2016
Annual Report

Stewardship. Service. Community.

Delaware River Port Authority

Comprehensive Annual Financial Report
For Years Ended December 31, 2016 and 2015

Mission Statement

As stewards of public assets, we provide for the safe and efficient operation of transportation services and facilities in a manner that creates value for the public we serve.

Vision Statement

Together we are world-class stewards of public transportation assets. Working collaboratively across all business units, we operate, maintain, improve and protect transportation infrastructure for the benefit of the citizens we serve throughout the Greater Philadelphia Region. We are committed to building credibility, earning public trust and creating public value.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Delaware River Port Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

For the twenty-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 2015 Comprehensive Annual Financial Report.

DELAWARE RIVER PORT AUTHORITY

Comprehensive Annual Financial Report
For Years Ended December 31, 2016 and 2015

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Chairman's Letter

Ryan N. Boyer
Chairman, DRPA

June 30, 2017

To Our Customers and Bondholders:

I have had the privilege to serve as Chairman of the Board of Commissioners of the Delaware River Port Authority (DRPA) since my February 2015 appointment by Pennsylvania Governor Tom Wolf. In this role, I am committed to leading the Authority in a way that serves the best interest of the entire region.

One key area of focus that is the foundation of everything we do is furthering DRPA's mission. Through our commitment to stewardship, service and community we strive to deliver safe and efficient transportation services to the greater Philadelphia and South Jersey region. We continue to take steps to make the DRPA more open, inclusive and transparent while improving operations and customer service.

During the 2016 calendar year, we achieved many notable accomplishments, including:

- DRPA and Port Authority Transit Corporation (PATCO) operating expenses for 2016 have, for the 15th consecutive year, come in under the combined budget of $148.0 million.
- The Benjamin Franklin, Betsy Ross, Commodore Barry and Walt Whitman bridges carried more than 103.6 million vehicles and the PATCO commuter rail system transported more than 10.65 million passengers in 2016.
- The Benjamin Franklin Bridge PATCO Track Rehabilitation Project was recognized with the "Honor Award" by the American Council of Engineering Companies. The $103 million project rehabilitated the north and south passenger rail tracks crossing the Delaware River on the Benjamin Franklin Bridge.
- The DRPA completed a two-year, $15.5 million project to resurface the Betsy Ross Bridge.
- The Authority reinforced our commitment to diversity and inclusion for equal opportunity in employment, contracts and procurement.

Moving forward, the Board's priorities are to continue to make the DRPA more open and transparent; to seek innovations to improve operations and customer service; and to improve the Authority's financial stability while seeking out more resources for improvements.

Working in collaboration with my board colleagues and the dedicated DRPA and PATCO employees, we are determined to make a positive impact on the region.

Sincerely,

Ryan N. Boyer
Chairman

Board of Commissioners

as of December 31, 2016

Pennsylvania

Honorable Tom Wolf
Governor
Commonwealth of Pennsylvania

Ryan N. **BOYER**
Chairman
Business Manager
Laborers' District Council for Philadelphia & Vicinity

Hon. Eugene A. **DEPASQUALE**
Auditor General
Commonwealth of Pennsylvania

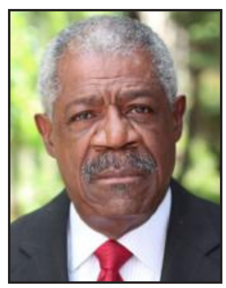
Antonio **FIOL-SILVA**
Principal
Wallace Robert & Todd, LLC

Joseph S. **MARTZ**
Board Chairman & CEO
NHS Human Services

Gary **MASINO**
President and Business Manager Sheet Metal Workers Local 19

Marian **MOSKOWITZ**
Real Estate Developer

Hon. Timothy A. **REESE**
State Treasurer
Commonwealth of Pennsylvania

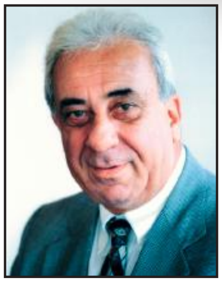


Carl E. **SINGLEY**
Attorney
Tucker Law Group

New Jersey

Honorable Chris Christie
Governor
State of New Jersey

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



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

Charles
FENTRESS
Retired Police Sergeant
Delaware River Port Authority

Albert F.
FRATTALI
Co-Administrator
Iron Workers District Council Philadelphia Benefit & Pension Fund

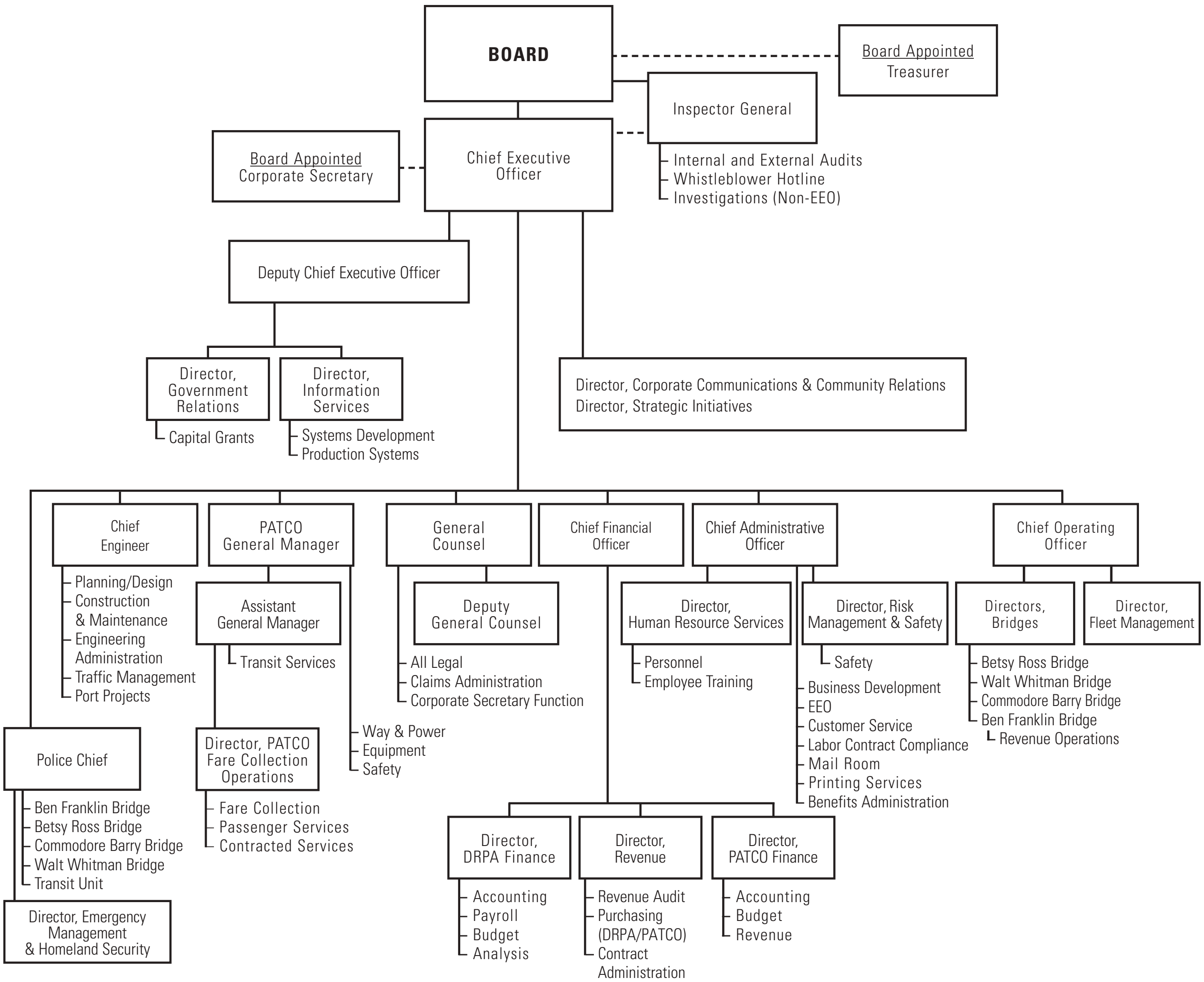
Tamarisk L.
JONES
Director of Health and Senior Services
Gloucester County

Richard
SWEENEY
Financial Secretary, Business Representative
Ironworkers #399

Ricardo V.
TAYLOR, JR.
School Administrator
Pennsauken Township

Organizational Chart

as of December 31, 2016



Officers & Executive Staff

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

Maria J. Wing
Deputy Chief Executive Officer

Raymond J. Santarelli
General Counsel
& Corporate Secretary

Archer & Greiner
New Jersey Counsel

Duane Morris, LLP
Pennsylvania Counsel

James M. White
Chief Financial Officer
& Treasurer

Toni P. Brown, Esq.
Chief Administrative Officer

Robert P. Hicks
Chief Operating Officer

Michael P. Venuto
Chief Engineer

John D. Rink
PATCO General Manager

Rohan K. Hepkins
PATCO Assistant
General Manager

Facilities

Benjamin Franklin Bridge
Opened: July 1,1926

Walt Whitman Bridge
Opened: May 16, 1957

Commodore Barry Bridge
Opened: February 1, 1974

Betsy Ross Bridge
Opened: April 30, 1976

PATCO
Opened: February 15, 1969

One Port Center
Opened: 1996

Report of the Chief Executive Officer

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

The Delaware River Port Authority (DRPA) and Port Authority Transit Corporation (PATCO) achieved significant milestones and made notable progress in 2016 toward our goals of meeting our mission and vision statements adopted in 2016, maintaining strong financial discipline, and increasing transparency.

We are particularly proud of our capital infrastructure improvements, strategic financial management programs, ongoing efforts to introduce management efficiencies, and of our new strategic planning process. Our commitment to diversity and inclusion in employment, contracting and procurement remained a key area of focus.

In 2016, more than 103.6 million vehicles crossed the Benjamin Franklin, Betsy Ross, Commodore Barry, Walt Whitman bridges, and more than 10.65 million passengers traveled via the PATCO commuter rail line.

FINANCIAL ACCOMPLISHMENTS

The Authority continues to maintain strong financial discipline in its operations. The DRPA and PATCO operating expenses for 2016 have, for the 15th consecutive year, come in under the combined budget of $148.0 million.

Our strong financial showing during 2016 resulted in the increase of approximately $52 million to the Authority's General Fund. These additional funds were moved into our "pay-go-capital" reserve, which is available to partially fund our five-year Capital Program.

In January 2016, DRPA issued the first credits to participants in the frequent bridge traveler credit program launched in December of the previous year. In excess of $1.7 million in credits were paid out to program participants. The Authority also implemented E-ZPass "delayed transaction programming" which resulted in almost $1.7 million in additional revenues through revenue reclassification of misclassified vehicles in 2016.

In April, citing sound fiscal policies, strong liquidity and high unrestricted cash/investment reserves, an affordable capital plan, and reduced risk in the Authority's swap portfolio, Standard & Poor's Rating Services raised its rating on the Authority's Port District Project bonds from "BBB" to "A-" with a stable outlook. In addition, S&P reaffirmed the current ratings on our revenue bond (senior) debt.

The Authority continues to wind down its legacy economic development program and has made good progress through project closeouts, loan payoffs and through the reallocation of unspent monies to fund capital projects. In May 2016, the Board authorized the reallocation of unspent legacy economic development funds in the amount of $3.49 million to be used to support capital projects such as the Walt Whitman Bridge Painting Project and the PATCO Threat and Vulnerability Assessment project.

Finally, in December, the Authority earned the “Certificate of Achievement for Excellence in Financial Reporting” from the Government Finance Officers Association of the United States and Canada for the 24th consecutive year. The certificate is the highest recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a governing agency and its management.

OPERATIONAL ACCOMPLISHMENTS

Bridges

Throughout the year, the Benjamin Franklin, Betsy Ross, Commodore Barry and Walt Whitman bridges continued to see improvements to ensure the safety and security of the more than 103.6 million vehicles that traversed the bridges.

The DRPA reached the half-way mark in a $56 million project to paint the suspension span and towers of the Walt Whitman Bridge and completed the first of three phases in a $100 million project to de-lead and repaint the Commodore Barry Bridge. 2016 also saw the completion of a two-year $15.5 million project to resurface the Betsy Ross Bridge and a $3.3 million project to rehabilitate the 5th Street Vehicular Tunnel between Callowhill and Race Streets in Philadelphia. Finally, the DRPA began a project to dehumidify the main cable on Benjamin Franklin Bridge to preserve its long-term structural health and completed the engineering design of the bike and pedestrian access ramp on the south walkway of the bridge.

PATCO

During the course of 2016, the PATCO commuter rail transported more than 10.65 million passengers.

Throughout the year, work continued on the Transit Car Overhaul Project, which will create a better experience for riders by placing refurbished train cars in service. By the end of 2016, 40 refurbished cars were in service and 20 were undergoing refurbishment. Over the course of the $194 million project, all 120 of the cars in the fleet will have extensive rehabilitation of interiors and operating systems.

In February, PATCO formally completed the $103 million project to rehabilitate the north and south passenger rail tracks crossing the Delaware River on the Benjamin Franklin Bridge. The project replaced wood ties, running rails, supporting steel trusses, electrical cabling and signaling systems.

ADMINISTRATIVE ACCOMPLISHMENTS

In January, the Authority moved forward with the implementation and launch of its Enterprise Resource Planning (ERP) system, which will improve communication and efficiency and allow the DRPA to be more effective stewards of the public’s assets, including physical, financial and human resources.

Additionally, the Authority has initiated a new strategic planning process to help identify and address the major challenges and opportunities facing the DRPA over the next five years. Among the activities involved this process was the completion of a public opinion survey of PATCO riders and bridge commuters. The survey was designed to gain insight into ways in which the Authority can better serve the needs of its customers and stakeholders, while improving organizational efficiencies. Ultimately, the five-year strategic plan will serve as a road map for the Authority, moving us closer to realizing our vision of a world-class stewardship organization that consistently meets the highest standards of excellence in delivering its services.

Finally, the DRPA and PATCO were the recipients of numerous honors and awards in 2016, including being selected as a finalist in the NJBIZ "Workplace Wellness Hero" category of the 2016 Healthcare Heroes awards and as a Top 3 Finalist for "Corporation of the Year Award" from the Women's Business Enterprise Council (WBEC). In March, the Benjamin Franklin Bridge PATCO Track Rehabilitation Project was recognized with the "Honor Award" by the American Council of Engineering Companies at the 45th Engineering Excellence Awards Banquet and, in July, the Transportation Security Administration (TSA) recognized PATCO with the "Gold Standard" Award for its dedication to building a strong transit security program and commitment to the traveling public.

LOOKING FORWARD

The Authority remains committed to setting the bar high. As a world-class stewardship organization, we strive to consistently meet the highest standards of excellence in delivering our services in a fiscally responsible manner. We will continue to manage costs and increase transparency.

Through our aggressive capital program, we will increase the efficiency, safety and convenience of travel for the hundreds of millions of commuters and riders who rely on our services annually.

We're proud of our 2016 accomplishments and will apply best practices into 2017 and beyond. We look forward to serving with a strong sense of commitment to public stewardship.

Yours truly,

John T. Hanson

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

DELAWARE RIVER PORT AUTHORITY

James M. White, Jr.
Chief Financial Officer/ Treasurer

June 30, 2017

TO THE BOARD OF COMMISSIONERS
OF THE DELAWARE RIVER PORT AUTHORITY

The comprehensive annual financial report of the Delaware River Port Authority ("the Authority") for the year ended December 31, 2016, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Authority's Indentures of Trust require an annual audit of the Authority's financial statements by a firm of independent auditors. Additionally, as a recipient of funds from the Federal Transit Administration for projects involving the PATCO Transit System, the Authority is required to have a Single Audit performed annually by an independent auditor in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The purpose of the Single Audit is to determine the adequacy of the Authority's internal controls and compliance with applicable laws and regulations relating to the receipt of federal assistance. The Authority retains an independent auditor to satisfy these audit requirements. The report of the independent auditor on the combined financial statements of the Authority is included in the financial section of this report. The Authority's management is responsible for the content and presentation of the audited financial report.

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

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

The combined financial statements of the Authority are prepared using the accrual method of accounting in accordance with GAAP. Management has provided a narrative introduction, overview, and analysis to accompany the combined financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Delaware River Port Authority's MD&A can be found immediately following the report of the independent auditors.

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

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

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

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

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

The Authority is vested with the ownership, control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system, which is operated by its wholly owned subsidiary, the Port Authority Transit Corporation (PATCO). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey.

BUDGET PROCESS

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

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

Expenditures are monitored continuously throughout the year by the Finance Division to ensure that each department is in compliance with the approved operating and capital budgets and the established Policies and Bylaws of the Authority.

In accordance with the Authority's governing Revenue and Port District Project Bond Indentures, the next year's annual operating budget must be submitted to the respective bond trustees by December 31st of each year. (The budgets are also filed with various banks, which provide either LOC facilities or LIBOR-indexed direct purchase loans to the Authority.)

Pursuant to the Indentures, the Authority filed its 2016 operating budgets in late December 2015 with its bond trustees. The 2016 operating and capital budgets became effective in January 2016. (The Authority also filed its 2017 operating budgets with its bond trustees in late December 2016, as required by the bond indentures.)

FACTORS AFFECTING FINANCIAL CONDITION

During the past several years, the Authority has taken significant strategic steps to strengthen its financial position through: cost-containment of personnel and non-personnel expenditures, increasing its liquidity through growth in its General Fund, and restructuring its debt and swap portfolios. The latter strategy is primarily in response to: changing financial markets, the exercise of various swaptions (in 2006, 2008 and 2010), passage of a board resolution mandating the liquidation of the Authority's swap portfolio in an orderly and strategic fashion, the necessity of funding its various annual five-year Capital Programs, and the adoption of an annual Finance Action plan by the Authority's Board of Commissioners (which was implemented during the period of 2012 through 2016).

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

At year-end 2015, Standard & Poor's rated the Authority's Revenue Bonds and Port District Project bonds at "A" and "BBB" (stable outlook), respectively. Moody's debt ratings for the Authority were at "A3" and "Baa3" (stable outlook), on its Revenue and Port District Project Bonds, respectively.

In April 2016, S&P, using its new ratings criteria for public finance entities, affirmed the Authority's "A" ratings (stable outlook) on its Revenue Bonds and raised the Authority's ratings from "BBB" to "A-" (stable outlook), on its subordinated debt (Port District Project Bonds). Ratings by S&P on the Authority's bonds were unchanged as of December 31, 2016.

At December 31, 2016, Moody's ratings on the Authority's bond debt remain unchanged from 2015 levels.

DEBT MANAGEMENT

In the period of 2012 through 2016, the Authority and its Board approved comprehensive finance plans to: reduce the Authority's debt, adopt a new swap policy, renegotiate and replace various LOC agreements to reduce its annual LOC facility costs, and to finance its five-year capital programs.

Fixed Rate Debt:

In 2012, the Authority used its General Fund for the early redemption of $96 million in Revenue Bond and Port District Project bonds, and to refund a large portion of its Port District Project Bond debt, substantially reducing its debt service for future years and improving its debt coverage ratio on its senior debt. In addition, the Authority executed the second part of its finance plan by issuing $153 million in Port District Project Refunding Bonds, Series 2012, to refund and redeem all of the outstanding principal balance and interest accrued on the Authority's outstanding Port District Project bonds. As a result of these actions, the par amount of the Authority's Port District Bond debt decreased from approximately $315 million to approximately $187 million.

In December 2013, the Authority issued new revenue bonds (the 2013 Revenue Bonds), totaling $476.6 million, at attractive rates, in order to fund a significant portion of its 5-year Capital Program. The bonds were issued at a premium thereby netting the Authority an additional $11.6 million in proceeds. (At year-end 2016, approximately $81.2 million in bond project funds remain unspent.)

Variable Rate Debt:

During the period of 2013 through 2016, the Authority continued the execution of its financial plan by significantly reducing its Direct Pay Letter of Credit (DPLOC) facility costs for its 2008 and 2010 Revenue Refunding Bonds. New DPLOC agreements were negotiated with existing and new LOC banks for the 2008 and 2010 Revenue Refunding Bonds, during this period. These actions, beginning in 2013, reduced the total annual LOC facility fees to such an extent that in 2016 annual fees had been reduced by $6 million annually from 2012 levels.

In 2016, the Authority reduced its dependency on LOC facilities, which support its variable rate bonds, by replacing three (3) maturing LOCs with direct purchase LIBOR-Indexed loans negotiated with three (3) major banks. As a result, the Authority has achieved savings totaling approximately $0.4 million during 2016. Total Direct Purchase loans totaled $288.1 million at year-end, which represented roughly 52% of the Authority's variable rate debt.

Total Debt:

The Authority's total bond debt decreased by $52.7 million to total $1.51 billion at year-end.

Swap Management

In 2014, the Authority adopted a new swap management policy and received Board authorization to replace its existing counterparty (UBS) on its 1995 and 1999 Revenue Bond Swap agreements. In July 2015, the Authority terminated its agreements with UBS and contracted with two new swap counterparties. By doing so, the Authority obtained "more favorable contract terms," including: 1) removal of cross-default language existent in the original swap agreements and 2) unilateral, optional termination rights. Also, these two "swap novation" transactions increased counterparty credit quality and the diversification of its counterparty exposure.

The Authority's two (2) active swaps (total notational value of $547.1 million) are analyzed annually (per GASB 53) and continue to be "effectively hedged" as of year-end December 31, 2016 (Two swaptions remain inactive.)

Please see Note 4 for additional information.

LOCAL ECONOMY

From the latest data available (through 2015), it appears that population growth was essentially flat (a minor increase of 0.35%) in the Pennsylvania counties, while exhibiting a slight decline (of 0.01%) in the New Jersey counties within the Port District versus 2014 totals.

Employment growth has shown continual improvement for the past several years in both Pennsylvania and New Jersey counties. The unemployment rate in the Pennsylvania counties decreased by 1.36% vs. the 2014 rate, which itself had declined 3.19% from the previous comparative year (2013). During 2015, the unemployment rate, in the New Jersey counties, declined by another 2.03%, following a drop of 1.49% from the 2013 rate.

Additional information can be found in the Statistical Section of this report.

LONG-TERM FINANCIAL PLANNING

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

As mentioned in the "Budget Process" section of this document, each year, the Authority develops a five-year capital plan which details the anticipated capital expenditures during this five-year period. The major capital programs originate in large part from the biennial inspections of all DRPA/PATCO facilities, which are conducted in every even-numbered year, by individual engineering firms.

The 2016 Capital Plan, developed, during the year 2015, and approved in December 2015, outlined numerous bridge, transit system, security and technology project expenditures approaching $728.2 million (net of federal funding), for the five-year period commencing in 2016. (The 2016 fiscal year budget for capital expenditures was $166.6 million, net of federal funding).

As of December 31, 2016, the Authority had approximately $124.1 million in capital expenditures primarily funded by its bond project funds, General Fund, along with some federal funds.

In December 2016, the Authority's Board approved its 2017 Capital Budget in the amount of $158.3 million and a total 5-year capital plan with projected expenditures of $655.8 million.

BRIDGE TOLL AND PASSENGER FARE SCHEDULES

There have been no changes to the Authority's bridge toll and passenger fare schedules since July 2011. However, as described below the Authority's Board, did reinstitute a "frequent bridge traveler" credit program, which became effective in December of 2015.

Reinstitution of E-ZPass Frequent Bridge Traveler Credit Program:

Under Board Resolution DRPA 15-090, the Authority reintroduced an $18 credit/18 trips per month for passenger vehicles in the NJ E-ZPass system. The new toll credit program became effective on December 1, 2015 with the first credit issued in January 2016 to eligible account holders.

The Authority paid out approximately $1.73 million during fiscal year 2016 related to this program, however this reduction in revenues was offset by a newly established “delayed transaction processing” initiative, which enabled the Authority to capture $1.65 million in additional revenues in 2016. (Projections indicate that this new initiative will result in additional revenues of $2.4 million in 2017.)

(Please see Note 17 for the current toll and fare schedules).

AWARDS AND ACCOMPLISHMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River Port Authority for its comprehensive annual financial report for the year ended December 31, 2015. This was the twenty-fourth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

James M. White, Jr.

James M. White, Jr.
Chief Financial Officer/Treasurer

FINANCIAL SECTION

FINANCIAL SECTION

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Delaware River Port Authority

Report on the Financial Statements

We have audited the accompanying combined financial statements of the Delaware River Port Authority and subsidiary, which comprise the combined statements of net position as of December 31, 2016 and 2015, and the related combined statements of revenues, expenses and changes in net position, and cash flows, for the years then ended, together with the combined statements of trust net position available for benefits as of December 31, 2016 and 2015, and the combined statements of changes in trust net position for the years then ended, and the related notes to the combined financial statements, which collectively comprise the Delaware River Port Authority and subsidiary's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware River Port Authority and subsidiary as of December 31, 2016 and 2015, and its changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the combined financial statements that collectively comprise the Delaware River Port Authority and subsidiary's basic financial statements. The accompanying supplemental schedules, as listed in the table of contents, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 30, 2017


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Management's Discussion & Analysis

(Unaudited)

As management of the Delaware River Port Authority (the "Authority"), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. All amounts are expressed in thousands of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- Total operating revenues were $354.7 million in 2016, the highest level in DRPA history. 2016 revenues increased $13.4 million or 3.93% over 2015 revenues. The increase was primarily related to a $12.5 million net increase in bridge toll revenues.
- The $12.5 million net increase in toll revenues (up 4.08%) during the year was primarily attributable to higher commercial vehicle volume and a 2.3 million increase in automobile volume. The average toll based on total vehicle volume decreased from $6.24 in 2015 to $6.22 in 2016.
- Bridge traffic increased, for the second consecutive year, exceeding 51.8 million vehicles. Traffic was up by 2.6 million vehicles, a 5.28% increase over 2015 totals of 49.2 million vehicles. Non-commercial traffic increased by 2.3 million or 89.54% of the 2016 total increase. Traffic on the bridges was positively impacted by an improvement in general economic conditions in the region and a lack of inclement weather during the year.
- Total operational expenses increased to $223.1 million, up $16.2 million or by 7.81% vs. 2015 expenses. This increase is primarily attributable to increases in G&A (up $10.7 million), and bridge and PATCO operations (up $4.2 million).
- The Port Authority Transit Corporation ("PATCO") is a wholly-owned subsidiary of the Delaware River Port Authority (DRPA) and is subsidized by the DRPA. Total PATCO expenses exceeded total PATCO revenues by $22.1 million in 2016 and by $22.7 million in 2015. The operating loss decreased by $559 thousand from 2015 to 2016, a decrease of 2.47%.
- PATCO net passenger fare revenues increased by 4.53% (or by roughly $1.1 million), to $26.1 million from $24.9 million in 2015, primarily resulting from the impact of increased PATCO ridership of 484 thousand (up 4.76%), to 10.7 million riders versus 10.2 million riders in 2015. PATCO ridership was up due to a general improvement in economic conditions, lack of inclement weather and completion of the BFB/PATCO track rehabilitation project. Total PATCO revenues were up $1.4 million overall.
- Total "non-restricted" investments increased by $41.1 million, an increase of 8.43%. This increase primarily was related to the increase in the General Fund balances attributable to higher toll revenues. Cash & cash equivalents and investment balances increased by $51.0 million (up 9.91%) to total $566.0 million at year end.
- Restricted investments, including the bond project fund, decreased by $88.2 million (from $397.7 million to $309.5 million). At year-end, the bond project fund (used for funding capital projects) totaled $81.2 million, down $72.1 million, or 47.04%, from 2015.
- Total debt outstanding decreased by $52.7 million to total $1.51 billion at year-end.
- During 2016, direct pay letters of credit (DPLOCs) with three (3) banks were terminated and replaced with four (4) new direct purchase loans (totaling $288.0 million with maturities of 4 or 5 years), which reduced overall variable rate bond costs.
- Capital expenditures totaled $124.1 million vs. $137.3 million, a decrease of $13.2 million, as some large projects did not progress as quickly as anticipated.
- Economic development expenditures totaled $3.4 million in 2016, a decrease in such expenditures of nearly $0.8 million vs. 2015 (an 18.31% decrease). (Note: the Authority's economic development spending now reflects only previously committed projects, as the Authority's Board approved a discontinuation of any new economic development projects in 2011.)

