development	63,675	-	2,534	-	61,141
Total Development	171,305	3,682	7,036	-	167,951
WORLD TRADE CENTER					
WTC Campus (c)	3,816,034	142,089	86,217	-	3,871,906
One World Trade Center	3,364,361	60,497	97,047	-	3,327,811
WTC Towers 2, 3 & 4 (d)	2,878,767	40,043	68,988	-	2,849,822
WTC Retail	1,702,312	71,843	41,612	-	1,732,543
Total World Trade Center	11,761,474	314,472	293,864	-	11,782,082
FACILITIES, net	$ 35,963,576	$ 2,765,720	$ 1,329,283	$ -	$ 37,400,013
REGIONAL FACILITIES & PROGRAMS	$ 172,060	$ -	$ 41,874	$ -	$ 130,186

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

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

(c) Capital investment includes site infrastructure primarily related to the WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

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

(e) Excludes landlord leasehold capital improvements related to LGA Terminal B of $289 million.

Schedule G - Port Authority Facility Traffic (Unaudited)*

		2018	2017	2016	2015
TUNNELS AND BRIDGES (Eastbound Traffic)	**AUTOMOBILES**				
	George Washington Bridge	47,264,000	47,594,000	47,497,000	46,361,000
	Lincoln Tunnel	15,742,000	15,841,000	15,993,000	15,706,000
	Holland Tunnel	14,460,000	14,247,000	14,727,000	14,763,000
	Staten Island Bridges	32,373,000	31,430,000	30,303,000	28,883,000
	Subtotal Automobiles	109,839,000	109,112,000	108,520,000	105,713,000
	BUSES				
	George Washington Bridge	448,000	442,000	440,000	429,000
	Lincoln Tunnel	2,170,000	2,161,000	2,164,000	2,165,000
	Holland Tunnel	168,000	179,000	191,000	199,000
	Staten Island Bridges	186,000	180,000	177,000	176,000
	Subtotal Buses	2,972,000	2,962,000	2,972,000	2,969,000
	TRUCKS				
	George Washington Bridge	3,792,000	3,684,000	3,692,000	3,666,000
	Lincoln Tunnel	1,048,000	1,037,000	1,055,000	1,061,000
	Holland Tunnel	443,000	446,000	447,000	447,000
	Staten Island Bridges	2,163,000	2,153,000	2,085,000	2,091,000
	Subtotal Trucks	7,446,000	7,320,000	7,279,000	7,265,000
	TOTAL VEHICLES				
	George Washington Bridge	51,504,000	51,720,000	51,629,000	50,456,000
	Lincoln Tunnel	18,960,000	19,039,000	19,212,000	18,932,000
	Holland Tunnel	15,071,000	14,872,000	15,365,000	15,409,000
	Staten Island Bridges	34,722,000	33,763,000	32,565,000	31,150,000
	Subtotal Vehicles	120,257,000	119,394,000	118,771,000	115,947,000
PATH	Total passengers	81,733,402	82,812,915	78,553,560	76,541,453
	Passenger weekday average	280,860	283,719	269,081	258,425
MARINE TERMINALS	General cargo [(a)] (Metric tons)	37,577,000	35,450,000	32,556,203	36,781,069
	Containers (in twenty foot equivalent units)	7,179,788	6,710,817	6,251,953	6,371,720
	International waterborne vehicles	573,035	577,223	505,150	477,170
	Waterborne bulk commodities (in metric tons)	3,686,686	3,975,000	3,212,603	5,050,519
