



2023 FINANCIAL STATEMENTS & APPENDED NOTES

For the Year Ended December 31, 2023

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**CERTIFICATE WITH RESPECT TO
2023 FINANCIAL STATEMENTS**

We, the undersigned officers of The Port Authority of New York and New Jersey, hereby certify, in connection with the release of the financial statements of The Port Authority of New York and New Jersey (the “Authority”) and its component units for the years ended December 31, 2023 and December 31, 2022 (the “Financial Statements”) that **(a)** to the best of our knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the Financial Statements are accurate in all material respects and reported in a manner designed to present fairly the Authority’s enterprise fund and fiduciary fund Net position, Changes in Net position, and Cash flows, in conformity with United States of America generally accepted accounting principles (“U.S. GAAP”); and **(b)** on the basis that the cost of internal controls should not outweigh their benefits, the Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in conformity with U.S. GAAP.

Dated: New York, New York
March 6, 2024

R. Cotton

Richard Cotton
Executive Director

Elizabeth M. McCarthy

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Port Authority, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust), which represents 100% of the fiduciary activities as of and for the years ended December 31, 2023 and 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Trust, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under the heading Required Supplementary Information within the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits for the years ended December 31, 2023 and 2022 were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Authority's basic financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the table of contents, for the years ended December 31, 2023 and 2022 is presented for purposes of additional analysis and is not a



required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information included in Schedules D-1, D-2, D-3, E and F is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the years ended December 31, 2023 and 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the Port Authority as of and for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 (not presented herein), and have issued our reports thereon dated March 2, 2022, March 3, 2021, March 4, 2020, March 6, 2019, March 20, 2018, March 1, 2017, March 7, 2016, and March 13, 2015, respectively, which contained unmodified opinions on the respective basic financial statements. The supplementary information included in Schedules D-1, D-2, and D-3, as listed in the table of contents, for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, basic financial statements, as applicable. The information was subjected to the audit procedures applied in the audit of the 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information included in Schedules D-1, D-2, and D-3, related to the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, as applicable.

Other Information

Our audits were conducted for purposes of forming opinions on the basic financial statements as a whole. The supplementary information included in Schedule G, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or any form of assurance thereon.

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

Opinion

We have audited the accompanying Schedules A, B, and C of the Port Authority, which present the assets and liabilities as of December 31, 2023 and revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolution.

In our opinion, the accompanying Schedules A, B, and C referred to above present fairly, in all material respects, the assets and liabilities of the Port Authority as of December 31, 2023, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors'



Responsibilities for the Audit of Schedules A, B, and C section of our report. We are required to be independent of the Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

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

Responsibilities of Management for Schedules A, B, and C

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

Auditors' Responsibilities for the Audit of Schedules A, B, and C

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

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



Report on Summarized Comparative Information

We have previously audited the Port Authority's December 31, 2022 Schedules A, B, and C prepared in accordance with the requirements of the Port Authority's bond resolutions, and we expressed an unmodified audit opinion on those audited Schedules A, B, and C in our report dated March 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited Schedules A, B, and C from which they have been derived.

Restriction on Use

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

KPMG LLP

March 6, 2024

Introduction

The following discussion and analysis of business-type and fiduciary activities of The Port Authority of New York and New Jersey (the “Port Authority”) and its component units described herein (see *Note A.1 – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the enterprise fund and fiduciary fund financial statements (“the financial statements”) of the Port Authority for the year ended December 31, 2023, with selected comparative information for the years ended December 31, 2022 and December 31, 2021. This section has been prepared by management of the Port Authority and should be read in conjunction with the financial statements and appended note disclosures that follow the Management’s Discussion and Analysis section of this report.

Impacts from the COVID-19 Pandemic

Activity Volume

Beginning in March 2020, Port Authority facilities experienced a significant reduction in use in response to perceived safety concerns and state and local regulation of transportation facilities to attempt to limit the spread of the disease. Since the nadir of activity volumes in April 2020, the Port Authority has seen activity volumes rising across its facilities. With the exception of the Port Authority Trans-Hudson Corporation (“PATH”) transit system, activity volumes at the airports, bridges and tunnels, and marine ports have now exceeded 2019 volumes, with the airports reaching new activity records in 2023. Activity levels on the PATH transit system continue to recover more slowly and were 61% of 2019 passenger activity levels. Due to work from home trends exacerbated during the COVID-19 pandemic, the Port Authority now believes that PATH passenger activity is likely to recover to 2019 levels much more gradually. The table below provides a comparison of the total use of its airports, its bridges and tunnels, its PATH transit system, and its cargo shipping activity for the years of 2023, 2022 and 2019.

Unaudited Annual Activity Volumes					
(In thousands)	2023*	2022	2019	2023 Volumes as % of 2022 Volumes	2023 Volumes as % of 2019 Volumes
Total Passengers, Aviation	144,188	128,245	140,498	112.4%	102.6%
Total Vehicles, Bridges and Tunnels	122,628	120,717	122,228	101.6%	100.3%
Total Passengers, PATH	50,468	42,582	82,220	118.5%	61.4%
Total Cargo Containers (TEU), Marine Terminals	7,810	9,494	7,471	82.3%	104.5%

* 2023 facility activity information contains estimated data based on available information and is subject to revision.

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

Financial Position

Revenues

The Port Authority experienced a reduction in Gross Operating Revenue and Passenger Facility Charge (“PFC”) collections compared to pre-COVID-19 pandemic projections of \$3 billion for the twenty-four month period of March 2020 through March 2022, matching revised projections first developed in mid-2020. Gross Operating Revenues for the year ended December 31, 2023 of \$6.6 billion are higher than in 2019 due to the activity recovery noted above as well as increased toll and fare rates and new leasing rentals related to airport redevelopment, but remain impacted by the slow recovery of PATH passenger activity.

Capital Program

During the COVID-19 pandemic, the Port Authority conducted an evaluation of the extent to which and how the 2017-2026 Capital Plan should be modified to guide future capital spending given the adverse impacts of the COVID-19 pandemic on the agency’s cash flow and capital capacity and is continuing to do so. Revenues lost during the COVID-19 pandemic cannot be recouped even after activity volume has recovered to pre-COVID-19 pandemic levels. Therefore, this effort is ongoing and includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects and the timing thereof.

For the three-year period covering 2021 - 2023, annual capital spending totaled approximately \$1.9 billion in 2023 and 2022 and, \$2.0 billion in 2021, which is well below what the agency was forecasting for that period prior to the onset of the COVID-19 pandemic.

Federal Support

The Port Authority’s airports were provided approximately \$433 million to be utilized over a four-year period under the airport funding provision contained in the America Rescue Plan Act (“ARPA”) allocated to eligible U.S. airports in March 2021 for eligible operating and development costs, in addition to approximately \$60 million attributable to financial relief to airport concessionaires. As of December 31, 2023, the Port Authority has drawn down approximately \$317 million of its \$433 million allocation, of which approximately \$99 million was credited to airlines operating under cost recovery agreements. The remaining funds are expected to be drawn down through 2024.

Management's Discussion and Analysis (Unaudited)
(continued)

**The Port Authority of New York and New Jersey Enterprise Fund Financial Statements Comparison
for the Years Ended December 31, 2023, December 31, 2022 and December 31, 2021**

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

The Statements of Net Position present the financial position of the Port Authority at the end of the fiscal year and include all Port Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as applicable. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A summarized comparison of the Port Authority's enterprise fund Statements of Net Position follows:

	2023	2022 (Restated)	2021 (Restated)
		(In thousands)	
ASSETS			
Current assets ¹	\$ 3,380,465	\$ 3,443,302	\$ 2,589,251
Noncurrent assets:			
Facilities, net	40,444,205	40,276,773	40,168,584
LaGuardia Terminal B landlord leasehold investment	1,147,922	1,135,986	1,034,390
Other noncurrent assets ^{1,2}	17,474,322	16,686,194	16,597,868
Total assets	62,446,914	61,542,255	60,390,093
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	51,578	49,769	57,497
Pension related amounts	517,098	774,172	1,059,884
OPEB related amounts	975,122	844,222	139,346
Total deferred outflows of resources	1,543,798	1,668,163	1,256,727
LIABILITIES			
Current liabilities ^{1,2}	2,580,205	4,081,460	3,041,087
Noncurrent liabilities:			
Bonds and other asset financing obligations	27,573,527	26,311,943	26,647,422
Other noncurrent liabilities ^{1,2}	11,451,698	10,417,713	9,404,464
Total liabilities	41,605,430	40,811,116	39,092,973
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	195,067	118,757	103,875
Pension related amounts	70,838	870,614	996,876
OPEB related amounts	110,034	197,735	477,044
Leases, as lessor ¹	5,347,802	5,158,110	5,354,698
Total deferred inflows of resources	5,723,741	6,345,216	6,932,493
NET POSITION			
Net investment in capital assets	15,128,051	14,942,315	15,406,620
Restricted	719,624	851,723	606,816
Unrestricted ^{1,2}	813,866	260,048	(392,082)
Net position, December 31st	\$ 16,661,541	\$ 16,054,086	\$ 15,621,354

1 In accordance with GASB Statement No. 87 "Leases" ("GASB Statement No. 87"), as described in Note A.3.p, "Nature of the Organization and Summary of Significant Accounting Policies", the cumulative impact of adopting GASB Statement No. 87 has been incorporated as a restatement to the Port Authority's 2021 Statement of Net Position.

2 In accordance with GASB Statement No. 96 "Subscription-Based Information Technology Arrangements" ("GASB Statement No. 96"), 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. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Net Position.

2023 vs. 2022

Port Authority assets totaled \$62.4 billion at December 31, 2023, an increase of \$905 million from December 31, 2022. This overall increase was primarily a result of:

Facilities, net of \$40.4 billion increased \$167 million from December 31, 2022 due to continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation and the write off of previously capitalized planning and design costs related to certain capital projects that will not be constructed as originally planned. For additional information related to capital investment by facility and business segment, see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts (excluding lease receivables) of \$1.5 billion increased \$120 million from December 31, 2022 primarily due to: **a.)** an increase in percentage rents due from tenants at John F. Kennedy International ("JFK") Airport; **b.)** an increase in flight fees due the Port Authority due to timing differences related to the receipt of aviation fees due from the airlines; and, **c.)** an increase in E-ZPass® tolls due from other tolling agencies. These increases were partially offset by: **d.)** the recovery of previously deferred 2020 aviation fees as a result of COVID-19; and, **e.)** the receipt of Federal Transit Administration ("FTA") funding for PATH Superstorm Sandy restoration and resiliency capital projects.

Lease assets, (as lessee) of \$6.9 billion related to lease financings containing fixed rents payable by the Port Authority and subject to GASB Statement No. 87 decreased \$162 million primarily due to the continued amortization of long-term leases with the Cities of New York and Newark for the leasing of municipal air and marine terminals. Lease assets are amortized on a straight-line basis over the term of the lease agreement. For additional information related to lease assets, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

Lease receivables, (as lessor) of \$4.8 billion related to lease financings containing fixed rent payments due the Port Authority and subject to GASB Statement No. 87 increased \$266 million from December 31, 2022, primarily due to the execution of new and amended unregulated leases at One World Trade Center ("WTC"), Newark Liberty International ("EWR") and JFK Airports. These increases were partially offset by the application of amortization from rent payments received from tenants at One WTC and the WTC Tower 3 and 4 net lessees. For additional information related to lease receivables, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

Cash and Investment balances of \$5.4 billion increased \$480 million from December 31, 2022, primarily due to increased cash generated from net operating revenues activities, partially offset by a decrease in consolidated bond proceeds available for construction and unapplied PFCs.

Cash flows from operations of \$2.9 billion increased \$114 million when compared to the same twelve-month period of 2022 primarily due to increases in tolls and fares, activity-based rentals, aviation fees and public parking at aviation facilities, partially offset by the resumption of funding current year benefit payments for other postemployment benefits ("OPEB") from available operating funds in January 2023 and increased payments to third-party suppliers for operational and maintenance support services.

Management's Discussion and Analysis (Unaudited)
(continued)

Port Authority liabilities totaled \$41.6 billion at December 31, 2023, an increase of \$794 million from December 31, 2022. This increase was primarily due to:

Bonds and other asset financing obligations of \$29.4 billion, including amounts payable associated with Tower 4 Liberty Bonds decreased \$301 million from December 31, 2022, primarily due to the scheduled retirement and refunding of outstanding Consolidated Bonds and Consolidated Notes of \$2.5 billion. Partially offsetting this decrease were increases related to the issuance of \$478 million of Consolidated Bonds for purposes of funding capital expenditures and \$1.7 billion of Consolidated Bonds for purposes of refunding certain callable bonds to lower future debt service payments and the retirement of Consolidated Notes.

Lease liabilities (as lessee) of \$6.4 billion for lease financings containing fixed rent payables to third-parties and subject to GASB Statement No. 87 decreased \$73 million from December 31, 2022, primarily due to the application of amortization from rent payments paid to the Cities of New York and Newark for the leasing of municipal air and marine terminals. For additional information related to lease liabilities, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

Accrued pension and other postemployment benefits ("OPEB") of \$3.5 billion increased \$1.1 billion primarily due to an increase in the Port Authority's actuarially determined net OPEB liability due to changes in certain actuarial assumptions and an increase in the Port Authority's proportionate share of the actuarially determined New York State and Local Retirement System ("NYSLRS") Net Pension Liability ("NPL") resulting from losses on NYSLRS plan investments in excess of their expected rate of return, measured at March 31, 2023.

Accounts payable of \$930 million increased \$16 million from December 31, 2022 primarily due to higher capital construction accruals related to aviation capital construction projects and third-party operations and maintenance support contracts at Port Authority facilities.

Accrued payroll and other employee benefits of \$203 million decreased \$52 million from December 31, 2022 primarily due to the payment of retro-active wage increases to represented Port Authority and PATH employees stipulated under amended labor agreements.

Accrued interest and other current liabilities of \$804 million increased \$79 million from December 31, 2022 primarily due to the timing of payables for: *a.)* insurance premium payments; *b.)* percentage rent payments due to the cities of New York and Newark; *c.)* payments due aviation concessionaires for rent relief authorized under the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSSA") federal funding; and, *d.)* electronic tolls due other tolling agencies.

Deferred outflows of resources totaled \$1.5 billion at December 31, 2023, a decrease of \$124 million from December 31, 2022. This net decrease was primarily due to the amortization of previously recognized deferred outflows resulting from changes in actuarial assumptions used in the actuarial valuation of the Port Authority's proportionate share of the NYSLRS NPL. These decreases were partially offset by an increase in 2023 deferred outflows resulting from changes in actuarial assumptions utilized in the actuarial valuation of the Port Authority's net OPEB liability. Deferred outflows of resources related to pensions and OPEB are amortized on a straight-line basis as an increase to pension and OPEB expense over a closed period of time.

Deferred inflows of resources totaled \$5.7 billion at December 31, 2023, a net decrease of \$621 million from December 31, 2022. This net decrease resulted from the amortization of previously recognized deferrals related to gains on NYSLRS and OPEB plan investments in excess of their expected rate of return and the

Management's Discussion and Analysis (Unaudited)
(continued)

scheduled amortization of lease financings containing fixed rents due the Port Authority, as lessor and subject to GASB Statement No. 87.

Deferred inflows of resources related to pensions and OPEB are amortized on a straight-line basis as a reduction to pension and OPEB expense over a closed period of time. Deferred inflows of resources related to lease financings are amortized as a component of rental income on a straight-line basis over the term of the lease agreement.

2022 vs. 2021

Port Authority assets totaled \$61.5 billion at December 31, 2022, an increase of \$1.2 billion from December 31, 2021. This overall increase was primarily a result of:

Facilities, net of \$40.3 billion increased \$108 million from December 31, 2021 due to the continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility and business segment, see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts (excluding lease receivables) of \$1.4 billion increased \$78 million from December 31, 2021 primarily due to: **a.)** an increase in FTA Superstorm Sandy restoration and resiliency capital contributions at PATH; **b.)** an increase in amounts due from the Tower 4 WTC net lessee due to timing of debt service payments; and, **c.)** an increase in PFC amounts due to timing differences related to the receipt of payments from airlines. These increases were partially offset by; **d.)** a decrease in amounts due for ARPA federal funding due to higher cash receipts; and, **e.)** a decrease for the continued recovery of aviation fees that were deferred in 2020.

Lease assets, (as lessee), of \$7.1 billion related to lease financings containing fixed rents payable by the Port Authority and are subject to GASB Statement No. 87 decreased \$158 million primarily due to the amortization of long-term leases with the Cities of New York and Newark for the leasing of municipal Air and Marine Terminals. Lease assets are amortized on a straight-line basis over the term of the lease agreement. For additional information related to lease assets, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

Lease receivables, (as lessor) of \$4.6 billion related to lease financings containing fixed rent payments due the Port Authority and are subject to GASB Statement No. 87 decreased \$124 million from December 31, 2021, primarily due to the amortization of fixed rents received from tenants, primarily at the WTC. For additional information related to lease receivables, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

Cash and Investment balances of \$4.9 billion increased \$1.1 billion from December 31, 2021, primarily due to the investment of available consolidated bond funds in short term U.S. securities that are available to fund future capital investment in Port Authority facilities.

Cash flows from operations of \$2.8 billion increased \$788 million when compared to the same twelve-month period of 2021 primarily due to increases in activity-based rentals, the commencement of certain aviation terminal rents, aviation fees, airport parking, bridge and tunnel tolls and PATH fares as activity levels at Port Authority facilities continue to recover from the COVID-19 pandemic.

Management's Discussion and Analysis (Unaudited)
(continued)

Port Authority liabilities totaled \$40.8 billion at December 31, 2022, an increase of \$1.7 billion from December 31, 2021. This increase was primarily due to:

Bonds and other asset financing obligations of \$29.7 billion, including amounts payable associated with Tower 4 Liberty Bonds, increased \$703 million from December 31, 2021, primarily due to the issuance of \$1.8 billion of Consolidated Bonds for purposes of funding capital construction activities at Port Authority facilities and the refunding of certain outstanding Consolidated Bonds series and Commercial Paper notes. Partially offsetting this increase was a \$977 million decrease related to the refunding and scheduled retirement of certain outstanding Consolidated Bonds series and a \$75 million decrease related to retirement of certain Commercial Paper notes.

Lease liabilities (as lessee) of \$6.5 billion for lease financings containing fixed rent payables to third-parties and are subject to GASB Statement No. 87 decreased \$79 million from December 31, 2021, due to the scheduled payment of fixed rents to the Cities of New York and Newark for the leasing of municipal Air and Marine Terminals. For additional information related to lease liabilities, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

Accrued pension and other postemployment benefits ("OPEB") of \$2.4 billion increased \$1.1 billion primarily due to an increase in the Port Authority's actuarially determined OPEB net liability due to losses on plan investments in excess of their calculated expected rate of return measured at December 31, 2022 and changes in actuarial assumptions. These increases were partially offset by a decrease in the Port Authority's proportionate share of the NYSLRS NPL due to gains on plan investments in excess of their actuarially calculated expected rate of return measured at March 31, 2022.

Accounts payable of \$913 million decreased \$9 million primarily due to the timing of third-party contractor payments related to capital construction projects at Aviation facilities.

Accrued payroll and other employee benefits of \$255 million decreased \$72 million primarily due to the payment of retro-active wage increases paid to represented PATH employees under collective bargaining agreements that have been settled and the release of previously recognized reserves for expected wage increase related to PATH collective bargaining agreements that are now settled.

Accrued interest and other current liabilities of \$725 million increased \$116 million from December 2021 primarily due to an increase in advanced rental payments received from tenants and flight fees, and the timing of scheduled debt service payments on outstanding Consolidated Bonds.

Deferred outflows of resources totaled \$1.7 billion at December 31, 2022, an increase of \$411 million from December 31, 2021. This net increase was primarily due to losses on OPEB plan investments in excess of their expected rate of return measured at December 31, 2022 and changes in actuarial assumptions utilized in the actuarial valuation of the Port Authority's net OPEB liability. Deferred outflows of resources related to OPEB are amortized on a straight-line basis as an increase to OPEB expense over a closed period of time.

Deferred inflows of resources totaled \$6.3 billion at December 31, 2022, a net decrease of \$587 million from December 31, 2021. This net decrease resulted from the amortization of: **a.)** lease financings containing fixed rents due the Port Authority, as lessor under GASB Statement No. 87; and, **b.)** previously recognized gains on NYSLRS and OPEB plan investments in excess of their expected rate of return. Amortization of deferred inflows of resources related to pensions and OPEB are amortized on a straight-line basis as a reduction to pension and OPEB expense over a closed period of time. Amortization of deferred inflows of resources related to lease receivables are recognized as a component of rental income on a straight-line basis over the remaining term of the lease agreement.

The Port Authority of New York and New Jersey Enterprise Fund Statements of Revenues, Expenses and Changes in Net Position

The year-to-year change in net position is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year.

2023 financial results were strong and resulted in an increase in net position of \$607 million, which is a substantial improvement over the change in net position in 2022 and 2021 as the agency continues to recover from the impacts of COVID-19 on the activity levels at its facilities. These strong results are primarily driven by:

Gross Operating Revenues of \$6.6 billion were \$586 million or 10% higher than 2022 levels primarily as a result of higher activity, cost recovery fees and terminal rental revenues at aviation facilities and higher toll revenues as a result of higher toll rates and activity.

Operating Expenses of \$3.7 billion were \$614 million higher than 2022 levels, with more than half of the increase, (\$321 million) attributable to increased actuarially determined non-cash pension and OPEB expenses as detailed below.

2023 financial results also benefited from a \$271 million non-cash increase in the market value of investments.

Management's Discussion and Analysis (Unaudited)
(continued)

The following is a summary of the Statements of Revenues, Expenses and Changes in Net Position:

(In thousands)	2023	2022 (Restated)	2021 (Restated)
Gross operating revenues ¹	\$ 6,563,287	\$ 5,977,356	\$ 5,095,242
Operating expenses ^{1,2}	(3,735,087)	(3,120,919)	(2,769,308)
Depreciation and amortization ¹	(1,917,543)	(1,908,692)	(1,796,485)
Income from operations	910,657	947,745	529,449
Non-operating revenues/(expenses), net			
Grants, in connection with operating activities and pass-through grant program payments	99,730	160,290	253,996
Financial income/(loss), including changes in fair value of investments	269,373	(83,167)	(13,544)
Interest expense in connection with bonds and other asset financings, net ^{2,3}	(1,148,038)	(1,077,365)	(1,086,163)
Interest income, as lessor ¹	155,290	140,978	140,611
Interest expense, as lessee ¹	(213,973)	(220,654)	(214,019)
Loss on disposition of assets, including lease terminations	(2,281)	—	(4,623)
Capital contributions and PFCs	536,697	564,905	433,033
Increase in net position^{1,2}	607,455	432,732	38,740
Net position, January 1st	16,054,086	15,621,354	15,908,110
Cumulative effect of a change in accounting principle, January 1st	—	—	(325,496)
Net position, December 31st	\$ 16,661,541	\$ 16,054,086	\$ 15,621,354

1 In accordance with GASB Statement No. 87, as described in Note A.3.p, "Nature of the Organization and Summary of Significant Accounting Policies," 2021 change in net position has been restated.

2 In accordance with GASB Statement No. 96, as described in Note A.3.q, "Nature of the Organization and Summary of Significant Accounting Policies," 2022 change in net position has been restated.

3 Includes \$32.5 million, \$32.5 million and \$66.7 million in 2023, 2022 and 2021, respectively, related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.

Financial results of an individual facility and business segment for 2023 can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

Management's Discussion and Analysis (Unaudited)
(continued)

Gross Operating Revenues

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

	2023		2022		2021 (Restated)
			(In thousands)		
Bridge and tunnel tolls	\$ 1,936,355	\$	1,829,220	\$	1,759,244
Rentals*	2,187,837		1,978,706		1,565,609
Aviation fees	1,606,056		1,395,424		1,213,743
Parking and other	549,780		478,337		353,261
Utilities	148,952		182,163		125,937
PATH fares	134,307		113,506		77,448
Total	\$ 6,563,287	\$	5,977,356	\$	5,095,242

* Includes the amortization of deferred inflows of resources related to lease financings containing fixed rents due the Port Authority, as lessor recognized under GASB Statement No. 87.

	2023***		2022 ***		2021 (Restated)***
			(In thousands)		
Aviation	\$ 3,653,830	\$	3,223,841	\$	2,507,776
Tunnels, Bridges & Terminals	1,987,504		1,879,336		1,796,696
Port Department	371,279		396,977		386,622
World Trade Center	380,593		331,699		299,533
PATH*	147,947		124,003		85,998
Other**	22,134		21,500		18,617
Total	\$ 6,563,287	\$	5,977,356	\$	5,095,242

* PATH includes WTC Transportation Hub.

** Other includes Development Facilities and Ferry Transportation.

*** Includes the amortization of deferred inflows of resources related to lease financings containing fixed rents due the Port Authority, as lessor recognized under GASB Statement No. 87.

2023 vs. 2022

Gross operating revenues, excluding PFCs totaled \$6.6 billion in 2023, an increase of \$586 million, or 10% as compared to 2022.

Bridge and Tunnel Tolls of \$1.9 billion increased \$107 million or 6% as compared to 2022 primarily due to a Consumer Price Index (“CPI”) toll rate increase of \$1.00, effective in January 2023 and a 2% increase in vehicular activity at the Port Authority’s six vehicular crossings, partially offset by an increase in toll violations.

Rentals, including the straight-line amortization of deferred inflows of resources related to lease financings containing fixed rents due the Port Authority, as lessor and subject to GASB Statement No. 87 totaled \$2.2 billion in 2023, an increase of \$209 million or 11% as compared to 2022 primarily due to: **a.)** an increase in activity-based rental income at Aviation facilities due to increased passenger activity in 2023 compared to 2022; **b.)** an increase in fixed rents at JFK Airport New Terminal One (“NTO”) and Terminals 6 and 7 that commenced in June 2022 and December 2022, respectively; **c.)** increased fixed rents at EWR Airport Terminal A, commencing in January 2023; and, **d.)** an increase in fixed rent at Aviation facilities due to scheduled rent increases. These increases were partially offset by a decrease in

activity-based rentals at Port Authority Marine Terminals due to decreased container activity in 2023 compared to 2022 as a result of macro-economic trends.

Aviation fees of \$1.6 billion increased \$211 million, or 15% as compared to 2022 primarily due to: **a.)** an increase in recoverable operating and maintenance expenses, security costs and capital investment placed into service in 2023 when compared to 2022; **b.)** an increase in for-hire-vehicle ("FHV") airport access fees due to increased activity; **c.)** an increase in AirTrain fare revenues due to increased passenger activity and a fare increase effective in March 2022; and, **d.)** an increase in fees for the usage of the federal inspection facility at EWR Airport, Terminal B due to increased international passenger activity.

Parking and other fees of \$550 million increased \$71 million, or 15% as compared to 2022 primarily due to: **a.)** increased public parking activity at Aviation facilities due to increased aviation passenger activity levels, increased parking rates and longer average stays when compared to 2022; **b.)** the recovery of WTC site insurance premiums procured by the Port Authority from the WTC retail premise operator for the years covering 2016 through 2023; **c.)** increased recovery of operating expenses at the cogeneration facility at JFK Airport from the operator; and, **d.)** an increase in recoverable tenant service charges at One WTC due to higher occupancy and activity. Partially offsetting these increases is a decrease in Port Authority Marine Terminal Cargo Facility Charges ("CFCs") due to a decrease in cargo container activity in 2023 when compared to 2022 as a result of macro-economic trends.

PATH fares of \$134.3 million increased \$21 million or 18.3% compared to 2022, primarily due to a 18.5% increase in PATH passenger ridership as compared to ridership levels in 2022. PATH ridership for 2023 was 61% of pre-COVID-19 passenger levels.

2022 vs. 2021

Gross operating revenues, excluding PFCs totaled \$6.0 billion in 2022, an increase of \$882 million, or 17% as compared to 2021.

Bridge and Tunnel Tolls of \$1.8 billion increased \$70 million or 4% as compared to 2021 primarily due to a 4% increase in vehicular activity at the Port Authority's six vehicular crossings.

Rentals, including the amortization of deferred inflows of resources related to lease financings containing fixed rents and that are subject to GASB Statement No. 87 of \$2.0 billion increased \$413 million, or 26% as compared to 2021 primarily due to: **a.)** an increase in activity-based rental income at Aviation facilities due to increased passenger activity in 2022 compared to 2021; **b.)** the commencement of the NTO and Terminal 6 lease agreements in June 2022 and December 2022, respectively, at JFK Airport; **c.)** a non-recurring receipt of \$32 million for unused construction contingencies at LaGuardia ("LGA") Airport's Terminal B; and, **d.)** the non-recurring receipt of a \$25 million reserve that is no longer required following the refinancing of certain John F. Kennedy International Air Terminal ("JFKIAT") Terminal 4 debt obligations.

Aviation fees of \$1.4 billion increased \$182 million, or 15% as compared to 2021 primarily due to: **a.)** increased FHV airport access fees which commenced in April 2021 and increased FHV vehicular activity; **b.)** an increase in AirTrain fares at JFK and EWR Airports due to an increase in passenger activity and a fare increase in March 2022; **c.)** an increase in rental car contributions due to increased activity; and **d.)** an increase in fees for the usage of federal inspection facilities at EWR Airport, Terminal B due to increased passenger activity and a rate increase implemented during 2021.

Management's Discussion and Analysis (Unaudited)
(continued)

Parking and other fees of \$478 million increased \$125 million, or 35% as compared to 2021 primarily due to: *a.)* an increase in public parking activity at Aviation facilities due to increased passenger activity and increased parking rates; *b.)* an increase in recoverable tenant service charges at One WTC; and *c.)* an increase in Port Authority Marine Terminal CFCs due to increased cargo container activity levels.

