

2013 Annual Report

Comprehensive Annual Financial Report
For Years Ended December 31, 2013 and 2012



**DELAWARE RIVER
PORT AUTHORITY**
of Pennsylvania & New Jersey®



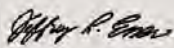


Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to
**Delaware River
Port Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2012


Executive Director/CEO

For the twenty-first consecutive year
the Delaware River Port Authority
was awarded the
Certificate of Achievement for
Excellence in Financial Reporting
by the Government Finance Officers
Association of the United States and
Canada for its 2012 Comprehensive
Annual Financial Report.





Comprehensive Annual Financial Report For Years Ended December 31, 2013 and 2012

Table of Contents

Introductory Section

Chairman's Letter.....	5
Board of Commissioners.....	6
Organizational Chart	8
Officers and Executive Staff.....	8
Facilities.....	9
Report of the Chief Executive Officer.....	11
Letter of Transmittal.....	15

Financial Section

Independent Auditor's Report.....	23
Management's Discussion and Analysis (Unaudited).....	25

Combined Financial Statements:

Combined Statements of Net Position.....	34
Combined Statements of Revenues, Expenses and Changes in Net Position	36
Combined Statements of Cash Flows	38
Notes to Combined Financial Statements.....	40

Required Supplementary Information (Unaudited):

Schedule of Funding Progress for Health Benefits Plan.....	87
--	----

Supplementary Information:

Combined Supplemental Schedule of Net Position Information by Fund.....	88
Combined Supplemental Schedule of Changes in Fund Net Position Information by Fund.....	90
Supplemental Schedule of Net Position Information for Bond and Project Funds.....	91
Supplemental Schedule of Changes in Net Position Information for Bond and Project Funds.....	92

Statistical Section (Unaudited)

Financial Trends:

Net Position.....	95
Changes in Net Position.....	95

Revenue Capacity Data:

Schedule of Major Revenues by Source.....	96
Schedule of Toll Revenue by Bridge.....	96
Schedule of Bridge Cash Toll Rates.....	96
Schedule of Bridge Traffic By Vehicle Classification.....	97
Schedule of Bridge Traffic By Bridge.....	97
Schedule of PATCO Transit System Operating Revenues.....	97
Schedule of PATCO Passenger Fares.....	97
Schedule of PATCO Transit System Ridership.....	97

Debt Capacity:

Schedule of Debt Service Coverage.....	98
Schedule of Funded Debt.....	98
Schedule of Ratio of Debt per Customer.....	98

Demographic and Economic Data:

Schedule of Economic Statistics for the Pennsylvania Port District.....	99
Schedule of Top Ten Employers in the Pennsylvania Port District.....	99
Schedule of Economic Statistics for the New Jersey Port District.....	99
Schedule of Top Ten Employers in the New Jersey Port District.....	99

Operating Information:

Schedule of Bridge Operating Revenues..	100
Schedule of General Expenses By Function.....	100
Schedule of Operating Statistics.....	101
Schedule of Full-Time Authority Employees.....	101
Schedule of Capital Expenditures.....	101
Schedule of Capital Asset Statistics.....	101
Schedule of Bridge & PATCO Operations....	102



1047

DOWNTOWN

BEZHOR

Chairman's Letter

July 26, 2014

To Our Customers and Bondholders:



Hon. Jim Cawley
Chairman, DRPA

In March of 2014, Pennsylvania Governor Tom Corbett appointed me to serve as chairman of the Board of Commissioners for the Delaware River Port Authority.

As a life-long resident of Southeastern Pennsylvania, I understand how important the assets of the DRPA are to the local community. Whether crossing the bridges to head down the shore or riding PATCO to work, our bridges and train system provide vital lines of transportation to millions of travelers annually. Under my chairmanship, I will continue to follow Governor Corbett's efforts to return the DRPA to its original core mission: Providing safe, reliable, customer-friendly transportation to the people of southeastern Pennsylvania and southern New Jersey.

Under Gov. Corbett's leadership, the DRPA has achieved tremendous accomplishments. The Authority has undertaken a complete overhaul of its PATCO train line that will include a completely refurbished fleet of train cars and a fully rehabilitated track crossing the Ben Franklin Bridge. In addition, the Authority has completed one of the largest capital projects in its history with the re-decking of the Walt Whitman Bridge. All of this was accomplished at the same time the Authority paid down more than \$100 million in debt. I look forward to continuing this track record of success.

The Authority's four bridges carry an average of 258,000 vehicles each day. PATCO moves almost 40,000 passengers each workday, or an estimated 10.5 million each year; people who are vital to the success of the region's economy. These figures demonstrate the public's reliance on the Authority's transportation infrastructure and we must look at all aspects of our operations as stewards of important transportation assets and other resources that we hold in trust for the public.

I regard stewardship and public service as the root of our mission and purpose and we must focus on all aspects of caring for, maintaining, operating and protecting these assets. Safety and security is of paramount importance. I am committed to fostering changes that will strengthen the role we play in serving our customers, our employees, the community and the entire region.

Excellence in stewardship begins with building credibility and trust and requires the commitment of every member of our organization to serve with openness, integrity and competence. I look forward to leading this effort and providing our customers with the safe and reliable interstate transportation.

Sincerely,

Hon. Jim Cawley
Chairman, Delaware River Port Authority
Lt. Governor, Commonwealth of Pennsylvania



Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Board of Commissioners

Pennsylvania



Hon. Jim Cawley
Chairman
Lieutenant Governor
Commonwealth of Pennsylvania



Joann Bell
Government Relations Executive
Pugliese Associates



Walter D'Alessio
Vice Chairman
NorthMarq Capital



Hon. Eugene DePasquale
Auditor General
Commonwealth of Pennsylvania



Michelle Kichline, Esq.
Chester County



Hon. Robert M. McCord
State Treasurer
Commonwealth of Pennsylvania



Andrew J. Reilly
Attorney
Swartz Campbell



William R. Sasso
Board Chairman
Stradley Ronon Stevens & Young



New Jersey



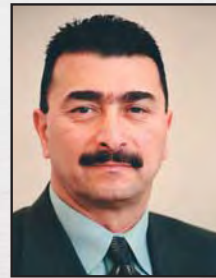
Jeffrey L. NASH
Vice Chairman
Freeholder
Camden County Board
of Chosen Freeholders



E. Frank DIANTONIO
President
Construction &
General Laborers
Union Local 172



Charles FENTRESS
Retired Police Sergeant
Delaware River
Port Authority



Albert F. FRATTALI
Business Manager
Reinforced Iron
Workers Local 405



Tamarisk L. JONES
Director of Health
and Senior Services
Gloucester County



Denise Y. MASON
Vice President
HSBC Bank USA



Richard SWEENEY
Financial Secretary,
Business Representative
Ironworkers #399

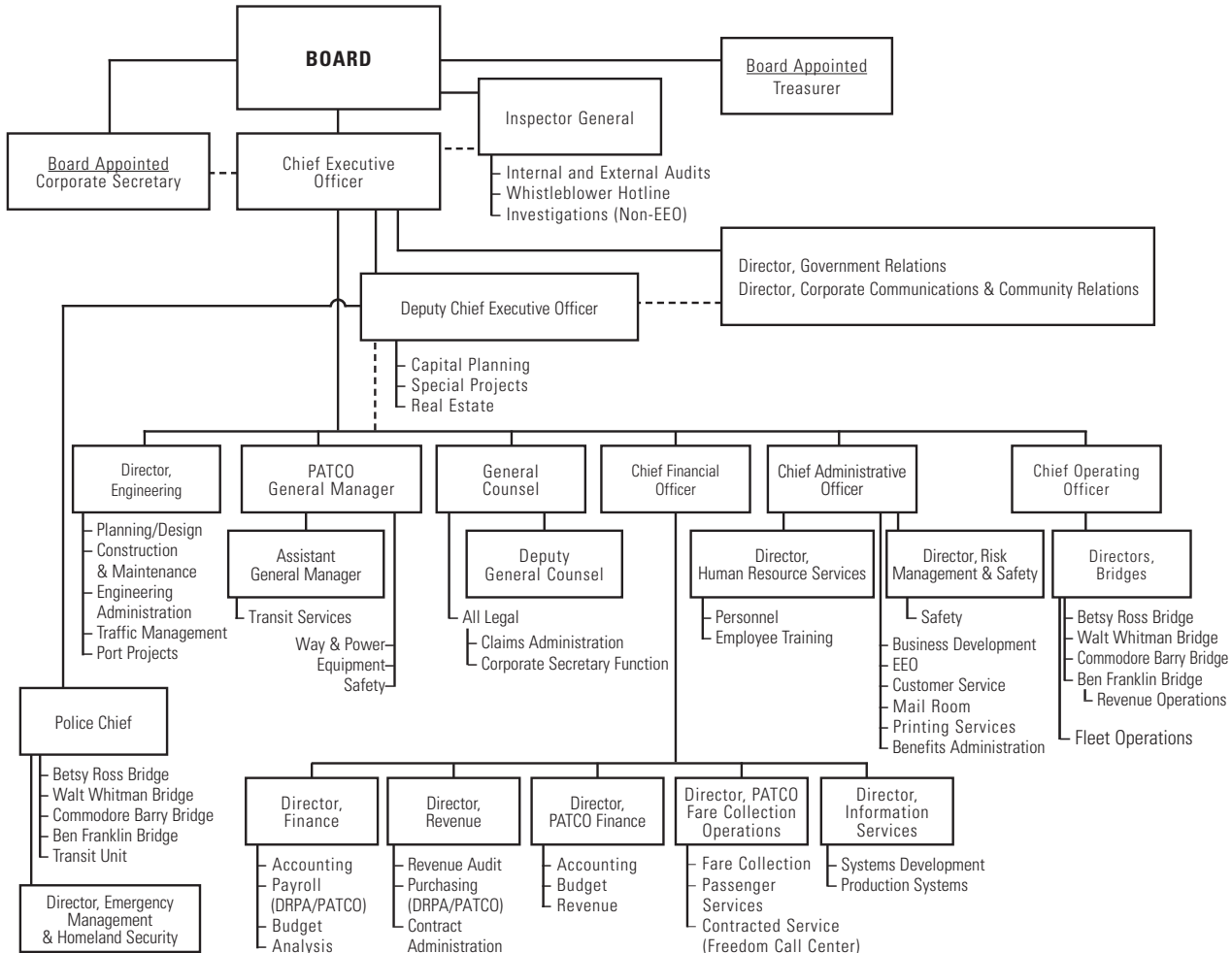


Ricardo V. TAYLOR, JR.
School Administrator
Pennsauken Township



Honorable Chris Christie
Governor
State of New Jersey

Organizational Chart



Officers & Executive Staff

John T. Hanson
 Chief Executive Officer, DRPA
 President, PATCO

Michael J. Conallen, Jr.
 Deputy Chief Executive Officer

Danielle L. McNichol, Esq.
 General Counsel
 Corporate Secretary

Archer & Greiner
 New Jersey Counsel

Duane Morris, LLP
 Pennsylvania Counsel

James M. White
 Acting, Chief Financial Officer

Toni P. Brown, Esq.
 Chief Administrative Officer

Timothy M. Pulte
 Chief Operating Officer

Michael P. Venuto
 Chief Engineer

Thomas W. Rafferty III
 Inspector General

John D. Rink
 PATCO General Manager

Bennett M. Cornelius
 PATCO Assistant
 General Manager

Facilities



Benjamin Franklin Bridge
Opened: July 1, 1926



Walt Whitman Bridge
Opened: May 16, 1957



Commodore Barry Bridge
Opened: February 1, 1974



Betsy Ross Bridge
Opened: April 30, 1976



PATCO
Opened: February 15, 1969



RiverLink Ferry System
Assumed operations on: April 1, 2000



SPEED
LIMIT

SPEED
LIMIT



John T. Hanson
Chief Executive Officer, DRPA
President of PATCO

Report of the Chief Executive Officer

The Delaware River Port Authority (DRPA) and Port Authority Transit Corporation (PATCO) achieved a decrease in its 2013 operating budget, an accomplishment duly noted by our commissioners, the news media and our bondholders. Despite a nearly 70 percent jump in employee pension costs from 2012, our 2013 annual operating budget fell 6.3 percent to a total of \$257.7 million.

We achieved those savings through several years of 1) aggressive cost-cutting, 2) prudent, strategic financial management, and 3) identifying and implementing operating efficiencies

The DRPA, for example, has saved \$4 million over last year – and is on-track to save approximately \$6 million in 2014 – by restructuring the letters of credit that support our 2008 and 2010 revenue refunding bonds. The DRPA also cut interest costs by restructuring \$196 million in outstanding debt late in 2012. Interest-related savings in 2013 alone amounted to about \$11 million.

Wall Street rewarded these cost-cutting measures. On Nov. 25, Standard & Poor's raised its rating on Delaware River Port Authority bonds to "A" from "A-." S&P also assigned its long-term "A" rating to the DRPA series 2013, \$476.6 million revenue bonds and declared a "stable" outlook for DRPA securitized debt. In addition, Moody's affirmed our "A3" bond rating and declared a "stable" financial outlook for the DRPA, while S&P upgraded DRPA Port District Project Bonds from BBB- to BBB, stable outlook.

For all of the returns produced through strategic financial management and aggressive cost-cutting, our progress in identifying and implementing operating efficiencies has proved important, too.

During the last year, project teams from the DRPA and PATCO completed a Lean Six Sigma™ pilot initiative that helped reduce process defects and waste. In addition, a newly established DRPA Strategic Planning Committee evaluated and integrated best practices and recommendations made in the 2012 management audit report.

Efficiency also prevailed as we made solid progress toward completion of several of the largest capital projects in DRPA history.

On Oct. 30, all seven lanes of the Walt Whitman Bridge opened to motor vehicle traffic for the first time in four years. Although minor work related to completing the construction still remained, the \$140 million bridge re-decking project reached its final customer-facing milestone on-time and under budget.

At PATCO, work continues on our \$194 million rail car overhaul program. The first set of the newly refurbished “prototype” rail cars have been delivered from the Alstom plant in Hornell, N.Y. and are currently undergoing required testing. All 120 rail cars are scheduled to be completed by the fourth quarter of 2016

PATCO and the DRPA will also continue a \$103 million project to rehabilitate the north and south passenger rail tracks crossing the Delaware River on the Benjamin Franklin Bridge. Plans call for the replacement of wood ties, running rails, electrical cabling and information/switching systems and supporting steel trusses by the end of 2015.

While proud of our work, we understand that progress is no cause for complacency. In order to deliver optimal results, we must continue to build and strengthen our leadership capacity, enhance the skills and knowledge base of our workforce, improve communications and performance, and maintain an engaged, motivated team.

We need to adopt a holistic and proactive approach to stewardship of the important transportation assets that we hold in trust for our community. We are focused on all aspects of caring for these assets and operating, maintaining, improving and protecting them is our priority. We need to look critically at how well our organization anticipates and satisfies customer needs. We must apply more creativity, energy and efficiency to improving our stewardship of public assets, and carefully consider the investments in equipment, infrastructure and human resources that will be necessary to make this goal a reality.

Our four bridges carry an average of 258,000 vehicles each day. PATCO moves almost 40,000 passengers each workday, or an estimated 10.5 million each year; people who are vital to the success of the region’s businesses and economy. These figures demonstrate the public’s reliance on the Authority’s transportation infrastructure and we must look at all aspects of our operations at the bridges, PATCO and One Port Center from this new perspective – as stewards of public assets - and work together to make changes that will strengthen the role we play in serving our customers, our employees, the community and the entire region.

We will meet these challenges with a renewed commitment to stewardship and to building credibility and earning the trust of those we serve. Prepared to capably manage the tasks ahead, we look forward to a successful 2014.

Yours truly,



John T. Hanson
Chief Executive Officer, Delaware River Port Authority
President, Port Authority Transit Corporation







June 30, 2014

**TO THE BOARD OF COMMISSIONERS
OF THE DELAWARE RIVER PORT AUTHORITY**

The comprehensive annual financial report of the Delaware River Port Authority (“the Authority”) for the year ended December 31, 2013, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities have been included.

The Authority’s Indentures of Trust require an annual audit of the Authority’s financial statements by a firm of independent auditors. Additionally, as a recipient of funds from the Federal Transit Administration for projects involving the PATCO Transit System, the Authority is required to have a single audit performed annually by an independent auditor in accordance with the Single Audit Act of 1984, as amended in 1996, and OMB Circular A-133. The purpose of the single audit is to determine the adequacy of the Authority’s internal controls and compliance with applicable laws and regulations relating to the receipt of federal assistance. The Authority retains an independent auditor to satisfy these audit requirements. The report of the independent auditor on the combined financial statements of the Authority is included in the financial section of this report. The Authority’s management is responsible for the content and presentation of the audited financial report.

Management of the Authority is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the resulting benefits; and (2) the analysis of costs and benefits requires estimates and judgments by management.

In addition, as a recipient of federal financial assistance, the Authority is required to ensure that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to that federal assistance. These internal controls are subject to periodic evaluation by the Office of the Inspector General and by the management of the Authority.

The combined financial statements of the Authority are prepared using the accrual method of accounting in accordance with GAAP. Management has provided a narrative

introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Delaware River Port Authority's MD&A can be found immediately following the report of the independent auditors.

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 by compact legislation between the Commonwealth of Pennsylvania and the State of New Jersey. The Authority, which has no stockholders or equity holders was created in 1952 as a successor to the Delaware River Joint Commission which was created in 1931. The Authority is governed by a 16-member Board of Commissioners. The Governor of New Jersey appoints eight commissioners with the advice and consent of the Senate of New Jersey. The Governor of Pennsylvania appoints six commissioners, with the Auditor General and the State Treasurer of Pennsylvania serving as ex-officio commissioners for Pennsylvania. Commissioners serve five-year terms without compensation. The Board of Commissioners establishes policy and plans for the operations of the Authority. A Chief Executive Officer is appointed by the Board of Commissioners to implement policy and to manage the daily operations of the Authority.

The Board of Commissioners of the Delaware River Port Authority has five committees established under the authority of its Bylaws. They are: the Operations and Maintenance Committee, Projects Committee, Executive Committee, Finance Committee, and Export Development and International Trade Committee. These committees adhere to the rules and leadership structure outlined in Article IX of the DRPA Bylaws. These Committees act pursuant to the power vested under the bylaws.

The Board of Commissioners of the Delaware River Port Authority has also established, under the authority of resolution DRPA-10-040, an Audit Committee that is chaired by the Auditor General of Pennsylvania. The Audit Committee is charged with overseeing an independent financial, forensic and performance audit. The Board of The Delaware River Port Authority also adopted an Audit Committee charter through resolution DRPA-10-141. This resolution specifies that the purpose of the Audit Committee is to assist the board in fulfilling its oversight responsibility relating to: (1) the Authority's internal and external audit process, the financial reporting process, and the risk assessment and internal controls over financial reporting; (2) Compliance with applicable laws, policies, and accounting and auditing standards, and (3) Communication between the Authority's management, internal and external auditors, experts, other advisors, and the Board.

The Audit Committee adheres to the rules and leadership structure outlined in resolutions DRPA-10-040 and DRPA-10-141. The Audit Committee acts pursuant to the power vested under these two resolutions. It is not vested with any power under the bylaws.

In addition, to the aforementioned committees, the Board of Commissioners adopted resolutions DRPA 10-10-071 and DRPA 12-112, which established the Compensation and Labor Committees, respectively, to review the Authority's compensation issues and current labor agreement, labor/employee relations and non-represented employee issues. These committees, similar to the Audit Committee, act pursuant to the power vested under these two authorizing resolutions and are not vested with any power under the bylaws.

The Authority is vested with the ownership, control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system which is operated by its wholly owned subsidiary, the Port Authority Transit Corporation (PATCO). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. The Authority's Office of the Chief Operating Officer manages the RiverLink Ferry System which runs daily between Penn's Landing in Philadelphia and the Camden Waterfront during the months of May through September.

BUDGET PROCESS

The Authority prepares both operating and capital budgets annually. The annual operating budget is a financial planning tool for the associated fiscal year; it also sets the maximum spending limit for the Authority. Each of the Authority's Chief Officers and staff contribute to the development of a preliminary operating budget based on the expected staffing and funding levels necessary to operate the Authority's facilities in an efficient and safe manner. After individual departmental budgets are reviewed at budget hearings conducted by the Operating Budget Review Committee, (which consists of the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel, the General Manager of PATCO and other senior staff), a proposed operating budget is presented by the Chief Executive Officer to the Finance Committee and ultimately to the Board of Commissioners for its review and approval. Any subsequent addition of funds to the total operating budget requires the approval of the Board of Commissioners.

A five-year capital budget is also prepared through a similar process and submitted to the Finance Committee, and subsequently to the Board of Commissioners for approval. The capital budget is a planning document identifying the Authority's potential commitments. The approval of the capital budget does not in itself authorize any specific project. Specific approval by the Board of Commissioners is required before any capital project may commence. The foundation for the major capital budget projects (those projects greater than \$200K) is the biennial inspection which inspects all four bridges and PATCO. This inspection is required by the 1998 Revenue Bond Indenture. Smaller capital projects are identified by various operating and administrative departments.

Expenditures are monitored continuously throughout the year by the Finance Division to ensure that each department is in compliance with the approved operating budget and the established Policies and By-Laws of the Authority.

A Master Plan, detailing Port District and economic development projects, is distributed to the States, county and municipal governments, commissions, public corporations and authorities, and the private sector, when prepared by the Authority. The last update to the Master Plan was made in early 2013. When updated, the Authority approves amendments to each Master Plan as necessary to facilitate the implementation of new projects within the Port District. Updates and amendments to the Master Plan are approved through the Board of Commissioners.

In accordance with the Authority's governing Revenue and Port District Project Bond Indentures, the next year's annual budget must be submitted to the respective bond trustees by December 31 of each year.

FACTORS AFFECTING FINANCIAL CONDITION

During the past several years, the Authority has taken significant strategic steps to strengthen its financial position through: cost-containment of personnel and non-personnel expenditures, increasing its liquidity through growth in its General Fund, and restructuring its debt and swap portfolios. The latter policy is primarily in response to: changing financial markets, the exercise of various swaptions (in 2006, 2008 and 2010), passage of a board resolution mandating the liquidation of the Authority's swap portfolio in an orderly and strategic fashion, the necessity of funding its various annual five-year Capital Programs, and the adoption of a 2012 Finance Action plan by the Authority's Board of Commissioners. (which was implemented in 2012 and 2013).

The implementation of the aforementioned strategic initiatives were key factors in the ratings upgrade by Standard and Poor's on all of the Authority's bonds in late November 2013, just prior to the issuance of the new 2013 revenue bonds. In addition, in November 2013, Moody's Investor Services also increased the outlook on all of the Authority's bonds to "positive."

DEBT MANAGEMENT

In 2012, the Authority's Board approved a comprehensive finance plan to: use the Authority's General Fund for the early redemption of up to \$120 million of its fixed-rate debt, reduce the costs of its underlying letters of credit (on its 2008 and 2010 Revenue Refunding Bonds), and refund a large portion of its Port District Project Bond debt. The Authority successfully took actions to pay down approximately \$96 million in Revenue Bond and Port District Project Bond debt in April 2012, substantially reducing its 2012 debt service and improving its debt coverage ratio on its senior debt. In addition, the Authority executed the second part of its finance plan by issuing \$153 million in Port District Project Refunding Bonds, Series 2012, to refund and redeem all of the outstanding principal balance and interest accrued on the Authority's outstanding Port District Project Bonds, Series B of 1998, Series B of 1999 and Series A of 2001. As a result of these actions, the par amount of the Authority's Port District Bond debt decreased from approximately \$315 million to approximately \$187 million.

In 2013, the Authority continued the execution of its financial plan by significantly reducing its Direct Pay Letter of Credit (DPLOC) facility costs for its 2008 and 2010 Revenue Refunding Bonds.

In March, the Authority entered into new DPLOCs with three (3) new banks for its 2010 Revenue Refunding Bonds. Annual letter of credit facility fees, which formerly ranged from 1.35% to 1.675%, were reduced to a range of 0.45% to 0.70%, resulting in an estimated \$4 million partial-year reduction in overall fees. (The full year impact of these reduced facility fees for 2014 will be approximately \$6 million.) In June, the Authority renewed its DPLOC agreements with its two (2) existing banks, and, as a consequence reduced its facility fees from 1.35% to 0.65% to 0.70%.

In August 2013, the Authority's Board authorized the issuance of up to \$550 million in new revenue bonds, to fund a significant portion of its existing 2013 Capital Program. In late December, the Authority issued new revenue bonds (the 2013 Revenue Bonds), at attractive fixed rates, in the amount of \$476.6 million. The bonds were issued at a premium netting the Authority an additional \$11.8 million in proceeds.

With this issuance, the Authority reimbursed its General Fund, which had been used to fund the capital program for the sixteen (16) month period from August 2012 through November 2013, in the amount of \$101.3 million. The Authority's total bond debt increased to \$1.6 billion at year-end, up from \$1.2 billion at the prior's year end.

LOCAL ECONOMY

From the latest data available, it appears that population growth increased slightly in the Pennsylvania and New Jersey counties within the Port District since 2011. The unemployment rate in the the Pennsylvania counties has decreased slightly while increasing slightly in the New Jersey counties since 2011. Additional information can be found in the Statistical Section of this report.

LONG-TERM FINANCIAL PLANNING

An important component of the Authority's long-term financial plan is ensuring that it has sufficient revenue to meet its operating and capital requirements. With assistance from its Financial Advisors, the Authority uses a long-term forecasting model, which creates a multi-year forecast of its revenues and expenses. The model incorporates numerous independent variables (including operating revenue and expense estimates, debt service coverages and capacity, etc.) in order to determine the annual cash flow required to create sufficient bonding capacity to finance its five-year capital plan. Results from a traffic engineering study, completed in November 2013, which contains projections for a ten-year period, were incorporated into this model for use in developing forecasts for the 2013 revenue bond issue, later in the year.

As mentioned in the "Budget Process" section of this document, each year, the Authority develops a five-year capital plan which details the anticipated capital expenditures during this five-year period. The 2014 Capital Plan, developed, during the year, and approved in December 2013, outlined numerous bridge, transit system, security and technology project expenditures approaching \$746.2 million (net of federal funding), for the five-year period commencing in 2014. As of December 31, 2013, the Authority had funded approximately \$3.6 million in capital expenditures using the new bond project funds.

BRIDGE TOLL AND PASSENGER FARE SCHEDULES

There have been no changes to the Authority's bridge toll and passenger fare schedules since July 2011. Please see Note 18 for the current toll and fare schedules.

