The Port Authority of New York and New Jersey

Annual Report 1983

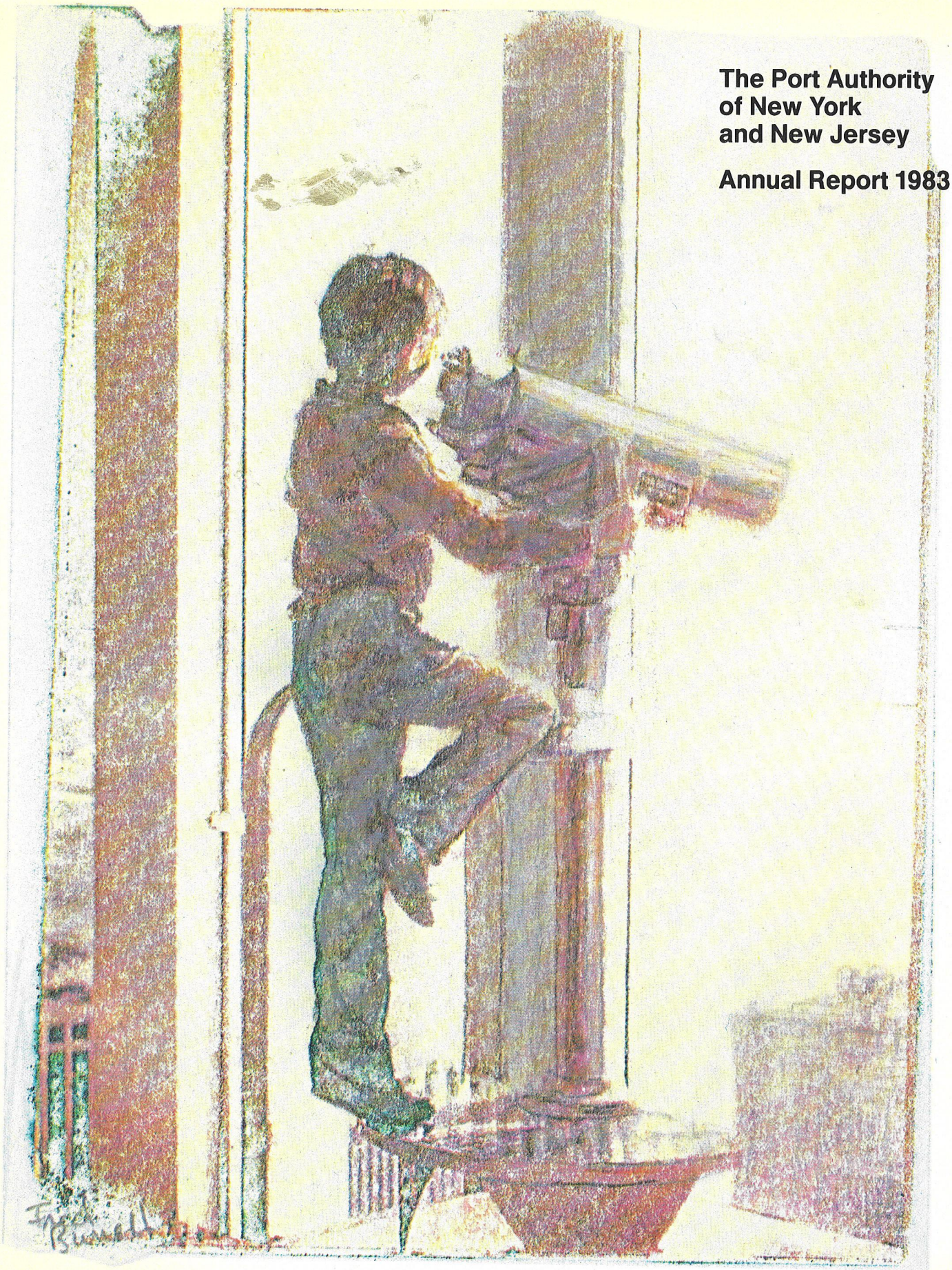


Table of Contents

Page

Letter of Transmittal
2 Board of Commissioners, Officers and Department Directors
5 The Regional Overview
7 Job Generation Chart
11 The Port Authority 1983 Regional Almanac
15 Port Authority Finance
15 Report of Management
15 Highlights
16 Basic Policies and Financial Structure
17 Financial Presentation
17 Combined Operations in Brief
18 Financial Position at Year-End
18 Reserve Funds
18 Financial Income
19 Report of Independent Accountants on the System of Internal Control
20 Report of Independent Accountants on the Financial Statements
21 Consolidated Statement of Income
21 Consolidated Statement of Changes in Net Assets
22 Consolidated Statement of Financial Position
23 Consolidated Statement of Changes in Financial Position
24 Notes to Consolidated Financial Statements
35 Schedule A—Revenues and Reserves (Pursuant to Port Authority bond resolutions)
36 Schedule B—Assets and Liabilities (Pursuant to Port Authority bond resolutions)
37 Schedule C—Analysis of Reserve Funds (Pursuant to Port Authority bond resolutions)
38 Schedule D—Amortization of Consolidated Bonds, General and Refunding Bonds and Consolidated Notes 1984-2017
39 Schedule E—Selected Financial Data
40 Schedule F—The Port Authority of New York and New Jersey-New York State Commuter Car Program—Assets and Liabilities

Cover: Surveying the region from the World Trade Center Observation Deck.

Honorable Mario M. Cuomo, Governor
State of New York

Honorable Thomas H. Kean, Governor
State of New Jersey

Honorable Mario M. Cuomo
Governor, State of New York

Honorable Thomas H. Kean
Governor, State of New Jersey

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 York and New Jersey the 1983 annual report of The Port Authority of New York and New Jersey.

After emerging from the recession in better condition than many other parts of the country, our region enjoyed a healthy recovery in 1983. We consistently outpaced the national economy, maintaining unemployment rates generally well below the national average.

The Port Authority is strengthening the region's economy in a variety of ways, including maintaining world leadership in air travel, contributing to industrial and economic development, and carrying out our bus acquisition programs to improve mass transportation in the two states.

The region will draw important benefits from the new avenues of communication and cooperation your 1983 agreement opened among the two states and our Board of Commissioners. The Port Authority welcomes the opportunity your proposals offer to heighten our agency's role as an engine of economic growth.

Your policies express the indivisibility of the region and the need for creative cooperation across the Hudson. As we face substantial challenges in the form of rapid technological change and rigorous international competition, regional unity will remain our guiding principle.

April 12, 1984

Sincerely,

Alan Sagner
Chairman

Robert F. Wagner
Vice Chairman

THE PORT AUTHORITY OF NY & NJ

Board of Commissioners

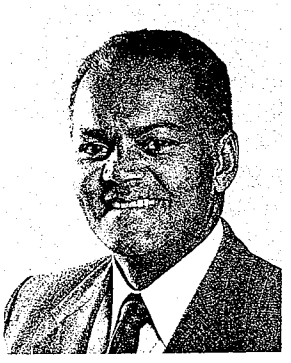
Alan Sagner, Chairman
Robert F. Wagner, Vice Chairman
Joseph F. Cullman 3rd[1]
Jerry Fitzgerald English
Lewis L. Glucksman
James G. Hellmuth
Henry F. Henderson, Jr.[2]
William K. Hutchison[3]
Philip D. Kaltenbacher[4]
John G. McGoldrick
John J. McMullen[4]
Kenneth D. McPherson[2]
William J. Ronan
Howard Schulman[1]
Robert V. Van Fossan

Alan Sagner
Principal
Alan Sagner Company

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

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

James G. Hellmuth
Vice President
Bankers Trust New York Corporation



Henry F. Henderson, Jr.
President
H. F. Henderson Industries

William K. Hutchison
Partner
Christenson and Montgomery

John J. McMullen
Chairman
John J. McMullen Associates, Inc.

Kenneth D. McPherson
Attorney
Waters, McPherson, McNeill, P.A.

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

[1]Commissioner Schulman left the Board December 24, 1982 and rejoined November 25, 1983, succeeding Commissioner Cullman.
[2]Commissioner Henderson joined the Board September 1983, succeeding Commissioner McPherson, resigned June 30, 1983
[3]Commissioner Hutchison joined the Board June 3, 1983.
[4]Commissioner Kaltenbacher joined the Board January 11, 1983, succeeding Commissioner McMullen.

Jerry Fitzgerald English
Attorney
Kerby, Cooper, Schaul & Garvin

Lewis L. Glucksman
Chairman and Chief Executive Officer
Lehman Brothers Kuhn Loeb Inc.

Philip D. Kaltenbacher
Chairman and Chief Executive Officer
Seton Company

John G. McGoldrick
Attorney
Schulte Roth & Zabel

Howard Schulman
Attorney
Schulman & Abarbanel

Robert V. Van Fossan
Chairman and Chief Executive Officer
Mutual Benefit Life Insurance Company

Officers and Department Directors

Peter C. Goldmark, Jr., Executive Director

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

Robert J. Aaronson, Aviation
Sidney J. Frigand, Public Affairs
Francis A. Gorman, Rail Transportation
Doris E. Landre, Secretary
Phil LaRocco, Economic Development
Donald R. Lee, Audit
Katharine B. MacKay, Executive Assistant
to the Executive Director
John B. McAvey, Comptroller
Rino M. Monti, Chief Engineer
Edward J. O'Malley, Personnel
Leonard J. Riley, Management Information Services
Martin E. Robins, Planning & Development
Dr. Bernard J. Schuman, Medical
Victor T. Strom, Management Services
(Acting) General Services
Anthony J. Tozzoli, Port
Guy F. Tozzolli, World Trade
Joseph L. Vanacore, Tunnels Bridges & Terminals
Marshal L. Wilcox, Jr., Treasurer

Peter C. Goldmark, Jr.
Executive Director

Directors Albert F. Moncure, Neal R. Montanus,
Edward S. Olcott and Carl M. Wahlberg retired.

Fred Burrell

The Regional Overview

by Peter C. Goldmark, Jr., Executive Director

The region entered 1984 buoyed by a strong economic recovery. We held unemployment well below the national average and put in place forward-looking strategies to meet the tests of an increasingly competitive economic environment.

A public sector committed to capital reconstruction and aggressive economic development has created a climate for sustained private sector growth. We have learned to match capacity and commitment, and to target public resources to achieve the maximum amount of job generation and retention.

Both states and the Port Authority have recognized the relationship between the condition of our infrastructure and the competitiveness of our economy. The issue we face is not just potholes, but productivity. Governor Cuomo and Governor Kean have made capital reconstruction the centerpiece of their economic programs, and the public has responded favorably to the leadership shown on this question by public officials. In November, New York voters approved a $1.25 billion transportation bond issue, while New Jersey voters approved a $135 million bond issue for bridges.

The two governors put forward a plan under which the Port Authority would play a central role in rebuilding the region's basic life-support systems. As one component of a landmark bistate agreement they fashioned to assign major new responsibilities to the Port Authority, the governors proposed the creation of a Bank for Regional Development. The bank would harness the capital-generating capacity of the Port Authority to help rebuild decaying transportation, water and sewer systems in both states.

Available funds for the bank would come primarily from two sources: increased revenues from Hudson River vehicular crossings and higher rentals obtained by the Port Authority from private tenants who are replacing New York State agencies in the World Trade Center. Under the terms of the governors' agreement, New York State will vacate its space in the Trade Center over a six-year period.

Other facets of the governors' accord also underscored the Port Authority's performance and potential as an instrument of economic growth.

The governors have supported Port Authority participation in waterfront development. For far too long, large sections of our magnificent shoreline have been underutilized or abandoned. Now the Port Authority stands ready to make an initial investment in mixed-use waterfront development that will attract substantial private sector support. Our Board of Commissioners authorized commencement of physical and environmental planning services for mixed-use waterfront development in Hoboken while the fate of a similar project in Queens rested with the New York State Legislature.

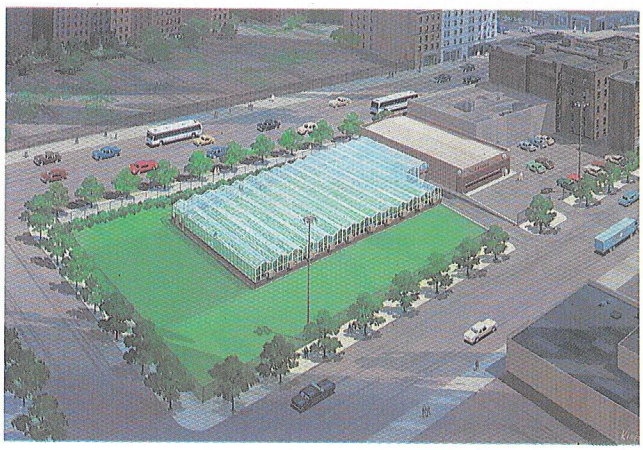
Our region has responded with flexibility and foresight to the fast-changing requirements of national and international competition.

The aviation sector of our economy helped to drive the regional recovery, achieving strong growth in the volatile climate of deregulation. The three major regional airports operated by the Port Authority served a record 64 million passengers as we attained our highest domestic and international market share in four years. With a phenomenal growth rate of 44 percent, Newark International ranked as America's fastest growing major airport.

To bolster our position as an international center of business and finance, the Port Authority originated the idea for the Teleport, the world's first satellite communications center and office park.

Ground was broken on Staten Island for the Teleport in 1983. A joint enterprise of Merrill Lynch, Western Union, the City of New York and the Port Authority, the Teleport will be linked to companies in the two states by fiber optic cable. One place linked to the Teleport will be Newark Renaissance Center, a $40 million project the Port Authority will develop by agreement of the states, to spur new economic development in Newark.

Teleport will keep our region in the forefront of technological development, enhance our status as a worldwide business hub, and help to extend the job base of the service sector to areas which have not benefited substantially from the regional recovery.



Rendering of greenhouses of hydroponic herb growers at Bathgate Industrial Park.

Operating at Newark International, one of three in the world's largest airport complex.

formation
Fred Burrell

Our region is also moving forward with an ambitious program to engage in international trade. Even as the nation's trade policy remained mired in confusion, New York and New Jersey discovered and seized new opportunities in foreign commerce.

The extraordinary strength of the dollar weakened America's exporting position, but both states and the Port Authority designed effective programs to promote the sale of products abroad. The Port Authority's export trading company–XPORT–entered into sales agreements with 60 small and medium-sized firms in the two states. Created in 1982, XPORT is the first publicly sponsored export trading company in the nation. The trading company offers a package of exporting services for firms reluctant to tackle the complexities of exporting, providing these services at no fee until a sale has been made.

While the region and our agency have anticipated and accepted new challenges in international finance and trade, we have continued to apply public resources to strengthen more traditional sectors of the economy.

A focal point of the region's industrial job retention strategy is Bathgate Industrial Park in the South Bronx. A joint effort of New York City's Public Development Corporation and the Port Authority, Bathgate stands as a national model of central city redevelopment for jobs and economic activity. Considerable progress was recorded at Bathgate in 1983 with the signing of leases by three new tenants–a printer, an art frame manufacturer, and the operators of a hydroponic greenhouse.

In addition to the projects we had already undertaken, our board authorized two new ventures which will strengthen the regional economy.

The Port Authority is preparing to participate in a $260 million resource recovery plant with Essex County. Using the mass-burning method proven effective in Europe, Japan and elsewhere in North America, but not yet employed in this region, the Essex County facility will process over 2,000 tons of refuse a day, converting solid waste into industrial steam or electricity. With the region running out of landfills, resource recovery provides a critically needed solution to the problem of solid waste disposal.

The board also approved the building of a modern fish harvesting, processing, and distribution center at Erie Basin in Brooklyn. This commercial fishing enterprise–called "Fishport"–will revive the fishing industry and create jobs in both states as it serves the needs of a growing domestic and international market.