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of 2016 resulting in a net position of $655.2 million. The net position increased by $66.9 million during the year.
- Debt service coverage for revenue bond debt (as calculated based on the 1998 Bond Indenture) decreased slightly to 1.99x from 2.01x in 2015, as net revenues available for debt ($222.9 million) declined slightly from 2015 levels.
- The Authority made its annual funding contribution of $5.0 million to its OPEB irrevocable trust, thereby reducing its net OPEB obligation from $26.4 to $21.1 million at year end.

FINANCIAL POSITION SUMMARY (in Thousands)

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

Delaware River Port Authority's Net Position

	2016	2015	2014
Current and other assets	$ 915,847	$ 957,552	$ 988,892
Capital assets	1,490,869	1,425,817	1,348,022
Total assets	2,406,716	2,383,369	2,336,914
Deferred outflows of resources	127,922	127,818	128,763
Long-term liabilities outstanding	1,738,489	1,793,857	1,756,105
Other liabilities	137,953	125,363	121,727
Total liabilities	1,876,442	1,919,220	1,877,832
Deferred inflows of resources	2,955	3,597	-
Net position:			
Net investment in capital assets	235,795	203,366	174,762
Restricted	209,924	219,485	215,004
Unrestricted	209,522	165,519	198,079
Total net position	$ 655,241	$ 588,370	$ 587,845

In 2016, the Authority's net position increased in the amount of $66.9 million or by 11.37% as compared to 2015. Key factors impacting this increase were similar to those existent in 2015; continued strong operating revenues of $354.7 million which fueled the increase in total operating and non-operating income before capital contributions of $64.6 million. Capital contributions in 2016 totaled $2.2 million vs. $36.8 million for 2015.

The Authority's net position in 2015 increased by $102.3 million largely due to income before contributions of $65.5 million and capital contributions of $36.8 million. Capital expenditures increased $20.3 million from 2014 year totals, while income before capital contributions increased by $5.5 million over 2014.

Summary of Changes in Net Position

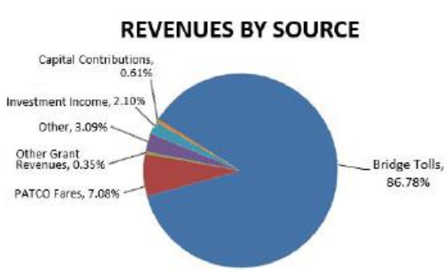
	2016	2015	2014
Operating revenues:			
Bridge tolls	$ 319,778	$ 307,240	$ 297,267
PATCO passenger fares	26,073	24,943	24,257
Other	8,861	9,111	9,358
Total operating revenues	354,712	341,294	330,882
Operating expenses	(164,197)	(149,352)	(145,877)
Excess before depreciation and other non-operating income and expenses	190,515	191,942	185,005
Depreciation	(58,933)	(57,614)	(57,425)
Operating income	131,582	134,328	127,580
Non-operating revenues:			
Investment income, net of change in fair value	7,944	7,834	8,479
Gain on disposal of capital assets	-	1,691	-
Other	3,820	4,307	4,920
Total non-operating revenues	11,764	13,832	13,399
Non-operating expenses:			
Interest expense	(74,419)	(75,792)	(78,377)
Amortization expense	(100)	(100)	(100)
Economic development activities	(3,404)	(4,167)	(2,401)
Loss on disposal of capital assets	(84)	(1,732)	-
Other	(705)	(842)	(76)
Total non-operating expenses	(78,712)	(82,633)	(80,954)
Income before capital contributions	64,634	65,527	60,025
Capital contributions	2,237	36,758	16,431
Change in net position	$ 66,871	$ 102,285	$ 76,456

REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2016 and the amount and percentage change in relation to prior year amounts is as follows:

	2016 Amount	2015 Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
Operating					
Bridge tolls	$ 319,778	$ 307,240	86.78%	$ 12,538	4.08%
PATCO passenger fares	26,073	24,943	7.08%	1,130	4.53%
Other	8,861	9,111	2.40%	(250)	-2.74%
Total operating	354,712	341,294	96.26%	13,418	3.93%
Non-Operating					
Investment income	7,720	7,450	2.10%	270	3.62%
Other	2,528	2,193	0.69%	335	15.26%
Other grant revenues	1,292	2,114	0.35%	(822)	-38.89%
Capital contributions	2,237	36,758	0.61%	(34,521)	-93.91%
Total Revenues (before change in fair value)	368,489	389,809	100.00%	(21,320)	-5.47%
Change in fair value of derivatives	224	384	-	(160)	41.69%
Total revenues	$ 368,713	$ 390,193	-	$ (21,480)	-5.50%

- Total operating revenues in 2016 exceeded $354.7 million, increasing by $13.4 million, or by 3.93%, primarily due to a large increase in bridge toll revenues and an increase of $1.1 million in net PATCO passenger fare revenues.
- Net bridge toll revenues increased by $12.5 million, or by 4.08% during 2016. (Bridge tolls accounted for 90.15% of total operating revenues vs. 90.02% in 2015.) In 2016, traffic increased by 5.28%, or by 2.6 million vehicles, driven by, in part, a lack of inclement weather in 2016 and improvement in the overall economy.
- The year-to-year average toll rate decreased from $6.24 to $6.22, even though 2016 traffic volumes reflected an increase in overall commercial/bus traffic. (Passenger vehicle volume accounted for approximately 89.54% of the total increase.)
- PATCO net passenger fare revenues increased by 4.53%, to $26.1 million in 2016 versus $24.9 million in 2015, primarily resultant from the impact of increased PATCO ridership of 484 thousand (up 4.76%). This increase was partially due to a lack of inclement weather and also attributable to the completion of the BFB/PATCO track rehabilitation project, which decreased the number of track outages in 2016, thereby increasing ridership.

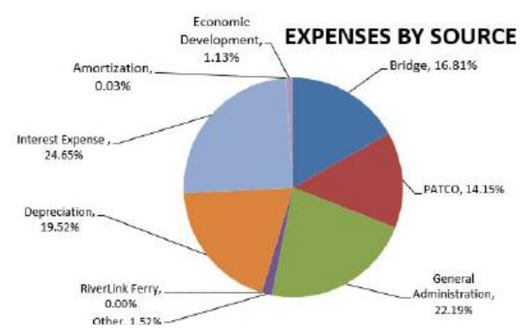


EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2016 and the amount and percentage change in relation to prior year amounts is as follows:

	2016 Amount	2015 Amount	Percent of Total	Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
Operating:					
Bridge	$ 50,737	$ 47,885	16.81%	$ 2,852	5.96%
PATCO	42,706	41,328	14.15%	1,378	3.33%
General Administration	66,964	56,309	22.19%	10,655	18.92%
Other	3,790	3,781	1.26%	9	0.23%
River Link Ferry	-	49	0.00%	(49)	-100.00%
Depreciation	58,933	57,614	19.52%	1,319	2.29%
Total operating	223,130	206,966	73.92%	16,164	7.81%
Non-Operating:					
Interest Expense	74,419	75,792	24.65%	(1,373)	-1.81%
Amortization	100	100	0.03%	(0)	0.00%
Other	789	883	0.26%	(94)	-10.65%
Economic Development	3,404	4,167	1.13%	(763)	-18.31%
Total Non-Operating	78,712	80,942	26.08%	(2,230)	-2.76%
Total Expenses	$ 301,842	$ 287,908	100.00%	$ 13,934	4.84%

- Total operating expenses increased by $16.2 million (up or 7.81%) to total $223.1 million, attributable primarily to increases in DRPA bridge and PATCO operational, general administration and depreciation expenses. (General administration increases accounted for 65.92% of the $16.2 million increase).
- Bridge and PATCO operations and general and administration (G&A) expenses increased by a combined $14.9 million (or by 10.23%) versus 2015. The major factor impacting the increase was related to general administrative expense growth, including certain insurance and PATCO expenses were reclassified during 2016 to be included in the G&A totals for the years of 2016 and 2015, as well as bi-ennial inspection and other costs.
- Bridge operating costs were impacted by increases in pension, along with the settlement of DRPA union contracts resulting in higher wages and some health insurance increases.
- PATCO operational expenses increased by $1.4 million (or by 3.33%), primarily attributable to increases in transportation expenses and equipment maintenance costs, which were partially offset by a $0.6 million reduction in purchased power expenditures.
- Total non-operating expenses decreased by $2.2 million, with reductions in all non-operating expenses (particularly economic development and interest expenses), except for amortization, which remained the same in 2016 as it was in 2015.
- Interest expense decreased by $1.4 million, which was primarily related to the annual reduction in debt outstanding ($52.7 million).
- Economic development expenditures totaled $3.4 million in 2016, a decrease of nearly $0.8 million (or 18.31%) from expenditures in 2015, resulting from lower payments on existing economic development legacy projects.
- Total expenses totaled $301.8 million, reflecting a year-to-year increase of $13.9 million (or by 4.84%) largely attributable to the aforementioned increases in total operating expenses, which was partially offset by reduced total non-operating expenses.



SUMMARY OF CASH FLOW ACTIVITIES

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

	2016	2015	2014
Cash flow from operating activities	$ 211,240	$ 182,185	$ 183,194
Cash flow from non-capital financing activities	(1,395)	4,561	186
Cash flow from capital and related financing activities	(250,788)	(227,562)	(223,565)
Cash flow from investing activities	54,838	36,245	43,952
Net increase (decrease) in cash and cash equivalents	13,895	(4,571)	3,767
Cash and cash equivalents, beginning	29,725	34,296	30,529
Cash and cash equivalents, ending	$ 43,620	$ 29,725	$ 34,296

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2016 amounted to $1.49 billion (net of accumulated depreciation), an increase of $65.1 million over the previous year. This investment in capital assets includes: land, bridges, transit system, port enhancements, buildings and machinery. The total percentage increase in the Authority's investment in capital assets for the current year was 4.56%.

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

- Completion of the PATCO track rehabilitation across the Ben Franklin Bridge in the amount of $6.0 million.
- PATCO transit car rehabilitation and overhaul in the amount of $18.9 million.
- Deleading and repainting (suspended span, towers and anchorages) work at the Walt Whitman Bridge in the amount of $26.5 million.
- De-leading and repainting work at the Commodore Barry Bridge in the amount of $6.3 million.
- Partially funding costs of implementing a new ERP (Enterprise Resource Planning) system in the amount of $9.0 million.

Delaware River Port Authority's Capital Assets

(Net of Depreciation)

	2016	2015	2014
Land	$ 74,076	$ 74,100	$ 74,225
Construction in progress	530,307	441,577	348,278
Bridges and related buildings and equipment	554,799	582,262	616,193
Transit property and equipment	330,003	326,343	307,436
Port enhancements	1,684	1,535	1,890
Total	$ 1,490,869	$ 1,425,817	$ 1,348,022

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

Long-term Debt. The Authority's total bond debt decreased to $1.51 billion (shown below by issue) at year-end, down from $1.56 billion at the prior's year end, a decrease of $52.7 million. Of this amount, $1.34 billion (or 88.84% of total debt) represents revenue bond debt backed by toll revenues from the Authority's bridges. The remaining debt of $0.17 billion (or 11.16% of total debt) represents subordinated obligations of the Authority. The Authority's debt portfolio consists of $0.96 billion (or 63.78% of total debt) in fixed-rate debt, with the remaining $0.55 billion (or 36.22% of total debt) in variable rate mode; the variable rate debt is backed by two (2) direct-pay bank letters of credit and four (4) LIBOR-indexed direct purchase loans.

Delaware River Port Authority's Outstanding Debt

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

	2016	2015	2014
1999 Port District Project Bonds	$ 20,065	$ 24,010	$ 27,675
2008 Revenue Refunding Bonds	251,605	270,180	287,800
2010 Revenue Refunding Bonds	295,495	316,955	337,255
2010 Revenue Bonds	307,930	307,905	307,880
2012 Port District Project Refunding Bonds	148,538	156,725	164,779
2013 Revenue Bonds	486,656	487,223	487,789
Total (net of amortizing premium and discount)	$ 1,510,289	$ 1,562,998	$ 1,613,178

Additional information on the Authority's outstanding debt can be found in the Letter of Transmittal on page 21 and in Note 12 which begins on page 79 of this report.

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

In April 2016, using its new ratings criteria for evaluating credits, S&P affirmed the existing rates on the Authority's revenue bonds at "A" and increased the rating on the Authority's port district bonds from "BBB" to "A-", with a stable outlook.

Moody's underlying revenue bond ("A3") and port district project bond ("Baa3") ratings (issued in 2013), with a "stable" outlook, remained unchanged during 2016.

The underlying debt ratings on the Authority's bond issues, as of December 31, 2016, are shown below:

Issue	Moody's	S&P
Revenue and Revenue Refunding Bonds	A3	A
(2008, 2010 and 2013 bonds)	Stable	Stable
Port District Project and Port District Project	Baa3	A-
Refunding Bonds (1999 and 2012 bonds)	Stable	Stable

Additional information related to the Authority's bond ratings, including its "jointly supported transactions" ratings on its 2008 and 2010 Revenue Refunding Bonds can be found in the sub-section entitled "*Bond Rating*s" under Note 12 and "Commitments" under Note 16 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The following factors were considered in preparing the Authority's budget for the 2017 year:

- Moderate growth in the overall regional economy.
- No bridge toll or PATCO fare increases during 2017.
- Budgeted bridge traffic is expected to increase by 2.8 million vehicles to 50.7 million vehicles, a 5.85% increase, based on modest expectations of change in underlying economic factors.
- Bridge toll revenues are projected to approach $321.0 million, which represents a $28.8 million increase (or 9.88%) in budgeted toll revenues vs. 2016. (Net toll revenues include a three-day adjustment for the projected impact of inclement weather.).
- Increase of 1.61% in projected total PATCO fares and other revenues versus 2016, increasing from $26.6 million to $27.0 million. The 1.61% budgeted increase for 2017 PATCO revenues is based on continued modest economic growth in the region, and initiatives to develop non-peak ridership through social media marketing and other community outreach initiatives. In addition, as more refurbished cars become operational, we expect continued positive word-of-mouth customer feedback on improved operations to help lift ridership and revenues.

- PATCO ridership is budgeted to increase slightly by 50 thousand (or by 0.48 %) vs. the 2016 budget, to a total of 10.5 million riders annually.
- Biennial inspection costs are estimated to be $567 thousand in 2017, a budgeted decrease of $2.4 million (The biennial inspection of all DRPA/PATCO facilities occurred in 2016).
- DRPA operating expense increase of nearly $5.6 million, or a 6.31% increase, primarily attributable to increased payroll and employee service expenses (including pension) and repairs/maintenance, which were partially offset by lower utilities, insurance and data processing expenses. The PATCO operating budget increased by $2.2 million, or by 4.13%, attributable primarily due to payroll and employee service expenses (including pension) and contractual services and repairs/maintenance, somewhat offset by lower purchased power costs. The combined DRPA and PATCO budgeted operating expenses are expected to increase from $148.0 million to total $155.9 million, or a 5.31% increase over 2016.
- Budgeted total debt service increased slightly to $132.7 million, from the prior year's total ($130.9 million), primarily attributable to the replacement of LOC facilities with new direct purchase loans, thereby increasing interest expense. 85.78% of the total debt service is attributable to the outstanding revenue bonds (senior debt). (No bond issuance anticipated in 2017).
- Bank direct pay letters of credit and remarketing costs (related to the 2008 and 2010 Revenue Refunding variable rate bonds) are expected to decrease by approximately $1.9 million, a 53.63% decrease. This reduction in budgeted fees is attributable to the reduction in outstanding variable rate bonds and the Authority's 2016 restructuring efforts, wherein the Authority replaced three (3) expiring LOC facilities with direct purchase loans.
- Capital budget expenditures for 2017 are budgeted at approximately $158.3 million, down $8.3 million from the $166.6 million budgeted for 2016. Large capital projects in 2017 include several significant projects, such as: the Walt Whitman and Commodore Barry Bridge Repainting projects, and the PATCO fleet car rehabilitation project, which together are budgeted to exceed $75.9 million in total expenditures (prior to federal funding) in 2017.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's activities for all of those with an interest in the Authority's activities through December 31, 2016. Questions from interested parties concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Delaware River Port Authority, One Port Center, 2 Riverside Drive, P.O. Box 1949, Camden, NJ 08101-1949.

DELAWARE RIVER PORT AUTHORITY

Combined Statements of Net Position
December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	$ 37,226	$ 27,305
Investments	528,807	487,706
Accounts receivable, net of allowance for uncollectibles	8,375	16,315
Accrued interest receivable	330	333
Transit system and storeroom inventories	6,220	5,983
Economic development loans - current	576	576
Prepaid expenses	5,464	5,426
Restricted assets		
Cash and cash equivalents	6,394	2,420
Investments	228,290	244,407
Accrued interest receivable	4	4
Total current assets	821,686	790,475
Noncurrent Assets		
Restricted investments for capital projects	81,161	153,259
Capital assets, net of accumulated depreciation		
Land	74,076	74,100
Construction in progress	530,307	441,577
Bridges and related buildings and equipment	554,799	582,262
Transit property and equipment	330,003	326,343
Port enhancements	1,684	1,535
Total capital assets	1,490,869	1,425,817
Other		
Economic development loans, net of allowance for uncollectibles	11,906	12,623
Debt insurance costs, net of amortization	1,094	1,195
Total other assets	13,000	13,818
Total noncurrent assets	1,585,030	1,592,894
Total assets	2,406,716	2,383,369
Deferred Outflows of Resources		
Accumulated decrease in fair value of hedging derivatives	81,217	103,269
Pension related amounts	38,536	14,395
Loss on refunding of debt	8,169	10,154
Total deferred outflows of resources	127,922	127,818

(Continued)

DELAWARE RIVER PORT AUTHORITY

Combined Statements of Net Position
December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Liabilities		
Current Liabilities		
Accounts payable		
Retained amounts on contracts	$ 10,930	$ 9,458
Other	22,104	28,554
Accrued liabilities		
Claims and judgments	1,365	681
Self-insurance	1,827	2,035
Pension	10,553	3,216
Sick and vacation leave benefits	1,940	1,982
Other	7,659	1,198
Unearned revenue	4,585	4,212
Liabilities payable from restricted assets		
Accrued interest payable	24,120	24,017
Bonds payable - current	52,870	50,010
Total current liabilities	137,953	125,363
Noncurrent Liabilities		
Accrued liabilities		
Claims and judgments	2,923	1,839
Self-insurance	2,326	2,591
Sick and vacation leave benefits	1,939	1,980
Net pension liability	145,909	114,682
Other postemployment benefits	21,101	26,352
Unearned revenue	4,186	4,546
Premium payment payable - derivative companion instrument	21,320	25,237
Derivative instrument - interest rate swap	81,366	103,642
Bonds payable, net of unamortized discounts and premiums	1,457,419	1,512,988
Total noncurrent liabilities	1,738,489	1,793,857
Total liabilities	1,876,442	1,919,220
Deferred Inflows of Resources		
Pension related amounts	2,955	3,597
Total deferred inflows of resources	2,955	3,597
Net Position		
Net investment in capital assets	235,795	203,366
Restricted for:		
Debt requirements	202,030	204,157
Port projects	7,894	15,328
Unrestricted	209,522	165,519
Total net position	$ 655,241	$ 588,370

The accompanying notes to the combined financial statements are an integral part of these statements.

DELAWARE RIVER PORT AUTHORITY

Combined Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Operating Revenues		
Bridges		
Tolls	$ 319,778	$ 307,240
Other operating revenues	6,675	6,435
Total bridge operating revenues	326,453	313,675
Transit system		
Passenger fares	26,073	24,943
Other operating revenues	1,943	1,661
Total transit system operating revenues	28,016	26,604
Port of Philadelphia and Camden		
RiverLink	27	30
Total Port of Philadelphia and Camden	27	30
Other		
Miscellaneous	216	985
Total operating revenues	354,712	341,294
Operating Expenses		
Operations	93,443	89,213
Community impact	3,790	3,781
General and administration	66,964	56,309
Port of Philadelphia and Camden		49
Depreciation	58,933	57,614
Total operating expenses	223,130	206,966
Operating Income	131,582	134,328
Nonoperating Revenues (Expenses)		
Investment income	7,720	7,450
Change in fair value of derivative instruments	224	384
	7,944	7,834
Interest expense	(74,419)	(75,792)
Amortization expense	(100)	(100)
Economic development activities	(3,404)	(4,167)
Gain on disposal of capital assets		1,691
Loss on disposal of capital assets	(84)	(1,732)
Other nonoperating revenues	2,528	2,193
Other grant revenues	1,292	2,114
Other nonoperating expenses	(705)	(842)
Total nonoperating revenues (expenses)	(66,948)	(68,801)

(Continued)

DELAWARE RIVER PORT AUTHORITY

Combined Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Income before capital contributions	$ 64,634	$ 65,527
Capital Contributions		
Federal and state capital improvement grants	2,237	36,758
Change in net position	66,871	102,285
Net Position, January 1	588,370	486,085
Net Position, December 31	$ 655,241	$ 588,370

The accompanying notes to the combined financial statements are an integral part of these statements.

DELAWARE RIVER PORT AUTHORITY

Combined Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Cash Flows from Operating Activities		
Receipts from customers and users	$ 362,665	$ 338,219
Payments for other goods or services	(49,579)	(59,772)
Payments for employees services	(101,175)	(98,111)
Other receipts	2,529	1,849
Other payments	(3,200)	
Net cash provided by (used in) operating activities	211,240	182,185
Cash Flows from Noncapital Financing Activities		
Payments for economic development activities	(3,404)	(2,670)
Repayments of economic development loans	717	4,808
Grants received	1,292	2,423
Net cash provided by (used in) noncapital financing activities	(1,395)	4,561
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(124,092)	(135,025)
Proceeds from sales of capital assets	23	3,548
Capital contributions received	2,237	32,068
Principal paid on bonded debt	(53,927)	(47,385)
Interest paid on debt	(75,029)	(80,768)
Net cash provided by (used in) capital and related financing activities	(250,788)	(227,562)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	658,540	699,551
Purchase of investments	(611,495)	(670,525)
Interest received	7,793	7,219
Net cash provided by (used in) provided by investing activities	54,838	36,245
Net increase (decrease) in cash and cash equivalents	13,895	(4,571)
Cash and Cash Equivalents, January 1, (including $2,420 and $3,247 reported as restricted)	29,725	34,296
Cash and Cash Equivalents, December 31, (including $6,394 and $2,420 reported as restricted)	$ 43,620	$ 29,725

(Continued)

DELAWARE RIVER PORT AUTHORITY

Combined Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 131,582	$ 134,328
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	58,933	57,614
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	7,941	(2,861)
(Increase) decrease in transit system and storeroom inventories	(238)	18
(Increase) decrease in prepaid expenses	(38)	(174)
Increase (decrease) in accounts payable	(4,047)	(3,522)
Increase (decrease) in claims and judgments	1,768	(94)
Increase (decrease) in self-insurance	(474)	8
Increase (decrease) in pension	13,784	556
Increase (decrease) in sick and vacation leave benefits payable	(258)	63
Increase (decrease) in other accrued liabilities	5,702	(294)
Increase (decrease) in other postemployment benefits	(5,251)	(5,092)
Increase (decrease) in unearned revenue	12	(214)
Other revenues	1,824	1,849
Net cash provided by operating activities	$ 211,240	$ 182,185
Noncash Investing, Capital and Financing Activities:		
Accretion of interest on premium payment payable - derivative companion instrument	$ 1,180	$ 1,372
Increase (decrease) in accumulated change in fair value of hedging derivatives resulting from change in fair value	22,052	$ 13,155
Grant revenue included in accounts receivable	-	$ 400
Capital contributions included in accounts receivable	-	$ 8,170
Acquisition of capital assets included in accounts payable	-	$ 14,453

The accompanying notes to the combined financial statements are an integral part of these statements.

DELAWARE RIVER PORT AUTHORITY

Other Postemployment Benefits Trust
Combined Statements of Trust Net Position Available for Benefits
December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Assets		
Investments	$ 20,765	$ 15,747
Total current assets	20,765	15,747
Net Position		
Held in trust for retiree health benefits	20,765	15,747
Total net position	$ 20,765	$ 15,747

The accompanying notes to the combined financial statements are an integral part of these statements.

DELAWARE RIVER PORT AUTHORITY

Other Postemployment Benefits Trust
Combined Statements of Changes in Trust Net Position
For the Years Ended December 31, 2016 and 2015
(amounts expressed in thousands)

	2016	2015
Additions		
Employer contributions	$ 9,813	$ 9,929
Investment income (expenses)	65	(1)
Total additions	9,878	9,928
Deductions		
Benefit payments	4,813	4,929
Administrative expenses	47	32
Total deductions	4,860	4,961
Increase in net position	5,018	4,967
Net Position, January 1	15,747	10,780
Net Position, December 31	$ 20,765	$ 15,747

The accompanying notes to the combined financial statements are an integral part of these statements.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 1. Summary of Significant Accounting Policies

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

The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls and fares. The Authority is a member of the E-ZPass Interagency Group, the largest interoperable Electronic Toll Collection System in the world, comprised of twenty-five (25) agencies in fifteen (15) states. Through December 31, 2016, customer participation in the E-ZPass electronic toll collection process exceeded seventy-two percent (72.5%) of its toll collection activity during rush hour periods. Toll revenues collected through E-ZPass now exceed seventy percent (70.0%) of total toll revenues. The Office of the Chief Operating Officer manages the RiverLink Ferry System, which runs daily between Penn's Landing in Philadelphia and the Camden Waterfront during its operating season, as well as the Authority's eleven-story office building in Camden, New Jersey.