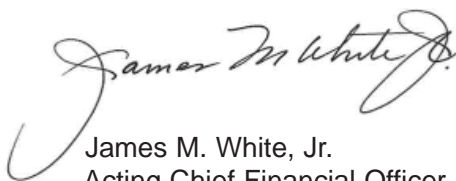
AWARDS AND ACCOMPLISHMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River Port Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the twenty-first consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements and employ best practices identified by the GFOA.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

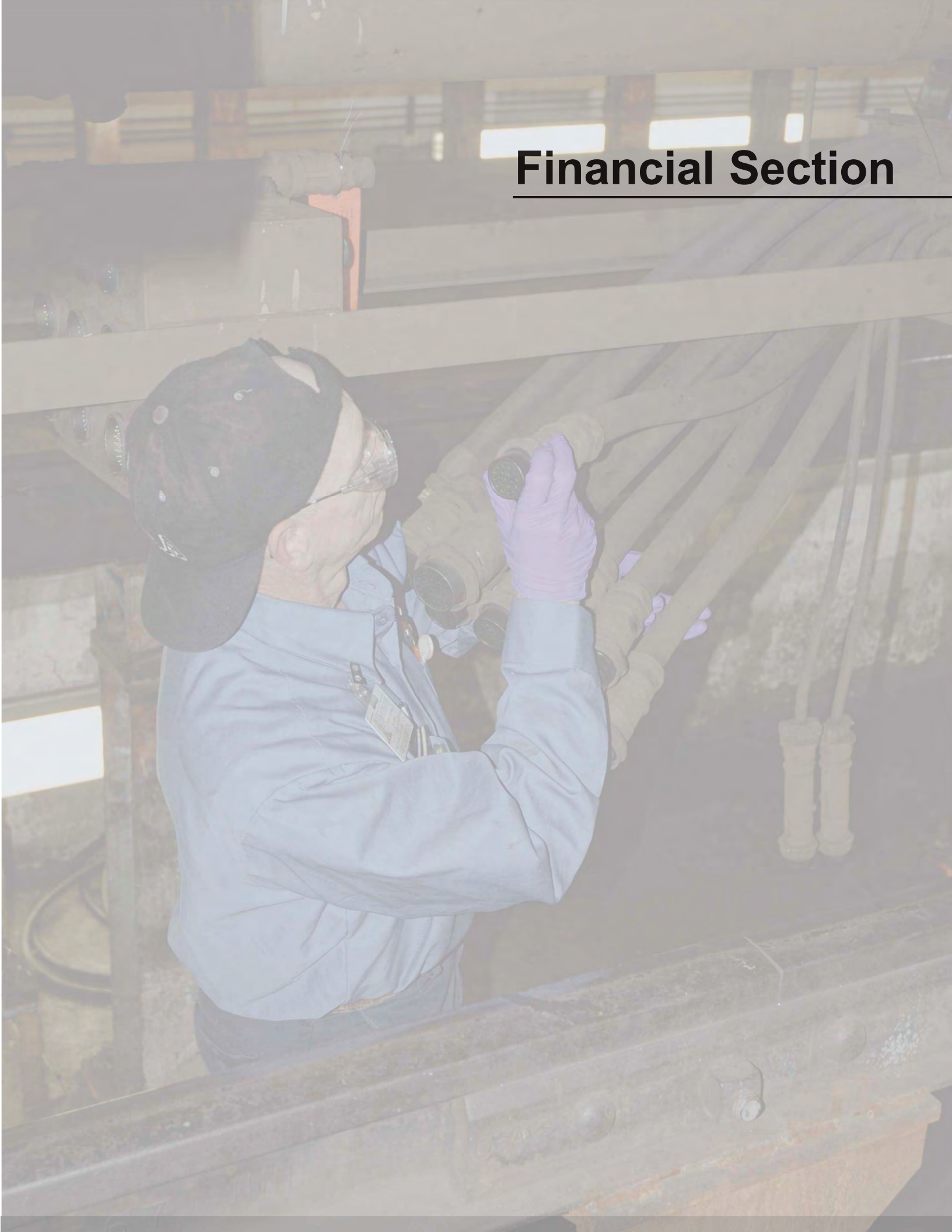
The preparation of this report would not have been possible without the dedication and efficiency of the entire staff of the Finance, Administrative Services and Government & Corporate Communications Departments. I would especially like to express my appreciation to the members of these Departments who contributed to the preparation of this report. Special thanks must also be given to the Chairman, Vice-Chairman, Chief Executive Officer, Deputy Chief Executive Officer and the Finance and Audit Committees of the Board for maintaining the highest standards in the management of the Delaware River Port Authority's finances. Special thanks also to the DRPA Inspector General Thomas W. Raftery III for his leadership in facilitating this financial audit.

Respectfully submitted,

A handwritten signature in black ink, reading "James M. White, Jr." in a cursive style. The signature is positioned above the printed name and title of the signatory.

James M. White, Jr.
Acting Chief Financial Officer

Financial Section



Financial Section





Independent Auditor's Report

To the Board of Commissioners
Delaware River Port Authority

Report on the Financial Statements

We have audited the accompanying combined financial statements of Delaware River Port Authority and subsidiary, which comprise the combined statements of net position as of December 31, 2013 and 2012, and the related combined statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the net position of the Delaware River Port Authority and subsidiary as of December 31, 2013 and 2012, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, Delaware River Port Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedule of funding progress for health benefits be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedules on pages 88 to 92 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the combined financial statements.

The supplemental schedules on pages 88 to 92 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

Blue Bell, Pennsylvania
June 30, 2014

Management's Discussion & Analysis

(Unaudited)

As management of the Delaware River Port Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2013 and 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 15-20 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (IN THOUSANDS)

- Operating revenues were \$328,124 in 2013, an increase of \$724 or 0.22% over 2012. The increase was primarily related to the slight increase in toll revenues.
- The \$1,053 increase in toll revenues (up 0.36%) during the year was primarily attributable to higher commercial vehicle volume and reduced automobile volume resulting in an average toll increase from \$6.0901 in 2012 to \$6.1375 in 2013.
- Bridge traffic decreased by 0.2 million vehicles (down 0.42%) during the year 2013. Traffic on the bridges was largely impacted by general economic conditions in the region and one less day of operation in 2013 vs. 2012 (due to leap year in 2012).
- The Port Authority Transit Corporation (PATCO) is a wholly-owned subsidiary of the Delaware River Port Authority (DRPA) and is subsidized by the Delaware River Port Authority. Operating expenses exceeded operating revenues for PATCO by \$16,749 in 2013 and by \$14,222 in 2012. The operating loss increased by \$2,527 from 2013 to 2012, an increase of 17.7%.
- PATCO passenger fare revenues decreased by 0.49%, primarily resultant from the impact of decreased PATCO ridership of 70,514 (down 0.66%). Net fare revenues decreased by \$127,000, or by 0.49%.
- Total "non-restricted" investments increased by \$101.8 million, an increase of 34.1%. This significant increase primarily was related to the increase in the General Fund balances. General Fund cash equivalents and investment balances increased by \$128,681 (up 44.9%) to total \$415,390 at year end. The General Fund increase was largely due to the reimbursement of \$101.3 million in funds which were used to fund capital expenditures from the period August 2012 through November 2013.

- Total “restricted investments for capital projects” (revenue bond project funds) increased by \$345.2 million, attributable to the Authority’s receipt of \$348.8 million in net proceeds (after all closing costs and reimbursements to the General Fund) from the new revenue bond issue. (At year-end 2012, the Authority had exhausted its project funds from the 2010 revenue bond issue). At year-end, the bond project fund balance was \$345.2 million.
- Bridge and general administration expenses decreased by a combined \$8,628 or by 8.6% vs. 2013 expenses. The reduction is principally attributable to the decrease in biennial inspection costs in 2013 v. 2012 (there was no biennial inspection in 2013) and significantly lower letter of credit costs.
- The Authority’s total debt increased by \$466,927 or by 39.3% during the current year, as the Authority issued \$476.6 million in new revenue bonds to fund a significant portion of its five-year Capital Plan.
- During 2013, the Authority renewed and restructured its Direct Pay Letter of Credit facilities with its five (5) banks, in March and July. As a result, letter of credit costs dropped by approximately \$4 million during the year. (The full year impact will reduce such costs by over \$6 million).
- Economic development expenditures totaled \$4,371 in 2013, a decrease in such expenditures of \$4,324 vs. 2012 (a 49.7% decrease) vs. 2012 activity. The Authority’s economic development spending now reflects only previously committed projects, as the Authority’s Board approved a discontinuation of any new economic development projects in 2010.
- The assets of the Authority exceeded its liabilities at the close of 2013 resulting in net position of \$511,389. Net position increased by \$92,560 during the year.
- Debt service coverage for revenue bond debt (as calculated based on the 1998 Bond Indenture) increased to 3.28 times from 2.81 times in 2012, as net revenues available for debt service increased by \$8.8 million and senior debt service decreased by \$7.5 million.

FINANCIAL POSITION SUMMARY

A large portion of the Authority’s net position are capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets mainly to provide bridge facilities and transit services to customers; consequently, these assets are not available for future spending. Although the Authority’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Delaware River Port Authority's Net Position

	<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u> <u>(Restated)</u>
Current and other assets	\$1,023,586	\$494,319	\$650,024
Capital assets	1,273,454	1,240,928	1,177,891
Total assets	<u>2,297,040</u>	<u>1,735,247</u>	<u>1,827,915</u>
Deferred outflows of resources	129,029	183,951	189,912
Long-term liabilities outstanding	1,823,498	1,430,965	1,582,842
Other liabilities	91,182	69,404	102,287
Total liabilities	<u>1,914,680</u>	<u>1,500,369</u>	<u>1,685,129</u>
Net position:			
Net investment in capital assets	213,138	272,905	214,632
Restricted	159,521	143,692	185,219
Unrestricted (deficiency)	138,730	2,232	(67,153)
Total net position	<u>\$511,389</u>	<u>\$418,829</u>	<u>\$332,698</u>

Restatement of balances

Net position, January 1, 2012 as previously stated	\$341,281
Cumulative effect of adoption of GASB No. 65	(8,583)
Net position, January 1, 2012 as restated	<u>\$332,698</u>

In 2013, net position increased in the amount of \$92,560. The main factors impacting this increase include: continued strong operating revenues, a decrease in operating expenses, resulting in net income before capital contributions of \$74.9 million (up from net income of \$61.1 million in 2012).

In 2012, net position increased in the amount of \$86,131. Factors impacting this increase include: significantly higher revenues and a significant decrease in non-operating expenses (which included an \$11.3 million reduction in interest expense from 2011).

For comparative purposes, net position as of January 1, 2011 was decreased by \$9,429 for the cumulative effect of adoption of GASB No. 65. Net position as of January 1, 2011 decreased from \$286,929 to \$277,500.

Summary of Changes in Net Position

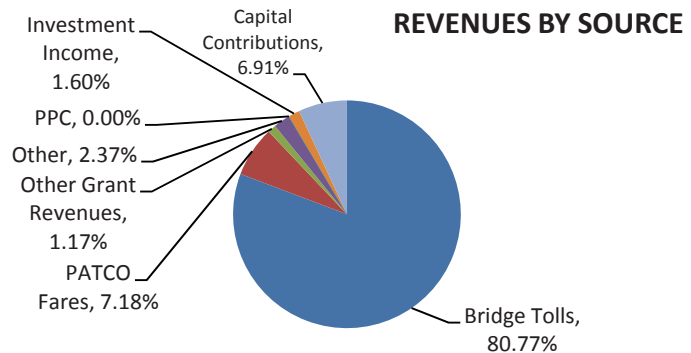
	<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u> <u>(Restated)</u>
Operating revenues	\$328,124	\$327,400	\$299,548
Operating expenses	(140,118)	(146,498)	(138,601)
Excess before depreciation and other non-operating income and expenses	188,006	180,902	160,947
Depreciation	(54,801)	(55,018)	(49,216)
Operating income	133,205	125,884	111,731
Non-operating loss and expenses, net	(58,318)	(64,795)	(89,554)
Income before capital contributions	74,887	61,089	22,177
Capital contributions	17,673	25,042	33,021
Change in net position	<u>\$92,560</u>	<u>\$86,131</u>	<u>\$55,198</u>

REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2013 and the amount and percentage change in relation to prior year amounts is as follows:

	2013 Amount	2012 Amount	Percent of Total	Increase/ (Decrease) From 2012	Percent Increase (Decrease)
Operating:					
Bridge tolls	\$293,863	\$292,810	80.77%	\$1,053	0.36%
PATCO passenger fares	25,908	26,035	7.18%	(127)	-0.49%
Other	8,353	8,553	2.36%	(200)	-2.34%
Cruise Terminal	-	2	0.00%	(2)	-100.00%
Total operating	328,124	327,400	90.31%	724	0.22%
Non-Operating:					
Investment income	5,581	5,803	1.60%	(222)	-3.83%
Other	49	44	0.01%	5	11.36%
Other grant revenues	2,776	4,232	1.17%	(1,456)	-34.40%
Capital contributions	17,673	25,042	6.91%	(7,369)	-29.43%
Total Revenues					
(before change in fair value)	\$354,203	\$362,251	100.00%	(\$8,318)	-2.29%
Change in fair value of derivatives	(953)	1,835	-	(2,788)	-151.93%
TOTAL REVENUES	\$353,250	\$364,356	-	(\$11,106)	-3.05%

- Total revenues in 2013 decreased by \$11,106, or by 3.05%, primarily due to the decrease in non-operating revenues capital contributions and other grants revenues, which decreased by \$7.4 million and by \$1.5 million, respectively.
- Total operating revenues in 2013 increased slightly by 0.22%, due to an increase in bridge toll revenue.
- Bridge toll revenue increased by \$1.1 million, or by 0.36% during 2013 (Bridge tolls accounted for almost 81% of total revenues.) In 2013, traffic decreased by 0.42% but revenue increased \$1,053 due to a higher average toll.
- The year-to-year average toll rate increase, from \$6.0901 to \$6.1375, reflects a slight increase of commercial vehicle traffic and a small decrease in automobile traffic.
- PATCO passenger fare revenues decreased by 0.49%, primarily resultant from the impact of decreased PATCO ridership of 71 thousand (0.67%).

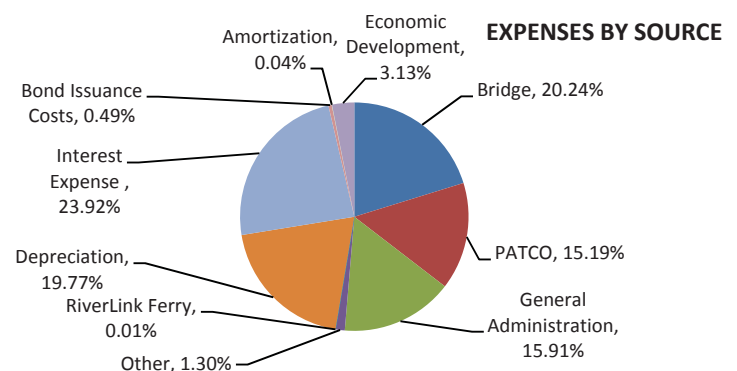


EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2013 and the amount and percentage change in relation to prior year amounts is as follows:

	2013 Amount	2012 Amount	Percent of Total	Increase/ (Decrease) From 2012	Percent Increase/ (Decrease)
Operating:					
Bridge	\$53,042	\$56,325	20.24%	(\$3,283)	-5.83%
PATCO	44,394	42,256	15.19%	2,138	5.06%
General Administration	38,932	44,277	15.91%	(5,345)	-12.07%
Other	3,688	3,611	1.30%	77	2.13%
River Link Ferry	62	29	0.01%	33	113.79%
Depreciation	54,801	55,018	19.77%	(217)	-0.39%
Total operating	<u>194,919</u>	<u>201,516</u>	<u>72.43%</u>	<u>(6,597)</u>	<u>-3.27%</u>
Non-Operating:					
Interest Expense	58,784	66,540	23.92%	(7,756)	-11.66%
Bond Issuance Costs	2,516	1,374	0.49%	1,142	83.11%
Amortization	100	100	0.04%	-	0.00%
Economic Development	4,371	8,695	3.13%	(4,324)	-49.73%
Total Non-Operating	<u>65,771</u>	<u>76,709</u>	<u>27.57%</u>	<u>(10,938)</u>	<u>-14.26%</u>
TOTAL EXPENSES	<u>\$260,690</u>	<u>\$278,225</u>	<u>100.00%</u>	<u>(\$17,535)</u>	<u>-6.30%</u>

- Bridge and General Administration (G&A) expenses for DRPA operations decreased by a combined \$8,628 (or 8.58%) versus 2012. Major factors impacting the reduced expenses include: significantly lower biennial inspection costs and letter of credit facility fees.
- PATCO operational expenses increased by \$2,138 (or by 5.06%), primarily attributable to an increase in purchased power usage, expenses relating to the general liability reserve and payroll-related expenses.
- Total operating expenses decreased by \$6,597 or 3.27%, attributable to the decrease in Bridge and General Administration (as cited above) and depreciation expenses.
- Economic development expenditures totaled \$4,371 in 2013, a decrease of \$4,324 (or 49.7%) from expenditures in 2012. The decrease reflects the funding of previously authorized projects committed to prior to the Authority's discontinuation of any new economic development projects beyond 2010.
- Total non-operating expenses decreased by \$10,938, attributable to lower interest expense payments (down \$7,756) and the decrease in economic development activities (down \$4,324).
- Total expenses decreased by \$17,535 largely attributable to the large decreases in both total DRPA operating expenses and non-operating expenses cited above.



SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are considered highly liquid investments with a maturity of three months or less.

	2013	2012	2011
Cash flow from operating activities	\$186,605	\$186,336	\$168,451
Cash flow from non-capital financing activities	(2,149)	(696)	2,653
Cash flow from capital and related financing activities	336,339	(338,655)	(235,361)
Cash flow from investing activities	(496,165)	153,002	63,932
Net increase (decrease) in cash and cash equivalents	24,630	(13)	(325)
Cash and cash equivalents, beginning	5,899	5,912	6,237
Cash and cash equivalents, ending	<u>\$30,529</u>	<u>\$5,899</u>	<u>\$5,912</u>

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2013 amounted to \$1,273,454 (net of accumulated depreciation), an increase of \$32,526 over the previous year. This investment in capital assets includes land, bridges, transit system, port enhancements, buildings and machinery. The total percentage increase in the Authority's investment in capital assets for the current year was 2.62%.

Major capital asset events during the current year included the following:

- Redecking suspended span and anchorage spans work at the Walt Whitman Bridge in the amount of \$29,109.
- PATCO track rehabilitation across the Ben Franklin Bridge in the amount of \$5,097.
- PATCO transit car overhaul in the amount of \$12,802
- Replacement of PATCO pole line and power cable in the amount of \$5,346.

Delaware River Port Authority's Capital Assets

(Net of depreciation)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land	\$74,225	\$74,225	\$74,225
Construction in progress	290,453	304,030	241,748
Bridges and related buildings and equipment	634,795	604,153	600,506
Transit property and equipment	271,767	256,381	258,971
Port enhancements	2,214	2,139	2,441
Total	<u>\$1,273,454</u>	<u>\$1,240,928</u>	<u>\$1,177,891</u>

Additional information on the Authority's capital assets can be found in Note 7 on page 53 of this report.

Long-term debt. In late December, the Authority issued new revenue bonds (the 2013 Revenue Bonds), at attractive fixed rates, in the amount of \$476.6 million. With this issuance, the Authority reimbursed its General Fund, which had been used to fund the capital program, for the sixteen (16) month period from August 2012 through November 2013, in the amount of \$101.3 million. The Authority's total bond debt increased to \$1,654,715 (shown below by issue) at year-end, up from \$1,187,788 at the prior's year end. Of this amount, \$1,450,720 (or 87.7%) represents revenue bond debt backed by toll revenue from the Authority's bridges. The remaining debt of \$203,995 represents subordinated obligations of the Authority. The Authority's debt portfolio consists of \$1,000,205 (or 60.4%) in fixed-rate debt, with the remaining \$654,510 in variable rate mode; the variable rate debt is backed by five (5) direct-pay bank letters of credit, from several banks.

Delaware River Port Authority's Outstanding Debt

(Revenue, Revenue Refunding, Port District Project and Port District Refunding Bonds)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
1998 Port District Project Bonds	\$ -	\$ -	\$58,005
1999 Revenue Bonds	-	-	41,335
1999 Port District Project Bonds	31,080	34,250	143,341
2001 Port District Project Bonds	-	-	113,124
2008 Revenue Refunding Bonds	304,510	320,355	335,380
2010 Revenue Refunding Bonds	350,000	350,000	350,000
2010 Revenue Bonds	307,854	307,830	307,804
2012 Port District Project Refunding Bonds	172,915	175,353	-
2013 Revenue Bonds	488,356	-	-
Total (net of amortizing premium and discount and loss on refunding)	<u>\$1,654,715</u>	<u>\$1,187,788</u>	<u>\$1,348,989</u>

Additional information on the Authority's outstanding debt can be found in the Letter of Transmittal on page 15 and in Note 12 beginning on page 60 of this report.

Bond Ratings: In late 2012, with the issuance of new port district project refunding bonds, both Moody's and S&P raised the outlook on the Authority's debt. Moody's changed the outlook on all bonds from "negative" to "stable", while S&P increased the outlook on all bonds from "stable" to "positive".

During the latter part of 2013, the Authority experienced its first major change in its bond ratings since 2010. In November, just prior to the issuance of new revenue bonds, Standard and Poor's (S&P) upgraded the Authority's outstanding revenue bonds to "A" (from "A-"), with a stable outlook, and also raised the underlying rating on the outstanding port district project bonds to "BBB" (from "BBB-"). The ratings change reflected the Authority's strong financial management with historical operating results under budget by 6.3% since 2003, its strong liquidity position (especially in its General Fund), the Board of Commissioners' mandate to exit economic development, its focus on debt management restructuring and its focus on its "core infrastructure assets."

Moody's affirmed the current underlying revenue bond (A3) and port district project bond (Baa3) ratings with a "stable" outlook.

The underlying debt ratings on the Authority's bond issues, as of December 31, 2013, are shown below:

<u>Issue:</u>	<u>Moody's:</u>	<u>S&P:</u>
Revenue and Revenue Refunding Bonds (2008, 2010 and 2013 bonds)	A3 Stable	A Stable
Port District Project and Port District Project Refunding Bonds (1999 and 2012 bonds)	Baa3 Stable	BBB Stable

Additional information related to the Authority's bond ratings, including its "jointly supported transactions" ratings on its 2008 and 2010 Revenue Refunding Bonds can be found in the sub-section entitled "Bond Ratings" under Note 12 on pages 71-72 and "Commitments" under Note 17 on pages 74-78 of this report.

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the 2014 year:

- Slow or little growth in the overall regional economy.
- No bridge toll or PATCO fare increases during 2014.
- Budgeted bridge traffic is expected to drop by 0.8 million vehicles to 47.3 million vehicles, attributable to economic factors and a three-day adjustment for inclement weather.
- Bridge toll revenues projected to approach \$290.7 million, attributable to an increase of \$0.1 million in budgeted toll revenues vs. 2013. (Net toll revenues include a three-day adjustment for the projected impact of inclement weather and an increase in average toll).
- Decrease of 2.1% in projected total PATCO fares and other revenues versus 2013, decreasing from \$26.8 million to \$26.2 million. The large drop in revenues is resultant from an anticipated reduction in the passenger ridership, largely attributable to the major Ben Franklin Bridge/PATCO track rehabilitation project. Ridership is budgeted to decrease by 163,000 riders (or by 1.6%) vs. the 2013 budget, to a total of 10.2 million riders annually.
- Biennial inspection costs estimated to be \$2.9 million in 2014, a budgeted increase of \$2.7 million (no biennial inspection in 2013).
- DRPA operating expense increase of \$1.8 million, or a 2.1% increase, primarily attributable to increased employer contribution for pension and insurance costs. The PATCO operating budget increased by \$0.97 million, or by 2.1%, attributable primarily to payroll, pension-related and purchased power costs. The combined DRPA and PATCO budgeted operating expenses are expected to increase by \$2.7 million to total \$133.8 million, or a 2.1% increase over 2013.
- An increase of approximately \$15.9 million (or 13.8%) in budgeted total debt service, primarily resultant from the full-year impact in 2014 of the issuance of the 2013 Revenue Bonds in late December of 2013. Total debt service is projected to be \$131.8 million for 2014.
- Bank direct pay letters of credit costs (related to the 2008 and 2010 Revenue Refunding variable rate bonds) are expected to decrease significantly by approximately \$1.9 million, a 28.8% decrease. This significant reduction in budgeted LOC fees is attributable to the Authority's 2013 restructuring efforts.
- Capital Budget expenditures for 2014 are budgeted to be approximately \$163.3 million, up substantially from the \$119.3 million budgeted for 2013. This increase in expenditures reflects several significant projects, including the BFB/PATCO Track rehabilitation and PATCO fleet car rehabilitation projects, which together are budgeted to approach \$103 million in expenditures in 2014.

The Authority's actual financial results could vary materially from management's expectations because of changes in the above factors, and other risks and uncertainties that adversely impact the Authority's operations.

Requests for Information

This financial report is designed to provide a general overview of the Authority's activities for all of those with an interest in the Authority's activities through December 31, 2013. Questions from interested parties concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Delaware River Port Authority, One Port Center, 2 Riverside Drive, P.O. Box 1949, Camden, NJ 08101-1949.

Delaware River Port Authority

Combined Statements of Net Position
December 31, 2013 and 2012

(amounts expressed in thousands)

	2013	2012 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 26,232	\$ 829
Investments	400,328	298,513
Accounts receivable, net of allowance for uncollectibles	11,691	8,866
Accrued interest receivable	475	540
Transit system and storeroom inventories	6,512	6,794
Economic development loans - current	1,925	1,830
Prepaid expenses	2,323	1,354
Restricted assets		
Cash and cash equivalents	4,297	5,070
Investments	206,411	151,631
Accrued interest receivable	4	4
Total current assets	660,198	475,431
Noncurrent Assets		
Restricted investments for capital projects	345,216	-
Capital assets, net of accumulated depreciation		
Land	74,225	74,225
Construction in progress	290,453	304,030
Bridges and related buildings and equipment	634,795	604,153
Transit property and equipment	271,767	256,381
Port enhancements	2,214	2,139
Total capital assets	1,273,454	1,240,928
Other		
Economic development loans, net of allowance for uncollectibles	16,776	17,392
Debt insurance costs, net of amortization	1,396	1,496
Total other assets	18,172	18,888
Total noncurrent assets	1,636,842	1,259,816
Total assets	2,297,040	1,735,247
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	114,318	166,703
Loss on refunding of debt	14,711	17,248
Total deferred outflows of resources	129,029	183,951

(Continued)

Delaware River Port Authority

Combined Statements of Net Position (Continued)

December 31, 2013 and 2012

(amounts expressed in thousands)

	2013	2012 (Restated)
Liabilities		
Current Liabilities		
Accounts payable		
Retained amounts on contracts	\$ 8,938	\$ 10,065
Other	19,356	21,816
Accrued liabilities		
Claims and judgments	1,500	1,490
Self-insurance	1,709	1,907
Pension	1,867	555
Sick and vacation leave benefits	1,031	1,099
Other	1,189	1,099
Unearned revenue	3,408	3,245
Liabilities payable from restricted assets		
Accrued interest payable	13,534	9,113
Bonds payable - current	38,650	19,015
Total current liabilities	91,182	69,404
Noncurrent Liabilities		
Accrued liabilities		
Claims and judgments	5,354	4,402
Self-insurance	1,978	1,345
Sick and vacation leave benefits	3,091	3,295
Other post employment benefits	41,502	41,363
Unearned revenue	5,274	5,741
Premium payment payable - derivative companion instrument	33,588	37,969
Derivative instrument - interest rate swap	116,646	168,077
Bonds payable, net of unamortized discounts and premiums	1,616,065	1,168,773
Total noncurrent liabilities	1,823,498	1,430,965
Total liabilities	1,914,680	1,500,369
Net Position		
Net investment in capital assets	213,138	272,905
Restricted for:		
Debt requirements	140,743	122,010
Port projects	18,778	21,682
Unrestricted	138,730	2,232
Total net position	\$ 511,389	\$ 418,829

See Notes to Combined Financial Statements.

