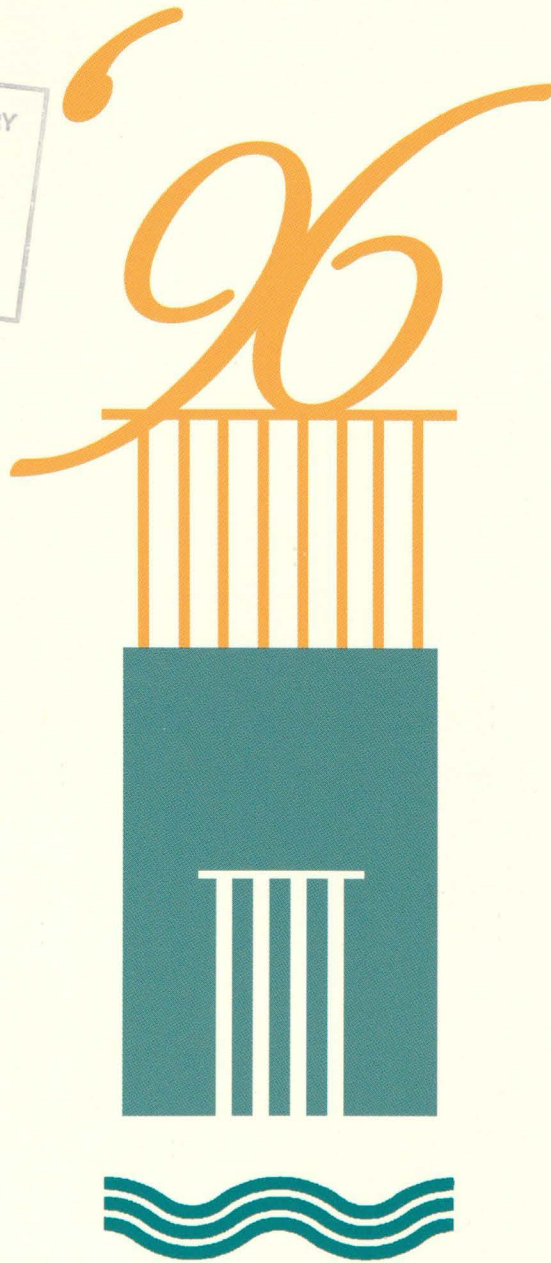


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DELAWARE RIVER PORT AUTHORITY  
*of Pennsylvania and New Jersey*

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*The Delaware River Port Authority  
is a self-financing, bistate authority whose  
mission is to manage, plan and construct  
transportation facilities and provide  
transportation services to maximize the safe and  
efficient movement of people and freight within  
the Port District. The DRPA will perform  
this mission with the intent of  
improving competitiveness and the climate for  
economic growth within the Port District. The  
DRPA will accomplish this purpose through  
continued investments that sustain  
and enhance its core business - bridges and  
PATCO - and that support expansion into  
economic development, ports and related  
transportation businesses.*

**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, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Arthur R. Lynch*  
President  
*Jeffrey L. Essex*  
Executive Director

**For the fourth  
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  
1995 Comprehensive  
Annual Financial  
Report.**

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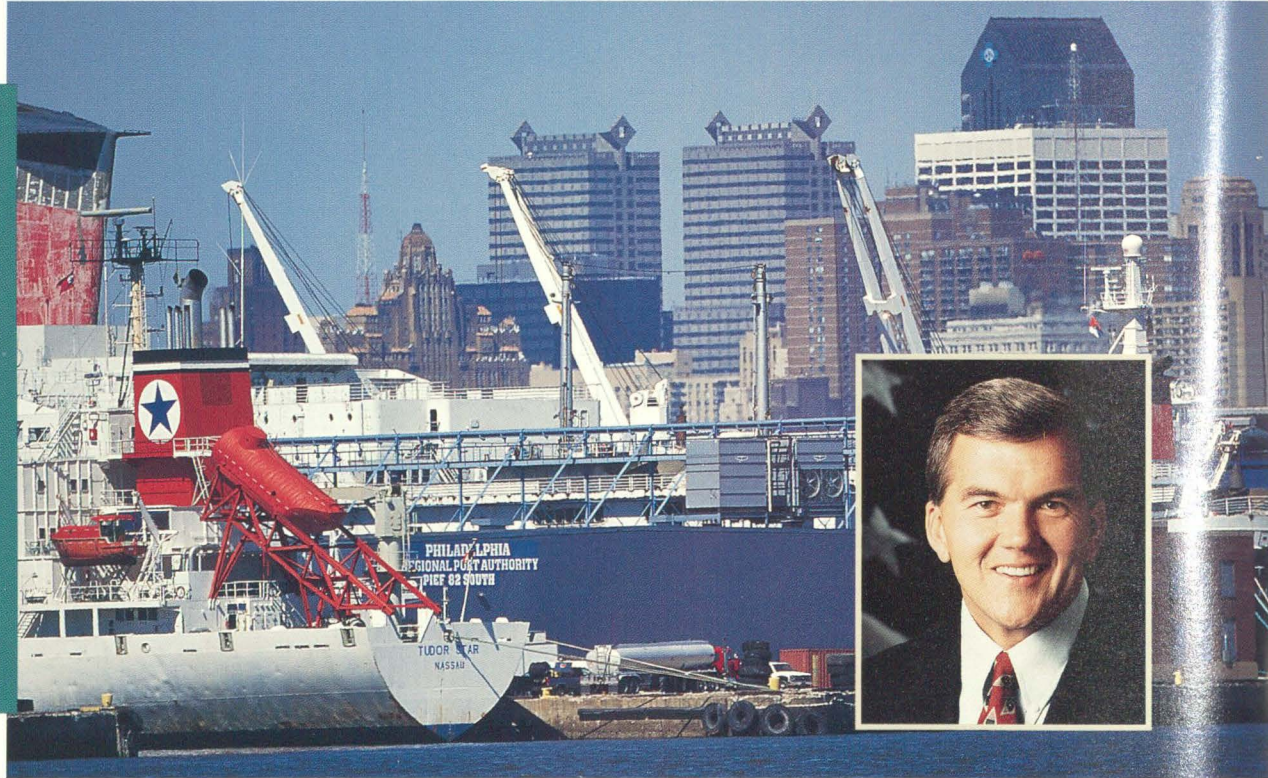


# REPORT to the governors

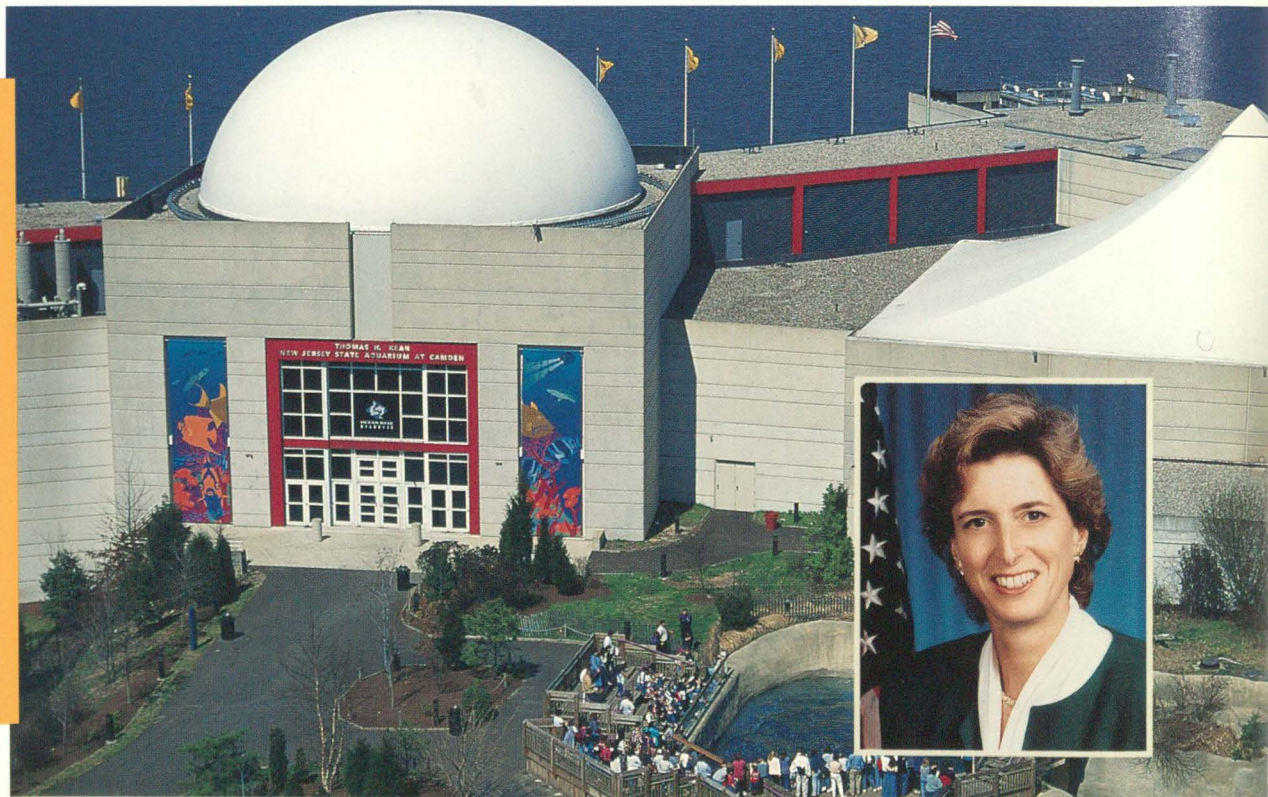
**Tom Ridge, Pennsylvania**

**Christine Todd Whitman, New Jersey**

▶  
The Philadelphia skyline framed by international cargo ships. Port activities increased in 1996, as did the movement to unify the public maritime facilities under the Port of Philadelphia and Camden.



▶  
The New Jersey State Aquarium as seen from One Port Center. DRPA helped the aquarium improve its attractions, and supported commercial redevelopment on both sides of the Delaware River.



W

ith a clear eye on our customer service responsibilities and a businesslike view of operations, the Delaware River Port Authority achieved three major goals in 1996.

Most striking was the ability of DRPA's commissioners and staff to reduce operating expenses. Our aggressive actions to plan, manage and control expenditures produced a significant budget decrease for 1996. We followed that at year's end by adopting a 1997 operating budget that reflects the largest budget decline in DRPA's history.

Budget cutting, however, represents only one aspect of our plan to make DRPA perform like a highly efficient private-sector business. The commissioners and staff also strategically implemented the recommendations of an independent management study. The recommendations, which go to the core of DRPA's organizational structure, gave us the tools to reshape our bistate agency. The new structure provides clear reporting lines and stresses management accountability. Most important, the new structure emphasizes our commitment to our bridge and transit customers while providing needed infrastructure improvements and regional economic initiatives.

DRPA's third major accomplishment was the completion and occupancy of the new 11-story office tower, One Port Center. This building — first envisioned by former Governors Robert Casey and Thomas Kean — houses DRPA's administrative offices, offices of the State of New Jersey and private tenants. It also dramatically symbolizes our leadership role in the continued development of the Philadelphia-Camden waterfront.

In all three cases, a single principle guided our 1996 actions and will continue to direct our future. It is the belief that DRPA can effectively utilize the proven strategies of the business community to become more efficient and responsive; more creative and customer oriented.

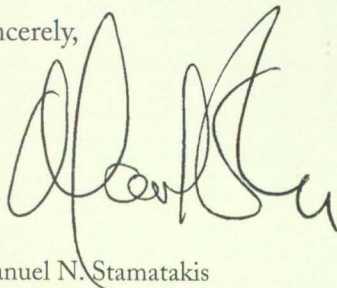
Strategic planning. Organizational focus. Assertive management. Customer service.

We will continue to stress these concepts as we move forward on some of the most exciting challenges ever to face our agency.

In the coming months, we will finalize port unification under The Port of Philadelphia and Camden. We will implement the E-ZPass electronic toll collection system. We will improve our bridge and transit facilities. And we will continue to help Philadelphia and Camden build a dynamic waterfront district that will attract tourists, promote business growth and create a diversity of private-sector jobs. We will accomplish these tasks while maintaining the lowest possible costs to our bridge and transit customers.

As outlined in this report, DRPA had a busy and productive year. With your support and guidance, we look to build on the foundation we established in 1996.

Sincerely,



Manuel N. Stamatakis

Chairman

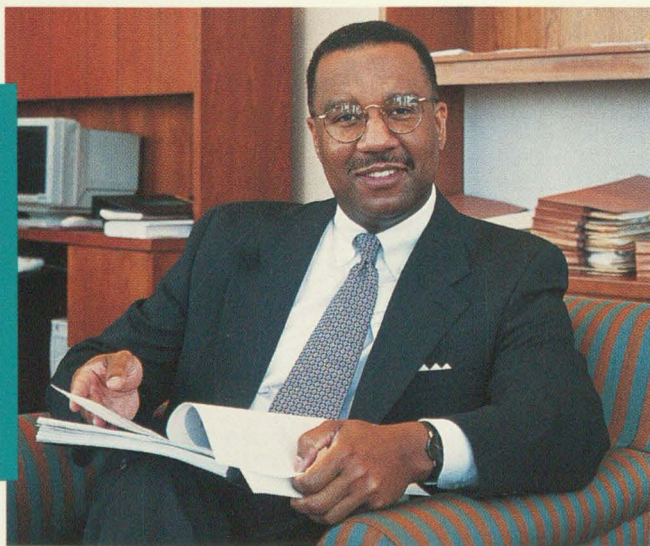




# COMMISSIONERS and officers



**Manuel N. Stamatakis (Chairman) and Glenn Paulsen (Vice Chairman) in the One Port Center Board Room, which overlooks the Delaware River.**



**Paul Drayton, Esquire  
Chief Executive Officer,  
Delaware River Port Authority**

**Siegfried Dahms  
Secretary,  
Delaware River Port Authority**

**James B. Quinn  
Acting Treasurer,  
Delaware River Port Authority**

**PENNSYLVANIA COMMISSIONERS**



**Lucien E. Blackwell**  
Former member,  
U.S. House of Representatives



**Robert W. Bogle**  
Publisher,  
Philadelphia Tribune



**Hon. Vincent J. Fumo**  
State Senator,  
Commonwealth of Pennsylvania



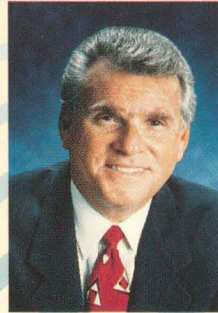
**Hon. Barbara Hafer**  
Auditor General,  
Commonwealth of  
Pennsylvania