PATH fares of \$114 million increased \$36 million or 47% compared to 2021, primarily due to a 46% increase in PATH passenger ridership as compared to ridership levels of 2021. PATH ridership in 2022 was 52% of pre-COVID-19 levels.

Operating Expenditures

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

	2023	2022 (Restated)	2021 (Restated)
		(In thousands)	
Employee compensation, including benefits	\$ 1,801,019	\$ 1,438,403	\$ 1,296,724
Contract services	1,200,165	1,054,605	938,408
Rents and payments in-lieu-of taxes ("PILOT")*	84,878	47,434	59,715
Materials, equipment and other	446,055	336,727	289,810
Utilities	202,970	243,750	184,651
Total	\$ 3,735,087	\$ 3,120,919	\$ 2,769,308

* Amounts exclude the amortization of lease assets recognized under GASB Statement No. 87.

	2023***	2022 (Restated)***	2021 (Restated)***
		(In thousands)	
Aviation	\$ 1,995,247	\$ 1,603,391	\$ 1,345,891
Tunnels, Bridges & Terminals	668,427	568,085	524,422
PATH*	552,255	481,163	466,844
World Trade Center	360,917	295,907	275,268
Port Department	176,769	160,737	145,723
Other**	(18,528)	11,636	11,160
Total	\$ 3,735,087	\$ 3,120,919	\$ 2,769,308

* PATH includes WTC Transportation Hub.

** Other includes Development Facilities Access to the Regions Core, Ferry Transportation, Gateway Early Work Program and Moynihan Station Transportation Program. Operating Expenses include GASB Statement No. 87 unallocated contra rent expense amounts related to leases entered into for the purposes of providing centralized support services to Port Authority facilities.

*** Amounts exclude the amortization of lease assets recognized under GASB Statement No. 87.

2023 vs. 2022

Operating expenses totaled \$3.7 billion in 2023, an increase of \$614 million or 20% from 2022.

Employee compensation of \$1.8 billion increased approximately \$363 million from 2022 primarily due to: *a.)* \$321 million increase in the actuarially determined pension expense resulting from losses on NYSLRS plan investments measured at March 31, 2023 and actuarially determined OPEB expense related to retirement healthcare costs resulting from changes in certain actuarial assumptions measured at

December 31, 2023; **b.)** additional headcount to address vacancies; **c.)** general wage increases; and, **d.)** the hiring and training of additional police officers to address attrition.

Contract services of \$1.2 billion increased \$146 million, or 14% as compared to 2022 primarily due to increased payments to third-party contractors for operational, contract security and maintenance services at Port Authority facilities resulting from increased activity levels and scheduled billing rate increases, increased costs related to EWR AirTrain state of good repair work and increased repair work at the cogeneration facility at JFK Airport. These increases were partially offset by a decrease in contracted snow and ice removal activities due to milder weather conditions in the first quarter of 2023.

Rents and payments in-lieu-of-taxes ("PILOT"), excluding the straight-line amortization of lease assets recognized under GASB Statement No. 87, of \$85 million increased \$37 million when compared to 2022 primarily due to an increase in 2023 percentage rent payable to the City of Newark and the City of New York for the leasing of marine and air terminals resulting from increased airport revenues and an increase in PILOT payments to the City of New York for the WTC Campus as a result of higher assessed property values.

Materials, equipment and other of \$446 million increased \$109 million from 2022 primarily due to: **a.)** the write off of certain previously capitalized planning and design costs related to capital projects that will not be constructed; **b.)** an increase in public liability self-insured loss reserves and increased property damage and public liability insurance premiums; and, **c.)** an increase in materials and supplies for mechanical, structural and electrical repair work at Port Authority's facilities. These increases were partially offset by a decrease in environmental pollution remediation expense provisions at Port Authority facilities.

Utilities of \$203 million decreased \$41 million, or 17% as compared to 2022 primarily due to a decrease in billing rates and usage at Port Authority Aviation facilities and decreased billing rates at PATH.

2022 vs. 2021

Operating expenses totaled \$3.1 billion in 2022, an increase of \$352 million or 13% from 2021.

Employee compensation of \$1.4 billion increased approximately \$142 million, or 11% from 2021 primarily due to: **a.)** an increase in actuarially determined OPEB expense due to losses on plan investment measured at December 31, 2022 and changes in actuarial assumptions; **b.)** an increase in operational and public safety support services at Port Authority facilities due to increased activity levels; **c.)** contractually scheduled salary increases; and, **d.)** the hiring and training of additional police officers to address attrition. These increases were partially offset by: **e.)** lower actuarially determined NYSLRS pension expense due to investment gains on plan investments measured at March 31, 2022; **f.)** the settlement of various collective bargaining agreements; and, **g.)** decreased snow and ice removal activities due to milder weather conditions.

Contract services of \$1.1 billion increased \$116 million or 12% as compared to 2021 primarily due to increased payments to third-party contractors for operational, contract security and maintenance services at Port Authority facilities, resulting from increased activity levels and scheduled billing rate increases. These increases were partially offset by decreased snow and ice removal activities due to milder weather conditions.

Management's Discussion and Analysis (Unaudited)
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Rents and payments in-lieu-of-taxes ("PILOT") of \$47 million decreased \$12 million when compared to 2021 primarily due to a decrease in PILOT payments to the City of New York for the WTC Campus as a result of lower assessed property values.

Materials, equipment and other of \$337 million increased \$47 million, or 16% from 2021 primarily due to; *a.)* increased purchases of electrical and mechanical equipment supplies; *b.)* recognition of environmental remediation expense provisions at Port Authority facilities; and, *c.)* increased insurance premiums and self-insurance loss reserves for public liability and workers compensation claims.

Utilities of \$244 million increased \$59 million, or 32% as compared to 2021 primarily due to increased utility rates and usage at Port Authority facilities.

Amortization of Lease Financings, (Port Authority as lessee)

In 2022, the Port Authority adopted GASB Statement No. 87. Under this statement, a lessee is required to recognize a lease asset, measured at the present value of expected fixed rent payments to be made to lessors. Lease assets are amortized on a straight-line basis over the lease term, as described in Note A.3.p, *Nature of the Organization and Summary of Significant Accounting Policies*. For additional information related to lease liabilities see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements*.

2023 vs. 2022

Amortization of leases (as lessee) of approximately \$177 million increased \$4 million from 2022 due to the extension of lease agreements for corporate office space in Jersey City and Hoboken.

2022 vs. 2021

Amortization of lease (as lessee) of approximately \$173 million increased \$6 million from 2021 due to an increase in the scheduled amortization of lease assets related to lease agreements with the cities of New York and Newark for the leasing of air and marine terminals.

A summary of amortization of lease assets related to lease financings containing fixed rents payable by the Port Authority as lessee and subject to GASB Statement No. 87 by business segment follows:

	2023	2022	2021 (Restated)
		(In thousands)	
Aviation	\$ 155,058	\$ 155,704	\$ 151,200
Other*	13,101	8,340	7,418
Port Authority Marine Terminals	8,434	8,434	8,434
Tunnels, Bridges & Terminals	162	137	137
PATH	—	161	207
Total	\$ 176,755	\$ 172,776	\$ 167,396

* Other includes Development, Regional Facilities and Ferry Transportation.

Depreciation and Amortization

A summary of depreciation and amortization of capital infrastructure assets by business segment follows:

	2023	2022	2021
		(In thousands)	
Aviation*	\$ 696,143	\$ 696,130	\$ 595,609
World Trade Center	376,779	373,944	356,659
Tunnels, Bridges & Terminals	315,240	307,961	302,754
PATH**	239,007	228,069	227,911
Port Department	84,781	88,697	96,523
Other***	28,838	41,115	49,633
Total	\$ 1,740,788	\$ 1,735,916	\$ 1,629,089

* Includes LGA Terminal B landlord leasehold depreciation of \$62 million in 2023, \$63 million in 2022, and \$47 million in 2021.

** 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.

2023 vs. 2022

Depreciation and amortization of \$1.7 billion related to capital infrastructure investments increased \$5 million, as compared to 2022 primarily due to a year over year decrease related to a 2022 non-recurring accelerated depreciation charge for the scheduled retirement of certain legacy LGA Airport Central Terminal Building (“CTB”) capital assets that have been taken out of service and now replaced under the LGA Airport Redevelopment Program. This decrease was partially offset by the completion of approximately \$5.4 billion of capital construction projects in 2022 and 2023. These capital infrastructure assets have been placed into operational service and are now being depreciated over their estimated useful lives, including elements of the: **a.)** EWR Airport Redevelopment Program; **b.)** PATH rail car fleet expansion and overhaul program; and **c.)** the LGA Airport Redevelopment Program.

2022 vs. 2021

Depreciation and amortization of \$1.7 billion related to capital infrastructure investments increased \$107 million, or 7%, as compared to 2021 due to the scheduled completion of approximately \$4.0 billion of capital construction projects in 2021 and 2022. These capital infrastructure assets have been placed into operational service and are now being depreciated over their estimated useful lives, including elements of the: **a.)** LGA Airport Redevelopment Program; **b.)** EWR Airport runways and taxiway rehabilitation; **c.)** EWR Airport Redevelopment Program; and **d.)** the scheduled retirement of certain LGA Airport CTB related capital assets that have been replaced under the LGA Airport Redevelopment Program.

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

Income/(Loss) from Operations

Income/(Loss) from operations is comprised of gross operating revenues, less the sum of: **a.)** operating expenses; and, **b.)** depreciation and amortization.

Management's Discussion and Analysis (Unaudited)
(continued)

A summary of income/(loss) from operations by business segment follows:

	2023	2022 (Restated) ⁴	2021 (Restated) ⁵
		(In thousands)	
Tunnels, Bridges & Terminals	\$ 1,003,675	\$ 1,003,153	\$ 969,383
Aviation ¹	807,382	768,616	415,076
Port Department	101,295	139,109	135,942
Other ²	(1,277)	(39,591)	(49,594)
World Trade Center	(357,103)	(338,152)	(332,394)
PATH ³	(643,315)	(585,390)	(608,964)
Income	\$ 910,657	\$ 947,745	\$ 529,449

1 Includes LGA Terminal B landlord leasehold depreciation of \$62 million in 2023, \$63 million in 2022, and \$47 million in 2021.

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

3 PATH includes WTC Transportation Hub.

4 In accordance with GASB Statement No. 96 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. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Revenues, Expenses and Changes in Net Position.

5 In accordance with GASB Statement No. 87 as described in Note A.3.p, *Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 87 has been incorporated as a restatement to the Port Authority's 2021 Statement of Revenues, Expenses and Changes in Net Position.

2023 Income from operations of \$911 million decreased \$37 million from 2022 primarily due to a \$321 million year over year increase in the actuarially determined pension and OPEB expenses. Partially offsetting these decreases were revenue increases related to increased activity volumes across most Port Authority facilities, toll rate increases effective in January 2023, and additional rentals and aviation fees at aviation facilities.

2022 Income from operations of \$948 million increased \$418 million from 2021 primarily as a result of increased activity levels at Port Authority facilities due to the continued recovery from COVID-19; and the receipt of rents from certain terminal leases at JFK Airport that commenced in 2022.

Management's Discussion and Analysis (Unaudited)
(continued)

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2023	2022 (Restated)	2021 (Restated)
		(In thousands)	
Financial income	\$ 136,290	\$ 55,000	\$ 54,223
Net (decrease)/increase in fair value of investments	133,083	(138,167)	(67,767)
Interest expense in connection with bonds and other asset financings, net ^{1,3}	(1,148,038)	(1,077,365)	(1,086,163)
Interest income, as lessor ²	155,290	140,978	140,611
Interest expense, as lessee ²	(213,973)	(220,654)	(214,019)
Loss on disposition of assets, including lease terminations	(2,281)	—	(4,623)
Pass-through grant program payments	(12,156)	—	(2,613)
Grants, in connection with operating activities	111,886	160,290	256,609
Non-operating expenses, net	\$ (839,899)	\$ (1,079,918)	\$ (923,742)

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

2 In accordance with GASB Statement No. 87 as described in Note A.3.p, *Nature of the Organization and Summary of Significant Accounting Policies*, 2021 Non-Operating Revenue and Expenses have been restated for comparison purposes.

3 In accordance with GASB Statement No. 96 as described in Note A.3.q, *Nature of the Organization and Summary of Significant Accounting Policies*, 2022 Non-Operating Revenue and Expenses have been restated for comparison purposes.

2023 vs. 2022

Financial income, comprised of interest income and the net change in fair value of investments totaled \$269 million in 2023, an increase of \$353 million when compared to 2022. This increase was primarily due to the recognition of unrealized gains related to increases in the fair value of United States securities held in Port Authority investment accounts in 2023 due to the fluctuation of interest rates and increased earnings from securities due to higher realized rates of return.

Interest expense in connection with bonds and other asset financings, net of \$1.2 billion, increased \$71 million from 2022 primarily due to increased interest payments resulting from the issuance of additional consolidated bonds for purposes of funding capital construction at higher interest rates. These increases were partially offset by decreased interest payments resulting from the refunding of certain consolidated bonds for purposes of achieving debt service savings.

Interest income (as lessor) related to lease financings containing fixed rents due the Port Authority as lessor and subject to GASB Statement No. 87 totaled \$155 million in 2023, an increase of \$14 million when compared to 2022. This year over year increase was primarily due to new and modified non-regulated space leases at One WTC and EWR and JFK airports.

Interest expense (as lessee) primarily related to lease financings that are subject to GASB Statement No. 87, of \$214 million remained constant when compared to 2022.

Grants, in connection with operating activities of \$112 million decreased \$48 million from 2022 primarily due to a decrease in ARPA COVID-19 federal funding as a result of a decrease in eligible aviation operating expenses.

Management's Discussion and Analysis (Unaudited) (continued)

Pass-through grant program payments to sub-grantees of \$12 million increased \$12 million when compared to 2022 due to an increase in funding for Airport Coronavirus Response Grant Program ("ACRGP") concessions funding for eligible airport concessionaires.

Pass-through grant program payments are offset in their entirety by either a *Contribution in aid of construction* or a *Grant, in connection with an operating activity*.

2022 vs. 2021

Financial income, comprised of interest income and the net change in fair value of investments totaled \$(83) million in 2022, a decrease of \$70 million when compared to 2021. This decrease was primarily due to the recognition of unrealized losses for the change in the fair value of United States securities held in Port Authority investment accounts, as a result of increasing interest rates in 2022.

Interest expense in connection with bonds and other asset financings, net in connection with bonds and other asset financings of \$1.1 billion decreased \$9 million from 2021 primarily due to debt service savings achieved through the refunding of certain outstanding consolidated bond series, partially offset by higher interest rates on commercial paper.

Interest income (as lessor) related to lease financings containing fixed rents due the Port Authority at the WTC, that are subject to GASB Statement No. 87, of \$141 million remained constant when compared to 2021.

Interest expense (as lessee) primarily related to lease financings containing fixed rents due the cities of New York and Newark for the leasing of air and marine terminals, that are subject to GASB Statement No. 87, of \$221 million increased \$7 million when compared to 2021 due to the execution of new space leases.

Grants, in connection with operating activities of \$160 million decreased \$96 million from 2021 primarily due to an approximately \$111 million decrease in ARPA and CRRSAA COVID-19 federal funding of aviation operating expenses. Partially offsetting these amounts was an approximately \$6 million increase from the Department of the Army (Army Corps of Engineers) for maintenance dredging at the Port facilities and a \$4 million increase in TSA funding for baggage screening at LGA Airport.

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and PFCs follows:

	2023	2022	2021
		(In thousands)	
Contributions in aid of construction	\$ 227,574	\$ 290,491	\$ 273,179
PFCs	309,123	274,414	159,854
Total	\$ 536,697	\$ 564,905	\$ 433,033

2023 vs. 2022

Contributions in aid of construction of \$228 million decreased \$63 million from 2022 primarily due to lower capital spending on capital projects eligible for federal funding, including: *a.*) decreased expenses in FTA PATH Superstorm Sandy restoration and resiliency capital projects; and, *b.*) a decrease in capital contributions from terminal operators and developers related to the redevelopment of JFK Airport. These

Management's Discussion and Analysis (Unaudited)
(continued)

decreases were partially offset by increases in Airport Improvement Program (“AIP”) funding related to the reconstruction of certain runways at JFK and FTA funding related to flood mitigation and resiliency improvements at WTC.

PFCs of \$309 million increased \$35 million from 2022 due to a 13% increase in passenger activity compared to 2022. PFCs collections, in 2023 were 106% of pre-COVID-19 levels.

2022 vs. 2021

Contributions in aid of construction of \$290 million increased \$17 million from 2021 primarily due to the receipt of approximately \$78 million in capital contributions related to the redevelopment of JFK Airport NTO which reached financial close in June 2022; partially offset by a decrease in FTA funding for PATH Superstorm Sandy restoration and resiliency capital projects.

PFCs of \$274 million increased \$115 million from 2021 due to a 70% increase in passenger activity compared to 2021. PFCs collections, in 2022 are 94% of pre-COVID-19 levels.

Capital Construction Activities

Port Authority capital investment, including capital investment funded with third-party capital contributions, accrued amounts related to capital construction activities and landlord leasehold improvements in LGA Terminal B totaled \$1.9 billion in 2023, \$1.9 billion in 2022 and \$2.0 billion in 2021.

A summary of capital investment by business segment follows:

	2023	2022	2021
		(In millions)	
Aviation*	\$ 883	\$ 1,251	\$ 1,148
Tunnels, Bridges & Terminals	510	298	393
PATH	361	252	313
WTC (including WTC Transportation Hub)	89	92	123
Port Department	52	30	38
Other**	19	5	3
Total	\$ 1,914	\$ 1,928	\$ 2,018

* Includes LGA Terminal B landlord leasehold capital investment of \$74 million in 2023, \$164 million in 2022, and \$95 million in 2021.

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

Capital Funding Sources 2023*

	(In thousands)	
Consolidated bonds**	\$ 963,223	50%
Port Authority Consolidated Bond Reserve Funds**	523,470	27%
Other contributions in aid of construction	269,799	14%
Passenger Facility Charges	149,887	8%
WTC Tower 3 net lessee capital contributions	1,893	<1%
Total	\$ 1,908,272	

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

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

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net, Schedule D-3 – Selected Statistical Financial Data by Business Segment*, and *Schedule F – Information on Capital Investment in Port Authority Facilities*.

Capital Financing and Debt Management

As of December 31, 2023, bonds and other asset financing obligations of the Port Authority, including the receipt of \$1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/obligor totaled \$27.5 billion. For additional information related to bonds and other asset financing obligations of the Port Authority see *Note D- Outstanding Financing Obligations*.

During 2023, the Port Authority issued approximately \$2.3 billion of Consolidated Bonds, including \$143 million in issuance premiums. Of this amount, \$478 million was allocated for purposes of funding capital construction projects at Port Authority facilities, \$904 million was utilized to refund outstanding Consolidated Bonds to achieve savings on future debt service payments and \$930 million was used to retire Consolidated Notes Series AAA which matured on July 1, 2023.

During 2023, the Port Authority drew approximately \$539 million from its revolving lines of credit authorized under the *Special Obligation Institutional Loan Program*. The proceeds were used to refund principal and interest on all outstanding commercial paper obligations as of January 24, 2023.

Credit Ratings

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority as of December 31, 2023.

DEBT OBLIGATION	S&P	Fitch Ratings	Moody's Investors Service
Consolidated Bonds	AA-	AA-	Aa3

Note: No revisions were made to Port Authority credit ratings in 2023.

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*.

Other Activities

Toll & Fare Increases

On September 26, 2019, the Port Authority's Board of Commissioners authorized certain adjustments to the schedule of tolls, fares, and other fees at Port Authority facilities ("Revised Schedule"). The Revised Schedule incorporates the previously authorized CPI inflation adjustment for bridge and tolls, as well as changes to PATH's fare structure, increases to AirTrain fares, and new airport ground transportation access fees. The Revised Schedule also provides for a series of periodic increases to bus tolls through January 2026 and for bus tolls to thereafter be determined by the CPI inflation adjustment. On November 17, 2022, the Port Authority announced that the CPI adjustment formula had been triggered a.) for the Port Authority bridges and tunnels tolls, resulting in a \$1.00 toll increase at such facilities which began in January 2023, and, b.) for AirTrain fares at JFK and EWR Airports resulting in a \$0.25 increase in such fares which began in March 2023. As cashless toll collection has now commenced at all of the Port Authority vehicular crossings, pursuant to the Revised Schedule, Toll by Mail and E-ZPass® toll rates across vehicle classes will be adjusted annually by the CPI inflation adjustment beginning in 2024. As a result, on January 6, 2024 Toll by Mail and E-ZPass® toll rates were increased \$0.63. For additional information related to tolling rates, E-ZPass® discounts and designated user programs, please refer to the following link: <http://www.panynj.gov/bridges-tunnels/tolls.html>.

PATH fares are indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2022, would, when applied to the single ride fares, result in an adjustment of at least \$0.25. Due to the timing of the implementation of PATH's new fare collection system, PATH fares remained unchanged in 2024. For additional information related to PATH fares please refer to the following link: <http://www.panynj.gov/path/fares.html>.

Cashless Tolling

Cashless toll collection is in effect at all of the Agency's bridges and tunnels. Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

Manhattan Congestion Pricing Initiative

Pursuant to a law enacted in 2019, New York State expects to assess a new toll on drivers entering Manhattan's "central business district" in an effort to reduce vehicular congestion and raise funds for future mass transit improvements ("Congestion Pricing Program"). The program will be administered by the Triborough Bridge and Tunnel Authority ("TBTA"). Under the National Environmental Protection Act ("NEPA"), the Federal Transit Administration made an environmental assessment of the Congestion Pricing Program and made a "Finding of No Significant Impact" ("FONSI") arising from its implementation. The

Management's Discussion and Analysis (Unaudited) **(continued)**

State of New Jersey and other affected parties have raised legal claims as to the sufficiency of the NEPA process and the inadequacy of the FONSI.

Following issuance of the FONSI, an independent board made a recommendation on toll structure to the TBTA which included a basic rate and credits and exemptions for certain drivers under the Congestion Pricing Program. A public comment period on the proposed toll structure is currently underway and is expected to be completed in mid-March 2024. Following the public review period, the Metropolitan Transportation Authority ("MTA") Board has indicated it will consider the input received and then schedule a vote to adopt the Congestion Pricing Program as is or with modifications. Toll collection is anticipated by the MTA to commence in late Spring 2024.

The Port Authority anticipates that imposition of a new toll like the Congestion Pricing Program will put downward pressure on the number of vehicles using its Hudson River crossings. The analysis performed by an independent expert retained by the Port Authority estimated that the proposed charging scheme currently under review by TBTA could result in a reduction in 2024 Gross Operating Revenues, annualized for a full year using the current toll rates, in the range of 0.6% to 1.3%.

As the details of the Congestion Pricing Program are clarified, including the outcome of the litigation, the Port Authority will ask its expert consultant to update its estimates.

Airport User Fees

The Port Authority recovers its costs to build, operate and maintain its three major commercial airports through various fees imposed upon the airlines which use the airports. These fees include some or all of the following: flight fees, which are imposed upon each departing aircraft for the use of Port Authority airport infrastructure, fuel fees which are charged for each gallon of fuel delivered into aircraft and ground access charges, including costs of the airtrains at JFK and Newark Airports. Charges are either assessed under formulations and methodologies embodied in contracts entered into by certain airlines ("Flight Fee Agreements") or under a rates and charges tariff promulgated by the Port Authority at each airport for the non-signatory airlines. A series of Flight Fee Agreements and the corresponding tariff expired on December 31, 2023.

The Port Authority has now promulgated new Flight Fee Agreements and a new corresponding tariff to remain in effect through 2034. The new fee arrangements include revised formulations and methodologies that are estimated to provide for higher cost recovery (and therefore higher annual revenues) to the Port Authority than the fees and charges in effect through December 31, 2023. These lower 2023 fees and charges were included in the 2024 budget approved by the Board because the new higher amounts were not promulgated until after the 2024 budget was adopted by the Board. Because the cost recovery is now expected to be higher, actual full year 2024 Gross Operating Revenues are expected to exceed the amounts included in the 2024 budget in an amount in the range of 1% of the total budgeted 2024 Gross Operating Revenues.

2024 Budget

On December 14, 2023, the Board of Commissioners approved a 2024 budget that provides for capital and operating expenditures during calendar year 2024 totaling \$9.3 billion. To obtain a copy of the 2024 budget, please refer to the following link: <https://www.panynj.gov/corporate/en/financial-information/budget.html>.

Management's Discussion and Analysis (Unaudited)
(continued)

**The Port Authority of New York and New Jersey Retiree Health Benefit Trust Fiduciary Fund
Financial Statements Comparison for the Years Ended December 31, 2023 and December 31, 2022**

The year-to-year change in fiduciary net position is an indicator of whether the overall financial condition of The Port Authority of New York and New Jersey Retiree Health Benefit Trust ("the Trust") has improved or worsened during the year. A comparison of the Port Authority's Fiduciary Net Position follows:

	2023	2022	2021
	(In thousands)		
Financial position			
Total assets	\$ 1,673,451	\$ 1,508,099	\$ 1,987,015
Total liabilities	13,621	40,221	19,329
Net position, December 31	\$ 1,659,830	\$ 1,467,878	\$ 1,967,686

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

	2023	2022	2021
	(In thousands)		
Total contributions*	\$ 200,832	\$ —	\$ —
Total net investment income/(loss)	211,782	(310,021)	235,963
Total deductions**	(220,662)	(189,787)	(174,038)
Increase/(decrease) in net position	191,952	(499,808)	61,925
Net position – January 1	1,467,878	1,967,686	1,905,761
Net position – December 31	\$ 1,659,830	\$ 1,467,878	\$ 1,967,686

* The Port Authority did not make advanced funding contributions to the Trust in 2021 - 2023. 2023 contributions are comprised of OPEB benefit payments totaling \$200.8 million made from available Port Authority operating funds.

**2023 amounts include OPEB benefit payments totaling \$200.8 million paid from available Port Authority operating funds. 2021 and 2022 OPEB benefits payments were paid in their entirety out of Trust funds.

2023 vs. 2022

Net position of the Trust totaled approximately \$1.7 billion at December 31, 2023, an increase of approximately \$192 million when compared to December 31, 2022. This year-to-year increase in the Trust's fiduciary net position was comprised of approximately \$212 million in investment gains on Trust investments measured at December 31, 2023.

Trust assets totaled approximately \$1.7 billion at December 31, 2023, an increase of approximately \$165 million from December 31, 2022. This increase in Trust assets is primarily due to a \$275 million increase in the fair value of Trust investments, partially offset by a \$110 million decrease in cash and receivables.

Trust liabilities totaled approximately \$14 million on December 31, 2023, a decrease of approximately \$27 million from December 31, 2022. This decrease in Trust liabilities is due to decreased payables to brokers for investment purchases.

Management's Discussion and Analysis (Unaudited)
(continued)

Net investment income totaled approximately \$212 million in 2023, an increase of approximately \$522 million from 2022, primarily due to gains on Trust investments. The money-weighted rate of return on the Trust investments was a gain of 14.52% in 2023 and a loss of (16.59)% in 2022.

2022 vs. 2021

Net position of the Trust totaled approximately \$1.5 billion at December 31, 2022, a decrease of approximately \$500 million when compared to December 31, 2021. This year-to-year decrease in the Trust's fiduciary net position was comprised of approximately \$310 million in investment losses on Trust investments measured at December 31, 2022 and approximately \$190 million in OPEB benefit payments paid from Trust funds.

Trust assets totaled approximately \$1.5 billion at December 31, 2022, a decrease of approximately \$479 million from December 31, 2021. This decrease in Trust assets is primarily due to a \$514 million decrease in the fair value of Trust investments, partially offset by an approximate \$18 million increase in cash and cash equivalents and an approximate \$17 million increase in receivables.

Trust liabilities totaled approximately \$40 million at December 31, 2022, an increase of approximately \$21 million from December 31, 2021. This increase in Trust liabilities is due to increased payables to brokers for investment purchases.

