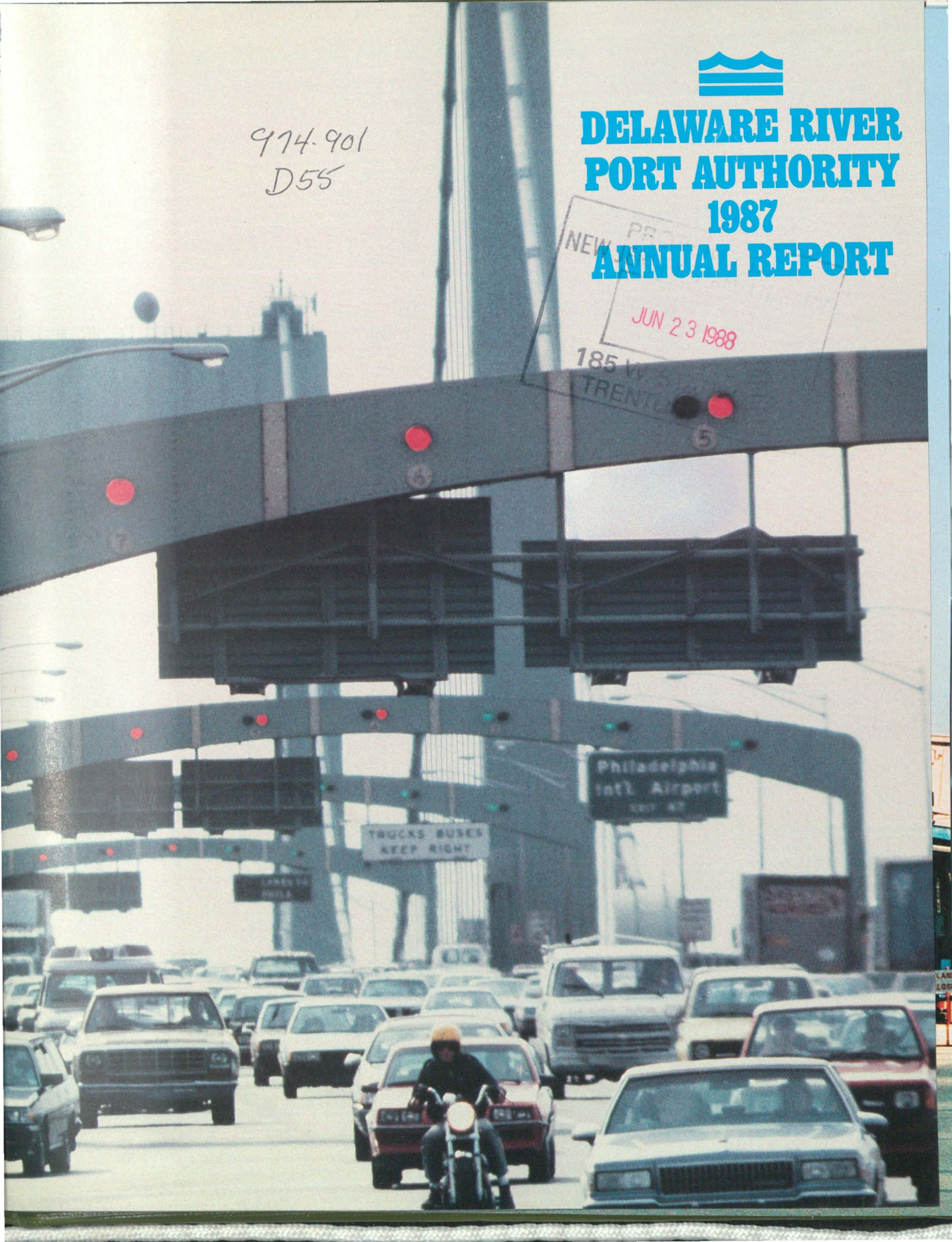
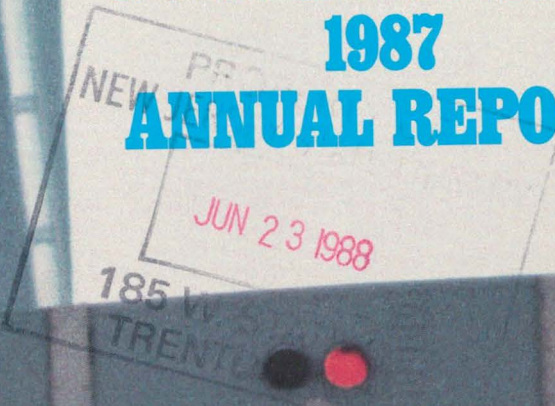


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DELAWARE RIVER PORT AUTHORITY 1987 ANNUAL REPORT



TRUCKS BUSES
KEEP RIGHT

Philadelphia
Int'l Airport
EXIT 47

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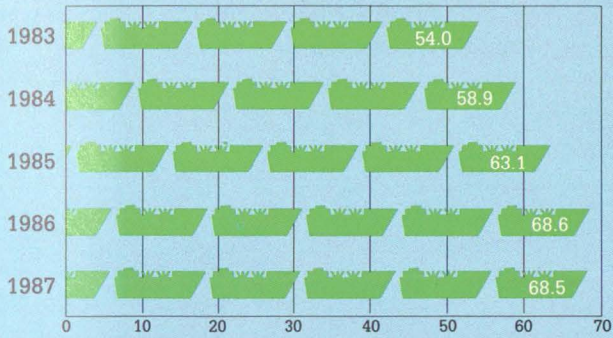
Report to the Governors	2
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Cover: The Walt Whitman Bridge marks its 30th anniversary.

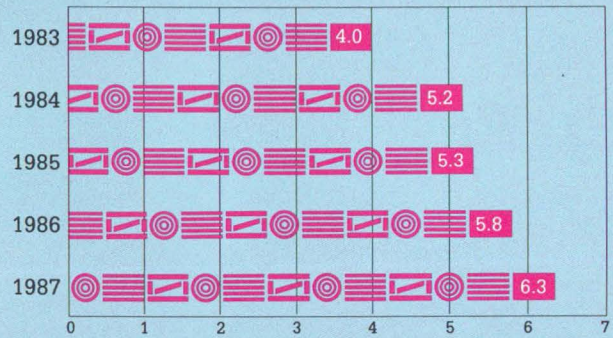
Bridge Plaza honors the memory of the late Joseph W. Cowgill, New Jersey Commissioner.



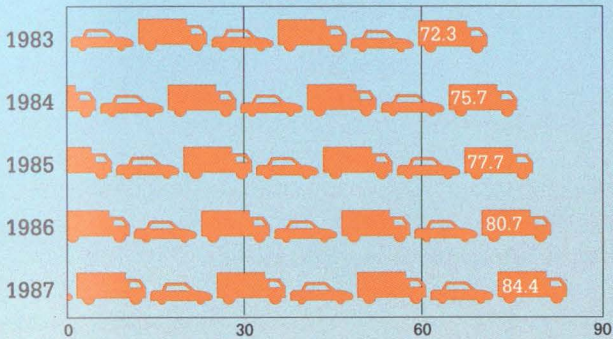
International Waterborne Commerce
Total Cargo
(Millions of Short Tons)



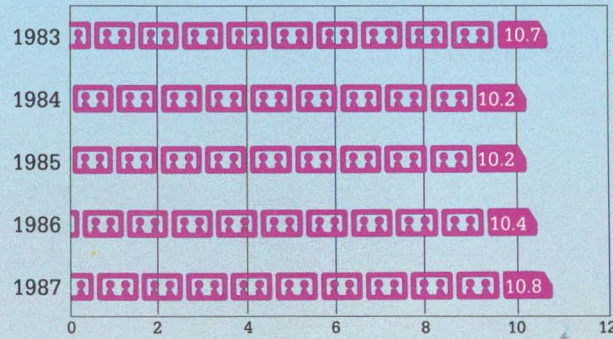
International Waterborne Commerce
General Cargo
(Millions of Short Tons)



Bridge Traffic Totals
(Millions of Vehicles)



PATCO Passenger Totals
(Millions of Passengers)

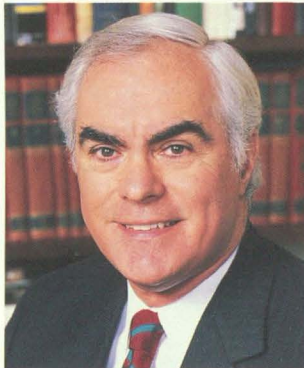


THE 1987 REPORT OF THE DELAWARE RIVER PORT AUTHORITY

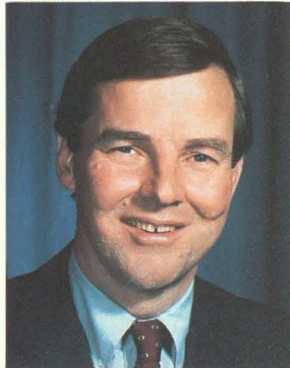
To:

The Honorable Robert P. Casey
Governor of the Commonwealth of Pennsylvania
and

The Honorable Thomas H. Kean
Governor of the State of New Jersey



Governor Casey



Governor Kean

In carrying out its responsibilities to the parent states and to the region served by the Authority, the Commission is pleased to report improved performance in all of its operations.

Prudent fiscal conduct has enhanced the financial standing of the Authority, particularly in view of highly successful operations in 1987. Operating revenues rose by \$10.3 million or 12.2% over the previous year. This was largely a reflection of increased traffic flows on our bridges. Traffic volume for the year grew by 3,705,786 vehicles, or 4.59% over 1986. New records were set on three of the four bridges.

The Port Authority Transit Corp., the DRPA's transit operating subsidiary, also enjoyed increased patronage in 1987. Ridership was up by 4.4% for a total of 10,822,304 riders, resulting in a 4% increase in revenues to \$14.8 million.

Actions by the Authority's World Trade Division to extend the influence of the Ports of Philadelphia in the Far East were completed in 1987. In recognition of the rapidly developing markets in the People's Republic of China and of the enormous future potential of the entire Far East, the Division has selected as its Regional Representative the firm of Asia Transportation Limited, headquartered in Hong Kong.

A similar agency representation will be arranged early next year for the South American territories of Brazil and Argentina with headquarters in Sao Paulo. These will operate in addition to the Division's marketing offices and representatives in Europe, Japan, Korea and Australia.

One of the most spectacular events of the year was the addition of the decorative lighting system to the Benjamin Franklin Bridge. It brought a new dimension to the nighttime skyline of the Philadelphia/Camden region and a host of congratulatory compliments from residents in both states.

