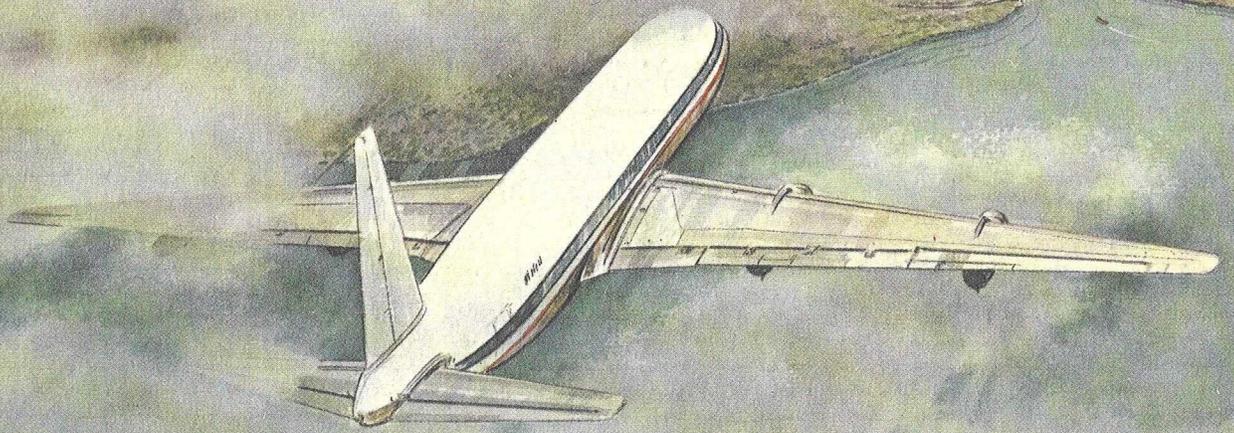
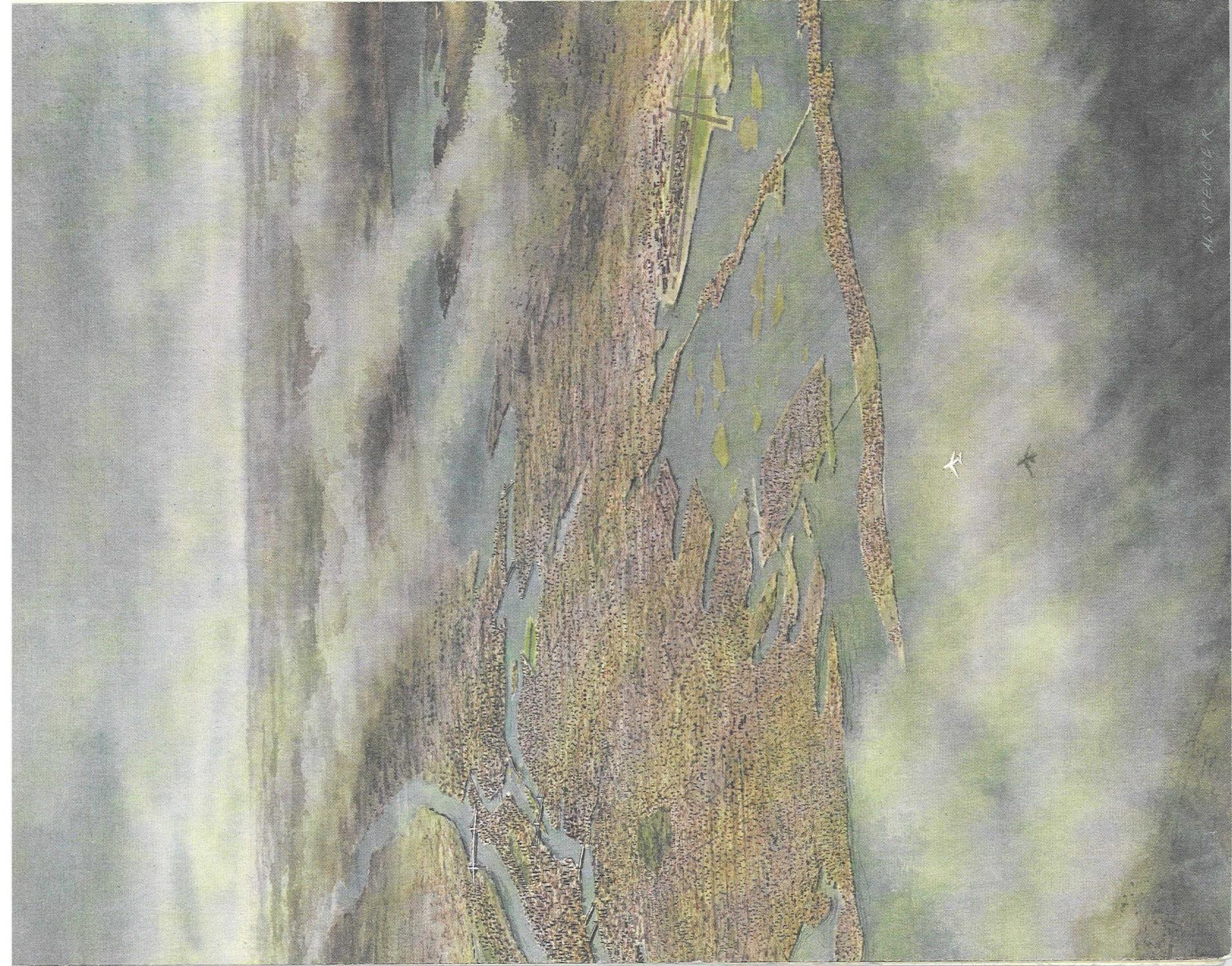


**THE PORT AUTHORITY OF NY & NJ**

1975 Annual Report



M. SPENCER

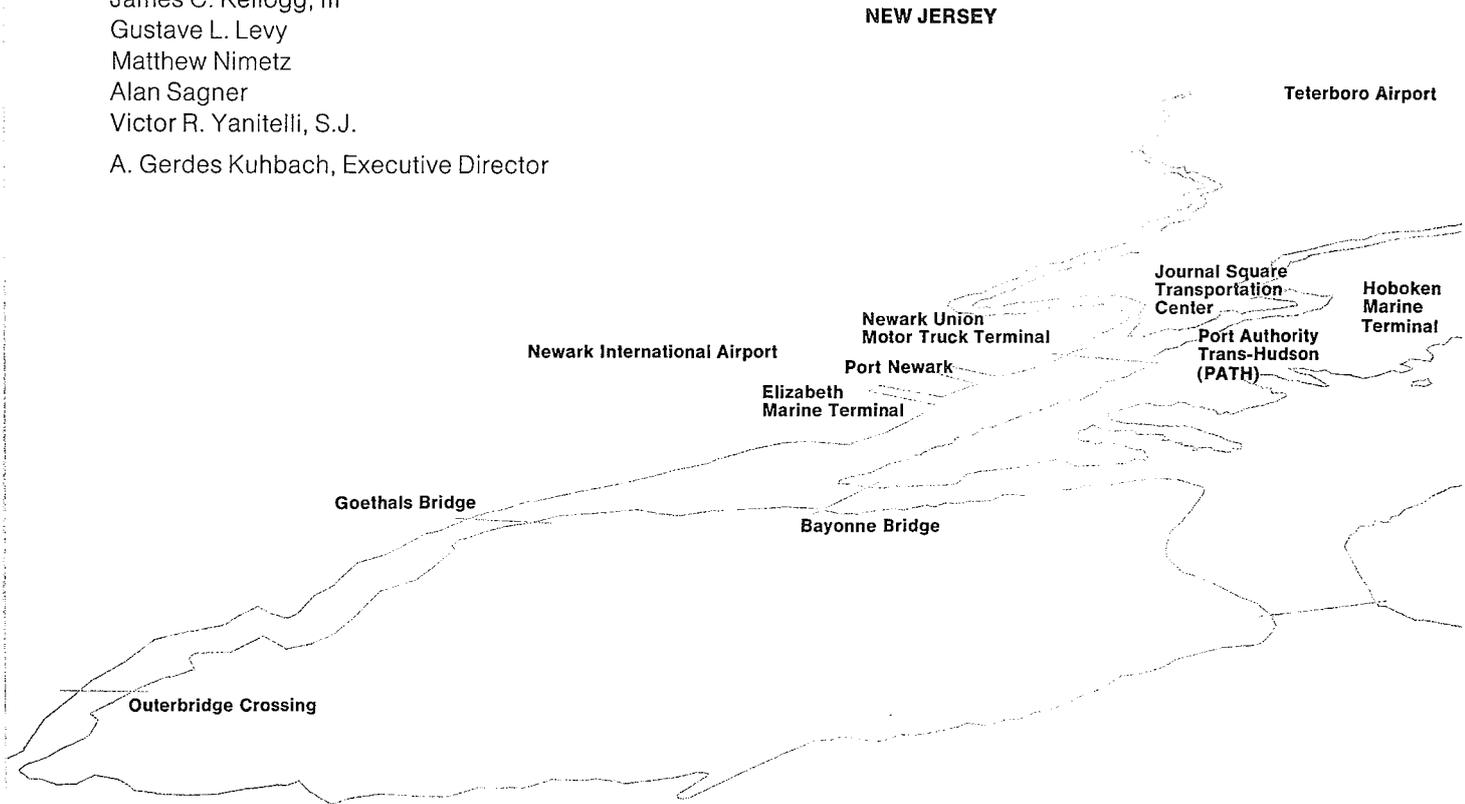


# THE PORT AUTHORITY OF NY & NJ

## 1975 Annual Report

### Commissioners

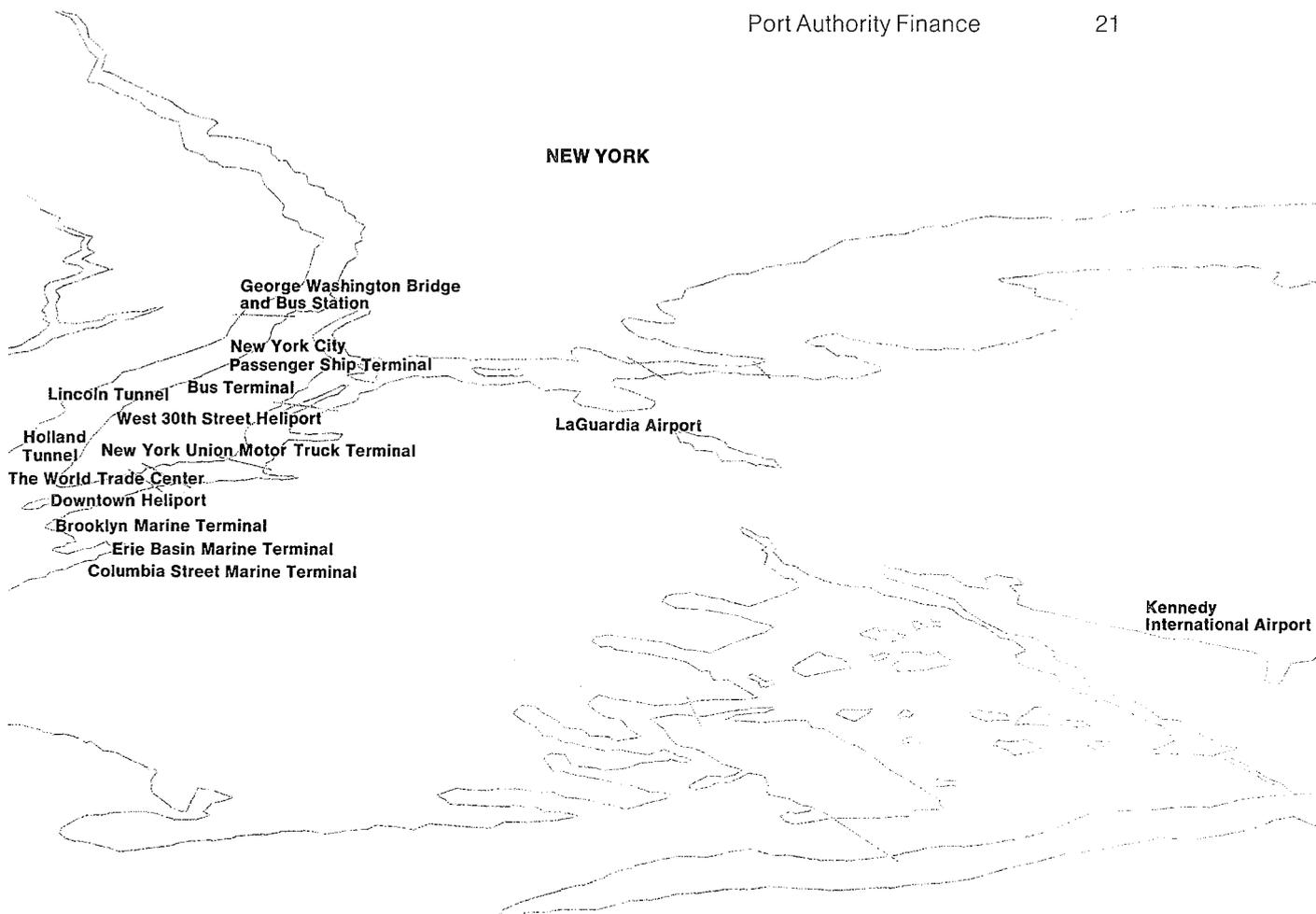
William J. Ronan, Chairman  
W. Paul Stillman, Vice Chairman  
Andrew C. Axtell  
George F. Berlinger  
Robert R. Douglass  
Milton A. Gilbert  
James G. Hellmuth  
James C. Kellogg, III  
Gustave L. Levy  
Matthew Nimetz  
Alan Sagner  
Victor R. Yanitelli, S.J.  
A. Gerdes Kuhbach, Executive Director



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Honorable Brendan T. Byrne,  
Governor of the State of New Jersey



Honorable Hugh L. Carey,  
Governor of the State of New York

Honorable Brendan T. Byrne, Governor,  
State of New Jersey  
Honorable Hugh L. Carey, Governor,  
State of New York

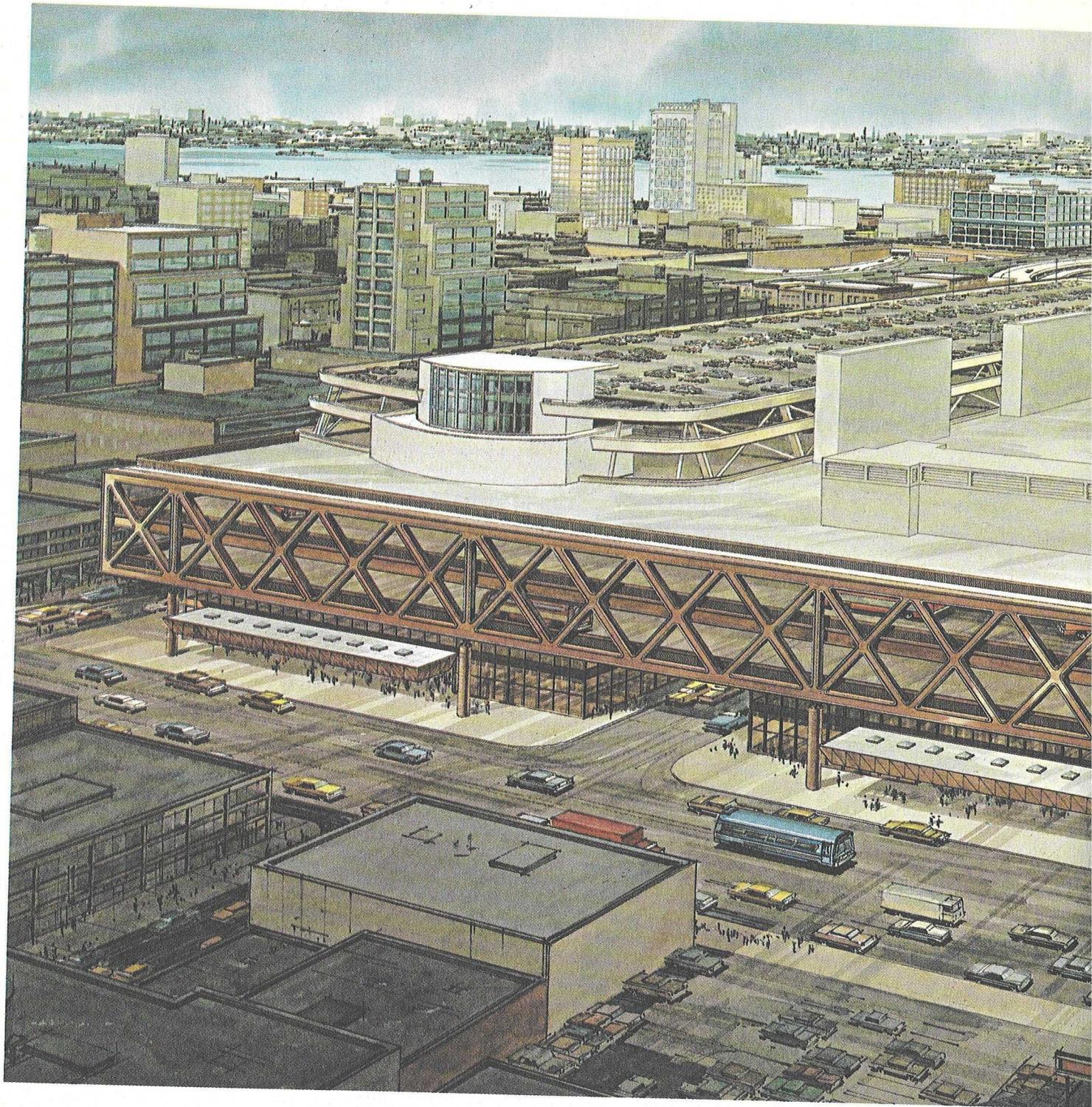
Your Excellencies:

In accordance with the Port Compact of 1921, I am pleased to submit to you and to the Legislatures of the States of New Jersey and New York the 1975 Annual Report of The Port Authority of New York and New Jersey.

