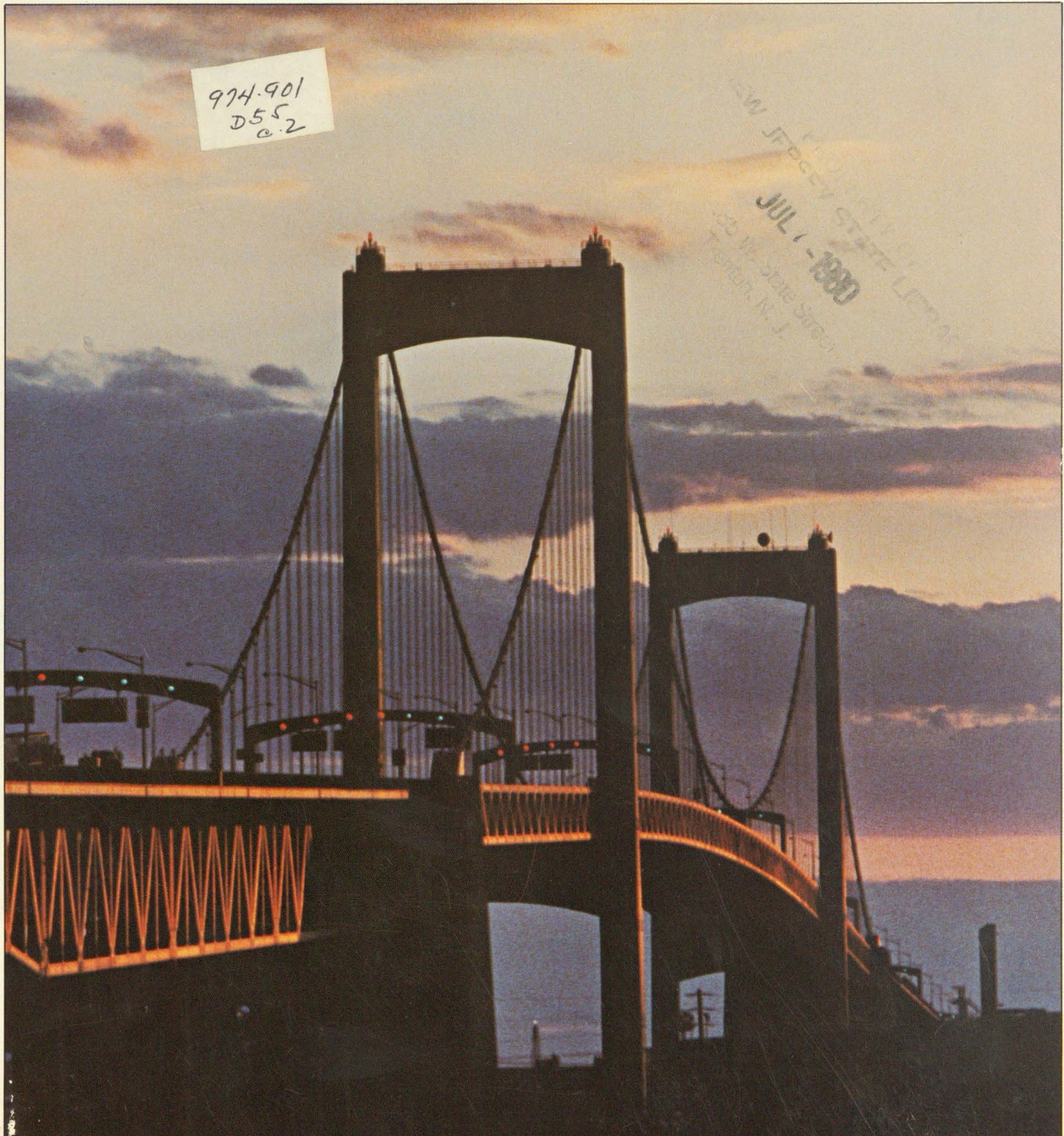
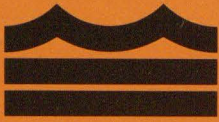


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DELAWARE RIVER PORT AUTHORITY 1977 Annual Report



Delaware River Port Authority 1977 Annual Report

HEADQUARTERS

Camden, N. J.
Bridge Plaza

Regional Offices

Philadelphia
Public Ledger Building

New York
One Penn Plaza

Chicago
233 N. Michigan Avenue

Pittsburgh
United States Steel Building

Bogota
Calle 38-No. 8-12, Off. 401

Tokyo
World Trade Center Building

Hong Kong
Wai Ming Building
Central District

Brussels
Avenue de Roodebeek

Tehran
542 Nazami—Ganjavi
at Tavanir

MONTHLY MEETING

Port Authority Commissioners meet the third Wednesday of each month in the board room of the Administration Building, Benjamin Franklin Bridge Plaza, Camden, N. J.

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To:
The Honorable Milton J. Shapp
Governor of the Commonwealth of Pennsylvania
and
The Honorable Brendan T. Byrne
Governor of the State of New Jersey

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The year 1977 represented a period of adjustment for the Delaware River Port Authority. The quality and scope of its service to the Lower Delaware Valley was maintained and in many instances expanded. Revisions were made in the Authority's organizational structure in order to improve the efficiency of the Agency's operations, to assure austerity in expenditures and to improve its financial stability. The measures were successful. A year that began with the projection of a \$5.4 million reduction in uncommitted reserves ended with a reduction of just over \$2 million—and with arrangements complete to increase income in 1978.

Among the highlights of the year's accomplishments were the award of a contract for the construction of 46 new transit cars to supplement the 75-car Port Authority Transit Corp. fleet, and the award of contracts for the construction of the Woodcrest Station east of Haddonfield. The project will bring the number of stations in the system to 14, and will provide an interchange with Interstate Route 295, thereby offering greater north-south access to the Lindenwold High Speed Line. Another milestone was the October ceremony at which Gubernatorial consents to Authority plans for expansion of the High Speed Line were signed. A further indication of changes to come was contained in the opening of a portion of Interstate Route 676 in Camden where it connects with the Benjamin Franklin Bridge Plaza. When I-676 is entirely completed to the Walt Whitman Bridge, it should demonstrably alter Camden area travel patterns.

Traffic on all four Authority bridges increased for the year. It was the fifth consecutive year that total traffic had risen and the third consecutive year that each of the bridges experienced increased volumes over the previous year. Total traffic for 1977 was 61,953,140 crossings compared to 58,714,230 the prior year for a growth rate of 5½ percent. The Walt Whitman Bridge marked its second decade of operation by setting three new records for high day, high weekend and high month.

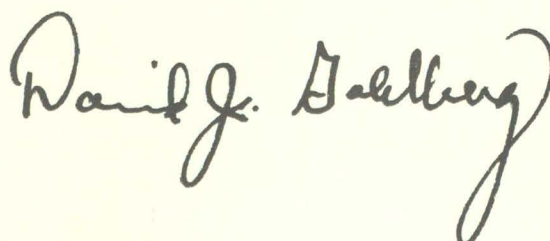
Ridership on PATCO's Lindenwold High Speed Line decreased 4.9 percent from the 1976 bicentennial year level to 10,984,026 in 1977. Contributing to the reduced figures were the 44-day strike of the Southeastern Pennsylvania Transportation Authority (SEPTA), which interconnects with PATCO's system, and the fact that there was one less calendar week in the 1977 total.

After a temporary mid-year decline, Ameriport reclaimed its position near year end as the leading port of the North Atlantic range in the volume of international cargo handled. Some 77 million tons of international waterborne commerce, valued in excess of \$10 billion, moved through the port during the year, giving Ameriport a 34 percent share of the North Atlantic market, a slight increase over the previous year's market share.

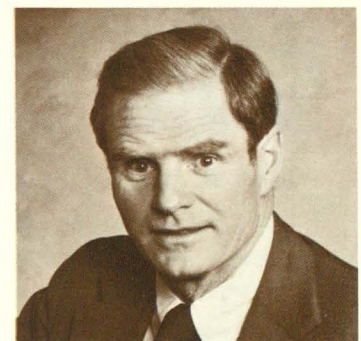
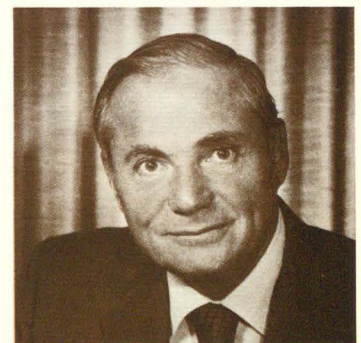
Some indication of a stable financial future was contained in a ruling of the Federal Highway Administration which restored the Authority's Board of Commissioners the right to regulate tolls on our bridges. Preparations for a toll adjustment were begun in December.

Details of the year's activities follow.