Delaware River Port Authority

Combined Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2013 and 2012
(amounts expressed in thousands)

	2013	2012 (Restated)
Operating Revenues		
Bridges		
Tolls	\$ 293,863	\$ 292,810
Other operating revenues	6,451	6,372
Total bridge operating revenues	<u>300,314</u>	<u>299,182</u>
Transit system		
Passenger fares	25,908	26,035
Other operating revenues	1,699	1,957
Total transit system operating revenues	<u>27,607</u>	<u>27,992</u>
Port of Philadelphia and Camden		
Cruise terminal	-	2
Total Port of Philadelphia and Camden	<u>-</u>	<u>2</u>
Other		
Miscellaneous	203	224
Total operating revenues	<u>328,124</u>	<u>327,400</u>
Operating Expenses		
Operations	97,436	98,581
Community impact	3,688	3,611
General and administration	38,932	44,277
Port of Philadelphia and Camden	62	29
Depreciation	54,801	55,018
Total operating expenses	<u>194,919</u>	<u>201,516</u>
Operating income	<u>133,205</u>	<u>125,884</u>

(Continued)

Delaware River Port Authority

Combined Statements of Revenues, Expenses and Changes in Net Position (Continued)
Years Ended December 31, 2013 and 2012
(amounts expressed in thousands)

	2013	2012 (Restated)
Nonoperating Revenues (Expenses)		
Investment income	\$ 5,581	\$ 5,803
Change in fair value of derivative instruments	(953)	1,835
	<u>4,628</u>	<u>7,638</u>
Interest expense	(58,784)	(66,540)
Amortization expense	(100)	(100)
Economic development activities	(4,371)	(8,695)
Other nonoperating revenues	49	44
Other grant revenues	2,776	4,232
Bond issuance costs	(2,516)	(1,374)
Total nonoperating revenues (expenses)	<u>(58,318)</u>	<u>(64,795)</u>
Income before capital contributions	<u>74,887</u>	<u>61,089</u>
Capital Contributions		
Federal and state capital improvement grants	17,673	25,042
Change in net position	<u>92,560</u>	<u>86,131</u>
Net Position, January 1, (as restated)	<u>418,829</u>	<u>332,698</u>
Net Position, December 31,	<u>\$ 511,389</u>	<u>\$ 418,829</u>

See Notes to Combined Financial Statements.

Delaware River Port Authority

Combined Statements of Cash Flows
Years Ended December 31, 2013 and 2012

(amounts expressed in thousands)

	2013	2012
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 327,157	\$ 326,211
Payments for other goods or services	(69,415)	(77,799)
Payments for employees services	(71,186)	(62,120)
Other receipts	49	44
Net cash provided by operating activities	186,605	186,336
Cash Flows from Noncapital Financing Activities		
Payments for economic development activities	(4,371)	(8,695)
Repayments of economic development loans	521	458
Grants received	1,701	7,541
Net cash used in noncapital financing activities	(2,149)	(696)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(88,503)	(122,921)
Proceeds from sales of capital assets	49	146
Capital contributions received	16,770	25,043
Proceeds from capital debt	488,403	175,557
Payment of bond issuance costs	(2,698)	(1,374)
Payment on capital debt refunding	-	(196,760)
Principal paid on bonded debt	(19,015)	(140,895)
Interest paid on debt	(58,667)	(77,451)
Net cash provided by (used in) capital and related financing activities	336,339	(338,655)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	633,140	1,273,801
Purchase of investments	(1,135,377)	(1,127,253)
Interest received	6,072	6,454
Net cash (used in) provided by investing activities	(496,165)	153,002
Net increase (decrease) in cash and cash equivalents	24,630	(13)

(Continued)

Delaware River Port Authority

Combined Statements of Cash Flows (Continued)
Years Ended December 31, 2013 and 2012

(amounts expressed in thousands)

	2013	2012
Cash and Cash Equivalents, January 1, (including \$5,070 and \$4,379 reported as restricted)	\$ 5,899	\$ 5,912
Cash and Cash Equivalents, December 31, (including \$4,297 and \$5,070 reported as restricted)	\$ 30,529	\$ 5,899
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 133,205	\$ 125,884
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	54,801	55,018
Changes in assets and liabilities:		
(Increase) in accounts receivable	(665)	(95)
Decrease (increase) in transit system and storeroom inventories	282	(683)
(Increase) decrease in prepaid expenses	(969)	2,903
(Decrease) increase in accounts payable and accrued wages	(2,460)	975
Increase (decrease) in accrued pension payable	1,312	(391)
Decrease in unearned revenue	(304)	(1,094)
Increase in claims and self-insurance	1,397	2,007
Decrease in sick and vacation leave benefits payable	(272)	(297)
Increase in other accrued liabilities	229	2,065
Other revenues	49	44
Net cash provided by operating activities	\$ 186,605	\$ 186,336
Noncash Investing, Capital and Financing Activities:		
Accretion of interest on premium payment payable - derivative companion instrument	\$ 1,776	\$ 1,985
(Increase) decrease in accumulated change in fair value of hedging derivatives resulting from change in fair value	\$ (52,385)	\$ (7,086)
Grant revenue included in accounts receivable	\$ 1,487	\$ 412
Capital contributions included in accounts receivable	\$ 4,199	\$ 3,296
Acquisition of capital assets included in accounts payable	\$ 8,938	\$ 10,065

See Notes to Combined Financial Statements.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies

Description of Operations: The Delaware River Port Authority (the "Authority") is a public corporate instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and the State of New Jersey (the "State"), created with the consent of Congress by compact legislation between the Commonwealth and the State. The Authority has no stockholders or equity holders. The Authority is vested with the ownership, control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system that is operated by the Port Authority Transit Corporation ("PATCO"). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey.

The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls and fares. The Authority is a member of the E-ZPass Interagency Group, the largest interoperable Electronic Toll Collection System in the world, comprised of twenty-five (25) agencies in fifteen (15) states. Through December 2013, customer participation in the E-ZPass electronic toll collection process grew to approximately sixty-seven (67%) of its toll collection activity during rush hour periods. Toll revenues collected through E-ZPass now exceed sixty-six percent (66%) of total toll revenues. The Office of the Chief Operating Officer manages the RiverLink Ferry System which runs daily between Penn's Landing in Philadelphia and the Camden Waterfront, as well as the Authority's eleven story office building in Camden, New Jersey.

Basis of Presentation: The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Cash and Cash Equivalents: The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (Note 2). In addition, according to the various Indentures of Trust which govern the flow and accounting of the Authority's financial resources, certain accounts are required to be maintained in order to comply with the provisions of the Indentures of Trust. For the accounts that are restricted, the Authority has recorded the applicable cash and cash equivalents as restricted on the combined financial statements (Note 11).

Investment in Securities: Investments are stated at fair value, generally based on quoted market prices. Certain investments are maintained in connection with the Authority's funded debt (Notes 3 and 12). Likewise, as with cash and cash equivalents, the accounts that are restricted as per the various Indentures of Trust have been recorded as restricted investments on the combined financial statements (Note 11).

Accounts Receivable: The Authority establishes a provision for the estimated amount of uncollectible accounts based upon periodic analysis of collection history.

Transit System Inventory: Transit system inventory, consisting principally of spare parts for maintenance of transit system facilities, is stated at the lower of cost (first-in, first-out method) or market.

Debt Issuance Costs, Bond Premiums, Bond Discounts and Loss on Refunding: As more fully described in Note 21, during 2013, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under this statement, debt issuance costs, except for insurance costs are recognized as expenses in the period incurred. Bond insurance costs are amortized by the straight-line method from the issue date to maturity. Loss on refunding of debt is classified as a deferred outflow of resources. Premiums, discounts and loss on refunding arising from the issuance of the revenue bonds and port district project bonds are amortized by the effective interest method from the issue date to maturity.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Investment in Facilities: Investment in facilities is stated at cost, which generally includes expenses for legal expenses incurred during the construction period. Investment in facilities also includes the cost incurred for port-related projects, and improvements, enlargements and betterments to the original facilities. Replacements of existing facilities (except for primarily police and certain 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 non-operating revenues or expenses. Assets capitalizable generally have an original cost of five thousand dollars (\$5) or more and a useful life in excess of one year. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Notes 7 and 15).

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

Bridges, freeways and tunnels	100 years
Buildings, stations and certain bridge components	35 - 50 years
Electrification, signals and communication system	30 - 40 years
Transit cars, machinery and equipment	10 - 25 years
Computer equipment, automobiles and other equipment	3 - 10 years

Maintenance and Repairs: Maintenance and repair costs considered necessary to maintain bridge facilities in good operating condition are charged to operations as incurred.

Self-insurance: The Authority provides for the uninsured portion of potential public liability and workers' compensation claims through self-insurance programs and charges current operations for estimated claims to be paid (Note 16).

Economic Development Activities: The Authority establishes loan loss provisions for economic development loans receivable, based upon collection history and analysis of creditor's ability to pay. The Authority has established a loss reserve in the amount of \$1,345 as of December 31, 2013 and 2012 for its economic development loans outstanding.

Net Position: Net position is classified in the following three components:

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted: This component of net position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net position.

Unrestricted: This component of net position consists of a net position that does not meet the definition of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board. A deficiency will require future funding.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Operating and Non-operating Revenues and Expenses: Operating revenues include all revenues derived from facility charges (i.e., toll revenues, which include E-ZPass revenues), PATCO operations (passenger fare, advertising and parking), and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the bridges, PATCO, PPC operations, and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and economic development activities.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Debt Management: Total outstanding bond debt reflected on the balance sheet is net of unamortized bond discounts and premiums (Note 12). The Authority presently has two active interest rate hedge (swap) agreements (derivative instruments) with UBS AG (Paine Webber) to hedge interest rates on a portion of its outstanding long-term debt (Note 4).

Derivative Instruments and the Related Companion Instruments: The Authority has entered into two interest rate swap agreements with Bank of America, N.A. for the primary purposes of investing and for the aforementioned purpose of hedging interest rates on its outstanding long-term debt. In accordance with Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, all activity related to the interest rate swap agreements has been recorded on the combined financial statements and is further detailed in Note 4.

Budget: In accordance with Section 5.15 of the 1998 Revenue Refunding Bonds Indenture of Trust and its Supplemental Indentures and Section 5.07 of the 1998, 1999 and 2001 Port District Project Bond Indentures of Trust, the Authority must annually adopt an Annual Budget on or before December 31 for the ensuing year. Section 5.15 of the 1998 Revenue Bond Indenture of Trust requires that the Authority, on or before December 31, in each fiscal year, adopt a final budget for the ensuing fiscal year of (i) operational expenses, (ii) the PATCO Subsidy, (iii) the amount to be deposited to the credit of the Maintenance Reserve Fund, and (iv) the estimated amounts to be deposited into the Debt Service Fund, the Debt Service Reserve Fund, and the Rebate Fund. Each Annual Budget must also contain the Authority's projections of revenues for the ensuing fiscal year demonstrating compliance with the covenant as to facility charges as set forth in Section 5.09 of the Indentures of Trust. On or before December 31 in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the Trustees.

The Port District Project Bond Indentures require the following: the adopted budget must set forth, inter alia, the PATCO Subsidiary, the amount of any operating subsidy paid or payable by the Authority to or for the account of any other subsidiary of the Authority (including, without limitation, the Port of Philadelphia and Camden) and all other material operating expenses of the Authority payable from the General Fund. (See Note 11 for description of funds established under the Trust Indentures.) The Authority must also include the debt service payable on the Bonds and any Additional Subordinated indebtedness during the ensuing fiscal year and all amounts required to be paid by the Authority into the Debt Service Reserve Fund or the Rebate Fund or to any Reserve Fund Credit Facility issuer during the ensuing fiscal year. On or before December 31, in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the Trustees and Credit Facility Issuer.

The Authority may at any time adopt an amended or supplemental Annual Budget for the remainder of the then-current fiscal year, which shall be treated as the Annual Budget under the provisions of the Indentures of Trust. A copy of any amended or supplemental Annual Budget must be promptly filed with the Trustee.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Interfunds: Interfund receivables/payables represent amounts that are owed, other than charges for goods and services rendered, to/from a particular fund. These receivables/payables are eliminated during the aggregation process.

Reclassifications: Certain reclassifications have been made in the 2012 comparative statements to be in conformity with the 2013 presentation.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes: The Authority is a public corporate instrumentality of the State of New Jersey and the Commonwealth of Pennsylvania, and is described in its amended governing Compact, has been "deemed to be exercising an essential government function in effectuating such purposes," and therefore is exempt from income taxes pursuant to the Internal Revenue Code (Section 115).

Note 2. Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2013 and 2012, the Authority's bank balances of \$55,146 and \$55,806 (including certificates of deposit of \$22,197 and \$46,427 classified as investments in the statement of net position), respectively, were exposed to custodial credit risk as follows:

	2013	2012
Uninsured and uncollateralized	\$ 50,054	\$ 51,889
Uninsured and collateralized (collateral held by bank's department or agent, but not in the Authority's name)	\$ 855	\$ 894

Note 3. Investment in Securities

The Authority's investments in various securities are maintained for specified funds in accordance with the provisions of the Indenture of Trust adopted as of July 1, 1998.

Custodial Credit Risk Related to Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the Authority's investments at December 31, 2013 and 2012, \$929,758 and \$403,717, respectively, consisted of investments in asset backed securities, commercial paper, corporate bonds and notes, mortgage pass-through securities, municipal bonds, repurchase agreements, U.S. federal agency notes and bonds, and U.S. government treasuries, are uninsured, not registered in the name of the Authority, and held by the counterparty's trust department or agent but not in the Authority's name.

Delaware River Port Authority**Notes to Combined Financial Statements****Note 3. Investment in Securities (Continued)**

As of December 31, 2013 and 2012, the Authority had the following investments:

Investment	Maturities	2013	2012
Asset backed securities	228.08 months average	\$ 914	\$ 2,990
Commercial paper	6.20 months average	51,575	51,575
Corporate bonds and notes	18.63 months average	49,728	55,848
Mortgage pass-through securities	216.95 months average	3,897	1,681
Municipal bonds	109.77 months average	2,556	2,430
Repurchase agreements	daily	933	881
Short-term investments	1.00 months average	771,245	249,949
U.S. federal agency notes and bonds	17.22 months average	1,304	1,801
U.S. government treasuries	26.08 months average	47,606	36,562
		929,758	403,717
Certificates of deposits held at banks		22,197	46,427
Total		\$ 951,955	\$ 450,144

The weighted average maturity of the Authority's investment portfolio was 4.97 and 9.97 months as of December 31, 2013 and 2012, respectively.

The short-term investments listed above consist of money market funds. Since it is the policy of the Authority to utilize these funds for the purchase of investments with longer maturities, these amounts have been classified as investments in the statement of net position as opposed to cash and cash equivalents.

Interest Rate Risk: The Authority's General Fund investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates and is as follows: the average effective duration of the portfolio is not to exceed twenty-four months, and the maximum effective duration of any individual security is not to exceed five years, unless otherwise specified.

Credit Risk: Investments are purchased in accordance with the 1998 Indenture of Trust and its Supplemental Indenture and General Fund investment parameters and generally include U.S. government obligations, money market funds, obligations of U.S. agencies or instrumentalities, and obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard & Poor's Ratings or Moody's Investors Services. In accordance with the 1998 Indenture of Trust and its Supplemental Indentures, the Authority invests in corporate bonds and commercial paper rated A-1 by Standard and Poor's Corporation. Guaranteed Income Contracts are collateralized by U.S. government and agency securities, and debt obligations having a rating in the highest rating category from Moody's Investors Service or Standard and Poor's Rating Services.

At its February 20, 2013 meeting, the Authority's Board approved Resolution 13-034, adopting a new comprehensive General Fund investment policy, which revised and refined its existing investment policy. The policy clearly defines the approved, and non-approved, investment vehicles, in which its existing investment management firms may invest the Authority's funds. This policy became effective July 1, 2013.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 3. Investment in Securities (Continued)

As of December 31, 2013, the following are the actual ratings by Standard & Pools:

Actual Rating	Asset Backed Securities	Commercial Paper	Corporate Bonds	Mortgage Pass-through Securities	Municipal Bonds	Repurchase Agreements	Federal Agency Notes	U.S. Government Treasuries
AAA	\$ -	\$ -	\$ 2,098	\$ -	\$ 131	\$ -	\$ -	\$ -
AA+	340	51,575	3,545	3,897	252	-	1,304	47,606
AA	-	-	4,369	-	-	-	-	-
AA-	5	-	10,476	-	-	-	-	-
A+	-	-	9,666	-	272	-	-	-
A	-	-	9,535	-	-	-	-	-
A-	-	-	8,705	-	-	-	-	-
A2	-	-	450	-	-	-	-	-
BAA1	-	-	731	-	-	-	-	-
BBB	-	-	153	-	-	-	-	-
D	569	-	-	-	-	-	-	-
Unrated	-	-	-	-	1,900	933	-	-
	\$ 914	\$ 51,575	\$ 49,728	\$ 3,897	\$ 2,555	\$ 933	\$ 1,304	\$ 47,606

As of December 31, 2013, the following are the actual ratings by Moody's:

Actual Rating	Asset Backed Securities	Commercial Paper	Corporate Bonds	Mortgage Pass-through Securities	Municipal Bonds	Repurchase Agreements	Federal Agency Notes	U.S. Government Treasuries
AAA	\$ 340	\$ -	\$ 2,098	\$ 3,897	\$ -	\$ -	\$ 1,304	\$ 47,606
AAA-	-	-	314	-	-	-	-	-
AA1	-	-	1,662	-	-	-	-	-
AA2	-	-	5,864	-	-	-	-	-
AA3	-	51,575	7,772	-	-	-	-	-
A	-	-	2,452	-	-	-	-	-
A-	-	-	731	-	-	-	-	-
AA	-	-	351	-	383	-	-	-
A1	-	-	11,276	-	272	-	-	-
A2	5	-	8,391	-	-	-	-	-
A3	-	-	2,947	-	-	-	-	-
Ba1	-	-	-	-	1,900	-	-	-
Baa1	-	-	1,009	-	-	-	-	-
Baa2	-	-	4,377	-	-	-	-	-
BBB	-	-	484	-	-	-	-	-
C	569	-	-	-	-	-	-	-
Unrated	-	-	-	-	-	933	-	-
	\$ 914	\$ 51,575	\$ 49,728	\$ 3,897	\$ 2,555	\$ 933	\$ 1,304	\$ 47,606

Concentration of Credit Risk: The Authority's investment policy on the concentration of credit risk for its General Fund investments states that no limitations exist on the purchase of investments in obligations of the U.S. government and U.S. federal agencies since they are fully guaranteed by the U.S. government. For the purchase of investments in obligations of all other issuers, total investments held from any one issuer shall not exceed ten percent (10%) of the aggregate market value of the entire portfolio, except for repurchase agreements, which, from any one issuer, shall not exceed twenty-five percent (25%) of the aggregate market value of the portfolio.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 3. Investment in Securities (Continued)

Concentration of Credit Risk (Continued): As of December 31, 2013 and 2012, the Authority has \$51,575 and \$51,575 of investments in General Electric commercial paper and Fortis Funding commercial paper, respectively. These investments are held under the Indentures of Trust (Debt Service Reserve Funds) and represent 5% and 11% of the Authority's total investments, respectively.

Note 4. Derivative Instruments

In accordance with the requirements of GASB 53 related to derivative instruments, the Authority engaged a financial advisory firm to analyze the effectiveness of the two "cash-flow hedges" (specifically the 1995 and 1999 Revenue Bond swaptions). Both swaptions were found to be substantially effective. At December 31, 2013 and 2012, the value of the Pay-fixed interest rate swap (1995 Revenue Bond Swaption) was \$51,708 and \$75,803, respectively. At December 31, 2013 and 2012, the value of the Pay-fixed interest rate swap (1999 Revenue Bond Swaption) was \$62,610 and \$90,900, respectively. The Pay-fixed interest rate swaps are classified as deferred outflows on the Combined Statement of Net Position and total \$114,318 and \$166,703 at December 31, 2013 and 2012, respectively.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2013 and 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 and 2012 financial statements are as follows (debit (credit)):

	Changes in Fair Value		Fair Value at December 31,					
	Classifi- cation	Amount		Classifi- cation	Amount		Notional	
		2013	2012		2013	2012	2013	2012
Investment derivatives								
Receive-fixed interest rate swaption (1999 PDP, Series B, Debt Service Reserve Fund)	Interest revenue	\$ (120)	\$ 159	Derivative instrument	\$ (305)	\$ (185)	\$ 10,436	\$ 10,436
Receive-fixed interest rate swaption (1999 Revenue Bonds Debt Service Reserve Fund)	Interest revenue	(458)	605	Derivative instrument	(1,159)	(701)	39,657	39,657
Pay-fixed interest rate swap	Interest revenue	(375)	1,071	Derivative instrument	(114)	(489)	24,595	24,595
Cash flow hedges								
Pay-fixed interest rate swap (1995 Revenue Bonds Swaption)	Deferred outflow	24,096	3,675	Derivative instrument	(51,708)	(75,803)	304,510	320,355
Pay-fixed interest rate swap (1999 Revenue Bonds Swaption)	Deferred outflow	28,290	3,410	Derivative instrument	(62,610)	(90,900)	331,840	350,000

As of December 31, 2010, the Authority determined that a portion of the cash flow hedge, pay-fixed interest rate swap, with a notional amount of \$403,035, no longer met the criteria for effectiveness due to the partial 2010 refunding of the 1999 Revenue Bonds (Note 12). The fair values of the interest rate swaptions and swaps are indicative values based on mid-market levels as of the close of business on December 31, 2013 and 2012, and were derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 4. Derivative Instruments (Continued)

Objective and Terms of Hedging Derivative Instruments: The following table summarizes the objective and terms of the Authority's hedging instruments outstanding at December 31, 2013:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms
Pay-fixed interest rate swap (1995 Revenue Bonds Swaption)	Hedge of changes in cash flows of the 2008 Revenue Refunding Bonds	\$ 304,510	01/01/06	01/01/26	Pay 5.447%; receive 66% of one-month LIBOR
Pay-fixed interest rate swap (1999 Revenue Bonds Swaption)	Hedge of changes in cash flows of the 2010 Revenue Refunding Bonds	356,435	01/01/10	01/01/26	Pay 5.738%; receive 66% of one-month LIBOR

1995 Revenue Bonds Swaption: On May 2, 2001, the Authority entered into the 1995 Revenue Bonds Swaption with UBS AG in the initial notional amount of \$358,215. Under the 1995 Revenue Bonds Swaption, UBS AG had the option, exercisable 120 days preceding January 1, 2006, January 1, 2007, and January 1, 2008, to elect to have the 1995 Revenue Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1995 Revenue Bonds Swaption, (i) UBS AG was obligated to pay to the Authority \$7,144 on January 1, 2006, as an exercise premium amount; (ii) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index; and (iii), the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.447% per annum. The periodic interest rates are applied to the notional amount of the 1995 Revenue Bonds Swaption, which amortizes annually, commencing January 1, 2007, from its initial notional amount. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

The periodic payment obligations of the Authority under the 1995 Revenue Bonds Swaption are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond Indenture. Regularly scheduled periodic payments to be made by the Authority under the 1995 Revenue Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1995 Revenue Bond Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement) falls below "Baa3" with respect to Moody's Investors Service ("Moody's") or "BBB-" with respect to Standard & Poor's Ratings Group ("S&P") or Fitch Ratings ("Fitch"), or the Bonds cease to be rated by one of Moody's, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds). However, as provided in the 1995 Revenue Bond Swaption, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto.

In consideration for entering into the 1995 Revenue Bonds Swaption, the Authority received a net upfront, non-refundable option payment in the amount of \$22,446 from UBS AG, which has been recorded on the combined financial statements as a noncurrent liability (premium payment payable – derivative companion instrument). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, this derivative companion instrument is considered a "borrowing" resulting from the intrinsic value of the swaption at inception. During the option period, interest accretes at the effective rate implied by the cash flows on the borrowing at inception. Once the swaption is exercised, and becomes an active swap, a portion of the swap interest payments are attributed to principal and interest payments on the borrowing.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 4. Derivative Instruments (Continued)

1995 Revenue Bonds Swaption (Continued): On September 3, 2005, UBS AG advised the Authority that it was exercising its option on this swaption as of January 1, 2006. As a result, UBS AG paid the Authority \$7,144 on January 3, 2006 as an exercise premium, which has been recorded as a deferred revenue and is being amortized as interest revenue over the life of the interest rate swap agreement. The Authority made its initial net monthly swap payment in February 2006. The Authority is current on its monthly net swap interest payments to UBS AG, which have totaled \$14.4 million as of December 31, 2013.

On June 21, 2012, Moody's downgraded UBS' long-term ratings from Aa3 to A2. The ratings of the counterparty (UBS AG) to the 1995 Revenue Bonds Swap by Moody's, S&P, and Fitch are A2, A, and A, respectively, as of December 31, 2013. As of December 31, 2013, the 1995 Revenue Bond Swaption had a mark- to- mark value of (\$71,564). (As of December 31, 2013, the notional value of the swap was \$304.5 million.)

The following schedule represents the accretion of interest and amortization of the premium payment payable – derivative companion instrument through the term of the interest rate swap agreement, at an effective interest rate of 4.62324%:

Year Ending December 31,	Beginning Balance	Interest Accrual	Imputed Debt Payment	Ending Balance
2014	\$ 13,673	\$ 632	\$ (2,371)	\$ 11,934
2015	11,934	552	(2,226)	10,260
2016	10,260	475	(2,073)	8,662
2017	8,662	400	(1,911)	7,151
2018	7,151	331	(1,741)	5,741
2019-2023	5,741	791	(5,810)	722
2024-2025	722	45	(767)	-

1999 Revenue Bonds Swaption: On May 2, 2001, the Authority entered into the 1999 Revenue Bonds Swaption with UBS AG in the initial notional amount of \$403,035. Under the 1999 Revenue Bonds Swaption, UBS AG had the option, exercisable 120 days preceding January 1, 2010, January 1, 2011, and January 1, 2012, to elect to have the 1999 Revenue Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1999 Revenue Bonds Swaption, if exercised, (i) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index, and (ii), the Authority is obliged to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.738% per annum. The periodic interest rates are applied to the notional amount of the 1999 Revenue Bonds Swaption, which amortizes annually, commencing January 1, 2011, from its initial notional amount. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 4. Derivative Instruments (Continued)

1999 Revenue Bonds Swaption (Continued): Once exercised, the 1999 Revenue Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The periodic payment obligations of the Authority under the 1999 Revenue Bonds Swaption (if exercised) are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond indenture. Regularly scheduled periodic payments to be made by the Authority under the 1999 Revenue Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1999 Revenue Bonds Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement), falls below “Baa3” with respect to Moody’s or “BBB-” with respect to S&P or Fitch, or the Bonds cease to be rated by one of Moody’s, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds). However, as provided in the 1999 Revenue Bond Swap, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto.

In consideration for entering into the 1999 Revenue Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of \$20,142 from UBS AG, which has been recorded on the combined financial statements as a noncurrent liability (premium payment payable – derivative companion instrument). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, this derivative companion instrument is considered a “borrowing” resulting from the intrinsic value of the swaption at inception. During the option period, interest accretes at the effective rate implied by the cash flows on the borrowing at inception. Once the swaption is exercised, and becomes an active swap, a portion of the swap interest payments are attributed to principal and interest payments on the borrowing.

On September 3, 2009, UBS AG advised the Authority that it was exercising its option on this swaption as of January 1, 2010. The Authority began making net interest payments to UBS AG, the counterparty, commencing in February 2010, representing January’s net interest payment. The Authority is current on its monthly net interest swap payments, having paid \$17.4 million to UBS AG as of December 31, 2013.

On June 21, 2012, Moody’s downgraded UBS’ long-term ratings from Aa3 to A2. The ratings of the counterparty (UBS AG) to the 1999 Revenue Bonds Swap by Moody’s, S&P, and Fitch are A2, A, and A, respectively, as of December 31, 2013. As of December 31, 2013, the 1999 Revenue Bond Swaption had a mark- to- mark value of (\$99,622). (As of December 31, 2013, the notional value of the swap was \$356.4 million.)