The Port Authority's involvement in the economic life of the region extends not only to the construction and

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	2,250	225	$ 110
Cargo/Airmail	625	50	25
Hotel at NIA	1,000	400	35
Butler Aviation	1,250	375	40
TWA Terminal	1,075	—	48
Delta Terminal	2,050	175	98
Nassau Expressway/Southern Pkwy	700	—	31
Port			
Cargo Handling	525	50	25
Warehousing/Distribution	1,225	350	48
Oak Point Rail Freight	2,475	150	108
Fishport	475	450	27
Ground & Mass Transportation			
PATH System Rehabilitation	325	—	36
Bus Programs	—	—	1,496
Bus Terminal	5,700	500	228
Trans-Hudson Crossings	3,125	—	135
Other	75	—	6
World Trade Center			
WTC Improvements	1,075	—	51
Fire Safety Program	875	—	52
Teleport	2,300	3,400	89
Export Trading Company	—	50	1
Economic Development			
Bathgate Industrial Park	675	1,500	42
Resource Recovery	2,750	50	260
TOTALS	30,550	7,725	$ 2,991
		Port Authority Funds	$1,446
		Non-Port Authority Funds	$1,545

At the latest count New York and New Jersey residents hold a total of 275,000 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.

Breaking ground for the Teleport *(r. to l.)*: Peter C. Goldmark, Jr.,Port Authority Executive Director, Mayor Edward I. Koch, Staten Island Borough President Anthony R. Gaeta, Deputy Mayor Kenneth L. Lipper, John F. Naughton of Western Union, PA Commissioner William Hutchison, Stanley Welland *(off camera)* of Merrill Lynch Telecommunications.

Banners fly in the new north wing of the Port Authority Bus Terminal.

Fred Burrell

operation of facilities, but also to bringing to public attention the opportunities that lie in regional strengths. We participated, for example, in a study of "The Arts as an Industry," where we found that cultural activities contribute $5.6 billion a year to the Gross Regional Product. We also helped to prepare a study of the potential growth of biotechnology as an industry. Initiated in 1983 and released as 1984 began, this report showed the region in an unexpectedly strong position to compete with better-known national centers.

Even amidst the welcome news of regional recovery, we cannot afford to relax in our efforts to enhance regional productivity.

Our port faces tough new competitive pressures at a time when a few ports are likely to emerge as pivotal cargo centers and other ports may lose a significant amount of shipping. The Port Authority is taking steps to protect the competitive position of the port.

Another serious concern for the Port Authority and the region is increased traffic congestion for trans-Hudson commuters.

Shifting population and job patterns within the region have resulted in a workforce traveling longer distances to the job and overburdening area roads, bridges, and tunnels. As 1983 ended, our agency was assessing various options for improving the flow of traffic at our trans-Hudson facilities.

If the shape of the region's recovery has strained transportation systems, it has also intensified existing imbalances in economic development. While Manhattan and the outer suburban counties have rebounded from the recession, the recovery to date has only marginally affected some of the communities in the "inner ring" around Manhattan. Following decades of decline in their industrial base, many areas in the inner ring now suffer from disproportionately high rates of unemployment, poverty and crime.

The Port Authority is actively involved in the effort to promote development in the inner ring. Roughly two-thirds of our investment is located in this part of the region and most of the initiatives we now have under way will generate jobs in these areas.

One promising field for inner ring development is "back office" jobs in the financial industry. The explosive growth of financial services and the loss of manufacturing jobs in some communities have combined to produce a fierce intraregional competition for back office jobs.

The Port Authority's task is to channel this competition into a comprehensive plan for the economic development of the entire metropolitan area. Facing severe challenges from other parts of the country and other parts of the world, the region must not carry the added burden of intramural conflict.

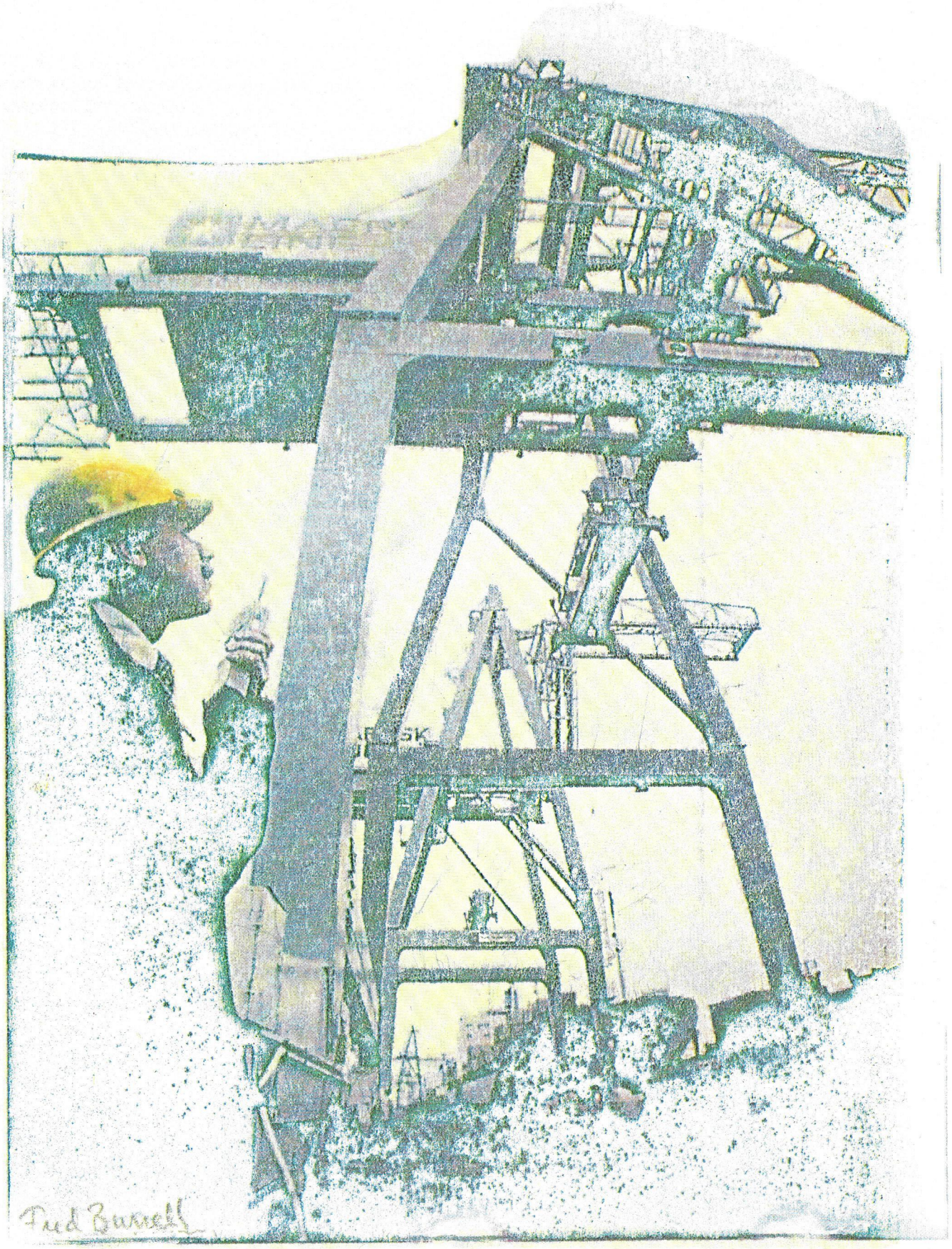
Our region works best when we work in concert, as evidenced by the successful bistate campaign, coordinated by the Port Authority, to bring the Navy back to our harbor. The Navy's 1983 decision to base a seven-ship Surface Action Group at Stapleton, Staten Island will generate a substantial number of construction and permanent jobs in both states and help to revive our ship repair industry.

At the heart of all Port Authority activities is a sense of regional responsibility. Drawing upon the unique experience and perspective we have gained as the region's first bistate agency, we are making a unique–and expanding–contribution to the regional economy.

Building trade relations with China: The visiting mayor of Beiching exchanging mementos and ideas with Port Authority Chairman Alan Sagner at Windows on the World, the world-famous restaurant on the World Trade Center's north tower.

Building regional tourism: On the Observation Deck, an international attraction on the World Trade Center's south tower since its debut in 1975.

On deck at the George Washington Bridge.



Fred Burnett

The Port Authority 1983

Breaking new ground in the region went hand-in-hand with improvements and developments at the Port Authority's established facilities.

Newark International began achieving the importance to the regional air travel industry for which the airport was rebuilt in the 70's, not only in terms of air travel volumes, but in facilities as well:

- The Butler Aviation agreement to construct a $40 million turbine service center, the nation's largest, was confirmed by a lease for a 37-acre site in the airport's south section.
- Federal Express plans to build a $30 million air package service center on a 27-acre site nearby.
- The U.S. Postal Service completed its $4 million air mail facility.
- Opening of the 414-room $40 million on-airport Marriott Hotel is now scheduled for the fall of 1984.
- Construction in Terminal C, in which federal inspection facilities for international air traffic will be ready by spring, may be extended to accommodate the phenomenal growth of People Express.
- Air cargo space is being increased by 20 percent with the building of a 48,000-square-foot air cargo building.

The new structures and services developing at Newark International require improvements in utilities, taxiways, roadways and other facilities, in accordance with standards of service and safety also maintained at Kennedy International and LaGuardia Airports:

- At both Newark and Kennedy International the "red-green" Customs clearance procedure has been established, to speed clearance of arriving international passengers.
- Delta Air Lines' $96 million terminal opened to the public at LaGuardia Airport in June.
- Ground was broken for a five-company consolidated car rental center close to the Kennedy International entrance.
- The LaGuardia parking garage's direct exit to Grand Central Parkway opened in early fall, drawing up to 5,000 vehicles a day from the airport's crowded roadways.

New goals were in sight and progress was made on plans and projects still on the horizon:

- "Air Cargo Fast-Flow," a system to computerize Customs clearance of import air cargo at Kennedy International, is achievable within a year.
- Plans are laid for the expansion of Kennedy International Arrivals Building to accommodate traffic anticipated through the year 2000.
- Among diverse actions and plans to improve airport environments are new and stricter rules to ensure that air carriers adhere to FAA noise abatement procedures; soundproofing schools close to airport perimeters; revitalization of the Springfield Gardens area; and participation in a governmental task force on tidal flow in Flushing Bay.
- Plans for improving access to the airports, essential to the unrestricted growth of the air travel industry, progress in cooperation with state and municipal agencies.

Although deregulation has thrown many air carriers into competitive turmoil, the air travel industry itself has thrived. The Port Authority intensified its marketing, promotional and advertising activities to increase the region's volume of air traffic and its market share.

Modernizing the Brooklyn waterfront: The expanding Red Hook Container Terminal.

Inside a main terminal at Newark International, the nation's fastest growing airport.

Moving cargo at the Elizabeth containerport.

Fred Burrell

The $228 million expansion and modernization of the Port Authority Bus Terminal, undertaken while handling a million passengers and 37,000 bus movements a week, entered its final phases:

- Construction began on a cantilevered canopy over the Ninth Avenue sidewalk.
- The new operations center, TV surveillance post of the entire terminal, will be built on a balcony, reassuringly visible to the public.
- Other built-in security measures are in final stage planning for the completed terminal, coincident with continued support of Project FIND, a nearby coffee house for the aging.
- "42nd Street Ballroom," an audio-kinetic work of the sculptor George Rhoads, was added to the terminal's permanent public art exhibit.

Major renovations and repairs on Port Authority trans-Hudson crossings are being staggered to mitigate traffic congestion:

- The center tube of the Lincoln Tunnel was repaved, and new lighting installed.
- Replacing the Holland Tunnel ceiling has begun.
- Environmental park areas, signs and new roadways are being installed at the Holland Tunnel New York approaches.
- Structural repairs and replacement of both sidewalks of the George Washington Bridge are in process.
- The largest AM rebroadcasting system in the world has been under test in the center tube of the Lincoln Tunnel, its purpose to enable operations personnel to override motorists' reception with traffic advisories. The system will be extended to the other tubes and to the Holland Tunnel.
- In a break with tradition, Outerbridge Crossing was painted a light blue-violet, a change received with public approval.

A tolls increase on Port Authority tunnels and bridges, the second in their history, was authorized to take effect January 1, 1984.

An increase in PATH fares from 30 to 50 cents on July 31 was the first since the Port Authority acquisition of the Hudson & Manhattan Railroad in 1962.

A further increase in PATH fares to 75 cents is scheduled for June 3, 1984. Both the tolls and PATH increases are in accordance with an agreement reached by Governors Cuomo and Kean.

PATH celebrated its Diamond Jubilee, having carried over 4.3 billion passengers in the last 75 years.

A $550 million capital improvement program for PATH is envisioned over the next decade, including a $134 million safety program already under way. New maintenance facilities are to follow, along with refurbished stations, utility systems and new cars in the fleet.

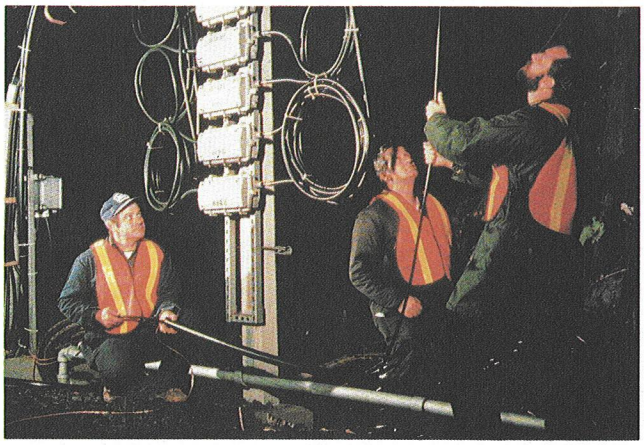
PATH service improvements in 1983 included:

- An on-time performance of 94.9 percent.
- Adding trains on two lines and operating longer trains on another.
- More police officers and uniformed agents.

PATH continues to provide financial assistance to the Federal Railroad Administration to refurbish Penn Station, Newark.

By year-end 2,321 buses, at a cost of $356 million, had been purchased for use in the two states under the Port Authority's $440 million bus programs.

A $14.5 million expansion of the Red Hook container terminal was authorized to provide a second berth and more upland. The project was conceived to keep jobs and shipping activity on the Brooklyn waterfront.



A link in the Teleport network: Installing fiber optic cable in a PATH tunnel.

Recording public hearings held in advance of PATH's first fare increase since 1962.

Through a PATH car window.

