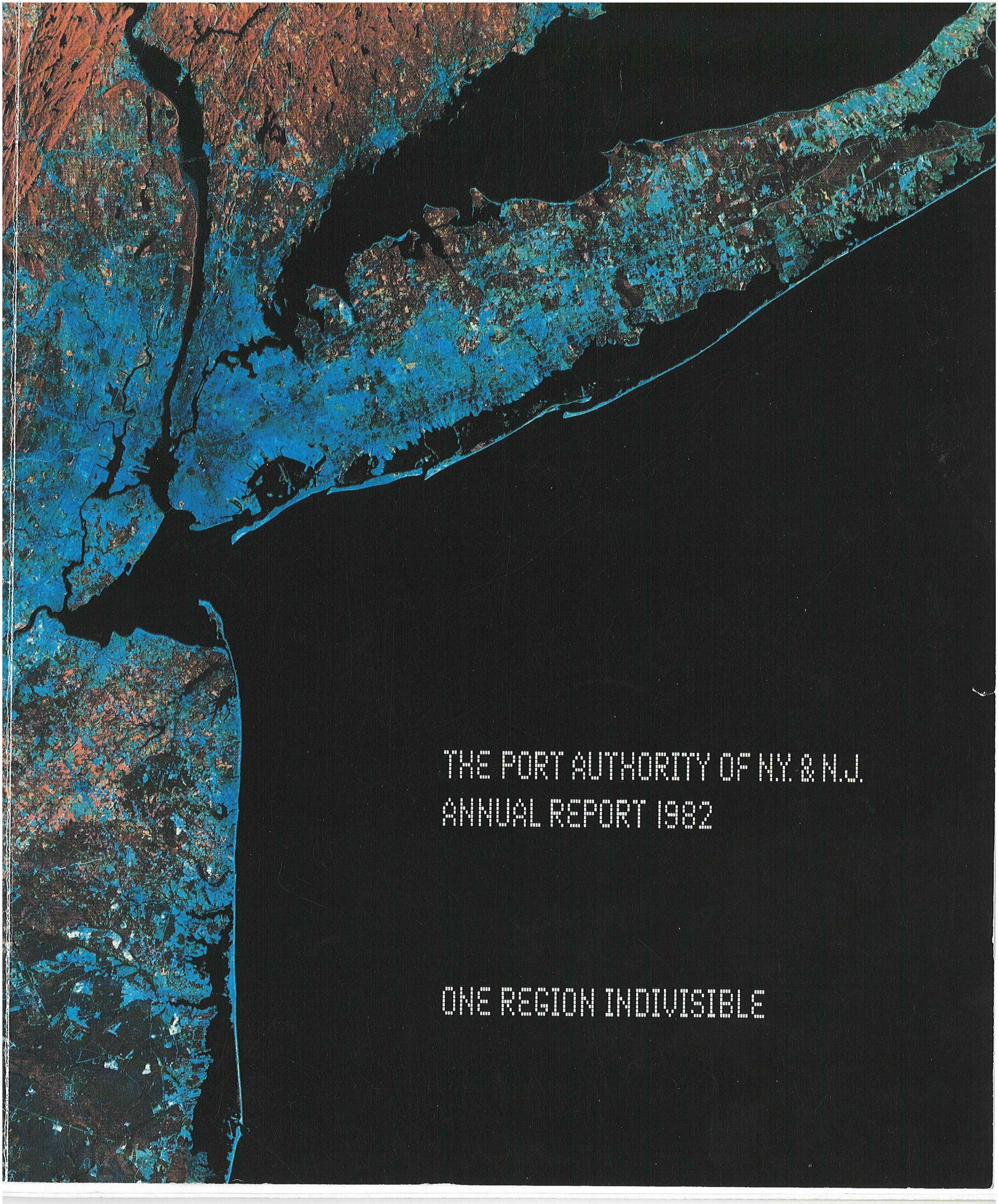


THE PORT AUTHORITY OF N.Y. & N.J.
ANNUAL REPORT 1982

ONE REGION INDIVISIBLE

Honorable Thomas Kean, Governor
State of New Jersey

Honorable Mario M. Cuomo, Governor
State of New York

Honorable Thomas Kean
Governor, State of New Jersey

Honorable Mario M. Cuomo
Governor, State of New York

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 1982 annual report of The Port Authority of New York and New Jersey.

At year's end our region once again was sobered by recession. Unlike other sections of the country which had experienced mercurial rises and falls in economic activity, the New York/New Jersey region was marked by relative steadiness and resilience in the face of the national downswing.

We appeared to go against the grain, so to speak, showing job gains when other regions reflected losses; and when the full impact of the recession hit we were hurt but not devastated.

In the case of this region, experience was a great teacher. We have lived through the economic devastation of the 70's. Now we are aware that we need not resort to handwringing; we know what to do. Witness the bold and timely steps taken to deal with the budgets in both states and in the municipal governments in the region. There is a sense of confidence in action and a general commitment to "do what has to be done" in paring government budgets and in stimulating economic development programs on both sides of the Hudson.

We are pleased that the Port Authority has been able to play a major role during this period in encouraging activities for the physical and economic revitalization of the region. Back in 1979, when the Port Authority's Committee on the Future reports were aired publicly, we pointed to the need for new capital investment as the creator of new jobs and to the improvement of the infrastructure as two of the most pressing priorities for the region to face in the decade ahead.

As 1983 dawned, both states–and fortunately the nation as well–were poised to deliver new programs in infrastructure renewal; and both states and their inner cities were deeply involved in a wide variety of approaches to generate new investment and new jobs in the region.

The Port Authority did not merely play a role of advocate and energizer. It had concrete programs under way in industrial development, export assistance, waterfront renewal, infrastructure improvements and massive bus purchases for the region's transportation system.

Of significant importance, the Port Authority was able to involve its new and innovative ventures without sacrificing its signal role as a financially sound generator of capital to serve the two states. We are gratified that despite the effect of the recessionary trends on the nation and most of its governmental units, the Port Authority was able to manage its finances with enough skill and foresight to warrant an upgrading by the major bond rating agencies last year.

We hope to continue to fulfill our role in advancing the interests of this region through the resources of our capital capacity and at the same time sustain our financial integrity–both of which are accepted as mandates by the members of this board.

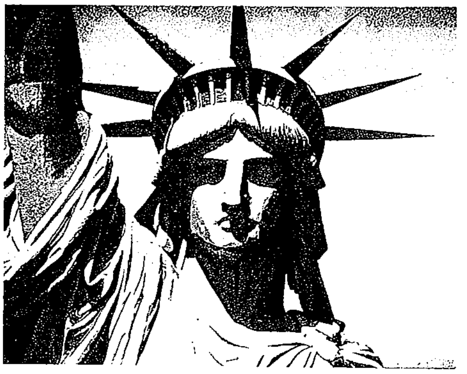
April 14,1983

Sincerely,

Alan Sagner
Chairman

Robert F. Wagner
Vice Chairman

Table of Contents



THE PORT AUTHORITY OF NY & NJ

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Alan Sagner, Chairman
Robert F. Wagner, Vice Chairman
Joseph F. Cullman 3rd
Jerry Fitzgerald English
Lewis L. Glucksman
James G. Hellmuth
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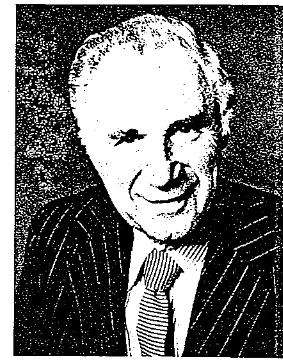
John G. McGoldrick[3]
John J. McMullen[4]
Kenneth D. McPherson
William J. Ronan
Howard Schulman[5]
Robert V. Van Fossan

Alan Sagner
Principal
Alan Sagner Company

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



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Water, McPherson, McNeill, P.A.

Dr. William J. Ronan
Vice Chairman
CCX, Inc.

Howard Schulman
Attorney
Schulman & Abarbanel

[1]Commissioner Kaltenbacher joined the Board January 11, 1983.
[2]Commissioner Lautenberg left the Board December 24, 1982.
[3]Commissioner McGoldrick joined the Board December 24, 1982.
[4]Commissioner McMullen left the Board January 11, 1983.
[5]Commissioner Schulman left the Board December 24, 1982.


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Of Counsel,
Kerby, Cooper, Schaul & Garvin
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Patrick J. Falvey, General Counsel and Assistant Executive Director
Robert F. Bennett, Assistant Executive Director
Louis J. Gambaccini, Assistant Executive Director and Director of Administration

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Sidney J. Frigand, Public Affairs
Francis A. Gorman, Rail Transportation
Doris E. Landre, Secretary
Donald R. Lee, Audit
Katharine B. MacKay, Executive Assistant to the Executive Director
John B. McAvey, Comptroller
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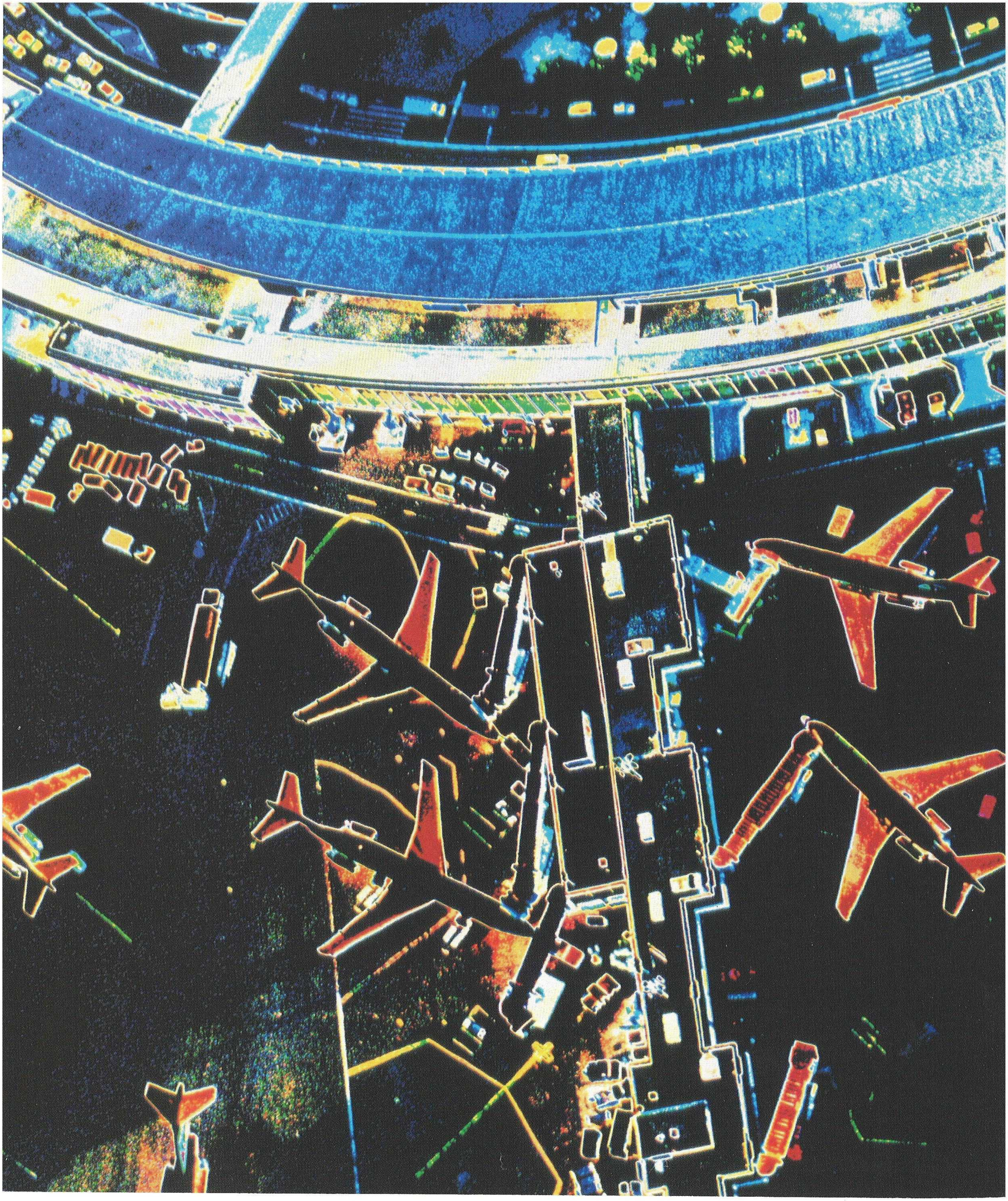
Rino M. Monti, Chief Engineer
Edward S. Olcott, Planning & Development*
Edward J. O'Malley, Personnel
Dr. Bernard J. Schuman, Medical
Victor T. Strom, Management Services
Anthony J. Tozzoli, Port
Guy F. Tozzoli, World Trade
Joseph L. Vanacore, Tunnels, Bridges & Terminals
Carl M. Wahlberg, Finance*
Marshal L. Wilcox, Jr., Treasurer

*Retired in 1983.


Peter C. Goldmark, Jr.
Executive Director



The Regional Overview

by Peter C. Goldmark, Jr.
Executive Director

Despite a mood of recession and retrenchment the regional outlook is one of determination, not despair. There are clear signs that this region, as demonstrated by recent actions in Trenton, Albany and city and county governments, is willing to deal with the "meat and potato" issues that will bolster the region's basic economic strengths.

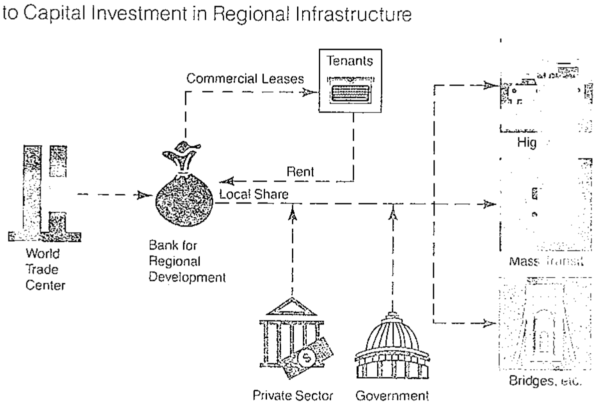
The most important theme of 1982 in the New York-New Jersey Metropolitan Region was the commitment to undertake programs of large public capital investment in the vital life-support systems: transit, roads, bridges, water and sewer systems.

In the face of a tightening national recession and shifting federal domestic policy:

- Governor Kean of New Jersey proposed a New Jersey Infrastructure Bank to finance local and state infrastructure improvements.
- Governor Cuomo of New York proposed a major $7 billion capital program to rebuild New York's physical plant.
- The Port Authority proposed a Bank for Regional Development to finance infrastructure reconstruction in the area around the World Trade Center and PATH, and committed $200 million to the second phase of its bus programs for the two states.

Governors Kean and Carey established a bistate panel on May 24, 1982, to recommend ways the region could benefit from the Port Authority's unique capital generating capacity. The panel's report offered recommendations that recognized the vital importance of the Port Authority remaining a viable financial entity to serve the region, while at the same time seeking to maximize its capital efforts to help reverse the trend of public disinvestment in regional facilities.

Bank for Regional Development
From World Trade Center Office Space
to Capital Investment in Regional Infrastructure



The panel suggestions, if approved, would permit the Port Authority to commit more than $500 million to improve the safety, reliability and quality of service on its PATH system, and to generate another $500 million for vitally needed reconstruction of regional infrastructure facilities in both states. The Bank for Regional Development which I had proposed in May of 1982 was accepted by the panel as a model for targeting surplus revenues from vacated space occupied by the State of New York in the World Trade Center–and possibly some other sources as well–to leverage significant capital financing for our regional lifelines.

The use of World Trade Center and Trans-Hudson revenues–PATH fares, bridge and tunnel tolls, and state space rental surplus–was recognized as the necessary "fuel" for this important program.

It is obvious that these recommendations alone could not meet the region's need for increased investment. The massive capital programs outlined by the Metropolitan Transportation Authority, Governor Kean's own development bank and by Governor Cuomo's new state program are important indices of what can be done to stimulate the kind of capital rebuilding that not only improves the region's plant, but offers a real bonus in jobs, business activity and the improved competitive advantage of the region.

Despite the magnitude of these efforts, they will fall short unless we can demonstrate the imagination, initiative and willingness to take a chance on new "cutting edge" programs.

In 1982, the Port Authority:

- Authorized development of a site for the world's first Teleport, a joint venture between the Port Authority, New York City, Merrill Lynch and Western Union, to meet the needs of corporations in the region for a worldwide satellite communications system over the coming decades.
- Established the first publicly sponsored export trading company in the nation, a Port Authority enterprise to prepare eligible regional firms for exporting by developing full marketing packages for each and arranging confirmed sales. The Port Authority's experience in the development of world trade permits the preparation of the full marketing package at no fee to the participating firm until a sale is made abroad. The authorization to form the trading company came as the Port Authority's most recent recog-

An arc of the main terminal of LaGuardia Airport, one of the region's three airlinks to the capitals and key cities of the world.