The following schedule represents the accretion of interest and amortization of the premium payment payable – derivative companion instrument through the term of the interest rate swap agreement, at an effective interest rate of 4.71425%:

Year Ending December 31,	Beginning Balance	Interest Accrual	Imputed Debt Payment	Ending Balance
2014	\$ 19,915	\$ 939	\$ (3,453)	\$ 17,401
2015	17,401	820	(3,245)	14,976
2016	14,976	706	(3,025)	12,657
2017	12,657	595	(2,793)	10,459
2018	10,459	496	(2,547)	8,408
2019-2023	8,408	1,183	(8,528)	1,063
2024-2025	1,063	67	(1,130)	-

Delaware River Port Authority

Notes to Combined Financial Statements

Note 4. Derivative Instruments (Continued)

Net Swap Payments: Using rates as of December 31, 2013 and assuming the rates are unchanged for the remaining term of the bonds, the following table shows the debt service requirements and net swap payments for the Authority's hedged variable rate bonds:

Year Ending December 31,	Variable Rate Bonds			Swap Interest Payments			Total Bonds and Swaps
	Principal	Interest	Total	Fixed Pay	Var. Received	Net Pay	
2014	\$ 29,455	\$ 699	\$ 30,154	\$ 35,028	\$ 696	\$ 34,332	\$ 64,486
2015	37,920	652	38,572	32,904	654	32,250	70,822
2016	40,035	601	40,636	30,660	609	30,051	70,687
2017	42,290	548	42,838	28,291	562	27,729	70,567
2018	44,645	492	45,137	25,789	513	25,276	70,413
2019-2023	263,740	1,501	265,241	86,217	1,713	84,504	349,745
2024-2026	196,425	82	196,507	11,409	227	11,182	207,689
	<u>\$ 654,510</u>	<u>\$ 4,575</u>	<u>\$ 659,085</u>	<u>\$ 250,298</u>	<u>\$ 4,974</u>	<u>\$ 245,324</u>	<u>\$ 904,409</u>

Objective and Terms of Investment Derivative Instruments: On August 21, 2000, the Authority entered into two (2) interest rate agreements with Bank of America, N.A. in the notional amounts of \$39,657 (the "2000 Swaption #1") and \$10,436 (the "2000 Swaption #2", and together with the 2000 Swaption #1, the "2000 Swaptions"). Under the 2000 Swaptions, Bank of America, N.A. has the option on certain future dates (two business days preceding July 1, 2005 and each January 1 and July 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #1 and two business days preceding January 2, 2006 and each July 1 and January 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #2) to cause the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, to commence on the next succeeding January 1 or July 1. If an option is exercised, the 2000 Swaption #1, or the 2000 Swaption #2, as applicable, would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 2000 Swaptions are general unsecured corporate obligations.

If the options relating to the 2000 Swaption #1 or the 2000 Swaption #2 are exercised, Bank of America, N.A. is obligated to pay periodic interest payments (payable monthly) to the Authority based upon a fixed rate of 5.9229% per annum and the Authority is obligated to pay periodic interest payments (payable monthly) to Bank of America, N.A. at a variable rate based upon the Securities Industry and Financing Markets Association (SIFMA) (formerly the BMA Municipal Swap Index) (a tax-exempt variable rate index). Only the net difference in the periodic payments owed would be exchanged between Bank of America, N.A. and the Authority. As of December 31, 2013, Bank of America, N.A. has not exercised its options on the aforementioned swaptions with a value totaling (\$1,141).

In consideration for entering into the 2000 Swaptions, the Authority received net up-front, non-refundable option payments in the aggregate amount of \$1,400 from Bank of America, N.A., which represented the time value for holding the written option. Such payments have been recorded as deferred revenue and amortized as interest revenue in prior years.

Risks Related to Derivative Instruments:

Credit Risk: For the year ended December 31, 2013, the Authority is not exposed to credit risk on its hedging derivative instruments or investment derivatives as all such derivative instruments are in a liability position based on their fair values. The credit ratings of the counterparties, however, are A₂, A, and A as rated by Moody's, S&P, and Fitch, respectively.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 4. Derivative Instruments (Continued)

Interest Rate Risk: The Authority is exposed to interest rate risk on its derivative instruments. On its pay-variable, received-fixed interest rate swaptions, as the Securities Industry and Financing Markets Association (SIFMA) rate increases, the Authority's net payments on the swaptions, if exercised, increases. On its pay-fixed, receive-variable interest rate swaps, as the LIBOR rate decreases, the Authority's net payments on the swaps increases. While the Authority's net payments may increase, these increases are partially offset by the variable rate bonds rate.

Basis Risk: The Authority is exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by the Authority on these hedging derivative instruments are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is remarketed every five (5) days.

Termination Risk: The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Rollover Risk: The Authority is not exposed to rollover risk on its hedging derivative instruments. The Authority's hedging derivative instruments terminate on the same day as the hedged debt matures, unless the Authority opts for earlier termination.

Market-Access Risk: If a particular option is exercised and refunding bonds are not issued, the affected series of bonds would not be refunded, and the Authority would make net swap payments as required by the terms of the applicable aforementioned contracts. If the option is exercised and the variable-rate bonds issued, the actual difference ultimately recognized by the transaction will be affected by the relationship between the interest rate terms of the to-be-issued variable-rate bonds versus the payment as stipulated in the swaption agreement.

Swap Management Policy: On December 28, 2009, the Authority's Board approved a resolution (DRPA-09-099, entitled "Use Debt-Related Swap Agreements") which, among other things, declared: (i) "that it is the direction and intention of the Board that the DRPA not enter into any new debt-related swap agreements...", and (ii) that the staff of the Authority "takes all steps necessary to immediately begin the process of recommending to the Board whether, when, and how to terminate the Authority's current swaps, with all such terminations, if determined to be advisable, to occur in a methodical and careful manner which avoids to the fullest extent possible additional costs or risks may be associated with termination; and that staff report to the Finance Committee of the Board on a monthly basis the status of all current swap agreements..."

Note 5. Accounts Receivable

Accounts receivable for December 31, 2013 and 2012 are as follows:

	2013	2012
Reimbursements from governmental agencies - capital improvements to the PATCO system due from the Federal Transit Administration	\$ 4,199	\$ 3,296
Reimbursements from governmental agencies - FTA, DOT, FEMA, PEMA, and U.S. and NJ Homeland Security	1,487	412
Development projects	3,500	3,500
E-ZPass in transit	4,348	4,031
Other	1,657	1,127
Gross receivables	15,191	12,366
Less: allowance for uncollectibles	(3,500)	(3,500)
Net total receivables	\$ 11,691	\$ 8,866

Delaware River Port Authority

Notes to Combined Financial Statements

Note 6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 year
Bonds and loans payable					
1999 Port District Project Bonds	\$ 34,250	\$ -	\$ (3,170)	\$ 31,080	\$ 3,405
2008 Revenue Refunding Bonds	320,355	-	(15,845)	304,510	16,710
2010 Revenue Refunding Bonds	350,000	-	-	350,000	12,745
2010 Revenue Bonds	308,375	-	-	308,375	-
2012 Port District Project Refunding Bonds	153,030	-	-	153,030	5,790
2013 Revenue Bonds	-	476,585	-	476,585	-
Less: issuance discounts/premiums	21,778	11,818	(2,461)	31,135	-
Total bonds payable	1,187,788	488,403	(21,476)	1,654,715	38,650
Other liabilities					
Claims and judgments	5,892	3,330	(2,368)	6,854	1,500
Self-insurance	3,252	2,040	(1,605)	3,687	1,709
Sick and vacation leave	4,394	86	(358)	4,122	1,031
Deferred revenue	8,986	619	(923)	8,682	3,312
Other (includes net OPEB obligation)	41,363	5,443	(5,304)	41,502	-
Premium payment payable - derivative companion instrument	37,969	1,776	(6,157)	33,588	5,824
Derivative instrument - interest rate swap	168,077	-	(51,431)	116,646	-
Total long-term liabilities	\$ 1,457,721	\$ 501,697	\$ (89,622)	\$ 1,869,796	\$ 52,026

Long-term liability activity for the year ended December 31, 2012 is as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Due within 1 year
Bonds and loans payable					
1998 Port District Project Bonds	\$ 58,195	\$ -	\$ (58,195)	\$ -	\$ -
1999 Revenue Bonds	41,335	-	(41,335)	-	-
1999 Port District Project Bonds	145,080	-	(110,830)	34,250	3,170
2001 Port District Project Bonds	112,270	-	(112,270)	-	-
2008 Revenue Refunding Bonds	335,380	-	(15,025)	320,355	15,845
2010 Revenue Refunding Bonds	350,000	-	-	350,000	-
2010 Revenue Bonds	308,375	-	-	308,375	-
2012 Port District Project Refunding Bonds	-	153,030	-	153,030	-
Less: issuance discounts/premiums	(1,646)	24,278	(854)	21,778	-
Total bonds payable	1,348,989	177,308	(338,509)	1,187,788	19,015
Other liabilities					
Claims and judgments	3,996	2,120	(224)	5,892	1,490
Self-insurance	3,141	1,924	(1,813)	3,252	1,907
Sick and vacation leave	4,691	273	(570)	4,394	1,099
Deferred revenue	10,080	20,257	(21,351)	8,986	3,245
Other (includes net OPEB obligation)	39,550	6,055	(4,242)	41,363	-
Premium payment payable - derivative companion instrument	42,458	1,985	(6,474)	37,969	6,157
Derivative instrument - interest rate swap	176,999	-	(8,922)	168,077	-
Total long-term liabilities	\$ 1,629,904	\$ 209,922	\$ (382,105)	\$ 1,457,721	\$ 32,913

Delaware River Port Authority

Notes to Combined Financial Statements

Note 7. Investment in Facilities

Capital assets for the year ended December 31, 2013 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 74,225	\$ -	\$ -	\$ 74,225
Construction in progress	304,030	87,468	(101,045)	290,453
Total capital assets not being depreciated	378,255	87,468	(101,045)	364,678
Capital assets being depreciated				
Bridges and related building and equipment	1,059,369	65,056	-	1,124,425
Transit property and equipment	470,756	35,578	(141)	506,193
Port enhancements	6,254	411	-	6,665
Total capital assets being depreciated	1,536,379	101,045	(141)	1,637,283
Less: accumulated depreciation for:				
Bridges and related building and equipment	(455,216)	(34,414)	-	(489,630)
Transit property and equipment	(214,375)	(20,052)	-	(234,427)
Port enhancements	(4,115)	(335)	-	(4,450)
Total accumulated depreciation	(673,706)	(54,801)	-	(728,507)
Total capital assets being depreciated, net	862,673	46,244	(141)	908,776
Total capital assets, net	\$ 1,240,928	\$ 133,712	\$ (101,186)	\$ 1,273,454

Capital assets for the year ended December 31, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 74,225	\$ -	\$ -	\$ 74,225
Construction in progress	241,748	118,056	(55,774)	304,030
Total capital assets not being depreciated	315,973	118,056	(55,774)	378,255
Capital assets being depreciated				
Bridges and related building and equipment	1,039,623	39,528	(19,782)	1,059,369
Transit property and equipment	461,995	16,229	(7,468)	470,756
Port enhancements	6,257	17	(20)	6,254
Total capital assets being depreciated	1,507,875	55,774	(27,270)	1,536,379
Less: accumulated depreciation for:				
Bridges and related building and equipment	(439,118)	(32,319)	16,221	(455,216)
Transit property and equipment	(203,024)	(22,345)	10,994	(214,375)
Port enhancements	(3,815)	(354)	54	(4,115)
Total accumulated depreciation	(645,957)	(55,018)	27,269	(673,706)
Total capital assets being depreciated, net	861,918	756	(1)	862,673
Total capital assets, net	\$ 1,177,891	\$ 118,812	\$ (55,775)	\$ 1,240,928

Total depreciation expense for the years ended December 31, 2013 and 2012 was \$54,801 and \$55,018, respectively.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 8. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Authority does not make any contributions to the plan. To comply with changes in federal regulations and GASB 32, *Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans*, the Authority amended the plan in 1998 so that all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property of the employees.

Note 9. Pension Plans

Employees of the Authority participate in the Pennsylvania State Employees' Retirement System, the Public Employees' Retirement System of New Jersey, or the Teamsters Pension Plan of Philadelphia and Vicinity.

Pennsylvania State Employees' Retirement System:

Plan Description: Permanent full-time and part-time employees are eligible and required to participate in this cost-sharing multiple-employer defined benefit plan that provides pension, death and disability benefits. A member may retire after completing three years of service and after reaching normal retirement age (the age of 60, except police officers at age 50, or the age at which 35 years of service has been completed, whichever occurs first). Benefits vest after five years of service. If an employee terminates his or her employment after at least five years of service but before the normal retirement age, he or she may receive pension benefits immediately or defer pension benefits until reaching retirement age. Employees who retire after reaching the normal retirement age with at least three years of credited service are entitled to receive pension benefits equal to 2.50% of their final average compensation (average of the three highest years in earnings) times the number of years for which they were a participant in the plan. The pension benefits received by an employee who retires after five years of credited service but before normal retirement age are reduced for the number of years that person is under normal retirement age.

Pension provisions include death benefits, under which the surviving beneficiary may be entitled to receive the employee's accumulated contributions less the amount of pension payments that the employee received, the present value of the employees' account at retirement less the amount of pension benefits received by the employee, the same pension benefits formerly received by the employee, or one-half of the monthly pension payment formerly received by the employee. The maximum pension benefit to the employee previously described may be reduced depending on the benefits elected for the surviving beneficiary.

The Pennsylvania State Employees' Retirement System issues a publicly available annual financial report, including financial statements, which may be obtained by writing to Pennsylvania State Employees' Retirement System, 30 North Third Street, Harrisburg, Pennsylvania 17108-1147.

Funding Policy: The contribution requirements of plan members and the Authority are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% of their gross earnings to the plan. The Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 12.57%, 9.42% and 6.03%, of covered payroll in 2013, 2012 and 2011, respectively. In 2013, 2012 and 2011, the Authority's required contributions to the plan were \$5,407, \$4,084, and \$2,604, respectively, which represented 100% of the required contribution for the aforementioned years.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 9. Pension Plans (Continued)

New Jersey Public Employees Retirement System (NJ PERS):

Plan Description: Permanent full-time employees, hired after January 1, 2002, who were members of NJPERS when they were hired, are eligible to participate in the cost-sharing multiple-employer defined benefit plan (administered by the New Jersey Division of Pensions and Benefits). The PERS was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

Funding Policy: The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary, effective July 1, 2007. However, under the new provisions of Chapter 78, P.L. 2011, employee pension contribution rates will be increased by the following amounts: the employee pension contribution rate will increase from 5.5% to 6.5% of salary, effective October 1, 2011. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. The phased increase from 6.5% to 7.5% will be applied equally over a 7-year period beginning July 1, 2012. The contribution rate will increase by 0.14% each year with the first payroll of July 2012 until the 7.5% contribution rate is reached in July 2018. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. The Authority is billed annually for its normal contribution, plus any accrued liability. The Authority began sending employee contributions to NJ PERS beginning in January 2006. The fiscal year 2008 was the first year that the Authority was required to, and did, contribute an actuarially determined amount to the plan. For the years ended December 31, 2013, 2012 and 2011, the Authority's total contribution to the plan was \$83, \$117 and \$135, respectively, which represented 100% of the required contribution for the aforementioned years. For the years ended December 31, 2013, 2012 and 2011, the contributions consisted of a normal contribution amount of \$25, \$33 and \$45, respectively and an accrued liability amount of \$58, \$84 and \$90, respectively.

Teamsters Pension Plan of Philadelphia and Vicinity:

Plan Description: Certain represented employees are eligible and required to participate in the Teamsters Pension Plan of Philadelphia and Vicinity, which is a cost-sharing, multiple-employer benefit plan which provides pension, death and disability benefits. A member may retire at the later of (a) the date the employee reaches 65 or (b) the tenth anniversary of the employee's commencement of participation in the plan. Additionally, employees are eligible for early retirement after 10 years of participation in the plan and (a) completion of 30 years of vested service or (b) attainment of age 50 and completion of 10 years of vested service. Benefits vest after 10 years of service. An employee who retires on or after his or her normal retirement age is entitled to receive benefits based on his or her credited years of service multiplied by a monthly benefit rate, which is determined based on the employer's daily contributions. The benefits are subject to maximum rates that vary according to employer daily contribution rates. Members may also receive benefits after early retirement at reduced rates depending on age at retirement.

An employee who qualifies for disability retirement benefits (total and permanent disability with 10 years of vested service and 5 years of continuous service with at least 300 covered days of contributions) is entitled to receive two hundred dollars per month until retirement age, when retirement benefits would commence.

Provisions include surviving spouse death benefits, under which the surviving spouse is entitled to a 50% survivor annuity in certain cases.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 9. Pension Plans (Continued)

Teamsters Pension Plan of Philadelphia and Vicinity (Continued):

The Teamsters Pension Plan of Philadelphia and Vicinity issues a publicly available annual financial report, including financial statements, which may be obtained by writing to Teamsters Pension Plan of Philadelphia and Vicinity, Fourth and Cherry Streets, Philadelphia, Pennsylvania 19106.

Funding Policy: The Teamsters Pension Plan is controlled by the Teamsters Pension Plan of Philadelphia and Vicinity Board. The employer's contribution requirements are determined under the terms of one Collective Bargaining Agreement in force between the employer and the Teamsters. During 2013, the Authority was required to and did contribute twenty-one dollars and eighty cents (\$21.80) per day for each PATCO participating employee. The Authority's contributions totaled 8.02%, 8.22% and 9.81% of covered payroll in 2013, 2012 and 2011, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed \$1,066, \$1,076, and \$1,077 in 2013, 2012 and 2011, respectively, which represented 100% of the required contribution for the aforementioned years.

Note 10. Post-Employment Healthcare Plan

Plan Description: The Authority provides certain health care and life insurance benefits for retired employees, where such benefits are established and amended by the Authority's Board of Commissioners. The Authority's plan provides two agent multiple-employer post-employment healthcare plans which cover two retiree populations: eligible retirees under the age of sixty-five (65) receive benefits through Amerihealth and eligible retirees sixty-five (65) and over receive benefits through the United Health Group (in partnership with AARP) and Aetna. Life insurance benefits to qualifying retirees are provided through Prudential. The plans are administered by the Authority; therefore, premium payments are made directly by the Authority to the insurance carriers.

Funding Policy: Employees become eligible for retirement benefits based on hire date and years of service. For employees hired after January 1, 2007, no subsidized retiree benefits are offered. The contribution requirements of plan members and the Authority are established and may be amended by the Authority's Board of Commissioners. Plan members receiving benefits contribute the following amounts: \$65 per month for retiree-only coverage for the base plan, \$130 per month for retiree/spouse (or retiree/child) coverage, and \$195 per month for retiree/family (or children) coverage to age sixty-five (65) for the base plan, and \$55 per month per retiree, per dependent for both the United Health Group (in partnership with AARP) and Aetna coverages. An additional amount is required for those retirees, under age sixty-five (65), who opt to participate in the "buy-up plan" for retirees and their dependents.

Retirees: The Authority presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis and, as shown above, receives annual contributions from retirees to offset a portion of this annual cost. The Authority's contributions to the plan for the years ended 2013, 2012, and 2011 were \$5,304, \$4,242, and \$4,242, respectively.

Future Retirees: In accordance with Statement No.45 of the Government Accounting Standards Board, the Authority is required to expense the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$4,963 at an unfunded discount rate of 5%. As stated above, the Authority has funded the cost of existing retirees in the amount of \$5,304 and has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability. The Authority began funding a portion of this outstanding liability during June 2014. See Note 22.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 10. Post-Employment Healthcare Plan (Continued)

Annual OPEB Cost: The Authority's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for 2013, 2012 and 2011 are as follows:

	2013	2012	2011
Annual Required Contribution (ARC)	\$ 4,963	\$ 5,347	\$ 5,230
Interest on the net OPEB Obligation	2,068	1,978	1,897
Adjustment to the ARC	(1,588)	(1,270)	(1,270)
Annual OPEB Cost	5,443	6,055	5,857
Pay as You Go Cost (Existing Retirees)	(5,304)	(4,242)	(4,242)
Increase (Decrease) in the Net OPEB Obligation	139	1,813	1,615
Net OPEB Obligation, January 1	41,363	39,550	37,935
Net OPEB Obligation, December 31	\$ 41,502	\$ 41,363	\$ 39,550
Percentage of Annual OPEB Cost Contributed	97%	70%	72%

Funded Status and Funding Progress: As of January 1, 2013, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was \$112,923, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$112,923. The covered payroll (annual payroll of active employees covered by the plan) was \$43,453 and the ratio of the UAAL to the covered payroll was 259.9%. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for Health Benefits Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 10. Post-Employment Healthcare Plan (Continued)

Actuarial Methods and Assumptions (Continued): In the January 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) year on an open basis. The actuarial assumptions included the following:

Mortality: The mortality table employed in the valuation was the RP2000 Healthy Table Male and Female.

Inflation Rate: 2.5% per annum compounded annually.

Discount Rate: Future costs have been discounted at the rate of 5.00% compounded annually for GASB 45 purposes.

Turnover: Assumptions for terminations of employment other than for death or retirement will vary by age and years of service with rates of turnover based on State Employees Retirement System of Pennsylvania.

Disability: No terminations of employment due to disability were assumed. Retirees resulting from a disability were factored into the determination of age at retirement.

Age of Retirement: The assumption that the active participants, on average, will receive their benefits when eligible, but no earlier than age 55.

Spousal Coverage: Married employees will remain married.

Prior Service: No prior service for active employees was assumed.

Health Care Cost Trend Rate:

	Year	Pre-65	Post 65
Initial Trend	01/01/15 to 01/01/18	9.0%	9.0%
Ultimate Trend	01/01/19 to later	5.0%	5.0%
Grading Per Year		1.0%	1.0%

Projected Salary Increase: Annual salary increase is 2.5%.

Administration Expenses: The annual cost to administer the retiree claims was assumed at 2.5% which was included in the annual health care costs.

Employee Contributions: It was assumed that employees will contribute two thousand six hundred and eleven (\$2,611) per year for family medical coverage and eight hundred eighty four (\$884) for single medical coverage.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 11. Indentures of Trust

The Authority is subject to the provisions of the following indentures of Trust: Revenue Refunding Bonds of 1998, dated July 1, 1998; the Revenue Refunding Bonds of 2008, dated July 25, 2008 and the Revenue Refunding Bonds of 2010 and the 2010 Revenue Bonds (Series D), dated May 15, 2010 and July 15, 2010; and the 2013 Revenue Bonds with TD Bank N.A., dated December 1, 2013, respectively (collectively the "Bond Resolution"); the Port District Project Bonds of 1999, dated December 1, 1999, the 2012 Port District Project Refunding Bonds, dated December 1, 2012, and the 2013 Revenue Bonds with TD Bank N.A., dated December 1, 2013.

The Bond Resolution requires the maintenance of the following accounts:

Project Fund: This *restricted* account was established in accordance with Section 6.02 of the Bond Resolution. The Project Fund is held by the Trustee and is applied to pay the cost of the Projects and is pledged, pending application to such payment of costs for the security of the payment of principal and interest on the Revenue, Revenue Refunding, and Project Bonds (the "Bonds").

Debt Service Fund: This *restricted* account was established in accordance with Section 6.04 of the Bond Resolution for the payment of maturing interest and principal on the Bonds. The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on the Bonds, principal amounts maturing on Bonds, accrued interest included in the purchase price of the bonds purchased for retirement, and sinking fund installments when payments are required.

Debt Service Reserve Fund: This *restricted* account was established in accordance with Section 6.05 of the Bond Resolution. The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of Debt Service.

Bond Redemption Fund: This *restricted* account was established in accordance with section 6.06 of the Bond Resolution to account for amounts received from any source for the redemption of Bonds, other than mandatory sinking fund payments.

Rebate Fund: This *restricted* account was established in accordance with Section 6.07 of the bond Resolution account for amounts deposited from time to time in order to comply with the arbitrage rebate requirements of Section 148 of the Code as applicable to any Series of Tax-Exempt Bonds issued.

Revenue Fund: This *unrestricted* account was established in accordance with Section 6.03 of the Bond Resolution for the Authority to deposit all Revenues. On or before the 20th day of each calendar month, the Trustee shall, to the extent money is available, after deduction of cash and investment balances for the 15% working capital reserve, transfer to or credit funds needed in the following order: (1) the Debt Service Fund, (2) the Debt Service Reserve Fund, (3) any Reserve Fund Credit Facility Issuer, (4) the Trustee's Rebate Fund, (5) the Maintenance Reserve Fund, (6) the General Fund.

Maintenance Reserve Fund: This *restricted* account was established in accordance with Section 6.08 of the Bond Resolution. These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements, additions, betterments, enlargements, improvements and extraordinary expenses, all to the extent not provided for in the then current Annual Budget. Money in this account is pledged for the security of payment principal and interest on the bonds. Whenever the amount in this account exceeds the "Maintenance Reserve Fund Requirement", the excess shall be deposited in the General Fund. The "Maintenance Reserve Fund Requirement" on any date is at least \$3,000.

General Fund: This *unrestricted* account was established in accordance with Section 6.09 of the Bond Resolution. All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the excess funds may be used by the Authority for any lawful purpose.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt

At December 31, 2013, the Authority had \$1,654,715 in Revenue, Revenue Refunding, and Port District Project Bonds outstanding, consisting of bonds issued in 1999, 2008, 2010, 2012 and 2013. The 1999 Port District Project Bonds were issued to an Indenture of Trust dated December 1, 1999. The 2008 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, as supplemented by a Fourth Supplemental Indenture dated October 1, 2007 and a Fifth Supplemental Indenture dated July 15, 2008. The 2010 Revenue Refunding Bonds were issued pursuant to an Indenture of Trust as previously supplemented by five supplemental indentures thereto and as further supplemented by a Sixth Supplemental Indenture dated as of March 15, 2010. The 2010 Revenue Bonds were issued pursuant to Indenture of Trust, dated as of July 1, 1998, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010. The 2012 Port District Project Refunding Bonds were issued pursuant to an Indenture of Trust dated December 1, 2012. The 2013 Revenue Bonds were issued pursuant an Indenture of Trust, a Ninth Supplemental Indenture, dated as of December 1, 2013.

1998 Port District Project Bonds (fully redeemed in 2012): On September 2, 1998, the Authority issued \$84,705 of Port District Project Bonds, Series of 1998, to provide funds to finance all or a portion of the cost of certain economic development and capital projects, including reimbursing the Authority for the cost of economic development projects financed with Authority funds.

On December 20, 2012, all remaining 1998 Port District Project Bonds were redeemed, prior to maturity, at a redemption price of 100% using proceeds from the issuance of the 2012 Port District Project Refunding Bonds.

1999 Revenue Bonds (fully redeemed in 2012): On December 22, 1999, the Authority issued \$422,310 of Revenue Bonds of 1999 to provide funds, together with other funds available to finance, refinance or reimburse a portion of the costs of certain capital projects undertaken or to be undertaken by the Authority.

On June 30, 2010, the Authority partially redeemed \$349,360 in bonds with the issuance of \$350,000 in 2010 Revenue Refunding Bonds. On April 26, 2012, the Authority fully redeemed, prior to maturity, the remaining \$24,225 of its 1999 Revenue Bonds.

1999 Port District Project Bonds: On December 22, 1999, the Authority issued \$272,095 to provide funds to finance (a) all or a portion of the cost of certain port improvement and economic development projects within the Port District, (b) a deposit of cash or a Reserve Fund Credit Facility to the credit of the Debt Service Reserve Fund established under the 1999 Port District Project Bond Indenture and (c) all or a portion of the costs and expenses of the Authority relating to the issuance and sale of the 1999 Port District Project Bonds (Series A and B).

The 1999 Port District Project Bonds are general corporate obligations of the Authority. The 1999 Port District Project Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority other than the monies, if any, on deposit from time to time in the Funds established under the 1999 Port District Project Bond Indenture. No tolls, rents, rates or other such charges are pledged for the benefit of the 1999 Port District Project Bonds. The 1999 Port District Project Bonds are equally and ratably secured by the funds on deposit in the Funds established under the 1999 Port District Project Bond Indenture, except for the Rebate Fund. The 1999 Port District Project Bonds are payable from such Funds and from other monies of the Authority legally available.