Basis of Presentation: The combined financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As part of the Authority's combined financial statements, two funds are maintained: a proprietary fund (enterprise fund) and a fiduciary fund (other employee benefit trust fund). The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The focus of fiduciary funds is also the measurement of economic resources.

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

The fiduciary fund is also maintained on the accrual basis of accounting. The fiduciary fund accounts for the recording and accumulation of other postemployment benefit resources, which are held in trust for the exclusive benefit of the Authority's retirees. This fund is referred to as the "Other Postemployment Benefits ("OPEB") Trust.

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

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Debt Insurance Costs, Bond Premiums, Bond Discounts, and Loss on Refunding: Insurance purchased as part of the issuance of debt is amortized by the straight-line method from the issue date to maturity and is recorded as a noncurrent asset on the combined statements of net position. Bond premiums and discounts are amortized by the effective interest method from the issue date to maturity, and are presented as an adjustment to the face amount of the bonds. Likewise, a loss on refunding arising from the issuance of the revenue bonds and port district project bonds are amortized by the effective interest method from the issue date to maturity. The loss on refunding of debt, however, is classified as a deferred outflow of resources on the combined statements of net position.

Investment in Facilities: Investment in facilities is stated at cost, which generally includes expenses for legal expenses incurred during the construction period. Investment in facilities also includes the cost incurred for port-related projects, and improvements, enlargements and betterments to the original facilities. Replacements of existing facilities (except for primarily police and certain other vehicles whose estimated useful life is two years or less) are also recorded at cost. The related costs and accumulated depreciation of the property replaced are removed from the respective accounts, and any gain or loss on disposition is credited or charged to non-operating revenues or expenses. Assets capitalizable generally have an original cost of five thousand dollars or more and a useful life in excess of three years. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Notes 7 and 14).

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 communications system	30 - 40 years
Transit cars, machinery and equipment	10 - 25 years
Computer equipment, automobiles and other equipment	3 - 10 years

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

Self-insurance: The Authority provides for the uninsured portion of potential public liability and workers' compensation claims through self-insurance programs and charges current operations for estimated claims to be paid (Note 15).

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania State Employees' Retirement System ("SERS") and the State of New Jersey Public Employees' Retirement System ("PERS"), and additions to/deductions from SERS and PERS fiduciary net position have been determined on the same basis as reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Economic Development Activities: The Authority establishes loan loss provisions for economic development loans receivable, based upon collection history and analysis of creditor's ability to pay. The Authority has established a loss reserve in the amount of $1,345 as of December 31, 2016 and 2015 for its economic development loans outstanding.

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

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

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

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

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

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

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

Debt Management: Total outstanding bond debt reflected on the combined statements of net position is net of unamortized bond discounts and premiums (Note 12). The Authority presently has two active interest rate hedge (swap) agreements (derivative instruments) with The Toronto-Dominion Bank and Wells Fargo Bank, N.A., respectively, to hedge interest rates on a portion of its outstanding long-term debt (Note 4).

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Budget: In accordance with Section 5.15 of the 1998 Revenue Refunding Bonds Indenture of Trust and its Supplemental Indentures and Section 5.07 of the 1999 and 2012 Port District Project Bond Indentures of Trust, the Authority must annually adopt an Annual Budget on or before December 31 for the ensuing year. Section 5.15 of the 1998 Revenue Refunding Bond Indenture of Trust requires that the Authority, on or before December 31, in each year, adopt a final budget for the ensuing year of (i) operational expenses, (ii) the PATCO Subsidy, (iii) the amount to be deposited to the credit of the Maintenance Reserve Fund, and (iv) the estimated amounts to be deposited into the Debt Service Fund, the Debt Service Reserve Fund, and the Rebate Fund. Each Annual Budget must also contain the Authority's projections of revenues for the ensuing year demonstrating compliance with the covenant as to facility charges as set forth in Section 5.09 of the Indentures of Trust. On or before December 31 in each year, the Authority must file a copy of the Annual Budget for the ensuing year with the Trustees.

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

The Authority filed the appropriate budgets as described above to its bond trustees by December 31, 2016 and 2015, in compliance with the bond indentures.

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

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

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

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

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 1. Summary of Significant Accounting Policies (Continued)

Changes in Presentation of Comparative Statements: Effective January 1, 2016, the Authority migrated to a new financial accounting software system and, as a result, revisions to the existing financial chart of accounts were required. These revisions were to ensure that there existed consistency between the accounts of the Authority and its subsidiary, PATCO, as to the presentation on the combined financial statements. Because of these revisions, the following changes in presentation to balances previously reported on the combined statement of revenues, expenses and changes in net position for the year ended December 31, 2015 are as follows:

	Previously Reported	Currently Reported
Operating Expenses		
Operations	$ 103,390	$ 89,213
General and administration	42,132	56,309
	$ 145,522	$ 145,522

Administration and insurance expenses related to DRPA and PATCO that were previously classified as operations have been reclassified to general and administration.

Note 2. Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2016 and 2015, the Authority's bank balances of $74,661 and $56,765 (including certificates of deposit of $13,688 and $13,649 classified as investments in the combined statements of net position), respectively, were exposed to custodial credit risk as follows:

	2016	2015
Uninsured and uncollateralized	$ 26,217	$ 13,429
Collateralized with securities held by the pledging financial institution in the Authority's name	$ 46,552	$ 42,028

Note 3. Investment in Securities

Excluding the investments of the OPEB Trust, the Authority's investments in various securities are maintained for specified funds in accordance with the provisions of the Indenture of Trust adopted as of July 1, 1998 or the Authority's General Fund investment policy (for unrestricted investments).

Custodial Credit Risk Related to Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Authority's investments at December 31, 2016 and 2015 totaled $838,258 and $885,372, respectively. These investments consisted of short-term investments, asset backed securities, corporate bonds and notes, U.S. federal agency notes and bonds, and U.S. government treasuries. All of the Authority's investments are maintained in the Authority's name, by a third-party financial institution acting as the Authority's agent.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 3. Investment in Securities (Continued)

As of December 31, 2016 and 2015, the Authority had the following investments:

Investment	Maturities (months average)	Fair Value Hierarchy Level *	2016	2015
Asset back securities	335.43	Level 1	$ 103	$ 130
Corporate bonds and notes	40.03	Level 1	34,488	34,364
Repurchase agreements	daily	Level 1		1,078
Short-term investments	22.95	Level 1	724,007	769,142
U.S. federal agency notes and bonds	222.07	Level 1	10,143	13,485
U.S. government treasuries	33.86	Level 1	55,829	53,524
			824,570	871,723
Certificates of deposits held at banks			13,688	13,649
Total			$ 838,258	$ 885,372

* Level 1 inputs are quoted (unadjusted) process in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

The weighted average maturity of the Authority's investment portfolio was 26.89 and 16.32 months as of December 31, 2016 and 2015, respectively.

The short-term investments listed above primarily consist of money market funds. Since these funds are held by a third party financial institution, and it is the policy of the Authority to re-invest these funds in investments with longer maturities, these amounts have been classified as investments, as opposed to cash and cash equivalents, in the combined statements of net position.

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

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

Guaranteed income contracts are collateralized by U.S. government and agency securities, and debt obligations having a rating in the highest rating category from Moody's Investors Service or Standard & Poor's Rating Services.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 3. Investment in Securities (Continued)

As of December 31, 2016, the following are the actual ratings by Standard & Poor's:

Actual Rating	Asset Backed Securities	Corporate Bonds and Notes	U.S. Federal Agency Notes and Bonds	US Government Treasuries
AA+	-	$ 748	$ 8,567	$ 50,024
AA	$ 3	1,211	-	-
AA-	-	10,088	-	-
A+	-	4,988	-	-
A-	-	3,023	-	-
A	-	7,496	-	-
BBB+	-	6,020	-	-
BBB	-	150	-	-
D	100	-	-	-
Unrated	-	764	1,576	5,805
	$ 103	$ 34,488	$ 10,143	$ 55,829

As of December 31, 2016, the following are the actual ratings by Moody's:

Actual Rating	Asset Backed Securities	Corporate Bonds and Notes	U.S. Federal Agency Notes and Bonds	US Government Treasuries
Aaa	-	$ 550	$ 8,210	$ 51,772
Aa1	-	1,350	-	-
Aa2	-	7,595	-	-
Aa3	-	2,628	-	-
A1	-	7,151	-	-
A2	$ 3	3,022	-	-
A3	-	9,331	-	-
Baa1	-	2,098	-	-
C	100	-	-	-
Unrated	-	763	1,933	4,057
	$ 103	$ 34,488	$ 10,143	$ 55,829

Concentration of Credit Risk: The Authority's investment policy on the concentration of credit risk for its General Fund investments states that no limitations exist on the purchase of investments in obligations of the U.S. government and U.S. federal agencies since they are fully guaranteed by the U.S. government.

For the purchase of investments in obligations of all other issuers, total investments held from any one issuer shall not exceed ten percent (10%) of the aggregate market value of the entire portfolio, except for repurchase agreements, which, from any one issuer, shall not exceed twenty-five percent (25%) of the aggregate market value of the portfolio.

As of December 31, 2016, more than 5% of the Authority's investments are in the Federal National Mortgage Association and the Federal Home Loan Bank. These investments are 11.66% and 9.16%, respectively, of the Authority's total investments.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 3. Investment in Securities (Continued)

OPEB Trust:

As previously stated, the OPEB Trust accounts for the recording and accumulation of other postemployment benefit resources (Authority contributions), which are held in trust for the exclusive benefit of the Authority's retirees. These contributions are invested by the Authority.

Custodial Credit Risk Related to Investments: The Authority's investments at December 31, 2016 and 2015 totaled $20,765 and $15,747, respectively. These investments consisted of money market funds, U.S. federal agency notes and bonds, and U.S. government treasuries. All of the Authority's investments are maintained in the Authority's name, by a third-party financial institution acting as the Authority's agent.

As of December 31, 2016 and 2015, the Authority had the following investments in the OPEB Trust:

Investment	Maturities (months average)	Fair Value Hierarchy Level	2016	2015
Short-term investments	1.00	Level 1	$ 3,164	$ 15,747
U.S. federal agency notes and bonds	347.32	Level 1	15,101	
U.S. government treasuries	225.75	Level 1	2,500	
Total			$ 20,765	$ 15,747

The weighted average maturity of the Authority's investment portfolio was 279.91 and 1.00 months as of December 31, 2016 and 2015, respectively.

Interest Rate Risk: The Authority's investment policy for the OPEB Trust calls for highly liquid, short-term investments. As a result, the fund invests in a variety of high quality money market securities designed to allow the fund to maintain a stable net asset value of $1.00 per share. These instruments include commercial paper, U.S. government agency notes, certificates of deposit, time deposits, and other obligations issued by domestic and foreign banks.

Credit Risk: As of December 31, 2016, the actual ratings by Standard & Poor's for the OPEB Trust investments were AAA.

Note 4. Derivative Instruments

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* ("GASBS 53"), related to derivative instruments, the Authority engaged a financial advisory firm to analyze the effectiveness of the two "cash-flow hedges" (specifically the 1995 and 1999 Revenue Bond swaptions). Both swaptions were found to be substantially effective. At December 31, 2016 and 2015, the value of the pay-fixed interest rate swap (1995 Revenue Bond Swaption) was ($36,718) and ($46,732), respectively. At December 31, 2016 and 2015, the value of the pay-fixed interest rate swap (1999 Revenue Bond Swaption) was ($44,500) and ($56,537), respectively. The pay-fixed interest rate swaps are classified as deferred outflows of resources on the combined statements of net position, and total $81,218 and $103,269 at December 31, 2016 and 2015, respectively.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 4. Derivative Instruments (Continued)

The fair value balance and notional amounts of derivative instruments outstanding at December 31, 2016 and 2015, classified by type, and the changes in fair value of such derivative instruments for the year ended as reported in the 2016 and 2015 combined financial statements are as follows (debit (credit)):

	Changes in Fair Value			Fair Value at December 31, *				
	Classifi-cation	Amount		Classifi-cation	Amount		Notional	
		2016	2015		2016	2015	2016	2015
Investment derivatives:								
Receive-fixed interest rate swaption (1999 PDP, Series B, Debt Service Reserve Fund)	Interest revenue	$ 47	$ 66	Derivative instrument	$ (31)	$ (78)	$ 10,436	$ 10,436
Receive-fixed interest rate swaption (1999 Revenue Bonds Debt Service Reserve Fund)	Interest revenue	177	253	Derivative instrument	(118)	(295)	39,657	39,657
Pay-fixed interest rate swap	Interest revenue	-	65	Derivative instrument	-	-	-	-
Cash flow hedges:								
Pay-fixed interest rate swap (1995 Revenue Bonds Swaption)	Deferred outflow	10,014	5,982	Derivative instrument	(36,718)	(46,732)	251,605	270,180
Pay-fixed interest rate swap (1999 Revenue Bonds Swaption)	Deferred outflow	12,037	7,173	Derivative instrument	(44,500)	(56,537)	295,495	316,955

* Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Objective and Terms of Hedging Derivative Instruments: The following table summarizes the objective and terms of the Authority's hedging instruments outstanding at December 31, 2016:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms
Pay-fixed interest rate swap (1995 Revenue Bonds Swaption)	Hedge of changes in cash flows of the 2008 Revenue Refunding Bonds	$ 251,605	01/01/06	01/01/26	Pay 5.447%; receive 66% of one-month LIBOR
Pay-fixed interest rate swap (1999 Revenue Bonds Swaption)	Hedge of changes in cash flows of the 2010 Revenue Refunding Bonds	295,495	01/01/10	01/01/26	Pay 5.738%; receive 66% of one-month LIBOR

1995 Revenue Bonds Swaption: On May 2, 2001, the Authority entered into the 1995 Revenue Bonds Swaption with UBS AG in the initial notional amount of $358,215. Under the 1995 Revenue Bonds Swaption, UBS AG had the option, exercisable 120 days preceding January 1, 2006, January 1, 2007, and January 1, 2008, to elect to have the 1995 Revenue Bonds Swaption commence on the January 1 next succeeding the exercise of the option.

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Note 4. Derivative Instruments (Continued)

1995 Revenue Bonds Swaption (Continued): Under the 1995 Revenue Bonds Swaption, (i) UBS AG was obligated to pay to the Authority $7,144 on January 1, 2006, as an exercise premium amount; (ii) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index; and (iii), the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.447% per annum. The periodic interest rates are applied to the notional amount of the 1995 Revenue Bonds Swaption, which amortizes annually, commencing January 1, 2007, from its initial notional amount. Effective July 1, 2015, the Authority executed a novation transaction with the 1995 Revenue Bonds Swaption which replaced UBS AG with The Toronto-Dominion Bank as the counterparty to the Swaption. The Toronto-Dominion Bank effectively assumed all of the significant terms of the original Swaption (i.e.: notional amount, terms to maturity, payment terms, reference rates, time intervals, etc.). Only the net difference in the periodic payments is to be exchanged between the Authority and The Toronto-Dominion Bank.

The periodic payment obligations of the Authority under the 1995 Revenue Bonds Swaption are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond Indenture. In addition to other Events of Default and Termination Events (as defined in the 1995 Revenue Bond Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement) falls below “Baa2” with respect to Moody’s Investors Service (“Moody’s”) or “BBB-” with respect to Standard & Poor’s Ratings Group (“S&P”) or Fitch Ratings (“Fitch”), or the Bonds cease to be rated by one of Moody’s, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds).

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

On September 3, 2005, UBS AG (the original counterparty) advised the Authority that it was exercising its option on this swaption as of January 1, 2006. As a result, UBS AG paid the Authority $7,144 on January 3, 2006 as an exercise premium, which has been recorded as an unearned revenue and is being amortized as interest revenue over the life of the interest rate swap agreement. The Authority made its initial net monthly swap payment in February 2006. The Authority is current on its 2016 monthly net swap interest payments to The Toronto-Dominion Bank (the current counterparty), which totaled $13,341 and $14,460 as of December 31, 2016 and 2015, respectively.

The ratings of the current counterparty (The Toronto-Dominion Bank) to the 1995 Revenue Bonds Swap by Moody’s, S&P, and Fitch are Aa3, AA-, and AA-, respectively, as of December 31, 2016. As of December 31, 2016, the 1995 Revenue Bond Swaption had an at-the-mark value of ($49,908). As of December 31, 2016, the notional value of the swap was $251,605.

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Note 4. Derivative Instruments (Continued)

1995 Revenue Bonds Swaption (Continued): The following schedule represents the accretion of interest and amortization of the premium payment payable - derivative companion instrument through the term of the interest rate swap agreement, at an effective interest rate of 4.62324%:

Year Ending December 31,	Beginning Balance	Interest Accrual	Imputed Debt Payment	Ending Balance
2017	$ 8,662	$ 400	$ (1,911)	$ 7,151
2018	7,151	331	(1,741)	5,741
2019	5,741	265	(1,561)	4,445
2020	4,445	205	(1,372)	3,278
2021	3,278	152	(1,173)	2,257
2022-2025	2,257	213	(2,470)	-

1999 Revenue Bonds Swaption: On May 2, 2001, the Authority entered into the 1999 Revenue Bonds Swaption with UBS AG in the initial notional amount of $403,035. Under the 1999 Revenue Bonds Swaption, UBS AG had the option, exercisable 120 days preceding January 1, 2010, January 1, 2011, and January 1, 2012, to elect to have the 1999 Revenue Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1999 Revenue Bonds Swaption, if exercised, (i) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index, and (ii), the Authority is obliged to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.738% per annum. The periodic interest rates are applied to the notional amount of the 1999 Revenue Bonds Swaption, which amortizes annually, commencing January 1, 2011, from its initial notional amount. Effective July 1, 2015, the Authority executed a novation transaction with the 1999 Revenue Bonds Swaption which replaced UBS AG with Wells Fargo Bank, N.A. as the counterparty to the Swaption. Wells Fargo Bank N.A. effectively assumed all of the significant terms of the original Swaption (i.e.: notional amount, terms to maturity, payment terms, reference rates, time intervals, etc.). Only the net difference in the periodic payments is to be exchanged between the Authority and Wells Fargo Bank, N.A.

Once exercised, the 1999 Revenue Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The periodic payment obligations of the Authority under the 1999 Revenue Bonds Swaption (if exercised) are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond indenture. In addition to other Events of Default and Termination Events (as defined in the 1999 Revenue Bonds Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement), falls below “Baa2” with respect to Moody’s or “BBB-” with respect to S&P or Fitch, or the Bonds cease to be rated by one of Moody’s, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds).

In consideration for entering into the 1999 Revenue Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of $20,142 from UBS AG (the original counterparty), which has been recorded on the combined financial statements as a noncurrent liability (premium payment payable – derivative companion instrument). In accordance with the provisions of GASBS 53, this derivative companion instrument is considered a “borrowing” resulting from the intrinsic value of the swaption at inception. During the option period, interest accretes at the effective rate implied by the cash flows on the borrowing at inception. Once the swaption is exercised, and becomes an active swap, a portion of the swap interest payments are attributed to principal and interest payments on the borrowing.

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Note 4. Derivative Instruments (Continued)

1999 Revenue Bonds Swaption (Continued): On September 3, 2009, UBS AG (the original counterparty) advised the Authority that it was exercising its option on this swaption as of January 1, 2010. The Authority began making net interest payments to USB AG, commencing in February 2010, representing January's net interest payment. The Authority is current on its 2016 monthly net swap interest payments to Wells Fargo Bank, N.A. (the current counterparty), which totaled $16,675 and $17,891 as of December 31, 2016 and 2015, respectively.

The ratings of the counterparty (Wells Fargo Bank, N.A.) to the 1999 Revenue Bonds Swap by Moody's, S&P, and Fitch are Aa2, AA-, and AA, respectively, as of December 31, 2016. As of December 31, 2016, the 1999 Revenue Bond Swaption had an at-the-mark value of ($62,935). As of December 31, 2016, the notional value of the swap was $295,495.

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

Year Ending December 31,	Beginning Balance	Interest Accrual	Imputed Debt Payment	Ending Balance
2017	$ 12,659	$ 597	$ (2,793)	$ 10,463
2018	10,463	493	(2,547)	8,409
2019	8,409	396	(2,288)	6,517
2020	6,517	307	(2,013)	4,811
2021	4,811	227	(1,722)	3,316
2022-2025	3,316	320	(3,636)	-

Net Swap Payments: Using rates as of December 31, 2016 and assuming the rates are unchanged for the remaining term of the bonds, the following table shows the debt service requirements and net swap payments for the Authority's hedged variable rate bonds:

	Variable Rate Bonds			Swap Interest Payments			
Year Ending December 31,	Principal	Interest	Total	Fixed Pay	Variable Received	Net Pay	Total Bonds and Swaps
2017	$ 42,290	$ 4,811	$ 47,101	$ 28,291	$ 2,565	$ 25,725	$ 72,826
2018	44,645	4,414	49,059	25,789	2,339	23,451	72,510
2019	47,155	3,994	51,149	23,147	2,099	21,048	72,197
2020	49,800	3,550	53,350	20,356	1,846	18,510	71,860
2021	52,595	3,082	55,677	17,409	1,579	15,830	71,507
2022-2026	310,615	7,411	318,026	36,715	3,329	33,386	351,412
	$ 547,100	$ 27,262	$ 574,362	$ 151,707	$ 13,756	$ 137,950	$ 712,312

Objective and Terms of Investment Derivative Instruments: On August 21, 2000, the Authority entered into two (2) interest rate agreements with Bank of America, N.A. in the notional amounts of $39,657 (the "2000 Swaption #1") and $10,436 (the "2000 Swaption #2", and together with the 2000 Swaption #1, the "2000 Swaptions"). Under the 2000 Swaptions, Bank of America, N.A. has the option on certain future dates (two business days preceding July 1, 2005 and each January 1 and July 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #1 and two business days preceding January 2, 2006 and each July 1 and January 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #2) to cause the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, to commence on the next succeeding January 1 or July 1.

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Note 4. Derivative Instruments (Continued)

Objective and Terms of Investment Derivative Instruments (Continued): If an option is exercised, the 2000 Swaption #1, or the 2000 Swaption #2, as applicable, would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 2000 Swaptions are general unsecured corporate obligations.

If the options relating to the 2000 Swaption #1 or the 2000 Swaption #2 are exercised, Bank of America, N.A. is obligated to pay periodic interest payments (payable monthly) to the Authority based upon a fixed rate of 5.9229% per annum, and the Authority is obligated to pay periodic interest payments (payable monthly) to Bank of America, N.A. at a variable rate based upon the Securities Industry and Financing Markets Association (SIFMA) (formerly the BMA Municipal Swap Index) (a tax-exempt variable rate index). Only the net difference in the periodic payments owed would be exchanged between Bank of America, N.A. and the Authority. As of December 31, 2016, Bank of America, N.A. has not exercised its options on the aforementioned swaptions with a value totaling ($149).

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

Risks Related to Derivative Instruments:

Credit Risk: For the years ended December 31, 2016 and 2015, the Authority was not exposed to credit risk on its hedging derivative instruments or investment derivatives as all such derivative instruments were in a liability position based on their fair values. The credit ratings of the counterparties, for the active swaps, however, are Aa2, AA-, AA (Wells Fargo), and Aa3, AA-, AA- (TD Bank, N.A.) as rated by Moody's, S&P, and Fitch, respectively, as of December 31, 2016.

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

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

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

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

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

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Note 4. Derivative Instruments (Continued)

Risks Related to Derivative Instruments (Continued):

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

At its September 2014 meeting, the Authority's Board approved resolution DRPA 14-116 entitled "*Authorization to Terminate and Replace Existing UBS Swaps with New Swap Counterparty(ies)*" which authorized the Authority to terminate its existing swaps with UBS AG "in order to reduce Authority swap exposure and to provide more favorable terms to the Authority." In addition, the Authority adopted a written swap policy. As previously stated in this note, UBS AG was replaced, as counterparty, by The Toronto-Dominion Bank, and Wells Fargo Bank, effective July 1, 2015.

Lastly, resolution DRPA 16-055 (approved in April 2016) authorized "the amendment, replacement, and termination of any or all of the Outstanding Swaps." Resolution DRPA 16-098 entitled "*Authorization for Issuance of Revenue Refunding Bonds Amendment, Replacement or Termination of Interest Rate Swaps"* approved in September 2016 further authorized the Authority's management "to the extent deemed economically advantageous and fiscally prudent for the Authority, the amendment, replacement or termination of any or all of the Authority's outstanding Interest Rate Swap Agreements..," and also authorizes the issuance of fixed rate Revenue Refunding Bonds to refund outstanding variable rate bonds, in a "not-to-exceed" amount of $600 million.