Jerry Fitzger
Of Counsel,
Kerby, Cooper
Counsellors a

John G. Mc
Attorney
Schulte Roth

Robert V. V
Chairman an
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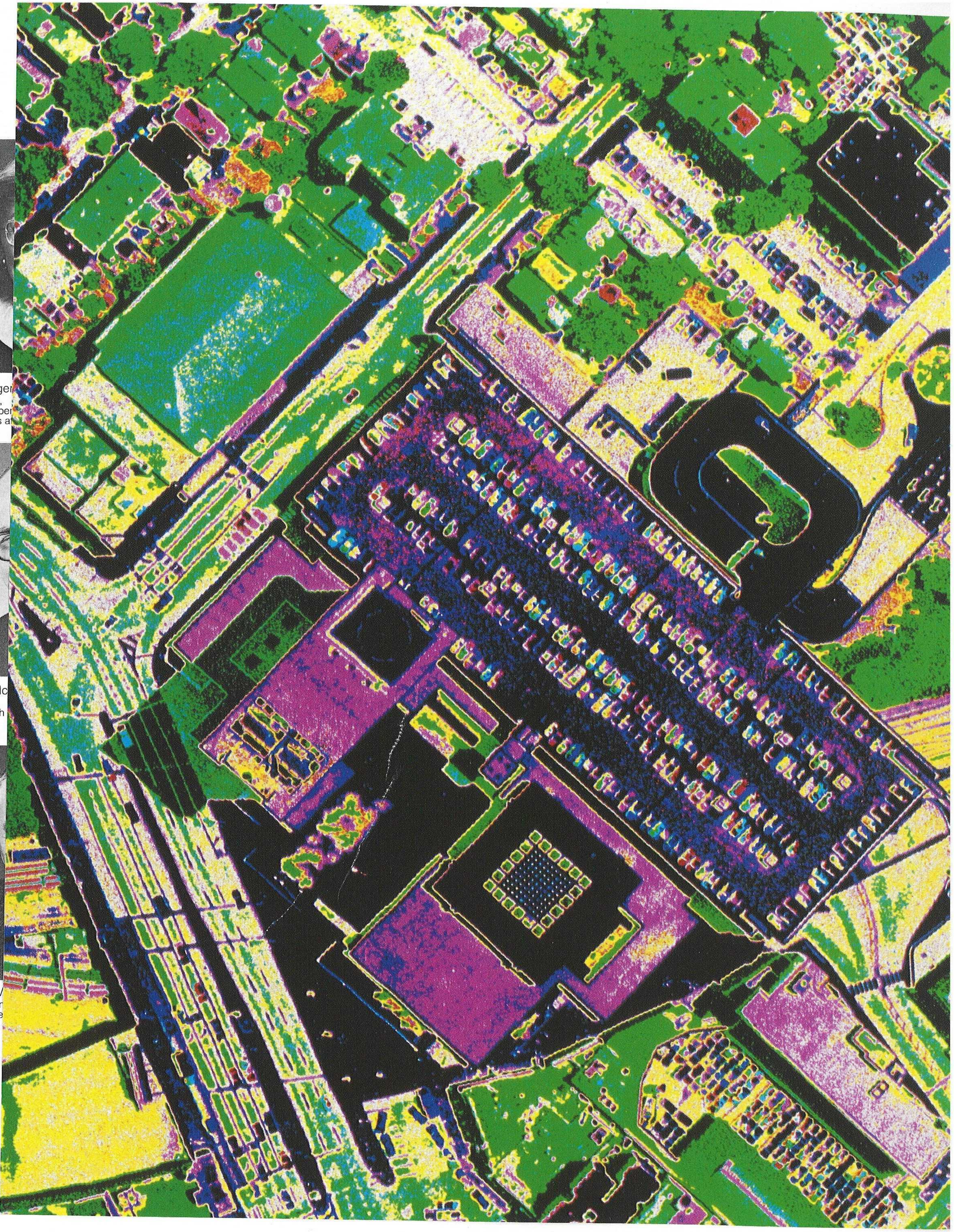
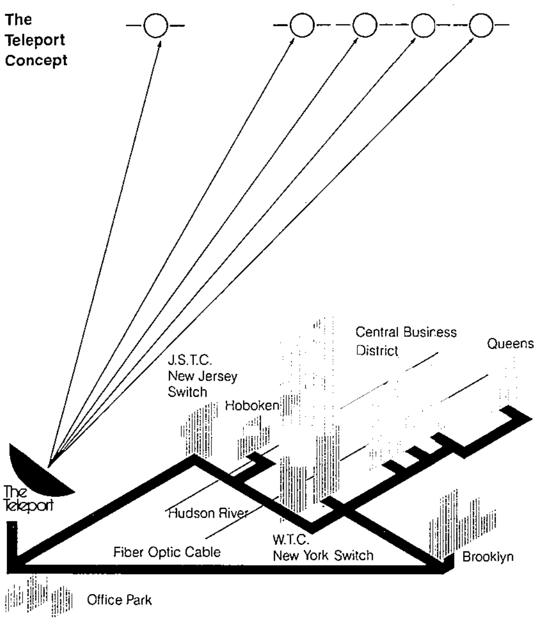
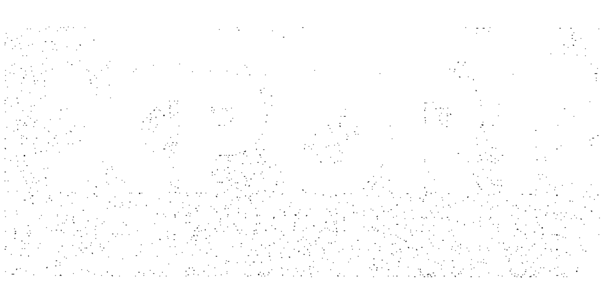




nition of the potential contribution of export development to the regional economy.

- Reached tenant agreement with the first occupant of a Port Authority building in the Bathgate Industrial Park, as part of a program of building industrial parks to regenerate a strong regional manufacturing base.
- Cooperated with regional municipalities in developing mixed-use waterfront projects to create new jobs and new regional activities, including the possibility of reviving the harbor's fishing and fish-processing industry.
- Solicited proposals, under an agreement with Essex County, for the design, construction and operation of a resource recovery plant to help solve the region's enormous problem of solid wastes disposal, and executed a memorandum of agreement with New York City on similar plants.

As the agency responsible for the health of the regional air travel and air cargo industry, the Port Authority undertook multimillion dollar developments in physical plant, services and worldwide marketing to maintain the region as the world's foremost air travel center.



The Journal Square Transportation Center, a rail-bus-private car interchange terminal built by PATH in Jersey City.

Changing Job Market

The continuing shift of jobs to the region's service industries makes it clear that we must take initiatives in job training and educational support for these activities. However, increasing dependence upon service jobs carries a strong caveat with it. Service industries and communications activities are no longer wedded to this or any other urban center. The rapid changes in technologies and communications now provide almost instant access to anywhere in the world.

The Teleport, as noted earlier, is an attempt to consolidate satellite communications systems in this region, where communications have traditionally played a major role in job generation and in making this region the world's clearing house. However, there is a need for continued efforts to maintain and attract industrial production activities here as well. Industrial development is important because it has longer term impact; it has a

Estimated Job Generation in the New York-New Jersey Metropolitan Region through Major Port Authority Projects

Authorized or Under Way	Construction-Related*	New Permanent	Project Amount (in millions)
Aviation			
Facility Improvements	3,475	125	$ 163
Hotel at NIA	1,000	400	35
People Express	125	700	6
Butler Aviation	1,250	325	40
Cargo/Airmail	400	25	16
TWA Terminal	1,075	150	48
Delta Terminal	2,025	350	90
Route 81	2,500	—	80
Nassau Expressway/Southern Pkwy	700	—	30
Port			
Cargo Handling	825	75	28
Warehousing/Distribution	1,525	350	60
Rail Freight	2,475	150	100
Ground & Mass Transportation			
PATH System Rehabilitation	1,775	—	63
Bus Program	—	—	1,496
Bus Terminal	5,700	500	228
Trans-Hudson Crossings	1,075	—	45
World Trade Center			
WTC Improvements	425	—	20
Fire Safety Program	1,600	—	61
Teleport	525	3,400	38
Export Trading Company	—	50	1
Economic Development			
Resource Recovery	3,675	75	255
Bathgate Industrial Park	575	1,000	42
Howland Hook	700	1,000	31
TOTALS	33,425	8,675	2,976
		Port Authority Funds	$1,426
		Non-Port Authority Funds	$1,550

At the latest count New York and New Jersey residents hold a total of 265,000 direct and indirect permanent jobs related to Port Authority operations and to transport operators and tenants at Port Authority facilities.

*A construction-related job is equivalent to the work done by a single person over one year. Construction-related jobs average 5,000 annually.

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strong multiplier effect, stimulating trade through the movement of goods on land, air, rail and water–all of which are vital regional industries in their own right. Thus, we believe it is important that the marketing and development of industrial facilities in this region should not be abandoned.

Regional Demographics

The changing character of the region's population base augurs significant shifts in the labor force. During the past decade more than a million new immigrants came to this region–the largest in-migration of new Americans to this region since the early years of the 20th century.

While the rate of migration has begun to abate, the impact of these new regional residents is being felt throughout the job market. Most of the newcomers have brought skills and education with them, offering a prospect that in relatively short order they will be absorbed into the work force at various levels. This places them in sharp competition with a segment of the existing work force, which is looked upon as unskilled, uneducated and "unemployable."

Unless this challenge to skills, training and education is met–head on and quickly–the specter of a permanently unemployable work force will haunt us and present even more difficult problems as we approach the end of this decade.

Our demographers and economists point to a shrinking work force in this region by the end of this decade, when the "baby boom" begins to fade. This could be good news: fuller employment, less crime perhaps, and less drain on public transfer funds for welfare and other social assistance, provided we can meet the demands for labor.

There are other demographic factors which establish the conditions under which we must make significant adjustments in this region: a projected aging population will mean a larger segment of the region's population will not contribute to its work product; a higher average population age will also mean fewer dependents in the family unit, creating a higher per capita family income; population shifts will bring more people back into the inner cities after decades of exodus, which should stimulate home building and reconstruction in the central core which has long suffered from abandonment and decay.

Sustaining a Competitive Region

In considering the trends that affect this region, one is struck by the significance of how international a center we are.

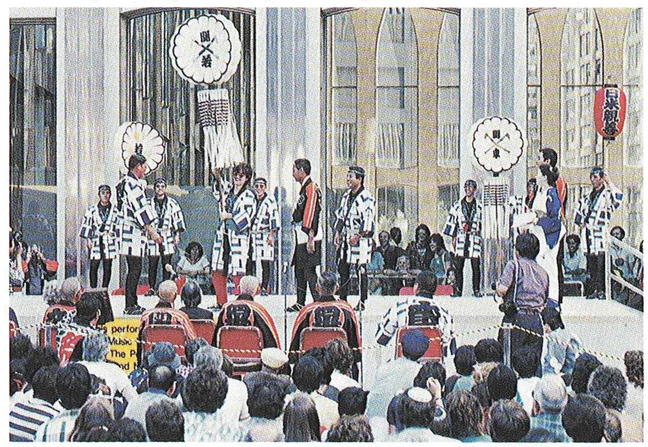
At the end of the third quarter of 1982 there were 360 manufacturing plants owned by foreign companies in the region, more than in any other city or metropolitan region in the U.S. There has been a 54 percent increase in foreign-owned plants since 1976.

The New York-New Jersey Metropolitan Region is the nation's leading international banking center, with 166 state-chartered foreign banking branches, agencies and trust companies. As a further example, the international free banking zone, which was created here in December of 1981, has moved to a point where last year it handled a monetary flow of $126 billion.

We have also recognized that the region has other strong advantages which must be exploited. In the case of natural resources, we must appreciate that the availability of good pure water in adequate supply places us high on the list competitively against regional centers in the southwest or other parts of the nation where water is not taken for granted. We have one of the world's greatest natural harbors and an ample supply of land still available for development.

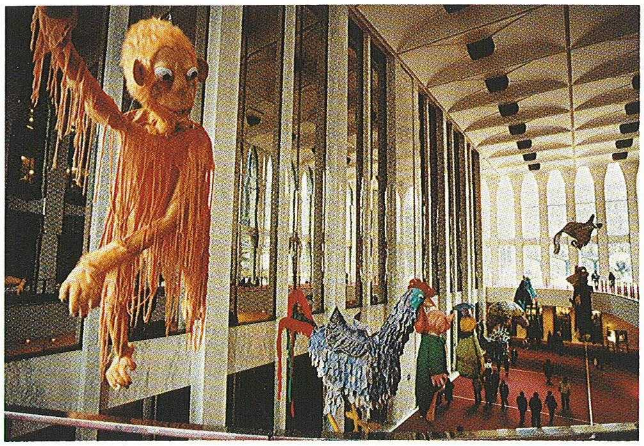
The Netherlands' Queen Beatrix, escorted by Chairman Sagner during the export fair called "The Incredible Dutch," at the World Trade Center.

Harbor Festival 1982, "A Salute to Asia," brought the Tobi fire fighters of Japan to perform on the World Trade Center plaza on Independence Day.



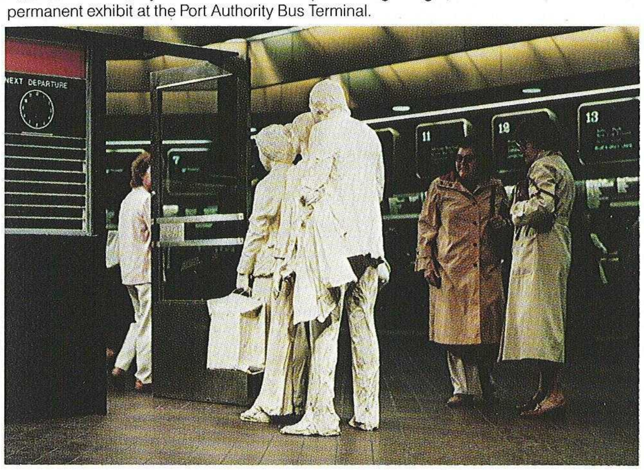
The Port Newark-Elizabeth marine terminals, the world's first containerport and now "America's Container Capital."


Newport



A grotesquerie of puppets 20 feet high, part of the Christmas decor and the World Trade Center's year-round entertainment and culture program.

"The Commuters," by world-renowned sculptor George Segal, one of the works of art on permanent exhibit at the Port Authority Bus Terminal.



This region boasts an unparalleled labor force of seven million people with a highly diversified range of creative, professional and technical skills. In addition, it has a concentration of specialized activities including finance, publishing, communications and medical and legal services, not to mention the largest array of institutions of higher education and specialized training centers in the country.

We have also discovered that art and culture constitute an important major industry in the region and comprise one of the growing sectors of our economy. This reinforces the attractiveness of our area for national and international trade and commerce.

Harnessing the strengths of the New York-New Jersey Metropolitan Region to fulfill all the opportunities of its natural and socioeconomic advantages will guarantee our position as the financial and trade center of the world. The Port Authority offers itself as one of the region's great sources of enterprise, discipline and capital for the rebuilding that lies ahead.

The helical entrance to the Lincoln Tunnel, the only three-tube tunnel in the world and the nation's busiest.

Public Awareness Survey

Results of the second Port Authority Public Awareness Survey, conducted in November of 1981, were analyzed and reported upon early in 1982.

The purpose of the survey was to determine the regional public's overall perception of the Port Authority and its facilities. It is a method of measuring the Port Authority's efforts in various areas and of providing insight into planning service improvements.

While there was a marked improvement in the public attitude toward the Port Authority in this survey, as compared to the first one in 1978, the analysis showed the public had relatively the same "knowledge"–what the Port Authority is, how it functions–as it did in the earlier survey.

For example, more than 30 percent mistakenly believed that the Port Authority derives its revenues from taxes or government grants, rather than from revenues from its facilities.

Of even greater moment than the increase in those with a "favorable" opinion of the Port Authority was the sharp drop from 14 percent to 2 of those who had considered the Port Authority "unfavorably," as an agency "not responsive" to the public will.

On performance alone, 40 percent still rated the Port Authority overall as "Good," while the "Poor" rating declined below 10 percent and the "Fair" rating rose to 51 percent.

Of the individual facilities top-rated in 1978, Newark International Airport, the World Trade Center, PATH and the George Washington Bridge all showed a rise in "Good" ratings, and all Port Authority facilities, taken one by one, received fewer "Poor" ratings than in 1978.

The public's opinion of the Port Authority Bus Terminal is worth isolating as a reflection of the Port Authority's effort, financially and in public services offered, to bring the terminal's standards to an all-time high. Despite prolonged construction and dislocation, the terminal was rated "Good" by 43 percent of the respondents, an 11 percentage point increase over 1978, and the "Poor" ratings fell off by 13 points, from 27 percent to 14.

The Port Authority 1982

The Port Authority upgrades and maintains its facilities at the highest standards of regional public service:

- At Newark International Airport new federal inspection facilities are under construction at Terminal C in anticipation of a newly designated U.S. carrier Newark-London service and other international operations.
- Route 81-Exit 13A interchange was completed as an improved access to Newark International Airport and the Port Newark-Elizabeth marine terminals.
- New frontage and canopies have been added to extend Newark International's landside area for the convenience of passengers arriving by bus and car.
- At LaGuardia Airport a new exit from the multistory parking garage direct to Grand Central Parkway was under construction to ease on-airport traffic congestion, and a new overflow parking lot was built.
- A new LaGuardia Airport demonstration ground transportation information and reservation counter was initiated at the Eastern Airlines Shuttle Terminal to improve the interface between patrons and ground transportation operators.
- At Kennedy International and LaGuardia, runways, taxiways and roadways were rehabilitated and modified.
- Construction of a major new cargo unit was authorized for Kennedy International.
- The Port Authority is seeking to establish a foreign-trade zone at Kennedy International to encourage manufacturing and to promote product-modification employment.
- Lease of Kennedy International and LaGuardia airports was renegotiated with New York City to facilitate additional investment in airport improvements.
- The Port Authority formulated a new noise rule to be sure the region, which by FAA estimates includes approximately one-third of the nation's aircraft-impacted population, receives a full "fair share" of the airlines' new quieter planes.

The growth of Newark International Airport has led to new construction ventures. Construction began on the new Newark airmail facility. Ground was broken for the first on-airport hotel. A lease agreement was approved for construction of a 37-acre general aviation service center, the world's largest, to relieve congestion at Teterboro and strengthen the region's general aviation business. The City of Newark began to build a multimillion-dollar pump station, and construction was approved for a new cargo building. . . At Kennedy International, Flying Tiger and United Airlines started alterations of hangars 6 and 8 for air cargo. TWA became involved in a $25 million modification to its new domestic terminal, taken over from National. . . At LaGuardia, construction neared completion on Delta's new terminal.

The Port Authority intensified its marketing, promotional and advertising strategies. The first TV ad was launched in a Newark International marketing and advertising campaign that highlighted the airport's ease of access and increase of services. The Federal Aviation Administration was persuaded to abandon its intent to transfer its Eastern Region offices and jobs from Kennedy International. The Port Authority has agreed to pay approximately $55 million to Pan American World Airways for the airline's long-term leasehold of its Worldport passenger terminal. A new promotional board was formed, with representatives from the airlines, retailers and the Port Authority, to market the airport through such activities as airport tours for travel agents.

A taxi line at Kennedy International Airport, one ground transportation service among many necessary to the growth of regional air travel.

Passengers arriving at Kennedy International Airport receive a broadside welcome from a mobile lounge.

