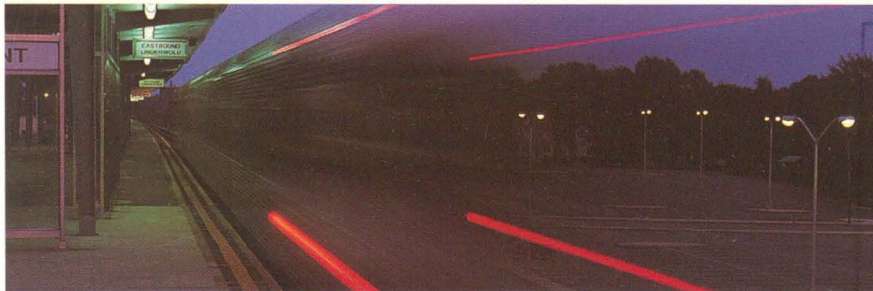


# DELAWARE RIVER PORT AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 1992

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*ew compact legislation, signed into law in 1992, ushered in an era of expanded activity and accomplishment for the Delaware River Port Authority.*

*Regional Transportation. Mass Transit. Port Enhancement. Economic Development.*

*These are the themes of the new mandate and the areas in which DRPA will make significant impacts. Even before the approving signatures were dry, a strategic planning effort was underway to determine where and how DRPA can deliver the greatest benefits to our region.*

**INTRODUCTORY SECTION**

*Report to the Governors* ..... 2

*Commissioners and Officers* ..... 4

*The Year in Review* ..... 6

*Organizational Chart* ..... 20

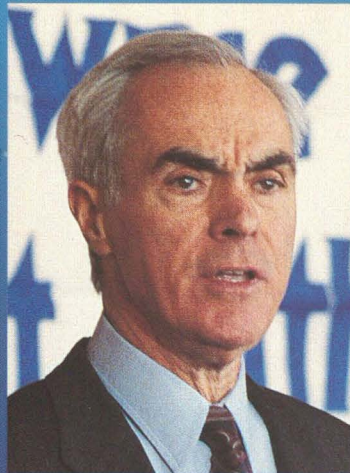
**FINANCIAL SECTION** ..... 21

*Letter of Transmittal* ..... 22

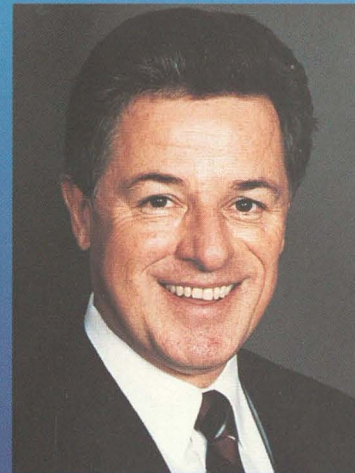
*Audited Financial Statements and Supplemental Schedules* ..... 29

**STATISTICAL SECTION** ..... 49

The two governors and the leaders of the Delaware River Port Authority combined for a productive year. During 1992, DRPA received approval of its expanded mandate, instituted One-Way Tolls, opened the AmeriPort intermodal rail facility and began developing a comprehensive strategic plan.



Governor Casey



Governor Florio

In the more than 70 years that Pennsylvania and New Jersey have worked together in regional cooperation, few years have matched the level of activity and accomplishment of 1992.

In 1992 the Delaware River Port Authority saw the approval of our new bi-state compact. The new compact ushers in an era of expanded responsibility for DRPA and expanded opportunities for the people we serve.

In 1992 we converted all four of our bridges to One-Way Tolls. The transition was smooth from start to finish, and One-Way Tolls has reduced travel time and fuel consumption for a quarter-million of our customers each day.

In 1992 we opened the AmeriPort intermodal rail facility in order to increase the flow of containerized cargo through our port terminals and expand the transportation options for Delaware Valley businesses. AmeriPort is the first of what we expect will be a long list of successful projects that will enhance the region's transportation infrastructure.

Throughout the course of this busy and historic year we relied heavily on the support from the governors, the legislatures, and the regional congressional delegation. The accomplishments chronicled throughout this document represent not so much the successes of a single agency, but rather they champion the idea that solid progress requires the talents and the dedication of people throughout our community.

We at the Delaware River Port Authority relish the idea that we were able to bring many groups together to work on common objectives during 1992. But we also feel the urge to press forward.

There remains so much still to do.

All of us who are in the transportation business must find new and creative ways to move vehicles more efficiently in order to reduce congestion and air pollution. All of us who are in the public transit business must effectively reach out to meet the needs of our disabled customers. All of us who are in the business of international trade must work to maximize the use of port facilities and transportation networks.

All of us who are in the business of public service must work diligently to ensure that we are squeezing the greatest benefit from the public resources which we husband. DRPA's commissioners in 1992 took steps to meet these obligations by embarking on a strategic business plan that will guide us as we face future challenges.

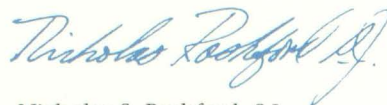
In 1952 the Delaware River Port Authority received an expanded bi-state charter, formed its World Trade Division and began planning for the Walt Whitman Bridge. After that historic year some may have stood back and wondered, "What next?"

In 1969 the Delaware River Port Authority welcomed the first customers onto the PATCO High-Speed Line and broke ground for both the Commodore Barry Bridge and the Betsy Ross Bridge. After that eventful year, some may have asked, "What next?"

Now we have come through another great year in our history. We put into place our new bi-state mandate. We instituted One-Way Tolls. We opened AmeriPort.

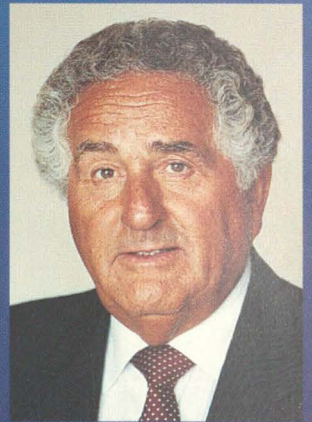
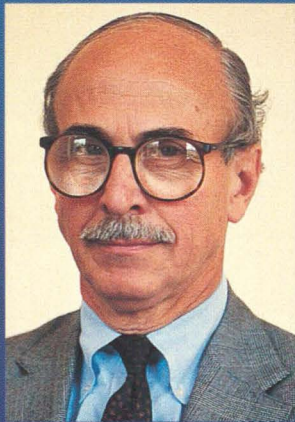
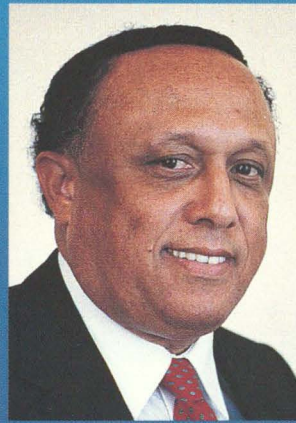
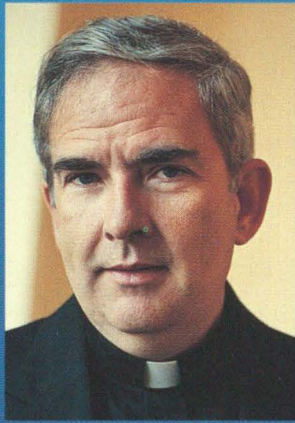
"What next?" Through the vehicle of our comprehensive planning process we are developing a course of action that is both eminently practical and truly exciting. We see opportunities for greater service, and we are planning our future with confidence. Working with the community as we did in 1992, we are certain that we can write into our history book many more important and productive years.

On behalf of the commissioners and staff, we thank you for your support and we await your further direction.



Nicholas S. Rashford, S.J.

Chairman



**PENNSYLVANIA COMMISSIONERS**

Rev. Nicholas S. Rashford, S.J.,  
Chairman; President,  
St. Joseph's University

Honorable  
Catherine Baker Knoll,  
Treasurer,  
Commonwealth  
of Pennsylvania

Honorable  
Lucien E. Blackwell,  
Member, United States  
House of Representatives

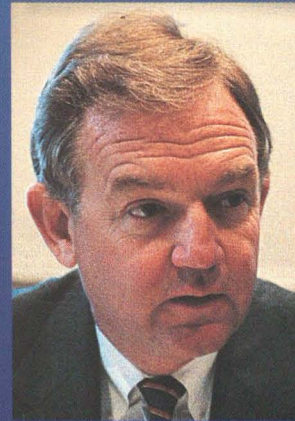
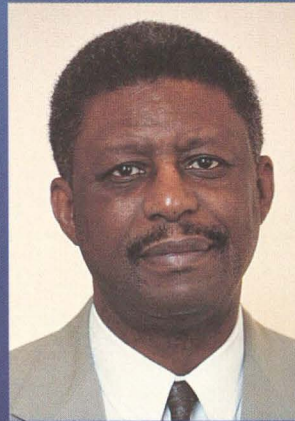
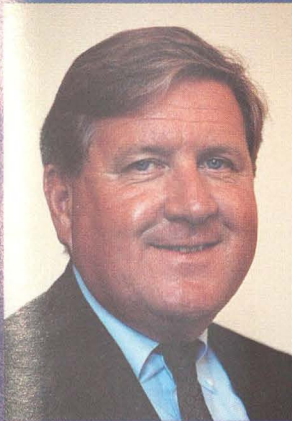
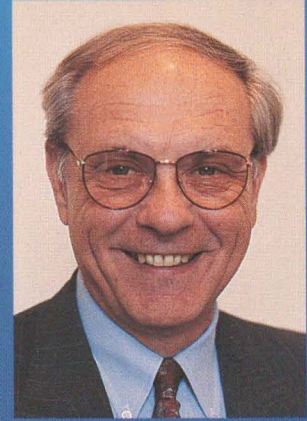
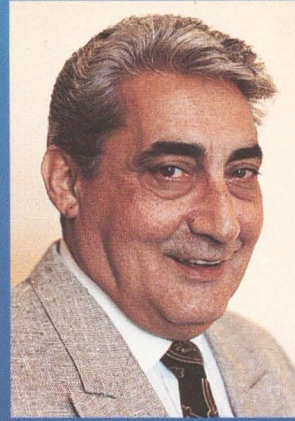
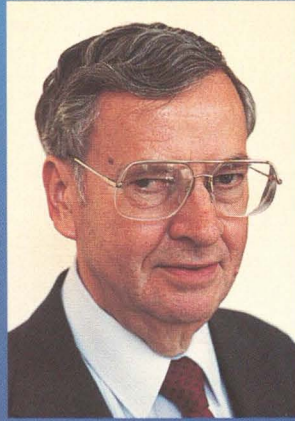
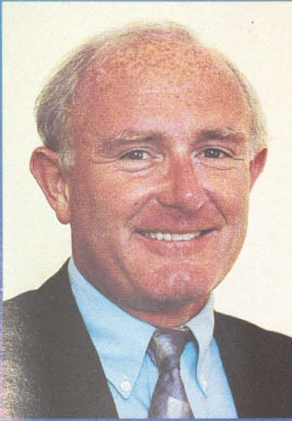
Honorable  
F. Joseph Loeper  
State Senator,  
Commonwealth  
of Pennsylvania