Net investment (loss) income totaled approximately \$(310) million in 2022, a decrease of approximately \$546 million from 2021, primarily due to losses on Trust investments. The money-weighted rate of return on the Trust investments was a loss of (16.59)% in 2022 and a gain of 13.00% in 2021.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Net Position	December 31, 2023	December 31, 2022 (Restated)
	(In thousands)	
ASSETS		
Current assets:		
Cash	\$ 170,410	\$ 229,235
Restricted cash	105,843	107,454
Investments	1,335,243	1,475,688
Restricted investments - PAICE	8,356	11,219
Restricted investments - PFC	5,315	187,109
Lease receivables, as lessor	213,573	178,076
Current receivables, net	1,251,921	1,050,894
Other current assets	170,063	146,504
Restricted receivables and other assets	119,741	57,123
Total current assets	3,380,465	3,443,302
Noncurrent assets:		
Restricted cash	4,452	4,560
Investments	3,636,589	2,804,280
Restricted investments - PAICE	119,603	86,683
Lease receivables, as lessor	4,625,190	4,394,657
Other amounts receivable, net	164,748	260,863
Other noncurrent assets	734,847	775,373
Restricted noncurrent assets - PAICE	4,785	4,795
Amounts receivable - Tower 4 Liberty Bonds	1,232,505	1,234,705
Lease assets	6,943,174	7,105,371
Unamortized costs for regional programs	8,429	14,907
Landlord leasehold investment-LGA Terminal B	1,147,922	1,135,986
Facilities, net	40,444,205	40,276,773
Total noncurrent assets	59,066,449	58,098,953
Total assets	62,446,914	61,542,255
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	51,578	49,769
Pension related amounts	517,098	774,172
OPEB related amounts	975,122	844,222
Total deferred outflows of resources	1,543,798	1,668,163
LIABILITIES		
Current liabilities:		
Accounts payable	929,749	913,469
Accrued interest and other current liabilities	803,950	724,959
Restricted other liabilities - PAICE	7,620	386
Accrued payroll and other employee benefits	203,106	255,089
Lease liabilities, as lessee	69,794	61,019
Current portion bonds and other asset financing obligations	565,986	2,126,538
Total current liabilities	2,580,205	4,081,460
Noncurrent liabilities:		
Accrued pension and other postemployment benefits	3,534,546	2,404,193
Other noncurrent liabilities	304,918	314,971
Restricted other noncurrent liabilities - PAICE	24,780	27,051
Amounts payable - Tower 4 Liberty Bonds	1,232,505	1,234,705
Lease liabilities, as lessee	6,354,949	6,436,793
Bonds and other asset financing obligations	27,573,527	26,311,943
Total noncurrent liabilities	39,025,225	36,729,656
Total liabilities	41,605,430	40,811,116
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	195,067	118,757
Pension related amounts	70,838	870,614
OPEB related amounts	110,034	197,735
Leases, as lessor	5,347,802	5,158,110
Total deferred inflows of resources	5,723,741	6,345,216
NET POSITION	\$ 16,661,541	\$ 16,054,086
Net position is comprised of:		
Net investment in capital assets	\$ 15,128,051	\$ 14,942,315
Restricted:		
Passenger Facility Charges	52,446	224,308
Port Authority Insurance Captive Entity, LLC	572,511	528,388
Minority Interest in Tower 1 Joint Venture	94,667	99,027
Unrestricted	813,866	260,048
NET POSITION	\$ 16,661,541	\$ 16,054,086

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Revenues, Expenses and Changes in Net Position	Year ended December 31,	
	2023	2022 (Restated)
	(In thousands)	
Gross operating revenues:		
Tolls and fares	\$ 2,070,662	\$ 1,942,726
Rentals	2,187,837	1,978,706
Aviation fees	1,606,056	1,395,424
Parking and other	549,780	478,337
Utilities	148,952	182,163
Total gross operating revenues	6,563,287	5,977,356
Operating expenses:		
Employee compensation, including benefits	1,801,019	1,438,403
Contract services	1,200,165	1,054,605
Rents and payments in-lieu-of taxes ("PILOT")	84,878	47,434
Materials, equipment and other	446,055	336,727
Utilities	202,970	243,750
Total operating expenses before depreciation, amortization and other operating expenses	3,735,087	3,120,919
Depreciation of facilities and landlord leasehold investment	(1,734,310)	(1,717,977)
Amortization of lease assets, as lessee	(176,755)	(172,776)
Amortization of costs for regional programs	(6,478)	(17,939)
Income from operations	910,657	947,745
Non-operating revenues and (expenses):		
Financial income	136,290	55,000
Net increase/(decrease) in fair value of investments	133,083	(138,167)
Interest expense in connection with bonds and other asset financing	(1,180,570)	(1,109,910)
Interest income, as lessor	155,290	140,978
Interest expense, as lessee	(213,973)	(220,654)
Loss on disposition of assets, including lease terminations	(2,281)	—
Pass-through grant program payments	(12,156)	—
4 WTC associated payments	32,532	32,545
Grants, in connection with operating activities	111,886	160,290
Non-operating expenses, net	(839,899)	(1,079,918)
Increase/(decrease) before capital contributions and passenger facility charges	70,758	(132,173)
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	227,574	290,491
Passenger facility charges	309,123	274,414
Total capital contributions and passenger facility charges	536,697	564,905
Increase in net position	607,455	432,732
Net position, January 1	16,054,086	15,621,354
Net position, December 31	\$ 16,661,541	\$ 16,054,086

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Cash Flows	Year ended December 31,	
	2023	2022 (Restated)
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	\$ 6,120,138	\$ 5,589,919
Cash paid to or on behalf of employees	(1,435,369)	(1,279,653)
Cash paid to suppliers	(1,727,765)	(1,467,712)
Cash paid to municipalities	(48,198)	(47,721)
Net cash provided by operating activities	2,908,806	2,794,833
Cash flows from noncapital financing activities:		
Grants received in connection with operating activities	105,038	174,133
Pass-through grant payments	(12,849)	(1,543)
Net cash provided by noncapital financing activities	92,189	172,590
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	(2,025,969)	(1,986,976)
Proceeds from capital obligations issued for refunding purposes (including commercial paper and Special Obligation Institutional Loan Program)	2,317,790	3,995,409
Principal paid through capital obligations refundings (including commercial paper and Special Obligation Institutional Loan Program)	(2,317,790)	(4,070,409)
Proceeds from sales of capital obligations allocated for construction	532,544	1,352,347
Principal paid on capital obligations	(668,712)	(463,214)
Interest paid on capital obligations	(1,225,768)	(1,133,001)
Amortization of lease financings, as lessee	(87,627)	(94,185)
Amortization of SBITA financings, as subscriber	(11,277)	(10,865)
Interest paid for lease financings	(207,160)	(220,992)
Interest paid for SBITA financings	(215)	(370)
Amortization of lease financings, as lessor	241,481	193,083
Interest received for lease financings	102,075	91,181
Payments for MOTBY obligation	(5,000)	(5,000)
Contributions in aid of construction	245,198	297,030
Proceeds from passenger facility charges	294,495	264,656
Proceeds from disposition of assets	—	11,924
Financial income allocated to capital projects	7,342	3,196
Net cash (used for) capital and related financing activities	(2,808,593)	(1,776,186)
Cash flows from investing activities:		
Purchase of investment securities	(219,606,611)	(23,728,477)
Proceeds from maturity and sale of investment securities	219,212,852	22,400,981
Interest received on investment securities	112,514	50,352
Other interest income	28,299	4,645
Net cash (used for) investing activities	(252,946)	(1,272,499)
Net (decrease) in cash	(60,544)	(81,262)
Cash at beginning of year	341,249	422,511
Cash at end of year	\$ 280,705	\$ 341,249

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Cash Flows (continued)	Year ended December 31,	
	2023	2022 (Restated)
	(In thousands)	
2. Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 910,657	\$ 947,745
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities and landlord leasehold investment	1,734,310	1,717,977
Amortization of costs for regional programs	6,478	17,939
Amortization of other assets	159,625	76,828
Amortization of lease assets	176,755	172,776
Amortization of deferred inflows of resources related to leases	(307,737)	(266,108)
Change in operating assets and operating liabilities:		
Increase in receivables	(209,306)	(94,532)
Increase in deferred charges and other assets	(35,437)	(18,430)
(Decrease)/increase in payables	3,234	43,582
Increase in other liabilities	104,578	38,306
Increase in accrued payroll, pension and other employee benefits	365,649	158,750
Total adjustments	1,998,149	1,847,088
Net cash provided by operating activities	\$ 2,908,806	\$ 2,794,833

3. Capital obligations:

Consolidated bonds and notes, Commercial Paper, Special Obligation Institutional Loan Program, Variable Rate Master Notes, Marine Ocean Terminal at Bayonne Peninsula (“MOTBY”) Obligation, World Trade Center (“WTC”) Tower 4 Liberty Bonds and Goethals Bridge Replacement Developer Financing Agreement

4. Noncash investing, capital and financing activities:

Noncash activity includes the change in fair value of investments of \$133 million in 2023 and \$(138) million in 2022 and the amortization of discount and premium on outstanding debt obligations of \$(92) million in 2023 and \$(81) million in 2022.

Noncash leasing activities include additions of *a.)* lease receivables of \$508 million and \$70 million in 2023 and 2022, respectively; *b.)* deferred inflows of \$497 million and \$70 million in 2023 and 2022, respectively; and, *c.)* lease assets and lease liabilities of \$15 million in both 2023 and 2022.

Noncash SBITA activities include additions of subscription assets and subscription liabilities of \$0 in 2023 and \$4 million in 2022.

Noncash capital financing did not include activities that required a change in fair value. The WTC Tower net lessee contributed \$2 million towards construction of WTC Tower 3 in both 2023 and 2022.

Noncash capital asset write-offs totaled \$90 million in 2023 and \$3 million in 2022.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Fiduciary Net Position	December 31, 2023	December 31, 2022
	(In thousands)	
ASSETS		
Cash and cash equivalents	\$ 23,453	\$ 104,958
Receivables:		
Due from employer	—	19,728
Due from broker for investments sold	844	9,166
Investment income	4,385	4,184
Total receivables	<u>5,229</u>	<u>33,078</u>
Investments, at fair value		
Domestic equities	597,312	477,718
Fixed income	580,004	537,417
International equities	368,473	310,754
Real estate	98,980	44,174
Total investments	<u>1,644,769</u>	<u>1,370,063</u>
Total assets	<u>1,673,451</u>	<u>1,508,099</u>
LIABILITIES		
Payables:		
Due to broker for investments purchased	13,621	40,221
Total liabilities	<u>13,621</u>	<u>40,221</u>
Net position restricted for other postemployment benefits	<u>\$ 1,659,830</u>	<u>\$ 1,467,878</u>

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Changes in Fiduciary Net Position	Year ended December 31,	
	2023	2022
	(In thousands)	
Additions:		
Employer contributions*	\$ 200,832	\$ —
Investment income:		
Net increase/(decrease) in fair value of investments	165,668	(349,261)
Interest and dividends	47,887	41,285
(Less) investment expense	(1,773)	(2,045)
Net investment income/(loss)	211,782	(310,021)
Total additions/(deductions)	412,614	(310,021)
Deductions:		
Benefit payments**	220,561	189,699
Administrative expense	101	88
Total deductions	220,662	189,787
Net increase/(decrease) in net position	191,952	(499,808)
Net position restricted for other postemployment benefits:		
Beginning of year	1,467,878	1,967,686
End of year	\$ 1,659,830	\$ 1,467,878

* The Port Authority did not make advanced funding contributions to the Trust in 2023 and 2022. 2023 contributions are comprised of other postemployment benefits (“OPEB”) benefit payments totaling \$200.8 million made from available Port Authority operating funds.

** 2023 amounts include OPEB benefit payments totaling \$200.8 million paid from available Port Authority operating funds. 2022 OPEB benefit payments were paid entirely out of Trust funds.

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

1. Reporting Entity

- a. The Port Authority of New York and New Jersey (the “Port Authority”) was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction, or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.
- b. The Governor of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State. In accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 14, “*The Financial Reporting Entity*,” as amended, for financial reporting purposes, the Port Authority is a joint venture between the States of New York and New Jersey.
- c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority’s framework of internal controls, compliance systems and the accounting, auditing, and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, general counsel of the Port Authority, and management of the Port Authority. The Audit Committee retained KPMG, LLP to perform the independent audit of the Port Authority’s financial statements and Mitchell Titus, LLP to perform the independent audit of the Port Authority of New York and New Jersey Retiree Health Benefits Trust financial statements for the year ending December 31, 2023.

Notes to Financial Statements
(continued)

- d. Enterprise fund financial statements and schedules include the accounts of the Port Authority and its blended component units, including:

Port Authority Blended Component Units*	Establishment or Acquisition Date
Port Authority Trans-Hudson Corporation	May 10, 1962
Newark Legal and Communications Center Urban Renewal Corporation	May 12, 1988
New York and New Jersey Railroad Corporation (inactive)	April 30, 1998
WTC Retail LLC	November 20, 2003
Port District Capital Projects LLC, (inactive)	July 28, 2005
Tower 5 LLC (formerly known as 1 WTC LLC)	September 21, 2006
Port Authority Insurance Captive Entity, LLC	October 16, 2006
New York New Jersey Rail, LLC	September 18, 2008
Tower 1 Member LLC	April 19, 2011
Tower 1 Joint Venture LLC	April 19, 2011
Tower 1 Holdings LLC	April 19, 2011
WTC Tower 1 LLC	April 19, 2011
PA Retail Newco LLC	May 7, 2012
Tower 1 Rooftop Holdings LLC	June 8, 2012

* The blended component units listed are included as part of the Port Authority’s reporting entity because: a.) the Port Authority’s Board of Commissioners serves as the overall governing body of these related entities; and, b.) there is a fiscal dependency and a financial benefit or burden relationship between the Port Authority and the respective component unit listed.

- e. *The Port Authority of New York and New Jersey Retiree Health Benefits Trust* (“the Trust”) was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, Port Authority Trans-Hudson Corporation (“PATH”) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and eligible dependents of such retired employees to facilitate all or part of the required funding of certain postemployment benefits, including group healthcare, dental, vision, prescription and term life insurance that are provided through healthcare plans administered by the Port Authority. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Port Authority’s Board of Commissioners serve as the board of directors of the Trust. In accordance with GASB Statement No. 84, “*Fiduciary Activities*,” and GASB Statement No. 97 “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*,” the Trust is a fiduciary component unit of the Port Authority.

Audited financial statements of the Trust for the year ended December 31, 2023 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.

2. Basis of Accounting

- a. Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Notes to Financial Statements
(continued)

- b. Port Authority fiduciary activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position are accounted for in a fiduciary fund with investments reported at fair value, advance fundings reported when paid and contributions related to pay-as-you go benefit payments reported when benefit payments come due.
- c. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

3. Significant Accounting Policies

- a. *Facilities, net* are carried at cost. Generally, projects in excess of \$100,000 for additions, asset replacements, and/or asset improvements that benefit future periods or are expected to prolong the service life of the asset are capitalized (see *Note B – Facilities, net*). *Facilities, net* does not include regional programs undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see *Note H – Regional Facilities and Programs*).

Prior to 2021, the cost of facilities included interest incurred during the period that related to the construction or production of the capital asset. The amount of capitalized interest was calculated by offsetting interest expense incurred with financial income earned on invested debt proceeds, from the date of the borrowing until the project is ready for its intended use. In accordance with GASB Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period*,” effective January 1, 2021 the Port Authority prospectively discontinued the capitalization of interest expense incurred during the construction period.

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

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

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

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

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

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

Notes to Financial Statements
(continued)

- d. Restricted cash and investments are primarily comprised of Passenger Facility Charges (“PFCs”), cash restricted for use by the Port Authority Insurance Captive Entity, LLC (“PAICE”), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.
- e. Enterprise fund net position is comprised of:
 - Net investment in capital assets, which consists of capital assets, net of accumulated depreciation, less the outstanding balances related to payables, bonds, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.
 - Restricted, which consists of net resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Port Authority’s policy to use restricted resources first.
 - Unrestricted, which consists of net resources that do not meet the definition of Restricted or Net investment in capital assets.
- f. Statutorily mandated reserves held by PAICE are restricted for purposes of insuring certain Port Authority risk exposures.
- g. Inventories are valued using an average cost method, which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of *Other noncurrent assets* on the Statements of Net Position.
- 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 The 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* and *Landlord Leasehold Investment-LGA Terminal B*.
- j. Required capital contributions due the Port Authority from the World Trade Center (“WTC”) Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Statements of Net Position and a *Contributions in aid of construction* on the Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively, and are being depreciated over their estimated useful life.

- k. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see *Note C – Cash and Investments*).
- l. In accordance with GASB Statement No. 23, “*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*,” as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- m. Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the *Bonds and other asset financing obligations* on the Statements of Net Position.
- n. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.
- o. For presentation purposes, certain amounts in fiscal year 2022 financial statements have been reclassified to conform to fiscal year 2023 financial statements, presented herein. These reclassifications have no impact on the overall change in net position or cash flows.
- p. In 2022, the Port Authority adopted GASB Statement No. 87, “*Leases*” (“GASB Statement No. 87”). The objective of GASB Statement No. 87 is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments.

The adoption of GASB Statement No. 87 resulted in the Port Authority classifying certain lease agreements containing “fixed” lease payments as financing arrangements for the right to use a third party's asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset (herein referred to as lease asset) and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Receivables and liabilities related to lease agreements subject to GASB Statement No. 87 are measured at the present value of fixed lease payments expected to be made or received during the lease term. For leases that were in place at adoption (January 1, 2021), fixed lease payments were measured over the remaining lease term. Discount rates utilized in the valuation of lease agreements subject to GASB Statement No. 87 are based on the Port Authority’s incremental cost of borrowing at the time of valuation. Lease assets and deferred inflows of resources related to leases are amortized on a straight-line basis over the remaining lease term.

In accordance with GASB Statement No. 87, certain lease agreements are excluded from the measurement of the lease receivable or liability, including regulated lease agreements (lessor exclusion

Notes to Financial Statements
(continued)

only) at Port Authority aviation and marine terminal facilities, lease agreements with variable lease payments that are activity based, lease agreements with lease terms of less than twelve months, lease agreements that contain aggregate rent payments expected to be paid or received during the lease term totaling less than \$100,000 and leases that transfer ownership of the underlying asset. For additional information related to leasing activities see Note G - *Leasing Activities and Subscription-Based Technology Arrangements*.

- q. In 2023, the Port Authority adopted GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements*” (“SBITAs”) (“GASB Statement No. 96”). The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements.

The adoption of GASB Statement No. 96 resulted in the Port Authority classifying certain subscription arrangements containing “fixed” payments as financing arrangements for the right to use a third party's technological asset. Under this statement, a user is required to recognize a subscription liability and an intangible right-to-use asset (herein referred to as subscription asset). Liabilities related to subscription arrangements subject to GASB Statement No. 96 are measured at the present value of fixed subscription payments expected to be made during the subscription term. For subscriptions in place at the time of adoption (January 1, 2022), fixed subscription payments were measured over the remaining lease term. Discount rates utilized in the valuation of lease agreements subject to GASB Statement No. 96 are based on the Port Authority’s incremental cost of borrowing at the time of valuation. For additional information related to leasing activities see Note G - *Leasing Activities and Subscription-Based Information Technology Arrangements*.

In accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements with terms less than twelve months or contain aggregate payments that are de minimis are excluded from the measurement of the subscription liability.

Notes to Financial Statements
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The following tables display the impact of implementing GASB Statement No. 96, including the required restatement of previously reported 2022 amounts:

Statement of Net Position

	December 31, 2022 Published	December 31, 2022 Restated	Change
	(In thousands)		
ASSETS			
Noncurrent assets:			
Other noncurrent assets	\$ 755,426	\$ 775,373	\$ 19,947
Total noncurrent assets	58,079,006	58,098,953	19,947
Total assets	61,522,308	61,542,255	19,947
LIABILITIES			
Noncurrent liabilities:			
Other noncurrent liabilities	(299,258)	(314,971)	(15,713)
Total noncurrent liabilities	(36,713,943)	(36,729,656)	(15,713)
Total liabilities	(40,795,403)	(40,811,116)	(15,713)
NET POSITION	\$ 16,049,852	\$ 16,054,086	\$ 4,234
Net investment in capital assets	\$ 14,938,081	\$ 14,942,315	\$ 4,234
NET POSITION	\$ 16,049,852	\$ 16,054,086	\$ 4,234

Statement of Revenues, Expenses and Changes in Net Position

	December 31, 2022 Published	December 31, 2022 Restated	Change
	(In thousands)		
Operating expenses:			
Contract services	\$ (1,059,209)	\$ (1,054,605)	\$ 4,604
Total operating expenses before depreciation, amortization and other operating expenses	(3,125,523)	(3,120,919)	4,604
Income from operations	943,141	947,745	4,604
Non-operating revenues and (expenses):			
Interest expense in connection with bonds and other asset financing	(1,109,540)	(1,109,910)	(370)
Non-operating expenses, net	(1,079,548)	(1,079,918)	(370)
Loss before capital contributions and passenger facility charges	(136,407)	(132,173)	4,234
Increase in net position	428,498	432,732	4,234
Less: Cumulative effect of a changes in accounting principle			
Restated impact on 2022 Statement of Net Position			\$ 4,234

Statement of Cash Flows

	December 31, 2022 Published	December 31, 2022 Restated	Change
	(In thousands)		
Cash flows from operating activities:			
Cash paid to suppliers	\$ (1,478,947)	\$ (1,467,712)	\$ 11,235
Net cash provided by operating activities	2,783,598	2,794,833	11,235
Cash flows from capital and related financing activities:			
Amortization of SBITA financings, as subscriber	—	(10,865)	(10,865)
Interest paid for SBITA financings	—	(370)	(370)
Net cash (used for) capital and related financing activities	\$ (1,764,951)	\$ (1,776,186)	\$ (11,235)

	December 31, 2022 Published	December 31, 2022 Restated	Change
	(In thousands)		
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	\$ 943,141	\$ 947,745	\$ 4,604
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Amortization of other assets	70,197	76,828	6,631
Total adjustments	1,840,457	1,847,088	6,631
Net cash provided by operating activities	\$ 2,783,598	\$ 2,794,833	\$ 11,235

- r. In April 2022, GASB issued Statement No. 99, “*Omnibus 2022*”. The statement includes clarification of Statement No. 87 “*Leases*,” and Statement No. 96, “*Subscription-Based Information Technology Arrangements*.” The Port Authority implemented the provisions of this statement during its adoption of GASB Statements No. 87 and 96.
- s. In June 2022, GASB issued Statement No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*”. The requirements of GASB Statement No. 100 are effective for financial statements periods beginning after June 15, 2023. The objective of GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections.
- t. In June 2022, GASB issued Statement No. 101, “*Compensated Absences*”. The requirements of GASB Statement No. 101 are effective for financial statements periods beginning after December 15, 2023. The objective of GASB Statement No. 101 is to modify guidance on the accounting and financial reporting for compensated absences. The Port Authority is in the process of evaluating the impact, if any, of adopting GASB Statement No. 101.

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

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

- a. Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.
- b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority’s bond resolutions. Instead, capital expenditures are provided for

Notes to Financial Statements
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through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.

- c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.
- d. Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.
- e. Consolidated Bonds and Consolidated Notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.
- f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retiring existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.
- g. Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Net Position – Facility infrastructure investment* in the capital fund.
- h. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities*.
- 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 GASB Statement No. 68, "Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" was recognized as an increase or decrease to the operating fund's net position in the year of adoption and is being amortized as an application from the Consolidated Bond Reserve Fund over a closed 30- year period.

Notes to Financial Statements
(continued)

- k.** In accordance with Port Authority bond resolutions, operating expenses provide for contingencies related to the application of future operating and maintenance expenses.
- l.** Rental income received and rent paid related to leases, including leases that contain fixed-rent payments and subject to GASB Statement No. 87 are recognized in accordance with the rental terms contained in their respective lease agreements.
- m.** Rent payments paid or received in advance are deferred and reported in *Other current assets* or *Other current* or *Other non-current liabilities*, respectively. Advance payments are amortized on a straight-line basis over the term of the lease agreement.
- n.** Payments for SBITAs, including SBITAs that contain fixed-rent payments and subject to GASB Statement No. 96 are recognized in accordance with the subscription terms contained in their respective subscription agreements.

Notes to Financial Statements
(continued)

A reconciliation of the Statements of Net Position to Schedule B – Assets and Liabilities and the Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves follows:

Statements of Net Position to Schedule B – Assets and Liabilities

	Years ended December 31,	
	2023	2022
		Restated
	(In thousands)	
Net position reported on Statements of Net Position (pursuant to U.S. GAAP)	\$ 16,661,541	\$ 16,054,086
Add: U.S. GAAP only liabilities and deferred inflows of resources		
Accumulated depreciation of facilities and landlord leasehold investment	23,712,444	22,127,348
GASB Statement No. 87 lease liabilities	6,424,743	6,497,812
GASB Statement No. 96 SBITA liabilities	4,438	15,713
GASB Statement No. 87 deferred inflows of resources, leases	5,347,802	5,158,110
Accumulated retirements and gains and losses on disposition of assets	4,465,584	4,316,370
Cumulative unamortized discount and premium	1,950,793	1,934,498
Cumulative amortization of costs for regional programs	1,527,930	1,521,452
GASB Statement No. 87 lease interest payable	22,252	29,063
Less: U.S. GAAP only assets		
GASB Statement No. 87 lease assets	(6,943,174)	(7,105,371)
GASB Statement No. 96 SBITA assets	(12,188)	(19,947)
GASB Statement No. 87 lease receivables	(4,838,763)	(4,572,733)
GASB Statement No. 87 lease interest receivable	(165,281)	(112,065)
Total U.S. GAAP adjustments	31,496,580	29,790,250
Add: Bond Resolution only assets		
Deferred rent payments and receivables	1,043,632	1,074,626
Application of WTC joint venture payments	16,968	—
Less: Bond Resolution only liabilities		
Deferred income PFCs	(52,446)	(224,308)
Operating and maintenance contingencies	(50,000)	(50,000)
Total Bond Resolution adjustments	958,154	800,318
Total	\$ 49,116,275	\$ 46,644,654
Net position reported on Schedule B - Assets and Liabilities (pursuant to Port Authority bond resolutions)	\$ 49,116,275	\$ 46,644,654

* In accordance with GASB Statement No. 96, as described in Note A.3.q, *Nature of the Organization and Summary of Significant Policies*, the cumulative impact of adopting Statement No. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Net Position.

Notes to Financial Statements
(continued)

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

	Years ended December 31,	
	2023	2022 Restated
	(In thousands)	
Increase in Net position reported on Statements of Revenues, Expenses and Changes in Net Position (pursuant to U.S. GAAP)	\$ 607,455	\$ 432,732
Less: U.S. GAAP only revenues		
PFC Collections and interest income/fair value adjustment	(309,319)	(274,449)
GASB Statement No. 87 amortization of leases, as lessor	(307,737)	(266,108)
GASB Statement No. 87 interest income, as lessor	(155,290)	(140,978)
Amortization of discount and premium	(91,834)	(81,340)
4 WTC Liberty Bond interest payments	(32,532)	(32,545)
WTC 2,3,4 Net Lessee capital contributions	(1,893)	(1,799)
Add: U.S. GAAP only expenses		
Depreciation of facilities and landlord leasehold investment	1,734,310	1,717,977
GASB Statement No. 87 amortization of leases, as lessee	176,755	172,776
GASB Statement No. 96 amortization of SBITAs*	7,759	6,631
GASB Statement No. 87 interest expense, as lessee	213,973	220,654
GASB Statement No. 96 SBITA interest expense*	215	370
Amortization of costs for regional programs	6,478	17,939
Loss on disposition of assets, including leases	2,281	—
Total U.S. GAAP adjustments	1,243,166	1,339,128
Add: Bond Resolution only increases in reserves		
Fixed rentals received from lessees**	369,509	322,582
Application of PFCs	488,053	63,664
4 WTC Liberty Bond principal and interest payments	34,732	34,745
Application of WTC retail joint venture payments	—	16,968
Less: Bond Resolution only decreases in reserves		
Direct investment in facilities	(943,156)	(867,790)
Fixed lease payments paid to lessors**	(360,750)	(360,896)
SBITA payments**	(11,492)	(11,235)
Debt maturities and retirements	(483,964)	(467,966)
Change in accounting principle – Pensions / OPEB	(24,086)	(22,511)
Total Bond Resolution adjustments	(931,154)	(1,292,439)
Total	\$ 919,467	\$ 479,421
Increase in Reserves reported on Schedule A – Revenues and Reserves (pursuant to Port Authority bond resolutions)	\$ 919,467	\$ 479,421

* In accordance with GASB Statement No. 96, as described in Note A.3.q *Nature of the Organization and Summary of Significant Policies*, the cumulative impact of adopting Statement No. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Revenues, Expenses and Changes in Net Position.

** Related to lease agreements that are subject to GASB Statement No. 87 and SBITAs that are subject to GASB Statement No. 96.

Notes to Financial Statements
(continued)

Note B - Facilities, net

	Facilities, net Dec. 31, 2022	Additions	Transfers to Completed Construction	Depreciation**	Retirements/ Dispositions	Facilities, net Dec. 31, 2023
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,542,429	\$ —	\$ 765	\$ —	\$ —	\$ 1,543,194
Construction in progress*	5,203,504	1,840,084	(3,056,009)	—	—	3,987,579
Total capital assets not being depreciated	6,745,933	1,840,084	(3,055,244)	—	—	5,530,773
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	25,260,972	—	1,540,364	—	(19,953)	26,781,383
Machinery and equipment	13,361,972	—	849,302	—	(99,979)	14,111,295
Runways, roadways and other paving	8,228,625	—	193,758	—	(12,646)	8,409,737
Utility infrastructure	8,657,797	—	471,820	—	(16,635)	9,112,982
Total other capital assets being depreciated	55,509,366	—	3,055,244	—	(149,213)	58,415,397
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(7,279,902)	—	—	(607,728)	19,953	(7,867,677)
Machinery and equipment	(6,637,369)	—	—	(461,643)	99,979	(6,999,033)
Runways, roadways and other paving	(4,187,962)	—	—	(262,767)	12,646	(4,438,083)
Utility infrastructure	(3,873,293)	—	—	(340,514)	16,635	(4,197,172)
Total accumulated depreciation	(21,978,526)	—	—	(1,672,652)	149,213	(23,501,965)
Facilities, net	\$ 40,276,773	\$ 1,840,084	\$ —	\$ (1,672,652)	\$ —	\$ 40,444,205

	Facilities, net Dec. 31, 2021	Additions	Transfers to Completed Construction	Depreciation**	Retirements/ Dispositions	Facilities, net Dec. 31, 2022
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,481,610	\$ —	\$ 60,819	\$ —	\$ —	\$ 1,542,429
Construction in progress*	5,461,660	1,763,311	(2,021,467)	—	—	5,203,504
Total capital assets not being depreciated	6,943,270	1,763,311	(1,960,648)	—	—	6,745,933
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	24,306,861	—	1,125,199	—	(171,088)	25,260,972
Machinery and equipment	13,113,530	—	346,784	—	(98,342)	13,361,972
Runways, roadways and other paving	8,508,822	—	157,548	—	(437,745)	8,228,625
Utility infrastructure	8,404,855	—	331,117	—	(78,175)	8,657,797
Total other capital assets being depreciated	54,334,068	—	1,960,648	—	(785,350)	55,509,366
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(6,854,067)	—	—	(596,923)	171,088	(7,279,902)
Machinery and equipment	(6,303,813)	—	—	(431,898)	98,342	(6,637,369)
Runways, roadways and other paving	(4,335,793)	—	—	(289,914)	437,745	(4,187,962)
Utility infrastructure	(3,615,081)	—	—	(336,387)	78,175	(3,873,293)
Total accumulated depreciation	(21,108,754)	—	—	(1,655,122)	785,350	(21,978,526)
Facilities, net	\$ 40,168,584	\$ 1,763,311	\$ —	\$ (1,655,122)	\$ —	\$ 40,276,773

* Additions to construction in progress include deductions related to capital write-offs totaling \$90 million in 2023 and \$2.6 million in 2022.