The newly expanded Port Authority Bus Terminal, the nation's busiest, and its off-street bus ramps direct to the Lincoln Tunnel.

- The modernization and expansion of the Port Authority Bus Terminal proceeded without interruption of service to its 170,000 daily bus passengers. Rehabilitation of the Ninth Avenue entrance, inside and out, and landscaping around the terminal exterior were begun. "The Commuters," a sculpture by George Segal, was mounted in the newly completed ticketing area and waiting room. Information seekers began using a new quick-response telephone system. Experiments made with video information systems and self-help computer equipment are now under consideration, promising better and more personalized service to the traveling public.
- The upper level toll plaza of the George Washington Bridge, redeveloped at a cost of $18 million, opened to traffic in October. Twelve new toll lanes, equipped with the latest in labor-saving support systems, replaced the 11 booths in service for 25 years.
- A $10-million rehabilitation of the Lincoln Tunnel's 45-year-old center tube roadway began in September. The project, carried out at night to assure minimum disruption to traffic, entails replacement of asphalt and structural concrete for the entire 8216-foot length of the tube. Temporary decking will accommodate daytime passenger vehicle traffic until the project's completion. Commercial trucking will be routed through the north and south tubes.
- "Early 4/West," an experimental program involving a four-lane changeover to speed westbound evening rush hour traffic at the Lincoln Tunnel, had a two-month trial run and is now under evaluation. Toward the same end, widening a westbound ramp from two lanes to three provides relief to evening rush-hour traffic en route to the New Jersey Turnpike.
- The Holland Tunnel's north tube entrance and exit were rehabilitated. Now under way is the first phase of a landscape beautification program scheduled for completion by spring.

Xport, the Port Authority's pioneer trading company launched in March, began preparing individual marketing programs for interested New York and New Jersey small and medium-sized firms, all new to export. By year-end, projections from private sector acceptances indicated export sales of $4.5 million in 1983.

In other activities:

- Consolidation of Port Authority space in One World Trade Center was completed. The five vacated floors, 200,000 square feet, were rented to private tenants. Three floors, originally leased to New York State in Two World Trade Center, were rented to the Fund for Regional Development, an agency of the two states and the Port Authority, and a first step toward the creation of a regional bank to generate capital funds for infrastructure improvements. The World Trade Center was 98 percent tenanted at year-end.
- Public amenities on the World Trade Center Observation Deck were upgraded. A principal tourist attraction of the New York-New Jersey Metropolitan Region, the deck had over 1.4 million visitors in 1982.
- The Port Authority completed and rented its first building in Bathgate Industrial Park, a joint venture with the City of New York. The tenant, a printer and publisher, due to take occupancy in mid-1983, exemplifies the type of light manufacturing the completed park is intended to house.
- The Port Authority completed construction on a ten-acre expansion at the Red Hook Marine Terminal in Brooklyn, a joint New York City-State-Port Authority project.
- The new "transtainer" system site at Port Newark-Elizabeth was prepared at a cost of $2 million. The system uses wheel-mounted cranes to automate the handling and storage of individual containers.
- Berth 6 at the New York City Passenger Ship Terminal was altered to accommodate the unique auto-cruise vessel *Scandinavia*, originated as a Port Authority marketing concept, in time for her maiden voyage in October.

In its 20th year of Port Authority operation PATH carried almost 53 million passengers, a record since the late 1940's, and began a series of capital improvements to maintain safe and reliable service:

- New fluorescent lighting was installed in the tunnels, along with a new emergency radio channel.
- Car fire resistance was increased.
- Planning and design work nears completion on tunnel and station standpipes, tunnel and station ventilation and tunnel emergency exits.
- Planning and studies continue on major rehabilitation of the car fleet, including possible replacement of the oldest cars, and on modern car maintenance facilities.
- Centralized control of train operations at the John F. Hoban Control Center, completed for New Jersey and downtown New York operations, is being extended to the downtown-33rd Street section.

At the end of 1982, the Port Authority had agreed to purchase 2,035 buses and related equipment to be used under the Port Authority bus programs in New York and New Jersey at a cost of approximately $309,700,000.

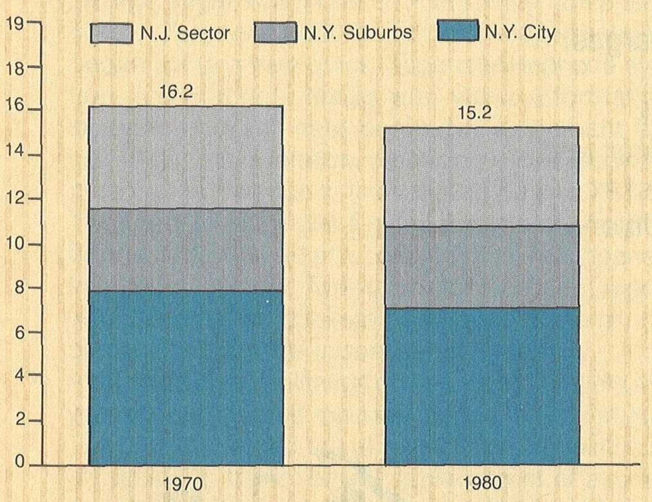
The New York-New Jersey Metropolitan Regional Almanac

The New York-New Jersey Metropolitan Region, the largest and most diversified metropolitan region in the nation, consists of New York City, the four suburban New York Counties of Nassau, Rockland, Suffolk and Westchester, and the eight counties of northern New Jersey, Bergen, Essex, Hudson, Middlesex, Morris, Passaic, Somerset and Union.

Area	3,900 Square Miles
Population 1980	15.2 Million
Households	5.5 Million
Civilian Labor Force 1982	7.2 Million
Total Personal Income	$173 Billion
Retail Sales 1982 Estimate	$ 69 Billion
Total Wage and Salary Jobs–1982	6.75 Million

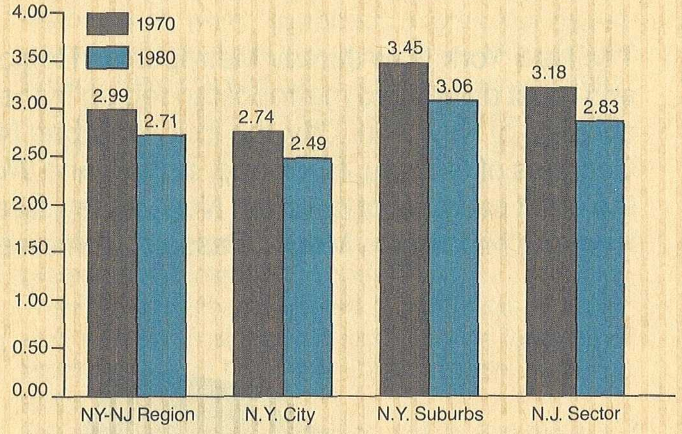
Demographics

Population
N.Y.-N.J. Metropolitan Region
1970, 1980
(millions)



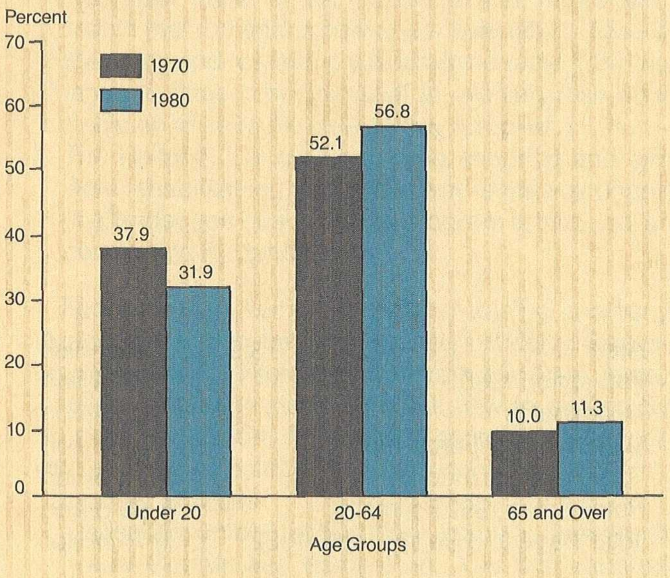
Source: U.S. Bureau of the Census

Average Number of Persons Per Household
N.Y.-N.J. Metropolitan Region
1970, 1980



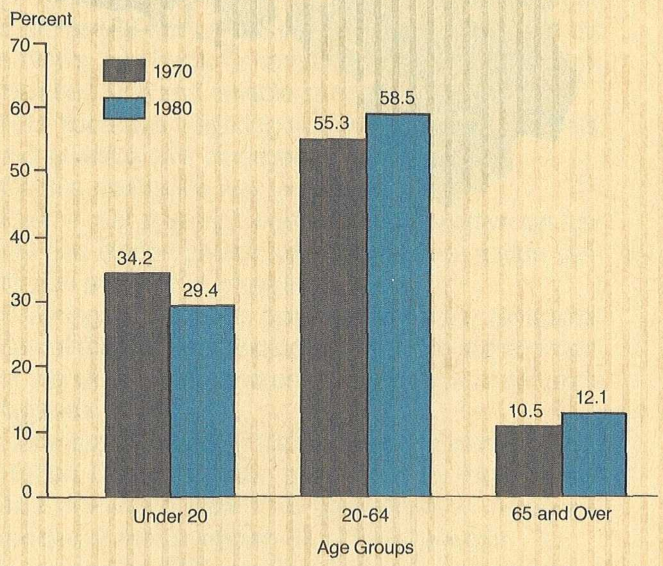
Source: U.S. Bureau of the Census. Census of Population. 1970 and 1980.

Changes in age distribution
United States
1970, 1980



Source: U. S. Bureau of the Census. Census of Population, 1970 and 1980.

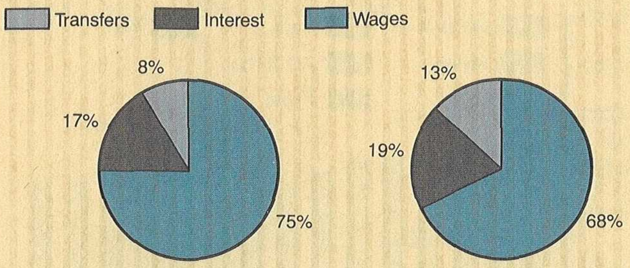
Changes in age distribution
New York-New Jersey Region
1970, 1980



Source: U. S. Bureau of the Census. Census of Population, 1970 and 1980.

Income

Total Personal Income by Type
N.Y.-N.J. Metropolitan Region
(percent)

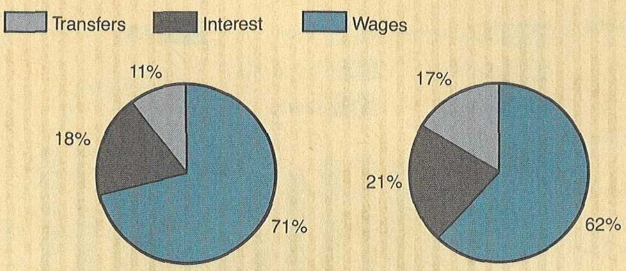


1969: Region = $76.6 billion

1980: Region = $172.6 billion

Source: U.S. Bureau of Economic Analysis
Wages = Net Labor and Proprietors Income
Interest = Dividends, Interest and Rent
Transfers = Transfer Payments

Total Personal Income by Type
New York City
(percent)

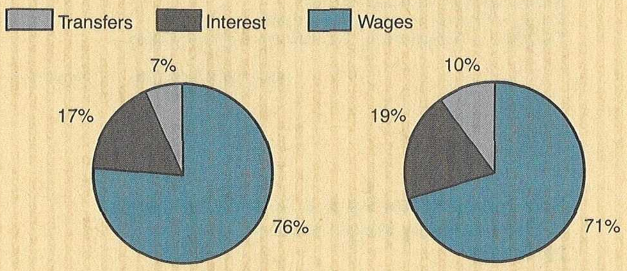


1969: New York City = $36.3 billion

1980: New York City = $73.2 billion

Source: U.S. Bureau of Economic Analysis
Wages = Net Labor and Proprietors Income
Interest = Dividends, Interest and Rent
Transfers = Transfer Payments

Total Personal Income by Type
N.Y. Suburbs
(percent)

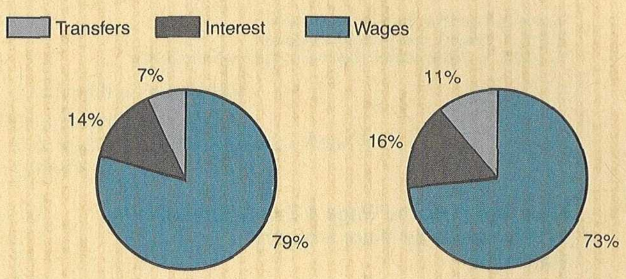


1969: N.Y. Suburbs = $19.0 billion

1980: N.Y. Suburbs = $47.5 billion

Source: U.S. Bureau of Economic Analysis
Wages = Net Labor and Proprietors Income
Interest = Dividends, Interest and Rent
Transfers = Transfer Payments

Total Personal Income by Type
N.J. Sector
(percent)

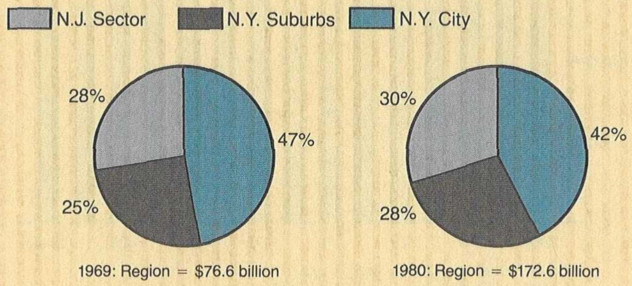


1969: N.J. Sector = $21.3 billion

1980: N.J. Sector = $51.9 billion

Source: U.S. Bureau of Economic Analysis
Wages = Net Labor and Proprietors Income
Interest = Dividends, Interest and Rent
Transfers = Transfer Payments

Total Personal Income
N.Y.-N.J. Metropolitan Region
(percent)



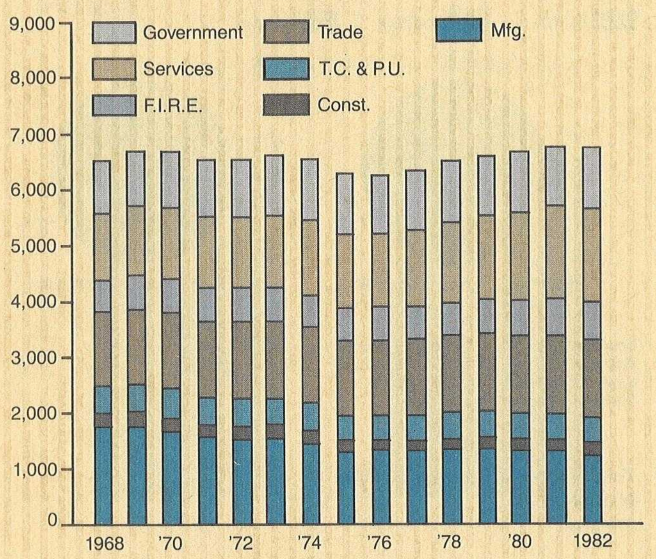
1969: Region = $76.6 billion

1980: Region = $172.6 billion

Source: U.S. Bureau of Economic Analysis

Employment

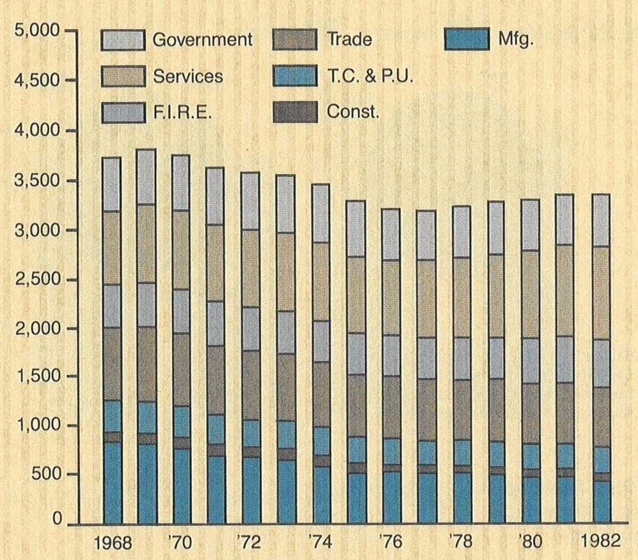
N.Y.-N.J. Metropolitan Region Wage & Salary Employment in Thousands by Major Industry 1968-1982



Source: N.Y. and N.J. State Depts. of Labor
F.I.R.E. = Finance, Insurance & Real Estate
T.C. & P.U. = Transportation, Communications & Public Utilites

1982: Region = 6.8 million

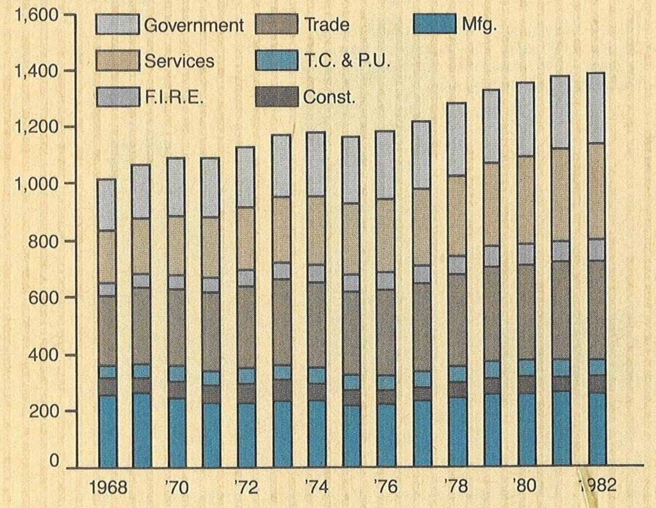
New York City Wage & Salary Employment in Thousands by Major Industry 1968-1982



Source: New York State Dept. of Labor
F.I.R.E. = Finance, Insurance & Real Estate
T.C. & P.U. = Transportation, Communications & Public Utilites