**Hon. Catherine  
Baker Knoll**  
Treasurer, Commonwealth  
of Pennsylvania



**Hon. F. Joseph Loeper**  
State Senator, Commonwealth  
of Pennsylvania



**Paul Zelenkofske**

**NEW JERSEY COMMISSIONERS**



**Carol Beske**  
President,  
ACT Engineers, Inc.



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



**David W. Huggins**  
President, RMS  
Technologies, Inc.



**Gerard P. McNamara**  
Recording Secretary,  
Teamsters Local 115



**Robert A. Mossman**  
Professor,  
Gloucester County College



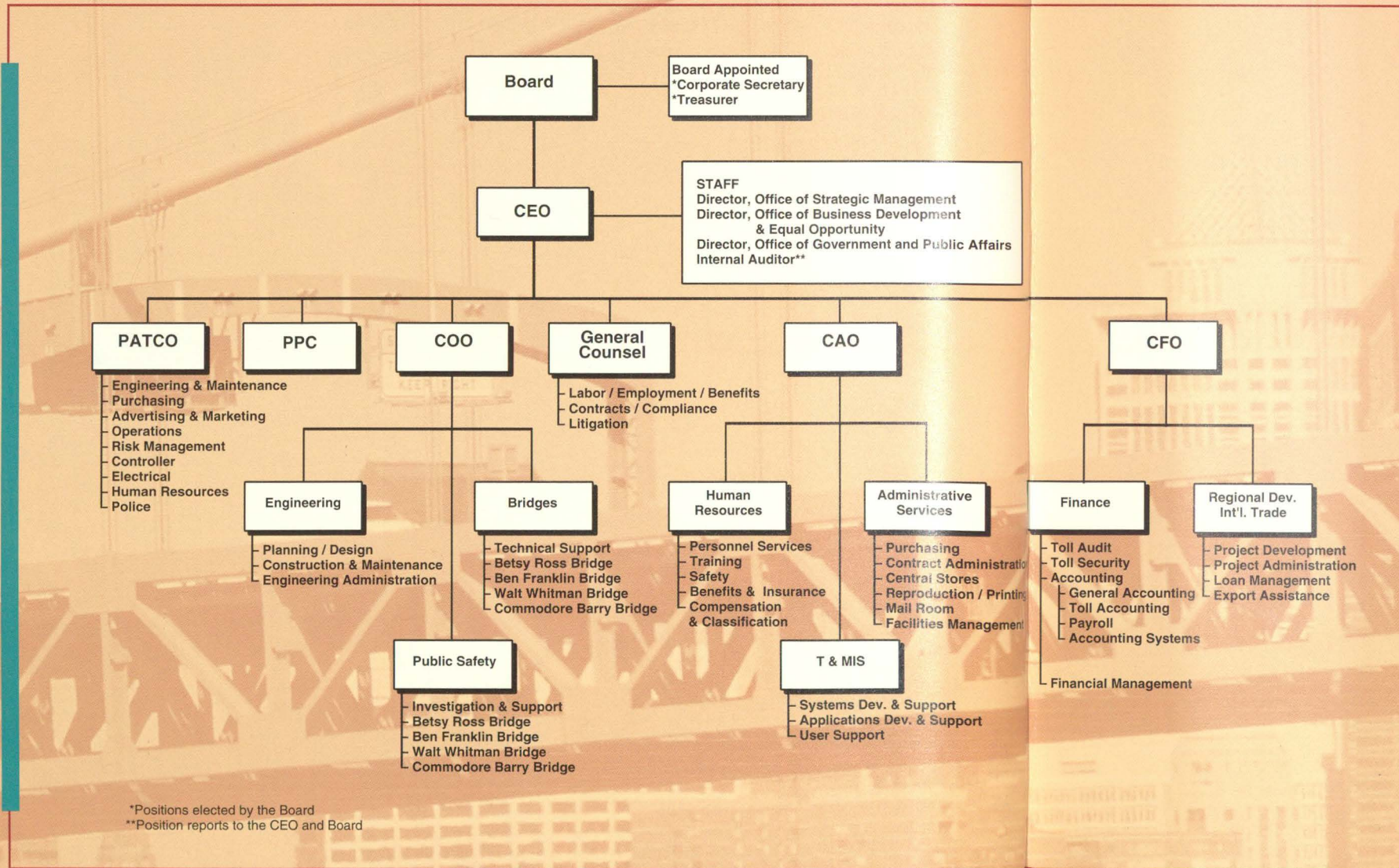
**Hon. Teresa A. Porrini**  
Councilwoman,  
Maple Shade Township

**One New Jersey Vacancy**



# ORGANIZATION reflects change

The Walt Whitman Bridge with Philadelphia in the background. The Walt Whitman is the busiest of DRPA's four bridges, carrying almost 100,000 vehicles daily.



This chart reflects the organization of the Delaware River Port Authority as developed in 1996 and approved in January 1997. Recommended in the management study conducted by KPMG Peat Marwick, the structure promotes efficiency and continues DRPA's movement toward decentralized control and greater management accountability.

The chart depicts a more vertical organizational structure. It changes the title of executive director to chief executive officer and adds the positions of chief operational officer, chief administrative officer and chief financial officer. At the same time, it eliminates certain titles, combines functions and clarifies reporting responsibilities.

For the first time, this structure includes the Port of Philadelphia and Camden in its anticipated position, as a wholly owned subsidiary of the Delaware River Port Authority.



**One Port Center as seen from Camden's Wiggins Park. The 11-story office tower opened in March 1996.  
By year's end, its occupants included DRPA's headquarters staff, the State of New Jersey and several private tenants.**



## REPORT from the chief executive officer

The Delaware River Port Authority's new headquarters building, One Port Center, presents visitors with an expansive view of the varied activities and enormous potential of the Delaware River waterfront.

During the day, international cargo ships move in and out of our port terminals. Pleasure craft venture from their marinas. Children watch the seals at the New Jersey State Aquarium or tour shipbuilding exhibits at Philadelphia's Independence Seaport Museum. Couples stroll the brick walkways on the river's edge. Surveyors plot areas where the next construction projects will take place.

At night, restaurants and night clubs open their doors. Music performed by rock stars or symphony orchestras entertains audiences at the Sony Entertainment Centre. Skaters whirl at the Penn's Landing ice rink. And, illuminated by flood lamps, huge cranes stack cargo containers on the decks of barges and ships.

Longshoremen and jazz musicians, office workers and forklift operators; all find jobs and business opportunities along the banks of the river. The waterfront — a decade ago desolate real estate and vacant buildings — has become a dynamic business and recreational resource.

And this is just the beginning.

Available land, ambitious ideas, an excellent transportation system, a federal empowerment zone and a solid foundation of regional cooperation hold the promise of continued growth. We call this renaissance, "Two-Cities One-Waterfront."

A success on many levels, the Greater Philadelphia - South Jersey riverfront in 1996 attracted more than 60 million tons of international cargo and 3 million visitors. The Delaware River Port Authority, exercising leadership under its bistate compact, has promoted both trade and tourism. Working under the guidance of Pennsylvania and New Jersey, DRPA's commissioners and staff continue to champion the economic rebirth of the Delaware River Waterfront. We do so through regional cooperation, transportation enhancements and port unification.

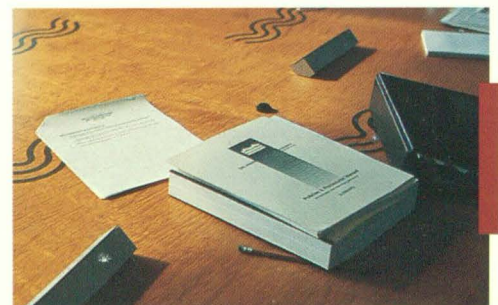
The work, however, has not taken place in isolation. We have folded our efforts toward riverfront redevelopment into a



**At the direction of Pennsylvania and New Jersey, DRPA has played a key role in the commercial revitalization of the Delaware River waterfront.**



▶ **Board room table at One Port Center. Like other features in the building, it symbolizes DRPA's commitment to the maritime community.**





**A comprehensive safety program helped keep our bridges and PATCO system safe. We recorded no fatal accidents in 1996.**

broad agenda of infrastructure and efficiency improvements, and regional economic growth. The following is a review of DRPA's 1996 activities.

During 1996, our commissioners and staff:

- Recorded — for the second time in three years — zero traffic fatalities on the four bridges and PATCO.
- Welcomed a new chairman, Mr. Manuel Stamatakis of Pennsylvania and two new Pennsylvania commissioners, Mr. Paul Zelenkofske and Mr. Robert Bogle. In addition, Vice Chairman James Weinstein resigned from the board in June. The commissioners elected New Jersey Commissioner Glenn Paulsen as the new vice chairman.
- For the second consecutive year, significantly lowered DRPA's operating budget.
- Recorded the highest bridge traffic and highest revenue figures in DRPA's history.
- Moved into One Port Center and leased portions of the building to public and private sector tenants.
- Completed major improvement projects at the Benjamin Franklin, Commodore Barry and Betsy Ross bridges. Continued the Walt Whitman Bridge Corridor Improvement Project.
- Improved access for physically impaired customers who use the PATCO High-Speed Line.
- Welcomed the first double-stacked railroad cars moving through the AmeriPort Intermodal Rail Center.
- Took significant steps to finalize port unification.
- Conducted customer research preparing for the start of E-ZPass electronic toll collection.
- Entered an agreement with the University of Pennsylvania and Rutgers University to test the viability of creating a regional, commercial aquaculture project at the former Philadelphia Naval Shipyard.
- Following public review, approved DRPA's first-ever master plan.
- Significantly increased the number and diversity of companies doing business with DRPA.
- Placed the chief executive officer's monthly report, along with other information, on the



◀ **The Board Room on One Port Center's 11th Floor. Overlooking the Delaware River, the board room serves DRPA, and has hosted numerous civic and governmental meetings.**

Internet, and



◀ **DRPA's AmeriPort Intermodal Rail Center. One of the port's newest facilities, AmeriPort added double-stack capabilities in 1996. Three major railroads move cargo via the South Philadelphia site.**

- Continued to demonstrate a strong commitment to the communities we serve through employee-volunteer projects.

We accomplished the above without any change in fares for bridge crossings or PATCO services. DRPA tolls have remained stable since 1992, and are among the lowest in the country when compared with other major interstate bridges and tunnels. PATCO fares have remained unchanged since 1983. PATCO also offers free and low-cost parking, round-the-clock service and a near-perfect performance record.

### **Fiscal Controls**

We continued to show higher revenue and lower operating expenses. An increase in bridge traffic in 1996 produced a record-high \$110.7 million in bridge revenue. That was a gain of approximately 4 percent compared with 1995. At the same time, we cut DRPA's 1996 operating budget by 4.4 percent. That followed a 5.8 percent budget reduction in 1995.

These cost savings are largely attributable to three factors:

- Over a three-year period, we reduced staff size, primarily through attrition.
- We imposed greater budget discipline at all levels and improved our budget planning and reporting system.
- We moved aggressively to lower costs in areas such as insurance, employee benefits and professional services.

At the end of 1996, our commissioners approved the 1997 operating budget that reduces spending still further. Our 8.4 percent budget reduction for 1997 may be the largest percentage-based spending reduction of any similar agency in the country this year.

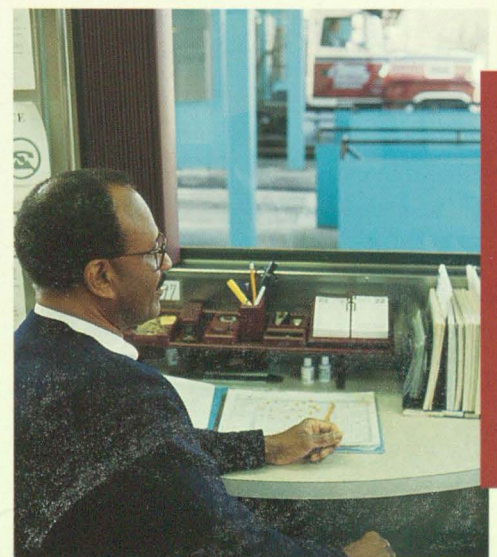
### **Management Audit**

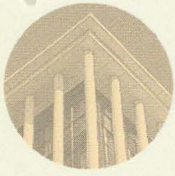
Fulfilling a requirement of the 1992 bistate compact, we received in May the findings of a year long independent management report. Conducted by the firm of KPMG Peat Marwick, the report reached this conclusion:

▶ **Betsy Ross Bridge Toll Plaza. A plaza renovation included installation of a filtered air system that enhances collectors' comfort and reduce maintenance costs. This will serve as the model for the rehabilitation of the other toll plazas.**



**Revenue continues to rise and we continue to reduce operating expenses. For 1997, we approved the largest budget decrease in DRPA's history.**





**The Peat-Marwick study recommended ways to improve DRPA's efficiency. We implemented many of the changes immediately.**

*"This assessment of the Authority's management practices, operating procedures, organization, staffing, and use of technology reveals an agency which is doing certain things well, a variety of areas which have been or are being improved, and a number of areas that remain to be addressed. During the past two years, senior management has begun the process of addressing several of the issues raised in this report. Recent actions by the Board and senior management to cut the DRPA budget and strengthen management practices further demonstrate the Authority's commitment to cost control."*

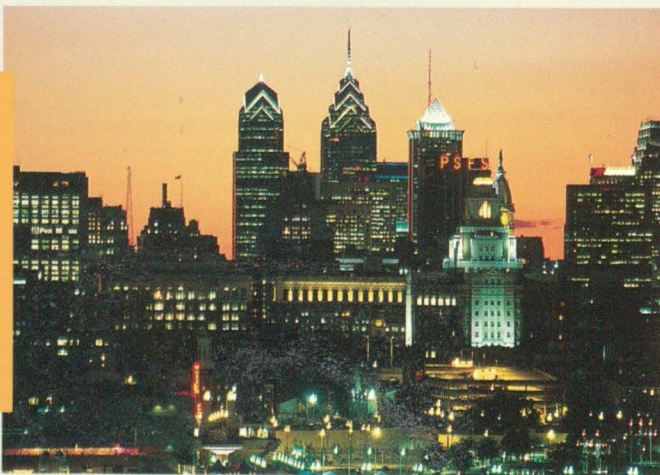
By the end of 1996, the commissioners and staff had implemented, or were preparing to implement, 52 of the report's 63 recommendations. We will implement other recommendations when appropriate. Among the steps taken as the result of the Peat Marwick recommendations:

- Eliminated 118 staff positions in addition to staff cuts completed before the study began. The reduction did not affect the agency's basic missions or diminish our customer services.
- Reduced insurance and health care costs while enhancing our coverages and benefits.
- Developed a plan to structure salary levels in relation to other agencies and private companies, and to ensure internal equity.
- Initiated a process to evaluate requests for economic development funding. The new criteria favor projects in which DRPA can achieve a return on its investment either through repayment of loans or through increased bridge or transit revenues.
- Changed the board meeting schedule, placing committee meetings two weeks ahead of the board meetings. The schedule gives commissioners, staff and the public more opportunity to evaluate proposed actions.

### **Bridges**

This stands out as the most important statistic of the year: we finished 1996 with no accidents that resulted in fatalities. Over the past three years, we recorded one fatal traffic accident in almost 300 million bridge crossings. While some of the credit belongs to those

who design and build safer automobiles,



◀ **A Philadelphia sunset as seen from One Port Center. Also visible from the building are the Camden skyline, the Benjamin Franklin and Walt Whitman bridges, Veteran's Stadium, Penn's Landing, the New Jersey State Aquarium, the Sony Entertainment Centre and the Beckett Street Marine Terminal.**

DRPA efforts also deserve mention. These include our aggressive maintenance and improvement programs to keep our roadways safe, the vigilance of our police officers, enforcement of driving laws and a comprehensive DRPA safety program.

