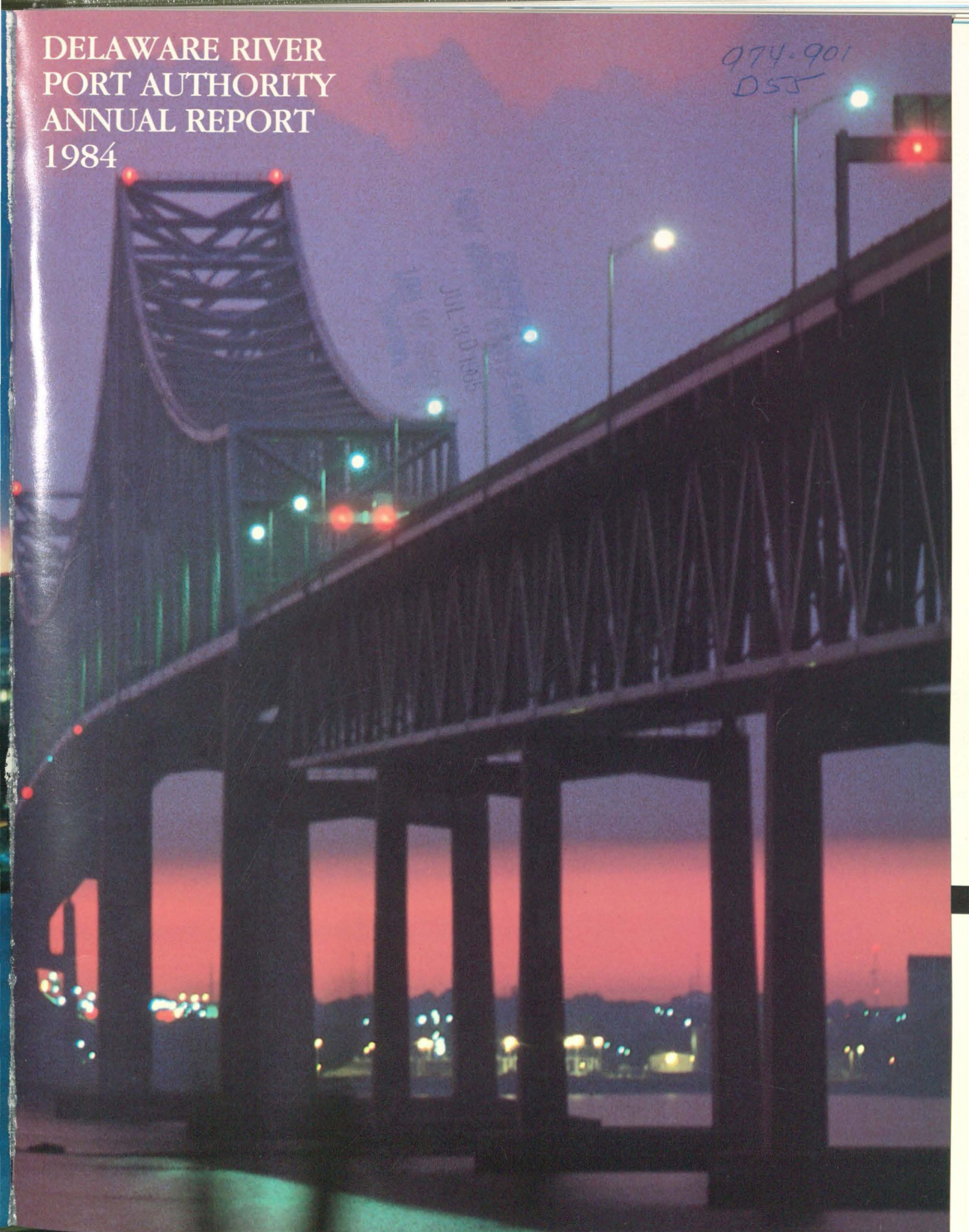


DELAWARE RIVER
PORT AUTHORITY
ANNUAL REPORT
1984

074-901
DSJ



JUL 20 1985

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*COVER: The Commodore John Barry Bridge
this year marked the tenth anniversary of its
opening on February 4, 1974.*

TO:



The Honorable
Dick Thornburgh
Governor of the
Commonwealth of
Pennsylvania

and



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

Major milestones were passed by the Delaware River Port Authority in 1984 with new traffic records set on our bridges, a new cargo record set by our port and major construction projects advanced.

Total traffic on the Authority's bridges increased for the twelfth consecutive year, and new annual records were set for three of the four bridges. Traffic on the Walt Whitman Bridge reached 35.9 million vehicles, on the Commodore Barry, 6.8 million vehicles and on the Betsy Ross Bridge, 5.9 million.

The resurgence of the national economy coupled with an aggressive regional marketing effort resulted in the highest volume of general cargo ever handled by the Ports of Philadelphia. General cargo, which generates the highest economic benefits for the region, increased 34 percent or 1.7 million tons to a new high of 6,895,580 tons.

Ridership on the Lindenwold High Speed Line declined 4.3 percent to 10.2 million, due apparently, to the reduced cost of gasoline which has stimulated automotive commuting. However, the system recovered 81.38 percent of its operating costs from the fare box, the highest of any U.S. transit agency. It is anticipated that highway construction projects on Philadelphia's arterial road system will have a positive influence on PATCO ridership next year.

Rehabilitation of the PATCO trackbed on the Benjamin Franklin Bridge began in March and by year's end was 90 percent complete. It entirely renews a system installed in 1936. The project, costing approximately \$14 million and funded by a Capital Improvement Grant through the Urban Mass Transportation Administration, will be completed early in 1985.

Preparations neared completion for the major project of redecking the 58-year-old Benjamin Franklin Bridge. Bids were taken and a contract in the amount of \$56,362,000 awarded late in 1984 to take full advantage of the 1985 construction season and to finish the project by the end of the 1986 season. The combination of increased revenues from expanded bridge traffic and plans to refinance existing debt to improve cash flow will enable the project to proceed without increasing bridge tolls in either 1984 or 1985.

The Authority's present course remains its challenge for the future: to improve and extend the quality of services to the people of the bi-state region within its jurisdiction.

Yours respectfully,

A handwritten signature in dark ink, appearing to read 'F. Eugene Dixon'.

F. Eugene Dixon
Chairman

M E M B E R S O F T H E

P E N N S Y L V A N I A



F. Eugene Dixon, Jr.
Chairman
Management Trustee



Alexander Talmadge
President, Local 1291
Intl. Longshoremen's Assoc.