The 1999 Port District Project Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as more fully described herein.

The scheduled payment of principal and interest on the 1999 Port District Project Bonds when due are guaranteed under an insurance policy issued concurrently with the delivery of the 1999 Port District Project Bonds by Financial Security Assurance Inc.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

1999 Port District Project Bonds (Continued): On December 20, 2012, all remaining 1999 Series B Port District Project Bonds were redeemed, prior to maturity, at a redemption price of 100% using proceeds from the issuance of the 2012 Port District Project Refunding Bonds.

The 1999 Port District Project Bonds (Series A) outstanding at December 31, 2013 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Term Bonds					
2014	7.63%	\$ 3,405	2018	7.63%	\$ 4,570
2015	7.63%	3,665	2019	7.63%	4,920
2016	7.63%	3,945	2020	7.63%	5,295
2017	7.63%	4,245	2021	7.63%	1,035
Total par value of 1999 Port District Project Bonds					\$ 31,080

Optional Redemption: The Series A Port District Project Bonds are redeemable by the Authority on any interest payment date in whole or in part, and if in part, in any order of maturity specified by the Authority and in any principal amount within a maturity as specified by the Authority. Any such redemption shall be made at a redemption price equal to accrued interest to the redemption date plus the greater of (i) the principal amount of the Series A Port District Project Bonds to be redeemed, and (ii) an amount equal to the discounted remaining fixed amount payments applicable to the Series A Port District Project Bonds to be redeemed. Allocation of the amounts of Series A Port District Project Bonds to be redeemed shall be proportionate nearly as reasonably possible having due regard for minimum authorized denominations of the 1999 Port District Project Bonds among the respective interest of the holders of the Series A Port District Project Bonds to be redeemed at the time of selection of such Series A Port District Project Bonds for redemption.

2001 Port District Project Bonds (fully redeemed in 2012): On December 27, 2001, the Authority issued \$128,395 of Port District Project Refunding Bonds, Series A of 2001, and \$31,180 Port District Project Bonds, Series B of 2001 (now fully redeemed). The 2001 Port District Project Bonds were issued to provide funds to finance (a) the current refunding of \$100,500 of the Authority's Port District Project Bonds, Series A of 1999 (Federally Taxable), and (b) all or a portion of the cost of certain port improvement and economic development projects within the Port District.

On April 26, 2012, the Authority redeemed, prior to maturity, \$71,445 of its 2001 Series A & B Port District Project Bonds. As a result, the 2001 PDP Series B bonds were redeemed in full. The redeemed bonds had interest rates varying from 4.625% to 5.750% with maturities through 2025. The remaining 2001 Port District Project Bonds were fully refunded on December 20, 2012, prior to maturity, at a redemption price of 100% using proceeds from the issuance of the 2012 Port District Project Refunding Bonds.

2008 Revenue Refunding Bonds: On July 25, 2008, the Authority issued \$358,175 in Revenue Refunding Bonds as variable rate demand obligations (VRDO's). The 2008 Revenue Refunding Bonds were issued to provide funds, together with other funds available: (a) to finance the current refunding of \$358,175 aggregate principal amount of the Authority's Revenue Refunding Bonds, Series of 2007, consisting of all of the outstanding bonds of such series; and (b) to pay the costs of issuance of the 2008 Revenue Refunding Bonds.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2008 Revenue Refunding Bonds (Continued): The 2008 Revenue Refunding Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust dated as of July 1, 1998, by and between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as successor to Commerce Bank, N.A. (the "Trustee"), as supplemented by a First Supplemental Indenture dated as of July 1, 1998, a Second Supplemental Indenture dated as of August 15, 1998, a Third Supplemental Indenture dated as of December 1, 1999, a Fourth Supplemental Indenture dated as of October 1, 1997 and a Fifth Supplemental Indenture dated as of July 15, 2008 (the "Fifth Supplemental Indenture") (collectively, the "1998 Revenue Bond Indenture").

The 2008 Revenue Refunding Bonds, together with all other indebtedness outstanding under the 1998 Revenue Bond Indenture and any parity obligations hereafter issued under the 1998 Revenue Bond Indenture, are equally and ratably payable solely from and secured by a lien on and security interest in (i) the Net Revenues described herein, (ii) all moneys, instruments and securities at any time and from held by the Authority or the Trustee in any Fund created or established under the 1998 Revenue Bond Indenture and (iii) the proceeds of all the foregoing, except for the moneys, instruments and securities held in the 1998 General Fund and the 1998 Rebate Fund. The 2008A Letter of Credit (as defined herein) secures only the 2008A Revenue Refunding Bonds and the 2008B Letter of Credit (as defined herein) secures only the 2008B Revenue Refunding Bonds.

The 2008 Revenue Refunding Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Authority's tender agent, TD Bank, N.A. The tender agent shall provide a copy of said notice to the applicable remarketing agent, who is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal plus accrued interest to the purchase date.

Under irrevocable direct pay letters of credit ("DPLOC") issued by Bank of America, N.A. and TD Bank, N.A., the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The letters of credit require the Authority to make immediate payment of any draws under the line and were valid through July 23, 2013. In 2013, the letters of credit were extended as noted below.

The Authority is required to pay annual facility fees to Bank of America, N.A. and TD Bank, N.A. for the letters of credit. The fee was calculated based on 1.35% of the gross amount available under the line based on the Authority's bond ratings, as determined by Moody's and S&P. In addition, the Authority is required to pay an annual remarketing fee, payable quarterly in arrears, equal to 0.07% of the aggregate principal amount of the bonds outstanding at the beginning of the period.

On June 28, 2013, the Authority amended and extended its DPLOC with TD Bank, N.A. supporting the 2008 Revenue Refunding Bonds, Series B, to expire on December 31, 2017. In addition, the Authority amended and extended its DPLOC with the Bank of America, N.A., effective on July 22, 2013, to expire on July 22, 2016. The new LOC fees range from 0.65% to 0.70%. The annual remarketing fees remained unchanged.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2008 Revenue Refunding Bonds (Continued): The 2008 Revenue Refunding Bonds outstanding at December 31, 2013 are as follows:

Series A			Series B		
Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
2026	Variable	\$ 144,245	2026	Variable	\$ 160,265
Total par value of 2008 Revenue Refunding Bonds					<u>\$ 304,510</u>

Interest Rate Mode: Weekly

Rate Determination Date: Generally each Wednesday

Interest Payment Dates: First Business Day of each month

Rate in Effect at December 31, 2013: Series A - 0.03%; Series B - 0.03%

Optional Redemption: While in the Weekly Mode, the 2008A Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day, at redemption price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date. While in the Weekly Mode, the 2008B Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Sinking Fund Redemption: The 2008 Revenue Refunding Bonds are subject to mandatory redemption in part on January 1 of each year and in the respective principal amounts set forth below at one hundred percent (100%) of the principal amount of 2008 Revenue Refunding Bonds to be redeemed, plus interest accrued to the Redemption Date, from funds which the Authority covenants to deposit in the 2008A Bonds Sinking Fund Account created in the 1998 Debt Service Fund established pursuant to 1998 Revenue Bond Indenture, in amounts sufficient to redeem on January 1 of each year the principal amount of such 2008 Revenue Refunding Bonds for each of the years set forth below:

Sinking Fund Installments			
January 1	Series A	Series B	Total
2014	\$ 7,915	\$ 8,795	\$ 16,710
2015	8,345	9,275	17,620
2016	8,800	9,775	18,575
2017	9,280	10,310	19,590
2018	9,785	10,870	20,655
2019	10,315	11,465	21,780
2020	10,880	12,090	22,970
2021	11,475	12,745	24,220
2022	12,100	13,440	25,540
2023	12,755	14,175	26,930
2024	13,455	14,945	28,400
2025	14,185	15,760	29,945
2026	14,955	16,620	31,575
	<u>\$ 144,245</u>	<u>\$ 160,265</u>	<u>\$ 304,510</u>

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Refunding Bonds: On June 30, 2010, the Authority issued \$350,000 in Revenue Refunding Bonds, Series A of 2010, Revenue Refunding Bonds, Series B of 2010 and Revenue Refunding Bonds, Series C of 2010 as variable rate demand obligations ("VRDOs"). The 2010 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust dated as of July 1, 1998 by and between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as successor to Commerce Bank, N.A. ("Trustee"), as previously supplemented by five supplemental indentures thereto and as further supplemented by a Sixth Supplemental Indenture ("Sixth Supplemental Indenture") dated as of March 15, 2010 (collectively, "1998 Revenue Bond Indenture"). The 2010 Revenue Refunding Bonds were issued to provide funds, together with other available funds, to (i) currently refund \$349,360 aggregate principal amount of the Authority's outstanding Revenue Bonds, Series of 1999, (ii) fund any required deposit to the 1998 Debt Service Reserve Fund (defined herein), and (iii) pay the costs of issuance of the 2010 Revenue Refunding Bonds.

The 2010 Revenue Refunding Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Authority's tender agent, TD Bank, N.A. The tender agent shall provide a copy of said notice to the applicable remarketing agent, who is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal plus accrued interest to the purchase date.

Under irrevocable letters of credit issued by J.P. Morgan Chase, N.A., Bank of America, N.A. and PNC Bank, N.A., the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The letters of credit require the Authority to make immediate payment of any draws under the line and were valid through March 29, 2013. In 2013, the letters of credit were replaced as noted below.

The Authority was required to pay annual facility fees to J.P. Morgan Chase, N.A., Bank of America, N.A. and PNC Bank, N.A. for the letters of credit in percentages varying from 1.35% to 1.675% of the gross amount available under the LOC, through March 21, 2013, when these LOCs were replaced. In addition, the Authority was required to pay an annual remarketing fee, payable quarterly in arrears, equal to 0.10% of the aggregate principal amount of the bonds outstanding at the beginning of the period. On March 21, the Authority completed its LOC substitution/replacement program, replacing the existing LOC providers with three new banks: Royal Bank (Series A), Barclays Bank (Series B), and Bank of New York Mellon (Series C). The LOC fees were reduced, ranging from 0.45% to 0.70%, and the remarketing fee for each series was reduced to 0.08%/annum.

The 2010 Revenue Refunding Bonds outstanding at December 31, 2013 were as follows:

	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series A	2026	Variable	\$ 150,000
Series B	2026	Variable	150,000
Series C	2026	Variable	50,000
Total par value of 2010 Revenue Refunding Bonds			<u>\$ 350,000</u>

Interest rate Mode: Weekly

Rate Determination Date: Generally each Wednesday

Rate in Effect at December 31, 2013: Series A - 0.04%; Series B - 0.04%; Series C - 0.05%

Optional Redemption: While in the Weekly Mode, each Series of the 2010 Revenue Refunding Bonds is subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the applicable Redemption Date.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Refunding Bonds (Continued):

Mandatory Sinking Fund Redemption: The 2010 Revenue Refunding Bonds are subject to mandatory redemption in part on January 1 of each year and in the respective principal amounts set forth below at 100% of the principal amount of 2010 Revenue Refunding Bonds to be redeemed, plus interest accrued to the Redemption Date, from funds which the Authority covenants to deposit in the 2010A Bonds Sinking Fund Account, 2010B Bonds Sinking Fund Account, and 2010C Bonds Sinking Fund Account created in the 1998 Debt Service Fund established pursuant to 1998 Revenue Bond Indenture, in amounts sufficient to redeem on January 1 of each year the principal amount of such 2010 Revenue Refunding Bonds for each of the years set forth below:

Sinking Fund Installments				
January 1	Series A	Series B	Series C	Total
2014	\$ 5,460	\$ 5,460	\$ 1,825	\$ 12,745
2015	8,700	8,700	2,900	20,300
2016	9,195	9,195	3,070	21,460
2017	9,730	9,730	3,240	22,700
2018	10,280	10,280	3,430	23,990
2019	10,875	10,875	3,625	25,375
2020	11,500	11,500	3,830	26,830
2021	12,160	12,160	4,055	28,375
2022	12,855	12,860	4,285	30,000
2023	13,595	13,595	4,530	31,720
2024	14,375	14,375	4,790	33,540
2025	15,200	15,200	5,065	35,465
2026	16,075	16,070	5,355	37,500
	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 50,000</u>	<u>\$ 350,000</u>

2010 Revenue Bonds: On July 15, 2010, the Authority issued \$308,375 in Revenue Bonds, Series D of 2010 (the "2010 Revenue Bonds"). The 2010 Revenue Bonds were issued by means of a book-entry-only system evidencing ownership and transfer of 2010 Revenue Bonds on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants. Interest on the 2010 Revenue Bonds will be payable semi-annually on January 1 and July 1 of each year commencing January 1, 2011 (each an "Interest Payment Date").

The 2010 Revenue Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as successor to Commerce Bank, N.A. (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998, a Second Supplemental Indenture, dated as of August 15, 1998, a Third Supplemental Indenture, dated as of December 1, 1999, a Fourth Supplemental Indenture, dated as of October 1, 2007, a Fifth Supplemental Indenture, dated as of July 15, 2008, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010 (collectively, the "1998 Revenue Bond Indenture"). The 2010 Revenue Bonds were issued for the purpose of: (i) financing a portion of the costs of the Authority's approved Capital improvement Program; (ii) funding the Debt Service Reserve Requirement for the 2010 Revenue Bonds; and (iii) paying the costs of issuance of the 2010 Revenue Bonds (Series D). (Note: As per its 2008 Reimbursement Resolution, upon issuance of the 2010 Revenue Bonds, the Authority reimbursed its General Fund, for approximately \$100 million, for prior capital expenditures made during the period October 2008 through July 2010).

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Bonds (Continued): The 2010 Revenue Bonds are limited obligations of the Authority and are payable solely from the sources referred to in the 2010 Revenue Bonds and the 1998 Revenue Bond Indenture. Neither the credit nor the taxing power of the Commonwealth of Pennsylvania (the "Commonwealth") or the State of New Jersey (the "State") or of any county, city, borough, village, township or other municipality of the Commonwealth or the State is or shall be pledged for the payment of the principal, redemption premium, if any, or interest on the 2010 Revenue Bonds. The 2010 Revenue Bonds are not and shall not be deemed to be a debt or liability of the Commonwealth or the State or of any such county, city, borough, village, township or other municipality, and neither the Commonwealth nor the State nor any such county, city, borough, village, township or other municipality is or shall be liable for the payment of such principal or, redemption premium, or interest. The Authority has no taxing power.

Mandatory Sinking Fund Redemption: The 2010 Revenue Bonds maturing January 1, 2035 and January 1, 2040 are subject to mandatory redemption prior to maturity by the Authority, in part, on January 1 of each year in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the Redemption Date from sinking fund installments which are required to be paid in amounts sufficient to redeem on January 1 of each year the principal amount of such 2010 Revenue Bonds specified for each of the years set forth below. Payment of principal and interest on the 2010 Revenue Bonds (the "2010 Insured Bonds"), in the principal amount of \$60,000 maturing January 1, 2040 is guaranteed under an insurance policy issued by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assured, Inc.).

The 2010 Revenue Bonds outstanding at December 31, 2013 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Serial Bonds					
			2027	5.00%	\$ 3,465
			2028	5.00%	17,210
			2029	5.00%	18,070
			2030	5.00%	18,975
					57,720
Term Bonds					
2031	5.00%	\$ 16,245	2036	5.00%	14,575
2031	5.05%	3,675	2036	5.00%	10,860
2032	5.00%	17,055	2037	5.00%	15,310
2032	5.05%	3,865	2037	5.00%	11,400
2033	5.00%	17,905	2038	5.00%	16,075
2033	5.05%	4,060	2038	5.00%	11,970
2034	5.00%	18,810	2039	5.00%	16,875
2034	5.05%	4,260	2039	5.00%	12,570
2035	5.00%	19,750	2040	5.00%	17,720
2035	5.05%	4,475	2040	5.00%	13,200
					250,655
Total par value of 2010 Revenue Bonds					308,375
Less unamortized bond discount					(521)
Total 2010 Revenue Bonds, net					\$ 307,854

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Bonds (Continued):

Optional Redemption: The 2010 Revenue Bonds are subject to redemption at the option of the Authority, prior to maturity, in whole or in part (and if in part, in such order of maturity or within a maturity as the Authority shall specify, or if the Authority shall fail to specify, by lot or by such other method as the Paying Agent determines to be fair and reasonable and in any principal amount in Authorized Denominations) at any time on or after January 1, 2020. Any such redemption shall be made at a redemption price equal to 100% of the principal amount of the 2010 Bonds to be redeemed, plus accrued interest to the Redemption Date.

2012 Port District Project Refunding Bonds: On December 20, 2012, the Authority issued \$153,030 in Port District Project Refunding Bonds, Series 2012. The Port District Project Refunding Bonds, Series 2012 (the "2012 Bonds") were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust (the "Indenture") dated as of December 1, 2012, between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as trustee (the "Trustee"). The 2012 Bonds were issued to (i) refund and redeem all of the outstanding principal balance of and interest accrued on the Authority's outstanding Port District Project Bonds, Series B of 1998, (the "1998 Refunded Bonds"), Port District Project Bonds, Series B of 1999 (the "1999 Refunded Bonds"), and Port District Project Bonds, Series A of 2001 (the "2001 Refunded Bonds").

The refunding resulted in a loss (difference between the reacquisition price and the net carrying amount of the old debt) of \$7 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2025 using the effective interest method. The Authority completed the refunding to reduce its total debt service payments over the next 15 years by \$69.3 million and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of \$37 million. See Note 13.

The 2012 Bonds are general corporate obligations of the Authority. The 2012 Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority other than the moneys, if any, on deposit from time to time in the Funds established under the Indenture, except for the Rebate Fund. No tolls, rents, rates or other charges are pledged for the benefit of the 2012 Bonds. The 2012 Bonds are equally and ratably secured by the monies, if any, on deposit in the Funds established under Indenture, except for the Rebate Fund. The 2012 Bonds are payable from such Funds and from other monies of the Authority legally available therefore.

Redemption Provisions:

Optional Redemption: The 2012 Bonds maturing on or after January 1, 2024 are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2023, in whole at any time, or in part at any time and from time to time, in any order of maturity specified by the Authority and within a maturity as selected by the Trustee as provided in the Indenture and as summarized below under the subheading "Redemption Provisions – Selection of 2012 Bonds to be Redeemed." Any such redemption shall be made at a redemption price equal to the principal amount of the Bonds to be redeemed plus interest accrued to the date fixed for redemption.

Payment of Redemption Price: Notice of redemption having been given in the manner provided in the Indenture, or written waivers of notice having been filed with the Trustee prior to the date set for redemption, the 2012 Bonds (or portions thereof) so called for redemption shall become due and payable on the redemption date so designated and interest on such 2012 Bonds (or portions thereof) shall cease to accrue from the redemption date whether or not such Bonds shall be presented for payment. The principal amount of all 2012 Bonds so called for redemption, together with the redemption premium, if any, payable with respect thereto and accrued and unpaid interest thereon to the date of redemption, shall be paid (upon presentation and surrender of such 2012 Bonds) by the Paying Agent out of the appropriate Fund or other funds deposited for the purpose.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2012 Port District Project Refunding Bonds (Continued):

Redemption Provisions (Continued):

Selection of 2012 Bonds to be Redeemed: If less than all of the 2012 Bonds are to be redeemed and paid prior to maturity, 2012 Bonds registered in the name of the Authority shall be redeemed before other 2012 Bonds are redeemed. Thereafter, the portion of 2012 Bonds to be redeemed shall be selected by the Authority, or if no such selection is made, by lot by the Trustee from among all Outstanding 2012 Bonds eligible for redemption. In the case of a partial redemption of 2012 Bonds when 2012 Bonds of denominations greater than the minimum Authorized Denomination are Outstanding, then for all purposes in connection with such redemption, each principal amount equal to the minimum Authorized Denomination shall be treated as though it were a separate 2012 Bond for purposes of selecting the 2012 Bonds to be redeemed, provided that no 2012 Bonds shall be redeemed in part if the principal amount to be Outstanding following such partial redemption is not an Authorized Denomination.

The 2012 Port District Project Refunding Bonds outstanding at December 31, 2013 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
2014	3.00%	\$ 5,790	2021	5.00%	\$ 12,350
2015	4.00%	5,800	2022	5.00%	14,085
2016	5.00%	6,030	2023	3.00%	240
2017	5.00%	6,335	2023	5.00%	14,545
2018	2.00%	225	2024	5.00%	15,520
2018	5.00%	6,425	2025	5.00%	16,300
2019	5.00%	6,975	2026	5.00%	17,115
2020	5.00%	7,320	2027	5.00%	17,975
					<u>153,030</u>
Total par value of 2012 Port District Project Refunding Bonds					153,030
Add unamortized bond premium					<u>19,885</u>
Total 2012 Port District Project Refunding Bonds, net					<u>\$ 172,915</u>

2013 Revenue Bonds: On December 18, 2013, the Delaware River Port Authority issued its Revenue Bonds, Series of 2013 in the aggregate principal amount of \$476,585,000. The 2013 Revenue Bonds were issued by means of a book-entry-only system evidencing ownership and transfer of 2013 Revenue Bonds on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants. Interest on the 2013 Revenue Bonds will be payable semi-annually on January 1 and July 1 of each year commencing July 1, 2014 (each an "Interest Payment Date").

The 2013 Revenue Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, National Association, Cherry Hill, New Jersey, as successor to Commerce Bank, National Association, as trustee (the "Trustee"), as heretofore supplemented from time to time, including as supplemented by a Ninth Supplemental Indenture, dated as of December 1, 2013 (collectively, the "1998 Revenue Bond Indenture"). The 2013 Revenue Bonds are being issued for the purpose of: (i) financing a portion of the costs of the Authority's approved capital improvement program; (ii) funding a deposit to the 1998 Debt Service Reserve Fund established under and as specifically defined in the 1998 Revenue Bond Indenture; and (iii) paying the costs of issuance of the 2013 Revenue Bonds.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

2013 Revenue Bonds (Continued): The 2013 Revenue Bonds are limited obligations of the Authority and are payable solely from the sources referred to in the 2013 Revenue Bonds and the 1998 Revenue Bond Indenture. Neither the credit nor the taxing power of the Commonwealth of Pennsylvania (the "Commonwealth") or the State of New Jersey (the "State") or of any county, city, borough, village, township or other municipality of the Commonwealth or the State is or shall be pledged for the payment of the principal, redemption premium, if any, or interest on the 2013 Revenue Bonds. The 2013 Revenue Bonds are not and shall not be deemed to be a debt or liability of the Commonwealth or the State or of any such county, city, borough, village, township or other municipality, and neither the Commonwealth nor the State nor any such county, city, borough, village, township or other municipality is or shall be liable for the payment of such principal, redemption premium, or interest. The Authority has no taxing power.

The 2013 Revenue Bonds outstanding at December 31, 2013 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
2027	5.000%	\$ 23,560	2034	5.000%	\$ 33,355
2027	4.125%	845	2034	4.625%	810
2028	5.000%	25,615	2035	5.000%	35,870
2029	5.000%	26,895	2036	5.000%	37,660
2030	5.000%	28,070	2037	5.000%	36,540
2030	4.500%	170	2038	4.750%	3,000
2031	5.000%	29,650	2038	5.000%	41,515
2032	4.500%	31,135	2039	5.000%	43,590
2033	5.000%	32,535	2040	5.000%	45,770
					<u>476,585</u>
Total par value of 2013 Revenue Bonds					476,585
Add unamortized bond premium					<u>11,771</u>
Total 2013 Revenue Bonds, net					<u>\$ 488,356</u>

Optional Redemption: The 2013 Revenue Bonds are subject to redemption at the option of the Authority, prior to maturity, in whole or in part (and if in part, in such order of maturity or within a maturity as the Authority shall specify, or if the Authority shall fail to specify, by lot or by such other method as the Paying Agent determines to be fair and reasonable and in any principal amount in Authorized Denominations), at any time on or after January 1, 2024. Any such redemption shall be made at a redemption price equal to 100% of the principal amount of the 2013 Revenue Bonds to be redeemed, plus accrued interest to the Redemption Date.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

Maturities of Principal and Interest on Bonds: The following presents the principal and interest due on all bonds outstanding as of December 31, 2013 (assuming the letter of credit agreements with respect to the variable rate 2008 and 2010 Revenue Refunding Bonds are renewed over the term of the bonds and the bonds are remarketed):

Years Ending December 31,	Principal	Interest*	Total
2014	\$ 38,650	\$ 22,198	\$ 60,848
2015	47,385	21,671	69,056
2016	50,010	21,054	71,064
2017	52,870	20,398	73,268
2018	55,865	19,708	75,573
2019-2023	330,505	87,331	417,836
2024-2028	334,030	68,126	402,156
2029-2033	248,305	56,609	304,914
2034-2038	316,235	28,506	344,741
2039-2041	149,725	1,548	151,273
	1,623,580	\$347,149	\$1,970,729
Net unamortized bond discounts and premiums	31,135		
	<u>\$1,654,715</u>		

* Does not include the net swap payments on the Authority's hedged variable rate bonds as detailed on page 34 (Note 4).

The interest on variable rate debt is computed using the interest rate effective at December 31, 2013. The interest rates on the Authority's variable rate debt are set by the remarketing agent and are reset weekly. As of December 31, 2013, the outstanding balance on the 2008 and 2010 Revenue Refunding Bonds was \$654,510, which is reported in the table above as maturing in 2014 through 2026.

In June 2013, the letters of credit supporting the 2008 variable rate bonds were renewed and extended with Bank of America, N.A. and TD Bank, N.A. to July 2016 and December 2017, respectively. If the letter of credit agreements supporting the 2008 variable rate bonds are not renewed in 2016 and 2017 and the 2008 bonds are mandatorily redeemed, the 2016 debt service requirements will be \$169,195, rather than the \$50,010 shown in the table above and the 2017 debt service requirements will be \$174,980, rather than the \$52,870 shown in the table above.

In March 2013, the letters of credit supporting the 2010 variable rate bonds were replaced with new letters of credit from Royal Bank of Canada (Series A), Barclay's Bank PLC (Series B), and The Bank of New York Mellon (Series C), which expire in March 2016, March 2015, and March 2016, respectively. If the letter of credit agreements supporting the 2010 Series A and Series C variable rate bonds are not renewed in 2016 and the 2010 Series A and Series C bonds are mandatorily redeemed, the 2016 debt service requirements will be \$206,595, rather than the \$50,010 shown in the table above. If the letter of credit agreement supporting the 2010 Series B variable rate bonds is not renewed in 2015 and the 2010 Series B bonds are mandatorily redeemed, the 2015 debt service requirement will be \$165,330, rather than the \$47,385 shown in the table above.

Interest on all of the Authority's fixed rate debt (revenue bonds and port district project bonds issued in 1999, 2010, 2012 and 2013) is payable semi-annually on January 1 and July 1 in each year. Interest on the 2008 and 2010 Revenue Refunding Bonds is payable monthly on the first business day of each month. The Authority is current on all of its monthly debt service payments on all obligations.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

Debt Authorized But Not Issued: At its August 2013 meeting, the Authority's Board authorized the issuance, sale and delivery of up to \$550 million in taxable or tax-exempt fixed rate bonds, to fund the 5-year 2013 Capital Plan (DRPA-13-094). This resolution rescinded and repealed all prior resolutions (DRPA-09-064 and DRPA-13-030) and any prior inconsistent resolutions. In December 2013, the Authority issued \$476.6 million in fixed rate bonds (the 2013 Revenue Bonds) based on this resolution.