1982: New York City = 3.4 million

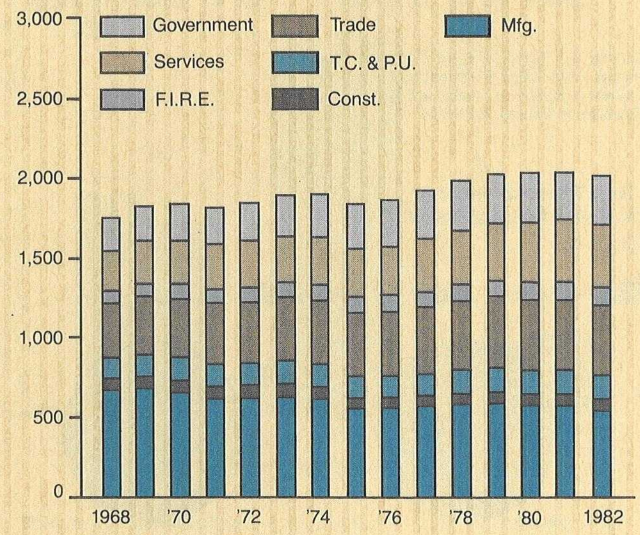
New York Suburbs Wage & Salary Employment in Thousands by Major Industry 1968-1982



Source: New York State Dept. of Labor
F.I.R.E. = Finance, Insurance & Real Estate
T.C. & P.U. = Transportation, Communications & Public Utilities

1982: N.Y. Suburbs = 1.4 million

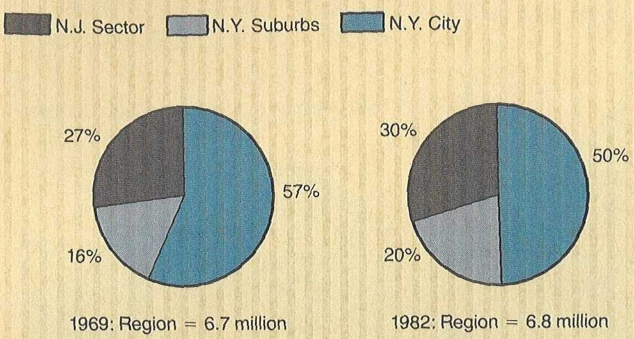
New Jersey Sector Wage & Salary Employment in Thousands by Major Industry 1968-1982



Source: New Jersey State Dept. of Labor
F.I.R.E. = Finance, Insurance & Real Estate
T.C. & P.U. = Transportation, Communications & Public Utilities

1982: N.J. Sector = 2.0 million

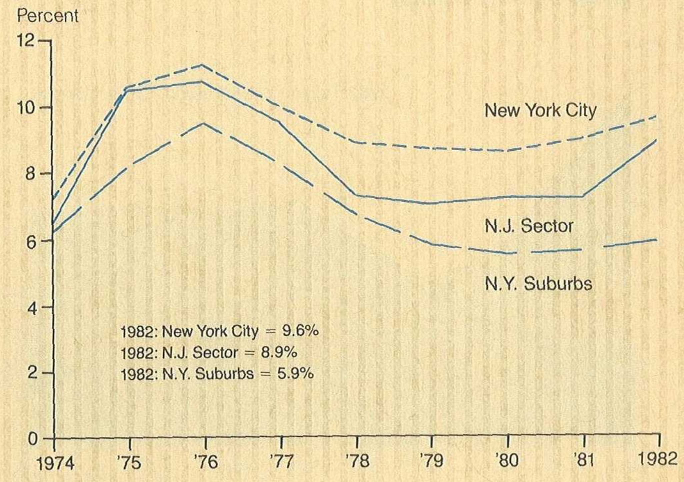
Wages & Salary Employment in the N.Y.-N.J. Metropolitan Region by Major Geographic Area



Source: N.Y. State Dept. of Labor
N.J. Dept. of Labor

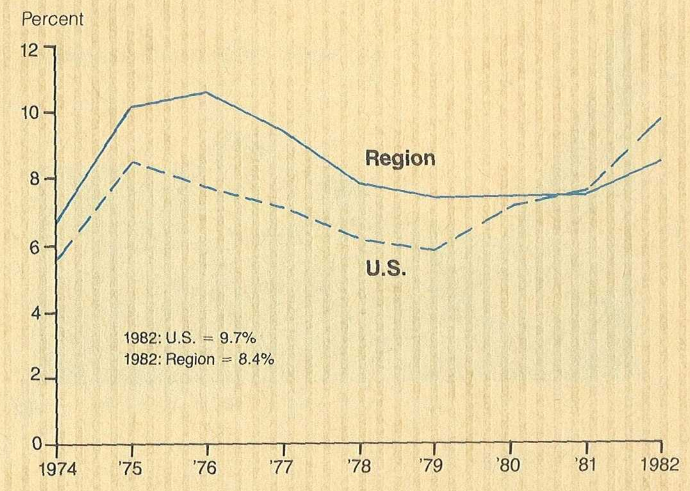
Unemployment

Unemployment Rates NY-NJ Metropolitan Region 1974-1982



Source: N.Y. State Dept. of Labor
N.J. State Dept. of Labor

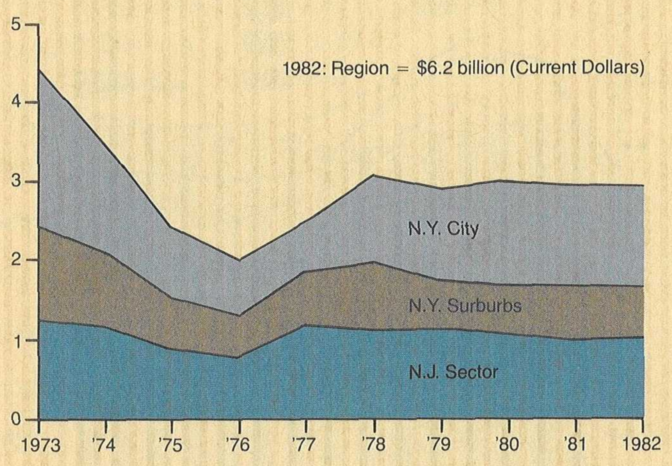
Unemployment Rates U.S. and NY-NJ Metropolitan Region 1974-1982



Source: U.S. Dept of Labor, Bureau of Labor Statistics
N.Y. State Dept. of Labor
N.J. State Dept. of Labor

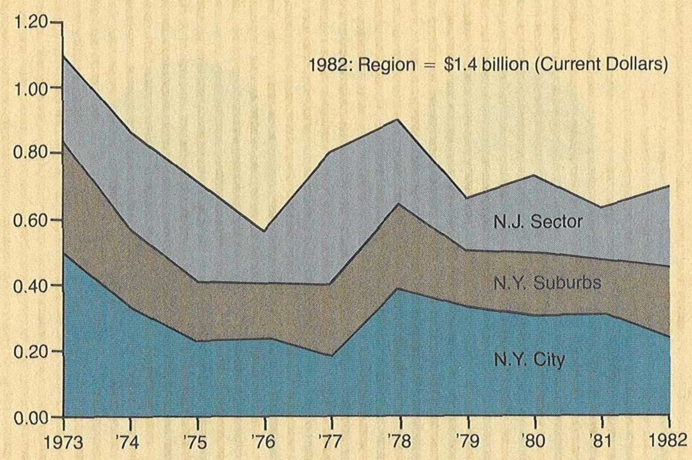
Construction

Total Construction Contract Awards
NY-NJ Metropolitan Region
1973-1982
(billions of 1972 dollars)



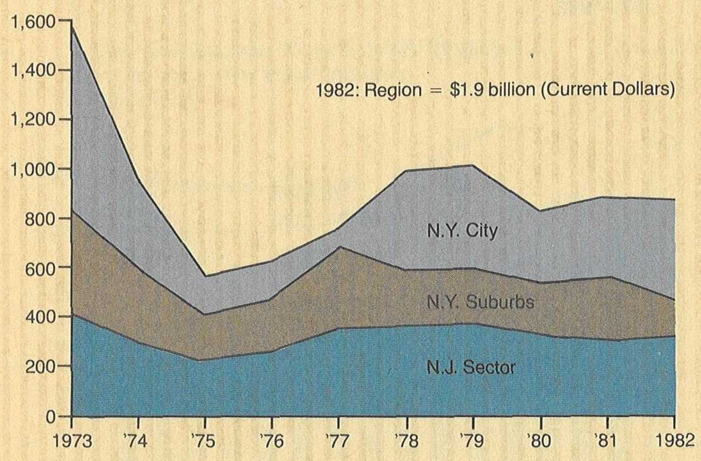
Source: F.W. Dodge

Infrastructure Construction Contract Awards
NY-NJ Metropolitan Region
1973-1982
(billions of 1972 dollars)



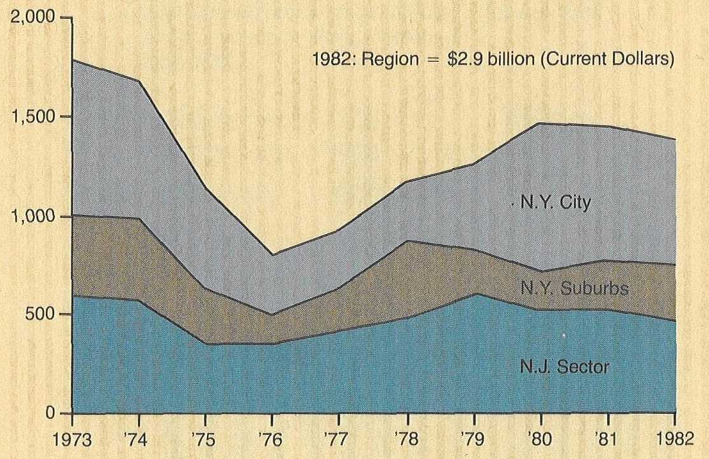
Source: F.W. Dodge

Residential Building Construction Contract Awards
NY-NJ Metropolitan Region
(millions of 1972 dollars)



Source: F.W. Dodge

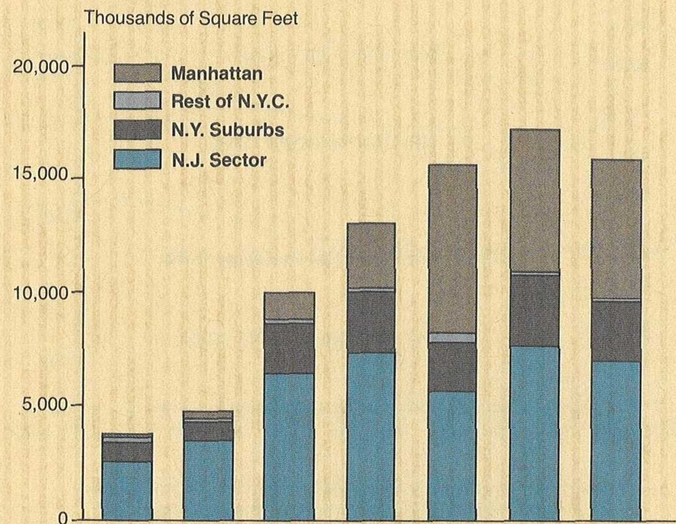
Commercial and Industrial Building Construction Contract Awards NY-NJ Metropolitan Region
1973-1982
(millions of 1972 dollars)



Source: F.W. Dodge

Inflation

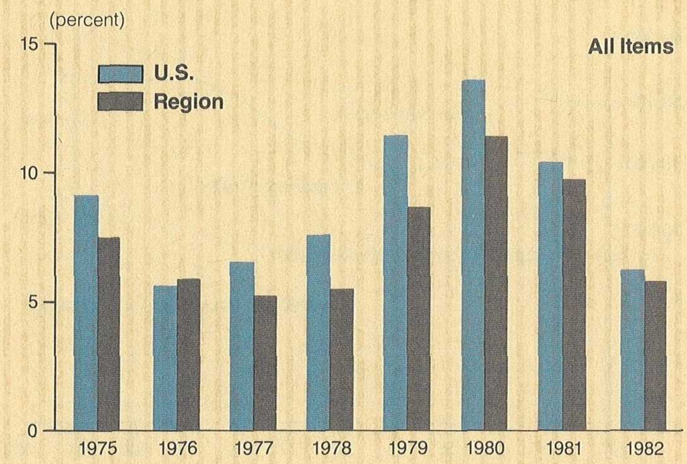
Contract Awards for Office Buildings in The New York-New Jersey Metropolitan Region 1976-1982



Source: F.W. Dodge

1982: Region = 15.9 million

Percent Change in Consumer Price Index U.S. and NY-NJ Metropolitan Region 1975-1982

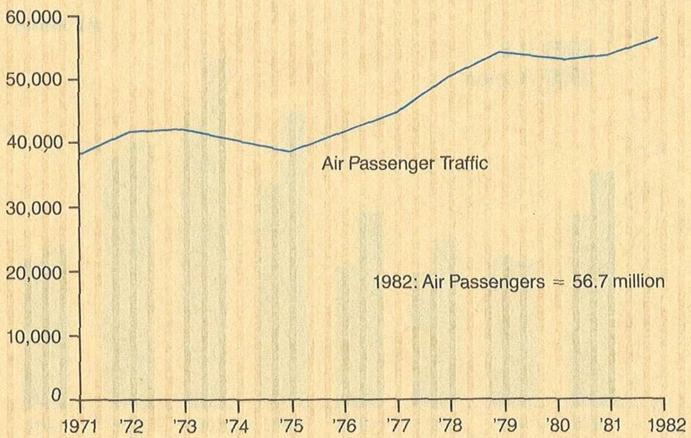


Source: U.S. Bureau of Labor Statistics

1982: U.S. = 6.1%
1982: Region = 5.8%

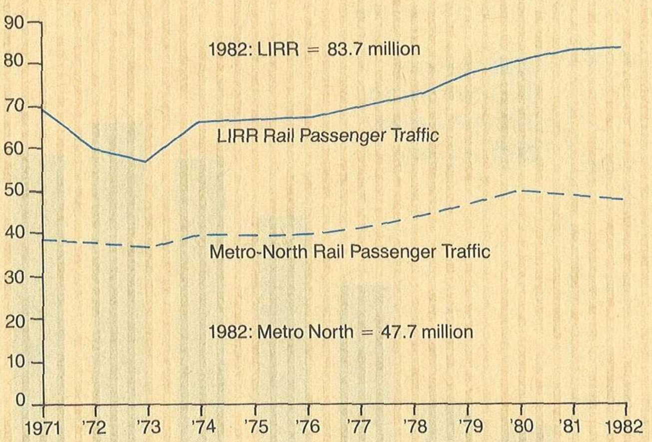
Regional Traffic Trends

Domestic and Overseas Air Passenger Traffic
N.Y.-N.J. Metropolitan Region
1971-1982
(in thousands)



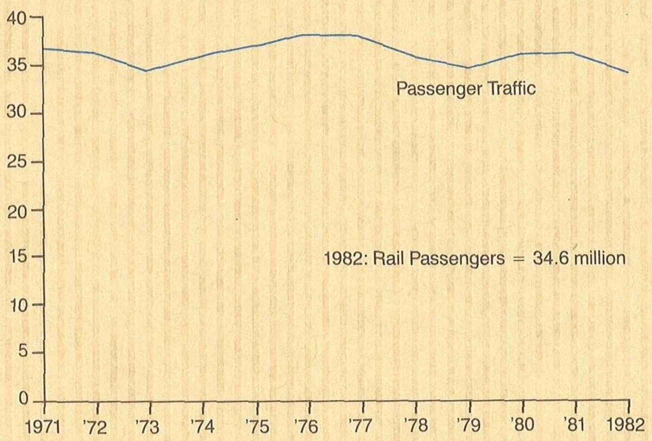
Source: The Port Authority of N.Y.-N.J.

Metropolitan Transit Authority
Commuter Rail Revenue Passenger Traffic
1971-1982
(in millions)



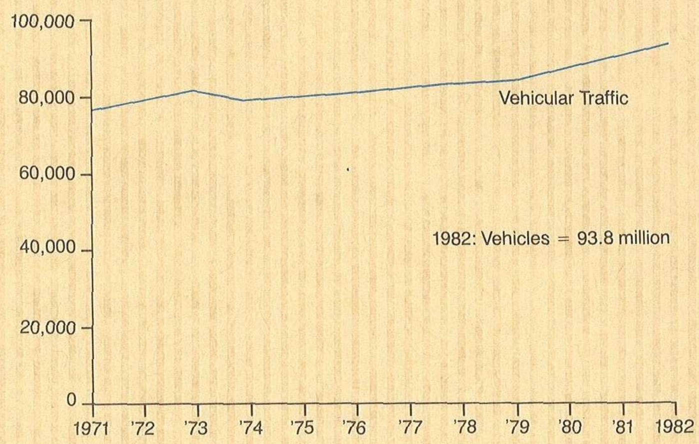
Source: Metropolitan Transit Authority
Note: Metro-North includes the former New Haven, Harlem and Hudson lines of Conrail

New Jersey Transit Rail Passenger Traffic
1971-1982
(in millions)



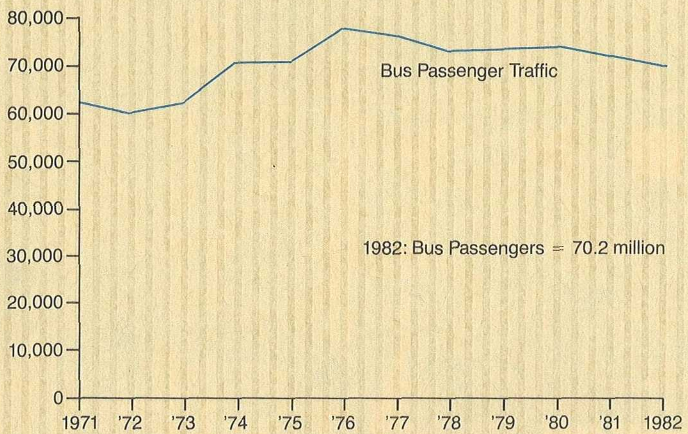
Source: Tri-State Regional Planning Commission, 1971-1978
New Jersey Transit, 1979-1982
Note: New Jersey Transit's rail operations include the former Hoboken and New Jersey Divisions of Conrail

Port Authority Tunnels and Bridges
Annual Eastbound Vehicular Traffic
1971-1982
(in thousands)



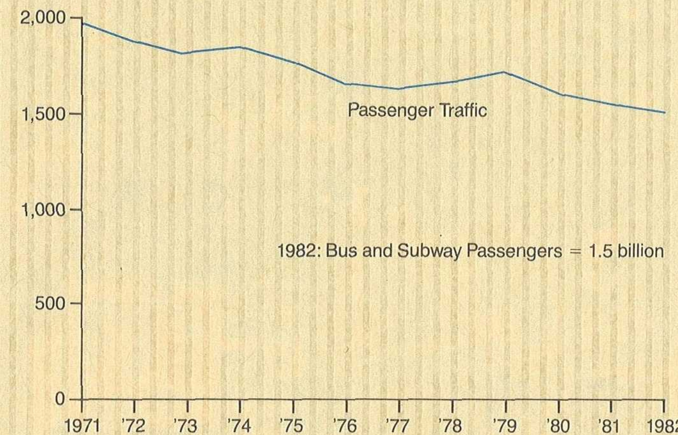
Source: The Port Authority of N.Y.-N.J.