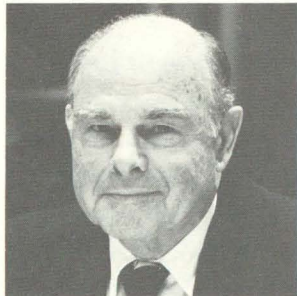
Alfred P. Benedict
Auditor General
Commonwealth of Pennsylvania



Robert S. Ross, Jr., Esq.
Attorney, Philadelphia



R. Budd Dwyer
Treasurer
Commonwealth of Pennsylvania



Malcolm B. Petrikin, Esq.
Attorney, Media



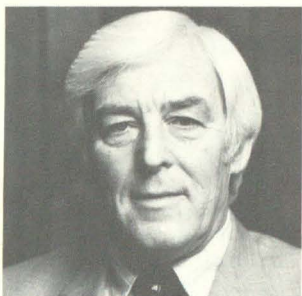
William H. Combs
Chairman, Tamaqua
Cable Products Corporation



James O. Pickard
Secretary of Commerce
Commonwealth of Pennsylvania

2

O F F I C E R S



James R. Kelly
President



Alfred L. Griebing
Executive Vice President



Dennis Rochford
Secretary



Thomas J. Auchter
Vice President/Treasurer

C O M M I S S I O N

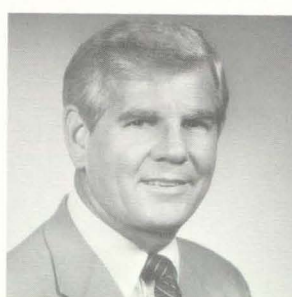
N E W J E R S E Y



William K. Dickey, Esq.
*Vice Chairman
Collingswood*



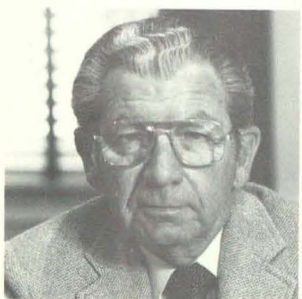
Walter L. Smith, Jr., Esq.
*Counselor-at-Law
Riverton*



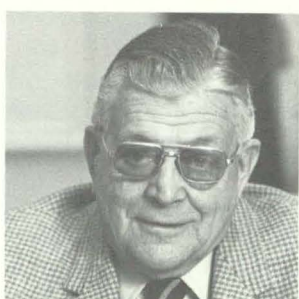
Francis L. Bodine
*Sales Director
Datamedia Corporation*



Mrs. Mary Ruth Talley
*Restoration
Consultant*



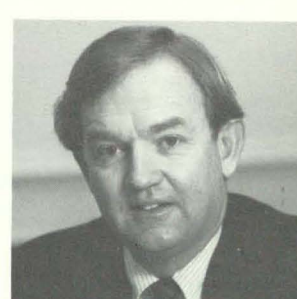
Harry Benn
*Official, So. Jersey
Joint Board I.L.G.W.U.*



John C. Gilmour, Jr.
*President
Holly Ravine Farm Dairy*



Joseph W. Cowgill, Esq.
*Counselor-at-Law
Camden*



H. Donald Stewart
Realtor

For the twelfth consecutive year, total traffic on the Authority's bridges showed an increase over the previous year. Average daily traffic for the four bridges was 4.5% higher than 1983. This was the highest annual percent increase since 1977, the first full year of operation for the Betsy Ross Bridge, when average daily traffic was 4.6% higher than 1976.

The two outer lanes on the Benjamin Franklin Bridge remained permanently closed throughout 1984. An additional lane was closed when necessary during other than peak traffic hours to facilitate replacement of the trackbed for the PATCO High Speed Line. Despite the curtailed capacity to handle traffic, the Benjamin Franklin Bridge carried 2,073,183 more vehicles during 1984 than in 1983. Total traffic was 27,130,042, the highest annual traffic for the Benjamin Franklin Bridge since the opening of the Walt Whitman Bridge in 1957. Since 1984 was a leap year, the most accurate measure of traffic is average daily traffic (ADT). For the Benjamin Franklin Bridge, ADT was 74,126 in 1984 compared to 68,549 in 1983, an increase of 7.98%.

Construction on the Schuylkill Expressway and slow moving detours resulting therefrom caused significant diversions of traffic other than trucks from the Walt Whitman to the Benjamin Franklin Bridge. In spite of the diversion the Walt Whitman showed an increase of 318,675 vehicles over 1983 traffic. Average daily traffic for the Whitman was 98,053 for 1984 compared to 97,449 for 1983, an increase of 0.62%.

The two outer bridges also showed significant increases over 1983. Traffic on the Commodore Barry increased 645,607 over 1983 and the Betsy Ross carried 410,544 more vehicles than in 1983. The increase in traffic on the Commodore Barry Bridge is principally the result of improved access from I-95. A new ramp leading from northbound

I-95 to the Commodore Barry Bridge was completed in late May 1984. The direct connection eliminated a circuitous route through the City of Chester, Pennsylvania. Average daily traffic for the Commodore Barry was 18,605, an increase of 10.17% over 1983, and ADT for the Betsy Ross was 16,043, an increase of 7.22% over 1983.

Commuters purchased an average of 42,941 commuter stickers per month, 1,790 per month more than in 1983. Car pool book purchases averaged 510 per month, 116 per month less than 1983. Average daily traffic for senior citizens using the reduced toll program was 5,635, an increase of 11.6% over 1983.

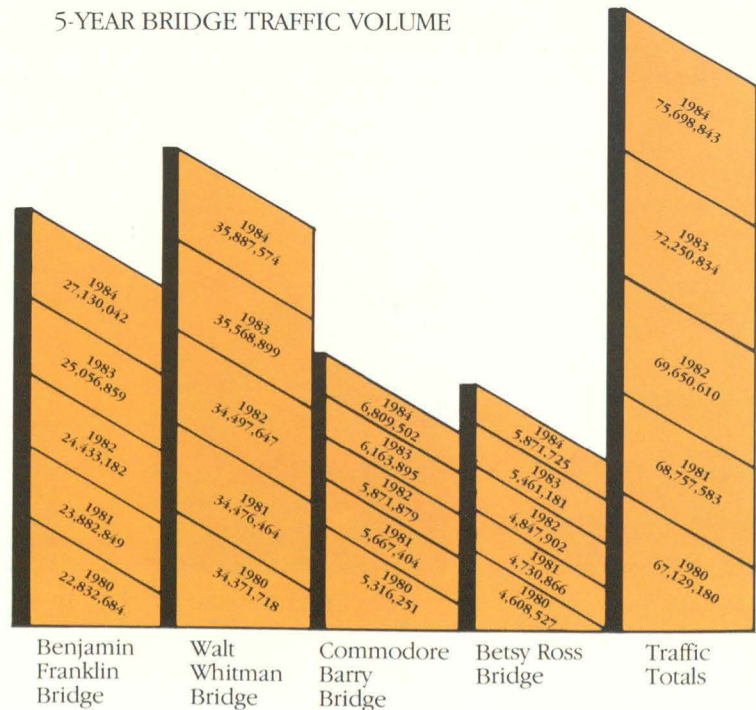
Installation of the Closed Circuit TV system interfaced with a small computer to provide a capability for transaction verification and improved security of toll revenues was completed in June at the Walt Whitman Bridge. This system was tested throughout 1984 and the test exceeded expectations. The equipment also proved its capability to improve collection efficiency and accuracy. Closed Circuit TV surveillance equipment was also installed to monitor the toll lanes of the Benjamin Franklin

Bridge. Future plans call for this equipment to also be interfaced with a computer.

The aggressive enforcement of traffic regulations during 1984 resulted in a 2.29 percent decrease in accidents in spite of high increases in traffic. The number of accidents decreased from 312 in 1983 to 305 in 1984. There were six fatalities compared to five in 1983.