THE PORT AUTHORITY OF NY & NJ

Facility Traffic

Tunnels and Bridges (Eastbound Traffic in Thousands)	1983	1982
All Crossings		
Automobiles	**86,300**	83,085
Buses	**1,728**	1,638
Trucks	**9,642**	9,084
Total Vehicles	**97,670**	93,807
George Washington Bridge		
Automobiles	**40,432**	39,140
Buses	**252**	243
Trucks	**4,044**	3,719
Total Vehicles	**44,728**	43,102
Lincoln Tunnel		
Automobiles	**15,477**	15,402
Buses	**1,271**	1,213
Trucks	**2,028**	1,972
Total Vehicles	**18,776**	18,587
Holland Tunnel		
Automobiles	**11,397**	10,689
Buses	**60**	50
Trucks	**1,757**	1,686
Total Vehicles	**13,214**	12,425
Staten Island Bridges		
Automobiles	**18,994**	17,854
Buses	**145**	132
Trucks	**1,813**	1,707
Total Vehicles	**20,952**	19,693
Cumulative PA Investment In Tunnels and Bridges (In Thousands)	**$684,800**	$663,200

Air Terminals	1983	1982
Totals at the Three Major Airports		
Plane Movements	**896,700**	780,600
Passenger Traffic	**64,129,000**	56,700,000
Cargo–Tons	**1,363,900**	1,267,000
Revenue Mail–Tons	**230,100**	219,900
Kennedy International Airport		
Plane Movements	**304,300**	290,400
Passenger Traffic		
Total	**27,908,000**	26,452,000
Domestic	**13,238,000**	12,813,000
Overseas	**14,667,000**	13,639,000
Cargo–Tons	**1,145,800**	1,112,600
LaGuardia Airport		
Plane Movements	**324,200**	291,800
Passenger Traffic	**18,813,000**	18,517,000
Cargo–Tons	**38,900**	35,400
Newark International Airport		
Plane Movements	**268,200**	191,400
Passenger Traffic	**17,411,000**	11,731,000
Cargo–Tons	**179,200**	119,000
Cumulative PA Investment In Air Terminals (In Thousands)	**$ 1,575,000**	$ 1,516,000

Terminals	1983	1982
All Bus Facilities		
Passengers	**68,900,000**	70,200,000
Bus Movements	**3,032,000**	3,043,000
Port Authority Bus Terminal		
Passengers	**53,150,000**	52,800,000
Bus Movements	**1,908,000**	1,895,000
George Washington Bridge Bus Station		
Passengers	**6,400,000**	6,600,000
Bus Movements	**291,000**	297,000
PATH Journal Square Transportation Center Bus Station		
Passengers	**10,800,000**	10,800,000
Bus Movements	**842,000**	851,000
Cumulative PA Investment In Bus Facilities (In Thousands)	**$232,800**	$220,500

Marine Terminals	1983	1982
All Terminals		
Ship Arrivals	**2,790**	3,203
General Cargo (Long Tons)	**13,294,864**	12,266,641
New Jersey Marine Terminals		
Ship Arrivals	**2,367**	2,358
General Cargo (Long Tons)	**12,774,532**	11,335,126
New York Marine Terminals		
Ship Arrivals	**423**	845
General Cargo (Long Tons)	**520,332**	931,515
Cumulative PA Investment In Marine Terminals (In Thousands)	**$615,900**	$605,700

PATH	1983	1982
Total Passengers	**54,933,000**	52,985,000
Passenger Weekday Average	**193,500**	187,300
Cumulative PA Investment in PATH (In Thousands)	**$298,700**	$289,000

	1983	1982
Total Port Authority Cumulative Invested in Facilities, Including the Above (In Thousands)	**$4,838,400**	$4,574,600

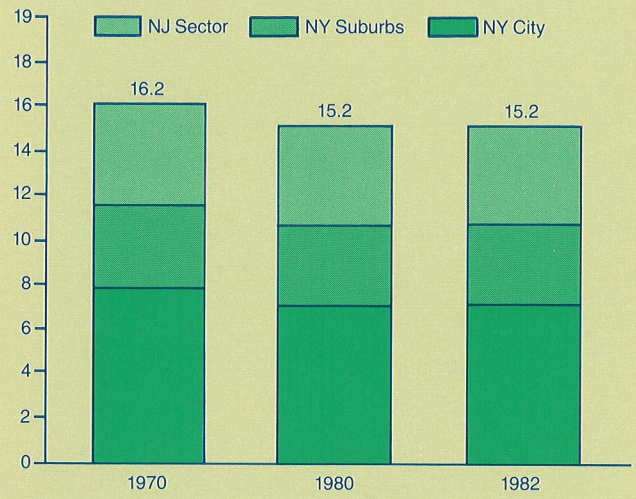
The New York-New Jersey Metropolitan Regional Almanac

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 1982	15.2 Million
Households 1980	5.5 Million
Civilian Labor Force 1983	7.3 Million
Total Personal Income 1981	$193.2 Billion
Retail Sales 1983 Estimate	$72 Billion
Total Wage and Salary Jobs—1983	6.8 Million

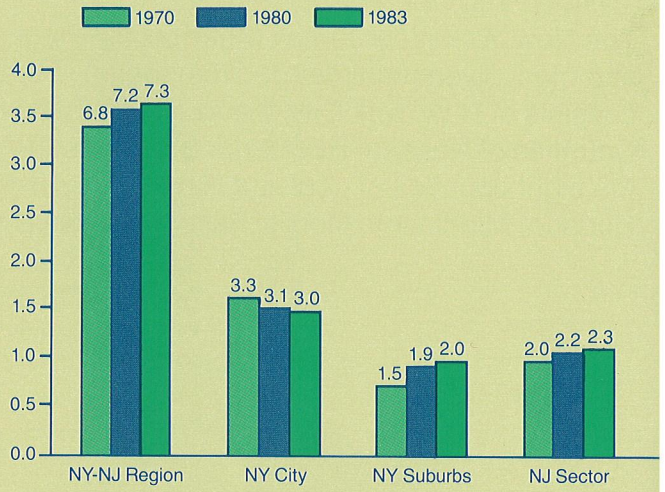
Demographics

Population
N.Y.-N.J. Metropolitan Region
1970, 1980 and 1982
(in millions)



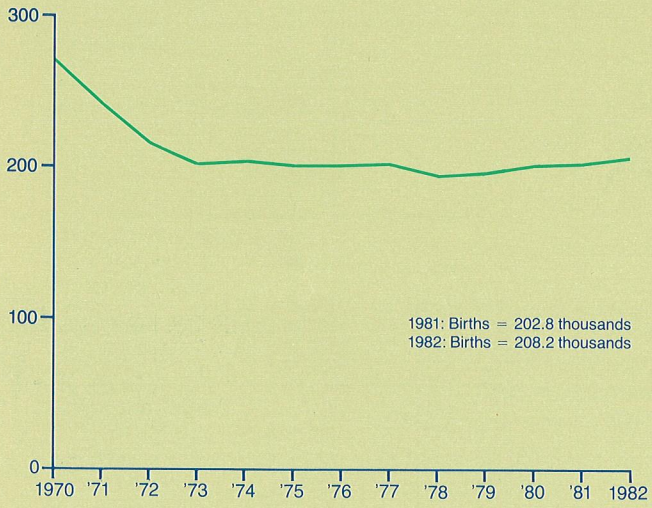
Source: U.S. Bureau of the Census, N.Y. State Dept. of Commerce, N.J. State Dept. of Labor

Total Labor Force
N.Y.-N.J. Metropolitan Region
1970, 1980 and 1983
(in millions)



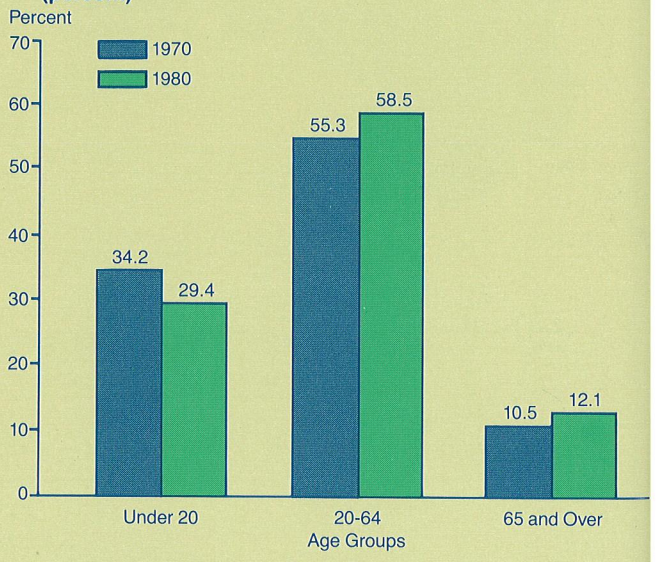
Source: N.Y. and N.J. State Depts. of Labor

Number of Births
In the N.Y.-N.J. Metropolitan Region
1970-1982
(in thousands)



Source: N.Y. and N.J. State Depts. of Health

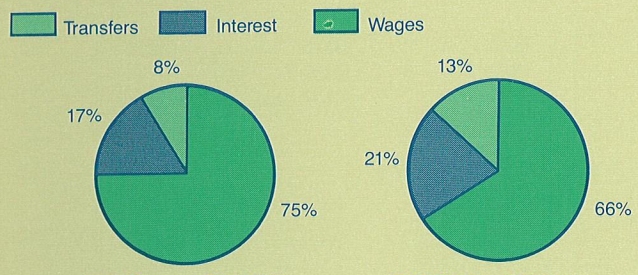
Changes in Age Distribution
New York-New Jersey Region
1970, 1980
(percent)



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

Income

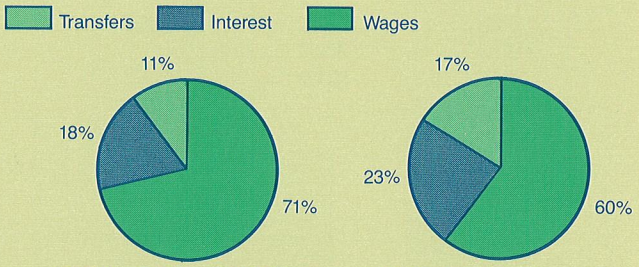
Total Personal Income by Type
N.Y.-N.J. Metropolitan Region
(percent)



1969: Region = $76.6 billion

1981: Region = $193.2 billion

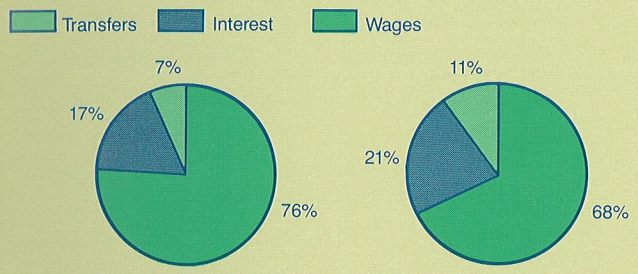
Total Personal Income by Type
New York City
(percent)



1969: New York City = $36.3 billion

1981: New York City = $82.3 billion

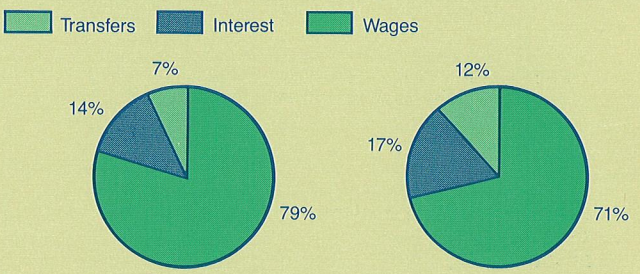
Total Personal Income by Type
N.Y. Suburbs
(percent)



1969: N.Y. Suburbs = $19.0 billion

1981: N.Y. Suburbs = $53.2 billion

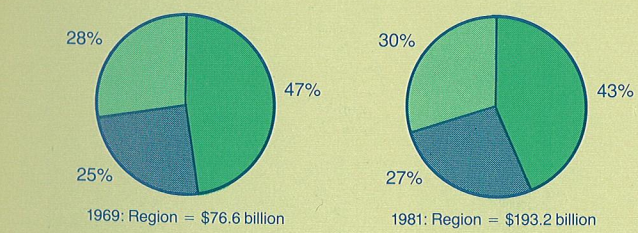
Total Personal Income by Type
N.J. Sector
(percent)



1969: N.J. Sector = $21.3 billion

1981: N.J. Sector = $57.6 billion

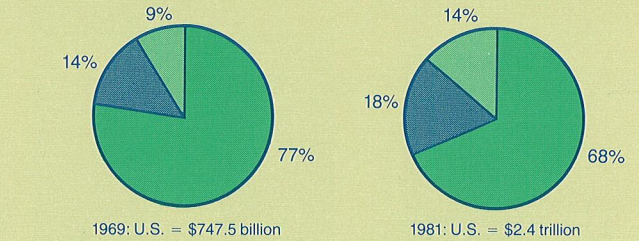
Total Personal Income
N.Y.-N.J. Metropolitan Region
(percent)



1969: Region = $76.6 billion

1981: Region = $193.2 billion

Total Personal Income by Type
United States
(percent)



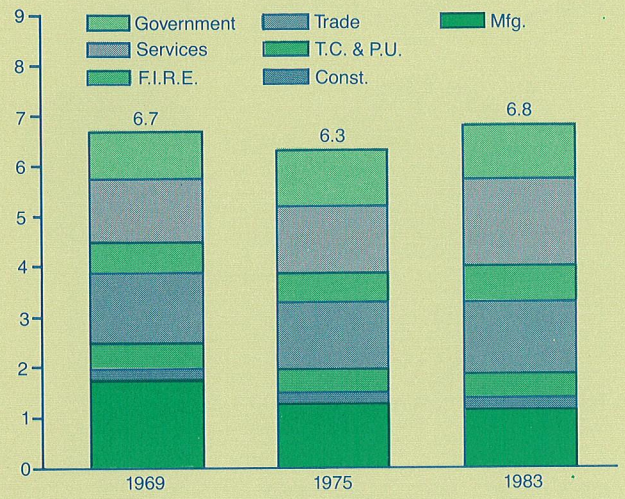
1969: U.S. = $747.5 billion

1981: U.S. = $2.4 trillion

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

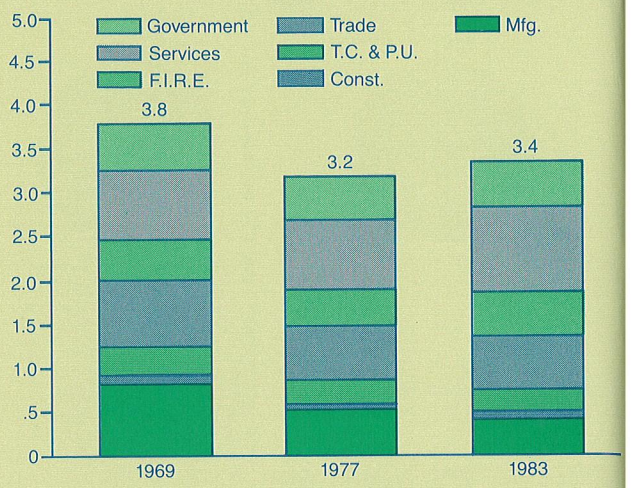
Employment

N.Y.-N.J. Metropolitan Region Wage & Salary Employment in Millions by Major Industry 1969, 1975 and 1983



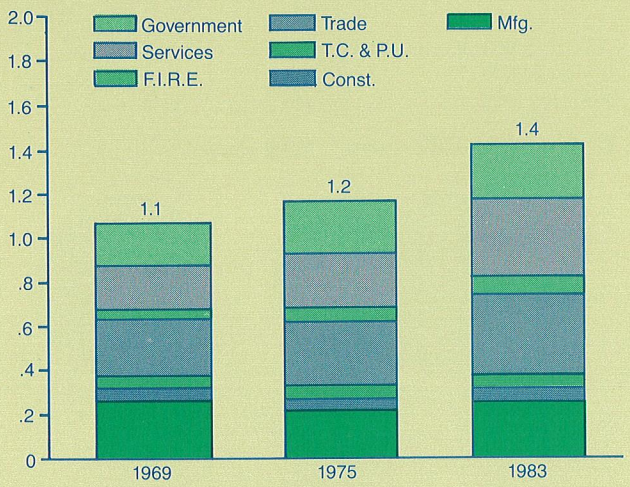
Source: N.Y. and N.J. State Depts. of Labor
F.I.R.E. = Finance, Insurance & Real Estate
T.C. & P.U. = Transportation, Communications & Public Utilities

New York City Wage & Salary Employment in Millions by Major Industry 1969, 1977 and 1983



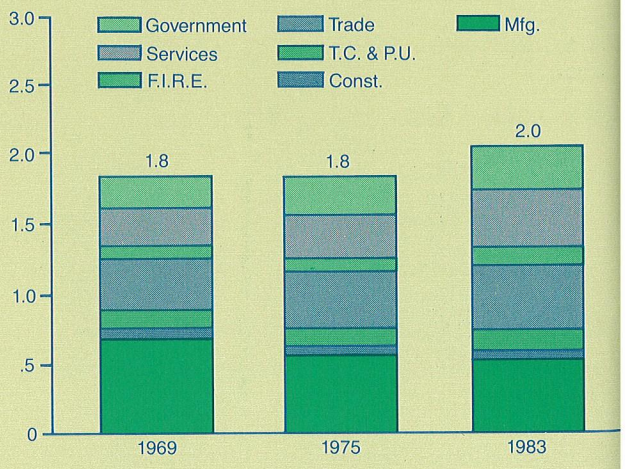
Source: New York State Dept. of Labor
F.I.R.E. = Finance, Insurance & Real Estate
T.C. & P.U. = Transportation, Communications & Public Utilities