Respectfully yours,

A handwritten signature in cursive script that reads "William J. Ronan". The signature is written in dark ink and is positioned above the printed name.

William J. Ronan  
Chairman



## The Port Authority: An Overview

The Port Authority of New York and New Jersey, created in 1921 by a compact between the two states, develops and operates terminal, transportation and other facilities of commerce, and initiates projects in the general fields of transportation and world trade insofar as they protect and promote the well-being of the New York-New Jersey Port District.

The compact envisions the Port Authority as financially self-sustaining. The agency has power neither to pledge the credit of either state or any municipality nor to levy taxes or assessments.

The Port Authority undertakes only those projects authorized by the two states.

The governor of each state appoints six of the twelve commissioners who comprise the Port Authority's governing Board of Commissioners for six year overlapping terms, subject to confirmation by the state's senate. Each governor has the power to veto the actions of the commissioners from his state.

The commissioners, serving as public officials without compensation, set Port Authority policy and appoint an Executive Director to effect it. The board also appoints the General Counsel, legal adviser to the board and the Executive Director.

The Executive Director manages the day-to-day operation of the agency's 26 facilities and guides proposals to the point of presentation to the Board of Commissioners. He also directs his line and staff departments, composed of over 7,800 career personnel, to plan and develop recommendations to the two states and the federal government to increase and expedite Port District commerce.

## The Port Authority Year

Economic viability of the Port District and further development of public transportation facilities in the region were the central themes of Port Authority activity in 1975.

Despite the New York-New Jersey region's deep fiscal difficulties, complicated by a declining population, uncertain employment forecasts and unanswered questions of federal financing, the Port Authority dedicated one major mass transportation project this year and started construction on another, one on each side of the Hudson

River. The PATH Journal Square Transportation Center, dedicated October 16, is now in full operation in Jersey City as one of the largest public transportation facilities in the nation and as a national prototype of a bus-rail-car multimodal project. In midtown New York, at the Port Authority Bus Terminal, celebrating its 25th year as the busiest mass transportation center in the world, a ceremony on September 11 marked the start of construction to modernize and extend it. The new unified structure will increase capacity by approximately 50 percent.

The Port Authority also continued its program of improving its air, marine, bus and truck terminals, and its public transportation and world trade facilities that already serve the New York-New Jersey Port District.

To finance the bus terminal construction and to prepare to finance other mass transportation projects, as well as to weight the individual traveler's choice in favor of public transportation, the Port Authority made an historical revision to one of its key revenue sources. On May 5, for the first time in 48 years, the tolls on its tunnels and bridges were increased by approximately 50 percent for all except buses and those who form carpools. (At year-end, a proceeding was pending before the Federal Highway Administrator to determine the reasonableness and justness of the new toll schedule under applicable federal law.)

The major rail transportation project to extend PATH into the Plainfield Corridor, for which the State of New Jersey and PATH had submitted a grant application for \$278 million in federal aid, was rejected "without prejudice" by the Urban Mass Transportation Administrator on December 19. By year end the New Jersey Department of Transportation and the Port Authority were investigating new proposals and courses of action to achieve the necessary federal funding.

Federal funding is also necessary for the rail improvement program authorized by the states in 1972 and 1973 to provide direct rail service to Penn Station, New York by connecting Erie Lackawanna Railway tracks to the Penn Central's. Planning, design and engineering studies for the project, conducted by the Port Authority, progressed toward completion in 1975.

No formal applications for federal aid had yet been made for the Kennedy International Airport rail link to Manhattan, pending a full financial determination of how the project can be supported. In the meantime, contract plans and specifications have been completed for all off-

airport work and for cross-airport rail alignment into the airport's central terminal area. Functional planning and preliminary engineering design have also been completed for Penn Station, New York, and for the airport's rail terminal.

The Port Authority also sought low capital intensive methods of achieving improvements to existing transportation facilities, in accordance with national goals. In the past year the Port Authority engaged in the promotion of carpooling through computer matching, completed plans for permanent traffic controls on the Exclusive Bus Lane and organized the expansion of the Staggered Work Hours Program where applicable in the Port District.

The Port Authority worked throughout the year with the federal agencies, ConRail and others involved in the reorganization of the northeast railroads to formulate operating plans favorable to the Port District and to ensure meaningful rail competition in the region.

To contribute to the solution of regional problems, the Port Authority participated in the activities of such boards and commissions as:

- ... The New Jersey Capital Needs Commission to evaluate the long-term capital needs of the state.
- ... The New Jersey Economic Recovery Commission, concerned with recommendations for stimulating the state economy.
- ... New York's Task Force on Unemployment to develop methods of reducing the state's unemployment.
- ... The Staggered Work Hours Program which, primarily with Port Authority initiative, was developed in Lower Manhattan and expanded into midtown Manhattan.

Federal, state and municipal governments sought the Port Authority this year in increasing recognition of its technical planning and engineering assistance as a major community resource:

- ... At the request of New York City, in anticipation of the introduction of new passenger ferries, the Port Authority proposed ways to improve the commuter passenger flow through the Staten Island-Manhattan ferry terminals, short of the costly alternative of reconstruction.
- ... The Port Authority is preparing the environmental impact statement and engineering design work for the proposed Liberty State Park, at the request of the New Jersey Environmental Protection Agency.
- ... The Federal Aviation Administration and the Federal

Maritime Administration have enlisted Port Authority assistance to determine for the former the effects of reduced nighttime operations if they were to be imposed at airports and, for the latter, to assess the impact of ports on the economy and commerce of the nation.

... In cooperation with the Hackensack Meadowlands Development Commission, the Port Authority is preparing a report on the transportation facilities needed to connect the Hackensack Meadowlands with Manhattan and other regional centers.

Recognition that the depth and duration of the Port District's economic problems stem in large measure from a two-decade decline in manufacturing firms and jobs led the Port Authority to consider the feasibility of renewing core-city and rehabilitated waterfront land as industrial parks, under conditions that would once again attract manufacturing firms to locate and invest in the region. The feasibility study, completed by the end of the year, offers approaches to a program of acquiring, planning, building and marketing industrial sites in core cities in cooperation with the two states and selected communities.

An industrial park program, if designed successfully enough to attract manufacturing industries to the Port District, would reopen the market for manufacturing jobs, offer new opportunities to secondary enterprises and add those commodities manufactured for export to the port's commerce.

To assure the continued availability of adequate harbor anchorages and channels, the Port Authority, with the support of numerous local organizations, was successful in obtaining federal funding considerably in excess of original federal budget recommendations.

To promote and publicize the unique attributes and advantages of the port, the Port Authority published "Oceanborne Foreign Trade: Lifeblood of the Port," the first detailed description of the port's sources of exports and imports and the modes of inland transportation utilized in hauling cargo to and from the port.

In keeping with national and regional needs, the Port Authority continued to conserve energy and protect the environment at all its tunnels and bridges, airports, terminals, PATH and the World Trade Center, maintaining in 1975 the savings in energy of almost 15 percent that was achieved during the height of the energy crisis in 1974.

## Aviation

Air passenger traffic through the Port of New York, though below 1974 totals, began to show signs of recovery during the last quarter of 1975.

The Port Authority undertook to increase air travel through the Port District, in addition to a domestic promotional program begun in 1974, by developing a new program to promote its airports as the nation's foremost gateway for overseas visitors during the Bicentennial year.

Among other measures taken to increase air travel, particularly through Newark International Airport, was the inauguration of a regularly scheduled airport coach service

### Air Terminals at a Glance

#### Totals at the Three Major Airports

|                   |            |
|-------------------|------------|
| Plane Movements   | 766,000    |
| Passenger Traffic | 38,928,000 |
| Cargo—Tons        | 1,129,000  |
| Revenue Mail—Tons | 207,000    |
| Total Employment  | 53,914     |

#### Kennedy International Airport

|                           |            |
|---------------------------|------------|
| Plane Movements           | 301,000    |
| Passenger Traffic (total) | 19,476,000 |
| Domestic                  | 9,677,000  |
| Overseas                  | 9,799,000  |
| Cargo—Tons                | 966,000    |
| Total Employment          | 39,452     |

#### LaGuardia Airport

|                   |            |
|-------------------|------------|
| Plane Movements   | 299,000    |
| Passenger Traffic | 13,186,000 |
| Cargo—Tons        | 51,000     |
| Total Employment  | 8,542      |

#### Newark International Airport

|                   |           |
|-------------------|-----------|
| Plane Movements   | 166,000   |
| Passenger Traffic | 6,266,000 |
| Cargo—Tons        | 112,000   |
| Total Employment  | 5,920     |

#### Cumulative PA Investment in Air Terminals

|                |             |
|----------------|-------------|
| (In Thousands) | \$1,290,270 |
|----------------|-------------|





from lower Manhattan, the first such service to any of the three metropolitan airports. To help ease the unanticipated burden of a recession year on the scheduled air carriers at Newark International Airport, supplemental agreements were authorized to defer payment of a part of their fuel and flight fees.

To improve the environment in the vicinity of its airports, the Port Authority:

- ... continued to work with the aviation industry on a nighttime runway selection program to reduce the exposure of airport neighbors to aircraft noise during sleeping hours.

- ... developed a system to convert airport runoff wastes to effluents acceptable to Newark's and New York City's sanitary discharge systems.

- ... continued its campaign to have the federal government require the retrofit of older jet aircraft to reduce noise.

Among operating improvements made at the airports were:

- ... completion of the installation of all-weather guidance systems on runways at all three airports to permit aircraft landings in visibilities as low as a quarter of a mile.

- ... simulated aircraft disaster drills to improve coordination among Port Authority and city emergency agencies.

- ... purchase of larger and more efficient fire fighting trucks for the emergency vehicle fleets at each airport.

- ... at Kennedy International Airport, American Airlines laid foundations for new Customs facilities for the clearance of cargo; Northwest Airlines finished converting two hangars to cargo use; and Trans Mediterranean Airlines moved its cargo operation to Hangar 5.

- ... completion and operation of all five levels of the eastern half of LaGuardia Airport's multi-level parking garage, and the laying of foundations for the western half.

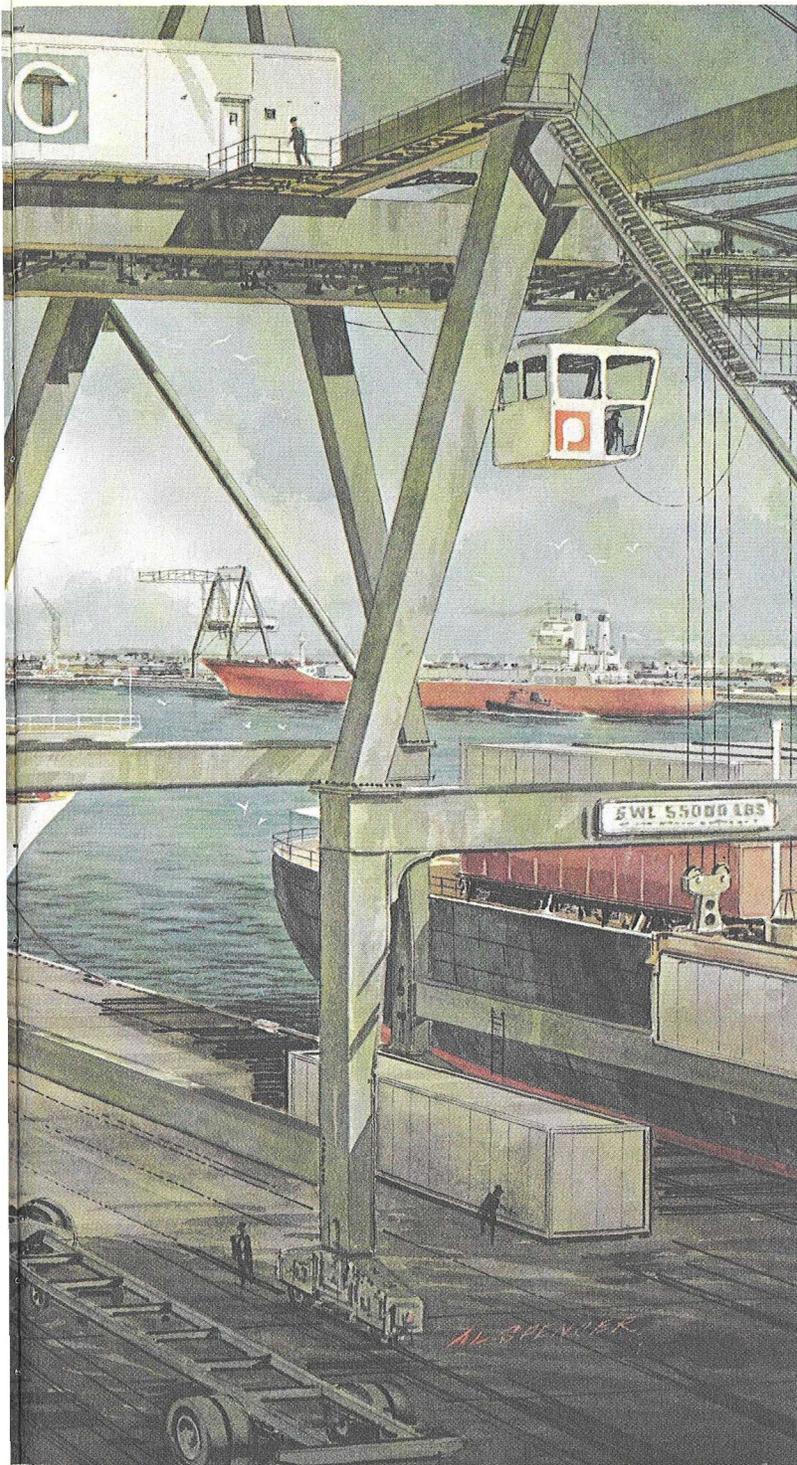
- ... LaGuardia's new larger fuel storage system, fed by jet fuel pipelines from refineries and receiving tanks at Linden, New Jersey.

- ... Newark International Airport's new administration building, completed in 1975 and now in full operation.

- ... A new International Arrivals Center in the North Passenger Terminal at Newark International Airport to provide federal inspection services for international flights.

- ... A new control tower, completed and put into opera-





tion by the Federal Aviation Administration on the east side of Teterboro, an airport operated for the Port Authority by Pan American World Airways under a long-term lease agreement. The old tower was dedicated as an aviation museum.

The protection and promotion of the port's competitive position involved the Port Authority in eight air rate and route proceedings before the Civil Aeronautics Board. Four were resolved in line with Port District interests and four are still pending.

### **Marine Terminals**

A drop in general cargo tonnages at the Port Authority's six marine cargo terminals in 1975 was directly attributable to the economic recession.