Note 5. Accounts Receivable

Accounts receivable for December 31, 2016 and December 31, 2015 are as follows:

	2016	2015
Reimbursements from governmental agencies - Federal Transit Administration	$ 702	$ 8,570
Reimbursements from other governmental agencies	870	
Development projects	3,500	3,500
E-ZPass bridge tolls from other agencies	5,894	5,860
Other	973	1,885
Gross receivables	11,939	19,815
Less: allowance for uncollectibles	(3,564)	(3,500)
Net total receivables	$ 8,375	$ 16,315

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Note 6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 Year
Bonds payable					
1999 Port District Project Bonds	$ 24,010		$ (3,945)	$ 20,065	$ 4,245
2008 Revenue Refunding Bonds	270,180		(18,575)	251,605	19,590
2010 Revenue Refunding Bonds	316,955		(21,460)	295,495	22,700
2010 Revenue Bonds	308,375			308,375	
2012 Port District Project Refunding Bonds	141,440		(6,030)	135,410	6,335
2013 Revenue Bonds	476,585			476,585	
Issuance discounts/premiums	25,453	$ 25	(2,724)	22,754	
Total bonds payable	1,562,998	25	(52,734)	1,510,289	52,870
Other liabilities					
Claims and judgments	2,520	4,015	(2,247)	4,288	1,375
Self-insurance	4,626	3,673	(4,146)	4,153	1,827
Sick and vacation leave	3,962	1,429	(1,512)	3,879	1,940
Net pension liability	114,682	48,607	(17,380)	145,909	
Unearned revenue	8,758	26,856	(26,843)	8,771	4,585
Other postemployment benefits	26,352	4,562	(9,813)	21,101	
Premium payment payable - derivative companion instrument	25,237		(3,917)	21,320	
Derivative instrument - interest rate swap	103,642		(22,276)	81,366	
	$ 1,852,777	$ 89,167	$ (140,868)	$ 1,801,076	$ 62,597

Long-term liability activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 Year
Bonds payable					
1999 Port District Project Bonds	$ 27,675		$ (3,665)	$ 24,010	$ 3,945
2008 Revenue Refunding Bonds	287,800		(17,620)	270,180	18,575
2010 Revenue Refunding Bonds	337,255		(20,300)	316,955	21,460
2010 Revenue Bonds	308,375			308,375	
2012 Port District Project Refunding Bonds	147,240		(5,800)	141,440	6,030
2013 Revenue Bonds	476,585			476,585	
Issuance discounts/premiums	28,248	$ 25	(2,820)	25,453	
Total bonds payable	1,613,178	25	(50,205)	1,562,998	50,010
Other liabilities					
Claims and judgments	2,657	2,143	(2,280)	2,520	681
Self-insurance	4,583	3,518	(3,475)	4,626	2,035
Sick and vacation leave	3,898	421	(357)	3,962	1,982
Net pension liability		126,017	(11,335)	114,682	
Unearned revenue	9,329	20,177	(20,748)	8,758	4,212
Other postemployment benefits	31,445	4,836	(9,929)	26,352	
Premium payment payable - derivative companion instrument	29,335		(4,098)	25,237	
Derivative instrument - interest rate swap	117,182		(13,540)	103,642	
	$ 1,811,607	$ 157,137	$ (115,967)	$ 1,852,777	$ 58,920

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Note 7. Investment in Facilities

Capital assets for the year ended December 31, 2016 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 74,100		$ (24)	$ 74,076
Construction in progress	441,577	$ 106,102	(17,372)	530,307
Total capital assets not being depreciated	515,677	106,102	(17,396)	604,383
Capital assets being depreciated				
Bridges and related building and equipment	1,139,324	7,975	(3,032)	1,144,267
Transit property and equipment	600,962	27,389	(1,003)	627,348
Port enhancements	6,703			6,703
Total capital assets being depreciated	1,746,989	35,364	(4,035)	1,778,318
Less: accumulated depreciation for:				
Bridges and related building and equipment	(557,062)	(34,895)	2,489	(589,468)
Transit property and equipment	(274,619)	(23,721)	995	(297,345)
Port enhancements	(5,168)	(317)	466 *	(5,019)
Total accumulated depreciation	(836,849)	(58,933)	3,950	(891,832)
Total capital assets being depreciated, net	910,140	(23,569)	(85)	886,486
Total capital assets, net	$ 1,425,817	$ 82,533	$ (17,481)	$ 1,490,869

* represents depreciated capital assets reclassified from port enhancements to bridges and related building and equipment and transit property and equipment

Capital assets for the year ended December 31, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 74,225		$ (125)	$ 74,100
Construction in progress	348,278	$ 137,267	(43,968)	441,577
Total capital assets not being depreciated	422,503	137,267	(44,093)	515,677
Capital assets being depreciated				
Bridges and related building and equipment	1,138,185	1,139		1,139,324
Transit property and equipment	559,866	41,096		600,962
Port enhancements	6,703			6,703
Total capital assets being depreciated	1,704,754	42,235	-	1,746,989
Less: accumulated depreciation for:				
Bridges and related building and equipment	(521,992)	(35,070)		(557,062)
Transit property and equipment	(252,430)	(22,189)		(274,619)
Port enhancements	(4,813)	(355)		(5,168)
Total accumulated depreciation	(779,235)	(57,614)	-	(836,849)
Total capital assets being depreciated, net	925,519	(15,379)	-	910,140
Total capital assets, net	$ 1,348,022	$ 121,888	$ (44,093)	$ 1,425,817

Total depreciation expense for the years ended December 31, 2016 and 2015 was $58,933 and $57,614, respectively.

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Note 8. Deferred Compensation Plan

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

Note 9. Pension Plans

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

General Information about the Plans

Plan Descriptions

Pennsylvania State Employees' Retirement System - The Pennsylvania State Employees' Retirement System is the administrator of a cost-sharing multiple-employer defined benefit pension plan established by the Commonwealth of Pennsylvania ("Commonwealth") to provide pension benefits for employees of state government and certain independent agencies. SERS is a component unit of the Commonwealth and is included in the Commonwealth's financial report as a pension trust fund. Membership in SERS is mandatory for most state employees. Members and employees of the General Assembly, certain elected or appointed officials in the executive branch, department heads, and certain employees in the field of education are not required, but are given the option to participate.

SERS provides retirement, death, and disability benefits. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Member retirement benefits are determined by taking years of credited service, multiplied by final average salary, multiplied by 2%, multiplied by class of service multiplier. According to the State Employees' Retirement Code, all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

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.

State of New Jersey Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A by the State of New Jersey ("State"). The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

The State of New Jersey Public Employees' Retirement System issues a publicly available annual financial report, including financial statements, which may be obtained by writing to State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

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Note 9. Pension Plans (Continued)

General Information about the Plans (Continued)

Plan Descriptions (Continued)

Teamsters Pension Plan of Philadelphia and Vicinity - The Teamsters Health and Welfare Fund of Philadelphia and Vicinity (the "Fund") covers all eligible employees working for employers who have a collective bargaining agreement with a Teamsters local union which is party to the Fund and under which the employers have agreed to make contributions to the Fund on the employees' behalf in accordance with negotiated hourly rates. The Fund is a multi-employer, defined benefit health and welfare plan that was established under the terms of collective bargaining agreements between the employers and Teamsters local unions (the local unions), located in central and northeast portions of Pennsylvania, along the eastern shore of Maryland, Maine, New York and Ohio. The Fund is generally non-contributory, but does provide for participant contributions under the Consolidated Omnibus Budget Reconciliation Act (COBRA). The Fund provides health and other benefits to eligible participants who are covered under collective bargaining agreements, or other written agreements, with the local unions. The Fund is administered by a Board of Trustees (Trustees) with equal representation by the employers and the local unions and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Benefit terms are established, and amended, by the Trustees. The Authority is not subject to any provisions regarding withdrawal from the Fund.

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

Vesting and Benefit Provisions

Pennsylvania State Employees' Retirement System - A member may retire after completing three years of service and after reaching normal retirement age (the age of 60, except police officers at age 50, or the age at which 35 years of service has been completed, whichever occurs first). Benefits vest after five years of service, or after 10 years of service for those hired on or after January 1, 2011. If an employee terminates his or her employment after at least five years of service (10 years if hired on or after January 1, 2011) 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 who started on or prior to December 31, 2010 are entitled to receive pension benefits equal to 2.5% (2.0% for employees starting on or after January 1, 2011, unless they opt to pay more to be eligible for the 2.5%) of their final average compensation (average of the three highest years in earnings) times the number of years for which they were a participant in the plan. The pension benefits received by an employee who retires after five years of credited service but before normal retirement age are reduced for the number of years that person is under normal retirement age.

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

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Note 9. Pension Plans (Continued)

General Information about the Plans (Continued)

Vesting and Benefit Provisions (Continued)

State of New Jersey Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
4	Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

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

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

At December 31, 2016 and 2015, the Authority had 196 and 208 employees, respectively, covered by the Fund.

DELAWARE RIVER PORT AUTHORITY
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Note 9. Pension Plans (Continued)

General Information about the Plans (Continued)

Contributions

Pennsylvania State Employees' Retirement System - The contribution requirements of plan members and the Authority are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% (unless opting for 9.33% deductions in order to be eligible for the 2.5% pension compensation) of their gross earnings to the plan.

Employer contribution rates are certified by the SERS Board annually, typically in April of each year to become effective the following fiscal year beginning in June. It is customary for rates to result from an independent actuarial valuation of the pension fund. The employer contribution rate is set so that it can fund all retirement benefits earned by employees working during the year and pay toward any unfunded liability that may exist. In some cases, however, the actuarially calculated employer contribution rate has been set or adjusted by Pennsylvania law.

The Authority's contractually required contribution rate for the years ended December 31, 2016 and 2015 was 27.32% and 21.15%, respectively, of the Authority's covered payroll, and the Authority's contractually required quarterly contributions to the pension plan for 2016 and 2015 totaled $12,735 and $10,332, respectively. Employee contributions to the plan during 2016 and 2015 were $2,599 and $3,122, respectively.

State of New Jersey Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate that included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the years ended December 31, 2016 and 2015 was 10.27% and 11.38%, respectively, of the Authority's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability. The Authority's contractually required contributions to the pension plan for the years ended December 31, 2016 and 2015 was $45 and $42, which is and was due on April 1, 2017 and April 1, 2016, respectively. Employee contributions to the plan during 2016 and 2015 were $33 and $27, respectively.

Teamsters Pension Plan of Philadelphia and Vicinity - The employer's contribution requirements are determined under the terms of one Collective Bargaining Agreement in force between the employer and the Teamsters, which expired on May 31, 2011. A "Memorandum of Agreement" was signed on December 28, 2016 to continue the Authority's contributions to the plan. The Memorandum of Agreement expires December 31, 2017. During 2016, the Authority was required to and did contribute twenty-five dollars and twenty-two cents ($25.22) per day from January 1 through June 30, and twenty-six dollars and forty-eight cents ($26.48) per day, from July 1 through December 31 for each PATCO participating employee. For the 2015 year, the Authority was required to and did contribute twenty-four dollars and two cents ($24.02) per day, from January 1 through June 30, and twenty-five dollars and twenty-two cents ($25.22) per day, from July 1 through December 31 for each PATCO participating employee. The Authority's contributions totaled 8.69%, 8.13%, and 7.67% of covered payroll in 2016, 2015 and 2014, respectively.

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Note 9. Pension Plans (Continued)

General Information about the Plans (Continued)

Contributions (Continued)

Teamsters Pension Plan of Philadelphia and Vicinity (Continued) - The employees of the Authority do not contribute to the Plan. The Authority contributed $1,293, $1,136, and $1,001 in 2016, 2015 and 2014, respectively, which represented 100% of the required contribution for the aforementioned years.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pennsylvania State Employees' Retirement System - At December 31, 2016, the Authority's proportionate share of the SERS net pension liability was $144,424. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the December 31, 2015 measurement date, the Authority's proportion was .79424655%, which was an increase of .02971064% from its proportion measured as of December 31, 2014.

At December 31, 2015, the Authority's proportionate share of the SERS net pension liability was $113,590. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the December 31, 2014 measurement date, the Authority's proportion was .76453591%, which was a decrease of .02086543% from its proportion measured as of December 31, 2013.

At December 31, 2016 and 2015, the Authority's proportionate share of the SERS pension expense, calculated by the Plan as of the December 31, 2015 and 2014 measurement dates, was $19,279 and $12,710, respectively.

State of New Jersey Public Employees' Retirement System - At December 31, 2016, the Authority's proportionate share of the PERS net pension liability was $1,484. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Authority's proportion was .0050105488%, which was an increase of .0001489164% from its proportion measured as of June 30, 2015.

At December 31, 2015, the Authority's proportionate share of the PERS net pension liability was $1,092. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Authority's proportion was .0048616324%, which was a decrease of .0031613124% from its proportion measured as of June 30, 2014.

DELAWARE RIVER PORT AUTHORITY
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Note 9. Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

State of New Jersey Public Employees' Retirement System (Continued) - At December 31, 2016 and 2015, the Authority's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2016 and 2015 measurement dates, was ($49) and ($124), respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources

Certain changes in the net pension liability are to be recognized as deferred outflows of resources or deferred inflows of resources and are amortized as either an increase or decrease to future year's pension expense, using a systematic and rational method over a closed period.

At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	SERS	PERS	Total	SERS	PERS	Total
Differences between expected and actual experience	$ 2,924	$ 28	$ 2,952	-	-	-
Changes of assumptions	4,291	307	4,598	-	-	-
Net difference between projected and actual earnings on pension plan investments	14,705	57	14,762	-	-	-
Differences between employer contributions and proportionate share of contributions	-	-	-	$ 419	-	$ 419
Changes in proportion	3,443	24	3,467	1,833	$ 703	2,536
Employer contributions subsequent to the measurement date	12,735	22	12,757	-	-	-
	$ 38,098	$ 438	$ 38,536	$ 2,252	$ 703	$ 2,955

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	SERS	PERS	Total	SERS	PERS	Total
Differences between expected and actual experience	$ 617	$ 26	$ 643	-	-	-
Changes of assumptions	-	117	117	-	-	-
Net difference between projected and actual earnings on pension plan investments	3,282	-	3,282	-	$ 18	$ 18
Differences between employer contributions and proportionate share of contributions	-	-	-	$ 339	-	339
Changes in proportion	-	-	-	2,341	899	3,240
Employer contributions subsequent to the measurement date	10,332	21	10,353	-	-	-
	$ 14,231	$ 164	$ 14,395	$ 2,680	$ 917	$ 3,597

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Note 9. Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

At December 31, 2016, $12,735 and $22 for SERS and PERS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2017. These contributions were made by the Authority to the respective pension plans after the measurement date to satisfy the pension plan's net pension liability, but before the end of the financial statement period for the Authority. For SERS, this amount was based on actual contributions made during 2016, which was subsequent to the measurement date of December 31, 2015. For PERS, the amount was based on an estimated April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2016 to the Authority's year-end of December 31, 2016.

At December 31, 2015, $10,332 and $21 for SERS and PERS, respectively, included in deferred outflows of resources, was included as a reduction of the net pension liability in the year ended December 31, 2016. These contributions were made by the Authority to the respective pension plans after the measurement date to satisfy the pension plan's net pension liability, but before the end of the financial statement period for the Authority. For SERS, this amount was based on actual contributions made during 2015, which was subsequent to the measurement date of December 31, 2014. For PERS, the amount was based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Authority's year-end of December 31, 2015.

For SERS and PERS, the components of deferred outflows of resources and deferred inflows of resources for SERS and PERS, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 5.2 and 5.57 year closed period for the December 31, 2015 and June 30, 2016 measurement period, respectively, which reflects the weighted average remaining service life of all SERS and PERS members, beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS and PERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

For SERS and PERS, the components of deferred outflows of resources and deferred inflows of resources for SERS and PERS, other than the difference between the projected and actual investment earnings on investments, were amortized into pension expense over a 5.6 and 5.72 year closed period for the December 31, 2014 and June 30, 2015 measurement period, respectively, which reflects the weighted average remaining service life of all SERS and PERS members, beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS and PERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

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Note 9. Pension Plans (Continued)

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)</u>

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The amounts of deferred outflows of resources and deferred inflows of resources related to the respective net pension liabilities measured at December 31, 2015 for SERS and June 30, 2016 for PERS that will be recognized in pension expense in future periods are as follows:

Year Ending Dec. 31	SERS	PERS	Total
2016	$ 5,827		$ 5,827
2017	5,827	$ (102)	5,725
2018	5,827	(102)	5,725
2019	5,153	(88)	5,065
2020	476	(25)	451
2021		30	30
Totals	$ 23,110	$ (287)	$ 22,793

<u>Actuarial Assumptions</u>

Since the measurement of the net pension liability of SERS is the same date as the actuarial valuation of the net pension liability, no roll forward procedures are required for the net pension liability. For PERS, however, the net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total PERS pension liability was calculated using updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016.

The actuarial valuations for the year ended December 31, 2016 used the following actuarial assumptions applied to all periods included in the measurement date of December 31, 2015 for SERS and June 30, 2016 for PERS:

	SERS	PERS
Inflation	2.75%	3.08%
Projected salary increases	average of 5.70% with range of 3.85% - 9.05% including inflation	1.65% - 4.15% based on age (through 2026) 2.65% - 5.15% based on age (thereafter)
Investment rate of return	7.50% net of expenses including inflation	7.65%
Mortality rate table	projected RP-2000 mortality tables adjusted for actual plan experience and future improvement	projected RP-2000 mortality tables adjusted for actual plan experience and future improvements
Period of actuarial experience study upon which actuarial assumptions were based	2011 - 2015	July 1, 2011 - June 30, 2014

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Note 9. Pension Plans (Continued)

Actuarial Assumptions (Continued)

The actuarial valuations for the year ended December 31, 2015 used the following actuarial assumptions applied to all periods included in the measurement date of December 31, 2014 for SERS and June 30, 2015 for PERS:

	SERS	PERS
Inflation	2.75%	3.04%
Projected salary increases	average of 6.10% with range of 4.30% - 11.05% including inflation	2.15% - 4.40% based on age (2012-2021) 3.15% - 5.40% based on age (thereafter)
Investment rate of return	7.5% net of expenses including inflation	7.90%
Mortality rate table	projected RP-2000 mortality tables adjusted for actual plan experience and future improvements	projected RP-2000 mortality tables adjusted for actual plan experience and future improvements
Period of actuarial experience study upon which actuarial assumptions were based	2006 - 2010	July 1, 2008 - June 30, 2011

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in current and target asset allocation as of the measurement dates of December 31, 2015 for SERS and June 30, 2016 for PERS, are summarized in the following table:

	SERS		PERS	
Asset Class	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Cash			5.00%	0.87%
Alternative investments	15.00%	8.50%		
U.S. treasuries			1.50%	1.74%
Investment grade credit			8.00%	1.79%
Global public equity	40.00%	5.40%		
Real assets	17.00%	4.95%		
Mortgages			2.00%	1.67%
Diversifying assets	10.00%	5.00%		
High yield bonds			2.00%	4.56%
Inflation-indexed bonds			1.50%	3.44%
Broad U.S. equities			26.00%	8.53%
Developed foreign equities			13.25%	6.83%
Emerging market equities			6.50%	9.95%
Private equity			9.00%	12.40%
Fixed income	15.00%	1.50%		
Hedge funds / absolute return			12.50%	4.68%
Real estate (property)			2.00%	6.91%
Liquidity reserve	3.00%	0.00%		
Commodities			0.50%	5.45%
Global debt ex U.S.			5.00%	-0.25%
REIT			5.25%	5.63%
Total	100.00%		100.00%	

DELAWARE RIVER PORT AUTHORITY
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Note 9. Pension Plans (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in current and target asset allocation as of the measurement dates of December 31, 2014 for SERS and June 30, 2015 for PERS, are summarized in the following table:

	SERS		PERS	
Asset Class	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Cash			5.00%	1.04%
Alternative investments	15.00%	8.50%		
U.S. treasuries			1.75%	1.64%
Investment grade credit			10.00%	1.79%
Global public equity	40.00%	5.40%		
Mortgages			2.10%	1.62%
Diversifying assets	10.00%	5.00%		
High yield bonds			2.00%	4.03%
Inflation-indexed bonds			1.50%	3.25%
Broad U.S. equities			27.25%	8.52%
Developed foreign equities			12.00%	6.88%
Emerging market equities			6.40%	10.00%
Private equity			9.25%	12.41%
Fixed income	15.00%	1.50%		
Hedge funds / absolute return			12.00%	4.72%
Real estate (property)	17.00%	4.95%	2.00%	6.83%
Liquidity reserve	3.00%	0.00%		
Commodities			1.00%	5.32%
Global debt ex U.S.			3.50%	-0.40%
REIT			4.25%	5.12%
Total	100.00%		100.00%	

Discount Rate - The discount rate used to measure the total pension liability at December 31, 2015 and 2014 for SERS was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary. Based on those assumptions, SERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active SERS members; therefore, the long-term expected rate of return on SERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the total pension liability at June 30, 2016 and 2015 for PERS was 3.98% and 4.90%, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80%, as of June 30, 2016 and 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from PERS members will be made at the current member contribution rates. Based on those assumptions, PERS fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS; therefore, the long-term expected rate of return on PERS investments was applied to projected benefit payments through 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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Note 9. Pension Plans (Continued)

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Pennsylvania State Employees' Retirement System - The following presents the Authority's proportionate share of the net pension liability at the Plan's measurement date, calculated using a discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	December 31, 2016		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Authority's proportionate share of the net pension liability - measurement date December 31, 2015	$ 179,402	$ 144,425	$ 114,433

	December 31, 2015		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Authority's proportionate share of the net pension liability - measurement date December 31, 2014	$ 145,393	$ 113,590	$ 86,245

State of New Jersey Public Employees' Retirement System - The following presents the Authority's proportionate share of the net pension liability at the Plan's measurement date, calculated using a discount rate of 3.98 for June 30, 2016 and 4.90% for June 30, 2015, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	December 31, 2016		
	1% Decrease 2.98%	Current Discount Rate 3.98%	1% Increase 4.98%
Authority's proportionate share of the net pension liability - measurement date June 30, 2016	$ 1,818	$ 1,484	$ 1,208

	December 31, 2015		
	1% Decrease 3.90%	Current Discount Rate 4.90%	1% Increase 5.90%
Authority's proportionate share of the net pension liability - measurement date June 30, 2015	$ 1,356	$ 1,091	$ 869

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Note 10. Postemployment Healthcare Plan

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

The OPEB Trust is irrevocable and is exempt from federal and state income taxes under Internal Revenue Code Section 115. The sole purpose of the OPEB Trust is to provide funds to pay postemployment benefits to qualified retirees and their dependents.

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

During 2015 and 2014, the Authority's Board of Commissioners passed resolutions DRPA 15-156 and DRPA-14-154 authorizing the Authority to make OPEB contributions for $5,000, for each subsequent year, to the OPEB Trust, which was established with PNC Institutional Management in 2014. The Authority continues to fund its current retiree postemployment benefits cost on a "pay-as-you-go" basis, net of plan member contributions.

Future Retirees: The Authority is required to expense the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of the Governmental Accounting Standards Board (GASB). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be $4,952, at an unfunded discount rate of 5%.

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Note 10. Postemployment Healthcare Plan (Continued)

Annual OPEB Cost: The Authority's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Annual required contribution (arc)	$ 4,882	$ 4,952	$ 5,056
Interest on the net OPEB obligation	1,054	1,258	2,075
Adjustment to the arc	(1,374)	(1,374)	(1,588)
Annual OPEB cost	4,562	4,836	5,543
Pay-as-you go cost (existing retirees)	(4,813)	(4,929)	(4,810)
Increase (decrease) in the net OPEB obligation	(251)	(93)	733
Net OPEB Obligation, January 1	26,352	31,445	41,502
OPEB Obligation, December 31	26,101	31,352	42,235
OPEB Trust Contributions	(5,000)	(5,000)	(10,790)
Net OPEB Obligation, December 31	$ 21,101	$ 26,352	$ 31,445
Percentage of Annual OPEB Cost Contributed	215%	205%	281%

Funded Status and Funding Progress: Using the report from January 1, 2015, the most recent actuarial valuation date, the results were rolled forward to calculate year-end December 31, 2015. The actuarial accrued liability for benefits as of December 31, 2015 was $118,482, and the actuarial value of plan assets was $15,747, or 13.3% funded, resulting in an unfunded actuarial accrued liability (UAAL) of $102,735.

The covered payroll (annual payroll of active employees covered by the plan) was $42,087 and the ratio of the UAAL to the covered payroll was 244.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

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

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

DELAWARE RIVER PORT AUTHORITY
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Note 10. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions (Continued): In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits that is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits that is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) year on an open basis. The actuarial assumptions included the following:

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

Inflation Rate: 2.5% per annum compounded annually.

Discount Rate: Future costs have been discounted at the rate of 5.00% compounded annually for GASBS No. 45 purposes.

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

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

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

Spousal Coverage: Married employees will remain married.

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

Health Care Cost Trend Rate:

	Year	Pre-65	Post-65
Initial Trend	1/1/17	9.0%	9.0%
Ultimate Trend	01/01/21 to later	5.0%	5.0%
Grading Per Year		1.0%	1.0%

Projected Salary Increase: Annual salary increase is 2.5%.

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

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

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
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Note 11. Indentures of Trust

The Authority's Revenue Bonds are subject to the provisions of the following Indentures of Trust: Revenue Refunding Bonds of 1998, dated July 1, 1998; the Revenue Refunding Bonds of 2008, dated July 25, 2008 and the Revenue Refunding Bonds of 2010 (Series A, B and C) and the 2010 Revenue Bonds (Series D), dated May 15, 2010 and July 15, 2010, respectively; and the 2013 Revenue Bonds, dated December 1, 2013, respectively (collectively the "Bond Resolution").

In addition, various Supplemental Indentures, issued in 2016, govern the recent replacement of Letters of Credit (LOC) backed variable rate debt, with LIBOR-indexed bank purchase loans.

In addition, the Port District Project Bonds of 1999, dated December 1, 1999, and the 2012 Port District Project Refunding Bonds, dated December 1, 2012, are governed by separate, individual indentures.

The Bond Resolution requires the maintenance of the following accounts:

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

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

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

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

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

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

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

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Notes to Combined Financial Statements
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Note 11. Indentures of Trust (Continued)

The Bond Resolution requires the maintenance of the following accounts (continued):

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

Note 12. Funded and Long-Term Debt

At December 31, 2016, the Authority had $1,510,289 in Revenue, Revenue Refunding, and Port District Project and Project Refunding Bonds outstanding, consisting of bonds issued in 1999, 2008, 2010 (two issues), 2012 and 2013. The 1999 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 1999. The 2008 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, as supplemented by a Fourth Supplemental Indenture dated October 1, 2007 and a Fifth Supplemental Indenture dated July 15, 2008. The 2010 Revenue Refunding Bonds were issued pursuant to an Indenture of Trust as previously supplemented by five supplemental indentures thereto and as further supplemented by a Sixth Supplemental Indenture dated as of March 15, 2010. The 2010 Revenue Bonds were issued pursuant to Indenture of Trust, dated as of July 1, 1998, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010. The 2012 Port District Project Refunding Bonds were issued pursuant to an Indenture of Trust dated December 1, 2012. The 2013 Revenue Bonds were issued pursuant to an Indenture of Trust, a Ninth Supplemental Indenture, dated as of December 1, 2013. Supplemental Indentures Ten through Twelve govern the 2016 issuance of four (4) LIBOR-indexed bank purchase loans with Wells Fargo Bank, Bank of America and TD Bank, related to the 2008 and 2010 Revenue Refunding Bonds.