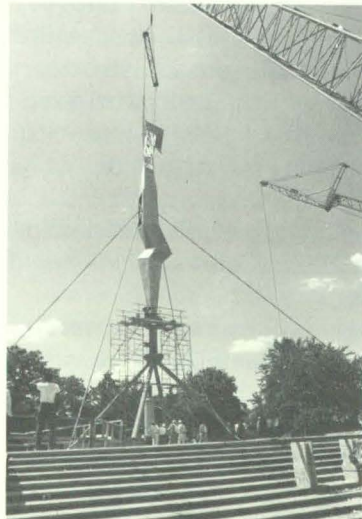
Port Authority Police traveled 1,279,745 miles while patrolling approximately 30 miles of bridges, roadway and ramps, 24 hours per day. Their services to the public included no charge pushing and towing service to 9,559 disabled vehicles, an average of 26 per day, and Police transported 240 injured persons to local hospitals. The Police issued 7,382 citations for moving violations and 9,605 warnings were also issued to motorists for lesser infractions. Authority Police assisted area police departments in apprehending 212 criminal suspects. Our Police arrested 125 persons for offenses committed on Port Authority property and successfully intervened in 33 suicide attempts. Four deaths resulted from persons jumping from Authority Bridges in comparison to three deaths in the previous year.

5-YEAR BRIDGE TRAFFIC VOLUME





The Highway Bureau's high standards of maintenance continued to insure safe and attractive conditions of the Authority roadways, walkways, grounds and buildings. The Highway Department salted and sanded the bridges, ramps and expressways during the eleven snow and ice storms in 1984. The Department maintained all the roadways in excellent condition and battled the storms in a highly efficient manner. The Highway Bureau also maintained a high standard of automotive repair and maintenance for all Port Authority vehicles and equipment throughout the year.





PORTS OF PHILADELPHIA
International Waterborne
Commerce
MILLIONS OF SHORT TONS



■ General Cargo
■ Total
 Source: U.S. Dept. of Commerce

The promise of prosperity reported a year ago was realized. The year 1984 was a record-setting year in the Ports of Philadelphia for the movement of high income producing general cargo. The six million-ton-plateau was passed for the first time and a new mark established for general cargo at 6,895,580 tons. The previous record was set in 1979 when the total for general cargo reached 5,953,557 tons. The 34 percent increase in 1984 over the previous year was the best percentage gain realized by any of the North Atlantic ports.

Total cargo, the combination of general cargo and bulk cargo, also enjoyed a healthy increase of nine percent at the Ports of Philadelphia, growing from 54 million tons in 1983 to 58.9 million tons in 1984.

While the steady improvement in the United States economy last year largely accounted for the excellent performance of the Delaware River ports, the leadership and aggressive marketing of the World Trade Division, including its eight field offices, both domestic and overseas, in conjunction with the other agencies, organizations and individual companies in the Ports, were important factors.

Among the most effective cooperative activities were the two United States Marketing Missions to Chicago and Pittsburgh, industrial centers which are considered the sources of international cargoes. Both missions attracted broad interest, and the presentations in those cities were well attended.

Similarly, the Division provided leadership in organizing a European Commercial Trade Mission which visited ten major cities and hosted nine receptions where contacts were made with some 600 steamship line executives and other key officials in international transportation.

Fruit has become an important general cargo commodity in the

Delaware River Ports. To encourage the continued growth of that trade, the Division again sponsored the importers' workshop for those involved with Chilean fruit in order to identify and eliminate in advance any possible problems in handling the fruit. The Division also helped sponsor a seminar on Bahian Brazil Fruit to encourage the development of that trade. The Ports' specialists in the movement of fresh fruit participated in both activities.

The Division was the coordinator for two conferences which attracted international attendance. The first was the International Conference on Ports of the Future which focused on the need for a worldwide network of deepwater ports, and looked at the potential for such a port in the Delaware Bay. The list of speakers included experts from London, Rotterdam and Tokyo. The second function was a Containerization and Intermodal Conference with the theme "Shippers' and Carriers' Options and Opportunities Under the Shipping Act of 1984." More than 275 guests attended.

The Division also participated in two regional programs of significance to improve and strengthen U.S. Customs Service import/export controls. The "Accept Program" entailed inspection of import cargo at marine terminals rather than the consignee's facilities. Its counterpart, "Operations Exodus," was aimed at preventing the illicit flow of high-tech and restricted military goods abroad.

Also seen as a boost to the maritime industry is the development of the Customs Services' Automated Commercial system. By using computers, the new system would greatly expedite the import/export cargo examination process.

The World Trade Division's Marketing Information System responded to increased demand from the Port



community. It expanded its response capability for marketing information and statistics by connecting with the Delaware Valley Regional Planning Commission's computer. The new arrangements will include remote CRT terminal work stations in various DRPA field offices to speed dissemination of data.

New projects completed in the port during the year included expansion of the marginal wharf and open storage area, plus the installation of two 45-ton container cranes at the Holt Marine Terminal in Gloucester City, N.J. Two temperature controlled sheds, each of

90,000 square feet capacity, were added, one at the Tioga Marine Terminal in Philadelphia and the other at the Wilmington Marine Terminal, Wilmington, Delaware. The need for this additional controlled temperature storage is evidence of the growing significance of the fruit movements through the Ports.

Last year's prosperity is expected to carry over into 1985 and throughout the year. Reinforcing that forecast is an entirely new advertising approach being developed by the Ports' new agency, Montgomery & Associates, Inc. The advertising campaign is jointly

sponsored by the major public port agencies and facilities' operators.

The year 1984 not only set records for cargo movement, it also provided a momentum for the year ahead. It was a time of development in the Ports of Philadelphia. Expanded facilities, the addition of new, modern equipment, new services in the Port, an increasing spirit of cooperation in the port community and the increased vigor and scale of its marketing efforts are all reasons for optimism that there will be even greater growth in 1985.



Among the Administration Division's most important responsibilities are the functions which supply the Authority with the personnel and materials it needs to operate.

In helping carry out this responsibility, the Personnel Relations section processed more than 8,000 applications last year to select candidates for vacancies created by promotions, retirement and other separations. The majority were employed at the entry level of Toll Collector, and total employment at the Authority declined from last year by one to 671 employees. There was an increase in professional recruitment for the special needs of the World Trade and Engineering Divisions. In all instances of hiring and promotions, affirmative action policies of the Authority were rigidly observed.

The Authority continued for the sixteenth consecutive year its program of employing college students during the summer months. The program assists the students in financing their education and, at the same time, it enables the Authority to catch up on many minor housekeeping chores and to schedule vacations for its regular employees during the desirable summer months. During 1984, there were 86

men and women employed in the program.

Contract negotiations with the Fraternal Order of Police, representing 96 DRPA Police Officers, were successfully concluded and a three-year contract signed.

A new program for employees who are approaching retirement status is underway, designed to prepare them for the transition. A day-long seminar was held and 40 employees attended. Experts gave advice on such topics as Social Security, health programs and investments.

Personnel Relations conducted the annual combined United Way campaign for Camden, New Jersey and Philadelphia, Pa. and contributions of \$20,668 were received. And an active role was maintained in the Five-State Survey Group representing the major authorities in the Pennsylvania-New Jersey-New York-Delaware-Maryland region. The Office of Insurance Administration, responsible for the Health Benefit, Liability, Worker's Compensation and Life Insurance programs, continued to meet with various insurers, such as Blue Cross, HMO's and private consultants in order to determine the future direction for programs, based on cost.

With the increase in the number of retirees, considerable service was rendered in the notifications and collection of Major Medical payments.

In the area of Liability insurance, efforts to pursue more vigorously the collection of bridge damage claims resulted in collecting \$51,643.81 in settlement revenue.

The Purchasing Bureau processed 1,811 requisitions in the acquisition of 6,605 items with a total value of \$2,217,693.09. Of the total, 13.3 percent represented 111 purchases placed under New Jersey State contract with a value of \$294,550.28. A total of 145 purchase orders with a value of \$122,834.75 were placed with local Minority vendors.