An agreement between the Port Authority and New York City in March 1975 imposed a 10-year moratorium on construction of additional container berths by either party. The Port Authority and the city agreed to cooperate in a joint program to create incentives for the attraction of new types of cargo to the port.

More than 433,000 passengers on 317 ships used the New York City Passenger Ship Terminal, opened in November 1974 and operated by the Port Authority on behalf of the city. In cooperation with Holland America Cruises, American Airlines and the Waldorf Astoria Hotel, the Port Authority tested a promotional program in the Cleveland area to stimulate cruise travel through the New York-New Jersey port. The success was such that the Waldorf Astoria Hotel developed its own program of packaging pre- and post-cruise New York holidays in conjunction with all cruises offered from the port.

Marine Terminals activities included:

...the modification of Berths 52 through 60 at the Elizabeth Marine Terminal to accommodate the side-loading roll-on roll-off vessels of the Puerto Rico Maritime Shipping Authority.

...the opening by Maersk Line of its new modern 45-acre terminal at Berth 51 at Port Newark in August.

...the dedication by S. S. Kresge, third largest department store company in the country, of its new 419,600 square foot distribution center at Port Newark. The center will receive and control the distribution of im-



## Marine Terminals at a Glance

### All Terminals

|                           |              |
|---------------------------|--------------|
| Ship Arrivals             | 3,583        |
| General Cargo (Long Tons) | 11,581,036   |
| Total Employment          | 8,990        |
| Estimated Total Payroll   | \$98,184,000 |

### New Jersey Marine Terminals

|                           |              |
|---------------------------|--------------|
| Ship Arrivals             | 2,198        |
| General Cargo (Long Tons) | 10,094,932   |
| Total Employment          | 6,261        |
| Estimated Total Payroll   | \$67,053,000 |

### New York Marine Terminals

|                           |              |
|---------------------------|--------------|
| Ship Arrivals             | 1,385        |
| General Cargo (Long Tons) | 1,486,104    |
| Total Employment          | 2,729        |
| Estimated Total Payroll   | \$31,131,000 |

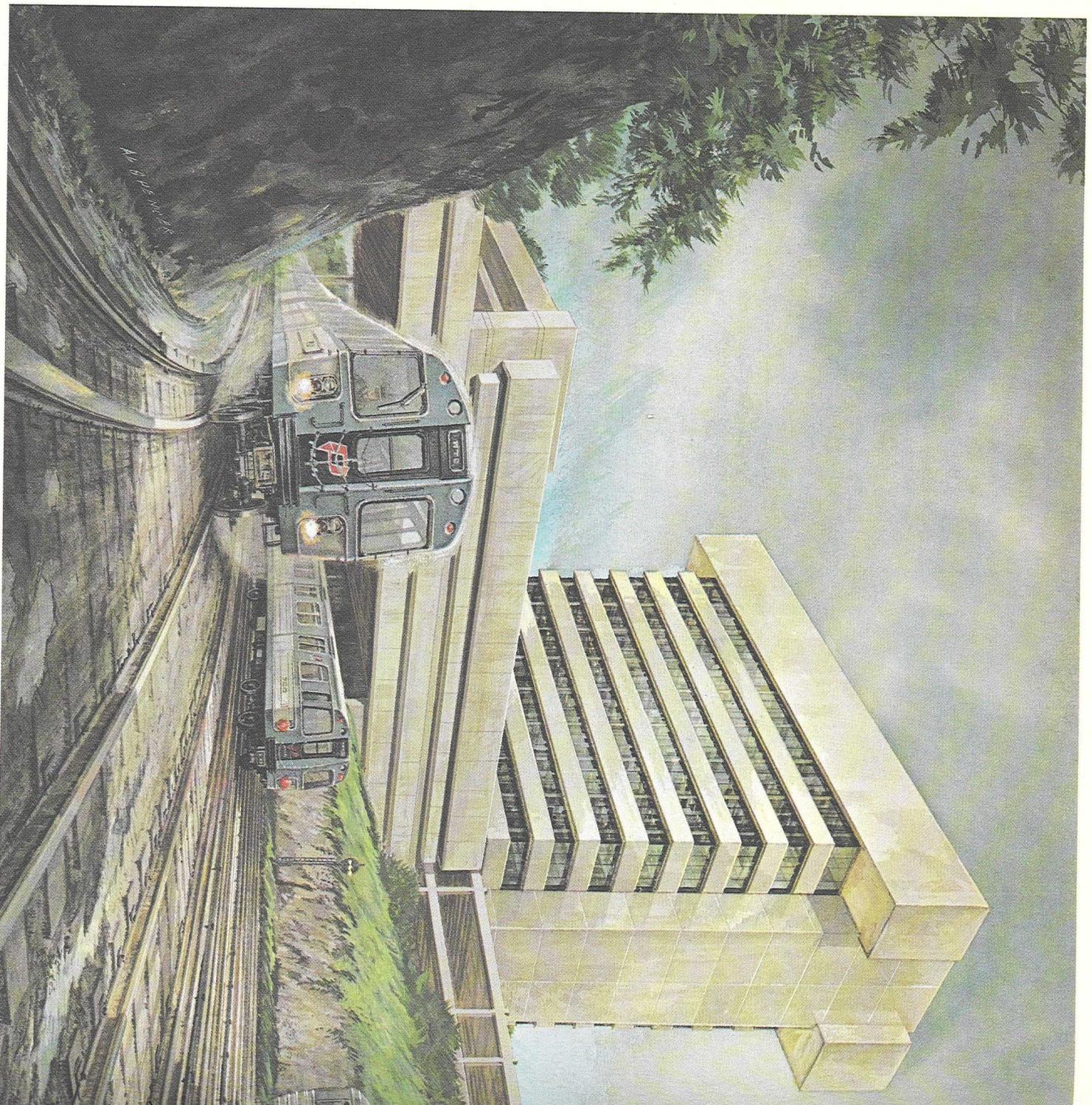
### Cumulative PA Investment in Marine Terminals

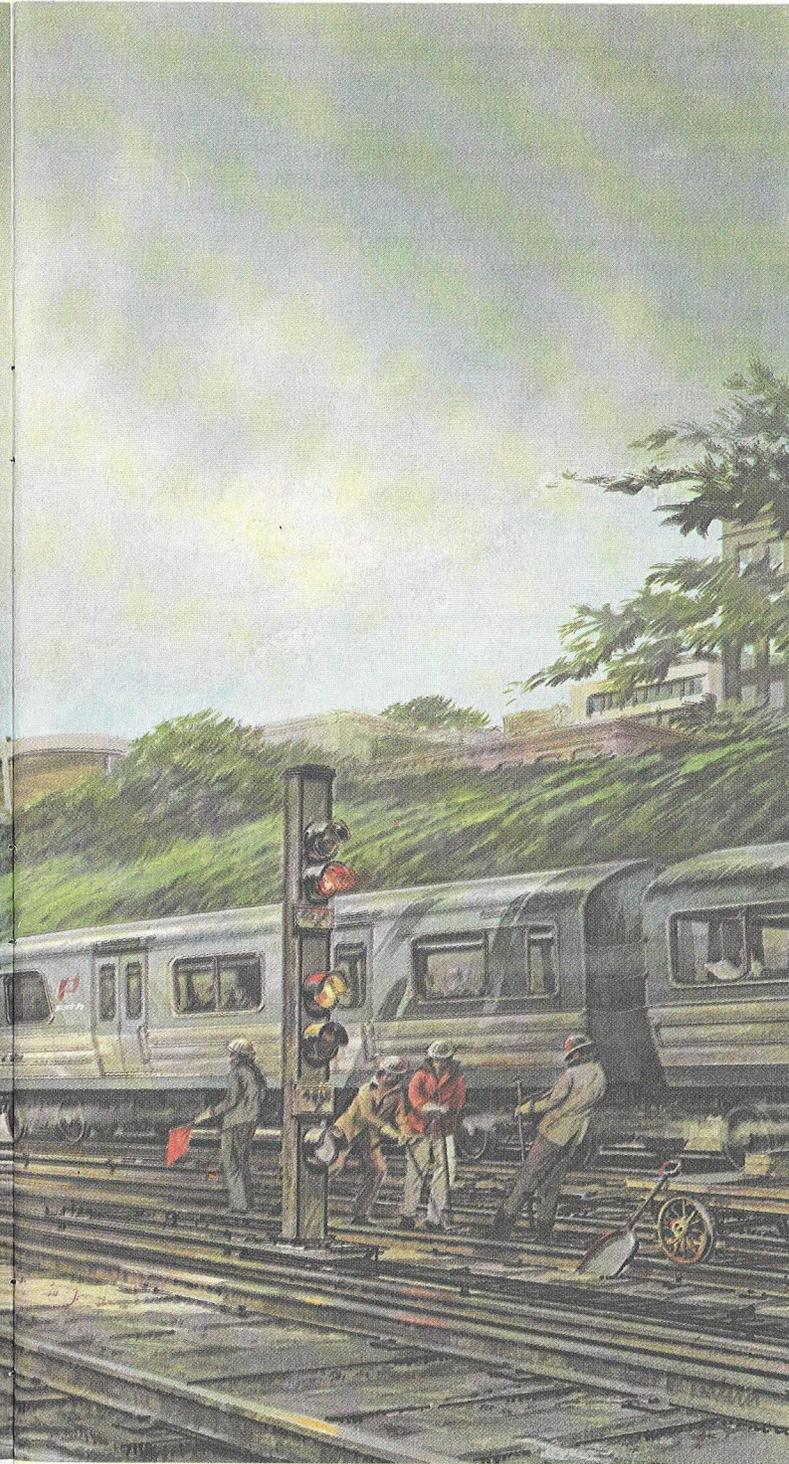
|                |           |
|----------------|-----------|
| (In Thousands) | \$516,163 |
|----------------|-----------|

ported merchandise to all its northeastern retail stores. ... the development by the Port Authority of a computer model that simulates a marine terminal in operation, by which terminal operators, stevedores and ocean carriers may design present and future operational strategies within their container terminals without disrupting daily activities. Within minutes the computer can program days and weeks of loading, unloading and storing containers being interchanged ship-to-shore-to-truck in all combinations and quantities.

## PATH

The Journal Square Transportation Center, situated on an eight-acre site in the heart of Jersey City and now serving 74,000 PATH and bus passengers each weekday, comprises a new PATH rail rapid transit station with capacity for longer trains, an off-street bus station, an auto parking garage, the PATH Administration Building and a new Operations Control Center for the PATH rail system. The new bus station, operated by the Terminals Department, was opened in April, and the two-level parking gar-





age above the bus station, with 618 parking spaces for commuters and shoppers, opened in September. Portions of the new PATH station had been opened in 1973 and the PATH Administration Building in 1974.

Built by PATH at a cost of \$87 million, over \$39 million of which constitutes grants from the Urban Mass Transportation Administration, the center was designed as the focal point of Jersey City's plan for the revitalization of the Journal Square commercial area. An open house held October 18 in celebration of the center's dedication brought an estimated 10,000 people from the surrounding community and the wish of Jersey City's mayor that a municipal services fair, held in the center in conjunction with the dedication, become an annual event. The center's plaza has already been used as a site for public assembly.

PATH carried over 38 million passengers in 1975, representing over 70 percent of New Jersey passengers entering New York City by rail.

PATH's operation was conducted with an on-time system record of 97.6 percent for the year.

The Port Authority has now invested over \$251 million in the acquisition, rehabilitation and modernization of the 14-mile rail system. Cumulative operating deficits, calculated in accordance with Interstate Commerce Commission regulations, totaled nearly \$220 million since 1962.

Work continues on the new Operations Control Center at Journal Square to provide consolidated power, signal and communications control for the entire PATH system.

Through the fare modernization program, all PATH's thirteen stations have now been converted to exact-change facilities. Remote television monitoring of fare control and platform zones is now in effect at nine stations, with the remaining four to be so equipped by late 1976.

PATH continued, through community programs, patron publications and other marketing concepts, to build its off-peak traffic.

### **Terminals**

Construction began in September on a four-year \$160 million project to expand the Port Authority Bus Terminal by about 50 percent to meet a traffic volume now exceeding 200,000 commuter and long-distance bus passengers a day, arriving and departing on 7,000 buses.

## Terminals at a Glance

### All Terminals

|                  |            |
|------------------|------------|
| Passengers       | 71,000,000 |
| Bus Movements    | 2,550,000  |
| Total Employment | 4,370      |

### Bus Terminal

|                  |            |
|------------------|------------|
| Passengers       | 60,000,000 |
| Bus Movements    | 2,144,000  |
| Total Employment | 3,810      |

### George Washington Bridge Bus Station

|                  |            |
|------------------|------------|
| Passengers       | 11,000,000 |
| Bus Movements    | 406,000    |
| Total Employment | 560        |

### Cumulative PA Investment in Terminals

|                |           |
|----------------|-----------|
| (In Thousands) | \$101,721 |
|----------------|-----------|

The terminal will be extended, level for level, into that half of the block between 41st and 42nd Streets fronting Eighth Avenue. All facilities will be modernized in the old section to be compatible with those to be installed in the new, with air-conditioning for all patron areas and an open architectural design for the bus operation area. A new Lincoln Tunnel underpass approach will be built below West 41st Street and Ninth Avenue, and new underground passenger access will be opened to the New York City subway system.

At the New York Union Motor Truck Terminal, United Parcel Service, the principal tenant, continued its multi-million dollar rehabilitation and modernization of its premises as a parcel sorting and distributing center. The principal tenant and operator of the Newark Union Motor Truck Terminal, REA Express, was declared bankrupt and had almost terminated activities at the terminal by year-end.

## Tunnels and Bridges

The upper deck roadway of the George Washington Bridge is being prepared for a major reconstruction, the first since the bridge was built and opened in 1931. Care-

## Tunnels and Bridges at a Glance

(Eastbound Traffic In Thousands)

### All Crossings

|                |        |
|----------------|--------|
| Automobiles    | 70,877 |
| Buses          | 1,647  |
| Trucks         | 7,937  |
| Total Vehicles | 80,461 |

### George Washington Bridge

|                |        |
|----------------|--------|
| Automobiles    | 34,842 |
| Buses          | 264    |
| Trucks         | 3,166  |
| Total Vehicles | 38,272 |

### Lincoln Tunnel

|                |        |
|----------------|--------|
| Automobiles    | 13,764 |
| Buses          | 1,272  |
| Trucks         | 1,714  |
| Total Vehicles | 16,750 |

### Holland Tunnel

|                |        |
|----------------|--------|
| Automobiles    | 8,837  |
| Buses          | 45     |
| Trucks         | 1,705  |
| Total Vehicles | 10,587 |

### Staten Island Bridges

|                |        |
|----------------|--------|
| Automobiles    | 13,434 |
| Buses          | 66     |
| Trucks         | 1,352  |
| Total Vehicles | 14,852 |

### Cumulative PA Investment in Tunnels and Bridges

|                |           |
|----------------|-----------|
| (In Thousands) | \$544,998 |
|----------------|-----------|

ful planning, including modification of certain approaches to the bridge and of the toll booths on the lower level, will minimize delays during the two-year construction period, due to begin in 1977.

The Port Authority upgraded its tunnel and bridge facilities in 1975 through such projects as:

... a new \$9 million seven-lane toll plaza, with a field operations building, opened on the Staten Island side of the Outerbridge Crossing in October. The plaza was built in anticipation of increased traffic on the metro-

politan area's southern bypass route once New York State completes the West Shore Expressway to the bridge, now estimated for 1976.

...the Outerbridge Crossing's new median barrier, completed in December.

...a new maintenance safety catwalk installed on the New York viaduct of the Goethals Bridge.

...continuation of the major electrical rehabilitation of the Lincoln Tunnel, with most low-voltage distribution system equipment now installed.

In the area of research:

...a new latex concrete pavement was tested on active roadways of the George Washington and Bayonne Bridges and the Lincoln Tunnel.

...the Port Authority readied the Lincoln Tunnel approaches for field tests of automatic monitoring and recording equipment to permit commuter bus traffic to enter the tunnel nonstop.

...development was begun on a prototype to field test a new computerized tolls registration system for use at all crossings.

## World Trade

More than 700 tenants representing over 60 nations had leased 7,225,000 square feet in the World Trade Center by the end of 1975.