** Excludes depreciation related to LaGuardia Terminal B landlord leasehold investment of \$61.7 million in 2023 and \$62.9 million in 2022.

Notes:

1. Projects that have been suspended pending determination of their continued viability totaled \$137.4 million in 2023 and \$131.1 million in 2022.
2. Depreciation includes accelerated depreciation of \$268 thousand in 2023 and \$86.1 million in 2022 related to capital assets that were retired and taken out of service.
3. Retirements/Dispositions include the book value, if any, related to capital assets that have been sold or otherwise disposed.

Notes to Financial Statements
(continued)

Note C – Cash and Investments

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

Cash	December 31,			
	2023		2022	
	Port Authority	PAICE	Total	Total
	(In thousands)			
Cash	\$ 166,261	\$ 19,685	\$ 185,946	\$ 188,122
Cash equivalents	39,196	55,563	94,759	153,127
Total cash	205,457	75,248	280,705	341,249
Less restricted cash	35,047	75,248	110,295	112,014
Unrestricted cash	\$ 170,410	\$ —	\$ 170,410	\$ 229,235

Investments, at fair value*	December 31,				
	2023		2022		
	Fair Value Hierarchy Levels**	Port Authority †	PAICE	Total	Total
	(In thousands)				
United States Treasury notes	Level 1	\$ 3,881,685	\$ 60,141	\$ 3,941,826	\$ 3,059,228
United States Treasury obligations held pursuant to repurchase agreements***	—	910,565	—	910,565	747,747
United States Treasury bills	Level 1	86,042	—	86,042	587,010
United States government agency obligations	Level 2	69,960	—	69,960	109,785
Municipal bonds	Level 2	4,698	25,248	29,946	4,502
Corporate bonds	Level 2	—	18,609	18,609	25,606
Mortgage-backed securities	Level 2	—	17,601	17,601	11,748
Asset-backed securities	Level 2	—	5,393	5,393	5,662
Accrued interest receivable		24,197	967	25,164	13,691
Total investments		4,977,147	127,959	5,105,106	4,564,979
Less current investments		1,340,558	8,356	1,348,914	1,674,016
Noncurrent investments		\$ 3,636,589	\$ 119,603	\$ 3,756,192	\$ 2,890,963

* Cash and investments of approximately \$1.7 billion and \$1.5 billion held in The Port Authority of NY and NJ Retiree Health Benefits Trust are not included in the Port Authority's Enterprise Fund Statements of Net Position as of December 31, 2023 and 2022, respectively.

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

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

Level 3 inputs are unobservable inputs for the asset; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Port Authority investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

*** Investments are valued at unamortized cost.

† Port Authority investments includes PFC restricted investments of \$5.3 million and \$187.1 million in 2023 and 2022, respectively.

Notes to Financial Statements (continued)

Port Authority cash equivalents, excluding PAICE, at December 31, 2023 and 2022 of \$39.2 million and \$106.7 million, respectively, consist of negotiable order of withdrawal accounts.

PAICE cash equivalents at December 31, 2023 and 2022 of \$55.6 million and \$46.5 million, respectively, consist of money market accounts of \$48.9 million and \$40.8 million, respectively, and money market funds of \$6.7 million and \$5.7 million, respectively. The money market funds have ratings of AAAm and Aaa-mf by S&P and Moody's, respectively.

Port Authority Investment Policies

Port Authority policy provides for cash funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum fair value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation ("FDIC") and the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of \$1 million.

Total actual bank balances, excluding amounts held by third party trustees, were \$201.7 million at December 31, 2023. Of that amount, \$1.7 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of \$200.0 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

Notes to Financial Statements
(continued)

and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, and with issues actively traded in secondary markets; **c.)** commercial paper obligations having only the highest short-term ratings separately issued by two nationally recognized rating agencies; **d.)** United States Treasury and municipal bond futures contracts; **e.)** certain interest rate exchange contracts with banks and investment firms; and, **f.)** certain interest rate options contracts that are limited to \$50 million of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities. The Board of Commissioners has from time-to-time authorized other investments of operating funds.

It is the general policy of the Port Authority to limit exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than two years. Extending the weighted average maturity beyond two years requires explicit written approval of the Chief Financial Officer of the Port Authority. Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The fair value and weighted average maturity of investments held by the Port Authority, excluding PAICE, at December 31, 2023 and 2022, follows:

Port Authority Investment Type	2023		2022	
	Fair Value	Weighted Average Maturity	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)	(In thousands)	(In days)
United States Treasury notes	\$ 3,881,685	636	\$ 3,004,803	644
United States Treasury obligations held pursuant to repurchase agreements	910,565	2	747,747	3
United States Treasury bills	86,042	3	587,010	14
United States government agency obligations	69,960	2	109,785	16
Municipal bonds	4,698	805	4,502	1,170
Total fair value of investments*	<u>\$ 4,952,950</u>		<u>\$ 4,453,847</u>	
Investment weighted average maturity		499		438

* Excludes accrued interest receivable amounts of \$24.2 million in 2023 and \$13.2 million in 2022.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements ("REPO") bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the fair value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2023 and 2022, respectively.

PAICE Investment Policies

The investment policies of PAICE have been established and approved by the PAICE Board of Directors, which is comprised of Port Authority executive staff. Consistent with the Port Authority Board of Commissioners' authorization with respect to the establishment of PAICE as a wholly owned entity of the Port Authority, PAICE provides the Port Authority Board of Commissioners' Committee on Finance with periodic updates on PAICE's investment activities.

Notes to Financial Statements (continued)

PAICE's investment policies consists of a three-tier set of investment accounts. First, PAICE is required to set aside assets equal to the actuarial loss reserve estimates in a "Minimum Reserve Account." Once this is satisfied, PAICE may establish a "Reserve Account" equal to the balance of all possible losses, less amounts invested in the Minimum Reserve Account. Finally, any excess funds that remain after both the Minimum Reserve Account and Reserve Account requirements are satisfied may be used to establish a "Reserve Surplus Account."

Allowable investments in the Minimum Reserve Account may consist of: **a.)** United States Treasury notes and United States Federal Agency debt; **b.)** repurchase agreements collateralized by United States Government securities or; **c.)** money market funds investing in United States Treasuries or United States Government Agency securities. The maximum maturity of any single investment is limited to 10 years from the date of purchase, and the duration of the Minimum Reserve Account is limited to 1 to 5 years.

Reserve Account allowable investments are the allowable investments in the Minimum Reserve Account, plus the following types of investments: **a.)** United States dollar-denominated issues of sovereigns, supranationals, and foreign government sponsored agencies; **b.)** money market instruments; **c.)** investment grade corporate obligations issued by United States domestic issuers and United States dollar-denominated issues of foreign issuers; **d.)** municipal notes and bonds; **e.)** agency mortgage backed securities and agency collateralized mortgage obligations; and, **f.)** AAA rated asset-backed securities ("ABS"). The maximum permissible maturity of any single investment in the Reserve Account is 30 years at time of purchase and the duration of the Reserve Account is limited to 1 to 8 years. The average credit rating of the Reserve Account investments may not fall below AA-.

Under conditions outlined above, PAICE may establish a Reserve Surplus Account comprised of all of the allowable investments in the Minimum Reserve Account and the Reserve Account, plus passive equity index investments that are traded on major exchanges.

In December 2018, the PAICE Board of Directors authorized PAICE to make intercompany loans as a permitted investment for the purpose of efficiently allocating capital resources among the Port Authority and its component units. As of December 31, 2023 and 2022, PAICE had \$360 million in intercompany loans due from the Port Authority.

Notes to Financial Statements
(continued)

The fair value and weighted average maturity of investments held by PAICE at December 31, 2023 and 2022, follows:

PAICE Investment Type	2023		2022	
	Fair Value (In thousands)	Weighted Average Maturity (In days)	Fair Value (In thousands)	Weighted Average Maturity (In days)
United States Treasury notes	\$ 60,141	953	\$ 54,425	1,117
Municipal Bonds	25,248	1,003	—	—
Corporate bonds	18,609	474	25,606	746
Mortgage-backed securities	17,601	435	11,748	404
Asset-backed securities	5,393	28	5,662	39
Total fair value of investments*	<u>\$ 126,992</u>		<u>\$ 97,441</u>	
Investment weighted average maturity		2,894		2,306

* Excludes accrued interest receivable amounts of \$967 thousand and \$461 thousand in 2023 and 2022, respectively, and \$360 million in intercompany loans due from the Port Authority in both 2023 and 2022.

As of December 31, 2023, PAICE's investments had the following credit ratings from Standard and Poor's:

Ratings*	Municipal bonds	Corporate bonds	Mortgage-backed securities** (In thousands)	Asset-backed securities	Total
AAA	\$ 4,195	\$ —	\$ —	\$ 3,103	\$ 7,298
AA+/AA/AA-	15,054	2,565	17,601	—	35,220
A+/A/A-	5,434	6,608	—	—	12,042
BBB+/BBB/BBB-	—	9,436	—	—	9,436
N/A***	565	—	—	2,290	2,855
Total	<u>\$ 25,248</u>	<u>\$ 18,609</u>	<u>\$ 17,601</u>	<u>\$ 5,393</u>	<u>\$ 66,851</u>

* Excludes guaranteed U.S. Treasury notes totaling \$60 million.

** Investments in mortgage-backed securities include fixed maturity investments from the Federal National Mortgage Association.

*** N/A represents securities that were not rated.

As of December 31, 2022, PAICE's investments had the following credit ratings from Standard and Poor's:

Ratings*	Corporate bonds (In thousands)	Mortgage-backed securities**	Asset-backed securities	Total
AAA	\$ —	\$ 11,748	\$ 5,662	\$ 17,410
AA+/AA/AA-	1,319	—	—	1,319
A+/A/A-	13,952	—	—	13,952
BBB+/BBB/BBB-	10,335	—	—	10,335
Total	<u>\$ 25,606</u>	<u>\$ 11,748</u>	<u>\$ 5,662</u>	<u>\$ 43,016</u>

* Excludes guaranteed U.S. Treasury notes totaling \$54 million.

** Investments in mortgage-backed securities include fixed maturity investments from the Federal National Mortgage Association.

The Port Authority of New York and New Jersey Retiree Health Benefits Trust

Investment Policies

The Port Authority, acting through or by authority of its Board of Commissioners, establishes investment guidelines consistent with the purpose of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (“the Trust”). Such investment guidelines are written and may be changed from time to time only by means of a written document adopted by the Port Authority, acting through or by the authority of its Board of Commissioners.

An Investment Committee was established to provide oversight and management of the policies and procedures of the Trust. The Investment Committee is comprised of the: **a.)** Chief Financial Officer; **b.)** Chief, Human Capital; **c.)** Comptroller; and, **d.)** Treasurer of the Port Authority. Periodic updates on the portfolio structure, rate of return performance as compared to the benchmark indexes, and any changes to investment strategy are provided to the Committee on Finance of the Port Authority’s Board of Commissioners.

The Trust’s investment policy statement, approved by the Executive Director of the Port Authority, permits the Trust to invest in equities, fixed income assets, real estate investment trusts (“REITs”) and cash equivalents. The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing the long-term rate of return on investments and minimizing risk of loss to fulfill the long-term Other Postemployment Benefits (“OPEB”) obligations of the Port Authority and PATH. The investment objectives are based on a 15-year investment horizon so interim fluctuations should be viewed with appropriate perspective. Investments are managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Trust’s investment objectives. Investments are diversified with the intent to minimize the risk of investment losses.

Rate of Return

The annual money-weighted rate of return on Trust investments, net of investment expense, was a gain of 14.52% in 2023 and a loss of (16.59%) in 2022, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Diversification

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

	<u>Range</u>
Cash and cash equivalents	0% - 20%
Fixed income securities	25% - 65%
Mutual fund asset classes	
Equity mutual funds:	
Domestic equity	23% - 43%
International equity	11% - 31%
Real estate investment trusts	0% - 12%

Notes to Financial Statements
(continued)

Market Risk

The Trust's investment policy is currently targeted to 60% equity and 40% fixed-income asset weighting. The equity portion of the investments is in four funds focused on the international equity market, the broad domestic equity market, and publicly traded REITs. The primary risk associated with this portion of the portfolio is volatility within the equity financial markets. However, dollar cost averaging provides a measure of risk mitigation by limiting the amount of investment on any one day at any particular valuation level.

Investment Type, at fair value	Fair Value Hierarchy Levels*	December 31,	
		2023	2022
(In thousands)			
Cash and cash equivalents	Level 1	\$ 23,453	\$ 104,958
Investments at fair value			
Fixed-income securities			
Corporate bonds	Level 2	126,542	126,795
Foreign bonds	Level 2	23,211	21,467
U.S Treasury securities	Level 1	154,056	120,542
Municipal bonds	Level 2	35,168	38,655
Mortgage and asset-backed securities	Level 2	230,098	219,917
Bond mutual funds	Level 1	10,929	10,041
Equity and real estate mutual funds			
Equity mutual funds			
Domestic mutual funds	Level 1	597,312	477,718
International mutual funds	Level 1	368,473	310,754
Real estate mutual fund	Level 1	98,980	44,174
Total investments		\$ 1,644,769	\$ 1,370,063
Total cash, cash equivalents and investments		\$ 1,668,222	\$ 1,475,021

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

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

Level 3 inputs are unobservable inputs for the asset and should be used only when relevant Level 1 and Level 2 inputs are unavailable. The Trust investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

** December 31, 2023 and December 31, 2022 includes U.S. Government agency securities totaling \$156 million and \$149 million, respectively.

Credit Risk

The Trust's investment policy statement generally requires the overall rating of fixed-income assets to have an average credit quality rating of at least 'A', and was in compliance with the investment policy in 2023 and 2022.

The fixed-income portion of the portfolio is managed by a number of investment managers who have advised that the average credit quality rating associated with their investment accounts for the Trust have an average credit quality rating of 'AA'.

Notes to Financial Statements
(continued)

As of December 31, 2023, fixed-income investment types had the following credit ratings (in thousands):

Ratings**	Corporate bonds	Foreign bonds	Municipal bonds	Mortgage and Asset-backed securities	Bonds funds	Total
AAA	\$ 388	\$ —	\$ 3,564	\$ 18,107	\$ —	\$ 22,059
AA+/AA/AA-	4,416	214	22,177	3,449	—	30,256
A+/A/A-	41,220	1,785	8,159	7,482	—	58,646
BBB+/BBB/BBB-	64,830	4,326	—	6,532	—	75,688
BB+/BB/BB-	8,980	345	—	2,955	—	12,280
B+/B/B-	3,955	592	—	217	—	4,764
CC/CCC+/CCC/CCC-	—	14	—	3,549	—	3,563
N/A*	2,753	15,935	1,268	31,977	10,929	62,862
Total	\$ 126,542	\$ 23,211	\$ 35,168	\$ 74,268	\$ 10,929	\$ 270,118

* N/A represents securities that were not rated.

** Fixed-income investments exclude guaranteed U.S. Treasury and U.S. Government agency securities totaling \$154 million and \$156 million, respectively.

As of December 31, 2022, fixed-income investment types had the following credit ratings (in thousands):

Ratings**	Corporate bonds	Foreign bonds	Municipal bonds	Mortgage and Asset-backed securities	Bonds funds	Total
AAA	\$ 654	\$ —	\$ 3,090	\$ 14,437	\$ —	\$ 18,181
AA+/AA/AA-	3,596	157	24,962	5,579	—	34,294
A+/A/A-	50,485	4,448	8,136	8,629	—	71,698
BBB+/BBB/BBB-	55,853	10,833	369	8,038	—	75,093
BB+/BB/BB-	9,394	588	—	2,792	—	12,774
B+/B/B-	3,220	1,093	—	534	—	4,847
CC/CCC+/CCC/CCC-	170	18	—	3,991	—	4,179
N/A*	3,423	4,330	2,098	27,266	10,041	47,158
Total	\$ 126,795	\$ 21,467	\$ 38,655	\$ 71,266	\$ 10,041	\$ 268,224

* N/A represents securities that were not rated.

** Fixed-income investments exclude guaranteed U.S. Treasury and U.S. Government agency securities totaling \$121 million and \$149 million, respectively.

Cash and cash equivalents held in the Trust, at December 31, 2023 of \$23 million consist of \$12 million of short-term U.S. Government Treasury securities and \$11 million of commercial paper. Cash and cash equivalents held in the Trust, at December 31, 2022 of \$105 million consist of \$89 million of short-term U.S. Government Treasury securities and \$16 million of commercial paper. The commercial paper has credit ratings ranging from A- to BBB, A3 to Baa2, and A- to BBB+, by Standard & Poor's, Moody's, and Fitch respectively.

Notes to Financial Statements
(continued)

Concentration of Credit Risk

Investments of Trust funds are diversified in accordance with the Trust's investment policy statement that defines guidelines for the portfolio, including holding no individual company stock that exceeds 5% of the portfolio weighting, holding no more than 2% of the outstanding shares of an individual stock, and holding no more than 25% of the portfolio in any one industry. As of December 31, 2023, the Trust had no investments of more than 5% of its fiduciary net position with a single organization.

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of a counterparty, the Trust will not be able to recover the value of its investments or collateral securities. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Trust. The Trust manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high-quality securities be held by the Trustee in the name of the Trust.

Interest Rate Risk

Interest rate risk associated with the Trust is confined to the fixed-income portion of the portfolio. The fixed-income component of the portfolio is subject to interest rate risk due to the nature of the underlying securities. To mitigate fair value losses associated with the fluctuation of interest rates, the duration of the fixed-income fund positions of the portfolio are monitored and adjusted accordingly.

The following is a listing of the Trust's fixed-income investments and related maturity schedule as of December 31, 2023:

Investment Type	<1 Year	1 to 5 Yrs	5 to 10 Yrs	10+ Yrs	Total
			(In thousands)		
Corporate bonds	\$ 1,181	\$ 29,677	\$ 64,295	\$ 31,389	\$ 126,542
Foreign bonds	—	6,841	10,922	5,448	23,211
U.S. Treasury securities	4,232	28,589	78,528	42,707	154,056
Municipal bonds	—	3,691	7,071	24,406	35,168
Asset-backed securities	—	9,450	13,238	207,410	230,098
Bonds funds	—	—	—	10,929	10,929
Total	\$ 5,413	\$ 78,248	\$ 174,054	\$ 322,289	\$ 580,004

Notes to Financial Statements
(continued)

The following is a listing of the Trust's fixed-income investments and related maturity schedule as of December 31, 2022:

Investment Type	<1 Year	1 to 5 Yrs	5 to 10 Yrs	10+ Yrs	Total
			(In thousands)		
Corporate bonds	\$ 333	\$ 28,256	\$ 65,895	\$ 32,311	\$ 126,795
Foreign bonds	403	6,924	8,980	5,160	21,467
U.S. Treasury securities	3,262	33,483	42,466	41,331	120,542
Municipal bonds	—	2,652	8,734	27,269	38,655
Asset-backed securities	—	6,980	12,384	200,553	219,917
Bonds funds	—	—	—	10,041	10,041
Total	\$ 3,998	\$ 78,295	\$ 138,459	\$ 316,665	\$ 537,417

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

	December 31, 2023		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds	\$ 515,545	\$ 25,981,469	\$ 26,497,014
B. Special Obligation Institutional Loan Program	—	539,455	539,455
C. Variable Rate Master Notes	44,600	—	44,600
D. Port Authority Equipment Notes	—	—	—
E. MOTBY Obligation	2,997	35,147	38,144
F. Tower 4 Liberty Bonds	—	1,232,505	1,232,505
G. Goethals Bridge Replacement Developer Financing Arrangement	2,844	1,017,456	1,020,300
	\$ 565,986	\$ 28,806,032	\$ 29,372,018

	December 31, 2022		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds and Consolidated Notes	\$ 1,578,055	\$ 25,253,499	\$ 26,831,554
B. Commercial Paper Obligations	499,060	—	499,060
C. Variable Rate Master Notes	44,600	—	44,600
D. Port Authority Equipment Notes	—	—	—
E. MOTBY Obligation	2,848	38,144	40,992
F. Tower 4 Liberty Bonds	—	1,234,705	1,234,705
G. Goethals Bridge Replacement Developer Financing Arrangement	1,975	1,020,300	1,022,275
	\$ 2,126,538	\$ 27,546,648	\$ 29,673,186

Notes to Financial Statements
(continued)

A. Consolidated Bonds and Consolidated Notes

	Dec. 31, 2022		Issued		Refunded/ Retired		Dec. 31, 2023
						(In thousands)	
Consolidated Bonds and Consolidated Notes - par value	\$ 24,971,430	\$	2,177,250	\$	2,494,720	\$	24,653,960
Add unamortized premium and (discount)	1,860,124		143,106		160,176		1,843,054
Consolidated Bonds and Consolidated Notes - at cost	\$ 26,831,554	\$	2,320,356	\$	2,654,896	\$	26,497,014

	Dec. 31, 2021		Issued		Refunded/ Retired		Dec. 31, 2022
						(In thousands)	
Consolidated Bonds and Consolidated Notes - par value	\$ 24,189,474	\$	1,759,200	\$	977,244	\$	24,971,430
Add unamortized premium and (discount)	1,858,532		107,116		105,524		1,860,124
Consolidated Bonds and Consolidated Notes - at cost	\$ 26,048,006	\$	1,866,316	\$	1,082,768	\$	26,831,554

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

For information related to the payment of Consolidated Bonds and Consolidated Notes, see *Note E- General and Consolidated Bond Reserve Fund (pursuant to Port Authority bond resolutions)*.

Notes to Financial Statements
(continued)

Debt service requirements to maturity for Consolidated Bonds and Consolidated Notes outstanding at December 31, 2023 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2024	\$ 515,545	\$ 1,130,375	\$ 1,645,920
2025	530,580	1,102,387	1,632,967
2026	553,100	1,077,434	1,630,534
2027	577,555	1,052,745	1,630,300
2028	597,660	1,026,906	1,624,566
2029-2033	3,635,870	4,649,115	8,284,985
2034-2038	4,181,230	3,702,871	7,884,101
2039-2043	3,926,365	2,748,905	6,675,270
2044-2048	3,650,185	1,880,874	5,531,059
2049-2053	2,565,755	1,134,693	3,700,448
2054-2058	2,007,205	632,746	2,639,951
2059-2063	1,326,955	231,544	1,558,499
2064-2068	400,700	82,890	483,590
2069-2073	85,255	32,260	117,515
2074-2094	100,000	100,246	200,246
	\$24,653,960	\$20,585,991	\$ 45,239,951

The most recent information, as of the date of this report, related to a specific consolidated bond series can be found in *Section V. Schedules of Outstanding Debt* in the Port Authority's Official Statement for Consolidated Bonds, Two Hundred Forty Second – Two Hundred Forty-Third Series dated September 07, 2023, which can be located in the corporate information section on the Port Authority's website at: <https://www.panynj.gov/corporate/en/financial-information/consolidated-bonds-and-notes.html>.

During 2023, the Port Authority used proceeds and investment earnings from the sale of Consolidated Bonds, to refund \$916.7 million of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately \$116.1 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2023 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 \$76.1 million in net present value savings, or 8.3% of the refunded par amount.

On March 17, 2022, the Board of Commissioners approved a plan of finance for the April 1, 2022 through December 31, 2022 period to issue series of Consolidated Bonds and Consolidated Notes in a total aggregate principal amount not to exceed \$3 billion (including any issuance of indebtedness under the Port Authority's Versatile Structure Obligations authorization). The March 17, 2022 plan of finance provided that as of its date, any authority to issue and sell Consolidated Bonds and Consolidated Notes under the previous July 26, 2018 authorization was deemed extinguished.

On December 15, 2022, the Board of Commissioners approved a plan of finance for Consolidated Bonds and Consolidated Notes sold during the period beginning January 1, 2023 through December 31, 2023. The plan of finance for 2023 authorized the issuance of Consolidated Bonds and Consolidated Notes in a total aggregate principal amount not to exceed \$4.8 billion (including any issuance of indebtedness sold in 2023

Notes to Financial Statements
(continued)

under the Port Authority’s Versatile Structure Obligations resolution). The December 15, 2022 plan of finance for 2023 provided that as of December 31, 2022, any authority to issue and sell Consolidated Bonds and Consolidated Notes under the previous March 17, 2022 authorization was deemed extinguished.

On December 14, 2023, the Board of Commissioners approved a plan of finance for Consolidated Bonds and Consolidated Notes sold during the period beginning January 1, 2024 through December 31, 2024 (the “2024 Consolidated Bonds Authorization”). The 2024 Consolidated Bonds Authorization authorizes the issuance of Consolidated Bonds and Consolidated Notes in a total aggregate principal amount not to exceed \$4.8 billion (including any issuance of indebtedness sold in 2024 under the Port Authority’s Versatile Structure Obligations resolution). The 2024 Consolidated Bonds Authorization provided that as of December 31, 2023, any authority to issue and sell Consolidated Bonds and Consolidated Notes under the previous December 15, 2022 authorization was deemed extinguished.

B. Special Obligation Institutional Loan Program and Commercial Paper Obligations

Special Obligation Institutional Loan Program

On November 17, 2022, the Board of Commissioners adopted a resolution establishing the Special Obligation Institutional Loan Program, which provides for the issuance of alternative debt instruments to borrow funds from financial institutions (including banks) (a) when and so long as a line of credit or revolving credit facility (together with any loan deemed to have been entered into in the event of the failure to repay any drawing thereunder, a “Bank Line”) is determined by the Treasurer to be more efficient and cost effective than the Port Authority’s commercial paper program in providing liquidity support for the Port Authority’s capital program and (b) when and so long as a term loan (“Bank Loan”), is determined by the Treasurer to be more efficient and cost effective than issuing a like amount of Consolidated Bonds. Any Bank Line would be limited to five years. No Bank Loan would have a term in excess of fifteen years and could bear interest at a fixed or variable rate (or either, from time to time, during the term.)

Under the November 17, 2022 resolution, the total maximum amount that may be outstanding at any time under the Special Obligation Institutional Loan Program is limited to \$1.25 billion, calculated by adding the following items in existence at the time of calculation (without duplication): (i) the principal amount of outstanding commercial paper notes; plus (ii) outstanding amount under liquidity facilities pertaining to commercial paper notes; plus (iii) outstanding amounts drawn under Bank Lines; plus (iv) the outstanding principal amount of any Bank Loans.

On January 20, 2023, the Port Authority entered into two separate revolving credit agreements, each establishing a Bank Line, for a combined total of \$750 million to draw thereunder. As of December 31, 2023 there was \$201.5 million available to draw upon. The revolving credit agreements expire January 31, 2025 and February 2, 2026.

	Dec. 31, 2022	Issued	Repaid	Dec. 31, 2023
		(In thousands)		
Obligation outstanding	\$ —	\$ 539,455	\$ —	\$ 539,455

In 2023, interest rates for revolving lines of credit ranged from 3.67% to 5.78%.

Notes to Financial Statements
(continued)

Commercial Paper Obligations

Commercial paper obligations are special obligations of the Port Authority generally issued to provide interim financing for authorized capital projects. Port Authority commercial paper obligations were issued under the resolution of the Board of Commissioners adopted on October 29, 2020, which authorized their issuance through December 31, 2025. Under the commercial paper 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. For additional information related to the payment of special obligations of the Port Authority, see Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions).

To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amounts and the interest due at maturity, the Port Authority entered into liquidity facilities for each of Series A, Series B, and Series C. The liquidity facilities expired in January 2023.

	Dec. 31, 2022	Issued	Repaid	Dec. 31, 2023
		(In thousands)		
Series A*	\$ 162,245	\$ 649	\$ 162,894	\$ —
Series B	165,855	673	166,528	—
Series C**	170,960	821	171,781	—
	\$ 499,060	\$ 2,143	\$ 501,203	\$ —

* 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, 2021	Issued	Repaid	Dec. 31, 2022
		(In thousands)		
Series A*	\$ 164,315	\$ 1,068,850	\$ 1,070,920	\$ 162,245
Series B	188,600	1,170,505	1,193,250	165,855
Series C**	221,085	1,167,075	1,217,200	170,960
	\$ 574,000	\$ 3,406,430	\$ 3,481,370	\$ 499,060

* 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.

On January 24, 2023, the Port Authority drew \$501 million from its revolving lines of credit authorized under the Special Obligation Institutional Loan Program and used the proceeds to refund the principal and interest of all outstanding commercial paper obligations as of such date. Interest rates for all commercial paper obligations outstanding on such date ranged from 3.65% to 4.38%.

C. Variable Rate Master Notes

Variable Rate Master Notes are direct placements and special obligations of the Port Authority and may be issued in aggregate principal amounts outstanding at any one time not to exceed \$400 million (see *Note E* –

Notes to Financial Statements
(continued)

General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions) for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2022	Issued	Refunded/ Repaid	Dec. 31, 2023
				(In thousands)
Agreements 1989 -1995*	\$ 19,900	\$ —	\$ —	\$ 19,900
Agreements 1989 -1998	24,700	—	—	24,700
	\$ 44,600	\$ —	\$ —	\$ 44,600

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

	Dec. 31, 2021	Issued	Refunded/ Repaid	Dec. 31, 2022
				(In thousands)
Agreements 1989 -1995*	\$ 19,900	\$ —	\$ —	\$ 19,900
Agreements 1989 -1998	24,700	—	—	24,700
	\$ 44,600	\$ —	\$ —	\$ 44,600

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

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 1.71% to 4.60% in 2023.

