



2002

Comprehensive Annual Financial Report

FOR THE YEAR
ENDED 2002

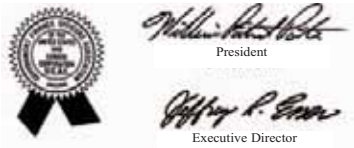
Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Delaware River
Port Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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



For the tenth 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 2001 Comprehensive
Annual Financial Report.

*Cover: The Camden Waterfront
featuring One Port Center
(DRPA's headquarters building),
the RiverLink Ferry System, and
the New Jersey State Aquarium.*

Corporate VALUES

SAFETY

We promote safety in all we do. Our commitment to the safety of our customers and employees is paramount.

INTEGRITY

We are committed to the highest level of ethical conduct, personally and corporately. We accomplish this by being open and honest, and by meeting our commitments to each other, our customers and our region.

QUALITY

We value and recognize quality performance and strive for the highest quality in all we do.

SERVICE

We deliver the best, highest quality service to our customers because they are our primary concern. We provide quality service by focusing on both internal and external customers.

TEAMWORK

We work as a team. We encourage our employees to develop and contribute their talents cooperatively. When one of us succeeds, we all succeed.

INNOVATION

We are leaders in finding new approaches and encouraging new ideas. We welcome the exchange of new ideas to improve.

COMMUNICATION

We encourage communication in and between all parts of the Authority because we believe the free exchange of information is vital to unity, effectiveness and service among our employees, and to our customers and the region we serve.



Table of CONTENTS

Introductory Section

Report to the Governors	4
Organizational Chart	6
Commissioners & Officers	6
Report of the Chief Executive Officer	8
Letter of Transmittal	24

Financial Section

Independent Auditor's Report	31
Management's Discussion and Analysis	32

Basic Financial Statements:

Combined Statement of Net Assets	40
Combined Statement of Revenues, Expenses and Changes in Fund Net Assets	42
Combined Statement of Cash Flows	43
Notes to Combined Financial Statements	44

Combined, Individual Fund and Account Group Schedules:

Supplemental Schedule of Net Asset Information by Fund	62
Supplemental Schedule of Changes in Fund Net Assets Information by Fund	64
Supplemental Schedule of Net Asset Information for Combined Bond and Project Funds	65
Supplemental Schedule of Changes in Net Asset Information for Combined Bond and Project Funds	66

Statistical Section

General Expenses By Function	69
Revenues By Source	69
PATCO Transit System	
Operating Revenues	69
PATCO Transit System Ridership	69
Debt Service Coverage	70
Funded Debt	70
Bridge Operating Revenues	70
Bridge Traffic By Vehicle Classification	71
Toll Revenue By Bridge	71
Bridge Traffic By Bridge	71
Bridge and PATCO Operations	72
Regional Demographics	73

Prepared by the
Office of the Treasurer and Chief Financial Officer

Lynn Jordan
Administrative Coordinator, BFB
15 Years of Service

August Wilson
Equipment Mechanic, PATCO
3 Years of Service

Mike Cash
Toll Plaza Supervisor, BFB
25 Years of Service

Chairman's LETTER

To Our Governors

Regional tourism took a front seat in 2002 when a national industry magazine reported that the Philadelphia region was the nation's leader in hospitality-industry recovery following the September 11th attacks. Much of the success was credited to the Philly Overnight campaign, "Philly's More Fun When You Sleep Over," sponsored by the Delaware River Port Authority and conducted by the Greater Philadelphia Tourism Marketing Corporation. The campaign encouraged local, regional and national audiences to visit Philadelphia and stay overnight. The campaign's success helped sell out hotel rooms and stave off layoffs in the region's hospitality industry, which accounts for more than 112,000 jobs. With that success, DRPA is committed to continuing its partnership with the tourism and visitors bureau organizations to help rebuild the region's domestic and international tourism industry for the long term.

News of that success came early in the year and helped set the pace for other successes throughout 2002. We continued our commitment to maintain our infrastructure and proceeded on a number of capital projects including moving to the fifth and final phase of the Walt Whitman Bridge corridor improvement project, painting the Camden tower of the Benjamin Franklin Bridge, and completing roadway rehabilitation at the Commodore Barry Bridge. Despite these major construction projects, our four bridges carried more than 100 million vehicles without recording a fatal accident.