New York Suburbs Wage & Salary Employment in Millions by Major Industry 1969, 1975 and 1983



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

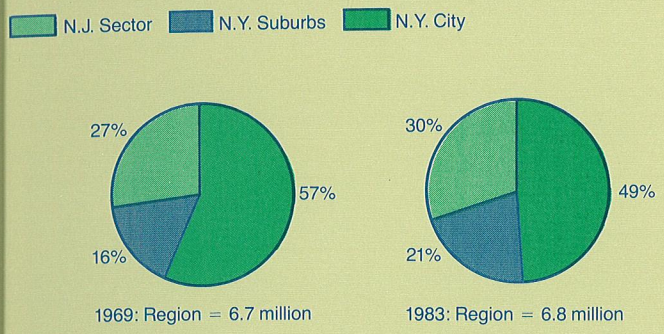
New Jersey Sector Wage & Salary Employment in Millions by Major Industry 1969, 1975 and 1983



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

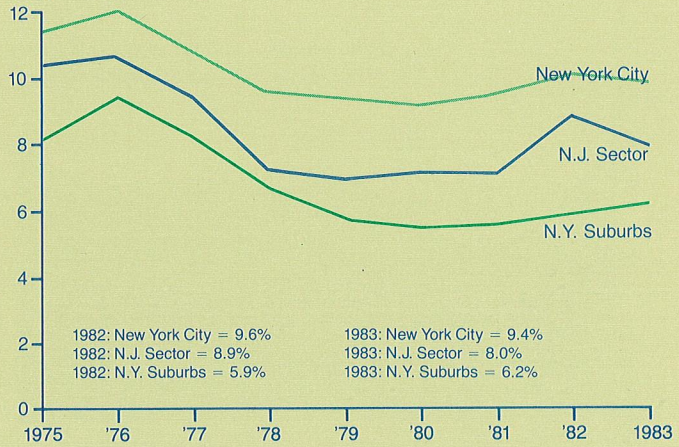
Unemployment

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



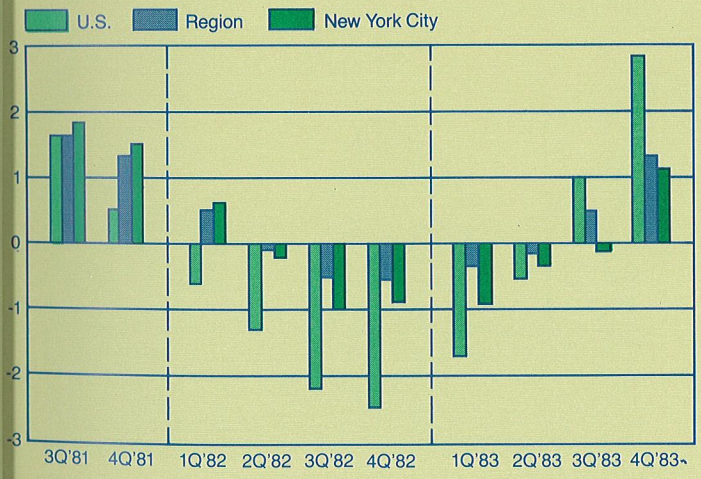
Source: N.Y. State Dept. of Labor
N.J. Dept. of Labor

Unemployment Rates N.Y.-N.J. Metropolitan Region 1975-1983 (percent)



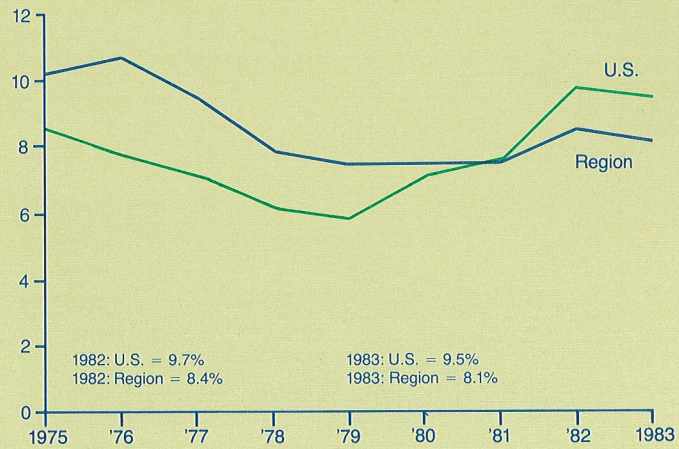
Source: N.Y. State Dept. of Labor
N.J. State Dept. of Labor

Percent Change in Quarterly Employment U.S., N.Y.-N.J. Metropolitan Region and New York City 1981-1983* (percent)



*Percent change over same quarter in the previous year.
Source: U.S. Bureau of Labor Statistics
N.Y. State Dept. of Labor & N.J. State Dept. of Labor

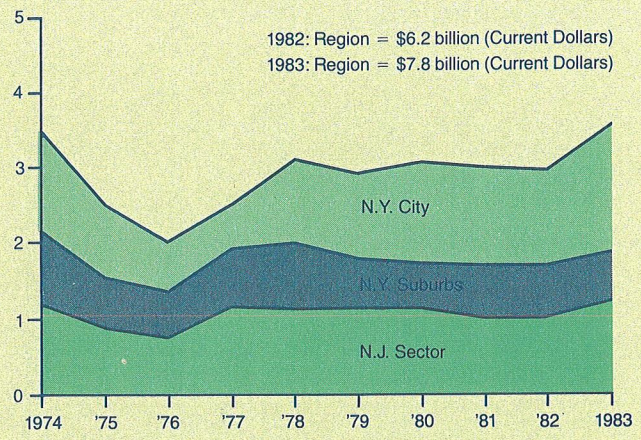
Unemployment Rates U.S. and N.Y.-N.J. Metropolitan Region 1975-1983 (percent)



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

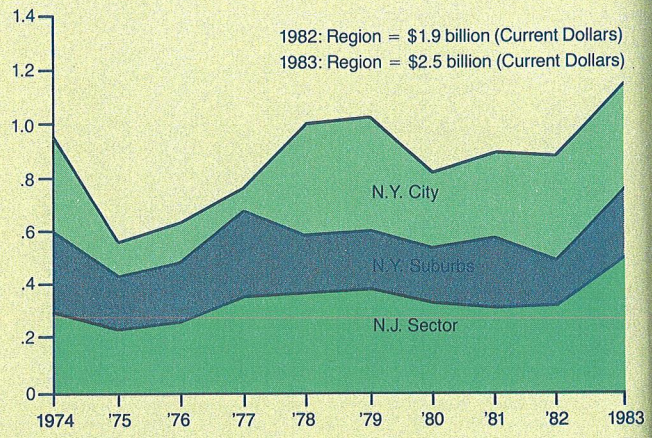
Construction

Total Construction Contract Awards
N.Y.-N.J. Metropolitan Region
1974-1983
(billions of 1972 dollars)



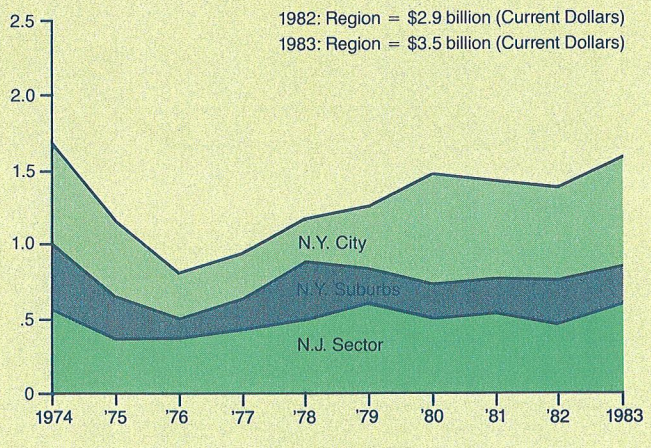
Source: F.W. Dodge

Residential Building Construction Contract Awards
N.Y.-N.J. Metropolitan Region
1974-1983
(billions of 1972 dollars)



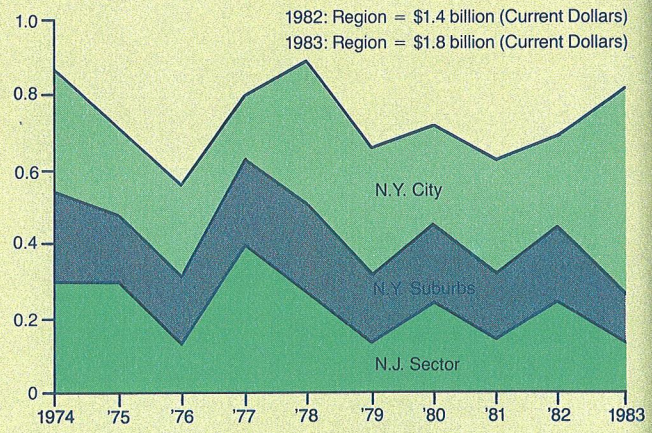
Source: F.W. Dodge

Commercial and Industrial Building
Construction Contract Awards
N.Y.-N.J. Metropolitan Region 1974-1983
(billions of 1972 dollars)



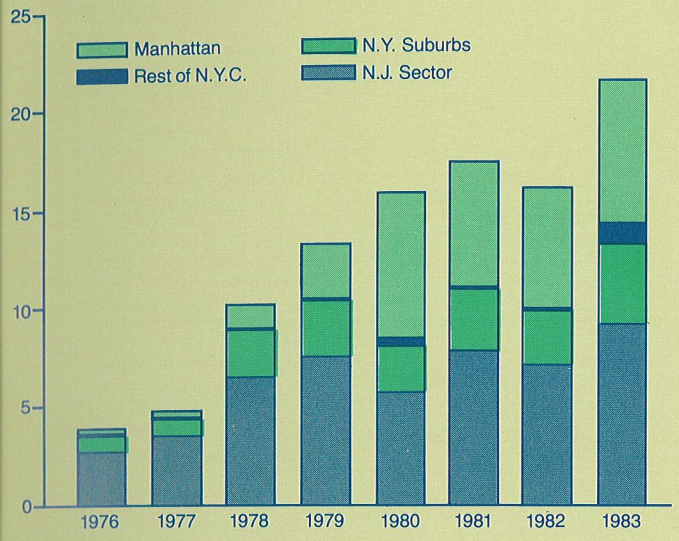
Source: F.W. Dodge

Infrastructure Construction Contract Awards
N.Y.-N.J. Metropolitan Region
1974-1983
(billions of 1972 dollars)



Source: F.W. Dodge

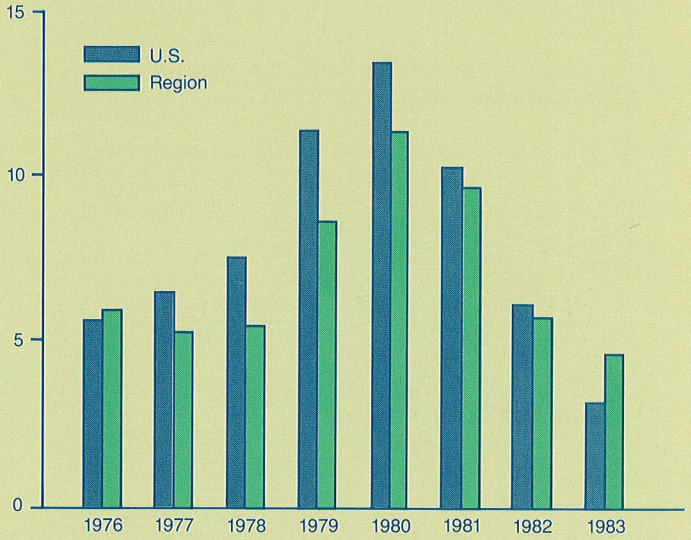
Contract Awards for Office Buildings in the New York-New Jersey Metropolitan Region 1976-1983 (millions of square feet)



Source: F.W. Dodge Contract Awards

1982: Region = 15.9 million
1983: Region = 21.3 million

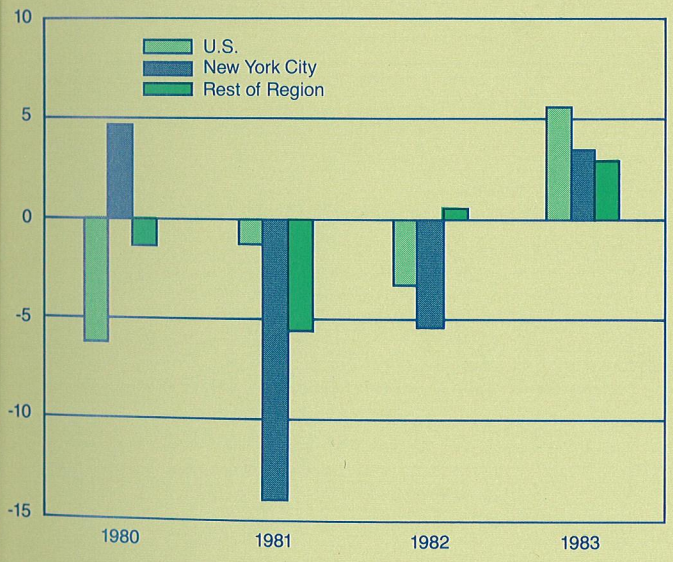
Percent Change in Consumer Price Index/All Items U.S. and N.Y.-N.J. Metropolitan Region 1976-1983 (percent)



Source: U.S. Bureau of Labor Statistics

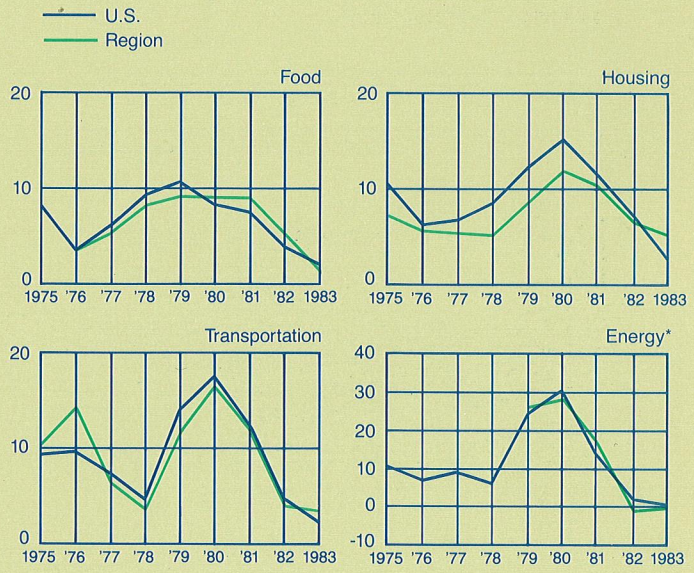
1983: U.S. = 3.2%
1983: Region = 4.7%
1982: U.S. = 6.1%
1982: Region = 5.8%

Percent Change in Retail Sales U.S., New York City, and Rest of Region 1980-1983* (retail sales in millions of 1972 dollars)



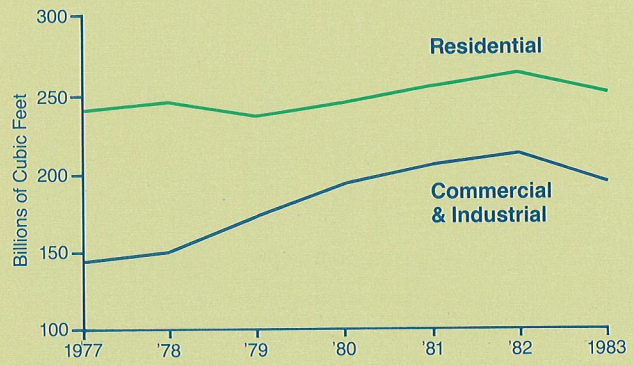
*1983 Percent Changes for New York City and Rest of Region based on first 11 months of 1983 and 1982.
Source: U.S. Bureau of the Census