G. Davis Greene, Jr.

Honorable  
Vincent J. Fumo,  
State Senator,  
Commonwealth  
of Pennsylvania

Honorable  
Barbara Hafer,  
Auditor General,  
Commonwealth  
of Pennsylvania

Max Pievsky,  
Former State Representative,  
Commonwealth  
of Pennsylvania



**NEW JERSEY COMMISSIONERS**

**Peter J. Burke Jr.,**  
Vice Chairman;  
President, Meadow View  
Health Care Center

**William K. Dickey,**  
Esquire,  
Counselor at Law

**Joseph P. DiRenzo,**  
President, United Building &  
Construction Trades Council

**Robert A. Innocenzi, P.E.**  
Vice President,  
Frederic R. Harris, Inc.

**Michael G. Brennan,**  
Esquire,  
Counselor at Law

**Howard L. Moon Sr.,**  
Camden County  
Health and Human Services

**H. Donald Stewart,**  
Owner,  
Harry F. Stewart Agency

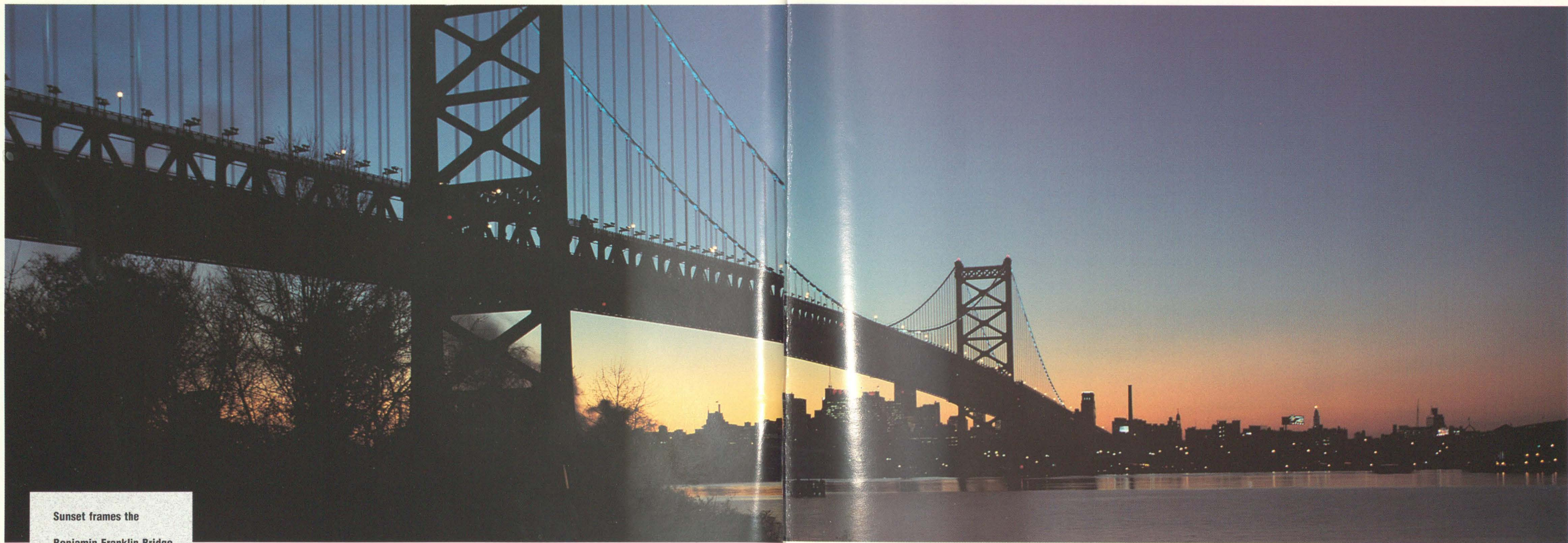
**Honorable  
Teresa A. Porrini,**  
Councilwoman,  
Maple Shade Township

**OFFICERS**

**George D. Warrington,**  
Executive Director

**Siegfried Dahms,**  
Secretary, Director of Bridges

**Martin S. Dorph,**  
Treasurer, Director of  
Finance and Administration



Sunset frames the Benjamin Franklin Bridge. The 66-year-old bridge is a major transportation artery, carrying both vehicles and the PATCO High-Speed Line tracks. Work began in 1992 to replace the bridge's pedestrian walkways which are popular with joggers, bicyclists and sightseers.

**“NEIGHBORS IN THE NEW WORLD.”** That was the theme chosen to symbolize the year 1992—marking 500 years since Columbus’ journey to America.

Along the banks of the Delaware River, the theme resounded on New Year’s Eve as thousands of residents and visitors gathered to welcome in the New Year in a giant celebration that clearly demonstrated how the riverfront areas of both states are being revived with new cultural and commercial attractions.

The “Neighbors” theme was also significant for the Delaware River Port Authority because during 1992 DRPA made great strides in uniting the communities on both sides of the Delaware River, and ushering in a new era of achievement for southeastern Pennsylvania and southern New Jersey. As the year progressed, it became clear that 1992 was to be one of its busiest and most productive years in DRPA’s history, culminating in a new mandate that gave DRPA new opportunities to serve the people of Pennsylvania and New Jersey.

**THE FOLLOWING PAGES PRESENT** a chronological account of 1992, a year of great achievement.

An example of the new level of bi-state cooperation was seen early in January. Leaders from both states worked together to expand DRPA’s mandate in order to allow the agency to offer additional transportation, port enhancement and economic development services. The changes came in the form of a new bi-state compact which the New Jersey Legislature approved at the start of the new year.

Gov. Jim Florio came to DRPA’s Camden headquarters to sign the legislation, which he called, “a new bridge for opportunity and jobs.” He said the new mandate expands DRPA’s role in port enhancement and regional economic development. “This compact legislation is the bridge that will unite us,” the governor said. “This is a compact for a bright future.”

**FEBRUARY BROUGHT CONSTRUCTION PROGRESS** on the new regional intermodal transfer facility being built near the Walt Whitman Bridge in Philadelphia. The Board of Commissioners made initial operating decisions and launched preliminary marketing efforts.

The PATCO High-Speed Line in February marked two special dates. The first was Valentine's Day and PATCO provided an opportunity for its customers and employees to show their concern for the needy. The "Valentine's Express" collected numerous barrels of food items for distribution by the Food Bank of Southern New Jersey. The food drive turned out to be such a success that PATCO plans to make it an annual program.

**THE FOOD DRIVE ALSO SIGNALLED A NEW ATTITUDE** of community involvement at DRPA and PATCO. From drug awareness programs conducted by police officers to participation in Special Olympics events, commissioners and employees extended help throughout the Delaware Valley community in countless ways.

PATCO's second major event in February centered on the opening of the New Jersey State Aquarium in Camden. PATCO — working closely with New Jersey Transit — reminded customers that public transit is an ideal way to reach the new facility. Many customers took the advice and crowds far exceeding even the most optimistic projections showed up to tour the aquarium and Wiggins Park along the river bank.

The opening of the aquarium represented a key component in Camden's ongoing riverfront redevelopment program in which DRPA will play a major role. In concert

with the Cooper's Ferry Development Association, Campbell Soup Co., RCA and Sony Corp., DRPA moved forward with plans to help develop the Camden waterfront with a mixture of public and private enterprises. DRPA's proposed waterfront headquarters near the aquarium will play an active role in drawing private investment to the waterfront redevelopment area.



**The banks of the Delaware River showed new vitality during 1992. The waterfront drew 2 million visitors, new restaurants flourished and the ferry linking Penns Landing to the Camden aquarium carried 300,000 passengers. DRPA's new headquarters will bring additional jobs and economic activity to the waterfront.**

**THE PENNSYLVANIA LEGISLATURE GAVE ITS APPROVAL** in March to DRPA's proposed compact change and sent the legislation to Gov. Robert P. Casey for his consideration.

It marked one of several times during March that DRPA interfaced in meaningful ways with other governmental units from the municipal to the federal levels.

Commissioners applauded the initiative taken by the Philadelphia Regional Port Authority to open a containerized cargo distribution center in Lancaster, Pa. This "inland terminal" enables companies located in the center and western parts of the commonwealth to reduce costs and travel time when shipping cargo through the Delaware River ports. Coupled with Pennsylvania's commitment to provide the necessary clearance for double stacked trains, the inland terminal signals the aggressive stance Pennsylvania has taken to boost international commerce.

**ON THE NEW JERSEY SIDE OF THE RIVER,** DRPA made its initial payment to enable the South Jersey Port Corp. to dredge the auxiliary shipping channel serving the Beckett Street Marine Terminal. By deepening the channel from 37-feet to 40-feet, the project gives Beckett Street the same water depth as other Delaware River marine facilities and helps the movement of ships into and out of the Camden port terminal.

Because of the necessary dredging, the need to protect the New Jersey coastline and other projects of regional importance, DRPA urged Congress to reject plans to close the Army Corps of Engineers Philadelphia District Office. It joined other local interests in asserting that the scope, expertise and operating efficiency of the Philadelphia District Office required that the office remain in Philadelphia.

#### **MARCH ALSO BROUGHT THE OPENING OF INTERSTATE 476**

in Pennsylvania. The "Blue Route" immediately boosted traffic on the nearby Commodore Barry Bridge, but led to concerns about traffic flow on the New Jersey side of the span. Commissioners took the opportunity to assure New Jersey legislators that DRPA will work with New Jersey DOT, the New Jersey Turnpike Authority, the Atlantic City Expressway Authority and local concerns to develop an east-west connector route to handle the increased traffic volume.