The Port Authority renewed the leases of 22 of its first World Trade Center tenants, more than half of whom had not only negotiated new leases by year-end but expanded their space as well. An additional 25 tenant firms had requested renewal of their leases, negotiations on which were in progress by the end of the year. Among those who renewed for terms of five years or more were Brandon's Shipper & Forwarder, Inc., Nedlloyd, Inc., E. I. Dupont De Nemours and Co., which expanded its space by a third, and the Port of LeHavre, which doubled its space.

The year's World Trade Center construction highlights include:

... the Observation Deck on the 110th floor of Two World Trade Center, with an exhibit of the history of trade, opened to the public December 15. An escalator provides access to a protected open-air rooftop viewing

promenade. The enclosed deck on the 107th floor houses a gift shop and, in 1976, will offer snack bar service.

... the foundation, superstructure and curtain wall of the Southeast Plaza Building, which, with the official address of Four World Trade Center, will be the new marketplace for the trading of commodities in the port.

... the World Trade Club and restaurant on the 107th floor of One World Trade Center, due to open in the spring of 1976, along with the major restaurants located on the concourse adjacent to PATH Square.

... thirteen new consumer shops and services for the convenience of the center's growing tenant and visitor population.

... the IRT subway entrance at Vesey Street and the permanent entrance for the IND. Construction of the concourse entrance to the IRT was begun, with expected completion early in 1976.

During the year, the World Trade Institute, the center's education arm, offered 218 seminars and courses of international concern to more than 3,700 participants. Among the most prominent seminars were those on the Foreign Trade Act of 1974, trade with the People's Republic of China, and Middle Eastern trade and distribution problems. Thirty-one courses were also offered by the Evening School of World Trade, and the Language School held 105 classes in English, Chinese, Hindi and the European languages for 700 participants.

The World Trade Centers Association, the principal organization fostering international trade, now numbers 90 members in 40 countries. There are now 16 centers in operation around the world, with 7 under construction and at least 20 more in various stages of planning.

The Port Authority's Trade Development team, working from trade development offices in the United States and abroad, continued its program of assistance on transportation information and port facilities, providing service to over 11,000 shippers and receivers in 73 states and foreign countries.

As a protection of the port's competitive position, the Port Authority participated in seven proceedings before the Interstate Commerce Commission and twelve others before the Federal Maritime Commission in 1975. Of the 19 cases, one was resolved during the year; the balance remain in litigation.

# THE PORT AUTHORITY OF NY & NJ

## Board of Commissioners

William J. Ronan, Chairman  
W. Paul Stillman, Vice Chairman  
Andrew C. Axtell  
George F. Berlinger  
Robert R. Douglass  
Milton A. Gilbert  
James G. Hellmuth  
James C. Kellogg, III  
Gustave L. Levy  
Matthew Nimetz  
Alan Sagner  
Victor R. Yanitelli, S.J.



William J. Ronan  
Chairman



W. Paul Stillman  
Vice Chairman



Andrew C. Axtell



Robert R. Douglass



Milton A. Gilbert



James G. Hellmuth



Gustave L. Levy



Matthew Nimetz



Alan Sagner



George F. Berlinger



James C. Kellogg, III



Victor R. Yanitelli, S.J.

## Officers and Department Directors

A. Gerdes Kuhbach, Executive Director

Robert F. Bennett, Comptroller

Patrick J. Falvey, General Counsel

Edward C. Gallas, Director of Personnel

Louis J. Gambaccini, Director of Rail Transportation

Roger C. Gilman, Assistant Executive Director

Daniel L. Kurshan, Director of Administration

Doris E. Landre, Secretary

Alexander Leslie, Treasurer

Albert F. Moncure, Director of General Services

Rino M. Monti, Chief Engineer

Edward S. Olcott, Director of Planning & Development

Caesar B. Pattarini, Director of Aviation

Jack Rosen, Director of Terminals

Dr. Bernard Schuman, Medical Director

Harvey Sherman, Director of Management Services

Charles H. Taylor, Director of Tunnels & Bridges

John Tillman, Director of Public Affairs

Anthony J. Tozzoli, Director of Marine Terminals

Guy F. Tozzoli, Director of World Trade

Carl M. Wahlberg, Director of Finance



A. Gerdes Kuhbach  
Executive Director

## Commissioners of The Port Authority of New York and New Jersey

### 1921-1975

**Eugenius H. Outerbridge, N.Y.**, 1921-1924  
(Chairman, Apr. 25, 1921 to Mar. 27, 1924)  
President, Harvey & Outerbridge, Inc.

**J. Spencer Smith, N.J.**, 1921-1923  
(Vice Chairman, Apr. 25, 1921 to July 1, 1923)  
President, Tenafly Trust Company of New Jersey

**Alfred E. Smith, N.Y.**, 1921-1923  
Governor of New York (1919-1920 and 1923-1928)  
Democratic candidate for President of United States (1928)

**Frank R. Ford, N.J.**, 1921-1924  
Member, Ford, Bacon & Davis

**Lewis H. Pounds, N.Y.**, 1921-1924  
(Vice Chairman, Apr. 16, 1924 to June 30, 1924)  
President, Borough of Brooklyn (1913-1917)

**DeWitt Van Buskirk, N.J.**, 1921-1924  
(Vice Chairman, July 18, 1923 to Apr. 16, 1924; Chairman, Apr. 16, 1924 to November 19, 1924)  
President, Mechanics Trust Company of New Jersey

**John F. Galvin, N.Y.**, 1923-1933  
(Vice Chairman, Nov. 19, 1924 to July 12, 1928; Chairman, July 12, 1928 to October 19, 1933)  
President, Metal Stamping Company

**Julian A. Gregory, N.J.**, 1923-1926  
(Chairman, Nov. 19, 1924 to May 20, 1926)  
Senior member, Gregory, Stewart & Montgomery

**Otto B. Shulhof, N.Y.**, 1924-1927  
President, Dualite Electric Lamp Corp.

**Frank C. Ferguson, N.J.**, 1924-1945  
(Vice Chairman, July 12, 1928 to Sept. 6, 1934; Chairman, Sept. 6, 1934 to Feb. 8, 1945)  
Chairman of the Board, Ampere Bank & Trust Company

**Herbert K. Twitchell, N.Y.**, 1924-1928  
Chairman of the Board, Chemical National Bank

**Schuyler N. Rice, N.J.**, 1924-1932  
Assistant Secretary, Denver and Rio Grande Railroad

**George S. Silzer, N.J.**, 1926-1928  
(Chairman, May 27, 1926 to June 30, 1928)  
Governor of New Jersey (1923-1926)

**Howard S. Cullman, N.Y.**, 1927-1969  
(Vice Chairman, Sept. 6, 1934 to Feb. 8, 1941; Chairman, Feb. 8, 1945 to May 12, 1955)  
President, Cullman Bros. Inc.

**William C. Heppenheimer, N.J.**, 1928-1933  
Chairman, The Trust Company of New Jersey

**John F. Murray, N.Y.**, 1928-1937  
Partner, John F. Murray & Company

**Joseph G. Wright, N.J.**, 1930, 1934  
Vice President and Treasurer, Equitable Mortgage Securities Co., Inc.

**John J. Pulley, N.Y.**, 1930-1946  
Chairman, Emigrant Industrial Savings Bank

**George deB. Keim, N.J.**, 1930-1941  
Chairman, New Jersey World's Fair Commission

**Alexander J. Shamburg, N.Y.**, 1930-1941  
Exporter

**George Rathbone Dyer, N.Y.**, 1930-1934  
(Chairman, Oct. 19, 1933 to Aug. 31, 1934)  
Senior Partner, Dyer, Hudson & Company

**Ira R. Crouse, N.J.**, 1931-1939  
President, Crouse Lumber Company

**John J. Quinn, N.J.**, 1932-1936  
Member, Quinn & Doremus

**Rudolph Reimer, N.Y.**, 1933-1934  
Director and President, Harry Blinn Coal Company

**John Milton, N.J.**, 1933-1939  
United States Senator (1938)

**Joseph M. Byrne, Jr., N.J.**, 1934-1953  
(Vice Chairman, Feb. 8, 1945 to May 12, 1953)  
Chairman, Joseph M. Byrne Company

**Charles S. Whitman, N.Y.**, 1935-1942  
Governor of New York (1915-1918)

**Joseph A. Bower, N.J.**, 1936-1938  
Executive Vice President, Chemical Bank and Trust Company

**Michael F. Walsh, N.Y.**, 1937-1938  
Secretary of State, State of New York (1939-1942)

**John Borg, N.J.**, 1938-1945 and 1948-1953  
Chairman of the Board and Publisher, *Bergen Evening Record*

**Frank J. Taylor, N.Y.**, 1938-1949  
President, American Merchant Marine Institute

**Raymond M. Greer, N.J.**, 1939-1945  
Partner, Boyce, Hughes & Farrell

**Frank Dorsey, N.J.**, 1940-1944  
Mayor, Perth Amboy, N.J. (1917-1923, 1926-1934)

**James W. Costello, N.J.**, 1941-1943  
Chief Engineer, City of Newark

**Eugene F. Moran, N.Y.**, 1942-1959  
(Vice Chairman, Sept. 5, 1955 to Apr. 9, 1959)  
Chairman, Moran Towing & Transportation Co., Inc.

**Charles S. Hamilton, N.Y.**, 1942-1960  
President, Andrew W. Mellon Foundation

**Arthur Walsh, N.J.**, 1934-1947  
Executive Vice President, Thomas A. Edison, Inc.

**Bayard F. Pope, N.Y.**, 1944-1955 and 1959-1967  
(Vice Chairman, May 12, 1955 to July 1, 1955)  
Director, Marine Midland Corporation

**Howard R. Cruse, N.J.**, 1945-1948  
Partner, Cruse, Becker & Longstreet

**Donald V. Lowe, N.J., 1945-1969**  
 (Vice Chairman, May 12, 1953 to May 12, 1955; Chairman, May 12, 1955 to April 9, 1959)  
 President, Lowe Paper Company

**E. Palmer Armstrong, N.J., 1945-1952**  
 President and Director, Keyport Banking Company

**Frank D. Abell, N.J., 1945-1951**  
 Chairman, First National Iron Bank, Morristown, N.J.

**S. Sloan Colt, N.Y., 1946-1968**  
 (Chairman, April 9, 1959 to April 11, 1968)  
 Chairman of the Board, Bankers Trust Company

**Horace K. Corbin, N.J., 1948-1960**  
 (Vice Chairman, April 9, 1959 to February 5, 1960)  
 Vice President and Director, Fidelity Union Trust Company

**Charles H. Sells, N.Y., 1949-1958**  
 Superintendent of Public Works, State of New York

**John F. Sly, N.J., 1951-1955**  
 Professor, Princeton University School of International Affairs

**Jess Harrison Davis, N.J., 1952-1959**  
 President, Stevens Institute of Technology

**David Van Alstyne, Jr., N.J., 1953-1955**  
 President and Treasurer, Van Alstyne, Noel & Co., Inc.

**Dow H. Drukker, Jr., N.J., 1953-1958**  
 Publisher, *The Herald-News of Passaic*

**N. Baxter Jackson, N.Y., 1955-1963**  
 Chairman of the Board, Chemical Corn Exchange Bank

**James C. Kellogg, III, N.J., 1955-**  
 (Vice Chairman, February 11, 1960 to April 11, 1968;  
 Chairman, April 11, 1968 to May 2, 1974)  
 Senior Partner, Spear, Leeds & Kellogg

**Thorn Lord, N.J., 1955-1960**  
 United States Attorney, State of New Jersey (1943-1945)

**Joseph A. Martino, N.Y., 1958-1968**  
 (Vice Chairman, April 11, 1968 to November 27, 1968)  
 Chairman of the Board, National Lead Company

**John J. Clancy, N.J., 1958-1970**  
 Senior Partner, Clancy & Hayden

**Robert F. McAlevy, Jr., N.J., 1959-1964**  
 Member, New Jersey State Assembly (1935-1936)

**Alexander Halpern, N.Y., 1960-1970**  
 Partner, Prose, Smith, Halpern and LeFevre

**W. Paul Stillman, N.J., 1960-**  
 (Vice Chairman, May 3, 1974 to )  
 Chairman of the Board, Mutual Benefit Life Insurance Company

**Charles W. Engelhard, N.J., 1960-1971**  
 Chairman, Engelhard Minerals and Chemical Corporation

**Ben Regan, N.Y., 1963-1970**  
 (Vice Chairman, April 10, 1969 to March 14, 1970)

**Gerard F. Brill, N.J., 1965-1968**  
 Senior Vice President, Trust Company of New Jersey

**William J. Ronan, N.Y., 1967-**  
 (Vice Chairman, June 1, 1972 to May 2, 1974;  
 Chairman, May 3, 1974 to )  
 Chairman, Metropolitan Transportation Authority (1968-1974)  
 Dean of New York University Graduate School of Public Administration and Public Service (1953-1959)

**William A. Sternkopf, Jr., N.J., 1968-1971**  
 Senior Partner, William A. Sternkopf & Company

**Hoyt Ammidon, N.Y., 1968-1972**  
 (Vice Chairman, April 9, 1970 to May 26, 1972)  
 Chairman, United States Trust Company

**Walter Henry Jones, N.J., 1969-1974**  
 New Jersey State Senator (1953-1961)

**Sidney S. Hein, N.Y., 1969-1972**  
 Partner, Hein, Bradie, Waters & Klein

**Bernard J. Lasker, N.Y., 1969-1974**  
 Senior Partner, Lasker, Stone & Stern

**Gustave L. Levy, N.Y., 1970-**  
 Senior Partner, Goldman, Sachs & Co.  
 Former Chairman of the Board of Governors,  
 New York Stock Exchange

**James G. Hellmuth, N.Y., 1970-**  
 Vice President, Bankers Trust of New York Corporation

**Andrew C. Axtell, N.J., 1970-**  
 General Manager, Hobart Welder Sales and Service Division of  
 Hobart Brothers Company  
 Mayor, Livingston, N.J. (1953-1958)

**Philip B. Hofmann, N.J., 1971-1974**  
 Chairman of the Finance Committee, Johnson & Johnson

**Jerry Finkelstein, N.Y., 1972-1975**  
 Chairman of the Board, Struthers Wells Corp.  
 Publisher, *New York Law Journal and Civil Service Leader*

**Robert R. Douglass, N.Y., 1972-**  
 Member, Milbank, Tweed, Hadley and McCloy  
 Counsel and Secretary to the Governor, New York State (1964-1972)

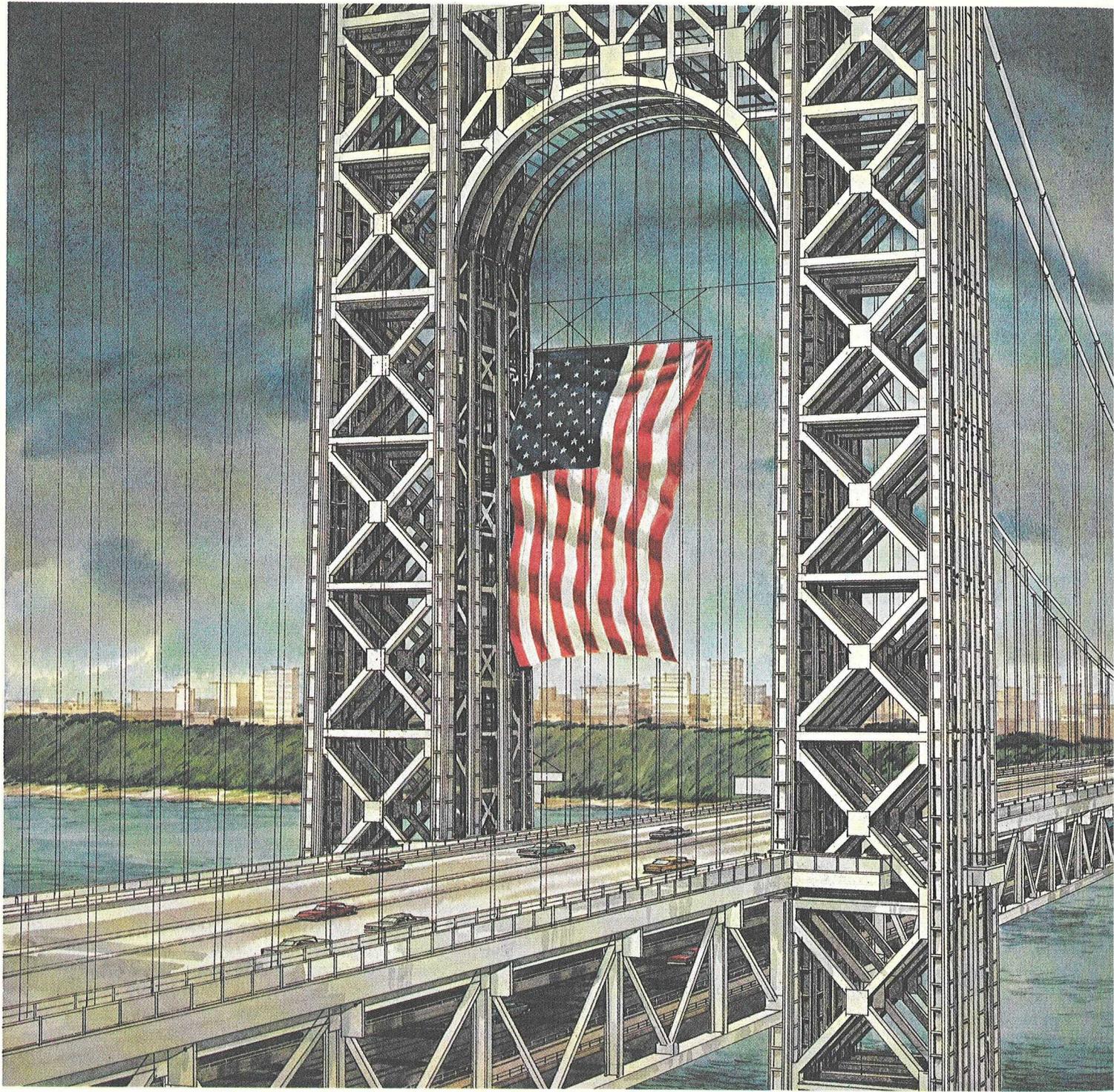
**Rev. Victor R. Yanitelli, S.J., N.J., 1972-**  
 President, Saint Peter's College