Bridge infrastructure improvements during 1996 included:

- **Benjamin Franklin Bridge.** In July, we marked the 70th year of operation of the Benjamin Franklin Bridge. It opened to traffic on July 1, 1926 and for 70 years has remained the keystone of DRPA's operations and a regional landmark. To keep the facility in prime condition, we conducted an in-depth study of the suspension cables. Engineers gauged the condition of the thousands of metal wires that make up each cable and support the bridge's live and dead loads. We will review the final report in 1997. We also began developing plans for realignment of the bridge's New Jersey Plaza. This will include removal of the eastbound toll booths.

- **Walt Whitman Bridge.** We announced that phase one of the Walt Whitman Bridge Corridor Improvement Project finished on-schedule and below the bid amount. Phase one, completed in 1995, included work on both the Pennsylvania and New Jersey approaches. We then began phase two of the six-year corridor rehabilitation. It involves work on the main span, and represents the largest maintenance and improvement project in DRPA's history. During the year, crews completed sidewalk, curb and guide rail construction in the plaza area and roadway improvements in areas next to the suspended span. Walt Whitman Bridge customers experienced little inconvenience during construction because of the "moveable barrier" that we extended across the length of the bridge. By moving the barrier to favor the peak-direction traffic, our staff maintained six travel lanes except during off-peak hours. That is the same number of travel lanes as the bridge provided before construction began.

- **Commodore Barry Bridge.** Workers painted sections of the bridge and completed rehabilitation of pile caps.

- **Betsy Ross Bridge.** The bridge marked its 20th year of operation. It opened to traffic on

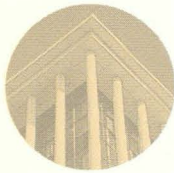


Seventy years after the opening of its first bridge, DRPA continues an aggressive maintenance and improvement program on its core facilities.



▶ **The Benjamin Franklin Bridge. At one time the longest suspension bridge in the world, the span marked its 70th year of operation in 1996. Decorative lighting added to the structure in the 1980s helped spark the revitalization of the Delaware River waterfront.**





**Still charging  
1983 prices,  
PATCO continues  
to provide  
around-the-clock  
service.**

April 30, 1976. During 1996, workers began the first major improvement to the Betsy Ross' roadway surface, replacing asphalt close to the Philadelphia ramps. Workers also completed HVAC improvements in the toll booths, including a new system that forces fresh air into the booths. We will use the same system as we rehabilitate toll booths at the other facilities.

At year's end, our commissioners approved an \$80 million capital improvement program that includes work on all four bridges and PATCO. To help guide this work, our commissioners selected engineering firms to conduct complete investigations of all DRPA and PATCO facilities. These biennial independent reviews supplement the inspection work conducted by our own staff and provide the basis for future maintenance and improvement programs.

### **PATCO High-Speed Line**

Despite 14 years without a fare increase, PATCO continues to offer round-the-clock, seven-day-per-week service and a 99 percent on-time record. In 1996, PATCO carried approximately 10.6 million riders, a decrease of approximately 2 percent when compared with 1995. To counter this decline in its daily commuter traffic, PATCO is marketing the transit line as an easy way to attend events that take place at the Pennsylvania Convention Center, such as the Philadelphia Flower Show.

With little disruption to our customers, workers replaced the concrete station platforms at the Lindenwold, Ashland, Haddonfield, Westmont, Collingswood and Ferry Avenue stations. Upon completion of that project, workers began painting and improving the lighting at PATCO's four Philadelphia underground stations and Camden's City Hall Station.

PATCO also made improvements to help its disabled riders and employees. Workers installed an elevator at Lindenwold Station, and made accessibility improvements at the Lindenwold Station, the Lindenwold shop and Center Tower. We also developed plans to install additional customer elevators, one set at 8th and Market Street Station and the other

at 15th/16th and Locust Street.



**← PATCO customers at the Lindenwold Station. Lindenwold was one of several stations that received upgrades during 1996, a program that continues in 1997.**



▲  
**A PATCO train operator. PATCO was the first public transit systems to use a single train operator and totally automatic ticket vending. During 1996's severe winter storms, PATCO maintained continuous service.**

Workers also completed an electrical tie line across the Benjamin Franklin Bridge. It will help PATCO reduce energy costs and provide reserve power in case of electrical disruption on either side of the Delaware River.

### **Thank-You Program**

In May, we completed the first year of DRPA's "Thank You, Every-Toll Every-Time" program. Customers have responded positively to this act of courtesy as they pass through our toll plazas.

### **Port Unification**

The New Jersey Legislature in 1996 considered a financial restructuring bill that, if approved and signed into law, will move port unification as outlined in 1994 to its final stages. Unification involves merging the Delaware River's public port terminals into a new agency, the "Port of Philadelphia and Camden," a subsidiary corporation of the Delaware River Port Authority.

The unified port will provide operational efficiency, develop a single marketing program, plan for the port's future needs and give the public a new level of accountability on port issues. It will also give the port a unified voice on issues such as competitive rail service and maintenance dredging of the Delaware River shipping channel.

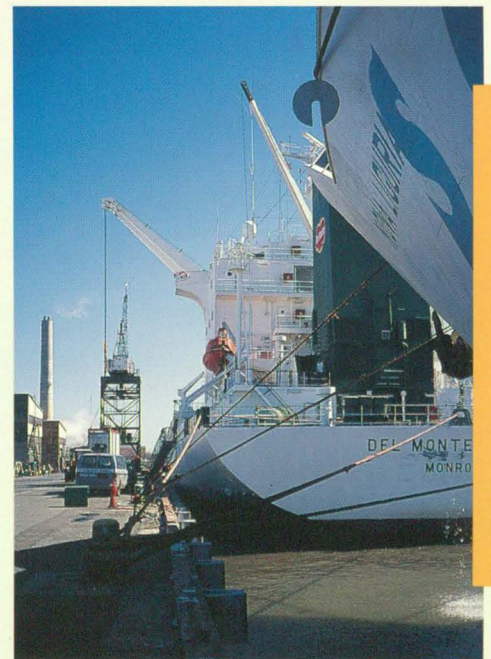
### **AmeriPort**

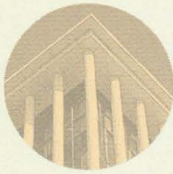
The Port of Philadelphia and Camden assumed operating control of DRPA's intermodal rail center, AmeriPort. In 1996, AmeriPort achieved a milestone when it loaded its first "double-stacked" containers onto railroad cars. This double-stack capability helps the port compete more effectively as a hub for containerized cargo moving to the Midwest and Canada.

▶  
**Ships at the Port of Philadelphia and Camden. The port enjoyed a busy year in 1996, handling a variety of cargoes including iron and steel, fresh fruit and cocoa beans.**



**Unification will improve the port's planning, marketing and operations. For the first time, port interests will speak with one voice.**





**Just as the  
governors envi-  
sioned in 1988,  
One Port Center  
is helping revital-  
ize the Camden  
Waterfront.  
It also consoli-  
dated DRPA's  
administrative  
functions.**

**E-ZPass**

Throughout 1996, we monitored the experience of the two New York transportation agencies that offer the E-ZPass Electronic Toll Collection System. We plan to make E-ZPass available to our bridge customers in 1998. It will help us reduce air pollution and congestion, and eliminate the need for commuters to buy monthly stickers in the toll lanes.

As E-ZPass continues to spread, our bridge customers will enjoy the benefits of a regional system stretching from Albany to Chesapeake Bay and from the Atlantic Ocean to the Ohio border. Our E-ZPass technology will be compatible with systems in place or planned in New York, New Jersey, Pennsylvania, Delaware and Maryland.

In 1996, we conducted formal surveys of our bridge customers regarding E-ZPass. Using questionnaires, focus groups and telephone interviews, we solicited motorists' ideas on issues such as dedicated lanes, payment options and marketing issues. Their suggestions will help us make a smooth transition to electronic toll collection.



**One Port Center**

In March, we moved into our new 11-story office building across from the New Jersey State Aquarium. Internationally acclaimed architect Michael Graves designed One Port Center to be a cornerstone of the Delaware River redevelopment. Featuring a magnificent view of the Benjamin Franklin Bridge and the Philadelphia skyline, One Port Center is the first office tower in decades built on the Camden waterfront. It symbolizes the rejuvenation of the waterfront as an employment center, as well as an entertainment arena and a hub for international trade.

One Port Center enabled us to consolidate DRPA's administrative workforce, which previously worked in three buildings several blocks apart. We made the move to One Port Center in stages over a two-month period, and did so without disruption to administrative functions or customer services.

As envisioned by Governors Robert Casey and Thomas Kean in 1988, One Port Center has helped bring other workers and business activity to the Camden waterfront. Shortly after

we moved into the building, the State of New



◀ **One Port Center's vertical columns. The governors of Pennsylvania and New Jersey requested in 1988 that DRPA build a waterfront office building to encourage additional private sector investments.**



▲ Produce stacked at the Philadelphia Food Distribution Center. DRPA helped the South Philadelphia facility make needed improvements that saved jobs for warehouse workers and truck drivers. In the winter, much of the fruit at the distribution center is imported through the Port of Philadelphia and Camden.

Jersey leased two floors, followed quickly by office leases to the Southern New Jersey Development Council, Cooper's Ferry Development Association and a Philadelphia law firm.

### Economic Development

In September, we presented an update of DRPA's regional economic development program. The report noted that in both states,

DRPA's investments have helped generate job growth and business expansion. In Pennsylvania, firms like the Running Press, Franklin Smelting and Marble Crafters used DRPA low-interest loans to upgrade their facilities and hire more workers. On the New Jersey side, Pennsauken and Gloucester City are using DRPA revolving loans to improve their business districts while U.S. Vision continues hiring workers at its manufacturing and distribution plant. The facility opened in 1995 with help from a DRPA low-interest loan.

In 1996, our commissioners approved a joint venture with the University of Pennsylvania and Rutgers University. Working with these partners, we will test the idea of creating a local, commercially viable aquaculture industry. We will review the initial studies of this "fish farming" project in 1997. If commercially viable, the project could create hundreds of jobs at the former Philadelphia Naval Shipyard.

We also continue to monitor the progress of FastShip Atlantic. A private firm, FastShip holds patents to build a new fleet of oceangoing vessels that would ferry high-value cargo between northern Europe and the Port of Philadelphia and Camden. While the firm still must raise capital to build its fleet, tests on the FastShip technology remain positive.

### Master Plan

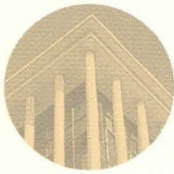
With input from the community, the commissioners approved DRPA's first-ever master plan. It informs the public of upcoming DRPA activities, and serves as an internal guide to formalize and prioritize construction and maintenance projects.

▶ Copper unloaded at Franklin Smelting Co. DRPA helped the company upgrade its North Philadelphia facility. Franklin Smelting recycles copper from plumbing fixtures and other household items.



Three years after beginning our regional development program, we are seeing results. We helped local businesses expand and hire more workers.





**Through a determined effort, we increased the number and diversity of companies doing business with DRPA. Our small business training programs are especially popular.**

**Business Training**

During the past three years, we have dramatically increased the number and diversity of companies in DRPA's vendor pool.

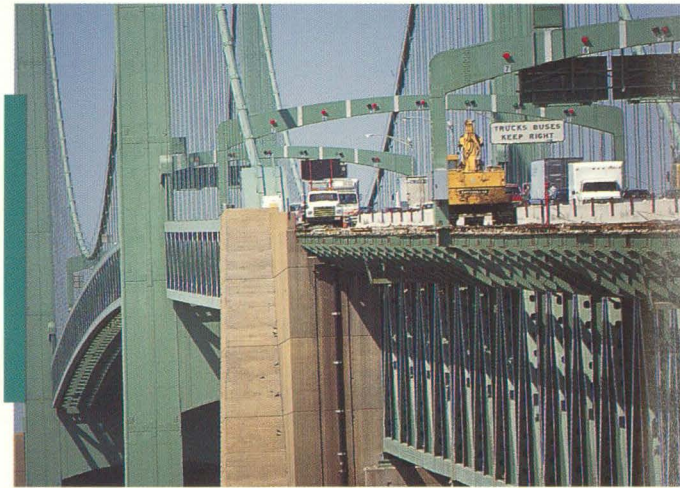
Between 1989 and 1993, DRPA awarded less than \$3 million to minority and female owned firms. That

was about 3 percent of the total spent on contracts, professional services and purchasing.

With an aggressive effort, we doubled that number in 1995 alone. In 1996, these companies captured more than \$19 million in DRPA business, 27 percent of the total.

The numbers reflect our commitment to seek small companies that were not previously engaged in the public bidding process. To encourage their participation, we designed and conducted a series of practical programs on issues such as contract bidding, surety bonds and safety issues. Small businesses attended these sessions, and as a result began bidding for our contracts, subcontracts and purchasing requisitions.

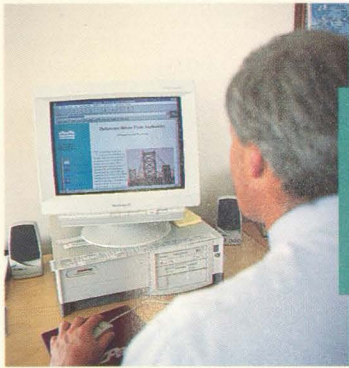
Our staff also helped local businesses sell their products overseas. We maintain a large commodity database, and help local firms identify potential markets and make contacts with potential customers. We also provide advice on financing, shipping and international regulations.



Workers at the Walt Whitman Bridge deck. The improvement of the six-mile bridge corridor, including removing and replacing sections of the bridge deck, is the largest maintenance project in DRPA's history.



Cargo ship at the Packer Avenue Marine Terminal. With Veterans Stadium providing a familiar backdrop, Packer Avenue is one of the river's busiest terminals. From here, cargo containers move by trucks or railcars to destinations throughout the U.S. and Canada.



### Information Flow

Having already established a presence on the Internet, we expanded our offerings. Each month, we now place my report to the commissioners on DRPA's home page. It offers to the public a detailed account of DRPA and PATCO activities, as well as a review of port and regional economic development matters. DRPA's Internet address is <http://www.drpa.org>.

### Community Activities

As always, our staff participated in a variety of community activities. Many are annual events and include a significant investment of volunteer time by DRPA and PATCO employees. They include the Valentine's Day Food Drive, the MS Society's City-to-Shore bike race, tutoring at Camden's Broadway Elementary School, the "Ben Franklin Bridge Challenge" to support Special Olympics, the "A-to-Z Race" for wildlife conservation, and programs to benefit United Way, the Food Bank of Southern New Jersey, the American Heart Association and toys for tots.

### Drug and Alcohol Program

Our police brought their award-winning drug and alcohol program to hundreds of community groups in 1996. The officers also participated in the White House Leadership Conference on Youth, Drug Use and Violence, and helped develop a coloring book with antidrug messages prepared by Camden school students.

### Awards

During the year, DRPA received several awards. These included the *Affirmative Action Champion Award* from the National Business League of New Jersey and the New Jersey State Conference of the N.A.A.C.P., and the *1996 Leadership in Urban Economic Development Award* from Rutgers University. I was honored to receive the *1996 Spirit of the Port Award* from the Seamen's Church Institute.