	CONTAINERS				
	New Jersey Marine Terminals	3,828,434	3,599,514	3,416,144	3,427,226
	New York Marine Terminals	267,020	246,910	186,364	236,787
	Subtotal Containers	4,095,454	3,846,424	3,602,508	3,664,013
BUS TERMINALS	**PASSENGERS**				
	Port Authority Bus Terminal	76,400,000	76,400,000	75,800,000	74,500,000
	George Washington Bridge Bus Station	4,930,000	5,000,000	5,000,000	4,900,000
	PATH Journal Square Transportation Center Bus Station	11,999,000	11,972,500	11,966,000	11,940,000
	Subtotal Passengers	93,329,000	93,372,500	92,766,000	91,340,000
	BUS MOVEMENTS				
	Port Authority Bus Terminal	2,410,000	2,400,000	2,380,000	2,350,000
	George Washington Bridge Bus Station	341,000	343,000	345,000	340,000
	PATH Journal Square Transportation Center Bus Station	959,920	957,800	957,280	957,120
	Subtotal Bus Movements	3,710,920	3,700,800	3,682,280	3,647,120
AVIATION	**PLANE MOVEMENTS**				
	John F. Kennedy International Airport	455,542	448,366	448,753	439,298
	LaGuardia Airport	372,025	369,152	369,987	358,609
	Newark Liberty International Airport	458,674	438,578	431,594	413,873
	New York Stewart International Airport	32,542	34,787	37,295	37,834
	Subtotal Plane Movements	1,318,783	1,290,883	1,287,629	1,249,614
	DOMESTIC PASSENGERS				
	John F. Kennedy International Airport	28,117,337	26,961,081	27,245,463	26,806,854
	LaGuardia Airport	27,869,644	27,474,292	27,996,763	26,684,923
	Newark Liberty International Airport	31,923,876	30,330,568	27,995,353	25,693,128
	New York Stewart International Airport	366,130	307,621	275,421	281,754
	Subtotal Domestic Passengers	88,276,987	85,073,562	83,513,000	79,466,659
	INTERNATIONAL PASSENGERS				
	John F. Kennedy International Airport	33,506,419	32,518,263	31,693,184	30,079,898
	LaGuardia Airport	2,224,430	2,087,936	1,790,006	1,752,745
	Newark Liberty International Airport	14,141,299	12,891,846	12,324,428	11,805,317
	New York Stewart International Airport	324,281	141,077	-	-
	Subtotal International Passengers	50,196,429	47,639,122	45,807,618	43,637,960
	TOTAL PASSENGERS				
	John F. Kennedy International Airport	61,623,756	59,479,344	58,938,647	56,886,752
	LaGuardia Airport	30,094,074	29,562,228	29,786,769	28,437,668
	Newark Liberty International Airport	46,065,175	43,222,414	40,319,781	37,498,445
	New York Stewart International Airport	690,411	448,698	275,421	281,754
	Subtotal Passengers	138,473,416	132,712,684	129,320,618	123,104,619
	CARGO-TONS				
	John F. Kennedy International Airport	1,431,090	1,394,509	1,311,191	1,332,091
	LaGuardia Airport	5,996	6,878	7,586	7,721
	Newark Liberty International Airport	847,935	822,589	746,770	405,214
	New York Stewart International Airport	22,808	20,834	18,729	15,144
	Subtotal Cargo-tons	2,307,829	2,244,810	2,084,276	1,760,170
	Revenue mail-tons	154,377	153,733	140,418	126,026

