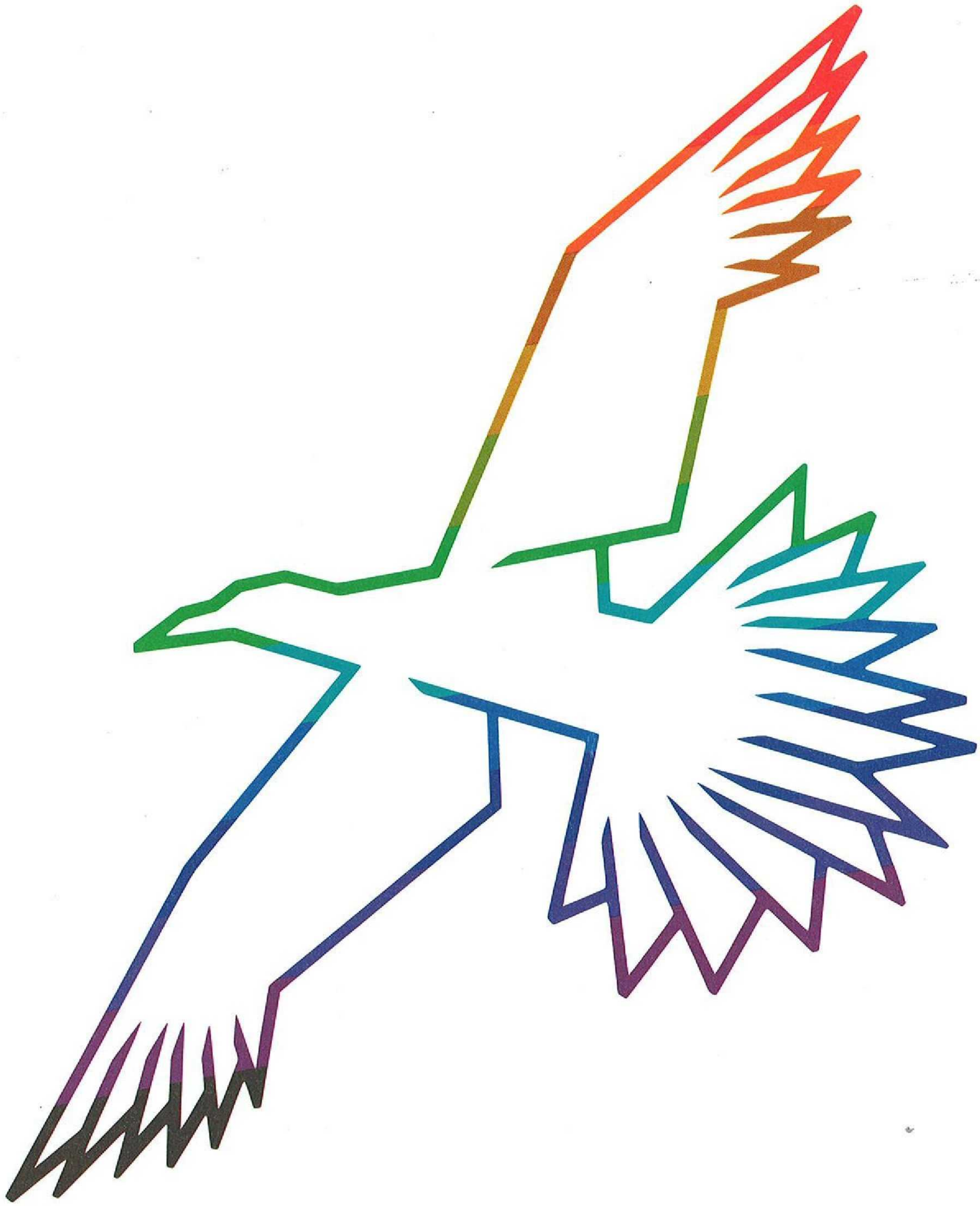


THE PORT AUTHORITY
OF NY & NJ

1979 Annual Report

The decorative device of a bird in flight,
with the symbolism of advancement
that flight implies, has been adopted
by the Port Authority of New York and New Jersey
for readier public identification of its facilities and services.

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

April 10, 1980

Your Excellencies:

In accordance with the Port Compact of 1921, we are pleased to submit to you and to the Legislatures of the States of New Jersey and New York the 1979 Annual Report of The Port Authority of New York and New Jersey.

Respectfully yours,

Alan Sagner
Chairman

Robert F. Wagner
Vice Chairman

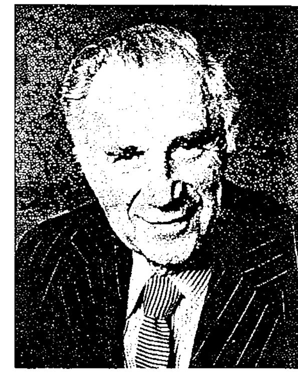
THE PORT AUTHORITY OF NY & NJ

Board of Commissioners

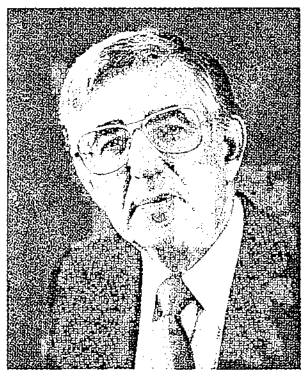
Alan Sagner, Chairman
Robert F. Wagner, Vice Chairman
Joseph F. Cullman 3rd
Jerry Fitzgerald English
Milton A. Gilbert
Lewis L. Glucksman
James G. Hellmuth
James C. Kellogg III
Frank R. Lautenberg
William J. Ronan
Howard Schulman
Victor R. Yanitelli, S.J.

Alan Sagner
Principal,
Alan Sagner Company

Robert F. Wagner
Attorney,
Finley Kumble Wagner
Heine & Underberg



Joseph F. Cullman 3rd
Chairman of the Executive Committee
Philip Morris Incorporated

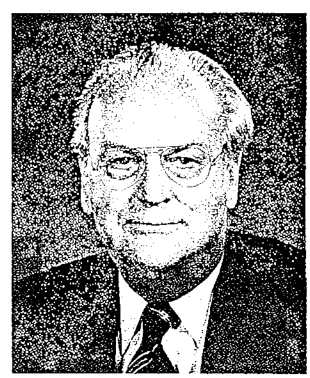


Milton A. Gilbert
Founder, former President and
Chairman, Flexi-Van Corporation

Lewis L. Glucksman
Chairman of the Operating Committee
Lehman Brothers Kuhn Loeb
Incorporated

James G. Hellmuth
Vice President,
Bankers Trust New York
Corporation

Frank R. Lautenberg
Chairman,
Automatic Data Processing, Inc.



Dr. William J. Ronan
Senior Advisor,
Rockefeller Family and Associates

Howard Schulman
Attorney,
Schulman & Abarbanel

Jerry Fitzgerald English
Commissioner, Department
of Environmental Protection,
State of New Jersey

James C. Kellogg III
Senior Partner,
Spear, Leeds & Kellogg

Rev. Victor R. Yanitelli, S.J.
Chancellor,
St. Peter's College

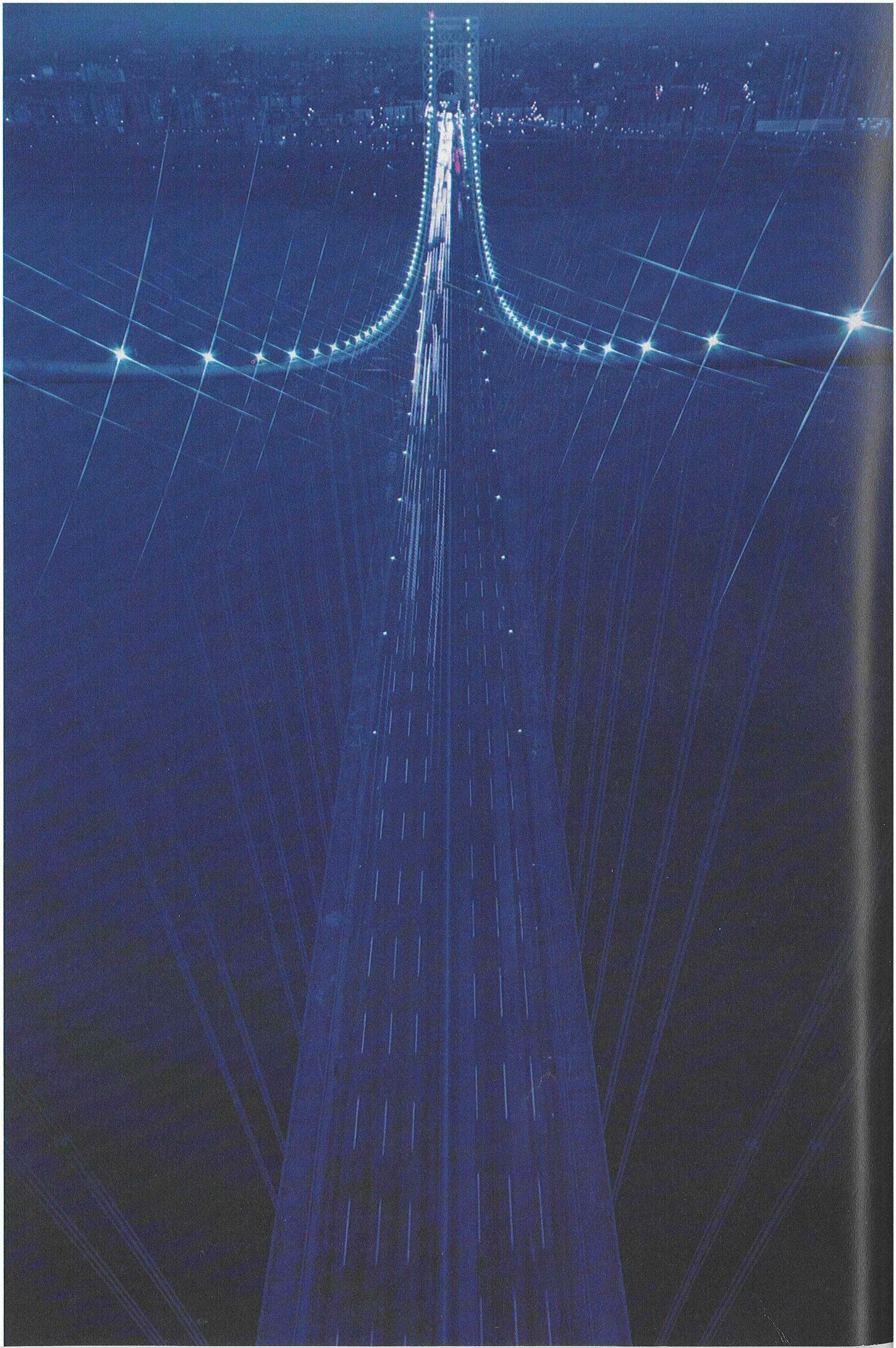
Officers and Department Directors

Peter C. Goldmark, Jr., Executive Director

Patrick J. Falvey, General Counsel
and Assistant Executive Director
Robert F. Bennett, Assistant Executive Director
Harvey Sherman, Assistant Executive Director
and Director of Administration

Sidney J. Frigand, Public Affairs
Francis A. Gorman, Rail Transportation
A. Gerdes Kuhbach, Senior Financial Advisor
Doris E. Landre, Secretary
Donald R. Lee, Audit
John B. McAvey, Comptroller
Albert F. Moncure, General Services
Neal R. Montanus, Industrial Development
Rino M. Monti, Chief Engineer
Edward S. Olcott, Planning & Development
Edward J. O'Malley, Personnel
Caesar B. Pattarini, Aviation
Dr. Bernard J. Schuman, Medical
Victor T. Strom, Management Services
Anthony J. Tozzoli, Port
Guy F. Tozzoli, World Trade
Joseph L. Vanacore, Tunnels, Bridges & Terminals
Carl M. Wahlberg, Finance
Marshal L. Wilcox, Jr., Treasurer

Peter C. Goldmark, Jr.
Executive Director



The George Washington Bridge, the most heavily trafficked bridge in the world, towers 600 feet above the Hudson River.