The Division's Print Shop continued to expand its output with 710 print jobs and a total of 10,054,321 individual pieces produced for all Divisions of the Authority. Its production of commuter stickers, now in its seventh year, is still increasing in value. The quality production of stickers is vital to the successful operation of the automatic toll gates, and the stickers are produced within extremely close tolerances. Net savings of the program, after deducting the cost of equipment, is rapidly approaching the half million dollar mark.

The Office of Public Information issued more than 40 news releases last year dealing with a broad range of Authority activities of interest and/or concern to the public. Topics included the closing of the PATCO Broadway Station, progress of the PATCO track rehabilitation, the surface treatment of the Commodore Barry Bridge deck, the improvement in business at the Ports of Philadelphia, the foreign trade mission to Europe and the commercial missions to Chicago and Pittsburgh. A number of special articles, mostly for magazines, were prepared, issued and published. Television news coverage was obtained for various events and features including the Tenth Anniversary of the Commodore Barry Bridge, the status of redecking the Benjamin Franklin Bridge, the test of a new TV security system at the Walt Whitman, the Ben Franklin anchorages and the system of lubricating the Ben Franklin.

Supervisory responsibility for the port advertising account required careful attention. A direct mail campaign was developed and arrangements begun for the selection of a new agency to take over the account.

In addition to the many hundreds of promotional photographs taken during the year, special shots were made at the request of the Legal and Engineering Departments of problem areas, accident scenes and other special conditions for use by those departments.

Engineering Division in 1984 was either directly responsible for or was associated with projects whose aggregate total value exceeded \$87.5 million.

The project requiring the greatest expenditure of Authority funds and resources is the redecking of the 58-year-old Benjamin Franklin Bridge. After more than two years of preparation, including feasibility studies and preliminary engineering and design, bids were taken in December and a contract in the amount of \$56,362,000 was awarded to the joint venture of Cornell, Hegarty and Koch, Woodbury, N.J. The existing concrete deck will be removed and replaced with an orthotropic steel deck with bituminous wearing surface. Construction is scheduled to be completed by late 1986.



A separate but associated project was the installation of movable maintenance platforms on the Benjamin Franklin Bridge. A contract to perform this work was awarded to the American Bridge Division of U.S. Steel Corp. in the amount of \$1.2 million. It consists of installing three movable work platforms, one for each of the suspended spans. Although the platforms will be part of the permanent structure, installation was planned so they will be available for use during the redecking, beginning in mid-1985.

The ramp, connecting northbound I-95 with the eastbound approach to the Commodore Barry Bridge, while completed in late 1983, was not opened until 1984. Its use was delayed

pending completion of a pedestrian overpass by the Pennsylvania Department of Transportation. Ceremonies placing both in service were held on May 31st.

A contract in the amount of \$500,000 was awarded to make minor surface repairs and to seal the bridge deck of the Commodore Barry Bridge in order to resist damage from de-icing chemicals. Work was begun in August and completed by year's end.

A major project begun in 1984 and scheduled for completion early in 1985 is the rehabilitation of the PATCO trackbed on the Benjamin Franklin Bridge. The tracks, outboard of the bridge deck, were installed in 1936, and upgraded when the Lindenwold High Speed Line was built in the late 1960's. The concrete envelope under portions of the track was seriously deteriorating. Under a contract awarded in March in the amount of \$11,675,500, the concrete was completely eliminated and new track installed with arrangements to compensate for expansion and contraction. The project, financed with a capital improvement grant from UMTA, was 90 percent completed in 1984.

Engineering Division continued to provide support for additional work under UMTA capital grant agreements. The work included design and development of a closed circuit television system, and development of contract documents for an additional storage shed at PATCO's Lindenwold Yard. The development of contract documents for reverse signalization, to assure safer single track operation on the Benjamin Franklin Bridge in emergencies, was 75 percent completed in 1984.

Under a project begun in 1983, the platforms and canopies at six of PATCO's New Jersey stations were extended to accommodate eight-car trains. The contract, completed in 1984, was in the amount of \$1,736,715, of which \$1,700,000 was furnished by the New Jersey Transit Corp.



Parking at PATCO's Lindenwold Terminal was expanded by 450 spaces under a \$400,000 contract, funded 80 percent by the UMTA capital grant program.

Groundbreaking ceremonies were held in June for the Camden Transportation Center, a new rail rapid transit bus facility at the PATCO Broadway Station in Camden. The old station buildings will be demolished and a new Transportation Center will be erected on the site. The passenger platform at track level will remain and be rehabilitated. The new main building will contain PATCO's fare processing area, passenger waiting area and offices for PATCO's Police, the reduced fare program and the system revenue operations.

Engineering Division personnel reviewed the shop drawings for PATCO facilities at the Terminal and participated on the Technical Advisory Committee of the \$18 million project.

Lesser maintenance projects completed during the year included bridge fender system repairs, resetting settled toll plaza curbs, and upgrading bridge salt storage facilities.

The Port Authority Transit Corporation (PATCO) carried 10,211,589 passengers on its Lindenwold High Speed Line in 1984, a decrease of 459,356 or 4.3 percent from 1983. This is attributable primarily to steady decreases in the price of gasoline and somewhat to the closure of Broadway-Camden Station early in 1984 to make way for the construction of the Camden Transportation Center.

Revenues of \$13,765,265 and expenses of \$16,915,760 resulted in an operating deficit of \$3,150,495 for a farebox recovery ratio of 81.38 percent, the highest of any U.S. transit agency. The industry average is less than 50 percent.

PATCO operated 98.62 percent of its trains "on time" in 1984, which was very slightly less than the 98.69 in 1983. Car-miles operated in 1984 were 4,055,895, a decrease from 4,205,271 in 1983 of 149,376 or 3.6 percent, reflecting the decreased ridership.

Woodcrest Station rose from about 1,700 entries per day in 1983 to about 1,980 entries per day in latter 1984, with some days surpassing 2,000. This steady rise can be attributed, in part, to a promotion advertising program.

Major upgrading and mid-life overhaul of PATCO's original 1968-Budd-built rail cars were begun in 1984 with upgrading tasks funded, in part, by an Urban Mass Transportation Administration grant. The prototype car was completed in 1983 and four more cars were completed in 1984. With UMTA funding now in hand for eight cars, a target of eight cars per year has been established with the work to be performed by PATCO at its Lindenwold Maintenance facility. The project includes the replacement of all 25,000 feet of deteriorated wiring on each car with improved wire insulation. Each car requires 3,000 man-hours and 17 calendar weeks to complete. At least two, and, at times, three cars are in progress simultaneously.

Two major projects commenced in mid-1984. The first was reconstruction of the track and trackbed on the Benjamin Franklin Bridge. This \$14 million project was jointly funded by the Urban Mass Transportation Administration, 80 percent, and the DRPA, 20 percent. The project included removal of the old trackbed and bolted rails that had been installed in 1936 and renovated in 1968, and replacement with new substructure, ties and rails. The work featured a new rail fastening system that was designed to allow the continuously welded rails to expand and contract independently from the bridge structure. The result is a smoother ride on a lower maintenance structure.

The second major project begun in 1984 was construction of the \$14 million Camden Transportation Center on the site of the old Broadway/Camden Station. The DRPA conveyed the air rights of Broadway Station to the City of Camden, the grantee and project manager. The Center will be tri-modal with PATCO, N.J. Transit Bus operations and the public parking facilities. PATCO and N.J. Transit will each have exclusive use of sections of the building.