Yours respectfully,



Honorable Milton J. Shapp
Governor of the Commonwealth
of Pennsylvania



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

Members of the Commission



New Jersey

From left:

David J. Goldberg
Chairman

Joseph W. Cowgill
Dante J. D'Anastasio
William J. Doyle



Irving K. Kessler
Ceasare D. Napoliello
Joseph J. McComb
James A. Yates



Pennsylvania

John R. Bunting
Vice Chairman

Al Benedict
Robert E. Casey
Morris Gerber



Richard G. Gilmore
Albert Levin
Robert M. Potamkin
Natalie Saxe

Officers



William W. Watkin, Jr., *Executive Director*

Edward P. Scullin, *Secretary/Assistant Executive Director*

Thomas J. Auchter, *Treasurer/Director of Finance*

THE AUTHORITY

The most intensive period of construction activity in the history of the Delaware River Port Authority occurred in the decade from 1965 to 1975. It resulted in the completion of the Lindenwold High Speed Line and the Commodore Barry and Betsy Ross Bridges. By 1976, with projections indicating a somewhat reduced level of new construction for at least the next few years, it appeared that reassessment of Authority personnel needs and organizational structure was required.

This task was undertaken in May 1976 when then Authority Chairman, John R. Bunting, appointed the Special Committee on Reorganization and Staffing which adopted the following statement of purpose and objective: "Create for the DRPA an organizational structure that will provide maximum efficiency in the most economical manner that meets the Authority's current and long-term requirements." The initial effort was launched by Commissioner Joseph Cowgill, as Chairman, and the work of the Committee was completed under Commissioner William Doyle when he subsequently became Chairman.

The Committee held approximately 40 meetings over a period of 18 months and received presentations from DRPA and PATCO department heads on the organizations, budgets, responsibilities, functions and activities of the various divisions and departments.

At the conclusion of its study, the Committee submitted to the Board a list of recommendations which included personnel reductions and an extensive staff realignment.

The plan as adopted by the full Commission eliminated the two Deputy Executive Director positions and reduced the number of Director positions from eight to five. This was accomplished by combining Administrative Services, Personnel Relations and Public Information into a new Administration Division and, similarly, Engineering, Engineering Planning and Regional Planning Divisions into a new Division of Engineering and Planning.

The Committee's changes provided for both immediate and future personnel reductions. As a result, the number of persons employed by the Authority was reduced by 3 percent, from 691 on December 31, 1976 to 670 on December 31, 1977.

The Committee computed the savings resulting from its personnel recommendations to be approximately \$850,000 annually, and that the savings would increase to \$1.5 million ultimately when attrition permitted the elimination and downgrading of other positions earmarked for future action.

The report of the activities of the Divisions which follows reflects the organizational changes approved at the June meeting of the Commission.



*Delaware River Port Authority
Administration Building*

BRIDGE DIVISION



Girl Scouts trek across Benjamin Franklin Bridge

For the fifth consecutive year, the total traffic for all Authority bridges exceeded the previous year, and for the third consecutive year each of the Authority bridges showed a traffic increase over the previous year. This is particularly significant for the Walt Whitman Bridge which established an all-time traffic record during the 1976 Bicentennial Year and exceeded that record by 86,332 vehicles in 1977. As the year ended, commutative traffic to date on the 51-year-old Benjamin Franklin Bridge was approaching the one-billion mark.

Traffic on the Betsy Ross Bridge increased significantly despite a slow start early in the year. Because of the traffic volume early in the year, the Betsy Ross Bridge was operated toll free at night on a trial basis from February through May 1977. The toll-free operation, however, attracted new customers. Traffic in June 1977 reached an all-time high of 284,346 and then exceeded 300,000 for each subsequent month through the end of the year. The last eight months of 1977 showed an average increase of 120,051 vehicles per month over the same period of 1976.

During 1977, Authority patrons traveled approximately 248 million vehicle-miles on Port Authority facilities, an increase of approximately twelve million vehicle-miles over 1976.

Continuation of a program to enforce traffic and speed regulations and to promote safety resulted in a 17 percent decrease in accidents from 528 in 1976 to 440 in 1977. The decrease in accidents per vehicle-mile was approximately 21 percent. There were two fatalities in 1977 compared to six in 1976. A total of 199 injured persons were transported to local hospitals for treatment.

Authority police traveled 1,539,600 miles while patrolling facilities. They issued 11,173 citations for moving violations and assisted drivers by rendering no-charge service to 9,969 vehicles, an average of 27 per day. Port Authority police assisted area police departments in apprehending 256 criminal suspects attempting to use Authority facilities, and they prevented 31 suicide attempts. For the second year in a row five deaths resulted from persons jumping from Port Authority bridges.

Maintenance forces assigned to the bridges continued their programs of maintaining high standards of workmanship and safety in using their skills to keep facilities in good structural condition, safe and attractive. An intensive program of erecting signs leading to all four bridges is recognized as being partially responsible for traffic increases.

FIVE-YEAR TRAFFIC STATISTICS

	Benjamin Franklin Bridge	Walt Whitman Bridge	Commodore Barry Bridge	Betsy Ross Bridge	Total Traffic
1973	21,861,376	30,349,900			52,211,276
1974	20,502,653	28,908,355	2,940,362		52,351,370
1975	21,291,906	30,174,730	3,594,433		55,061,069
1976	21,917,245	31,477,892	3,920,188	1,398,905	58,714,230
1977	22,040,212	32,266,371	4,450,002	3,196,555	61,953,140



*Toll booths at
Betsy Ross Bridge*

WORLD TRADE



World Trade goals explained to businessmen

During the year 1977, Ameriport continued its position as the leading port of the North Atlantic range by handling more than 76 million tons of international waterborne commerce with a dollar value in excess of \$10 billion. This total represents 34 percent of the North Atlantic market, a slight increase over 1976's market share.

The continuance of Ameriport in first position among its competitors is a result of total community effort by the private and public sectors of the Delaware Valley region, and particularly by the port community.

The World Trade Division, as an integral and viable part of this effort, directed its contribution of resources and effort through the implementation of its divisional objectives. Each January, the content, structure and thrust of the Division's objectives are presented to the community for review and critique prior to their adoption.

In 1977, the World Trade Division's objective focused on several major activities basic to the continuing responsibility, as cited in the Authority Compact, of "The performance of such functions . . . of mutual benefit to . . . Pennsylvania and . . . New Jersey insofar as concerns the promotion and development of the Port District for port purposes and . . . use . . . by commercial vessels."

A review of the Division's objectives and its performance in the accomplishment of these objectives is contained in the ensuing paragraphs.

The solicitation of overseas project work cargoes was an important part of the field offices' effort during the year, particularly in the countries served by the European/Middle East, Far East and South American offices.

In 1977, Ameriport participated in handling cargoes for a wide variety of projects including a nuclear power project being built on the Bataan Peninsula of the Philippine Islands; an iron ore pelletizing plant in Brazil; cement mill projects in Korea and in Gresik, Indonesia; the Krsko, Yugoslavia atomic power plant; a manganese plant in Ghana; a television tube manufacturing facility in Poland; a power project in Taiwan; a steel mill in Venezuela and two power generating plants in Saudi Arabia.

In addition to the projects program, the Division

AMERIPORT'S FOREIGN TRADE

Short Tons — in Millions

1973	79,346,906
1974	80,842,875
1975	76,625,707
1976	75,929,496
1977	76,773,646

was active in soliciting and attracting other so-called "non-project" waterborne cargoes through Ameriport. These cargoes included such diverse commodities as: power shovels for Korea; dairy products from New Zealand; coke to Germany; machinery to Greece; palletized glass insulation for Venezuela; coke breeves and tractors from Japan, to list but a few of the products and materials that were handled by our Ameriport marine and transportation facilities.

The Division's solicitation efforts required numerous contacts with such organizations as trading companies, engineering firms, manufacturers, steamship lines, banks, freight forwarders, and governmental officials.

Field Office personnel were supported in their efforts by the Division's Camden headquarters staff.

The supportive services were provided by the three staff bureaus of the World Trade Division—Regulatory Matters, Traffic, and Marketing Services.

The Bureau of Regulatory Matters has a prime responsibility for insuring that Ameriport's steamship

firms receive their full measure of cargo generated by this area and for preventing illegal diversion of cargo by those lines not serving the Ports of Philadelphia.

The Traffic Bureau is responsible for the analysis and the evaluation of practices, rules and regulations covering tariffs, charges, and rates of motor carriers and railroads serving Ameriport and other ports in the Nation.

The Marketing Services Bureau, including its Industrial Development Section, provides statistical and economic analysis of markets, trade routes and waterborne commodities. It is also responsible for such matters as site development for the warehouse/distribution of waterborne cargo, provision of on-shore support for off-shore drilling and reverse investments of overseas capital.

The World Trade Division, as has been true for the past 27 years since its inception, continued to make a most significant contribution to the Region in the year 1977.