Annual debt service requirements on outstanding Variable Rate Master Notes, determined for presentation purposes at the rate in effect at December 31, 2023, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
			(In thousands)
2024	\$ —	\$ 1,759	\$ 1,759
2025	19,900	1,532	21,432
2026	—	968	968
2027	24,700	48	24,748
	\$ 44,600	\$ 4,307	\$ 48,907

Variable Rate Master Notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

D. Port Authority Equipment Notes

Port Authority Equipment Notes may be issued in aggregate principal amounts outstanding at any one time not to exceed \$250 million. Equipment Notes are special obligations to the Port Authority and are payable in the same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)*.

Notes to Financial Statements
(continued)

There were no outstanding Port Authority Equipment Notes as of December 31, 2023 and December 31, 2022.

E. Marine Ocean Terminal at Bayonne Peninsula (“MOTBY”) Obligation

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

	Dec. 31, 2022	Accretion	Amortization	Dec. 31, 2023
			(In thousands)	
Obligation Outstanding	\$ 40,992	\$ —	\$ 2,848	\$ 38,144

	Dec. 31, 2021	Accretion	Amortization	Dec. 31, 2022
			(In thousands)	
Obligation Outstanding	\$ 43,697	\$ —	\$ 2,705	\$ 40,992

Payment requirements for the MOTBY obligation outstanding at December 31, 2023 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2024	\$ 2,997	\$ 2,003	\$ 5,000
2025	3,155	1,845	5,000
2026	3,320	1,680	5,000
2027	3,495	1,505	5,000
2028	3,678	1,322	5,000
2029-2033	21,499	3,501	25,000
	\$ 38,144	\$ 11,856	\$ 50,000

F. Tower 4 Liberty Bonds

The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project) issued by the New York Liberty Development Corporation on November 15, 2011 in the aggregate principal amount of approximately \$1.2 billion. In connection with the issuance of such Tower 4 Liberty Bonds by the New York Liberty Development Corporation, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 bond trustee to make certain debt service payments of principal and interest on the bonds (net of fixed rent paid or payable under the City of New York’s Tower 4 space lease, which has been assigned by the Tower 4 Silverstein

Notes to Financial Statements
(continued)

net lessee directly to the Tower 4 bond trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds).

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

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

	Dec. 31, 2022	Issued	Repaid/ Amortized	Dec. 31, 2023
	(In thousands)			
Series 2021A	\$ 1,223,320	\$ —	\$ —	\$ 1,223,320
Series 2021B	11,385	—	2,200	9,185
Total Tower 4 Liberty Bonds	\$ 1,234,705	\$ —	\$ 2,200	\$ 1,232,505

	Dec. 31, 2021	Issued	Repaid/ Amortized	Dec. 31, 2022
	(In thousands)			
Series 2021A	\$ 1,225,520	\$ —	\$ —	\$ 1,223,320
Series 2021B	11,385	—	2,200	11,385
Total Tower 4 Liberty Bonds	\$ 1,236,905	\$ —	\$ 2,200	\$ 1,234,705

Notes to Financial Statements
(continued)

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2023 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2024	\$ 2,200	\$ 32,520	\$ 34,720
2025	2,200	32,499	34,699
2026	2,585	32,474	35,059
2027	25,370	32,437	57,807
2028	26,635	32,196	58,831
2029-2033	154,560	154,413	308,973
2034-2038	197,495	135,695	333,190
2039-2043	252,455	106,318	358,773
2044-2048	325,535	66,415	391,950
2049-2051	243,470	14,882	258,352
Total	\$ 1,232,505	\$ 639,849	\$ 1,872,354

G. Goethals Bridge Replacement Developer Financing Arrangement

On August 30, 2013, the Port Authority and a private developer entered into an agreement (“the Project Agreement”) for the design, construction, financing, and maintenance of a replacement Goethals Bridge (“the Replacement Bridge”). Substantial completion of the Replacement Bridge was achieved on June 30, 2018 (“Substantial Completion”) and project completion, including the demolition of the existing bridge, occurred on December 31, 2018. Pursuant to the Project Agreement, which has a scheduled expiration date of June 30, 2053, the thirty-fifth anniversary of Substantial Completion, the private developer performs certain operation and maintenance work relating to the Replacement Bridge, and the Port Authority retains control over the toll collection system, including its operation and maintenance, and receives toll revenues. The Port Authority controls all tolling activities, including the determination and approval of toll rates.

Pursuant to the Goethals Bridge Replacement Developer Financing Arrangement (“DFA”) contained within the Project Agreement, upon Substantial Completion of the Replacement Bridge the private developer became entitled to receive from the Port Authority, fixed payments in the principal amount of approximately \$1.02 billion, subject to certain adjustments, to be paid in monthly payments of principal and interest (DFA payments) over the term of the Project Agreement. The Port Authority’s obligation to make DFA payments is memorialized as an interest-bearing loan from the private developer to the Port Authority. Monthly DFA payments commenced in July 2018. DFA payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement. DFA payments are a special obligation of the Port Authority, payable over a thirty-five-year term (see *Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)*, for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2022	Accretion	Amortization	Dec. 31, 2023
			(In thousands)	
Goethals Bridge Replacement Developer Financing Arrangement	\$ 1,022,275	\$ —	\$ 1,975	\$ 1,020,300

Notes to Financial Statements
(continued)

	Dec. 31, 2021	Accretion	Amortization	Dec. 31, 2022
	(In thousands)			
Goethals Bridge Replacement Developer Financing Arrangement	\$ 1,023,286	\$ —	\$ 1,011	\$ 1,022,275

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)		
2024	\$ 2,844	\$ 58,454	\$ 61,298
2025	4,106	58,111	62,217
2026	5,290	57,860	63,150
2027	6,558	57,540	64,098
2028	7,752	57,307	65,059
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	53,509	410,688
Total	\$ 1,020,300	\$ 1,233,174	\$ 2,253,474

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

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

The Port Authority has no power to levy taxes or assessments. Port Authority bonds, notes and other debt obligations are not obligations of the States of New York and New Jersey or of either of them and are not guaranteed by said States or by either of them.

Consolidated Bonds and Consolidated Notes

Consolidated Bonds and Consolidated Notes are direct and general obligations of the Port Authority and the full faith and credit of the Port Authority are pledged to the payment of debt service thereon. Consolidated Bonds and Consolidated Notes are secured equally and ratably with all other Consolidated Bonds and Consolidated Notes heretofore or hereafter issued by a pledge of: **a.)** the net revenues (as defined in the Consolidated Bond Resolution of 1952 (“Consolidated Bond Resolution”) of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds and Consolidated Notes; **b.)** the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund; and, **c.)** the Consolidated Bond Reserve Fund established by the Consolidated Bond Resolution.

The General Reserve Fund is pledged in support of Consolidated Bonds and Consolidated Notes. Statutes, which require the Port Authority to create and maintain the General Reserve Fund (“General Reserve Fund Statutes”), established the principle of pooling revenues from all facilities and require the Port Authority to apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount

Notes to Financial Statements (continued)

equal to at least 10% of the par value of outstanding bonds legal for investment. At December 31, 2023, the General Reserve Fund balance was \$2,523,802,000 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

The balance remaining of all net revenues (as defined in the Consolidated Bond Resolution) of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and Consolidated Notes and the amount necessary to maintain the General Reserve Fund at its statutorily required amount is to be paid into the Consolidated Bond Reserve Fund, which is pledged as additional security for all outstanding Consolidated Bonds and Consolidated Notes. Consolidated Bonds and Consolidated Notes have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds and Consolidated Notes.

Amounts deposited into the General Reserve Fund may be accumulated or applied only to purposes set forth in the General Reserve Fund Statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the General Reserve Fund. Amounts deposited into the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in the Consolidated Bond Resolution. At December 31, 2023, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain both reserve funds in cash and specified securities.

In addition, the Port Authority has a long-standing policy of maintaining the aggregate amount of both reserve funds in an amount equal to at least the next two years' bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund.

Special Obligations

Commercial paper obligations, Variable Rate Master Notes, the MOTBY obligation, Tower 4 Liberty Bonds, the Goethals Bridge Replacement DFA, and Special Obligation Institutional Loan Program are special obligations of the Port Authority. The Port Authority is also a special limited co-obligor on the senior debt issued for WTC Tower 3, with a capped amount of debt service shortfalls payable as a special obligation of the Port Authority (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus*, for additional information related to certain contingent obligations of the Port Authority with respect to the development of WTC Tower 3).

Special obligations of the Port Authority are payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds and Consolidated Notes issued in whole or in part for such purposes, or from net revenues (as defined below) deposited into the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefore, from other moneys of the Port Authority legally available for such payments when due.

Net revenues for purposes of special obligations of the Port Authority are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after: i.) payment or provision for payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution; ii.) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and, iii.) applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

Special obligations of the Port Authority are subject in all respects to payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution

Notes to Financial Statements
(continued)

and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes.

Special obligations of the Port Authority are not secured by or payable from the General Reserve Fund. Additionally, special obligations of the Port Authority do not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Equipment Notes and the *Fund buy-out obligation* are special obligations to the Port Authority, payable in the same manner and from the same sources as operating expenses.

Note F – Grants and Contributions in Aid of Construction

During 2023 and 2022 the Port Authority received reimbursements related to certain policing activities as well as federal, state, and local funding for operating and capital construction activities:

Policing programs

Amounts received in connection with the Port Authority Police Department providing services to a third-party are exchange transactions and recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Position.

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 \$1.5 million in 2023 and \$1.0 million in 2022.

U.S. Department of State (“USDOS”) – In 2023 and 2022, the Port Authority recognized \$1.0 million and \$1.7 million from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly.

Grants, in connection with operating activities

Security Programs – In 2023 and 2022, the Port Authority recognized approximately \$21.1 million and \$7.0 million, respectively, from the Department of Homeland Security for security-related Urban Area Security Initiatives programs.

Federal Emergency Management Agency (“FEMA”) – In 2023 and 2022, the Port Authority recognized approximately \$6.7 million and \$12.5 million, respectively, primarily from COVID-19 relief funding.

Airport Improvement Program (“AIP”) – In 2023, the Port Authority recognized approximately \$466 thousand in AIP discretionary funding at Aviation facilities.

Superstorm Sandy – In 2023 and 2022, the Port Authority recognized approximately \$1.4 million and \$834 thousand, respectively, from FEMA and the Federal Transit Administration (“FTA”) for Superstorm Sandy immediate repair efforts.

Airport Coronavirus Response Grant Program (“ACRGP”) concessions – In 2023, the Port Authority recognized \$3.4 million in ACRGP federal funding related to relief from rent and minimum annual guarantees (“MAG”) obligations provided to eligible airport concession.

Notes to Financial Statements
(continued)

America Rescue Plan Act (“ARPA”) – In 2023 and 2022, the Port Authority recognized approximately \$59.5 million and \$124.3 million, respectively, in ARPA federal funding related to Port Authority aviation operating expenditures.

Department of the Army (U.S. Army Corps of Engineers) – In 2023 and 2022, the Port Authority recognized approximately \$6.7 million and \$6.0 million, respectively, in contributions due from the Department of the Army for funding related to federal channel maintenance dredging at Port facilities.

Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”) – In 2022, the Port Authority recognized approximately \$2.5 million in CRRSAA federal funding related to Port Authority aviation operating expenditures.

LaGuardia Gateway Partners, LLC (“LGP”) – In 2022, the Port Authority recognized approximately \$3.7 million from LGP related to baggage screening at LaGuardia (“LGA”) Airport.

Contributions in Aid of Capital Construction

Superstorm Sandy – In 2023 and 2022, the Port Authority recognized approximately \$119.7 million and approximately \$186.0 million, respectively, in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

AIP – In 2023 and 2022, the Port Authority recognized approximately \$15.7 million and \$16.9 million, respectively, in AIP funding primarily related to rehabilitation of taxiways and runways at Port Authority Aviation facilities.

WTC Tower 3 – In 2023 and 2022, the Port Authority recognized approximately \$1.9 million and \$1.8 million, respectively, in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

Federal Highway Administration (“FHWA”) – In 2023 and 2022, the Port Authority recognized approximately \$3.5 million and \$344 thousand, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

JFK New Terminal One (“NTO”) – In 2023 and 2022, the Port Authority recognized approximately \$62.7 million and \$77.5 million, respectively, from the JFK NTO net lessee for the construction of JFK Terminal One.

JFK Millennium Partners (“JMP”) – The Port Authority recognized approximately \$15 million in 2023 from JMP for the construction of JFK Terminal Six.

United States Economic Development Administration (“EDA”) – In 2023 and 2022, the Port Authority recognized \$2.7 million and \$3.7 million, respectively, from the EDA for the stabilization and repairs at MOTBY.

State of New Jersey Department of Transportation (“NJDOT”) – The Port Authority recognized approximately \$244 thousand in 2023 in NJDOT funding for the Rail Freight Assistance Program planning phase of the Express Rail Southbound Connector at Port Authority Marine Terminal.

Note G - Leasing Activities and Subscription-Based Information Technology Arrangements

Property leased to third-parties (Port Authority as lessor)

The Port Authority enters into lease arrangements with lessees for use of space at Port Authority facilities, including the World Trade Center, George Washington Bus Station, Air Terminals, Marine Terminals, Waterfront Development facilities, Industrial Development facilities, Journal Square Transportation Center and Port Authority Bus Terminal.

Lease Receivable and Deferred Inflow of Resources

In accordance with GASB Statement No. 87, the Port Authority, as lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for excluded leases. The lease receivable is measured at the present value of “fixed” lease payments, including escalations and minimum guarantees that are fixed in substance and expected to be received during the lease term. Rent escalations are defined in the respective lease agreements and are generally based on a fixed rate or referenced indexes, including the Consumer Price Index (“CPI”). Lease terms range from 1 to 78 years. Discount rates applied to expected fixed lease payments are based on the Port Authority’s incremental cost of borrowing at the commencement of the lease term. Discount rates applied to expected fixed lease payments for purposes of present valuing lease receivables for all unexpired leases in effect during 2023 and 2022 valuations ranged from 0.33% to 5.23%. Renewal and termination options are included in the lease valuation if the option is reasonably certain of being exercised. Deferred inflows of resources are measured at the amount of the initial measurement of the lease receivable, plus any payments received at or before the commencement of the lease term that relate to future periods and are amortized on a straight-line basis over the lease term as a component of *Rentals*. The Port Authority continually monitors changes in circumstances that would require the remeasurement of a lease agreement.

A summary of the change in the lease receivables follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023*
	(In thousands)		
\$4,572,733	\$507,511	\$241,481	\$4,838,763
Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022*
	(In thousands)		
\$4,696,296	\$69,520	\$193,083	\$4,572,733

* Lease receivables has been reduced by \$768 million and \$783 million of payables related to the Port Authority’s leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Notes to Financial Statements
(continued)

A summary of the change in the deferred inflows of resources follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023*
	(In thousands)		
\$5,158,110	\$497,429	\$307,737	\$5,347,802
Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022*
	(In thousands)		
\$5,354,698	\$69,520	\$266,108	\$5,158,110

* Deferred inflows of resources have been reduced by \$716 million and \$748 million of lease assets related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Fixed lease payments expected to be received by the Port Authority included in the measurement of the lease receivable are as follows:

Year ending December 31:	Amortization	Interest	Total
	(In thousands)		
2024	\$ 230,377	\$ 125,032	\$ 355,409
2025	240,541	122,635	363,176
2026	232,347	117,929	350,276
2027	221,965	114,364	336,329
2028	187,464	111,199	298,663
2029-2033	693,512	539,534	1,233,046
2034-2038	543,980	511,183	1,055,163
2039-2043	168,216	507,291	675,507
2044-2048	57,006	538,025	595,031
2049-2053	86,710	562,239	648,949
2054-2058	107,805	515,644	623,449
2059-2063	64,234	577,560	641,794
2064-2068	82,483	621,931	704,414
2069-2073	65,615	1,072,323	1,137,938
2074-2078	54,774	1,199,276	1,254,050
2079-2083	65,960	1,346,892	1,412,852
2084-2088	95,777	1,501,803	1,597,580
2089-2093	126,115	1,683,334	1,809,449
2094-2098	1,588,798	465,508	2,054,306
2099-2103	676,733	22,485	699,218
2104-2108	10,990	1,926	12,916
2109-2113	4,902	192	5,094
Total	\$ 5,606,304	\$ 12,258,305	\$ 17,864,609

Note: Amortization has not been reduced by \$768 million of payables related to the Port Authority's leaseback of space in WTC Tower 4 (discussed further below), which are netted against receivables due from the WTC Tower 4 net lessee.

Notes to Financial Statements
(continued)

Lease-Leaseback Transactions

In accordance with GASB Statement No. 87, lease-leaseback transactions are accounted for as a “net” transaction. Under the terms of the December 2010 World Trade Center Amended and Restated Master Development Agreement (“MDA”), Silverstein Properties, Inc (Silverstein net lessee) is the WTC Tower 4 net lessee. In December 2010, the Port Authority, as tenant, entered into a space lease with the WTC Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority’s executive and corporate 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. For additional information related to the redevelopment of the WTC see Note L – *Information with Respect to the Redevelopment of the World Trade Center Campus*.

Fixed lease payments expected to be received and paid by the Port Authority for lease-leaseback transactions, included in the measurement of the lease receivable are as follows:

Year ending Dec. 31:	WTC Tower 4 net-lease		WTC Tower 4 Port Authority office space leaseback		Net Receivable	
	Amortization	Interest	Amortization	Interest	Amortization	Interest
	(In thousands)					
2024	\$ —	\$ 34,076	\$ 16,803	\$ 21,175	\$ (16,803)	\$ 12,901
2025	—	34,885	20,617	20,643	(20,617)	14,242
2026	—	35,718	21,201	20,059	(21,201)	15,659
2027	—	36,576	21,801	19,458	(21,801)	17,118
2028	—	37,460	22,419	18,840	(22,419)	18,620
2029-2033	—	217,479	140,065	83,262	(140,065)	134,217
2034-2038	—	251,165	185,038	60,619	(185,038)	190,546
2039-2043	—	292,715	239,159	31,069	(239,159)	261,646
2044-2048	—	341,400	100,438	2,535	(100,438)	338,865
2049-2053	—	382,573	—	—	—	382,573
2054-2058	—	358,304	—	—	—	358,304
2059-2063	—	433,837	—	—	—	433,837
2064-2068	—	488,662	—	—	—	488,662
2069-2073	—	950,615	—	—	—	950,615
2074-2078	—	1,083,971	—	—	—	1,083,971
2079-2083	—	1,238,924	—	—	—	1,238,924
2084-2088	—	1,418,916	—	—	—	1,418,916
2089-2093	—	1,627,935	—	—	—	1,627,935
2094-2098	1,431,148	439,456	—	—	1,431,148	439,456
2099-2100	624,272	18,699	—	—	624,272	18,699
Total	\$ 2,055,420	\$9,723,366	\$ 767,541	\$ 277,660	\$ 1,287,879	\$ 9,445,706

Notes to Financial Statements
(continued)

A summary of the lease-leaseback transaction for the WTC Tower 4 net lease for 2023 and 2022 follows:

	2023			2022		
	WTC Tower 4 net-lease	WTC Tower 4 PA office space leaseback	Net	WTC Tower 4 PA office space lease	WTC Tower 4 leaseback	Net
	(In thousands)					
Lease receivable/ (liability)	\$ 2,055,420	\$ (767,541)	\$ 1,287,879	\$ 2,055,420	\$ (783,424)	\$ 1,271,996
(Deferred inflows of resources, leases)/lease asset	(1,980,348)	715,730	(1,264,618)	(2,006,220)	748,449	(1,257,771)
Lease amortization (revenue)/expense	(25,873)	32,719	6,846	(25,873)	32,719	6,846
Interest (income)/ expense	(79,218)	21,626	(57,592)	(77,516)	22,064	(55,452)

Regulated Lease Agreements

In accordance with GASB Statement No. 87, *regulated leases* are lease agreements regulated by a governmental entity and subject to external laws, regulations or legal rulings. Lease agreements with third parties at Port Authority Aviation facilities regulated by the FAA and are aeronautical in nature, including terminals are excluded from the measurement of the lease receivable. Lease agreements with third parties at Port Authority Marine terminals regulated by the Federal Maritime Committee (“FMC”) and are connected with the movement of cargo through the leasing of terminal, wharf, dock and warehouse space are excluded from the measurement of the lease receivable. Lease payments received in connection with regulated lease agreements are recognized as *Rentals* based on the rental terms contained in their respective lease agreement.

The Port Authority was lessor to approximately 300 regulated lease agreements and recognized rental revenue of approximately:

2023		2022	
Fixed Rent Regulated Leases	Variable Rent Regulated Leases	Fixed Rent Regulated Leases	Variable Rent Regulated Leases
(In thousands)			
\$1,031,945	\$419,531	\$872,072	\$411,110

Notes to Financial Statements
(continued)

Future minimum lease payments related to “regulated” leases at Port Authority Aviation and Marine Terminal facilities are as follows:

Year ending December 31:	Total Regulated Lease Payments
	(In thousands)
2024	\$ 1,036,724
2025	964,726
2026	892,513
2027	891,487
2028	731,042
2029-2033	2,899,344
2034-2038	1,862,419
2039-2043	2,082,562
2044-2048	1,333,073
2049-2053	1,284,479
2054-2058	1,318,873
2059-2063	611,042
2064-2068	87,411
2069-2073	30,593
Total	\$ 16,026,288

Variable Rent Lease (excluding certain regulated leases)

In accordance with GASB Statement No. 87, lease agreements in which the lease payment paid by the lessee to the lessor is based on activity (excluding minimum guaranteed lease payments) are not included in the measurement of the lease receivable because they do not contain fixed lease payments. The Port Authority recognized rental revenue from non-fixed variable leases of \$388 million and \$428 million in 2023 and 2022, respectively.

Property leased by the Port Authority from third-parties (Port Authority as lessee)

The Port Authority enters into lease arrangements for land and office space with municipalities and other lessors in support of operating Port Authority facilities, including the Cities of New York and Newark for the leasing of the New York City Municipal Air Terminals and Newark Municipal Air and Marine Terminals.

Lease Liability and Lease Asset

In accordance with GASB Statement No. 87, the Port Authority, as lessee, recognizes a lease liability and lease asset at the commencement of the lease term. The lease liability is measured at the present value of “fixed” rent payments, including escalations based on fixed rates, indexes and minimum guarantees that are fixed in substance and expected to be paid during the lease term. Discount rates applied to these expected fixed lease payments are based on the Port Authority’s incremental cost of borrowing at the commencement of the lease term. Lease terms range from 1 to 77 years. Discount rates applied to expected fixed lease payments for purposes of present valuing lease liabilities for all unexpired leases in effect during 2023 ranged from 0.57% to 5.74%. Renewal and termination options are included in the lease valuation if the option is reasonably certain of being exercised. Lease assets are measured at the amount of the initial measurement of the lease liability, plus any payments made at or before the commencement of the lease term that relate to future

Notes to Financial Statements
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periods and any ancillary costs to place the asset into service and are amortized on a straight-line basis over the lease term. The Port Authority continually monitors changes in circumstances that would require a remeasurement of a lease agreement.

A summary of changes in the lease liabilities follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023*
		(In thousands)	
\$6,497,812	\$14,558	\$87,627	\$6,424,743
Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022*
		(In thousands)	
\$6,576,858	\$15,139	\$94,185	\$6,497,812

* Lease liabilities do not include \$768 million and \$783 million of liabilities related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against lease receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

A summary of changes in the lease assets follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023
		(In thousands)	
\$7,105,371	\$14,558	\$176,755	\$6,943,174
Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022
		(In thousands)	
\$7,263,008	\$15,139	\$172,776	\$7,105,371

* Lease assets do not include \$716 million and \$748 million of lease assets related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against deferred inflows of resources from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Notes to Financial Statements
(continued)

Future rent payments included in the measurement of the lease liabilities, including amortization follows:

Year ending December 31:	Amortization	Interest	Total
	(In thousands)		
2024	\$ 69,794	\$ 211,190	\$ 280,984
2025	92,124	208,233	300,357
2026	94,100	205,215	299,315
2027	95,670	202,127	297,797
2028	97,542	199,026	296,568
2029-2033	526,257	945,140	1,471,397
2034-2038	585,195	853,312	1,438,507
2039-2043	635,386	754,366	1,389,752
2044-2048	740,294	641,969	1,382,263
2049-2053	834,071	512,270	1,346,341
2054-2058	963,677	365,770	1,329,447
2059-2063	633,740	218,441	852,181
2064-2068	388,965	148,066	537,031
2069-2073	460,646	76,043	536,689
2074-2077	207,282	7,356	214,638
Total	\$ 6,424,743	\$ 5,548,524	\$ 11,973,267

Note: Amortization has been reduced by \$768 million of payables related to the Port Authority's leaseback of space in WTC Tower 4 which are netted against receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Subscription Based Information Technology Agreements ("SBITAs")

A SBITA is defined as a contractual agreement that conveys control of SBITA vendor's software technology alone or in combination with tangible information technology capital assets to a third party as specified in the contract for a minimum contractual period of greater than one year. The Port Authority, as a third party utilizes certain SBITA enterprise wide through cloud computing arrangements, including Software as a Service ("SaaS"), Platforms as a Service ("PaaS") and Infrastructure as a Service ("IaaS").

In accordance with GASB Statement No. 96, the Port Authority recognizes a subscription-based liability (subscription liability) and a corresponding subscription-based right to use asset (subscription asset) at the commencement of the subscription term. The subscription liability is measured at the present value of "fixed" subscription payments payable during the remaining subscription term. Discount rates applied to these expected fixed subscription payments are based on the Port Authority's incremental cost of borrowing at the commencement of the subscription term. Subscription terms range from 1 to 5 years. Discount rates applied to expected fixed subscription payments in the 2023 and 2022 subscription liability valuations ranged from 1.56% to 3.45%. Renewal and termination options are included in the subscription valuation if the option is reasonably certain of being exercised. Subscription assets are measured at the date the subscription asset is placed into service, plus subscription payments made at or before the commencement of the subscription term that relate to future periods and any implementation costs needed to place the asset into service and are amortized on a straight-line basis over the subscription term. The Port Authority continually monitors changes in circumstances in SBITAs that would require remeasurement if it could materially affect the amount of the subscription liability and related subscription asset to be recognized.

Notes to Financial Statements
(continued)

A summary of changes in the subscription liabilities follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023
		(In thousands)	
\$ 15,713	\$ —	\$ 11,275	\$ 4,438
Jan. 1, 2022	Additions	Amortization	Dec. 31, 2022
		(In thousands)	
\$ 22,156	\$ 4,422	\$ 10,865	\$ 15,713

A summary of changes in the subscription assets follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023
		(In thousands)	
\$ 19,947	\$ —	\$ 7,758	\$ 12,189
Jan. 1, 2022	Additions	Amortization	Dec. 31, 2022
		(In thousands)	
\$ 22,156	\$ 4,422	\$ 6,631	\$ 19,947

Future subscription payments included in the measurement of the subscription liabilities, including amortization follows:

Year ending December 31:	Amortization	Interest	Total
		(In thousands)	
2024	\$ 4,438	\$ 39	\$ 4,477

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

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, 2023, approximately \$248 million has been allocated under this program.

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – On September 26, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of \$150 million to the State of New York to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Gateway Early Work Program (certified in 2018) – On February 15, 2018, the Board of Commissioners certified: **i.)** up to \$35 million in funds authorized by the Board in March 2016; and, **ii.)** up to \$44 million in funds authorized by the Board in February 2018, for a total of \$79 million (collectively, the “Gateway Early Work Program”), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. As of December 31, 2023, approximately \$75 million has been allocated under these program. 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 and PATH employees participate in different retirement plans, as described below.

Port Authority Employees

Generally, full-time employees of the Port Authority (but not its component units) are required to join one of two cost-sharing, multiple-employer defined benefit pension plans administered by the New York State Comptroller’s Office, the New York State and Local Employees' Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”), collectively referred to as the New York State and Local Retirement System (“NYSLRS”). The New York State Constitution provides that membership in a pension plan or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

NYSLRS Plan Benefits

Classes of employees covered under the NYSLRS range from Tiers 1–6. Date ranges determining tier membership follows:

Tier	ERS Membership		PFRS Membership	
	On or After:	Before:	On or After:	Before:
1	-	July 1, 1973	-	July 31, 1973
2	July 1, 1973	July 27, 1976	July 31, 1973	July 1, 2009
3	July 27, 1976	September 1, 1983	July 1, 2009	January 9, 2010
4	September 1, 1983	January 1, 2010	N/A	N/A
5	January 1, 2010	April 1, 2012	January 9, 2010	April 1, 2012
6	April 1, 2012	Present	April 1, 2012	Present

Notes to Financial Statements (continued)

Members in Tiers 1–4 need five years of service to be 100% vested. In April 2022, new legislation was passed that reduced the number of years of service credit for Tier 5 and 6 members from ten years to five years. Therefore, all members are 100% vested when they reach five years of service credit.

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, 2023 and March 31, 2022 was approximately 11.6% and 16.2% of payroll. The average contribution rate for PFRS for the fiscal years ended March 31, 2023 and March 31, 2022 were approximately 27.0% and 28.3% of payroll, respectively.

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

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

Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62. Generally, the benefit for Tier 1 and Tier 2 members is 1.67% 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% 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% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4 and 5 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 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% 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% 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% of final average salary is applied for each year of service over 30 years. Tiers 3, 4 and 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tiers 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tiers 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years. For PFRS

Notes to Financial Statements
(continued)

Tier 5 (there are no Port Authority members enrolled in PFRS Tiers 3 and 4), each year used in the final average salary calculation is limited to no more than 20% greater than the average of the previous two years.