Finally in March, DRPA police demonstrated the benefits of new technology when they used the "LoJack" system to catch a car thief. LoJack, an electronic signaling device, is just one of the ways in which police are working to make the bridges, the high-speed line and surrounding communities safer.

Another example of this commitment to regional safety is the aggressive program to remove from the bridge and roadways those motorists who drive under the influence of drugs and alcohol. Mothers Against Drunk Driving and others praised DRPA's police efforts, which resulted in the arrest during 1992 of more than 660 DWI drivers.



**Ships from around the world visit the Delaware River port terminals, creating jobs and economic activity for the region. Under its new mandate, DRPA can become more active in port improvements and assisting private sector development.**



**ON A BRIGHT DAY IN APRIL**, Gov. Robert P. Casey joined business, labor and port leaders at Penns Landing to sign the bill giving DRPA its expanded mandate in regional economic development and adding the Pennsylvania counties of Bucks, Chester and Montgomery to the area in which the agency can provide services.

"This is a great day for the Ports of Philadelphia, the states of Pennsylvania and New Jersey and the entire Delaware Valley," the governor told the crowd. "We are competitors no more, but neighbors."

Gov. Casey stressed the new compact will give DRPA the opportunity to help create private sector jobs and add to the region's economic vitality. After receiving the governor's signature the legislation was sent to Washington for review by Congress and the president.

**ANXIOUS TO BEGIN MAKING A REAL DIFFERENCE** for Delaware Valley residents, the Board of Commissioners in May approved a One-Way Toll system on all four bridges. A comprehensive study clearly showed that One-Way Tolls would

ease traffic congestion, lower regional air pollution levels and contribute to operating efficiency at the bridges.

The commissioners also approved a pilot program to allow customers to bring bicycles onto the PATCO system for the first time, and DRPA joined with other Delaware Valley agencies to remind motorists that they can save time and money by using public transit rather than driving to work.

**AT DRPA'S ANNUAL PORT MARKETING CONFERENCE**, commissioners and staff told several hundred members of the port community that, despite the recession in 1991, the flow of international waterborne cargo remained strong at Delaware River terminals. The cargo total included more than 6 million tons of general cargo.

The numbers clearly point out that the Delaware River port terminals remain a vibrant corridor of commerce. The numbers, however, also show that the region needs to improve its handling of consumer goods and containerized cargo. Toward that end, work progressed at the regional intermodal transfer facility that will boost the port's ability to handle both domestic and international containerized cargo.

AmeriPort's opening boosted the ability of Delaware River port facilities to handle containerized cargo. AmeriPort is the Northeast's only intermodal facility open to three Class-I railroads: CP Rail, Conrail and CSX. It can efficiently move containers to the South, Midwest and into Canada.



**The Delaware River port terminals attract a wide range of cargoes. While traditionally successful with bulk and breakbulk commodities, the opening of DRPA's AmeriPort intermodal rail facility strengthens the port's ability to move containerized cargo.**

The port leaders attending the conference agreed that building new facilities is important, but represents only part of the game plan needed to boost cargo flow. They said new planning and marketing strategies are also required, and the commissioners responded by launching a Central American Initiative aimed at establishing a trade link between the fruit and vegetable growers in countries such as Guatemala and Honduras and the consumer markets in the U.S. and Canada. That link would be through the expert winter fruit handling facilities offered by The Ports of Philadelphia.

**DRPA'S REGIONAL INTERMODAL TRANSFER FACILITY** opened in June and the commissioners subsequently christened it, "AmeriPort." To go with its new name, DRPA established a competitive lift rate to attract new cargo and intensified marketing efforts for the new facility.

The governors of Pennsylvania and New Jersey had requested that DRPA build this intermodal facility and ensure that it would be open to all steamship lines, all railroads, all port terminal operators and all trucking companies. The goal was to boost the movement of containerized cargo throughout the port district and assist local businesses that transport goods in metal containers to both domestic and international markets.

**AMERIPOINT IS THE ONLY INTERMODAL FACILITY OPEN** to the Northeast's three major railroads; CP Rail, Conrail and CSX. In addition to helping attract new cargoes to the port, AmeriPort will also help the Delaware River port system retain its traditional commodities — including fresh fruit and vegetables — which may be containerized in the future.

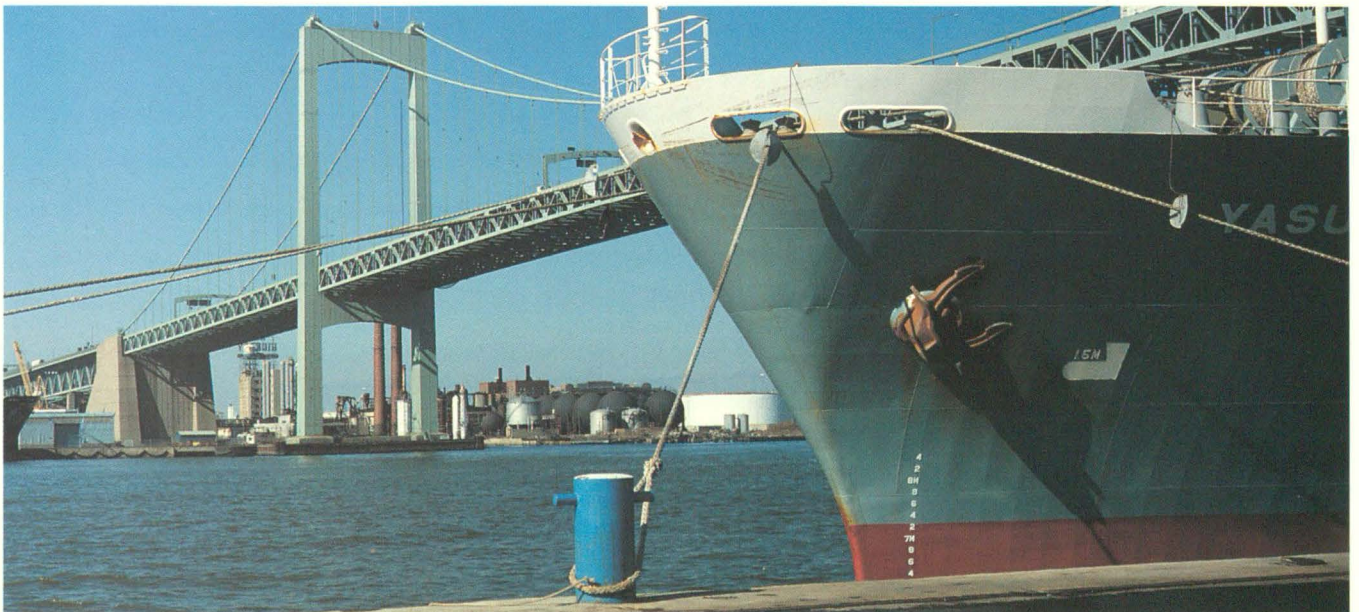
Not far from AmeriPort, crowds gathered in June to see the replicas of the "Nina," the "Pinta" and the "Santa Maria" which docked at Penns Landing. With DRPA support, the Columbus 500 Committee made Philadelphia a port-of-call of the international tall ships flotilla. The visit of the tall ships drew thousands to Penns Landing and served to highlight the Delaware River's rich maritime history.

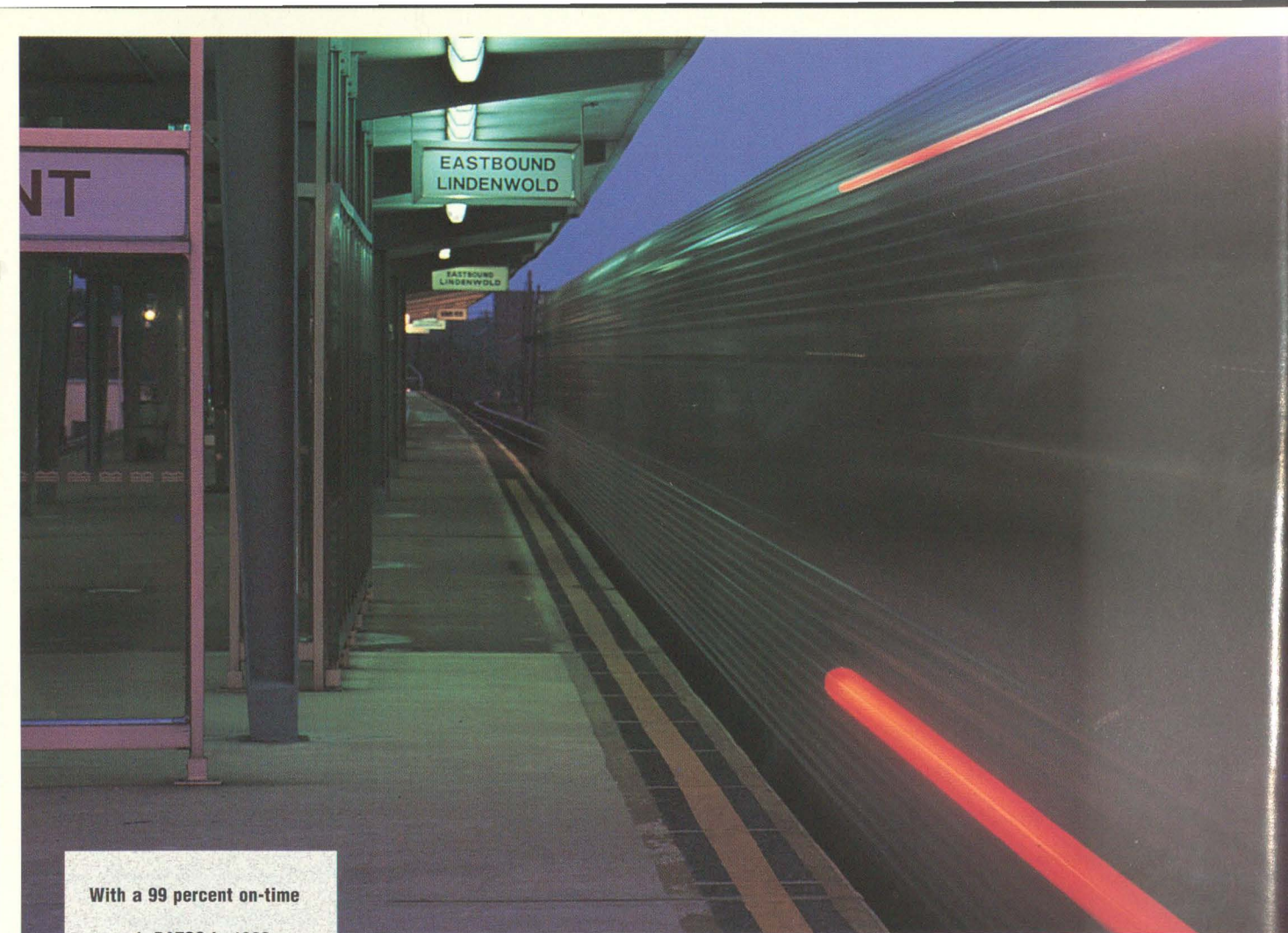
Further south on the river, however, there were increasing signs that the Philadelphia Naval Ship Yard would be forced to operate at a far reduced capacity because of federal budget cuts. DRPA worked with area lawmakers and civic groups to highlight the Navy Yard's accomplishments and its importance to the region's economy.