Bond Ratings (Unaudited):

Moody's Investors Service Bond Ratings (Moody's): Concurrent with the issuance of the \$153.03 million in Port District Project Refunding Bonds, on November 30, 2012, Moody's affirmed the ratings on all Authority Revenue and Port District Project Bonds; however, the outlook improved from "negative" to "stable" on all bonds. (This represented the first change in Moody's ratings since it had assigned a "negative" outlook on all the Authority's bonds in March of 2010).

Concurrent with the Authority's issuance of the \$476.6 million in new revenue bonds, in its report dated November 22, 2013, Moody's assigned a rating of "A3" to the 2013 Revenue Bonds, and affirmed its existing ratings on all Authority bonds (revenue bonds at "A3", port district bonds at "Baa3"). The outlook remains at "stable" for all bonds. As of December 31, 2013, these ratings and outlook remain in place.

Standard & Poor's Ratings Services Bond Ratings (S&P): Concurrent with the issuance of \$153.03 million in Port District Project Refunding Bonds, on November 30, 2012, S&P affirmed the ratings on all Authority Revenue and Port District Project Bonds; however the outlook improved from "stable" to "positive" on all bonds. (This represented the first change in S&P's ratings outlook since it had assigned a "stable" outlook on all the Authority's bonds since July 2009).

Concurrent with the Authority's issuance of \$476.6 million in new revenue bonds, in its report dated November 27, 2013, S&P assigned a rating of "A" on the new series, and upgraded the Authority's ratings on both its revenue and refunding bonds (from "A-" to "A") and on its port district project bonds (from "BBB-" to "BBB"). The outlook is "stable" for all Authority bonds. As of December 31, 2013, these ratings and outlook remain in place.

Ratings on Jointly Supported Transactions: Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), initially assigned their municipal bond ratings to the 2008 Revenue Refunding Bonds based upon the understanding that upon delivery of the 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds, the respective Letter of Credit securing the payment when due of the principal of, or purchase price of 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds tendered for purchase and not otherwise remarketed and interest on the 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds will be delivered by Bank of America, N.A. and TD Bank, N.A., respectively.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 12. Funded and Long-Term Debt (Continued)

Bond Ratings (Unaudited) (Continued):

Ratings on Jointly Supported Transactions (Continued): The long-term ratings assigned by Moody's and S&P reflect each organization's approach to rating jointly supported transactions and are based upon the Direct Pay Letters of Credit provided by Bank of America, N.A. for the 2008A Revenue Refunding Bonds and TD Bank, N.A. for the 2008B Revenue Refunding Bonds. Since a loss to a bondholder of a 2008A Revenue Refunding Bond or a 2008B Revenue Refunding Bond would occur only if both the bank providing the applicable Letter of Credit and the Authority default in payment, Moody's and S&P have assigned a long-term rating to the 2008 Revenue Refunding Bonds based upon the joint probability of default by both applicable parties. In determining the joint probability of default, Moody's considers the level of correlation between the bank providing the applicable Letter of Credit and the Authority. Moody's has determined that there is a low level of correlation between the bank providing the applicable Letter of Credit and the Authority.

No provider of a Letter of Credit is obligated to maintain its present or any other credit rating and shall have no liability if any such credit rating is lowered, withdrawn, or suspended.

Note 13. 2012 Current Refunding of Debt

As detailed in Note 12, on December 20, 2012, the Authority issued \$153,030 in Port District Project Refunding Bonds to currently refund \$196,760 in aggregate principal amount of the Authority's outstanding 1998 Series B Port District Project Bonds (\$55,475), 1999 Series B Port District Project Bonds (\$107,880), and 2001 Series A Port District Project Bonds (\$33,405). The refunding was executed by the Authority to reduce its total debt service payments by \$69.3 million over the next 15 years.

As a result of the current refunding of the Port District Bonds, the Authority incurred a loss on refunding of \$6,966, which is being amortized as a component of interest expense over the life of the newly issued, refunding debt.

The following schedule details the difference between the cash flow required to service the old debt (the refunded portion of the Port District Project Bonds) and the new debt (2012 Port District Project Refunding Bonds). In addition, the economic gain from the refunding, which represents the difference between the present value of the aforementioned old debt service and the present value of the aforementioned new debt service requirements, discounted at the effective interest rate of 2.89%, adjusted for any additional cash, is as flows:

Cash Flow Difference	
Old debt service cash flows	\$ 303,610
Less prior receipts	11,291
Prior net cash flows	<u>292,319</u>
New debt service cash flows	<u>222,997</u>
Cash flows savings	<u>\$ 69,322</u>
Economic Gain	
Present value of cash flow difference	<u>\$ 36,975</u>

Delaware River Port Authority

Notes to Combined Financial Statements

Note 14. Conduit Debt Obligations

The Authority is authorized to plan, finance, develop, acquire, construct, purchase, lease, maintain, market, improve and operate any project within the Port District including, but not limited to, any terminal, terminal facility, transportation facility, or any other facility of commerce or economic development activity, from funds available after appropriate allocation for maintenance of bridge and other capital facilities. Utilizing this authorization, the Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental entities. This debt is commonly referred to as conduit (or non-commitment) debt. Typically, the debt proceeds are used to finance facilities within the Authority's jurisdiction that are transferred to the third party either by lease or by sale. The underlying lease or mortgage loan agreement, which serves as collateral for the promise of payments by the third party, calls for payments that are essentially the same as collateral for the promise of payments by the third party, calls for payments that are essentially the same as those required by the debt. These payments are made by the third-party directly to an independent trustee, who is appointed to service and administer the arrangement. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans.

As of December 31, 2013, there was one series of Charter School Project Bonds outstanding, issued for the LEAP Academy Charter School, Inc. The corresponding aggregate principal totaling \$8,500 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements. The following schedule details the series together with the amount outstanding:

Issue	Issue Date	Issued Amount	1/1/2012		12/31/2012		12/31/2013
			Beginning Balance	Paid	Ending Balance	Paid	Ending Balance
Charter School Project Bonds, Series 2003	09/01/03	\$ 8,500	\$ 7,040	\$ 285	\$ 6,755	\$ 295	\$ 6,460

The Authority was advised by the bond trustee, and counsel for LEAP Academy, that LEAP had lost its tax exemption for failure to file Form 990 for the past three years. LEAP bonds were issued through the Authority; however, DRPA has no responsibility for repayment of this debt, as the debt is guaranteed by Rutgers University. After various appeal in September 2013, the IRS rescinded its letter thereby fully reinstating LEAP's tax exemption.

Note 15. Government Contributions for Capital Improvements, Additions and Other Projects

The Authority receives contributions in aid for financing capital improvements to the rapid transit system from the Federal Transit Administration and other government agencies. Capital improvement grant funds of \$17,673 and \$25,042 were received in 2013 and 2012, respectively. The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances under terms of the grants, it is the opinion of management that any required reimbursements will not be material to the Authority's net position.

Delaware River Port Authority**Notes to Combined Financial Statements****Note 16. Contingencies**

Public Liability claim exposures are self-insured by the Authority within its self insured retention limit of \$5 million for each occurrence, after which, exists a \$25 million limit of Claims made Excess Liability Insurance per occurrence, and in the aggregate, to respond to any large losses exceeding the retention. The Authority, excluding PATCO, self-insures the initial \$1 million limit, per accident, for Workers' Compensation claims, after which a \$5 million limit of Excess Workers' Compensation insurance is retained to respond to significant claims. (Note: PATCO was completely self-insured for Workers' Compensation claim until 2014 when DRPA-14-020 approved the purchase of Excess Workers' Compensation insurance for PATCO.) PATCO self-insures the initial \$1 million limit, per accident, for Workers' Compensation claims, after which a \$5 million limit of Excess Workers' Compensation insurance is retained to respond to significant claims.

Self-Insurance	2013	2012
Beginning balance	\$ 3,252	\$ 3,141
Incurred claims	2,040	1,924
Payment of claims	(1,605)	(1,813)
Other - administrative fees, recoveries	-	-
Ending balance	<u>\$ 3,687</u>	<u>\$ 3,252</u>

The Authority is 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 combined net position and combined results of operations.

The Authority purchases commercial insurance for all other risks of loss, e.g. bridge and non-bridge property, crime, terrorism, etc. The Authority reviews annually, and where appropriate, adjusts policy loss limits and deductibles as recommended by its insurance consultants in response to prevailing market conditions, loss experience, and revenues. Policy loss limits are established with the professional assistance of independent insurance broker consultants to ensure that sufficient coverage exists to accommodate the maximum probable loss that may result in the ordinary course of business. In addition, the amounts of settlements for the last three years have not exceeded the insurance coverage provided in those years.

Per Article 5.11 of the 1998 Bond Indenture, the Authority must certify and submit to the bond trustee, by April 30 of each year, that it has sufficient coverage with regards to "multi-risk insurance" (on DRPA and PATCO facilities), "use and occupancy insurance" (i.e., business interruption), etc. The Authority submitted its annual certification to the bond trustee, prior to the deadline, in April 2013.

Note 17. Commitments

Development Projects: In support of previously authorized economic development projects, the DRPA's Board of Commissioners authorized loan guarantees to various banks to complete the financing aspects of a particular project. The Authority's Board has authorized loan guarantees in an amount not to exceed \$27,000.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 17. Commitments (Continued)

Development Projects (Continued): As of December 31, 2013, the Authority had executed three (3) loan guarantees with various banks, totaling \$11,400. The loan guarantees are as follows: L3 Communications (\$10.0 million), the Home Port Alliance (\$0.9 million), and Ship Recycling Research (\$0.5 million). These guarantees all remain in force; however, the Authority has made no cash outlays relating to these guarantees.

L3 Communications Loan Guarantee: At its March 2010 meeting, the Authority's Board approved a modification of the \$10 million guarantee relating to a letter of credit (LOC) supporting the L3 Communications project in order to accommodate a change in the bank providing the letter of credit, following the expiration of the original LOC. The guarantee survives the expiration of the original LOC. Following the modification, in April 2010, NJ EDA provided a \$20 million guarantee to the LOC provider, while the Authority provided a \$10 million guarantee in favor of NJ EDA, (and not the bank). The changes in the guarantee do not increase exposure or risk. As was the case with the original guarantee, the Authority's guarantee will be accessed only if NJ EDA must pay more than \$10 million on its guarantee.

Home Port Alliance Guarantee (extended 2012): On June 6, 2012, the Authority negotiated a three-year extension of the existing \$0.9 million loan guarantee that supports a loan from TD Bank, N.A. to the Home Port Alliance for the Battleship New Jersey.

Waterfront Renaissance Associates (\$8 million guarantee terminated): As of November 2013, the Authority was released from all "claims, liability, demands...to the extent arising out of or relating to any and all indebtedness owed by Waterfront Renaissance Associates, and in particular any guaranty thereof."

Community Impact: The Authority has an agreement with the City of Philadelphia (City) for Community Impact regarding the PATCO high-speed transit system ("Locust Street Subway Lease"). The agreement expires on December 31, 2050. In 2013, the base amount payable to the City totaled \$3,188 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1999 and 2012. Base payments for 2014 through 2018 shall equal the previous year's base payment adjusted by any increase in the CPI for that year. For the years 2018 through 2050, the annual base payment shall equal one dollar.

In addition, for the duration of the lease the Authority is required to annually create a PATCO Community Impact Fund in the amount of \$500, with payment of such fund to be divided annually between communities within the Commonwealth and the State, based on PATCO track miles in the respective states.

The minimum commitment, adjusted for the effect of the increase in the CPI at December 31, 2013, is as follows:

Year	Amount
2014	\$ 3,708
2015	3,747
2016	3,787
2017	3,827
2018	500
Thereafter	16,000
	<u>\$ 31,569</u>

Delaware River Port Authority

Notes to Combined Financial Statements

Note 17. Commitments (Continued)

OCIP Letters of Credit: In May 2008, the Authority entered into two new separate irrevocable standby Letters of Credit with TD Bank, N.A. (formerly Commerce Bank) and Wachovia Bank in support of the Authority's "Owner Controlled Insurance Program (OCIP)". Under this program, the Authority purchased coverage for all contractors working on major construction projects.

The Letter of Credit with Wells Fargo Bank (formerly Wachovia Bank) was for a four-year term in the amount of \$5,000 with an expiration date of May 7, 2012. The Letter of Credit with TD Bank, N.A. (formerly Commerce Bank) was in an initial amount of \$3,015 and automatically increased annually each May, in the amount of \$816, until it expired on May 7, 2012.

During 2012, the Authority extended its OCIP for a six-month period. As a consequence, in consultation with the insurance carrier, the Authority's LOC requirement supporting the program was reduced by \$5,000. The Letter of Credit with TD Bank, N.A. was renewed on May 7, 2012 in the amount of \$5,462 to expire on December 31, 2013, and again renewed on December 11, 2013 to expire December 31, 2014. The OCIP Letter of Credit with Wells Fargo Bank, in the amount of \$5,000, was not renewed.

At its January 2013 meeting, the Authority's Board extended the OCIP from March 7, 2013 to June 30, 2014.

As of December 31, 2013, the unused amount of the Letter of Credit totaled \$5,462. No drawdowns have been made against any Letter of Credit.

Direct Pay Letters of Credit (2008 Revenue Refunding Bonds): The Authority's 2008 Revenue Refunding Bonds (Series A and B), are secured by irrevocable transferable Direct Pay Letters of Credit (DPLOC) issued by two credit providers, the Bank of America, N.A. and TD Bank, N.A., in the initial amounts of \$172.6 million and \$191.8 million, respectively. The Authority entered into separate Reimbursement Agreements with each credit provider to facilitate the issuance of said DPLOCs.

Each Letter of Credit is in an original stated amount which is sufficient to pay the unpaid principal amount of and up to fifty-three (53) days of accrued interest (at a maximum interest rate of 12%) on the related 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds, when due, and the Purchase Price of the 2008A Revenue Refunding Bonds or the 2008B Revenue Refunding Bonds tendered or deemed tendered for purchase and not remarketed. The Credit Provider for the 2008A Revenue Refunding Bonds is only responsible for payments with respect to the 2008A Revenue Refunding Bonds for which the 2008A Letter of Credit was issued and the Credit Provider for the 2008B Revenue Refunding Bonds is only responsible for payments with respect to the 2008B Revenue Refunding Bonds for which the 2008B Letter of Credit was issued. The 2008A Letter of Credit and the 2008B Letter of Credit were renewed in July of 2010 to expire in July of 2013.

As described in the Official Statement for the 2008 Revenue Refunding Bonds, "any draw under Letter of Credit for principal, interest or Purchase Price creates a reimbursement obligation on the part of the Authority that is secured by the 1998 Revenue Bond Indenture on a parity basis with the 2008 Revenue Refunding Bonds." (Additional information related to this transaction and the accompanying Letters of Credit can be found under Note 12).

These letters of credit were renewed with the Bank of America, N.A. and TD Bank, N.A. in 2013. The new letters of credit with Bank of America, N.A. and TD Bank, N.A. expire on July 22, 2016 and December 31, 2017, respectively.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 17. Commitments (Continued)

Letter of Credit Provider Ratings (Unaudited): Ratings for these banks as of December 31, 2013 are shown below:

	Long-Term			Short-Term		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Bank of America, N.A. (Series A)	A2 Stable	A Negative	A Stable	P-1	A-1	F1
TD Bank, N.A. (Series B)	Aa3 Stable	AA- Stable	AA- Stable	P-1	A-1+	F1+

- * In April 2012, at the Authority's request, Fitch Ratings assigned a rating of "A/F1" (stable outlook) to the Authority's 2008 Series A Revenue Refunding Bonds, based on the DPLOC support provided by the Bank of America, N.A. ("A/F1", stable outlook) on the bonds.

Direct Pay Letters of Credit (2010 Revenue Refunding Bonds): The Authority's 2010 Revenue Refunding Bonds (Series A, B and C), were secured by irrevocable transferable Direct Pay Letters of Credit (DPLOC) issued by three credit providers, the Bank of America, N.A., JP Morgan Chase Bank, N.A. and PNC Bank, N.A. in the initial amounts of \$152.6 million, \$152.6 million and \$50.9 million, respectively. The Authority entered into separate Reimbursement Agreements with each credit provider to facilitate the issuance of said DPLOCs. These DPLOC's were terminated in March 2013, and replaced with new letters of credit from Royal Bank of Canada (Series A), Barclay's Bank PLC (Series B), and Bank of New York Mellon (Series C). These new letters of credit expire on March 18, 2016, March 20, 2015, and March 18, 2016, respectively.

Each Letter of Credit is an irrevocable transferable direct-pay obligation of the respective issuing Credit Provider to pay to the Trustee, upon request and in accordance with the terms thereof, amounts sufficient to pay the unpaid principal amount and up to fifty-three (53) days (or such greater number of days as required by the rating agencies) days' accrued interest (at the maximum interest rate of 12%) on the related 2010 Revenue Refunding bonds, 2010 Revenue Refunding Bonds or 2010 Revenue Refunding Bonds when due, whether at the stated maturity thereof or upon acceleration or call for redemption, and amounts sufficient to pay the Purchase Price of the 2010 Revenue Refunding Bonds, the 2010 Revenue Refunding bonds or the 2010 Revenue Refunding bonds, as applicable, tendered for purchase and not remarketed. A draw under a Letter of Credit for principal and interest or Purchase Price creates a Reimbursement Obligation (as defined in the 1998 Revenue Bond Indenture) on the part of the Authority.

Letter of Credit Provider Ratings (Unaudited): Ratings for these banks as of December 31, 2013 are shown below:

	Long-Term			Short-Term		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Royal Bank of Canada	Aa3 Stable	AA- Stable	AA Stable	P-1	A-1+	F1+
Barclay's Bank PLC	A2 Negative	A Stable	A Stable	P-1	A-1	F1
Bank of New York Mellon	Aa2 Stable	AA- Stable	AA- Stable	P-1	A-1	F1+

Delaware River Port Authority

Notes to Combined Financial Statements

Note 17. Commitments (Continued)

Contractual Commitments: As of December 31, 2013, the Authority had board-approved contracts with remaining balances as follows:

	<u>Total</u>
Benjamin Franklin Bridge:	
Structural improvements	\$ 1,035
Pavement repairs	2,086
Engineering services - program management	10,385
Toll revenue transportation and processing	2,757
Temporary toll, clerical, administration and custodians	3,648
Other	3,739
Walt Whitman Bridge:	
Suspension rope investigation and painting	800
Deck condition assessment and design	6,724
Anchorage dehumidification design	2,984
Other	75
Commodore Barry Bridge:	
Structural repairs	132
Painting Design	494
Roof Replacement	275
Other	35
Betsy Ross Bridge:	
Bridge Inspection	32
Resurfacing design services	79
Other	64
PATCO System:	
Car overhaul program	162,979
Ferry Ave. and Collingswood lot reconstruction	2,500
Land surveying	1,552
Radio system upgrades	931
Track rehabilitation across BFB	107,671
Escalator / elevator replacement	5,266
Other	3,348
Other:	
Ferry system	543
	<u>\$ 320,134</u>

Delaware River Port Authority

Notes to Combined Financial Statements

Note 18. Bridge and PATCO Fare Schedules

Bridge Fares: On July 1, 2011, the approved new bridge toll schedule was implemented as shown:

Class 1 - Motorcycle	\$ 5.00
Class 2 - Automobile	5.00
Class 3 - Two Axle Trucks	15.00
Class 4 - Three Axle Trucks	22.50
Class 5 - Four Axle Trucks	30.00
Class 6 - Five Axle Trucks	37.50
Class 7 - Six Axle Trucks	45.00
Class 8 - Bus	7.50
Class 9 - Bus	11.25
Class 10 - Senior Citizen (With 2 Tickets Only)	2.50
Class 13 - Auto w/trailer (1 axle)	8.75

PATCO Passenger Fares: On July 1, 2011, a new fare schedule was implemented as shown:

Lindenwold/Ashland Woodcrest	\$ 3.00
Haddonfield/West Haddonfield/Collingswood	2.60
Ferry Avenue	2.25
New Jersey	1.60
City Hall/Broadway/Philadelphia	1.40
Off-peak Reduced Fare Program	0.70

As noted above, PATCO has a federally mandated reduced off-peak fare program for “elderly persons and persons with disabilities”. These off-peak rates increased from \$0.62/trip to \$0.70/trip.

Note 19. New Governmental Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements that have effective dates that may impact future financial presentations. Management has not completed the process of evaluating the impact the following statements will have on the financial statements but has determined that the effect of implementing GASB Statements No. 68 and No. 71 will be material to the financial statements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, issued in June 2012, will be effective for the Authority beginning with the year ending December 31, 2015. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Delaware River Port Authority

Notes to Combined Financial Statements

Note 19. New Governmental Accounting Pronouncements (Continued)

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, issued January 2013, will be effective for the Authority beginning with the year ending December 31, 2014. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, issued April 2013, will be effective for the Authority beginning with the year ending December 31, 2014. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to Measurement Date, issued in November 2103, will be effective for the Authority beginning with the year ending December 31, 2015. This statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of GASB No. Statement 71 should be applied simultaneously with the provisions of GASB No. Statement 68.

Note 20. Blended Component Unit

In 2013, the Authority adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

Port Authority Transit Corporation (PATCO) is a wholly-owned subsidiary of the DRPA, established to operate and maintain the rapid transit system owned and constructed by DRPA. PATCO and DRPA share the same board of Commissioners. A financial benefit or burden relationship exists between DRPA and PATCO as DRPA subsidizes the losses of PATCO and intends to continue to do so. PATCO's financial results have been blended with those of DRPA in the financial statements.

Delaware River Port Authority

Notes to Combined Financial Statements

Note 20. Blended Component Unit (Continued)

Rent of Transit System Facilities: All rapid transit system facilities used by PATCO are leased from the Authority, under terms of an agreement dated April 18, 1969 and amended June 3, 1974. The lease requires PATCO to operate and maintain the Locust-Lindenwold line. The terms of the amended agreement, which was made retroactive to January 1, 1974, and which is to continue from year to year, provide that PATCO pay a minimum annual rental of \$6,122, which approximates the sum of the annual interest expense to the Authority for that portion of its indebtedness attributable to the construction and equipping of the leased facilities plus the provision for depreciation of the rapid transit facilities as recorded by the Authority. In addition, the lease requires PATCO to pay to the Authority any net earnings from operations for the Locust-Lindenwold line less a reasonable amount to be retained for working capital and operating reserves.

PATCO's outstanding liability to the DRPA for period January 1, 1974 to December 31, 2013 related to this agreement totals \$244,730.

Net Position: The net position totaling (\$620,419) and (\$597,548) as of December 31, 2013 and 2012, respectively, represents the total losses for PATCO since inception.

Condensed combining financial information applicable to DRPA and PATCO as of and for the year ended December 31, 2013 is as follows:

	December 31, 2013		
	DRPA	PATCO	Total
Current assets	\$ 649,840	\$ 10,358	\$ 660,198
Receivable from primary government	(712)	712	-
Noncurrent assets	345,216	-	345,216
Capital assets	1,273,454	-	1,273,454
Other assets	18,172	-	18,172
Intercompany	-	-	-
Total assets	2,285,970	11,070	2,297,040
Deferred outflows	129,029	-	129,029
Total assets and deferred outflows	2,414,999	11,070	2,426,069
Current liabilities	84,716	6,466	91,182
Noncurrent liabilities	1,803,965	19,533	1,823,498
Total liabilities	1,888,681	25,999	1,914,680
Lease agreement	(244,730)	244,730	-
Advances from Delaware River Port Authority	(360,760)	360,760	-
Net investment in capital assets	213,138	-	213,138
Restricted net position	159,521	-	159,521
Unrestricted	759,149	(620,419)	138,730
Total net position	\$ 526,318	\$ (14,929)	\$ 511,389

Delaware River Port Authority

Notes to Combined Financial Statements

Note 20. Blended Component Unit (Continued)

	Year Ended December 31, 2013		
	DRPA	PATCO	Total
Operating revenues			
Bridge revenues	\$ 300,314	\$ -	\$ 300,314
Transit systems	-	27,607	27,607
Other	165	38	203
Total operating revenues	300,479	27,645	328,124
Operating expenses			
Operating expenses	95,724	44,394	140,118
Depreciation	54,801	-	54,801
Total operating expenses	150,525	44,394	194,919
Operating income	149,954	(16,749)	133,205
Nonoperating revenues (expenses)			
Interest expense	(58,784)	-	(58,784)
Bond issuance costs	(2,516)	-	(2,516)
Economic development activities	(4,371)	-	(4,371)
Lease rental	6,122	(6,122)	-
Other	7,353	-	7,353
Total nonoperating revenues (expenses)	(52,196)	(6,122)	(58,318)
Capital contributions	17,673	-	17,673
Change in net position	115,431	(22,871)	92,560
Net position, January 1, (as restated)	1,016,377	(597,548)	418,829
Net position, December 31,	\$ 1,131,808	\$ (620,419)	\$ 511,389
Net cash provided by operating expenses	\$ 203,562	\$ (16,957)	\$ 186,605
Net cash (used in) provided by noncapital financing activities	(19,589)	17,440	(2,149)
Net cash provided by capital and related financing activities	336,339	-	336,339
Net cash (used in) provided by investing activities	(496,167)	2	(496,165)
Net increase in cash and cash equivalents	24,145	485	24,630
Cash and cash equivalents, January 1	5,327	572	5,899
Cash and cash equivalents, December, 31	\$ 29,472	\$ 1,057	\$ 30,529

Delaware River Port Authority

Notes to Combined Financial Statements

Note 20. Blended Component Unit (Continued)

Condensed combining financial information applicable to DRPA and PATCO as of and for the year ended December 31, 2012 is as follows:

	December 31, 2012		
	DRPA	PATCO	Total
Current assets	\$ 465,358	\$ 10,073	\$ 475,431
Receivable from primary government	(464)	464	-
Capital assets	1,240,928	-	1,240,928
Other assets	18,888	-	18,888
Total assets	1,724,710	10,537	1,735,247
Deferred outflows	183,950	-	183,950
Total assets and deferred outflows	1,908,660	10,537	1,919,197
Current liabilities	62,698	6,706	69,404
Noncurrent liabilities	1,411,553	19,411	1,430,964
Total liabilities	1,474,251	26,117	1,500,368
Lease agreement	(238,608)	238,608	-
Advances from Delaware River Port Authority	(343,360)	343,360	-
Net investment in capital assets	272,905	-	272,905
Restricted net position	143,692	-	143,692
Unrestricted	599,780	(597,548)	2,232
Total net position	\$ 434,409	\$ (15,580)	\$ 418,829

Delaware River Port Authority

Notes to Combined Financial Statements

Note 20. Blended Component Unit (Continued)

	Year Ended December 31, 2012		
	DRPA	PATCO	Total
Operating revenues			
Bridge revenues	\$ 299,182	\$ -	\$ 299,182
Transit systems	-	27,992	27,992
Port of Philadelphia and Camden	2	-	2
Other	181	43	224
Total operating revenues	299,365	28,035	327,400
Operating expenses			
Operating expenses	104,241	42,257	146,498
Depreciation	55,018	-	55,018
Total operating expenses	159,259	42,257	201,516
Operating income	140,106	(14,222)	125,884
Nonoperating revenues (expenses)			
Interest expense	(66,540)	-	(66,540)
Bond issuance costs	(1,374)	-	(1,374)
Economic development activities	(8,695)	-	(8,695)
Lease rental	6,122	(6,122)	-
Other	11,814	-	11,814
Total nonoperating revenues (expenses)	(58,673)	(6,122)	(64,795)
Capital contributions	25,042	-	25,042
Change in net position	106,475	(20,344)	86,131
Net position, January 1, (as restated)	909,902	(577,204)	332,698
Net position, December 31, (as restated)	\$ 1,016,377	\$ (597,548)	\$ 418,829
Net cash provided by operating expenses	\$ 200,016	\$ (13,680)	\$ 186,336
Net cash (used in) provided by noncapital financing activities	(14,191)	13,495	(696)
Net cash used in capital and related financing activities	(338,655)	-	(338,655)
Net cash provided by investing activities	153,000	2	153,002
Net increase (decrease) in cash and cash equivalents	170	(183)	(13)
Cash and cash equivalents, January 1	5,144	755	5,899
Cash and cash equivalents, December, 31	\$ 5,314	\$ 572	\$ 5,886

Delaware River Port Authority

Notes to Combined Financial Statements

Note 21. Restatement of Net Position

In 2013, Delaware River Port Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result of adopting this statement, certain unamortized bond issuance costs incurred in prior years are no longer capitalized as assets on the statement of net position. The cumulative effect of adopting GASB Statement No. 65 was \$8,583, which was recognized as a restatement of the Authority's 2012 beginning net position. Net position as of January 1, 2012 was decreased as follows:

Net position, January 1, 2012 as previously stated	\$ 341,281
Cumulative effect of adopting GASB No. 65	<u>(8,583)</u>
Net position, January 1, 2012 as restated	<u>\$ 332,698</u>

As a result of implementing this statement, amortization expense for 2012 was reduced from \$1,339 to \$100, 2012 bond issuance costs of \$1,374 were expensed and the change in net position for 2012 was reduced from \$86,266 to \$86,131.