Ameriport handled 77 million tons of cargo



DIVISION OF ENGINEERING AND PLANNING

At the June meeting of the Authority, the report of the Special Committee on Reorganization and Staffing was accepted resulting in the creation of a Division of Engineering and Planning that combined the Engineering, Engineering Planning and Regional Planning Divisions under J. R. Woodruff as Director of Engineering and Planning/Chief Engineer.

In June, 1973 the Authority received a Capital Grant Contract from the Urban Mass Transportation Administration to participate in the cost of two major projects to be developed by the Port Authority. The two projects consisted of residual requirements for the Philadelphia-Lindenwold Line, and construction of Woodcrest Station. The total cost is estimated to be \$60 million.

The residual requirements for the Philadelphia-Lindenwold Line include such items as forty-six new transit cars, track expansion and improvements for the Lindenwold Yard, crossovers and controls on the mainline track, additional parking at New Jersey stations, replacement of car couplers and traction motors, replacement of fare collection equipment, station and concourse improvements for the Locust Street Subway, replacement of power and signal control cables, Lindenwold Shop improvements, an electrolysis prevention project, and acquisition of additional right-of-way at Lindenwold.

As of the end of 1977, the residual requirements were either completed or substantially completed with the exception of the following items: new transit cars, Lindenwold Shop improvements, and crossovers and controls on the mainline. The transit cars are being manufactured by Canadian Vickers, Ltd., Montreal, Canada, with delivery expected to commence in early 1979.

The Woodcrest Station project consists of the development of a new station between Ashland and Haddonfield stations on the Philadelphia-Lindenwold Line. It includes trackwork modifications, signals and controls, and the right-of-way required for the station and parking lot. The construction of the parking lot and the access roads connecting Interstate 295 with the Woodcrest parking lot is being developed as a separate project by New Jersey Department of Transportation. Construction of Woodcrest Station project is progressing with completion scheduled for late 1978.

During 1977 the Port Authority initiated and completed contracts for furnishing and installing vibration absorbers at the Commodore Barry Bridge for \$1,060,455; resurfacing the east toll plaza of

Benjamin Franklin Bridge for \$52,456; and installing a sprinkler system at the Central Maintenance Building at a cost of \$28,500. In addition, contracts for the repair of New Jersey approach piers at the Commodore Barry Bridge, costing \$216,000, and suspender rope replacement at the Benjamin Franklin Bridge, to cost \$6,852,685, were awarded, with much of the work to be done in 1978.

In October, the I-676 interchange with the Benjamin Franklin Bridge Camden Plaza was opened to traffic by New Jersey Department of Transportation. This alleviates much of the congestion east of the toll plaza, as both Route 30 and I-676 are now free-flowing for a considerable distance. New Jersey DOT has initiated construction of the one remaining section of I-676 in Camden. When completed, the North-South Freeway will be directly connected to both the Walt Whitman and Benjamin Franklin Bridges.

The Pennsylvania Department of Transportation is continuing work on Route I-95 in the vicinity of the Benjamin Franklin Bridge in Philadelphia. When completed, the northbound and southbound lanes will be continuous through Center City Philadelphia. The ramps connecting to Vine Street will not be built until the Vine Street Expressway is approved, financed and constructed.

Throughout 1977 work continued on technical studies to develop a comprehensive program for improving the transportation system within the Port Authority's mandated jurisdiction. The Final Summary Report for the DRPA Mass Transit Study, together with six supplementary technical studies volumes, were distributed to the funding participants as well as regional, state and local planning agencies, elected officials of the various municipalities traversed by the proposed extensions, and the several mass transportation operators impacted by the Port Authority's total program.

A major milestone of 1977 was the formal consent of both Governor Milton J. Shapp and Governor Brendan T. Byrne to the Port Authority's recommended Mass Transportation Development Program and to the construction of an initial core system consisting of approximately 7.2 miles of proposed Mt. Laurel Branch and approximately 7.0 miles of the proposed Glassboro Branch. Also during 1977, the New Jersey Legislature enacted legislation that provides \$1 million of local share matching funds for the Phase I design and engineering of the recommended program.

While a comprehensive analysis of all transportation facilities serving Southern New Jersey and operating in Philadelphia was accomplished by the Mass Transit Study, Federal policy now dictates that grant decisions for major mass transportation investments be withheld until an acceptable alternative analysis has been completed. As a result, it was necessary to prepare a Scope of Services for an Analysis of Transportation Alternatives in New Jersey as a first step towards engaging a consultant. In December, DVRPC advised that UMTA had included the New Jersey Alternatives Analysis as part of the region's approved grant for the 1978 Integrated Work Program. Eighty percent of the stipulated grant amount for this project will be provided by UMTA. Funding of the remaining twenty percent is expected to be shared by the Port Authority and New Jersey Department of Transportation.

The Authority's Regional Planning office participated in a variety of activities relating to regional transportation planning, development, and coordination. It worked closely with the Delaware Valley Regional Planning Commission (DVRPC) to coordinate agency programs and to participate in DVRPC's technical planning activities in the field of regional transportation. This included membership on the DVRPC Technical Advisory Committee for Highway and Transit Plans, the Planning Coordinating Committee, and the Coastal Zone Steering Committee.

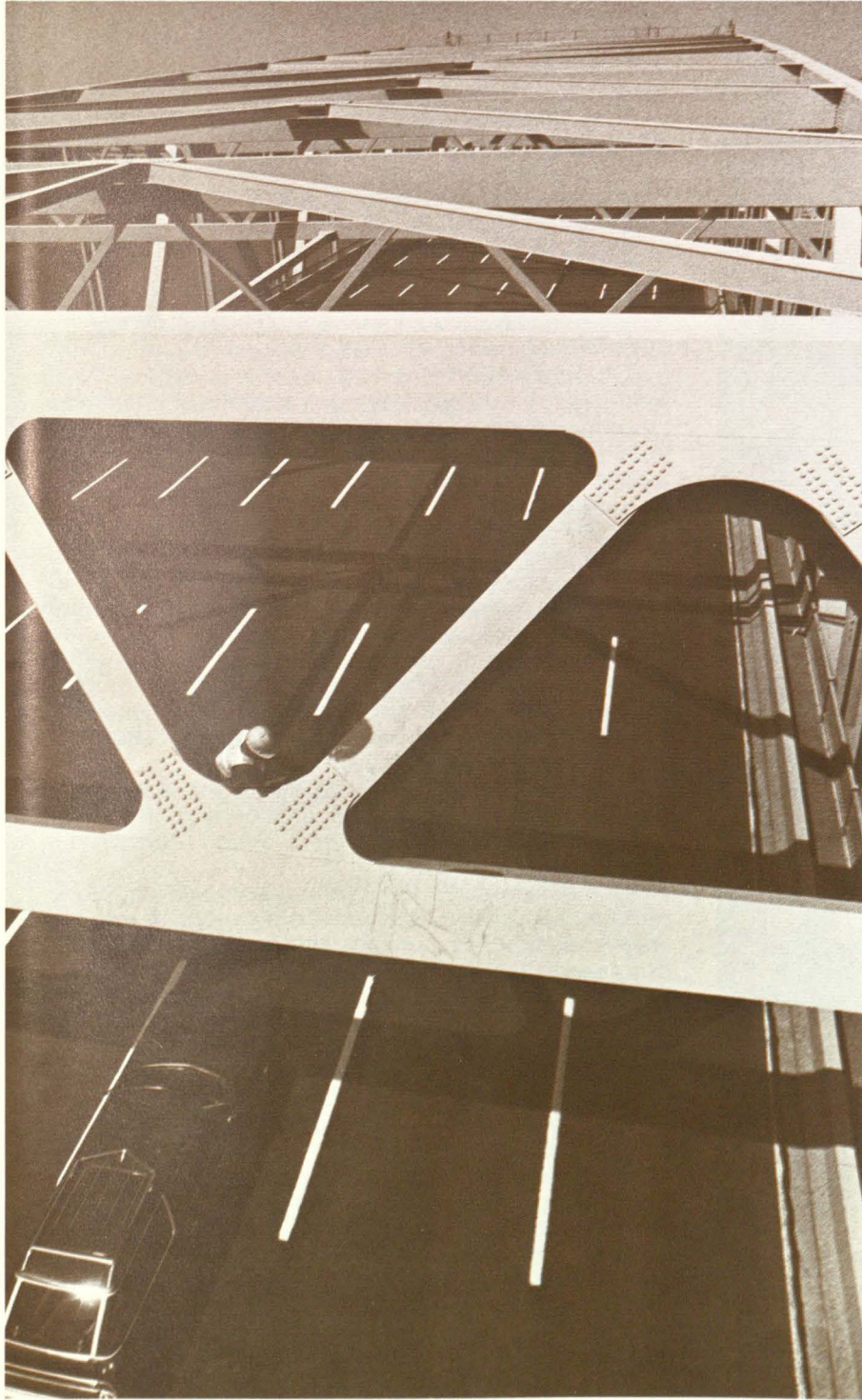
Regional Planning is cooperating with the

DVRPC in a multi-year effort to develop a YEAR 2000 PLAN for the Delaware Valley. A significant component of this effort is the preparation of a long range integrated transportation plan.