A handwritten signature in cursive script that reads "Paul Drayton Jr.".

Paul Drayton Jr., Esquire  
Chief Executive Officer



**There is never any difficulty in getting DRPA and PATCO employees to volunteer. Our workers are involved in many activities that help the communities we serve.**



▲  
**DRPA's Internet Home Page. To improve two-way information flow to the public, DRPA constantly updates its offerings providing information on bridge, transit, port and regional development issues.**



# FINANCIAL section

A PATCO customer at Lindenwold Station. It is one of three PATCO stations that provides elevator service for customers with disabilities. Construction will begin in 1997 on elevators at two additional stations.





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

One Port Center  
2 Riverside Drive  
Camden NJ

March 27, 1997

**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, 1996, 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 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 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 1996's activities and the Authority's organizational chart. The financial section includes this letter of transmittal, the combined financial statements and supplemental schedules by fund and total, and the report of the independent auditors thereon. The statistical section includes selected financial, operating and demographic information, presented on a multi-year basis where appropriate.

*DRPA is an equal opportunity employer*

**Mailing Address:** PO Box 1949 Camden New Jersey 08101-1949    **Telephone:** 609.968.2000    **Fax:** 609.968.2193  
215.218.3750



From these amounts the Authority then deducts the cost of its economic development activities to determine the net loss for the year. Economic development activity expenditures are undertaken in accordance with the Authority's compact responsibilities to promote regional economic development within the Port District. After economic development expenditures of \$18.0 million in 1996 and \$4.6 million in 1995, the Authority incurred net losses of \$19.2 million in 1996 and \$8.0 million in 1995. After adding depreciation on assets acquired with government contributions, net assets from operations at December 31, 1996 totaled \$322.3 million.

### **Basis of Accounting**

The combined financial statements of the Authority are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

### **Internal Control**

Management of the Authority is responsible for establishing and maintaining internal controls 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. Internal control 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 analysis of costs and benefits requires estimates and judgments by management.

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 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 divisions 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 Strategic Management Committee, which consists of the Chief Executive Officer, Chief Financial Officer and other senior managers, a proposed operating budget is presented by the Chief

Executive Officer 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 approval. Any addition of funds to the total operating budget requires the approval of the Board of Commissioners.

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.

A capital budget is also prepared through a similar process and submitted to the Board of Commissioners for 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.

### **Pension Plans**

Employees of the Authority participate in either the Pennsylvania State Employees' Retirement System or the Teamsters Pension Plan of Philadelphia and Vicinity, both of which are cost-sharing multiple employer defined benefit pension plans and provide pension, death and disability benefits. Under the Pennsylvania State Employees' Retirement System employees are required to contribute 5 percent of their gross payroll to the plan. The Authority is required to contribute an actuarially determined amount to the plan, which in 1996 equaled 8.23 percent of covered payroll. Under the Teamsters Pension Plan of Philadelphia and Vicinity the Authority is required to contribute a fixed amount per hour for each PATCO and PPC employee, and these contributions to the plan totaled 9.88 percent of covered payroll in 1996. Employees are not required to make any contributions to the plan.

### **Debt Administration**

At December 31, 1996 the Authority had \$523,812,611 in revenue and refunding revenue bonds outstanding, consisting of bonds issued in 1985, 1989 and 1995. The 1985 and 1989 Bonds were issued pursuant to a General Bond Resolution, dated April 17, 1985 and First and Second Supplemental Resolutions thereto. The 1995 Bonds were issued pursuant to an Indenture of Trust, dated November 15, 1995, and a First Supplemental Indenture thereto. Under the terms of the



Indenture of Trust the Authority covenanted not to issue any additional bonds under its General Bond Resolution. The Authority can issue additional bonds for permitted purposes under the Indenture of Trust.

The 1985 Bonds were issued to refund all the Authority's then outstanding bonds and the 1989 Bonds were issued to refund a portion of the principal and interest on the 1985 Bonds. The 1995 bonds were issued primarily to finance, refinance or reimburse a portion of the costs of certain bridge and transit system capital projects undertaken or to be undertaken by the Authority.

Debt Service on the Authority's outstanding long-term debt is as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>DEBT SERVICE</u>
1997	\$8,595,063	\$15,767,418	\$23,362,481
1998	8,002,913	26,177,276	34,180,189
1999	7,435,174	36,542,722	43,977,896
2000	6,900,950	37,106,946	44,007,896
2001	6,412,800	37,660,097	44,072,896
2002-2025	<u>483,454,010</u>	<u>390,688,950</u>	<u>874,140,960</u>
Total	<u>\$520,800,909</u>	<u>\$543,941,409</u>	<u>\$1,064,742,318</u>

Debt service shown above is calculated in accordance with the Authority's General Bond Resolution and Indenture of Trust. Annual debt service includes interest due July 1, of the year indicated, and interest and principal due January 1 of the following year. Accordingly, principal and interest payments due January 1, 1997, totaling \$11,948,196 and \$12,368,955, respectively, which were paid by the Authority on January 1, 1997, are accounted for as 1996 debt service. Also, in accordance with the Authority's Indenture of Trust, interest due on the 1995 Bonds, from July 1, 1997 through and including July 1, 1998, totaling \$29,303,123 (\$19,535,415 due in 1997 and \$9,767,708 due in 1998) which is payable from proceeds of and accrued interest on the 1995 Bonds and investment income, is not included in the above schedule of debt service.

The 1985 and 1989 Bonds are payable from and solely secured by a pledge of "Net Revenues" of the Authority; and by a pledge of all moneys and securities from time to time deposited in the funds and accounts established by the 1985 General Bond Resolution, except for assets in the General Fund, and the 1989 Escrow Account B in the Bond Redemption Fund. The 1995 Bonds are

secured by a lien on and security interest in (a) until the General Board Resolution defeasance date, all moneys on deposit to the credit of the 1985 General Fund, which moneys shall, pursuant to the provisions of the Indenture of Trust, be immediately redeposited to the credit of the 1995 Revenue Fund, (b) from and after the General Bond Resolution Defeasance Date, the Net Revenues of the Authority, and certain moneys and securities held under the 1995 Indenture.

In accordance with the Indenture of Trust the Authority calculates "Net Revenues" available for debt service on its bonds by adding bridge operating revenues and interest income available to pay debt service, then deducts the sum of bridge operating expenses (without considering depreciation, amortization or interest) and administrative expenses. Pursuant to this calculation, "Net Revenues" available for debt service in 1996 was \$60.4 million. Debt service, payable from "Net Revenues", comprised of interest and principal payments on outstanding bonds, totaled \$24.3 million for the year ending January 1, 1997. Debt service excludes any principal and interest payments on the 1995 Bonds payable from the proceeds of the 1995 Bond Issue. "Net Revenues" available for debt service was sufficient to cover debt service 2.48 times in 1996, compared to 2.15 times debt service in 1995.

### **Cash Management**

Investments purchased by the Authority are done so in accordance with the Authority's General Bond Resolution and Indenture of Trust. Cash available during the year is generally 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. The Authority is required to maintain certain invested amounts as reserves for its debt obligations.

### **Risk Management**

The Authority is self-insured for public liability up to a limit of \$5 million per occurrence. Excess liability insurance provides coverage of \$95 million over the Authority's \$5 million self-insured retention. The DRPA is self-insured for worker's compensation up to a limit of \$350,000 per occurrence with excess worker's compensation coverage providing \$5 million in coverage over the DRPA's \$350,000 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 Audits**

The Authority's By-Laws, General Bond Resolution and Indenture of Trust require an annual audit of the Authority's financial statements by a firm of independent public accountants. 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 and OMB Circular A-128. The purpose of such a single audit is to determine the adequacy of the internal control of the Authority and its compliance with the applicable laws and regulations which relate to the receipt of federal assistance from federal agencies. The Authority retains an independent certified public accounting firm to satisfy its audit requirements. The report of the independent accounting firm on the combined financial statements of the Authority is included in the financial section of this report.

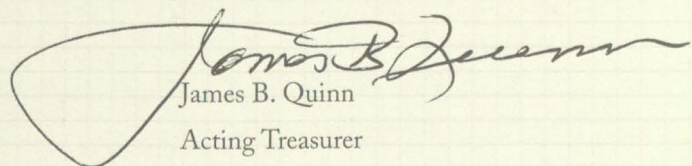
### **Comprehensive Annual Financial Report**

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, 1995. The Certificate of Achievement is a prestigious national award recognizing conformance of the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Authority has received a Certificate of Achievement for the last four consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate. The Authority's management anticipates that its continued participation in the certificate program will result in the continued improvement of future comprehensive annual financial reports of the Authority.

Cordially,

  
James B. Quinn  
Acting Treasurer

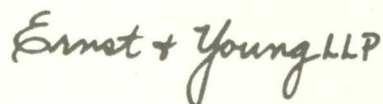
**REPORT OF INDEPENDENT AUDITORS**  
**TO THE COMMISSIONERS OF THE DELAWARE RIVER PORT AUTHORITY**

We have audited the accompanying combined financial statements of the Delaware River Port Authority and its subsidiary, Port Authority Transit Corporation, as of and for the years ended December 31, 1996 and 1995, as listed in the Financial Section of the foregoing table of contents. These 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 these financial statements based on our audits.

We have conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the combined financial position of the Delaware River Port Authority and its subsidiary, Port Authority Transit Corporation, as of December 31, 1996 and 1995, and the combined results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

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



March 27, 1997  
Philadelphia, Pennsylvania



### COMBINED BALANCE SHEETS

December 31, 1996 and 1995 (In Thousands)

ASSETS	Notes	1996	1995
Cash	2	\$1,254	\$1,889
Investment in securities	1,2	74,390	66,365
Accrued interest receivable		2	371
Accounts receivable	3	3,235	2,548
Transit system and storeroom inventory	1	3,378	3,049
Deferred compensation plan assets	5	10,800	8,780
Economic development loans - net	10	12,067	10,082
Prepaid expenses and other assets	10	1,702	1,601
<b>Total</b>		<b>106,828</b>	<b>94,685</b>
<b>RESTRICTED ASSETS :</b>			
Cash	2		122
Investment in securities	1,2,7	247,076	313,338
Accrued interest receivable		1,099	1,930
<b>Total restricted assets</b>		<b>248,175</b>	<b>315,390</b>
<b>INVESTMENT IN FACILITIES</b>			
Accumulated depreciation	1,4,8	895,719 (237,419)	848,028 (224,102)
Investment in facilities - net		<b>658,300</b>	<b>623,926</b>
<b>DEBT ISSUANCE COSTS, NET OF AMORTIZATION</b>			
	7	10,211	10,440
<b>TOTAL ASSETS</b>		<b>\$1,023,514</b>	<b>\$1,044,441</b>

See notes to combined financial statements

THE DELAWARE RIVER PORT AUTHORITY OF PENNSYLVANIA AND NEW JERSEY

LIABILITIES AND NET ASSETS	Notes	1996	1995
<b>ACCOUNTS PAYABLE :</b>			
Contracts			\$9,222
Retained amounts on contracts		\$2,575	4,120
Deferred compensation obligation	5	10,800	8,780
Other		5,629	12,895
Total accounts payable		<u>19,004</u>	<u>35,017</u>
<b>ACCRUED LIABILITIES :</b>			
Pension	6	750	1,044
Sick and vacation leave benefits		8,007	8,438
Other		966	1,031
Total accrued liabilities		<u>9,723</u>	<u>10,513</u>
<b>DEFERRED INCOME ON TOLL TICKETS</b>		<u>5,295</u>	<u>4,952</u>
<b>ACCRUED INTEREST (Payable from Restricted Assets)</b>	7	<u>49,586</u>	<u>37,242</u>
<b>FUNDED DEBT</b>	7	<u>523,813</u>	<u>537,378</u>
<b>PROVISIONS :</b>			
Repainting	1	15,469	18,095
Other	9	6,640	5,948
Total provisions		<u>22,109</u>	<u>24,043</u>
Total liabilities		<u>629,530</u>	<u>649,145</u>
<b>NET ASSETS :</b>			
From contributed capital	8	<u>71,678</u>	<u>56,038</u>
From operations:			
Reserved		198,589	268,926
Unreserved	9,10	123,717	70,332
Total net assets from operations		<u>322,306</u>	<u>339,258</u>
Total net assets		<u>393,984</u>	<u>395,296</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$1,023,514</u>	<u>\$1,044,441</u>

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

Years Ended December 31, 1996 and 1995 (In Thousands)

	Notes	1996	1995
<b>OPERATING REVENUES AND EXPENSES :</b>	7		
Bridges :			
Tolls		\$110,706	\$106,536
Other operating revenues		224	64
Total bridge operating revenues		<u>110,930</u>	<u>106,600</u>
Operating expenses		42,196	43,011
Depreciation	4,8	8,845	8,277
Total bridge operating expenses		<u>51,041</u>	<u>51,288</u>
Bridges operating income		<u>59,889</u>	<u>55,312</u>
Transit system :			
Passenger fares		14,234	14,472
Other operating revenues		674	644
Total transit system operating revenues		<u>14,908</u>	<u>15,116</u>
Operating expenses		27,045	26,725
Lease and community impact expense	10	7,500	8,506
Depreciation	4,8	4,786	4,191
Total transit system operating expenses		<u>39,331</u>	<u>39,422</u>
Transit system operating loss		<u>(24,423)</u>	<u>(24,306)</u>
General administration expenses		14,894	15,755
<b>OPERATING INCOME</b>		<u>20,572</u>	<u>15,251</u>
<b>NONOPERATING REVENUES AND EXPENSES :</b>			
Interest income (expense) :			
Interest income		17,747	4,324
Interest on funded debt	7	<u>(35,244)</u>	<u>(18,747)</u>
Interest income (expense) - net		<u>(17,497)</u>	<u>(14,423)</u>
Other nonoperating revenues (expenses) :			
Other interest income - Construction Fund		601	832
Port of Philadelphia and Camden		(3,444)	(3,766)
Depreciation and amortization		(678)	(727)
Other		(738)	(572)
Other nonoperating revenues (expenses) - net		<u>(4,259)</u>	<u>(4,233)</u>
Loss before economic development activities		(1,184)	(3,405)
Economic development activities	10	<u>(17,972)</u>	<u>(4,589)</u>
<b>NET LOSS</b>		<u>(19,156)</u>	<u>(7,994)</u>
<b>ADD DEPRECIATION ON ASSETS ACQUIRED WITH GOVERNMENT CONTRIBUTIONS - charged against contributed capital</b>	8	<u>2,204</u>	<u>1,795</u>
<b>DECREASE IN NET ASSETS FROM OPERATIONS</b>		<u>(16,952)</u>	<u>(6,199)</u>
<b>NET ASSETS FROM OPERATIONS, BEGINNING OF PERIOD</b>		339,258	345,457
<b>NET ASSETS FROM OPERATIONS, END OF PERIOD</b>		<u>\$322,306</u>	<u>\$339,258</u>

See notes to combined financial statements.