The City of Camden expects the Center will stimulate the redevelopment of downtown Camden. It is planned to build three office buildings of six to ten floors each using air rights above the Center. A retail establishment at ground

level has been committed and will be built in 1985.

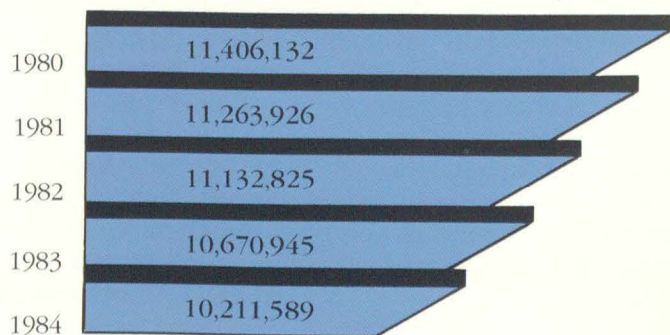
Additional parking for 428 cars was constructed at Lindenwold Station late in 1984, funded, in part, by an UMTA grant. PATCO's parking capacity at its suburban New Jersey stations now totals 12,331.

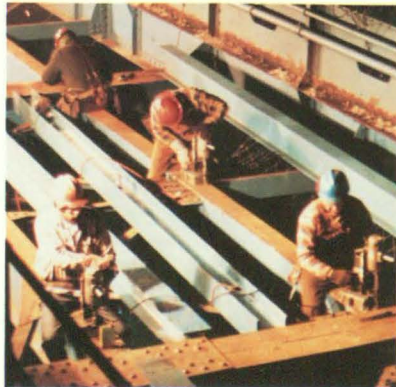
Sixteen ticket vendors were redesigned and rebuilt in-house during 1984. When added to the seven rebuilt in 1983, it brings the total of rebuilt units to 23, which represents 37.7 percent of the total 61 units. The project will continue into early 1987 until all will have been rebuilt. Reliability of the rebuilt units is about 30 times improved compared to the old.

PATCO's transit police force was reorganized during 1984, two K-9 crews established and the force increased by five officers to its present strength of 30 officers.

During 1985-87, the Schuylkill Expressway will be reconstructed, and this will cause great disruption of traffic to, through and within center city Philadelphia. It is anticipated that a significant number of New Jersey commuters who drove in 1984 can be attracted to PATCO's trains. It has been PATCO management's objective to ensure that the organization, plant and equipment will be in the proper state to expeditiously, efficiently and safely transport everyone who may use the Lindenwold High Speed Line.

PATCO PASSENGER TOTALS





F I N A N C I E

For the year 1984, total operating revenues increased \$2,888,000 or 4.1% over comparable 1983 figures. The rise was due primarily to the overall increase in bridge traffic. Total operating and administrative expenses, including depreciation of \$7,313,000 were \$55,532,000 which resulted in operating revenues in excess of expenses of \$17,563,000 as compared to \$18,580,000 for 1983. The PATCO net operating loss in 1984 including depreciation of \$2,428,000, was \$5,532,000 as compared to \$4,787,000 in 1983.

Investment income in the Revenue,

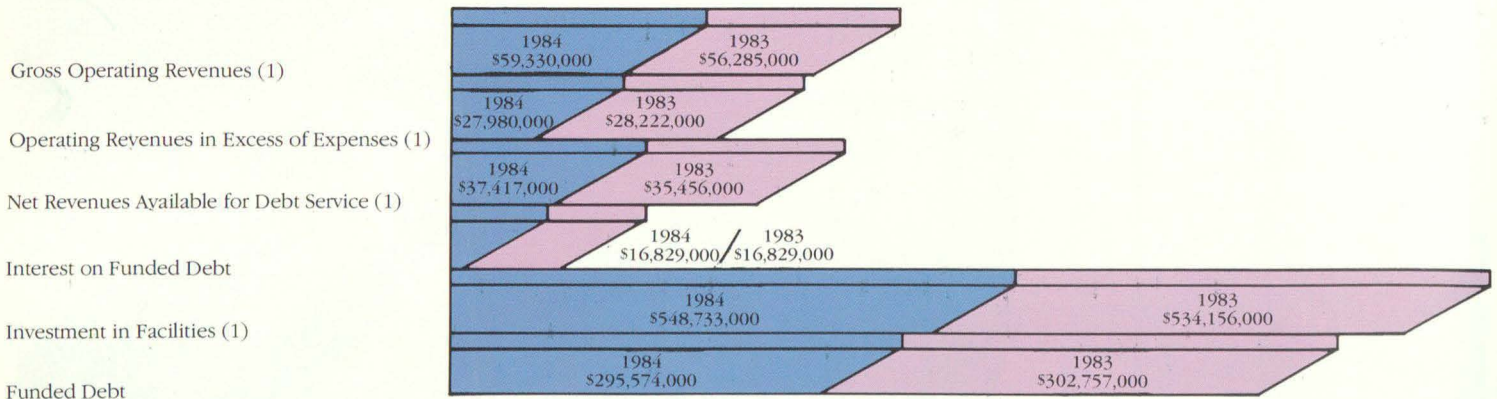
Bond Service and Bond Reserve Funds increased from \$7,234,000 to \$9,437,000 principally as a result of additional funds available for investment being held in anticipation of the bridge redecking work as described elsewhere in this report. All investments of the Authority were in accordance with the 1968 and 1974 Bond Resolutions and reflect the continued prudent investment management by the Finance Committee.

After the deduction of \$16,829,000 for interest on "outstanding" Funded Debt, there remained net revenues of

\$10,171,000 available for other Port Authority activities such as World Trade Division expenses and necessary capital expenditures as compared to \$8,985,000 one year earlier.

The 1969 and 1974 General Bond Resolutions do not recognize the inclusion of depreciation as an "Operating Expense" and accordingly Statements of Revenues and Expenses are calculated in accordance with these Bond Resolutions and are shown as Note 8 to the Financial Statements.

FINANCIAL HIGHLIGHTS



(1) In accordance with Port Authority Bond Resolutions. See note 8.

T H E C O M M I S S I O N

William J. Doyle, of Burlington County, a member of the Commission since his appointment by New Jersey Governor Brendan Byrne in January 1975, served one term (two years) as Chairman of the Authority, and two terms as Vice Chairman.

Commissioner Doyle was succeeded by Walter L. Smith, Jr., who was appointed by Governor Thomas Kean,

in October 1984. Commissioner Smith, who has served as a member of the New Jersey Assembly and the New Jersey Senate, is a Counsellor-at-Law and a resident of Riverton, N.J.

At the December meeting of the Authority, New Jersey Commissioner William L. Dickey, of Collingswood, N.J., was elected to fill the vacant position of Vice Chairman.

F I N A N C I A L S T A T E M E N T S

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Statement of Changes in Financial Position	19
Statement of Changes in Fund Equities	20
Notes to Financial Statements	22



Peat, Marwick, Mitchell & Co.
Certified Public Accountants
1600 Market Street
Philadelphia, Pennsylvania 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, 1984 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, 1984 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, 1983 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 February 17, 1984, we expressed an unqualified opinion on those financial statements. In our opinion, the accompanying financial information for 1983, 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, Mitchell & Co.