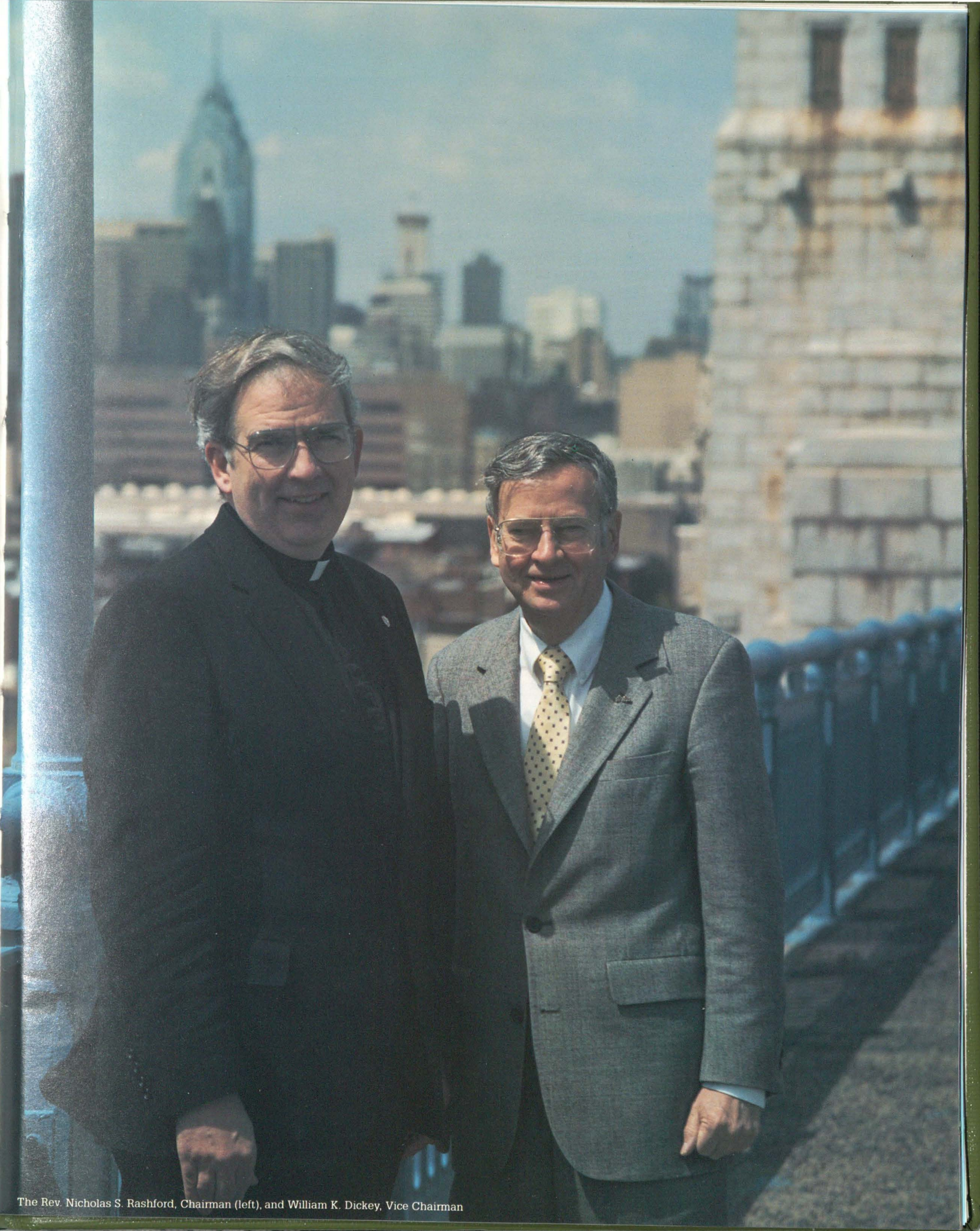
The work of replacing the concrete deck of the 61-year-old Benjamin Franklin Bridge with a new orthotropic steel deck, underway for the past two years, was largely completed and all seven lanes reopened to the traveling public.

Encouraged by past accomplishments, we look to the year ahead with confidence. Improved access to the Betsy Ross Bridge is progressing, and mechanisms for the start of unification of the regional port are taking shape. We plan to advance these and other projects now underway in our continuing service to our bistate region.

Yours respectfully,

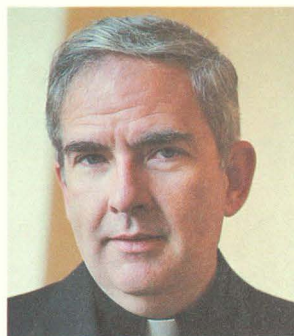
A handwritten signature in dark ink, reading "Nicholas S. Rashford". The signature is written in a cursive style with a large, prominent initial "N".

Nicholas S. Rashford
Chairman



The Rev. Nicholas S. Rashford, Chairman (left), and William K. Dickey, Vice Chairman

**THE COMMISSIONERS
AND OFFICERS OF
THE DELAWARE RIVER
PORT AUTHORITY**



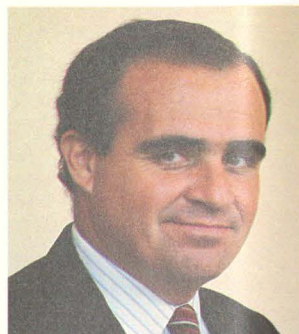
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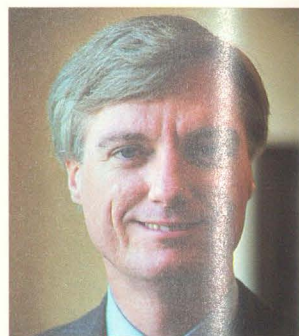
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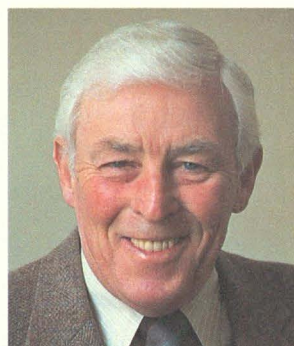
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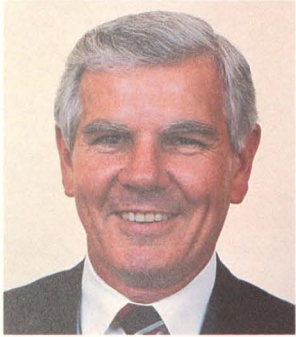
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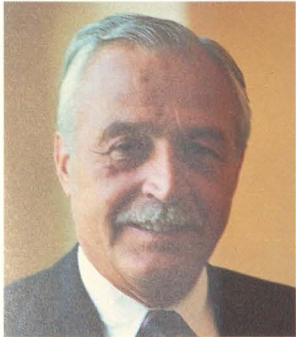
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Except for ex-officio member Auditor General Don Bailey, all Pennsylvania members of the Commission were newly appointed by Gov. Casey in 1987.

G. Davis Greene Jr. headed the list when he was named in February to fill the vacant State Treasurer's position, making him automatically the second ex-officio member of the Board. In March, Gov. Casey appointed prominent Philadelphia maritime attorney Francis A. Scanlan to the Board, and he was elected Chairman. The Governor rescinded his action in July, however, expressing concern that Scanlan's close business association with the maritime community might give rise to conflict of interest situations.

In mid-August, the Governor appointed the Rev. Nicholas S. Rashford, S. J., President of St. Joseph's University, to the Board, and he was promptly elected Chairman. Appointed on the same date to the remaining positions on the Board were: Lucien E. Blackwell, a member of Philadelphia City Council; G. Edward DeSeve, President of a Philadelphia investment firm; Barbara G. Jones, a Philadelphia attorney; John P. LaRue, President and Chief Executive Officer of the Philadelphia Port Corp.; and James R. Lloyd, a Philadelphia businessman.

The new appointees replaced Alexander Talmadge, Longshoremen's Union official and a member of the Board since 1979; Perrin Hamilton, Philadelphia attorney; Craig Johnson, maritime industry executive; Charles Kopp and Robert Ross Jr., both Philadelphia attorneys. All, except Talmadge, had served since 1983.

Only one change occurred on the New Jersey side, when August D. Pistilli, President of Atlantic Marine Service, Inc., was appointed by Gov. Kean in April to fill the vacancy left by the death in 1986 of Commissioner Joseph W. Cowgill.

COMMISSIONERS

PENNSYLVANIA

- 1. Rev. Nicholas S. Rashford, S.J., Chairman; President, St. Joseph's University
- 2. Honorable Don Bailey, Auditor General, Commonwealth of Pennsylvania
- 3. Honorable Lucien E. Blackwell, Councilman, City of Philadelphia
- 4. G. Edward DeSeve, President, Newbold/American Capital Group
- 5. Honorable G. Davis Greene Jr., State Treasurer, Commonwealth of Pennsylvania
- 6. Barbara G. Jones, Esquire, Hunt & Fineman

- 7. John P. LaRue, President, Philadelphia Port Corporation
- 8. James R. Lloyd, Special Assistant to the Governor, Commonwealth of Pennsylvania

NEW JERSEY

- 9. William K. Dickey, Esquire, Vice-Chairman, Counselor at Law
- 10. Harry Benn, International Ladies Garment Workers Union
- 11. Francis L. Bodine, President, Martin Manco & Company, Inc.
- 12. John C. Gilmour Jr., President, Holly Ravine Farm

- 13. A.D. Pistilli, Ph.D., President, Atlantic Marine Services, Inc.
- 14. Walter L. Smith Jr., Esquire, Smith & Smith
- 15. H. Donald Stewart, Owner, Harry F. Stewart Agency
- 16. Mary Ruth Talley, Restoration Consultant

OFFICERS

- 17. James R. Kelly, President
- 18. Alfred L. Griebing, Executive Vice President
- 19. Thomas J. Auchter, Treasurer
- 20. W. Steven Joachim, Secretary

THE POET'S PASSAGE AN OVERVIEW

"Lo, seest thou not God's purpose from the first? The earth to be spanned, connected by network, The races, neighbors, to marry and be given in marriage, The oceans to be cross'd, the distant brought near, The land to be welded together..."

These words of Walt Whitman are emblazoned on bronze tablets at each end of the bridge named in his honor. How appropriate and prophetic they proved to be. Those who dedicated the Walt Whitman Bridge 30 years ago on May 16, 1957, chose well.

The earth indeed was spanned. At least, an important portion of it in the Delaware Valley. And the distant brought near...and the land welded together.

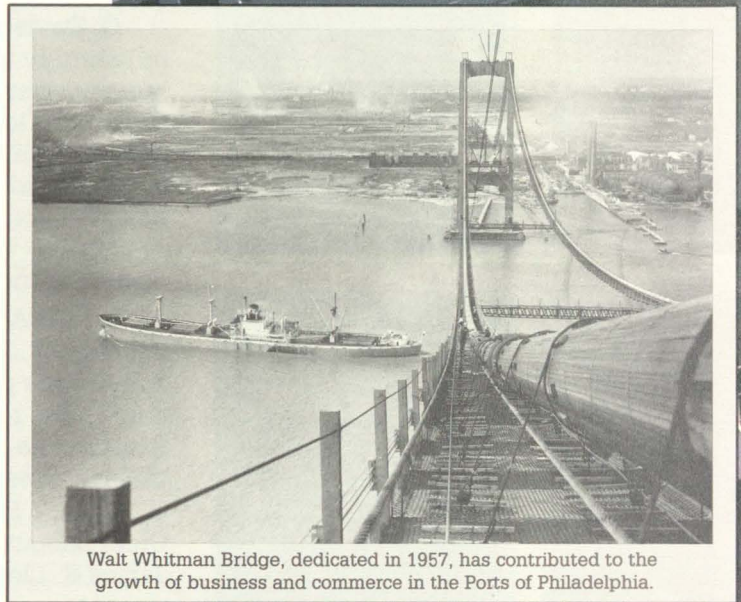
It cut down the gap between the factories and farms in New Jersey and the markets and transport center in the city. It gave direction to the south end of the Schuylkill Expressway, feeding it to the Atlantic City Expressway and the ocean resorts and towns along the way. The new bridge moved the airport closer to a whole segment of users, and it gave a logical location to the Food Center and the sports complex... near transport and highways.