Other noteworthy projects in our capital improvement program, tourism efforts and regional development initiatives included:

- In March, we celebrated the 10th anniversary of the RiverLink Ferry carrying passengers to the many entertainment, historic and educational venues along the Philadelphia-Camden Waterfront.

- In April, we launched "PATCO at Work," a multi-year capital improvement program that includes embankment restoration, track stabilization and station upgrades.

- In May, we opened Millennium Park in South Camden, providing public access to the waterfront.

- In September, we opened the DRPA box office at the Kimmel Center to mark its second season.

- In October, we facilitated the formation of the World Trade Center of Greater Philadelphia to provide expert trade assistance to area businesses under the World Trade Center umbrella. The WTCGP is an evolution of the services previously offered by DRPA's Export Development unit.

- In October, we also welcomed the *Carnival Legend* passenger liner for its inaugural voyage to Bermuda from the Philadelphia Cruise Terminal at Pier 1.

- In November, we joined the Pennsylvania Department of Environmental Protection for the launch of a pilot program to use dredged material to reclaim an abandoned mine in Schuylkill County, Pennsylvania.

The Year 2003 promises to be even more eventful with the opening of the National Constitution Center, introduction of the Freedom Ferry and continuation of the Ben Franklin Bridge steel painting project and advances in the "PATCO at Work" initiative. We will continue to strengthen our region's economy and look forward to working with our governors to accomplish these goals.

Sincerely,



Manuel N. Stamatakis



Commonwealth of PENNSYLVANIA



Mark Schweiker
Governor

State of NEW JERSEY



James E. McGreevey
Governor

Mission STATEMENT

We Keep the Region Moving!

Emphasizing safety and customer service, the Delaware River Port Authority provides quality transportation services across the river, and invests in the economic growth of Southeastern Pennsylvania and Southern New Jersey.

Opening in 1926, the Benjamin Franklin Bridge remains a vital transportation link.