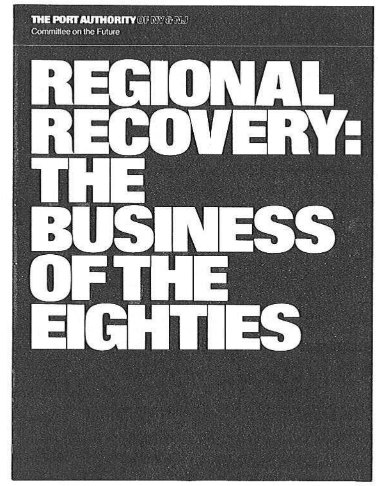
The Port Authority and the Region

The 17-county New York-New Jersey Metropolitan Region.

The Port Authority of New York and New Jersey continued to "think region" in 1979, upgrading its transportation services and trade facilities and marshaling its resources to contribute on the broadest front to advance the New York-New Jersey Metropolitan Region.

Planning the Future

Guided by the final report of its Committee on the Future, the Port Authority convened the first Congress for Regional Recovery, intended as a continuing partnership of government, civic, business and labor leaders to strengthen the region's economic base. The congress generated recommendations on marketing and investing in the region, rehabilitating its infrastructure, maintaining its competitive edge in aviation, moving its goods, improving public transportation, redeveloping its waterfront and providing its energy.



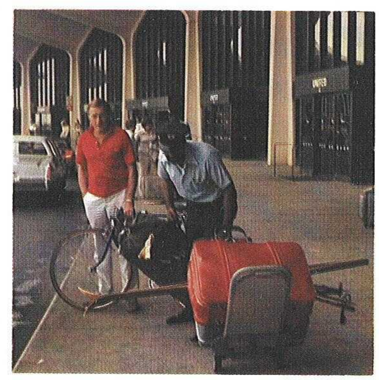
Cover of the Committee on the Future's report to the region.

Organizing Regional Campaigns

The Port Authority dedicated National Port Week to an alert to the region that the prohibition by the federal government of ocean dumping of dredged materials could effectively cripple the national port industry and endanger regional recovery. By year-end, public and private forces had organized to seek to amend the laws if the necessary permission under existing law were not given.

One of the standard bearers in the long battle against noisy aircraft, the Port Authority supported the campaign to keep the hard-won Federal Aviation Administration decision to enforce its "quiet fleet rule" from being weakened by new congressional legislation.

The region's air transportation industry reached an all-time high in passenger traffic for the third successive year. With airport ground access becoming a critical restraint on the industry's growth, the Port Authority launched a joint program with metropolitan and regional transportation agencies to accommodate future traffic.



To improve ground transportation service to the airports, the Port Authority continued to support group taxi riding and Airlink, the minibus service between downtown Newark and Newark International.

The Port Authority increased its planning and consultative activities in joint undertakings with the states and other regional agencies:

☐ The Port Authority and the two states are considering the creation of a regional freight planning organization, to plan and develop a coordinated regional freight system, integrating all transportation modes.

☐ At the request of the Harlem Urban Development Corporation, the Port Authority agreed to lend technical help on planning, developing, building and renting the Harlem International Trade Center, a complex intended to build a bridge between the United States and emerging

Night and day, containerships load and unload the world's commodities at "America's Container Capital."

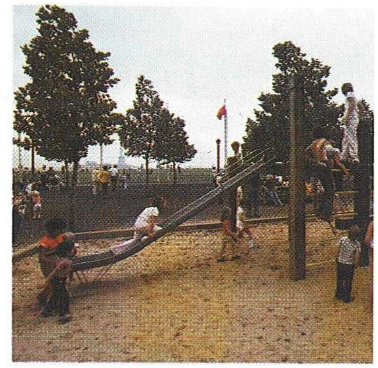
Third World nations. The federal government has provided $30 million for the project.

□ The Port Authority embarked on a campaign to help municipalities revitalize the New York-New Jersey waterfront, a major regional asset. A federal grant was obtained to develop sites identified as appropriate for commercial, recreational and residential purposes.

□ At the request of the New Jersey Department of Transportation, the Port Authority is assisting in the technical development of the state's $600 million public transportation improvement plan known as TRANSPAC.

□ In cooperation with the responsible city agencies, the Port Authority undertook to help enforce taxi regulations at the airports, particularly at Kennedy International, to eliminate abuses.

The Port Authority began publishing *Re:port,* a new newsletter under a revived title, as a source of information on regional issues for the region's leadership.



An example of waterfront rehabilitation: Liberty State Park in Jersey City.

Promoting Trade, Tourism, Investment

The Port Authority organized and led a business group from New York and New Jersey on the first regional trade mission to China. Conducted under the auspices of the World Trade Centers Association, the mission sought to open the new China market to regional products and services and to promote China's use of the New York-New Jersey port. The Port Authority was also an organizing participant in Governor Brendan Byrne's European tour to generate foreign investment here. Participation in major domestic and overseas travel industry trade shows was expanded. The Port Authority conducted its own series of seminars for travel agents in Europe and joined in the major tourism promotions of New York and New Jersey.

Chairman Alan Sagner presents a ceramic gift to Minister of Foreign Trade Li Qiang in Peking on the occasion of the first regional mission to China.

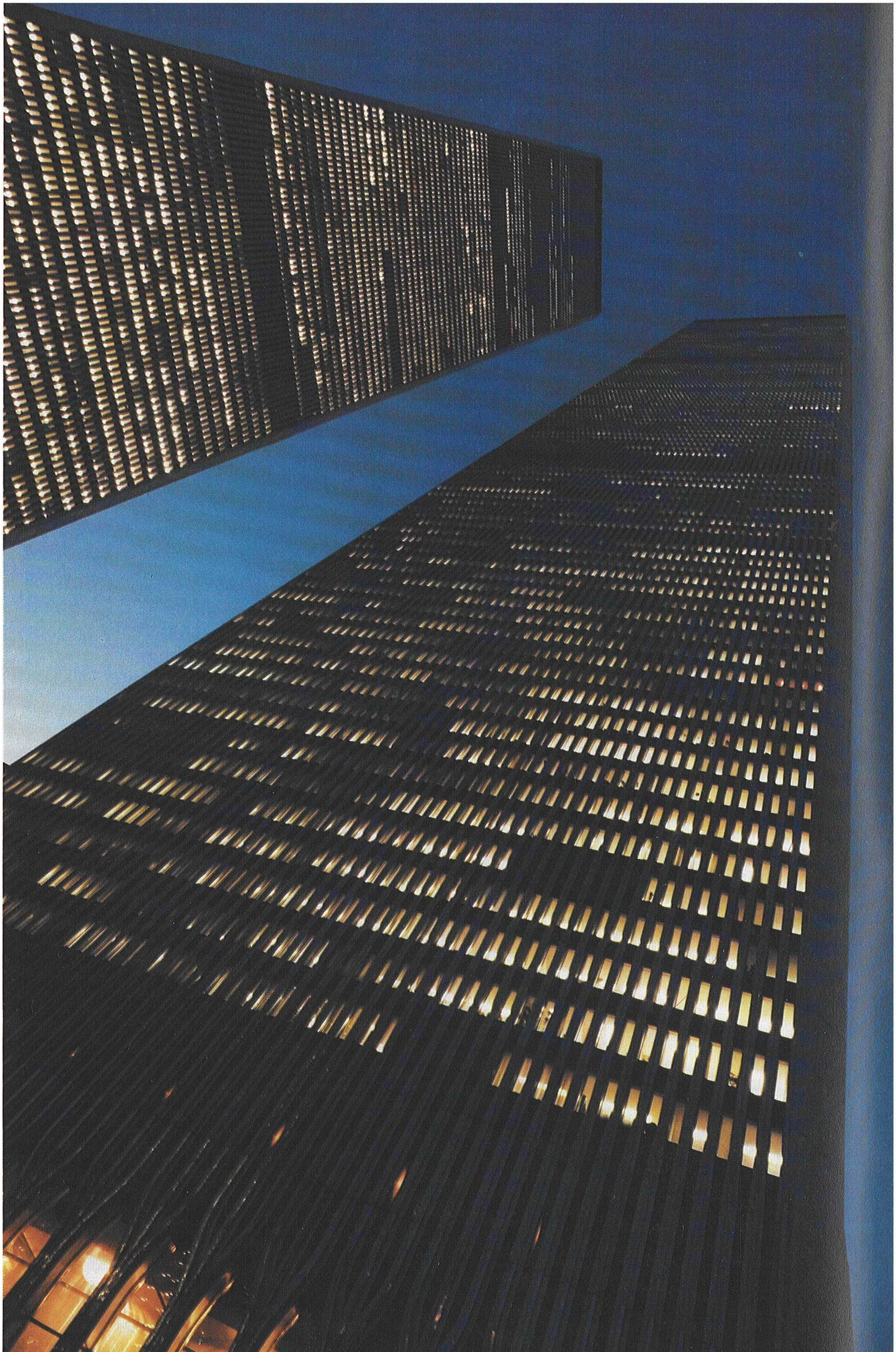
The Harbor Festival of 1979, for which the Port Authority assumed the host responsibility, contributed to the growing tradition that the New York-New Jersey Metropolitan Region is the national center for the celebration, by tourist and resident alike, of the Independence Day weekend.

Expansion to the floor below was authorized for "Windows on the World," the business club by day and public restaurant by night and over the weekend, on top of One World Trade Center.

Visitors to the Observation Deck on top of Two World Trade Center reached an all-time annual high of 1.4 million, and a total of 5.2 million since the deck opened in December 1975.

"Vista International New York," the hotel private industry is financing and constructing as the sixth building of the World Trade Center complex, was topped out in 1979, with completion and occupancy planned for 1980.

The final beam, signed by thousands in preparation for the top-off ceremony, just before hoisting to the top of the World Trade Center's new hotel.



The twin towers of the World Trade Center, skyline pioneer of a new worldwide approach to international trade.

The potential traffic identified in a Port Authority marketing survey convinced a Danish firm to build a new cruise ship with auto transport capacity, to begin operating from the New York City Passenger Ship Terminal to the Bahamas by 1982.

Under a Port Authority proposal, accepted by New York State in 1978, the state now subsidizes drayage charges on import-export container traffic moving between the rail ramps of New Jersey and the wharves of Staten Island and Brooklyn, thereby equalizing drayage charges throughout the port and improving its competitive position.

The city and state of New York and the Port Authority signed the final agreement in December for the construction and operation of the $20 million Red Hook container terminal, a step in the revitalization of the Brooklyn waterfront, and announced at the same time the award of the first major construction contract.

The World Trade Information Center, for ten years a source of trade data for business and government enterprises, received a grant from the U.S. Department of Commerce to help manufacturers in the region start or expand their export business. Under the acronym REAP, the new regional export assistance program will be useful in defining the need for and methods of developing a regional export development corporation.

Chinese and Japanese narrations were added to prints of the film, "On Line for Service... The Modern Port," bringing the total to 130 prints in five languages. The Chinese version accompanied the mission to China. The film was produced by the Port Authority to promote, in free showings around the world, the speed and protection that cargo and its documents receive in the Port of New York and New Jersey. Another Port Authority film, designed to promote regional tourism to air travelers, was shown on television and in theaters to audiences estimated at two million.

The Port Authority's trade development offices in the United States and abroad continued to solicit trade and promote regional tourism, industrial development and foreign investment.

To promote and protect the region's competitive position, the Port Authority continued to monitor and intervene in relevant rate and route cases before the Federal Maritime and Interstate Commerce commissions and the Civil Aeronautics Board.