The bridge fulfilled the functions dreamed by its planners, easing the pressures on its upstream neighbor. In the next decade, its traffic total will surpass that of its companion span, the Ben Franklin, which is more than twice as old.

The Walt Whitman Bridge is only a single facet of the Delaware River Port Authority's commitment to the 10-county, bistate region it serves. The Authority also owns and operates three other major bridges. Together they accommodate very nearly 85 million vehicle crossings of the Delaware a year.

It has also, with its own resources, built and, with its PATCO subsidiary, operates one of the world's most successful rail transit commuter systems. The line provides clean, safe, reliable, inexpensive, rapid rail service between Southern New Jersey and center city Philadelphia. The transit line also relieves highway and bridge congestion, eases center city parking problems and aids the environment by pollution-free operations.

And the Authority contributes importantly to the quality of life in the region by its promotion of



Walt Whitman Bridge, dedicated in 1957, has contributed to the growth of business and commerce in the Ports of Philadelphia.



international waterborne commerce at the ports of the Delaware River. Through its headquarters in Camden, N.J. and its regional offices and representatives around the world, the Authority aggressively markets the maritime services of the Delaware Valley, creating jobs and income for hundreds of thousands of residents. Its efforts are currently directed at redefining these services into a more effective unification in order to efficiently compete in the rapidly evolving technology of the maritime industry.

The Authority provides these facilities and



services using its own resources, without public tax assistance, and under the direction of a Board of Commissioners, eight from each state, who serve without compensation.

The Walt Whitman Bridge, then, has been tested and its temper found true. It can be considered a tribute to the foresight of those who have gone before and established what is here; a symbol of dedication to those who now carry on; and an inspiration and challenge to those who are to come.

"Lo, seest thou not God's purpose from the first?"

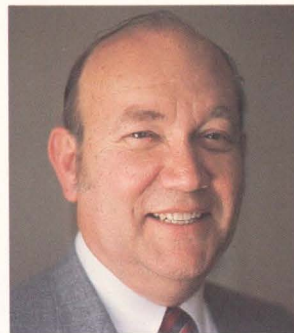






WORLD TRADE

Movements of general cargo on both sides of the Delaware River increased in 1987.



Raymond G. Heinzelmann, Ph.D.

Ways to expand its service to the regional maritime community are an ongoing concern of the World Trade Division. Expansion is accomplished both through innovation and through modifications. The latter was utilized to increase opportunities for firms in the Ports of Philadelphia to expand trade in the Far East. While long an important trading area for the Delaware River Ports, the Far East has taken on added significance with the new posture of the People's Republic of China and the enormous potential that country provides for expanded trade in the region.

In order to take full advantage of this emerging colossus, the World Trade Division has selected the firm of Asia Transportation Limited in Hong Kong as its regional representative in the Far East.

The Authority's Tokyo Office will continue to cover the territories of Japan, Korea and Taiwan.

As described later, a similar agency representation is being considered for the South American territory.

While cargo volume is not the Authority's sole measure of success in carrying out its responsibility to promote the commerce of the Delaware River, it does provide a convenient measure of progress.

Trade statistics for 1987 showed that while total cargo, both bulk and general, held almost steady at 68.5 million tons, general cargo increased nine percent at the Ports of Philadelphia for a total of 6.3 million tons.

The Delaware River ports gained one percent for a 20 percent share of the four-port North Atlantic market. For the same period, Norfolk gained two percent for a 16 percent share. New York dropped to a 47 percent share and Baltimore held steady at 17 percent.

The results are particularly gratifying in view of the cooperative marketing efforts of the port community in programs designed to reach out to potential port customers both in this country and abroad.

One facet of these efforts was the regional port advertising program, coordinated by the World Trade Division, in which the Port Authority matched, dollar for dollar, the contributions of other port organizations. The program utilized media both in this country and abroad.



Chilean fruit is the single largest commodity handled at the Ports of Philadelphia.

Another aspect of the unified community effort was the popular "Road Shows" which provide port leaders opportunities to meet with customers and potential customers in other cities on a one-on-one basis. As in recent years, Chicago and Pittsburgh, considered to be routing centers for international trade, were visited, and the activity was extended to Central New Jersey.

In a similar vein, the Division again organized trade missions to assist port interests in calling on customers and prospects overseas. A mini-mission to Europe was held in September on a more modest scale than previous visits in order to concentrate on a major mission to South America in November. There, visits were made to Brazil, Argentina and Chile. In Chile, Philadelphia area port operators met with fruit producers and shippers to discuss mutual interests involved in handling one of the most important commodities to move through the Ports of Philadelphia.

The visit to Latin America was important for a second reason. The office in Bogota, Colombia, was closed in July, and consideration was being given to the selection of a trade representative to operate from a location in Brazil. Authority executives, Commissioners and port leaders were able to examine for themselves, firsthand, conditions in the South American market area.

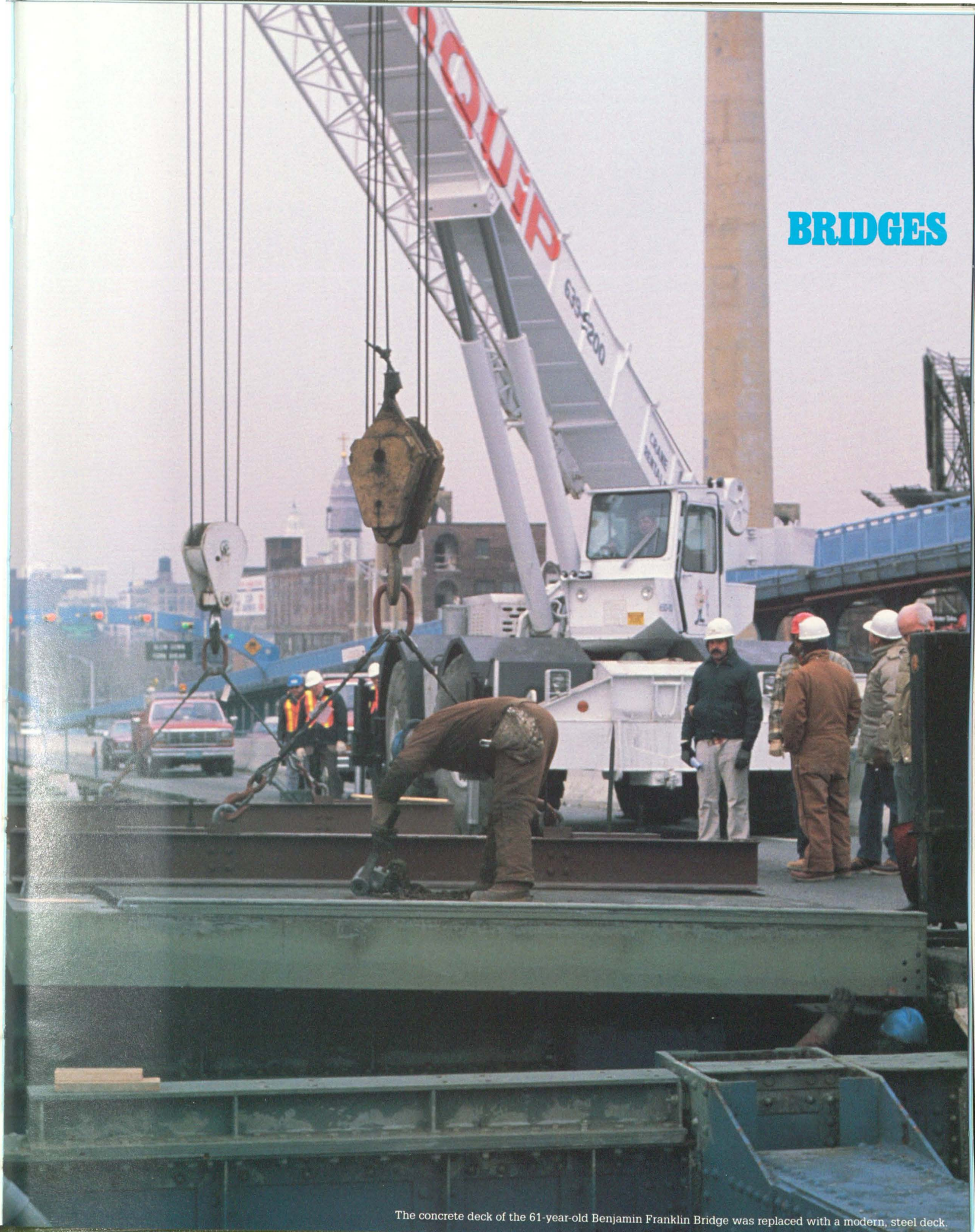
The World Trade Division again sponsored its Annual Fruit Importers Workshop where importers, port operators and representatives of government agencies involved with the importation of Chilean fruit met to review experiences of the previous season in order to eliminate any difficulties.

The Division's efforts to attract new liner services to the port proved productive. New services, which began calling on the port in 1987, were the Mexican Line, American Transport Lines, Container Express Line, Cool Carriers and the Empremer Line. Lines which discontinued service in the same period were BCR Lines and Ocean Star Container Line.

Another service the Division provides to the maritime community is the extensive output of information contained in our data bank. The information is in the form of statistics on all commodities imported through U.S. ports; information on steamship lines; profiles on firms importing and/or exporting, both in this country and overseas; and industrial development information.

The Division was successfully involved in regulatory matters which could have adversely affected business in the port. One was the Omnibus Trade Bill, which was monitored closely. The Division joined in extensive lobbying efforts to retain free trade status, especially on commodities such as meat, fruit, casein and steel, which are important to the port. A second matter involved the attempt by the 8900 Conference to assess an arbitrary surcharge on containerized shipments to the Middle East. This attempt was abandoned.

BRIDGES



The concrete deck of the 61-year-old Benjamin Franklin Bridge was replaced with a modern, steel deck.



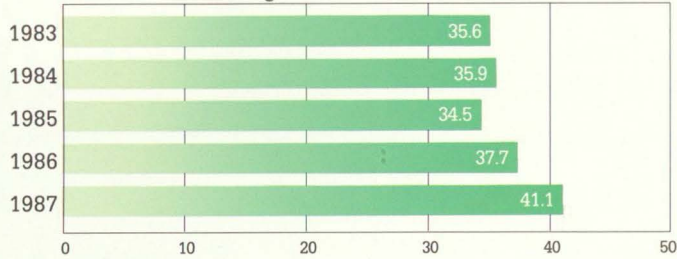
Alfred L. Griebbling

For the fifteenth consecutive year, total traffic on the Authority's bridges showed an increase over the previous year. Annual traffic for the four bridges was 84,404,915, an increase of 3,705,786 vehicles or 4.59 percent higher than 1986. The Walt Whitman, Commodore Barry and Betsy Ross

Bridges established new annual traffic records during 1987 with the Walt Whitman having the highest increase of 3,333,755 vehicles or 8.84 percent.