DRPA also monitored closely a study commissioned by New Jersey Transit on mass transportation needs and opportunities. The study is seeking ways to interface proposed new transit lines in Burlington and Gloucester counties with PATCO.

**FOR THOSE USING THE WALT WHITMAN BRIDGE,** June brought two items of note. First, DRPA began the process of establishing a low-power radio transmitter to warn bridge customers of possible traffic congestion and to recommend alternate routes. Similar systems have been successfully used to reduce traffic congestion in other areas of the country. Secondly, staff continued to work with the Pennsylvania Fish and Game Commission to promote the nesting of peregrine falcons, an endangered species, on three of the DRPA bridges.

**Planning began in 1992 for major improvements to the Walt Whitman Bridge Corridor. Traffic flow improved on all four DRPA bridges as a result of One-Way Tolls, but that was only a start. Enhanced customer communications and new technologies will further speed the movement of people and goods.**





With a 99 percent on-time record, PATCO in 1992 continued to provide clean, efficient and dependable public transit. Customers welcomed the expanded parking at the Ashland Station, and used PATCO to reach the New Jersey State Aquarium in Camden and to participate in Philadelphia's "Make it a Night" festivities.

**GEORGE D. WARRINGTON LEFT HIS POSITION** as deputy commissioner of the New Jersey Department of Transportation in July to become DRPA's new executive director and president of PATCO. Warrington, who also previously served as New Jersey Transit's vice president and general manager of commuter rail operations, became the eighth individual to hold the title of executive director or president since DRPA was formed in 1952.

July also brought two positive developments along the waterfront. The commissioners named world renowned Princeton architect Michael Graves to design DRPA's new headquarters building near the New Jersey State Aquarium in Camden. The new building, along with other investments being made by both the public and the private sectors, signals an encouraging rebirth of the Mickle Boulevard corridor and the city's entire waterfront district. Also in July the International Longshoreman's Association and the Philadelphia Marine Trades Association announced a contract agreement that makes The Ports of Philadelphia more competitive in the international marketplace, especially in the handling of the important fresh fruit cargoes from South America.



To ensure the safe and efficient movement of those cargo ships, DRPA in August contributed to the Philadelphia Regional Port Authority's dredging of the piers that serve the cargo terminals. At the same time, DRPA announced it had reached a switching rights agreement that allows CP Rail to move containerized cargo through the AmeriPort facility.

**CUSTOMERS USING THE FOUR BRIDGES** during August began seeing the first construction work needed to implement One-Way Tolls. While the work proceeded, the commissioners approved an adjustment in the toll schedule designed to fund a necessary capital improvements program for the bridges, PATCO and port improvements.

Starting in September, DRPA launched an ambitious communications plan designed to alert motorists to the fact that beginning on Oct. 1, all tolls on the four bridges would be collected in the westbound direction only. The plan included special mailings to trucking companies and to senior citizens. In addition, DRPA workers presented information literature regarding One-Way Tolls and the new toll schedule to everyone who crossed the bridges during the period immediately preceding the

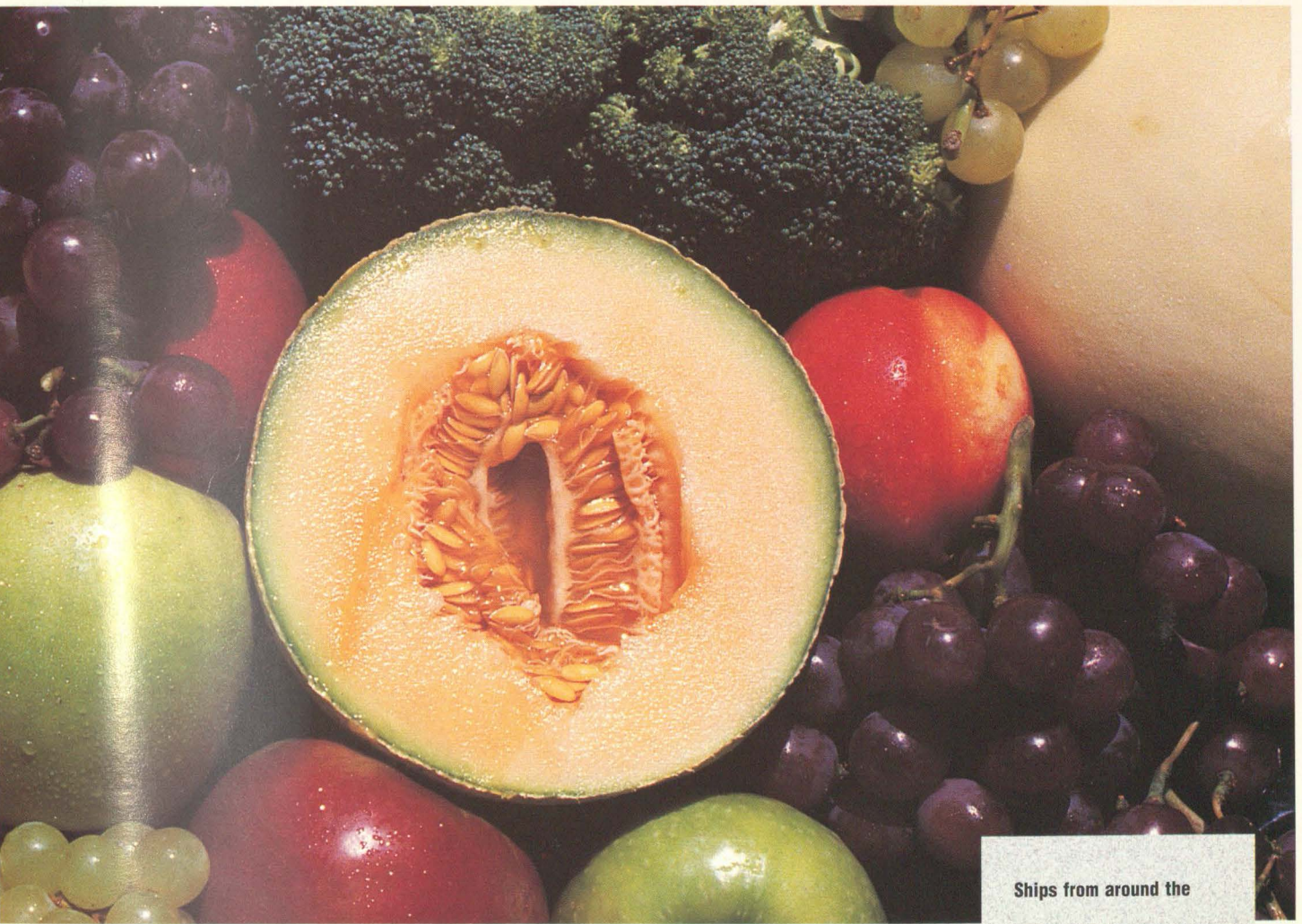


change. Customers were advised to call special DRPA phone lines to receive specific One-Way Toll information. Finally, the staff sought, and obtained, invaluable cooperation from the region's newspapers, radio and television stations and traffic reporting services in notifying the public about the changes.

PATCO also worked with the media to alert riders to its "Make It a Night" program that promoted the dining, theater, shopping and cultural activities available in Philadelphia. The popular program provided PATCO customers who stayed in the city with free evening rides back to New Jersey.

#### **ANTICIPATING THE EXPANDED LEADERSHIP RESPONSIBILITIES**

outlined in DRPA's new compact which was pending before Congress, the commissioners moved in September to define the agency's future role in port development, transportation, public transit and regional economic development. The commissioners launched a comprehensive strategic planning initiative that will form the basis of DRPA's regional master plan and long range capital improvements plan.



**IN THE 73 YEARS SINCE LEADERS FROM PENNSYLVANIA** and New Jersey first met together to design and build a bridge across the Delaware River, few months can match October 1992 for regional significance and accomplishment. At 3 a.m. on Oct. 1, DRPA converted to the One-Way Toll system on the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. One-Way Tolls, from the first day of operation, speeded traffic flow and reduced regional air pollution.

Staff established as one of its goals to make the conversion to westbound toll collection safely and with minimal disruption of traffic. Through comprehensive planning, effective deployment of staff and aggressive customer communications, that is exactly what happened.

**A FEW DAYS LATER, WITH THE SUPPORT** of the tri-state congressional delegation, Congress passed DRPA's compact change legislation and sent the measure to the White House.

**Ships from around the world bring fresh fruit to the Delaware River ports. The port terminals, surrounded by temperature controlled warehouses and served by a huge fleet of trucks, have built a reputation as one of the world's leading centers for perishable commodities.**



The advent of One-Way Tolls in October of 1992 speeded traffic flow on all DRPA bridges and reduced gasoline consumption and air pollution. Intense planning and effective communications led to the successful transition. One newspaper summed it up, "No backups, no delays, no angry motorists."

Gov. Casey thanked the congressional delegation and commented, "DRPA has already begun exercising great leadership in the port community." Gov. Florio commented, "DRPA can make a significant contribution to the region by developing specific projects that will help create private sector jobs."

**ON OCT. 27, PRESIDENT BUSH SIGNED THE NEW MANDATE,**

thus ushering in a new era at DRPA. Chairman the Rev. Nicholas S. Rashford, S.J., said, "We are ready to go to work. There are great opportunities for us to assist the region in terms of transportation, port enhancement and economic development." Vice Chairman, Peter J. Burke Jr. added, "Our primary interest is in helping create private sector jobs. This is a step that everyone — in both states and both political parties — recognized as a positive change for the region."