**Alan Sagner, N.J., 1974-**  
 Commissioner of Transportation, State of New Jersey  
 Partner, Levin-Sagner Company

**George F. Berlinger, N.Y., 1974-**  
 Former Secretary-Treasurer of Joseph Berlinger & Co.  
 Director of Anvirodyne Corporation  
 Former Welfare Inspector General, State of New York

**Milton A. Gilbert, N.J., 1974-**  
 Founder, President and Chairman of Flexi-Van Corporation

**Matthew Nimetz, N.Y., 1975-**  
 Member, Simpson, Thatcher & Bartlett  
 Staff Assistant to the President of the United States (1967-1969)



## Port Authority Finance

### Basic Policies and Financial Structure

The States of New Jersey and New York directed the Port Authority . . . "to proceed with the development of the Port of New York . . . as rapidly as may be economically practicable . . ." The Port Authority, however, may not levy taxes or assessments or pledge the credit of either state or any municipality. Its program of public works was to be supported and financed by the private sector, and to this end the two states pledged their "cordial cooperation . . . in the encouragement of the investment of capital . . ." Over the years nearly \$4 billion of Port Authority obligations have been purchased by investors, of which \$1.8 billion was outstanding at December 31, 1975.

The statutes establishing the General Reserve Fund of the Port Authority provide for the pooling of revenues to the end that older facilities with established earning power can aid new projects during development periods until they reach their anticipated point of self-support. These statutes provide for the utilization of available net revenues to maintain the General Reserve Fund at the prescribed amount of 10 percent of the total par value of the Port Authority's outstanding bonds.

The Port Authority's long-established policy is to retire debt as rapidly as sound financial management permits and to maintain, at year-end, a combined amount in its reserve funds, including reserve funds in trust, equal to at least the amount of the next two years' mandatory bonded debt service. Acceleration of debt retirement before mandatory dates may be accomplished out of the General Reserve Fund only to the extent that reserve funds exceed the ensuing two years' mandatory bonded debt service.

Bonds for an additional facility cannot be issued with a pledge of the General Reserve Fund unless the Port Authority Commissioners certify to investors that the issuance of the bonds or that such pledge will not materially impair the sound credit standing of the Port Authority, the investment status of its bonds, or its ability to fulfill its commitments and undertakings.

In 1974, the Legislatures of New York and New Jersey repealed a statutory covenant with holders of affected Port Authority bonds which permitted deficit financing of passenger railroad facilities in addition to the Hudson Tubes (Port Authority Trans-Hudson [PATH] System) only

within specified financial limits. The covenant was originally adopted in 1962 as part of the statutes authorizing Port Authority acquisition of the interstate Hudson and Manhattan Railroad. In 1973, the two states had enacted legislation to preclude application of the statutory covenant to the holders of obligations issued by the Port Authority after May 10, 1973.

In April 1974, the United States Trust Company of New York instituted litigation in New Jersey as Trustee for the 40th and 41st Series of the Port Authority's Consolidated Bonds, as the holder of a significant amount of outstanding obligations of the Port Authority, and as a class representative on behalf of the holders of all outstanding Consolidated Bonds and all others similarly situated against the State of New Jersey and its Governor and Attorney General seeking a declaratory judgment that the action taken by the states in 1974 to repeal the 1962 statutory covenant violates the federal and state Constitutions. This action was consolidated with another pending action in New Jersey instituted by private parties seeking to invalidate the statutory covenant.

On February 25, 1976, the New Jersey Supreme Court affirmed the decision of the New Jersey Superior Court rendered in May 1975, which had decided that the repeal was a valid exercise of the police power of the states and not a violation of the contract clauses of the United States Constitution or the Constitution of the State of New Jersey. The United States Trust Company has announced that it plans to appeal to the United States Supreme Court from the decision of the Supreme Court of New Jersey.

#### **Statement Presentation**

The Port Authority's financial statements beginning in 1974 include a provision for depreciation of facilities in accordance with recommendations for state and local governmental units adopted by the accounting profession in that year. This results in no change in net revenues or reserves or their application which are defined and governed by the Port Authority's bond resolutions. These resolutions provide that operating expenses be calculated without allowance for depreciation. Rather, recovery of facility costs is accomplished through deductions from revenues and reserves of amounts equal to principal payments on debt and reserves appropriated to invested in facilities. Accordingly, the Port Authority has prepared,

in addition to financial statements reflecting depreciation, Schedules A through G in conformity with its bond resolutions. The following information refers to Schedules A through G.

#### **Combined Operations in Brief**

Gross operating revenues of the Port Authority for the year 1975 totaled \$458,406,000, an increase of 11.7 percent over 1974. This rise reflects the continuing increase in the development and utilization of the Port Authority's facilities and tolls increases on bridges and tunnels effective in May 1975. The new rates are currently being reviewed by the U.S. Department of Transportation which has jurisdiction over the reasonableness of the bridge tolls.

Operating expenses, including start-up costs for new projects, increased 14.7 percent to reach \$289,138,000.

Financial income on securities held in the reserve and operating funds was \$31,701,000. This resulted from investment income of \$29,248,000, including \$8,283,000 gain on purchase of Port Authority bonds, and an upward adjustment of \$2,453,000 in the value of the securities held in these funds during the year. Thus, net revenues available for debt service and reserves were \$200,969,000.

Interest on the Port Authority's debt charged to operations and reserves totaled \$80,713,000 and long-term bonded debt amortization amounted to \$35,930,000. In addition, \$55,000,000 in principal payments was made to reduce outstanding bank loans in accordance with agreements with the banks. Total debt service charged to revenues and reserves, including reserve funds in trust, therefore, was \$171,643,000.

At year-end 1975, the General Reserve Fund balance was \$176,457,000 and continued to meet the prescribed statutory amount. The Consolidated Bond Reserve Fund had a balance on December 31, 1975 of \$62,409,000 after application of \$55,000,000 to meet installments on bank loans, \$15,000,000 to invested in facilities, and \$2,417,000 to self-insurance. Total reserves at year-end, including reserve funds in trust, were \$266,966,000, which exceeded the next two years' mandatory bonded debt service. Total debt service for the years 1976 and 1977, including scheduled payments on bank loans, amounts to \$381,124,000.

The Port Authority's financial affairs are administered

by Carl M. Wahlberg, Director of Finance, Robert F. Bennett, Comptroller, and Alexander Leslie, Treasurer.

**Financial Position  
At Year-End**

On December 31, 1975, the total assets of the Port Authority, represented by the cumulative amount invested in facilities and balances in construction, operating and reserve funds were \$4,053,556,000, an increase of 3.7 percent, or \$145,828,000, over last year.

The net amount invested in facilities rose by \$138,548,000, including interest during construction of \$16,356,000 on bonded debt and bank loans, to a cumulative total of \$3,581,037,000 at year-end 1975. This increase is largely represented by additional investment at:

|  |              |
|--|--------------|
| The World Trade Center . . . . .               | \$74,000,000 |
| Air Terminals . . . . .                        | \$28,000,000 |
| Marine Terminals . . . . .                     | \$14,000,000 |
| Port Authority Trans-Hudson Railroad . . . . . | \$11,000,000 |
| Bus Terminal . . . . .                         | \$ 6,000,000 |

Bonded debt increased during the year by \$64,070,000 to a total of \$1,764,574,000. At year-end, Net Assets, as detailed in Schedule B, Page 33, totaled \$1,935,527,000, which is about 54 percent of the amount invested in facilities.

**Reserve Funds**

At year-end 1975, the General Reserve Fund balance was \$176,457,000 and continued to meet the prescribed statutory amount, while the Consolidated Bond Reserve Fund totaled \$62,409,000.

These balances, together with other reserve fund balances in trust totaling \$28,100,000, continued to meet the long-established policy of maintaining total reserve funds in an amount equal to at least the next two years' mandatory debt service on bonded debt (excluding scheduled debt service on outstanding bank loans as detailed in Note C, Page 29).

Bond covenants require that the reserve funds be maintained in cash or invested in certain government securities. At year-end, \$264,297,000 was invested in securities as set forth in Schedule B "Assets and Liabilities."

Income from investment of reserve funds, including reserve funds in trust, totaled \$25,157,000 in 1975.

The only obligations of the Port Authority which were issued prior to the establishment in 1952 of the issue of Consolidated Bonds and which presently remain outstanding are General and Refunding, Air Terminal and Marine Terminal Bonds which are listed in Schedule E, Page 36. In the Consolidated Bond Resolution of 1952 the Port Authority covenanted that no additional General and Refunding, Air Terminal or Marine Terminal Bonds would be issued.

By year-end 1970, the Special Reserve Fund (for General and Refunding Bonds), the Air Terminal Reserve Fund and the Marine Terminal Reserve Fund had reached a level sufficient to secure fully the payment of principal of and interest to redemption on the outstanding bonds for which such Funds had been established. On December 31, 1970, pursuant to the bank loan agreements of 1968 and 1970, the Port Authority placed in trust with First National City Bank, as Trustee, \$60,749,000 from its Special Reserve Fund, Air Terminal Reserve Fund and Marine Terminal Reserve Fund to secure fully, unconditionally and absolutely the Port Authority's obligation to provide for the redemption as scheduled and the payment of interest until redemption on the Port Authority's outstanding General and Refunding Bonds, Air Terminal Bonds and Marine Terminal Bonds. These bonds bear annual interest rates ranging from 1¼ percent to 3 percent. The Trust Agreements do not require the payment or redemption of any such bonds in advance of their scheduled redemption by operation of the sinking funds therefor. After the establishment and during the maintenance of these trust funds, no further payments are required to be made into such Reserve Funds. Furthermore, all Consolidated Bonds of the Port Authority, including any which may hereafter be issued, are now equally and ratably secured by a pledge of the net revenues of all its existing facilities and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds. Such net revenues are no longer subject to the prior liens or pledges to which certain of these net revenues had previously been subject in favor of General and Refunding, Air Terminal and Marine Terminal Bonds.

The establishment and maintenance of the Reserve Funds in Trust permit the application of all net revenues of

the Port Authority to the payment of debt service on Consolidated Bonds, with all remaining balances, except such amounts as may be necessary to maintain the General Reserve Fund in the amount specified by the General Reserve Fund statutes, to be paid into the Consolidated Bond Reserve Fund. The net revenues accumulated in the Consolidated Bond Reserve Fund are fully available to meet debt service on the bank loans obtained by the Port Authority in 1970, 1971 and 1973.

### Financial Income

The Port Authority's long-term investment portfolio, averaging about \$212,857,000 and representing principally the investment of reserve funds, was invested primarily in securities of or guaranteed by the United States Government. Long-term investment earnings amounted to \$22,503,000.

Investment in short-term government securities and bank time deposits averaged approximately \$153,182,000 during the year. Income from these short-term investments was \$10,220,000.

Investment income attributed to the operating fund amounted to \$4,091,000 (including \$283,000 miscellaneous income). The amount attributed to reserve funds was \$25,157,000, and \$3,758,000 was attributed to the capital fund thereby reducing construction cost.

### Financing

On June 16, 1975, \$50,000,000 Consolidated Notes, Series BB, and \$50,000,000 Consolidated Notes, Series CC, both at 6¾ percent, due June 1, 1978, were sold to an investment group headed by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Brothers and Halsey, Stuart & Co., Inc., affiliate of Bache & Co., Incorporated at a negotiated price of 98.425.

During the year, \$35,930,000 par value of long-term bonds was retired through mandatory sinking fund and maturity payments. On December 20, 1975, the Port Authority made scheduled annual installment payments of \$20,000,000 on the 1970 bank loan, \$30,000,000 on the 1971 bank loan, and \$5,000,000 on the 1973 bank loan. The unpaid balance of the three outstanding bank loans was \$200,000,000 at year-end.

### Additional Information for Bondholders

Consolidated Bonds are direct and general obligations of the Port Authority and its full faith and credit are pledged to the payment of debt service thereon.

All Consolidated Bonds, including any which may hereafter be issued, are equally and ratably secured by a pledge of the net revenues of all the Port Authority's existing facilities (not including railroad cars acquired under New York State's Commuter Car Program) and any additional facility which may be hereafter financed in whole or in part through the medium of Consolidated Bonds, as provided in the Consolidated Bond Resolution. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Port Authority have been satisfied by the establishment and maintenance of the Special, Air Terminal and Marine Terminal Reserve Funds in Trust (see Schedule C, Page 34).

All Consolidated Bonds are further secured by a pledge of the monies in the Consolidated Bond Reserve Fund, as provided in the Consolidated Bond Resolution.

On December 31, 1975, outstanding Consolidated Bonds and Notes totaled \$1,738,529,000. Over the years, the Port Authority has issued \$2,541,650,000 of Consolidated Bonds and Notes, exclusive of refundings.

| Highlights   | 1975                  | 1974           |
|--|-----------------------|----------------|
| Gross Operating Revenues                                   | <b>\$ 458,400,000</b> | \$ 410,400,000 |
| Net Operating Revenues                                     | <b>169,300,000</b>    | 158,400,000    |
| Net Revenues Available<br>for Debt Service and<br>Reserves | <b>201,000,000</b>    | 181,400,000    |
| Debt Service Charged to<br>Revenues and Reserves           | <b>171,600,000</b>    | 149,900,000    |
| Cumulative Invested in<br>Facilities                       | <b>3,581,000,000</b>  | 3,442,500,000  |
| Bonded Debt Outstanding                                    | <b>1,764,600,000</b>  | 1,700,500,000  |
| Bank Loans Outstanding                                     | <b>200,000,000</b>    | 255,000,000    |
| General Reserve Fund                                       | <b>176,500,000</b>    | 173,500,000    |
| Consolidated Bond<br>Reserve Fund                          | <b>62,400,000</b>     | 46,800,000     |
| Reserve Funds in Trust                                     | <b>28,100,000</b>     | 34,800,000     |



SIXTY BROAD STREET  
NEW YORK, NEW YORK 10004  
212-422-6000

February 27, 1976

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

We have examined the consolidated statement of financial position of The Port Authority of New York and New Jersey and its subsidiary, Port Authority Trans-Hudson Corporation, as of December 31, 1975 and 1974, and the related consolidated statements of income, changes in financial position and changes in net assets for the years then ended. We also have examined Schedules A through H included herein. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The method of accounting for self-insurance was changed in 1975, as described in Note E to the financial statements.