5-YEAR BRIDGE TRAFFIC VOLUME (MILLIONS OF VEHICLES)

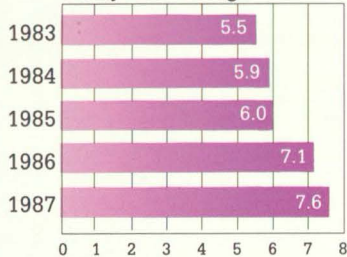
Walt Whitman Bridge



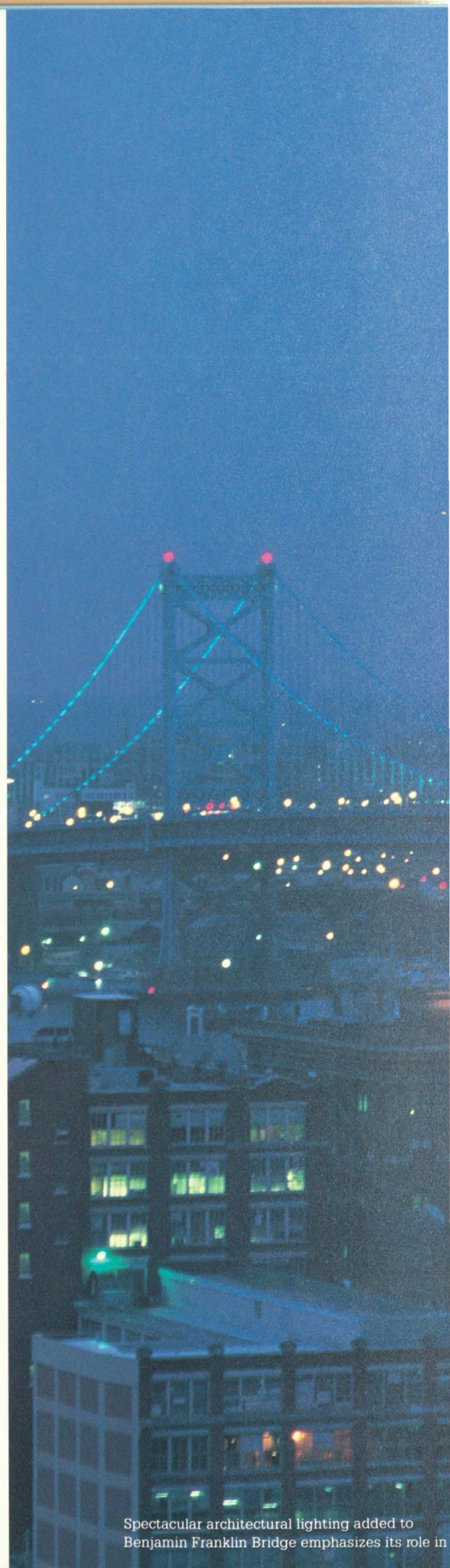
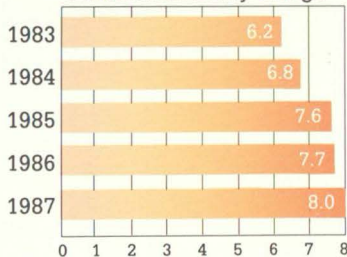
Benjamin Franklin Bridge



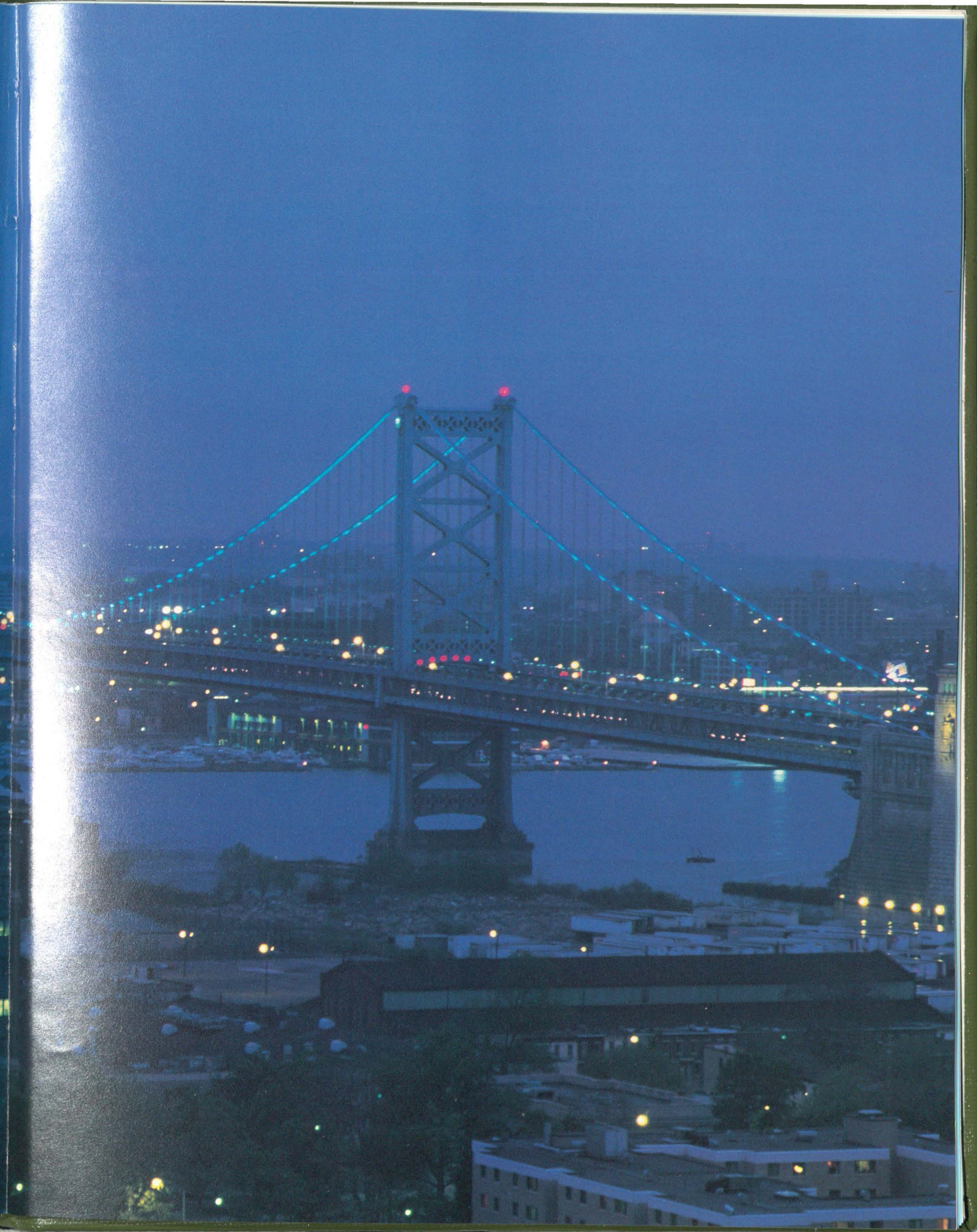
Betsy Ross Bridge



Commodore Barry Bridge



Spectacular architectural lighting added to Benjamin Franklin Bridge emphasizes its role in



The Walt Whitman Bridge also established a new single day traffic record on Friday, July 31, when 140,603 vehicles crossed the span; and a new record for weekend traffic, July 24 through 26, when 390,464 vehicles were processed.

The installation of one manual and one automatic computerized toll collection lane at the Betsy Ross Bridge was completed in November. Testing of these lanes will continue into 1988 and it is anticipated that a successful test will result in a recommendation to install the system at all Authority Bridges. The installation of this computerized toll collection system will enable the Authority to complete toll collection audits and provide traffic data on a much more timely basis than is currently possible.

Commuters purchased an average of 47,341 commuter stickers per month, 1,272 per month more than in 1986. Car pool book purchases averaged 305 per month, 46 per month less than 1986. Average daily traffic for senior citizens using the reduced toll program was 7,241, an increase of 7 percent over 1986.

Port Authority Police traveled 1,335,556 miles while patrolling approximately 30 miles of bridges, roadways and ramps 24 hours per day. Their service to the public included no-charge pushing and towing service to 9,025 disabled vehicles, and police transportation for 381 persons injured in accidents to local area hospitals.

The Police Department issued 12,074 citations for moving violations and issued 7,283 warnings to motorists for lesser infractions. Authority Police arrested 260 persons for offenses committed on Port Authority property and assisted other area police departments in apprehending 424 criminal suspects.

Port Authority Police made 143 arrests of motorists for driving while intoxicated. There were 25 suicide attempts and two deaths resulted from persons jumping from Authority Bridges compared to three deaths in 1986.

A new three-year contract with a wage reopener in the third year was negotiated with the Fraternal Order of Police, Lodge 30. In addition to wage increases and improvements in fringe benefits, the agreement provides for a change in work schedule from rotating shifts to permanent shifts as soon as possible in 1988.

The Highway Department's high standards of maintenance continued to insure safe and attractive conditions of Authority bridges, roadways, walkways, buildings and grounds.

The grounds care operations of the Department enhanced the image of the Authority by maintaining an attractive and pleasant appearance of all facilities.

The snow removal operations of the Department during the 13 winter storms of 1987 kept the bridges, ramps and expressways clear of snow and ice and provided safe driving conditions for the public.

The Highway Department also maintained a high standard of repair and maintenance on the Port Authority's fleet of vehicles and a wide range of special purpose equipment throughout the year.



Walt Whitman Bridge reached new record traffic high in 1987.

PATCO



Ceremony marked first car of PATCO fleet to travel 1,000,000 miles in service.



Robert C. Schwab

PORT AUTHORITY TRANSIT CORPORATION

Transit service that is clean, safe, reliable, attractive and economical continued to draw additional patronage to the Lindenwold High Speed Line.

Ridership on the Line, operated by the Port Authority Transit Corp., a subsidiary of DRPA, totaled 10,822,304, an increase of 4.4% over 1986's 10,367,374. Average weekday ridership rose 4.5% to 38,986, up from 37,317 in 1986.

This growth was reflected in increased revenue which rose 4% to \$14,805,000 from \$14,233,000 the previous year. Expenses for the period increased to \$19,315,000, up from \$18,037,000 in 1986, an increase of \$1,278,000. PATCO, with a net operating revenue-to-expense ratio of 76.65%, maintained its position as the most cost-effective system of any United States heavy rail transit operator.

PATCO carefully adjusts car miles to patronage with the result that car miles increased 1.4% from 3,912,121 to 3,965,114.