Bus Passenger Traffic: through Port Authority terminals
N.Y.-N.J. Metropolitan Region
1971-1982
(in thousands)



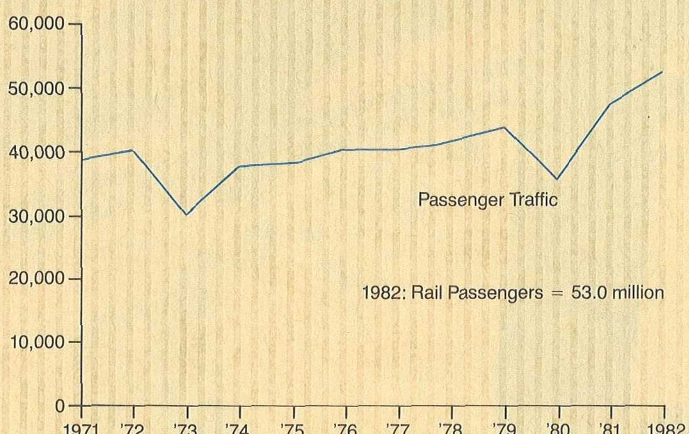
Source: The Port Authority of N.Y.-N.J.
Note: Journal Square Transportation Center opened in 1976

New York City Transit Authority
Bus and Subway Revenue Passenger Traffic
1971-1982
(in millions)



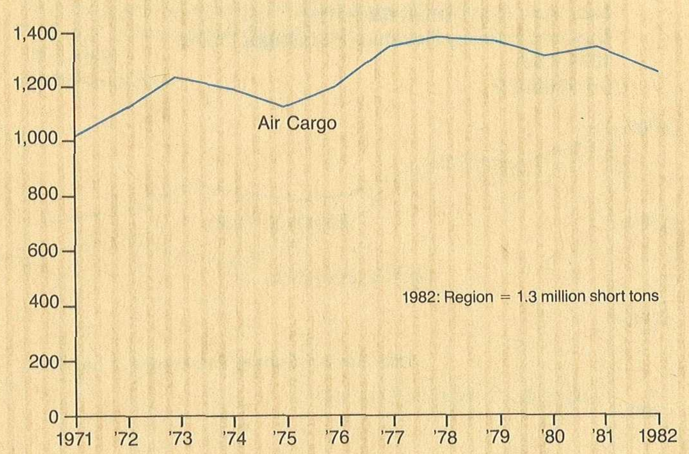
Source: New York City Transit Authority

Port Authority Trans-Hudson Rail Passenger Traffic
1971-1982
(in thousands)



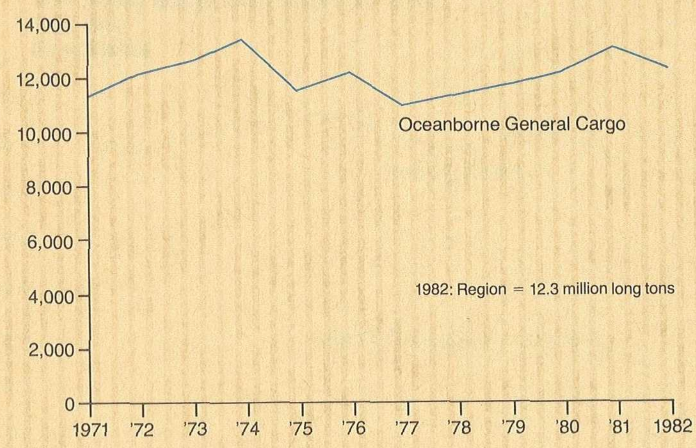
Source: the Port Authority of N.Y.-N.J.
Note: New York City transit strike, April 1 to April 13, 1980
PATH strike, June 12 to August 31, 1980
PATH strike, April 1 to June 3, 1973

Air Cargo Traffic
N.Y.-N.J. Metropolitan Region
1971-1982
(in thousands of short tons)

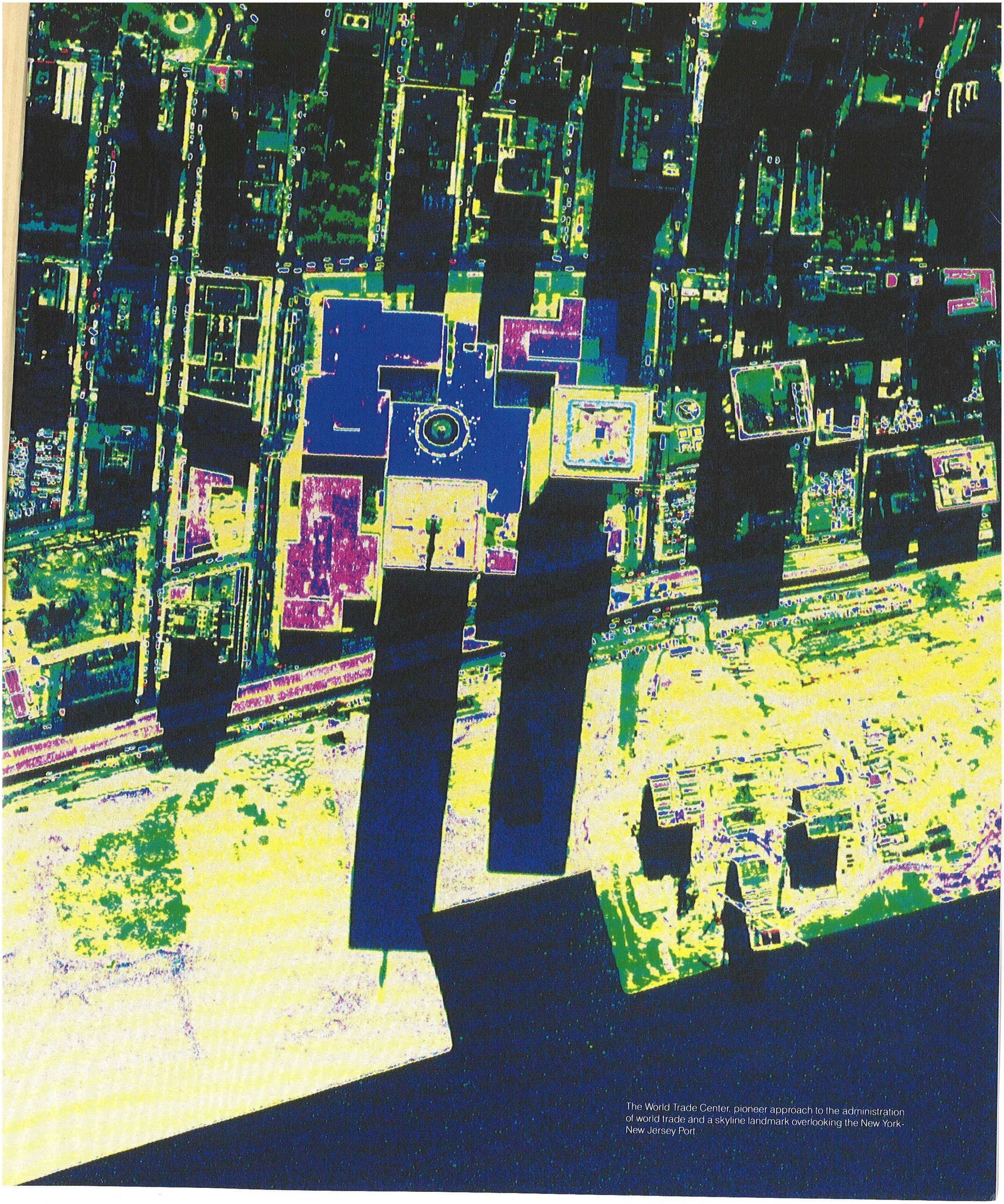


Source: The Port Authority of N.Y.-N.J.

Oceanborne General Cargo
The Port of N.Y.-N.J.
1971-1982
(in thousands of long tons)



Source: The Port Authority of N.Y.-N.J.



The World Trade Center, pioneer approach to the administration of world trade and a skyline landmark overlooking the New York-New Jersey Port

February 25, 1983

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 16 to 42 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, 1982. 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-8. 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.

The Port Authority is dedicated to providing the highest quality public service and hires and develops personnel to that end. The agency's activities are carried on by line and staff departments. To assist in guiding the operation of each of these departments, detailed policies and procedures are published and communicated to all employees.

To reasonably assure compliance with policies and procedures and to protect the Port Authority's assets, a system of internal controls including budget guidelines has been developed. This system is strengthened and supplemented by a staff of internal auditors which conducts examinations of the Authority's operations and reports on management's performance. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgments by management.

A firm of independent public accountants, retained by the Port Authority, conducts examinations in accordance with generally accepted auditing standards and meets with the Audit Committee of the Board of Commissioners. The report by the independent accountants on the Port Authority's 1982 Financial Statements appears on page 22 of the Annual Report. As part of its annual examination, Touche Ross & Co. performed a study and evaluation of the system of internal accounting control of the Port Authority and has expressed its opinion, which appears on page 21 of the Annual Report.

Peter C Goldmark Jr — Executive Director

Carl M Wallberg — Director of Finance

Highlights	1982	1981
	(In Thousands)	
Gross Operating Revenues	**$ 779,700**	$ 699,100
Net Operating Revenues	**222,400**	211,400
Net Revenues Available for Debt Service and Reserves	**324,600**	316,300
Debt Service Charged to Revenues and Reserves	**226,300**	200,900
Cumulative Invested in Facilities	**4,574,600**	4,375,500
Bonds and Consolidated Notes Outstanding, in accordance with Port Authority bond resolutions	**2,130,800**	1,972,300
Bank Loans Outstanding	**31,250**	62,500
General Reserve Fund	**223,100**	210,600
Consolidated Bond Reserve Fund	**342,800**	330,100
Special Reserve Fund in Trust	**3,600**	4,800

Basic Policies and Financial Structure

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two States in 1921 with the consent of the Congress of the United States. It is authorized and directed 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, defined in the compact, which comprises an area of about 1,500 square miles in both States, centering about New York Harbor.

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 implement 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 26 facilities through line and staff departments comprising 7,800 career personnel and guides proposals to the point of presentation to the Board of Commissioners.

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.

A budget incorporating limits on expenditures is adopted annually after stringent examination 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. Continuous planning is undertaken to prepare for future developments.

In 1982, the Port Authority's financial affairs were administered by John B. McAvey, Comptroller, Marshal L. Wilcox, Jr., Treasurer, and Carl M. Wahlberg, Director of Finance. Mr. Wahlberg retired in February, 1983.

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, the Port Authority has issued over $5.1 billion in obligations, as well as $125 million issued solely as additional security for the payment of three bank loans obtained in 1977, of which over $2.1 billion was outstanding on December 31, 1982.

To effectuate its programs, statutes which required the Port Authority to create the General Reserve Fund also established the principle of pooling revenues from 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 at least 10 percent of the total par value of the Port Authority's outstanding bonded debt, in accordance with Port Authority bond resolutions, secured by a pledge of such Fund. After payment of debt service on Consolidated Bonds and Notes, and payment into the General Reserve Fund of such amounts as may be necessary to maintain that Fund at its statutory amount, all net revenues upon which such Bonds and Notes have a first lien are paid into the Consolidated Bond Reserve Fund.

Currently, the General Reserve Fund and the Consolidated Bond Reserve Fund are pledged in support of all the Port Authority's outstanding bonds and notes other than New York State Guaranteed Commuter Car Bonds, the Port Authority's bank loans, and obligations issued under the Port Authority Commercial Paper Program.

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.

Financial Presentation

The Port Authority's consolidated financial statements are prepared in accordance with generally accepted accounting principles and thus include a provision for depreciation on facilities and 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, facility capital costs are provided for through deductions from net 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 $779,744,000, an increase of 11.5 percent over 1981. This growth reflects the continuing development and utilization of the Port Authority's facilities. This year's operating expenses amounted to $557,303,000, an increase of 14.3 percent over 1981.

Financial income on securities held in the reserve, operating and capital funds was $102,197,000. Net revenues available for debt service and reserves were $324,638,000.

Interest on the Port Authority's debt charged to operations and reserves totaled $106,186,000 and bonded debt amortization amounted to $51,448,000. In addition, $31,250,000 in principal payments were made to reduce outstanding bank loans in accordance with agreements with the banks. Repayment of commercial paper obligations amounted to $37,422,000. Total debt service charged to revenues and reserves, including reserve funds in trust, therefore, was $226,306,000.

Financial Position at Year-End

As of December 31, 1982, 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 $5,573,179,000 an increase of 5.7 percent, or $302,451,000, over last year.

The amount invested in facilities rose by $199,000,000, including net interest during construction of $9,675,000 on bonded debt, bank loans and commercial paper obligations, to a cumulative total of $4,574,583,000 at year-end 1982.

This increase is represented by additional investment in:

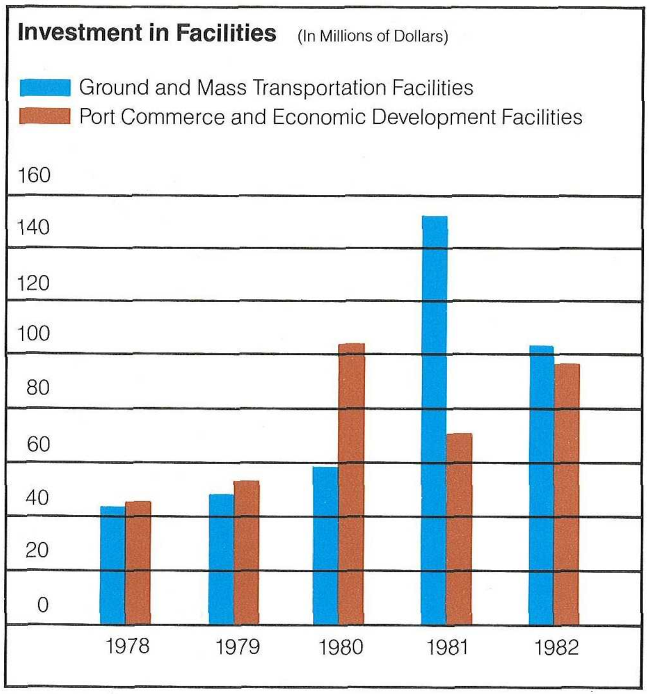
Ground & Mass Transportation Facilities	$103,000,000
Air Terminals	42,000,000
The World Trade Center	12,000,000
Marine Terminals	42,000,000

Bonded debt increased during the year by $158,552,000 to a total of $2,130,803,000. During the year, net assets increased by 7.6 percent to a total of $3,168,200,000, about 69 percent of the amount invested in facilities.

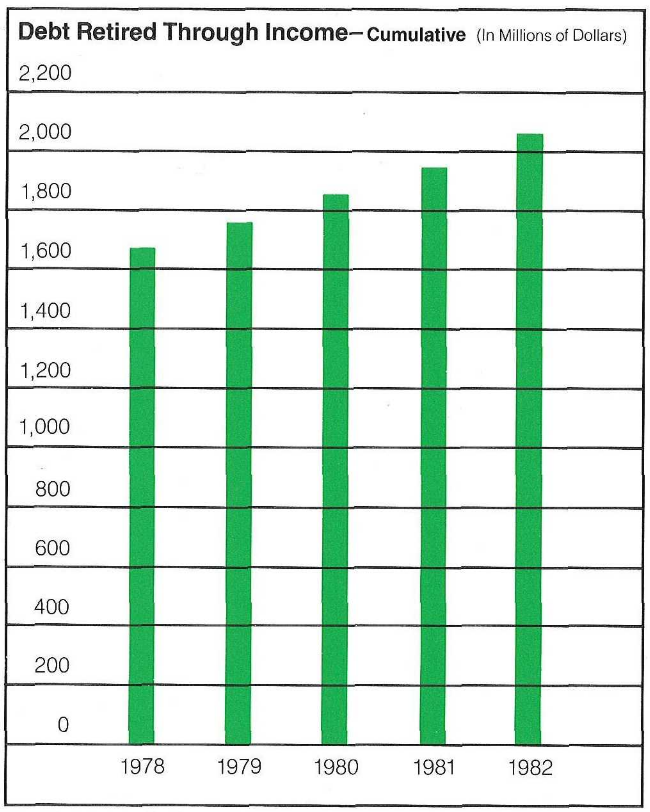
Reserve Funds

At year-end 1982, the General Reserve Fund balance was $223,080,000 and continued to meet the prescribed statutory amount of at least 10 percent of outstanding bonded debt, in accordance with Port Authority bond resolutions, secured by a pledge of such Fund. Two bond issues in the aggregate principal amount of $100,000,000 issued by the Port Authority solely as additional security for the payment of the two oustanding bank loans of the three bank loans obtained in 1977 and held in trust for that purpose are included in determining such amount. On December 31, 1982, the Consolidated Bond Reserve Fund had a balance of $342,845,000, after application of $35,550,000 and $37,593,000 to pay interest and principal on the bank loans and on commercial paper obligations, respectively, and of $75,621,000 to invested in facilities, $20,000,000 for the retirement of Consolidated Bonds in anticipation of future requirements, and $1,329,000 from self-insurance. The balance of the Special Reserve Fund in Trust, described on page 20, totaled $3,649,000. The sum of these reserves was $569,574,000, 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, $564,328,000 was invested in such securities.



Port Authority annual investment has increased more than twofold over the past five years for Ground and Mass Transportation facilities as well as Port Commerce and Economic Development facilities.