**COMBINED STATEMENTS OF CASH FLOWS**

Years Ended December 31, 1996 and 1995 (In Thousands)

	<u>1996</u>	<u>1995</u>
<b>OPERATING ACTIVITIES :</b>		
Operating income	\$20,572	\$15,251
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	13,631	12,468
Amortization of funded debt interest costs		2,067
Port of Philadelphia and Camden	(3,444)	(3,766)
Economic development activities	(17,972)	(4,589)
Changes in assets and liabilities which provided (used) cash:		
Deferred compensation assets	(2,020)	(2,118)
Accounts receivable	(687)	1,278
Economic development loans - net	(1,985)	(6,048)
Transit system and storeroom inventory	(329)	22
Prepaid expenses and other assets	(101)	3,081
Accounts payable	(16,013)	11,488
Accrued liabilities	(790)	(92)
Deferred income on toll tickets	343	353
Provisions	(1,934)	3,918
Other	(738)	(572)
Net cash provided by (used in) operating activities	<u>(11,467)</u>	<u>32,741</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES :</b>		
Acquisition and construction of capital assets	(48,807)	(74,636)
Proceeds from disposal of facilities	125	143
Cash provided by capital and other grants	17,844	5,933
Repayment of funded debt	(14,095)	(48,700)
Cash provided by debt issuance		351,717
Cost of debt issuance		(7,228)
Interest paid	(22,142)	(12,087)
Net cash provided by (used in) capital and related financing activities	<u>(67,075)</u>	<u>215,142</u>
<b>INVESTING ACTIVITIES :</b>		
Unrestricted:		
Purchases of investments	(1,006,682)	(797,962)
Proceeds from sale of investments	998,657	802,872
Decrease (increase) in unrestricted investments	(8,025)	4,910
Restricted:		
Purchases of investments	(406,892)	(468,883)
Proceeds from sale of investments	473,154	211,473
Decrease (increase) in restricted investments	66,262	(257,410)
Receipts of interest	19,548	5,332
Net cash provided by (used in) investing activities	<u>77,785</u>	<u>(247,168)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(757)</b>	<b>715</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>2,011</b>	<b>1,296</b>
<b>CASH, END OF YEAR</b>	<b><u>\$1,254</u></b>	<b><u>\$2,011</u></b>
<b>CASH AT December 31, 1996 and 1995 :</b>		
Unrestricted	\$1,254	\$1,889
Restricted		122
Total	<u>\$1,254</u>	<u>\$2,011</u>

See notes to combined financial statements

**NOTES TO COMBINED FINANCIAL STATEMENTS***Years Ended December 31, 1996 and 1995 (In Thousands of Dollars)***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. 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 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 facility which is operated by the Port Authority Transit Corporation (PATCO), a wholly owned subsidiary of the Authority. The transit facility operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. During 1992, the Commonwealth and the State, with the approval of Congress, amended the Authority's Compact legislation, thus granting the Authority expanded powers with respect to port development, expanding its responsibilities with regard to the promotion of economic development and expanding the geographical area in which it is authorized to operate. In February 1994, the Authority incorporated The Port of Philadelphia and Camden, Inc. (PPC), a nonprofit corporation, for the purpose of effecting the unification of certain port facilities of the Delaware River. PPC operates the Authority's intermodal transfer facility, *AmeriPort*, which facilitates the movement of containerized cargo through the regional ports. 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.

B. Basis of Presentation - The combined financial statements of the Authority are prepared on the accrual basis of accounting and include the accounts of the Authority's PATCO subsidiary and PPC's operations. Material balances and transactions between the entities have been eliminated. The Authority does not have any component units.

The Authority has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Government Entities", which provides for the consistent application of GASB pronouncements and only pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, except where those FASB pronouncements conflict with GASB pronouncements.

In 1995, the Authority adopted Governmental Accounting Standards Board Statement No. 27, "Accounting for Pensions by State and Local Government Employers" (Note 6).

C. 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).

D. Inventory - Transit system inventory, consisting principally of spare parts for maintenance of transit system facilities, and bridge operations' storeroom inventory are stated at the lower of cost (first-in, first-out method) or market.

E. 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 administrative and 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 nonoperating revenues or 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 and state 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 and state grants for capital improvements and additions (Note 8).

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

G. Other Provisions - The Authority provides for the uninsured portion of potential public liability claims and workers' compensation claims through self-insured programs and charges current operations for estimated claims to be paid.

During 1996 and 1995, the Authority was also self-insured for certain employee and retiree health care benefits. These self-

insured programs were eliminated in 1997 and the benefits are now provided through annual insurance premiums charged to operations. Adequate provisions have been made for any outstanding self-insured health care claims. (Note 9)

H. Economic Development Activities - The Authority establishes loan loss provisions for economic development loans receivable. (Note 10)

I. 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.

## 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 provisions of the General Bond Resolution adopted as of April 17, 1985 and the Indenture of Trust adopted as of November 15, 1995.

At December 31, 1996 and 1995 cash balances were \$1,254 and \$2,011, respectively, of which \$492 and \$879, respectively, was cash on hand. Balances of \$161 at December 31, 1996 and \$305 at December 31, 1995 were insured by federal depository insurance.

Demand deposit bank balances, excluding those held in foreign bank accounts, are either insured by federal depository insurance or are collateralized with the collateral being held by the Authority's agent in the name of the Authority. At December 31, 1996 and 1995, the Authority had \$46 in uncollateralized demand deposits in foreign bank accounts.

Investments are purchased in accordance with the General Bond Resolution and the Indenture of Trust, and generally 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 in securities are categorized below to give an indication of the credit risk assumed at December 31, 1996 and 1995. 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 counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Authority's name. The carrying amount and market value of the Authority's investments are shown below. 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 Investor Service or Standard and Poor's Rating Services.

	Category	1996			1995		
		Category Amount	Carrying Amount	Market Value	Category Amount	Carrying Amount	Market Value
U.S. agency securities	1	\$73,104	\$73,104	\$73,112	\$91,582	\$91,582	\$91,593
U.S. government securities	1	50,551	50,551	50,558	49,599	49,599	49,707
Repurchase agreements	3				8,025	8,025	8,025
Total		<u>\$123,655</u>	<u>123,655</u>	<u>123,670</u>	<u>\$149,206</u>	<u>149,206</u>	<u>149,325</u>
Guaranteed Income Contracts			197,811	197,811		230,497	230,497
Total investments in securities			<u>\$321,466</u>	<u>\$321,481</u>		<u>\$379,703</u>	<u>\$379,822</u>

## 3. ACCOUNTS RECEIVABLE

Accounts receivable include the following:

	1996	1995
Reimbursements from governmental agencies - Capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit Port of Philadelphia and Camden - AmeriPort trade receivables	\$1,366	\$919
Deposits with claims administrators	639	604
Miscellaneous	788	775
	442	250
Total	<u>\$3,235</u>	<u>\$2,548</u>

**4. INVESTMENT IN FACILITIES**

Investment in facilities is comprised of the following:

	<u>1996</u>	<u>1995</u>
Bridges:		
Benjamin Franklin	\$161,809	\$156,579
Walt Whitman	176,906	158,707
Commodore Barry	147,864	146,051
Betsy Ross	146,288	142,836
Total	<u>632,867</u>	<u>604,173</u>
Accumulated depreciation	<u>(158,441)</u>	<u>(150,828)</u>
Net book value - bridges	<u>474,426</u>	<u>453,345</u>
Transit system:		
PATCO system (Notes 8 and 10)	207,670	195,800
PATCO system first phase capital improvement program	1,938	1,938
Total	<u>209,608</u>	<u>197,738</u>
Accumulated depreciation	<u>(75,454)</u>	<u>(70,882)</u>
Net book value - transit system	<u>134,154</u>	<u>126,856</u>
Port and economic development	53,244	46,117
Accumulated depreciation and amortization	<u>(3,524)</u>	<u>(2,392)</u>
Net book value - port and economic development	<u>49,720</u>	<u>43,725</u>
Total investment in facilities - net	<u>\$658,300</u>	<u>\$623,926</u>

Certain costs of facilities of the Commodore Barry Bridge, the Betsy Ross Bridge and the Transit system, totaling \$71,213, have not been included in the Authority's investment in facilities at December 31, 1996, as title to the respective assets has been retained by certain state, federal or local governmental agencies.

**5. 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.

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 (until paid or made available to the employee or other beneficiary) solely the property and rights of the Authority (without being restricted to the provisions of benefits under the plan), subject only to the Authority's general creditors. Participants' rights under the plan are equal to those of general creditors of the Authority in an amount equal to the fair market value of the deferred account for each participant. The plans assets, which are stated at market value, were \$10,800 at December 31, 1996 and \$8,780 at December 31, 1995.

**6. PENSION PLANS**

Employees of the Authority participate in either the Pennsylvania State Employees' Retirement System or the Teamsters Pension Plan of Philadelphia and Vicinity, both of which are cost-sharing multiple employer defined benefit pension plans.

#### Pennsylvania State Employees' Retirement System

Plan description: Certain permanent full-time and part-time employees are eligible and required to participate in the plan which 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, except police officers at age fifty, 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 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 plan. 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 contributions 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 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. Employees are required to contribute 5% of their gross earnings to the plan. The Authority is required to, and did, contribute an actuarially determined amount to the plan, which equaled 8.23%, 8.81% and 8.15% of covered payroll in 1996, 1995 and 1994 respectively. In 1996, 1995 and 1994 the Authority contributed \$3,204, \$3,594 and \$3,221, respectively, to the plan.

#### 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 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 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.

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, Forth and Cherry Streets, Philadelphia, Pennsylvania 19106.

Funding policy: The contribution requirements of the Authority are established and amended by Teamsters Pension Plan of Philadelphia and Vicinity Board. The Authority is required to, and did, contribute fifteen dollars and forty cents per day through



June 15, 1996 and fifteen dollars and eighty cents per day thereafter, per participating PATCO employee and thirty three dollars and eighty cents per day per participating AmeriPort employee. The Authority's contributions totaled 9.88%, 10.30% and 10.37% of covered payroll in 1996, 1995 and 1994, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed \$825, \$827 and \$809 in 1996, 1995 and 1994, respectively.

Other Retirement Benefits - 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. Employees become eligible for retirement benefits once they have been determined pension eligible. At December 31, 1996, 515 retirees were eligible to receive benefits. These, and similar benefits for active employees, are provided through insurance companies and the Authority recognizes the cost of providing these benefits by expensing annual insurance premiums. The cost of providing these retirement benefits, net of retiree contributions, totaled \$2,433, \$2,371, and \$2,349 for 1996, 1995 and 1994, respectively. In certain instances retirees are required to contribute approximately 30% of the cost of health care benefits.

**7. FUNDED DEBT**

At December 31, 1996 the Authority had \$523,813 in revenue and refunding revenue bonds outstanding, consisting of bonds issued in 1985, 1989 and 1995. The 1985 and 1989 Bonds were issued pursuant to a General Bond Resolution, dated April 17, 1985 and the First and Second Supplemental Resolutions thereto. The 1995 Bonds were issued pursuant to an Indenture of Trust, dated November 15, 1995, and the First Supplemental Indenture thereto. Under the terms of the Indenture of Trust the Authority covenanted not to issue any additional bonds under its General Bond Resolution.

1985 Bonds: In 1985, the Authority issued \$222,235 of revenue bonds, to refund all the Authority's then outstanding bonds and to pay certain costs incurred in connection with the issuance of the 1985 Bonds.

1989 Bonds: In 1989, the Authority issued \$179,464 of Refunding Revenue Bonds, Series 1989, to (1) provide payment for all interest on the 1985 Term Bonds due January 1, 2011 (principal amount \$124,165) due and payable on July 1 and January 1 of each year, commencing July 1, 1989 to and including January 1, 1995, the date fixed for redemption as a whole of such 1985 Term Bonds, and the redemption price of such bonds; (2) provide payment for all interest on the 1985 Term Bonds due 2002 (total principal amount \$49,305) due and payable on July 1 and January 1 of each year, commencing July 1, 1989 to and including January 1, 1995, the date fixed for the redemption of such portion of the interest for the 1985 Term Bonds, and the redemption price of \$10,865 of such bonds; (3) provide for payment on a portion of the interest for the 1985 Serial Bonds due and payable on July 1 and January 1 of each year, commencing July 1, 1991 to and including January 1, 1995; (4) deposit moneys to the Bond Reserve Fund in order to satisfy the Bond Reserve Requirement under the resolution; and (5) pay costs and expenses incurred in connection with the issuance of the 1989 Bonds.

1995 Bonds: In 1995, the Authority issued \$357,185 of Revenue Bonds, Series of 1995, to provide funds to (1) finance, refinance or reimburse a portion of the cost of certain capital projects undertaken or to be undertaken by the Authority; (2) make a deposit to the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement for the 1995 Bonds; (3) pay a portion of the interest on the 1995 Bonds from the date of delivery through July 1, 1998; and (4) pay certain costs incurred in connection with the issuance of the 1995 Bonds.

**The 1985 Bonds outstanding at December 31, 1996 are as follows:**

Maturity Date (January 1)	Interest Rate	Principal Amount
	Serial Bonds	
1997	8.70%	<u>\$7,410</u>
Total par value amount of 1985 Bonds outstanding		<u>\$7,410</u>

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**The 1989 Bonds outstanding at December 31, 1996 are as follows:**

<u>Maturity Date (January 1)</u>	<u>Interest Rate/Yield</u>	<u>Principal Amount</u>	<u>Maturity Date (January 1)</u>	<u>Interest Rate/Yield</u>	<u>Principal Amount</u>
Capital Appreciation Bonds					
1997	7.05%	\$4,538	2001	7.25%	\$6,901
1998	7.10	8,595	2002	7.30	6,413
1999	7.15	8,003	2003	7.35	5,889
2000	7.20	7,435			
					<u>\$47,774</u>
Term Bonds					
			2007	7.375%	<u>\$71,535</u>
Serial Bonds					
2008	6.50%	\$21,295	2010	7.00%	\$2,370
2009	6.50	22,645	2011	6.50	2,535
					<u>\$48,845</u>
Total par value of 1989 Bonds outstanding					\$168,154
Less unamortized bond discount					3,676
Total 1989 Bonds - net					<u>\$164,478</u>

**The 1995 Bonds outstanding at December 31, 1996 are as follows:**

<u>Maturity Date (January 1)</u>	<u>Interest Rate/Yield</u>	<u>Principal Amount</u>	<u>Maturity Date (January 1)</u>	<u>Interest Rate/Yield</u>	<u>Principal Amount</u>
Serial Bonds					
2010	5.30%	\$11,065	2014	5.40%	\$16,650
2011	5.40	11,650	2015	5.40	17,550
2012	5.45	14,980	2016	5.40	18,495
2013	5.40	15,795			
					<u>\$106,185</u>
Term Bonds					
			2026	5.50%	<u>\$251,000</u>
Total par value of 1995 Bonds outstanding					\$357,185
Less unamortized bond discount					5,260
Total 1995 Bonds - net					<u>\$351,925</u>
Total funded debt at December 31, 1996					<u>\$523,813</u>



Interest on the 1985, 1989 and 1995 Serial and Term Bonds is payable semi-annually on January 1 and July 1 in each year, with interest on the 1995 bonds payable beginning July 1, 1996. Interest on the 1989 Capital Appreciation Bonds, which bear interest from the date of original issuance and delivery, March 7, 1989, is compounded on January 1 and July 1 of each year, commencing July 1, 1989, and is payable only at maturity. Interest expense reported includes interest on the bonds and amortization of debt issuance costs and debt issuance discount.