Despite several major construction and rehabilitation projects last year that necessitated reduced train speed, train operations were 98.93% on time. The projects include:

- Reconstruction of Broadway Station at the Camden Transportation Center, a project in which the City of Camden is manager, and New Jersey Transit Corp. is the local funding agency. Completion is due in mid-1988. Reopening of the station, closed in February 1984, is expected to generate new ridership of approximately 200,000 per year.
- Replacement of the tumbuck track at Ferry Ave. Station with a double crossover and two tail tracks began in the third quarter of 1987. The project required single track operation between "Wood" interlocking in Collingswood and "Way" interlocking at Broadway during a number of evenings and weekends to permit reconstruction of each of the two mainline tracks. The project includes reverse signaling and will permit the rehabilitation of 17 bridges built in the 1902-1914 era, that carry PATCO tracks over the streets of Camden.
- The Atlantic City Rail Project, sponsored by New Jersey Transit Corp., moved ahead with replace-



PATCO rail transit serves both center city

ment of the unused DRPA-owned railroad track between West Haddonfield and Lindenwold. East-bound NJT trains will originate at Garden State Park in Cherry Hill and stop at the PATCO Lindenwold Station where passengers will be able to transfer between NJT and AMTRAK railroad commuter trains and PATCO rapid transit trains beginning on or about April 1989. One result of the Atlantic City Rail Project was that PATCO had to vacate the emergency exit track and crossover that permitted PATCO trains to enter and exit Lindenwold Yard at its west end if the diamond crossover at the east end exit of the yard were blocked. To maintain a secondary access to Lindenwold Yard, PATCO's Way & Power Division constructed an eastend emergency exit track that bypasses the diamond crossover.

- Ties on subway curves at Broadway were replaced in anticipation of replacing the curved



Philadelphia and suburban New Jersey.

rails in early 1988. Ties and rails of all subway curves are scheduled for replacement over the next several years. These date from 1936 when the Camden-Bridge Line was built.

Circuit breakers were rebuilt in all electrical substations as part of PATCO's ongoing preventive maintenance program.

- A new ticket encoding and high security storage vault was designed and constructed by PATCO at the Lindenwold Station. This facility will provide secure and fire-protected storage of the new and pre-encoded ticket stock which is essential to PATCO's low cost fare collection system.

- A new system-wide high security lock system with tiered system of mast keys was installed. It provides strong control over the access to certain critical or sensitive areas of the PATCO system.

PATCO's Police Department continued to deter crime on PATCO property with the average

number of major or Class 1 crimes reported each month declining 6.57% to 12.8 in 1987 from 13.7 in 1986. The record since 1983 has been notable:

<u>Year</u>	<u>Monthly Average</u>
1983	40.7
1984	29.5
1985	17.7
1986	13.7
1987	12.8

Blue Ribbon Services, Inc., which operated newsstands in PATCO stations since 1970 and sold PATCO ten-ride tickets, opted to terminate its PATCO operations in October. PATCO began selling ten-ride tickets on its own, using the vacated newsstands with contract ticket sellers, and has done so at a unit cost equivalent to the commission previously paid to Blue Ribbon. At the same time, newspaper distributors installed vending boxes at PATCO stations to allow PATCO's riders to continue to buy newspapers on their way to work. The changeover went smoothly.

A significant milestone was achieved when PATCO Car 104, delivered by The Budd Co. in April 1968, attained one million miles of revenue service on June 30, 1987. A small ceremony was held at Woodcrest Station on that date, an event covered by a major TV channel, a popular FM radio station and the local press. By year's end, a second car had attained a million miles, and it is expected that a number of the 75 Budd Co.-built cars will reach that figure in 1988. Six of the 1968 Budd cars completed their mid-life upgrading and overhaul, and have been returned to service where they are scheduled as "new" cars since they are as reliable as the 46 newer transit cars. These newer Canadian Vickers-manufactured transit cars, built in 1980, have accumulated over 300,000 miles each, are on their second set of wheels, and they continue to operate very reliably.

Finally, recognition is given to an outstanding employee safety performance record in the year 1987. The reportable injury rate for all employees, including the Police Department, was 10.5 incidents per 100 man years worked. This represents a 19% reduction in the reportable injury rate from the previous year, and it is the lowest rate in the six years during which this data has been compiled.

PATCO looks forward to a strong 1988 on the basis of a potentially significant traffic growth resulting from active residential development in outer suburban areas, major office building development in center city Philadelphia, the reopening of the Broadway Station, and its sixth straight year without a fare increase.



John R. Woodruff

ENGINEERING AND PLANNING

One of the most publicly visible accomplishments of 1987 was the decorative lighting of the Benjamin Franklin Bridge which added a new dimension to the skyline of the Philadelphia-Camden bistate region. The lights were turned on for the first time on the evening of September 17th as the culminating event of the bicentennial celebration of the U.S. Constitution. The ceremony was nationally televised.

Redecking of the Benjamin Franklin Bridge, begun early in 1986, was sufficiently completed for the bridge to be entirely reopened to traffic in November of 1987. Only minor items remained to finish the \$60 million contract. The old concrete deck was completely removed, and replaced with an epoxy covered, orthotropic, steel plate system.

Construction of an interchange to connect the Betsy Ross Bridge and I-95 with the Philadelphia street system at Aramingo Avenue and Torresdale Avenue advanced during the year. The firm of Greiner Engineering was selected to complete the preliminary and final design for the project.

In New Jersey, the Department of Transportation is completing its construction of Rt. 90 which will connect the Betsy Ross Bridge directly with Rt. 73. Rt. 90 is expected to be opened to traffic in 1988, and have a significant impact on Betsy Ross Bridge traffic.

A number of projects, funded by Urban Mass Transportation Administration grants, are underway involving either the renovation or the improvement of the PATCO High Speed Line system. Contracts totalling more than \$9.3 million were awarded in 1987 in advancing these projects. One of the major projects will rehabilitate the 17 bridges that carry the High Speed Line over city streets from Newton Ave. in Camden to Crescent Blvd. in Collingswood. Recent inspection of these bridges, built in the early

1900's, revealed numerous defects which have developed as the structures aged.

Contracts were awarded for the installation of reverse signalling between Ferry Ave. and 16th Street and a new interlocking at Ferry Ave. It will provide for increased operational flexibility by insuring safe single tracking. A contract was awarded for design of a new fiberoptic cable communications system to replace the existing deteriorated and unreliable system.

Taylor, Wiseman and Taylor, consulting engineers, completed a study in September of the conditions requiring reconstruction at the PATCO station parking lots at Ferry, Collingswood, Westmont, Haddonfield, Ashland and Lindenvold. Design was also completed for reconditioning of station platforms at these same locations.

Significant progress was made on the Camden Transportation Center being constructed over the existing PATCO Broadway Station. PATCO will share the facility with New Jersey Transit and the Camden Transit Authority. The Terminal will house PATCO police, PATCO reduced fare program facilities and its system revenue operations.

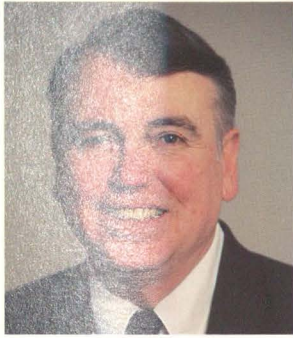
Engineering Division will coordinate rehabilitation of the free and paid PATCO areas in the 8th Street concourse being improved by the City of Philadelphia. The \$2.9 million project is federally funded with the City and the Commonwealth of Pennsylvania providing the local share.

The Maintenance and Construction section of the Engineering Division completed projects both at bridge facilities and in the various Authority buildings. Deck repairs at the Walt Whitman included replacing deteriorated concrete and restoring blacktop wearing surface in the truck, or curb lanes on each side of the bridge. The heating and air conditioning systems in the Ben Franklin Bridge annex building were updated, electrical feeds modernized and ceilings and lighting replaced.

The mercury vapor lighting units at the Walt Whitman and Commodore Barry Bridges were replaced and the system upgraded with the more efficient, lower cost, high pressure sodium units. Underground electrical feeds on the Philadelphia approach of the Walt Whitman Bridge are being replaced, and the electrical system at the Ben Franklin Bridge continues to be upgraded.



Modern transportation center
nears completion.



James C. Kendig
Acting Director

ADMINISTRATION

Administration Division activities range from Personnel, Purchasing, Public Information and Graphic Reproduction to Toll Auditing and Toll Accounting, Insurance, Safety, Telephone and Mail Distribution.

Internally, the Division is responsible for recruiting personnel and providing them with the supplies and tools needed to carry out their tasks. In 1987, Personnel processed 1,612 applications, resulting in 395 interviews from which 29 individuals were hired. The criteria for both employment and promotion is highest qualification along with strict compliance with the Authority's affirmative action policies.

The same criteria, along with financial need, was used in selecting 116 college students for summer employment to provide relief for full time employees in the prime vacation period.

Personnel also serves those who have completed careers. Retirement preparation programs were provided for 45 employees, 17 of whom accepted retirement.

Supervisory training programs were conducted for 45 foremen, supervisors and managers. Other Personnel activities included heading the Authority's United Way campaign, administering a deferred compensation program, service on the IUOE Health and Welfare Board and hosting two meetings of the Five State Group.

Requisitions processed by the Purchasing Bureau increased by 20.2 percent in 1987, for a total of 2,925 used in the purchase of 8,865 items valued at \$4,140,486. The purchases are a significant stimulant to the local economy. It is worth noting that 161 purchases valued at \$123,331 were made from local minority vendors, an increase of 97 percent over 1986.

Catherine L. Bowers, Purchasing Agent, was one of ten women selected by the YWCA of Camden County to be honored as an outstanding woman in industry. She is the second DRPA employee so honored. The award was previously won by Mary Jane Goheen, Assistant to the President.

The Office of Public Information made hundreds of personal contacts with the media and, through press releases, with the media in other parts of this country and overseas. The Office participated actively in major events that focused attention on the Authority. Most notable were the lighting of the Benjamin Franklin Bridge and the dedication of the Camden Bridge Plaza to honor the late Joseph W. Cowgill, N.J. Commissioner.

The DRPA annual report was awarded first prize at the annual meeting of the American Association of Port Authorities, and the agency's port advertising program won an award for a series of ads, while the latest port brochure was presented the Award of Excellence by the Advertising Club of North Jersey.

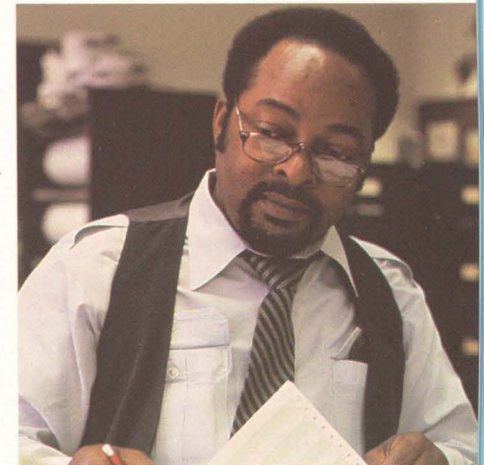
The Division's Office of Insurance developed and implemented procedures for the Authority to voluntarily comply with the Consolidated Omnibus Budget Reconciliation Act (COBRA) permitting continuing health care coverage to employees under certain circumstances. The Office also assisted with FOP negotiations on the Health Maintenance Program option and on dental benefits.

There were 11 safety workshops at the four bridges last year, attended by 872 employees and a three-hour safety orientation program was given to summer employees.

A high-steel safety rescue program was developed for 62 maintenance, electrical, controls and police personnel. Monthly supervisory safety committee meetings were held and 125 on-the-job accidents were investigated.

The Division's print shop produced 750 print jobs amounting to 13,100,000 individual pieces. Savings from in-house production of commuter stickers continues to mount. In nine years since the program began, net savings amounted to \$269,279. A new photo typesetter/processor was added giving the shop two-color capability.