Organizational CHART



Manuel N. Stamatakis
Chairman



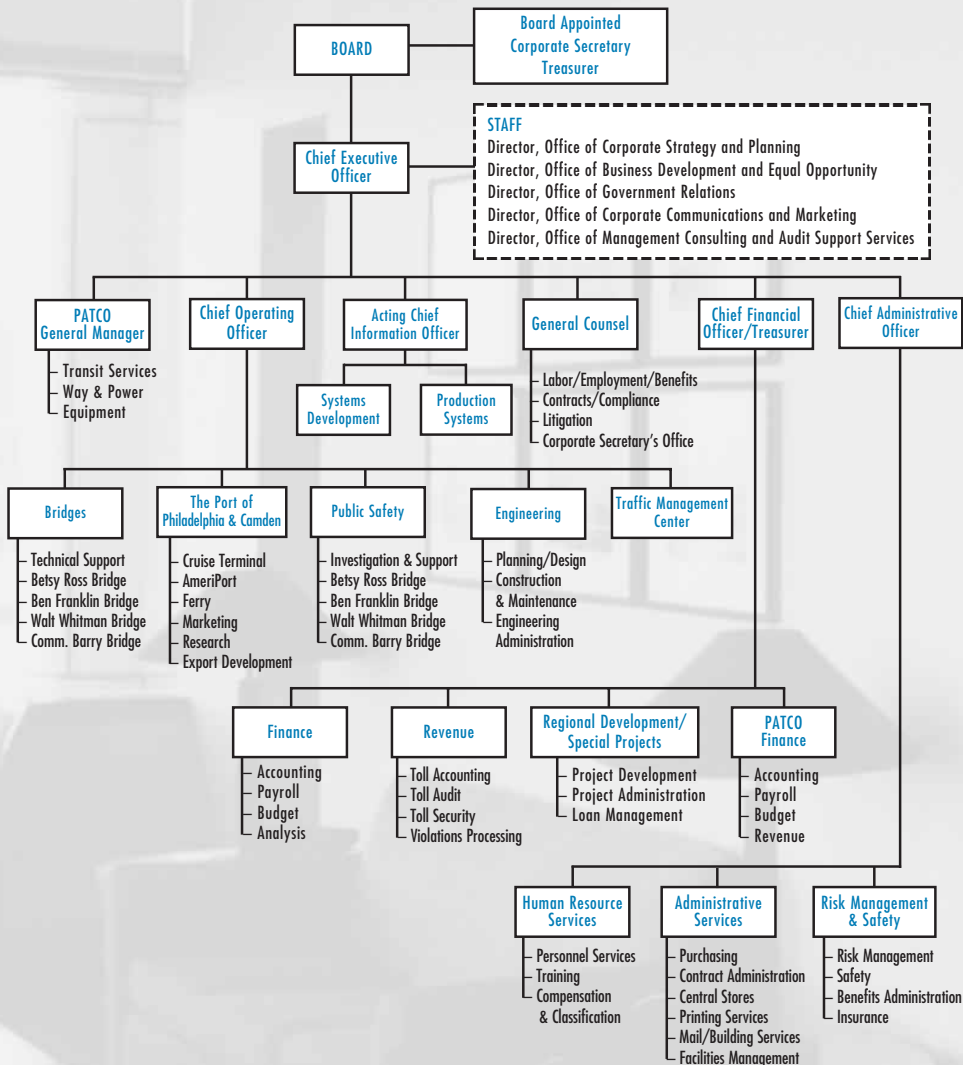
Jeffrey L. Nash
Vice Chairman



Paul Drayton, Jr.
Chief Executive Officer, DRPA
President, PATCO

Marc H. Krassan
Treasurer and Chief Financial Officer

Robert A. Judge
Secretary



Officers

Barbara G. Jones, Esquire
Chief Administrative Officer

Marc H. Krassan
Treasurer and Chief Financial Officer

Elizabeth Murphy
Chief Operating Officer

Richard Brown, Esquire
General Counsel

Robert A. Box
PATCO General Manager

Pennsylvania COMMISSIONERS



Robert W. Bogle
Publisher
The Philadelphia Tribune



Hon. Robert P. Casey, Jr.
Auditor General
Commonwealth of Pennsylvania



Hon. Barbara Hafer
Treasurer
Commonwealth of Pennsylvania



Bernadine Munley¹
Attorney, Ballard Spahr
Andrews & Ingersoll



Capt. Michael Linton²
Pilots' Association for the
Bay and River Delaware



Hon. John M. Perzel
Majority Leader
House of Representatives
Commonwealth of Pennsylvania



Frank Salvatore³
Former State Senator

New Jersey COMMISSIONERS



Vincent J. DeVito⁴
President, United Food
and Commercial Workers
Union Local 1245



E. Frank DiAntonio⁵
President & Business Manager,
Construction & General
Laborers Union Local 172



Michael H. Facemyer
Executive
Verizon Communications



Albert F. Frattali⁶
Business Manager, Reinforced
Iron Workers Union Local 405



John T. Hanson
General Manager
SJAP Naturalink



Jacquelyn Love⁷
Director, Gloucester County
Office of Disability Services
Deputy Mayor, Deptford Township



Clara Ruvolo
Director
Palmyra Cove Nature Park

¹ Commissioner Munley was replaced by Thomas A. Decker in February 2003

² Commissioner Linton was replaced by G. Fred DiBona, Jr. in February 2003

³ Commissioner Salvatore was replaced by Gov. Edward G. Rendell in February 2003

⁴ Commissioner DeVito replaced Robert A. Mossman

⁵ Commissioner DiAntonio replaced David Korok

⁶ Commissioner Frattali replaced Gerard P. McNamara

⁷ Commissioner Love replaced Joan Davis

Communi



John Lotierzo
Senior Accountant, Finance
16 Years of Service

Joe Condo
Maintenance Foreman, BRB
17 Years of Service

Report of the
CHIEF EXECUTIVE OFFICER

In 2002, DRPA and PATCO employees embraced our new seven corporate values that help instill a personal commitment on the part of all employees to improve the way we work. The seven corporate values are: Safety, Integrity, Quality, Service, Teamwork, Innovation and Communication.

Employees are working to integrate the values into all aspects of our day-to-day operations. As a public service agency, we choose to hold ourselves to a higher standard and are committed to abiding by all seven corporate values at all times. The biggest example of our seven corporate values at work came when we welcomed the *Carnival Legend* on October 22-23 at the Philadelphia Cruise Terminal at Pier 1. Thousands of travel agents, media representatives and cruise passengers passed through the terminal as the 2,000-plus passenger cruise ship prepared for its inaugural voyage to Bermuda from Philadelphia. The ship's visit helped us demonstrate our dedication to providing quality transportation and promoting tourism.