The Port Authority is a self-supporting agency which funds its operations and retires its debt through fares, fees, tolls and other charges.

Financial Income

The Port Authority's long-term investment portfolio was invested in securities of or guaranteed by the United States Government and Port Authority bonds. Earnings of $48,871,739 were recorded on an average long-term portfolio of $323,570,000.

Short-term investments, primarily in government securities and money market instruments, resulted in earnings of $52,774,275 on an average investment of $418,093,000.

Debt Repayment

During 1982, $51,448,000 par value of long-term bonds was retired. Long-term bonds with a par value of $31,448,000 were retired through mandatory sinking fund and maturity payments. Those, together with the following bonds with a par value of $20,000,000 which were retired as of December 31, 1982 in anticipation of future requirements, account for the total long-term debt retired through revenues and reserves.

Series	Amount
Fourteenth Series	$ 2,327,000
Twentieth Series	710,000
Twenty-first Series	802,000
Twenty-fourth Series	1,375,000
Twenty-sixth Series	2,625,000
Twenty-seventh Series	1,586,000
Twenty-eighth Series	2,250,000
Thirty-first Series	5,000,000
Thirty-second Series	1,150,000
Thirty-third Series	1,085,000
Thirty-fifth Series	1,090,000
	$20,000,000

The December 20, 1982, annual installment payments of $12,500,000 on the 1977 bank loan, and $18,750,000 on the additional November, 1977 bank loan were made as scheduled. The unpaid balance of the two bank loans still outstanding was $31,250,000 at year-end. In addition, $37,422,000 in commercial paper obligations were repaid as scheduled prior to December 31, 1982.

Additional Information for Bondholders

(More complete information is contained in the Notes to the Consolidated Financial Statements.)

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 moneys in the Consolidated Bond Reserve Fund, as provided in the Consolidated Bond Resolution. Furthermore, all Consolidated Bonds, including any which may hereafter be issued, are 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.

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. The only obligations of the Port Authority which were issued prior to the establishment of the issue of Consolidated Bonds and which were outstanding during 1982 are the General and Refunding Bonds in the amount of $3,528,000 for which the Port Authority had established its Special Reserve Fund. On December 31, 1970, the Port Authority placed amounts available from the Special Reserve Fund, the Air Terminal Reserve Fund and the Marine Terminal Reserve Fund, sufficient to secure fully the payment of principal and interest to redemption on the outstanding bonds for which such Funds had been established, 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.

On December 31, 1982, outstanding Consolidated Bonds and Notes totaled $2,227,275,000, including $100,000,000 issued solely as additional security for the payment of the two outstanding bank loans of the three bank loans obtained in 1977. Since 1952, the Port Authority has issued $3,356,650,000 of Consolidated Bonds and Notes, exclusive of refundings.

Touche Ross & Co.

November 29, 1982

Honorable Frank R. Lautenberg, Chairman
and Members of the Audit Committee of
The Port Authority of New York and New Jersey
New York, New York

We have made a study and evaluation of the system of internal accounting control of The Port Authority of New York and New Jersey in effect at October 31, 1982. Our study and evaluation was conducted in accordance with standards established by the American Institute of Certified Public Accountants and was performed concurrently with our examination of the Port Authority's financial statements for the year ending December 31, 1982.

Management of the Port Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of the system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and, where appropriate, in accordance with the Port Authority's bond resolutions.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In our opinion, the Port Authority's system of internal accounting control in effect at October 31, 1982, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the Port Authority's financial statements.

Touche Ross & Co.

Certified Public Accountants

GATEWAY 1–NEWARK, NEW JERSEY 07102–(201) 622-7100

Touche Ross & Co.

February 25, 1983

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

We have examined the consolidated statements 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, 1982 and 1981, 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 referred to above present fairly the financial position of The Port Authority of New York and New Jersey and its subsidiary as of December 31, 1982 and 1981, 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 during the period except for the changes, with which we concur, as described in Notes A-3 and A-4. The accompanying Schedules A through C have been prepared pursuant to the requirements of law and Port Authority bond resolutions. The accounting practices followed in the preparation of these schedules differ in some respects from generally accepted accounting principles as described in Note A-8. In our opinion, Schedules A, B and C present fairly the consolidated assets and liabilities of the Authority at December 31, 1982 and the consolidated revenues and reserves for the year then ended in conformity with the accounting principles described in Note A-8 which, except for the change with which we concur, as described in Note A-3 have been applied on a basis consistent with that of the preceding year.

Also, in our opinion, the supplementary information presented in Schedule D and the selected financial data for the years ended December 31, 1982 and 1981, appearing in Schedule E, are fairly stated in all material respects in relation to the financial statements taken as a whole. In our opinion, Schedule F presents fairly the assets and liabilities of the New York State Commuter Car Program at December 31, 1982, in conformity with the basis of accounting described therein, which basis has been applied in a manner consistent with that of the preceding year.

Touche Ross & Co.

Certified Public Accountants

GATEWAY 1–NEWARK, NEW JERSEY 07102–(201) 622-7100

Consolidated Statement of Income

	Year Ended December 31, 1982	1981
	(In Thousands)	
Gross Operating Revenues (Note H)	**$779,744**	$699,113
Operating Expenses:		
Employee compensation, including benefits	**284,297**	255,097
Materials, equipment, supplies and contract services	**115,206**	101,690
Heat, light and power	**68,696**	61,291
Rents (primarily related to airport leases) and amounts in-lieu-of-taxes	**51,053**	44,586
Other (Note K-3)	**38,051**	25,094
Total Operating Expenses	**557,303**	487,758
Depreciation on Facilities (Notes A-5 and B)	**111,762**	107,298
Amortization of Costs for Bus Programs (Note A-6)	**12,301**	3,668
Income from Operations	**98,378**	100,389
Financial Income and Expense:		
Income on investments (Note A-4)	**86,902**	88,238
Gain on purchase of Port Authority bonds in connection with current sinking-fund requirements (Note A-4)	**1,838**	2,770
Gain on purchase of Port Authority bonds in connection with future sinking-fund requirements (Note A-4)	**—**	10,346
Security valuation adjustment (Note A-4)	**—**	1,135
Interest expense (Note A-4)	**(104,424)**	(103,630)
Income Before Extraordinary Gain (Note A-4)	**82,694**	99,248
Extraordinary Gain		
Gain on purchase of Port Authority bonds in connection with future sinking-fund requirements (Note A-4)	**11,695**	—
Net Income	**$ 94,389**	$ 99,248

Consolidated Statement of Changes in Net Assets

	Year Ended December 31, 1982	1981
	(In Thousands)	
Balance at January 1	**$1,544,175**	$1,433,507
Net Income	**94,389**	99,248
Government Contributions in Aid of Construction (Note G)	**6,485**	11,420
Balance at December 31	**$1,645,049**	$1,544,175

See Notes to Consolidated Financial Statements.

Consolidated Statement of Financial Position

	December 31, 1982	December 31, 1981
	(In Thousands)	
Assets		
Facilities, at Cost (Note B)	**$4,284,743**	$4,158,616
Less Accumulated Depreciation on Facilities	**1,421,660**	1,319,970
Facilities, Net	**2,863,083**	2,838,646
Investments (Notes A-4 and C)	**824,044**	733,776
Cash	**10,798**	18,859
Unamortized Costs for Bus Programs (Note A-6)	**188,349**	137,756
Other Assets	**128,700**	100,917
Total Assets	**4,014,974**	3,829,954
Liabilities		
Bonds and Consolidated Notes (Notes A-4 and D)	**2,095,749**	1,930,565
Bank Loans Payable (Note E-1)	**31,250**	62,500
Accounts Payable and Other Liabilities	**238,196**	287,060
Deferred Income	**4,730**	5,654
Total Liabilities	**2,369,925**	2,285,779
Net Assets	**$1,645,049**	$1,544,175
Net Assets are Composed of:		
Net Income Invested in Port Authority Facilities, Operations and Reserves	**$1,495,468**	$1,393,893
Government Contributions in Aid of Construction (Note G)	**149,581**	150,282
Net Assets	**$1,645,049**	$1,544,175

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Financial Position

	Year Ended December 31, 1982	1981
	(In Thousands)	
Funds Provided from:		
Net Income	**$ 94,389**	$ 99,248
Add-Income charges not affecting funds in the period:		
Depreciation on facilities	**111,762**	107,298
Amortization of costs for Bus Programs	**12,301**	3,668
Amortization of certain other assets	**10,041**	6,055
Funds provided by operations	**228,493**	216,269
Bonds, notes and commercial paper obligations	**247,422**	105,000
Government contributions in aid of construction	**6,485**	11,420
Net increase in accounts payable and other liabilities	—	44,493
Net change related to Port Authority bonds purchased by the Port Authority	**9,680**	14,611
Sale of portion of PATH Administration Building	**1,695**	—
Total Funds Provided	**493,775**	391,793
Funds Applied to:		
Cost of facilities	**137,894**	104,442
Cost for Bus Programs	**62,894**	122,717
Retirement or repayment of bonds, notes and commercial paper obligations	**91,918**	64,765
Repayment of bank loans	**31,250**	31,250
Net decrease in accounts payable and other liabilities	**48,864**	—
Other net changes in other assets and deferred credits	**38,748**	14,013
Total Funds Applied	**411,568**	337,187
Net Increase in Cash and Investments	**$ 82,207**	$ 54,606

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Note A—Summary of Significant 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).

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 (see Note F-4 and 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. Facility capital costs include net interest expense incurred from the date of issuance of the debt to finance construction until completion of the capital project, in accordance with Financial Accounting Standard No. 62, Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants. Facility capital costs for the years 1980 and 1981 only include the interest expense incurred on such debt relating to construction in progress, which was consistent with Financial Accounting Standard No. 34, Capitalization of Interest. (See Note B-1 and Note G.)

4. Investments in long-term securities, other than Port Authority bonds, are valued at amortized cost. Investments in short-term securities, other than Port Authority bonds, are valued at the lower of their aggregate amortized cost or market value.

Port Authority bonds purchased by the Port Authority serve to reduce debt on Bonds and Consolidated Notes and are not included in investments. Interest expense and interest earnings relating to such Port Authority bonds purchased are not included in interest expense and income on investments (see Note A-8). The unamortized discount on Consolidated Bonds and Notes issued by the Port Authority also serves to reduce Bonds and Consolidated Notes. Effective January 1, 1982, consistent with Financial Accounting Standard No. 64, Extinguishments of Debt Made to Satisfy Sinking Fund Requirements, gains on purchase of Port Authority bonds in connection with future sinking fund requirements (those scheduled to occur more than one year from date of purchase) are separately classified as an extraordinary gain.

5. Depreciation is computed on the straight-line method based on estimated useful lives of the related assets including those financed by government contributions (see Note G). In distributing net income to net assets, a charge representing depreciation on assets acquired with contributions is made against the related contributions accounts. The cost and accumulated depreciation related to assets removed from service are eliminated from the accounts (see Note A-8 and Note B-1).

6. All expenditures for the Bus Programs are recorded as deferred charges and charged to operating expenses over the estimated useful life of the buses (see Note K-1).

7. The revenues and expenses of facilities are accounted for in the operating fund. The financial resources expended for 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).

8. 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 as follows:

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. Instead, facility capital costs are provided for through deductions from net revenues and reserves of amounts equal to principal payments on debt or appropriations to Invested in Facilities. These amounts are credited at par to Debt Retired Through Income and to Appropriated Reserves Invested in Facilities, respectively.

Expenditures for the Bus Programs are included in Invested in Facilities in accordance with Port Authority bond resolutions.

Port Authority bonds purchased by the Port Authority remain outstanding and are included in Investments and Bonds and Consolidated Notes until retirement. Interest expense and interest earnings relating to such Port Authority bonds purchased are included as interest on bonds and Consolidated Notes 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.

9. 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.

10. The 1981 financial statements have been reclassified to conform to the classification used for the amortization of discount on Consolidated Bonds and Notes in 1982.

Note B–Facilities:

1. Cost of facilities is composed of the following:

	December 31, 1982	December 31, 1981
	(In Thousands)	
Completed Construction:		
Air Terminals	$1,447,839	$1,386,376
World Trade Center	1,039,085	1,025,737
Tunnels & Bridges	605,589	599,569
Marine Terminals*	600,414	554,568
Rail Facilities	262,591	264,830
Bus Terminal	180,260	139,510
	4,135,778	3,970,590
Construction in Progress	148,965	188,026
	$4,284,743	$4,158,616

*Marine Terminals includes an amount for the Truck Terminal; expenditures for the Truck Terminal, the Oak Point Rail Freight Link and the Bathgate Industrial Development Project are included with Marine Terminals on Note L.

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

Net interest expense added to cost of facilities was $9,675,000 in 1982, and interest expense of $5,309,000 was added to cost of facilities in 1981 (see Note A-3).

Prior to 1980, in accordance with generally accepted accounting principles, the Port Authority had consistently capitalized nèt interest expense on Port Authority debt incurred to finance construction of capital projects until the completion of construction. Effective January 1, 1980, consistent, at that time, with Financial Accounting Standard No. 34, Capitalization of Interest, interest expense was capitalized only on construction in progress and interest income was not capitalized. Effective January 1, 1982, consistent with Financial Accounting Standard No. 62, Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants, the Port Authority capitalizes net interest expense as it had prior to 1980. Had the 1982 accounting change been retroactively applied, 1981 and 1980 net income and cost of facilities would decrease by approximately $6,621,000 and $11,059,000, respectively (see Note A-3).

2. Two new passenger terminals at Newark International Airport were opened in 1973. The superstructure of a third terminal has been substantially completed and the terminal is to be put into operation when additional capacity is required. Modifications, which are expected to be completed in 1984, are being made to this terminal, and will include construction to provide for a new separate Federal Inspection Service facility and for a passenger walkway to the aircraft apron. The Port Authority's net investment in this terminal amounted to $46,127,000 at December 31, 1982, and depreciation expense charged to income amounted to $1,631,000 and $1,524,000 in 1982 and 1981, respectively.

Note C—Investments:

	December 31, 1982			December 31, 1981
	Principal Amount	Quoted Market	Book Value	Book Value
		(In Thousands)		
Short-Term				
United States Treasury Bills	$469,100	$459,253	$458,667	$336,898
Bankers' Acceptances	53,600	53,147	53,141	31,335
Certificates of Deposit	14,332	14,322	14,332	5,671
Total Short-Term	$537,032	$526,722	526,140	373,904
Long-Term (Note A-4)				
Farmers' Home Administration (Department of Agriculture) Insured Notes	$ 57,000	$ 55,168	56,960	56,946
United States Treasury Bonds and Notes	182,000	185,242	181,449	234,733
Government National Mortgage Association Participation Certificates	2,000	1,760	2,000	2,000
Total Long-Term	$241,000	$242,170	240,409	293,679
Bonds of The Port Authority of New York and New Jersey	$ 30,801		30,801	40,481
Time Deposits with Banks	$ 44,700		44,700	35,824
United States Treasury obligations held under agreement to repurchase	$ —		—	16,000
Accrued Interest Receivable			12,795	14,369
Total Investments			854,845	774,257
Less: Bonds of The Port Authority of New York and New Jersey			30,801	40,481
Investments			$824,044	$733,776

Note D–Bonds and Consolidated Notes:

		December 31, 1981	Issued	Retired	December 31, 1982
			(In Thousands)		
General and Refunding Bonds					
Ninth Series	1½% due 1985	$ 1,263	$ —	$ 377	$ 886
Tenth Series	1¾% due 1985	804	—	65	739
Eleventh Series	1¼% due 1986	2,522	—	619	1,903
		4,589	—	1,061	3,528
Consolidated Bonds					
First Series	3% due 1982	1,707	—	1,707	—
Second Series	2¾% due 1984	5,580	—	1,680	3,900
Fourth Series	2¾% due 1985	8,000	—	2,000	6,000
Fifth Series	2.90% due 1983	4,500	—	1,800	2,700
Sixth Series	3% due 1986	12,600	—	1,200	11,400
Seventh Series	3.40% due 1986	10,500	—	1,000	9,500
Eighth Series	3.40% due 1987	20,000	—	3,000	17,000
Tenth Series	3¾% due 1987	14,100	—	900	13,200
Twelfth Series	3⅜% due 1988	16,800	—	2,100	14,700
Fourteenth Series	3⅝% due 1989	22,000	—	5,077	16,923
Sixteenth Series	4¼% due 1989	10,000	—	1,250	8,750
Nineteenth Series	3½% due 1991	14,500	—	1,000	13,500
Twentieth Series	3¼% due 1993	24,150	—	2,110	22,040
Twenty-first Series	3.40% due 1993	14,757	—	802	13,955
Twenty-second Series	3⅜% due 1993	17,250	—	1,000	16,250
Twenty-third Series	3⅜% due 1994	15,821	—	—	15,821
Twenty-fourth Series	3½% due 1994	18,125	—	2,250	15,875
Twenty-fifth Series	Various due 1982–1984	4,500	—	1,500	3,000
Twenty-sixth Series	3½% due 1995	27,475	—	3,850	23,625
Twenty-seventh Series	3⅜% due 1995	20,000	—	2,586	17,414
Twenty-eighth Series	3⅜% due 1996	22,000	—	3,250	18,750
Twenty-ninth Series	3½% due 1996	19,633	—	—	19,633
Thirtieth Series	3⅝% due 1998	17,269	—	—	17,269
Thirty-first Series	4% due 2002	91,000	—	7,000	84,000
Thirty-second Series	5% due 2003	87,650	—	1,150	86,500
Thirty-third Series	4¾% due 2003	87,585	—	1,085	86,500
Thirty-fourth Series	5½% due 2003	94,620	—	—	94,620
Thirty-fifth Series	6⅝% due 2005	98,090	—	1,090	97,000
Thirty-sixth Series	6.40% due 2005	48,770	—	—	48,770
Thirty-seventh Series	6% due 2006	98,550	—	—	98,550
Thirty-eighth Series	5⅜% due 2006	98,000	—	—	98,000
Thirty-ninth Series	5.80% due 2007	147,630	—	—	147,630
Fortieth Series	6% due 2008	100,000	—	—	100,000
Forty-first Series	5½% due 2008	99,500	—	—	99,500
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
Forty-ninth Series	10¼% due 2017	—	100,000	—	100,000
Fiftieth Series	10⅛% due 2017	—	100,000	—	100,000
Consolidated Notes					
Series EE	9¼% due December 1, 1984	100,000	—	—	100,000
Series FF	9% due July 1, 1983	—	10,000	—	10,000
		1,967,662	210,000	50,387	2,127,275
Total Bonds and Consolidated Notes in accordance with Port Authority bond resolutions		1,972,251	$210,000	$51,448	2,130,803
Less: Amortized cost of Port Authority bonds purchased by the Port Authority		40,481			30,801
Unamortized discount on Port Authority Consolidated Bonds and Notes		1,205			4,253
Bonds and Consolidated Notes		$1,930,565			$2,095,749

Note E–Financing:

The Port Authority finances construction of its facilities primarily by issuing bonds, notes and other obligations. Details of Bonds and Consolidated Notes and their 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, 1982	1981
Payable $12,500,000 in 1983 at 5¾%	$12,500,000	$25,000,000
Payable $18,750,000 in 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%	18,750,000	37,500,000
	$31,250,000	$62,500,000

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 General and Refunding 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 September 9, 1982, the Authority established an issue of special obligations known as Port Authority Commercial Paper Notes. On October 29, 1982, the Authority commenced issuance of Commercial Paper Notes, which may be issued from time to time on or before December 30, 1983, in an unlimited aggregate principal amount. Commercial Paper Notes are authorized to be issued for purposes of payment for capital expenditures in connection with certain of the facilities of the Authority and the refunding of Commercial Paper Notes. To assist in providing program liquidity in the event the Commercial Paper Notes cannot be refunded at maturity due to market conditions, a stand-by revolving credit facility has been provided by six banks and trust companies, which, subject to the fulfillment of certain conditions and unless sooner terminated in accordance with its provisions, expires on December 30, 1983. In addition, a bank line of credit in the amount of $15,000,000 has been established to permit accumulation of the capital expenditures to be funded by the issuance of Commercial Paper Notes. Any advances under the credit facilities described, and any interest thereon, also will be special obligations of the Authority, and the total aggregate principal amount of Commercial Paper Notes and advances under the credit facilities described which may be outstanding at any one time may not be in excess of $100,000,000.