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

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

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

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

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

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Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

1999 Port District Project Bonds (Continued): The 1999 Port District Project Bonds (Series A) outstanding at December 31, 2016 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Term Bonds			
2017	7.63%	$ 4,245	2020	7.63%	$ 5,295
2018	7.63%	4,570	2021	7.63%	1,035
2019	7.63%	4,920			
Total par value of 1999 Port District Project Bonds					$ 20,065

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

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

The 2008 Revenue Refunding Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust dated as of July 1, 1998 ("Original Indenture"), by and between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as successor to Commerce Bank, N.A. (the “Trustee”), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998 ("First Supplemental Indenture"), a Second Supplemental Indenture, dated as of August 15, 1998 ("Second Supplemental Indenture"), a Third Supplemental Indenture, dated as of December 1, 1999 ("Third Supplemental Indenture"), a Fourth Supplemental Indenture, dated as of October 1, 2007 ("Fourth Supplemental Indenture"), a Fifth Supplemental Indenture, dated as of July 15, 2008 (“Fifth Supplemental Indenture”), a Sixth Supplemental Indenture, dated as of March 15, 2010 ("Sixth Supplemental Indenture"), a Seventh Supplemental Indenture, dated as of July 1, 2010 ("Seventh Supplemental Indenture"), an Eighth Supplemental Indenture, dated as of March 15, 2013 ("Eighth Supplemental Indenture"), a Ninth Supplemental Indenture, dated as of December 1, 2013 ("Ninth Supplemental Indenture"), a Tenth Supplemental Indenture, dated as of June 1, 2016 ("Tenth Supplemental Indenture"), an Eleventh Supplemental Indenture, dated as of July 1, 2016 ("Eleventh Supplemental Indenture"), and a Twelfth Supplemental Indenture, dated as of July 1, 2016 ("Twelfth Supplemental Indenture"; and together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture, the Ninth Supplemental Indenture, the Tenth Supplemental Indenture, and the Eleventh Supplemental Indenture, the “1998 Revenue Bond Indenture”).

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

2008 Revenue Refunding Bonds (Continued): The 2008 Revenue Refunding Bonds, together with all other indebtedness outstanding under the 1998 Revenue Bond Indenture and any parity obligations hereafter issued under the 1998 Revenue Bond Indenture, are equally and ratably payable solely from and secured by a lien on and security interest in (i) the Net Revenues described herein, (ii) all moneys, instruments and securities at any time and held by the Authority or the Trustee in any Fund created or established under the 1998 Revenue Bond Indenture and (iii) the proceeds of all the foregoing, except for the moneys, instruments and securities held in the 1998 General Fund and the 1998 Rebate Fund. The 2008 Revenue Refunding Bonds are delineated into the following two (2) subseries including the 2008A Revenue Refunding Bonds and the 2008B Revenue Refunding Bonds (hereinafter defined):

2008A Revenue Refunding Bonds: The 2008A Revenue Refunding Bonds are outstanding as Variable Rate Bonds in an Index Rate Mode (as defined under the 1998 Revenue Bond Indenture). In particular, on July 15, 2016, the 2008A Revenue Refunding Bonds were converted from a Weekly Mode (as defined in the 1998 Revenue Bond Indenture) to the LIBOR Index Rate Mode (as defined in the Twelfth Supplemental Indenture), Upon conversion, the 2008A Revenue Refunding Bonds were subject to mandatory tender for purchase and were directly purchased by Bank of America, N.A. ("B of A") pursuant to and in accordance with a Continuing Covenant Agreement, dated as of July 1, 2016, between the Authority and B of A. On the date of conversion, the letter of credit previously providing credit enhancement and liquidity for the 2008A Revenue Refunding Bonds was terminated.

While in the LIBOR Index Rate Mode, the 2008A Revenue Refunding Bonds bear interest at a LIBOR Index Rate (as defined in the Twelfth Supplemental Indenture) for which interest is reset on the first business day of each month. Such interest rate is calculated two (2) London Business Days preceding the first business day of each month as the then applicable LIBOR Index Rate (as defined in the Twelfth Supplemental Indenture).

Pursuant to the Continuing Covenant Agreement with B of A and the Twelfth Supplemental Indenture, the 2008A Revenue Refunding Bonds are subject to mandatory purchase by the Authority on July 15, 2020. If such 2008A Revenue Refunding Bonds are not purchased by the Authority on such date, the 2008A Revenue Refunding Bonds may, to the extent no event of default exists, remain held by B of A and subject to amortization payments from the Authority until the earlier of (i) three years from the mandatory purchase date, (ii) the date upon which such bonds are converted to an interest rate other than the Index rate, and (iii) the date on which such bonds are redeemed, repaid, prepaid or cancelled in accordance with the 1998 Revenue Bond Indenture. As of December 31, 2016, the 2008A Revenue Refunding Bonds were outstanding in the amount of $119,185.

Optional Redemption: While in the LIBOR Index Rate Mode, the 2008A Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations ($100,000 and any integral multiple of $5,000 in excess thereof), on any Business Day, at a redemption equal to the, principal amount thereof, plus, accrued interest, if any, to the redemption date; provided, however, that certain fees are payable to B of A (i) upon any optional redemption prior to July 1, 2017 and (ii) if B of A incurs any loss, cost or expense as a result of such redemption.

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Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

2008 Revenue Refunding Bonds (Continued):

2008A Revenue Refunding Bonds (Continued):

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

Sinking Fund Installments Series A

January 1		January 1	
2017	$ 9,280	2022	$ 12,100
2018	9,785	2023	12,755
2019	10,315	2024	13,455
2020	10,880	2025	14,185
2021	11,475	2026	14,955
			$ 119,185

2008B Revenue Refunding Bonds: The 2008B Revenue Refunding Bonds are outstanding as Variable Rate Bonds in Weekly Mode as defined under the 1998 Revenue Bond Indenture. The 2008B Revenue Refunding Bonds are in the form of variable rate demand bonds (“VRDOs”) subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days’ notice and delivery to the Authority’s tender agent, TD Bank, N.A. The tender agent shall provide a copy of said notice to the applicable remarketing agent, who is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal plus accrued interest to the purchase date.

Under an irrevocable direct pay letters of credit (“DPLOC”) issued by TD Bank, N.A., the Trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The DPLOC with TD Bank, N.A. supporting the 2008B Revenue Refunding Bonds has a stated expiration date of December 31, 2017.

As of December 31, 2016, the 2008B Revenue Refunding Bonds were outstanding in the amount of $132,420.

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

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

2008 Revenue Refunding Bonds (Continued):

2008B Revenue Refunding Bonds (Continued):

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

Sinking Fund Installments Series B

January 1		January 1	
2017	$ 10,310	2022	$ 13,440
2018	10,870	2023	14,175
2019	11,465	2024	14,945
2020	12,090	2025	15,760
2021	12,745	2026	16,620
			$ 132,420

The 2008 Revenue Refunding Bonds outstanding at December 31, 2016 are as follows:

Maturity Date (January 1)	Series A Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Series B Interest Rate/Yield	Principal Amount
2026	Variable	$ 119,185	2026	Variable	$ 132,420
Total par value of 2008 Revenue Refunding Bonds					$ 251,605

Interest Rate Mode: Weekly
Rate Determination Date: Generally each Wednesday
Interest Rate Payment Dates: First Business day of each month
Rate in Effect at December 31, 2016: Series A - 1.077%; Series B - .70%

2010 Revenue Refunding Bonds: On March 31, 2010, the Authority issued $350,000 in Revenue Refunding Bonds (the “2010 Revenue Refunding Bonds”). The 2010 Revenue Refunding Bonds were issued to provide funds, together with other available funds, to (i) currently refund $349,360 aggregate principal amount of the Authority’s outstanding Revenue Bonds, Series of 1999, (ii) fund any required deposit to the 1998 Debt Service Reserve Fund, and (iii) pay the costs of issuance of the 2010 Revenue Refunding Bonds.

The 2010 Revenue Refunding Bonds were issued pursuant to the 1998 Revenue Bond Indenture.

DELAWARE RIVER PORT AUTHORITY
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Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Refunding Bonds (Continued): The 2010 Revenue Refunding Bonds, together with all other indebtedness outstanding under the 1998 Revenue Bond Indenture and any parity obligations hereafter issued under the 1998 Revenue Bond Indenture, are equally and ratably payable solely from and secured by a lien on and security interest in (i) the Net Revenues described herein, (ii) all moneys, instruments and securities at any time and held by the Authority or the Trustee in any Fund created or established under the 1998 Revenue Bond Indenture and (iii) the proceeds of all the foregoing, except for the moneys, instruments and securities held in the 1998 General Fund and the 1998 Rebate Fund.

The 2010 Revenue Refunding Bonds are delineated into the following four (4) subseries including the 2010A-1 Revenue Refunding Bonds, the 2010A-2 Revenue Refunding Bonds, the 2010B Revenue Refunding Bonds and the 2010C Revenue Refunding Bonds (hereinafter defined):

2010A-1 Revenue Refunding Bonds: The 2010A-1 Revenue Refunding Bonds are outstanding as Variable Rate Bonds in an Index Rate Mode (as defined under the 1998 Revenue Bond Indenture). In particular, on July 15, 2016, the 2010A-1 Revenue Refunding Bonds were converted from a Weekly Mode (as defined in the 1998 Revenue Bond Indenture) to the LIBOR Index Rate Mode (as defined in the Eleventh Supplemental Indenture). Upon conversion, the 2010A-1 Revenue Refunding Bonds were subject to mandatory tender for purchase and were directly purchased by B of A pursuant to and in accordance with a Continuing Covenant Agreement, dated as of July 1, 2016, between the Authority and B of A. On the date of conversion, the letter of credit previously providing credit enhancement and liquidity for the 2010A-1 Revenue Refunding Bonds was terminated.

While in the LIBOR Index Rate Mode, the 2010A-1 Revenue Refunding Bonds bear interest at a LIBOR Index Rate (as defined in the Eleventh Supplemental Indenture) for which interest is reset on the first business day of each month. Such interest rate is calculated two (2) London Business Days preceding the first business day of each month as the then applicable LIBOR Index Rate (as defined in the Eleventh Supplemental Indenture).

Pursuant to the Continuing Covenant Agreement with B of A and the Eleventh Supplemental Indenture, the 2010A-1 Revenue Refunding Bonds are subject to mandatory purchase by the Authority on July 15, 2020. If such 2010A-1 Revenue Refunding Bonds are not purchased by the Authority on such date, the 2010A-1 Revenue Refunding Bonds may, to the extent no event of default exists, remain held by B of A and subject to amortization payments from the Authority until the earlier of (i) three years from the mandatory purchase date, (ii) the date upon which such bonds are converted to an interest rate other than the Index rate, and (iii) the date on which such bonds are redeemed, repaid, prepaid or cancelled in accordance with the 1998 Revenue Bond Indenture.

As of December 31, 2016, the 2010A-1 Revenue Refunding Bonds were outstanding in the amount of $60,815.

Optional Redemption: While in the LIBOR Index Rate Mode, the 2010A-1 Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations ($100,000 and any integral multiple of $5,000 in excess thereof), on any Business Day, at a redemption equal to the, principal amount thereof, plus, accrued interest, if any, to the redemption date; provided, however, that certain fees are payable to B of A (i) upon any optional redemption prior to July 1, 2017 and (ii) if B of A incurs any loss, cost or expense as a result of such redemption.

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

2010 Revenue Refunding Bonds (Continued):

2010A-1 Revenue Refunding Bonds (Continued):

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

Sinking Fund Installments Series A-1

January 1		January 1	
2017	$ 4,620	2022	$ 6,175
2018	4,890	2023	6,545
2019	5,185	2024	6,935
2020	5,500	2025	7,350
2021	5,830	2026	7,785
			$ 60,815

2010A-2 Revenue Refunding Bonds: The 2010A-2 Revenue Refunding Bonds are outstanding as Variable Rate Bonds in an Index Rate Mode (as defined under the 1998 Revenue Bond Indenture). In particular, on July 15, 2016, the 2010A-2 Revenue Refunding Bonds were converted from a Weekly Mode (as defined in the 1998 Revenue Bond Indenture) to the LIBOR Index Rate Mode (as defined in the Eleventh Supplemental Indenture). Upon conversion, the 2010A-2 Revenue Refunding Bonds were subject to mandatory tender for purchase and were directly purchased by TD Bank, N.A. (“TD”) pursuant to and in accordance with a Continuing Covenant Agreement, dated as of July 1, 2016, between the Authority and TD. On the date of conversion, the letter of credit previously providing credit enhancement and liquidity for the 2010A-2 Revenue Refunding Bonds was terminated.

While in the LIBOR Index Rate Mode, the 2010A-2 Revenue Refunding Bonds bear interest at a LIBOR Index Rate (as defined in the Eleventh Supplemental Indenture) for which interest is reset on the first business day of each month. Such interest rate is calculated two (2) London Business Days preceding the first business day of each month as the then applicable LIBOR Index Rate (as defined in the Eleventh Supplemental Indenture).

Pursuant to the Continuing Covenant Agreement with TD and the Eleventh Supplemental Indenture, the 2010A-2 Revenue Refunding Bonds are subject to mandatory purchase by the Authority on July 15, 2021. If such 2010A-2 Revenue Refunding Bonds are not purchased by the Authority on such date, the 2010A-2 Revenue Refunding Bonds may, to the extent no event of default exists, remain held by TD and subject to amortization payments from the Authority until the earlier of (i) three years from the mandatory purchase date, (ii) the date upon which such bonds are converted to an interest rate other than the Index rate, and (iii) the date on which such bonds are redeemed, repaid, prepaid or cancelled in accordance with the 1998 Revenue Bond Indenture.

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

2010 Revenue Refunding Bonds (Continued):

2010A-2 Revenue Refunding Bonds (Continued) (Continued): As of December 31, 2016, the 2010A-2 Revenue Refunding Bonds were outstanding in the amount of $65,830.

Optional Redemption: While in the LIBOR Index Rate Mode, the 2010A-2 Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations ($100,000 and any integral multiple of $5,000 in excess thereof), on any Business Day, at a redemption equal to the, principal amount thereof, plus, accrued interest, if any, to the redemption date; provided, however, that certain fees are payable to TD (i) upon any optional redemption prior to July 1, 2017 and (ii) if TD incurs any loss, cost or expense as a result of such redemption.

Sinking Fund Redemption: The 2010A-2 Revenue Refunding Bonds are subject to mandatory redemption in part on January 1 of each year and in the respective principal amounts set forth below at one hundred percent (100%) of the principal amount of 2010A-2 Revenue Refunding Bonds to be redeemed, plus interest accrued to the Redemption Date, from funds which the Authority covenants to deposit in the 2010A-2 Bonds Sinking Fund Account created in the 1998 Debt Service Fund established pursuant to 1998 Revenue Bond Indenture, in amounts sufficient to redeem on January 1 of each year the principal amount of such 2010A-2 Revenue Refunding Bonds for each of the years set forth as follows:

Sinking Fund Installments Series A-2

January 1		January 1	
2017	$ 5,110	2022	$ 6,680
2018	5,390	2023	7,050
2019	5,690	2024	7,440
2020	6,000	2025	7,850
2021	6,330	2026	8,290
			$ 65,830

2010B Revenue Refunding Bonds: The 2010B Revenue Refunding Bonds are outstanding as Variable Rate Bonds in Weekly Mode as defined under the 1998 Revenue Bond Indenture. The 2010B Revenue Refunding Bonds are in the form of VRDOs subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Authority's tender agent, TD Bank, N.A. The tender agent shall provide a copy of said notice to the applicable remarketing agent, who is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal plus accrued interest to the purchase date.

Under an irrevocable direct pay letters of credit ("DPLOC") issued by Barclays, the Trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The DPLOC with Barclays supporting the 2010B Revenue Refunding Bonds has a stated expiration date of March 20, 2018.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Refunding Bonds (Continued):

2010B Revenue Refunding Bonds (Continued): As of December 31, 2016, the 2010B Revenue Refunding Bonds were outstanding in the amount of $126,645.

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

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

Sinking Fund Installments Series B

January 1		January 1	
2017	$ 9,730	2022	$ 12,860
2018	10,280	2023	13,595
2019	10,875	2024	14,375
2020	11,500	2025	15,200
2021	12,160	2026	16,070
			$ 126,645

2010C Revenue Refunding Bonds: The 2010C Revenue Refunding Bonds are outstanding as Variable Rate Bonds in an Index Rate Mode (as defined under the 1998 Revenue Bond Indenture). In particular, on June 9, 2016, the 2010C Revenue Refunding Bonds were converted from a Weekly Mode (as defined in the 1998 Revenue Bond Indenture) to the LIBOR Index Rate Mode (as defined in the Tenth Supplemental Indenture). Upon conversion, the 2010C Revenue Refunding Bonds were subject to mandatory tender for purchase and were directly purchased by Wells Fargo Bank, N.A. ("Wells") pursuant to and in accordance with a Continuing Covenant Agreement, dated as of July 1, 2016, between the Authority and Wells. On the date of conversion, the letter of credit previously providing credit enhancement and liquidity for the 2010C Revenue Refunding Bonds was terminated.

While in the LIBOR Index Rate Mode, the 2010C Revenue Refunding Bonds bear interest at a LIBOR Index Rate (as defined in the Tenth Supplemental Indenture) for which interest is reset on the first business day of each month. Such interest rate is calculated two (2) London Business Days preceding the first business day of each month as the then applicable LIBOR Index Rate (as defined in the Tenth Supplemental Indenture).

Pursuant to the Continuing Covenant Agreement with Wells and the Tenth Supplemental Indenture, the 2010C Revenue Refunding Bonds are subject to mandatory purchase by the Authority on June 9, 2021.

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Refunding Bonds (Continued):

2010C Revenue Refunding Bonds (Continued): If such 2010C Revenue Refunding Bonds are not purchased by the Authority on such date, the 2010C Revenue Refunding Bonds may, to the extent no event of default exists, remain held by Wells and subject to amortization payments from the Authority until the earlier of (i) three years from the mandatory purchase date, (ii) the date upon which such bonds are converted to an interest rate other than the Index rate, and (iii) the date on which such bonds are redeemed, repaid, prepaid or cancelled in accordance with the 1998 Revenue Bond Indenture.

As of December 31, 2016, the 2010C Revenue Refunding Bonds were outstanding in the amount of $42,205.

Optional Redemption: While in the LIBOR Index Rate Mode, the 2010C Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations ($100,000 and any integral multiple of $5,000 in excess thereof), on any Business Day, at a redemption equal to the, principal amount thereof, plus, accrued interest, if any, to the redemption date; provided, however, that certain fees are payable to Wells (i) upon any optional redemption prior to July 1, 2017 and (ii) if Wells incurs any loss, cost or expense as a result of such redemption.

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

Sinking Fund Installments Series C

January 1		January 1	
2017	$ 3,240	2022	$ 4,285
2018	3,430	2023	4,530
2019	3,625	2024	4,790
2020	3,830	2025	5,065
2021	4,055	2026	5,355
			$ 42,205

The 2010 Revenue Refunding Bonds outstanding at December 31, 2016 were as follows:

	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series A	2026	Variable	$ 126,645
Series B	2026	Variable	126,645
Series C	2026	Variable	42,205
Total par value of 2010 Revenue Refunding Bonds			$ 295,495

Interest Rate Mode: Weekly
Rate Determination Date: Generally each Wednesday
Rate in Effect at December 31, 2016: Series A-1 - 1.077%; Series A-2 - 1.31%; Series B - .740%; Series C - 1.082%

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Refunding Bonds (Continued):

The 2010 Revenue Refunding Bonds sinking fund installments outstanding at December 31, 2016 are as follows:

	Sinking Fund Installments			
January 1	Series A	Series B	Series C	Total
2017	$ 9,730	$ 9,730	$ 3,240	$ 22,700
2018	10,280	10,280	3,430	23,990
2019	10,875	10,875	3,625	25,375
2020	11,500	11,500	3,830	26,830
2021	12,160	12,160	4,055	28,375
2022	12,855	12,860	4,285	30,000
2023	13,595	13,595	4,530	31,720
2024	14,375	14,375	4,790	33,540
2025	15,200	15,200	5,065	35,465
2026	16,075	16,070	5,355	37,500
	$ 126,645	$ 126,645	$ 42,205	$ 295,495

2010 Revenue Bonds: On July 15, 2010, the Authority issued $308,375 in Revenue Bonds, Series D of 010 (the “2010 Revenue Bonds”). The 2010 Revenue Bonds were issued by means of a book-entry-only system evidencing ownership and transfer of 2010 Revenue Bonds on the records of The Depository Trust Company, New York, New York (“DTC”), and its participants. Interest on the 2010 Revenue Bonds will be payable semi-annually on January 1 and July 1 of each year commencing January 1, 2011 (each an “Interest Payment Date”).

The 2010 Revenue Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as successor to Commerce Bank, N.A. (the “Trustee”), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998, a Second Supplemental Indenture, dated as of August 15, 1998, a Third Supplemental Indenture, dated as of December 1, 1999, a Fourth Supplemental Indenture, dated as of October 1, 2007, a Fifth Supplemental Indenture, dated as of July 15, 2008, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010 (collectively, the “1998 Revenue Bond Indenture”).

The 2010 Revenue Bonds were issued for the purpose of: (i) financing a portion of the costs of the Authority’s approved Capital Improvement Program; (ii) funding the Debt Service Reserve Requirement for the 2010 Revenue Bonds; and (iii) paying the costs of issuance of the 2010 Revenue Bonds (Series D). (Note: As per its 2008 Reimbursement Resolution, upon issuance of the 2010 Revenue Bonds, the Authority reimbursed its General Fund, for approximately $100 million, for prior capital expenditures made during the period October 2008 through July 2010).

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

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

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

The 2010 Revenue Bonds outstanding at December 31, 2016 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Serial Bonds			
			2027	5.00%	$ 3,465
			2028	5.00%	17,210
			2029	5.00%	18,070
			2030	5.00%	18,975
					57,720
		Term Bonds			
2031	5.00%	$ 16,245	2036	5.00%	14,575
2031	5.05%	3,675	2036	5.00%	10,860
2032	5.00%	17,055	2037	5.00%	15,310
2032	5.05%	3,865	2037	5.00%	11,400
2033	5.00%	17,905	2038	5.00%	16,075
2033	5.05%	4,060	2038	5.00%	11,970
2034	5.00%	18,810	2039	5.00%	16,875
2034	5.05%	4,260	2039	5.00%	12,570
2035	5.00%	19,750	2040	5.00%	17,720
2035	5.05%	4,475	2040	5.00%	13,200
					250,655
Total par value of 2010 Revenue Bonds					308,375
Less: unamortized bond discount					(445)
Total 2010 Revenue Bonds, net					$ 307,930

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Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

2010 Revenue Bonds (Continued):

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

2012 Port District Project Refunding Bonds: On December 20, 2012, the Authority issued $153,030 in Port District Project Refunding Bonds, Series 2012. The Port District Project Refunding Bonds, Series 2012 (the “2012 Bonds”) were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust (the "Indenture") dated as of December 1, 2012, between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as trustee (the "Trustee").

The 2012 Bonds were issued to (i) refund and redeem all of the outstanding principal balance of and interest accrued on the Authority's outstanding Port District Project Bonds, Series B of 1998, (the "1998 Refunded Bonds"), Port District Project Bonds, Series B of 1999 (the "1999 Refunded Bonds"), and Port District Project Bonds, Series A of 2001 (the "2001 Refunded Bonds").

The refunding resulted in a loss (difference between the reacquisition price and the net carrying amount of the old debt) of $7,000. This difference, reported in the accompanying combined financial statements as a deferred outflow of resources, is being charged to operations through the year 2025 using the effective interest method.

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

Redemption Provisions:

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

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

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

2012 Port District Project Refunding Bonds (Continued):

Redemption Provisions (Continued):

Selection of 2012 Bonds to be Redeemed: If less than all of the 2012 Bonds are to be redeemed and paid prior to maturity, 2012 Bonds registered in the name of the Authority shall be redeemed before other 2012 Bonds are redeemed. Thereafter, the portion of 2012 Bonds to be redeemed shall be selected by the Authority, or if no such selection is made, by lot by the Trustee from among all outstanding 2012 Bonds eligible for redemption.

In the case of a partial redemption of 2012 Bonds when 2012 Bonds of denominations greater than the minimum Authorized Denomination are outstanding, then for all purposes in connection with such redemption, each principal amount equal to the minimum authorized denomination shall be treated as though it were a separate 2012 Bond for purposes of selecting the 2012 Bonds to be redeemed, provided that no 2012 Bonds shall be redeemed in part if the principal amount to be outstanding following such partial redemption is not an authorized denomination.

The 2012 Port District Project Refunding Bonds outstanding at December 31, 2016 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
2017	5.00%	$ 6,335	2023	3.00%	$ 240
2018	2.00%	225	2023	5.00%	14,545
2018	5.00%	6,425	2024	5.00%	15,520
2019	5.00%	6,975	2025	5.00%	16,300
2020	5.00%	7,320	2026	5.00%	17,115
2021	5.00%	12,350	2027	5.00%	17,975
2022	5.00%	14,085			
Total par value of 2012 Port District Project Refunding Bonds					135,410
Add: unamortized bond premium					13,128
Total 2012 Port District Project Refunding Bonds, net					$ 148,538

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

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

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
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Note 12. Funded and Long-Term Debt (Continued)

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

The 2013 Revenue Bonds outstanding at December 31, 2016 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
2027	5.000%	$ 23,560	2034	4.625%	$ 810
2027	4.125%	845	2035	5.000%	34,870
2028	5.000%	25,615	2035	4.750%	1,000
2029	5.000%	26,895	2036	5.000%	36,660
2030	5.000%	28,070	2036	4.750%	1,000
2030	4.500%	170	2037	5.000%	38,540
2031	5.000%	29,650	2037	4.750%	1,000
2032	4.500%	31,135	2038	5.000%	41,515
2033	5.000%	32,535	2039	5.000%	43,590
2034	5.000%	33,355	2040	5.000%	45,770
Total par value of 2013 Revenue Bonds					476,585
Add: unamortized bond premium					10,071
Total 2013 Revenue Bonds, net					$ 486,656

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

DELAWARE RIVER PORT AUTHORITY
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Note 12. Funded and Long-Term Debt (Continued)

Maturities of Principal and Interest on Bonds: The following presents the principal and interest due on all bonds outstanding as of December 31, 2016 (assuming the letter of credit agreements and bank loan purchase agreements, with respect to the variable rate 2008 and 2010 Revenue Refunding Bonds are renewed over the term of the bonds and the bonds are remarketed):

Years Ending December 31,	Principal	Interest *	Total
2017	$ 52,870	$ 51,864	$ 104,734
2018	55,865	47,106	102,971
2019	59,050	46,444	105,494
2020	62,415	45,740	108,155
2021	65,980	44,988	110,968
2022-2026	388,420	213,927	602,347
2027-2031	230,420	182,441	412,861
2032-2036	286,980	122,397	409,377
2037-2040	285,535	45,273	330,808
	1,487,535	$ 800,180	$ 2,287,715
Net unamortized bond discounts and premiums	22,754		
	$ 1,510,289		

* does not include the net swap payments on the Authority's hedged variable rate bonds (Note 4)

The interest on LOC-backed variable rate debt and the LIBOR-indexed direct bank purchase loans is computed using the interest rate effective at December 31, 2016. The interest rates on the Authority's variable rate debt are set by the remarketing agent and are reset weekly. Interest rates on the direct bank purchase loan change monthly based on changes in LIBOR.