The output of the Division's Toll Accounting and Toll Audit departments, up 13.86 percent in 1987, has continued to increase to keep pace with increased revenues which reached \$79,982,000.



Toll Audit carefully checks traffic counts.



Thomas J. Auchter

FINANCE

For the year 1987, total operating revenues increased \$10,311,000 or 12.2% over comparable 1986 figures due primarily to a full year on the new toll schedule and continued increase in bridge traffic as outlined elsewhere in this report. Total operating and administrative expenses, including depreciation of \$9,400,000 were \$65,052,000 which resulted in operating revenues exceeding expenses by \$29,785,000 as compared to \$22,702,000 for 1986. The PATCO operating loss in 1987, including depreciation of \$3,160,000, was \$7,670,000 as compared to \$6,661,000 in 1986 or an increase of 15.2%

Generally lower interest rates during 1987, coupled with fewer funds available for investment as reserves were expended for completion of the bridge redecking project, resulted in investment income in the Revenue, Bond Service, Bond Reserve and General Funds, decreasing from \$8,237,000 to \$6,224,000. All investments of the Authority were in accordance with applicable

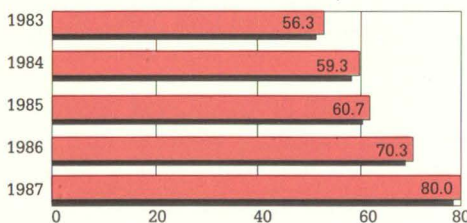
Bond Resolutions and reflect the continued prudent investment management by the Finance Committee.

After the deduction for interest on "Outstanding" Funded Debt of \$20,630,000, there remained revenues of \$15,379,000 available for other Port Authority expenditures such as World Trade Division and necessary capital expenditures compared to \$10,309,000 one year earlier.

On May 15, 1985, the Authority issued \$222,235,000 Revenue Bonds, Series 1985, dated April 15, 1985. The 1985 Bond issue was established and authorized by the Authority pursuant to the General Bond Resolution and First Supplemental Resolution adopted April 17, 1985. The 1985 Bonds are authorized as an issue of Subordinate Bonds to (1) refund all of the Authority's then outstanding bonds and (2) pay certain costs incurred in connection with issuance of the 1985 Bonds. This refunding program was undertaken to restructure the Authority's debt to meet the objective of reducing debt service requirements during the years 1985 through 1989, although the Authority's aggregate debt service requirements while the 1985 Bonds are outstanding will remain approximately the same as the aggregate debt service requirements prior to the refunding.

The General Bond Resolution doesn't recognize the inclusion of depreciation as an "Operating Expense" and Statements of Revenues and Expenses calculated in accordance with this Bond Resolution are shown as Note 8 to the Financial Statements.

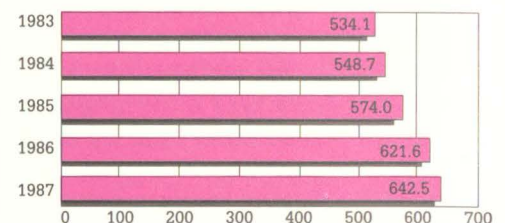
Gross Operating Revenues
(Millions of Dollars)



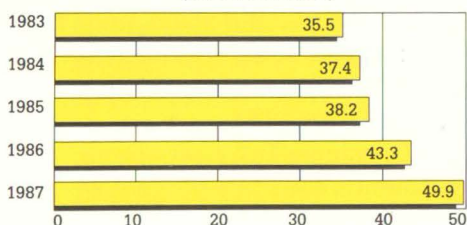
Operating Revenues in Excess of Expenses
(Millions of Dollars)



Investment in Facilities
(Millions of Dollars)



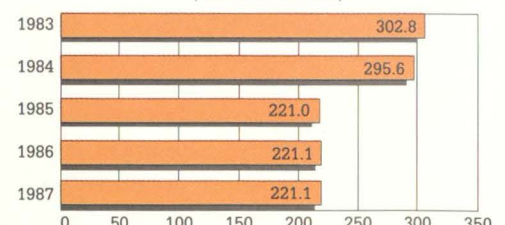
Net Revenues Available for Debt Service
(Millions of Dollars)



Interest on Funded Debt
(Millions of Dollars)



Funded Debt
(Millions of Dollars)



FINANCIALS

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KPMG Peat Marwick

Certified Public Accountants

Peat Marwick Main & Co.
1600 Market Street
Philadelphia, PA 19103

Commissioners
Delaware River Port Authority:

We have examined the balance sheet of the various funds of Delaware River Port Authority as of December 31, 1987 and the related statements of revenues and expenses, changes in fund equities, and changes in financial position for the year then ended. Our examination was 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 financial statements referred to above present fairly the financial position of the various funds of Delaware River Port Authority at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also previously examined, in accordance with generally accepted auditing standards, the balance sheet of the various funds of Delaware River Port Authority as of December 31, 1986 and the related statements of revenues and expenses, changes in fund equities, and changes in financial position for the year then ended, and in our report dated March 6, 1987, we expressed an unqualified opinion on those financial statements. In our opinion, the accompanying financial information for 1986, presented for comparative purposes, is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Peat Marwick Main & Co.

March 11, 1988



DELAWARE RIVER PORT AUTHORITY

Balance Sheet

December 31, 1987 with comparative figures for 1986 (thousands of dollars)

	1987						Combined	1986 combined
	Capital fund	Revenue fund	Bond service fund	Bond reserve fund	Construction fund	General fund		
Assets								
Cash (note 5)	\$ —	464	—	—	4	194	662	717
Investment in securities (notes 4, 5, and 6)	—	70,413	10,459	24,375	15,524	3,201	123,972	118,615
Accrued interest receivable	—	392	—	518	268	—	1,178	1,104
Accounts receivable (note 2)	—	126	—	—	—	804	930	423
Transit system inventory	—	—	—	—	—	1,804	1,804	1,830
Prepaid expenses	—	726	—	—	—	421	1,147	978
Investment in facilities (note 3)	633,298	—	—	—	—	9,239	642,537	621,647
Less accumulated depreciation	<u>135,125</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>280</u>	<u>135,405</u>	<u>128,419</u>
	498,173	—	—	—	—	8,959	507,132	493,228
Debt issuance costs, net of amortization	<u>8,850</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,850</u>	<u>9,235</u>
	<u>\$ 507,023</u>	<u>72,121</u>	<u>10,459</u>	<u>24,893</u>	<u>15,796</u>	<u>15,383</u>	<u>645,675</u>	<u>626,130</u>
Liabilities and Fund Equities								
Accounts payable:								
Contracts (note 6)	\$ —	—	—	—	6,439	2,740	9,179	10,169
Retained amounts on contracts	—	—	—	—	—	4,767	4,767	3,866
Other (note 4)	—	761	—	—	—	1,921	2,682	2,788
	<u>—</u>	<u>761</u>	<u>—</u>	<u>—</u>	<u>6,439</u>	<u>9,428</u>	<u>16,628</u>	<u>16,823</u>
Accrued liabilities:								
Interest	—	—	10,093	—	—	—	10,093	10,093
Pension (note 4)	—	758	—	—	—	247	1,005	871
Sick and vacation leave benefits	—	7,315	—	—	—	2,154	9,469	8,613
Other	—	1,515	—	—	—	—	1,515	1,584
	<u>—</u>	<u>9,588</u>	<u>10,093</u>	<u>—</u>	<u>—</u>	<u>2,401</u>	<u>22,082</u>	<u>21,161</u>
Deferred income on truck tickets	—	1,521	—	—	—	—	1,521	1,133
Reserves:								
Replacement and repainting	—	16,880	—	—	—	—	16,880	15,997
Other (note 9)	—	1,933	—	—	—	2,032	3,965	2,528
	<u>—</u>	<u>18,813</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,032</u>	<u>20,845</u>	<u>18,525</u>
Funded debt (note 5)	221,149	—	—	—	—	—	221,149	221,090
Commitments and contingencies (notes 6 and 9)								
Fund equities (notes 5, 6, and 7)	<u>285,874</u>	<u>41,438</u>	<u>366</u>	<u>24,893</u>	<u>9,357</u>	<u>1,522</u>	<u>363,450</u>	<u>347,398</u>
	<u>\$ 507,023</u>	<u>72,121</u>	<u>10,459</u>	<u>24,893</u>	<u>15,796</u>	<u>15,383</u>	<u>645,675</u>	<u>626,130</u>

See accompanying notes to financial statements.



Statement of Revenues and Expenses

Year ended December 31, 1987 with comparative figures for 1986 (thousands of dollars)

	<u>1987</u>		<u>1986</u>	
Operating revenues and expenses (note 5):				
Bridge:				
Tolls	\$ 79,982		70,244	
Other operating revenues	<u>50</u>	80,032	<u>49</u>	70,293
Operating expenses	29,460		27,909	
Depreciation	<u>6,240</u>	<u>35,700</u>	<u>5,724</u>	<u>33,633</u>
		<u>44,332</u>		<u>36,660</u>
Transit system:				
Passenger fares	14,290		13,782	
Other operating revenues	<u>515</u>	14,805	<u>451</u>	14,233
Operating expenses	19,315		18,037	
Depreciation	<u>3,160</u>	<u>22,475</u>	<u>2,857</u>	<u>20,894</u>
		<u>(7,670)</u>		<u>(6,661)</u>
		36,662		29,999
General administration expenses		<u>6,877</u>		<u>7,297</u>
Operating revenues in excess of expenses		29,785		22,702
Interest income		6,224		8,237
Interest on funded debt:				
Revenue bonds, Series 1985 (note 5):		<u>(20,630)</u>		<u>(20,630)</u>
Excess of revenues over expenses before other income (expenses)		<u>15,379</u>		<u>10,309</u>
Other income (expenses):				
Other interest income	575		597	
World trade development expenses	(2,946)		(2,692)	
Loss on early retirement of facilities	(307)		(504)	
Bridge deck, suspender rope, and weld studies	(1,079)		(362)	
Granting of trackage rights	<u>325</u>	<u>(3,432)</u>	<u>—</u>	<u>(2,961)</u>
Net income		\$ <u>11,947</u>		<u>7,348</u>

See accompanying notes to financial statements.