Through DVRPC, Regional Planning also participated with local, county and state transportation agencies in developing the regional Transportation Improvement Program and the Transportation Systems Management Plan. The Transportation Improvement Program recommends priorities for regional highway and public transportation improvements projects.

Inclusion of Port Authority projects and programs is a prerequisite for receiving Federal capital and operating financial assistance. The federally mandated Transportation Systems Management Plan focuses on methods of upgrading existing transportation systems through improved operations and management, and low-cost capital improvements.

At the local level, Regional Planning cooperated with numerous city, county and civic agencies in preparation of their transportation plans. The Regional Planning representative also serves as a member of the Center City Mobility Team for downtown Philadelphia. This team completed studies for improvements to the station area at 8th and Market Streets, the modernization of the South Broad Street concourse, and is presently involved in the preparation of a study for improving transportation facilities in the Market Street West area.



*Spot painting at
Betsy Ross Bridge*

*Barry Bridge gets
vibration absorbers*

ADMINISTRATION DIVISION



Printshop produces encoded stickers



Central stores supplies materials

An entirely new Division of Administration was created as a result of the organizational restructuring devised by the Special Committee on Organization and Staffing and approved by the Commission in June.

The new Division combined in a single administrative unit all the services formerly performed by the Divisions of Personnel, Administrative Services, Public Relations, the Office of Toll Accounting/Audit and Internal Auditor.

Haldane King was selected to head the Division which is designed primarily to serve the internal needs of the Authority.

As a result of the economies instituted during 1977, the total number of employees declined during the 12-month period from 691 to 670, thereby reducing the volume of hiring ordinarily experienced. However, in the hiring which did take place, mostly to fill vacancies which occurred because of retirements or resignations, emphasis continued to focus on employment of minorities in keeping with the Authority's Affirmative Action Program.

A successful summer employment program of hiring needy college students was conducted. A total of 64 students were hired as toll collectors, highway helpers and maintenance helpers to relieve permanent employees for vacation.

Personnel Relations hosted the annual meeting of the Four State Survey Group where representatives of similar authorities exchange data on salaries, wages, benefits and policies.

Personnel played an active part in the latter part of the year in successfully negotiating a contract with the Transport Workers Union which represents 331 Authority employees.

Some insight into the Authority's impact on the regional economy can be gained by a look at the volume of supplies, services and equipment which it purchases locally. The Purchasing Bureau of Administrative Services processed 2,451 line items with a value of \$1,500,257.79. Of the total, 131 purchase orders were on State of New Jersey contracts for a total of \$167,169.16. Sixty purchase orders for material valued at \$12,458.60 were issued to minority vendors from a list of 25 minority vendors who deal in goods or services used by the Authority.

Administrative Services Print Shop processed 594 printing jobs in 1977 which resulted in 6,739,554 finished pieces. It was also given responsibility for producing commuter stickers which are used in conjunction with automatic toll collecting equipment. The project was undertaken in November and by year end, 54,945 stickers had been produced.

The sale of surplus equipment, including nine

vehicles in 1977, yielded the Authority \$4,344.

Vending machines at Authority employee lunch-room facilities generated a profit of \$4,818.93 for the DRPA Employees' Association.

Administrative Services processed 523 accident reports. Eighty-three claims were initiated for damages to Authority property as a result of vehicles using Authority facilities. The claims resulted in collections totaling \$28,866.05 for the year.

Public Relations underwent changes beyond its inclusion in the new Administration Division, beginning with its redesignation as the Office of Public Information.

Under the direction of the Public Information and Affairs Committee, the role of the Office was redefined with broader objectives and increased responsibility for developing improved public understanding of the Authority's activities, goals, problems and accomplishments.

One of the immediate results of this new direction was the initiation of an advertising campaign to increase utilization of the Betsy Ross Bridge. Community newspapers in both States in the vicinity of the bridge were employed in the campaign, and readily measurable growth in traffic volumes was obtained in the months following the four-week campaign.

The Authority's bridge film, "Betsy and the Commodore," was shown on frequent occasions during the year, particularly to service clubs through-

out the region, and provided valuable opportunities to address live audiences and explain the activities of the Authority.

While the ordinary work of the Office of Public Information was being carried out in servicing the print and electronic media as well as the public at large, work was begun on expanded effort for the ensuing year to increase public awareness of the Authority's role in the economic vitality of the region.

The Toll Accounting and Toll Auditing offices were associated with the Bridge Division until the June reorganization when they were transferred to the new Administration Division. This activity is responsible for counting, recording and depositing toll revenues; selling truck scrip and bus and auto car tickets; and of keeping accurate records of traffic in all its classifications.

Data compiled includes a daily record of traffic, revenue, ticket sales, ticket collections and toll collector and automatic lane efficiencies for each of the four bridges. Personnel are assigned to each of the bridges with the principal concentrations at the busier Benjamin Franklin and Walt Whitman Bridges.

Two high speed Brandt 945 Sorter/Counter machines capable of sorting and counting 2500 to 3000 coins per minute each were acquired late in 1976 and fully integrated into the work of the Toll Accounting function during 1977. They have contributed significantly to the increased efficiency of that activity.

FINANCIAL HIGHLIGHTS

	1977	1976
Gross Operating Revenues	\$ 35,833,000	\$ 34,127,000
Operating Revenues in Excess of Expenses	17,872,000	17,596,000
Net Revenues Available for Debt Service	21,443,000	21,122,000
Interest on Funded Debt	16,829,000	16,829,000
Investment in Facilities	509,866,000	463,137,000
Funded Debt	448,136,000	452,751,000



Train operator on Lindenwold Line

PORT AUTHORITY TRANSIT CORPORATION

In October 1977, PATCO was presented the Urban Mass Transit Administration's (UMTA) Award for Outstanding Public Service in providing a viable alternative to automobile travel between Philadelphia, Pa., and Southern New Jersey. UMTA Administrator, Richard S. Page, cited PATCO as having the highest operating revenue/cost ratio among rail and bus transit systems in the Nation as the result of its cost-effective design, construction and operational features and its innovative management.

Ridership for 1977, compared to the previous year, was down for a variety of reasons but primarily because 1976 was the Bicentennial year and thousands of South Jersey residents used the convenience of PATCO to attend Center City Philadelphia's evening and weekend special events and celebrations.

As an example, on July 4th alone that year, the Line carried 56,166 passengers. The downward trend in 1977 started with the bitter winter days in January and February. Attendant fuel shortages shut down factories and offices. Spring got into the act with a SEPTA strike (March 25 to May 7) which caused an estimated loss of no less than 100,000 passengers.

Total passengers carried in 1977 was 10,984,026 compared with 11,523,145 in 1976. The year's operating loss amounted to \$974,769 compared to a \$520,001 loss in 1976. Both revenue and passenger figures were affected because there was one less calendar week (53 in 1976, 52 in 1977) used in their compilation.

On the positive side, the August opening of "The Gallery," a new shopping mall in Center City Philadelphia, seemingly brought about a large increase in Saturday and Sunday riding. The added riders held through most weekends for the balance of the year.

Plans are already being formulated with the New Jersey Department of Transportation for an increase in feeder bus service to PATCO following delivery of 46 new cars in the Fall of 1979.

Despite the continuing inflationary spiral of operating costs, PATCO maintained its reputation as the most highly regarded model for rail transit lines. Sustaining this image is the fact that 98.26 percent of the year's trips were completed on schedule. And adding to its luster was the outstanding accomplishment of obtaining 89 percent of operating costs from the fare box, a feat unmatched in the Nation.

Looking ahead to effecting changes most wanted by the riders, a comprehensive "On-Board Survey" was conducted on the trains in October to obtain updated data concerning riding habits and preferences. This information should prove invaluable to the planned expansion of the Line. A promising start

towards getting the expansion moving was taken in October when the Governors of New Jersey and Pennsylvania granted their consent for the project to enlarge the present PATCO system. Financing remains the key. The local share cost will be approximately \$75 million, with the Federal Government providing eighty percent of the total estimated cost of \$375 million.

Operations proceeded smoothly in 1977. The detailed, regularly scheduled inspection program, plus an agreement with the manufacturers on a satisfactory method of rebanding the traction motors, seemed to play a large part in keeping the trains running extremely well. Problems were encountered with the new passenger gates, but continuing efforts by the manufacturer and PATCO technicians worked out most of the "bugs." In-house changes continue on the ticket vendors and they too show improvement.