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

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

Debt Authorized but not Issued: At its August 2013 meeting, the Authority's Board authorized the issuance, sale and delivery of up to $550,000 in taxable or tax-exempt fixed rate bonds, to fund the 5-year 2013 Capital Plan (DRPA-13-094). This resolution rescinded and repealed all prior resolutions (DRPA-09-064 and DRPA-13-030) and any prior inconsistent resolutions. In December 2013, the Authority issued $476,600 in fixed rate bonds (the 2013 Revenue Bonds) based on this resolution.

At its September 21, 2016 meeting, the Authority's Board authorized the Authority to issue Revenue Refunding Bonds "in an aggregate principal amount not to exceed $960.0 million "to advance refund and redeem all or a portion of the outstanding" 2010 D and 2013 Revenue Bonds, "to effect interest cost savings for the Authority, and, to the extent deemed economically advantageous and fiscally prudent, amend, replace or terminate any or all of the Authority's outstanding Interest Rate Swap Agreements." Resolution DRPA 16-098 also authorizes, the Authority to refund outstanding Variable Rate Revenue Bonds associated with the Inter Rate Swap Agreements, if deemed advantageous and prudent based on market and other factors. (The "Swap Refunding Bonds, if issued shall be issued as fixed rate bonds in an aggregate principal amount", not to exceed $600.0 million.)

As of December 31, 2016, approximately $1,033,400 remains as authorized, but not issued. This authorization produces flexibility to the Authority to engage in the aforementioned transactions, under the right conditions, but does not obligate the Authority to execute any of the aforementioned transactions.

Bond Ratings:

Moody's Investors Service Bond Ratings (Moody's): Concurrent with the issuance of the $153,030 in Port District Project Refunding Bonds, on November 30, 2012, Moody's affirmed the ratings on all Authority Revenue and Port District Project Bonds; however, the outlook improved from "negative" to "stable" on all bonds. (This represented the first change in Moody's ratings since it had assigned a "negative" outlook on all the Authority's bonds in March of 2010).

Concurrent with the Authority's issuance of the $476,600 in new revenue bonds, in its report dated November 22, 2013; Moody's assigned a rating of "A3" to the 2013 Revenue Bonds, and affirmed its existing ratings on all Authority bonds (revenue bonds at "A3", port district bonds at "Baa3"). The outlook remains at "stable" for all bonds. On December 11, 2015, Moody's affirmed its ratings on all Authority bonds. As of December 31, 2016, these ratings and outlook remain in place.

Standard & Poor's Ratings Services Bond Ratings (S&P): Concurrent with the issuance of $153,030 in Port District Project Refunding Bonds, on November 30, 2012, S&P affirmed the ratings on all Authority Revenue and Port District Project Bonds; however, the outlook improved from "stable" to "positive" on all bonds. (This represented the first change in S&P's ratings outlook since it had assigned a "stable" outlook on all the Authority's bonds since July 2009). Concurrent with the Authority's issuance of $476,600 in new revenue bonds, in its report dated November 27, 2013, S&P assigned a rating of "A" on the new series, and upgraded the Authority's ratings on both its revenue and refunding bonds (from "A-" to "A") and on its port district project bonds (from "BBB-" to "BBB"). The outlook was "stable" for all Authority bonds.

On December 23, 2014, S&P reaffirmed the Authority's ratings for all of its Revenue/ Revenue Refunding and Port District Project bonds, at "A" and "BBB," respectively, with a stable outlook.

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

Standard & Poor's Ratings Services Bond Ratings (S&P) (Continued): On April 21, 2016, S&P issued a bond ratings report on the Authority's debt, using its new joint ratings criteria, wherein the Authority's Port District Project (PDP) Bonds were upgraded from "BBB" to "A-" (with stable outlook) and the Revenue Bonds were affirmed at "A", with a stable outlook. S&P cited the Authority's historical performance against budget, its strong financial stability and liquidity (including its capital "pay-go" fund), and its affordable 5-year capital plan of $728.2 million, as underlying strengths supporting its ratings actions.

As of December 31, 2016, the Authority's ratings remain unchanged at "A" (Revenue Bonds) and "A-" (Port District Project Bonds), with a "stable outlook".

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

The long-term ratings assigned by Moody's and S&P reflect each organization's approach to rating jointly supported transactions and are based upon the Direct Pay Letters of Credit provided by Bank of America, N.A. for the 2008A Revenue Refunding Bonds and TD Bank, N.A. for the 2008B Revenue Refunding Bonds. Since a loss to a bondholder of a 2008A Revenue Refunding Bond or a 2008B Revenue Refunding Bond would occur only if both the bank providing the applicable Letter of Credit and the Authority default in payment, Moody's and S&P have assigned a long-term rating to the 2008 Revenue Refunding Bonds based upon the joint probability of default by both applicable parties.

Set forth in the following chart are the jointly supported long-term and short-term ratings on the 2008 Revenue Refunding Bonds as of December 31, 2016.

		Long-term	Short-term
2008 A Revenue Refunding Bonds	Moody's	Aa3	VMIG 1
	S&P	AA	A-1
2008B Revenue Refunding Bonds	Moody's	Aa1	VMIG 1
	S&P	AA+	A-1+

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

Ratings on Jointly Supported Transactions, 2010 Revenue Refunding Bonds: Moody's and S&P, initially assigned their municipal bond ratings to the 2010 Revenue Refunding Bonds based upon the understanding that upon delivery of the 2010A Revenue Refunding Bonds, the 2010B Revenue Refunding Bonds or the 2010C Revenue Refunding Bonds, the respective Letter of Credit securing the payment when due of the principal of, or purchase price of the 2010A Revenue Refunding Bonds, the 2010B Revenue Refunding Bonds or the 2010C Revenue Refunding Bonds tendered for purchase and not otherwise remarketed and interest on the 2010A Revenue Refunding Bonds, the 2010B Revenue Refunding Bonds or the 2010C Revenue Refunding Bonds would be delivered by JPMorgan Chase Bank, N.A., Bank of America, N.A. and PNC Bank, N.A. respectively.
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Note 12. Funded and Long-Term Debt (Continued)

Ratings on Jointly Supported Transactions, 2010 Revenue Refunding Bonds (Continued): In 2013, the existing Direct Pay Letters of Credit provided by JPMorgan Chase Bank, N.A., Bank of America, N.A. and PNC Bank, N.A. were replaced with Direct Pay Letters of Credit provided by Royal Bank of Canada, Barclays Bank PLC and The Bank of New York Mellon, respectively.

The long-term ratings assigned by Moody's and S&P reflect each organization's approach to rating jointly supported transactions and are based upon the Direct Pay Letters of Credit provided by Royal Bank of Canada for the 2010A Revenue Refunding Bonds, Barclays Bank PLC for the 2010B Revenue Refunding Bonds and The Bank of New York Mellon for the 2010C Revenue Refunding Bonds. Since a loss to a bondholder of a 2010A Revenue Refunding Bond, a 2010B Revenue Refunding Bond or a 2010C Revenue Refunding Bond would occur only if both the bank providing the applicable Letter of Credit and the Authority default in payment, Moody's and S&P have assigned a long-term rating to the 2010 Revenue Refunding Bonds based upon the joint probability of default by both applicable parties.

Set forth in the following chart are the jointly supported long term and short-term ratings on the 2010 Revenue Refunding Bonds as of December 31, 2016:

		Long-term	Short-term
2010A-1 Revenue Refunding Bonds	Moody's	Not Rated	Not Rated
	S&P	Not Rated	Not Rated
2010A-2 Revenue Refunding Bonds	Moody's	Not Rated	Not Rated
	S&P	Not Rated	Not Rated
2010B Revenue Refunding Bonds	Moody's	Aa3	VMIG 1
	S&P	AA	A-2
2010C Revenue Refunding Bonds	Moody's	Not Rated	Not Rated
	S&P	Not Rated	Not Rated

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

Note 13. Conduit Debt Obligations

The Authority is authorized to plan, finance, develop, acquire, construct, purchase, lease, maintain, market, improve and operate any project within the Port District including, but not limited to, any terminal, terminal facility, transportation facility, or any other facility of commerce or economic development activity, from funds available after appropriate allocation for maintenance of bridge and other capital facilities. Utilizing this authorization, the Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental entities. This debt is commonly referred to as conduit (or non-commitment) debt. Typically, the debt proceeds are used to finance facilities within the Authority's jurisdiction that are transferred to the third party either by lease or by sale.

The underlying lease or mortgage loan agreement, which serves as collateral for the promise of payments by the third party, calls for payments that are essentially the same as collateral for the promise of payments by the third party, calls for payments that are essentially the same as those required by the debt. These payments are made by the third party directly to an independent trustee, who is appointed to service and administer the arrangement. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans.

On October 6, 2015, the remaining Charter School Project Bonds ($5,825), which were related to LEAP Academy Charter School, Inc., were fully redeemed and are no longer outstanding. As of December 31, 2016, the Authority had no conduit debt obligations related to the LEAP Academy Charter School, Inc.

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Note 14. Government Contributions for Capital Improvements, Additions and Other Projects

The Authority receives contributions in aid for financing capital improvements to the rapid transit system from the Federal Transit Administration and other government agencies. Capital improvement grant funds of $2,237 and $36,758 were received in 2016 and 2015, respectively. The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances under terms of the grants, it is the opinion of management that any required reimbursements will not be material to the Authority's net position.

Note 15. Contingencies

Public Liability claim exposures are self-insured by the Authority within its self-insured retention limit of $5 million for each occurrence, after which, exists a claims-made excess liability policy with a limit of $25 million per occurrence, and in the aggregate, to respond to any large losses exceeding the self-retention. The Authority, including PATCO, self-insures the initial $1 million self-insured retention, per accident, for workers' compensation claims, after which a $25 million limit of excess workers' compensation insurance is provided by the policy to respond to significant worker compensation injuries. PATCO self-insures the initial $1 million limit, per accident, for workers' compensation claims, after which a $5 million limit of excess workers' compensation insurance is retained to respond to significant claims.

Self-Insurance	2016	2015
Beginning balance	$ 4,626	$ 4,583
Incurred claims	3,673	3,518
Payment of claims	(4,146)	(3,475)
Other - administrative fees, recoveries	-	-
Ending balance	$ 4,153	$ 4,626

The Authority is involved in various actions arising in the ordinary course of business and from workers' compensation claims. In the opinion of management, the ultimate outcome of these actions will not have a material adverse effect on the Authority's combined net position and combined results of operations.

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

Per Article 5.11 of the 1998 Bond Indenture, the Authority must certify and submit to the bond trustee, by April 30 of each year, that it has sufficient coverage with regards to "multi-risk insurance" (on DRPA and PATCO facilities), "use and occupancy insurance" (i.e., business interruption), etc. The Authority submitted its annual certification to the bond trustee, prior to the deadline, in April 2016.

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Note 16. Commitments

Development Projects: In support of previously authorized economic development projects, the DRPA's Board of Commissioners authorized loan guarantees to various banks to complete the financing aspects of a particular project. The Authority's Board authorized loan guarantees in an amount not to exceed $27,000, prior to 2011 when the Board stopped funding new economic development projects.

Home Port Alliance Loan Guarantee: On June 6, 2012, the Authority negotiated a three-year extension of the existing $900 loan guarantee that supports a loan from TD Bank, N.A. to the Home Port Alliance for the Battleship New Jersey. The loan guarantee expired on June 6, 2015.

In April 2015, the Authority's Board authorized the Authority to extend the loan guaranty for a ten-year period (DRPA-15-048) in the amount of $800. As of December 31, 2016, this is the only outstanding loan guarantee. The Authority has made no cash outlays related to this guarantee.

Community Impact: The Authority has an agreement with the City of Philadelphia (City) for Community Impact regarding the PATCO high-speed transit system ("Locust Street Subway Lease"). The agreement expires on December 31, 2050. In 2016, the base amount payable to the City totaled $3,790 as adjusted for cumulative increases in the Consumer Price Index (CPI) between 1999 and 2015. Base payments remaining in 2017 shall equal the previous year's base payment adjusted by any increase in the CPI for that year. For the years 2018 through 2050, the annual base payment shall equal one dollar.

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

The estimated minimum commitment, adjusted for the effect of the increase in the CPI at December 31, 2016, is as follows:

Year	Amount
2017	$ 3,791
2018	500
2019	500
2020	500
2021	500
Thereafter	14,000
	$ 19,791

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

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

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Note 16. Commitments (Continued)

OCIP Letters of Credit (Continued):

The OCIP program was subsequently renewed in 2010, 2013 and 2014, and finally expired on December 31, 2014. During this time period, the LOCs were reduced after consultation and approval by the insurance carrier.

Although the OCIP program ended in 2015 (the Railroad Protective Liability policy was extended to March of 2015 to meet the completion date of the project), the insurance carrier, AIG required the Authority to maintain the required LOC coverage to cover anticipated Workers' Compensation and General Liability claims. Statutes of limitations for filing Workers' Compensation claims, whether based on an occupational disability or a physical injury, vary from state-to-state. In New Jersey, there is a two-year Statute of limitations (SOL). Pennsylvania has a three-year SOL. The administration responsibilities for the close-out of the OCIP (September 7, 2008 to March 31, 2015) will remain open until:

- either the expiration of the Statue of Limitations (2 years in NJ and 3 years in PA);
- the date all claims are closed (but, no later than 3 years from the expiration date of 12/31/2014) or;
- the purchase of a "buy-out" (a stipulated sum in which AIG assumes all further financial responsibilities for claims or other obligations under the OCIP to allow DRPA to close its books financially (our letter of credit valued at $5.5 million makes this option possible) with respect to the OCIP.

Pursuant to DRPA-15-064, the board approved the renewal of the LOC in 2015, with TD Bank with an expiration date of December 31, 2016 in the amount of $5,462.

AIG agreed to lower the LOC from $5,462 to $793 and the LOC was subsequently renewed at a lower principal amount in December 2016, to expire on December 31, 2017. If AIG requires the authority to extend the LOC beyond December 31, 2017 due to any open claims, the term of the LOC will be on a to-be-determined basis. The Authority may also be required to furnish additional collateral based on AIG's review of the Authority's financial statements.

As of December 31, 2016, the unused amount of the Letter of Credit totaled $800. No drawdowns have been made against any Letter of Credit.

Direct Pay Letters of Credit (2008 Revenue Refunding Bonds): The Authority currently has one remaining LOC associated with the 2008 Revenue Refunding Bonds.

The Authority's 2008 Revenue Refunding Bonds (Series B) are secured by an irrevocable transferable Direct Pay Letter of Credit (DPLOC) issued by TD Bank, N.A., in the initial amount of $191,800, respectively. The Authority entered into separate Reimbursement Agreements with each credit provider to facilitate the issuance of said DPLOC. Each Letter of Credit is in an original stated amount which is sufficient to pay the unpaid principal amount of and up to fifty-three (53) days of accrued interest (at a maximum interest rate of 12%) on the related 2008B Revenue Refunding Bonds, when due, and the Purchase Price of the 2008B Revenue Refunding Bonds tendered or deemed tendered for purchase and not remarketed. The Credit Provider for the 2008B Revenue Refunding Bonds is only responsible for payments with respect to the 2008B Revenue Refunding Bonds for which the 2008B Letter of Credit was issued. The 2008B Letter of Credit was renewed in July of 2010 and which expired in July of 2013.

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Note 16. Commitments (Continued)

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

The letter of credit for TD Bank, N.A. expires on December 31, 2017.

Letter of Credit Provider Ratings: Ratings for TD Bank as of December 31, 2016 are as follows:

	Long-Term			Short-Term		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
TD Bank, N.A. (Series B)	Aa1 Negative	AA- Stable	AA Stable	P-1	A-1+	F1+

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

The letter of credit with Barclays was to expire on March 20, 2015. However on February 18, 2015, Barclays Bank PLC (Series B) delivered a "Notice of Extension" to TD Bank (Trustee for bonds), to extend the "stated Expiration Date" for the LOC to March 20, 2018.

The letters of credit with Royal Bank and BNY Mellon were both to expire on March 18, 2016. As mentioned earlier, these two letters of credit were extended until August 1, 2016 and June 16, 2016, respectively. (Note: The LOC with BNY Mellon expired on June 16 and was replaced with a LIBOR-Indexed direct purchase with Wells Fargo Bank). Similarly, the LOC with Royal Bank was terminated and replaced by two LIBOR-Indexed direct purchase loans with the B of A and TD Bank, N.A.).

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

Letter of Credit Provider Ratings: Ratings for Barclay's Bank LLC as of December 31, 2016 are as follows:

	Long-Term			Short-Term		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Barclay's Bank PLC	A1 Negative	A- Negative	A Stable	P-1	A-2	F1

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Note 16. Commitments (Continued)

Contractual Commitments: As of December 31, 2016, the Authority had board-approved contracts with remaining balances as follows:

	Total
Benjamin Franklin Bridge:	
Bridge, building and pavement repairs and inspection	$ 2,209
Temporary toll, clerical, administration and custodial workers	1,056
Toll revenue, transportation, processing and systems upgrade	3,703
ERP consulting services	155,757
Engineering services - program management and task orders	2,111
Other	300
Walt Whitman Bridge:	
Deck design, construction, rehabilitation and inspection	25,872
Suspension rope investigation and painting	36,376
Toll plaza substructure and pavement repair	2,749
Commodore Barry Bridge:	
Bridge painting phase I & II and inspection	591
Other	476
PATCO System:	
Car overhaul program	84,710
Track utility vehicle	302
Westmont & Lindenwold viaduct and track rehabilitation	6,229
Center tower relocation & rehabilitation	1,407
Other	4,010
Other:	
One Port Center upgrades and Gateway remedial investigation	45
Other equipment and system upgrades and professional services and maintenance	810
	$ 328,713

NJ Customer Service Center Contract: In 2015, the Authority signed a contract to participate in the NJ Customer Service Center Contract, related to the implementation of new software for the NJ E-ZPass group, of which the Authority is a member. In 2016, the Authority signed a memorandum of Agreement (MOA) related to this implementation, which also sets forth how “certain non-toll revenues and expenses of the NJ E-ZPass Group” incurred will be shared among the Agencies….”(DRPA-16-125), including the resolution of prior “negative customer balances”, which have accumulated under the old contract. Under this MOA, the DRPA was assigned a “Revenue Allocation share” which will result in an initial one-time cash payment of approximately $2.6 million sometime in 2017, representing the Authority’s pro-rata share of the past negative balances. (It is anticipated that each year, each Agency will be required to pay its pro-rata of future negative cash balances, however, the anticipated annual “contribution” is expected to be significantly less given the initial large outlay of funds by each agency in 2017).

The Authority has recognized this commitment on its books and has reduced 2016 toll revenues by $2.6 million to reflect this reduction in toll revenues.

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Note 17. Bridge and PATCO Fare Schedules

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

Class 1 - Motorcycle	$ 5.00
Class 2 - Automobile	5.00
Class 3 - Two Axle Trucks	15.00
Class 4 - Three Axle Trucks	22.50
Class 5 - Four Axle Trucks	30.00
Class 6 - Five Axle Trucks	37.50
Class 7 - Six Axle Trucks	45.00
Class 8 - Bus	7.50
Class 9 - Bus	11.25
Class 10 - Senior Citizen (with 2 tickets only)	2.50
Class 13 - Auto with Trailer (1 axle)	8.75

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

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

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

In December 2014, the Authority’s Board of Commissioners passed DRPA-14-147 (DRPA Resolution Authorizing Deferral of Biennial CPI toll increase) which deferred the CPI-indexed biennial toll increase from January 1, 2015 to January 1, 2017.

At its July 2015 meeting, the Authority’s Board approved a resolution, DRPA 15-090, to re-implement an $18 credit/18 trips per month for commuter passenger vehicles in the NJ E-ZPass system (the Authority is a member of this consortium). Programming to implement this initiative was finalized and the new frequent bridge traveler credit program became effective on December 1, 2015. In January 2016, frequent users received their first credit since reintroduction of the program. (Approximately, $1.7 million was credited to customer accounts based on activity thru December 2016).

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Note 18. New Governmental Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several statements that have effective dates that may affect future financial presentations. Management has determined that GASB Statement No. 74, summarized below, will not have a material impact on financial statement presentation, but will be material to the existing note disclosures.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The primary objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement will become effective for the Authority for the year ending December 31, 2017.

Note 19. Blended Component Unit

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

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

PATCO's outstanding liability to the DRPA for period January 1, 1974 to December 31, 2016 related to this agreement totals $263,096.

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Note 19. Blended Component Unit (Continued)

Net Position: The net position totaling ($714,152) and ($685,519) as of December 31, 2016 and December 31, 2015, respectively, represents the total losses for PATCO since inception.

Condensed combining financial information applicable to DRPA and PATCO as of and for the year ended December 31, 2016 is as follows:

Condensed Combining Statements of Net Position

	December 31, 2016		
	DRPA	PATCO	Total
Current assets	$ 808,995	$ 12,691	$ 821,686
Receivable from primary government	(6,919)	6,919	
Noncurrent assets	81,161		81,161
Capital assets	1,490,869		1,490,869
Other assets	13,000		13,000
Total assets	2,387,106	19,610	2,406,716
Deferred outflows of resources	121,766	6,156	127,922
Total assets and deferred outflows of resources	2,508,872	25,766	2,534,638
Current liabilities	123,858	14,031	137,889
Payables to primary government:			
Lease agreement	(263,096)	263,096	
Advances from DRPA	(434,017)	434,017	
Noncurrent liabilities	1,710,907	28,177	1,739,084
Total liabilities	1,137,652	739,321	1,876,973
Deferred outflows of resources	2,358	597	2,955
Net investment in capital assets	235,795		235,795
Restricted	209,924		209,924
Unrestricted (deficiency)	923,143	(714,152)	208,991
Total net position	$ 1,368,862	$ (714,152)	$ 654,710

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Note 19. Blended Component Unit (Continued)

Condensed combining financial information applicable to DRPA and PATCO as of and for the year ended December 31, 2016 is as follows (continued):

Condensed Combining Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2016		
	DRPA	PATCO	Total
Operating revenues			
Bridge revenues	$ 326,453		$ 326,453
Transit systems		$ 28,016	28,016
Other	243		243
Total operating revenues	326,696	28,016	354,712
Operating expenses			
Operations	114,085	50,643	164,728
Depreciation	58,933		58,933
Total operating expenses	173,018	50,643	223,661
Operating income	153,678	(22,627)	131,051
Nonoperating revenues (expenses)			
Interest expense	(74,419)		(74,419)
Economic development activities	(3,404)		(3,404)
Lease rental	6,122	(6,122)	
Other	10,759	116	10,875
Total nonoperating revenues (expenses)	(60,942)	(6,006)	(66,948)
Capital contributions	2,237	-	2,237
Change in net position	94,973	(28,633)	66,340
Net position (deficiency), January 1	1,273,889	(685,519)	588,370
Net position (deficiency), December 31	$ 1,368,862	$ (714,152)	$ 654,710

Condensed Combining Statements of Cash Flows

	December 31, 2016		
	DRPA	PATCO	Total
Net cash provided by (used in) operating activities	$ 230,632	$ (19,392)	$ 211,240
Net cash provided by (used in) noncapital financing activities	(22,042)	20,647	(1,395)
Net cash provided by (used in) capital and related financing activities	(250,788)		(250,788)
Net cash provided by (used in) investing activities	54,838		54,838
Net increase in cash and cash equivalents	12,640	1,255	13,895
Cash and cash equivalents, January 1	28,709	1,016	29,725
Cash and cash equivalents, December 31	$ 41,349	$ 2,271	$ 43,620

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 19. Blended Component Unit (Continued)

Condensed combining financial information applicable to DRPA and PATCO as of and for the year ended December 31, 2015 is as follows:

Condensed Combining Statements of Net Position

	December 31, 2015		
	DRPA	PATCO	Total
Current assets	$ 779,690	$ 10,785	$ 790,475
Receivable from primary government	(3,422)	3,422	
Noncurrent assets	153,259		153,259
Capital assets	1,425,817		1,425,817
Other assets	13,818		13,818
Total assets	2,369,162	14,207	2,383,369
Deferred outflows of resources	125,980	1,838	127,818
Total assets and deferred outflows of resources	2,495,142	16,045	2,511,187
Current liabilities	117,579	7,784	125,363
Payables to primary government:			
Lease agreement	(256,974)	256,974	
Advances from DRPA	(409,878)	409,878	
Noncurrent liabilities	1,767,676	26,181	1,793,857
Total liabilities	1,218,403	700,817	1,919,220
Deferred outflows of resources	2,850	747	3,597
Net investment in capital assets	203,366		203,366
Restricted	219,485		219,485
Unrestricted (deficiency)	851,038	(685,519)	165,519
Total net position (deficiency)	$ 1,273,889	$ (685,519)	$ 588,370

DELAWARE RIVER PORT AUTHORITY
Notes to Combined Financial Statements
For the Years Ended December 31, 2016 and 2015
(dollars expressed in thousands)

Note 19. Blended Component Unit (Continued)

Condensed combining financial information applicable to DRPA and PATCO as of and for the year ended December 31, 2015 is as follows (continued):

Condensed Combining Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2015		
	DRPA	PATCO	Total
Operating revenues			
Bridge revenues	$ 313,675		$ 313,675
Transit systems		$ 26,604	26,604
Other	1,015		1,015
Total operating revenues	314,690	26,604	341,294
Operating expenses			
Operations	100,093	49,259	149,352
Depreciation	57,614		57,614
Total operating expenses	157,707	49,259	206,966
Operating income	156,983	(22,655)	134,328
Nonoperating revenues (expenses)			
Interest expense	(75,792)		(75,792)
Economic development activities	(4,167)		(4,167)
Lease rental	6,122	(6,122)	
Other	10,478	680	11,158
Total nonoperating revenues (expenses)	(63,359)	(5,442)	(68,801)
Capital contributions	36,758	-	36,758
Change in net position	130,382	(28,097)	102,285
Net position (deficiency), January 1	1,143,507	(657,422)	486,085
Net position (deficiency), December 31	$ 1,273,889	$ (685,519)	$ 588,370

Condensed Combining Statements of Cash Flows

	December 31, 2015		
	DRPA	PATCO	Total
Net cash provided by (used in) operating activities	$ 205,969	$ (23,784)	$ 182,185
Net cash provided by (used in) noncapital financing activities	(19,177)	23,738	4,561
Net cash provided by (used in) capital and related financing activities	(227,562)		(227,562)
Net cash provided by (used in) investing activities	36,245		36,245
Net increase in cash and cash equivalents	(4,525)	(46)	(4,571)
Cash and cash equivalents, January 1	33,234	1,062	34,296
Cash and cash equivalents, December 31	$ 28,709	$ 1,016	$ 29,725

Note 20. Subsequent Events

Deferral of Bi-ennial Toll Increase: In January 2017, the Authority approved DRPA #17-002, which authorized the deferral of the CPI-index based biennial toll increase (originally passed as DRPA #08-064) The toll increase was deferred from January 1, 2017 to January 1, 2019.