Components of the Consumer Price Index 1975-1983 (percent)

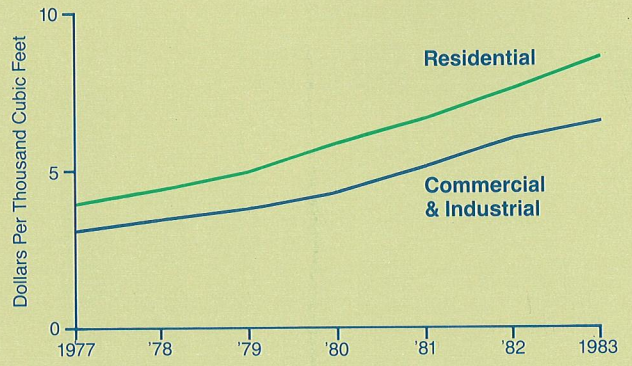


*Energy data for region unavailable prior to 1978
Source: U.S. Bureau of Labor Statistics

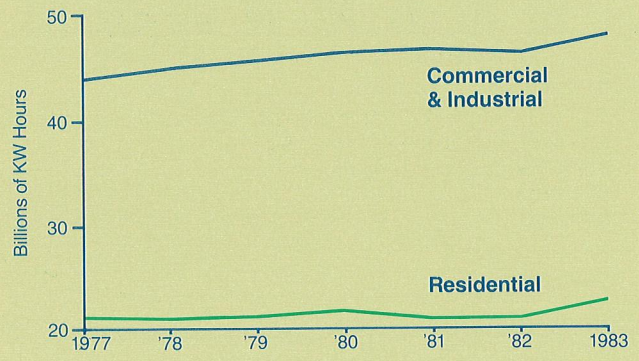
Natural Gas Consumption
N.Y.-N.J. Metropolitan Region 1977-1983



Natural Gas Prices
N.Y.-N.J. Metropolitan Region 1977-1983

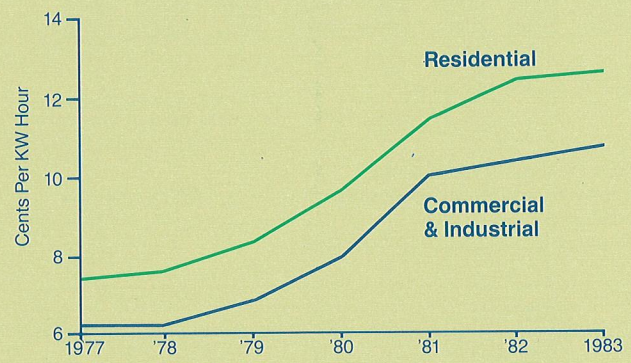


Electricity Consumption
N.Y.-N.J. Metropolitan Region 1977-1983



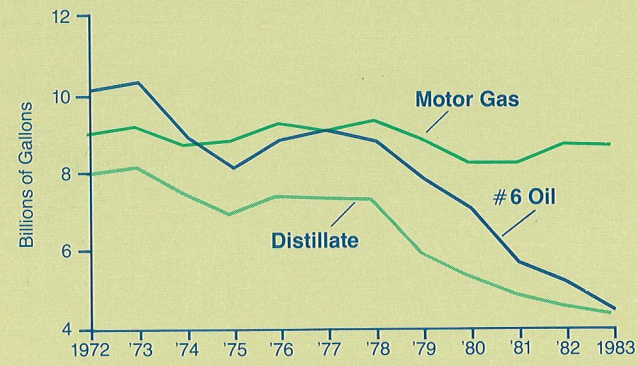
Source: NJDOE, NYSEO. Electricity and natural gas consumption is based on utility sales within N.Y.-N.J. metropolitan area

Electricity Prices
N.Y.-N.J. Metropolitan Region 1977-1983



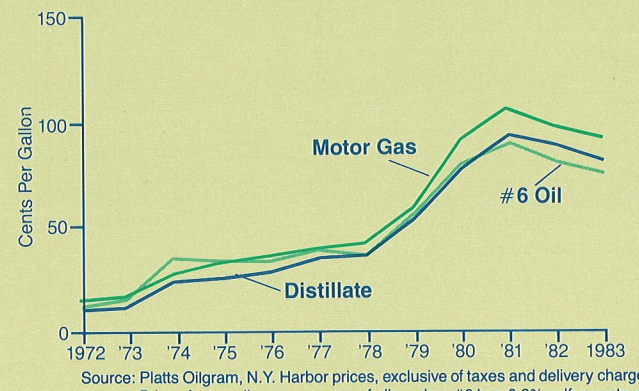
Source: NJDOE, NYSEO. Electricity and natural gas prices are based on a weighted average of utility revenues

Petroleum Consumption
States of New Jersey and New York 1972-1983



Source: U.S. Energy Information Administration

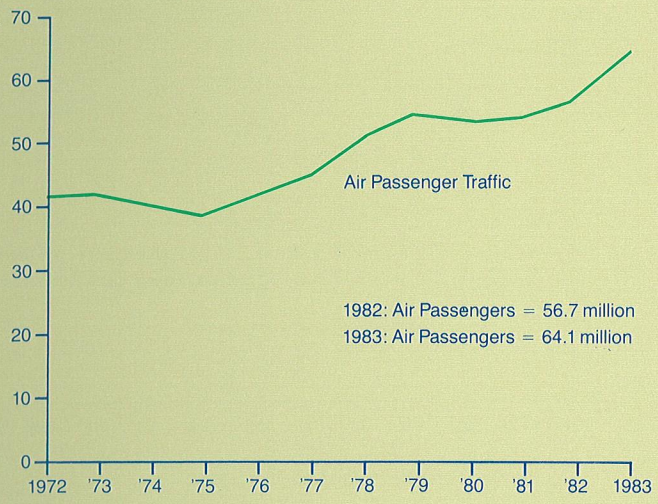
Petroleum Prices
States of New Jersey and New York 1972-1983



Source: Platts Oilgram, N.Y. Harbor prices, exclusive of taxes and delivery charges. Prices for gasoline are average of all grades; #6 has 0.3% sulfur content

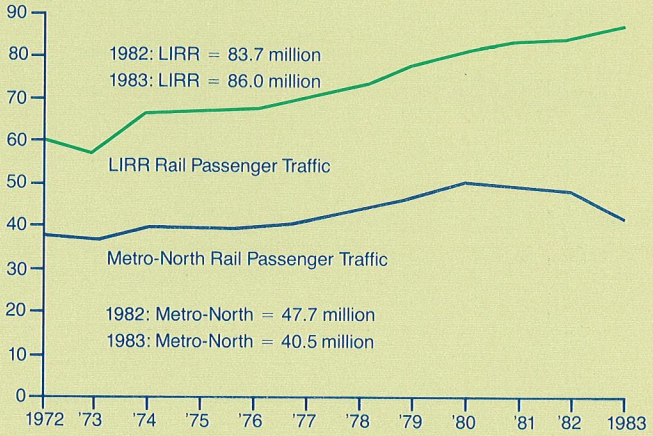
Regional Traffic Trends

Domestic and Overseas Air Passenger Traffic
N.Y.-N.J. Metropolitan Region
1972-1983
(in millions)



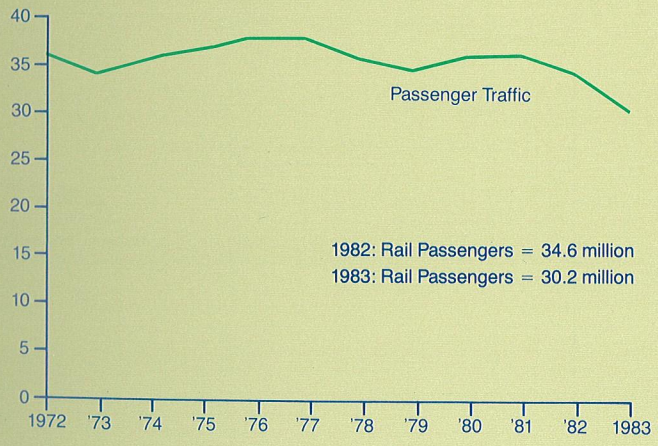
Source: The Port Authority of N.Y.-N.J.

Metropolitan Transportation Authority
Commuter Rail Revenue Passenger Traffic
1972-1983
(in millions)



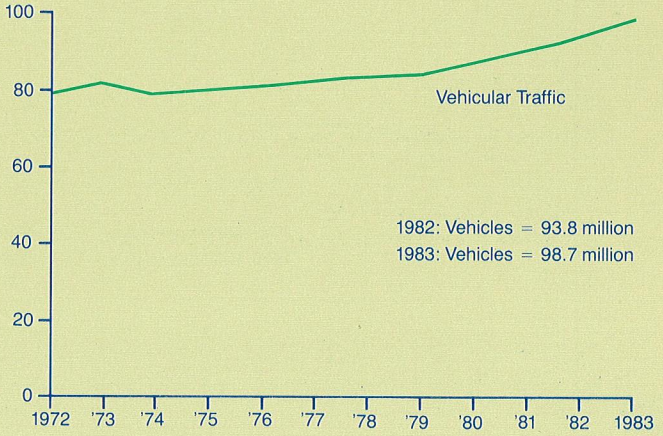
Source: Metropolitan Transportation Authority
Note: Metro-North includes the former New Haven, Harlem and Hudson lines of Conrail
Note: 6 week Metro-North strike in 1983

New Jersey Transit Rail Passenger Traffic
1972-1983
(in millions)



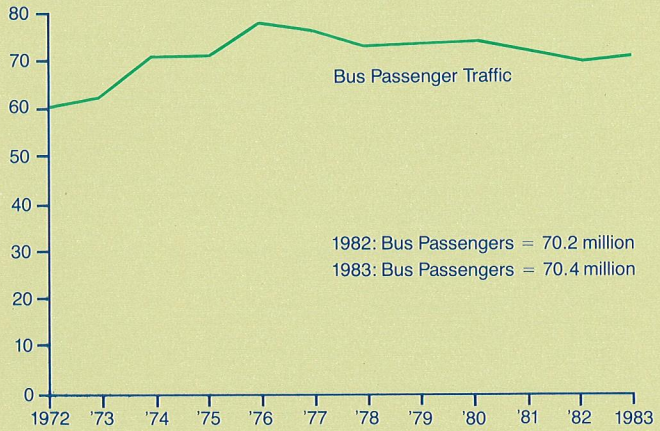
Source: Tri-State Regional Planning Commission, 1972-1978
New Jersey Transit, 1979-1983
Note: New Jersey Transit's rail operations include the former Hoboken and New Jersey Divisions of Conrail
Note: 34 day strike in 1983

Port Authority Tunnels and Bridges
Annual Eastbound Vehicular Traffic
1972-1983
(in millions)



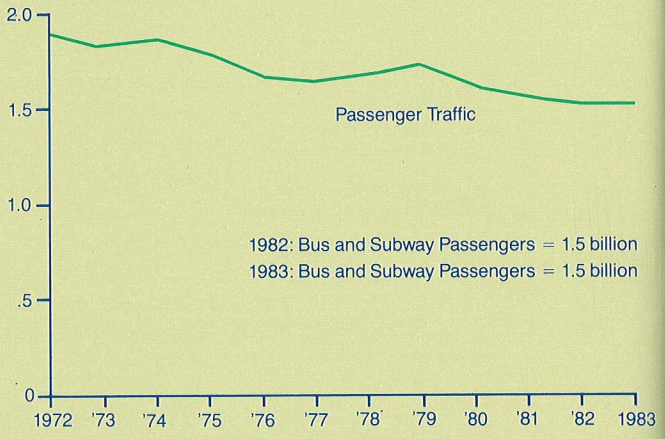
Source: The Port Authority of N.Y.-N.J.

Bus Passenger Traffic: through Port Authority terminals
N.Y.-N.J. Metropolitan Region
1972-1983
(in millions)



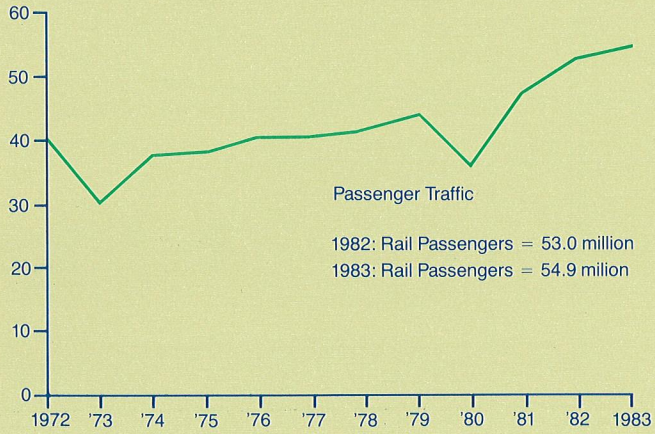
Source: The Port Authority of N.Y.-N.J.
Note: Journal Square Transportation Center opened in 1976

New York City Transit Authority
Bus and Subway Revenue Passenger Traffic
1972-1983
(in billions)



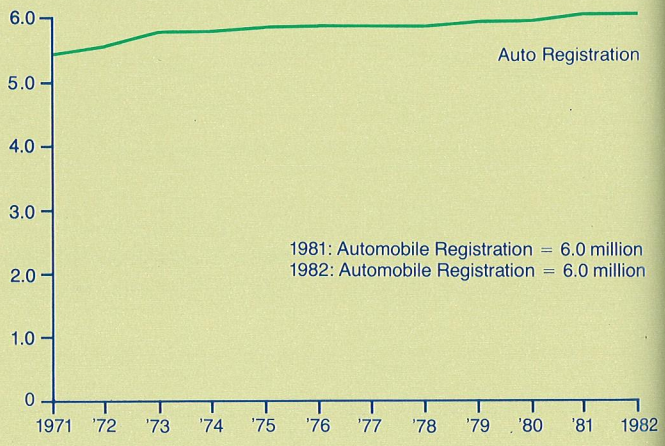
Source: New York City Transit Authority

Port Authority Trans-Hudson Rail Passenger Traffic
1972-1983
(in millions)



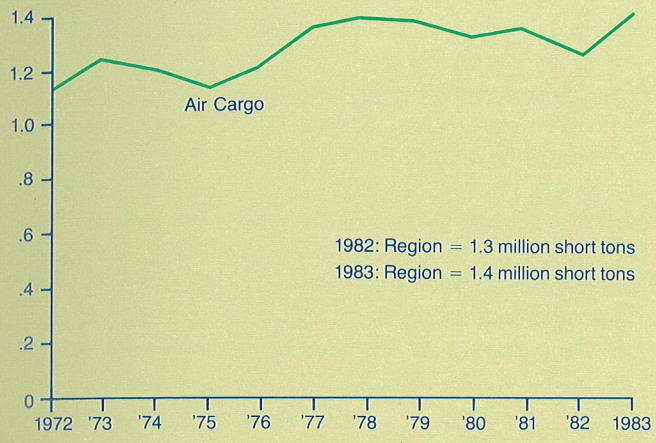
Source: The Port Authority of N.Y.-N.J.
Note: New York City transit strike, April 1 to April 13, 1980
PATH strike, June 12 to August 31, 1980
PATH strike, April 1 to June 3, 1973

Passenger Automobile Registrations
N.Y.-N.J. Metropolitan Region
1971-1982
(in millions)



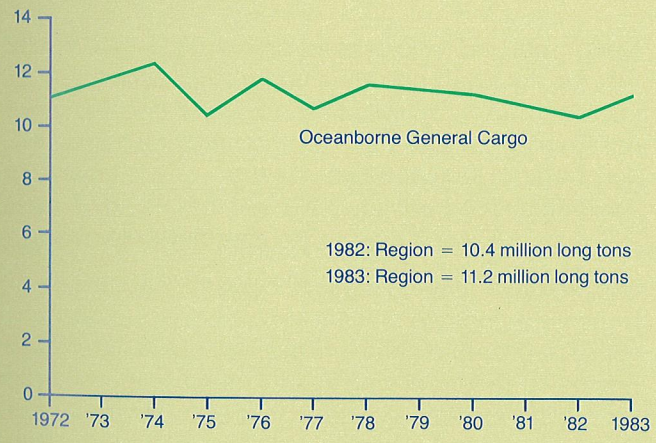
Source: State of New Jersey, State of New York, Departments of Motor Vehicles
Note: New Jersey reports automobile registration on a fiscal year. Calendar year data were imputed by interpolation.