An unexpected benefit occurred in March when PATCO took possession and control of track and facilities between West Haddonfield and Lindenwold lying within DRPA property. This trackage, formerly used by the Pennsylvania-Reading Seashore Lines, was part of the property covered by an Agreement between DRPA and the Railroads (predecessors of Penn Central, Reading and PRSL) and reverted back to DRPA when the line was abandoned by Conrail. PATCO is utilizing a portion of this trackage during construction of the Woodcrest Station with a resultant saving of \$300,000 in the cost of constructing this new station.

PATCO's Reduced Fare Program (RFP) is now in its second year. More than 5,200 persons have taken advantage of this service which permits the elderly and handicapped to use the transit line at a cost of only 20 cents per ride as compared to the regular fare of from 40 cents to 90 cents. Over 75,000 rides at the reduced fare were taken during the initial year of the program.

PATCO

Ridership in Millions

1973	10,127,076
1974	11,110,112
1975	11,119,988
1976	11,523,145
1977	10,984,026

THE COMMISSION

FINANCE DIVISION

The membership of the Delaware River Port Authority Board of Commissioners remained unchanged in 1977.

The biennial election was held in January with the result that the Chairman and Vice Chairman exchanged offices.

New Jersey Commissioner David J. Goldberg, attorney and former New Jersey Commissioner of Transportation, was elected Chairman, and Pennsylvania Commissioner John R. Bunting, Chairman, First Pennsylvania Banking & Trust Co., was elected Authority Vice Chairman.

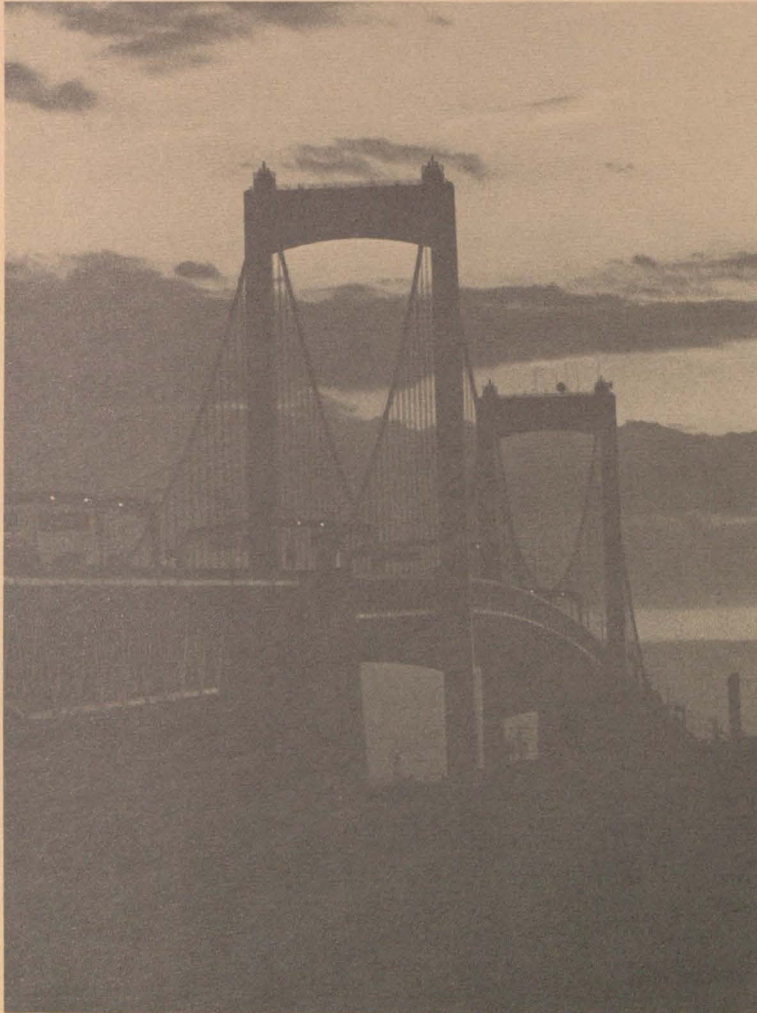
Gross operating revenue for the year 1977 totaled \$35,833,498, an increase of 5.0 percent over 1977. This represents a continued increase in the utilization of the Authority's facilities. Operating revenues in excess of expenses and after the addition of applicable investment income, but before debt service, amounted to \$21,443,020. The interest on funded debt remained at \$16,829,036, leaving \$4,613,984 available for other Authority activities. Other investment income and charges as shown on Schedule 1 amounted to a net charge of \$5,807,091 which resulted in an operating loss of \$1,193,107 before the cumulative effect of the changes in accounting principals described below.

During 1977 the Authority elected to conform with the audit guide entitled "Audits of State and Local Government Units" as issued by the Committee on Governmental Accounting and Auditing of the American Institute of Certified Public Accountants.

The principal difference between the generally accepted accounting principles used heretofore by the Authority, consistent with its Bond Resolutions, and the recommendation in this audit guide is the inclusion of a provision for depreciation on the Authority's financial statements and the addition of interest during construction to the cost of each facility. The Authority has reflected these changes on its financial statements dated December 31, 1977, and has reflected on the Statement of Revenues and Expenses pro forma amounts, assuming the new accounting methods are applied retroactively.

The adoption of this accounting practice results in no changes in the net revenues of the Authority or their application as they are governed by the 1969 General Bond Resolution and the 1974 Special Revenue Bond Resolution which provides that operating expenses shall not include, among other things, any provision for depreciation or interest during construction. The Authority has prepared, in addition to financial statements reflecting depreciation and interest during construction, Schedule 1 in conformity with its Bond Resolutions. The revenue and expense information given above refers to this Schedule.

FINANCIAL STATEMENTS



Financial Summary

Balance Sheet 20

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Revenues and Expenses
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Delaware River Port Authority
Camden, New Jersey

We have examined the balance sheets of Delaware River Port Authority as of December 31, 1977 and 1976 and the related statements of revenues and expenses and of changes in fund equities for the years then ended. 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 financial statements referred to above present fairly the financial position of Delaware River Port Authority at December 31, 1977 and 1976 and the results of its operations and changes in fund equities for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, except for the changes, with which we concur, in the methods of accounting for investment in facilities as described in Note 2 to the financial statements.

The additional statements of revenues and expenses (in accordance with Port Authority Bond Resolutions) for the years ended December 31, 1977 and 1976 (presented on pages 35 and 36) have been subjected to the audit procedures applied in the examination of the basic financial statements, and in our opinion, are presented fairly in all material respects in relation to the basic financial statements taken as a whole.

Lavenhol & Horwath

February 17, 1978

DELAWARE RIVER PORT AUTHORITY
BALANCE SHEETS - DECEMBER 31, 1977 AND 1976

ASSETS	Capital Fund	Revenue Fund	Bond Service Fund	Bond Reserve Fund	1972 Escrow Deposit Fund	1972 Bond Fund
Cash (Note 6)		\$ 309,000		\$ 1,000		\$ 1,000
Investment in securities (Note 6)		24,916,000	\$10,528,000	23,629,000	\$104,465,000	212,000
Accrued interest receivable		343,000		661,000	2,928,000	
Accounts receivable (Note 3)		32,000				
Transit system inventory						
Prepaid expenses		236,000				
Investment in facilities (Notes 2, 4 and 6)	\$251,208,000					
Less accumulated depreciation	<u>57,923,000</u>					
	193,285,000					
Future extensions to Southern New Jersey Rapid Transit System study	<u>19,000</u>					
	<u>\$193,304,000</u>	<u>\$25,836,000</u>	<u>\$10,528,000</u>	<u>\$24,291,000</u>	<u>\$107,393,000</u>	<u>\$213,000</u>
LIABILITIES AND FUND EQUITIES						
Accounts payable:						
Contracts						
Retained amount on contracts						
Other		\$ 497,000				
		<u>497,000</u>				
Accrued liabilities:						
Interest			\$ 7,686,000		\$ 2,487,000	\$781,000
Pension (Note 5)		357,000				
Sick leave benefits		<u>2,373,000</u>				
		<u>2,730,000</u>	7,686,000		2,487,000	781,000
Deferred income on truck tickets		<u>721,000</u>				
Reserves:						
Replacements and repaving		4,251,000				
Other		<u>21,000</u>				
		<u>4,272,000</u>				
Funded debt (Note 6)	\$109,218,000			\$23,630,000	108,090,000	
Commitments and contingent liabilities (Note 7)	<u>84,086,000</u>	<u>17,616,000</u>	<u>2,842,000</u>	<u>661,000</u>	(3,184,000)	(568,000)
Fund equities (deficiencies)	<u>\$193,304,000</u>	<u>\$25,836,000</u>	<u>\$10,528,000</u>	<u>\$24,291,000</u>	<u>\$107,393,000</u>	<u>\$213,000</u>