February 22, 1985

DELAWARE RIVER PORT AUTHORITY

Balance Sheet

December 31, 1984

with comparative figures for 1983 (Thousands of dollars)

<u>Assets</u>	<u>Capital fund</u>	<u>Revenue fund</u>	<u>Bond service fund</u>	<u>Bond reserve fund</u>
Cash (note 5)	\$ -	475	-	-
Investment in securities (notes 5 and 6)	-	65,621	10,934	23,737
Accrued interest receivable	-	963	-	762
Accounts receivable (note 2)	-	33	-	-
Transit system inventory	-	-	-	-
Prepaid expenses	-	271	-	-
Investment in facilities (note 3)	277,141	-	-	-
Less accumulated depreciation	84,905	-	-	-
	<u>192,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>192,236</u>	<u>67,363</u>	<u>10,934</u>	<u>24,499</u>
<u>Liabilities and Fund Equities</u>				
Accounts payable:				
Contracts	\$ -	-	-	-
Retained amounts on contracts	-	-	-	-
Other	-	526	-	-
	<u>-</u>	<u>526</u>	<u>-</u>	<u>-</u>
Accrued liabilities:				
Interest	-	-	7,686	-
Pension (note 4)	-	802	-	-
Sick and vacation leave benefits	-	5,790	-	-
	<u>-</u>	<u>6,592</u>	<u>7,686</u>	<u>-</u>
16 Deferred income on truck tickets	-	1,089	-	-
Reserves:				
Replacement and repainting	-	10,828	-	-
Other	-	1,086	-	-
	<u>-</u>	<u>11,914</u>	<u>-</u>	<u>-</u>
Funded debt (note 5)	80,763	-	-	24,187
Commitments and contingencies (notes 6 and 9)	-	-	-	-
Fund equities (deficiencies) (notes 6 and 7)	<u>111,473</u>	<u>47,242</u>	<u>3,248</u>	<u>312</u>
	\$ <u>192,236</u>	<u>67,363</u>	<u>10,934</u>	<u>24,499</u>

See accompanying notes to financial statements.

1984							
Debt service fund	Debt service reserve fund	1974 escrow deposit fund	1974 bond fund	Construction fund	General fund	Combined	1983 Combined
-	-	1	-	5	142	623	554
1,893	3,528	7,214	-	12,615	18,136	143,678	134,683
-	144	-	-	88	15	1,972	1,787
-	-	-	-	-	1,787	1,820	2,003
-	-	-	-	-	1,590	1,590	1,507
-	-	-	-	-	283	554	481
-	-	-	-	263,392	8,200	548,733	534,156
-	-	-	-	28,631	245	113,781	107,056
-	-	-	-	234,761	7,955	434,952	427,100
<u>1,893</u>	<u>3,672</u>	<u>7,215</u>	<u>-</u>	<u>247,469</u>	<u>29,908</u>	<u>585,189</u>	<u>568,115</u>
-	-	-	-	5,224	-	5,224	4,438
-	-	-	-	-	1,048	1,048	250
-	-	-	-	-	1,052	1,578	1,757
-	-	-	-	5,224	2,100	7,850	6,445
434	-	161	6	-	-	8,287	8,472
-	-	-	-	-	270	1,072	862
-	-	-	-	-	1,401	7,191	6,634
<u>434</u>	<u>-</u>	<u>161</u>	<u>6</u>	<u>-</u>	<u>1,671</u>	<u>16,550</u>	<u>15,968</u>
-	-	-	-	-	-	1,089	996
-	-	-	-	-	-	10,828	8,418
-	-	-	-	-	818	1,904	1,403
-	-	-	-	-	818	12,732	9,821
-	-	13,228	-	177,396	-	295,574	302,757
<u>1,459</u>	<u>3,672</u>	<u>(6,174)</u>	<u>(6)</u>	<u>64,849</u>	<u>25,319</u>	<u>251,394</u>	<u>232,128</u>
<u>1,893</u>	<u>3,672</u>	<u>7,215</u>	<u>-</u>	<u>247,469</u>	<u>29,908</u>	<u>585,189</u>	<u>568,115</u>

DELAWARE RIVER PORT AUTHORITY
Statement of Revenues and Expenses
Year ended December 31, 1984
with comparative figures for 1983 (Thousands of dollars)

	<u>1984</u>	<u>1983</u>
Operating revenues and expenses (note 5):		
Bridge:		
Tolls	\$ 59,303	56,262
Other operating revenues	<u>27</u> 59,330	<u>23</u> 56,285
Operating expenses	25,494	22,792
Depreciation	<u>4,885</u>	<u>4,855</u>
	<u>28,951</u>	<u>28,638</u>
Transit system:		
Passenger fares	13,308	13,392
Other operating revenues	<u>457</u> 13,765	<u>530</u> 13,922
Operating expenses	16,869	16,256
Depreciation	<u>2,428</u>	<u>2,453</u>
	<u>(5,532)</u>	<u>(4,787)</u>
General administration expenses	23,419	23,851
Operating revenues in excess of expenses	<u>5,856</u>	<u>5,271</u>
Interest income	17,563	18,580
	9,437	7,234
Interest on funded debt (note 5):		
First series revenue bonds	(5,625)	(5,625)
Series 1972 revenue bonds	(6,550)	(6,550)
Series 1972 refunding revenue bonds	<u>(4,654)</u> (16,829)	<u>(4,654)</u> (16,829)
Excess of revenues over expenses before other income (expenses)	<u>10,171</u>	<u>8,985</u>
Other income (expenses):		
Interest on funded debt - refunded issues (note 5):		
First series revenue bonds	\$ (365)	(685)
Series 1974 special revenue refunding bonds	(1,010)	(1,121)
Series 1974 special obligation refunding bonds	<u>(22)</u>	<u>(70)</u>
	(1,397)	(1,876)
Other interest income (note 5)	3,256	3,269
Gain on sale of property and air rights	420	-
World trade development expenses	(2,237)	(2,107)
Cost of future extensions to rapid transit system studies	-	(742)
Loss on early retirement of facilities	(602)	(9)
Other	<u>12</u>	<u>34</u>
	<u>(548)</u>	<u>(1,431)</u>
Net income	\$ <u>9,623</u>	<u>7,554</u>

See accompanying notes to financial statements.

DELAWARE RIVER PORT AUTHORITY
Statement of Changes in Financial Position
Year ended December 31, 1984
with comparative figures for 1983 (Thousands of dollars)

	<u>1984</u>	<u>1983</u>
Source of funds:		
Operations:		
Net income	\$ 9,623	7,554
Noncash expenses:		
Depreciation	7,312	7,308
Provision for maintenance of facilities	2,443	2,215
Provision for self-insurance	2,109	1,045
Amortization of bond discount	92	98
Deferred income on truck tickets	93	208
Charge-off of cost of future extensions to rapid transit system studies	-	722
Loss on early retirement of facilities	602	9
	<u>22,274</u>	<u>19,159</u>
Funds provided by operations		
Increase in accounts payable	1,405	771
Increase in accrued liabilities	582	378
Government contributions for capital improvements and additions	9,643	1,007
	<u>33,904</u>	<u>21,315</u>
Application of funds:		
Retirement of bonds	7,275	8,575
Additions to facilities, net	15,766	2,825
Maintenance of facilities	33	1,349
Increase (decrease) in accounts receivable and accrued interest receivable	2	(96)
Payment of self-insurance claims	1,608	515
Other	156	79
	<u>24,840</u>	<u>13,247</u>
Increase in cash and investments	9,064	8,068
Cash and investments:		
Beginning of year	135,237	127,169
End of year	\$ <u>144,301</u>	<u>135,237</u>

See accompanying notes to financial statements.