The *Carnival Legend's* arrival at the Philadelphia Cruise Terminal at Pier 1 signaled the rebirth of the region's cruising business. Since 1998 when we converted a former Naval facility in the Philadelphia Naval Business Center, we have worked hard to establish Philadelphia as a premier cruise port. The *Carnival Legend's* visit and subsequent cruises in 2003 put us on the right path.

This report details what was an eventful year. It describes our aggressive marketing efforts and extensive capital improvement programs. We achieved these successes because all of us held ourselves to safety, integrity, quality,



Linda Ashley

Administrator, Employee Relations, Human Resource Services
22 Years of Service

Transitions

During 2002, DRPA welcomed New Jersey Gov. James E. McGreevey into office. And by the end of the year, we saw Edward G. Rendell elected governor of Pennsylvania. Also during the year, DRPA welcomed a new Vice Chairman, Jeffrey L. Nash, and commissioners E. Frank DiAntonio, Albert F. Frattali and Jacquelyn Love to the New Jersey delegation.

Safety and Security

As we marked the one-year anniversary of the September 11th attacks, DRPA renewed our resolve to keeping our facilities, our customers and our employees safe. We continue to participate in the federal government's information dissemination program to assess possible threats to our facilities. In addition, we maintain daily communications with our neighboring public safety agencies. We also participated in regional discussions with other public agencies to share ideas on security for regional transportation and infrastructure. Our customers may have noticed certain changes, including the introduction of our Public Safety bicycle patrol unit at the Benjamin Franklin Bridge walkway and PATCO's Ferry Avenue Station.

As expected, our insurance premiums increased as a result of September 11. This year we will pay \$1 million more for our insurance than we did the year before.

Financial Summary

Our capital-improvement program is the largest in DRPA's history with projects that protect and improve our transportation assets. These include the Walt Whitman Bridge Corridor Improvement Program, repainting the Benjamin Franklin Bridge, suspension cable rehabilitation on the Benjamin Franklin and Walt Whitman bridges, structural improvements to the Commodore Barry Bridge, and "PATCO at Work."



Sgt. Joseph Zito

Police Officer, BFB

14 Years of Service • 2002 Officer of the Year

George Bollendorf

Senior Safety Manager, Risk Management

23 Years of Service

“Safety has to be integrated into all operations as part of our commitment to make our facilities among the safest in the industry.”

—Sgt. Joseph Zito



Brenda Palmer

*Construction & Maintenance Mechanic, WWB
12 Years of Service*

During 2002, DRPA maintained bridge toll rates, which offer an automatic 10 percent discount to all *E-ZPass* customers, a 33 percent discount for commuters and a 67 percent discount for senior citizens. DRPA tolls remain among the lowest in the country when compared with other major interstate bridges and tunnels. PATCO fares, after a three-part increase in 1999, 2000 and 2001, remained unchanged in 2002. PATCO fares compare favorably to other transit systems, and PATCO continues to offer free and low-cost parking and round-the-clock service.

Bridges

Major construction projects took place simultaneously on each of the four bridges. Thanks in large part to the moveable median barriers installed in 2001 on the Benjamin Franklin, Walt Whitman and Commodore Barry bridges, DRPA managed to keep traffic congestion minimal while maintaining construction schedules. Bridge improvements included:

Benjamin Franklin Bridge — In 2002, we completed the second phase of the project to remove layers of lead paint and repaint the span. That marked the completion of the Camden approach. At the end of the year, we were halfway through the third phase — the bridge towers. Painting at the Camden tower was nearly complete with work on the Philadelphia tower to begin in 2003.

Walt Whitman Bridge — By the end of the year, we were halfway through the final phase of the bridge corridor improvement project. This phase involves repairing and upgrading the ramps linking the bridge to New Jersey Routes 130 and 168.

Commodore Barry Bridge — In late November,

workers completed the roadway rehabilitation project and removed the temporary construction barrier. We continued to install the auxiliary pin-and-hanger system that will provide additional support to the suspended span.

Betsy Ross Bridge – We completed much of the work rebuilding the Route 90 corridor in New Jersey.

E-ZPass

Completing our third year of *E-ZPass* service, we have more than 113,000 account holders and more than 200,000 transponders in circulation. Statistics show 45 percent of our weekday customers use *E-ZPass*. During the morning commute period, more than 56 percent of our customers use *E-ZPass*. Those rival the numbers of any *E-ZPass* agency and show the effectiveness of our marketing program and the quality of the product we offer.

In January, we began issuing bi-monthly statements based on calendar-month cycles. A survey conducted in 2001 showed that many customers preferred calendar-month statements rather than monthly statements issued on the anniversary date of their account opening.