Debt Service Fund	Debt Service Reserve Fund	1974 Escrow Deposit Fund	1974 Bond Fund	Construction Fund	General Fund	Total	
						1977	1976
\$1,796,000	\$3,565,000 96,000	\$ 3,000 44,365,000 1,493,000	\$ 8,000	\$ 2,000 7,880,000 223,000	\$ 106,000 881,000 5,243,000 1,058,000 240,000	\$ 422,000 222,245,000 5,521,000 5,498,000 1,058,000 476,000	\$ 424,000 229,401,000 5,418,000 4,151,000 961,000 209,000
				257,980,000 7,680,000	678,000 81,000	509,866,000 65,684,000	463,137,000 15,636,000
				<u>250,300,000</u>	<u>597,000</u>	<u>444,182,000</u>	<u>447,501,000</u>
					631,000	650,000	630,000
<u>\$1,796,000</u>	<u>\$3,661,000</u>	<u>\$45,861,000</u>	<u>\$ 8,000</u>	<u>\$258,405,000</u>	<u>\$8,756,000</u>	<u>\$680,052,000</u>	<u>\$688,695,000</u>
				\$ 451,000 38,000	\$ 330,000 2,206,000	\$ 781,000 2,741,000	\$ 267,000 689,000 1,574,000
				<u>489,000</u>	<u>2,536,000</u>	<u>3,522,000</u>	<u>2,530,000</u>
\$ 810,000		\$ 864,000	\$309,000			12,937,000 483,000	13,058,000 465,000
				2,000	124,000 419,000	2,792,000	2,274,000
<u>810,000</u>		<u>864,000</u>	<u>309,000</u>	<u>2,000</u>	<u>543,000</u>	<u>16,212,000</u>	<u>15,797,000</u>
						721,000	707,000
						4,251,000 300,000	2,860,000 300,000
					300,000	4,572,000	3,160,000
		36,335,000		<u>170,863,000</u>		<u>448,136,000</u>	<u>452,751,000</u>
<u>986,000</u>	<u>\$3,661,000</u>	<u>8,662,000</u>	<u>(301,000)</u>	<u>87,051,000</u>	<u>5,377,000</u>	<u>206,889,000</u>	<u>213,750,000</u>
<u>\$1,796,000</u>	<u>\$3,661,000</u>	<u>\$45,861,000</u>	<u>\$ 8,000</u>	<u>\$258,405,000</u>	<u>\$8,756,000</u>	<u>\$680,052,000</u>	<u>\$688,695,000</u>

See notes to financial statements.

DELAWARE RIVER PORT AUTHORITY
STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31, 1977 AND 1976

Operating revenues and expenses (Note 6):

Bridge:
Tolls
Other operating revenues
Operating expenses
Depreciation (Note 2)

Transit system:
Passenger fares
Other operating revenues
Operating expenses
Depreciation

General administration expenses:

Salaries, including employee benefits (Note 5)
Other

Operating revenues in excess of expenses
Interest income on investment in securities of the Revenue,
Bond Service and Bond Reserve Funds

Interest on funded debt:

1969 First Series Revenue Bonds
Series 1972 Revenue Bonds
Series 1972 Refunding Revenue Bonds

Excess (deficiency) of revenue over expenses before other
income (charges)

Other income (charges):

Interest on funded debt:
1969 First Series Revenue Bonds (Note 6)
Series 1970 Revenue Bonds (Note 6)
Series 1972 Special Obligation Refunding Bonds
Series 1974 Special Revenue Refunding Bonds
Series 1974 Special Obligation Refunding Bonds

Other interest income on investment in securities
World trade development expenses, including salaries and employee
benefits of \$984,000 in 1977 and \$930,000 in 1976
Retirement of fare collection equipment (Note 8)
Rehabilitation costs for Franklin Square Station
Cost of other equipment retired

Loss before cumulative effect of changes in accounting principles
Cumulative effect on prior years (to December 31, 1976) of changes
in methods of accounting for investment in facilities (Note 2)

Net loss

Pro forma amounts assuming the new accounting methods were
applied retroactively (Note 2):

Pro forma net loss

See notes to financial statements.

<u>1977</u>		<u>1976</u>	
\$35,801,000		\$34,092,000	
33,000	\$35,834,000	35,000	\$34,127,000
<u>15,169,000</u>		<u>14,061,000</u>	
4,717,000	<u>19,886,000</u>		<u>14,061,000</u>
	<u>15,948,000</u>		<u>20,066,000</u>
7,518,000		7,436,000	
386,000	7,904,000	407,000	7,843,000
<u>8,860,000</u>		<u>8,342,000</u>	
2,241,000	11,101,000	2,175,000	10,517,000
	(3,197,000)		(2,674,000)
	<u>12,751,000</u>		<u>17,392,000</u>
2,179,000		1,891,000	
<u>614,000</u>	2,793,000	<u>578,000</u>	2,469,000
	9,958,000		14,923,000
	3,571,000		3,526,000
5,625,000		5,625,000	
6,550,000		6,550,000	
<u>4,654,000</u>	(16,829,000)	<u>4,654,000</u>	(16,829,000)
	(3,300,000)		1,620,000
(1,888,000)		(1,966,000)	
(5,425,000)		(5,425,000)	
(1,705,000)		(1,705,000)	
(1,848,000)		(1,907,000)	
(752,000)		(907,000)	
(11,618,000)		(11,910,000)	
10,449,000		10,811,000	
(1,441,000)		(1,442,000)	
		(1,193,000)	
		(163,000)	
		(11,000)	
	(2,610,000)		(3,908,000)
	(5,910,000)		(2,288,000)
	(951,000)		
	(\$ 6,861,000)		(\$ 2,288,000)
	(\$ 5,910,000)		(\$ 6,280,000)

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1977 AND 1976

1. Summary of significant accounting policies:

Description of business:

The Delaware River Port Authority is a public corporate instrumentality of the Commonwealth of Pennsylvania and the State of New Jersey created with the consent of Congress in 1931 by compact 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 Patco Transit System. The facility operates between Philadelphia and Lindenwold, New Jersey as a wholly owned subsidiary. Through its World Trade Division, the Authority promotes the development and use of the Delaware River and the Port District as a highway of commerce.

Basis of presentation:

The financial statements include the accounts of the Delaware River Port Authority and its wholly owned subsidiary the Port Authority Transit Corporation (also known as Patco Transit System). Material balances and transactions between the entities have been eliminated.

Investment in securities:

Investment in securities is stated at amortized cost, which approximates market value.

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 reserve for replacements 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 net interest expense (see Note 2B) and administrative and legal expenses 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 (see Note 2A). The related cost and accumulated depreciation of the property replaced is removed from the respective accounts and any gain or loss on disposition is credited or charged to income.

Investment in facilities and reserve for replacements and repainting (continued):

Depreciation (see Note 2A) is provided using the straight-line method over the estimated useful lives of the related assets.

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 and replace road surfaces and fenders of bridge facilities is provided by periodic charges to operations.

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

1. Summary of significant accounting policies (continued):

Patco Transit System, first phase capital improvement program and future extensions to Patco Transit System study:

Patco Transit System, first phase capital improvement program and future extensions to Patco Transit System study are stated at cost, net of reimbursements from the Urban Mass Transportation Administration and other governmental agencies (see Note 3).

Funded debt discount:

Discount arising from the issuance of funded debt is amortized on the straight-line method from the issue date to maturity.

2. Changes in methods of accounting for investment in facilities:

During the year ended December 31, 1977, the Authority changed its methods of accounting for investment in facilities. The new methods have been adopted for the following reasons:

- (a) to apply the principles set forth in the audit guide entitled "Audits of State and Local Government Units" as issued by the Committee on Governmental Accounting and Auditing of the American Institute of Certified Public Accountants
- (b) to determine the rate of return on investment
- (c) to more accurately match costs with related revenues
- (d) to systematically recognize the use of the facilities

The accompanying financial statements give retroactive application to the changes for facilities acquired in all prior years.

A. Depreciation of facilities:

During the year ended December 31, 1977, the Authority adopted the policy of providing depreciation on facilities as an operating expense. Prior to 1977, depreciation had been provided only for the Patco Transit System. In conjunction with the change, the Authority also changed its method of accounting for replacements of automotive and maintenance equipment. The change provides for capitalizing the cost of replacing equipment (except police and other vehicles whose estimated useful life is two years or less) and depreciating them over their estimated useful lives.

Prior to 1977, only the cost of new acquisitions were capitalized and replacements were charged to operations as incurred.

The effect of these changes on the operating results for the year ended December 31, 1977 is to increase the loss before the cumulative effect of the changes by \$4,717,000. A cumulative effect adjustment in the amount of \$43,229,000 has been included as a charge during the year ended December 31, 1977 in determining net loss.