* Certain 2018 and 2017 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.

2014	2013	2012	2011	2010	2009
45,136,000	45,364,000	45,042,000	46,116,000	46,954,000	47,686,000
15,597,000	15,580,000	15,909,000	16,644,000	17,034,000	16,879,000
14,915,000	15,511,000	15,489,000	15,968,000	16,460,000	16,269,000
28,317,000	28,997,000	29,455,000	29,700,000	30,034,000	29,921,000
103,965,000	105,452,000	105,895,000	108,428,000	110,482,000	110,755,000
426,000	429,000	430,000	487,000	514,000	520,000
2,151,000	2,128,000	2,106,000	2,156,000	2,139,000	2,128,000
209,000	220,000	234,000	268,000	265,000	254,000
172,000	171,000	187,000	200,000	204,000	217,000
2,958,000	2,948,000	2,957,000	3,111,000	3,122,000	3,119,000
3,475,000	3,609,000	3,639,000	3,794,000	3,763,000	3,920,000
1,043,000	1,038,000	1,000,000	1,029,000	1,041,000	1,241,000
446,000	427,000	395,000	354,000	312,000	86,000
2,131,000	2,214,000	2,367,000	2,434,000	2,486,000	2,379,000
7,095,000	7,288,000	7,401,000	7,611,000	7,602,000	7,626,000
49,037,000	49,402,000	49,111,000	50,397,000	51,231,000	52,126,000
18,791,000	18,746,000	19,015,000	19,829,000	20,214,000	20,248,000
15,570,000	16,158,000	16,118,000	16,590,000	17,037,000	16,609,000
30,620,000	31,382,000	32,009,000	32,334,000	32,724,000	32,517,000
114,018,000	115,688,000	116,253,000	119,150,000	121,206,000	121,500,000
73,679,425	72,748,729	72,563,052	76,555,644	73,911,000	72,277,000
250,071	244,484	241,725	256,186	246,890	243,413
35,370,355	34,059,540	34,322,209	33,896,217	32,170,041	28,240,770
5,772,303	5,467,347	5,529,908	5,503,485	5,292,020	4,561,527
393,391	452,778	426,943	387,656	493,245	440,463
5,042,690	3,732,292	3,240,189	3,885,614	3,192,132	4,605,609
3,098,049	2,895,769	2,782,059	2,652,744	2,500,503	2,156,961
244,237	274,066	428,750	544,272	575,892	495,248
3,342,286	3,169,835	3,210,809	3,197,016	3,076,395	2,652,209
66,000,000	65,000,000	65,000,000	64,550,000	63,585,000	64,585,000
4,700,000	4,750,000	4,700,000	4,605,000	4,510,000	4,425,000
11,751,500	11,747,500	11,732,600	7,248,160	7,282,900	6,758,800
82,451,500	81,497,500	81,432,600	76,403,160	75,377,900	75,768,800
2,320,000	2,288,000	2,255,000	2,263,500	2,220,000	2,240,000
337,000	335,000	327,000	307,000	300,000	295,000
940,120	939,800	938,608	814,400	818,300	850,800
3,597,120	3,562,800	3,520,608	3,384,900	3,338,300	3,385,800
423,421	406,181	401,728	408,730	396,912	415,044
360,834	370,861	369,989	365,870	361,616	354,008
396,386	413,774	414,127	410,024	409,321	412,041
36,881	38,905	42,123	46,530	47,032	44,571
1,217,522	1,229,721	1,227,967	1,231,154	1,214,881	1,225,664
25,021,432	23,913,096	24,217,083	23,757,976	23,404,277	24,021,233
25,157,202	24,953,572	24,274,029	23,086,756	22,950,115	22,153,236
23,762,627	23,716,837	22,836,683	22,189,669	21,716,886	22,782,126
309,357	320,682	364,848	412,053	395,244	390,065
74,250,618	72,904,187	71,692,643	69,446,454	68,466,522	69,346,660
28,198,994	26,541,183	25,057,093	23,886,084	23,109,877	21,856,709
1,814,893	1,727,528	1,433,755	1,035,722	1,032,967	1,010,223
11,848,060	11,299,399	11,147,344	11,509,823	11,477,304	10,646,771
-	-	-	1,601.00	-	-
41,861,947	39,568,110	37,638,192	36,433,230	35,620,148	33,513,703
53,220,426	50,454,279	49,274,176	47,644,060	46,514,154	45,877,942
26,972,095	26,681,100	25,707,784	24,122,478	23,983,082	23,163,459
35,610,687	35,016,236	33,984,027	33,699,492	33,194,190	33,428,897
309,357	320,682	364,848	413,654	395,244	390,065
116,112,565	112,472,297	109,330,835	105,879,684	104,086,670	102,860,363
1,343,855	1,321,035	1,319,226	1,382,949	1,392,866	1,156,040
7,140	6,720	7,009	7,390	7,516	6,712
666,840	663,155	742,898	812,341	860,970	761,920
15,227	17,490	18,781	16,263	12,934	10,755
2,033,062	2,008,400	2,087,914	2,218,943	2,274,286	1,935,427
112,524	158,778	174,242	184,696	185,681	204,511