PATCO in November welcomed customers to use the newly expanded parking lot at the Ashland Station and the commissioners approved an agreement that lets New Jersey Transit operate an Atlantic City-to-Philadelphia rail link while providing funds to make improvements to DRPA's transportation facilities.

The commissioners also agreed that the facilities used to hire dock workers at the port terminals were unsatisfactory. They agreed to replace the crumbling facilities with a new hiring hall to be located near the Walt Whitman Bridge.

November brought Gov. Florio to Camden to announce that Sony Corp. and PACE Entertainment Group would construct a new amphitheater near the New Jersey State Aquarium. It would also be adjacent to the site selected for DRPA's new headquarters building.

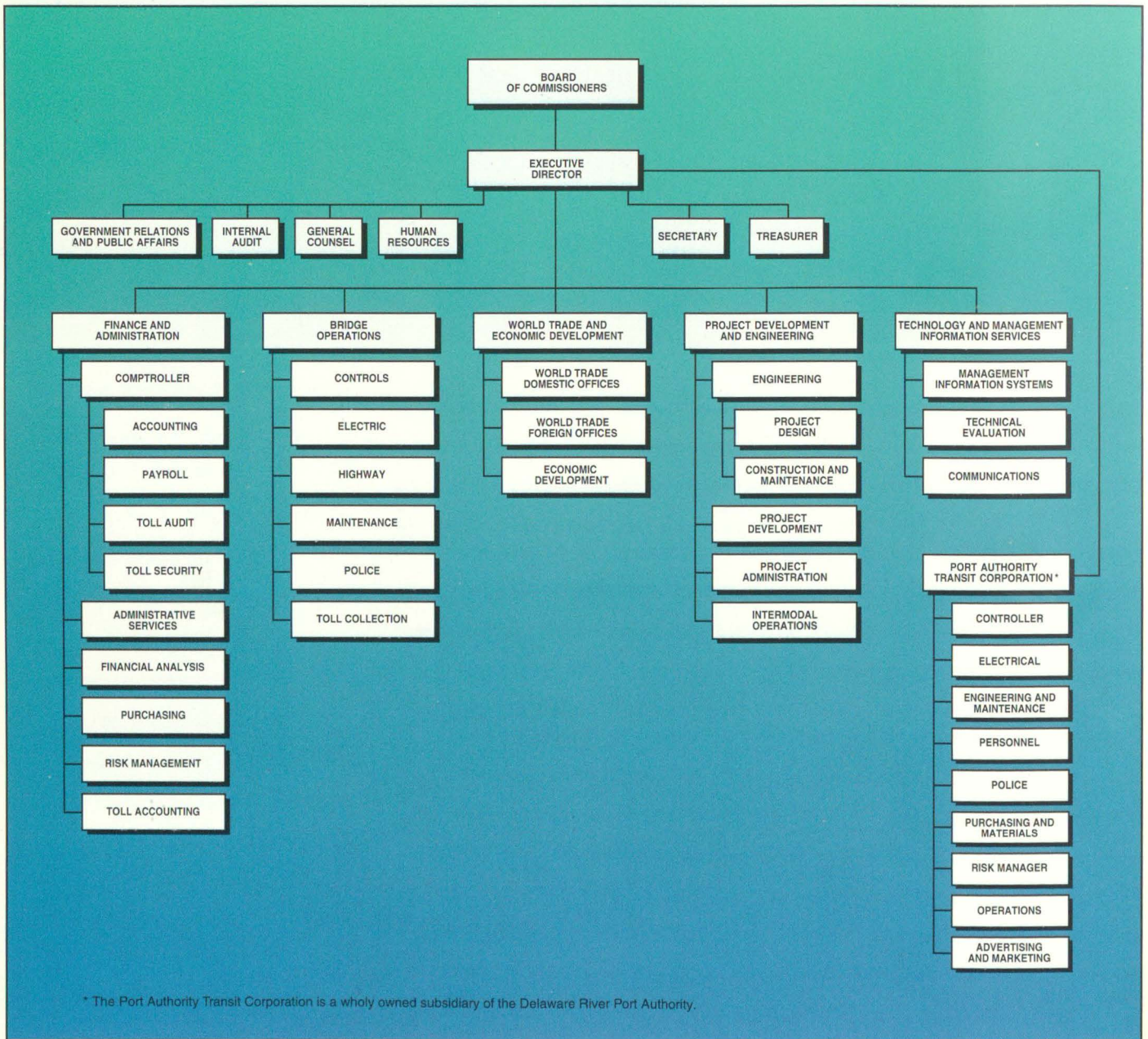
**THE COMMISSIONERS IN DECEMBER TURNED TO PROJECTS**

that will have a strong impact on the future. Workers completed the rehabilitation of the walkway on the north side of the Ben Franklin Bridge and the commissioners approved the first stages of a six-year reconstruction program on the Walt Whitman Bridge corridor. The project will include improvements to the bridge's main span, its ramps and the roadways leading to the Walt Whitman. When completed, the project will improve access and safety over the entire six-mile bridge corridor.

**ONE-WAY TOLLS. APPROVAL OF DRPA'S EXPANDED COMPACT.** The opening of the AmeriPort intermodal facility. A new executive director. The Central American Initiative. These accomplishments and more highlighted 1992 at the Delaware River Port Authority. But in many ways these are only foundations for what is to come.

The strategic planning initiative will outline new goals and challenges and lead into another busy and productive year in 1993 and beyond.

### DELAWARE RIVER PORT AUTHORITY ORGANIZATIONAL CHART



\* The Port Authority Transit Corporation is a wholly owned subsidiary of the Delaware River Port Authority.

# **F**INANCIAL SECTION

	PAGE
LETTER OF TRANSMITTAL .....	22
INDEPENDENT AUDITORS' REPORT .....	29
 <b>FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991</b>	
Consolidated Balance Sheets .....	30-31
Consolidated Statements of Revenues, Expenses and Changes in Net Assets .....	32
Consolidated Statements of Cash Flows .....	33
 <b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .....</b>	
	<b>34-45</b>
 <b>SUPPLEMENTAL SCHEDULES - BY FUND AND COMBINED TOTALS, YEAR ENDED DECEMBER 31, 1992 WITH 1991 COMBINED TOTALS:</b>	
Balance Sheet Information .....	46-47
Changes in Net Assets .....	48



Ben Franklin Bridge Plaza,  
Camden, New Jersey 08101

March 31, 1993

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

The Comprehensive Annual Financial Report of the Delaware River Port Authority for the fiscal year that ended December 31, 1992, 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes a report to the Governors of New Jersey and Pennsylvania from the Chairman of the Authority, a list of Commissioners and principal officers of the organization, a review of 1992's activities and the Authority's organizational chart. The financial section includes this letter of transmittal, the general purpose financial statements and supplemental schedules by fund and combined total, and the independent auditors' report thereon. The statistical section includes selected financial, operational and demographic information, presented on a multi-year basis where appropriate.

**REPORTING ENTITY—** The Delaware River Port Authority (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 was created in 1952 and has no stockholders or equity holders. The Authority is vested with the 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 also operates a high-speed transit facility, the Port Authority Transit Corporation (PATCO), which is a wholly owned subsidiary of the Authority and operates between Philadelphia, Pa., and Lindenwold, N.J. The Authority also is authorized to engage in the unification of the ports of the Delaware River and to undertake projects for economic development in the "Port District." The Port District, as defined by the Authority's

compact legislation, includes 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. The Authority's powers with respect to port and economic development were expanded by Congress through an amendment to the Authority's compact during 1992.

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. An Executive Director is appointed by the Board of Commissioners to implement policy and manage the daily operations of the Authority.

For the purposes of clarity in this presentation, "Authority" shall refer to the entirety of the Delaware River Port Authority and its subsidiary. "DRPA" shall refer to those operations and activities undertaken by the Authority but not its subsidiary. "PATCO" shall refer to the activities of the Authority's PATCO subsidiary.

**ACTIVITIES OF THE AUTHORITY DURING 1992**—Information relating to the activities of the Authority during 1992 is included in the narrative portion of the introductory section.

**FINANCIAL OPERATING ACTIVITIES**—For the Year 1992, the Authority's total operating revenues were \$106.6 million. Operating revenues increased \$4.8 million or 4.7 percent as compared to 1991. This increase was due to a toll increase on the DRPA's bridges which occurred on October 1, 1992, and to a growth in bridge traffic during the year. For the first nine months of 1992, the period prior to the toll increase, toll revenues increased by \$2.3 million or 3.5 percent compared to 1991. This increase was due to a 3 percent growth in bridge traffic for the first nine months of 1992. For the last quarter of 1992, the period following the toll increase, toll revenues increased by \$2.8 million or 13.2 percent compared to the same period in 1991. This increase was due to the increase in bridge tolls. PATCO's operating revenues of \$15.6 million decreased by \$295,000 or 2 percent compared to

1991. This decrease was attributable to a decrease in PATCO's ridership of 222,204, a 2 percent reduction from the previous year.

Total operating and administrative expenses of the Authority, including depreciation but excluding interest expense, were \$84.4 million. This resulted in operating income (operating revenues in excess of operating expenses, depreciation and administrative expenses) of \$22.2 million, which compares to operating income of \$21.4 million in 1991. Operating income is derived from the two primary businesses of the Authority, DRPA bridge operations and PATCO transit system operations. Operating income from DRPA operations was \$36.2 million, including depreciation and administration expenses totaling \$7.3 million and \$11.4 million, respectively. This compares to \$33.8 million of operating income in 1991. PATCO's operating loss in 1992, including depreciation of \$4.1 million, was \$14 million. This compares to an operating loss of \$12.4 million in 1991.

The Authority's net income is calculated by adding interest income and subtracting interest expense and other expenses from operating income. Due to significant decreases in interest rates during 1992, interest income decreased from \$11.5 million in 1991 to \$8.8 million in 1992. After the addition of interest income, and the deduction of interest expense of \$20.8 million on outstanding funded debt, \$10.2 million remained available for other Authority activities. These activities included the operations of the World Trade and Economic Development Division and other port and economic development related projects. After consideration of such expenses, which totaled \$4.3 million (net of miscellaneous income), the Authority had net income of \$5.9 million, a decrease of \$3.8 million or 40 percent compared to 1991's net income of \$9.7 million.