DELAWARE RIVER PORT AUTHORITY
Statement of Changes in Fund Equities
Year ended December 31, 1984
with comparative figures for 1983 (Thousands of dollars)

	<u>Capital fund</u>	<u>Revenue fund</u>	<u>Bond service fund</u>	<u>Bond reserve fund</u>
Fund equities (deficiencies) beginning of year	\$ 100,072	42,729	2,718	294
Revenues and expenses:				
Operating revenues	-	59,330	-	-
Operating expenses	(4,173)	(25,494)	-	-
General administration expenses	-	(5,856)	-	-
Interest income	-	6,259	700	2,478
Interest on funded debt	-	-	(16,769)	-
Other income (expenses), net	(603)	-	-	-
	(4,776)	34,239	(16,069)	2,478
Government contributions for capital improvements and additions (note 7)	9,643	-	-	-
Interfund transfers in (out) and payments:				
Bond service fund requirement	-	(16,600)	16,600	-
Funds in excess of bond reserve requirement	-	2,460	-	(2,460)
Debt service fund requirement	-	(2,928)	-	-
Funds in excess of debt service reserve fund requirement	-	315	-	-
Excess funds free of lien or pledge	-	(12,973)	-	-
Funds in excess of escrow requirement	-	-	-	-
Excess funds from escrow trust restructuring program	-	-	-	-
Completed capital additions	559	-	-	-
Retirement of bonds:				
First series revenue bonds	5,975	-	-	-
Series 1974 special obligation refunding serial bonds	-	-	-	-
Series 1974 special revenue refunding bonds	-	-	-	-
Other	-	-	(1)	-
Fund equities (deficiencies) end of year (notes 6 and 7)	\$ <u>111,473</u>	<u>47,242</u>	<u>3,248</u>	<u>312</u>

See accompanying notes to financial statements.

1984							
<u>Debt service fund</u>	<u>Debt service reserve fund</u>	<u>1974 escrow deposit fund</u>	<u>1974 bond fund</u>	<u>Construction fund</u>	<u>General fund</u>	<u>Combined</u>	<u>1983 Combined</u>
(6)	3,622	(985)	(23)	67,532	16,175	232,128	223,567
-	-	-	-	-	13,765	73,095	70,207
-	-	-	-	(3,027)	(16,982)	(49,676)	(46,356)
-	-	-	-	-	-	(5,856)	(5,271)
-	-	-	-	-	-	9,437	7,234
-	-	-	-	(60)	-	(16,829)	(16,829)
<u>(875)</u>	<u>365</u>	<u>350</u>	<u>(22)</u>	<u>404</u>	<u>(167)</u>	<u>(548)</u>	<u>(1,431)</u>
(875)	365	350	(22)	(2,683)	(3,384)	9,623	7,554
-	-	-	-	-	-	9,643	1,007
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,928	-	-	-	-	-	-	-
-	(315)	-	-	-	-	-	-
-	-	-	-	-	12,973	-	-
-	-	(852)	852	-	-	-	-
-	-	-	(113)	-	113	-	-
-	-	-	-	-	(559)	-	-
-	-	(5,975)	-	-	-	-	-
-	-	700	(700)	-	-	-	-
(588)	-	588	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
<u>1,459</u>	<u>3,672</u>	<u>(6,174)</u>	<u>(6)</u>	<u>64,849</u>	<u>25,319</u>	<u>251,394</u>	<u>232,128</u>

(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 and the State of New Jersey 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 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 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). Other investments amounting to \$17,412 have been appropriated in the general fund for certain capital projects and for other liabilities.

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.

(Continued)

(1), Continued

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.

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).

Funded Debt Discount

The discount arising from the issuance of funded debt is amortized by the straight-line method from the issue date to maturity.

Insurance Expense

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

Reclassifications

Certain reclassifications have been made to 1983 financial statements to conform to 1984 classifications.

(Continued)

(2) Accounts Receivable

General fund accounts receivable is composed of the following:

	<u>1984</u>	<u>1983</u>
Reimbursements from governmental authorities for:		
Extension of PATCO platforms at six passenger stations due from New Jersey Transit Corp.	\$ 413	653
Capital improvements to the PATCO system due from Urban Mass Transportation Administration	595	186
Mass Transit Capital Improvement Grant, the PATCO System first phase capital improvement program due from Urban Mass Transportation Administration and State of New Jersey	61	482
Advance for right-of-way acquisition, Woodcrest Station due from New Jersey Department of Transportation	181	181
Update Analysis Study Grant due from Delaware Valley Regional Planning Commission	52	-
Construction of ramps F and H on the Commodore Barry Bridge due from Pennsylvania Department of Transportation	-	215
PATCO Research and Development Grants due from Urban Mass Transportation Administration	51	-
PATCO costs for temporary relocation of Broadway Station facilities due from City of Camden	<u>91</u>	<u>-</u>
	1,444	1,717
Others	<u>376</u>	<u>286</u>
	<u>\$ 1,820</u>	<u>2,003</u>

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

(Continued)

(3) Investment in Facilities

	<u>1984</u>	<u>1983</u>
Bridges:		
Benjamin Franklin	\$ 60,545	58,038
Walt Whitman	97,324	97,243
Commodore Barry (a)	140,647	139,997
Betsy Ross (a)	<u>128,932</u>	<u>128,918</u>
	427,448	424,196
Less accumulated depreciation	<u>80,497</u>	<u>75,700</u>
	<u>346,951</u>	<u>348,496</u>
Transit system:		
PATCO System (b) (note 7)	119,379	108,130
PATCO System first phase capital improvement program (c)	<u>1,906</u>	<u>1,830</u>
	121,285	109,960
Less accumulated depreciation	<u>33,284</u>	<u>31,356</u>
	<u>88,001</u>	<u>78,604</u>
	<u>\$ 434,952</u>	<u>427,100</u>

(a) Net of \$9,904 at December 31, 1984 of construction, engineering, land and utility relocation costs contributed by New Jersey Department of Transportation.

(b) Net of \$1,700 at December 31, 1984 contributed by New Jersey Transit Corp.

(c) Net of \$59,478 at December 31, 1984 contributed by the participating agencies under the first phase capital improvement program (note 6).

(4) 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 PATCO are also covered by this plan. Pension expense related to the plan amounted to \$3,685 and \$3,324 in 1984 and 1983, 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.

(Continued)

(4), Continued

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 totalled \$318 and \$285 in 1984 and 1983, respectively. Under 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 \$382 for 1984.

(5) Funded Debt

In December 1984, the Board of Commissioners approved the refunding of the Authority's outstanding debt through the issuance of new debt. This new debt will be paid from operations. The actual size of the refunding is dependent upon the market conditions and interest rates existing at the time of refunding.

	<u>1984</u>	<u>1983</u>
To be paid from approved refunding:		
First series revenue bonds, 5.625%, due 1/15/09	\$ 100,000	100,000
Series 1972 revenue bonds, 6.50%, due 1/15/11, less unamortized discount of \$1,312 in 1984 and \$1,362 in 1983	98,688	98,638
Series 1972 refunding revenue bonds, 6.00%, due 1/15/10, less unamortized discount of \$242 in 1984 and \$252 in 1983	77,158	77,148
Series 1974 special revenue refunding bonds, 7.25%, due 1/15/90, less unamortized discount of \$72 in 1984 and \$103 in 1983	<u>12,988</u>	<u>13,557</u>
	<u>288,834</u>	<u>289,343</u>

(Continued)

(5), Continued

	<u>1984</u>	<u>1983</u>
To be paid from escrow fund investments:		
First series revenue bonds, 5.40%, due in installments through 1985	\$ 6,500	12,475
Series 1974 special obligation refunding bonds, 5.60%, due in semiannual installments to 1985, less unamortized discount of \$0 in 1984 and \$1 in 1983	<u>240</u>	<u>939</u>
	<u>6,740</u>	<u>13,414</u>
	<u>\$ 295,574</u>	<u>302,757</u>

To effect the redemption of \$40,000 first series revenue bonds, the Authority entered into a refunding program during 1974. Under this program, the entire proceeds from the issuance of the Series 1974 special obligation and revenue refunding bonds, together with certain other monies of the Authority, were deposited under an irrevocable escrow deposit agreement in the 1974 escrow deposit fund and invested in government obligations.