Additionally, losses on refunding of debt are no longer part of long-term debt, but are reclassified separately as deferred outflows of resources on the statements of financial position.

Note 22. Subsequent Events

New SubAccount within General Fund for Capital Expenditures: The Authority's Board approved a resolution (DRPA -14-056) establishing a separate unrestricted account or sub-account within the General Fund "for the purpose of accounting for and utilizing specific General Fund monies for 2014 Capital Program spending." The Authority is in process of setting aside approximately \$175 million into this separate account for its "pay-go-capital fund", which funds will be used to fund short-lived capital assets and the remainder of the five-year 2014 Capital Program, after all bond project fund monies, from the 2013 Revenue Bond issue, are depleted. (This segregation of funds is expected to be completed in July 2014.) On a monthly basis, net General Fund transfers, as described in the Authority's Revenue Bond Indentures, will be deposited into this new account/sub-account.

Initial Contribution to the 115 Irrevocable Trust (Other Post-Employment Benefits): The Authority's Board passed a resolution (DRPA-14-057) authorizing the Authority to make its initial OPEB Contribution, in the amount of \$10.79 million into the Section 115 Irrevocable Trust established with PNC Bank. The Authority transferred funds in June 2014 to this trust account after the NJ Governor's veto period had expired.

Insurance: Pursuant to DRPA-10-154, the Board authorized a \$194 million contract to Alstom Transportation Inc. of Hornell, N.Y., for the overhaul of the entire 120 Port Authority Transit Corporation transit fleet cars. The Authority issued PATCO-14-021 authorizing staff to secure "Rolling Stock Property insurance" for the refurbished PATCO transit cars, which are being delivered to the Authority for use in its PATCO operation over the next several years.

The property coverage is in the amount of \$100 million, less a deductible of \$100,000 per occurrence; however, a special \$250,000 Flood deductible for non-Zone A (Woodcrest Passenger Station) applies in the event of a flood, a special \$250,000 Earth movement deductible applies in the event of an earthquake and a special \$250,000 Named Storm deductible, applies in the event the National Weather Service names a particular storm.

Delaware River Port Authority**Notes to Combined Financial Statements**

Note 22. Subsequent Events (Continued)

Status of Union Labor Negotiations: The collective bargaining agreement between the Authority and the IUOE expired on December 31, 2012. Employees continue to work with an expired contract while contract negotiations are ongoing. The second largest labor organization representing Authority personnel is FOP Local 30 (representing Authority and PATCO patrol officers, corporals and sergeants). The parties currently are involved in interest arbitration litigation in the Federal District Court, Camden, New Jersey. The collective bargaining agreement with the IBEW expired by its terms on December 31, 2011. Employees continue to work with an expired contract while contract negotiations are ongoing.

PATCO has a collective bargaining agreement with Teamsters' Union Local 676, which represents operating and maintenance personnel at PATCO which expired on May 31, 2011. Currently the parties are involved in contract negotiations and the employees continue to work with an expired contract.

Federal Subpoena: The Authority has been served with a subpoena requiring document productions concerning economic development spending from 2008 to the present. The Authority is committed to full cooperation. It is expected that compliance costs and counsel fees may be significant, but will not materially impact the Authority's financial position.

In late June 2014, the Authority's Board was advised that there may be a compromise to a data storage effort that was implemented to assist with the federal investigation. The Authority has directed its special outside counsel to continue to be open and transparent in providing assistance to the federal investigation and to assist in the effort to determine if a compromise has occurred.

Delaware River Port Authority

Required Supplementary Information (Unaudited)
Schedule of Funding Progress for Health Benefits Plan
Year Ended December 31, 2013
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/13	\$ -	\$ 112,923	\$ 112,923	-	\$ 43,453	259.9%
01/01/11	\$ -	\$ 113,422	\$ 113,422	-	\$ 46,949	241.6%
01/01/09	\$ -	\$ 132,467	\$ 132,467	-	\$ 51,071	259.4%

Delaware River Port Authority

Combined Supplemental Schedule of Net Position Information by Fund

December 31, 2013

(amounts expressed in thousands)

	Capital Fund	Revenue Fund	Maintenance Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Assets							
Current Assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 26,232	\$ -	\$ -	\$ 26,232
Investments	-	11,170	-	389,158	-	-	400,328
Accounts receivable, net of allowance for uncollectibles	-	4,680	-	7,011	-	-	11,691
Accrued interest receivable	-	-	-	475	-	-	475
Transit system and storeroom inventories	-	396	-	6,116	-	-	6,512
Economic development loans - current	-	-	-	1,925	-	-	1,925
Prepaid expenses	-	1,337	-	986	-	-	2,323
Restricted assets							
Restricted							
Cash and cash equivalents	-	3,760	-	-	-	537	4,297
Investments	-	-	4,541	-	183,633	18,237	206,411
Accrued interest receivable	-	-	-	-	-	4	4
Total current assets	-	21,343	4,541	431,903	183,633	18,778	660,198
Noncurrent Assets							
Restricted investments for capital projects	-	-	-	-	-	345,216	345,216
Capital assets, net of accumulated depreciation							
Land	74,200	-	-	25	-	-	74,225
Construction in progress	290,453	-	-	-	-	-	290,453
Bridges and related buildings and equipment	634,795	-	-	-	-	-	634,795
Transit property and equipment	271,767	-	-	-	-	-	271,767
Port enhancements	2,214	-	-	-	-	-	2,214
Total capital assets	1,273,429	-	-	25	-	-	1,273,454
Other							
Economic development loans, net of allowance for uncollectibles	-	-	-	16,776	-	-	16,776
Debt insurance costs, net of amortization	1,031	-	-	365	-	-	1,396
Total other assets	1,031	-	-	17,141	-	-	18,172
Total noncurrent assets	1,274,460	-	-	17,166	-	345,216	1,636,842
Total assets	1,274,460	21,343	4,541	449,069	183,633	363,994	2,297,040
Deferred Outflows of Resources							
Accumulated decrease in fair value of hedging derivatives	114,318	-	-	-	-	-	114,318
Loss on refunding of debt	14,711	-	-	-	-	-	14,711
Total deferred outflows of resources	129,029	-	-	-	-	-	129,029

(Continued)

Delaware River Port Authority

Combined Supplemental Schedule of Net Position Information by Fund (Continued)

December 31, 2013

(amounts expressed in thousands)

	Capital Fund	Revenue Fund	Maintenance Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Liabilities							
Current Liabilities							
Accounts payable							
Retained amounts on contracts	\$ -	\$ 4	\$ -	\$ 8,934	\$ -	\$ -	\$ 8,938
Other	-	8,829	-	10,527	-	-	19,356
Accrued liabilities							
Claims and judgments	-	245	-	1,255	-	-	1,500
Self-insurance	-	819	-	890	-	-	1,709
Pension	-	978	-	889	-	-	1,867
Sick and vacation leave benefits	-	703	-	328	-	-	1,031
Other	-	427	-	762	-	-	1,189
Unearned revenue	-	-	-	3,408	-	-	3,408
Liabilities payable from restricted assets							
Accrued interest payable	-	-	-	-	13,534	-	13,534
Bonds payable - current	29,455	-	-	9,195	-	-	38,650
Total current liabilities	29,455	12,005	-	36,188	13,534	-	91,182
Noncurrent Liabilities							
Accrued liabilities							
Claims and judgments	-	760	-	4,594	-	-	5,354
Self-insurance	-	948	-	1,030	-	-	1,978
Sick and vacation leave benefits	-	2,107	-	984	-	-	3,091
Other	-	27,502	-	14,000	-	-	41,502
Unearned revenue	-	5,274	-	-	-	-	5,274
Premium payment payable - derivative companion instrument	33,588	-	-	-	-	-	33,588
Derivative instrument - interest rate swap	115,182	-	-	-	1,464	-	116,646
Bonds payable, net of unamortized discounts, and premiums	1,426,981	-	-	189,084	-	-	1,616,065
Total noncurrent liabilities	1,575,751	36,591	-	209,692	1,464	-	1,823,498
Total liabilities	1,605,206	48,596	-	245,880	14,998	-	1,914,680
Net Position							
Net investment in capital assets	(168,296)	-	-	25	36,193	345,216	213,138
Restricted for:							
Debt requirements	-	3,760	4,541	-	132,442	-	140,743
Port projects	-	-	-	-	-	18,778	18,778
Unrestricted (deficiency)	(33,421)	(31,013)	-	203,164	-	-	138,730
Total net position	\$ (201,717)	\$ (27,253)	\$ 4,541	\$ 203,189	\$ 168,635	\$ 363,994	\$ 511,389

Delaware River Port Authority

Combined Supplemental Schedule of Changes in Fund Net Position Information by Fund
For the Year Ended December 31, 2013
(amounts expressed in thousands)

	Capital Fund	Revenue Fund	Maintenance Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net Position (Deficiency), January 1, restated	\$ 235,648	\$ (27,085)	\$ 4,393	\$ 68,091	\$ 116,100	\$ 21,682	\$ 418,829
Revenues and Expenses							
Operating revenues	-	300,314	-	27,810	-	-	328,124
Operating expenses	(54,801)	(48,145)	-	(53,041)	-	-	(155,987)
General administration expenses	-	(38,632)	-	(300)	-	-	(38,932)
Investment income	(375)	361	148	2,099	2,393	2	4,628
Interest expense	(1,299)	-	-	1,222	(58,707)	-	(58,784)
Economic development activities	-	-	-	(4,371)	-	-	(4,371)
Other nonoperating revenues (expenses)	(40)	-	-	(11)	-	-	(51)
Other grant revenues	-	-	-	2,776	-	-	2,776
Total revenues and expenses	(56,515)	213,898	148	(23,816)	(56,314)	2	77,403
Government Contributions for Capital Improvements, additions and other projects	-	621	-	17,052	-	-	17,673
Interfund Transfers and Payments							
Bond service	-	(77,277)	-	(19,264)	96,541	-	-
Net Equity from 2013 Revenue Bonds	(488,403)	2,210	-	101,192	36,193	348,808	-
Bond issuance costs	-	(2,028)	-	-	(488)	-	(2,516)
Funds free and clear of any lien or pledge	-	(137,592)	-	137,592	-	-	-
Retirement of bonds	15,845	-	-	3,170	(19,015)	-	-
Funds for permitted capital expenditures	-	-	-	3,592	-	(3,592)	-
Funds for permitted port projects	-	-	-	2,906	-	(2,906)	-
Net equity transfers	4,382	-	-	-	(4,382)	-	-
Capital additions	87,326	-	-	(87,326)	-	-	-
Interfund transfers	-	-	-	-	-	-	-
Total interfund transfers and payments	(380,850)	(214,687)	-	141,862	108,849	342,310	(2,516)
Net position (deficiency), December 31	\$ (201,717)	\$ (27,253)	\$ 4,541	\$ 203,189	\$ 168,635	\$ 363,994	\$ 511,389

Delaware River Port Authority

Supplemental Schedule of Net Position Information for Bond and Project Funds
December 31, 2013

(amounts expressed in thousands)

	Bond Reserve	Bond Service	1998 Port District Project	1999 Port District Project	1999 Port District Project	2001 Port District Project	2013 Project	Total Combined
Assets								
Current Assets								
Restricted assets								
Temporarily restricted								
Cash and cash equivalents	\$ -	\$ -	\$ 4	\$ 60	\$ 473	\$ -	\$ -	\$ 537
Investments	131,483	52,150	-	-	16,735	1,502	-	201,870
Accrued interest receivable	-	-	-	-	4	-	-	4
Total current assets	131,483	52,150	4	60	17,212	1,502	-	202,411
Noncurrent Investments	-	-	-	-	-	-	345,216	345,216
Total assets	131,483	52,150	4	60	17,212	1,502	345,216	547,627
Liabilities								
Current Liabilities								
Liabilities payable from restricted assets								
Accrued interest payable	-	13,534	-	-	-	-	-	13,534
Bonds payable - current	-	-	-	-	-	-	-	-
Total current liabilities	-	13,534	-	-	-	-	-	13,534
Noncurrent Liabilities								
Derivative instrument - interest rate swap	1,464	-	-	-	-	-	-	1,464
Bonds payable, net of unamortized discounts and premiums	-	-	-	-	-	-	-	-
Total noncurrent liabilities	1,464	-	-	-	-	-	-	1,464
Total liabilities	1,464	13,534	-	-	-	-	-	14,998
Net Position								
Net investment in capital assets	36,193	-	-	-	-	-	-	36,193
Restricted for								
Revenue and port district project bonds	93,826	-	-	-	-	-	-	93,826
Revenue and port district bond service	-	38,616	-	-	-	-	-	38,616
Port projects	-	-	4	60	17,212	1,502	-	18,778
Capital Projects	-	-	-	-	-	-	345,216	345,216
Total net position	\$ 130,019	\$ 38,616	\$ 4	\$ 60	\$ 17,212	\$ 1,502	\$ 345,216	\$ 532,629

Delaware River Port Authority

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013

Delaware River Port Authority

Supplemental Schedule of Changes in Net Position Information for Bond and Project Funds
For the Year Ended December 31, 2013

(amounts expressed in thousands)

	Bond Reserve Fund	Bond Service Fund	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	2013 Project Fund	Total Combined Funds
Net Position, January 1, as restated	\$ 95,039	\$ 21,061	\$ 4	\$ 60	\$ 20,117	\$ 1,501	\$ -	\$ 137,782
Revenues and Expenses								
Investment income	2,391	2	-	-	1	1	-	2,395
Interest expense	-	(58,707)	-	-	-	-	-	(58,707)
Total revenues and expenses	2,391	(58,705)	-	-	1	1	-	(56,312)
Interfund Transfers and Payments								
Bond service	-	96,541	-	-	-	-	-	96,541
Net Equity from 2013 Revenue Bonds	36,193	(488)	-	-	-	-	348,808	384,513
Funds in excess of bond reserve requirement	(3,604)	3,604	-	-	-	-	-	-
Funds for permitted capital expenditures	-	-	-	-	-	-	(3,592)	(3,592)
Retirement of bonds	-	(19,015)	-	-	-	-	-	(19,015)
Funds for permitted port projects	-	-	-	-	(2,906)	-	-	(2,906)
Net equity transfers	-	(4,382)	-	-	-	-	-	(4,382)
Interfund transfers	-	-	-	-	-	-	-	-
Total interfund transfers and payments	32,589	76,260	-	-	(2,906)	-	345,216	451,159
Net Position, December 31	\$ 130,019	\$ 38,616	\$ 4	\$ 60	\$ 17,212	\$ 1,502	\$ 345,216	\$ 532,629

Statistical Section



VERSALIFT

Statistical Section



FINANCIAL TREND DATA (Unaudited)

The Authority's net position improved significantly increasing by \$92.6 million during 2013. It is the third successive year that the net position has increased in excess of \$50 million. The Authority's net position has improved from \$286.9 million to \$511.4 million, since 2010, largely due to higher toll revenues, which improved operating income (which exceeded \$100 million, during the past 3 years). Interest expense has also dropped by \$19 million annually since 2011, attributable to two major debt reduction initiatives implemented in 2012. The year-to-year increase in net position of \$6.5 million during 2013 was attributable to continued strong operating revenues of \$328.1 million (slightly higher than 2012), reduced operating expenses (decrease of \$6.6 million), primarily in G&A, and reduced interest expense (decrease of \$7.8 million), which was partially offset by reduced capital contributions (down \$7.4 million).

Please refer to the following schedules for a historical view of the Authority's financial performance.

Last Ten Fiscal Years (In Thousands)

NET POSITION

	2013 *	2012 *	2011 *	2010 *	2009 *	2008	2007	2006	2005	2004
Net Investment in capital assets	\$ 213,138	\$ 272,905	\$ 214,632	\$ 239,390	\$ 325,973	\$ 281,146	\$ 245,959	\$ 244,194	\$ 245,211	\$ 224,189
Restricted	159,521	143,692	185,219	158,589	142,435	147,850	176,895	199,758	236,796	257,111
Unrestricted (deficiency)	138,730	2,232	(67,153)	(111,050)	(138,043)	(94,317)	(92,855)	(113,329)	(158,624)	(173,185)
Total Net Assets	\$ 511,389	\$ 418,829	\$ 332,698	\$ 286,929	\$ 330,365	\$ 334,679	\$ 329,999	\$ 330,623	\$ 323,383	\$ 308,115

* Figures for the years 2013, 2012, 2011, 2010 and 2009 include the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Figures for 2013, 2012 and 2011 include the implementation of Governmental Accounting Standards Board Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Figures for the years 2010 and 2009 have been restated to remove the projected cost of bridge repainting.

CHANGES IN NET POSITION

	2013 *	2012 *	2011 *	2010 *	2009 *	2008	2007	2006	2005	2004
Operating Revenues										
Bridges:										
Tolls	\$ 293,863	\$ 292,810	\$ 267,685	\$ 243,879	\$ 242,620	\$ 208,856	\$ 196,069	\$ 194,958	\$ 190,930	\$ 188,809
Other operating revenues	6,451	6,372	5,049	4,753	4,944	5,815	5,540	4,170	4,219	6,194
Total bridge operating revenues	300,314	299,182	272,734	248,632	247,564	214,671	201,609	199,128	195,149	195,003
Transit system:										
Passenger fares	25,908	26,035	24,004	21,956	22,028	21,459	18,978	19,014	19,067	18,647
Other operating revenues	1,699	1,957	1,817	1,968	1,606	1,507	1,438	1,600	1,871	1,221
Total transit system operating revenues	27,607	27,992	25,821	23,924	23,634	22,966	20,416	20,614	20,938	19,868
Port of Philadelphia and Camden:										
AmeriPort	-	-	-	-	-	-	-	-	1,838	1,734
Cruise terminal	-	2	369	309	571	683	1,043	1,608	1,264	839
RiverLink	-	-	68	61	62	73	50	72	51	50
Total Port of Philadelphia and Camden	-	2	437	370	633	756	1,093	1,680	3,153	2,623
Other:										
Miscellaneous	203	224	556	1,801	1,456	590	852	1,697	623	142
Total operating revenues	328,124	327,400	299,548	274,727	273,287	238,983	223,970	223,119	219,863	217,636
Operating Expenses:										
Operations	97,436	98,581	94,259	99,518	97,735	100,515	94,762	88,482	82,239	81,857
Community impact	3,688	3,611	3,560	3,473	3,483	3,380	3,306	3,198	3,078	3,021
General and administration	38,932	44,277	40,536	46,272	35,457	34,974	31,025	27,780	26,857	29,355
Port of Philadelphia and Camden	62	29	246	824	1,269	1,447	1,698	1,824	3,548	3,683
Depreciation	54,801	55,018	49,216	47,751	45,776	45,486	44,634	42,355	38,432	34,702
Total operating expenses	194,919	201,516	187,817	197,838	183,720	185,802	175,425	163,639	154,154	152,618
Operating Income	133,205	125,884	111,731	76,889	89,567	53,181	48,545	59,480	65,709	65,018
Non-operating Revenues (Expenses)										
Interest revenue (net of change in fair value of derivative instruments)	4,628	7,638	13,633	(25,867)	8,718	17,592	26,704	28,383	27,282	28,391
Interest expense	(58,784)	(66,540)	(77,870)	(72,527)	(65,584)	(75,654)	(74,668)	(78,267)	(72,213)	(73,621)
Amortization expense	(100)	(100)	(100)	(1,511)	(1,356)	(1,353)	(1,353)	(1,346)	(2,059)	(2,114)
Economic development activities	(4,371)	(8,695)	(2,025)	(39,657)	(26,794)	(3,960)	(9,841)	(7,050)	(9,704)	(14,850)
Other	2,825	4,276	3,055	(1,366)	(985)	457	(35)	(1,065)	(1,533)	(2,280)
Bond issuance costs	(2,516)	(1,374)	-	-	-	-	-	-	-	-
Loss on abandonment of Aerial Tram project	-	-	(18,318)	-	-	-	-	-	-	-
Loss on disposal of capital assets	-	-	(7,929)	-	-	-	-	-	-	-
Total non-operating revenues (expenses)	(58,318)	(64,795)	(89,554)	(140,928)	(86,001)	(62,918)	(59,193)	(59,345)	(58,227)	(64,474)
Income (Loss) Before Capital Contributions	74,887	61,089	22,177	(64,039)	3,566	(9,737)	(10,648)	135	7,482	544
Capital Contributions:										
Federal and state capital improvement grants	17,673	25,042	33,021	20,603	11,443	14,417	10,024	12,076	7,786	6,452
Discontinued Operations										
Loss on disposal of Ameriport	-	-	-	-	-	-	-	(4,971)	-	-
Change in Net Position	\$ 92,560	\$ 86,131	\$ 55,198	\$ (43,436)	\$ 15,009	\$ 4,680	\$ (624)	\$ 7,240	\$ 15,268	\$ 6,996

* Figures for the years 2013, 2012, 2011, 2010 and 2009 include the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Figures for 2013, 2012 and 2011 include the implementation of Governmental Accounting Standards Board Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Figures for the years 2010 and 2009 have been restated to remove the projected cost of bridge repainting.

REVENUE CAPACITY DATA (Unaudited)

Major annual revenues (consisting primarily of bridge operating and PATCO transit system revenues, and interest income) have shown positive growth since 2004, increasing from \$245.9 million to \$333.5 million, an increase of almost \$90 million annually. Revenues during the period 2008 and 2013 reflect the two major increases in bridge tolls and transit system fares, during 2008 and 2011. During 2013 bridge tolls increased only by \$1.0 million over the previous year, while PATCO transit system operating revenues declined slightly by \$0.4 million.

Bridge traffic continued its decline since 2008, although the change in traffic during 2013 reflected a rather small decline of 0.4%, or 200,000 vehicles. Factors for this steep decline since 2008 are due to the overall poor recovery in traffic due to economic conditions, and the implementation of the aforementioned total increases.

Total PATCO transit system operating revenues (inclusive of fare, parking and advertising revenues) have increased over the ten-year period. During the past two years, PATCO fare revenues have exceeded \$26 million while total operating revenues have exceeded \$27 million. Total PATCO operating revenues declined by 1.2%, primarily due to a 71,000 drop in ridership during 2013, a 0.6% decline.

Last Ten Fiscal Years (In Thousands)

MAJOR REVENUES BY SOURCE

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Bridge operating revenues	\$300,314	\$299,182	\$272,734	\$248,632	\$247,564	\$214,671	\$201,609	\$199,128	\$195,149	\$195,003
PATCO transit system operating revenues	27,607	27,992	25,821	23,924	23,634	22,966	20,416	20,614	20,938	19,868
Port of Philadelphia and Camden	-	2	437	370	633	756	1,093	1,680	3,153	2,623
Interest income	5,581	5,803	4,968	8,176	9,252	17,592	26,704	28,383	27,282	28,391
Total revenues	\$333,502	\$332,979	\$303,960	\$281,102	\$281,083	\$255,985	\$249,822	\$249,805	\$246,522	\$245,885

The DRPA restructured its E-ZPass discount program on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. The Authority also implemented a second 10% increase in PATCO passenger fares.

TOLL REVENUE BY BRIDGE

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Walt Whitman Bridge	\$111,256	\$111,900	\$103,191	\$95,180	\$96,319	\$82,198	\$77,109	\$77,528	\$76,255	\$75,001
Ben Franklin Bridge	101,094	100,443	89,824	80,083	79,848	67,188	62,235	61,577	60,550	60,377
Betsy Ross Bridge	33,578	34,084	32,295	30,610	29,062	27,590	26,734	26,906	26,305	26,581
Commodore Barry Bridge	47,935	46,383	42,375	38,006	37,391	31,880	29,991	28,947	27,820	26,850
Total toll revenues	\$293,863	\$292,810	\$267,685	\$243,879	\$242,620	\$208,856	\$196,069	\$194,958	\$190,930	\$188,809

The DRPA restructured its E-ZPass discount program on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class.

BRIDGE CASH TOLL RATES

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Class 1 - Motorcycle	\$5.00	\$5.00	\$5.00	\$4.00	\$4.00	\$4.00	\$2.00	\$2.00	\$2.00	\$2.00
Class 2 - Automobile	5.00	5.00	5.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Class 3 - Two Axle Trucks	15.00	15.00	15.00	12.00	12.00	12.00	9.00	9.00	9.00	9.00
Class 4 - Three Axle Trucks	22.50	22.50	22.50	18.00	18.00	18.00	13.50	13.50	13.50	13.50
Class 5 - Four Axle Trucks	30.00	30.00	30.00	24.00	24.00	24.00	18.00	18.00	18.00	18.00
Class 6 - Five Axle Trucks	37.50	37.50	37.50	30.00	30.00	30.00	22.50	22.50	22.50	22.50
Class 7 - Six Axle Trucks	45.00	45.00	45.00	36.00	36.00	36.00	27.00	27.00	27.00	27.00
Class 8 - Bus	7.50	7.50	7.50	6.00	6.00	6.00	4.50	4.50	4.50	4.50
Class 9 - Bus	11.25	11.25	11.25	9.00	9.00	9.00	6.75	6.75	6.75	6.75
Class 10 - Senior Citizen (With Ticket Only)	2.50	2.50	2.50	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Class 13 - Auto w/trailer (1 axle)	8.75	8.75	8.75	6.00	6.00	6.00	5.25	5.25	5.25	5.25
Class 14 - Senior Citizens (With 2 Tickets Only)	-	-	-	-	-	-	0.70	0.70	0.70	0.70

The toll rates shown above are cash toll rates in effect for the period indicated. The DRPA restructured its E-ZPass discount program on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. The Authority also implemented a second 10% increase in PATCO passenger fares.