Improving Mass Transportation

Under its program to provide $120 million in buses and bus-related facilities in each state, enacted in 1979 by the legislatures of New York and New Jersey, the Port Authority contracted to purchase 175 buses to lease to the New

Cruise ships at the New York City Passenger Ship Terminal, the region's modern center for cruise travel.

Unloading export containers for drayage to the wharves.

Buses from all over the continent come and go at the busiest mass transportation terminal in the world.

York City Transit Authority. Other projects in the program and appropriate agreements to effect them were being developed with the New York City Transit Authority, the New Jersey Transit Corporation and Westchester and Nassau counties.

Federal acceptance of the Port Authority bus program as the local share of federal mass transportation funding programs is expected to generate from the federal government an additional $480 million for each state for other mass transportation facilities, bringing the total, together with the Port Authority's own bus and bus terminal programs, to well over a billion dollars in mass transportation facilities in the two states.

The provision of $120 million in bus and bus-related facilities in each state plus the $160 million allocated to expand and modernize the midtown bus terminal fulfills the commitment of the Port Authority, made when tolls were increased at Port Authority bridges and tunnels in 1975, to provide an additional $400 million for capital facilities for mass transportation. All proceedings concerning the tolls increase were formally ended when the Federal Highway Administrator accepted the Port Authority's January 1979 study on bridge toll rate structure.

The major contracts for the modernization and extension of the midtown bus terminal were awarded by the fall of 1979. The Port Authority is in the process of rebuilding the terminal for the greater convenience of 200,000 patrons a day. Patron services and bus operations have been maintained in the middle of massive construction, and improvements were made in public security, terminal maintenance and information services. The Port Authority is also participating in the 42nd Street redevelopment program and in other civic programs to upgrade the neighborhood.

Building Industrial Parks

The Port Authority's industrial park master plan was adopted in July 1979 after consultations with over 300 elected officials, community groups and public and private organizations.

The plan identifies six sites in urban areas, on any of which the Port Authority, with municipal agreement, could proceed to build, market and manage an industrial park as a means of strengthening the region's manufacturing sector and creating new jobs. Agreement with the relevant municipalities and public bodies was being sought by year-end.

The plan envisions the development of environmentally sound resource recovery systems and burning solid wastes to supply attractively priced power to industrial park tenants. In a region running out of landfill area, the study of recycling and resource recovery is an environ-

The bus model the Port Authority contracted to purchase for lease to the New York City Transit Authority.

Passengers about to board their buses on the new suburban level of the Port Authority's midtown bus terminal.

Six sites in the New York-New Jersey Metropolitan Region identified as suitable for development of industrial parks.

mental consideration important enough to have earned funding from the U.S. Environmental Protection Agency. Additional federal funding is being sought under existing economic development aid programs.

Congressional consent to the 1978 bistate legislation authorizing the Port Authority to proceed to develop an industrial park program was confirmed at the end of 1979.

Organizing for the 1980's

New Offices

The Port Authority reorganized some departments and consolidated functions to meet the demands of the coming decade.

Activities involving the promotion and physical development of the port itself were united in a new Port Department, to establish a unified approach to the operation of marine terminals, domestic development of waterborne trade, and port policy on such concerns as navigational channels and trade research.

Direction of the Port Authority's tunnels, bridges and terminals was consolidated to achieve the most efficient routing and handling of trans-Hudson vehicular traffic.

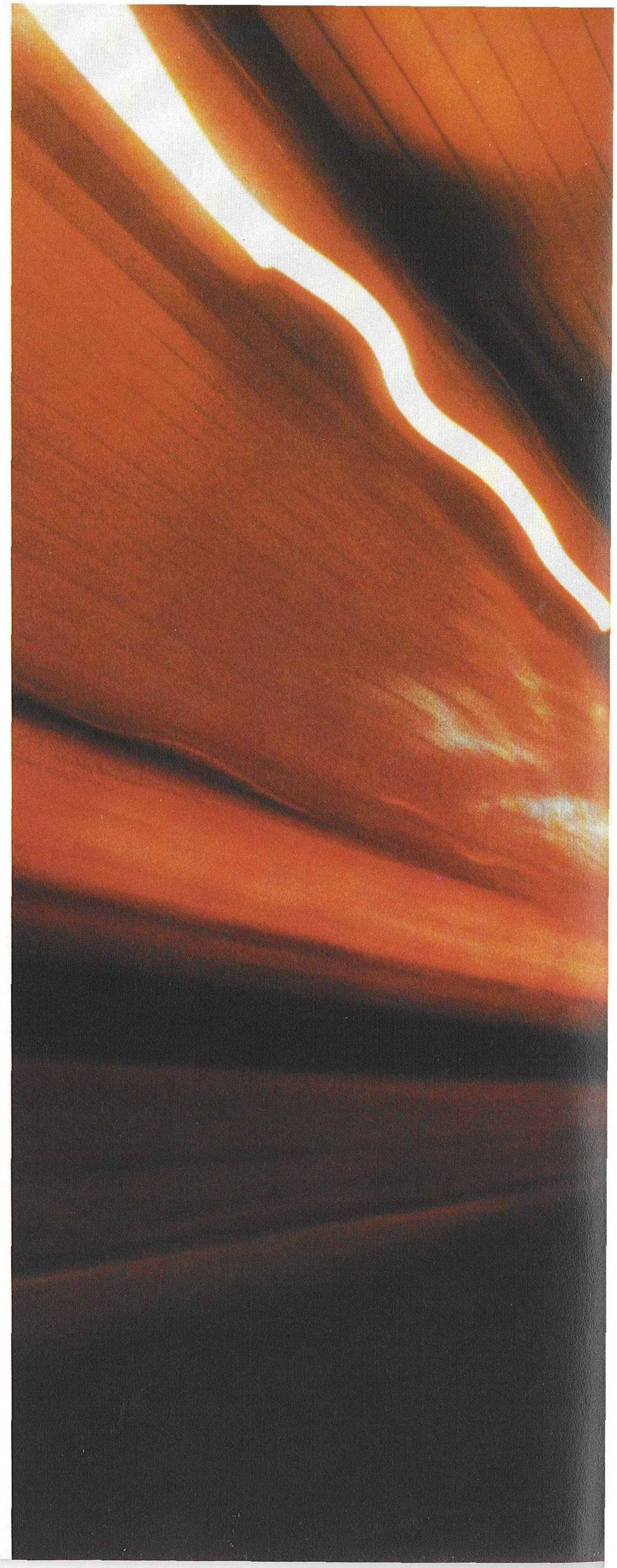
The Port Authority's audit unit, formerly a part of the Comptroller's Department, was elevated to departmental status, consistent with the practice of many large corporate and public enterprises.

To meet regional concerns identified at the Congress for Regional Recovery, the Port Authority created its own offices of Energy, Infrastructure Renewal, Strategic Planning and Waterfront Redevelopment.

Saving Energy

The Port Authority continued to reduce its consumption and costs of energy through a variety of conservational and technological avenues. Since the oil embargo of 1973 the Port Authority has reduced its overall annual energy consumption by 38 percent.

Innovative energy control systems, such as computerized air conditioning, are to be installed. The new shuttle terminal at LaGuardia Airport, for example, has been designed to expend half the energy of a conventionally built terminal. Mercury vapor lighting at the three airports is being replaced with the new energy-saving high-pressure sodium lamps. The annual total gasoline consumed by Port Authority vehicles was reduced in 1979 alone by 7.5 percent. Experiments were in progress, such as solar installations and ventures with



The Holland Tunnel, the world's first underwater vehicular tunnel.

Aircraft connecting the cities of the world fly around the clock from the region's airports.

other agencies, one of which will be to acquire and test electric vehicles as possible savers of fuel and energy.

Leases and Agreements

Foreign banks, steamship lines, engineering firms, financial organizations and others engaged in world trade signed leases in 1979 for 1.75 million square feet of office space in the World Trade Center, bringing the total rented close to 98 percent. Also, at year-end 12 banks, 12 airline ticket counters, nine restaurants and 46 other retail stores occupied or had signed leases for approximately 275,000 square feet.

Agreement was reached with nine major airlines at Kennedy International Airport to renew their leases for a period of 25 years beginning January 1979. Applicable benefits and conditions of the leases are to be extended to the other carriers.

Pan American, Delta and Northwest airlines reached agreement with the Port Authority on the conditions under which they will finish the interior of Terminal C at Newark International Airport, with occupancy planned by 1985. Completion of the terminal was deferred at the start of the 1974 recession.

The first major carrier lease for space in the modernized and extended midtown bus terminal was signed for a ten-year term with the nation's largest bus operator.

The Port Authority began developing and marketing its newly established foreign trade zone at the Port Newark and Elizabeth marine terminals. Negotiations were in progress with prospective tenants as well as with potential operators to manage the zone on the Port Authority's behalf.

The Port Authority began building a temperature-controlled warehouse to lease to a major carrier importing Australian and New Zealand frozen meat. The warehouse, with a capacity to handle two million pounds of frozen meat a day, is to be completed by late 1980.

Three bulk terminals started operating in 1979 under Port Authority marine terminal leases:

☐ A plant for solar drying and distributing industrial salt.

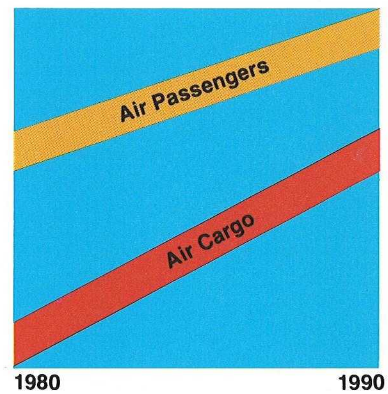
☐ A storage and distribution center for soda ash, to supply the glass industry of the entire northeast.

☐ A liquid bulk terminal to handle animal and vegetable oil products.

Building for the 1980's

Modifications and maintenance projects to improve Port Authority facilities and services were progressed by the hundreds through 1979, including some major

The prototype electric car under test for energy savings.



Aviation Forecast for the Coming Decade 1980-1990.

Air Passengers
From 55 to 72 million

Air Cargo
From 1.7 to 3 million tons

Stacking and storing imports in the Port Authority's new foreign trade zone #49 at the Port Newark-Elizabeth marine terminals.

A PATH train emerges from one of four historic under-river tunnels, begun over 100 years ago, and speeds into its modern terminal in the World Trade Center.

construction projects inaugurated or advanced by tenants:

☐ At LaGuardia Airport steel was in place for Eastern Airlines' new shuttle terminal. New taxiways were designed. Plans were announced for a new passenger terminal for Delta Air Lines. The federal government began construction of a new airport mail facility.

☐ Construction flourished at Kennedy International Airport. There the shell of the new airport mail facility, a 600,000-square-foot $40-million complex to be the largest of its kind in the nation, was completed. Major carriers expanded their cargo terminals at the Air Cargo Center. Plans progressed for Eastern Airlines' new hangar for wide-bodied aircraft. The first steps of a plan to relieve the traffic congestion on the roadways of the central terminal area were taken when three airlines constructed new frontages for their unit terminals.

☐ The long-term reduced rate parking lot at Newark International Airport was in the process of expansion by 2,500 spaces.

☐ Work continued on the joint project of the Port Authority, State of New Jersey and New Jersey Turnpike Authority to link the turnpike with Newark International Airport and the Port Newark-Elizabeth marine terminals. The Port Authority confirmed plans for an unspecified similar project to be developed in New York State.

☐ At the Journal Square Transportation Center, PATH continued the construction of the John F. Hoban Operations Control Center, named in memory of the railroad's late vice-president and general manager.

☐ A new computerized automobile parking system, installed at the Journal Square Transportation Center, proved more economic and efficient than a manned installation at keeping time, receiving payment, making change and eliminating queuing problems.

☐ Under a safety improvement program initiated in 1979 at an estimated cost of $20 million, PATH improved tunnel lighting and the generation of emergency power, undertook engineering studies to improve ventilation, and field-tested a standby diesel locomotive.