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

2. Changes in methods of accounting for investment in facilities (continued):

B. Interest during construction:

The Authority has changed its method of accounting for the cost of financing construction projects. Under the new method, interest expense, net of interest earned on temporary investments during the period of construction (through the opening date of facility) is included in the cost of the facility. In prior years, such financing costs had been charged to operations as incurred. This change has no effect on the loss before the cumulative effect of changes in accounting methods for the year ended December 31, 1977 since all facilities were open at the beginning of the year and thus no interest was subject to capitalization. The cumulative effect of the change on prior years amounts to \$42,278,000 which decreases the net loss for the year ended December 31, 1977.

The cumulative effect on prior years (to December 31, 1976) of the changes in accounting methods for investment in facilities is summarized as follows:

Depreciation of facilities	(\$43,229,000)
Interest during construction	<u>42,278,000</u>
	<u>(\$ 951,000)</u>

The pro forma amounts in the statement of revenues and expenses represent the net loss which would have resulted during the years ended December 31, 1977 and 1976 had the new methods been in effect at the date the facilities commenced operations.

3. Accounts receivable:

General Fund accounts receivable include amounts due from governmental authorities for:

	<u>1977</u>	<u>1976</u>
Construction reimbursement for the Patco Transit System, Locust traction power substation	\$ 382,000	\$ 382,000
Reimbursement for a Mass Transit Capital Improvement Grant, the Patco Transit System, first phase capital improvement program	4,259,000	2,744,000
Advance to N.J. Department of Transportation for right-of-way acquisition, Woodcrest Station	378,000	485,000
Reimbursement for a Mass Transit Technical Study Grant	154,000	91,000
Reimbursement for the rehabilitation and reactivation of the Franklin Square Station		<u>50,000</u>
	<u>\$5,173,000</u>	<u>\$3,752,000</u>

The Construction Fund accounts receivable represents the amount due from the State of New Jersey for construction of highways leading to certain of the Authority's facilities.

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

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

4. Investment in facilities:

Investment in facilities is composed of the following:

	Cost	Accumulated depreciation	Net
Bridges:			
Benjamin Franklin Bridge	\$ 48,733,000	\$16,827,000	\$ 31,906,000
Walt Whitman Bridge	93,724,000	22,871,000	70,853,000
Commodore Barry Bridge	139,777,000	5,706,000	134,071,000
Betsy Ross Bridge	123,262,000	2,115,000	121,147,000
	<u>405,496,000</u>	<u>47,519,000</u>	<u>357,977,000</u>
Transit system:			
Patco Transit System	103,382,000	18,108,000	85,274,000
Patco Transit System first phase capital improvement program	988,000	57,000	931,000
	<u>104,370,000</u>	<u>18,165,000</u>	<u>86,205,000</u>
	<u>\$509,866,000</u>	<u>\$65,684,000</u>	<u>\$444,182,000</u>

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

Bridges, freeway connections and tunnels	100 years
Buildings, stations and certain bridge components	35-50 years
Transit cars, machinery and equipment	10-25 years

5. Pension plan:

The Authority participates in a money purchase pension plan administered by an agency of the Commonwealth of Pennsylvania which covers all permanent employees of the Authority. The nonrepresented employees of the Authority's wholly owned subsidiary are also covered by this plan. Contributions to the plan by the Authority and its subsidiary amounted to \$1,756,000 and \$1,546,000 in 1977 and 1976, respectively. The Authority's subsidiary also contributes to a union pension plan which covers its represented employees. Contributions totalling \$109,000 and \$90,000 in 1977 and 1976, respectively, were made to this plan. The excess, if any, of the actuarially computed value of vested benefits over the respective pension fund assets, was not available from the administrators of either plan.

6. Funded debt:

The First Series Revenue Bonds, Series 1970 Revenue Bonds, Series 1972 Revenue Bonds and Series 1972 Refunding Revenue Bonds are issued in accordance with the General Bond Resolution dated April 23, 1969 as supplemented; the Series 1972 Special Obligation Refunding Bonds are issued pursuant to Resolution dated September 13, 1972; the Series 1974 Special Revenue Refunding Bonds are issued in accordance with the Special Revenue Bond Resolution dated June 19, 1974 as supplemented; and the Series 1974 Special Obligation Refunding Bonds are issued pursuant to Resolution dated June 19, 1974.

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

6. Funded debt (continued):

Funded debt transactions for the years ended December 31, 1977 and 1976 and outstanding funded debt are summarized as follows:

	Total	1969 First Series Revenue Bonds	Series 1970 Revenue Bonds
Balance, January 1, 1976	\$458,475,000	\$139,000,000	\$70,000,000
Deduct:			
Bonds matured	(4,820,000)	(2,125,000)	
Sinking Fund payment	(1,105,000)		
Add:			
Amortization of bond discount	201,000		
Balance, December 31, 1976	452,751,000	136,875,000	70,000,000
Deduct:			
Bonds matured	(4,105,000)	(1,500,000)	
Sinking Fund payment	(685,000)		
Add:			
Amortization of bond discount	175,000		
Balance, December 31, 1977	<u>\$448,136,000</u>	<u>\$135,375,000</u>	<u>\$70,000,000</u>

The funded debt is payable and bears interest as follows:

<u>Maturity date</u>	<u>Rate</u>	<u>Principal, net of unamortized discount</u>
1969 First Series Revenue Bonds:		
<u>January 15,</u>		
1978	5.15 %	\$ 2,050,000
1979	5.20	2,900,000
1980	5.25	3,575,000
1981	5.30	4,200,000
1982	5.35	4,825,000
1983	5.35	5,350,000
1984	5.40	5,975,000
1985	5.40	<u>6,500,000</u>
		35,375,000
Total serial bonds outstanding, 2009 (term bonds)	5.625	<u>100,000,000</u> \$135,375,000
Series 1970 Revenue Bonds, January 15, 2010	7.75	70,000,000
Series 1972 Revenue Bonds, net of unamortized discount of \$1,665,000, January 15, 2011	6.50	98,335,000
Series 1972 Refunding Revenue Bonds, net of unamortized discount of \$309,000, January 15, 2010	6.00	77,091,000

Series 1972 Revenue Bonds	Series 1972 Refunding Revenue Bonds	Series 1972 Special Obligation Refunding Bonds	Series 1974 Special Revenue Refunding Bonds	Series 1974 Special Obligation Refunding Bonds
\$98,235,000	\$77,071,000	\$31,000,000	\$25,580,000	\$17,589,000
				(2,695,000)
			(1,105,000)	
<u>50,000</u>	<u>10,000</u>		<u>87,000</u>	<u>54,000</u>
98,285,000	77,081,000	31,000,000	24,562,000	14,948,000
				(2,605,000)
			(685,000)	
<u>50,000</u>	<u>10,000</u>		<u>78,000</u>	<u>37,000</u>
<u>\$98,335,000</u>	<u>\$77,091,000</u>	<u>\$31,000,000</u>	<u>\$23,955,000</u>	<u>\$12,380,000</u>

	<u>Maturity date</u>	<u>Rate</u>	<u>Principal, net of unamortized discount</u>
Series 1972 Special Obligation Refunding Bonds,	January 15, 1979	5.50	31,000,000
Series 1974 Special Revenue Refunding Bonds, net of unamortized discount of \$425,000,	January 15, 1990	7.25	23,955,000
Series 1974 Special Obligation Refunding Bonds:			
	<u>January 15,</u>	<u>July 15,</u>	
	1978		5.30% \$ 1,290,000
		1978	5.30 1,230,000
	1979		5.35 1,240,000
		1979	5.35 1,145,000
	1980		5.40 1,145,000
		1980	5.40 1,005,000
	1981		5.45 1,005,000
		1981	5.45 840,000
	1982		5.50 840,000
		1982	5.50 655,000
	1983		5.55 660,000
		1983	5.55 455,000
	1984		5.60 460,000
		1984	5.60 240,000
	1985		5.60 240,000
Outstanding issue			12,450,000
Less unamortized discount			<u>70,000</u>
			<u>\$ 12,380,000</u>
			<u>\$448,136,000</u>

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

6. Funded debt (continued):

To effect the redemption of the \$40,000,000 Serial Bonds issued under the 1969 General Bond Resolution, on July 11, 1974 the Authority issued the Series 1974 Special Revenue Refunding Bonds and Series 1974 Special Obligation Refunding Bonds. Proceeds from the sale of these bonds, together with unencumbered amounts from the General Fund totalling \$6,448,458 and an amount previously deposited in the Bond Reserve Fund totalling \$1,843,950 were transferred into the 1974 Escrow Deposit Fund and applied to the purchase of specified investments which are held in a special and irrevocable trust fund under an escrow deposit agreement. The maturing principal of the specified investments will be used to redeem the 1969 Serial Bonds as they mature, and to pay the debt service thereon. The income from these specified investments, together with the accrued interest on the Series 1974 Special Obligation Refunding Bonds received at settlement will be used to redeem the Series 1974 Special Obligation Refunding Bonds as they mature, and to pay the related debt service.