The Bond Service Fund (a component of restricted assets) has a net deficiency in assets of \$19,981 at December 31, 1996. Such amount is net of \$35,265 of accrued interest expense on the Authority's \$47,774 principal amount of 1989 Capital Appreciation Bonds, which was not required to be funded by the Authority until the 1996 calendar year. The Second Supplemental Resolution, dated February 27, 1989, requires that, commencing January 20, 1996, the Authority shall make monthly deposits with the Trustee to the Bond Service Fund for the payment of the accreted value on the 1989 Capital Appreciation Bonds, as they mature and become due on a principal payment date. The Authority made all required monthly deposits in 1996.

The 1989 Term Bonds maturing on January 1, 2007 and the 1995 Term Bonds maturing on January 1, 2026 are subject to mandatory redemption prior to maturity at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption on January 1 in the years and the amounts specified below:

1989 Term Bonds Due January 1, 2007		1995 Term Bonds Due January 1, 2026	
Date	Amount	Date	Amount
2004	\$16,025	2017	\$19,495
2005	17,200	2018	20,565
2006	18,480	2019	21,695
		2020	22,890
		2021	24,150
		2022	25,480
		2023	26,880
		2024	28,360
		2025	29,920
Total	51,705	Total	219,435
At maturity, 2007	19,830	At maturity, 2026	31,565
Total	<u>\$71,535</u>	Total	<u>\$251,000</u>

The 1989 Bonds maturing on or after January 1, 2000 (other than the Capital Appreciation Bonds which are not subject to redemption prior to maturity), and the 1995 Bonds are subject to optional redemption prior to maturity on or after January 1, 1999 (the 1989 Bonds) and January 1, 2006 (the 1995 Bonds) as a whole at any time, or in part on any interest payment date on or after such dates, at the respective redemption prices expressed as a percentage of the principal amount, as set forth below, in each case together with accrued interest to the redemption date:

Redemption Dates (Inclusive)	Redemption Price	
	1989 Bonds	1995 Bonds
January 1, 1999 through December 31, 1999	102%	
January 1, 2000 through December 31, 2000	101½	
January 1, 2001 through December 31, 2001	101	
January 1, 2002 through December 31, 2002	100½	
January 1, 2003 and thereafter	100	
January 1, 2006 through December 31, 2006		102%
January 1, 2007 through December 31, 2007		101
January 1, 2008 and thereafter		100

If less than all of the 1989 Bonds or the 1995 Bonds are to be called for optional redemption, the Trustee will select the bonds to be redeemed from among such maturity or maturities thereof as the Authority may designate to the Trustee.

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The 1985 and 1989 Bonds are payable from and solely secured by a pledge of (1) net revenues of the Authority and (2) all moneys and securities from time to time deposited in the funds and accounts established by the General Bond Resolution, except for the 1985 General Fund and the 1989 Escrow Account B, in the Bond Redemption Fund (a component of restricted assets). The 1995 Bonds are secured by a lien on and security interest in (a) until the General Bond Resolution defeasance date, all moneys on deposit to the credit of the 1985 General Fund, which moneys shall, pursuant to the provisions of the Indenture of Trust, be immediately redeposited to the credit of the 1995 Revenue Fund, (b) from and after the General Bond Resolution defeasance date, the net revenues of the Authority, and (c) certain moneys and securities held under the 1995 Indenture.

Debt service payable from net revenues on the Authority's outstanding long-term debt is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
1997	\$8,595	\$15,767	\$24,362
1998	8,003	26,177	34,180
1999	7,435	36,543	43,978
2000	6,901	37,107	44,008
2001	6,413	37,660	44,073
2002-2025	<u>483,454</u>	<u>390,687</u>	<u>874,141</u>
Total	<u>\$520,801</u>	<u>\$543,941</u>	<u>\$1,064,742</u>

Debt service on outstanding bonds payable from net revenues is calculated in accordance with the Authority's General Bond Resolution and Indenture of Trust. Annual totals include interest due July 1, of the year indicated, and interest and principal due January 1 of the following year. Accordingly, principal and interest payments due January 1, 1997, totaling \$11,948 and \$12,369, respectively, which were paid by the Authority on January 1, 1997, are accounted for as 1996 debt service. The total principal shown above differs from the total amount of funded debt previously reported of \$523,813 due to the January 1, 1997 principal payment of \$11,948 and \$8,936 of unamortized bond discount on the 1989 and 1995 Bonds. Interest due on the 1995 Bonds, from July 1, 1997 through and including July 1, 1998, totaling \$29,303 (\$19,535 due in 1997 and \$9,768 due in 1998) which is payable from proceeds and accrued interest on the 1995 Bonds, and investment income, is not included in the above schedule of debt service.

In accordance with the provisions of 1985 Bond and 1989 Bond refunding programs the following outstanding debt was defeased and has been removed from the Authority's balance sheet for financial reporting purposes:

- \$100,000, 5.625%, 1969 First Series Revenue Bonds, maturing January 15, 2009.
- \$100,000, 6.50%, Series 1972 Revenue Bonds, maturing January 15, 2011.
- \$77,400, 6.00%, Series 1972 Refunding Revenue Bonds, maturing January 15, 2010.

**8. GOVERNMENT CONTRIBUTIONS FOR CAPITAL IMPROVEMENTS, ADDITIONS AND OTHER PROJECTS**

The Authority receives contributions in aid for financing capital improvements and additions to the rapid transit system from the Federal Transit Administration and state agencies including, New Jersey Transit and Pennsylvania Department of Transportation. Capital improvement grant funds of \$8,263 and \$5,933 were received in 1996 and 1995, respectively. Charges representing depreciation on assets relating to these contributions were \$2,204 in 1996 and \$1,795 in 1995. In addition, in 1996, the Authority received \$9,581 in government contributions for other projects.

	<u>1996</u>	<u>1995</u>
Assets acquired with federal and state contributions	\$87,352	\$69,508
Accumulated depreciation on assets acquired with contributions	<u>(15,674)</u>	<u>(13,470)</u>
Net contributed capital for improvements and additions	<u>\$71,678</u>	<u>\$56,038</u>

**9. CONTINGENCIES**

The Authority excluding PATCO, is self-insured for the initial \$5,000 and \$350, per occurrence, of public liability and workers' compensation claims, respectively. PATCO is self-insured for the initial \$5,000, per occurrence, of public liability claims and is totally self-insured for workers' compensation claims. 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 financial position and combined results of operations.

The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies (Note 8). 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 assets.

The Authority has not incurred any significant reduction in insurance coverage, for any risk category, from the level of coverage provided in prior periods. In addition, the amounts of settlements for the last three years have not exceeded the insurance coverage provided in those years.

The following table provides a reconciliation of changes in the provision for self insured claims for the years ending December 31, 1996 and 1995.

	<u>1996</u>	<u>1995</u>
Beginning balance	\$5,948	\$4,502
Incurred claims	5,616	7,176
Payment of claims	(4,723)	(5,511)
Other - administrative fees	(201)	(219)
Closing balance	<u>\$6,640</u>	<u>\$5,948</u>

**10. COMMITMENTS****A. Development projects:**

In accordance with the economic development powers and responsibilities granted to the Authority by its amended compact, the Authority participates in the funding of certain projects or activities of organizations in support of regional economic development. The funding of these projects is provided through loans, loan guarantees, grants or other means. The Authority formalizes its participation with these organizations by written agreement, and may retain a legal or equitable interest in certain projects. During 1996 and 1995, the Authority provided \$16,472 and \$4,589, respectively, in economic development grants. The Authority also provided economic development loans of \$4,256 and \$6,330, in 1996 and 1995, respectively. At December 31, 1996, and 1995, the Authority had \$17,933 and \$34,706, respectively, in authorized but unexpended commitments related to economic development projects or activities. The Authority establishes loan loss provisions for economic development loans receivable and in 1996 provided \$1,500 for potential economic development loan losses.

During 1995 and 1994, the Authority invested a total of \$7,000 in Fastship Atlantic, Inc. (FSA) to complete the development of high speed transatlantic cargo vessels, with the agreement providing for the Authority to be reimbursed for its initial investment in FSA under certain conditions. The Authority has committed, subject to certain terms and conditions, to acquire and improve a site for a marine terminal suitable for such high speed cargo vessels. The cost of site acquisition is not currently known, however the Authority's commitment for the cost of site improvements is capped at \$76,100.

In 1995, the Authority agreed to participate with the City of Philadelphia in the funding of a regional economic development project at the Philadelphia Naval Shipyard. This commitment expires on December 31, 1997 and the amount of funding to be provided by the Authority has not been determined.

**B. Leases:**

To provide for the operations of its intermodal transfer facility (AmeriPort), which is currently operated by PPC, the Authority leases from Consolidated Rail Corporation (Conrail) approximately 22.2 acres of Conrail's Greenwich Yard facility in Philadelphia. Under the lease, which expires January 31, 2021, annual base rentals are effective July 1, of each year and were \$273 and \$267, respectively, in 1996 and 1995. The annual base rent is subject to adjustment annually on the anniversary date (July 1) based on the increase in the Consumer Price Index. In addition to the annual base rent, the Authority must pay, as

"Additional Rent," its equitable share of all taxes, assessments, charges, fees and other legal impositions, as well as the cost and expenses of any labor or materials furnished by Conrail to the Authority. Additional Rent equaled \$11 in 1996 and 1995. The Authority has the right to terminate this lease at any time upon the payment of three years base rent and Additional Rent. In February 1994, the Authority acquired certain assets of a competing intermodal transfer facility for a total consideration of \$3,250. The operations of the two facilities were combined and operate as AmeriPort.

Prior to May 1, 1996, the Authority leased the computerized toll collection and audit system in use at its four bridge facilities. Under the terms of an agreement, effective April 30, 1996, the Authority terminated the lease agreement and purchased, for \$4,000, the toll collection and audit equipment which had been previously leased.

The Authority currently leases certain subway properties from the City of Philadelphia (City) for use by the PATCO high speed transit system. During 1995, the Authority and City agreed to amend and extend the lease agreement, which will now expire on December 21, 2050. In 1996 and 1995, under the terms of the amended lease agreement, which was effective January 1, 1994, the Authority paid \$1,000 and \$2,068, respectively, in base rent payments, and \$6,000, and \$5,938, respectively, in Special Economic and Community Development Grants (SECD Grants) to the City. For the lease years 1997 through 2000 the Authority is required to pay \$1,000 in base rent to the city. In 2001 the base rent payable to the City shall equal \$2,068 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1995 and 2000. Base rent payments for 2002 through 2017 shall equal the previous year's base rent adjusted by any increase in the CPI for that year. For the years 2018 through 2050 annual base rent shall equal one dollar. For the years 1997 through 2000 the Authority is required to pay \$6,000 in SECD Grants to the City. No SECD Grants are payable to the City for the lease years 2001 through 2050.

In addition, for the duration of the lease the Authority is required to create annually 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 Authority paid \$500 in PATCO Community Impact Funds, as required, for the 1996 and 1995 lease years.

#### C. American with Disabilities Act (ADA):

In July 1990, the ADA was enacted to ensure that persons with disabilities have access to public accommodations. Compliance with the significant provisions of the law requires the Authority to make accessible all existing key transit system stations by July 1998, and one railcar per train by July 1995. Any newly constructed transit facilities were required to be accessible by January 1992 and any new railcars ordered after August 25, 1990 must also be accessible.

The Authority has pledged its commitment to complying with the applicable regulations of the ADA and, as such, has undertaken appropriate planning and implementation activities. Although complete compliance has not been achieved in all areas due to delays in funding from the federal government, compliance has been substantially accomplished, and approval from the federal government was obtained for a timetable to achieve full compliance.

The total ultimate cost of compliance cannot be fully determined at this time; however, capital costs to be incurred are expected to be significant. The Federal Transit Administration (FTA) approved \$12,987 in grants to the Authority to fund the necessary capital compliance requirements and the Authority is expected to fund any additional necessary capital requirements which are not covered by FTA grants.

#### D. Other:

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

In accordance with the 1985 Bond Resolution, the Authority held in the Construction Fund certain monies required for the completion of projects at the Walt Whitman Bridge in New Jersey and the Betsy Ross Bridge in Pennsylvania. During 1996, the State of New Jersey and the Commonwealth of Pennsylvania notified the Authority that the contemplated bridge projects would not proceed and that the Authority's obligation to assist in the funding of these projects, as represented by the monies held in the Construction Fund, was considered by the respective states to have been satisfied. As a result, and in accordance with the 1985 Bond Resolution, the Authority transferred all monies held in the Construction Fund into its 1985 General Fund.



The significant minimum rent and lease fee commitments, based on current operations and excluding future adjustments for CPI, are as follows:

1997	\$7,773
1998	7,773
1999	7,773
2000	7,773
2001	\$3,170

Rent and lease expense for the years ended December 31, 1996 and 1995 amounted to \$8,376, and \$10,219, respectively.

#### E. Contractual Commitments

As of December 31, 1996, the Authority had contractual commitments as follow:

##### Benjamin Franklin Bridge:

Engineering investigation of main suspension cable	\$557
General engineering services	1,215
Toll collection equipment maintenance (all bridges)	2,562
Other (includes individual contractual commitments under \$500.)	1,459

##### Walt Whitman Bridge:

Redecking of main span and approaches thereto	67,585
Other (includes individual contractual commitments under \$500.)	160

##### Betsy Ross Bridge:

Bridge surface repaving	4,593
Other (includes individual contractual commitments under \$500.)	80

##### Transit System:

Reverse signaling	1,863
Station platform rehabilitation	7,909
Other (includes individual contractual commitments under \$500.)	470

##### Port Enhancement Projects

634

Other (includes individual contractual commitments under \$500.)