Tier 6 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 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% 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% 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% 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% 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 due NYSLRS for the period covering April 1, 2023 through March 31, 2024 totaling \$158.9 million, including \$57.8 million to ERS and \$101.1 million to PFRS, were paid on February 1, 2024.

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, 2023 and March 31, 2022, which is publicly available at the following web address: <https://www.osc.state.ny.us/files/retirement/resources/pdf/financial-statements-2023.pdf>.

NYSLRS – Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

NYSLRS Net Pension Liability - 2023 and 2022

GASB Statement No. 68, “Accounting and Financial Reporting for Pensions,” as amended, defines the Net Pension Liability/Asset (“NPL” “NPA”) 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/NPA, 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’ NPL/NPAs totaled:

NPL/NPA	December 31, 2023	December 31, 2022
	(In thousands)	
ERS	\$ 299,457	\$ (118,530)
PFRS	467,522	50,218
Total Net Pension Liability/(Asset)	\$ 766,979	\$ (68,312)

Notes to Financial Statements
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The NPL/NPAs at December 31, 2023 and 2022 were measured as of March 31, 2023 and 2022, based on actuarial valuations as of April 1, 2022 and 2021, with update procedures used to roll forward the TPL to March 31, 2023 and 2022, respectively.

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

	2023	2022
ERS	1.4%	1.4%
PFRS	8.5%	8.8%

The Port Authority's proportionate share of the ERS and PFRS NPL/NPAs 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 - 2023 and 2022

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

Pension Expense	2023	2022
	(In thousands)	
ERS	\$ 117,343	\$ 13,298
PFRS	152,349	52,729
Total Pension Expense	\$ 269,692	\$ 66,027

NYSLRS Deferred Inflows/Outflows of Resources - 2023 and 2022

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

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The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2023:

Deferred Outflows of Resources	December 31, 2023		
	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ 31,895	\$ 45,696	\$ 77,591
Changes in actuarial assumptions	145,436	227,822	373,258
Net difference between projected and actual earnings on pension plan investments	—	827	827
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	17,551	37,314	54,865
Subtotal - Deferred Outflows of Resources	194,882	311,659	506,541
Port Authority contributions subsequent to the measurement date*	—	—	—
Total Deferred Outflows of Resources	\$ 194,882	\$ 311,659	\$ 506,541

* Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pensions plan's NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPL for the fiscal year ending December 31, 2024. Port Authority contributions due NYSLRS for the period covering April 1, 2023 through March 31, 2024 totaling \$158.9 million, including \$57.8 million to ERS and \$101.1 million to PFRS, were paid on February 1, 2024.

Deferred Inflows of Resources	December 31, 2023		
	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ 8,410	\$ —	\$ 8,410
Changes in actuarial assumptions	1,607	—	1,607
Net difference between projected and actual earnings on pension plan investments	1,759	—	1,759
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	14,560	25,280	39,840
Total Deferred Inflows of Resources	\$ 26,336	\$ 25,280	\$ 51,616

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

Year ended December 31:	ERS	PFRS	Total
	(In thousands)		
2024	\$ 44,637	\$ 57,202	\$ 101,839
2025	(15,972)	(4,122)	(20,094)
2026	58,280	145,767	204,047
2027	81,601	80,062	161,663
2028	—	7,470	7,470
Total	\$ 168,546	\$ 286,379	\$ 454,925

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The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2022:

Deferred Outflows of Resources	December 31, 2022		
	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ 8,976	\$ 27,073	\$ 36,049
Changes in actuarial assumptions	197,814	300,568	498,382
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	25,272	50,227	75,499
Subtotal - Deferred Outflows of Resources	232,062	377,868	609,930
Port Authority contributions subsequent to the measurement date*	55,306	92,716	148,022
Total Deferred Outflows of Resources	\$ 287,368	\$ 470,584	\$ 757,952

* Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pension plan's NPA/NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPA/NPL for the fiscal year ending December 31, 2023.

Deferred Inflows of Resources	December 31, 2022		
	ERS	PFRS	Total
	(In thousands)		
Differences between expected and actual experience	\$ 11,643	\$ —	\$ 11,643
Changes in actuarial assumptions	3,338	—	3,338
Net difference between projected and actual earnings on pension plan investments	388,137	421,964	810,101
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	16,351	27,193	43,544
Total Deferred Inflows of Resources	\$ 419,469	\$ 449,157	\$ 868,626

NYSLRS Actuarial Assumptions - 2023 and 2022

The TPL for each plan was determined using an actuarial valuation as of April 1, 2022 for fiscal year 2023 and April 1, 2021 for fiscal year 2022, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2023 and March 31, 2022, respectively. These actuarial valuations used the following actuarial assumptions:

ERS	2023	2022
Investment rate of return	5.9% compounded annually, net of investment expenses, including inflation	5.9% compounded annually, net of investment expenses, including inflation
Salary scale	4.4%, indexed by service	4.4%, indexed by service
Inflation	2.9%	2.7%
Cost of living adjustment	1.5%	1.4%

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PFRS	2023	2022
Investment rate of return	5.9% compounded annually, net of investment expenses, including inflation	5.9% compounded annually, net of investment expenses, including inflation
Salary scale	6.2%, indexed by service	6.2%, indexed by service
Inflation	2.9%	2.7%
Cost of living adjustment	1.5%	1.4%

Mortality rates for both fiscal years 2023 and 2022 actuarial valuation were based on the experience study for each plan for the period April 1, 2015, through March 31, 2020, with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2021.

The long-term expected rate of return on pension plan investments for each actuarial valuation for ERS and PFRS was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the determination of the investment rate of return for each actuarial valuation are summarized in the following table:

Asset Class	2023*		2022*	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.30%	32%	3.30%
International equity	15%	6.85%	15%	5.85%
Private equity	10%	7.50%	10%	6.50%
Real estate	9%	4.60%	9%	5.00%
Opportunistic/Absolute return strategies**	3%	5.38%	3%	4.10%
Credit	4%	5.43%	4%	3.78%
Real assets	3%	5.84%	3%	5.58%
Fixed Income	23%	1.50%	23%	0.00%
Cash	1%	0.00%	1%	(1.00)%
Inflation-indexed bonds	0%	0.00%	0%	0.00%
Total	100%		100%	

* The real rate of return is net of the long-term inflation assumption of 2.5% in 2023 and 2022.

** 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 - 2023 and 2022

The discount rate used to calculate the TPL for ERS and PFRS was 5.9% for 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the

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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/NPA for ERS and PFRS calculated for 2023 and 2022 using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate actually used.

	1% Decrease (4.9%)	2023 Discount Rate (5.9%)	1% Increase (6.9%)
	(In thousands)		
ERS - Port Authority's proportionate share of the NPL/(NPA)	\$ 723,660	\$ 299,457	\$ (55,013)
PFRS - Port Authority's proportionate share of the NPL/(NPA)	974,572	467,522	47,655
Total	\$ 1,698,232	\$ 766,979	\$ (7,358)

	1% Decrease (4.9%)	2022 Discount Rate (5.9%)	1% Increase (6.9%)
	(In thousands)		
ERS - Port Authority's proportionate share of the (NPA)/NPL	\$ 305,095	\$ (118,530)	\$ (472,872)
PFRS - Port Authority's proportionate share of the NPL/(NPA)	558,600	50,218	(370,587)
Total	\$ 863,695	\$ (68,312)	\$ (843,459)

Additional information related to the Port Authority's proportionate share of the NPL 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 6% of their annual gross wages with an additional employer contribution of 8% of the employee's annual gross wages.

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, as described below.

PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions that are defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately \$8.6 million in 2023 and \$11.1 million in 2022.

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, 2023, no amounts have been deposited into the trust to fund future pension payments. In July 2019, Principal Financial Group ("Principal") acquired Wells Fargo's Institutional Retirement & Trust business. Migration of the Trust to Principal was completed on February 22, 2022.

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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 - 2023 and 2022

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	2023*	2022**
	(In thousands)	
Beginning Balance	\$ 121,653	\$ 116,053
Changes recognized for the fiscal year:		
Service cost	6,239	5,709
Interest on the total pension liability	2,593	2,534
Differences between expected and actual experience	(754)	915
Changes in assumptions	(23,699)	937
Benefit payments	(4,074)	(4,495)
Net change in TPL	(19,695)	5,600
TPL recognized at December 31	\$ 101,958	\$ 121,653

* The Plan’s TPL reported at December 31, 2023 was measured as of January 1, 2023 based on an actuarial valuation as of the same date.

**The Plan’s TPL reported at December 31, 2022 was measured as of January 1, 2022 based on an actuarial valuation as of the same date.

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2023 and 2022

Pension expense related to the Plan totaled:

	2023	2022
	(In thousands)	
Pension Expense	\$ 7,950	\$ 11,949

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2023 and 2022

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

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At December 31, 2023 and December 31, 2022, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2023	2022
	(In thousands)	
Differences between actual and expected experience	\$ 1,175	\$ 2,491
Changes in actuarial assumptions	4,634	9,655
Subtotal - Deferred Outflows of Resources	5,809	12,146
Contributions subsequent to the measurement date*	4,748	4,074
Total Deferred Outflows of Resources	\$ 10,557	\$ 16,220

* Contributions made by Port Authority to the Path Exempt Employee Supplemental Pension Plan after the measurement date to satisfy the pension plan's TPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the TPL for the fiscal years ended December 31, 2023 and 2024, respectively.

At December 31, 2023 and December 31, 2022, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2023	2022
	(In thousands)	
Differences between actual and expected experience	\$ 593	\$ —
Changes in actuarial assumptions	18,629	1,988
Total Deferred Inflows of Resources	\$ 19,222	\$ 1,988

The difference between reported deferred outflows of resources, excluding contributions made by the Port Authority after the measurement date, and deferred inflows of resources as of December 31, 2023 will be amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2024	\$ (1,455)
2025	(3,485)
2026	(4,943)
2027	(3,530)
Total	\$ (13,413)

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2023 and 2022

The TPL measured as of January 1, 2022 and January 1, 2021, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

	2023	2022
Inflation	2.30%	2.20%
Salary increases	4.25%	4.25%
Investment rate of return	N/A	N/A

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Actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period of January 1, 2017 to January 1, 2022. Mortality rates used in the 2023 and 2022 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2021 from 2010. 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, 2023 and January 1, 2022 valuation date, Plan participants comprised:

	2023	2022
Retired PATH Exempt Employees (or their beneficiaries)	126	118
Active PATH Exempt Employees	97	101
Terminated but vested employees who are not currently receiving benefits	14	16
Total participants	237	235

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2023 and 2022

As the Plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 3.72% as of the January 1, 2023 measurement date and 2.06% as of the January 1, 2022 measurement date.

The following tables present the 2023 and 2022 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.

	2023		
	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
	(In thousands)		
Total Pension Liability	\$ 115,320	\$ 101,958	\$ 90,854

	2022		
	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
	(In thousands)		
Total Pension Liability	\$ 139,514	\$ 121,653	\$ 107,009

Note J – Other Postemployment Benefits (“OPEB”)

Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan (“the Plan”) that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as OPEB. Benefits are provided through a third-party insurer. Benefits are paid: **a.)** directly by the Port Authority or PATH from available operating funds; **b.)** by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions; or, **c.)** from a dedicated trust established for

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such purposes. The Port Authority and PATH also reimburse eligible retirees and dependents for the cost of certain Medicare premiums.

Participants in the Plan at January 1st consisted of the following:

	2023	2022
Retirees and surviving spouses currently receiving benefits	8,518	8,420
Covered spouses of retired employees receiving benefits	4,632	4,295
Active employees plan participants	7,289	7,487
Total plan members	20,439	20,202

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2019, certain Plan provisions relating to represented employees' contributions toward OPEB were changed due to the amendment of certain collective bargaining agreements. Retiree contributions are dependent on a number of factors including type of benefit, hire date, years of service, pension earnings and retirement date.

On December 14, 2006, the Port Authority on behalf of itself and its component unit, PATH, established The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the "Trust") for the exclusive benefit of eligible retired employees of the Port Authority and PATH and the eligible dependents of such retired employees to facilitate all or part of the funding for OPEB benefits, which are provided through the Plan.

Employer contributions in relation to the Trust include advance funding of the Trust as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. The Port Authority is not required by law to provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide current benefits to eligible retired employees and the eligible dependents of such retired employees. No advanced funding contributions were made to the Trust in 2023 or 2022. In 2023, \$200.8 million of the year's benefits were paid from available Port Authority operating funds and \$19.7 million were paid from Trust funds. In 2022, all of the year's benefits were paid out of available Trust funds.

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

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

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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 – 2023 and 2022

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	(In thousands)		
Balance at December 31, 2022	\$ 3,750,418	\$ 1,467,878	\$ 2,282,540
Changes Increase/(Decrease) for the year:			
Service cost	84,179	—	84,179
Interest cost on the total OPEB liability	245,921	—	245,921
Changes in benefit terms	(207)	—	(207)
Differences between expected and actual experience	123,420	—	123,420
Changes in assumptions	342,269	—	342,269
Benefit payments*	(220,561)	(220,561)	—
Contributions-employer	—	200,832	(200,832)
Net investment income	—	211,782	(211,782)
Administrative expenses	—	(101)	101
Increase	575,021	191,952	383,069
Balance at December 31, 2023	\$ 4,325,439	\$ 1,659,830	\$ 2,665,609

* 2023 benefit payment includes \$200.8 million from available Port Authority operating funds and \$19.7 million paid from the Trust.

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
	(In thousands)		
Balance at December 31, 2021	\$ 3,028,876	\$ 1,967,686	\$ 1,061,190
Changes Increase/(Decrease) for the year:			
Service cost	35,107	—	35,107
Interest cost on the total OPEB liability	196,063	—	196,063
Changes in benefit terms	6,233	—	6,233
Differences between expected and actual experience	116,370	—	116,370
Changes in assumptions	557,468	—	557,468
Benefit payments*	(189,699)	(189,699)	—
Net investment income	—	(310,021)	310,021
Administrative expenses	—	(88)	88
Increase/(Decrease)	721,542	(499,808)	1,221,350
Balance at December 31, 2022	\$ 3,750,418	\$ 1,467,878	\$ 2,282,540

* 2022 benefit payment includes \$189.7 million paid from the Trust.

The discount rate used to measure the total OPEB liability as of December 31, 2023 and 2022 was 6.6%. 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. The assumed contributions are based on the Port Authority paying current year benefit payments outside of the trust starting in 2023 and by 2027, recommencing their advance funding of the trust

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at least equal to the minimum amount projected to ensure the trust can fully pay all future benefit payments. The Port Authority has started making current year benefit payments from its own operating funds for January and February 2023 and intends to continue making those payments. Further, the Port Authority continually evaluates the need to make additional contributions in order for the trust to be fully funded in the future.

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 or 1 percentage point higher than the current discount rate for the year ending December 31:

	<u>2023</u>			<u>2022</u>		
	1% Decrease (5.6%)	Discount Rate (6.6%)	1% Increase (7.6%)	1% Decrease (5.6%)	Discount Rate (6.6%)	1% Increase (7.6%)
	(In thousands)					
Net OPEB Liability	\$3,277,939	\$2,665,609	\$2,167,333	\$2,807,919	\$2,282,540	\$1,854,091

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:

	<u>2023</u>			<u>2022</u>		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(In thousands)					
Net OPEB Liability	\$2,157,190	\$2,665,609	\$3,301,719	\$1,850,232	\$2,282,540	\$2,822,657

OPEB Expense

OPEB expense related to the Plan totaled \$365 million in 2023 and \$244 million in 2022.

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

At December 31, 2023 and 2022, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2023	2022
	(In thousands)	
Changes in actuarial assumptions	\$ 649,556	\$ 457,920
Net difference between projected and actual earnings on OPEB plan investments	101,553	200,587
Differences between actual and expected experience	224,013	185,715
Total Deferred Outflows of Resources	\$ 975,122	\$ 844,222

Notes to Financial Statements
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At December 31, 2023 and 2022, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2023	2022
	(In thousands)	
Changes in actuarial assumptions	\$ 110,034	\$ 197,735
Total Deferred Inflows of Resources	\$ 110,034	\$ 197,735

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

Year ended December 31,	Total Amortization	
	(In thousands)	
2024	\$	161,798
2025		214,793
2026		251,744
2027		118,593
2028		69,506
Thereafter		48,654
Total	\$	865,088

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, 2023 and 2022 based on actuarial valuations as of January 1, 2023 and 2022 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, 2017 to January 1, 2022. Mortality rates for the January 2023 and 2022 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP- 2021 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2021 from the central year for civilian employees, for years 2023 and 2022, respectively.

The entry age normal cost method based on a level percentage of pay was used in both actuarial valuations of the Port Authority and PATH OPEB obligation for all participants. The total OPEB liability was determined

Notes to Financial Statements
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using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	2023	2022
Inflation	2.30%	2.40%
Salary increases	4.47%	4.47%
Discount rate *	6.60%	6.60%
Medical healthcare cost trend rates (Pre-65 year old participant)**	6.75%	5.75%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.75%	5.25%
Pharmacy benefit cost trend rate***	7.75%	6.00%
Dental benefit cost trend rate	3.00%	3.00%
Employer Group Waiver Plan savings	3.00%	3.00%
Medicare Part B	5.00%	5.00%

* Represents the expected long-term rate of return on investments expected to be used for the payment of benefits

** Declining to an ultimate medical healthcare cost trend rate of 4.5% in 2032 (including inflation factors of 2.30% for 2023 and 2.4% for 2022).

*** Decreasing to 4.50% in 2032

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31 is summarized in the following table:

Asset Class	Target Asset Allocation		Long-Term Expected Real Rate of Return*	
	2023	2022	2023	2022
	Domestic Equity	33%	33%	5.4%
International Equity	21%	21%	5.2%	4.9%
Real Estate Investment Trust	6%	6%	4.3%	4.2%
Fixed Income	40%	40%	1.7%	1.5%

* The long-term expected real rate of return is net of the long-term inflation assumption of 2.30% in 2023 and 2.4% in 2022.

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, 2023, the Port Authority had entered into various construction contracts totaling approximately \$2.3 billion, which are expected to be completed within the next three years.

Notes to Financial Statements
(continued)

3. Other amounts receivable, net recognized on the Statements of Net Position at December 31, 2023, is comprised of the following:

	Dec. 31, 2022	Additions	Deductions	Dec. 31, 2023
	(In thousands)			
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	\$ 94,200	\$ 6,185	\$ 53,647	\$ 46,738
Long-term receivables from tenants	75,853	119,142	120,474	74,521
Amounts due – Goethals Bridge Replacement Bridge Developer	28,238	—	—	28,238
Tower 4 Liberty Bonds debt service	44,675	32,532	70,833	6,374
Other receivables	17,897	8,172	17,192	8,877
Total other amounts receivable, net	\$ 260,863	\$ 166,031	\$ 262,146	\$ 164,748

4. The 2023 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2022	Additions	Deductions	Dec. 31, 2023
	(In thousands)			
Self-Insured Public Liability Claims	\$ 70,270	\$ 15,332	\$ 16,790	\$ 68,812
Self-Insured Worker's Compensation Claims	87,141	27,575	24,075	90,641
Other payables	75,428	750	55	76,123
Pollution remediation obligation	31,609	8,307	10,251	29,665
Asset forfeiture program	26,907	1,273	932	27,248
Reinsurance premium payable	—	32,502	24,520	7,982
Surety and security deposits	4,521	140	236	4,425
WTC Joint Venture Returns	16,130	—	—	16,130
Deferred Gain/Loss on NLCC	4,761	—	—	4,761
GASB Statement No. 96 SBITA liabilities	15,713	—	15,713	—
Total Liabilities	332,480	85,879	92,572	325,787
Less: Current worker's compensation liability	17,509	—	—	20,869
Total other non-current liabilities	\$ 314,971			\$ 304,918

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 2023, the Port Authority recognized an additional \$8.3 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation facilities and Marine Terminals. Cumulative operating expense remediation provisions through December 31, 2023 totaled \$128.6 million, net of \$2.1 million in recoveries.

As of December 31, 2023, the outstanding pollution remediation liability totaled \$29.7 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 Campus

Conceptual Framework for the Redevelopment of the Office, Retail and Other Components of the World Trade Center

The terms of the original July 2001 net leases established both an obligation and concomitant right for the net lessees, at their sole cost and expense, to restore their net leased premises following a casualty whether or not the damage is covered by insurance proceeds in accordance, to the extent feasible, prudent and commercially reasonable, with the plans and specifications as they existed before the casualty or as otherwise agreed to with the Port Authority.

The redevelopment of the WTC site has proceeded pursuant to The World Trade Center Memorial and Cultural General Project Plan adopted in 2004 and amended in 2007 and 2022 (“GPP”) by Lower Manhattan Development Corporation (“LMDC”) which 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 was planned to consist of up to five office towers (one of which may instead be a multi-use building, including residential space at a mix of market and affordable rents), space for retail businesses, the World Trade Center Transportation Hub, a memorial and interpretive museum, The St. Nicholas Greek Orthodox Church and National Shrine, The Performing Arts Center at the World Trade Center (now doing business as the “Perelman Performing Arts Center”) and certain related infrastructure. A December 2010 World Trade Center Amended and 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.

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization (“Durst”) through entities formed by such parties entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. Pursuant to the 2011 joint venture agreement between the Port Authority and Durst, the parties have calculated that Durst’s equity percentage interests in the joint venture is 14.97%, subject to a 10 basis point adjustment (up or down) in 2025, based on whether or not certain performance standards are met in 2024. This calculation is based on Durst’s 2011 initial capital contribution of \$100 million, other non-cash contributions, and the 2020 stabilized net operating income of the building. 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, 2023, WTC Tower 1 LLC (the current net lessee of One World Trade Center) has leased, (i) approximately 2.8 million square feet of office space at One World Trade Center, representing approximately 94% 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 under a lease to Legends OWO, LLC 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. As of December 2022, construction of Tower 2 did not commence and the Port Authority asserts that ground rent is now due under the terms of the Tower 2 net lease, but Silverstein has not yet made payment thereof, and has requested additional time to arrange financing before beginning to pay ground rent. Ground rent for the site until the commencement of construction is approximately \$2.5 million per month, reducing to approximately \$1.3 million per month when construction begins.

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, together with New York State and New York City, was required to provide up to \$600 million in overall support, comprised of: (x) \$210 million for the construction of Tower 3 (paid for as a landlord capital improvement) and (y) backstop funding of \$390 million for construction overruns and certain leasing cost overruns, operating expense deficits and certain leasing cost overruns (provided as a rent deferral under the Tower 3 net lease), and senior debt service shortfalls (which would be paid by the Port Authority if necessary in the future, as a special limited co-obligor on the senior debt issued for Tower 3), with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of \$390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to \$200 million of the \$600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority from the State of New York and the City of New York of up to \$400 million. To date, the Port Authority has applied \$84.5 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 and for Tower 3 backstop funding. In addition, under a Public Support Agreement with the City of New York, the Port Authority will receive \$130 million plus accrued interest in WTC PILOT credits as reimbursement for the remaining share of the Port Authority’s landlord capital improvement. WTC payments in lieu of taxes (“PILOT”) credits from City of New York commenced in July 2019.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of any outstanding balance of the \$390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, upon termination of the Tower 3 Support Agreement. 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

Notes to Financial Statements (continued)

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, 2023, deferred rent due from the Tower 3 net lessee totaled approximately \$46.7 million. As of December 31, 2023, the Silverstein Tower 3 net lessee has repaid the approximately \$9.0 million in senior debt service shortfalls previously provided under the WTC Tower 3 Tenant Support Agreement.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2023, 87% of leasable office space has been leased to tenants.

World Trade Center Tower 4

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of December 31, 2023, approximately 94% of the leasable office space has been leased to tenants.

Also, in December 2010, the Port Authority entered into certain agreements with the Silverstein net lessee of Tower 4, providing for the Port Authority's support for the construction of Tower 4 (the "Tower 4 Support Agreements") by participating in the November 15, 2011 financing for Tower 4 ("Debt Service Obligations") and providing additional rent deferrals and other concessions ("Tenant Support"). In particular, the Port Authority agreed to become a co-borrower/obligor for the Tower 4 Liberty Bonds which were issued on November 15, 2011, in the aggregate principal amount of approximately \$1.2 billion, by the New York Liberty Development Corporation to finance construction and development of WTC Tower 4. On September 14, 2021, the New York Liberty Development Corporation issued Series 2021A bonds for approximately \$1.2 billion and Series 2012B bonds for approximately \$11.4 million to cover issuance costs, to refinance the original Tower 4 Liberty Bonds to achieve interest rate savings, with the material terms of the original November 2011 Tower 4 financing remaining unchanged, including the Port Authority remaining a co-borrower/obligor for the refunding bonds (the original November 2011 Tower 4 financing and the September 2021 refinancing are hereafter referred to herein, interchangeably, as the "Tower 4 Liberty Bonds").

The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See *Note E - General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)* for additional information related to the payment of special obligations of the Port Authority).

Originally, the Silverstein net lessee of Tower 4 had the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2023, no deferred rent was due from the Tower 4 net lessee. The Debt Service Obligations are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow, with interest at a rate of 7.5% annum until reimbursed or paid.

The Tower 4 Silverstein net lessee informed the Port Authority in 2022 that, in accordance with the Tower 4 Support Agreements, it had achieved the debt service coverage threshold which would allow it to terminate

the Port Authority's Tenant Support obligations in return for terminating certain account control lockboxes for Tower 4. The termination, which has now been effectuated, resulted in the repayment \$50.7 million of Tower 4 deferred rent plus accrued interest to the Port Authority. Surplus revenues held in a Tower 4 operating account for the benefit of the Port Authority were transferred to a similar account for Tower 3 to cover deferred amounts due to the Port Authority on account of its support for Tower 3. The termination of the Tenant Support obligations did not affect the Port Authority's Debt Service Obligations or the pledge of rents and the leasehold mortgage which serve as security therefor.

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 and delivery vehicles to access subgrade loading facilities became operational to support commercial operations and development throughout the WTC site. Other WTC infrastructure projects include street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

World Trade Center Retail

Through a series of transactions between the Port Authority and a single purpose entity formed by an affiliate of Westfield America, Inc., which was acquired by Unibail-Rodamco-Westfield SE (formerly Unibail-Rodamco SE) in June 2018 (such entity, together with its Westfield predecessor, ("URW")), the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A URW 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 other locations on the World Trade Center site and is obligated to fund the remaining project costs for their construction. Upon completion and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with URW, which is not expected to fully compensate the Port Authority for the cost of construction.

As of December 31, 2023, 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 URW, which is recognized as a deferred inflow of resources related to leases.

WTC Memorial and Museum, The St. Nicholas Greek Orthodox Church and National Shrine, and The Perelman Performing Arts Center at the World Trade Center

The Port Authority does not have any responsibility for the operation and maintenance of the WTC Memorial and Museum, The St. Nicholas Greek Orthodox Church and National Shrine, or The Perelman Performing Arts Center at the World Trade Center. The WTC Memorial Plaza opened for public access on September 11, 2011 and the Museum opened to the public on May 21, 2014. The St. Nicholas Greek Orthodox Church and National Shrine opened to the public in December 2022 and The Perelman Performing Arts Center at the World Trade Center, opened to the public in September 2023.

Note M – Risk Financing Activities

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductibles, retentions, and exceptions or exclusions of portions of facilities and the scope of insurable hazards. A portion of the insurance under the programs described below is provided by the Port Authority’s captive insurer, PAICE (see “Port Authority Insurance Captive Entity, LLC” in this Section). Most policies are renewed annually and therefore will expire during the calendar year.

Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities (which was renewed effective June 1, 2023 and expires on June 1, 2024) covers all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). Portions of the property damage and loss of revenue insurance program on the Port Authority facilities are insured through PAICE and partially reinsured through commercial reinsurers.

Property damage and loss of revenue insurance on the operating portions of the World Trade Center¹ and related infrastructure is provided in a separate program (which was renewed effective June 1, 2023 and expires on June 1, 2024). Portions of the property damage and loss of revenue insurance on the operating portions of the World Trade Center¹ are insured through PAICE and partially reinsured through commercial reinsurers.

The Port Authority also purchased property terrorism insurance with respect to all Port Authority facilities for a two-year term, effective June 1, 2023. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 (“TRIPRA”)² and commercial reinsurers.

¹ The Port Authority’s insurance programs do not provide coverage for World Trade Center Towers 2, 3, 4 (except for the Port Authority’s Tower 4 leased space), Tower 5, the World Trade Center Memorial/Museum, the St. Nicholas Greek Orthodox Church and National Shrine, the Perelman Performing Arts Center at the World Trade Center and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site. Coverage for these assets is the responsibility of the net lessees.

² Under TRIPRA, the formula provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least \$200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of \$100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

Public Liability Insurance Programs

The Port Authority's public liability insurance programs (which were renewed effective October 27, 2023 and expires October 27, 2024) include general liability and worker's compensation coverage for Port Authority facilities and components of the World Trade Center and insurance for aviation war risk for aviation facilities.

Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers. The terrorism insurance policy was renewed effective October 27, 2023 and expires October 27, 2025.

The Port Authority also carries terrorism and/or malicious acts insurance for losses to property and liability resulting from nuclear, chemical, biological, or radiological material for all Port Authority facilities. The program is insured through a combination of PAICE, commercial reinsurers and TRIPRA and was renewed effective October 27, 2023 and expires October 27, 2025.