☐ Construction of the extension and modernization of the midtown bus terminal, delayed by strikes in 1978, was on time on a revised schedule through 1979. The new suburban bus level opened in the fall and the upper bus level of the extension had progressed far enough to be used to expedite buses during the evening rush hour.

☐ A safety traffic barrier was built along the main span of the Outerbridge Crossing. The deck of the Bayonne Bridge was rehabilitated. Construction of additional and improved advisory devices at the bridges and tunnels, such as variable message signs and overhead traffic signals, were completed as planned.

At work on the modernization of the Port Authority's midtown bus terminal.

PATH's overall on-time performance for 1979 was 96.6 percent, one of the highest on-time records among the nation's rail transit systems. Ridership rose 6 percent to a new annual record.

Port Authority Terminals and Transportation Facilities

December 31, 1979

Kennedy International Airport

LaGuardia Airport

Newark International Airport

Teterboro Airport

Downtown Heliport

West 30th Street Heliport

PATH: Journal Square Transportation Center

Brooklyn Marine Terminal

Columbia Street Marine Terminal

Elizabeth Marine Terminal

Erie Basin Marine Terminal

Hoboken Marine Terminal

New York City Passenger Ship Terminal

Port Newark

Bayonne Bridge

Bus Terminal

George Washington Bridge and Bus Station

Goethals Bridge

Holland Tunnel

Lincoln Tunnel

Outerbridge Crossing

New York Union Motor Truck Terminal

Newark Union Motor Truck Terminal

The World Trade Center

Terminals	1979	1978
All Bus Facilities		
Passengers	**73,500,000**	73,000,000
Bus Movements	**3,158,000**	3,161,000
Total Employment	**4,650**	4,550
Port Authority Bus Terminal		
Passengers	**56,000,000**	55,000,000
Bus Movements	**1,925,000**	1,900,000
Total Employment	**3,900**	3,850
George Washington Bridge Bus Station		
Passengers	**8,000,000**	8,000,000
Bus Movements	**339,000**	338,000
Total Employment	**400**	350
PATH Journal Square Transportation Center Bus Station		
Passengers	**9,500,000**	10,000,000
Bus Movements	**894,000**	923,000
Total Employment	**350**	350
Cumulative PA Investment in Bus Terminal and Truck Terminals		
(In Thousands)	**$171,000**	$141,600

Marine Terminals	1979	1978
All Terminals		
Ship Arrivals	**3,236**	3,292
General Cargo (Long Tons)	**11,723,925**	11,379,993
Total Employment	**8,464**	9,016
New Jersey Marine Terminals		
Ship Arrivals	**2,307**	2,106
General Cargo (Long Tons)	**10,450,864**	9,971,375
Total Employment	**5,948**	6,375
New York Marine Terminals		
Ship Arrivals	**929**	1,186
General Cargo (Long Tons)	**1,273,061**	1,408,618
Total Employment	**2,516**	2,641
Cumulative PA Investment in Marine Terminals		
(In Thousands)	**$544,500**	$539,100

PATH

	1979	1978
Total Passengers	**44,273,000**	41,750,000
Passenger Weekday Average	**158,000**	149,000
Cumulative PA Investment in PATH (In Thousands)	**$272,400**	$267,000

Air Terminals

	1979	1978
Totals at the Three Major Airports		
Plane Movements	**849,000**	864,000
Passenger Traffic	**54,665,000**	50,417,000
Cargo–Tons	**1,371,400**	1,384,000
Revenue Mail–Tons	**224,300**	218,900
Total Employment	**56,922**	54,808
Kennedy International Airport		
Plane Movements	**314,100**	323,900
Passenger Traffic (Total)	**26,977,000**	24,846,000
Domestic	**13,639,000**	12,318,000
Overseas	**13,338,000**	12,528,000
Cargo–Tons	**1,209,500**	1,210,000
Total Employment	**42,837**	40,605
LaGuardia Airport		
Plane Movements	**335,800**	347,400
Passenger Traffic	**18,391,000**	17,097,000
Cargo–Tons	**43,500**	50,800
Total Employment	**8,277**	8,739
Newark International Airport		
Plane Movements	**199,100**	192,700
Passenger Traffic	**9,297,000**	8,474,000
Cargo–Tons	**118,400**	123,200
Total Employment	**5,808**	5,464
Cumulative PA Investment in Air Terminals (In Thousands)	**$1,375,600**	$1,353,200

Tunnels and Bridges

(Eastbound Traffic in Thousands)	1979	1978
All Crossings		
Automobiles	**73,968**	73,510
Buses	**1,570**	1,537
Trucks	**8,919**	8,600
Total Vehicles	**84,457**	83,647
George Washington Bridge		
Automobiles	**35,930**	35,645
Buses	**247**	240
Trucks	**3,847**	3,684
Total Vehicles	**40,024**	39,569
Lincoln Tunnel		
Automobiles	**13,913**	13,850
Buses	**1,202**	1,176
Trucks	**1,851**	1,770
Total Vehicles	**16,966**	16,796
Holland Tunnel		
Automobiles	**9,064**	9,201
Buses	**40**	42
Trucks	**1,662**	1,667
Total Vehicles	**10,766**	10,910
Staten Island Bridges		
Automobiles	**15,061**	14,814
Buses	**81**	79
Trucks	**1,559**	1,479
Total Vehicles	**16,701**	16,372
Cumulative PA Investment in Tunnels and Bridges (In Thousands)	**$625,600**	$610,100

Port Authority Finance

February 28, 1980

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

The Finance Section of the Annual Report which appears on pages 20 to 40 includes a summary of the Port Authority's basic policies and financial structure together with a general discussion of the principal financial activities which occurred during the year ended December 31, 1979. Also included are the Consolidated Statements of Income, Changes in Net Assets, Financial Position and Changes in Financial Position and the related notes all of which have been prepared by the Port Authority in accordance with generally accepted accounting principles.

Schedules A, B and C are prepared pursuant to Port Authority bond resolutions and legal requirements as described in Note A-7. The Port Authority conducts its operations in accordance with such resolutions and legal requirements. Where appropriate, statements and schedules reflect amounts, including provisions for claims made against the Port Authority, based on estimates and judgments which the Port Authority believes to be sound.

A firm of independent public accountants, retained by the Port Authority, conducts an examination in accordance with generally accepted auditing standards and meets with the Audit Committee of the Board of Commissioners. The report of the independent accountants on the Port Authority's Financial Statements appears on page 24 of the Annual Report.

Peter C. Goldmark — Executive Director

Carl M. Wahlberg — Director of Finance

Index to Finance Section

Highlights	1979	1978
Gross Operating Revenues	**$ 588,100,000**	$ 543,800,000
Net Operating Revenues	**196,500,000**	176,000,000
Net Revenues Available for Debt Service and Reserves	**247,900,000**	205,500,000
Debt Service Charged to Revenues and Reserves	**182,300,000**	160,400,000
Cumulative Invested in Facilities	**3,985,400,000**	3,883,000,000
Bonded Debt Outstanding, in accordance with Port Authority bond resolutions	**1,981,000,000**	1,955,200,000
Bank Loans Outstanding	**125,000,000**	165,000,000
General Reserve Fund	**210,600,000**	208,000,000
Consolidated Bond Reserve Fund	**183,800,000**	145,100,000
Reserve Funds in Trust	**8,300,000**	12,400,000

Basic Policies and Financial Structure

The Port Authority, a municipal corporate instrumentality of the States of New York and New Jersey, was created by compact between the two states in 1921 with the consent of the Congress of the United States to plan, develop and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development and world trade that contribute to promoting and protecting the commerce and economy of the Port District.

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

The governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senates. Each governor has from time to time exercised the statutory power to veto the actions of the commissioners from his state.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to effect it, and also appoint a General Counsel to act as legal advisor to the board and to the Executive Director.

The Executive Director is responsible for the management of the daily operations of the agency's 25 facilities through line and staff departments comprising 7,600 career personnel. He also guides proposals to the point of presentation to the Board of Commissioners, including the planning and developing of recommendations to the two states and the federal government to increase and expedite Port District commerce.

As a public corporation combining sound business and governmental principles and practices, the Port Authority endeavors to provide high quality public service and employs and develops personnel to that end.

Detailed policies and procedures are promulgated and communicated to all employees to guide the operation of each department. To assure compliance with the Port Authority's standards and to protect the assets of the Port Authority, a system of internal controls has been developed. This system is strengthened and supplemented by a staff of internal auditors which conducts examinations of the Port Authority's operations and reports on management's performance.

A budget incorporating limits on expenditures by each department is adopted annually and continuous planning is undertaken to prepare for future developments. The 1980 budget was prepared and approved by the Port Authority after stringent examination and determination of all proposed expenditures. It is designed to enable the Port Authority to continue in the most economical manner the construction and operation of its facilities to the maximum public benefit.

The Port Authority's financial affairs are administered by Carl M. Wahlberg, Director of Finance, John B. McAvey, Comptroller, Marshal L. Wilcox, Jr., Treasurer and A. Gerdes Kuhbach, Senior Financial Advisor.

The compact envisions the Port Authority as being financially self-sustaining; and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit, its reserve funds and its future revenues. The agency has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

Since its creation, investors have purchased over $4.8 billion in obligations, of which over $2.1 billion was outstanding on December 31, 1979.

To effect its programs, statutes which required the Port Authority to create the General Reserve Fund also established the principle of pooling revenues from older facilities, with established earning power, to aid in the development of new projects. The statutes also 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 secured by a pledge of such Fund.

Currently, the General Reserve Fund is pledged in support of all the Port Authority's outstanding bonds other than New York State Guaranteed Commuter Car Bonds and the Port Authority's bank loans.

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 a pledge, will not materially impair the Port Authority's sound credit standing, the investment status of its bonds or its ability to fulfill its commitments and undertakings.

It is the Port Authority's long-established policy to retire debt as rapidly as sound financial management permits and to maintain, at year-end, in its reserve funds, including reserve funds in trust, a combined amount 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 by use of the General Reserve Fund only to the extent that available reserve funds exceed the ensuing two years' mandatory bonded debt service.

A statutory covenant with holders of affected Port Authority obligations, which was enacted in 1962 by the legislatures of New York and New Jersey, permits deficit financing of passenger railroad facilities in addition to the basic PATH system only within specified financial limits. The covenant was adopted as part of the statutes authorizing Port Authority acquisition of the interstate Hudson and Manhattan Railroad. In 1973, the legislatures of New York and New Jersey enacted legislation to preclude application of this covenant provision to Port Authority obligations issued after May 10, 1973.

The issuance of Consolidated Bonds, Series Forty-two R, First Installment, due July 15, 2011, at a maximum interest rate not in excess of 6.50 percent, was authorized on February 14, 1980, for the purpose of refunding, on July 15, 1986, $100,000,000 in principal amount of Consolidated Bonds, Forty-second Series, First Installment, 8.20 percent, due July 15, 2011. There are no present plans to refund any other obligations of the Port Authority although there had been substantial consideration of this possibility in the past.

Financial Presentation

The Port Authority's consolidated financial statements are prepared in accordance with generally accepted accounting principles. They include a provision for depreciation on facilities in accordance with recommendations made by the accounting profession for state and local governmental units and adopted by the Port Authority in 1974. The statements also include information on Port Authority operations by operating segment. These financial statement presentations do not in any way change the net revenues or reserves or their applications as they are defined and governed by the Port Authority's bond resolutions and reflected in Schedules A, B and C. These resolutions provide that net operating revenues 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 or appropriations to Invested in Facilities.

The following information refers to Schedules A through F:

Combined Operations in Brief

The current year's gross operating revenues totaled $588,064,000, an increase of 8.1 percent over 1978. This growth represents the continuing development and utilization of the Port Authority's facilities. The additional bus and bus related mass transportation projects and the Port Authority Bus Terminal extension and modernization, made possible by the 1975 increase in tunnel and bridge tolls, are described on page 11.