Air Cargo Traffic
N.Y.-N.J. Metropolitan Region
1972-1983
(in millions of short tons)



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

Oceanborne General Cargo
The Port of N.Y.-N.J.
1972-1983
(in millions of long tons)



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

February 24, 1984

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 15 to 40 includes a summary of the Port Authority's basic policies and financial structure together with a general discussion of the principal financial activities which occurred during the year ended December 31, 1983. 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 1983 Financial Statements appears on page 20 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 19 of the Annual Report.

Executive Director

Comptroller

Highlights	1983	1982
	(In Thousands)	
Gross Operating Revenues	**$ 848,600**	$ 779,700
Net Operating Revenues	**238,300**	222,400
Net Revenues Available for Debt Service and Reserves	**318,500**	324,600
Debt Service Charged to Revenues and Reserves	**297,200**	226,300
Cumulative Invested in Facilities	**4,838,400**	4,574,600
Bonded Debt Outstanding, in accordance with Port Authority bond resolutions	**2,175,300**	2,130,800
Bank Loans Outstanding	**–0–**	31,250
General Reserve Fund	**223,100**	223,100
Consolidated Bond Reserve Fund	**346,100**	342,800
Special Reserve Fund in Trust	**3,100**	3,600

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 senate. 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 27 facilities through line and staff departments comprising approximately 7,700 career personnel and guides proposals to the point of presentation to the Board of Commissioners.

As a public corporation serving the people of the New Jersey-New York metropolitan region, combining sound business and governmental principles and practices, the Port Authority is dedicated to provide high quality public service and operating efficiency.

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.

For 1983, the Port Authority's financial affairs were administered by Robert F. Bennett, Assistant Executive Director, John B. McAvey, Comptroller, and Marshal L. Wilcox, Jr., Treasurer. Effective March 9, 1984, the Authority's financial affairs are administered by Robert F. Bennett, Assistant Executive Director/Chief Financial Officer, John B. McAvey, Assistant Chief Financial Officer, Barry Weintrob, Director, Finance Department/Comptroller, Lillian C. Liburdi, Director, Management and Budget Department, Marshal L. Wilcox, Jr., Treasurer.

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 $5,376,260,000 in obligations, not including $125,000,000 issued solely as additional security for the payment of three bank loans obtained in 1977, of which over $2,175,339,000 was outstanding on December 31, 1983. The Port Authority has issued $3,357,650,000 of Consolidated Bonds and Notes (exclusive of refundings) since 1952, of which $2,075,842,000 was outstanding on December 31, 1983.

Consolidated Bonds (which includes Consolidated Notes) are a direct and general obligation of the Port Authority and its full faith and credit are pledged to the payment of debt service thereon. In addition to the pledge of the reserve funds, all Consolidated Bonds, including any which may hereafter be issued, are equally and ratably secured by a pledge of the net revenues of all 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 1952 and which were outstanding during 1983 are the General and Refunding Bonds in the amount of $2,997,000. Amounts available from the Special Reserve Fund which was established by the Port Authority in connection with the General and Refunding Bonds have been held in trust since December 31, 1970, as described on page 29.

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 outstand-

ing bonds legal for investment as defined in the statutes (except for New York State Guaranteed Commuter Car Bonds). After payment of debt service on Consolidated Bonds, 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 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, obligations issued under the Port Authority Commercial Paper Program and Special Project Bonds.

Bonds for an additional facility cannot be issued with a pledge of the General Reserve Fund unless the Port Authority commissioners certify 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 debt service on bonds secured by a pledge of the General Reserve Fund. 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 debt service on bonds secured by a pledge of the General Reserve Fund.

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 include information on Port Authority operations by operating segment. These financial statement presentations do not in any way change the net revenues or reserves or their applications as they are defined and governed by requirements of law and the Port Authority's bond resolutions and as they are 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 totalled $848,584,000, an increase of 8.8 percent over 1982. This growth is primarily attributable to an increase in flight fee revenues and service charges at the three major metropolitan airports, higher rentals at The World Trade Center and a PATH fare increase effective July 31, 1983. Operating expenses increased 9.5 percent over 1982, to $610,287,000, primarily as a result of higher costs for labor and materials.

Financial income was $80,233,000 on securities reflected in the reserve and operating funds and $7,525,000 in the capital fund. Net revenues available for debt service and reserves were $318,530,000, and amounted to 2.26 times debt service charged to operations.

Interest recorded on the Port Authority's debt charged to operations and reserves totalled $112,907,000. Bonded debt repayment through revenues and reserves amounted to $52,964,000, which includes long-term bonds with a par value of $22,964,000 retired through mandatory sinking fund and maturity payments, long-term bonds with a par value of $20,000,000 retired in anticipation of future requirements and $10,000,000 par value of notes retired as scheduled. In addition, final principal installment payments of $12,500,000 and $18,750,000 were made on December 20, 1983, as scheduled, to repay the outstanding bank loans in accordance with agreements with the banks. Repayment of commercial paper obligations not refunded by Commercial Paper Notes amounted to $100,089,000 and all commercial paper obligations were repaid as required prior to December 30, 1983. Total debt service charged to revenues and reserves, including reserve funds in trust, therefore, was $297,210,000, which does not include amounts relating to New York State Guaranteed Commuter Car Bonds and Special Project Bonds.

Financial Position at Year-End

As of December 31, 1983, the total assets of the Port Authority, as represented by the cumulative amount invested in facilities and balances in capital, operating and reserve funds, were $5,830,272,000, an increase of 4.4 percent, or $257,093,000, over last year.

The amount invested in facilities rose by $263,768,000, including net interest during construction of $11,140,000 on bonded debt, bank loans, commercial paper obligations and appropriated reserves, to a cumulative total of $4,838,351,000 at year-end 1983.

This increase is represented by additional investment in Ground and Mass transportation Facilities of $179,646,000 with the Bus Programs and the Bus Terminal extension and modernization project accounting for a major portion of the increase. Investment in other facilities increased by $84,122,000, led by Air Terminals which increased by $60,082,000, primarily as a result of various improvements and rehabilitations to roadways and buildings at the three major metropolitan airports. The World Trade Center's fire safety program was a contributing factor towards a $15,054,000 increase in investment in that facility and investment in remaining facilities increased by $8,986,000, mainly due to activity at the Bathgate Industrial Park and the Teleport.

Bonded debt increased during the year by $44,536,000 to a total of $2,175,339,000. During the year, net assets increased by 6.8 percent to a total of $3,384,984,000, which represents approximately 70 percent of the amount invested in Port Authority facilities.

Reserve Funds

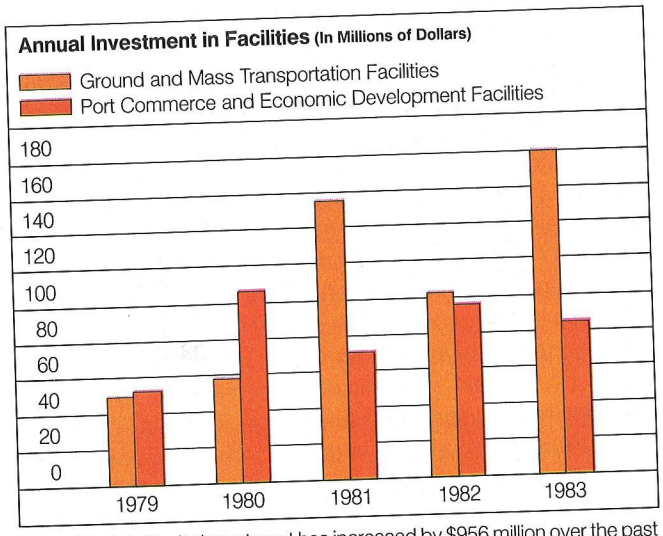
At year-end 1983, the General Reserve Fund balance was $223,080,000 and continued to meet the prescribed statutory amount of at least 10 percent of outstanding bonds legal for investment as defined in the General Reserve Fund statutes. On December 31, 1983, the Consolidated Bond Reserve Fund had a balance of $346,066,000, after application of $34,027,000 and $101,675,000 to pay interest and principal on the bank loans and on commercial paper obligations, respectively, $19,221,000 to investment in facilities, $20,000,000 for the retirement of Consolidated Bonds in anticipation of future requirements, and $537,000 from self-insurance. The balance of the Special Reserve Fund in Trust, described on page 29, totaled $3,064,000. The sum of these reserves was $572,210,000, which exceeded the next two years' mandatory debt service on bonds secured by a pledge of the General Reserve Fund.

Bond covenants require that the reserve funds be maintained in cash or invested in certain government securities. At year-end, $566,488,000 was invested in such securities.

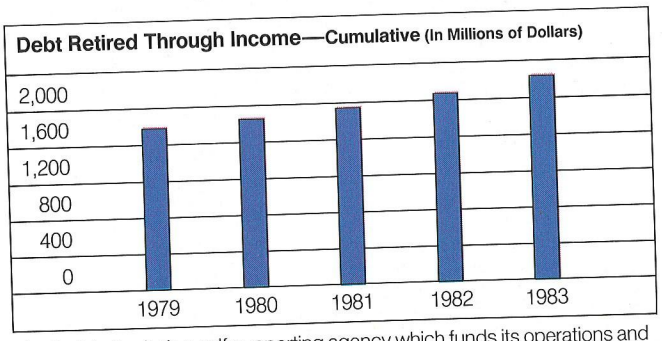
Financial Income

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 $41,029,063 were recorded on an average long-term portfolio of $326,689,000.

Short-term investments, primarily in government securities and money market instruments, resulted in earnings of $46,729,012 on an average investment of $514,786,000.



Annual Port Authority investment has increased by $956 million over the past five years with Ground and Mass Transportation facilities increasing substantially in 1983 as a result of Bus Programs expenditures totalling $135 million. For the same period, outstanding debt increased only $69 million.



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

Touche Ross & Co.

November 29, 1983

Mr. Robert V. Van Fossan, 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, 1983. 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, 1983.

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, 1983, 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 24, 1984

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, 1983 and 1982, 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, 1983 and 1982, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. 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, 1983 and the consolidated revenues and reserves for the year then ended in conformity with the accounting principles described in Note A-8 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, 1983, 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, 1983 and 1982, in conformity with the basis of accounting described therein, applied on a consistent basis.

Touche Ross & Co.

Certified Public Accountants

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

Consolidated Statement of Income

	Year Ended December 31, 1983	1982
	(In Thousands)	
Gross Operating Revenues (Note H)	**$848,584**	$779,744
Operating Expenses:		
Employee compensation, including benefits	**316,085**	284,297
Materials, equipment, supplies and contract services	**133,665**	115,206
Heat, light and power	**74,764**	68,696
Rents (primarily related to airport leases) and amounts in-lieu-of-taxes	**51,688**	51,053
Other (Note K-4)	**34,085**	38,051
Total Operating Expenses	**610,287**	557,303
Depreciation on Facilities (Note B)	**112,152**	111,762
Amortization of Costs for Bus Programs	**21,996**	12,301
Income from Operations	**104,149**	98,378
Financial Income and Expense:		
Income on investments	**69,894**	86,902
Gain on purchase of Port Authority bonds in connection with current sinking fund requirements	**1,357**	1,838
Interest expense	**(111,164)**	(104,424)
Income Before Extraordinary Gain	**64,236**	82,694
Extraordinary Gain		
Gain on purchase of Port Authority bonds in connection with future sinking fund requirements	**7,239**	11,695
Net Income	**$ 71,475**	$ 94,389

Consolidated Statement of Changes in Net Assets

	Year Ended December 31, 1983	1982
	(In Thousands)	
Balance at January 1	**$1,645,049**	$1,544,175
Net Income	**71,475**	94,389
Government Contributions in Aid of Construction (Note G)	**11,161**	6,485
Balance at December 31	**$1,727,685**	$1,645,049

See Notes to Consolidated Financial Statements.

Consolidated Statement of Financial Position

	December 31, 1983	December 31, 1982
	(In Thousands)	
Assets		
Facilities, at Cost (Note B)	**$4,409,409**	$4,284,743
Less Accumulated Depreciation on Facilities	**1,530,011**	1,421,660
Facilities, Net	**2,879,398**	2,863,083
Investments (Note C)	**706,930**	824,044
Cash	**12,804**	10,798
Accounts Receivable	**78,922**	71,326
Unamortized Costs for Bus Programs	**301,654**	188,349
Other Assets	**159,749**	57,374
Total Assets	**4,139,457**	4,014,974
Liabilities		
Bonds and Notes (Note D)	**2,141,823**	2,095,749
Bank Loans Payable (Note E-1)	**—**	31,250
Accounts Payable and Other Liabilities	**264,627**	238,196
Deferred Income	**5,322**	4,730
Total Liabilities	**2,411,772**	2,369,925
Net Assets	**$1,727,685**	$1,645,049
Net Assets are Composed of:		
Net Income Invested in Port Authority Facilities, Operations and Reserves	**$1,574,658**	$1,495,468
Government Contributions in Aid of Construction (Note G)	**153,027**	149,581
Net Assets	**$1,727,685**	$1,645,049

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Financial Position

	Year Ended December 31,	
	1983	1982
	(In Thousands)	
Funds Provided from:		
Net Income	**$ 71,475**	$ 94,389
Add-Income charges not affecting funds in the period:		
Depreciation on facilities	**112,152**	111,762
Amortization of costs for Bus Programs	**21,996**	12,301
Amortization of certain other assets	**9,480**	10,041
Funds provided by operations	**215,103**	228,493
Bonds, notes and commercial paper obligations	**197,589**	247,422
Government contributions in aid of construction	**11,161**	6,485
Increase in accounts payable and other liabilities	**26,431**	—
Port Authority bonds retired	**33,891**	46,277
Sale of portion of PATH Administration Building	**—**	1,695
Total Funds Provided	**484,175**	530,372
Funds Applied to:		
Cost of facilities	**128,467**	137,894
Cost for Bus Programs	**135,301**	62,894
Increase in accounts receivable	**7,596**	29,007
Retirement or repayment of bonds, notes and commercial paper obligations	**156,221**	91,918
Repayment of bank loans	**31,250**	31,250
Port Authority bonds purchased by the Port Authority	**29,185**	36,597
Decrease in accounts payable and other liabilities	**—**	48,864
Other net changes in other assets and deferred credits	**111,263**	9,741
Total Funds Applied	**599,283**	448,165
Net Increase (Decrease) in Cash and Investments	**($115,108)**	$ 82,207

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. (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 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. Bonds and Notes are shown net of unamortized discount. 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 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 Notes until retirement. Interest expense and interest earnings relating to such Port Authority bonds purchased are included as interest on bonds and 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 1982 financial statements contain certain reclassifications which have been made in order to conform to the classifications used in 1983.

Note B–Facilities:

1. Cost of facilities is composed of the following:

	December 31,	
	1983	**1982**
	(In Thousands)	
Completed Construction:		
Air Terminals	$1,488,365	$1,447,839
World Trade Center	1,045,724	1,039,085
Marine & Other Facilities*	608,042	600,414
Tunnels & Bridges	605,589	605,589
Rail Facilities	270,700	262,591
Bus Terminal	180,260	180,260
	4,198,680	4,135,778
Construction in Progress	210,729	148,965
	$4,409,409	$4,284,743

*Includes amounts for the Truck Terminal and the Bathgate Industrial Park; expenditures for the Truck Terminal, the Oak Point Rail Freight Link, the Bathgate Industrial Park and Teleport are included with Marine & Other Facilities 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 $11,140,000 in 1983 and $9,675,000 in 1982.