Among other finance activities during 1992, the Authority contributed \$4.7 million to port and economic development projects. This distribution of funds was undertaken pursuant to the responsibilities of the Authority as set forth in its recently amended Compact, which vested the Authority with increased powers to engage in port and economic development projects.

**BASIS OF ACCOUNTING**—The consolidated financial statements of the Authority are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**INTERNAL CONTROL STRUCTURE**—Management of the Authority is responsible

for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is 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 benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal financial assistance, the Authority is required to ensure that an adequate internal control structure is in place which ensures compliance with applicable laws and regulations relating to that assistance. These internal controls are subject to periodic evaluation by the management and internal audit staff of the Authority.

**BUDGETARY CONTROLS**—The Authority prepares both operating and capital

budgets annually. The annual operating budget is a financial planning tool for the associated fiscal year. Each of the Authority's division directors develops a preliminary budget based upon the expected staffing and funding levels necessary to operate the Authority's facilities in an efficient manner. Based upon budget hearings conducted by the Treasurer and the Executive Director, a proposed operating budget is presented by the Executive Director to the Finance Committee of the Board of Commissioners. Upon review and approval, the Finance Committee submits the budget to the Board of Commissioners for its approval.

A capital budget is also prepared through a similar process and submitted to the Board of Commissioners for its approval. The capital budget is a planning document showing 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 project can commence.

Throughout the year a continuing review of expenditures is made 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.

Transfer of approved budgeted funds within the organization is only permitted with the approval of the Treasurer and/or the Executive Director. Any addition of funds to the total operating budget requires the approval of the Board of Commissioners.

**PENSION PLAN**—All DRPA employees, PATCO nonrepresented employees, and PATCO employees represented by the Police Benevolent Association (PBA) are covered by the Pennsylvania State Employees' Retirement System, which is a cost-sharing, multiple-employer Public Employees Retirement System. PATCO represented employees, excluding those represented by the PBA, are covered by the Teamsters Pension Plan of Philadelphia and Vicinity, which is a cost-sharing, multiple-employer plan.

Under the Pennsylvania State Employees' Retirement System, the Authority contributed 8.77 percent of covered payroll to the plan in 1992, while employees who were employed prior to July 22, 1983 contributed 5 percent and employees employed on or subsequent to July 22, 1983 contributed 6.25 percent, of their gross earnings, to the plan.

Under the Teamsters Pension Plan of Philadelphia and Vicinity, PATCO contributes \$9.80 per day per participating employee. The employees covered under this plan make no contributions to the plan.

**DEBT ADMINISTRATION**—In 1985, the Authority issued \$222,235,000 of revenue bonds. Such issue was established and authorized by the Authority pursuant to the General Bond Resolution and First Supplemental Resolution adopted April 17, 1985. The 1985 Bonds were authorized to refund all the Authority's then outstanding bonds. On March 7, 1989, the Authority issued \$179,464,106 of Refunding Revenue Bonds, Series 1989. The 1989 Bonds were established and authorized pursuant to the General Bond Resolution and the Second Supplemental Resolution dated February 27, 1989. The 1989 Bonds were established to refund a portion of the principal and interest on the Authority's 1985 Bonds and to make additional deposits to the Authority's Bond Reserve Fund. The 1989 refunding was undertaken to restructure the Authority's debt with the objective of reducing debt service requirements in future years.

At December 31, 1992, the Authority's total outstanding funded debt was \$244,352,422. This consisted of the amount of \$69,920,000 of the 1985 Bonds and the amount of \$174,432,422 of the 1989 Bonds, net of \$5,031,684 unamortized bond discount on serial and term bonds.

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

	1985 Bonds	1989 Bonds
1993	\$5,290,000	\$0
1994	5,735,000	0
1995	6,245,000	4,015,000
1996	6,800,000	7,295,000
1997	7,410,000	4,538,196

As per the Authority's General Bond Resolution, the 1985 and 1989 Bonds are payable from and solely secured by a pledge of "Net Revenues" of the DRPA; and all moneys and securities from time to time deposited in the funds and accounts established by the General Bond Resolution, except for assets in the General Fund, and the 1989 Escrow Account B in the Bond Redemption Fund. The Authority's General Fund may be used to repay these bonds if the Authority so decides.

In accordance with the General Bond Resolution the Authority calculates "Net Revenues" available for debt service on its bonds by adding operating revenues of the DRPA, interest income and proceeds of the Bond Redemption Fund available to pay debt service, then subtracting the sum of DRPA operating expenses (without considering depreciation, amortization or interest) and administrative expenses. Pursuant to this calculation, DRPA's "Net Revenues" available for debt service in 1992 was \$57.3 million. Debt service, comprised of interest and principal payments on DRPA's outstanding bonds, totalled \$20.8 million for the year ending January 1, 1993. Therefore, DRPA's "Net Revenues" available for debt service was sufficient to cover debt service 2.76 times. This compares to 2.79 times in 1991.

**CASH MANAGEMENT**—All investments purchased by the Authority are done so in accordance with the Authority's General Bond Resolution. Cash available during the year may be invested in repurchase agreements (collateralized by obligations of the U.S. Treasury), obligations of the United States Treasury, obligations of federal government agencies or its instrumentalities, and obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard and Poor's Corporation or Moody's Investors Service. The Authority's investment policy is to match the maturities of its investments with the present and anticipated needs of the Authority, while trying to minimize the amounts of uninvested cash, thereby maximizing the return on available funds.

**RISK MANAGEMENT**—The Authority is self-insured for public liability up to a liability of \$5 million per occurrence. Excess liability insurance provides coverage of \$95 million in excess of the Authority's \$5 million self-insured retention. The DRPA is self insured for worker's compensation up to a liability of \$350,000 with excess worker's compensation coverage providing \$5 million in excess of the Authority's \$325,000 self-insured retention. PATCO is fully self insured for worker's compensation. Property coverage is placed with commercial insurance carriers with limits and deductibles as deemed appropriate for the needs of the Authority.

**INDEPENDENT AUDIT**—The Authority's General Bond Resolution requires an annual audit of the Authority's financial statements by a firm of independent certified public accountants. The independent auditors' report is included in the financial section of this report.

**SINGLE AUDIT**—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 independent certified public accountants in accordance with the Single Audit Act of 1984 and OMB Circular A-128. The purpose of such a single audit is to determine the quality of the internal control structure of the Authority and its compliance with the applicable laws and regulations which relate to the receipt of federal assistance from federal agencies.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**—This is the first year that the Authority has prepared a comprehensive annual financial report. It is the Authority's intention to submit the published report to the Government Finance Officers Association for review under its Certificate of Achievement for Excellence in Financial Reporting Program. This program requires that an easily readable and efficiently organized comprehensive annual financial report be published, and that the report satisfy generally accepted accounting principles and applicable legal requirements. The Authority's management expects that participation in this certificate program will result in the improvement of future comprehensive annual financial reports of the Authority.

Sincerely,



Martin S. Dorph

Treasurer and Director of  
Finance and Administration

## COMMISSIONERS

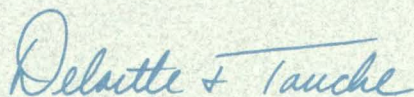
### DELAWARE RIVER PORT AUTHORITY:

We have audited the consolidated financial statements of the Delaware River Port Authority and its subsidiary, Port Authority Transit Corporation, as of December 31, 1992 and 1991 and for the years then ended, listed in the foregoing table of contents. These consolidated financial statements and the supplemental schedules discussed below are the responsibility of the Delaware River Port Authority's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Delaware River Port Authority and its subsidiary Port Authority Transit Corporation at December 31, 1992 and 1991 and the results of their operations and their cash flows, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.



Cherry Hill, New Jersey

March 31, 1993

**CONSOLIDATED BALANCE SHEETS**  
December 31, 1992 and 1991 (In Thousands)

<b>ASSETS</b>	<u>Notes</u>	<u>1992</u>	<u>1991</u>
Cash	2	\$489	\$677
Investment in securities	1,2,5	132,974	124,939
Accrued interest receivable		1,371	2,211
Accounts receivable	3	2,625	2,552
Transit system inventory	1	2,670	2,718
Prepaid expenses		1,170	1,137
Total		<u>141,299</u>	<u>134,234</u>
 <b>RESTRICTED ASSETS :</b>			
Cash		58	18
Investment in securities	1,2,7	49,009	47,796
Accrued interest receivable		249	521
Total restricted assets		<u>49,316</u>	<u>48,335</u>
 <b>INVESTMENT IN FACILITIES</b>			
Accumulated depreciation	1,4,8	723,926	707,983
Investment in facilities - net		<u>(187,806)</u>	<u>(176,449)</u>
		536,120	531,534
 <b>DEBT ISSUANCE COSTS, NET OF AMORTIZATION</b>			
	7	<u>5,267</u>	<u>5,957</u>
 <b>FUNDED DEBT INTEREST COSTS</b>			
	7	10,495	14,872
 <b>TOTAL ASSETS</b>		 <u><u>\$742,497</u></u>	 <u><u>\$734,932</u></u>

See notes to consolidated financial statements

<b>LIABILITIES AND NET ASSETS</b>	<b>Notes</b>	<b>1992</b>	<b>1991</b>
<b>ACCOUNTS PAYABLE :</b>			
Contracts		\$8,129	\$8,017
Retained amounts on contracts		1,262	779
Other	5	<u>6,534</u>	<u>6,070</u>
Total accounts payable		<u>15,925</u>	<u>14,866</u>
<b>ACCRUED LIABILITIES :</b>			
Pension	6	820	851
Sick and vacation leave benefits		12,411	12,384
Other		<u>1,132</u>	<u>1,294</u>
Total accrued liabilities		<u>14,363</u>	<u>14,529</u>
<b>DEFERRED INCOME ON TRUCK TICKETS</b>			
		<u>3,508</u>	<u>2,516</u>
<b>ACCRUED INTEREST (Payable from Restricted Assets)</b>			
	7	<u>22,553</u>	<u>18,471</u>
<b>FUNDED DEBT</b>			
	7	<u>244,352</u>	<u>248,896</u>
<b>RESERVES :</b>			
Repainting	1	12,849	10,906
Other	9	<u>2,636</u>	<u>2,823</u>
Total reserves		<u>15,485</u>	<u>13,729</u>
<b>Total liabilities</b>			
		<u>316,186</u>	<u>313,007</u>
<b>NET ASSETS :</b>			
From contributed capital	8	<u>46,947</u>	<u>45,378</u>
From operations:			
Designated for capital		235,381	230,903
Reserved for:			
Revenue bonds		17,198	17,208
Revenue bond service		(9,427)	(5,388)
Revenue bond interest		7,980	12,167
Construction		13,313	12,690
Working capital and maintenance		23,920	22,625
Unreserved	9,11	<u>90,999</u>	<u>86,342</u>
Total net assets from operations		<u>379,364</u>	<u>376,547</u>
Total net assets		<u>426,311</u>	<u>421,925</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			
		<u>\$742,497</u>	<u>\$734,932</u>