This year's operating expenses amounted to $391,517,000. This represents a 10.0 percent increase over 1978, after excluding the non-recurring charges to operations described in Note K-2.

Financial income on securities held in the reserve and operating funds was $51,360,000 which resulted from investment income of $55,024,000, including a $10,067,000 gain on the purchase of Port Authority bonds, and a downward adjustment of $3,664,000 in the value of the government securities held in these funds.

Thus, net revenues available for debt service and reserves were $247,907,000.

Interest on the Port Authority's debt charged to operations and reserves totaled $93,926,000 and long-term bonded debt amortization amounted to $49,261,000, including $918,000 from government contributions. In addition, $40,000,000 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 $182,269,000.

Financial Position at Year-End

As of December 31, 1979, the total assets of the Port Authority, as represented by the cumulative amount invested in facilities and balances in construction, operating and reserve funds, were $4,813,829,000, an increase of 3.7 percent, or $170,934,000, over last year.

The amount invested in facilities rose by $102,401,000, including net interest during construction of $2,591,000 on bonded debt and bank loans, to a cumulative total of $3,985,354,000 at year-end 1979.

This increase is represented by additional investment in:

Land Transportation Facilities	$50,000,000
The World Trade Center	25,000,000
Air Terminals	22,000,000
Marine Terminals	5,000,000

Bonded debt increased during the year by $25,739,000 to a total of $1,980,970,000. During the year, net assets increased by 6.9 percent to a total of $2,505,330,000, about 63 percent of the amount invested in facilities.

Reserve Funds

At year-end 1979, the General Reserve Fund balance was $210,597,000 and continued to meet the prescribed statutory amount of 10 percent of outstanding bonded debt, in accordance with Port Authority bond resolutions, secured by a pledge of such Fund. Three bond issues in the aggregate principal amount of $125,000,000 issued by the Port Authority solely as additional security for the payment of three bank loans obtained in 1977 and held in trust for that purpose are included in determining such amount. On December 31, 1979, the Consolidated Bond Reserve Fund had a balance of $183,830,000, after application of $46,370,000 to meet interest and principal installments on bank loans, $25,000,000 to invested in facilities, $7,500,000 for the retirement of Consolidated Bonds in anticipation of future requirements, and $3,444,000 to self-insurance. Reserve fund balances in trust, described on pages 23 and 24, totaled $8,305,000.

The sum of these reserves was $402,732,000, which exceeded the next two years' mandatory bonded debt service.

Bond covenants require that the reserve funds be maintained in cash or invested in certain government securities. At year-end, $399,824,000 was invested in securities.

Financial Income

The Port Authority's long-term investment portfolio, which represents principally the investment of reserve funds, was invested primarily in securities of or guaranteed by the U.S. Government and Port Authority bonds. Earnings of $25,587,000 were recorded on an average portfolio of $209,165,000.

Short-term investments, primarily in government securities and bank time deposits, resulted in income of $51,589,000 on an average investment of $507,156,000.

Investment income attributed to the operating fund amounted to $14,404,000 (including $12,266,000 from investment in U.S. Government agency obligations, $1,887,000 from negotiable bankers' acceptances, $39,000 from negotiable certificates of deposit and $212,000 of miscellaneous income). Investment income of $40,620,000 was attributed to reserve funds and $22,364,000 was attributed to the capital fund, thereby reducing construction cost.

Financing

On March 28, 1979, $75,000,000 Consolidated Bonds, Forty-eighth Series, 6.75 percent, due April 1, 2014, was sold at a bid price of 98.55 to an investment group headed by Salomon Brothers and Associates.

During 1979, $49,261,000 par value of long-term bonds was retired. Long-term bonds with a par value of $41,761,000 were retired through mandatory sinking fund and maturity payments. Those, together with the following bonds with a par value of $7,500,000, which were retired in anticipation of future requirements, account for the total debt retired through revenues and reserves.

Series	Amount
Consolidated	
Twenty-first Series	$2,750,000
Twenty-third Series	1,625,000
Thirtieth Series	3,125,000
	$7,500,000

On December 20, 1979, the final annual installment payment of $40,000,000 was made on the 1973 bank loan as scheduled. The unpaid balance of the three bank loans still outstanding was $125,000,000 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 are further secured by a pledge of the monies in the Consolidated Bond Reserve Fund, as provided in the Consolidated Bond Resolution.

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. 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 reached a level sufficient to secure fully the payment of principal and interest to redemption on the outstanding bonds for which such Funds had been established. On December 31, 1970, the Port Authority placed amounts available from such funds in trust with First National City Bank (now Citibank, N.A.), as Trustee, 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 such outstanding bonds. 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.

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 available to meet debt service on the bank loans obtained by the Port Authority in 1977.

On December 31, 1979, outstanding Consolidated Bonds totaled $2,098,098,000. The Port Authority has issued $3,041,650,000 of Consolidated Bonds and Notes, exclusive of refundings.

Price Waterhouse & Co.

153 EAST 53RD STREET
NEW YORK, N.Y. 10022

February 28, 1980

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, 1979 and 1978, and the related consolidated statements of income, changes in net assets and changes in financial position for the years then ended. We also have examined the financial information included in Schedules A through F. 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.

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, 1979 and 1978, 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 consistently applied. Also, in our opinion, Schedules A, B and C present fairly the consolidated assets and liabilities of the Authority at December 31, 1979, and the consolidated revenues and reserves for the year then ended, in conformity with the accounting principles described in Note A-7, applied on a basis consistent with that of the preceding year. In our opinion, the supplementary information presented in Schedule D is stated fairly in all material respects in relation to Schedules A, B and C taken as a whole and the selected financial data for each of the five years in the period ended December 31, 1979 included in Schedule E which has been prepared from the applicable schedules covered by our opinions in each of those years, present fairly the financial information included therein. In our opinion, Schedule F presents fairly the assets and liabilities of the New York State Commuter Car Program at December 31, 1979, in conformity with the basis of accounting described thereon, which basis has been applied in a manner consistent with that of the preceding year.

Price Waterhouse & Co.

Consolidated Statement of Income

	Year Ended December 31, 1979	1978
	(In Thousands)	
Gross Operating Revenues	**$588,064**	$543,810
Operating Expenses:		
Employee compensation, including benefits	**211,390**	199,579
Materials, equipment, supplies and contract services	**83,856**	71,894
Heat, light and power	**41,002**	36,327
Rents (primarily related to airport leases) and amounts in-lieu-of-taxes	**32,568**	26,229
Other (Note K-2 and Note K-3)	**22,701**	33,765
Total Operating Expenses	**391,517**	367,794
Depreciation on Facilities (including $5,600,000 of undepreciated cost relating to property retired in 1979 (Note B))	**101,515**	95,701
Income from Operations	**95,032**	80,315
Financial Income and Expense:		
Income on Investments (Note A-4)	**42,671**	28,902
Gain on purchase of Port Authority bonds	**10,067**	9,321
Security valuation adjustment	**(3,664)**	(9,981)
Interest expense (Note A-4)	**(91,640)**	(92,124)
Net Income	**$ 52,466**	$ 16,433

Consolidated Statement of Changes in Net Assets

	Year Ended December 31, 1979	1978
	(In Thousands)	
Balance at January 1	**$1,258,072**	$1,218,231
Net Income	**52,466**	16,433
Government Contributions in Aid of Construction (Note G)	**7,643**	23,408
Balance at December 31	**$1,318,181**	$1,258,072

See Notes to Consolidated Financial Statements.

Consolidated Statement of Financial Position

	December 31, 1979	December 31, 1978
	(In Thousands)	
Assets		
Facilities, at Cost (Note B-1)	**$3,923,696**	$3,828,655
Less Accumulated Depreciation on Facilities	**1,125,491**	1,031,336
Facilities, Net	**2,798,205**	2,797,319
Investments (excluding $61,136,000 in 1979 and $56,794,000 in 1978 of Port Authority Bonds Purchased by the Port Authority (Notes A-4 and C))	**678,696**	619,372
Cash	**4,948**	8,679
Other Assets	**83,695**	75,097
Total Assets	**3,565,544**	3,500,467
Liabilities		
Bonded Debt (Notes A-4 and D)	**1,980,970**	1,955,231
Port Authority Bonds Purchased by the Port Authority	**(61,136)**	(56,794)
Bank Loans Payable (Note E-1)	**125,000**	165,000
Accounts Payable and Other Liabilities	**198,198**	174,541
Deferred Credits to Income	**4,331**	4,417
Total Liabilities	**2,247,363**	2,242,395
Net Assets	**$1,318,181**	$1,258,072
Net Assets are Composed of:		
Net Income Invested in Port Authority Facilities, Operations and Reserves	**$1,173,287**	$1,114,653
Government Contributions in Aid of Construction (Note G)	**144,894**	143,419
Net Assets	**$1,318,181**	$1,258,072

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Financial Position

	Year Ended December 31,	
	1979	1978
	(In Thousands)	
Funds Provided from:		
Net Income	**$ 52,466**	$ 16,433
Add–Income charges not affecting funds in the period:		
Depreciation on facilities	**101,515**	95,701
Amortization and charges relating to other assets	**7,965**	17,849
Funds provided by operations	**161,946**	129,983
Consolidated bonds	**75,000**	175,000
Government contributions in aid of:		
Current construction	**6,725**	8,739
Prior construction	**918**	14,669
Net increase in accounts payable and other liabilities	**23,657**	17,680
Other net changes in other assets and deferred credits	**—**	3,899
Total Funds Provided	**268,246**	349,970
Funds Applied to:		
Cost of facilities	**102,401**	90,177
Retirement of bonded debt (including $918,000 in 1979 and $14,669,000 in 1978 from Government contributions)	**49,261**	41,692
Repayment of bank loans	**40,000**	40,000
Net change related to Port Authority bonds purchased by the Port Authority	**4,342**	26,282
Other net changes in other assets and deferred credits	**16,649**	—
Total Funds Applied	**212,653**	198,151
Net Increase in Cash and Investments	**$ 55,593**	$151,819

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note A–Accounting Policies:

1. The Port Authority of New York and New Jersey, created in 1921 by compact between the two states, with the consent of Congress, has no stockholders or equity holders; cash derived from operations and 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. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of fares, fees, tolls, rents and other user charges (see Note H-1). The revenues and expenses of facilities are accounted for in the operating fund. The financial resources expended in the construction or acquisition of major facilities or improvements thereto are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds pledged as additional security for bondholders. (See Note F.)

2. The accounts of the Port Authority Trans-Hudson Corporation (PATH), 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 F.

3. Facilities are carried at cost and include the expenditure of Federal and State grants to acquire, construct, place in operation and improve the facilities of the Port Authority and include net interest expense related to capital projects until the completion of construction (see Note B-1 and Note G).

Expenditures for repairs and maintenance are charged to operating expenses as incurred. Planning costs relating to potential new facilities are generally deferred pending authorization of construction.

4. Investments in securities other than Port Authority bonds are stated at the lower of their respective aggregate amortized cost or market value. Port Authority bonds purchased by the Port Authority serve to reduce Bonded Debt and are not included in Investments. Interest expense and interest earnings relating to such Port Authority bonds purchased are not included in interest on bonded debt and income on investments. (See Note A-7.)

5. The Port Authority provides for uninsured potential losses through its self-insurance program by appropriations from the Consolidated Bond Reserve Fund to the operating fund and provides for losses by charging operating expenses as incurred.

6. 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 net assets, 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. (See Note A-7 and Note B-1.)

7. Schedules A, B and C have been prepared in accordance with generally accepted accounting principles, except that these schedules also take into account the requirements of law and Port Authority bond resolutions.