Under the terms of the Port Authority Commercial Paper Resolution and the agreements entered into thereunder, the payment of the principal of and interest on Commercial Paper Notes and advances under the stand-by credit facility and under the line of credit is to be made exclusively from net revenues deposited to the Authority's Consolidated Bond Reserve Fund and remaining after applications authorized by the Consolidated Bond Resolution, and from other moneys legally available therefor. Payment of the principal of and interest on the Commercial Paper Notes is subject in all respects to the payment of debt service on the Authority's General and Refunding Bonds and Consolidated Bonds, as required by the applicable provisions of the Authority's bond resolutions, to the payment into the General Reserve Fund of the amount necessary to maintain such Fund at the amount specified in the General Reserve Fund statutes and to the payment of interest and amortization installments on the Authority's bank loans, as required by the applicable provisions of the loan agreements.

The Commercial Paper Notes, and the interest thereon, and advances under the stand-by credit facility and under the line of credit, and the interest thereon, are not secured by or payable from the General Reserve Fund.

During the period October 29, 1982 through December 23, 1982, the maximum principal amount of Commercial Paper Notes outstanding at any one time was $37,369,000, all of which Commercial Paper Notes were repaid as scheduled prior to December 31, 1982.

During the period January 1, 1983 through February

25, 1983, the maximum principal amount of Commercial Paper Notes outstanding at any one time was in the sum of $15,950,000.

3. The establishment of Consolidated Bonds, Series Forty-two R, 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. The authorization provided for the issuance of a First Installment of $100,000,000 of such Series.

4. The establishment of Consolidated Bonds, Fifty-first Series, due January 15, 2017, bearing interest at a rate not in excess of 16 percent per annum, for purposes of capital expenditures in connection with the Port Authority's facilities, the refunding of outstanding issues of Consolidated Notes, as appropriate, and the refunding at maturity of Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions, was authorized on October 29, 1980, as amended October 28, 1981, May 13, 1982, and October 14, 1982. The amended authorizations provide for the issuance of a First Installment of up to $100,000,000 of such Series, and permit the Committee on Finance to revise the call provisions.

5. On April 1, 1982, $25,000,000 Consolidated Bonds, Series Forty-four-A, dated December 20, 1977, due December 20, 2011, which had been issued solely as additional security for payment of the Port Authority's $25,000,000 bank loan of November, 1977, were cancelled in accordance with the terms of the agreement in connection with such loan, such loan having been paid in full when due.

6. On June 17, 1982, the Port Authority issued $10,000,000 Consolidated Notes, Series FF, 9 percent, due July 1, 1983.

7. On September 23, 1982, the Port Authority issued $100,000,000 Consolidated Bonds, Forty-ninth Series, 10¼ percent, due October 1, 2017, at an average net interest cost of 10.3064 percent per annum.

8. The establishment of Consolidated Bonds, Fifty-second Series, Fifty-third Series and Fifty-fourth Series, due January 15, 2018, July 15, 2018 and January 15, 2019, respectively, bearing interest at a rate for each such Series not in excess of 16 percent per annum, was authorized on October 14, 1982, for purposes of capital expenditures in connection with the Port Authority's facilities, the refunding of outstanding issues of Consolidated Notes, as appropriate, and the refunding at maturity of Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions. The authorizations provide for the issuance of a First Installment of up to $150,000,000 of each such Series.

9. The establishment of Consolidated Notes, Series GG and Series HH, due January 15, 1986, and July 15, 1986, respectively, bearing interest at a rate for each such Series not in excess of 12 percent per annum, was authorized on October 14, 1982, for purposes of capital expenditures in connection with the Port Authority's facilities, the refunding of outstanding issues of Consolidated Notes, as appropriate, and the refunding at maturity of Commercial Paper Notes in accordance with applicable law, regulations and contractual provisions. The authorizations provide for the issuance of up to $100,000,000 of each such Series.

10. On December 8, 1982, the Port Authority issued $100,000,000 Consolidated Bonds, Fiftieth Series, 10⅛ percent, due December 1, 2017, at an average net interest cost of 10.1948 percent per annum.

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 outstanding bonds and Consolidated Notes, in accordance with Port Authority bond resolutions, which are secured by a pledge of the Fund. At December 31, 1982, the General Reserve Fund balance was $223,080,000 and continued to meet the prescribed statutory amount. 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 debt. Consolidated Bonds, Forty-fourth Series, and Consolidated Bonds, Series Forty-four-B are included in determining these amounts (see Note on Schedule D). Neither the bank loans described in Note E-1, nor any obligations issued in connection with the Commercial Paper Program described in Note E-2, are included in determining these amounts.

At December 31, 1982, the Port Authority met the requirements of its bond resolutions to maintain total reserve funds in cash and specified marketable securities. Such amount included $3,649,000 held in trust for repayment of principal and interest on General and Refunding 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 would 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. As of December 31, 1980, the Port Authority had fully satisfied all debt service requirements on Air Terminal and Marine Terminal Bonds and the Air Terminal and Marine Terminal Reserve Funds in Trust no longer exist.

Under the terms of the Agreement of Trust, the remaining General and Refunding Bonds are not required to be paid or redeemed in advance of their scheduled redemption by operation of the sinking fund thereof.

With the establishment and maintenance of these Trust Funds, and with the satisfaction of all outstanding Air Terminal and Marine Terminal Bonds in 1980, 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 (cars acquired under the New York State Commuter Car Program are not included in "facilities of the Port Authority") 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 Bonds of the Port Authority have been satisfied by the establishment and maintenance of the Special Reserve Fund in Trust as discussed in Note F-1.

4. New York State Guaranteed Commuter Car Bonds are secured by the net revenues of the Port Authority arising out of the lease of commuter railroad cars by the Port Authority to railroads in New York. 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 debt service is fully and unconditionally guaranteed by the State of New York (see Note A-2 and Schedule F).

Note G–Government Contributions in Aid of Construction:

The Port Authority receives contributions in aid of construction for capital purposes from government agencies. Federal funding received from the Airport Development Aid Program was $6,485,000 in 1982 and $11,420,000 in 1981.

Charges representing depreciation on assets relating to these contributions were $7,186,000 in 1982 and $8,689,000 in 1981 (see Note A-5).

	December 31,	
	1982	1981
Contributions	$218,574,000	$212,089,000
Less: Accumulated Charges (depreciation on assets acquired with contributions)	68,993,000	61,807,000
	$149,581,000	$150,282,000

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 $779,744,000 in 1982 and $699,113,000 in 1981. Gross operating revenues attributable to minimum rentals associated with operating leases amounted to approximately $233,000,000 in 1982 and approximately $206,000,000 in 1981. 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. The Port Authority has entered into supplemental agreements with airlines operating at Newark International Airport to defer collection of a portion of the flight fees and certain other charges billable to the airlines for a specified length of time. As of December 31, 1982, collection of $34,481,000 has been deferred under these agreements. Because of uncertainties as to when payments will be made by the airlines, the Port Authority recorded approximately $5,100,000 of this amount as revenue and interest earned on the fund in 1982. The balance of the deferred amount will be recorded in the financial statements when collectibility is imminent.

3. 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 rentals scheduled to be received on operating leases in effect on December 31, 1982 are:

Year Ending December 31:	
1983	$ 211,258,000
1984	196,336,000
1985	190,095,000
1986	178,502,000
1987	170,808,000
Later Years	1,520,769,000
Total Minimum Future Rentals	$2,467,768,000

Investments in airports, World Trade Center, marine terminal and the bus terminal 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.

4. 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 $40,500,000 in 1982 and $36,700,000 in 1981. The lease terms expire at various times from 2002 to 2018 and may be renewed for additional periods. Minimum future rentals scheduled to be paid on operating leases in effect on December 31, 1982 are detailed below and additional rentals may be payable based on earnings of specified facilities under some of these leases.

Year Ending December 31:	
1983	$ 6,086,000
1984	5,957,000
1985	6,855,000
1986	6,766,000
1987	6,682,000
Later Years	142,262,000
Total Minimum Future Rentals	$174,608,000

Note I—World Trade Center:

1. Gross operating revenues include rental income of $24,100,000 in each of the years 1982 and 1981 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. The State did not exercise its option in 1975 to renew its lease for the next successive rental period and has vacated more than 200,000 square feet of office space. The future use, by the State or others, of the remaining space presently occupied by the State, including the sublease of such space by the States for capital purposes authorized by the 1962 World Trade Center-Hudson Tubes legislation and otherwise to support regional development, is under consideration. On November 24, 1982, the Committee on Finance of the Authority authorized appropriate contracts or agreements necessary to accomplish the transition resulting from the vacation of three floors of space presently held by the State of New York as a tenant; and to assist the States in incorporating an interim bi-State Bank for Regional Development with the power to lease or otherwise acquire such space from the Port Authority. Any amounts to be received by the Bank are to be in excess of those amounts presently received by the Port Authority for the space occupied by New York State and are not pledged under the General Reserve Fund statutes or the Consolidated Bond Resolution.

2. The Port Authority continues to receive inquiries with respect to the sale of all or part of the World Trade Center. The Port Authority has cooperated with each of the parties who have expressed serious interest and demonstrated adequate resources, and has provided information on the World Trade Center to such potential purchasers. Independent consultants retained by the Port Authority have completed a financial analysis of the feasibility of such a sale, along with other materials for use in the event that the Board of Commissioners decides to solicit purchase proposals. Although no decision to sell has been made, the Board of Commissioners remains open to such consideration.

A bi-state panel appointed by Governor Thomas Kean of New Jersey and former Governor Hugh L. Carey of New York has recommended that the Port Authority continue to pursue the possibility of the sale of the World Trade Center. Governor Kean and Governor Mario M. Cuomo of New York have not yet acted on the panel's recommendations.

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 supplemental plans 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 1982 and 1981, the Port Authority and PATH provided a total of approximately $46,600,000 and $44,100,000, 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 1982 and 1981 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, 1982, the latest date for which information is available, the actuarial present value of accumulated plan benefits for all of the employees covered by such systems (including the small percentage that are Port Authority employees) would exceed the net assets available for benefits of such systems by approximately seven percent.

Note K–Commitments and Certain Charges to Operations:

1. In connection with the revisions to the Port Authority bridge and tunnel toll schedules which were effective May 5, 1975, the Port Authority allocated $160,000,000 to the extension, improvement and modernization of the Port Authority Bus Terminal. The Bus Terminal project is presently expected to be completed at a total cost to the Port Authority of approximately $226,800,000, of which approximately $180,000,000 had been spent as of December 31, 1982. The Port Authority was also authorized, pursuant to legislation effective March 1, 1979, as amended effective January 7, 1982, to allocate, subject to appropriate certifications pursuant to Port Authority bond resolutions and to bi-state legislation, up to $440,000,000 for mass transportation projects consisting of buses and other bus related facilities, with up to $220,000,000 to be allocated in each of the States of New York and New Jersey. The appropriate certifications were made by the Authority in 1979, and in May 1982. As of December 31, 1982, the Port Authority had agreed to purchase 2,035 buses and related spare parts to be used under the Bus Programs in the States of New York and New Jersey at a cost of approximately $309,700,000. More than 1,300 buses were delivered by that date. The balance of the $440,000,000 programs is expected to be completed in accordance with a schedule established at the request of the two States.

The Port Authority is not permitted to incur operating or maintenance expenses in connection with its programs to provide buses and bus related facilities and the Port Authority does not expect to derive any revenue from this investment.

2. The Port Authority is now engaged in providing various capital improvements to certain of its existing facilities, and has undertaken studies for other such improvements and for other new construction and acquisitions, which are expected to require additional financing, including the issuance of bonds by the Port Authority. These include, but are not limited to, additional improvements to the Port Authority Bus Terminal, redevelopment of the central terminal area roadway system at John F. Kennedy International Airport, the PATH Safety Program, the Oak Point Rail Freight Link, industrial development projects and facilities and the development of the former Central Railroad of New Jersey property at the Elizabeth-Port Authority Marine Terminal. The Port Authority is presently participating, either directly or with the assistance of outside consultants, in evaluating, with appropriate government officials and agencies in both States, the feasibility and economic viability of establishing, in the Port District, a coal handling and storage facility; a center for commercial fishing; mixed use waterfront development projects; an export trading company; a satellite communications center for information processing, communications and data processing; and projects to assist in the repair, renovation or rehabilitation of bridge, tunnel and other transportation facilities in the region. In order for the Port Authority to undertake some of the projects noted above, appropriate legislative authorization would be required and, except for the program to assist in the repair, renovation or rehabilitation of the region's bridge, tunnel and other transportation facilities, could, if undertaken, involve capital expenditures by the Port Authority; however, no Port Authority capital funds are committed to capital projects without appropriate certifications and authorizations.

At December 31, 1982, approximately $167,170,000 of construction was expected to be completed within the next three years pursuant to various contracts entered into by the Port Authority.

Capital expenditures during the year 1983 are anticipated to be approximately $315,000,000, including a portion of the allocations related to the contracts and programs described in Note K-1 as well as the other ongoing capital construction programs of the Port Authority.

3. Other expenses of $38,051,000 in 1982 and $25,094,000 in 1981 include 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 $28,422,000 in 1982 and $20,040,000 in 1981. 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). Allocated general administrative and development expenses for the Ground and Mass Transportation group are $39,218,000 in 1982 and $34,523,000 in 1981, and for the Port Commerce and Economic Development group are $47,628,000 in 1982 and $34,255,000 in 1981.

	Ground and Mass Transportation				Port Commerce and Economic Development				Combined	
	Tunnels & Bridges	Bus Terminal and Bus Programs	Rail	Total	Air Terminals	Marine Terminals*	World Trade Center	Total	1982	1981
					(In Thousands)					
1982										
Gross Operating Revenues	$150,731	$ 18,319	$ 18,309	$187,359	$383,572	$ 55,331	$153,482	$592,385	$ 779,744	
Gross Operating Income (Loss)	67,796	(23,350)	(55,232)	(10,786)	114,355	10,286	71,369	196,010	$ 185,224	
1981										
Gross Operating Revenues	148,026	17,902	16,449	182,377	333,656	52,400	130,680	516,736		$ 699,113
Gross Operating Income (Loss)	75,584	(10,226)	(49,000)	16,358	90,827	13,098	48,884	152,809		$ 169,167
General Administrative and Development Expenses									(86,846)	(68,778)
Income from Operations									98,378	100,389
Financial Income									88,740	102,489
Interest Expense									(104,424)	(103,630)
Income Before Extraordinary Gain (Note A-4)									82,694	99,248
Extraordinary Gain										
Gain on purchase of Port Authority bonds in connection with future sinking-fund requirements (Note A-4)									11,695	—
Net Income									$ 94,389	$ 99,248

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.