The interest and maturing principal of the government obligation investments are to be used to pay debt service on the first series revenue bonds and the 1974 special obligation refunding bonds.

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

The Series 1974 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.

These requirements are summarized as follows:

	<u>1984</u>	<u>1983</u>
Bond reserve fund	\$ 21,601	21,601
Bond service fund	9,329	9,126
Debt service reserve fund	3,177	3,177
Debt service fund (a)	2,467	2,342
1974 escrow deposit fund	<u>6,675</u>	<u>13,163</u>

(a) Requirement includes the amount relating to the principal portion of 1974 special revenue refunding bonds retired prior to maturity of \$600 in 1984 and \$2,110 in 1983.

(Continued)

(5), Continued

Current maturities and sinking fund payments on the Authority's outstanding long-term debt are as follows:

1985	\$ 8,405
1986	6,625
1987	7,070
1988	7,555
1989	<u>8,060</u>

The maturities and sinking fund payments of the new debt authorized by the Board of Commissioners in December 1984, to refund the Authority's outstanding debt is dependent upon the terms of the new debt.

(6) Commitments

As of December 31, 1984, the Authority had contractual commitments as follows:

	<u>Revenue fund</u>	<u>General fund</u>	<u>Total</u>
Benjamin Franklin Bridge:			
Suspender rope replacement program	\$ -	7	7
Lighting and wiring modifications	-	881	881
Roadway deck replacement	-	56,585	56,585
PATCO trackbed rehabilitation	-	3,804	3,804
Moveable maintenance platforms	-	1,032	1,032
Data processing system requirements	-	11	11
Other	22	1	23
Walt Whitman Bridge:			
High voltage cable replacement	-	30	30
Data base security system	-	21	21
Other	18	-	18
Commodore Barry Bridge:			
Steel painting	4	-	4
Roadway deck waterproofing	-	19	19
Engineering service for repair of bronze angles	-	33	33
I-95 Interchange ramps F & H	-	18	18
Other	15	-	15
Betsy Ross Bridge:			
Other	14	-	14

(Continued)

(6), Continued	Revenue <u>fund</u>	General <u>fund</u>	<u>Total</u>
PATCO Transit System:			
First phase capital improvement program	-	165	165
Platform extensions, New Jersey stations	-	82	82
Track and shop equipment	-	59	59
Collingswood/Westmont viaduct repairs	-	992	992
World trade development	<u>-</u>	<u>109</u>	<u>109</u>
	<u>\$ 73</u>	<u>63,849</u>	<u>63,922</u>

Engineering studies have determined that the Benjamin Franklin Bridge roadway deck must be replaced. Total estimated cost of replacing the roadway deck amounts to approximately \$67,500. The Authority has entered into contracts totalling approximately \$56,600 as of December 31, 1984. The cost of this project will be funded from available reserves of the Authority, which include certain amounts appropriated in the general fund, the deferral of principal payments on the Authority's debt through the refunding (note 5) and through operations.

In addition, rehabilitation of the trackbeds began in 1984 and will be completed in early 1985. The cost of this project will approximate \$14,300. Funding for this project was provided through Urban Mass Transportation Administration grants (note 7) and the Authority.

The Authority has a lease agreement for the rental of toll collection equipment for 65 toll lanes. The agreement expires April 29, 1985. An understanding has been reached to extend this lease to April 29, 1987. If the Authority installs additional equipment pursuant to the provisions of the lease agreement, the terms of the lease shall be automatically extended for a period of two years. 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 one dollar per year plus 9.6% of net profits of the Transit System. For the years ended December 31, 1984 and 1983, 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 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 leased property (note 3).

(Continued)

(6), Continued

Minimum lease commitments are as follows:

1985	\$ 846
1986	846
1987	328
1988	78

Rent expense for the years ended December 31, 1984 and 1983 amounted to \$1,129 and \$1,085, respectively.

The Authority has also agreed to contribute funds to the Commonwealth of Pennsylvania for roadway connections between the Benjamin Franklin Bridge, the Vine Street Expressway and I-95 in an amount not to exceed \$500.

(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 \$9,643 were received in 1984 and \$1,007 in 1983. Charges representing depreciation on assets relating to these contributions were \$256 in 1984 and \$126 in 1983.

	<u>1984</u>	<u>1983</u>
Contributions	\$ 13,063	3,420
Less accumulated charges (depreciation on assets acquired with contributions)	<u>448</u>	<u>192</u>
	<u>\$ 12,615</u>	<u>3,228</u>

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

The following statements of revenues and expenses have been prepared in accordance with the provisions of the Authority's Bond Resolutions which do 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 \$80,497 as a result of excluding all accumulated depreciation through December 31, 1984.

	<u>1984</u>	<u>1983</u>
Operating revenues and expenses:		
Bridge tolls	\$ 59,303	56,262
Other operating revenues	<u>27</u>	<u>23</u>
	59,330	56,285
Bridge operating expenses	<u>25,494</u>	<u>22,792</u>
	33,836	33,493
General administration expenses	<u>5,856</u>	<u>5,271</u>
Operating revenues in excess of expenses	27,980	28,222
Interest income	<u>9,437</u>	<u>7,234</u>
	<u>37,417</u>	<u>35,456</u>
Interest on funded debt:		
First series revenue bonds	5,625	5,625
Series 1972 revenue bonds	6,550	6,550
Series 1972 refunding revenue bonds	<u>4,654</u>	<u>4,654</u>
	<u>16,829</u>	<u>16,829</u>
	<u>20,588</u>	<u>18,627</u>

(8), Continued

	<u>1984</u>	<u>1983</u>
Other income (expenses):		
Interest on funded debt - refunded issues:		
First series revenue bonds	\$ (365)	(685)
Series 1974 special revenue refunding bonds	(1,010)	(1,121)
Series 1974 special obligation refunding bonds	<u>(22)</u>	<u>(70)</u>
	(1,397)	(1,876)
Other interest income	3,256	3,269
World trade development expenses	(2,237)	(2,107)
Transit system operating loss (includes depreciation of \$2,428 in 1984 and \$2,453 in 1983)	(5,532)	(4,787)
Discount on bonds purchased, Series 1974 special revenue refunding bonds	11	35
Gain on sale of property and air rights	420	-
Loss on early retirement of facilities	(688)	(208)
Cost of future extensions to rapid transit system studies	<u>-</u>	<u>(742)</u>
	<u>(6,167)</u>	<u>(6,416)</u>
Net income	\$ <u>14,421</u>	<u>12,211</u>

(9) Contingencies

The Authority is self-insured for the initial \$1,000 and \$250 of public liability and workers' compensation insurance, respectively. PATCO is self-insured for the initial \$1,000 of public liability and workers' compensation insurance.

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.