The Port Authority's bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities. Thus, depreciation is not a factor in determining the net revenues and the reserves of the Port Authority or their application as provided in the Port Authority's bond resolutions. Facility capital costs are provided for through deductions from net revenues and reserves of amounts equal to principal payments on debt or appropriations on Invested in Facilities. These deductions are credited at par to the accounts Debt Retired Through Income and Appropriated Reserves Invested in Facilities.

Port Authority bonds purchased by the Port Authority remain outstanding and are included in Investments and Bonded Debt until retirement. Interest expense and interest earnings relating to such Port Authority bonds purchased are included in interest on bonded debt and income on investments.

Furthermore, to reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the cost of assets removed from service is not deducted from Invested in Facilities.

Note B–Facilities:

1. Cost of facilities is composed of the following:

	December 31, 1979	December 31, 1978
	(In Thousands)	
Completed Construction:		
Airports	$1,313,966	$1,288,851
World Trade Center	974,852	964,847
Tunnels & Bridges	564,727	562,018
Marine Terminals	528,268	527,811
Rail Facilities	251,788	255,782
Bus & Truck Terminals	67,339	67,339
	3,700,940	3,666,648
Construction in Progress	222,756	162,007
	$3,923,696	$3,828,655

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

The undepreciated value of the cost of assets removed from service, primarily related to capital improvements, maintenance, and the retirement of obsolete property at various Port Authority facilities amounting to approximately $5,600,000 has been charged to depreciation expense in 1979; no such charge was made in 1978. (See Note A-6 and Note A-7.) Net interest expense added to cost of facilities was $2,591,000 and $6,852,000 for the years 1979 and 1978, respectively (see Note A-3).

2. Two new passenger terminals at Newark International Airport were opened in 1973. The superstructure of a third terminal was substantially completed in 1976 and is to be put into operation when additional terminal capacity is required. Construction of the interior finishes of a portion of the third terminal by the airlines is presently scheduled to begin in July, 1981. The Port Authority's net investment in this terminal amounted to $45,604,000 at December 31, 1979 and depreciation expense charged to income amounted to $1,517,300 in 1979 and $1,634,500 in 1978.

Note C–Investments:

	December 31, 1979			December 31, 1978
	Principal Amount	Quoted Market Value	Amortized Cost	Amortized Cost
		(In Thousands)		
Short-Term				
United States Treasury Bills	$265,565	$255,795	$255,481	$183,001
United States Treasury Notes	38,500	38,135	38,124	54,057
Bankers' Acceptances	49,000	48,113	48,095	—
Farmers Home Administration (Department of Agriculture) Insured Notes	17,996	17,461	17,995	—
Government National Mortgage Association (G.N.M.A.) Participation Certificates	—	—	—	2,156
Security Valuation Allowance	—	—	(191)	(1,623)
Total Short-Term	$371,061	$359,504	359,504	237,591
Long-Term				
Farmers Home Administration Insured Notes	$ 58,500	$ 51,772	58,422	76,398
United States Treasury Notes	106,465	103,139	105,722	48,933
G.N.M.A. Participation Certificates	2,000	1,730	2,000	13,545
Export-Import Bank Participation Certificates	—	—	—	868
Security Valuation Allowance	—	—	(9,503)	(8,395)
Total Long-Term	$166,965	$156,641	156,641	131,349
Time Deposits with Banks	$108,940		108,940	206,788
United States Treasury Notes and G.N.M.A. Participation Certificates held under agreement to repurchase	$ 45,069		40,705	30,866
Accrued Interest Receivable			12,906	12,778
Investments (not including Bonds of The Port Authority of New York and New Jersey)			678,696	619,372
Bonds of The Port Authority of New York and New Jersey	$ 61,136		61,136	56,794
Total Investments (including Bonds of The Port Authority of New York and New Jersey)			$739,832	$676,166

Note D–Bonded Debt:

1. The following table shows the amount of Port Authority bonds outstanding in accordance with Port Authority bond resolutions as of December 31, 1979 and December 31, 1978.

		December 31, 1978	Issued	Retired	December 31, 1979
			(In Thousands)		
General and Refunding Bonds					
Ninth Series	1½% due 1985	$ 2,471	$ —	$ 397	$ 2,074
Tenth Series	1¾% due 1985	1,475	—	235	1,240
Eleventh Series	1¼% due 1986	4,333	—	596	3,737
		8,279	—	1,228	7,051
Air Terminal Bonds					
Second Series	2½% due 1979	1,875	—	1,875	—
Third Series	2.20% due 1980	1,317	—	650	667
		3,192	—	2,525	667
Marine Terminal Bonds					
Second Series	2.20% due 1980	300	—	146	154
		300	—	146	154
Consolidated Bonds					
First Series	3% due 1982	6,605	—	1,597	5,008
Second Series	2¾% due 1984	10,300	—	1,480	8,820
Fourth Series	2¾% due 1985	13,400	—	1,700	11,700
Fifth Series	2.90% due 1983	8,700	—	1,200	7,500
Sixth Series	3% due 1986	16,200	—	1,200	15,000
Seventh Series	3.40% due 1986	13,500	—	1,000	12,500
Eighth Series	3.40% due 1987	29,000	—	3,000	26,000
Tenth Series	3¾% due 1987	19,500	—	1,800	17,700
Twelfth Series	3⅜% due 1988	23,100	—	2,100	21,000
Fourteenth Series	3⅝% due 1989	31,405	—	3,135	28,270
Fifteenth Series	4.10% due 1979	1,750	—	1,750	—
Sixteenth Series	4¼% due 1989	14,275	—	1,425	12,850
Seventeenth Series	Various due 1979-1980	3,000	—	1,500	1,500
Eighteenth Series	3½% due 1979-1981	6,300	—	2,100	4,200
Nineteenth Series	3½% due 1991	16,750	—	750	16,000
Twentieth Series	3¼% due 1993	27,650	—	1,050	26,600
Twenty-first Series	3.40% due 1993	19,750	—	3,500	16,250
Twenty-second Series	3⅜% due 1993	19,750	—	750	19,000
Twenty-third Series	3⅜% due 1994	20,500	—	2,375	18,125
Twenty-fourth Series	3½% due 1994	20,500	—	750	19,750
Twenty-fifth Series	Various due 1979-1984	9,000	—	1,500	7,500
Twenty-sixth Series	3½% due 1995	30,275	—	700	29,575
Twenty-seventh Series	3⅜% due 1995	22,750	—	750	22,000
Twenty-eighth Series	3⅜% due 1996	23,750	—	250	23,500
Twenty-ninth Series	3½% due 1996	23,750	—	250	23,500
Thirtieth Series	3⅝% due 1998	22,500	—	3,750	18,750
Thirty-first Series	4% due 2002	96,000	—	1,500	94,500
Thirty-second Series	5% due 2003	97,000	—	1,000	96,000
Thirty-third Series	4¾% due 2003	97,000	—	1,000	96,000
Thirty-fourth Series	5½% due 2003	99,500	—	500	99,000
Thirty-fifth Series	6⅝% 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	5⅜% 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
Forty-second Series	8.20% due 2011	100,000	—	—	100,000
Forty-third Series	7% due 2011	50,000	—	—	50,000
Series Forty-four	7½% due 2011 (See Note on Schedule D)	—	—	—	—
Forty-fifth Series	6½% due 2012	75,000	—	—	75,000
Forty-sixth Series	6% due 2013	75,000	—	—	75,000
Forty-seventh Series	6½% due 2013	100,000	—	—	100,000
Forty-eighth Series	6¾% due 2014	—	75,000	—	75,000
		1,943,460	75,000	45,362	1,973,098
Total Bonded Debt in accordance with Port Authority bond resolutions		$1,955,231	$75,000	$49,261	$1,980,970

2.

	December 31, 1978	December 31, 1979
Total Bonded Debt in accordance with Port Authority bond resolutions	$1,955,231	$1,980,970
Less: Amortized cost of Port Authority bonds purchased by the Port Authority	56,794	61,136
	$1,898,437	$1,919,834

Note E–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 described in Note D and Schedule D.

1. The scheduled repayment of the Port Authority's loans obtained from banks and trust companies is as follows:

Bank Loans	Amount of Bank Loans Outstanding at December 31, 1979	1978
Payable in 1979 at 5.45%	$ —	$ 40,000,000
Payable $12,500,000 annually 1980-1983 at 5¾%	50,000,000	50,000,000
Payable $12,500,000 annually in 1980 and 1981 at a rate per annum equal to the lesser of (i) 70% of prime interest rate as defined in the loan agreement or (ii) 7¾%	25,000,000	25,000,000
Payable $6,250,000 annually in 1980 and 1981 and $18,750,000 annually in 1982 and 1983 at a rate per annum equal to the lesser of (i) 70% of prime interest rate as defined in the loan agreement or (ii) 7¾%	50,000,000	50,000,000
	$125,000,000	$165,000,000

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 F-2), 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.

2. On March 28, 1979, the Port Authority issued $75,000,000 Consolidated Bonds, Forty-eighth Series, 6.75 percent, due April 1, 2014, at an average net interest cost of 6.8024 percent per annum.

3. The issuance of Consolidated Bonds, Series Forty-two R, First Installment, due July 15, 2011, at a maximum interest rate not in excess of 6.50 percent, was authorized on February 14, 1980, for the purpose of refunding, on July 15, 1986, $100,000,000 in principal amount of Consolidated Bonds, Forty-second Series, First Installment, 8.20 percent, due July 15, 2011. There are no present plans to refund any other obligations of the Port Authority although there had been substantial consideration of this possibility in the past.

Note F–Reserves:

1. 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, in accordance with Port Authority bond resolutions, which is secured by a pledge of the Fund. The specified statutory amount was $210,597,000, at December 31, 1979. 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 such outstanding bonded debt. Consolidated Bonds, Forty-fourth Series, Consolidated Bonds, Series Forty-four-A and Consolidated Bonds, Series Forty-four-B are included in determining these amounts (see Note on Schedule D). The bank loans described in Note E-1 are not so included.

At December 31, 1979, the Port Authority met the requirements of its bond resolutions to maintain total reserve funds in cash and specified marketable securities. Such amount included $8,305,000, held in trust for repayment of principal and interest on General and Refunding, Air Terminal and Marine Terminal Bonds (see Note F-3).

2. In accordance with the provisions of the bank loan agreements (see Note E-1), 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.

3. The balance of all net revenues upon which Consolidated Bonds have a first lien, after deducting payments for debt service upon all Consolidated Bonds and such amounts as may be required to maintain the General Reserve Fund at its statutory amount, are to be paid into the Consolidated Bond Reserve Fund. Consolidated Bonds have a first lien upon the net revenues of all existing facilities of the Port Authority (not including cars acquired under New York State's Commuter Car Program) and any additional facility financed by Consolidated Bonds. The prior liens and pledges with respect to certain 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 Special, Air Terminal and Marine Terminal Reserve Funds in Trust as discussed in Note F-1.

Note G–Government Contributions in Aid of Construction:

At December 31, 1979, the Port Authority had received gross contributions in aid of construction or to retire debt issued for capital purposes from government agencies aggregating $189,466,000, including $7,643,000 of federal funding received in 1979 of which $918,000 was used to retire Consolidated Bonds. Charges representing depreciation on assets relating to these contributions were $6,168,000 in 1979 and $5,327,000 in 1978 (see Note A-6).

	December 31,	
	1979	**1978**
Gross Contributions	$189,466,000	$181,823,000
Less: Accumulated Charges (depreciation on assets acquired with contributions)	44,572,000	38,404,000
	$144,894,000	$143,419,000

Note H–Operating Revenues and Lease Commitments:

1. Gross operating revenues of the Port Authority, obtained primarily from fares, fees, tolls and other user charges, and from certain operating leases and other agreements, amounted to $588,064,000 in 1979 and $543,810,000 in 1978. Gross operating revenues attributable to minimum rentals associated with operating leases amounted to approximately $163,000,000 in 1979 and approximately $156,000,000 in 1978. It is expected that costs of construction and operation of Port Authority facilities will continue to increase and that increases from time to time will continue to be necessary in the Port Authority's fares, fees, tolls, rentals and other charges, or that reductions in services and associated expenditures will occur, so that the cost of Port Authority operations and debt service and reserves will continue to be provided for in accordance with financial requirements and agreements with holders of Port Authority bonds.