488

Total contractual commitments

\$89,575

THE DELAWARE RIVER PORT AUTHORITY OF PENNSYLVANIA AND NEW JERSEY

**SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSETS - BY FUND AND TOTAL**

Year Ended December 31, 1996 with 1995 Total (In Thousands)

	Capital Fund	Revenue Fund	General Fund	Restricted		1996 Total	1995 Total	
				Combined Bond Funds	Construction Fund			
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$96,832	(\$11,137)	\$40,675	\$65,610	\$15,474	\$187,842	\$395,296	\$397,357
Revenues and expenses:								
Operating revenues		110,928	14,910				125,838	121,716
Operating expenses	(13,569)	(42,196)	(34,607)				(90,372)	(90,710)
General administration expenses		(14,894)					(14,894)	(15,755)
Interest income		1,510	2,115	5,051		9,071	17,747	4,324
Interest on funded debt	(986)			(34,258)			(35,244)	(18,747)
Other income (expenses)	(846)	1	(4,015)		601		(4,259)	(4,233)
Economic development activities			(17,972)				(17,972)	(4,589)
<b>Total</b>	<b>(15,401)</b>	<b>55,349</b>	<b>(39,569)</b>	<b>(29,207)</b>	<b>601</b>	<b>9,071</b>	<b>(19,156)</b>	<b>(7,994)</b>
Government contributions for capital improvements, additions and other projects			8,263		9,581		17,844	5,933
Interfund transfers and payments :								
Bond service		(23,905)		23,905				
Funds in excess of Bond Reserve requirement		566		(566)				
Funds free and clear of any lien or pledge		(25,248)	50,904		(25,656)			
Retirement of bonds - 1985/1989 Revenue Bonds	14,095			(14,095)				
Funds for capital additions	227	793	42,951			(43,971)		
Capital additions	48,891		(48,891)					
<b>Total</b>	<b>63,213</b>	<b>(47,794)</b>	<b>44,964</b>	<b>9,244</b>	<b>(25,656)</b>	<b>(43,971)</b>		
<b>NET ASSETS (DEFICIENCY) AT END OF YEAR</b>	<b>\$144,644</b>	<b>(\$3,582)</b>	<b>\$54,333</b>	<b>\$45,647</b>		<b>\$152,942</b>	<b>\$393,984</b>	<b>\$395,296</b>



**SUPPLEMENTAL SCHEDULE OF BALANCE SHEET INFORMATION - BY FUND AND TOTAL**

December 31, 1996 with 1995 Total (In Thousands)

ASSETS	Capital Fund	Revenue Fund	General Fund	Restricted			1996 Total	1995 Total
				Combined Bond Funds	Construction Fund	Project Fund		
Cash		\$1,045	\$209				\$1,254	\$1,889
Investment in securities		28,454	45,936				74,390	66,365
Accrued interest receivable		2					2	371
Accounts receivable		521	2,714				3,235	2,548
Transit system and storeroom inventory		274	3,104				3,378	3,049
Deferred compensation plan assets		6,577	4,223				10,800	8,780
Economic development loans - net			12,067				12,067	10,082
Prepaid expenses and other assets		813	889				1,702	1,601
<b>Total</b>		<b>37,686</b>	<b>69,142</b>				<b>106,828</b>	<b>94,685</b>
<b>RESTRICTED ASSETS :</b>								
Cash								122
Investment in securities				\$94,762		\$152,314	247,076	313,338
Accrued interest receivable				471		628	1,099	1,930
<b>Total restricted assets</b>				<b>95,233</b>		<b>152,942</b>	<b>248,175</b>	<b>315,390</b>
<b>INVESTMENT IN FACILITIES</b>	\$895,289		430				895,719	848,028
Accumulated depreciation	(237,043)		(376)				(237,419)	(224,102)
Investment in facilities - net	<u>658,246</u>		<u>54</u>				<u>658,300</u>	<u>623,926</u>
<b>DEBT ISSUANCE COSTS, NET OF AMORTIZATION</b>	10,211						10,211	10,440
<b>TOTAL ASSETS</b>	<b>\$668,457</b>	<b>\$37,686</b>	<b>\$69,196</b>	<b>\$95,233</b>		<b>\$152,942</b>	<b>\$1,023,514</b>	<b>\$1,044,441</b>

THE DELAWARE RIVER PORT AUTHORITY OF PENNSYLVANIA AND NEW JERSEY

LIABILITIES AND NET ASSETS	Capital Fund	Revenue Fund	General Fund	Restricted			1996 Total	1995 Total
				Combined Bond Funds	Construction Fund	Project Fund		
<b>ACCOUNTS PAYABLE :</b>								
Contracts								\$9,222
Retained amounts on contracts		\$106	\$2,469				\$2,575	4,120
Deferred compensation obligation		6,577	4,223				10,800	8,780
Other		1,516	4,113				5,629	12,895
Total accounts payable		8,199	10,805				19,004	35,017
<b>ACCRUED LIABILITIES :</b>								
Pension		537	213				750	1,044
Sick and vacation leave benefits		5,592	2,415				8,007	8,438
Other		966					966	1,031
Total accrued liabilities		7,095	2,628				9,723	10,513
<b>DEFERRED INCOME ON TOLL TICKETS</b>								
		5,295					5,295	4,952
<b>ACCRUED INTEREST</b> (Payable from Restricted Assets)								
				\$49,586			49,586	37,242
<b>FUNDED DEBT</b>								
	\$523,813						523,813	537,378
<b>PROVISIONS</b>								
Repainting		15,469					15,469	18,095
Other		5,210	1,430				6,640	5,948
Total provisions		20,679	1,430				22,109	24,043
Total liabilities	523,813	41,268	14,863	49,586			629,530	649,145
<b>NET ASSETS (DEFICIENCY) :</b>								
From contributed capital	71,678						71,678	56,038
From operations:								
Invested in capital facilities	72,966						72,966	40,794
Reserved for:								
Revenue bonds				40,598			40,598	40,555
Revenue bond service				5,049			5,049	25,055
Construction						\$152,942	152,942	203,316
Unreserved		(3,582)	54,333				50,751	29,538
Total net assets (deficiency) from operations	72,966	(3,582)	54,333	45,647		152,942	322,306	339,258
Total net assets (deficiency)	144,644	(3,582)	54,333	45,647		152,942	393,984	395,296
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$668,457</b>	<b>\$37,686</b>	<b>\$69,196</b>	<b>\$95,233</b>		<b>\$152,942</b>	<b>\$1,023,514</b>	<b>\$1,044,441</b>



**SUPPLEMENTAL SCHEDULE OF COMBINED BOND FUNDS CHANGES IN NET ASSETS -  
BY FUND AND TOTAL**

*Year Ended December 31, 1996 (In Thousands)*

	Bond Service Fund	Bond Reserve Fund	Debt Service Fund	Debt Service Reserve Fund	Total Combined Bond Funds
<b>NET ASSETS (DEFICIENCY) AT BEGINNING OF YEAR</b>	<u>(\$15,428)</u>	<u>\$7,145</u>	<u>\$40,483</u>	<u>\$33,410</u>	<u>\$65,610</u>
Revenues and expenses:					
Operating revenues					
Operating expenses					
General administration expenses					
Interest income	554	555	1,991	1,951	5,051
Interest on funded debt	(14,777)		(19,481)		(34,258)
Other income (expenses)					
Economic development activities					
Total	<u>(14,223)</u>	<u>555</u>	<u>(17,490)</u>	<u>1,951</u>	<u>(29,207)</u>
Government contributions for capital improvements and additions					
Interfund transfers and payments :					
Bond service	23,765		2,037	(1,897)	23,905
Funds in excess of Bond Reserve requirement		(566)			(566)
Funds free and clear of any lien or pledge					
Retirement of bonds - 1985/1989 Revenue Bonds	(14,095)				(14,095)
Funds for capital additions					
Capital additions					
Total	<u>9,670</u>	<u>(566)</u>	<u>2,037</u>	<u>(1,897)</u>	<u>9,244</u>
<b>NET ASSETS (DEFICIENCY) AT END OF YEAR</b>	<u>(\$19,981)</u>	<u>\$7,134</u>	<u>\$25,030</u>	<u>\$33,464</u>	<u>\$45,647</u>

**SUPPLEMENTAL SCHEDULE OF COMBINED BOND FUNDS BALANCE SHEET INFORMATION -  
By Fund and Total**

Year Ended December 31, 1996 (In Thousands)

	Bond Service Fund	Bond Reserve Fund	Debt Service Fund	Debt Service Reserve Fund	Total Combined Bond Funds
<b>ASSETS</b>					
<b>RESTRICTED ASSETS :</b>					
Cash					
Investment in securities	\$19,530	\$7,132	\$34,798	\$33,302	\$94,762
Accrued interest receivable	307	2		162	471
Total restricted assets	19,837	7,134	34,798	33,464	95,233
<b>TOTAL ASSETS</b>	<b>\$19,837</b>	<b>\$7,134</b>	<b>\$34,798</b>	<b>\$33,464</b>	<b>\$95,233</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>ACCRUED INTEREST</b>					
(Payable from Restricted Assets)	\$39,818		\$9,768		\$49,586
Total Liabilities	39,818		9,768		49,586
<b>NET ASSETS (DEFICIENCY)</b>					
From contributed capital					
From operations:					
Invested in capital facilities					
Reserved for:					
Revenue bonds		\$7,134		\$33,464	40,598
Revenue bond service Construction	(19,981)		25,030		5,049
Unreserved					
Total net assets (Deficiency) from operations	(19,981)	7,134	25,030	33,464	45,647
Total net assets (Deficiency)	(19,981)	7,134	25,030	33,464	45,647
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$19,837</b>	<b>\$7,134</b>	<b>\$34,798</b>	<b>\$33,464</b>	<b>\$95,233</b>



# STATISTICAL section

The Benjamin Franklin Bridge as seen from Camden. Reflecting post-World War I economics, the bridge was built as much for pedestrians as vehicles. It continues to offer a free pedestrian walkway that is popular with joggers and cyclists.



THE DELAWARE RIVER PORT AUTHORITY OF PENNSYLVANIA AND NEW JERSEY

Last Ten Fiscal Years (In Thousands)

**GENERAL EXPENSES BY FUNCTION**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Bridge operations :										
Salaries and employee benefits	\$31,968	\$33,836	\$33,753	\$30,589	\$30,162	\$30,702	\$27,906	\$25,615	\$24,047	\$22,573
Equipment and supplies	1,226	2,077	2,608	2,562	1,062	971	1,293	1,226	936	1,112
Maintenance and repairs	4,354	3,550	3,000	2,766	2,455	350	311	3,562	3,584	3,333
Utilities	1,413	1,391	1,271	1,215	1,395	1,396	1,264	1,331	1,241	1,250
Insurance	1,585	1,899	1,710	1,166	1,252	1,242	1,164	1,171	1,245	1,073
Other	1,650	258	1,038	262	103	120	112	158	124	119
<b>Total bridge operations</b>	<b>42,196</b>	<b>43,011</b>	<b>43,380</b>	<b>38,560</b>	<b>36,429</b>	<b>34,781</b>	<b>32,050</b>	<b>33,063</b>	<b>31,177</b>	<b>29,460</b>
PATCO transit system:										
Maintenance of way and power	5,862	5,568	5,715	6,003	5,178	5,104	4,234	3,903	3,672	3,294
Maintenance of equipment	4,499	4,334	4,762	5,002	4,479	4,158	3,521	3,497	3,511	3,512
Purchased power	3,873	3,938	3,911	3,759	3,664	3,594	3,389	3,229	2,939	2,829
Transportation	8,645	8,336	8,265	8,435	7,610	7,446	6,764	6,374	5,937	5,329
General office	3,673	3,504	3,270	3,292	3,076	2,910	2,689	2,455	2,403	2,160
General insurance and liability	493	1,045	1,187	1,420	1,123	824	1,157	869	1,346	2,191
<b>Total PATCO transit system</b>	<b>27,045</b>	<b>26,725</b>	<b>27,110</b>	<b>27,911</b>	<b>25,130</b>	<b>24,036</b>	<b>21,754</b>	<b>20,327</b>	<b>19,808</b>	<b>19,315</b>
Lease and community impact	7,500	8,506	7,648							
General administration	14,894	15,755	13,911	12,790	11,411	10,468	9,959	8,710	8,029	6,877
Port of Philadelphia and Camden	4,517	5,252	6,259	5,591	3,945	3,705	3,691	3,198	2,886	2,946
Interest	35,244	18,747	20,552	20,694	20,804	20,890	20,956	20,884	20,607	20,630
<b>Total expenses</b>	<b>\$131,396</b>	<b>\$117,996</b>	<b>\$118,860</b>	<b>\$105,546</b>	<b>\$97,719</b>	<b>\$93,880</b>	<b>\$88,410</b>	<b>\$86,182</b>	<b>\$82,507</b>	<b>\$79,228</b>

**REVENUES BY SOURCE**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Bridge operating revenues	\$110,930	\$106,600	\$104,888	\$102,669	\$91,304	\$86,249	\$86,613	\$84,882	\$82,992	\$80,032
PATCO transit system										
operating revenues	14,908	15,116	15,429	15,379	15,285	15,580	15,616	15,086	15,363	14,805
PPC (AmeriPort)	1,073	1,486	1,905	1,200						
Interest income	17,747	4,324	7,645	7,732	8,854	11,490	12,036	10,859	7,371	6,224
<b>Total revenues</b>	<b>\$144,658</b>	<b>\$127,526</b>	<b>\$129,867</b>	<b>\$126,980</b>	<b>\$115,443</b>	<b>\$113,319</b>	<b>\$114,265</b>	<b>\$110,827</b>	<b>\$105,726</b>	<b>\$101,061</b>

**PATCO TRANSIT SYSTEM OPERATING REVENUES**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Passenger fares	\$14,234	\$14,472	\$14,801	\$14,917	\$14,821	\$15,119	\$15,197	\$14,708	\$14,850	\$14,290
Other revenues	674	644	628	462	464	461	419	378	513	515
<b>Total operating revenues</b>	<b>\$14,908</b>	<b>\$15,116</b>	<b>\$15,429</b>	<b>\$15,379</b>	<b>\$15,285</b>	<b>\$15,580</b>	<b>\$15,616</b>	<b>\$15,086</b>	<b>\$15,363</b>	<b>\$14,805</b>

**PATCO TRANSIT SYSTEM RIDERSHIP**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Passengers	10,658	10,880	11,134	11,232	11,151	11,373	11,405	11,025	11,102	10,822



*Last Ten Fiscal Years (In Thousands)*

**DEBT SERVICE COVERAGE (1)**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Revenues available for Debt Service :										
Bridge operating	\$110,930	\$106,600	\$104,888	\$102,669	\$91,304	\$86,249	\$86,613	\$84,882	\$82,992	\$80,032
Interest income	6,562	4,324	7,645	7,732	8,854	11,490	12,036	10,859	7,371	6,224
Reserved funds			4,135	4,608	5,031	5,410	3,604	3,604		
	<u>117,492</u>	<u>110,924</u>	<u>116,668</u>	<u>115,009</u>	<u>105,189</u>	<u>103,149</u>	<u>102,253</u>	<u>99,345</u>	<u>90,363</u>	<u>86,256</u>
Less expenses :										
Bridge operating	42,196	43,011	43,380	38,560	36,429	34,781	32,050	33,063	31,177	29,460
General administration	14,894	15,755	13,911	12,790	11,411	10,468	9,959	8,710	8,029	6,877
	<u>57,090</u>	<u>58,766</u>	<u>57,291</u>	<u>51,350</u>	<u>47,840</u>	<u>45,249</u>	<u>42,009</u>	<u>41,773</u>	<u>39,206</u>	<u>36,337</u>
Net revenues available for Debt Service	<u>\$60,402</u>	<u>\$52,158</u>	<u>\$59,377</u>	<u>\$63,659</u>	<u>\$57,349</u>	<u>\$57,900</u>	<u>\$60,244</u>	<u>\$57,572</u>	<u>\$51,157</u>	<u>\$49,919</u>
Debt Service:										
Interest	\$11,948	\$14,095	\$14,603	\$15,077	\$15,499	\$15,878	\$16,216	\$15,722	\$20,163	\$20,186
Principal	12,369	10,196	10,260	5,735	5,290	4,885	4,500	3,815	3,720	365
Total Debt Service	<u>\$24,317</u>	<u>\$24,291</u>	<u>\$24,863</u>	<u>\$20,812</u>	<u>\$20,789</u>	<u>\$20,763</u>	<u>\$20,716</u>	<u>\$19,537</u>	<u>\$23,883</u>	<u>\$20,551</u>
Debt Service coverage (Times) :	<u>2.48</u>	<u>2.15</u>	<u>2.39</u>	<u>3.06</u>	<u>2.76</u>	<u>2.79</u>	<u>2.91</u>	<u>2.95</u>	<u>2.14</u>	<u>2.43</u>

(1) Calculated in accordance with the Authority's General Bond Resolution and Indenture of Trust.