We continued to produce three issues of “*E-ZPass* Notes,” our customer newsletter. We used “*E-ZPass* Notes” to clarify customer service policies and to promote our other lines of business such as the RiverLink Ferry and PATCO Speedline.

In 2002, we welcomed more agencies to the *E-ZPass* group including the Pennsylvania Turnpike and the Delaware River Joint Toll Bridge Commission.

PATCO Speedline

In April, we launched “PATCO at Work,” a multi-year initiative that includes improvements to almost every aspect of transit services. By the end of the year, we were nearing completion on the cross tie replacement project and the subway electrical systems upgrade. We are continuing station renovations at our New Jersey stations with some minor work at the Philadelphia stations. We are also continuing work on embankment restoration and are building a retaining wall in Collingswood.

Earlier in the year, we announced plans to examine a new fare collection system. At the end of the year, we began a transit



Integ



THE
Joseph K. Diemer
LIFETIME ACHIEVEMENT AWARD

On July 25, 2002, the Delaware River Port Authority and Port Authority Transit Corporation suffered a great loss with the sudden death of our spokesperson, Joseph K. Diemer. Joe served as Manager of Corporate Communications for 13 years.

There is no better person at DRPA to embody the value of Integrity than Joe. He performed his job with loyalty, enthusiasm, creativity and above all, integrity. We could not mark 2002 without remembering Joe and reflecting on the loss that was felt throughout the agency and beyond.

To honor his memory, DRPA established the Joseph K. Diemer Lifetime Achievement Award to recognize an employee who has performed his or her job in the manner that Joe performed his. It was the first time in DRPA's 83-year history that an award had been named in honor of an employee.



grity

assessment study for Gloucester County, northern Cumberland County, Center City Philadelphia and Penn's Landing.

RiverLink Ferry System

The RiverLink Ferry System celebrated its 10th anniversary with a solid year. Ridership was up 12 percent over 2001. Several factors contributed to this increase: our decision to open one week earlier in March to capture the Spring Break crowds; revamping our schedule to run every 40 minutes instead of every hour; and a stronger marketing effort using many forms of media. In 2003, we will add a second ferry to the system.

Philadelphia Cruise Terminal at Pier 1

Our dedicated cruise facility experienced a rebirth in the fall with the arrival of the *Carnival Legend*, the first planned cruise to start and end in Philadelphia since 2000. We adopted "CruisePhilly" as our new marketing brand and partnered with the Greater Philadelphia Tourism Marketing Corporation (GPTMC) for an enhanced cruise marketing campaign. The partnership enables the Port of Philadelphia and Camden (PPC) to leverage existing tourism marketing to the consumer tourism market and cruise industry. Additionally, GPTMC is taking the lead in the enhancement and development of landside tour options. At least 17 cruises are booked for 2003 and more are lined up for 2004 and 2005.

In addition, we improved our infrastructure to accommodate the larger ships that are now coming into the market. In particular, we added an adjustable elevated passenger boarding platform called an "FMT," which allows passengers to board and disembark ships through the main passenger door at different heights; and a mooring dolphin, which extends the length of the pier an extra 100 feet to a total of 1,050 feet to accommodate larger



Fritz Sims
Supervisor, Printing Services
17 Years of Service

Rufus Haney
Way and Power Electrician, PATCO
30 Years of Service

“Quality means value to our customers.”

—Wenhan Tang



Quality

ships, such as the *Carnival Legend*. We will soon add a headhouse connecting the cruise terminal building with the elevated boarding platform and begin improvements to the west side of the pier to accommodate two ships simultaneously.

Delaware River Aerial Tram

Work is essentially completed on both the New Jersey and Pennsylvania towers. With the disappointing end of the Simon Family Entertainment Center at Penn's Landing, we began focusing on other options for design of the project.

Port of Philadelphia and Camden

In October, CP Rail and Norfolk Southern announced that they are combining rail service into the AmeriPort Intermodal Rail Center. CP Rail also announced that it is increasing service to AmeriPort from three days to five days a week. The railroads will be joining trains in Harrisburg, and CP Rail will move the joint train daily to and from AmeriPort. This improves the service level to AmeriPort, enabling it to become more competitive. For the year, total lifts at AmeriPort were up by 25 percent to 18,459.