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 $46,266,000 at December 31, 1983, and depreciation expense charged to income amounted to $1,322,000 and $1,631,000 in 1983 and 1982, respectively.

Note C–Investments:

	December 31, 1983			December 31, 1982
	Principal Amount	Quoted Market	Book Value	Book Value
		(In Thousands)		
Short-Term				
United States Treasury Bills	$384,085	$375,000	$375,064	$458,667
Bankers' Acceptances	31,000	30,739	30,719	53,141
Certificates of Deposit	—	—	—	14,332
Total Short-Term	$415,085	$405,739	405,783	526,140
Long-Term				
Farmers' Home Administration (Department of Agriculture) Insured Notes	$ 57,000	$ 52,328	56,974	56,960
United States Treasury Bonds and Notes	231,000	228,567	230,781	181,449
Government National Mortgage Association Participation Certificates	2,000	1,660	2,000	2,000
Total Long-Term	$290,000	$282,555	289,755	240,409
Bonds of The Port Authority of New York and New Jersey	$ 26,095		26,095	30,801
Time Deposits with Banks	$ —		—	44,700
Accrued Interest Receivable			11,392	12,795
Total Investments			733,025	854,845
Less: Bonds of The Port Authority of New York and New Jersey			26,095	30,801
Investments			$706,930	$824,044

Note D–Bonds and Notes:

		December 31, 1982	Issued	Retired	December 31, 1983
			(In Thousands)		
General and Refunding Bonds					
Ninth Series	1½% due 1985	$ 886	$ —	$ 38	$ 848
Tenth Series	1¾% due 1985	739	—	234	505
Eleventh Series	1¼% due 1986	1,903	—	259	1,644
		3,528	—	531	2,997
Consolidated Bonds					
Second Series	2¾% due 1984	3,900	—	1,920	1,980
Fourth Series	2¾% due 1985	6,000	—	2,017	3,983
Fifth Series	2.90% due 1983	2,700	—	2,700	—
Sixth Series	3% due 1986	11,400	—	1,309	10,091
Seventh Series	3.40% due 1986	9,500	—	1,425	8,075
Eighth Series	3.40% due 1987	17,000	—	3,050	13,950
Tenth Series	3¾% due 1987	13,200	—	2,949	10,251
Twelfth Series	3⅜% due 1988	14,700	—	4,200	10,500
Fourteenth Series	3⅝% due 1989	16,923	—	1,710	15,213
Sixteenth Series	4¼% due 1989	8,750	—	1,436	7,314
Nineteenth Series	3½% due 1991	13,500	—	2,400	11,100
Twentieth Series	3¼% due 1993	22,040	—	2,090	19,950
Twenty-first Series	3.40% due 1993	13,955	—	80	13,875
Twenty-second Series	3⅜% due 1993	16,250	—	2,375	13,875
Twenty-third Series	3⅜% due 1994	15,821	—	580	15,241
Twenty-fourth Series	3½% due 1994	15,875	—	750	15,125
Twenty-fifth Series	3.20% due 1983-1984	3,000	—	1,500	1,500
Twenty-sixth Series	3½% due 1995	23,625	—	—	23,625
Twenty-seventh Series	3⅜% due 1995	17,414	—	419	16,995
Twenty-eighth Series	3⅜% due 1996	18,750	—	—	18,750
Twenty-ninth Series	3½% due 1996	19,633	—	883	18,750
Thirtieth Series	3⅝% due 1998	17,269	—	—	17,269
Thirty-first Series	4% due 2002	84,000	—	3,000	81,000
Thirty-second Series	5% due 2003	86,500	—	—	86,500
Thirty-third Series	4¾% due 2003	86,500	—	100	86,400
Thirty-fourth Series	5½% due 2003	94,620	—	1,620	93,000
Thirty-fifth Series	6⅝% due 2005	97,000	—	—	97,000
Thirty-sixth Series	6.40% due 2005	48,770	—	770	48,000
Thirty-seventh Series	6% due 2006	98,550	—	350	98,200
Thirty-eighth Series	5⅜% due 2006	98,000	—	1,000	97,000
Thirty-ninth Series	5.80% due 2007	147,630	—	—	147,630
Fortieth Series	6% due 2008	100,000	—	800	99,200
Forty-first Series	5½% due 2008	99,500	—	1,000	98,500
Forty-second Series	8.20% due 2011	100,000	—	—	100,000
Forty-third Series	7% due 2011	50,000	—	—	50,000
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	—
Series GG	5.4% due August 15, 1984	—	1,000	—	1,000
		2,127,275	1,000	52,433	2,075,842
Special Project Bonds					
Series 1, Delta Air Lines, Inc. Project:					
First Installment	10½% due 2002	—	10,015	—	10,015
Second Installment	10½% due 2008	—	86,485	—	86,485
		—	96,500	—	96,500
Total Bonds and Notes in accordance with Port Authority bond resolutions		2,130,803	$97,500	$52,964	2,175,339
Less: Amortized cost of Port Authority bonds purchased by the Port Authority		30,801			26,095
Unamortized discount		4,253			7,421
Bonds and Notes		$2,095,749			$2,141,823

Note E–Financing:

The Port Authority finances construction of its facilities primarily by issuing bonds, notes and other obligations. Details of Bonds and Notes and their amortization are described in Note D and Schedule D.

1. The December 20, 1983 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, and the bank loans have now been repaid in full. Under the terms of the bank 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 were made exclusively from net revenues available therefor in the Consolidated Bond Reserve Fund. Payment of the bank loans and interest thereon were subject in all respects to the payment of debt service on General and Refunding Bonds and Consolidated Bonds and Notes, 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 bank loans nor the interest thereon were secured by or payable from the General Reserve Fund.

2. On September 9, 1982, the Port Authority established an issue of special obligations known as Port Authority Commercial Paper. On October 13, 1983, the Port Authority amended and supplemented the Port Authority Commercial Paper Resolution to provide an extension of the program through December 31, 1985 and to increase the maximum aggregate principal amount of Commercial Paper Notes, which may continue to be issued in an unlimited aggregate principal amount. The total increased aggregate principal amount of Commercial Paper Notes and advances under the credit facilities described below which may be outstanding at any one time may not be in excess of $150,000,000.

Commercial Paper Notes are authorized to be issued for purposes of payment for capital expenditures in connection with the facilities of the Port Authority specified in the Commercial Paper Resolution and for the refunding of Commercial Paper Notes; however, no Commercial Paper Notes may have a maturity date later than the last business day of the calendar year of issue. 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 in the increased principal amount of up to $150,000,000 is provided by six banks and trust companies. This stand-by revolving credit facility, subject to the fulfillment of certain conditions and unless sooner revoked or terminated in accordance with its provisions, expires on December 31, 1985. In addition, a bank line of credit in the amount of $15,000,000 has been continued to permit accumulation of the capital expenditures to be funded by the issuance of Commercial Paper Notes.

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, not refunded by subsequently issued Commercial Paper Notes, and advances under the stand-by credit facility and under the line of credit are to be special obligations of the Port Authority payable solely from net revenues deposited to the Port 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 these special obligations is subject in all respects to the payment of debt service on the Port Authority's General and Refunding Bonds and Consolidated Bonds, as required by the applicable provisions of the Port 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, to the payment of interest and amortization installments on the Port Authority's bank loans, as required by the applicable provisions of the loan agreements (see Note E-1), and to applications to purposes authorized by the Consolidated Bond Resolution.

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 January 1, 1983 through December 30, 1983, sales of Commercial Paper Notes, exclusive of refundings, totalled $98,382,000, all of which were repaid as scheduled prior to December 30, 1983.

During the period January 1, 1984 through February 24, 1984, sales of Commercial Paper Notes, exclusive of refundings, totalled $28,082,000.

3. On June 9, 1983, the Port Authority established an issue of special limited obligations known as Special Project Bonds. Neither the full faith and credit of the Port

Authority nor the General Reserve Fund or the Consolidated Bond Reserve Fund are pledged to the payment of interest on or the repayment of the principal of Special Project Bonds.

Each series of Special Project Bonds is to be secured solely by a mortgage by the Port Authority of facility rental as set forth in a lease with respect to a project to be financed with the proceeds of the bonds, by a mortgage by the lessee of its leasehold interests under the lease and by a security interest granted by the lessee to the Port Authority and mortgaged by the Port Authority in certain items of the lessee's personal property to be located at the project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

On June 9, 1983, the Port Authority established and authorized the issuance and sale of Special Project Bonds, Series 1, Delta Air Lines, Inc. Project in connection with the construction of a passenger terminal building at LaGuardia Airport to be leased to Delta Air Lines, Inc. In addition to the agreements which were entered into between the Port Authority, Delta and The Bank of New York, as Trustee, consistent with the above, Delta has also agreed in the lease of the passenger terminal premises that it shall pay the debt service on the Series 1 Bonds as a separate and independent covenant from Delta's obligation to pay facility rental. Amounts receivable from Delta as at December 31, 1983, in connection with repayment of Series 1 Bonds, are included in Other Assets. (See Note D.)

4. As of December 31, 1983, the Board of Commissioners had established and authorized the issuance of, and had authorized the sale by the Committee on Finance, of the following series of Consolidated Bonds and Notes for various purposes, including, in the case of Series Forty-two R, the refunding, on July 15, 1986, of Consolidated Bonds, Forty-second Series.

Series	Authorization Expires	Maximum Interest Rate Per Annum	Due Date	Authorized Amount
42 R(Bonds)	July 15, 1986	6.50%	July 15, 2011	$100,000,000
51st(Bonds)	Dec. 31, 1983	16%	Jan. 15, 2017	100,000,000
52nd(Bonds)	Oct. 15, 1984	16%	Jan. 15, 2018	150,000,000
53rd(Bonds)	Oct. 15, 1984	16%	July 15, 2018	150,000,000
54th(Bonds)	Oct. 15, 1984	16%	Jan. 15, 2019	150,000,000
HH(Notes)	Oct. 15, 1984	12%	July 15, 1986	100,000,000

5. As of December 31, 1983, $50,000,000 Consolidated Bonds, Forty-fourth Series, and $50,000,000 Consolidated Bonds, Series Forty-four B, each due December 20, 2011, and each of which had been issued solely as additional security for the respective payment of the Port Authority's $50,000,000 bank loan of 1977 and $50,000,000 additional bank loan of November, 1977, were cancelled in accordance with the terms of the agreements in connection with such loans, such loans having been repaid in full when due.

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 legal for investment as defined in the statutes (see Note D), except for New York State Guaranteed Commuter Car Bonds described in Note F-4. At December 31, 1983, 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' debt service on outstanding debt secured by a pledge of the General Reserve Fund.

At December 31, 1983, the Port Authority met the requirements of its bond resolutions to maintain total reserve funds in cash and specified marketable securities. Such amount included $3,064,000 held in trust for repayment of principal and interest on General and Refunding Bonds (see Note F-2).

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. On October 26, 1983, the Port Authority issued $40,635,000 New York State Guaranteed Commuter Car Bonds, Seventh Series, bearing interest at rates ranging from 6.70% to 12%, due 1984-1996. New York State Guaranteed Commuter Car Bonds outstanding at December 31, 1983 totalled $99,430,000. (See 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 Improvement and the Airport Development Aid Programs was $11,161,000 in 1983. In 1982, $6,485,000 in federal funding was received from the Airport Development Aid Program.

Charges representing depreciation on assets relating to contributions were $7,715,000 in 1983 and $7,186,000 in 1982.

	December 31,	
	1983	1982
Contributions	$229,735,000	$218,574,000
Less: Accumulated Charges (depreciation on assets acquired with contributions)	76,708,000	68,993,000
	$153,027,000	$149,581,000

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 $848,584,000 in 1983 and $779,744,000 in 1982 (see Note L). Gross operating revenues attributable to minimum rentals associated with operating leases amounted to approximately $260,000,000 in 1983 and approximately $233,000,000 in 1982. 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.

Effective July 31, 1983, the PATH fare was increased from 30 cents per passenger trip to 50 cents per trip. The PATH Board of Directors has authorized a further increase to 75 cents as of June 3, 1984. The tunnels and bridges tolls schedules were revised and adjusted effective January 1, 1984. Tolls were increased for automobile users who do not purchase commuter discount books, to $2.00 from the prior one-way toll of $1.50, and for commercial vehicles (other than buses) and trucks. (See Note K-2.) The bridge tolls increase is presently under review by an investigative team appointed by the Federal Highway Administrator after he received three complaints about the bridge tolls increase.

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, 1983, collection of $27,293,000 has been deferred under these agreements. Because of uncertainties as to when payments will be made by the airlines, the Port Authority recorded approximately $2,700,000 of this amount as interest earned on the fund in 1983 and approximately $5,100,000 as revenue and interest earned 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, 1983 are:

Year Ending December 31:	
1984	$ 234,002,000
1985	219,963,000
1986	206,138,000
1987	195,342,000
1988	183,609,000
Later Years	1,566,259,000
Total Minimum Future Rentals	$2,605,313,000

Investments in airports, World Trade Center, marine terminals 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 $39,400,000 in 1983 and $40,500,000 in 1982. 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, 1983 are detailed below and additional rentals may be payable based on earnings of specified facilities under some of these leases.

Year Ending December 31:	
1984	$ 6,143,000
1985	6,884,000
1986	6,783,000
1987	6,697,000
1988	6,596,000
Later Years	135,756,000
Total Minimum Future Rentals	$168,859,000

Note I–World Trade Center:

1. Gross operating revenues include rental income of $24,500,000 in 1983 and $24,100,000 in 1982 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 totalling 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 350,000 square feet of office space. The Committee on Finance of the Authority has authorized appropriate contracts or agreements necessary to accomplish the transition resulting from the vacation 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. The Fund for Regional Development, an entity created by agreement between the Port Authority, the State of New York and the State of New Jersey, is authorized to lease space when vacated by New York State, and presently leases three floors in the South Tower of The World Trade Center and subgrade space, totalling 147,000 square feet, from the Port Authority and subleases the space to private tenants. In connection with such subleases, any amounts received by the Fund are to be in excess of those amounts which would have been paid by New York State to the Port Authority for the space occupied by the State and such excess amounts are not pledged under the General Reserve Fund statutes or the Consolidated Bond Resolution. The State of New York also agreed to move from office space it presently occupies so as to facilitate the transition of that space to private tenants.

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 completed in 1981 and updated in 1982 a real estate 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. A bi-state panel appointed by Governor Thomas H. 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 agreed to initiate a process intended to result in a final resolution of the status of The World Trade Center. At the request of the States of New York and New Jersey, the Port Authority has retained a financial consultant to analyze the various options available for the possible disposition of The World Trade Center and the comparative benefits of each alternative to the two states and to the Port Authority. The financial consultant has not yet submitted its report.

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 established by PATH. The Port Authority's contributions to the two public employees' retirement systems are based primarily on billings from these systems. PATH's contributions to the Railroad Retirement System are based on federal regulations pursuant to the Railroad Retirement Act. For the years 1983 and 1982, the Port Authority and PATH provided a total of approximately $52,400,000 and $46,600,000, 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 that 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 1983 and 1982 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, 1983, 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 three 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 $227,700,000, of which approximately $190,000,000 had been spent as of December 31, 1983. 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, 1983, the Port Authority had agreed to purchase 2,321 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 $355,600,000. More than 2,260 buses were delivered by that date. In February 1984, the New York City Transit Authority (NYCTA) removed certain of the buses in its fleet from passenger transportation service. Included among these buses are 174, with an unamortized cost of $13,800,000, provided under lease to the NYCTA pursuant to the Bus Programs. The ultimate effect of this action, if any, on the unamortized cost remaining on the financial statements, cannot now be determined. 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. Further, the lessee is required to defend and to provide for indemnification, subject to appropriations or other funds which are or become legally available for this purpose, of the Port Authority against any liability by reason of the programs.