**FUNDED DEBT**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Outstanding debt	\$523,813	\$537,378	\$234,011	\$239,404	\$244,352	\$248,896	\$253,054	\$256,527	\$220,844	\$221,149

**BRIDGE OPERATING REVENUES**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Toll revenues by vehicle classification :										
Automobiles & light trucks	\$66,368	\$63,530	\$61,390	\$59,554	\$52,513	\$50,470	\$50,398	\$49,645	\$48,255	\$46,638
Commuter vehicles	14,815	14,885	15,378	16,300	16,298	15,487	15,483	14,916	14,441	14,168
Trucks	26,922	25,482	25,443	23,928	19,932	17,877	18,541	18,248	18,248	17,325
Buses	1,465	1,421	1,404	1,386	1,181	1,149	1,223	1,422	1,533	1,347
Senior citizens	1,710	1,743	1,727	1,667	1,327	1,244	1,203	1,058	987	924
Other	502	478	460	432	372	334	259	244	248	255
Discounts and deductions	(1,076)	(1,003)	(976)	(857)	(551)	(533)	(646)	(695)	(745)	(675)
Total toll revenues	<u>110,706</u>	<u>106,536</u>	<u>104,826</u>	<u>102,410</u>	<u>91,072</u>	<u>86,028</u>	<u>86,461</u>	<u>84,838</u>	<u>82,967</u>	<u>79,982</u>
Other bridge operating revenues	<u>224</u>	<u>64</u>	<u>62</u>	<u>259</u>	<u>232</u>	<u>221</u>	<u>152</u>	<u>44</u>	<u>25</u>	<u>50</u>
Total bridge operating revenues	<u>\$110,930</u>	<u>\$106,600</u>	<u>\$104,888</u>	<u>\$102,669</u>	<u>\$91,304</u>	<u>\$86,249</u>	<u>\$86,613</u>	<u>\$84,882</u>	<u>\$82,992</u>	<u>\$80,032</u>

Note: The Authority increased toll rates on October 1, 1992.

THE DELAWARE RIVER PORT AUTHORITY OF PENNSYLVANIA AND NEW JERSEY

*Last Ten Fiscal Years (In Thousands)*

**BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Vehicle classification:										
Automobiles & light trucks	33,184	31,765	30,695	29,777	28,423	28,039	27,998	27,581	26,808	25,910
Commuter vehicles	11,268	11,318	11,510	12,267	14,032	13,669	13,737	13,089	12,619	12,364
Trucks	2,559	2,434	2,420	2,283	2,233	2,132	2,207	2,172	2,141	2,036
Buses	371	360	354	347	345	354	376	428	459	420
Senior citizens	1,717	1,757	1,768	1,842	1,896	1,777	1,718	1,513	1,411	1,322
Other	198	191	191	194	132	157	143	136	142	151
Total traffic	49,297	47,825	46,938	46,710	47,061	46,128	46,179	44,919	43,580	42,203

Note: On October 1, 1992 the Authority implemented the collection of One-Way Tolls on all bridges in the west-bound direction. Traffic reported before October 1, 1992 has been halved for the purposes of showing comparative one-way traffic data.

**BRIDGE TOLL REVENUE BY BRIDGE**

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Walt Whitman Bridge	\$41,567	\$40,067	\$42,607	\$43,226	\$38,410	\$37,718	\$41,705	\$40,823	\$41,507	\$41,300
Ben Franklin Bridge	35,772	35,311	33,097	32,138	28,424	26,877	23,547	23,763	23,486	22,593
Betsy Ross Bridge	18,044	16,161	15,354	14,465	13,401	12,301	11,757	10,809	8,523	7,357
Commodore Barry Bridge	15,323	14,997	13,768	12,581	10,837	9,132	9,452	9,443	9,451	8,732
Total toll revenues	\$110,706	\$106,536	\$104,826	\$102,410	\$91,072	\$86,028	\$86,461	\$84,838	\$82,967	\$79,982

Note: The Authority increased toll rates on October 1, 1992.

**BRIDGE TRAFFIC BY BRIDGE**

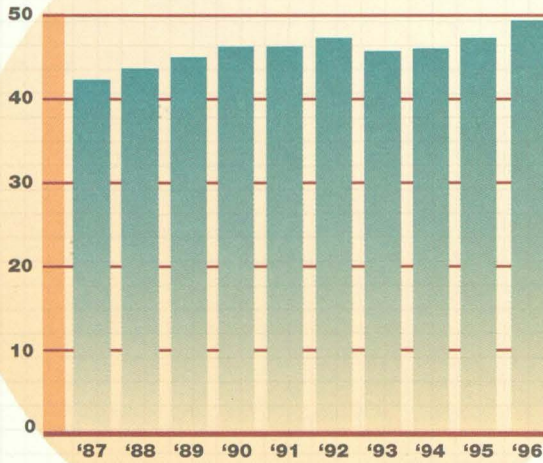
	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
Walt Whitman Bridge	18,031	17,718	18,711	19,237	19,196	19,211	21,028	20,307	20,499	20,526
Ben Franklin Bridge	17,813	17,565	16,511	16,264	16,156	15,907	14,402	14,526	14,333	13,857
Betsy Ross Bridge	7,627	6,775	6,425	6,256	6,847	6,638	6,272	5,668	4,411	3,813
Commodore Barry Bridge	5,826	5,767	5,291	4,953	4,862	4,372	4,477	4,418	4,337	4,007
Total traffic	49,297	47,825	46,938	46,710	47,061	46,128	46,179	44,919	43,580	42,203

Note: On October 1, 1992 the Authority implemented the collection of One-Way Tolls on all bridges in the west-bound direction. Traffic reported before October 1, 1992 has been halved for the purposes of showing comparative one-way traffic data.



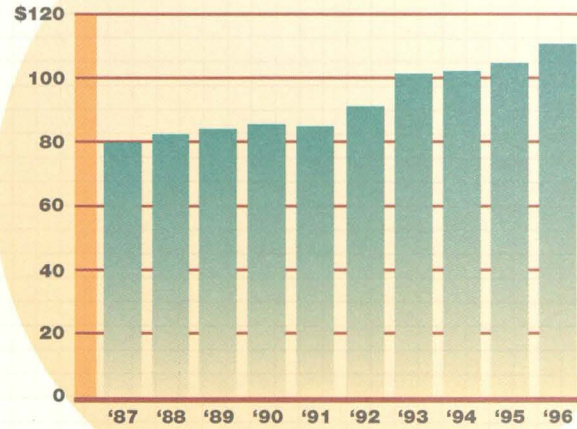
### BRIDGE AND PATCO OPERATIONS

**DRPA BRIDGE TRAFFIC 1987-1996<sup>(1)</sup>**  
(IN MILLIONS OF VEHICLES)



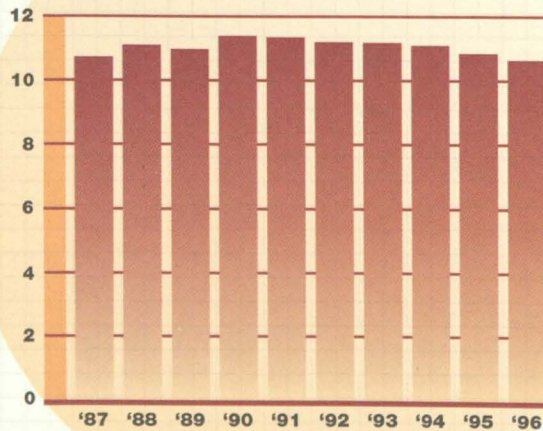
(1) On October 1, 1992, the DRPA implemented the collection of One-Way-Tolls in the west-bound direction on its bridges. Traffic reported before October 1, 1992, has been halved for the purposes of showing comparative one-way traffic.

**DRPA BRIDGE TOLL REVENUES 1987-1996<sup>(1)</sup>**  
(IN MILLIONS OF DOLLARS)

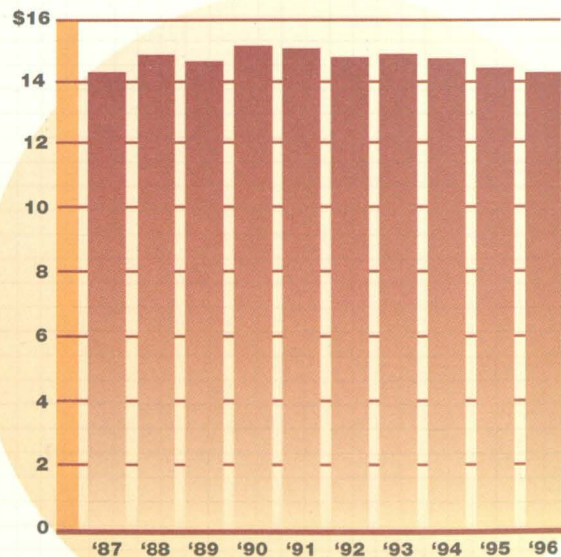


(1) The DRPA increased toll rates October 1, 1992.

**PATCO PASSENGER RIDERSHIP 1987-1996**  
(IN MILLIONS OF PASSENGERS)

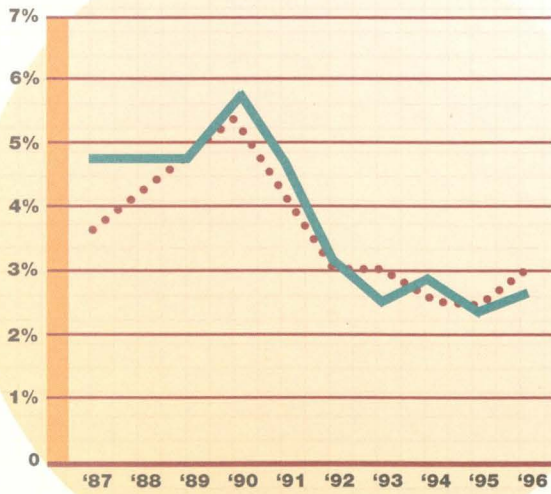


**PATCO PASSENGER FARE REVENUES 1987-1996**  
(IN MILLIONS OF DOLLARS)



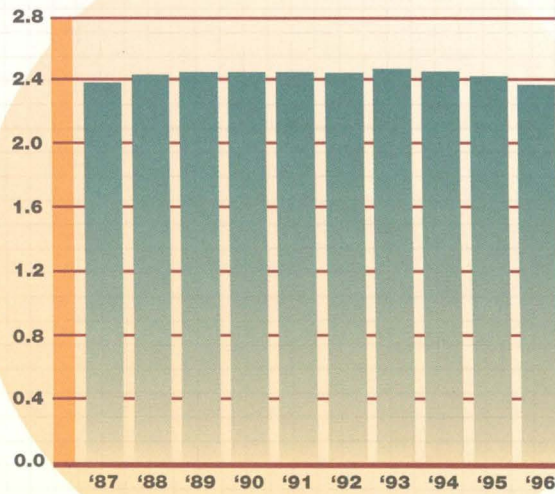
**DEMOGRAPHICS**

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



Source: U.S. Bureau of Labor Statistics  
 ●●● U.S. — Philadelphia, PA - New Jersey PMSA

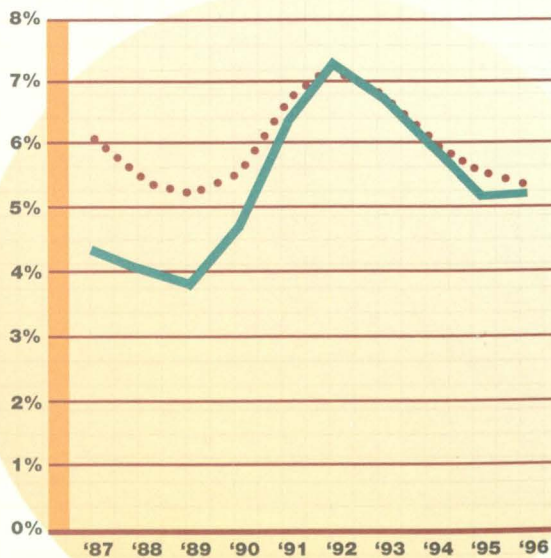
**CIVILIAN LABOR FORCE  
PHILADELPHIA, PA - NEW JERSEY PMSA AND U.S.  
(IN MILLIONS)**



Source: U.S. Bureau of Labor Statistics



**UNEMPLOYMENT RATE  
PHILADELPHIA, PA - NEW JERSEY PMSA AND U.S.  
(BY PERCENT CHANGE)**



Source: U.S. Bureau of Labor Statistics  
 ●●● U.S. — Philadelphia, PA - New Jersey PMSA

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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*\* These names and job titles reflect the organizational  
structure developed in 1996 and implemented in January 1997.*

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▲  
**One Port Center as seen from the new Sony Entertainment Centre. Developers of the concert amphitheater cited One Port Center as a key factor in their decision to locate on the Camden Waterfront.**

## ONE PORT CENTER

**Michael Graves**, hailed by an architectural writer as "truly the most original voice America has produced in some time," designed DRPA's headquarters building, **One Port Center**, to make a striking statement on the Delaware River waterfront. Picking up the blue of the nearby Benjamin Franklin Bridge, the 11-story building overlooks the New Jersey State Aquarium and, across the river, Philadelphia's Penn's Landing.

A multitenant building, **One Port Center** opened in March 1996. Following the occupancy of DRPA's staff, the State of New Jersey moved several offices into the building. Soon after, the Southern New Jersey Development Council, the Cooper's Ferry Development Association and a law firm established **One Port Center** offices. Also during 1996, negotiations began to bring a restaurant to the ground floor space next to the lobby. The restaurant will serve not only the building's tenants, but also those visiting the aquarium, the Sony Entertainment Centre and the riverfront's future attractions. Building on **One Port Center's** success, DRPA hopes to encourage the private development of a companion building, **Two Port Center**.

Graves, from nearby Princeton, New Jersey, has gained an international reputation for his designs. His work includes the Disney Company's corporate headquarters, Disney World's Dolphin and Swan hotels, the Newark Museum and the Emory University Museum of Art and Archaeology.



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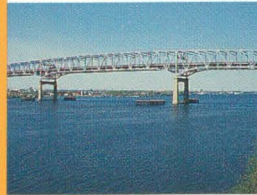
BENJAMIN FRANKLIN BRIDGE



WALT WHITMAN BRIDGE



COMMODORE BARRY BRIDGE



BETSY ROSS BRIDGE



PATCO HIGH-SPEED LINE



AMERIPORT INTERMODAL RAIL YARD



THE PORT OF PHILADELPHIA & CAMDEN



REGIONAL & INTERNATIONAL BUSINESS DEVELOPMENT