Construction Insurance Programs

The Port Authority maintains a rolling Owner Controlled or wrap-up insurance program for all Port Authority operated facilities under construction (excluding the World Trade Center), which was renewed effective June 1, 2023, and expires June 1, 2026, including builders' risk, general liability insurance, and statutory workers' compensation coverage. PAICE provides portions of the general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

The Port Authority began a standalone Owner Controlled insurance program on March 27, 2018, expiring March 27, 2024, for construction of Terminal A at Newark Liberty International ("EWR") Airport, which includes builders' risk, general liability insurance, and statutory workers' compensation insurance provided through commercial insurance. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

Port Authority Insurance Captive Entity, LLC

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability and property damage and loss of revenue insurance programs.

Effective June 1, 2023, PAICE retains the first \$500,000 in general liability coverage of the Port Authority's rolling Owner Controlled insurance program. The next \$4.5 million, excess of the primary \$500,000, is reinsured through commercial reinsurers.

Effective June 1, 2023, PAICE provides \$5 billion of property terrorism insurance for World Trade Center facilities for Certified Acts of Terrorism, and \$1.02 billion for Non-Certified Acts of Terrorism. In addition, PAICE provides \$2 billion of property terrorism insurance for all other facilities for Certified Acts of Terrorism, and \$420 million for Non-Certified Acts of Terrorism. PAICE is fully reinsured for property terrorism by TRIPRA and commercial reinsurers.

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In addition, renewed for two years effective October 27, 2023 (expiring October 27, 2025), PAICE provides \$600 million in coverage under the terrorism liability program, which is fully reinsured by TRIPRA and commercial reinsurers.

Further, renewed for two years effective October 27, 2023 (expiring October 27, 2025), PAICE provides \$1.6 billion in coverage under the nuclear, chemical, biological, and radiological terrorism and malicious acts program, up to \$500 million of which is fully reinsured by TRIPRA and commercial reinsurers. The \$1.1 billion in excess of the \$500 million is partially reinsured by TRIPRA.

The financial results for PAICE for the year ended December 31, 2023 are set forth below. As PAICE is a blended component unit of the Port Authority, restricted amounts associated with PAICE recorded on the Port Authority's financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	Amounts (In thousands)
Financial Position	
Total Assets	\$ 587,846
Total Liabilities	75,146
Net Position, December 31, 2023	\$ 512,700
Operating Results 2023	
Revenues	\$ 51,767
Expenses	1,400
Change in Net Position	\$ 50,367
Net Position at January 1, 2023	\$ 462,333
Net Position at December 31, 2023	\$ 512,700

The audited financial statements for the years ended December 31, 2023 and December 31, 2022 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Self-Insured Loss Reserves

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for self-insured claims is based upon the estimated cost of settling the claim, which includes an actuarial review of estimated claims expenses, estimated recoveries, retention thresholds, and a provision for incurred but not reported (“IBNR”) claims. Workers Compensation and public liability IBNR self-insured loss reserves were discounted to their present value using a 5.25% discount rate. Changes in the self-insured public liability self-insured loss reserves and self-insured worker’s compensation loss reserves are as follows:

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
		(In thousands)		
2023	\$70,270	\$15,332	\$16,790	\$68,812
2022	\$71,695	\$12,134	\$13,559	\$70,270

* 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)		
2023	\$87,141	\$27,575	\$24,075	\$90,641
2022	\$80,779	\$27,610	\$21,248	\$87,141

* Loss reserves exclude loss adjustment expenditures.

Required Supplementary Information (Unaudited)

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM (“ERS”)

Schedule of Proportionate Share of Net Pension Liability (Asset)*

	2023	2022	2021	2020	2019	2018
	(\$ In thousands)					
Port Authority’s proportion of the net pension liability	1.4%	1.4%	1.7%	1.6%	1.3%	1.3%
Port Authority's proportionate share of the net pension (asset) liability	\$ 299,457	\$ (118,530)	\$ 1,658	\$ 430,993	\$ 91,792	\$ 41,500
Covered payroll (April 1 – March 31)	\$ 470,518	\$ 461,420	\$ 461,634	\$ 536,527	\$ 515,065	\$ 408,384
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	63.6%	(25.7)%	0.4%	80.3%	17.8%	10.2%
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	99.95%	86.4%	96.2%	98.2%
Schedule of Employer Contributions*	2023	2022	2021	2020	2019	2018
	(\$ In thousands)					
Contractually required contribution	\$ 57,832	\$ 55,306	\$ 71,150	\$ 77,635	\$ 70,582	\$ 56,866
Contributions in relation to the contractually required contribution**	\$ 57,832	\$ 55,306	\$ 71,150	\$ 77,635	\$ 70,582	\$ 56,866
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Port Authority’s covered payroll (January 1 – December 31)	\$ 478,197	\$ 452,650	\$ 461,539	\$ 462,194	\$ 536,454	\$ 500,841
Contributions as a percentage of covered payroll	12.1%	12.2%	15.4%	16.8%	13.2%	11.4%

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

Schedule of Proportionate Share of Net Pension Liability*

	2023	2022	2021	2020	2019	2018
	(\$ In thousands)					
Port Authority’s proportion of the net pension liability	8.5%	8.8%	9.8%	7.7%	7.7%	7.6%
Port Authority's proportionate share of the net pension liability	\$ 467,522	\$ 50,218	\$ 169,991	\$ 412,870	\$ 129,920	\$ 77,081
Covered payroll (April 1– March 31)	\$ 370,833	\$ 349,395	\$ 329,673	\$ 467,638	\$ 271,764	\$ 263,292
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	126.1%	14.4%	51.6%	88.3%	47.8%	29.3%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%
Schedule of Employer Contributions*	2023	2022	2021	2020	2019	2018
	(\$ In thousands)					
Contractually required contribution	\$ 101,083	\$ 92,716	\$ 91,287	\$ 123,221	\$ 61,277	\$ 59,931
Contributions in relation to the contractually required contribution**	\$ 101,083	\$ 92,716	\$ 91,287	\$ 123,221	\$ 61,277	\$ 59,931
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Port Authority’s covered payroll (January 1 – December 31)	\$ 358,860	\$ 350,440	\$ 340,538	\$ 398,506	\$ 393,630	\$ 262,701
Contributions as a percentage of covered payroll	28.2%	26.5%	26.8%	30.9%	15.6%	22.8%

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

** Required employer contributions were paid on February 1, 2024.

See accompanying independent auditors’ report.

Required Supplementary Information (Unaudited)

2017	2016	2015
(\$ In thousands)		
1.3%	1.3%	1.3%
\$ 120,672	\$ 212,555	\$ 44,906
\$ 395,378	\$ 392,529	\$ 309,571
30.5%	54.2%	14.5%
94.7%	90.7%	97.9%

2017	2016	2015
(\$ In thousands)		
\$ 56,743	\$ 57,530	\$ 63,072
\$ 56,743	\$ 57,530	\$ 63,072
\$ —	\$ —	\$ —

\$ 404,701	\$ 395,725	\$ 409,234
14.0%	14.5%	15.4%

2017	2016	2015
(\$ In thousands)		
7.4%	8.0%	8.9%
\$ 152,806	\$ 236,004	\$ 24,490
\$ 256,168	\$ 246,060	\$ 248,631
59.7%	95.9%	9.8%
93.5%	90.2%	99.0%

2017	2016	2015
(\$ In thousands)		
\$ 60,797	\$ 57,807	\$ 53,652
\$ 60,797	\$ 57,807	\$ 53,652
\$ —	\$ —	\$ —

\$ 260,867	\$ 253,096	\$ 253,597
23.3%	22.8%	21.2%

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)					
2023	7.65%	\$ 11,799	7.65%	\$ 11,799	23,598
2022	7.65%	11,191	7.65%	11,191	22,382
2021	7.65%	9,329	7.65%	9,329	18,658
2020	7.65%	9,384	7.65%	9,384	18,768
2019	7.65%	8,466	7.65%	8,466	16,932
2018	7.65%	8,197	7.65%	8,197	16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
Total Taxes		\$ 90,468		\$ 90,468	\$ 180,936

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2023	4.9%	\$ 6,095	13.1%	\$ 16,294	\$ 22,389
2022	4.9%	5,620	13.1%	15,025	20,645
2021	4.9%	5,130	13.1%	13,714	18,844
2020	4.9%	5,170	13.1%	13,823	18,993
2019	4.9%	4,832	13.1%	12,918	17,750
2018	4.9%	4,687	13.1%	12,530	17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
Total Taxes		\$ 49,018		\$ 131,801	\$ 180,819

See accompanying independent auditors' report.

Required Supplementary Information (Unaudited)

PATH EXEMPT EMPLOYEES SUPPLEMENTAL PENSION PLAN

Schedule of Changes to Total Pension Liability and Related Ratios*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
	(\$ In thousands)								
Total Pension Liability									
Service cost	\$ 6,239	\$ 5,709	\$ 3,905	\$ 2,401	\$ 1,720	\$ 1,585	\$ 1,323	\$ 1,280	\$ 900
Interest cost	2,593	2,534	2,649	3,155	3,070	3,169	2,961	2,850	3,271
Changes of benefit terms	—	—	9,607	—	—	—	—	—	—
Differences between expected and actual experience	(754)	915	1,082	2,926	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	(23,699)	937	8,015	13,667	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	(4,074)	(4,495)	(3,925)	(3,927)	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	(19,695)	5,600	21,333	18,222	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	121,653	116,053	94,720	76,498	89,381	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	\$101,958	\$121,653	\$116,053	\$94,720	\$76,498	\$89,381	\$84,091	\$83,388	\$81,095
Covered Payroll	\$16,160	\$16,106	\$16,364	\$14,872	\$13,052	\$13,913	\$13,590	\$13,187	\$12,356
Total Pension Liability as a % of Covered Payroll	630.9%	755.3%	709.2%	636.9%	586.1%	642.4%	618.8%	632.4%	656.3%

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

Note: As of December 31, 2023, 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 BENEFITS (“OPEB”) PLAN

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

	2023	2022	2021	2020	2019	2018	2017
	(\$ In thousands)						
Total OPEB liability:							
Service cost	\$ 84,179	\$ 35,107	\$ 34,851	\$ 32,566	\$ 33,132	\$ 25,442	\$ 23,778
Interest cost	245,921	196,063	196,750	209,925	213,607	202,303	196,930
Changes in benefit terms	(207)	6,233	—	(2,928)	(4,046)	(6,948)	—
Differences between expected and actual experience	123,420	116,370	31,334	58,916	99,585	90,986	—
Changes in assumptions	342,269	557,468	(47,407)	(201,908)	(241,555)	(5,903)	—
Benefit payments	(220,561)	(189,699)	(173,920)	(148,836)	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	575,021	721,542	41,608	(52,265)	(55,813)	158,119	77,180
Total OPEB liability-beginning	3,750,418	3,028,876	2,987,268	3,039,533	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	4,325,439	3,750,418	3,028,876	2,987,268	3,039,533	3,095,346	2,937,227
Plan fiduciary net position:							
Contributions-employer	200,832	—	—	30,061	256,536	247,761	243,528
Net investment (loss)/income	211,782	(310,021)	235,963	225,006	285,996	(86,274)	175,795
Benefit payments	(220,561)	(189,699)	(173,920)	(148,836)	(156,536)	(147,761)	(143,528)
Administrative expenses	(101)	(88)	(118)	(96)	(106)	(94)	(94)
Net change in plan fiduciary net position	191,952	(499,808)	61,925	106,135	385,890	13,632	275,701
Plan fiduciary net position-beginning	1,467,878	1,967,686	1,905,761	1,799,626	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	1,659,830	1,467,878	1,967,686	1,905,761	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) – (b)	<u>\$ 2,665,609</u>	<u>\$ 2,282,540</u>	<u>\$ 1,061,190</u>	<u>\$ 1,081,507</u>	<u>\$ 1,239,907</u>	<u>\$ 1,681,610</u>	<u>\$ 1,537,123</u>
Plan fiduciary net position as a percentage of the total OPEB liability	38.37%	39.14%	64.96%	63.80%	59.21%	45.67%	47.67%
Covered-Employee payroll	\$ 1,013,683	\$ 975,057	\$ 927,676	\$ 987,081	\$ 1,041,188	\$ 870,525	\$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	262.96%	234.09%	114.39%	109.57%	119.09%	193.17%	198.97%

*Information provided for Required Supplementary Information will be provided for ten 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, 2023			2022
	Operating Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)			
Gross operating revenues:				
Tolls and fares	\$ 2,070,662	\$ —	\$ 2,070,662	\$ 1,942,726
Rentals	2,249,607	—	2,249,607	2,035,180
Aviation fees	1,606,056	—	1,606,056	1,395,424
Parking and other	549,780	—	549,780	478,337
Utilities	148,952	—	148,952	182,163
Total gross operating revenues	6,625,057	—	6,625,057	6,033,830
Operating expenses:				
Employee compensation, including benefits	1,801,019	—	1,801,019	1,438,403
Contract services	1,203,897	—	1,203,897	1,059,209
Rents and payments in-lieu-of taxes ("PILOT")	445,628	—	445,628	408,330
Materials, equipment and other	446,055	—	446,055	336,727
Utilities	202,970	—	202,970	243,750
Total operating expenses	4,099,569	—	4,099,569	3,486,419
Net operating revenues	2,525,488	—	2,525,488	2,547,411
Financial income:				
Interest income	49,677	86,418	136,095	54,962
Net increase (decrease) in fair value of investments	20,935	105,276	126,211	(139,119)
Contributions in aid of construction	225,680	—	225,680	288,692
Application of WTC Retail Joint Venture Payments	—	—	—	16,968
Application of Passenger Facility Charges	488,053	—	488,053	63,664
Application of 4 WTC associated payments	34,732	—	34,732	34,745
Grants, in connection with operating activities	111,886	—	111,886	160,290
Pass-through grant program payments	(12,156)	—	(12,156)	—
Net revenues available for debt service and reserves	3,444,295	191,694	3,635,989	3,027,613
Debt service:				
Interest on bonds and other asset financing obligations	1,018,184	119,566	1,137,750	982,661
Interest expense incurred during construction	127,566	—	127,566	207,264
Debt maturities and retirements	478,055	—	478,055	463,107
Repayment of special obligations	—	5,909	5,909	4,859
Total debt service	1,623,805	125,475	1,749,280	1,657,891
Transfers to reserves	\$ (1,820,490)	1,820,490	—	—
Revenues after debt service and transfers to reserves		1,886,709	1,886,709	1,369,722
Direct investment in facilities		(943,156)	(943,156)	(867,790)
Change in Accounting Principle - pension / OPEB		(24,086)	(24,086)	(22,511)
Increase in reserves		919,467	919,467	479,421
Reserve balances, January 1		3,888,303	3,888,303	3,408,882
Reserve balances, December 31		\$ 4,807,770	\$ 4,807,770	\$ 3,888,303

Schedule B - Assets and Liabilities
(pursuant to Port Authority bond resolutions)

	December 31, 2023				2022
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
(In thousands)					
ASSETS					
Current assets:					
Cash	\$ 169,221	\$ —	\$ 1,189	\$ 170,410	\$ 229,235
Restricted cash:					
Passenger Facility Charges	919	—	—	919	7,812
Port Authority Insurance Captive Entity, LLC	75,248	—	—	75,248	58,059
Harbor Dredging	19,124	—	—	19,124	32,299
Other, including Asset Forfeiture Funds	10,552	—	—	10,552	9,284
Investments	343,229	16,453	975,561	1,335,243	1,475,688
Restricted Investments - PAICE	8,356	—	—	8,356	11,236
Restricted investments - PFC	5,315	—	—	5,315	187,109
Interfund balances	(252,086)	60,252	191,834	—	—
Current receivables, net	1,266,292	—	2,597	1,268,889	1,067,862
Other current assets	92,087	64,377	—	156,464	132,904
Restricted receivables and other assets	119,741	—	—	119,741	57,123
Total current assets	1,857,998	141,082	1,171,181	3,170,261	3,268,611
Noncurrent assets:					
Restricted cash	4,452	—	—	4,452	4,560
Investments	—	—	3,636,589	3,636,589	2,804,280
Restricted investments - PAICE	119,603	—	—	119,603	86,666
Other amounts receivable, net	128,110	36,638	—	164,748	260,863
Other noncurrent assets	1,574,197	4,663	—	1,578,860	1,720,005
Restricted other noncurrent assets - PAICE	4,785	—	—	4,785	4,795
Amounts receivable - Tower 4 Liberty Bonds	—	1,232,505	—	1,232,505	1,234,705
Invested in facilities	—	71,301,755	—	71,301,755	69,388,077
Total noncurrent assets	1,831,147	72,575,561	3,636,589	78,043,297	75,503,951
Total assets	3,689,145	72,716,643	4,807,770	81,213,558	78,772,562
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	517,098	—	—	517,098	774,172
OPEB related amounts	975,122	—	—	975,122	844,222
LIABILITIES					
Current liabilities:					
Accounts payable	362,814	566,935	—	929,749	913,469
Accrued interest and other current liabilities	827,261	—	—	827,261	745,896
Restricted other liabilities - PAICE	7,620	—	—	7,620	386
Accrued payroll and other employee benefits	203,106	—	—	203,106	255,089
Unapplied Passenger Facility Charges	52,446	—	—	52,446	224,308
Consolidated Notes, series AAA	—	—	—	—	1,100,000
Current portion bonds and other asset financing obligations	34,929	531,057	—	565,986	2,126,538
Total current liabilities	1,488,176	1,097,992	—	2,586,168	5,365,686
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	3,534,546	—	—	3,534,546	2,404,193
Other noncurrent liabilities	283,073	17,086	—	300,159	294,499
Restricted other noncurrent liabilities - PAICE	24,780	—	—	24,780	27,051
Amounts payable - Tower 4 Liberty Bonds	—	1,232,505	—	1,232,505	1,234,705
Bonds and other asset financing obligations	1,270,681	24,459,792	—	25,730,473	23,351,819
Total noncurrent liabilities	5,113,080	25,709,383	—	30,822,463	27,312,267
Total liabilities	6,601,256	26,807,375	—	33,408,631	32,677,953
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	70,838	—	—	70,838	870,614
OPEB related amounts	110,034	—	—	110,034	197,735
NET POSITION	\$ (1,600,763)	\$ 45,909,268	\$ 4,807,770	\$ 49,116,275	\$ 46,644,654
Net position is comprised of:					
Facility infrastructure investment	\$ —	\$ 45,909,268	\$ —	\$ 45,909,268	\$ 44,411,016
Change in accounting principle - pension / OPEB	(1,600,763)	—	—	(1,600,763)	(1,654,665)
Reserves	—	—	4,807,770	4,807,770	3,888,303
NET POSITION	\$ (1,600,763)	\$ 45,909,268	\$ 4,807,770	\$ 49,116,275	\$ 46,644,654

See Notes to Financial Statements.

Schedule C - Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2023			2022
	General Reserve Fund	Consolidated Bond Reserve Fund	Combined Total	Combined Total
(In thousands)				
Balance, January 1	\$ 2,551,509	\$ 1,336,794	\$ 3,888,303	\$ 3,408,882
(Decrease)/increase in reserve funds *	(27,707)	2,039,891	2,012,184	1,476,145
	<u>2,523,802</u>	<u>3,376,685</u>	<u>5,900,487</u>	<u>4,885,027</u>
Applications:				
Principal on asset financing obligation	—	5,909	5,909	4,859
Interest on asset financing obligations	—	119,566	119,566	101,564
Direct investment in facilities	—	943,156	943,156	867,790
Change in Accounting Principle - pension / OPEB	—	24,086	24,086	22,511
Total applications	—	<u>1,092,717</u>	<u>1,092,717</u>	<u>996,724</u>
Balance, December 31	<u>\$ 2,523,802</u>	<u>\$ 2,283,968</u>	<u>\$ 4,807,770</u>	<u>\$ 3,888,303</u>

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling \$1.8 billion, plus financial income generated on reserve funds of \$191.7 million in 2023.

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STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2023

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 U.S. GAAP)

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal condition has changed over time.

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

The Port Authority has several forms of outstanding financing obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D - Outstanding Financing Obligations*, and reserve funds are described in *Note E - General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)* to the financial statements). Debt limitations, including in some cases, limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

Selected Statistical Financial Data by Business Segment – Schedule D-3 (Pursuant to U.S. 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 U.S. 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 U.S. 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 U.S. GAAP)

	2023	2022 (Restated)	2021 (Restated)
Revenues, Expenses and Changes in Net Position:			
Gross operating revenues:			
Tolls and fares	\$ 2,070,662	\$ 1,942,726	\$ 1,836,692
Rentals (a)(d)	2,187,837	1,978,706	1,565,609
Aviation fees	1,606,056	1,395,424	1,213,743
Parking and other	549,780	478,337	353,261
Utilities	148,952	182,163	125,937
Rentals - Special Project Bonds Projects	—	—	—
Gross operating revenues	6,563,287	5,977,356	5,095,242
Operating expenses:			
Employee compensation, including benefits ^(c)	1,801,019	1,438,403	1,296,724
Contract services ^(e)	1,200,165	1,054,605	938,408
Rental and payments in-lieu-of taxes (PILOT) ^(d)	84,878	47,434	59,715
Materials, equipment and other	446,055	336,727	289,810
Utilities	202,970	243,750	184,651
Interest on Special Project Bonds	—	—	—
Operating expenses	3,735,087	3,120,919	2,769,308
Net insurance recoverables	—	—	—
Depreciation of facilities and landlord leasehold investment	(1,734,310)	(1,717,977)	(1,601,696)
Amortization of costs for regional programs	(6,478)	(17,939)	(27,393)
Amortization of lease assets, as lessee ^(d)	(176,755)	(172,776)	(167,396)
Income/(loss) from operations ^(c)	910,657	947,745	529,449
(Loss)/income on investments (including fair value adjustment) ^(b)	269,373	(83,167)	(13,544)
Interest expense on bonds and other asset financing ^(b)	(1,180,570)	(1,109,910)	(1,152,878)
Interest income, as lessor ^(d)	155,290	140,978	140,611
Interest expense, as lessee ^(d)	(213,973)	(220,654)	(214,019)
Net (loss)/gain on disposition of assets, including leases	(2,281)	—	(4,623)
Pass-through grant program payments	(12,156)	—	(2,613)
4 WTC associated payments	32,532	32,545	66,715
Grants in connection with operating activities	111,886	160,290	256,609
Contributions in aid of construction	227,574	290,491	273,179
Passenger facility charges	309,123	274,414	159,854
Increase/(decrease) in net position December 31, ^{(c)(d)}	\$ 607,455	\$ 432,732	\$ 38,740
Net position is comprised of			
Net investment in capital assets	\$ 15,128,051	\$ 14,942,315	\$ 15,406,620
Restricted	719,624	851,723	606,816
Unrestricted ^{(c)(d)}	813,866	260,048	(392,082)
Net position December 31,	\$ 16,661,541	\$ 16,054,086	\$ 15,621,354

(a) 2014 -2020 Rentals include amortization of unearned income related to the March 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture. 2021 and 2022 Rentals includes amortization of deferred inflows related to receivables recognized under GASB Statement No. 87, "Leases."

(b) For presentation purposes, amortization of bond premiums received at issuance for the years ended 2013 through 2016 have been reclassified from Income on investments to Interest expense on bonds and other asset financing.

(c) 2017 restated amounts include the impact related to the adoption of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

(d) 2021 amounts include impacts related to the adoption of GASB Statement No. 87, "Leases."

(e) 2022 amounts include impacts related to the adoption of GASB Statement No. 96, "SBITAs"

2020	2019	2018	2017 (Restated)	2016	2015	2014
(In thousands)						
\$ 1,571,827	\$ 1,876,911	\$ 1,865,384	\$ 1,873,622	\$ 1,865,481	\$ 1,718,770	\$ 1,553,625
1,421,467	1,748,683	1,673,994	1,618,439	1,564,527	1,446,980	1,300,818
907,314	1,287,263	1,192,454	1,128,352	1,112,436	1,063,902	1,058,416
240,329	408,609	384,088	377,421	399,178	359,631	321,760
112,008	144,176	149,008	139,502	138,987	144,580	149,052
81,129	74,073	79,080	83,053	86,755	92,719	98,141
4,334,074	5,539,715	5,344,008	5,220,389	5,167,364	4,826,582	4,481,812
1,395,588	1,413,979	1,338,277	1,318,935	1,290,334	1,178,967	1,187,877
929,520	1,046,216	934,821	880,331	852,926	833,903	797,516
403,661	388,462	396,048	390,576	352,293	356,162	362,627
290,033	315,676	298,121	252,533	264,977	252,071	277,174
163,078	191,770	195,968	183,482	165,802	186,830	199,919
81,129	74,073	79,080	83,053	86,755	92,719	98,141
3,263,009	3,430,176	3,242,315	3,108,910	3,013,087	2,900,652	2,923,254
4,033	175,678	—	18,323	—	123	53,530
(1,533,267)	(1,420,696)	(1,329,283)	(1,231,139)	(1,173,747)	(1,124,383)	(932,149)
(33,217)	(36,730)	(41,874)	(44,164)	(64,765)	(64,665)	(64,484)
—	—	—	—	—	—	—
(491,386)	827,791	730,536	854,499	915,765	737,005	615,455
81,961	87,948	89,304	35,326	(3,974)	4,215	20,060
(1,011,896)	(968,242)	(937,983)	(908,343)	(900,914)	(882,840)	(648,204)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	19,043
(26,853)	(3,142)	(1,438)	(19,717)	(10,695)	(51,429)	(107,606)
65,293	65,293	65,293	65,293	41,521	36,766	6,128
489,228	25,665	24,006	39,845	64,315	101,074	207,898
258,925	261,054	252,225	187,473	674,950	586,295	700,267
75,509	292,568	286,395	275,785	264,363	248,707	233,172
\$ (559,219)	\$ 588,935	\$ 508,338	\$ 530,161	\$ 1,045,331	\$ 779,793	\$ 1,046,213
\$ 14,954,997	\$ 14,620,518	\$ 14,190,682	\$ 13,179,105	\$ 12,746,144	\$ 11,810,573	\$ 10,402,894
538,552	550,736	500,610	760,912	567,443	456,429	470,857
414,561	1,296,075	1,187,102	1,430,039	3,261,307	3,262,561	3,900,789
\$ 15,908,110	\$ 16,467,329	\$ 15,878,394	\$ 15,370,056	\$ 16,574,894	\$ 15,529,563	\$ 14,774,540

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

	2023	2022	2021
Gross operating revenues*:			
Tunnels, Bridges and Terminals	\$ 1,988,089	\$ 1,880,833	\$ 1,796,752
PATH	148,408	123,878	85,221
Port	371,322	396,989	386,625
Aviation	3,657,985	3,225,138	2,508,088
Development	26,566	25,991	23,080
World Trade Center	432,248	380,847	333,497
Other ***	439	154	81
Total gross operating revenues	6,625,057	6,033,830	5,133,344
Operating expenses*:			
Tunnels, Bridges and Terminals	(669,404)	(569,411)	(524,557)
PATH	(552,762)	(481,409)	(467,051)
Port	(197,560)	(181,602)	(164,852)
Aviation	(2,285,789)	(1,899,501)	(1,617,594)
Development	(19,451)	(11,268)	(11,215)
World Trade Center	(370,817)	(342,499)	(320,647)
Other ***	(3,786)	(729)	(305)
Total operating expenses	(4,099,569)	(3,486,419)	(3,106,221)
Operating and maintenance contingencies	—	—	—
Net insurance recoverables	—	—	—
Amounts in connection with operating asset obligations	—	—	(708)
Net operating revenues	2,525,488	2,547,411	2,026,415
Financial income	262,306	(84,157)	(13,548)
Grants and contributions in aid of construction, net	325,410	448,982	525,452
Application of WTC Retail Joint Venture Payments**	—	16,968	—
Application of Passenger Facility Charges	488,053	63,664	147,557
Application of 4 WTC associated payments	34,732	34,745	66,715
Net revenues available for debt service and reserves (a)	3,635,989	3,027,613	2,752,591
DEBT SERVICE - OPERATIONS			
Interest on bonds and other asset financing obligations (b)	(1,145,750)	(1,088,361)	(1,098,922)
Times, interest earned (a/b)	3.17	2.78	2.50
Debt maturities and retirements (c)	(478,055)	(463,107)	(398,600)
Times, debt service earned [a/(b+c)]	2.24	1.95	1.84
APPLICATION OF RESERVES			
Direct investment in facilities	(943,156)	(867,790)	(870,697)
Debt retirement acceleration	—	—	—
Appropriations for self-insurance and changes in accounting principles	(24,086)	(22,511)	(21,038)
Interest on bonds and other asset financing obligations	(119,566)	(101,564)	(128,782)
Repayment of asset financing obligations	(5,909)	(4,859)	(26,678)
Net increase/(decrease) in reserves	919,467	479,421	207,874
RESERVE BALANCES			
January 1	3,888,303	3,408,882	3,201,008
December 31	4,807,770	3,888,303	3,408,882
Reserve funds balances represented by:			
General Reserve	2,523,802	2,551,509	2,480,806
Consolidated Bond Reserve	2,283,968	1,336,794	928,076
Total	\$ 4,807,770	\$ 3,888,303	\$ 3,408,882
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)			
Consolidated Bonds and Notes	\$ 24,653,960	\$ 24,971,430	\$ 24,189,474
Fund for regional development buy-out obligation	—	—	—
MOTBY obligation	38,144	40,992	43,697
Amounts payable - Special Project Bonds	—	—	—
Variable rate master notes	44,600	44,600	44,600
Commercial paper obligations	—	499,060	574,000
Special Obligation Institutional Loan Program	539,455	—	—
Port Authority equipment notes	—	—	—
Tower 4 Liberty Bonds	1,232,505	1,234,705	1,236,905
Goethals Bridge Replacement Developer Financing Arrangement	1,020,300	1,022,275	1,023,286
Total financing obligations	\$ 27,528,964	\$ 27,813,062	\$ 27,111,962

* Gross operating revenues and operating expenses exclude GAAP adjustments related to GASB Statement No. 87 and GASB Statement No. 96.