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part II (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Commonwealth of Pennsylvania - State Employees' Retirement System (SERS)
Last Three Years
(amounts expressed in thousands)

	Measurement Date Ended December 31,		
	2015	2014	2013
Authority's Proportion of the Net Pension Liability	0.7942465500%	0.7645359100%	0.7854013400%
Authority's Proportionate Share of the Net Pension Liability	$ 144,424	$ 113,590	$ 107,312
Authority's Covered Payroll (Plan Measurement Period)	$ 48,461	$ 44,721	$ 43,165
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	298.02%	254.00%	248.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.90%	64.80%	66.70%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part II (Unaudited)
Schedule of the Authority's Contributions
Commonwealth of Pennsylvania - State Employees' Retirement System (SERS)
Last Three Years
(amounts expressed in thousands)

	Year Ended December 31,		
	2016	2015	2014
Authority's Contractually Required Contribution	$ 12,735	$ 10,332	$ 7,649
Authority's Contribution in Relation to the Contractually Required Contribution	(12,735)	(10,332)	(7,649)
Authority's Contribution Deficiency (Excess)	-	-	-
Authority's Covered Payroll (Calendar Year)	$ 46,615	$ 48,857	$ 44,721
Authority's Contributions as a Percentage of Covered Payroll	27.32%	21.15%	17.10%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part II (Unaudited)
Schedule of the Authority's Proportionate Share of the Net Pension Liability
State of New Jersey - Public Employees' Retirement System (PERS)
Last Three Years
(amounts expressed in thousands)

	Measurement Date Ended June 30,		
	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.0050105488%	0.0048616324%	0.0080229448%
Authority's Proportionate Share of the Net Pension Liability	$ 1,484	$ 1,091	$ 1,502
Authority's Covered Payroll (Plan Measurement Period)	$ 345	$ 335	$ 594
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	430.14%	325.67%	252.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part II (Unaudited)
Schedule of the Authority's Contributions
State of New Jersey - Public Employees' Retirement System (PERS)
Last Three Years
(amounts expressed in thousands)

	Year Ended December 31,		
	2016	2015	2014
Authority's Contractually Required Contribution	$ 45	$ 42	$ 66
Authority's Contribution in Relation to the Contractually Required Contribution	(45)	(42)	(66)
Authority's Contribution Deficiency (Excess)	-	-	-
Authority's Covered Payroll (Calendar Year)	$ 438	$ 369	$ 355
Authority's Contributions as a Percentage of Covered Payroll	10.27%	11.38%	18.59%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part II (Unaudited)
Schedule of the Authority's Contributions
Teamsters Pension Plan of Philadelphia and Vicinity
Last Ten Years
(amounts expressed in thousands)

	Year Ended December 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Authority's Contractually Required Contribution	$ 1,293	$ 1,136	$ 1,001	$ 1,066	$ 1,076	$ 1,077	$ 1,090	$ 1,068	$ 1,029	$ 997
Authority's Contribution in Relation to the Contractually Required Contribution	(1,293)	(1,136)	(1,001)	(1,066)	(1,076)	(1,077)	(1,090)	(1,068)	(1,029)	(997)
Authority's Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part II (Unaudited)
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Pennsylvania State Employees' Retirement System (SERS)

Changes in Benefit Terms - None

Changes in Assumptions - The current set of assumptions used in the December 31, 2015 actuarial valuation, with the exception of the discount rate assumption, was adopted by the State Employees' Retirement Board (the Board) based upon actual experience of SERS during the years 2011 through 2015. Based upon an annual review of SERS investment data and results, the Board approved a reduction in the assumed discount rate from 8.0% to 7.5% effective as of the December 31, 2011 actuarial valuation and the 7.5% assumption has remained in effect since then.

State of New Jersey Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Teamsters Pension Plan of Philadelphia and Vicinity

The Authority is required to contribute a collectively bargain amount per day for each participating PATCO employee. This daily amount ranged from $19.80 in 2007 to $26.48 in 2016.

DELAWARE RIVER PORT AUTHORITY

Required Supplementary Information - Part III (Unaudited)
Schedule of Funding Progress for Health Benefits Plan
(amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/15	$ 15,747	$ 118,482	$ 102,735	13.3%	$ 42,087	244.1%
01/01/13	-	$ 112,923	$ 112,923	-	$ 43,453	259.9%
01/01/11	-	$ 113,422	$ 113,422	-	$ 46,949	241.6%

DELAWARE RIVER PORT AUTHORITY

Combined Supplemental Schedule of Net Position Information by Fund
December 31, 2016
(amounts expressed in thousands)

	Capital Fund	Revenue Fund	Maintenance Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Assets							
Current Assets							
Cash and cash equivalents		$ 1,079		$ 36,147			$ 37,226
Investments				528,807			528,807
Accounts receivable, net of allowance for uncollectibles		6,215		2,160			8,375
Accrued interest receivable				330			330
Transit system and storeroom inventories		439		5,781			6,220
Economic development loans - current				576			576
Prepaid expenses		3,625		1,839			5,464
Restricted assets							
Cash and cash equivalents		5,857				$ 537	6,394
Investments		7,131	$ 4,986		$ 208,820	7,353	228,290
Accrued interest receivable						4	4
Total current assets	-	24,346	4,986	575,640	208,820	7,894	821,686
Noncurrent Assets							
Restricted investments for capital projects	-	-	-	-	-	81,161	81,161
Capital assets, net of accumulated depreciation							
Land	$ 74,051			25			74,076
Construction in progress	530,307						530,307
Bridges and related buildings and equipment	554,799						554,799
Transit property and equipment	330,003						330,003
Port enhancements	1,684						1,684
Total capital assets	1,490,844	-	-	25	-	-	1,490,869
Other							
Economic development loans, net of allowance for uncollectibles				11,906			11,906
Debt insurance costs, net of amortization	912			182			1,094
Total other assets	912	-	-	12,088	-	-	13,000
Total noncurrent assets	1,491,756	-	-	12,113	-	81,161	1,585,030
Total assets	1,491,756	24,346	4,986	587,753	208,820	89,055	2,406,716
Deferred Outflows of Resources							
Accumulated decrease in fair value of hedging derivatives	81,217						81,217
Pension related amounts		32,380		6,156			38,536
Loss on refunding of debt	5,450			2,719			8,169
Total deferred outflows of resources	86,667	32,380	-	8,875	-	-	127,922

(Continued)

DELAWARE RIVER PORT AUTHORITY

Combined Supplemental Schedule of Net Position Information by Fund
December 31, 2016
(amounts expressed in thousands)

	Capital Fund	Revenue Fund	Maintenance Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Liabilities							
Current Liabilities							
Accounts payable							
Retained amounts on contracts		$ 149		$ 10,781			$ 10,930
Other		8,231		13,873			22,104
Accrued liabilities							
Claims and judgments		828		537			1,365
Self-insurance		962		865			1,827
Pension		7,793		2,760			10,553
Sick and vacation leave benefits		1,547		393			1,940
Other		4,191		3,468			7,659
Unearned revenue				4,585			4,585
Liabilities payable from restricted assets							
Accrued interest payable					$ 24,120		24,120
Bonds payable - current	$ 42,290			10,580			52,870
Total current liabilities	42,290	23,701	-	47,842	24,120	-	137,953
Noncurrent Liabilities							
Accrued liabilities							
Claims and judgments		2,240		683			2,923
Self-insurance		1,224		1,102			2,326
Sick and vacation leave benefits		1,546		393			1,939
Net pension liability		127,314		18,595			145,909
Other postemployment benefits		14,668		6,433			21,101
Unearned revenue		4,186					4,186
Premium payment payable - derivative companion instrument	21,320						21,320
Derivative instrument - interest rate swap	81,217				149		81,366
Bonds payable, net of unamortized discounts and premiums	1,299,396			158,023			1,457,419
Total noncurrent liabilities	1,401,933	151,178	-	185,229	149	-	1,738,489
Total liabilities	1,444,223	174,879	-	233,071	24,269	-	1,876,442
Deferred Inflows of Resources							
Pension related amounts		2,358		597			2,955
Total deferred inflows of resources	-	2,358	-	597	-	-	2,955
Net Position							
Net investment in capital assets	154,609			25		$ 81,161	235,795
Restricted for:							
Debt requirements		14,479	$ 3,000		184,551		202,030
Port projects						7,894	7,894
Unrestricted (deficiency)	(20,409)	(134,990)	1,986	362,935			209,522
Total net position (deficiency)	$ 134,200	$ (120,511)	$ 4,986	$ 362,960	$ 184,551	$ 89,055	$ 655,241

DELAWARE RIVER PORT AUTHORITY

Combined Supplemental Schedule of Changes in Fund Net Position Information by Fund
For the Year Ended December 31, 2016
(amounts expressed in thousands)

	Capital Fund	Revenue Fund	Maintenance Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net Position (Deficiency), January 1	$ 25,796	$ (90,087)	$ 4,838	$ 291,459	$ 187,777	$ 168,587	$ 588,370
Revenues and Expenses							
Operating revenues		326,185		28,527			354,712
Operating expenses	(58,933)	(49,530)		(47,703)			(156,166)
General and administration expenses		(59,021)		(7,943)			(66,964)
Investment income		379	148	3,691	3,206	520	7,944
Interest expense	(561)			1,274	(75,132)		(74,419)
Economic development activities				(3,404)			(3,404)
Other nonoperating revenues (expenses)	(124)	216		1,547			1,639
Other grant revenues				1,292			1,292
Total revenues and expenses	(59,618)	218,229	148	(22,719)	(71,925)	520	64,634
Government Contributions for Capital Improvements, Additions and Other Projects	-	-	-	2,237	-	-	2,237
Interfund Transfers and Payments							
Bond service		(98,853)		(19,857)	118,710		
Funds free and clear of any lien or pledge		(139,991)		139,991			
Retirement of bonds	40,035			9,975	(50,010)		
Funds for permitted port projects				80,052		(80,052)	
Capital additions	124,092			(124,092)			
Net equity transfers	3,895	(9,809)		5,914			
Total interfund transfers and payments	168,022	(248,653)	-	91,983	68,700	(80,052)	-
Net Position (Deficiency), December 31	$ 134,200	$ (120,511)	$ 4,986	$ 362,960	$ 184,551	$ 89,055	$ 655,241

DELAWARE RIVER PORT AUTHORITY

Supplemental Schedule of Net Position Information for Bond and Project Funds
December 31, 2016
(amounts expressed in thousands)

	Bond Reserve Fund	Bond Service Fund	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	2013 Project Fund	Total Combined Funds
Assets								
Current Assets								
Restricted assets								
Cash and cash equivalents			$ 4	$ 60	$ 473			$ 537
Investments	$ 131,376	$ 77,444			6,665	$ 688		216,173
Accrued interest receivable					4			4
Total current assets	131,376	77,444	4	60	7,142	688	-	216,714
Noncurrent Assets								
Restricted investments for capital projects							$ 81,161	81,161
Total assets	131,376	77,444	4	60	7,142	688	81,161	297,875
Liabilities								
Current Liabilities								
Liabilities payable from restricted assets								
Accrued interest payable		24,120						24,120
Total current liabilities	-	24,120	-	-	-	-	-	24,120
Noncurrent Liabilities								
Derivative instrument - interest rate swap	149							149
Total noncurrent liabilities	149	-	-	-	-	-	-	149
Total liabilities	149	24,120	-	-	-	-	-	24,269
Net Position								
Net investment in capital assets							81,161	81,161
Restricted for								
Revenue and port district project bonds	131,227							131,227
Revenue and port district bond service		53,324						53,324
Port projects			4	60	7,142	688		7,894
Total net position	$ 131,227	$ 53,324	$ 4	$ 60	$ 7,142	$ 688	$ 81,161	$ 273,606

DELAWARE RIVER PORT AUTHORITY

Supplemental Schedule of Changes in Net Position Information for Bond and Project Funds
For the Year Ended December 31, 2016
(amounts expressed in thousands)

	Bond Reserve Fund	Bond Service Fund	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	2013 Project Fund	Total Combined Funds
Net Position, January 1	$ 137,030	$ 50,747	$ 4	$ 60	$ 14,314	$ 950	$ 153,259	$ 356,364
Revenues and Expenses:								
Investment income	3,204	2			3		517	3,726
Interest expense		(75,132)						(75,132)
Total revenues and expenses	3,204	(75,130)	-	-	3	-	517	(71,406)
Interfund Transfers and Payments:								
Bond service		118,710						118,710
Funds in excess of bond reserve requirement	(9,007)	9,007						
Retirement of bonds		(50,010)						(50,010)
Funds for permitted port projects					(7,175)	(262)	(72,615)	(80,052)
Total interfund transfers and payments	(9,007)	77,707	-	-	(7,175)	(262)	(72,615)	(11,352)
Net Position, December 31	$ 131,227	$ 53,324	$ 4	$ 60	$ 7,142	$ 688	$ 81,161	$ 273,606

Statistical Section

Statistical Section

FINANCIAL TREND DATA (Unaudited)

The Authority's net position increased by $66.9 million during 2016 based on strong operating results, with income before capital contributions of $64.6 million, which was slightly lower than the $65.5 million in income before capital contributions registered in 2015.

The Authority's net position has improved from $286.9 million to $655.2 million (a $368.3 million increase) since 2010, largely due to higher toll revenues. Operating income has exceeded $100 million since 2011. During 2016, operating revenues increased by $13.4 million (up 3.93%), while total operating expenses increased by $16.2 million (up 7.81%) . The major factors impacting the increase in expenses was attributable to increases in G&A (up $10.7 million), and bridge and PATCO operations (up $4.2 million). G&A expenses were impacted by a reclassification of expenses mentioned in Note 1 ("*Changes in Presentation of Comparative Statements"),* bi-ennial inspection costs, and expenses related to higher public liability costs.

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

Last Ten Fiscal Years (In Thousands)

NET POSITION

	2016 *	2015*	2014 *	2013 *	2012 *	2011 *	2010 *	2009 *	2008	2007
Net Investment in capital assets	$ 235,795	$ 203,366	$ 174,762	$ 213,138	$ 272,905	$ 214,632	$ 239,390	$ 325,973	$ 281,146	$ 245,959
Restricted	209,924	219,485	215,004	159,521	143,692	185,219	158,589	142,435	147,850	176,895
Unrestricted (deficiency)	209,522	165,519	198,079	138,730	2,232	(67,153)	(111,050)	(138,043)	(94,317)	(92,855)
Total Net Position	$ 655,241	$ 588,370	$ 587,845	$ 511,389	$ 418,829	$ 332,698	$ 286,929	$ 330,365	$ 334,679	$ 329,999

CHANGES IN NET POSITION

	2016 *	2015*	2014 *	2013 *	2012 *	2011 *	2010 *	2009 *	2008	2007
Operating Revenues										
Bridges:										
Tolls	$ 319,778	$ 307,240	$ 297,267	$ 293,863	$ 292,810	$ 267,685	$ 243,879	$ 242,620	$ 208,856	$ 196,069
Other operating revenues	6,675	6,435	7,702	6,451	6,372	5,049	4,753	4,944	5,815	5,540
Total bridge operating revenues	326,453	313,675	304,969	300,314	299,182	272,734	248,632	247,564	214,671	201,609
Transit system:										
Passenger fares	26,073	24,943	24,257	25,908	26,035	24,004	21,956	22,028	21,459	18,978
Other operating revenues	1,943	1,661	1,506	1,699	1,957	1,817	1,968	1,606	1,507	1,438
Total transit system operating revenues	28,015	26,604	25,763	27,607	27,992	25,821	23,924	23,634	22,966	20,416
Port of Philadelphia and Camden:										
Cruise terminal	-	-	-	-	2	369	309	571	683	1,043
RiverLink	27	30	-	-	-	68	61	62	73	50
Total Port of Philadelphia and Camden	27	30	-	-	2	437	370	633	756	1,093
Other:										
Miscellaneous	216	985	150	203	224	556	1,801	1,456	590	852
Total operating revenues	354,712	341,294	330,882	328,124	327,400	299,548	274,727	273,287	238,983	223,970
Operating Expenses:										
Operations	93,443	89,213	100,596	97,436	98,581	94,259	99,518	97,735	100,515	94,762
Community impact	3,790	3,781	3,745	3,688	3,611	3,560	3,473	3,483	3,380	3,306
General and administration	66,964	56,309	41,347	38,932	44,277	40,536	46,272	35,457	34,974	31,025
Port of Philadelphia and Camden	-	49	189	62	29	246	824	1,269	1,447	1,698
Depreciation	58,933	57,614	57,425	54,801	55,018	49,216	47,751	45,776	45,486	44,634
Total operating expenses	223,130	206,966	203,302	194,919	201,516	187,817	197,838	183,720	185,802	175,425
Operating Income	131,582	134,328	127,580	133,205	125,884	111,731	76,889	89,567	53,181	48,545
Nonoperating Revenues (Expenses)										
Interest revenue (net of change in fair value of derivative instruments)	7,944	7,834	8,479	4,628	7,638	13,633	(25,867)	8,718	17,592	26,704
Interest expense	(74,419)	(75,792)	(78,377)	(58,784)	(66,540)	(77,870)	(72,527)	(65,584)	(75,654)	(74,668)
Amortization expense	(100)	(100)	(100)	(100)	(100)	(100)	(1,511)	(1,356)	(1,353)	(1,353)
Economic development activities	(3,404)	(4,167)	(2,401)	(4,371)	(8,695)	(2,025)	(39,657)	(26,794)	(3,960)	(9,841)
Other	3,115	5,156	4,844	2,825	4,276	3,055	(1,366)	(985)	457	(35)
Bond issuance costs	-	-	-	(2,516)	(1,374)	-	-	-	-	-
Loss on abandonment of Aerial Tram project	-	-	-	-	-	(18,318)	-	-	-	-
Loss on disposal of capital assets	(84)	(1,732)	-	-	-	(7,929)	-	-	-	-
Total nonoperating revenues (expenses)	(66,948)	(68,801)	(67,555)	(58,318)	(64,795)	(89,554)	(140,928)	(86,001)	(62,918)	(59,193)
Income (Loss) Before Capital Contributions	64,634	65,527	60,025	74,887	61,089	22,177	(64,039)	3,566	(9,737)	(10,648)
Capital Contributions:										
Federal and state capital improvement grants	2,237	36,758	16,431	17,673	25,042	33,021	20,603	11,443	14,417	10,024
Change in Net Position	$ 66,871	$ 102,285	$ 76,456	$ 92,560	$ 86,131	$ 55,198	$ (43,436)	$ 15,009	$ 4,680	$ (624)

* Figures for the years 2009-2016 include the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* Figures for the years 2011-2016 include the implementation of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Figures for the years 2010 and 2009 have been restated to remove the projected cost of bridge repainting. Lastly, figures for 2015 and 2016 include the implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.*

REVENUE CAPACITY DATA (Unaudited)

Major annual revenues (consisting primarily of bridge operating revenues, PATCO transit system revenues and interest income) have shown positive growth since 2007, increasing from $249.8 million to $362.2 million, an increase in annual revenues of about $112.4 million. Revenues in the period from 2009 to 2016 reflect the two major increases in bridge tolls and transit system fares implemented in 2008 and 2011. During 2016, bridge toll revenues increased by $15.2 million from 2015 (before adjustment), an increase of 4.93%, while PATCO transit system operating revenues increased by $1.4 million.

Up until 2015, bridge traffic had decreased steadily since 2007. In 2016, bridge traffic reached its highest levels since 2008. The increase for 2016 was 5.3%, or 2.6 million vehicles higher versus the prior year. Factors responsible for traffic declines between 2008 and 2014, such as overall poor economic conditions and prior implementation of previous toll increases, did not impact 2015 and 2016 results. Better regional economic conditions, stable gas prices, and a lack of inclement weather each contributed to the increase in 2016 annual bridge traffic.

In 2016, total PATCO transit system operating revenues (inclusive of fare, parking, and advertising revenues) increased for the first time since 2012. During 2016, total PATCO operating revenues increased by $1.4 million or 5.31% due to an increase in ridership of 484 thousand (or 4.6%). The increase in PATCO ridership was primarily attributable to completion of the multi-year Ben Franklin Bridge/PATCO track rehabilitation project (resulting in less track outages) along with favorable winter weather and general economic conditions.

For additional historical information on the Authority's bridge traffic, passenger trips, and other revenues, please refer to the schedules that follow.

Last Ten Fiscal Years (In Thousands)

MAJOR REVENUES BY SOURCE

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bridge operating revenues	$ 326,453	$ 313,675	$ 304,969	$ 300,314	$ 299,182	$ 272,734	$ 248,632	$ 247,564	$ 214,671	$ 201,609
PATCO transit system operating revenues	28,015	26,604	25,763	27,607	27,992	25,821	23,924	23,634	22,966	20,416
Port of Philadelphia and Camden	27	30	-	-	2	437	370	633	756	1,093
Interest income	7,720	7,450	6,909	5,581	5,803	4,968	8,176	9,252	17,592	26,704
Total revenues	$ 362,216	$ 347,758	$ 337,641	$ 333,502	$ 332,979	$ 303,960	$ 281,102	$ 281,083	$ 255,985	$ 249,822

On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. The Authority also implemented a second 10% increase in PATCO passenger fares. On December 1, 2015 the Authority reinstituted the E-ZPass frequent bridge traveler credit program, which reduced annual toll revenues in 2016 by approx. $1.7 million.

TOLL REVENUE BY BRIDGE

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Walt Whitman Bridge	$ 124,379	$ 122,648	$ 116,256	$ 111,256	$ 111,900	$ 103,191	$ 95,180	$ 96,319	$ 82,198	$ 77,109
Ben Franklin Bridge	101,860	97,739	97,923	101,094	100,443	89,824	80,083	79,848	67,188	62,235
Betsy Ross Bridge	40,408	34,766	33,408	33,578	34,084	32,295	30,610	29,062	27,590	26,734
Commodore Barry Bridge	55,731	52,087	49,680	47,935	46,383	42,375	38,006	37,391	31,880	29,991
Total toll revenues	$ 322,378	$ 307,240	$ 297,267	$ 293,863	$ 292,810	$ 267,685	$ 243,879	$ 242,620	$ 208,856	$ 196,069
E-ZPass CSC Revenue Allocation Share	(2,600)									
Net toll revenues	$ 319,778									

On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. On December 1, 2015, the Authority reinstituted the E-ZPass frequent user credit program.

On November 16, 2016, the Authority's Board authorized an initial payment of $2.6 million to the NJ CSC based on a revenue allocation formula, under the new contract, which determined the DRPA's portion of past negative balance E-ZPass customer accounts. Please see Note 16 for additional information.

BRIDGE CASH TOLL RATES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Class 1 - Motorcycle	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 4.00	$ 4.00	$ 4.00	$ 2.00
Class 2 - Automobile	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	3.00
Class 3 - Two Axle Trucks	15.00	15.00	15.00	15.00	15.00	15.00	12.00	12.00	12.00	9.00
Class 4 - Three Axle Trucks	22.50	22.50	22.50	22.50	22.50	22.50	18.00	18.00	18.00	13.50
Class 5 - Four Axle Trucks	30.00	30.00	30.00	30.00	30.00	30.00	24.00	24.00	24.00	18.00
Class 6 - Five Axle Trucks	37.50	37.50	37.50	37.50	37.50	37.50	30.00	30.00	30.00	22.50
Class 7 - Six Axle Trucks	45.00	45.00	45.00	45.00	45.00	45.00	36.00	36.00	36.00	27.00
Class 8 - Bus	7.50	7.50	7.50	7.50	7.50	7.50	6.00	6.00	6.00	4.50
Class 9 - Bus	11.25	11.25	11.25	11.25	11.25	11.25	9.00	9.00	9.00	6.75
Class 10 - Senior Citizen (with ticket only)	2.50	2.50	2.50	2.50	2.50	2.50	2.00	2.00	2.00	1.00
Class 13 - Auto with trailer (1 axle)	8.75	8.75	8.75	8.75	8.75	8.75	6.00	6.00	6.00	5.25
Class 14 - Senior Citizens (with 2 tickets only)	-	-	-	-	-	-	-	-	-	0.70

The toll rates shown above are cash toll rates in effect for the period indicated. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. The Authority had, for many years, provided a frequent user program and senior citizen program for its passenger vehicle customers. At E-ZPass implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified frequent user program became effective and available through E-ZPass. In 2004, most discount programs were eliminated and the frequent user program was further modified. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. The Authority also implemented a second 10% increase in PATCO passenger fares. On December 1, 2015, the Authority reintroduced a "frequent bridge traveler credit", which paid $18 in monthy credits to passenger vehicles with a minimum of 18 bridge crossing per month.