REVENUE CAPACITY DATA (Unaudited) (Continued)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Vehicle classification:										
Automobiles & light trucks	43,732	43,931	44,757	46,245	46,580	48,310	49,678	49,395	48,667	48,345
Trucks	2,571	2,505	2,542	2,603	2,548	2,890	3,038	3,035	2,974	2,965
Buses	231	236	250	260	276	287	301	314	317	331
Senior citizens	1,344	1,405	1,440	1,305	1,229	1,906	1,998	2,032	2,005	2,054
Other	2	3	3	1	4	6	61	89	102	113
Total traffic	<u>47,880</u>	<u>48,080</u>	<u>48,992</u>	<u>50,414</u>	<u>50,637</u>	<u>53,399</u>	<u>55,076</u>	<u>54,865</u>	<u>54,065</u>	<u>53,808</u>

BRIDGE TRAFFIC BY BRIDGE

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Walt Whitman Bridge	18,086	18,311	18,806	19,579	20,022	20,877	21,473	21,577	21,293	21,070
Ben Franklin Bridge	18,292	18,285	18,286	18,459	18,571	19,296	19,759	19,600	19,363	19,371
Betsy Ross Bridge	4,993	5,090	5,429	5,821	5,595	6,511	6,900	6,906	6,788	6,909
Commodore Barry Bridge	6,509	6,394	6,471	6,555	6,449	6,715	6,944	6,782	6,621	6,458
Total traffic	<u>47,880</u>	<u>48,080</u>	<u>48,992</u>	<u>50,414</u>	<u>50,637</u>	<u>53,399</u>	<u>55,076</u>	<u>54,865</u>	<u>54,065</u>	<u>53,808</u>

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Passenger fares	\$25,908	\$26,035	\$24,004	\$21,956	\$22,028	\$21,459	\$18,978	\$19,014	\$19,067	\$18,647
Other revenues	1,699	1,957	1,817	1,968	1,606	1,507	1,438	1,600	1,871	1,221
Total operating revenues	<u>\$27,607</u>	<u>\$27,992</u>	<u>\$25,821</u>	<u>\$23,924</u>	<u>\$23,634</u>	<u>\$22,966</u>	<u>\$20,416</u>	<u>\$20,614</u>	<u>\$20,938</u>	<u>\$19,868</u>

On September 14, 2008, passenger fares, were increased by 10% across all zones. On July 1, 2011, passenger fares were increased by an additional 10%.

PATCO PASSENGER FARES

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Lindenwold/Ashland/Woodcrest	\$3.00	\$3.00	\$3.00	\$2.70	\$2.70	\$2.70	\$2.45	\$2.45	\$2.45	\$2.45
Haddonfield/West Haddonfield/Collingswood	2.60	2.60	2.60	2.35	2.35	2.35	2.15	2.15	2.15	2.15
Ferry Avenue	2.25	2.25	2.25	2.05	2.05	2.05	1.85	1.85	1.85	1.85
New Jersey	1.60	1.60	1.60	1.45	1.45	1.45	1.30	1.30	1.30	1.30
City Hall/Broadway/Philadelphia	1.40	1.40	1.40	1.25	1.25	1.25	1.15	1.15	1.15	1.15

On September 14, 2008, passenger fares, were increased by 10% across all zones. On July 1, 2011, passenger fares were increased by an additional 10%.

PATCO TRANSIT SYSTEM RIDERSHIP

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Passengers	10,542	10,613	10,506	10,109	10,022	10,338	9,406	9,377	9,363	9,150

DEBT CAPACITY DATA (Unaudited)

During the period 2004 to 2013, the Authority's debt service coverage, as calculated under the 1998 Indenture, has grown from 1.87X to 3.28X. Since 2010, the growth in net revenues have propelled an increase in coverage from 1.79X to 3.28X, these increases despite higher debt service related to the issuance of the 2010 revenue bonds. The combination of higher net revenues available for debt service (increase of \$9.4 million) and lower senior (or revenue bond and revenue refunding bond) debt service, resulted in higher debt service coverage in 2013 vs. the previous year. (The reduced debt service from 2012 to 2013 resulted from the early redemption of approx. \$24 million in 1999 Revenue Bonds in early 2012. The issuance of the 2013 Revenue Bonds in late December had a minor impact on the debt service coverage).

Total funded debt outstanding increased to \$1.65 billion during 2013, this figure reflects the \$476.6 million bond issue in late December. This outstanding balance is the highest over the ten-year span. (Since 2010, the Authority's debt, which formerly had peaked at \$1.37 billion, had declined to \$1.18 billion, through year-end 2012. Revenue bond debt outstanding had declined from a peak of \$1.07 billion, in 2010, to \$0.98 billion as of year-end 2012. With the issuance of the 2013 revenue bonds, total revenue and revenue refunding bond debt has increased to \$1.45 billion, or approximately 88% of total debt. Total subordinated debt totaled \$203.9 million, its lowest level during the period. (Subordinated debt has decreased \$183.0 million since 2004.)

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2013	2012	2011 *	2010 *	2009 *	2008	2007	2006	2005	2004
Revenues available for Debt Service:										
Bridge operating	\$300,314	\$299,182	\$272,734	\$248,632	\$247,564	\$214,671	\$201,609	\$199,128	\$195,149	\$195,003
Interest income	152	154	155	156	559	777	3,516	4,392	2,635	2,249
	<u>\$300,466</u>	<u>\$299,336</u>	<u>\$272,889</u>	<u>\$248,788</u>	<u>\$248,123</u>	<u>\$215,448</u>	<u>\$205,125</u>	<u>\$203,520</u>	<u>\$197,784</u>	<u>\$197,252</u>
Less expenses:										
Bridge operating	53,042	56,325	49,369	52,003	49,924	54,393	52,294	50,644	46,505	47,686
General and administration	38,932	44,277	40,536	46,272	35,457	34,974	31,025	27,780	26,856	29,355
	<u>\$91,974</u>	<u>\$100,602</u>	<u>\$89,905</u>	<u>\$98,275</u>	<u>\$85,381</u>	<u>\$89,367</u>	<u>\$83,319</u>	<u>\$78,424</u>	<u>\$73,361</u>	<u>\$77,041</u>
Net revenues available for Debt Service:										
1995 Revenue Bond Indenture	-	-	-	-	-	-	-	\$125,096	\$124,423	\$120,211
Add:										
Bridge Repainting Expense	-	-	-	-	-	\$4,363	\$4,498	\$3,892	\$3,779	\$3,973
GASB 45 Expense (exclusive of PATCO)	400	1,635	1,005	6,012	6,012	6,219	6,219	-	-	-
Interest Income:										
1998, 1999, 2008, 2010 and 2013 Revenue Bonds	2,352	2,086	2,387	983	2,602	3,226	2,989	2,776	3,195	2,832
	<u>\$2,752</u>	<u>\$3,721</u>	<u>\$3,392</u>	<u>\$6,995</u>	<u>\$8,614</u>	<u>\$13,808</u>	<u>\$13,706</u>	<u>\$6,668</u>	<u>\$6,974</u>	<u>\$6,805</u>
Net revenues available for Debt Service:										
1998 Revenue Bond Indenture	<u>\$211,244</u>	<u>\$202,455</u>	<u>\$186,376</u>	<u>\$157,508</u>	<u>\$171,356</u>	<u>\$139,889</u>	<u>\$135,512</u>	<u>\$131,764</u>	<u>\$131,397</u>	<u>\$127,016</u>
Debt Service (Revenue Bonds):										
1995 Revenue Bonds	-	-	-	-	-	-	14,652	19,535	19,535	19,535
Swap Payments (net)	31,825	33,248	39,249	40,687	18,793	12,634	7,045	7,538	-	-
1998, 1999 Revenue Bonds	-	6,450	19,391	26,956	42,026	56,839	51,803	48,519	48,527	48,519
2008 Revenue Bonds	16,091	16,337	15,532	12,497	12,189	3,584	-	-	-	-
2010 Revenue Refunding and Revenue Bonds	15,717	15,986	16,020	7,823	-	-	-	-	-	-
2013 Revenue Bonds	854	-	-	-	-	-	-	-	-	-
Total Debt Service	<u>\$64,487</u>	<u>\$72,021</u>	<u>\$90,192</u>	<u>\$87,963</u>	<u>\$73,008</u>	<u>\$73,057</u>	<u>\$73,500</u>	<u>\$75,592</u>	<u>\$68,062</u>	<u>\$68,054</u>
Debt Service coverage (Times) :										
1995 Bond Indenture	-	-	-	-	-	-	-	4.62	6.37	6.15
Debt Service coverage (Times) :										
1998 Bond Indenture	<u>3.28</u>	<u>2.81</u>	<u>2.07</u>	<u>1.79</u>	<u>2.35</u>	<u>1.91</u>	<u>1.84</u>	<u>1.74</u>	<u>1.93</u>	<u>1.87</u>

For 2006, the Authority has reflected the net swap debt service expense related to its annual payment under the 1995 Revenue Bond swap, which was exercised in January 2006. The Authority believes that this calculation, based on Generally Accepted Accounting Principles, fairly, clearly and completely represents the economic condition of the Authority as it relates to the debt service coverage calculation. For periods prior to 2006, the schedule reflects calculations made in accordance with the Authority's 1995 and 1998 Indentures of Trust. The Authority believes that this calculation is also consistent with Generally Accepted Accounting Principles and fairly, clearly and completely represents the economic condition of the Authority as it relates to the debt service coverage calculation for the periods specified. Under a "legally enacted basis" (as prescribed by the governing Revenue Bond Indentures), debt service coverage under the 1995 and 1998 Indentures, for 2006, would be 3.21 and 1.51 times, respectively. (Under a legally enacted basis, only the gross swap interest payment to the counter party, or \$19.46 million, is used in the calculation, while the net interest revenue payment of \$11.92 million to the DRPA is not included in the calculation). In 2007, the supplemental indenture to the 1998 Indenture was revised which changed the "legally enacted basis" calculation to allow for inclusion of the swap interest paid to the Authority in the debt service coverage calculation.

* During 2011, the Authority changed its accounting method to remove the projected costs of bridge repainting. Figures for 2010 and 2009 have been restated.

FUNDED DEBT

	2013	2012 *	2011	2010	2009	2008	2007	2006	2005	2004
Outstanding Revenue Bond related debt	\$1,450,720	\$978,185	\$1,034,519	\$1,065,375	\$785,075	\$807,890	\$820,392	\$847,472	\$867,277	\$886,098
Outstanding Port District Project Bond debt	203,995	209,603	314,470	303,554	321,915	339,645	360,510	364,715	377,932	387,029
Total outstanding debt	<u>\$1,654,715</u>	<u>\$1,187,788</u>	<u>\$1,348,989</u>	<u>\$1,368,929</u>	<u>\$1,106,990</u>	<u>\$1,147,535</u>	<u>\$1,180,902</u>	<u>\$1,212,187</u>	<u>\$1,245,209</u>	<u>\$1,273,127</u>

* Figures for 2013, 2012 and 2011 include the implementation of Governmental Accounting Standards Board Statement No. 65 *Items Previously Reported as Assets and Liabilities*.
Net of amortizing premiums and discounts.

RATIO OF DEBT PER CUSTOMER (Based on Revenue Bond debt)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Outstanding Revenue Bond related debt	\$1,450,720	\$978,185	\$1,034,519	\$1,065,375	\$785,075	\$807,890	\$820,392	\$847,472	\$867,277	\$886,098
Total annual debt service related to revenue bonds	\$64,487	\$72,021	\$90,192	\$87,963	\$73,008	\$73,057	\$73,500	\$75,592	\$68,062	\$68,054
Total traffic	47,880	48,080	48,992	50,414	50,637	53,399	55,076	54,865	54,065	53,808
Outstanding revenue bond debt per customer	\$30.30	\$20.34	\$21.12	\$21.13	\$15.50	\$15.13	\$14.90	\$15.45	\$16.04	\$16.47
Debt service per customer	\$1.35	\$1.50	\$1.84	\$1.74	\$1.44	\$1.37	\$1.33	\$1.38	\$1.26	\$1.26

DEMOGRAPHIC AND ECONOMIC DATA (Unaudited)

The following figures provide four key external factors during the ten years from 2003-2012 that affected the geographic region in which the Authority functions; this region consists of the Port District comprising of the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem in New Jersey. Based on the most recent data, population growth in the region is at very modest levels with growth in the New Jersey counties at 4.1% since 2003 and in the Pennsylvania counties at 4.9% since 2003. The unemployment rate in the Philadelphia Metropolitan Region for the period of 2003 through 2012, reflected a high of 8.75% in 2012 and a low of 4.26% in 2006. Three of the region's top ten major employers were health care organizations. The unemployment rate in the New Jersey Metropolitan Region for the period of 2003 through 2012, reflected a high of 11.51% in 2010 and a low of 5.14% in 2005. Five of the region's top ten major employers in New Jersey were health care organizations. Please refer to the following schedules below for a historical view of the demographic information and area employers within the Port District.

Last Ten Fiscal Years

PENNSYLVANIA PORT DISTRICT

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Population ⁽¹⁾	4,054,478	4,030,926	4,010,290	4,012,573	3,991,897	3,882,564	3,879,207	3,873,792	3,870,442	3,863,296
Total Personal Income ⁽¹⁾	\$ 212,668,430	\$204,488,875	\$195,158,270	\$191,619,984	\$189,058,438	\$184,342,322	\$174,120,302	\$164,091,035	\$155,961,239	\$147,697,927
Per Capita Personal Income ⁽¹⁾	\$52,453	\$50,730	\$48,664	\$47,755	\$47,361	\$47,480	\$44,886	\$42,359	\$40,295	\$38,231
Unemployment Rate ⁽²⁾	8.75%	8.50%	8.71%	7.91%	5.37%	4.36%	4.26%	4.58%	5.00%	5.22%

Sources:
 (1) Bureau of Economic Analysis, Regional Economic Accounts, Metropolitan Divisions (Philadelphia, PA Metropolitan Division)
 (2) United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

PENNSYLVANIA PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment		# of Employees	% of Employment
1. Jefferson Health System	19,100	0.95%	6. Catholic Health East	11,339	0.56%
2. University of Pennsylvania	16,160	0.81%	7. United Parcel Service.	10,261	0.51%
3. University Of Pennsylvania Health System	14,941	0.74%	8. Comcast Corporation	10,200	0.51%
4. Merck & Company, Inc	12,000	0.60%	9. Aramark Corp.	10,026	0.50%
5. Wal-Mart	11,445	0.57%	10. Supervalu Inc. (Acme)	10,000	0.50%

List excludes Federal Government Agencies (Federal Reserve Bank, U.S. Mint, U.S. District Court, Internal Revenue Service and U.S. Military), City Departments (Police and Fire Departments, Streets Department, Courts and the Water and Gas Company) and area School Systems (including Board of Education).

Source: Select Greater Philadelphia, Regional Data

NEW JERSEY PORT DISTRICT

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Population	2,438,673	2,425,526	2,422,041	2,419,475	2,411,118	2,401,441	2,391,435	2,378,301	2,364,176	2,342,408
Total Personal Income	\$ 103,930,739	\$102,916,280	\$101,195,650	\$99,031,079	\$98,568,702	\$92,444,597	\$89,285,614	\$84,062,922	\$80,794,632	\$77,083,605
Per Capita Personal Income	\$42,618	\$42,430	\$41,781	\$40,931	\$40,881	\$38,495	\$37,336	\$35,346	\$34,175	\$32,908
Unemployment Rate	10.20%	11.10%	11.51%	10.84%	6.07%	5.16%	5.44%	5.14%	5.45%	6.29%

Source: United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

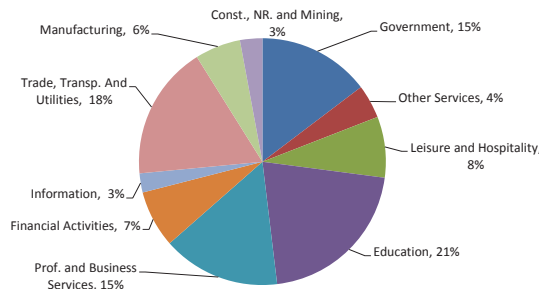
NEW JERSEY PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment		# of Employees	% of Employment
1. Virtua Health	8,900	0.71%	6. Cooper Health System	5,000	0.40%
2. Wells Fargo	8,870	0.70%	7. Kennedy Health System	4,973	0.39%
3. TD Bank	5,900	0.47%	8. St. Barnabus Health Care Sy	4,700	0.37%
4. Lourdes Health System	5,370	0.43%	9. PHH Mortgage	4,500	0.36%
5. Lockheed Martin Corp.	5,000	0.40%	10. Six Flags Theme Park	4,340	0.34%

List excludes Federal Government Agencies, City Departments, area School Systems (including Board of Education) and NJ Casinos

Sources: Select Greater Philadelphia, Regional Data, Ocean County Data Book, The Press, Atlantic City

EMPLOYMENT SHARES BY SECTOR: GREATER PHILADELPHIA REGION 2012



OPERATING INFORMATION (Unaudited)

Overall bridge operating revenues, and more specifically bridge toll revenues, have shown positive growth for the ten-year period shown below. As mentioned earlier, revenues for the fiscal years 2008 through 2010 increased significantly due to the 2008 toll increase, while revenues from 2011 through 2013 increased sharply due to the mid-year 2011 toll increase. During 2013, total bridge operating revenues increased by \$1.0 million, to total \$293.9 million, a slight increase of less than 0.5%.

During the past several years total annual general expenses have declined from \$227.0 million in 2010 to \$198.9 million. During the period 2009 and 2010, the implementation of GASB 45 impacted expenses, however, a lower liability accrual for both DRPA and PATCO beginning in 2011 contributed to the overall reduction in expenses. PATCO purchased power costs have decreased from its peak of \$5.7 million in 2008 to \$4.7 million in 2013. While these expenses increased in the period 2012 vs. 2013, the Authority has been able to significantly reduce potential purchased power costs as a result of its use of a reverse auction held in 2012. Reduced biennial inspection and LOC costs, were largely responsible for the decrease in G&A and bridge operating expenses during 2013.

DRPA's capital expenditures have increased since 2009, largely a result of a strengthened General Fund and the issuance of new revenue bonds to fund the annual and five-year capital programs. During 2011 and 2012 capital expenditures, net of federal funding, exceeded \$100 million for the first time during the ten-year period shown. 2012 numbers were \$40.8 million less than the highest totals of \$158.8 million expended in 2011. 2013 expenditures continued this trend, decreasing by \$30.6 million.

Last Ten Fiscal Years (In Thousands)

BRIDGE OPERATING REVENUES

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Toll revenues by vehicle classification:										
Automobiles, light trucks and commuters	\$219,379	\$220,379	\$201,483	\$184,439	\$184,260	\$155,009	\$144,835	\$143,843	\$141,057	\$139,471
Trucks	68,298	66,087	60,383	54,856	53,697	49,467	47,363	47,145	45,618	45,099
Buses	2,310	2,370	2,271	2,074	2,187	1,640	1,434	1,500	1,515	1,655
Senior citizens	3,360	3,512	3,123	2,308	2,268	2,389	1,999	2,033	2,005	2,054
Other	516	462	425	202	208	351	438	437	735	530
Discounts and deductions	-	-	-	-	-	-	-	-	-	-
Total toll revenues	\$293,863	\$292,810	\$267,685	\$243,879	\$242,620	\$208,856	\$196,069	\$194,958	\$190,930	\$188,809
Other bridge operating revenues	-	-	-	4,753	4,944	5,815	5,540	4,170	4,219	6,194
Total bridge operating revenues	\$293,863	\$292,810	\$267,685	\$248,632	\$247,564	\$214,671	\$201,609	\$199,128	\$195,149	\$195,003

The DRPA restructured its E-ZPass discount program on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. Please see Note 18 for the current toll schedule.

GENERAL EXPENSES BY FUNCTION

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Bridge operations:										
Salaries and employee benefits	\$34,184	\$32,790	\$30,743	\$31,743	\$32,496	\$31,551	\$30,047	\$29,059	\$26,954	\$27,450
Equipment and supplies	209	159	194	259	212	212	176	156	136	106
Maintenance and repairs	3,356	1,990	3,327	3,433	3,234	3,417	3,277	2,966	1,511	1,599
Utilities	1,591	1,636	1,694	2,819	2,562	2,783	2,621	2,386	1,678	1,678
Insurance	5,719	2,877	4,974	5,765	5,130	4,644	5,093	5,813	6,617	6,727
Other	7,983	16,873	8,437	12,335	10,442	11,786	11,080	10,264	9,609	10,126
Total bridge operations	53,042	56,325	49,369	56,354	54,076	54,393	52,294	50,644	46,505	47,686
PATCO transit system:										
Maintenance of way and power	11,263	10,770	10,865	11,261	11,552	10,229	9,774	9,438	8,884	8,618
Maintenance of equipment	6,547	6,157	6,149	7,666	7,156	6,696	6,679	6,370	7,046	6,345
Purchased power	4,688	4,270	5,230	5,667	5,359	5,656	4,933	4,984	3,335	2,852
Transportation	16,015	15,012	14,347	13,986	15,114	14,489	13,015	11,800	11,622	11,725
General insurance	1,583	1,276	4,288	876	767	1,256	692	704	823	502
Administration	4,298	4,771	4,011	8,059	7,863	7,795	7,375	4,542	4,024	4,129
Total PATCO transit system	44,394	42,256	44,890	47,515	47,811	46,121	42,468	37,838	35,734	34,171
Community impact										
General administration	3,688	3,611	3,560	3,473	3,483	3,380	3,306	3,198	3,078	3,021
Port of Philadelphia and Camden	38,932	44,277	40,536	46,272	35,457	34,974	31,025	27,780	26,857	29,355
Interest	62	29	246	824	1,269	1,447	1,698	1,824	3,548	3,683
Total expenses	\$198,902	\$213,038	\$216,471	\$226,965	\$207,680	\$215,969	\$205,459	\$199,551	\$187,935	\$191,537

Since 2010, general expenses at DRPA and PATCO have shown a downward trend, decreasing from \$226.96 million in 2010 to \$198.55 million, a 12.5% decrease over the period. Total expenses for 2012 dropped below \$200 million annually, the first time this has happened since 2006.

OPERATING INFORMATION (Unaudited) (Continued)

OPERATING STATISTICS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
DRPA										
Total Traffic	47,880	48,080	48,992	50,414	50,637	53,399	55,076	54,865	54,065	53,808
Non-Commercial Traffic	45,309	45,575	46,450	47,811	48,089	50,509	52,038	51,830	51,091	50,843
Commercial Traffic	2,571	2,505	2,542	2,603	2,548	2,890	3,038	3,035	2,974	2,965
Average Daily Traffic	131	132	134	138	139	146	151	150	148	147
Average Toll per Customer	\$6.14	\$6.09	\$5.46	\$4.84	\$4.79	\$3.91	\$3.56	\$3.55	\$3.53	\$3.51
E-ZPass Traffic	29,635	29,098	28,983	28,911	28,367	28,130	27,987	26,946	25,522	24,481
% of E-ZPass Traffic	61.9%	60.5%	59.2%	57.3%	56.0%	52.7%	50.8%	49.1%	47.2%	45.5%
PATCO										
Total Passengers	10,542	10,613	10,506	10,109	10,022	10,338	9,406	9,377	9,363	9,150
Average Daily Passengers	29	29	29	28	27	28	26	26	26	25
Average Fare Per Passenger	\$2.46	\$2.46	\$2.28	\$2.18	\$2.20	\$2.08	\$2.02	\$2.03	\$2.04	\$2.04

Average fare per passenger based on PATCO net passenger fare revenues.

FULL TIME AUTHORITY EMPLOYEES

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
DRPA	572	567	564	582	595	589	589	553	554	570
PATCO	308	296	302	309	305	301	302	355	358	373
Total Full-time	<u>880</u>	<u>863</u>	<u>866</u>	<u>891</u>	<u>900</u>	<u>890</u>	<u>891</u>	<u>908</u>	<u>912</u>	<u>943</u>

CAPITAL EXPENDITURES

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Bridge and Transit System	<u>\$87,468</u>	<u>\$118,056</u>	<u>\$158,812</u>	<u>\$71,494</u>	<u>\$75,481</u>	<u>\$58,498</u>	<u>\$23,395</u>	<u>\$31,109</u>	<u>\$44,501</u>	<u>\$74,435</u>

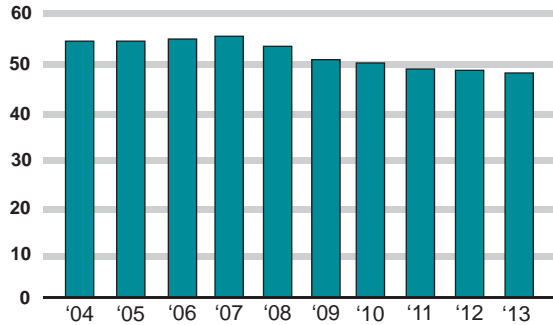
CAPITAL ASSET STATISTICS

Facility - Lane Miles	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Walt Whitman Bridge</u>										
Main Span (lane miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Miles per Lane	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Number of Lanes	7	7	7	7	7	7	7	7	7	7
<u>Ben Franklin Bridge</u>										
Main Span (lane miles)	12.67	12.67	12.67	12.67	12.67	12.67	12.67	12.67	12.67	12.67
Miles per Lane	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81
Number of Lanes	7	7	7	7	7	7	7	7	7	7
<u>Betsy Ross Bridge</u>										
Main Span (lane miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Miles per Lane	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Number of Lanes	6	6	6	6	6	6	6	6	6	6
<u>Commodore Barry Bridge</u>										
Main Span (lane miles)	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Miles per Lane	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Number of Lanes	5	5	5	5	5	5	5	5	5	5
Track Mileage										
PATCO Transit System	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9
Number of PATCO NJ Stations	9	9	9	9	9	9	9	9	9	9
Number of PATCO PA Stations	4	4	4	4	4	4	4	4	4	4

Bridge & PATCO Operations

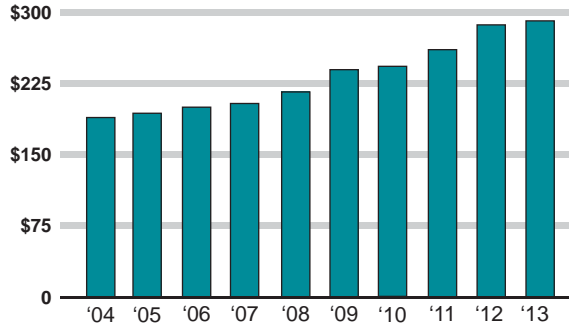
DRPA Bridge Traffic 2004-2013

(in millions of vehicles)



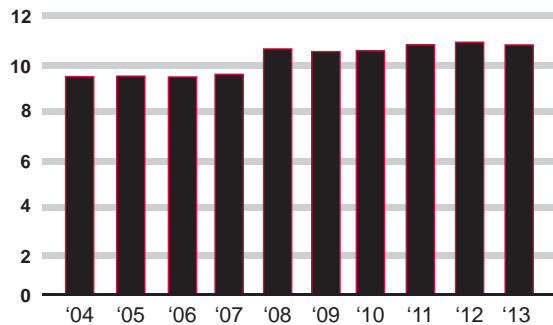
DRPA Bridge Toll Revenues 2004-2013

(in millions of dollars)



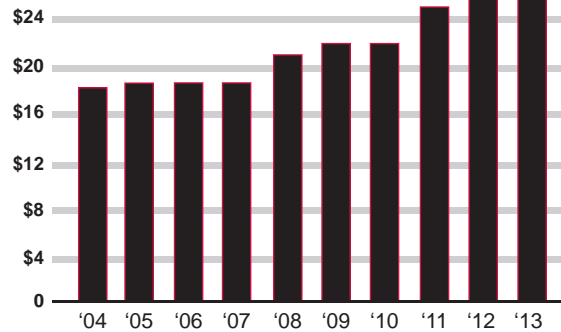
PATCO Passenger Ridership 2004-2013

(in millions of passengers)



PATCO Passenger Fare Revenues 2004-2013

(in millions of dollars)



Note:

- In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass.
- In 2004, most discount programs were eliminated and the commuter program was further modified.
- On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. PATCO fares also increased.
- On July 1, 2011, the Authority implemented a 25% across-the-board toll increase and a 10% PATCO passenger fare increase.



Delaware River
Port Authority
Comprehensive Annual
Financial Report
for the Year Ended
December 31, 2013

PRODUCED BY:
DRPA Corporate Communications
Fran O'Brien
Michael D. Williams

PRINTED BY:
DRPA Printing Services

FINANCIAL DATA COMPILED BY:
Darcie DeBeaumont
Jennifer A. DePoder
Ronnie Gilbert
James M. White, Jr., CCM



One Port Center • 2 Riverside Drive, PO Box 1949 • Camden, NJ 08101-1949
(856) 968-2000 • (215) 218-3750 • www.drpa.org