2. Property Held for Lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at airports, marine terminals, bus and truck terminals and the World Trade Center.

Minimum future annual rentals scheduled to be received on operating leases in effect on December 31, 1979 are:

Year Ending December 31:	
1980	$ 140,618,000
1981	132,462,000
1982	126,288,000
1983	119,138,000
1984	112,882,000
Later Years	1,186,255,000
Total Minimum Future Rentals	$1,817,643,000

Investments in airports, World Trade Center, marine terminals and bus and truck terminals as of December 31 include property associated with minimum rentals derived from operating leases (see Note B-1). It is not reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

3. Property Leased from Others

Rental expenses under leases, including payments to the cities of New York, Newark and Hoboken for various air and marine terminals, aggregated $28,100,000 in 1979 and $20,700,000 in 1978. The lease terms expire at various times from 2002 to 2018 and may be renewed for additional periods. Minimum future annual rentals scheduled to be paid on operating leases in effect on December 31, 1979 are detailed below and additional rentals may be payable based on earnings of specified facilities under some of these leases.

Year Ending December 31:	
1980	$ 7,200,000
1981	7,100,000
1982	7,000,000
1983	6,900,000
1984	6,800,000
Later Years	179,400,000
Total Minimum Future Rental Payments	$214,400,000

Note I–New York State's World Trade Center Offices:

Gross operating revenues include rental income of $23,800,000 in 1979 and $22,400,000 in 1978 from New York State for office space which the state occupies in a substantial portion of one of the tower buildings of the Port Authority's World Trade Center facility pursuant to a lease agreement renewable for successive five-year terms totaling 100 years. In 1975 the state did not formally exercise its option to renew the lease. The state is presently discussing revised lease terms with the Port Authority.

Note J–Pension and Retirement Plans:

Employees of the Port Authority are covered by one of two public employees' retirement systems: the New York State Employees' Retirement System or the New York State Policemen's and Firemen's Retirement System. PATH employees are covered by the provisions of the Railroad Retirement Act and certain PATH employees are also covered by a supplemental plan administered by PATH. The Port Authority's contributions to the public employees' retirement systems are based primarily on billings from these systems (and PATH's contributions are based on federal regulations pursuant to the Railroad Retirement Act). For the years 1979 and 1978, the Port Authority and PATH provided a total of approximately $37,700,000 and $37,400,000, respectively, as employer contributions to these pension and retirement plans.

The two public employees' retirement systems covering Port Authority employees do not require contributions from police personnel or from those non-police employees who joined the system prior to July 1, 1976. Non-police personnel who became members of the system on July 1, 1976 and thereafter are presently required by statute to contribute three percent of their annual wages, with the Port Authority contributing the balance required by the system for these employees. Contributions to these public employees' retirement systems for 1979 and 1978 by the Port Authority and Port Authority employees represented approximately three percent of the total contributions to the systems in each of these years. No information is available from these retirement systems as to the amount of any excess of the actuarially computed value of vested benefits over the systems' assets specifically related to employees of the Port Authority. However, if these public employees' retirement systems were to have terminated as of March 31, 1979, the latest date for which information is available, the excess of the value of vested benefits for all of the employees covered by such systems (including the small percentage that are Port Authority employees) over assets of such system would be approximately $1.5 billion for the New York State Employees' Retirement

System and approximately $231 million for the New York State Policemen's and Firemen's Retirement System.

Note K–Commitments and Certain Charges to Operations:

1. At December 31, 1979, the Port Authority was committed under various contracts to the completion within the next three years of approximately $109,400,000 of construction.

In connection with the revisions to the Port Authority bridge and tunnel toll schedules which were effective May 5, 1975, the Port Authority has allocated $160,000,000 to the extension of the Port Authority Bus Terminal and is authorized to allocate up to $240,000,000 of proceeds of Consolidated Bonds to be issued during the next several years for mass transportation projects consisting of buses and other bus related facilities, $120,000,000 in each of the States of New York and New Jersey.

The buses and other bus related facilities are to be leased to the two states or to their designated agencies pursuant to legislation effective March 1, 1979, in accordance with priorities established by responsible state officials and the commissioners of the Port Authority acting consistent with commitments to the holders of Port Authority obligations. Under the terms of the legislation the Port Authority is not permitted to incur operating or maintenance expenses in connection with its capital program to provide buses and bus related facilities and the Port Authority does not expect to derive any revenue from this capital investment in these Port Authority facilities.

Capital expenditures during the year 1980 are budgeted in the amount of $293,000,000 including a portion of the allocations related to the contracts and programs noted above as well as the other ongoing capital construction programs of the Port Authority. Capital expenditures have consistently underrun the budget during the last five years largely because of delays in construction and required authorizations.

2. Charges to operations of planning costs and certain other non-recurring charges amounted to approximately $2,400,000 in 1979 and approximately $14,200,000 in 1978. Details of such charges are described in the table below:

	1979	1978
Deferred Planning Costs		
(related to potential improvements at various facilities)	$2,400,000	$ —
(related to potential new rail mass transportation facilities)	—	6,700,000
Advance Rental Payments (related to Newark International Airport and Port Newark, not now expected to be recovered in the foreseeable future)	—	5,600,000
In-lieu-of-Tax Payments (related to additional property acquired during the period July 1, 1962 to June 30, 1978 for the Brooklyn-Port Authority and Erie Basin-Port Authority Marine Terminals)	—	1,900,000
	$2,400,000	$14,200,000

3. Other expenses of $22,701,000 in 1979 and $33,765,000 in 1978 include the non-recurring charges for deferred planning costs and advance rental payments for 1979 and 1978 as described in Note K-2 above. Also included are amounts for insurance, telephone, and certain other operating, development and administrative expenses.

Note L—Information On Port Authority Operations By Operating Segment:

1. Operating Results

Gross operating revenues by operating segment exclude interdepartmental revenues primarily relating to the World Trade Center of $14,738,000 in 1979, and $13,195,000 in 1978. In the table below, gross operating income (loss) consists of gross operating revenues less operating and maintenance expenses and depreciation. General administrative and development expenses, financial income, interest on debt and interdepartmental revenues and expenses are not considered in calculating gross operating income (loss).

	Tunnels & Bridges	Bus & Truck Terminals	Rail Facilities	Airports	Marine Terminals	World Trade Center	Combined 1979	Combined 1978
				(In Thousands)				
1979								
Gross Operating Revenues	$137,321	$16,343	$14,717	$290,066	$46,862	$82,755	$588,064	+39,5[illegible]
Gross Operating Income (Loss)	74,944	(1,658)	(38,448)	87,835	6,817	18,920	$148,410	
1978								
Gross Operating Revenues	135,784	14,761	14,049	263,170	44,325	71,721		$543,810
Gross Operating Income (Loss)	76,873	482	(36,321)	72,428	3,859	15,992		$133,313
General Administrative and Development Expenses							(53,378)	(52,998)
Income from Operations							95,032	80,315
Financial Income							49,074	28,242
Interest on Debt							(91,640)	(92,124)
Net Income							$ 52,466	$ 16,433

2. Asset Information

The table below contains a summary of information on the Port Authority's assets. Facilities, net consists of facilities at cost less accumulated depreciation.

	Tunnels & Bridges	Bus & Truck Terminals	Rail Facilities	Airports	Marine Terminals	World Trade Center	Total Assets
				(In Thousands)			
1979 Assets							
Facilities, net–beginning of year	$421,777	$111,526	$221,591	$778,626	$369,323	$894,476	$2,797,319
Net capital expenditures	15,100	29,421	5,445	22,326	5,331	24,778	102,401
Depreciation	(8,370)	(1,109)	(10,148)	(49,003)	(15,040)	(17,845)	(101,515)
Facilities, net–end of year	$428,507	$139,838	$216,888	$751,949	$359,614	$901,409	2,798,205
Cash, investments and other assets							767,339
Total Assets							$3,565,544
1978 Assets							
Facilities, net–beginning of year	$412,737	$ 89,783	$222,247	$805,587	$378,664	$893,825	$2,802,843
Net capital expenditures	16,949	22,859	5,026	22,030	5,089	18,224	90,177
Depreciation	(7,909)	(1,116)	(5,682)	(48,991)	(14,430)	(17,573)	(95,701)
Facilities, net–end of year	$421,777	$111,526	$221,591	$778,626	$369,323	$894,476	2,797,319
Cash, investments and other assets							703,148
Total Assets							$3,500,467

Schedule A **Revenues and Reserves** (Pursuant to Port Authority bond resolutions)

	Year Ended December 31, 1979 Operating Fund	Reserve Funds (Schedule C)	**Combined Total**	1978 Combined Total
	(In Thousands)			
Gross Operating Revenues	$588,064	$ —	**$588,064**	$543,810
Operating Expenses:				
Employee compensation, including benefits	211,390	—	**211,390**	199,579
Materials, equipment, supplies and contract services	83,856	—	**83,856**	71,894
Heat, light and power	41,002	—	**41,002**	36,327
Rents (primarily related to airport leases) and amounts in-lieu-of-taxes	32,568	—	**32,568**	26,229
Other (Note K-2 and Note K-3)	22,701	—	**22,701**	33,765
Total Operating Expenses	391,517	—	**391,517**	367,794
Net Operating Revenues	196,547	—	**196,547**	176,016
Financial Income				
Income on investments (includes gain of $10,067,000 in 1979 and $9,321,000 in 1978 on purchase of Port Authority bonds)	14,404	40,620	**55,024**	39,471
Security valuation adjustment	(180)	(3,484)	**(3,664)**	(9,981)
Net Revenues Available for Debt Service and Reserves	210,771	37,136	**247,907**	205,506
Debt Service				
Interest on bonded debt	87,296	260	**87,556**	85,810
Serial maturities and sinking fund retirements	36,944	3,899	**40,843**	27,023
Debt retirement acceleration	—	7,500	**7,500**	—
Interest on bank loans	—	6,370	**6,370**	7,562
Repayment of bank loans	—	40,000	**40,000**	40,000
Total Debt Service	124,240	58,029	**182,269**	160,395
Direct Investment in Facilities	—	25,000	**25,000**	—
Appropriation for Self-Insurance	—	3,444	**3,444**	3,955
Transfers to Reserves	($86,531)	86,531	**—**	—
Net Increase in Reserves		37,194	**37,194**	41,156
Reserve Balances–Beginning of Year		365,538	**365,538**	324,382
Reserve Balances–End of Year (Schedule C)		$402,732	**$402,732**	$365,538

See Notes to Consolidated Financial Statements.