REVENUE CAPACITY DATA (Unaudited) (Continued)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Vehicle classification:										
Automobiles & light trucks	47,225	44,905	43,644	43,732	43,931	44,757	46,245	46,580	48,310	49,678
Trucks	3,137	2,865	2,713	2,571	2,505	2,542	2,603	2,548	2,890	3,038
Buses	236	217	228	231	236	250	260	276	287	301
Senior citizens	1,204	1,215	1,245	1,344	1,405	1,440	1,305	1,229	1,906	1,998
Other	3	3	2	2	3	3	1	4	6	61
Total traffic	51,805	49,205	47,832	47,880	48,080	48,992	50,414	50,637	53,399	55,076

BRIDGE TRAFFIC BY BRIDGE

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Walt Whitman Bridge	19,945	19,634	18,665	18,086	18,311	18,806	19,579	20,022	20,877	21,473
Ben Franklin Bridge	18,367	17,591	17,642	18,292	18,285	18,286	18,459	18,571	19,296	19,759
Betsy Ross Bridge	6,182	5,158	4,923	4,993	5,090	5,429	5,821	5,595	6,511	6,900
Commodore Barry Bridge	7,311	6,822	6,602	6,509	6,394	6,471	6,555	6,449	6,715	6,944
Total traffic	51,805	49,205	47,832	47,880	48,080	48,992	50,414	50,637	53,399	55,076

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Passenger fares	$ 26,073	$ 24,943	$ 24,257	$ 25,908	$ 26,035	$ 24,004	$ 21,956	$ 22,028	$ 21,459	$ 18,978
Other revenues	1,943	1,661	1,506	1,699	1,957	1,817	1,968	1,606	1,507	1,438
Total operating revenues	$ 28,016	$ 26,604	$ 25,763	$ 27,607	$ 27,992	$ 25,821	$ 23,924	$ 23,634	$ 22,966	$ 20,416

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

PATCO PASSENGER FARES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Lindenwold/Ashland/Woodcrest	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 2.70	$ 2.70	$ 2.70	$ 2.45
Haddonfield/Westmont/Collingswood	2.60	2.60	2.60	2.60	2.60	2.60	2.35	2.35	2.35	2.15
Ferry Avenue	2.25	2.25	2.25	2.25	2.25	2.25	2.05	2.05	2.05	1.85
New Jersey	1.60	1.60	1.60	1.60	1.60	1.60	1.45	1.45	1.45	1.30
City Hall/Broadway/Philadelphia	1.40	1.40	1.40	1.40	1.40	1.40	1.25	1.25	1.25	1.15

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

PATCO TRANSIT SYSTEM RIDERSHIP

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Passengers	10,653	10,169	10,007	10,542	10,613	10,506	10,109	10,022	10,338	9,406

DEBT CAPACITY DATA (Unaudited)

During the period 2010 to 2016, the Authority's debt service coverage (DSC) as calculated under the 1998 Indenture, has been impacted by the increased debt service requirements related to the issuance of $785 million in fixed rate debt in 2010 and 2013. DSC dropped slightly in 2016, although supported by $222.9 million in net revenues available for debt service, and despite the $ 12.5 million increase in net toll revenues.

During the period, 2010-2013, growth in net revenues from $157.5 million to $211.2 million helped propel an increase in DSC from 1.78X to a ten-year high of 2.66X in 2012. DSC grew during that time period despite higher debt service costs related to the issuance of the 2010 revenue bonds. Fortunately, debt service beginning in 2012 was reduced resultant from the early redemption of approximately $24 million in 1999 revenue bonds, which was a major factor in the growth of the DSC from 2.08X to 2.64X in the period 2011 through 2013. DSC in the period 2014-2016 has hovered around the 2.00X level for the past three (3) years.

Prior to the issuance of the 2013 revenue bonds, total outstanding debt had declined from $1.4 billion to $1.2 billion in the period 2010 to 2012. Total funded debt outstanding increased to $1.65 billion during 2013, but has since dropped to $1.51 billion in 2016.

For additional information on the Authority's debt service coverage, total outstanding debt, and the ratio of revenue bond debt per customer, please refer to the schedules that follow, including: the DRPA's bridge traffic, PATCO passenger trips, and other revenues.

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2016	2015	2014	2013	2012	2011 *	2010 *	2009 *	2008	2007
Revenues available for Debt Service:										
Bridge operating	326,453	313,675	304,969	$ 300,314	$ 299,182	$ 272,734	$ 248,632	$ 247,564	$ 214,671	$ 201,609
Interest income	527	157	152	152	154	155	156	559	777	3,516
	326,980	313,833	305,121	300,466	299,336	272,889	248,788	248,123	215,448	205,125
Less expenses:										
Bridge operating	50,737	47,885	53,466	53,042	56,325	49,369	52,003	49,924	54,393	52,294
General and administration	59,558	48,378	41,347	38,932	44,277	40,536	46,272	35,457	34,974	31,025
	110,295	96,263	94,813	91,974	100,602	89,905	98,275	85,381	89,367	83,319
Add:										
Bridge Repainting Expense	-	-	-	-	-	-	-	-	4,363	4,498
GASB 45 Expense (exclusive of PATCO)	3,843	4,694	4,694	400	1,635	1,005	6,012	6,012	6,219	6,219
Interest Income:										
1998, 1999, 2008, 2010 and 2013 Revenue Bonds	2,361	2,342	2,349	2,352	2,086	2,387	983	2,602	3,226	2,989
	6,204	7,036	7,043	2,752	3,721	3,392	6,995	8,614	13,808	13,706
Net revenues available for Debt Service:										
1998 Revenue Bond Indenture	$ 222,889	$ 224,606	$ 217,351	$ 211,244	$ 202,455	$ 186,376	$ 157,508	$ 171,356	$ 139,889	$ 135,512
Debt Service (Revenue Bonds):**										
1995 Revenue Bonds	-	-	-	-	-	-	-	-	-	$ 14,652
Swap Payments (net)	$ 28,835	$ 32,351	$ 34,681	$ 36,206	$ 37,736	$ 39,250	$ 40,687	$ 18,793	$ 12,634	7,045
1998, 1999 Revenue Bonds	-	-	-	-	6,450	19,391	26,956	42,026	56,839	51,803
2008 Revenue Bonds	20,426	18,921	17,726	15,775	15,155	14,534	12,497	12,189	3,584	-
2010 Revenue Bonds	15,429	15,429	15,429	15,429	15,429	15,429	7,114	-	-	-
2010 Revenue Refunding Bonds	23,675	21,534	20,424	11,805	1,245	1,033	1,149			
2013 Revenue Bonds	23,655	23,655	23,655	854	-	-	-	-	-	-
Total Debt Service	$ 112,020	$ 111,890	$ 111,915	$ 80,069	$ 76,015	$ 89,637	$ 88,403	$ 73,008	$ 73,057	$ 73,500
Debt Service coverage (Times) :										
1998 Bond Indenture	1.99	2.01	1.94	2.64	2.66	2.08	1.78	2.35	1.91	1.84

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

As defined by the Bond Indenture, Interest on the 2008 and 2010 Revenue Refunding Bonds is based upon the fixed rate of 5.447%, and 5.738%,respectively, payable on the 1995 and 1999 Revenue Bond swaps.

* During 2011, the Authority changed its accounting method to remove the projected costs of bridge repainting. Figures for 2010 and 2009 have been restated.
** Debt service for the years 2010 through 2014 have been restated.

FUNDED DEBT*

	2016**	2015**	2014**	2013**	2012 **	2011	2010	2009	2008	2007
Outstanding Revenue Bond related debt	$ 1,341,686	$ 1,382,263	$ 1,420,724	$ 1,450,720	$ 978,185	$ 1,034,519	$ 1,065,375	$ 785,075	$ 807,890	$ 820,392
Outstanding Port District Project Bond debt	168,603	180,735	192,454	203,995	209,603	314,470	303,554	321,915	339,645	360,510
Total outstanding debt	$ 1,510,289	$ 1,562,998	$ 1,613,178	$ 1,654,715	$ 1,187,788	$ 1,348,989	$ 1,368,929	$ 1,106,990	$ 1,147,535	$ 1,180,902

*Net of amortizing premiums and discounts.
*Figures for 2011 through 2016 include the implementation of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Outstanding Revenue Bond related debt	$ 1,341,686	$ 1,382,263	$ 1,420,724	$ 1,450,720	$ 978,185	$ 1,034,519	$ 1,065,375	$ 785,075	$ 807,890	$ 820,392
Total annual debt service related to revenue bonds	$ 112,020	$ 111,890	$ 111,915	$ 80,069	$ 76,015	$ 89,637	$ 88,403	$ 73,008	$ 73,057	$ 73,500
Total traffic	51,805	49,205	47,832	47,880	48,080	48,992	50,414	50,637	53,399	55,076
Outstanding revenue bond debt per customer	$ 25.90	$ 28.09	$ 29.70	$ 30.30	$ 20.34	$ 21.12	$ 21.13	$ 15.50	$ 15.13	$ 14.90
Outstanding total bond debt per customer	$ 29.15	$ 31.77	$ 33.73	$ 34.56	$ 24.70	$ 27.53	$ 27.15	$ 21.86	$ 21.49	$ 21.44
Debt service per customer	$ 2.16	$ 2.27	$ 2.34	$ 1.67	$ 1.58	$ 1.83	$ 1.75	$ 1.44	$ 1.37	$ 1.33

Source: The Authority

DEMOGRAPHIC AND ECONOMIC DATA (Unaudited)

The following figures provide four key external factors during the ten years from 2006-2015 that affected the geographic region in which the Authority functions; this region is the Port District, which is comprised of the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem in New Jersey.

Based on the most recent data (2015 is the latest year for which this information is available), population increased in the Pennsylvania counties by 5.31% (about 206,000) since 2005. The unemployment rate in the Philadelphia Metropolitan Region for the period of 2006 through 2015 reflected a high of 8.75% in 2012 and a low of 4.12% in 2015. Four of the top ten employers in the Pennsylvania counties were health care organizations. There was an increase in the population of the Pennsylvania counties along with a rather significant decrease in the unemployment rate during 2015 versus 2014.

Population increased in the New Jersey counties by 2.20% (about 52,000) since 2005. The unemployment rate in the New Jersey Metropolitan Region for the period of 2006 through 2015 reflected a high of 11.51% in 2010 and a low of 5.44% in 2006. Three of the top ten employers in the NJ counties were health care organizations. In the New Jersey counties there were decreases in both population and the unemployment rate through 2015 versus 2014. The unemployment rate in 2015 dramatically improved from a rate of 8.5*% in 2014 to 6.55%.

Please refer to the following schedules below for a historical view of the demographic information and area employers within the Port District.

Last Ten Fiscal Years

PENNSYLVANIA PORT DISTRICT

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Population (1)	4,093,906	4,079,583	4,051,649	4,054,478	4,030,926	4,010,290	4,012,573	3,991,897	3,882,564	3,879,207
Total Personal Income (1)	$247,311,935	$235,663,042	$222,749,066	$212,668,430	$204,488,875	$195,158,270	$191,619,984	$189,058,438	$184,342,322	$174,120,302
Per Capita Personal Income (1)	$60,410	$57,766	$54,977	$52,453	$50,730	$48,664	$47,755	$47,361	$47,480	$44,886
Unemployment Rate (2)	4.12%	5.48%	8.67%	8.75%	8.50%	8.71%	7.91%	5.37%	4.36%	4.26%

Sources:
(1) United States Dept of Commerce, Bureau of Economic Analysis. BEA Regional Economic Account data was used for each PA Port District county served by the DRPA. Figures here are totals for all counties in the PA Port District.
(2) United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

PENNSYLVANIA PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment		# of Employees	% of Employment
1. University of Pennsylvania & Health System	37,588	1.25%	6. Main Line Health	10,900	0.36%
2. Thomas Jefferson University & Jefferson Health	19,187	0.64%	7. Christiana Care Health System	10,500	0.35%
3. Comcast Corporation	16,100	0.54%	8. UPS	10,261	0.34%
4. Giant Food Stores LLC	16,000	0.53%	9. Bank of America Corp	10,000	0.33%
5. Vanguard Group	11,700	0.39%	10. Drexel University	9,829	0.33%

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

Sources: 1) Philadelphia Business Journal, 2) Select Greater Philadelphia, Regional Data, Leading Employers

NEW JERSEY PORT DISTRICT

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Population (1)	2,430,329	2,430,669	2,462,132	2,438,673	2,425,526	2,422,041	2,419,475	2,411,118	2,401,441	2,391,435
Total Personal Income (1)	$ 116,326,643	$ 112,933,065	$110,208,947	$103,930,739	$102,916,280	$101,195,650	$99,031,079	$98,568,702	$92,444,597	$89,285,614
Per Capita Personal Income (1)	$47,865	$46,462	$44,762	$42,618	$42,430	$41,781	$40,931	$40,881	$38,495	$37,336
Unemployment Rate (2)	6.55%	8.58%	10.07%	10.20%	11.10%	11.51%	10.84%	6.07%	5.16%	5.44%

Sources:
(1) United States Dept of Commerce, Bureau of Economic Analysis. BEA Regional Economic Account data was used for each NJ Port District county served by the DRPA. Figures here are totals for all counties in the NJ Port District.
(2) United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

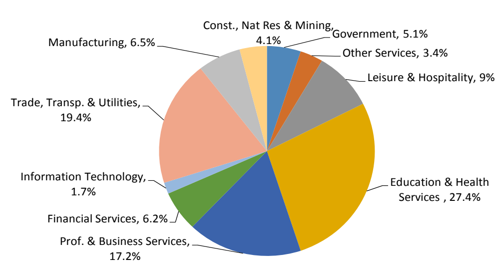
NEW JERSEY PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment		# of Employees	% of Employment
1. UPS	19,243	0.64%	6. Merck & Co. Inc. Pharmaceutical	9,800	0.33%
2. Wal-mart Stores	17,405	0.58%	7. Johnson & Johnson	9,600	0.32%
3. Verizon Communications	15,000	0.50%	8. Prudential Financial	8,743	0.29%
4. Meridian Health	12,754	0.43%	9. Virtua Healthcare	8,700	0.29%
5. Bank of America	10,800	0.36%	10. TD Bank	8,100	0.27%

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

Sources: 1) NJ.gov Leading Employers, 2) Select Greater Philadelphia, Regional Data, 3) Ocean County Data Book, 4) The Press, Atlantic City

EMPLOYMENT SHARES BY SECTOR: GREATER PHILADELPHIA REGION 2015



OPERATING INFORMATION (Unaudited)

Overall bridge operating revenues, and more specifically bridge toll revenues, have shown positive growth for the ten-year period shown below. Toll revenues for the fiscal years 2008 through 2010 increased significantly due to the 2008 toll increase, while revenues beginning in 2012 increased sharply relative to prior years, due to the mid-year 2011 toll increase. For the past five years, toll revenues have exceeded $290 million, and, for the past two years, toll revenues have exceeded $300 million. During 2016, net toll revenues approached $320 million annually, the highest total in DRPA history. These higher revenues were largely attributable to a 2.6 million increase in traffic during 2016.

General expenses which had fallen below $200 million in 2013, increased beyond this level beginning in 2014, as interest expense rose due to the issuance of new bonds in December of 2013. General expenses grew to $238.6 million in 2016, up $13.5 million, roughly $3.7 million of which was related to bridge and PATCO operations. Total bridge operations increased during 2016, primarily due to salary and employee benefits and equipment and supply costs. These costs were partially offset by reductions in maintenance and repairs. G&A expenses grew primarily in the area of pension, public liability reserve adjustments, bi-ennial expenditures, etc.

The Authority's capital expenditures have increased in recent years, largely as a result of more funding resources attributable to a strengthened General Fund and the issuance of new revenue bonds in 2010 and 2013 to fund the annual and five-year capital programs. During 2011 and 2012, capital expenditures, exceeded $100 million for the first time during the ten-year period shown. In 2014 capital expenditures jumped to nearly $132.0 million, up from $87.5 million in 2013, a $44.5 million or 50.9% increase. The increase was related to several major projects such as the Ben Franklin Bridge/PATCO track rehabilitation project, PATCO transit car overhaul, and redecking anchorage spans on the Walt Whitman Bridge. The continuation of many of these projects resulted in 2015 capital expenditures totaling $137.3 million, up $5.3 million (or 4.0%) vs. 2014 totals, this being the second highest total during the ten year historical period (2011 expenditures were the highest at $158.8 million). During 2016, capital expenditures dropped to $124.1 million, as a few large projects were somewhat delayed.

Please refer to the schedules that follow for a historical view of the Authority's bridge operating revenues and general expenses during the past ten years.

Last Ten Fiscal Years (In Thousands)

BRIDGE OPERATING REVENUES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Toll revenues by vehicle classification:										
Automobiles & light trucks	$ 234,982	$ 225,263	$ 219,197	$ 219,379	$ 220,379	$ 201,483	$ 184,439	$ 184,260	$ 155,009	$ 144,835
Trucks	81,352	76,389	72,377	68,298	66,087	60,383	54,856	53,697	49,467	47,363
Buses	2,354	2,189	2,278	2,310	2,370	2,271	2,074	2,187	1,640	1,434
Senior citizens	3,010	3,037	3,113	3,360	3,512	3,123	2,308	2,268	2,389	1,999
Other	680	362	302	516	462	425	202	208	351	438
Discounts and deductions	-	-	-	-	-	-	-	-	-	-
Total toll revenues	322,378	307,240	297,267	293,863	292,810	267,685	243,879	242,620	208,856	196,069
E-ZPass CSC Revenue Allocation	(2,600)									
Net toll revenues	$ 319,778									
Other bridge operating revenues	6,675	6,435	7,702	6,451	6,372	5,049	4,753	4,944	5,815	5,540
Total bridge operating revenues	$ 326,453	$ 313,675	$ 304,969	$ 300,314	$ 299,182	$ 272,734	$ 248,632	$ 247,564	$ 214,671	$ 201,609

On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Additionally, passenger fares, with the exception of fares for elderly persons and persons with disabilities, were increased by 10% across all zones. On July 1, 2011, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class. On December 1, 2015, the Authority reinstituted the E-ZPass frequent bridge traveler credit program. On November 16, 2016, the Authority's Board authorized an initial payment of $2.6 million to the NJ CSC based on a revenue allocation formula, under the new contract, which determined the DRPA's portion of past negative balance E-ZPass customer accounts. Toll revenues of $322.4 million have been adjusted for this commitment. Please see Note 16 for additional information.

GENERAL EXPENSES BY FUNCTION

	2016 *	2015 *	2014	2013	2012	2011	2010	2009	2008	2007
Bridge operations:										
Salaries and employee benefits	$ 44,836	$ 39,605	$ 35,955	$ 34,184	$ 32,790	$ 30,743	$ 31,743	$ 32,496	$ 31,551	$ 30,047
Equipment and supplies	991	203	187	209	159	194	259	212	212	176
Maintenance and repairs	1,996	3,408	3,905	3,356	1,990	3,327	3,433	3,234	3,417	3,277
Utilities	1,393	1,597	2,256	1,591	1,636	1,694	2,819	2,562	2,783	2,621
Insurance	-	-	3,053	5,719	2,877	4,974	5,765	5,130	4,644	5,093
Other	1,521	3,072	8,110	7,983	16,873	8,437	12,335	10,442	11,786	11,080
Total bridge operations	50,737	47,885	53,466	53,042	56,325	49,369	56,354	54,076	54,393	52,294
PATCO transit system:										
Maintenance of way and power	12,363	12,308	11,469	11,263	10,770	10,865	11,261	11,552	10,229	9,774
Maintenance of equipment	9,009	7,256	6,728	6,547	6,157	6,149	7,666	7,156	6,696	6,679
Purchased power	3,776	4,396	4,712	4,688	4,270	5,230	5,667	5,359	5,656	4,933
Transportation	17,558	17,368	16,070	16,015	15,012	14,347	13,986	15,114	14,489	13,015
General insurance	1,036	1,902	2,564	1,583	1,276	4,288	876	767	1,256	692
Administration	6,370	6,029	5,587	4,298	4,771	4,011	8,059	7,863	7,795	7,375
Total PATCO transit system	50,112	49,259	47,130	44,394	42,256	44,890	47,515	47,811	46,121	42,468
Community impact	3,790	3,781	3,745	3,688	3,611	3,560	3,473	3,483	3,380	3,306
General administration	59,558	48,378	41,347	38,932	44,277	40,536	46,272	35,457	34,974	31,025
Port of Philadelphia and Camden	-	49	189	62	29	246	824	1,269	1,447	1,698
Interest	74,419	75,792	78,377	58,784	66,540	77,870	72,527	65,584	75,654	74,668
Total expenses	$ 238,616	$ 225,144	$ 224,254	$ 198,902	$ 213,038	$ 216,471	$ 226,965	$ 207,680	$ 215,969	$ 205,459

From 2010 through 2013, general expenses at DRPA and PATCO have shown a downward trend, decreasing from $226.96 million in 2010 to $198.90 million, a 14.1% decrease over the period. Total expenses for 2013 dropped below $200 million annually, the first time this has happened since 2006. Beginning in 2014, interest expense increased significantly due to the issuance of the 2013 revenue bonds, which greatly impact total expenses.

* For the years 2015 and 2016, insurance expense for bridge operations has been reclassified to general and administration.

OPERATING INFORMATION (Unaudited) (Continued)

OPERATING STATISTICS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
DRPA										
Total Traffic	51,805	49,205	47,832	47,880	48,080	48,992	50,414	50,637	53,399	55,076
Non-Commercial Traffic	48,668	46,340	45,119	45,309	45,575	46,450	47,811	48,089	50,509	52,038
Commercial Traffic	3,137	2,865	2,713	2,571	2,505	2,542	2,603	2,548	2,890	3,038
Average Daily Traffic	142	135	131	131	132	134	138	139	146	151
Average Toll per Customer	$ 6.22	$ 6.24	$ 6.21	$ 6.14	$ 6.09	$ 5.46	$ 4.84	$ 4.79	$ 3.91	$ 3.56
E-ZPass Traffic	33,569	31,342	30,182	29,635	29,098	28,983	28,911	28,367	28,130	27,987
% of E-ZPass Traffic	64.8%	63.7%	63.1%	61.9%	60.5%	59.2%	57.3%	56.0%	52.7%	50.8%
PATCO										
Total Passengers	10,653	10,169	10,007	10,542	10,613	10,506	10,109	10,022	10,338	9,406
Average Daily Passengers	29	28	27	29	29	29	28	27	28	26
Average Fare Per Passenger	$ 2.45	$ 2.45	$ 2.42	$ 2.46	$ 2.45	$ 2.28	$ 2.17	$ 2.20	$ 2.08	$ 2.02

Average fare per passenger based on PATCO net passenger fare revenues

For 2016, average toll is calculated on the gross toll revenues of $322.4 million, which is prior to the $2.6 million adjustment to 2016 toll revenues due to the NJ E-ZPass allocation to the DRPA related to resolution of accumulative "negative balances" in customer accounts.

Source: DRPA Revenue Audit

FULL TIME AUTHORITY EMPLOYEES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
DRPA	558	568	564	572	567	564	582	595	589	589
PATCO	309	306	302	308	296	302	309	305	301	302
Total Full-time	867	874	866	880	863	866	891	900	890	891

Source: DRPA Human Resources

CAPITAL EXPENDITURES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bridge and Transit System	$ 124,092	$ 137,267	$ 131,993	$ 87,468	$ 118,056	$ 158,812	$ 71,494	$ 75,481	$ 58,498	$ 23,395

Source: DRPA Accounting

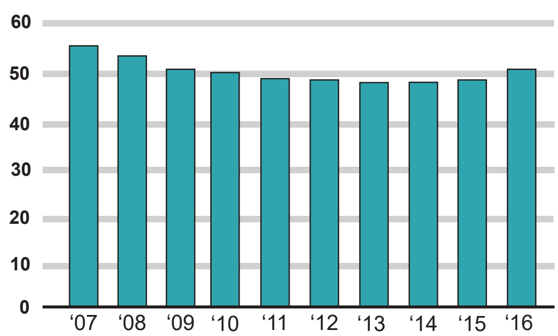
CAPITAL ASSET STATISTICS

Facility - Lane Miles	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Walt Whitman Bridge										
Main Span (lane miles)	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Miles per Lane	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Number of Lanes	7	7	7	7	7	7	7	7	7	7
Ben Franklin Bridge										
Main Span (lane miles)	12.67	12.67	12.67	12.67	12.67	12.67	12.67	12.67	12.67	12.67
Miles per Lane	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81	1.81
Number of Lanes	7	7	7	7	7	7	7	7	7	7
Betsy Ross Bridge										
Main Span (lane miles)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Miles per Lane	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Number of Lanes	6	6	6	6	6	6	6	6	6	6
Commodore Barry Bridge										
Main Span (lane miles)	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Miles per Lane	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Number of Lanes	5	5	5	5	5	5	5	5	5	5
Track Mileage										
PATCO Transit System	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9
Number of PATCO NJ Stations	9	9	9	9	9	9	9	9	9	9
Number of PATCO PA Stations	4	4	4	4	4	4	4	4	4	4

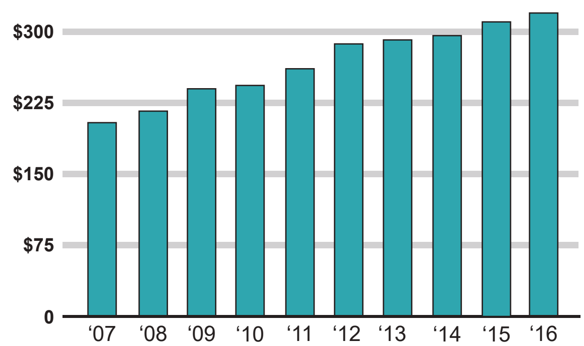
Source: DRPA Engineering

Bridge & PATCO Operations

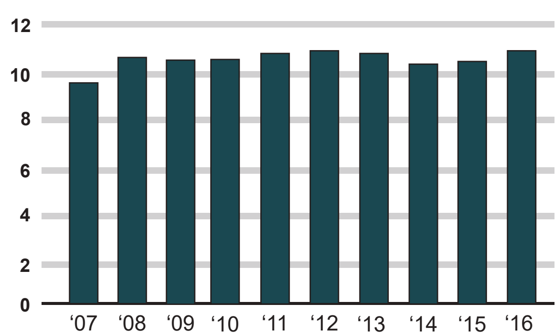
DRPA Bridge Traffic 2007-2016
(in millions of vehicles)



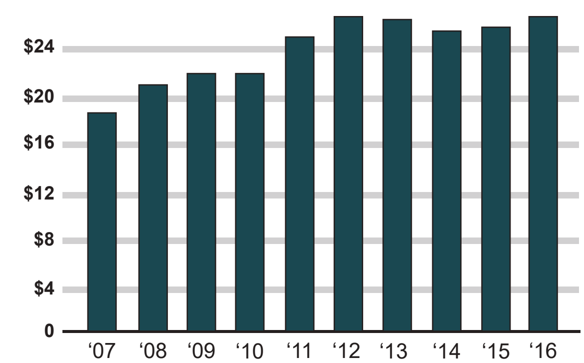
DRPA Bridge Toll Revenues 2007-2016
(in millions of dollars)



PATCO Passenger Ridership 2007-2016
(in millions of passengers)



PATCO Passenger Fare Revenues 2007-2016
(in millions of dollars)



Notes:
- On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen program. PATCO fares also increased.
- On July 1, 2011, the Authority implemented a 25% across-the-board toll increase and a 10% PATCO passenger fare increase.
- On December 1, 2015, the Authority reinstituted the E-ZPass Frequent Bridge Traveler Credit Program.

Delaware River Port Authority Comprehensive Annual Financial Report for the Years Ended December 31, 2016 and 2015

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