	Ground and Mass Transportation				Port Commerce and Economic Development				
	Tunnels & Bridges	Bus Terminal and Bus Programs	Rail	Total	Air Terminals	Marine Terminals*	World Trade Center	Total	Total Assets
					(In Thousands)				
1982 Assets									
Facilities, net-beginning of year	$431,574	$168,075	$215,891	$ 815,540	$747,103	$363,435	$912,568	$2,023,106	$2,838,646
Net capital expenditures	16,747	17,349	5,639	39,735	42,002	42,283	12,179	96,464	136,199
Depreciation	(9,694)	(3,236)	(8,270)	(21,200)	(52,625)	(17,196)	(20,741)	(90,562)	(111,762)
Facilities, net-end of year	$438,627	182,188	$213,260	834,075	$736,480	$388,522	$904,006	2,029,008	2,863,083
Unamortized Costs-Bus Programs		188,349		188,349				—	188,349
Total		$370,537		$1,022,424				$2,029,008	3,051,432
Cash, investments and other assets									963,542
Total Assets									$4,014,974
1981 Assets									
Facilities, net-beginning of year	$430,193	$154,295	$217,812	$802,300	$760,311	$364,770	$914,121	$2,039,202	$2,841,502
Net capital expenditures	10,583	16,471	5,696	32,750	39,053	13,872	18,767	71,692	104,442
Depreciation	(9,202)	(2,691)	(7,617)	(19,510)	(52,261)	(15,207)	(20,320)	(87,788)	(107,298)
Facilities, net-end of year	$431,574	168,075	$215,891	815,540	$747,103	$363,435	$912,568	2,023,106	2,838,646
Unamortized Costs-Bus Programs		137,756		137,756				—	137,756
Total		$305,831		$953,296				$2,023,106	2,976,402
Cash, investments and other assets									853,552
Total Assets									$3,829,954

*See Note B-1

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

	Year Ended December 31,			
	1982			1981
	Operating Fund	Reserve Funds (Schedule C)	**Combined Total**	Combined Total
	(In Thousands)			
Gross Operating Revenues	$779,744	$ —	**$779,744**	$699,113
Operating Expenses:				
Employee compensation, including benefits	284,297	—	**284,297**	255,097
Materials, equipment, supplies and contract services	115,206	—	**115,206**	101,690
Heat, light and power	68,696	—	**68,696**	61,291
Rents (primarily related to airport leases) and amounts in-lieu-of-taxes	51,053	—	**51,053**	44,586
Other (Note K-3)	38,051	—	**38,051**	25,094
Total Operating Expenses	557,303	—	**557,303**	487,758
Net Operating Revenues	222,441	—	**222,441**	211,355
Financial Income				
Income on investments (includes gain of $13,533,000 in 1982 and $13,116,000 in 1981 on purchase of Port Authority bonds (Note A-4))	26,961	75,236	**102,197**	103,804
Security valuation adjustment (Note A-4)	(62)	62	**—**	1,135
Net Revenues Available for Debt Service and Reserves	249,340	75,298	**324,638**	316,294
Debt Service				
Interest on bonds and consolidated notes	101,647	68	**101,715**	99,624
Serial maturities and sinking fund retirements	30,387	1,061	**31,448**	43,560
Debt retirement acceleration	—	20,000	**20,000**	20,000
Interest on bank loans	—	4,300	**4,300**	6,456
Repayment of bank loans	—	31,250	**31,250**	31,250
Interest on commercial paper obligations	—	171	**171**	—
Repayment of commercial paper obligations	—	37,422	**37,422**	—
Total Debt Service	132,034	94,272	**226,306**	200,890
Transfers to Reserves	($117,306)	117,306	**—**	—
Revenues After Debt Service and Transfers to Reserves		98,332	**98,332**	115,404
Direct Investment in Facilities		(75,621)	**(75,621)**	(75,000)
Appropriations for Self-Insurance		1,329	**1,329**	607
Increase in Reserves		24,040	**24,040**	41,011
Reserve Balances–Beginning of Year		545,534	**545,534**	504,523
Reserve Balances–End of Year (Schedule C)		$569,574	**$569,574**	$545,534

See Notes to Consolidated Financial Statements.

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

	December 31, 1982				December 31, 1981
	Operating Fund	Capital Fund	Reserve Funds	**Combined Total**	Combined Total
			(In Thousands)		
Assets					
Invested in Facilities	$ —	$4,574,583	$ —	**$4,574,583**	$4,375,490
Investments (Note C)	104,993	185,524	564,328	**854,845**	774,257
Cash	1,992	3,560	5,246	**10,798**	18,859
Other Assets	125,623	7,330	—	**132,953**	102,122
Total Assets	232,608	4,770,997	569,574	**5,573,179**	5,270,728
Liabilities					
Bonds and Consolidated Notes (Note D)	—	2,130,803	—	**2,130,803**	1,972,251
Bank Loans Payable (Note E-1)	—	31,250	—	**31,250**	62,500
Accounts Payable and Other Liabilities	197,284	40,912	—	**238,196**	287,060
Deferred Income	4,730	—	—	**4,730**	5,654
Total Liabilities	202,014	2,202,965	—	**2,404,979**	2,327,465
Net Assets	$ 30,594	$2,568,032	$569,574	**$3,168,200**	$2,943,263
Net Assets are Composed of:					
Debt Retired Through Income	$ —	$2,066,006	$ —	**$2,066,006**	$1,945,886
Reserves (Schedule C)	—	—	569,574	**569,574**	545,534
Government Contributions in Aid of Construction (Note G)	—	218,574	—	**218,574**	212,089
Appropriated Reserves Invested in Facilities	—	283,452	—	**283,452**	207,831
Appropriated Reserves for Self-Insurance	30,594	—	—	**30,594**	31,923
Net Assets	$ 30,594	$2,568,032	$569,574	**$3,168,200**	$2,943,263

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31, 1982: General Reserve Fund	1982: Consolidated Bond Reserve Fund	1982: Special Reserve Fund in Trust for General & Refunding Bonds	1982: **Combined Total**	1981: Combined Total
			(In Thousands)		
Balance, January 1 (Note F)	$210,597	$330,149	$4,788	**$545,534**	$504,523
Income on investments (includes gain on purchase of Port Authority bonds)	31,207	43,413	616	**75,236**	64,855
Security valuation adjustment	26	35	1	**62**	700
Reserve fund transfers	(18,750)	19,377	(627)	**—**	—
Transfers from operating fund	—	117,306	—	**117,306**	108,853
	223,080	510,280	4,778	**738,138**	678,931
Applications:					
Interest on bonds and consolidated notes	—	—	68	**68**	82
Serial maturities and sinking fund retirements	—	—	1,061	**1,061**	1,216
Debt retirement acceleration	—	20,000	—	**20,000**	20,000
Interest on bank loans	—	4,300	—	**4,300**	6,456
Repayment of bank loans	—	31,250	—	**31,250**	31,250
Interest on commercial paper obligations	—	171	—	**171**	—
Repayment of commercial paper obligations	—	37,422	—	**37,422**	—
Invested in facilities	—	75,621	—	**75,621**	75,000
Self-insurance	—	(1,329)	—	**(1,329)**	(607)
Total Applications	—	167,435	1,129	**168,564**	133,397
Balance, December 31 (Note F)	$223,080	$342,845	$3,649	**$569,574**	$545,534

NOTE:

The above schedule reflects the valuation of securities in accordance with the accounting principles stated in Note A-4. Had the market value of securities at December 31, 1982 been used, the respective Reserve Fund balances at December 31, 1982 would be:

General Reserve Fund	Consolidated Bond Reserve Fund	General & Refunding Bonds
$223,080	$345,188	$3,649

See Notes to Consolidated Financial Statements.

Schedule D **Amortization of Bonds and Consolidated Notes 1983-2017** December 31, 1982 (In Thousands)

	Debt Service Total All Issues Par Value $2,130,803			Amortization	
Year	Total	Interest	Amortization	Consolidated Bonds	General and Refunding Bonds
1983	$ 164,391	$ 130,641	$ 33,750	$ 32,450	$1,300
1984	260,521	128,565	131,956	130,639	1,317
1985	168,576	118,732	49,844	49,202	642
1986	172,162	116,656	55,506	55,506	—
1987	169,469	114,337	55,132	55,132	—
1988	164,626	112,019	52,607	52,607	—
1989	163,424	109,605	53,819	53,819	—
1990	163,401	107,102	56,299	56,299	—
1991	163,999	104,346	59,653	59,653	—
1992	165,337	101,339	63,998	63,998	—
1993	166,718	97,974	68,744	68,744	—
1994	163,341	94,374	68,967	68,967	—
1995	161,046	90,605	70,441	70,441	—
1996	159,494	86,584	72,910	72,910	—
1997	157,137	82,387	74,750	74,750	—
1998	158,370	77,870	80,500	80,500	—
1999	156,535	73,035	83,500	83,500	—
2000	155,686	67,936	87,750	87,750	—
2001	153,285	62,535	90,750	90,750	—
2002	154,759	56,759	98,000	98,000	—
2003	146,653	50,653	96,000	96,000	—
2004	129,625	44,875	84,750	84,750	—
2005	124,741	39,241	85,500	85,500	—
2006	109,583	33,583	76,000	76,000	—
2007	93,071	28,571	64,500	64,500	—
2008	80,133	24,383	55,750	55,750	—
2009	64,144	20,644	43,500	43,500	—
2010	62,502	17,252	45,250	45,250	—
2011	58,994	13,744	45,250	45,250	—
2012	45,121	10,371	34,750	34,750	—
2013	38,330	7,830	30,500	30,500	—
2014	24,805	5,555	19,250	19,250	—
2015	18,040	4,040	14,000	14,000	—
2016	16,614	2,614	14,000	14,000	—
2017	15,188	1,188	14,000	14,000	—
Total	$4,369,821	$2,237,945	$2,131,876	$2,128,617	$3,259

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 amortization amount shown above for the year 1984 includes $100,000,000 for Consolidated Notes, Series EE, dated December 1, 1981, which mature December 1, 1984. The above table does not include payments on the bank loans or commercial paper obligations (See Notes E-1 and E-2 to Consolidated Financial Statements). Not included are $50,000,000 Consolidated Bonds, Forty-fourth Series, dated December 20, 1976, 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 and $50,000,000 additional bank loan of November, 1977, and 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 Bonds are secured by a trust as outlined in Note F-2 to Consolidated Financial Statements.

See Notes to Consolidated Financial Statements.

Schedule E **Selected Financial Data**

	1982	1981	1980 (In Thousands)	1979	1978
REVENUES AND EXPENSES					
Gross Operating Revenues	**$ 779,744**	$ 699,113	$ 647,647	$ 588,064	$ 543,810
Operating Expenses	**557,303**	487,758	437,199	391,517	367,794
Net Operating Revenues	**222,441**	211,355	210,448	196,547	176,016
Income on Investments	**88,664**	90,688	77,675	44,957	30,150
Gain on Purchase of Port Authority Bonds	**13,533**	13,116	12,323	10,067	9,321
Security Valuation Adjustment	**—**	1,135	(944)	(3,664)	(9,981)
Net Revenues Available for Debt Service and Reserves	**324,638**	316,294	299,502	247,907	205,506
DEBT SERVICE–OPERATIONS					
Interest on Bonds and Consolidated Notes (Note B)	**(101,647)**	(99,542)	(98,040)	(87,296)	(85,456)
Times, Interest Earned	**3.19**	3.18	3.05	2.84	2.40
Serial Maturities and Sinking Fund Retirements	**(30,387)**	(42,344)	(38,092)	(36,944)	(21,023)
Times, Debt Service Earned	**2.46**	2.23	2.20	2.00	1.93
DEBT SERVICE-RESERVES					
Debt Service on Bonds Secured by Trusts	**(1,129)**	(1,298)	(2,187)	(4,159)	(6,354)
Interest on Bank Loans	**(4,300)**	(6,456)	(5,749)	(6,370)	(7,562)
Bank Loan Payments	**(31,250)**	(31,250)	(31,250)	(40,000)	(40,000)
Interest on Commercial Paper Obligations	**(171)**	—	—	—	—
Commercial Paper Obligations Payments	**(37,422)**	—	—	—	—
Debt Retirement Acceleration	**(20,000)**	(20,000)	(10,000)	(7,500)	—
Direct Investment in Facilities-Reserves	**(75,621)**	(75,000)	(20,000)	(25,000)	—
Appropriation for Self-Insurance-Reserves	**1,329**	607	(1,896)	(3,444)	(3,955)
Net Increase in Reserves Before Cumulative Effect of Change in Accounting Principle	**24,040**	41,011	92,288	37,194	41,156
Cumulative Effect on Prior Years of Changing to a Different Security Valuation Method	**—**	—	9,503	—	—
Net Increase in Reserves (A)	**24,040**	41,011	101,791	37,194	41,156
RESERVE BALANCES					
Beginning of Year	**545,534**	504,523	402,732	365,538	324,382
End of Year	**$ 569,574**	$ 545,534	$ 504,523	$ 402,732	$ 365,538
Represented by:					
General Reserve	**$ 223,080**	$ 210,597	$ 210,597	$ 210,597	$ 208,023
Special Reserve (B)	**3,649**	4,788	6,103	7,466	8,829
Air Terminal Reserve (B)	**—**	—	—	682	3,283
Marine Terminal Reserve (B)	**—**	—	—	157	310
Consolidated Bond Reserve	**342,845**	330,149	287,823	183,830	145,093
Total	**$ 569,574**	$ 545,534	$ 504,523	$ 402,732	$ 365,538
DEBT–AT YEAR-END					
General and Refunding Bonds	**$ 3,528**	$ 4,589	$ 5,805	$ 7,051	$ 8,279
Air Terminal Bonds	**—**	—	—	667	3,192
Marine Terminal Bonds	**—**	—	—	154	300
Consolidated Bonds and Notes	**2,127,275**	1,967,662	1,925,006	1,973,098	1,943,460
Total Bonds and Consolidated Notes	**2,130,803**	1,972,251	1,930,811	1,980,970	1,955,231
Bank Loans	**31,250**	62,500	93,750	125,000	165,000
Total	**$2,162,053**	$2,034,751	$2,024,561	$2,105,970	$2,120,231
INVESTED IN FACILITIES—AT YEAR-END	**$4,574,583**	$4,375,490	$4,148,331	$3,985,354	$3,882,953
DEBT RETIRED THROUGH INCOME					
Annual	**$ 120,120**	$ 94,810	$ 81,409	$ 88,343	$ 67,023
Cumulative	**$2,066,006**	$1,945,886	$1,851,076	$1,769,667	$1,681,324

(A) Net Increase in Reserves with a 1980 change in accounting principle and the change in accounting for capitalization of interest (Note B) retroactively applied on a pro forma basis would be as follows:

1981	1980	1979	1978
$34,390	$90,732	$36,881	$50,964

(B) Reserve Funds maintained in Trust since December 31, 1970. See Note F-2 to Consolidated Financial Statements.

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. The data for each of the years ended December 31, 1978, 1979 and 1980 are derived from financial statements examined by another firm of independent public accountants.

See Notes to Consolidated Financial Statements.

Schedule F

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

	December 31, 1982			December 31, 1981
	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	$37,492	**$100,492**	$100,491
Cash and Investment in U.S. Government Securities, at Cost (which approximates market)	—	4,760	**4,760**	4,177
Other Assets	—	54	**54**	249
Total Assets	63,000	42,306	**105,306**	104,917
Liabilities				
State Guaranteed Commuter Car Bonds	42,550	19,820	**62,370**	66,040
Other Liabilities	—	4,556	**4,556**	4,167
Total Liabilities	42,550	24,376	**66,926**	70,207
Debt Retired	$20,450	$17,930	**$ 38,380**	$ 34,710

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 Note F-4).

See Notes to Consolidated Financial Statements.

THE PORT AUTHORITY OF NY & NJ

Facility Traffic

Tunnels and Bridges (Eastbound Traffic in Thousands)	1982	1981
All Crossings		
Automobiles	**83,085**	80,699
Buses	**1,638**	1,635
Trucks	**9,084**	8,925
Total Vehicles	**93,807**	91,259
George Washington Bridge		
Automobiles	**39,140**	38,463
Buses	**243**	246
Trucks	**3,719**	3,747
Total Vehicles	**43,102**	42,456
Lincoln Tunnel		
Automobiles	**15,402**	15,050
Buses	**1,213**	1,222
Trucks	**1,972**	1,883
Total Vehicles	**18,587**	18,155
Holland Tunnel		
Automobiles	**10,689**	10,167
Buses	**50**	48
Trucks	**1,686**	1,667
Total Vehicles	**12,425**	11,882
Staten Island Bridges		
Automobiles	**17,854**	17,019
Buses	**132**	119
Trucks	**1,707**	1,628
Total Vehicles	**19,693**	18,766
Cumulative PA Investment In Tunnels and Bridges (In Thousands)	**$663,200**	$646,400

Air Terminals	1982	1981
Totals at the Three Major Airports		
Plane Movements	**780,600**	793,500
Passenger Traffic	**56,700,000**	54,081,000
Cargo–Tons	**1,267,000**	1,346,800
Revenue Mail–Tons	**219,900**	221,700
Kennedy International Airport		
Plane Movements	**290,400**	286,000
Passenger Traffic		
Total	**26,452,000**	25,753,000
Domestic	**12,813,000**	12,422,000
Overseas	**13,639,000**	13,331,000
Cargo–Tons	**1,112,600**	1,191,500
LaGuardia Airport		
Plane Movements	**291,800**	308,200
Passenger Traffic	**18,517,000**	18,146,000
Cargo–Tons	**35,400**	36,800
Newark International Airport		
Plane Movements	**198,400**	199,300
Passenger Traffic	**11,731,000**	10,182,000
Cargo–Tons	**119,000**	118,500
Cumulative PA Investment In Air Terminals (In Thousands)	**$ 1,516,000**	$ 1,473,900

Terminals	1982	1981
All Bus Facilities		
Passengers	**70,200,000**	74,000,000
Bus Movements	**3,043,000**	3,084,000
Port Authority Bus Terminal		
Passengers	**52,800,000**	55,000,000
Bus Movements	**1,895,000**	1,901,000
George Washington Bridge Bus Station		
Passengers	**6,600,000**	7,800,000
Bus Movements	**297,000**	318,000
PATH Journal Square Transportation Center Bus Station		
Passengers	**10,800,000**	11,200,000
Bus Movements	**851,000**	865,000
Cumulative PA Investment In Bus Facilities (In Thousands)	**$220,500**	$203,500

Marine Terminals	1982	1981
All Terminals		
Ship Arrivals	**3,203**	3,053
General Cargo (Long Tons)	**12,266,641**	13,056,029
New Jersey Marine Terminals		
Ship Arrivals	**2,358**	2,188
General Cargo (Long Tons)	**11,335,126**	12,264,762
New York Marine Terminals		
Ship Arrivals	**845**	865
General Cargo (Long Tons)	**931,515**	791,267
Cumulative PA Investment In Marine Terminals (In Thousands)	**$605,700**	$571,600

PATH	1982	1981
Total Passengers	**52,985,000**	47,923,000
Passenger Weekday Average	**187,300**	169,800
Cumulative PA Investment in PATH (In Thousands)	**$289,000**	$284,800

	1982	1981
Total Port Authority Cumulative Invested in Facilities, Including the Above (In Thousands)	**$4,574,600**	$4,375,500

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THE PORT AUTHORITY OF NY & NJ

Kennedy International Airport
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Downtown Heliport
West 30th Street Heliport

Bathgate Industrial Park

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
Red Hook Marine Terminal

Holland Tunnel
Lincoln Tunnel

Bayonne Bridge
George Washington Bridge and Bus Station
Goethals Bridge
Outerbridge Crossing

Port Authority Bus Terminal
New York Union Motor Truck Terminal

The World Trade Center