In our opinion, the consolidated financial statements examined by us present fairly the financial position of The Port Authority of New York and New Jersey and its subsidiary at December 31, 1975 and 1974, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, referred to in the preceding paragraph. Also, in our opinion, Schedules A through G present fairly the consolidated assets and liabilities of the Authority at December 31, 1975, the consolidated revenues and reserves for the year and the five-year financial data included therein, and Schedule H presents fairly the assets and liabilities of the New York State Commuter Car Program at December 31, 1975, all in conformity with the accounting principles described in Note J, applied on a consistent basis after restatement for the change, with which we concur, referred to in the preceding paragraph.

*Price Waterhouse & Co.*

## Statement of Income

|  | Year Ended December 31, |           |
|--|-------------------------|-----------|
|  | 1975                    | 1974*     |
|  | (In Thousands)          |           |
| Gross Operating Revenues                 | <b>\$458,406</b>        | \$410,412 |
| Operating Expenses (Note E)              | <b>(289,138)</b>        | (252,037) |
| Depreciation                             | <b>(83,281)</b>         | (78,214)  |
| Income from Operations                   | <b>85,987</b>           | 80,161    |
| Financial Income and Expense:            |                         |           |
| Income on investments                    | <b>20,965</b>           | 21,228    |
| Gain on purchase of Port Authority bonds | <b>8,283</b>            | 4,880     |
| Security valuation adjustment            | <b>2,453</b>            | (3,061)   |
| Interest on bonded debt                  | <b>(72,249)</b>         | (66,390)  |
| Interest on bank loans                   | <b>(8,464)</b>          | (9,119)   |
| Net Income                               | <b>\$ 36,975</b>        | \$ 27,699 |

\*Restated, See Note E

## Statement of Changes in Financial Position

|   | Year Ended December 31, |             |
|---|-------------------------|-------------|
|   | 1975                    | 1974*       |
|   | (In Thousands)          |             |
| Funds provided from:                                    |                         |             |
| Net Income  | <b>\$ 36,975</b>        | \$ 27,699   |
| Depreciation  | <b>83,281</b>           | 78,214      |
| Funds provided by operations                            | <b>120,256</b>          | 105,913     |
| Consolidated Notes                                      | <b>100,000</b>          | —           |
| Government Contributions in Aid of Construction         | <b>19,105</b>           | 18,606      |
| Net Change in Other Assets and Deferred Credits         | <b>21,753</b>           | —           |
| Total Funds Provided                                    | <b>261,114</b>          | 124,519     |
| Funds applied to:                                       |                         |             |
| Cost of Facilities                                      | <b>138,548</b>          | 174,108     |
| Retirement of Bonded Debt                               | <b>35,930</b>           | 34,363      |
| Repayment of Bank Loans                                 | <b>55,000</b>           | 40,000      |
| Net Change in Other Assets and Deferred Credits         | <b>—</b>                | 16,119      |
| Net Reduction in Accounts Payable and Other Liabilities | <b>3,912</b>            | 8,754       |
| Planning Expenditures Applicable to Future Years        | <b>2,493</b>            | 4,238       |
| Total Funds Applied                                     | <b>235,883</b>          | 277,582     |
| Net Increase (Decrease) in Cash and Investments         | <b>\$ 25,231</b>        | \$(153,063) |

\*Restated, See Note E

See Notes to Financial Statements

## Statement of Financial Position

|  | December 31,<br>1975 |                   |                  | December 31,<br>1974* |
|--|----------------------|-------------------|------------------|-----------------------|
|  | Operating<br>Fund    | Capital<br>Fund   | Reserve<br>Funds | Combined<br>Total     |
|  | (In Thousands)       |                   |                  |                       |
| <b>Assets</b>                          |                      |                   |                  |                       |
| Facilities, at Cost (Note B)           | \$ —                 | \$3,527,430       | \$ —             | \$3,527,430           |
| Less Accumulated Depreciation          | —                    | 751,002           | —                | 751,002               |
| Facilities, Net                        | —                    | 2,776,428         | —                | 2,776,428             |
| Investment in Securities (Schedule D)  | 18,796               | 29,289            | 264,297          | 312,382               |
| Cash and Time Deposits                 | 24,971               | 38,898            | 2,669            | 66,538                |
| Other Assets                           | 91,250               | 2,349             | —                | 93,599                |
| Total Assets                           | <u>135,017</u>       | <u>2,846,964</u>  | <u>266,966</u>   | <u>3,248,947</u>      |
| <b>Liabilities</b>                     |                      |                   |                  |                       |
| Bonded Debt (Schedule E)               | —                    | 1,764,574         | —                | 1,764,574             |
| Bank Loans Payable (Note C)            | —                    | 200,000           | —                | 200,000               |
| Accounts Payable and Other Liabilities | 111,984              | 33,632            | —                | 145,616               |
| Deferred Credits to Income             | 7,839                | —                 | —                | 7,839                 |
| Total Liabilities                      | <u>119,823</u>       | <u>1,998,206</u>  | <u>—</u>         | <u>2,118,029</u>      |
| <b>Net Assets</b>                      | <u>\$ 15,194</u>     | <u>\$ 848,758</u> | <u>\$266,966</u> | <u>\$1,074,838</u>    |

\*Restated, See Note E

## Statement of Changes in Net Assets

|   | Year Ended December 31, 1975 |                  |                  | Year Ended<br>December 31,<br>1974* |
|---|------------------------------|------------------|------------------|-------------------------------------|
|   | Operating<br>Fund            | Capital<br>Fund  | Reserve<br>Funds | Combined<br>Total                   |
|   | (In Thousands)               |                  |                  |                                     |
| Balance at January 1  | <u>\$12,777</u>              | <u>\$807,004</u> | <u>\$255,057</u> | <u>\$1,074,838</u>                  |
| Contributions from Federal and State<br>Agencies in Aid of Construction | —                            | 19,105           | —                | 19,105                              |
| Distribution of Net Income:   |                              |                  |                  |                                     |
| Capital Fund Balance  | —                            | 26,344           | —                | —                                   |
| Less Depreciation on Assets Acquired<br>with Government Contributions   | —                            | (3,695)          | —                | 22,649                              |
| Self-Insurance  | 2,417                        | —                | —                | 2,417                               |
| Reserves  | —                            | —                | 11,909           | 11,909                              |
| Net Income  | <u>—</u>                     | <u>—</u>         | <u>—</u>         | <u>36,975</u>                       |
| Balance at December 31  | <u>\$15,194</u>              | <u>\$848,758</u> | <u>\$266,966</u> | <u>\$1,074,838</u>                  |

\*Restated, See Note E

See Notes to Financial Statements

**Notes to Financial Statements**  
December 31, 1975

**Note A—Accounting Policies:**

1. The Port Authority of New York and New Jersey, created in 1921 by compact between the States of New York and New Jersey with the consent of Congress, has no stockholders or equity holders; all revenues or other cash received must be disbursed for specific purposes in accordance with provisions of various statutes and agreements with holders of its bonds and others.

2. The accounts of the Port Authority Trans-Hudson Corporation, a subsidiary of the Port Authority, are consolidated in the accompanying financial statements and schedules.

The assets and liabilities of the New York State Commuter Car Program are not included in the Port Authority's financial statements for the reasons set forth in the Note on Schedule H.

3. The Committee on Governmental Accounting and Auditing of the American Institute of Certified Public Accountants issued an audit guide containing recommendations effective January 1, 1974 relative to accounting practices of State and Local Governmental Units. The difference between the generally accepted accounting principles previously used by the Port Authority, as required by its bond resolutions, and those set forth in the guide, is that the guide recommends that provision should be made for depreciation of facilities, in lieu of a charge for principal payments on debt. The Port Authority adopted this practice in 1974 as recommended in the guide. The adoption of this accounting practice results in no change in the net revenues and reserves of the Port Authority or their application which are defined and governed by its bond resolutions.

4. Cost of facilities consists of expenditures, including the expenditure of Federal and State grants, to acquire, construct, place in operation and improve the facilities of the Port Authority and includes net interest expense during the period of construction.

Expenditures for repairs and maintenance are charged to operating expenses as incurred. Planning costs relating

to potential new facilities are deferred pending authorization of construction.

5. Depreciation is computed on the straight-line method based on estimated useful lives of the related assets including those financed by government contributions. In distributing net income to fund balances, a charge representing depreciation on assets acquired with contributions is made against the related contributions account. The cost and accumulated depreciation related to assets removed from service are eliminated from the accounts. Depreciation is not a factor in determining the net revenues and reserves of the Port Authority or their application as provided in the Port Authority's bond resolutions (See Note A-1).

6. Investments in long-term and short-term United States securities are stated at the lower of their respective aggregate amortized cost or market value. Investments in Port Authority bonds acquired in 1973 and subsequently are stated at par; the excess of par value over the purchase price of the bonds is credited to income. Port Authority bonds acquired prior to 1973 are stated at their cost plus amortization of discount to maturity.

**Note B—Facilities, Depreciation and Government Contributions in Aid of Construction:**

Cost of facilities is composed of the following:

|                          | <b>December 31</b> |                    |
|--------------------------|--------------------|--------------------|
|                          | <b>1975</b>        | <b>1974</b>        |
|                          | (In Thousands)     |                    |
| Completed Construction:  |                    |                    |
| Airports                 | \$1,186,639        | \$1,126,714        |
| World Trade Center       | 741,299            | 649,778            |
| Tunnels & Bridges        | 531,605            | 514,809            |
| Marine, Bus & Truck      |                    |                    |
| Terminals                | 546,532            | 514,401            |
| Rail Facilities          | 243,523            | 184,891            |
|                          | <u>3,249,598</u>   | <u>2,990,593</u>   |
| Construction in Progress | 277,832            | 398,308            |
|                          | <u>\$3,527,430</u> | <u>\$3,388,901</u> |

Asset lives used in the calculation of depreciation are generally as follows:

|                          |                |
|--------------------------|----------------|
| Tunnels and bridges      | 100 years      |
| Buildings                | 25 to 50 years |
| Runways and other paving | 15 to 25 years |
| Machinery and equipment  | 5 to 35 years  |

At December 31, 1975 the Port Authority had received gross contributions for construction from federal and state agencies aggregating \$146,886,000. The change in net contributions, included in capital funds on the Statement of Financial Position, is detailed below.

|  | <u>1975</u>      | <u>1974</u>      |
|--|------------------|------------------|
|  | (In Thousands)   |                  |
| Balance at January 1   | \$107,262        | \$ 90,955        |
| Contributions received during the year                               | 19,105           | 18,606           |
| Less depreciation for the year on assets acquired with contributions | (3,695)          | (2,299)          |
| Balance at December 31   | <u>\$122,672</u> | <u>\$107,262</u> |

**Note C—Financing:**

The Port Authority finances construction of its facilities primarily by issuing bonded debt and through bank loans. Details of bonded debt and amortization are included on Schedules E and F.

1. In June 1975, the Port Authority issued \$50,000,000 Consolidated Notes, Series BB, due 1978 and \$50,000,000 Consolidated Notes, Series CC, due 1978, which the Port Authority intends to refund in whole or in part at or before their maturity date with the proceeds of an issue or issues of Port Authority obligations at least to the extent necessary (a) to maintain the General Reserve Fund at 10 percent of the par value of outstanding bonded debt secured by a pledge of that Fund, (b) to maintain in all reserve funds an aggregate amount equal to at least the next two years' mandatory debt service on outstanding bonded debt secured by a pledge of the General Reserve Fund, and (c) to provide for scheduled principal payments on the Port Authority's outstanding bank loans.

2. At December 31, 1975 and 1974, the Port Authority had obligations under loans obtained from banks and trust companies located in New York and New Jersey as detailed herein.

| <u>Bank Loans</u>  | <u>December 31, 1975</u> | <u>December 31, 1974</u> |
|--|--------------------------|--------------------------|
| 5¼ % payable \$20,000,000 annually 1975-1977                                   | \$ 40,000,000            | \$ 60,000,000            |
| 5¼ % payable \$30,000,000 in 1975 and \$35,000,000 in 1976 and 1977            | 70,000,000               | 100,000,000              |
| 5.45% payable \$5,000,000 annually 1975-1977 and \$40,000,000 in 1978 and 1979 | 90,000,000               | 95,000,000               |
|  | <u>\$200,000,000</u>     | <u>\$255,000,000</u>     |

The loans may be prepaid in whole or in part on interest payment dates. Under the terms of the loan agreements, and as a result of the establishment and maintenance in trust of the Special Reserve Fund, Air Terminal Reserve Fund and Marine Terminal Reserve Fund (See Note H), annual installment payments on the bank loans are being made exclusively from net revenues available therefor in the Consolidated Bond Reserve Fund. Payment of the loans and interest thereon is subject in all respects to the payment of debt service on the General and Refunding Bonds, Air Terminal Bonds, Marine Terminal Bonds and Consolidated Bonds, as required by the applicable provisions of the Port Authority's bond resolutions, and to the payment into the General Reserve Fund of the amount necessary so as to maintain such Fund at the amount specified in the General Reserve Fund statutes. Neither the loans nor the interest thereon are secured by or payable from the General Reserve Fund.

**Note D—Reserves:**

The General Reserve Fund statutes provide for the Port Authority to maintain the General Reserve Fund in an amount equal to at least 10 percent of the outstanding bonded debt which is secured by a pledge of the Fund. The specified statutory amount was \$176,457,400 at December 31, 1975. The Port Authority has established

the policy of maintaining total reserve funds in an amount equal to at least the next two years' mandatory debt service on outstanding bonded debt. The bank loans described in Note C are not included in determining this outstanding bonded debt.

At December 31, 1975, the Port Authority met the requirements of its bond resolutions to maintain total reserve funds in cash and specified marketable securities. Such amounts included \$28,100,000 held in trust for repayment of principal and interest on General and Refunding, Air Terminal and Marine Terminal Bonds (See Note H).

**Note E—Change in Accounting for Self-Insurance:**

Prior to 1975 the Port Authority followed the practice of including a charge for self-insurance in operating expenses and in cost of facilities and had established a Provision for Self-Insurance. In 1975 the Financial Accounting Standards Board (FASB) issued a Standard establishing criteria for accrual of estimated losses from loss contingencies and requiring the restatement of financial statements for those years in which reserves were established which do not meet these criteria. Although the Standard is not required to be implemented until 1976, the Port Authority elected early adoption as recommended by the FASB, and the financial statements of prior years have been restated. As a result of this change in accounting, the Port Authority's Provision for Self-Insurance has been eliminated as a liability from the Statement of Financial Position; operating expenses have been reduced and net income has been increased by \$2,417,000 in 1975 and \$2,257,000 in 1974. The cumulative effect on operating expenses and net income for years prior to 1974 is \$10,520,000. Liabilities of \$2,875,000 for known claims at December 31, 1974 previously included in the Provision for Self-Insurance have been reclassified to Accounts Payable and Other Liabilities in the 1974 financial statements. \$4,567,000 of the Provision for Self-Insurance at December 31, 1974, established by charges to cost of facilities in prior years, was eliminated by crediting the cost of facilities. The Port Authority presently provides for potential losses under its self-insurance program by appropriation from the Consolidated Bond Reserve Fund to the operating fund and charges actual losses to operating expenses as incurred.

**Note F—Pension and Retirement Plans:**

Employees of the Port Authority are covered by the New York State Employees' Retirement System or the New York State Policemen's and Firemen's Retirement System or, in the case of Port Authority Trans-Hudson employees, by the provisions of the Railroad Retirement Act and, for certain PATH employees, by a supplemental plan. The Port Authority's contributions to these plans are based primarily on billings from the two New York State retirement systems and federal regulations governing employer contributions to the Railroad Retirement Board. For the years 1975 and 1974, the Port Authority provided \$35,500,000 and \$32,700,000, respectively, as its contribution to these plans.

**Note G—Leases:**

Rental expenses under leases with the cities of New York, Newark and Hoboken for various air and marine terminals aggregated \$10,500,000 in 1975 and \$11,400,000 in 1974. The lease terms expire at various times from 2002 to 2018 and may be renewed for additional periods. Aggregate annual minimum rentals are approximately \$6,700,000. Additional rentals may be payable based on earnings of specified facilities under some of these leases.

**Note H—Special, Air Terminal and Marine Terminal Reserve Funds in Trust:**

In accordance with the provisions of the bank loan agreements (See Note C), the Port Authority, on December 31, 1970, placed into trust amounts available from the Port Authority's Special Reserve Fund, Air Terminal Reserve Fund and Marine Terminal Reserve Fund so that such Funds shall be maintained in amounts sufficient to secure fully, unconditionally and absolutely the Port Authority's obligation to provide for the redemption as scheduled and the payment of interest until redemption on the outstanding General and Refunding, Air Terminal and Marine Terminal Bonds. Under the terms of the Agreements of Trust, such bonds are not required to be paid or redeemed in advance of their scheduled redemption by operation of the sinking funds therefor.