**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
 Years ended December 31, 1992 and 1991 (In Thousands)

	Notes	1992	1991
<b>OPERATING REVENUES AND EXPENSES :</b>			
Bridges :	7		
Tolls		\$91,072	\$86,028
Other operating revenues		232	221
Total		91,304	86,249
Operating expenses		36,429	34,781
Depreciation	4,8	7,272	7,153
Total		43,701	41,934
Bridges operating income		47,603	44,315
Transit system :			
Passenger fares		14,821	15,119
Other operating revenues		464	461
Total		15,285	15,580
Operating expenses		25,214	24,036
Depreciation	4,8	4,107	3,952
Total		29,321	27,988
Transit system operating loss		(14,036)	(12,408)
General administration expenses		11,411	10,468
		22,156	21,439
<b>OPERATING INCOME</b>			
<b>INTEREST INCOME (EXPENSE) :</b>			
Interest income		8,854	11,490
Interest on funded debt	7	(20,804)	(20,890)
Interest expense – net		(11,950)	(9,400)
<b>INCOME BEFORE OTHER NONOPERATING REVENUES (EXPENSES)</b>			
		10,206	12,039
<b>NONOPERATING REVENUES (EXPENSES) :</b>			
Other interest income – Construction Fund		623	802
World Trade development expenses		(3,945)	(3,705)
Depreciation and amortization		(341)	
Gain from escrow restructuring	7	(606)	564
Other		(4,269)	(2,332)
Nonoperating expenses – net		5,937	9,707
<b>NET INCOME</b>			
<b>ADD DEPRECIATION ON ASSETS ACQUIRED WITH GOVERNMENT CONTRIBUTIONS – Charged against contributed capital</b>	8	1,557	1,434
<b>INCREASE IN NET ASSETS FROM OPERATIONS</b>		7,494	11,141
<b>DISTRIBUTIONS FROM NET ASSETS FOR ECONOMIC DEVELOPMENT AND PORT RELATED PROJECTS</b>	1	(4,677)	
<b>NET ASSETS FROM OPERATIONS, BEGINNING OF PERIOD</b>		376,547	365,406
<b>NET ASSETS FROM OPERATIONS, END OF PERIOD</b>		\$379,364	\$376,547

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
 Years ended December 31, 1992 and 1991 (In Thousands)

	<b>1992</b>	<b>1991</b>
<b>OPERATING ACTIVITIES :</b>		
Operating income	\$22,156	\$21,439
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,463	11,201
Amortization of funded debt interest costs	4,377	3,347
World Trade development expenses	(3,945)	(3,705)
Economic development and port related projects	(4,677)	
Changes in assets and liabilities which provided (used) cash:		
Accounts receivable	(73)	(1,044)
Transit system inventory	48	16
Accounts payable	1,059	1,444
Accrued liabilities	(166)	432
Deferred income on truck tickets	992	348
Repainting reserve	1,943	(7,537)
Other reserves	(187)	(882)
Other	(168)	494
Net cash provided by operating activities	32,822	25,553
<b>CAPITAL AND RELATED FINANCING ACTIVITIES :</b>		
Acquisition and construction of capital assets – net	(16,862)	(16,839)
Cash provided by capital grants	3,126	2,840
Repayment of funded debt	(4,885)	(4,500)
Interest paid	(15,690)	(16,046)
Net cash used in capital and related financing activities	(34,311)	(34,545)
<b>NET DECREASE IN CASH BEFORE INVESTING ACTIVITIES</b>		
	(1,489)	(8,992)
<b>INVESTING ACTIVITIES :</b>		
Unrestricted:		
Purchases of investments	(351,521)	(275,976)
Proceeds from sale of investments	343,486	273,070
Increase in investments	(8,035)	(2,906)
Restricted:		
Purchases of investments	(83,434)	(68,909)
Proceeds from sale of investments	82,221	68,383
Increase in investments	(1,213)	(526)
Receipts of interest	10,589	12,372
Net cash provided by investing activities	1,341	8,940
<b>NET DECREASE IN CASH</b>	(148)	(52)
<b>CASH, BEGINNING OF YEAR</b>	695	747
<b>CASH, END OF YEAR</b>	\$547	\$695
<b>CASH AT DECEMBER 31, 1992 and 1991 :</b>		
Unrestricted	\$489	\$677
Restricted	58	18
Total	\$547	\$695

See notes to consolidated financial statements

**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

Years ended December 31, 1992 and 1991 (In Thousands)

	<u>Notes</u>	<u>1992</u>	<u>1991</u>
<b>OPERATING REVENUES AND EXPENSES :</b>	7		
Bridges :			
Tolls		\$91,072	\$86,028
Other operating revenues		232	221
Total		<u>91,304</u>	<u>86,249</u>
Operating expenses		36,429	34,781
Depreciation	4,8	<u>7,272</u>	<u>7,153</u>
Total		<u>43,701</u>	<u>41,934</u>
Bridges operating income		<u>47,603</u>	<u>44,315</u>
Transit system :			
Passenger fares		14,821	15,119
Other operating revenues		464	461
Total		<u>15,285</u>	<u>15,580</u>
Operating expenses		25,214	24,036
Depreciation	4,8	<u>4,107</u>	<u>3,952</u>
Total		<u>29,321</u>	<u>27,988</u>
Transit system operating loss		<u>(14,036)</u>	<u>(12,408)</u>
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<b>INTEREST INCOME (EXPENSE) :</b>			
Interest income		8,854	11,490
Interest on funded debt	7	<u>(20,804)</u>	<u>(20,890)</u>
Interest expense – net		<u>(11,950)</u>	<u>(9,400)</u>
<b>INCOME BEFORE OTHER NONOPERATING REVENUES (EXPENSES)</b>		<u>10,206</u>	<u>12,039</u>
<b>NONOPERATING REVENUES (EXPENSES) :</b>			
Other interest income – Construction Fund		623	802
World Trade development expenses		(3,945)	(3,705)
Depreciation and amortization		(341)	
Gain from escrow restructuring	7		564
Other		<u>(606)</u>	<u>7</u>
Nonoperating expenses – net		<u>(4,269)</u>	<u>(2,332)</u>
<b>NET INCOME</b>		5,937	9,707
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<b>NET DECREASE IN CASH</b>	(148)	(52)
<b>CASH, BEGINNING OF YEAR</b>	695	747
<b>CASH, END OF YEAR</b>	\$547	\$695
<b>CASH AT DECEMBER 31, 1992 and 1991 :</b>		
Unrestricted	\$489	\$677
Restricted	58	18
Total	\$547	\$695

See notes to consolidated financial statements

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
*Years ended December 31, 1992 and 1991 (In Thousands)*

**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. Among its other powers, the Authority is vested with the 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 (referred to herein as DRPA). The Authority has also constructed and operates a high-speed transit facility known as the Port Authority Transit Corporation (PATCO). The facility, a wholly owned subsidiary, operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. Through its World Trade Division, the Authority promotes the development and use of the Delaware River as a highway of commerce. During 1992, the Commonwealth and the State, with the approval of Congress, amended the Authority's compact legislation, expanding its responsibilities and increasing the geographical area in which it is authorized to operate. Of primary significance among its expanded responsibilities are the promotion of economic development and expanded powers with respect to port development. 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.

*Basis of Presentation* — The consolidated financial statements of the Authority, which are prepared on the accrual basis of accounting, include the accounts of the DRPA and PATCO. Material balances and transactions between the entities have been eliminated.

*Investment in Securities* — Investment in securities is stated at amortized cost (which approximates market), because it is the Authority's intention to hold these investments until maturity. Certain investments are required as reserves in connection with the Authority's funded debt (Notes 2 and 7).

*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.

*Investment in Facilities* — Investment in facilities is stated at cost, which generally includes expenses in connection with the offering, selling and issuance of bonds as well as interest expense and administrative and legal expenses incurred during the construction period. Investment in facilities also includes the cost of improvements, enlargements and betterments to the original facility. Included in investment in facilities are certain costs incurred for economic development and port related projects.

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 nonoperating revenues (expenses).

Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by Federal contributions (Note 8). A charge representing depreciation on assets acquired with contributions is made directly to the related contribution accounts.

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

The bridge facilities are stated at cost, net of contributions by New Jersey Department of Transportation. The PATCO system first phase capital improvement program is stated at cost, net of reimbursements prior to 1981 from the Federal Transit Administration and other governmental agencies (Note 4). The PATCO system includes the expenditures of Federal grants for capital improvements and additions (Note 8).

*Reserve for Repainting* — Maintenance and repair costs considered necessary to maintain bridge facilities in good operating condition are charged to operations as incurred. Reserves sufficient to meet the estimated cost to repaint the bridges are provided by periodic charges to operations.

*Debt Issuance Costs and Bond Discount* — Debt issuance costs and the discount arising from the issuance of the revenue bonds are amortized by the straight-line method from the issue date to maturity.

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

*Economic Development and Port Related Projects* — Costs incurred in accordance with the Authority's compact legislation responsibilities to promote regional economic development and commerce on the Delaware River are capitalized

only if the Authority retains a legal or equitable interest in the project; costs incurred for projects in which the Authority has no such interest are accounted for as distributions from net assets.

*Reclassification* — Certain amounts included in the 1991 financial statements have been reclassified to conform with the 1992 presentation.

## 2. CASH AND INVESTMENTS

The Authority maintains cash and investments for all funds. The investments in various securities are maintained for specified funds in accordance with the General Bond Resolution adopted on April 17, 1985.

At December 31, 1992 and 1991 cash balances were \$547 and \$695, respectively, of which \$545 and \$472, respectively, was cash on hand. Balances of \$98 at December 31, 1992 and \$192 at December 31, 1991 were insured by federal depository insurance.