2. The revenues generated by the PATH fare increases of 1983 and 1984, together with other available Port Authority funds, are expected to be used in connection with a $200,000,000 portion of PATH's $550,000,000 capital improvement program. It is also expected that the 1984 tolls increase would support a capital program of approximately $250,000,000, including a portion thereof which would enable the Port Authority immediately to undertake the upgrading of the tunnels and bridges and their approaches. (See Note H-1.)

3. 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 including both the Bathgate Industrial Park and the Teleport, a center for commercial fishing at an existing Port Authority facility, 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 resource recovery projects; a coal handling and storage facility; mixed use waterfront development projects; development of a new commercial center in Newark in the vicinity of the PATH terminus; and a regional development "bank" to be used as a vehicle for the authorization and effectuation of capital improvement projects.

In order for the Port Authority to undertake some of the projects noted above, appropriate legislative authorization would be required and such projects 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, 1983, approximately $128,170,000 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 1984 are anticipated to be approximately $340,000,000, including a portion of the allocations related to the contracts and programs described above as well as the other ongoing capital construction programs of the Port Authority.

4. Other expenses of $34,085,000 in 1983 and $38,051,000 in 1982 include amounts for insurance, telephone, and certain other operating, development and administrative expenses. In 1983, Other expenses also includes payment of interest on Special Project Bonds.

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 $32,260,000 in 1983 and $28,422,000 in 1982. 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 Expense 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 $41,088,000 in 1983 and $39,218,000 in 1982, and for the Port Commerce and Economic Development group are $49,834,000 in 1983 and $47,628,000 in 1982.

	Ground and Mass Transportation				Port Commerce and Economic Development				Combined	
	Tunnels & Bridges	Bus Terminal and Bus Programs	Rail	Total	Air Terminals	Marine & Other Facilities*	World Trade Center	Total	1983	1982
					(In Thousands)					
1983										
Gross Operating Revenues	$156,689	$ 20,404	$ 24,227	$201,320	$415,547	$ 58,247	$173,470	$647,264	$848,584	
Gross Operating Income (Loss)	66,115	(35,468)	(56,303)	(25,656)	124,334	10,401	85,992	220,727	$195,071	
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
General Administrative and Development Expenses									(90,922)	(86,846)
Income from Operations									104,149	98,378
Financial Income									71,251	88,740
Interest Expense									(111,164)	(104,424)
Income Before Extraordinary Gain									64,236	82,694
Extraordinary Gain										
Gain on purchase of Port Authority bonds in connection with future sinking fund requirements									7,239	11,695
Net Income									$ 71,475	$ 94,389

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 & Other Facilities*	World Trade Center	Total	Total Assets
					(In Thousands)				
1983 Assets									
Facilities, net-beginning of year	$438,627	$182,188	$213,260	$ 834,075	$736,480	$388,522	$904,006	$2,029,008	$2,863,083
Net capital expenditures	21,598	13,604	9,726	44,928	59,481	9,005	15,053	83,539	128,467
Depreciation	(9,407)	(3,368)	(7,588)	(20,363)	(52,693)	(18,234)	(20,862)	(91,789)	(112,152)
Facilities, net-end of year	$450,818	192,424	$215,398	858,640	$743,268	$379,293	$898,197	2,020,758	2,879,398
Unamortized Costs-Bus Programs		301,654		301,654				—	301,654
Total		$494,078		$1,160,294				$2,020,758	3,181,052
Cash, investments, accounts receivable and other assets									958,405
Total Assets									$4,139,457
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, accounts receivable and other assets									963,542
Total Assets									$4,014,974

*See Note B-1

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

	Year Ended December 31,			
	1983			1982
	Operating Fund	Reserve Funds (Schedule C)	**Combined Total**	Combined Total
	(In Thousands)			
Gross Operating Revenues	$848,584	$ —	**$848,584**	$779,744
Operating Expenses:				
Employee compensation, including benefits	316,085	—	**316,085**	284,297
Materials, equipment, supplies and contract services	133,665	—	**133,665**	115,206
Heat, light and power	74,764	—	**74,764**	68,696
Rents (primarily related to airport leases) and amounts in-lieu-of-taxes	51,688	—	**51,688**	51,053
Other (Note K-4)	34,085	—	**34,085**	38,051
Total Operating Expenses	610,287	—	**610,287**	557,303
Net Operating Revenues	238,297	—	**238,297**	222,441
Financial Income				
Income on investments (includes gain of $8,596,000 in 1983 and $13,533,000 in 1982 on purchase of Port Authority bonds)	16,758	63,464	**80,222**	102,197
Security valuation adjustment	(5)	16	**11**	—
Net Revenues Available for Debt Service and Reserves	255,050	63,480	**318,530**	324,638
Debt Service				
Interest on bonds and notes	108,438	106	**108,544**	101,715
Serial maturities and sinking fund retirements	32,433	531	**32,964**	31,448
Debt retirement acceleration	—	20,000	**20,000**	20,000
Interest on bank loans	—	2,777	**2,777**	4,300
Repayment of bank loans	—	31,250	**31,250**	31,250
Interest on commercial paper obligations	—	1,586	**1,586**	171
Repayment of commercial paper obligations	—	100,089	**100,089**	37,422
Total Debt Service	140,871	156,339	**297,210**	226,306
Transfers to Reserves	($114,179)	114,179	**—**	—
Revenues After Debt Service and Transfers to Reserves		21,320	**21,320**	98,332
Direct Investment in Facilities		(19,221)	**(19,221)**	(75,621)
Appropriations for Self-Insurance		537	**537**	1,329
Increase in Reserves		2,636	**2,636**	24,040
Reserve Balances–Beginning of Year		569,574	**569,574**	545,534
Reserve Balances–End of Year (Schedule C)		$572,210	**$572,210**	$569,574

See Notes to Consolidated Financial Statements.

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

	December 31, 1983				December 31, 1982
	Operating Fund	Capital Fund	Reserve Funds	**Combined Total**	Combined Total
			(In Thousands)		
Assets					
Invested in Facilities	$ —	$4,838,351	$ —	**$4,838,351**	$4,574,583
Investments (Note C)	96,758	69,779	566,488	**733,025**	854,845
Cash	4,114	2,968	5,722	**12,804**	10,798
Accounts Receivable	78,698	224	—	**78,922**	71,326
Other Assets	65,223	101,947	—	**167,170**	61,627
Total Assets	244,793	5,013,269	572,210	**5,830,272**	5,573,179
Liabilities					
Bonds and Notes (Note D)	—	2,175,339	—	**2,175,339**	2,130,803
Bank Loans Payable (Note E-1)	—	—	—	**—**	31,250
Accounts Payable and Other Liabilities	209,414	55,213	—	**264,627**	238,196
Deferred Income	5,322	—	—	**5,322**	4,730
Total Liabilities	214,736	2,230,552	—	**2,445,288**	2,404,979
Net Assets	$ 30,057	$2,782,717	$572,210	**$3,384,984**	$3,168,200
Net Assets are Composed of:					
Debt Retired Through Income	$ —	$2,250,309	$ —	**$2,250,309**	$2,066,006
Reserves (Schedule C)	—	—	572,210	**572,210**	569,574
Government Contributions in Aid of Construction (Note G)	—	229,735	—	**229,735**	218,574
Appropriated Reserves Invested in Facilities	—	302,673	—	**302,673**	283,452
Appropriated Reserves for Self-Insurance	30,057	—	—	**30,057**	30,594
Net Assets	$ 30,057	$2,782,717	$572,210	**$3,384,984**	$3,168,200

See Notes to Consolidated Financial Statements.

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

	Year Ended December 31,				
	1983				1982
	General Reserve Fund	Consolidated Bond Reserve Fund	Special Reserve Fund in Trust for General & Refunding Bonds	**Combined Total**	Combined Total
			(In Thousands)		
Balance, January 1 (Note F)	$223,080	$342,845	$3,649	**$569,574**	$545,534
Income on investments (includes gain on purchase of Port Authority bonds)	25,248	37,817	399	**63,464**	75,236
Security valuation adjustment	5	11	—	**16**	62
Reserve fund transfers	(25,253)	25,600	(347)	**—**	—
Transfers from operating fund	—	114,179	—	**114,179**	117,306
	223,080	520,452	3,701	**747,233**	738,138
Applications:					
Interest on bonds and notes	—	—	106	**106**	68
Serial maturities and sinking fund retirements	—	—	531	**531**	1,061
Debt retirement acceleration	—	20,000	—	**20,000**	20,000
Interest on bank loans	—	2,777	—	**2,777**	4,300
Repayment of bank loans	—	31,250	—	**31,250**	31,250
Interest on commercial paper obligations	—	1,586	—	**1,586**	171
Repayment of commercial paper obligations	—	100,089	—	**100,089**	37,422
Invested in facilities	—	19,221	—	**19,221**	75,621
Self-insurance	—	(537)	—	**(537)**	(1,329)
Total Applications	—	174,386	637	**175,023**	168,564
Balance, December 31 (Note F)	$223,080	$346,066	$3,064	**$572,210**	$569,574

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, 1983 been used, the respective Reserve Fund balances at December 31, 1983 would be:

General Reserve Fund	Consolidated Bond Reserve Fund	General & Refunding Bonds
$223,080	$338,822	$3,064

See Notes to Consolidated Financial Statements.

Schedule D **Amortization of Consolidated Bonds, General and Refunding Bonds and Consolidated Notes 1984-2017**
December 31, 1983 (In Thousands)

	Total Debt Service			Amortization	
		Par Value $2,078,839			
Year	Total	Interest	Amortization	Consolidated Bonds	General and Refunding Bonds
1984	$ 247,799	$ 127,879	$ 119,920	$ 118,603	$1,317
1985	161,254	118,470	42,784	42,142	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	$4,185,386	$2,106,356	$2,079,030	$2,077,071	$1,959

NOTE: The above table does not include amounts for special obligations which may be outstanding from time to time, including those established under the Commercial Paper Program and $96,500,000 Special Project Bonds, Series 1, which are not secured by or payable from the General Reserve Fund (see Note E-2 and Note E-3). The above table 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 or notes 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 or notes 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 "Total Debt Service" 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. 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**

	1983	1982	1981	1980	1979
			(In Thousands)		
REVENUES AND EXPENSES					
Gross Operating Revenues	**$ 848,584**	$ 779,744	$ 699,113	$ 647,647	$ 588,064
Operating Expenses	**610,287**	557,303	487,758	437,199	391,517
Net Operating Revenues	**238,297**	222,441	211,355	210,448	196,547
Income on Investments	**71,626**	88,664	90,688	77,675	44,957
Gain on Purchase of Port Authority Bonds	**8,596**	13,533	13,116	12,323	10,067
Security Valuation Adjustment	**11**	—	1,135	(944)	(3,664)
Net Revenues Available for Debt Service and Reserves	**318,530**	324,638	316,294	299,502	247,907
DEBT SERVICE–OPERATIONS					
Interest on Bonds and Notes (Note B)	**(108,438)**	(101,647)	(99,542)	(98,040)	(87,296)
Times, Interest Earned	**2.94**	3.19	3.18	3.05	2.84
Serial Maturities and Sinking Fund Retirements	**(32,433)**	(30,387)	(42,344)	(38,092)	(36,944)
Times, Debt Service Earned	**2.26**	2.46	2.23	2.20	2.00
DEBT SERVICE-RESERVES					
Debt Service on Bonds Secured by Trusts	**(637)**	(1,129)	(1,298)	(2,187)	(4,159)
Interest on Bank Loans	**(2,777)**	(4,300)	(6,456)	(5,749)	(6,370)
Repayment of Bank Loans	**(31,250)**	(31,250)	(31,250)	(31,250)	(40,000)
Interest on Commercial Paper Obligations	**(1,586)**	(171)	—	—	—
Repayment of Commercial Paper Obligations	**(100,089)**	(37,422)	—	—	—
Debt Retirement Acceleration	**(20,000)**	(20,000)	(20,000)	(10,000)	(7,500)
Direct Investment in Facilities-Reserves	**(19,221)**	(75,621)	(75,000)	(20,000)	(25,000)
Appropriation for Self-Insurance-Reserves	**537**	1,329	607	(1,896)	(3,444)
Net Increase in Reserves Before Cumulative Effect of Change in Accounting Principle	**2,636**	24,040	41,011	92,288	37,194
Cumulative Effect on Prior Years of Changing to a Different Security Valuation Method	**—**	—	—	9,503	—
Net Increase in Reserves (A)	**2,636**	24,040	41,011	101,791	37,194
RESERVE BALANCES					
Beginning of Year	**569,574**	545,534	504,523	402,732	365,538
End of Year	**$ 572,210**	$ 569,574	$ 545,534	$ 504,523	$ 402,732
Represented by:					
General Reserve	**$ 223,080**	$ 223,080	$ 210,597	$ 210,597	$ 210,597
Special Reserve (B)	**3,064**	3,649	4,788	6,103	7,466
Air Terminal and Marine Terminal Reserves (B)	**—**	—	—	—	839
Consolidated Bond Reserve	**346,066**	342,845	330,149	287,823	183,830
Total	**$ 572,210**	$ 569,574	$ 545,534	$ 504,523	$ 402,732
DEBT–AT YEAR-END					
General and Refunding Bonds	**$ 2,997**	$ 3,528	$ 4,589	$ 5,805	$ 7,051
Air Terminal and Marine Terminal Bonds	**—**	—	—	—	821
Consolidated Bonds and Notes	**2,075,842**	2,127,275	1,967,662	1,925,006	1,973,098
Special Project Bonds	**96,500**	—	—	—	—
Total Bonds and Notes	**2,175,339**	2,130,803	1,972,251	1,930,811	1,980,970
Bank Loans	**—**	31,250	62,500	93,750	125,000
Total	**$2,175,339**	$2,162,053	$2,034,751	$2,024,561	$2,105,970
INVESTED IN FACILITIES—AT YEAR-END	**$4,838,351**	$4,574,583	$4,375,490	$4,148,331	$3,985,354
DEBT RETIRED THROUGH INCOME					
Annual	**$ 184,303**	$ 120,120	$ 94,810	$ 81,409	$ 88,343
Cumulative	**$2,250,309**	$2,066,006	$1,945,886	$1,851,076	$1,769,667

(A) Net Increase in Reserves with the 1980 and 1982 changes in accounting principles relating to the security valuation method and capitalization of interest retroactively applied on a pro forma basis would be as follows:

1981	1980	1979
$34,390	$90,732	$36,881

(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, 1979 and 1980 are derived from financial statements examined by another independent auditor.

See Notes to Consolidated Financial Statements.

The Port Authority of New York and New Jersey

New York State Commuter Car Program

Assets and Liabilities

	December 31, 1983	December 31, 1982
	(In Thousands)	
Assets		
Invested in Commuter Cars, at Cost	**$100,492**	$100,492
Cash and Investment in U.S. Government Securities, at Cost (which approximates market)	**46,564**	4,760
Other Assets	**946**	54
Total Assets	**148,002**	105,306
Liabilities		
State Guaranteed Commuter Car Bonds	**99,430**	62,370
Other Liabilities	**6,617**	4,556
Total Liabilities	**106,047**	66,926
Debt Retired	**$ 41,955**	$ 38,380

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. The Metropolitan Transportation Authority currently leases railroad cars acquired under this program, in its own right and in connection with the assumption of equipment obligations of Consolidated Rail Corporation (ConRail) and of the Penn Central Transportation Company (and its successor, ConRail). 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.

1983 Annual Report

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THE PORT AUTHORITY OF NY & NJ

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PATH: Journal Square Transportation Center

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New York City Passenger Ship Terminal
Port Newark
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Holland Tunnel
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Bayonne Bridge
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Goethals Bridge
Outerbridge Crossing

Port Authority Bus Terminal
New York Union Motor Truck Terminal

The World Trade Center
The Teleport