Schedule B **Assets and Liabilities** (Pursuant to Port Authority bond resolutions)

	December 31, 1979				December 31, 1978
	Operating Fund	Capital Fund	Reserve Funds	**Combined Total**	Combined Total
			(In Thousands)		
Assets					
Invested in Facilities	$ —	$3,985,354	$ —	**$3,985,354**	$3,882,953
Investments (Note C)	114,140	225,868	399,824	**739,832**	676,166
Cash	688	1,352	2,908	**4,948**	8,679
Other Assets	80,883	2,812	—	**83,695**	75,097
Total Assets	195,711	4,215,386	402,732	**4,813,829**	4,642,895
Liabilities					
Bonded Debt (Note D)	—	1,980,970	—	**1,980,970**	1,955,231
Bank Loans Payable (Note E-1)	—	125,000	—	**125,000**	165,000
Accounts Payable and Other Liabilities	160,746	37,452	—	**198,198**	174,541
Deferred Credits to Income	4,331	—	—	**4,331**	4,417
Total Liabilities	165,077	2,143,422	—	**2,308,499**	2,299,189
Net Assets	$ 30,634	$2,071,964	$402,732	**$2,505,330**	$2,343,706
Net Assets are Composed of:					
Debt Retired Through Income	$ —	$1,769,667	$ —	**$1,769,667**	$1,681,324
Reserves (Schedule C)	—	—	402,732	**402,732**	365,538
Government Contributions in Aid of Construction (Note G)	—	189,466	—	**189,466**	181,823
Appropriated Reserves Invested in Facilities	—	112,831	—	**112,831**	87,831
Appropriated Reserves for Self-Insurance	30,634	—	—	**30,634**	27,190
Net Assets	$ 30,634	$2,071,964	$402,732	**$2,505,330**	$2,343,706

Schedule C **Analysis of Reserve Funds** (Pursuant to Port Authority bond resolutions)

	Year Ended December 31, 1979						1978
			Reserve Funds in Trust For				
	General Reserve Fund	Consolidated Bond Reserve Fund	General & Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds	**Combined Total**	Combined Total
				(In Thousands)			
Balance–January 1	$208,023	$145,093	$8,829	$3,283	$310	**$365,538**	$324,382
Income on investments (includes gain on purchase of Port Authority bonds)	23,372	15,891	986	338	33	**40,620**	31,655
Security valuation adjustment	(2,031)	(1,330)	(86)	(35)	(2)	**(3,484)**	(9,906)
Reserve fund transfers	(18,767)	19,959	(884)	(290)	(18)	**—**	—
Transfers from operating fund	—	86,531	—	—	—	**86,531**	77,278
	210,597	266,144	8,845	3,296	323	**489,205**	423,409
Applications:							
Interest on bonded debt	—	—	151	89	20	**260**	354
Serial maturities and sinking fund retirements	—	—	1,228	2,525	146	**3,899**	6,000
Debt retirement acceleration	—	7,500	—	—	—	**7,500**	—
Interest on bank loans	—	6,370	—	—	—	**6,370**	7,562
Repayment of bank loans	—	40,000	—	—	—	**40,000**	40,000
Invested in facilities	—	25,000	—	—	—	**25,000**	—
Self-insurance	—	3,444	—	—	—	**3,444**	3,955
Total Applications	—	82,314	1,379	2,614	166	**86,473**	57,871
Balance–December 31 (Note F)	$210,597	$183,830	$7,466	$ 682(A)	$157(B)	**$402,732**	$365,538

(A) Includes Sinking Fund balance of $667,000 related to Air Terminal Bonds. (B) Includes Sinking Fund balance of $154,000 related to Marine Terminal Bonds.

See Notes to Consolidated Financial Statements.

Schedule D **Bonded Debt Amortization 1980-2014** December 31, 1979 (In Thousands)

	Debt Service Total All Issues			Amortization			
	Par Value $1,980,970						
Year	Total	Interest	Amortization	Consolidated Bonds	General and Refunding Bonds	Air Terminal Bonds	Marine Terminal Bonds
1980	$ 146,555	$ 106,313	$ 40,242	$ 38,175	$1,246	$667	$154
1981	144,918	104,947	39,971	38,707	1,264	—	—
1982	144,727	103,547	41,180	39,898	1,282	—	—
1983	146,946	102,008	44,938	43,638	1,300	—	—
1984	149,990	100,275	49,715	48,398	1,317	—	—
1985	148,821	98,374	50,447	49,805	642	—	—
1986	151,787	96,281	55,506	55,506	—	—	—
1987	148,607	93,975	54,632	54,632	—	—	—
1988	143,815	91,708	52,107	52,107	—	—	—
1989	142,664	89,345	53,319	53,319	—	—	—
1990	142,693	86,894	55,799	55,799	—	—	—
1991	143,342	84,189	59,153	59,153	—	—	—
1992	143,991	81,243	62,748	62,748	—	—	—
1993	145,500	78,006	67,494	67,494	—	—	—
1994	142,250	74,533	67,717	67,717	—	—	—
1995	140,083	70,892	69,191	69,191	—	—	—
1996	137,676	67,016	70,660	70,660	—	—	—
1997	135,548	63,048	72,500	72,500	—	—	—
1998	136,271	58,771	77,500	77,500	—	—	—
1999	134,742	54,242	80,500	80,500	—	—	—
2000	133,216	49,466	83,750	83,750	—	—	—
2001	131,222	44,472	86,750	86,750	—	—	—
2002	131,137	39,137	92,000	92,000	—	—	—
2003	123,643	33,643	90,000	90,000	—	—	—
2004	105,260	28,510	76,750	76,750	—	—	—
2005	101,191	23,691	77,500	77,500	—	—	—
2006	85,856	18,856	67,000	67,000	—	—	—
2007	69,287	14,787	54,500	54,500	—	—	—
2008	56,376	11,626	44,750	44,750	—	—	—
2009	41,507	9,007	32,500	32,500	—	—	—
2010	40,010	6,760	33,250	33,250	—	—	—
2011	37,725	4,475	33,250	33,250	—	—	—
2012	25,074	2,324	22,750	22,750	—	—	—
2013	18,514	1,014	17,500	17,500	—	—	—
2014	5,338	88	5,250	5,250	—	—	—
Total	$3,976,282	$1,993,463	$1,982,819	$1,974,947	$7,051	$667	$154

NOTE: Includes all mandatory payments (including sinking fund requirements, applicable call premiums and serial maturities) whether payable from revenues or other sources upon assumptions 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 payment into each sinking fund will be made on the latest permissible date of each year for which such sinking fund payment is required to be made; (3)-such payments will be in the amounts scheduled to be made for such year. Interest shown under "Debt Service Total All Issues" is computed on the assumption that amortization payments will be made each year on the latest permissible date. The above table does not include payments on the bank loans (See Note E-1 to Consolidated Financial Statements.). Not included are $50,000,000 Consolidated Bonds, Forty-fourth Series, dated December 20, 1976, due December 20, 2011, $25,000,000 Consolidated Bonds, Series Forty-four-A, dated December 20, 1977, due December 20, 2011, and $50,000,000 Consolidated Bonds, Series Forty-four-B, dated December 20, 1977, due December 20, 2011, each of which was issued by the Port Authority solely as additional security for the respective payment of the Port Authority's $50,000,000 bank loan of January, 1977, $25,000,000 bank loan of November, 1977, and $50,000,000 additional bank loan of November, 1977, and are held in trust for these purposes (without payment of the interest on such bonds while held in trust). Amortization and interest applicable to General and Refunding. Air Terminal and Marine Terminal Bonds are secured by trusts as outlined in Note F-2 to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

Schedule E **Selected Financial Data**

	1979	1978	1977	1976	1975
			(In Thousands)		
REVENUES AND EXPENSES					
Gross Operating Revenues	**$ 588,064**	$ 543,810	$ 524,325	$ 496,413	$ 458,406
Operating Expenses	**391,517**	367,794	327,047	310,701	289,138
Net Operating Revenues	**196,547**	176,016	197,278	185,712	169,268
Income on Investments	**44,957**	30,150	24,695	22,211	20,965
Gain on Purchase of Port Authority Bonds	**10,067**	9,321	3,670	6,446	8,283
Security Valuation Adjustment	**(3,664)**	(9,981)	(127)	1,381	2,453
Net Revenues Available for Debt Service and Reserves	**247,907**	205,506	225,516	215,750	200,969
DEBT SERVICE–OPERATIONS					
Interest on Bonded Debt	**(87,296)**	(85,456)	(83,354)	(78,195)	(71,552)
Times, Interest Earned	**2.84**	2.40	2.71	2.76	2.81
Serial Maturities and Sinking Fund Retirements	**(36,944)**	(21,023)	(30,173)	(29,204)	(30,055)
Times, Debt Service Earned	**2.00**	1.93	1.99	2.01	1.98
DEBT SERVICE–RESERVES					
Debt Service on Bonds Secured by Trusts	**(4,159)**	(6,354)	(5,088)	(4,253)	(6,572)
Interest on Bank Loans	**(6,370)**	(7,562)	(8,329)	(9,213)	(8,464)
Bank Loan Payments	**(40,000)**	(40,000)	(60,000)	(60,000)	(55,000)
Debt Retirement Acceleration	**(7,500)**	—	—	—	—
Direct Investment in Facilities–Reserves	**(25,000)**	—	(5,000)	(3,000)	(15,000)
Appropriation for Self-Insurance–Reserves	**(3,444)**	(3,955)	(4,636)	(3,405)	(2,417)
Net Increase in Reserves	**37,194**	41,156	28,936	28,480	11,909
RESERVE BALANCES					
Beginning of Year	**365,538**	324,382	295,446	266,966	255,057
End of Year	**$ 402,732**	$ 365,538	$ 324,382	$ 295,446	$ 266,966
Represented By:					
General Reserve	**$ 210,597**	$ 208,023	$ 194,692	$ 188,168	$ 176,457
Special Reserve (A)	**7,466**	8,829	10,192	11,554	12,767
Air Terminal Reserve (A)	**682**	3,283	7,766	10,925	13,576
Marine Terminal Reserve (A)	**157**	310	795	1,333	1,757
Consolidated Bond Reserve	**183,830**	145,093	110,937	83,466	62,409
Total	**$ 402,732**	$ 365,538	$ 324,382	$ 295,446	$ 266,966
DEBT–AT YEAR-END					
General and Refunding Bonds	**$ 7,051**	$ 8,279	$ 9,490	$ 10,684	$ 11,717
Air Terminal Bonds	**667**	3,192	7,514	10,395	12,671
Marine Terminal Bonds	**154**	300	767	1,273	1,657
Consolidated Bonds and Notes	**1,973,098**	1,943,460	1,804,152	1,859,325	1,738,529
Total Bonded Debt	**1,980,970**	1,955,231	1,821,923	1,881,677	1,764,574
Bank Loans	**125,000**	165,000	205,000	140,000	200,000
Total	**$2,105,970**	$2,120,231	$2,026,923	$2,021,677	$1,964,574
INVESTED IN FACILITIES–AT YEAR-END	**$3,985,354**	$3,882,953	$3,792,776	$3,697,423	$3,581,037
DEBT RETIRED THROUGH INCOME					
Annual	**$ 88,343**	$ 67,023	$ 94,754	$ 92,897	$ 90,930
Cumulative	**$1,769,667**	$1,681,324	$1,614,301	$1,519,547	$1,426,650

NOTE: This selected financial data is prepared from information contained on Schedules A, B and C and is presented for general information purposes only and is 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 F-2 to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

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

	December 31, 1979			December 31, 1978
	Related to Cars			
	Leased to Metropolitan Transportation Authority	Leased to Consolidated Rail Corporation (Conrail)	**Combined Total**	Combined Total
	(In Thousands)			
Assets				
Invested in Commuter Cars, at Cost	$ 63,000	$ 37,491	**$100,491**	$100,491
Cash and Investment in U.S. Government Securities, at Cost (which approximates market)	—	3,608	**3,608**	3,317
Other Assets	204	354	**558**	604
Total Assets	63,204	41,453	**104,657**	104,412
Liabilities				
State Guaranteed Commuter Car Bonds	48,465	24,000	**72,465**	75,485
Other Liabilities	204	3,703	**3,907**	3,662
Total Liabilities	48,669	27,703	**76,372**	79,147
Net Assets	$ 14,535	$ 13,750	**$ 28,285**	$ 25,265

NOTE: Pursuant to legislation of the States of New York and New Jersey, 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. The information contained in this schedule has been prepared pursuant to such bond resolution and legislation. 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 Consolidated Financial Statements.

1979 Annual Report

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Mr. Staller's work has been acquired by the Museum of Modern Art in New York City and the George Eastman House in Rochester, among other museums. An artist-in-residence at colleges and universities across the country, Mr. Staller is a native of the New York-New Jersey Metropolitan Region.

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THE PORT AUTHORITY
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