** Commencing in 2014 amounts received in connection with the transfer of the Port Authority interests in the WTC Joint Venture are recognized in their entirety in the year in which they are received.

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

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.

2020	2019	2018	2017	2016	2015	2014
(In thousands)						
\$ 1,542,081	\$ 1,740,044	\$ 1,737,458	\$ 1,739,552	\$ 1,742,028	\$ 1,599,575	\$ 1,447,896
82,110	210,610	203,800	202,880	191,261	184,560	168,668
327,665	322,061	310,637	295,651	300,569	270,263	248,443
2,032,359	2,913,161	2,762,279	2,682,523	2,646,213	2,537,233	2,479,106
21,370	24,380	25,632	24,967	25,956	26,561	51,077
319,195	319,952	294,735	264,769	252,086	199,883	79,323
34	247	207	787	682	756	680
4,324,814	5,530,455	5,334,748	5,211,129	5,158,795	4,818,831	4,475,193
(552,976)	(553,759)	(524,212)	(525,862)	(509,529)	(499,873)	(510,383)
(447,034)	(457,515)	(447,552)	(423,384)	(415,251)	(389,276)	(401,273)
(163,395)	(174,213)	(166,405)	(160,495)	(167,724)	(175,976)	(172,545)
(1,752,439)	(1,886,112)	(1,754,801)	(1,693,563)	(1,612,470)	(1,557,926)	(1,623,190)
(11,612)	(11,475)	(11,786)	(12,399)	(10,853)	(13,659)	(15,737)
(335,014)	(346,535)	(333,848)	(312,242)	(293,864)	(258,748)	(192,789)
(539)	(567)	(3,711)	(4,973)	(3,396)	(5,194)	(7,337)
(3,263,009)	(3,430,176)	(3,242,315)	(3,132,918)	(3,013,087)	(2,900,652)	(2,923,254)
—	—	—	—	—	(50,000)	—
4,033	175,678	—	18,323	—	123	53,530
(5,851)	(9,529)	(12,921)	(16,050)	(18,871)	(21,387)	(23,734)
1,059,987	2,266,428	2,079,512	2,080,484	2,126,837	1,846,915	1,581,735
81,867	87,440	86,250	33,574	(4,784)	4,080	14,687
712,295	252,765	220,741	193,381	347,390	321,980	565,444
—	—	—	—	77,869	66,963	652,104
131,149	289,639	433,326	285,335	229,921	273,721	221,156
65,293	65,293	65,293	65,293	41,520	36,766	6,128
2,050,591	2,961,565	2,885,122	2,658,067	2,818,753	2,550,425	3,041,254
(940,309)	(872,275)	(868,510)	(858,694)	(824,586)	(810,356)	(635,262)
2.18	3.40	3.32	3.10	3.42	3.15	4.79
(387,820)	(334,500)	(319,090)	(300,905)	(268,520)	(259,315)	(226,205)
1.54	2.45	2.43	2.29	2.58	2.38	3.53
(1,398,366)	(1,550,920)	(1,771,900)	(1,623,347)	(1,132,915)	(1,949,785)	(1,473,432)
—	—	(8,300)	—	—	—	—
(19,662)	(18,375)	—	—	—	—	28,100
(130,857)	(133,537)	(103,056)	(69,570)	(81,601)	(66,461)	(11,542)
(608)	81	(188)	(1,276)	6,669	(51,928)	(105,562)
(827,031)	52,039	(185,922)	(195,725)	517,800	(587,420)	617,351
4,028,039	3,976,000	4,161,922	4,357,647	3,839,847	4,427,267	3,809,916
3,201,008	4,028,039	3,976,000	4,161,922	4,357,647	3,839,847	4,427,267
2,401,503	2,388,243	2,297,475	2,297,475	2,297,475	2,297,475	2,131,711
799,505	1,639,796	1,678,525	1,864,447	2,060,172	1,542,372	2,295,556
\$ 3,201,008	\$ 4,028,039	\$ 3,976,000	\$ 4,161,922	\$ 4,357,647	\$ 3,839,847	\$ 4,427,267
\$ 23,388,115	\$ 22,161,860	\$ 20,898,775	\$ 20,672,365	\$ 20,429,565	\$ 21,019,925	\$ 19,229,020
52,898	100,258	143,939	184,230	221,393	253,732	283,562
46,268	48,711	51,032	53,237	55,332	44,383	48,254
—	1,150,415	1,245,835	1,327,680	1,391,170	1,451,170	1,530,510
69,600	69,600	69,600	77,900	77,900	77,900	77,900
557,325	500,565	480,765	464,615	388,315	425,760	448,185
—	—	—	—	—	—	—
—	—	—	—	—	—	31,500
1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520
1,023,398	1,022,518	1,021,023	934,198	744,401	430,800	210,316
\$ 26,363,124	\$ 26,279,447	\$ 25,136,489	\$ 24,939,745	\$ 24,533,596	\$ 24,929,190	\$ 23,084,767

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

	2023	2022 ^(h) (Restated)	2021 ^(g) (Restated)	2020
Gross Operating Revenues: ^(b)				
Tunnels, Bridges and Terminals	\$ 1,987,504	\$ 1,879,336	\$ 1,796,696	\$ 1,542,081
PATH	147,947	124,003	85,998	82,110
Port	371,279	396,977	386,622	327,665
Aviation	3,653,830	3,223,841	2,507,776	2,032,359
Development	21,695	21,346	18,536	21,370
World Trade Center	380,593	331,699	299,533	328,455
Other ^(a)	439	154	81	34
Total	\$ 6,563,287	\$ 5,977,356	\$ 5,095,242	\$ 4,334,074
Operating Expenses: ^(b)				
Tunnels, Bridges and Terminals	\$ 668,427	\$ 568,085	\$ 524,422	\$ 552,976
PATH	552,255	481,163	466,844	447,034
Port	176,769	160,737	145,723	163,395
Aviation	1,995,247	1,603,391	1,345,891	1,752,439
Development	19,111	10,930	10,879	11,612
World Trade Center	360,917	295,907	275,268	335,014
Other ^{(c)(e)}	(37,639)	706	281	539
Total	\$ 3,735,087	\$ 3,120,919	\$ 2,769,308	\$ 3,263,009
Capital Investment: ^(d)				
Tunnels, Bridges and Terminals	\$ 509,607	\$ 297,637	\$ 393,208	\$ 582,366
PATH (including WTC Transportation Hub)	361,490	263,945	329,314	339,882
Port	52,240	29,709	37,834	43,999
Aviation ^(f)	883,460	1,086,597	1,053,077	1,101,960
Development	—	—	—	1
World Trade Center	89,274	80,114	106,809	216,441
Other ^(a)	17,607	5,309	2,709	5,182
Total	\$ 1,913,678	\$ 1,763,311	\$ 1,922,951	\$ 2,289,831

^(a) Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, Gateway Early Work 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, Gateway Early Work Program, and administrative expenses related to PAICE.

^(d) Capital investment includes contributed capital amounts and is reduced by write-offs related to capital construction.

^(e) 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."

^(f) Excludes LaGuardia Terminal B landlord leasehold capital investment of \$74 million in 2023, \$164 million in 2022 and \$95 million in 2021.

^(g) 2021 amounts include impacts related to the adoption of GASB Statement No. 87, "Leases."

^(h) 2022 amounts include impacts related to the adoption of GASB Statement No. 87, "SBITAs."

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

2019	2018	2017 (Restated)	2016	2015	2014
(In thousands)					
\$ 1,740,044	\$ 1,737,458	\$ 1,739,552	\$ 1,742,028	\$ 1,599,575	\$ 1,447,896
210,610	203,800	202,880	191,261	184,560	168,668
322,061	310,637	295,651	300,569	270,263	248,443
2,913,161	2,762,279	2,682,523	2,646,213	2,537,233	2,479,106
24,380	25,632	24,967	25,956	26,561	51,077
329,212	303,995	274,029	260,655	207,634	85,942
247	207	787	682	756	680
<u>\$ 5,539,715</u>	<u>\$ 5,344,008</u>	<u>\$ 5,220,389</u>	<u>\$ 5,167,364</u>	<u>\$ 4,826,582</u>	<u>\$ 4,481,812</u>
\$ 553,759	\$ 524,212	\$ 525,862	\$ 509,529	\$ 499,873	\$ 510,383
457,515	447,552	423,384	415,251	389,276	401,273
174,213	166,405	160,495	167,724	175,976	172,545
1,886,112	1,754,801	1,693,563	1,612,470	1,557,926	1,623,190
11,475	11,786	12,399	10,853	13,659	15,737
346,535	333,848	312,242	293,864	258,748	192,789
567	3,711	(19,035)	3,396	5,194	7,337
<u>\$ 3,430,176</u>	<u>\$ 3,242,315</u>	<u>\$ 3,108,910</u>	<u>\$ 3,013,087</u>	<u>\$ 2,900,652</u>	<u>\$ 2,923,254</u>
\$ 697,449	\$ 931,539	\$ 885,311	\$ 1,179,307	\$ 956,231	\$ 961,854
358,166	340,635	274,429	454,031	268,428	512,415
120,019	146,153	106,455	133,874	93,729	210,496
1,588,820	989,693	772,520	584,996	791,805	715,456
111	3,682	893	1,569	2,110	1,977
266,795	314,472	311,122	846,597	904,787	1,674,030
6,307	39,547	150,409	290	3,144	3,822
<u>\$ 3,037,667</u>	<u>\$ 2,765,721</u>	<u>\$ 2,501,139</u>	<u>\$ 3,200,664</u>	<u>\$ 3,020,234</u>	<u>\$ 4,080,050</u>

Schedule E - Information on Port Authority Operations (pursuant to U.S. GAAP)

	Year ended December 31, 2023									2022
	Gross Operating Revenues (e)	Operating Expenses (a)	Depreciation & Amortization	Amortization of Lease Assets, as Lessee	Income/(loss) from Operations	Interest Grants & Other Expenses(b)	Capital Contributions & PFCs	Increase/(decrease) in Net Position	Increase/(decrease) in Net Position	
(In thousands)										
INTERSTATE TRANSPORTATION NETWORK										
George Washington Bridge & Bus Station	\$ 899,534	\$ 155,649	\$ 75,190	\$ —	\$ 668,695	\$ 36,740	\$ —	\$ 631,955	\$ 598,437	
Holland Tunnel	224,205	109,944	27,933	—	86,328	11,895	40,003	114,436	88,397	
Lincoln Tunnel	300,935	143,786	90,615	162	66,372	48,581	1,321	19,112	8,086	
Bayonne Bridge	50,977	24,783	34,418	—	(8,224)	46,610	—	(54,834)	(80,249)	
Goethals Bridge	283,433	35,869	44,390	—	203,174	74,884	—	128,290	116,097	
Outerbridge Crossing	188,807	21,164	7,911	—	159,732	2,679	—	157,053	143,204	
Port Authority Bus Terminal	39,613	177,232	34,783	—	(172,402)	10,967	—	(183,369)	(166,203)	
Subtotal - Tunnels, Bridges & Terminals	1,987,504	668,427	315,240	162	1,003,675	232,356	41,324	812,643	707,769	
PATH (c)	142,422	520,617	152,739	—	(530,934)	173,150	53,058	(651,026)	(586,210)	
WTC Transportation Hub (c)	—	13,991	82,374	—	(96,365)	(876)	2,662	(92,827)	(95,301)	
Journal Square Transportation Center (c)	5,525	17,647	3,894	—	(16,016)	1,316	—	(17,332)	(20,829)	
Subtotal - PATH	147,947	552,255	239,007	—	(643,315)	173,590	55,720	(761,185)	(702,340)	
Ferry Transportation	166	241	4,995	21	(5,091)	2,179	—	(7,270)	(9,114)	
Access to the Regions Core ("ARC")	—	—	—	—	—	270	—	(270)	(906)	
Moynihan Station Transportation Program	—	—	10,000	—	(10,000)	1,508	—	(11,508)	(15,257)	
Gateway Early Work Program	273	224	2,666	—	(2,617)	464	—	(3,081)	(3,924)	
Total Interstate Transportation Network	2,135,890	1,221,147	571,908	183	342,652	410,367	97,044	29,329	(23,772)	
AVIATION										
LaGuardia (d)	544,108	473,483	155,553	29,266	(114,194)	99,993	71,626	(142,561)	(72,160)	
JFK International (d)	1,681,909	813,036	213,390	73,565	581,918	87,125	228,546	723,339	592,194	
Newark Liberty International (d)	1,354,558	640,470	239,811	51,381	422,896	158,549	113,391	377,738	367,728	
Teterboro	64,684	39,056	13,890	—	11,738	5,269	—	6,469	583	
New York Stewart International (d)	8,571	29,202	11,841	846	(33,318)	(3,185)	3,354	(26,779)	(29,451)	
Total Aviation	3,653,830	1,995,247	634,485	155,058	869,040	347,751	416,917	938,206	858,894	
PORT										
Port Newark	104,336	89,771	31,487	7,667	(24,589)	31,763	1,007	(55,345)	(46,220)	
Elizabeth Port Authority Marine Terminal	194,058	28,298	19,338	—	146,422	14,656	244	132,010	122,212	
Brooklyn Port Authority Marine Terminal	8,055	19,965	3,175	—	(15,085)	1,742	—	(16,827)	(12,382)	
Red Hook Terminal	3,374	7,042	84	—	(3,752)	(1,497)	1,122	(1,133)	(2,920)	
Howland Hook Marine Terminal	15,595	7,468	10,275	767	(2,915)	11,035	—	(13,950)	(11,274)	
Greenville Yard Port Authority Marine	1,177	117	—	—	1,060	—	—	1,060	957	
NYNJ Rail LLC	7,351	5,921	5,466	—	(4,036)	4,886	4,489	(4,433)	(9,890)	
Port Jersey - Port Authority Marine Terminal	37,333	18,187	14,956	—	4,190	(7,879)	2,834	14,903	(14,342)	
Total Port	371,279	176,769	84,781	8,434	101,295	54,706	9,696	56,285	26,141	
DEVELOPMENT										
Essex County Resource Recovery Facility	2,977	217	—	—	2,760	(110)	—	2,870	2,789	
Industrial Park at Elizabeth	1,317	1,281	249	—	(213)	(710)	—	497	994	
Bathgate Industrial Park	—	—	—	—	—	—	—	—	(57)	
Teleport	11,168	16,790	1,496	331	(7,449)	34	—	(7,483)	(83)	
Newark Legal & Communications Center	6	89	—	—	(83)	—	—	(83)	(104)	
Queens West Waterfront Development	1,911	—	576	—	1,335	2,183	—	(848)	(2,862)	
Hoboken South Waterfront Development	4,316	734	2,378	—	1,204	(7,611)	—	8,815	8,126	
Total Development	21,695	19,111	4,699	331	(2,446)	(6,214)	—	3,768	8,803	
WORLD TRADE CENTER										
WTC Campus	3,992	157,620	120,510	—	(274,138)	10,853	13,040	(271,951)	(227,680)	
One World Trade Center	251,741	141,447	130,771	—	(20,477)	104,063	—	(124,540)	(134,299)	
WTC Towers 2, 3 & 4	39,101	35,629	79,076	—	(75,604)	(99,543)	—	23,939	23,694	
WTC Tower 7	33,026	17,228	—	—	15,798	(4,374)	—	20,172	20,343	
WTC Retail	52,733	8,993	46,422	—	(2,682)	—	—	(2,682)	(29,459)	
Total World Trade Center	380,593	360,917	376,779	—	(357,103)	10,999	13,040	(355,062)	(347,401)	
LaGuardia Terminal B landlord leasehold investment	—	—	61,658	—	(61,658)	—	—	(61,658)	(62,855)	
Regional Facilities and Other Programs (f)	—	(38,104)	6,478	12,749	18,877	22,290	—	(3,413)	(27,078)	
Total	\$ 6,563,287	\$ 3,735,087	\$ 1,740,788	\$ 176,755	\$ 910,657	\$ 839,899	\$ 536,697	\$ 607,455	\$ 432,732	

(a) Amounts include direct and allocated operating expenses.

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

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

(d) Facility amounts include Passenger Facility Charges.

(e) Gross operating revenues include the amortization of deferred inflows of resources related to leases recognized under GASB Statement No. 87, "Leases."

(f) Operating Expenses include GASB Statement No. 87 unallocated contra rent expense amounts related to leases entered into for the purpose of providing centralized support services to Port Authority facilities.

Schedule F - Information on Capital Investment in Port Authority Facilities

	Dec. 31, 2022	Capital Investment ^(a)	Depreciation	Dispositions	Dec. 31, 2023
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	\$ 1,742,520	\$ 191,865	\$ 75,190	\$ —	\$ 1,859,195
Holland Tunnel	619,552	81,796	27,933	—	673,415
Lincoln Tunnel	1,732,525	143,648	90,615	—	1,785,558
Bayonne Bridge	1,507,700	474	34,418	—	1,473,756
Goethals Bridge	1,456,266	14,886	44,390	—	1,426,762
Outerbridge Crossing	109,693	8,926	7,911	—	110,708
Port Authority Bus Terminal	606,417	68,012	34,783	—	639,646
Subtotal - Tunnels, Bridges & Terminals	7,774,673	509,607	315,240	—	7,969,040
PATH	3,443,656	342,833	152,739	—	3,633,750
WTC Transportation HUB	3,214,740	9,241	82,374	—	3,141,607
Journal Square Transportation Center	58,776	9,416	3,894	—	64,298
Subtotal - PATH	6,717,172	361,490	239,007	—	6,839,655
Ferry Transportation	72,728	—	4,995	—	67,733
Access to the Region's Core ("ARC")	30,227	—	—	—	30,227
Moynihan Station Transportation Program	99,128	—	10,000	—	89,128
Gateway Early Work Program	52,496	17,607	2,666	—	67,437
Total Interstate Transportation Network	14,746,424	888,704	571,908	—	15,063,220
AVIATION ^(b)					
LaGuardia	2,931,115	23,332	155,553	—	2,798,894
JFK International	3,661,502	558,920	213,390	—	4,007,032
Newark Liberty International	4,631,438	225,818	239,811	—	4,617,445
Teterboro	201,196	2,946	13,890	—	190,252
New York Stewart International	140,322	(1,150)	11,841	—	127,331
Total Aviation	11,565,573	809,866	634,485	—	11,740,954
PORT					
Port Newark	721,455	24,817	31,487	—	714,785
Elizabeth Port Authority Marine Terminal	872,403	7,395	19,338	—	860,460
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	74,316	5,188	3,259	—	76,245
Howland Hook Marine Terminal	425,354	—	10,275	—	415,079
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	186,000	3,403	5,466	—	183,937
Port Jersey-Port Authority Marine Terminal	473,642	11,437	14,956	—	470,123
Total Port	2,753,170	52,240	84,781	—	2,720,629
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	—	—	—	5,805
Industrial Park at Elizabeth	4,289	—	249	—	4,040
Teleport	1,780	—	1,496	—	284
Queens West Waterfront Development	80,793	—	576	—	80,217
Hoboken South Waterfront Development	50,937	—	2,378	—	48,559
Total Development	143,604	—	4,699	—	138,905
WORLD TRADE CENTER					
WTC Campus ^(c)	3,862,178	67,314	120,510	—	3,808,982
One World Trade Center	2,996,024	16,900	130,771	—	2,882,153
WTC Towers 2, 3 & 4 ^(d)	2,581,699	1,034	79,076	—	2,503,657
WTC Retail	1,628,101	4,026	46,422	—	1,585,705
Total World Trade Center	11,068,002	89,274	376,779	—	10,780,497
FACILITIES, net	40,276,773	1,840,084	1,672,652	—	40,444,205
LaGuardia Terminal B landlord leasehold investment	1,135,986	73,594	61,658	—	1,147,922
TOTAL	\$ 41,412,759	\$ 1,913,678	\$ 1,734,310	\$ —	\$ 41,592,127
REGIONAL FACILITIES & PROGRAMS	\$ 14,907	\$ —	\$ 6,478	\$ —	\$ 8,429

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

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

^(c) Capital investment includes campus wide infrastructure primarily related to utilities, roadways, WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

^(d) Includes WTC net lessee required capital contributions related to the construction of WTC Towers 3 and 4.

Schedule G - Port Authority Facility Traffic (Unaudited)*

		2023	2022	2021	2020
AUTOMOBILES					
George Washington Bridge		46,019,125	45,594,258	45,107,088	38,784,553
Lincoln Tunnel		16,545,912	17,181,771	15,631,752	11,513,663
Holland Tunnel		15,201,121	14,299,537	13,647,628	11,061,685
Staten Island Bridges		34,413,854	33,557,483	32,118,961	27,572,632
Subtotal Automobiles		112,180,012	110,633,049	106,505,429	88,932,533
BUSES					
George Washington Bridge		239,769	256,445	277,876	253,278
Lincoln Tunnel		1,613,761	1,526,562	1,399,329	1,395,997
Holland Tunnel		52,541	43,961	38,187	53,052
Staten Island Bridges		148,171	156,059	142,270	104,646
Subtotal Buses		2,054,242	1,983,027	1,857,662	1,806,973
TRUCKS					
George Washington Bridge		4,369,170	4,103,693	3,887,376	3,704,358
Lincoln Tunnel		1,094,781	979,555	870,595	772,995
Holland Tunnel		439,248	365,493	335,758	324,381
Staten Island Bridges		2,490,863	2,652,206	2,596,494	2,287,868
Subtotal Trucks		8,394,062	8,100,947	7,690,223	7,089,602
TOTAL VEHICLES					
George Washington Bridge		50,628,064	49,954,396	49,272,340	42,742,189
Lincoln Tunnel		19,254,454	19,687,888	17,901,676	13,682,655
Holland Tunnel		15,692,910	14,708,991	14,021,573	11,439,118
Staten Island Bridges		37,052,888	36,365,748	34,857,725	29,965,146
Subtotal Vehicles		122,628,316	120,717,023	116,053,314	97,829,108
TUNNELS AND BRIDGES (Eastbound Traffic)	PATH				
	Total passengers	50,467,805	42,582,013	29,245,022	27,005,307
	Passenger weekday average	164,590	137,016	90,941	90,287
MARINE TERMINALS	General cargo ^(a) (Metric tons)	33,066,977	39,736,739	36,505,473	34,829,323
	Containers (in twenty foot equivalent units)	7,810,005	9,493,664	8,985,929	7,585,819
	International waterborne vehicles	366,796	420,929	458,026	469,529
	Waterborne bulk commodities (in metric tons)	3,066,864	3,697,618	4,037,804	3,010,322
	CONTAINERS				
	New Jersey Marine Terminals	4,145,208	4,730,639	4,550,386	4,038,301
	New York Marine Terminals	182,945	522,008	429,348	217,200
	Subtotal Containers	4,328,153	5,252,647	4,979,734	4,255,501
BUS TERMINALS	BUS DEPARTURES				
	Port Authority Bus Terminal	902,386	862,645	840,000	835,000
	George Washington Bridge Bus Station	108,597	104,710	105,000	103,000
	PATH Journal Square Transportation Center Bus Station	313,000	289,000	289,704	291,921
	Total Departures	1,323,983	1,256,355	1,234,704	1,229,921
PLANE MOVEMENTS					
John F. Kennedy International Airport		481,075	449,238	290,778	199,767
LaGuardia Airport		359,858	352,582	175,765	139,178
Newark Liberty International Airport		426,268	401,326	282,280	211,460
New York Stewart International Airport		25,967	28,197	25,951	22,513
Subtotal Plane Movements		1,293,168	1,231,343	774,774	572,918
DOMESTIC PASSENGERS					
John F. Kennedy International Airport		29,094,515	28,449,455	18,037,803	8,267,666
LaGuardia Airport		30,576,140	27,807,585	15,319,871	7,853,368
Newark Liberty International Airport		35,347,911	31,943,547	22,446,527	12,121,093
New York Stewart International Airport		150,763	244,664	135,144	97,392
Subtotal Domestic Passengers		95,169,329	88,445,251	55,939,345	28,339,519
INTERNATIONAL PASSENGERS					
John F. Kennedy International Airport		33,369,816	26,838,256	12,750,519	8,362,976
LaGuardia Airport		1,808,820	1,286,207	281,192	391,824
Newark Liberty International Airport		13,736,863	11,621,707	6,603,025	3,771,799
New York Stewart International Airport		103,102	53,287	—	—
Subtotal International Passengers		49,018,601	39,799,457	19,634,736	12,526,599
TOTAL PASSENGERS					
John F. Kennedy International Airport		62,464,331	55,287,711	30,788,322	16,630,642
LaGuardia Airport		32,384,960	29,093,792	15,601,063	8,245,192
Newark Liberty International Airport		49,084,774	43,565,254	29,049,552	15,892,892
New York Stewart International Airport		253,865	297,951	135,144	97,392
Subtotal Passengers		144,187,930	128,244,708	75,574,081	40,866,118
CARGO-TONS					
John F. Kennedy International Airport		1,585,503	1,545,624	1,573,598	1,152,601
LaGuardia Airport		6,026	6,662	6,328	5,826
Newark Liberty International Airport		695,325	746,801	791,442	695,345
New York Stewart International Airport		23,704	24,707	30,996	24,145
Subtotal Cargo-tons		2,310,558	2,323,794	2,402,364	1,877,917
Revenue mail-tons		104,943	145,329	146,672	135,733

*Certain 2023 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.

2019	2018	2017	2016	2015	2014
47,700,000	47,264,000	47,594,000	47,497,000	46,361,000	45,136,000
15,317,000	15,742,000	15,841,000	15,993,000	15,706,000	15,597,000
15,033,000	14,460,000	14,247,000	14,727,000	14,763,000	14,915,000
33,636,000	32,373,000	31,430,000	30,303,000	28,883,000	28,317,000
111,686,000	109,839,000	109,112,000	108,520,000	105,713,000	103,965,000
440,000	448,000	442,000	440,000	429,000	426,000
2,186,000	2,170,000	2,161,000	2,164,000	2,165,000	2,151,000
159,000	168,000	179,000	191,000	199,000	209,000
167,000	186,000	180,000	177,000	176,000	172,000
2,952,000	2,972,000	2,962,000	2,972,000	2,969,000	2,958,000
3,821,000	3,792,000	3,684,000	3,692,000	3,666,000	3,475,000
1,031,000	1,048,000	1,037,000	1,055,000	1,061,000	1,043,000
443,000	443,000	446,000	447,000	447,000	446,000
2,295,000	2,163,000	2,153,000	2,085,000	2,091,000	2,131,000
7,590,000	7,446,000	7,320,000	7,279,000	7,265,000	7,095,000
51,961,000	51,504,000	51,720,000	51,629,000	50,456,000	49,037,000
18,534,000	18,960,000	19,039,000	19,212,000	18,932,000	18,791,000
15,635,000	15,071,000	14,872,000	15,365,000	15,409,000	15,570,000
36,098,000	34,722,000	33,763,000	32,565,000	31,150,000	30,620,000
122,228,000	120,257,000	119,394,000	118,771,000	115,947,000	114,018,000
82,219,587	81,733,402	82,812,915	78,553,560	76,541,453	73,679,425
284,380	280,860	283,719	269,081	258,425	250,071
41,090,000	37,577,000	35,450,000	32,556,203	36,781,069	35,370,355
7,471,131	7,179,788	6,710,817	6,251,953	6,371,720	5,772,303
570,023	573,035	577,223	505,150	477,170	393,391
3,639,822	3,686,686	3,975,000	3,212,603	5,050,519	5,042,690
3,950,890	3,828,434	3,599,514	3,416,144	3,427,226	3,098,049
287,217	267,020	246,910	186,364	236,787	244,237
4,238,107	4,095,454	3,846,424	3,602,508	3,664,013	3,342,286
1,190,000	1,203,000	1,199,000	1,193,000	1,179,000	1,166,000
166,000	171,000	172,000	172,000	170,000	168,000
482,725	479,960	478,900	478,640	478,560	470,060
1,838,725	1,853,960	1,849,900	1,843,640	1,827,560	1,804,060
456,060	455,495	448,366	448,753	439,298	423,421
374,078	371,905	369,152	369,987	358,609	360,834
446,320	453,377	438,578	431,594	413,873	396,386
33,222	32,542	34,787	37,295	37,834	36,881
1,309,680	1,313,319	1,290,883	1,287,629	1,249,614	1,217,522
28,233,791	28,117,337	26,961,081	27,245,463	26,806,854	25,021,432
28,875,041	27,857,697	27,474,292	27,996,763	26,684,923	25,157,202
32,004,140	31,730,735	30,330,568	27,995,353	25,693,128	23,762,627
366,124	366,130	307,621	275,421	281,754	309,357
89,479,096	88,071,899	85,073,562	83,513,000	79,466,659	74,250,618
34,317,281	33,518,898	32,518,263	31,693,184	30,079,898	28,198,994
2,209,853	2,224,430	2,087,936	1,790,006	1,752,745	1,814,893
14,332,312	14,128,785	12,891,846	12,324,428	11,805,317	11,848,060
159,591	324,281	141,077	0	0	0
51,019,037	50,196,394	47,639,122	45,807,618	43,637,960	41,861,947
62,551,072	61,636,235	59,479,344	58,938,647	56,886,752	53,220,426
31,084,894	30,082,127	29,562,228	29,786,769	28,437,668	26,972,095
46,336,452	45,859,520	43,222,414	40,319,781	37,498,445	35,610,687
525,715	690,411	448,698	275,421	281,754	309,357
140,498,133	138,268,293	132,712,684	129,320,618	123,104,619	116,112,565
1,338,415	1,422,160	1,394,509	1,311,191	1,332,091	1,343,855
6,376	5,996	6,878	7,586	7,721	7,140
825,266	848,161	822,589	746,770	405,214	666,840
23,606	22,808	20,834	18,729	15,144	15,227
2,193,663	2,299,125	2,244,810	2,084,276	1,760,170	2,033,062
177,413	154,244	153,733	140,418	126,026	112,524