Upon the establishment and maintenance of these Trust Funds, net revenues of the Port Authority's existing facilities are applicable to debt service on Consolidated Bonds and Notes and all remaining balances, except such amounts as may be necessary to maintain the General Reserve Fund in the prescribed amount, are payable into the Consolidated Bond Reserve Fund.

**Note I—Commitments:**

At December 31, 1975, the Port Authority was committed under various contracts to the completion within the next three years of approximately \$60,000,000 of construction.

**Note J—Basis of Preparation of Schedules A through G:**

Schedules A through G have been prepared in accordance with generally accepted accounting principles as set forth in Note A, except that the Port Authority's bond resolutions provide that operating expenses shall not include an allowance for depreciation of facilities. Instead, recovery of facility capital costs is accomplished through deductions from revenues and reserves of amounts equal to principal payments on debt and reserves appropriated to Invested in Facilities. These deductions are credited at par to the accounts Debt Retired Through Income and Appropriated Reserves Invested in Facilities.

Invested in Facilities is compiled as described in Note A-4, except that the cost of assets removed from service is not deducted.

Schedule A **Revenues and Reserves** (In accordance with Port Authority bond resolutions)

|  | Year Ended December 31, |  |                         | 1974*            |
|--|-------------------------|--|-------------------------|------------------|
|  | 1975                    |  | Combined<br>Total       |                  |
|  | Operating<br>Fund       | Reserve<br>Funds<br>(Schedule C)<br><br>(In Thousands) |                         |                  |
| Gross Operating Revenues   | \$458,406               | \$ —   | <b>\$458,406</b>        | \$410,412        |
| Operating Expenses   | 289,138                 | —  | <b>289,138</b>          | 252,037          |
| Net Operating Revenues   | 169,268                 | —  | <b>169,268</b>          | 158,375          |
| Financial Income   |                         |  |                         |                  |
| Income on investments (includes gain of \$8,283,000 in 1975 and \$4,880,000 in 1974 on purchase of Port Authority bonds) | 4,091                   | 25,157   | <b>29,248</b>           | 26,108           |
| Security valuation adjustment  | 62                      | 2,391  | <b>2,453</b>            | (3,061)          |
| Net Revenues Available for Debt Service and Reserves   | 173,421                 | 27,548   | <b>200,969</b>          | 181,422          |
| Debt Service   |                         |  |                         |                  |
| Interest on bonded debt  | 71,552                  | 697  | <b>72,249</b>           | 66,390           |
| Serial maturities and sinking fund retirements   | 30,055                  | 5,875  | <b>35,930</b>           | 34,363           |
| Interest on bank loans   | —                       | 8,464  | <b>8,464</b>            | 9,119            |
| Payment of bank loans  | —                       | 55,000   | <b>55,000</b>           | 40,000           |
| Total Debt Service   | 101,607                 | 70,036   | <b>171,643</b>          | 149,872          |
| Appropriation to Invested in Facilities  | —                       | 15,000   | <b>15,000</b>           | 11,000           |
| Appropriation to Self-Insurance  | —                       | 2,417  | <b>2,417</b>            | 2,257            |
| Transfers to Reserves  | <u>\$ (71,814)</u>      | 71,814   | —                       | —                |
| Net Increase in Reserves   |                         | 11,909   | <b>11,909</b>           | 18,293           |
| Reserve Balances—Beginning of Year   |                         | 255,057  | <b>255,057</b>          | 236,764          |
| Reserve Balances—End of Year (Schedule C)  |                         | <u>\$266,966</u>                                       | <b><u>\$266,966</u></b> | <u>\$255,057</u> |

\*Restated, See Note E

See Notes to Financial Statements

Schedule B **Assets and Liabilities** (In accordance with Port Authority bond resolutions)

|   | December 31,<br>1975 |                    |                  | December 31,<br>1974*     |
|---|----------------------|--------------------|------------------|---------------------------|
|   | Operating<br>Fund    | Capital<br>Fund    | Reserve<br>Funds | Combined<br>Total         |
|   | (In Thousands)       |                    |                  |                           |
| <b>Assets</b>   |                      |                    |                  |                           |
| Invested in Facilities  | \$ —                 | \$3,581,037        | \$ —             | <b>\$3,581,037</b>        |
| Investment in Securities (Schedule D)                                   | 18,796               | 29,289             | 264,297          | <b>312,382</b>            |
| Cash and Time Deposits  | 24,971               | 38,898             | 2,669            | <b>66,538</b>             |
| Other Assets  | 91,250               | 2,349              | —                | <b>93,599</b>             |
| Total Assets  | <u>135,017</u>       | <u>3,651,573</u>   | <u>266,966</u>   | <u><b>4,053,556</b></u>   |
| <b>Liabilities</b>  |                      |                    |                  |                           |
| Bonded Debt (Schedule E)  | —                    | 1,764,574          | —                | <b>1,764,574</b>          |
| Bank Loans Payable (Note C)   | —                    | 200,000            | —                | <b>200,000</b>            |
| Accounts Payable and Other Liabilities                                  | 111,984              | 33,632             | —                | <b>145,616</b>            |
| Deferred Credits to Income  | 7,839                | —                  | —                | <b>7,839</b>              |
| Total Liabilities   | <u>119,823</u>       | <u>1,998,206</u>   | <u>—</u>         | <u><b>2,118,029</b></u>   |
| <b>Net Assets</b>   | <u>15,194</u>        | <u>1,653,367</u>   | <u>266,966</u>   | <u><b>1,935,527</b></u>   |
| Net Assets are Composed of:   |                      |                    |                  |                           |
| Debt Retired Through Income   | —                    | 1,426,650          | —                | <b>1,426,650</b>          |
| Reserves (Schedule C)   | —                    | —                  | 266,966          | <b>266,966</b>            |
| Contributions from Federal and State Agencies<br>in Aid of Construction | —                    | 146,886            | —                | <b>146,886</b>            |
| Appropriated Reserves Invested in Facilities                            | —                    | 79,831             | —                | <b>79,831</b>             |
| Appropriated Reserves for Self-Insurance                                | 15,194               | —                  | —                | <b>15,194</b>             |
| Total Net Assets  | <u>\$ 15,194</u>     | <u>\$1,653,367</u> | <u>\$266,966</u> | <u><b>\$1,935,527</b></u> |

\*Restated, See Note E

See Notes to Financial Statements

Schedule C **Analysis of Reserve Funds** (In accordance with Port Authority bond resolutions)

|  | Year Ended December 31, 1975 |                                      |                                 |                          |                             | Combined<br>Total       |
|--|------------------------------|--------------------------------------|---------------------------------|--------------------------|-----------------------------|-------------------------|
|  | General<br>Reserve<br>Fund   | Consolidated<br>Bond Reserve<br>Fund | Reserve Funds in Trust For      |                          |                             |                         |
|  |                              |                                      | General &<br>Refunding<br>Bonds | Air<br>Terminal<br>Bonds | Marine<br>Terminal<br>Bonds |                         |
|  |                              |                                      | (In Thousands)                  |                          |                             |                         |
| Balance—January 1  | \$173,487                    | \$ 46,800                            | \$13,898                        | \$18,660                 | \$2,212                     | <b>\$255,057</b>        |
| Income on investments (includes gain on<br>purchase of Port Authority bonds) | 17,367                       | 4,356                                | 1,391                           | 1,827                    | 216                         | <b>25,157</b>           |
| Security valuation adjustment  | 1,755                        | 294                                  | 139                             | 182                      | 21                          | <b>2,391</b>            |
| Reserve fund transfers   | (16,152)                     | 20,026                               | (1,533)                         | (2,113)                  | (228)                       | <b>—</b>                |
| Transfers from operating fund  | —                            | 71,814                               | —                               | —                        | —                           | <b>71,814</b>           |
|  | <u>176,457</u>               | <u>143,290</u>                       | <u>13,895</u>                   | <u>18,556</u>            | <u>2,221</u>                | <b><u>354,419</u></b>   |
| Applications:  |                              |                                      |                                 |                          |                             |                         |
| Interest on bonded debt  | —                            | —                                    | 187                             | 448                      | 62                          | <b>697</b>              |
| Serial maturities & sinking<br>fund retirements                              | —                            | —                                    | 941                             | 4,532                    | 402                         | <b>5,875</b>            |
| Interest on bank loans   | —                            | 8,464                                | —                               | —                        | —                           | <b>8,464</b>            |
| Payment of bank loans  | —                            | 55,000                               | —                               | —                        | —                           | <b>55,000</b>           |
| Invested in facilities   | —                            | 15,000                               | —                               | —                        | —                           | <b>15,000</b>           |
| Self-insurance   | —                            | 2,417                                | —                               | —                        | —                           | <b>2,417</b>            |
| Total Applications   | <u>—</u>                     | <u>80,881</u>                        | <u>1,128</u>                    | <u>4,980</u>             | <u>464</u>                  | <b><u>87,453</u></b>    |
| Balance—December 31 (A)  | <u>\$176,457</u>             | <u>\$ 62,409</u>                     | <u>\$12,767</u>                 | <u>\$13,576(B)</u>       | <u>\$1,757(C)</u>           | <b><u>\$266,966</u></b> |

(A) Satisfies General Reserve Fund statutory amount and the policy of maintaining total reserves in an amount equal to at least the next two years' mandatory bonded debt service.

(B) Includes Sinking Fund balance of \$554,000 related to Air Terminal 1st Series Bonds.

(C) Includes Sinking Fund balance of \$329,000 related to Marine Terminal 1st Series Bonds.

See Notes to Financial Statements

|   | <u>Principal<br/>Amount</u> | <u>Quoted<br/>Market<br/>Value</u> | <u>Amortized<br/>Cost</u> |
|---|-----------------------------|------------------------------------|---------------------------|
|   |                             | (In Thousands)                     |                           |
| Short-Term  |                             |                                    |                           |
| United States Treasury Bills  | \$126,600                   | \$123,618                          | \$123,234                 |
| United States Treasury Notes  | 20,000                      | 20,042                             | 19,990                    |
| Total Short-Term  | <u>146,600</u>              | <u>143,660</u>                     | <u>143,224</u>            |
| Long-Term   |                             |                                    |                           |
| Farmers Home Administration Insured Notes                           | 74,478                      | 75,130                             | 74,363                    |
| Government National Mortgage Association Participation Certificates | 28,700                      | 26,620                             | 28,415                    |
| United States Treasury Notes  | 24,625                      | 24,442                             | 24,635                    |
| Export-Import Bank Participation Certificates                       | 5,865                       | 5,691                              | 5,872                     |
| Security Valuation Allowance at December 31                         | —                           | —                                  | (1,402)                   |
| Total Long-Term United States Securities                            | <u>133,668</u>              | <u>\$131,883</u>                   | <u>131,883</u>            |
| Bonds of The Port Authority of New York and New Jersey              | 31,109                      |                                    | 30,448                    |
| Total Long-Term   | <u>\$164,777</u>            |                                    | <u>162,331</u>            |
| Accrued Interest Receivable   |                             |                                    | 6,827                     |
| Total Investment in Securities                                      |                             |                                    | <u>\$312,382</u>          |

See Notes to Financial Statements

|                                    |                       | January 1,<br>1975 | Issued<br>(In Thousands) | Retired         | December 31,<br>1975 |
|------------------------------------|-----------------------|--------------------|--------------------------|-----------------|----------------------|
| <b>General and Refunding Bonds</b> |                       |                    |                          |                 |                      |
| Ninth Series                       | 1½ % due 1985         | \$ 4,000           | \$ —                     | \$ 374          | \$ 3,626             |
| Tenth Series                       | 1¾ % due 1985         | 2,014              | —                        | —               | 2,014                |
| Eleventh Series                    | 1¼ % due 1986         | 6,644              | —                        | 567             | 6,077                |
|                                    |                       | <u>12,658</u>      | <u>—</u>                 | <u>941</u>      | <u>11,717</u>        |
| <b>Air Terminal Bonds</b>          |                       |                    |                          |                 |                      |
| First Series                       | 3% due 1978           | 6,770              | —                        | 2,178           | 4,592                |
| Second Series                      | 2½ % due 1979         | 7,239              | —                        | 1,743           | 5,496                |
| Third Series                       | 2.20% due 1980        | 3,194              | —                        | 611             | 2,583                |
|                                    |                       | <u>17,203</u>      | <u>—</u>                 | <u>4,532</u>    | <u>12,671</u>        |
| <b>Marine Terminal Bonds</b>       |                       |                    |                          |                 |                      |
| First Series                       | 2½ % due 1978         | 1,322              | —                        | 261             | 1,061                |
| Second Series                      | 2.20% due 1980        | 737                | —                        | 141             | 596                  |
|                                    |                       | <u>2,059</u>       | <u>—</u>                 | <u>402</u>      | <u>1,657</u>         |
| <b>Consolidated Bonds</b>          |                       |                    |                          |                 |                      |
| First Series                       | 3% due 1982           | 12,649             | —                        | 1,460           | 11,189               |
| Second Series                      | 2¾ % due 1984         | 14,140             | —                        | 840             | 13,300               |
| Fourth Series                      | 2¾ % due 1985         | 19,500             | —                        | 1,500           | 18,000               |
| Fifth Series                       | 2.90% due 1983        | 11,680             | —                        | 640             | 11,040               |
| Sixth Series                       | 3% due 1986           | 19,200             | —                        | 600             | 18,600               |
| Seventh Series                     | 3.40% due 1986        | 16,300             | —                        | 600             | 15,700               |
| Eighth Series                      | 3.40% due 1987        | 34,000             | —                        | 1,000           | 33,000               |
| Ninth Series                       | 3½ % due 1975         | 1,350              | —                        | 1,350           | —                    |
| Tenth Series                       | 3¾ % due 1987         | 23,100             | —                        | 900             | 22,200               |
| Eleventh Series                    | 3% due 1975-1978      | 8,000              | —                        | 2,000           | 6,000                |
| Twelfth Series                     | 3¾ % due 1988         | 28,700             | —                        | 1,400           | 27,300               |
| Thirteenth Series                  | Various due 1975-1978 | 5,000              | —                        | 1,250           | 3,750                |
| Fourteenth Series                  | 3½ % due 1989         | 40,865             | —                        | 2,365           | 38,500               |
| Fifteenth Series                   | Various due 1975-1979 | 8,750              | —                        | 1,750           | 7,000                |
| Sixteenth Series                   | 4¼ % due 1989         | 18,575             | —                        | 1,075           | 17,500               |
| Seventeenth Series                 | Various due 1975-1980 | 9,000              | —                        | 1,500           | 7,500                |
| Eighteenth Series                  | Various due 1975-1981 | 14,525             | —                        | 1,925           | 12,600               |
| Nineteenth Series                  | 3½ % due 1991         | 19,750             | —                        | 750             | 19,000               |
| Twentieth Series                   | 3¼ % due 1993         | 30,800             | —                        | 700             | 30,100               |
| Twenty-first Series                | 3.40% due 1993        | 22,000             | —                        | 500             | 21,500               |
| Twenty-second Series               | 3¾ % due 1993         | 22,000             | —                        | 500             | 21,500               |
| Twenty-third Series                | 3¾ % due 1994         | 22,500             | —                        | 500             | 22,000               |
| Twenty-fourth Series               | 3½ % due 1994         | 22,500             | —                        | 500             | 22,000               |
| Twenty-fifth Series                | Various due 1975-1984 | 15,000             | —                        | 1,500           | 13,500               |
| Twenty-sixth Series                | 3½ % due 1995         | 33,075             | —                        | 700             | 32,375               |
| Twenty-seventh Series              | 3¾ % due 1995         | 24,375             | —                        | 125             | 24,250               |
| Twenty-eighth Series               | 3¾ % due 1996         | 24,500             | —                        | 125             | 24,375               |
| Twenty-ninth Series                | 3½ % due 1996         | 24,500             | —                        | 125             | 24,375               |
| Thirtieth Series                   | 3¾ % due 1998         | 24,250             | —                        | 375             | 23,875               |
| Thirty-first Series                | 4% due 2002           | 99,000             | —                        | 500             | 98,500               |
| Thirty-second Series               | 5% due 2003           | 99,500             | —                        | 500             | 99,000               |
| Thirty-third Series                | 4¾ % due 2003         | 99,500             | —                        | 500             | 99,000               |
| Thirty-fourth Series               | 5½ % due 2003         | 100,000            | —                        | —               | 100,000              |
| Thirty-fifth Series                | 6¾ % due 2005         | 100,000            | —                        | —               | 100,000              |
| Thirty-sixth Series                | 6.40% due 2005        | 50,000             | —                        | —               | 50,000               |
| Thirty-seventh Series              | 6% due 2006           | 100,000            | —                        | —               | 100,000              |
| Thirty-eighth Series               | 5¾ % due 2006         | 100,000            | —                        | —               | 100,000              |
| Thirty-ninth Series                | 5.80% due 2007        | 150,000            | —                        | —               | 150,000              |
| Fortieth Series                    | 6% due 2008           | 100,000            | —                        | —               | 100,000              |
| Forty-first Series                 | 5½ % due 2008         | 100,000            | —                        | —               | 100,000              |
| <b>Consolidated Notes</b>          |                       |                    |                          |                 |                      |
| Series BB                          | 6¾ % due 1978         | —                  | 50,000                   | —               | 50,000               |
| Series CC                          | 6¾ % due 1978         | —                  | 50,000                   | —               | 50,000               |
|                                    |                       | <u>1,668,584</u>   | <u>100,000</u>           | <u>30,055</u>   | <u>1,738,529</u>     |
| <b>Total Bonded Debt</b>           |                       | <u>\$1,700,504</u> | <u>\$100,000</u>         | <u>\$35,930</u> | <u>\$1,764,574</u>   |