As a result of the issuance of the Series 1974 Special Revenue Refunding Bonds and the Series 1974 Special Obligation Refunding Bonds, the 1969 Serial Bonds are, as of July 11, 1974, no longer "outstanding" as defined by the General Bond Resolution. Interest expense on the 1969 Serial Bonds is included in other income (charges) after July 15, 1974.

The Authority has given the Trustee under the 1969 General Bond Resolution notice of its irrevocable election to redeem the Series 1970 Revenue Bonds on January 15, 1979 at 103% of principal amount. To effect this redemption the entire proceeds from the sale of Series 1972 Refunding Revenue Bonds and Series 1972 Special Obligation Refunding Bonds, together with cash transferred from the Bond Service Fund, were deposited in the 1972 Escrow Deposit Fund and were applied to the purchase of certain specified investments which are held in a special and irrevocable trust fund under the 1972 Escrow Deposit Agreement. The maturing principal of and the interest income from the specified investments will be used to pay the principal, redemption premium and the interest on the Series 1970 Revenue Bonds, and to the extent available, the principal of and interest on the Series 1972 Special Obligation Refunding Bonds.

As a result of the issuance of the Series 1972 Refunding Revenue Bonds and the Series 1972 Special Obligation Refunding Bonds, the Series 1970 Bonds are, as of October 17, 1972, no longer "outstanding" as defined by the 1969 General Bond Resolution. Interest expense on the Series 1970 Bond is included in other income (charges).

Substantially all revenues, cash and securities of the Authority are pledged under the various Resolutions authorizing the bond issues.

The Series 1974 and 1972 Special Obligation Refunding Bonds are not subject to early redemption. All other issues are redeemable prior to maturity at various amounts not in excess of 104% of principal.

The several bond/debt service, bond/debt reserve, and escrow requirements established by and defined in the various Resolutions authorizing the bond issues were met by the Authority.

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

6. Funded debt (continued):

These requirements are summarized as follows:

	December 31,	
	1977	1976
Bond Reserve	\$21,601,000	\$21,601,000
Bond Service	9,126,000	9,126,000
1972 Escrow	80,237,000	85,662,000
Debt Service Reserve	3,177,000	3,177,000
Debt Service	1,774,000	1,383,000
1974 Escrow	44,368,000	47,791,000

In addition, the several maintenance of revenues covenants established by the various Resolutions were exceeded by the Authority for the year ended December 31, 1977.

7. Commitments and contingent liabilities:

As of December 31, 1977, the Authority had contractual commitments as follows:

	Revenue Fund	Construction Fund	General Fund	Total
Benjamin Franklin Bridge:				
Maintenance building		\$ 32,000		\$ 32,000
Suspender rope replacement program			\$ 6,900,000	6,900,000
Other	\$30,000		19,000	49,000
Walt Whitman Bridge			19,000	19,000
Commodore Barry Bridge		605,000		605,000
Betsy Ross Bridge		1,506,000		1,506,000
Patco Transit System				
Boundary survey, N.J. properties		2,000		2,000
Patco Transit System first phase capital improvement program			35,883,000	35,883,000
Future extensions to Southern New Jersey Rapid Transit System study			146,000	146,000
World trade develop- ment			17,000	17,000
	<u>\$30,000</u>	<u>\$2,145,000</u>	<u>\$42,984,000</u>	<u>\$45,159,000</u>

The current engineering estimate for the total cost of construction of the Commodore Barry and Betsy Ross Bridges aggregated approximately \$272,000,000 of which approximately \$263,000,000 has been incurred to date. The amount unearned or not billed under actual construction contracts for these facilities totals \$2,112,000.

The Authority has agreed to contribute \$750,000 to the State of New Jersey for highway construction leading to the Benjamin Franklin Bridge. In addition, the Authority is committed to the Commonwealth of Pennsylvania for construction of roadway connections between the Benjamin Franklin Bridge and the Vine Street Expressway. The agreement provides that the Authority's participation will be limited to \$3,375,000.

DELAWARE RIVER PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 1977 AND 1976

7. Commitments and contingent liabilities (continued):

In 1972, the Authority entered into a long-term lease agreement for the rental of toll collection equipment for approximately 63 toll lanes. The Agreement expires April 30, 1981. The lease remains in full force and effect for an additional two year period unless the Authority gives termination notice in writing at least 120 days prior to the expiration of the base period. The lease contains an option to purchase clause.

Certain subway properties are leased from the City of Philadelphia. The lease expires December 31, 1997 and provides for rental payments of \$1 per year plus 9.6% of net profits of the Transit System. For the years ended December 31, 1977 and 1976 no additional rent is payable since operations of the Transit System 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 \$1.00 certain of the facilities constructed or acquired under the Patco Transit 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 leased property.

Minimum lease commitments for the automatic toll collection equipment are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
1978	\$718,000
1979	718,000
1980	718,000
1981	238,000

Rent expense for the years ended December 31, 1977 and 1976 amounted to \$874,000 and \$834,000, respectively.

The Authority anticipates renewing or replacing annual office and equipment leases that expire in the normal course of business. Several office and equipment leases require the Authority to pay maintenance and certain operating expenses.

The Authority is a defendant in various legal actions. The Authority feels that the ultimate liability, if any, in these actions will not materially affect its financial position. Accordingly, no provision has been made in the financial statements for any potential losses in these matters.

8. Retirement of fare collection equipment:

Pursuant to a Federal grant from the Urban Mass Transportation Administration, the Authority replaced substantially all of its fare collection equipment on the Patco Transit System during the year 1976. The old equipment was disposed of, resulting in a charge to operations for its net book value.

9. Reclassification:

The 1976 statement of revenues and expenses has been reclassified to conform to the 1977 presentation.

SCHEDULE 1

DELAWARE RIVER PORT AUTHORITY

STATEMENTS OF REVENUES AND EXPENSES

(In accordance with Port Authority Bond Resolutions) (Note)

YEARS ENDED DECEMBER 31, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
Operating revenues and expenses:		
Bridge tolls	\$35,800,925	\$34,091,689
Other operating revenues	32,573	34,845
	<u>35,833,498</u>	<u>34,126,534</u>
Bridge operating expenses	15,168,597	14,060,946
	<u>20,664,901</u>	<u>20,065,588</u>
General administration expenses	2,793,120	2,469,470
	<u>17,871,781</u>	<u>17,596,118</u>
Operating revenues in excess of expenses	17,871,781	17,596,118
Interest income from investments in securities	3,571,239	3,526,203
	<u>21,443,020</u>	<u>21,122,321</u>
Interest on funded debt:		
1969 First Series Revenue Bonds	5,625,000	5,625,000
Series 1972 Revenue Bonds	6,550,376	6,550,376
Series 1972 Refunding Revenue Bonds	4,653,660	4,653,660
	<u>16,829,036</u>	<u>16,829,036</u>
	<u>4,613,984</u>	<u>4,293,285</u>
Other income (charges):		
Interest on funded debt:		
1969 First Series Revenue Bonds	(1,887,862)	(1,965,602)
Series 1970 Revenue Bonds	(5,425,000)	(5,425,000)
Series 1972 Special Obligation Refunding Bonds	(1,705,000)	(1,705,000)
Series 1974 Special Revenue Refunding Bonds	(1,847,977)	(1,907,159)
Series 1974 Special Obligation Refunding Bonds	(751,823)	(907,019)
	<u>(11,617,662)</u>	<u>(11,909,780)</u>
Other interest income from investments in securities	10,448,719	10,810,733
World trade development expenses	(1,440,501)	(1,441,640)
Transit system operating loss (includes depreciation of \$2,241,288 in 1977 and \$2,174,977 in 1976)	(3,197,647)	(2,673,561)
Retirement of fare collection equipment		(1,193,545)
Rehabilitation costs for Franklin Square Station		(162,651)
Cost of other equipment retired		(10,998)
	<u>(5,807,091)</u>	<u>(6,581,442)</u>
Loss before cumulative effect of changes to accounting principles	(1,193,107)	(2,288,157)

DELAWARE RIVER PORT AUTHORITY

STATEMENT OF REVENUES AND EXPENSES

(In accordance with Port Authority Bond Resolutions) (Note)

YEARS ENDED DECEMBER 31, 1977 AND 1976

	<u>1977</u>	<u>1976</u>
Loss before cumulative effect of changes to accounting principles	(\$ 1,193,107)	(\$ 2,288,157)
Cumulative effect on prior years (to December 31, 1976) of changes in methods of accounting for investment in facilities	<u>41,851,023</u>	<u> </u>
Net income (loss)	<u>\$40,657,916</u>	<u>(\$ 2,288,157)</u>

Note: The above statement of revenues and expenses has been prepared in accordance with the provision of the Authority's Bond Resolutions which do not provide for depreciation as an operating expense except for the Patco Transit System. The Authority's total net assets and fund equities would be increased by \$47,519,018, respectively, as a result of excluding all accumulated depreciation through December 31, 1977.