Investments are purchased in accordance with the General Bond Resolution of April 17, 1985. Permitted investments include U.S. Government obligations, 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 and Poor's Corporation or Moody's Investors Service.

Investments also include the assets of the Authority's deferred compensation plan. As indicated in Note 5, the Authority does not make any contributions to the plan and considers the assets its property until disbursed.

Investments in securities are categorized below to give an indication of the credit risk assumed at December 31, 1992 and 1991. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by its bank's trust department or agent, but not in the Authority's name. The carrying amount and market value of the Authority's cash, deposits and investments are also shown below.

Time deposits include an investment of \$23,973 and \$21,324 at December 31, 1992 and 1991, respectively. This investment is uninsured and uncollateralized and is maintained in accordance with an investment agreement with a bank which stipulates that no collateral is required while the bank maintains an A+ rating.

	Category	1992			1991		
		Category Amount	Carrying Amount	Market Value	Category Amount	Carrying Amount	Market Value
U.S. agency securities	1	\$124,125	\$124,125	\$124,091	\$85,273	\$85,273	\$85,539
U.S. government securities	1	12,162	12,162	12,284	44,820	44,820	45,130
Repurchase agreements	3	500	500	500	830	830	830
Total investment in securities		<u>\$136,787</u>	<u>136,787</u>	<u>136,875</u>	<u>\$130,923</u>	<u>130,923</u>	<u>131,499</u>
Time deposits			23,975	23,975		21,547	21,547
Cash on hand			545	545		472	472
Guaranteed Income Contract collateralized by U.S. government and agency securities			17,194	17,194		17,194	17,194
Mutual funds (deferred compensation)			4,029	4,029		3,294	3,294
Total			<u>\$182,530</u>	<u>\$182,618</u>		<u>\$173,430</u>	<u>\$174,006</u>

Reported as:	1992			1991		
	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
Cash	\$58	\$489	\$547	\$18	\$677	\$695
Investments	49,009	132,974	181,983	47,796	124,939	172,735
Total	<u>\$49,067</u>	<u>\$133,463</u>	<u>\$182,530</u>	<u>\$47,814</u>	<u>\$125,616</u>	<u>\$173,430</u>

### 3. ACCOUNTS RECEIVABLE

Accounts receivable include the following:

	<u>1992</u>	<u>1991</u>
Reimbursements from governmental agencies — Capital improvements to the PATCO system due from the Federal Transit Administration	\$287	\$210
Other:		
Deposits with insurance companies	293	293
Litigation settlement		1,800
Health care premium refund	1,363	
Miscellaneous	682	249
Total	<u>\$2,625</u>	<u>\$2,552</u>

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

### 4. INVESTMENT IN FACILITIES

Investment in facilities is comprised of the following:

	<u>1992</u>	<u>1991</u>
Bridges:		
Benjamin Franklin	\$149,350	\$142,170
Walt Whitman	107,898	105,500
Commodore Barry (a)	142,553	141,875
Betsy Ross (a)	139,732	139,090
Total	539,533	528,635
Accumulated depreciation	(128,475)	(121,480)
Net book value	<u>411,058</u>	<u>407,155</u>
Transit system:		
PATCO system (b) (Notes 8, 10 and 11)	175,227	171,117
PATCO system first phase capital improvement program (c)	1,938	1,938
Total	177,165	173,055
Accumulated depreciation	(58,990)	(54,969)
Net book value	<u>118,175</u>	<u>118,086</u>
Port projects	7,228	6,293
Accumulated depreciation and amortization	(341)	—
Net book value	<u>6,887</u>	<u>6,293</u>
Total investment in facilities — net	<u>\$536,120</u>	<u>\$531,534</u>

The following costs of facilities have not been included in the Authority's investment in facilities at December 31, 1992:

(a) Commodore Barry Bridge, \$4,431 and Betsy Ross Bridge, \$5,472 — construction, engineering, land and utility relocation costs by the New Jersey Department of Transportation.

(b) \$1,700 by the New Jersey Transit Corporation.

(c) \$59,610 at December 31, 1992 by the following participating agencies:

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

## 5. DEFERRED COMPENSATION PLAN

Both the DRPA and PATCO have a deferred compensation plan which was established in 1985. All hourly and salaried employees are eligible to participate in the plan, which permits the participants to defer annually a portion of their salaries. The DRPA and PATCO do not make any contributions to the plan. The plan assets were \$2,796 and \$1,233 at December 31, 1992 and \$2,360 and \$934 at December 31, 1991 for the DRPA and PATCO, respectively. These assets are included in the accompanying financial statements in investments in securities as they are considered to be assets of the Authority and therefore subject to the Authority's creditors until disbursement (Note 2). The liability to employees is included in accounts payable — other.

## 6. PENSION PLANS

All full-time employees of the DRPA, nonrepresented employees of PATCO and those PATCO employees represented by the Police Benevolent Association are covered by the Pennsylvania State Employees' Retirement System, which is a cost-sharing multiple-employer public employees retirement system (PERS). All PATCO represented employees, excluding those represented by the Police Benevolent Association, are covered by the Teamsters Pension Plan of Philadelphia and Vicinity, which is a cost-sharing multiple-employer plan.

### A. Plan Description and Provisions

#### Pennsylvania State Employees' Retirement System

All permanent full-time and part-time employees are eligible and required to participate in the Pennsylvania State PERS. The PERS 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 sixty or the age at which thirty-five years of service has been completed, whichever occurs first). Benefits vest after ten years of service. If an employee terminates his or her employment after at least ten 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 for the rest of their lives equal to 2% of their final average compensation (average of the three highest years in earnings) times the number of years for which they were employed by a participant in the State PERS. The pension benefits received by an employee who retires after ten 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 deductions less the amount of pension payments that the employee received, the present value of the employee's 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 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.

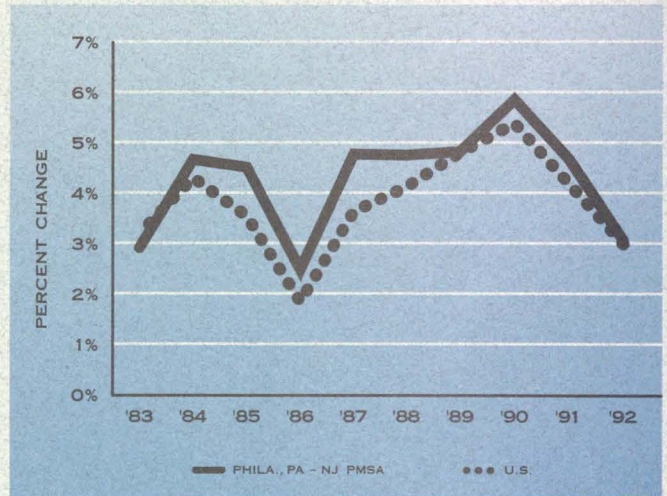
The Authority's 1992 covered payroll and total payroll were \$33,786 and \$43,224, respectively.

#### Teamsters Pension Plan of Philadelphia and Vicinity

All PATCO union employees, excluding those represented by the Police Benevolent Association, are eligible and required to participate in the Teamsters Pension Plan of Philadelphia and Vicinity. The plan 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 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 which vary according to employer daily contribution rates. Members may also receive benefits after early retirement at reduced rates depending on age at retirement.

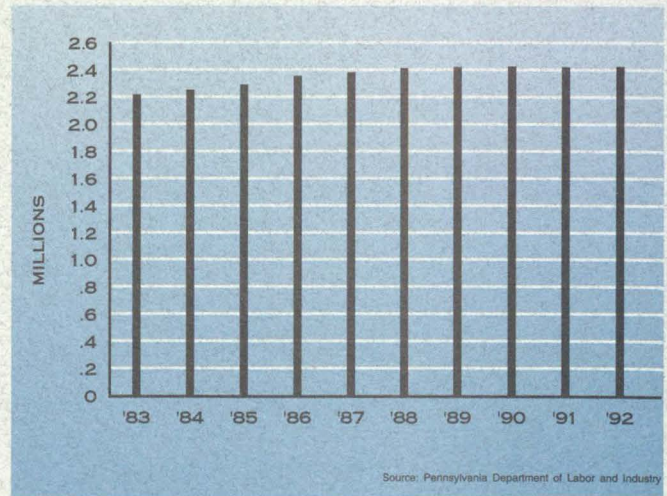
An employee who qualifies for disability retirement benefits (total and permanent disability with 10 years of vested service, 5 years of service under a collective bargaining agreement and at least 300 covered days of contributions) is entitled to receive \$200 per month until retirement age, when retirement benefits would commence.

**PERCENT CHANGE IN CONSUMER PRICE INDEX  
PHILADELPHIA, PA - NEW JERSEY PMSA AND U.S.**



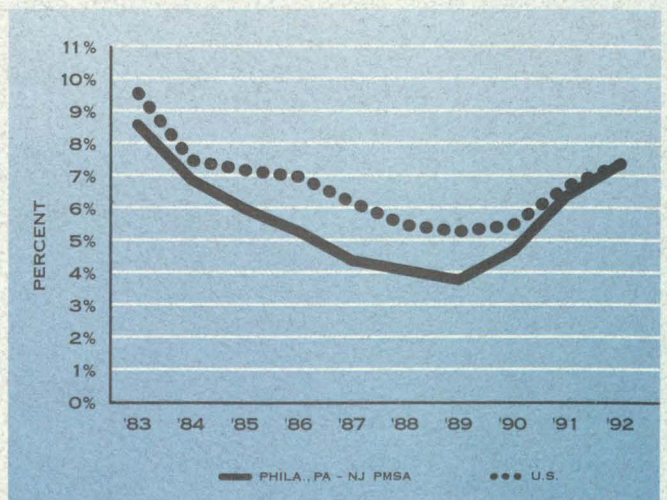
Source: U.S. Bureau of Labor Statistics

**CIVILIAN LABOR FORCE  
PHILADELPHIA, PA - NEW JERSEY PMSA**



Source: Pennsylvania Department of Labor and Industry

**UNEMPLOYMENT RATE  
PHILADELPHIA, PA - NEW JERSEY PMSA AND U.S.**



Source: Pennsylvania Department of Labor and Industry

Note: The Philadelphia, PA - New Jersey PMSA consists of the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania and the counties of Burlington, Camden and Gloucester in New Jersey.

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