See Notes to Financial Statements

| Year  | Debt Service Total All Issues |                    |                    | Amortization          |                                   |                       |                             |
|-------|-------------------------------|--------------------|--------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------|
|       | Par Value \$1,764,574         |                    |                    | Consolidated<br>Bonds | General and<br>Refunding<br>Bonds | Air Terminal<br>Bonds | Marine<br>Terminal<br>Bonds |
|       | Total                         | Interest           | Amortization       |                       |                                   |                       |                             |
| 1976  | \$ 121,903                    | \$ 85,786          | \$ 36,117          | \$ 29,294             | \$ 1,033                          | \$ 4,955              | \$ 835                      |
| 1977  | 121,197                       | 84,723             | 36,474             | 30,244                | 1,194                             | 4,519                 | 517                         |
| 1978  | 219,196                       | 79,511             | 139,685            | 135,793               | 1,211                             | 2,530                 | 151                         |
| 1979  | 115,310                       | 75,317             | 39,993             | 37,944                | 1,228                             | 667                   | 154                         |
| 1980  | 115,603                       | 73,932             | 41,671             | 40,425                | 1,246                             | —                     | —                           |
| 1981  | 114,946                       | 72,475             | 42,471             | 41,207                | 1,264                             | —                     | —                           |
| 1982  | 113,921                       | 70,991             | 42,930             | 41,648                | 1,282                             | —                     | —                           |
| 1983  | 115,336                       | 69,398             | 45,938             | 44,638                | 1,300                             | —                     | —                           |
| 1984  | 117,353                       | 67,638             | 49,715             | 48,398                | 1,317                             | —                     | —                           |
| 1985  | 116,183                       | 65,736             | 50,447             | 49,805                | 642                               | —                     | —                           |
| 1986  | 118,398                       | 63,665             | 54,733             | 54,733                | —                                 | —                     | —                           |
| 1987  | 114,901                       | 61,428             | 53,473             | 53,473                | —                                 | —                     | —                           |
| 1988  | 109,306                       | 59,259             | 50,047             | 50,047                | —                                 | —                     | —                           |
| 1989  | 107,933                       | 57,041             | 50,892             | 50,892                | —                                 | —                     | —                           |
| 1990  | 107,384                       | 54,774             | 52,610             | 52,610                | —                                 | —                     | —                           |
| 1991  | 107,891                       | 52,301             | 55,590             | 55,590                | —                                 | —                     | —                           |
| 1992  | 107,189                       | 49,639             | 57,550             | 57,550                | —                                 | —                     | —                           |
| 1993  | 108,328                       | 46,778             | 61,550             | 61,550                | —                                 | —                     | —                           |
| 1994  | 103,901                       | 43,751             | 60,150             | 60,150                | —                                 | —                     | —                           |
| 1995  | 101,549                       | 40,649             | 60,900             | 60,900                | —                                 | —                     | —                           |
| 1996  | 97,405                        | 37,405             | 60,000             | 60,000                | —                                 | —                     | —                           |
| 1997  | 94,958                        | 34,208             | 60,750             | 60,750                | —                                 | —                     | —                           |
| 1998  | 93,325                        | 30,825             | 62,500             | 62,500                | —                                 | —                     | —                           |
| 1999  | 91,374                        | 27,374             | 64,000             | 64,000                | —                                 | —                     | —                           |
| 2000  | 87,817                        | 23,817             | 64,000             | 64,000                | —                                 | —                     | —                           |
| 2001  | 85,728                        | 20,228             | 65,500             | 65,500                | —                                 | —                     | —                           |
| 2002  | 83,939                        | 16,439             | 67,500             | 67,500                | —                                 | —                     | —                           |
| 2003  | 76,676                        | 12,676             | 64,000             | 64,000                | —                                 | —                     | —                           |
| 2004  | 58,372                        | 9,372              | 49,000             | 49,000                | —                                 | —                     | —                           |
| 2005  | 55,474                        | 6,474              | 49,000             | 49,000                | —                                 | —                     | —                           |
| 2006  | 42,097                        | 3,597              | 38,500             | 38,500                | —                                 | —                     | —                           |
| 2007  | 26,030                        | 1,530              | 24,500             | 24,500                | —                                 | —                     | —                           |
| 2008  | 14,464                        | 464                | 14,000             | 14,000                | —                                 | —                     | —                           |
| Total | <u>\$3,265,387</u>            | <u>\$1,499,201</u> | <u>\$1,766,186</u> | <u>\$1,740,141</u>    | <u>\$11,717</u>                   | <u>\$12,671</u>       | <u>\$1,657</u>              |

**NOTE:** Includes all mandatory payments (including sinking fund requirements and serial maturities) whether payable from revenues or other sources, upon the assumption that: (1)—the presently outstanding bonds will not be retired prior to maturity except in accordance with the mandatory retirement provisions of the resolutions establishing the series of which such bonds form a part; (2)—the amortization payment will be made each year on the latest permissible date on which such payment is required to be made; (3)—such payments will be in the amount scheduled to be made for such year including specified call premiums. Interest shown under "Debt Service Total All Issues" is computed on the same assumptions as amortization. The amortization amount shown above for the year 1978 includes \$50,000,000 for Consolidated Notes, Series BB, due 1978, and \$50,000,000 for Consolidated Notes, Series CC, due 1978, which the Port Authority intends to refund in whole or in part at or before the maturity date with the proceeds of an issue or issues of Port Authority obligations. The above amortization and interest amounts do not include either interest or annual installment payments on the bank loans. See Note C to Financial Statements for details concerning the payment of the bank loans. Amortization and interest applicable to General and Refunding, Air Terminal and Marine Terminal Bonds are secured by trusts as outlined in Note H to Financial Statements.

See Notes to Financial Statements

Schedule G **Selected Financial Data** (In accordance with Port Authority bond resolutions)

|  | 1975        | 1974*       | 1973*          | 1972*       | 1971*       |
|--|-------------|-------------|----------------|-------------|-------------|
|  |             |             | (In Thousands) |             |             |
| <b>REVENUES AND EXPENSES</b>                         |             |             |                |             |             |
| Gross Operating Revenues                             | \$ 458,406  | \$ 410,412  | \$ 373,497     | \$ 319,835  | \$ 279,935  |
| Operating Expenses                                   | 289,138     | 252,037     | 234,475        | 197,694     | 174,921     |
| Net Operating Revenues                               | 169,268     | 158,375     | 139,022        | 122,141     | 105,014     |
| Income on Investments                                | 20,965      | 21,228      | 16,806         | 15,429      | 15,215      |
| Gain on Purchase of Port Authority Bonds             | 8,283       | 4,880       | 6,809          | 4,354       | 5,129       |
| Security Valuation Adjustment                        | 2,453       | (3,061)     | (3,591)        | —           | 378         |
| Net Revenues Available for Debt Service and Reserves | 200,969     | 181,422     | 159,046        | 141,924     | 125,736     |
| <b>DEBT SERVICE—OPERATIONS</b>                       |             |             |                |             |             |
| Interest on Bonded Debt                              | (71,552)    | (65,562)    | (49,729)       | (38,856)    | (29,441)    |
| Times, Interest Earned                               | 2.81        | 2.77        | 3.20           | 3.65        | 4.27        |
| Serial Maturities and Sinking Fund Retirements       | (30,055)    | (28,703)    | (26,047)       | (24,502)    | (23,013)    |
| Times, Debt Service Earned                           | 1.98        | 1.92        | 2.10           | 2.24        | 2.40        |
| <b>DEBT SERVICE—RESERVES</b>                         |             |             |                |             |             |
| Debt Service on Bonds Secured by Trusts              | (6,572)     | (6,488)     | (6,874)        | (6,116)     | (1,540)     |
| Interest on Bank Loans                               | (8,464)     | (9,119)     | (6,775)        | (3,552)     | (700)       |
| Bank Loan Payments                                   | (55,000)    | (40,000)    | (35,000)       | (35,000)    | (35,000)    |
| Appropriation to Invested in Facilities—Reserves     | (15,000)    | (11,000)    | (8,000)        | (20,000)    | (22,000)    |
| Appropriation to Self-Insurance—Reserves             | (2,417)     | (2,257)     | (1,959)        | (1,467)     | (412)       |
| Net Increase in Reserves                             | 11,909      | 18,293      | 24,662         | 12,431      | 13,630      |
| <b>RESERVE BALANCES</b>                              |             |             |                |             |             |
| Beginning of Year                                    | 255,057     | 236,764     | 212,102        | 199,671     | 186,041     |
| End of Year  | \$ 266,966  | \$ 255,057  | \$ 236,764     | \$ 212,102  | \$ 199,671  |
| Represented By:                                      |             |             |                |             |             |
| General Reserve                                      | \$ 176,457  | \$ 173,487  | \$ 173,487     | \$ 156,681  | \$ 144,675  |
| Special Reserve (A)                                  | 12,767      | 13,898      | 16,047         | 17,551      | 18,658      |
| Air Terminal Reserve (A)                             | 13,576      | 18,660      | 22,664         | 27,489      | 32,312      |
| Marine Terminal Reserve (A)                          | 1,757       | 2,212       | 2,634          | 3,280       | 3,773       |
| Consolidated Bond Reserve                            | 62,409      | 46,800      | 21,932         | 7,101       | 253         |
| Total  | \$ 266,966  | \$ 255,057  | \$ 236,764     | \$ 212,102  | \$ 199,671  |
| <b>DEBT—AT YEAR-END</b>                              |             |             |                |             |             |
| General and Refunding Bonds                          | \$ 11,717   | \$ 12,658   | \$ 14,586      | \$ 15,852   | \$ 16,703   |
| Air Terminal Bonds                                   | 12,671      | 17,203      | 20,577         | 24,641      | 28,601      |
| Marine Terminal Bonds                                | 1,657       | 2,059       | 2,417          | 2,983       | 3,389       |
| Consolidated Bonds and Notes                         | 1,738,529   | 1,668,584   | 1,697,287      | 1,523,334   | 1,398,055   |
| Total Bonded Debt                                    | 1,764,574   | 1,700,504   | 1,734,867      | 1,566,810   | 1,446,748   |
| Bank Loans   | 200,000     | 255,000     | 295,000        | 230,000     | 265,000     |
| Total  | \$1,964,574 | \$1,955,504 | \$2,029,867    | \$1,796,810 | \$1,711,748 |
| <b>INVESTED IN FACILITIES—AT YEAR-END</b>            | \$3,581,037 | \$3,442,489 | \$3,268,381    | \$3,043,197 | \$2,756,829 |
| <b>DEBT RETIREMENT THROUGH REVENUES AND RESERVES</b> |             |             |                |             |             |
| Annual   | \$ 90,930   | \$ 74,363   | \$ 66,943      | \$ 64,938   | \$ 58,943   |
| Cumulative   | \$1,426,650 | \$1,335,720 | \$1,261,357    | \$1,194,414 | \$1,129,476 |

**NOTE:** These combined totals are presented for general information purposes only and are not intended to reflect specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

(A) Reserve Funds maintained in Trust since December 31, 1970. See Note H of Notes to Financial Statements.

\*Restated, See Note E

See Notes to Financial Statements

**The Port Authority of New York and New Jersey**  
**New York State Commuter Car Program**  
**Assets and Liabilities**

|   | December 31,<br>1975                                     |  | December 31,<br>1974 |                   |
|---|--|--|----------------------|-------------------|
|   | Related to Cars  |  | Combined<br>Total    | Combined<br>Total |
|   | Leased to<br>Metropolitan<br>Transportation<br>Authority | Leased to<br>Penn Central<br>Transportation<br>Company |                      |                   |
|   |  | (In Thousands)   |                      |                   |
| <b>Assets</b>   |  |  |                      |                   |
| Invested in Commuter Cars, at Cost  | \$63,000   | \$37,489   | <b>\$100,489</b>     | \$100,489         |
| Cash and Investment in U.S. Government Securities,<br>at Cost (which approximates market) | —  | 2,462  | <b>2,462</b>         | 1,932             |
| Other Assets  | <u>238</u>   | <u>382</u>   | <b>620</b>           | <u>953</u>        |
| Total Assets  | <u>63,238</u>  | <u>40,333</u>  | <b>103,571</b>       | <u>103,374</u>    |
| <b>Liabilities</b>  |  |  |                      |                   |
| State Guaranteed Commuter Car Bonds   | 55,135   | 28,460   | <b>83,595</b>        | 86,160            |
| Accounts Payable and Other Liabilities  | <u>238</u>   | <u>2,583</u>   | <b>2,821</b>         | <u>2,624</u>      |
| Total Liabilities   | <u>55,373</u>  | <u>31,043</u>  | <b>86,416</b>        | <u>88,784</u>     |
| <b>Net Assets</b>   | <u>\$ 7,865</u>  | <u>\$ 9,290</u>  | <b>\$ 17,155</b>     | <u>\$ 14,590</u>  |

**NOTE:** Pursuant to bistate legislation, the Port Authority is authorized and empowered, upon the election of either state, to purchase and lease railroad cars to commuter railroads of the electing state, and to borrow money for such purpose or for the repayment of advances from the electing state if such state has made itself liable for the repayment of the money so borrowed. By resolution dated April 12, 1962, the Port Authority established an issue of New York State Guaranteed Commuter Car Bonds. Such Car Bonds are secured by the net revenues of the Port Authority arising out of the lease of commuter railroad cars. Car Bonds are not secured by any other revenues, reserves or assets of the Port Authority, are not general obligations of the Port Authority and are not secured by the full faith and credit of the Port Authority. In the event that lease revenues are not sufficient to provide for scheduled payment of principal and interest, the punctual payment of such debt service is fully and unconditionally guaranteed by New York State. Title to the cars is to be relinquished by the Port Authority after retirement of all obligations issued in connection with such cars.

See Notes to Financial Statements

**THE PORT AUTHORITY OF NY & NJ**

1975 Annual Report

|   |                      |
|---|----------------------|
| <i>Editor:</i>  | Juanita Salicrup     |
| <i>Design:</i>  | Jerome Press         |
| <i>Illustrations:</i>   | Al Spencer           |
| <i>Production:</i>  | Joseph Cuciniello    |
| <i>Portraits:</i>   |                      |
| Governor Byrne  | Eric Wagner          |
| Commissioners Hellmuth<br>and Yanitelli,<br>Executive Director<br>Kuhbach | Fabian Bachrach      |
| Commissioner Kellogg  | Karsh, Ottawa        |
| Commissioners Axtell<br>and Nimetz  | Blackstone Shelburne |

Public Affairs Department  
The Port Authority  
of New York and New Jersey  
One World Trade Center  
New York, New York 10048

**THE PORT AUTHORITY OF NY & NJ**

JOHN J DICKERSON JR  
J.F.K. 06