Statement of Changes in Fund Equities

Year ended December 31, 1987 with comparative figures for 1986 (thousands of dollars)

	1987						Combined	1986 combined
	Capital fund	Revenue fund	Bond service fund	Bond reserve fund	Construction fund	General fund		
Fund equities at January 1, 1987	\$ 216,376	39,227	—	25,439	8,782	57,574	347,398	338,470
Revenues and expenses:								
Operating revenues	—	80,032	—	—	—	14,805	94,837	84,526
Operating expenses	(9,320)	(29,460)	—	—	—	(19,394)	(58,174)	(54,527)
General administration expenses	—	(6,877)	—	—	—	—	(6,877)	(7,297)
Interest income	—	4,150	326	1,684	—	64	6,224	8,237
Interest on funded debt	(444)	—	(20,186)	—	—	—	(20,630)	(20,629)
Other income (expenses)	(348)	—	—	—	575	(3,659)	(3,432)	(2,961)
	(10,112)	47,845	(19,860)	1,684	575	(8,184)	11,948	7,349
Government contributions for capital improvements and additions (note 7)	4,104	—	—	—	—	—	4,104	1,579
Interfund transfers and payments:								
Bond service	—	(20,226)	20,226	—	—	—	—	—
Funds in excess of Bond Reserve requirement	—	2,230	—	(2,230)	—	—	—	—
Funds free and clear of any lien or pledge	—	(27,638)	—	—	—	27,638	—	—
Completed capital additions	75,601	—	—	—	—	(75,601)	—	—
Return of capital investment	(95)	—	—	—	—	95	—	—
Fund equities at December 31, 1987 (notes 5, 6, and 7)	\$ <u>285,874</u>	<u>41,438</u>	<u>366</u>	<u>24,893</u>	<u>9,357</u>	<u>1,522</u>	<u>363,450</u>	<u>347,398</u>

See accompanying notes to financial statements.



Statement of Changes in Financial Position

Year ended December 31, 1987 with comparative figures for 1986 (thousands of dollars)

	<u>1987</u>	<u>1986</u>
Source of funds:		
Operations:		
Net income	\$ 11,947	7,348
Noncash expenses:		
Depreciation	9,400	8,581
Provision for maintenance of facilities	2,547	2,721
Provision for self-insurance	2,339	1,684
Amortization of bond discount	59	59
Deferred income on truck tickets	388	(84)
Amortization of debt issuance costs	385	385
Loss on early retirement of facilities	<u>307</u>	<u>504</u>
Funds provided by operations	27,372	21,198
Increase (decrease) in accounts payable	(195)	6,896
Increase in accrued liabilities	921	482
Government contributions for capital improvements and additions	<u>4,104</u>	<u>1,579</u>
	<u>32,202</u>	<u>30,155</u>
Application of funds:		
Additions to facilities, net	23,611	48,598
Increase (decrease) in accounts receivable and accrued interest receivable	581	(562)
Payment for maintenance of facility	1,664	—
Payment of self-insurance claims	902	1,456
Other	<u>142</u>	<u>423</u>
	<u>26,900</u>	<u>49,915</u>
Increase (decrease) in cash and investments	5,302	(19,760)
Cash and investments:		
Beginning of year	<u>119,332</u>	<u>139,092</u>
End of year	\$ <u>124,634</u>	<u>119,332</u>

See accompanying notes to financial statements.



Notes to Financial Statements

December 31, 1987 (thousands of dollars)

(1) Summary of Significant Accounting Policies

Description of Business

The Delaware River Port Authority (the Authority) is a public corporate instrumentality of the Commonwealth of Pennsylvania (the Commonwealth) and the State of New Jersey (the State) created with the consent of Congress by compact legislation between the Commonwealth and the State. The Authority has no stockholders or equity holders and, among other powers, is vested with the control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River (Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross Bridges). The Authority has also constructed and operates a high-speed transit facility known as the Port Authority Transit Corporation (PATCO). The facility, a wholly-owned subsidiary, operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. Through its World Trade Division, the Authority promotes the development and use of the Delaware River as a highway of commerce.

Basis of Presentation

The financial statements include the accounts of the Delaware River Port Authority and PATCO. Material balances and transactions between the entities have been eliminated.

Investment in Securities

Investment in securities, consisting principally of short-term obligations of the U.S. Government, Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank, is stated at amortized cost (which approximates market), because it is the Authority's intention to hold these investments until maturity. Certain investments are required as reserves in connection with the Authority's funded debt (note 5).

Transit System Inventory

Transit system inventory, consisting principally of spare parts for maintenance of transit system facilities, is stated at cost (first-in, first-out method).

Investment in Facilities and Reserves for Replacement and Repainting

Investment in facilities is stated at cost, which generally includes expenses in connection with the offering, selling, and issuance of bonds as well as interest expense and administrative and legal expenses incurred during the construction period. Investment in facilities also includes the cost of improvements, enlargements, and betterments to the original facility. Replacements of existing facilities (except police and other vehicles whose estimated useful life is two years or less) are also recorded at cost. The related costs and accumulated depreciation of the property replaced are removed from the respective accounts and any gain or loss on disposition is credited or charged to income.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal contributions (note 7). In distributing net income to equity, a charge representing depreciation on assets acquired with contributions is made against the related contribution accounts.

In connection with the investment in the Benjamin Franklin Bridge roadway deck, for the original construction and subsequent widening costs, the Authority has elected to accelerate the write-off of this asset over the present construction period of the roadway deck replacement. For the year 1987, the Authority has accelerated its annual depreciation expense by \$301.



Notes to Financial Statements, Continued

(1), Continued

The new roadway deck was completed in 1987 at a cost of \$72,215. Depreciation expense on the new deck in 1987 amounted to \$722 based on one-half year of depreciation and a fifty-year life.

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

Bridges, freeway connections, and tunnels	100 years
Buildings, stations, and certain bridge components	35-50 years
Electrification, signals, and communication systems	30-40 years
Transit cars, machinery, and equipment	10-25 years

Maintenance and repair costs considered necessary to maintain bridge facilities in good operating condition are charged to operations as incurred. Reserves sufficient to meet the estimated cost to repaint the bridges and replace road surfaces and fenders of bridge facilities are provided by periodic charges to operations.

The bridge facilities are stated at cost, net of contributions by New Jersey Department of Transportation. The PATCO system first phase capital improvement program is stated at cost, net of reimbursements prior to 1981 from the Urban Mass Transportation Administration and other governmental agencies (note 3). The PATCO system includes the expenditures of federal grants for capital improvements and additions (note 7).

Debt Issuance Costs and Funded Debt Discount

Debt issuance costs and the discount arising from the issuance of the funded debt are amortized by the straight-line method from the issue date to maturity.

Insurance Expense

The Authority provides for the uninsured portion of potential public liability and workers' compensation claims through self-insurance programs and charges current operations for estimated claims to be paid (note 9).

(2) Accounts Receivable

Revenue and general fund accounts receivable include the following:

	<u>1987</u>	<u>1986</u>
Reimbursements from governmental authorities for:		
Capital improvements to the PATCO system due from Urban Mass Transportation Administration	\$ 558	32
Other:		
Deposits with insurance companies	87	83
Miscellaneous	<u>285</u>	<u>308</u>
	\$ <u>930</u>	<u>423</u>

Construction costs and accounts receivable are generally subject to approval and audit by the applicable governmental agency.



Notes to Financial Statements, Continued

(3) Investment in Facilities

	<u>1987</u>	<u>1986</u>
Bridges:		
Benjamin Franklin	\$ 130,901	116,908
Walt Whitman	99,968	99,661
Commodore Barry (a)	141,031	141,035
Betsy Ross (a)	135,832	134,410
	<u>507,732</u>	<u>492,014</u>
Less accumulated depreciation	<u>94,452</u>	<u>90,506</u>
	<u>413,280</u>	<u>401,508</u>
Transit system:		
PATCO system (b) (note 7)	132,867	127,695
PATCO system first phase capital improvement program (c)	<u>1,938</u>	<u>1,938</u>
	134,805	129,633
Less accumulated depreciation	<u>40,953</u>	<u>37,913</u>
	<u>93,852</u>	<u>91,720</u>
	<u>\$ 507,132</u>	<u>493,228</u>

(a) Commodore Barry Bridge, net of \$4,431 and Betsy Ross Bridge, net of \$5,472 at December 31, 1987 of construction, engineering, land, and utility relocation costs contributed by New Jersey Department of Transportation.

(b) Net of \$1,700 at December 31, 1987 contributed by New Jersey Transit Corp.

(c) Net of \$59,610 at December 31, 1987 contributed by the following participating agencies:

Urban Mass Transportation Administration	\$ 44,531
State of New Jersey	13,165
Commonwealth of Pennsylvania	1,189
City of Philadelphia	<u>725</u>
	<u>\$ 59,610</u>

This program was completed in 1986 (note 6).



Notes to Financial Statements, Continued

(4) Pension and Deferred Compensation Plans

The Authority participates in a money purchase pension plan administered by an agency of the Commonwealth which covers all permanent employees of the Authority. The nonrepresented employees of PATCO are also covered by this plan. Pension expense related to the plan amounted to \$3,365 and \$3,582 in 1987 and 1986, respectively. Information pertaining to the actuarial present value of vested and nonvested accumulated benefits and net assets was not available from the administrator of the plan.

With respect to represented employees, PATCO is required under union contract to contribute to the Teamsters Pension Plan of Philadelphia and Vicinity (the Plan). Pension expense related to the Plan totaled \$378 and \$352 in 1987 and 1986, respectively. Under the Employee Retirement Income Security Act of 1974 (ERISA), as amended by the Multiemployer Pension Plan Amendment Act of 1980 (the Act), a contributor to a multiemployer defined benefit plan is liable, upon termination of the Plan or its withdrawal from the plan, for its share of the plan's unfunded vested liabilities. Management has no intention of making any changes which would subject PATCO to the withdrawal obligations under the Act.

In addition to providing pension benefits, the Authority provides certain health care and life insurance benefits for retired employees. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. Benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The Authority recognizes the cost of providing those benefits for retired employees by expensing the annual insurance premiums, which were \$523 for 1987 and \$644 for 1986.

Both the Authority and PATCO have a deferred compensation plan which was established in 1985. All hourly and salaried employees are eligible to participate in the plan, which permits the participants to defer annually a portion of their salaries. The Authority and PATCO do not make any contributions to the plan. At December 31, 1987, the plan assets (cash value) were \$386 and \$176 for the Authority and PATCO, respectively.

These assets are included in the accompanying financial statements in investments in securities as they are considered to be assets of the Authority and PATCO until disbursement. The liability to employees is included in accounts payable — other.

(5) Funded Debt

- (a) In 1985, the Authority issued \$222,235 Revenue Bonds, Series 1985. The issue was established and authorized by the Authority pursuant to the General Bond Resolution and First Supplemental Resolution adopted April 17, 1985. The 1985 Bonds are authorized and issued as an issue of Subordinate Bonds to (1) refund all of the Authority's outstanding bonds and (2) pay certain costs incurred in connection with the issuance of the 1985 Bonds. The Authority's refunding program was undertaken to restructure the Authority's debt with the objective of reducing its debt service requirements during the years 1985 through 1989, although the Authority's aggregate debt service requirements while the 1985 Bonds are outstanding will remain approximately the same as the aggregate debt service requirements prior to the refunding.



Notes to Financial Statements, Continued

(5), Continued

(b) The 1985 Bonds outstanding at December 31, 1987 are as follows:

Maturity date (January 1)	Interest rate	Principal amount
1988	6.25%	\$ 365
1989	6.75	3,720
1990	7.25	3,815
1991	7.50	4,500
1992	7.75	4,885
1993	8.00	5,290
1994	8.25	5,735
1995	8.50	6,245
1996	8.60	6,800
1997	8.70	<u>7,410</u>
Total serial bonds		48,765
2002	9.375 (term bonds)	49,305
2011	9.375 (term bonds)	<u>124,165</u>
Total par value of outstanding bonds		222,235
Less unamortized bond discount on term bonds due January 1, 2011		<u>1,086</u>
Total funded debt		\$ <u>221,149</u>

(c) Interest on the 1985 Bonds is payable semiannually on January 1 and July 1 in each year. Interest expense includes interest on the bonds, amortization of debt issuance costs, and discount from the issuance of the funded debt.

(d) The 1985 term Bonds maturing on January 1, 2002 and January 1, 2011 shall be subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, on January 1 in the years and the amounts specified below:

<u>Term bonds due January 1, 2002</u>		<u>Term bonds due January 1, 2011</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
1998	\$ 8,100	2003	\$ 12,790
1999	8,910	2004	14,050
2000	9,775	2005	15,360
2001	10,725	2006	16,810
	<u>37,510</u>	2007	18,375
		2008	20,100
At maturity,		2009	21,950
2002	11,795	2010	<u>2,260</u>
	<u>\$ 49,305</u>		121,695
		At maturity,	
		2011	<u>2,470</u>
			<u>\$ 124,165</u>



Notes to Financial Statements, Continued

(5), Continued

(e) The 1985 Bonds maturing on or after January 1, 1996 are subject to optional redemption prior to maturity on or after January 1, 1995, as a whole at any time, or in part on any interest payment date on or after January 1, 1995, in inverse order of maturity at the respective redemption prices set forth below, in each case together with accrued interest to the redemption date:

Redemption dates (inclusive)	Redemption price
January 1, 1995 to December 31, 1995	103%
January 1, 1996 to December 31, 1996	102
January 1, 1997 to December 31, 1997	101
January 1, 1998 and thereafter	<u>100</u>

(f) The 1985 Bonds are payable solely from and secured by a pledge of (1) net revenues of the Authority and (2) all moneys and securities deposited in the funds and accounts established by the General Bond Resolution, except the General Fund.

(g) To accomplish this refunding, the Authority on May 15, 1985 deposited with Citibank, N.A., as Escrow Agent, \$211,093 of proceeds from the sale of the \$222,235 Revenue Bonds, Series 1985, together with \$51,620 of U.S. Treasury Obligations (cost \$3,643) transferred from its 1974 Debt Service Reserve Fund, into a special and irrevocable trust fund pursuant to an Escrow Deposit Agreement dated May 15, 1985. These amounts, together with the interest earnings thereon, will be sufficient to provide for the payment, when due, of principal and interest on the following outstanding bonds at maturity or prior to maturity by sinking fund redemption:

1. \$100,000, 5.625%, 1969 First Series Revenue Bonds, maturing January 15, 2009.
2. \$100,000, 6.50%, Series 1972 Revenue Bonds, maturing January 15, 2011.
3. \$77,400, 6.00%, Series 1972 Refunding Revenue Bonds, maturing January 15, 2010.
4. \$11,395, 7.25%, Series 1974 Special Revenue Refunding Bonds, maturing January 15, 1990.

Upon deposit of the above moneys and investments under the escrow agreement, the 1969 First Series Revenue Bonds, the 1972 Revenue Bonds, the 1972 Refunding Revenue Bonds and the 1974 Special Revenue Refunding Bonds shall be deemed no longer outstanding under the terms of the General Bond Resolution dated April 23, 1969 and the Special Revenue Bond Resolution dated June 19, 1974 and the pledge of any revenues, moneys, and securities under these bond resolutions and all other rights granted thereunder shall be satisfied and discharged.

(h) The Bond Service of \$10,458, the Bond Reserve Requirement of \$24,541, as well as all other significant Bond covenants, established by and defined in the General Bond Resolution, adopted by the Authority on April 17, 1985, were met by the Authority.

(i) Maturities on the Authority's outstanding long-term debt during the next five years are as follows:

1988	\$ 365
1989	3,720
1990	3,815
1991	4,500
1992	<u>4,885</u>



Notes to Financial Statements, Continued

(6) Commitments

As of December 31, 1987, the Authority had contractual commitments as follows:

	Revenue fund	General fund	Total
Benjamin Franklin Bridge:			
Roadway connections (a)	\$ —	500	500
AT&T System, including maintenance and service	150	405	555
Maintenance services for communication systems	158	—	158
Engineering services—inspection roadway deck	—	154	154
Convert payroll/personnel system	—	34	34
Asbestos management program	—	16	16
Operational safety study of all bridge facilities	—	14	14
Fire detection system	—	7	7
Security fence—administration building parking lot	—	2	2
Retrofill transformer services	—	2	2
Walt Whitman Bridge:			
Engineering services—deck condition study	—	22	22
Data base security system	—	4	4
Asbestos management program	—	3	3
Commodore Barry Bridge:			
Engineering services—design and construction of a sewer force main and pumping station	—	9	9
Engineering services—electroslag and electrogas weld investigation	—	7	7
Betsy Ross Bridge:			
Freeway connections (b)	—	2,500	2,500
Computerized toll audit and collection system	—	227	227
Retrofill transformer services	—	9	9
Traffic revenue feasibility study	—	3	3
PATCO System:			
Engineering services—signal and control apparatus	—	6,752	6,752
Double crossover and storage track Ferry Avenue Station	—	891	891
Engineering services—signal power cable	—	257	257
Engineering services—reverse signalization	—	193	193
Engineering services—station platform concrete repairs and surface treatment	—	185	185
Engineering services—rehabilitation of Camden County bridges	—	104	104
Engineering services—parking facilities at six passenger stations	—	97	97
Engineering services—fiber optic cable communications	—	95	95
World trade development	—	191	191
	\$ <u>308</u>	<u>12,683</u>	<u>12,991</u>



Notes to Financial Statements, Continued

(6), Continued

- (a) The Authority has agreed to contribute funds to the Commonwealth for roadway connections between the Benjamin Franklin Bridge, the Vine Street Expressway, and Interstate 95 in an amount not to exceed \$500.
- (b) The Authority has also agreed to reimburse the State a maximum sum of \$9,000 for its share of the construction of the Route 90 Freeway connections. As of December 31, 1987, the Authority paid \$5,250 and accrued \$1,250 for its annual payment due June 30, 1988. The remaining commitment balance of \$2,500 is to be paid in two annual payments, not to exceed \$1,250 per year, based on traffic volume.

The Authority has a lease agreement for the rental of toll collection equipment for 65 toll lanes. Under an agreement dated June 12, 1986, the lease period expires April 29, 1990. In addition, the agreement provides for the installation and testing of a new computerized toll audit and collection system at the Betsy Ross Bridge. In the event the Authority elects to proceed with a total installation of the new system at all four bridges, a new lease-purchase agreement will be negotiated.

Certain subway properties are leased from the City of Philadelphia. The lease expires December 31, 1997 and provides for rental payments of one dollar per year plus 9.6% of net profits of the PATCO as defined in accordance with the terms of the lease agreement. For the years ended December 31, 1987 and 1986, no additional rent is payable since operations of the PATCO resulted in a loss when computed in accordance with terms of the lease agreement.

Under the terms of the Authority's agreements with the Pennsylvania and New Jersey Departments of Transportation and the City of Philadelphia, the Authority leases for the annual rental of one dollar certain of the facilities constructed or acquired under the PATCO system first phase capital improvement program. Title to the facilities will vest in the several agencies participating in the project, but the Authority is required to provide the insurance and maintenance of the lease property (note 3).

The Authority has reached an agreement with the Pennsylvania Department of Transportation for highway and roadway connections between Interstate 95, Aramingo-Torresdale Avenues, and the Betsy Ross Bridge. The project cost estimate has not been finalized but is expected to significantly exceed an earlier estimate of \$28,500 which was preliminary in scope and based on construction costs now several years old. The Authority has engaged consulting engineers to prepare a formal cost estimate for the project. The Authority is responsible for the payment of the construction costs, of which Federal Highway Administrative funds for approximately one-half of the cost will be sought. Of the Authority's cost, approximately \$6,439 held in escrow by the Authority is an obligation of the Authority to the Commonwealth. Should Federal Aid Highway Funds not be available, the Authority has the option to cancel the project, but the escrow money must still be remitted to the Commonwealth.

Minimum lease commitments are as follows:

1988	\$ 859
1989	780
1990	<u>254</u>

Rent expense for the years ended December 31, 1987 and 1986 amounted to \$1,197 and \$1,137, respectively.



Notes to Financial Statements, Continued

(7) Government Contributions for Capital Improvements and Additions

The Authority receives contributions in aid for financing capital improvements and additions to the rapid transit system from the Urban Mass Transportation Administration. Capital improvement grant funds of \$4,104 were received in 1987 and \$1,579 in 1986. Charges representing depreciation on assets relating to these contributions were \$754 in 1987 and \$626 in 1986.

	<u>1987</u>	<u>1986</u>
Contributions	\$ 23,976	19,872
Less accumulated charges (depreciation on assets acquired with contributions)	<u>2,372</u>	<u>1,618</u>
	<u>\$ 21,604</u>	<u>18,254</u>

(8) Statements of Revenues and Expenses in Accordance with Authority Bond Resolution

The following statements of revenues and expenses have been prepared in accordance with the provisions of the Authority's Bond Resolution which does not provide for depreciation as an operating expense, except for the PATCO system, as would be required by generally accepted accounting principles. The Authority's total net assets and fund equities would be increased by \$94,452 as a result of excluding all accumulated depreciation through December 31, 1987.

	<u>1987</u>	<u>1986</u>
Operating revenues and expenses:		
Bridge tolls	\$ 79,982	70,244
Other operating revenues	<u>50</u>	<u>49</u>
	80,032	70,293
Bridge operating expenses	<u>29,460</u>	<u>27,909</u>
	50,572	42,384
General administration expenses	<u>6,877</u>	<u>7,297</u>
Operating revenues in excess of expenses	43,695	35,087
Interest income	<u>6,224</u>	<u>8,237</u>
	49,919	43,324
Interest on funded debt:		
Revenue Bonds, Series 1985	<u>20,630</u>	<u>20,630</u>
Excess of revenues over expenses before other income (expenses)	<u>29,289</u>	<u>22,694</u>



Notes to Financial Statements, Continued

(8), Continued

	<u>1987</u>	<u>1986</u>
Other income (expenses):		
Other interest income	\$ 575	597
World trade development expenses	(2,946)	(2,692)
Transit system operating loss (includes depreciation of \$3,160 in 1987 and \$2,857 in 1986)	(7,670)	(6,661)
Loss on early retirement of facilities	(2,590)	(876)
Bridge deck, suspender rope, and weld studies	(1,079)	(362)
Granting of trackage rights	325	—
	<u>(13,385)</u>	<u>(9,994)</u>
Net income	\$ <u>15,904</u>	<u>12,700</u>

(9) Contingencies

The Authority is self-insured for the initial \$5,000 and \$300, per occurrence, of public liability and workers' compensation insurance, respectively. PATCO is self-insured for the initial \$5,000, per occurrence, of public liability insurance and totally self-insured for workers' compensation.

The Authority and PATCO are involved in various actions arising in the ordinary course of business and from workers' compensation claims. In the opinion of management, the ultimate outcome of these actions will not have a material adverse effect on the Authority's financial position.

The Authority has executed an irrevocable letter of credit of \$3,000 which expires May 1988. The letter of credit was related to its insurance coverage on the bridge redecking.



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