Marine terminals along the Delaware River may have benefitted from the West Coast port strike in the fall. Far East cargo imported through West Coast ports were sent by rail to East Coast markets. Also in 2002, we helped break ground on the Norfolk Southern Intermodal Rail Center in South Philadelphia. This ensures that Philadelphia remains the only city on the East Coast to be serviced by three class-1 railroads.

We continued to build support for the Delaware River Shipping Channel modernization project among businesses and organized labor along the river. We expect the U.S. Army Corps of Engineers to announce a positive study of their reanalysis of the deepening project. And we continued to provide regional port statistics on industry and cargo information to help

Wenhan Tang

Manager, Consulting and Market Research/Sr. Economist, WTCGP
8 Years of Service

the Philadelphia Regional Port Authority and South Jersey Port Corporation get new business.

World Trade Center of Greater Philadelphia

We announced the launch of the World Trade Center of Greater Philadelphia in October. The WTCCP launches from the successful efforts of DRPA's previous export development program, which generated more than \$32 million in export sales.

Regional Development

In 2002, we continued a program of regional development that included emphasis on waterfront access and tourism/hospitality development.

- **Chester Waterfront.** We are working with federal, state and local agencies to improve waterfront access from I-95 to the Chester Waterfront.

- **RiverWinds.** In March, West Deptford Township opened its RiverWinds Community Center. The golf course opened several months later. By facilitating the movement of dirt from the National Park Dredge Disposal Site to RiverWinds, we helped advance this riverfront redevelopment project.

- **Millennium Park.** In May, we opened Millennium Park in South Camden. The park and its fishing pier provide access to the waterfront for residents and area schoolchildren.

- **Downtown Camden.** Also in May, we helped local and state officials unveil new color-coded signs for downtown Camden.

- **Hog Island Road Extension.** In June, we joined Delaware County officials in opening the Hog Island Road Extension. This industrial highway near Philadelphia International Airport makes it easier for workers to get to their jobs and will provide transportation-related businesses with an ideal site to locate or expand.

- **19th Street Extension.** In August, we helped



Israel Tubens-Velez
Toll Plaza Supervisor, BRB
27 Years of Service

Joe Minner
Train Operator, PATCO
15 Years of Service

*“We have a **common responsibility** to provide excellent customer service, internally and externally.”*

—Nora Yeretzian



the city of Camden and NJDOT open the 19th Street extension from the north side of the Admiral Wilson Boulevard to Millennium Skate World. We hope that the 19th Street extension will spur development on the north side of the boulevard.

- **Kimmel Center.** In September, we helped kick off the Kimmel Center's second season by opening the DRPA box office.

- **Victor Lofts.** In October, a developer began construction activity at the old Nipper building, now called Victor Lofts, at the Camden Waterfront. When completed, the building will offer market-rate apartments rivaling those in downtown Philadelphia.

- **Tourism Marketing.** Using DRPA funding, the Greater Philadelphia Tourism Marketing Corporation (GPTMC) and the Philadelphia Convention and Visitors Bureau finalized their marketing plans to four target countries: the United Kingdom, Germany, France and Italy. Bringing more foreign visitors to the Greater Philadelphia region will produce \$40 for every \$1 DRPA invested. We also renewed our support for regional tourism efforts by participating in its “Philly Friends and Family” campaign, launched in October.

Motorist Assistance Program

We completed our first full year of service for the Motorist Assistance Program. The program aids stranded customers, keeps them safe and then asks them to rate the speed and proficiency of the service rendered. In 2002, we assisted more than 400 customers. We hand each customer a postage-paid customer feedback card, and an overwhelming number of respondents have rated the service “excellent”, with assistance response time between zero and 10 minutes.

Nora Yeretzian

*Customer Service Coordinator/Marketing Asst., Corporate Communications
3 Years of Service*

Community Activities

DRPA employees took an active role in enhancing our customer service as well as our role in the community. Employees demonstrated their commitment to the community by participating in an annual Coat and Clothing Drive to benefit local charities, PATCO’s annual Valentine Food Drive, the American Cancer Society’s “Daffodil Days,” the 13th annual MS 150 Bike Tour, the Ben Franklin Bridge Challenge to benefit Larc School, and the United Way drive.

Awards and Honors

In June, DRPA accepted the honor of “Regional Organization of the Year” from the Delaware Valley Regional Planning Commission. DVRPC cited our leadership in development of the Philadelphia-Camden Waterfront and in expanding the region’s tourism and hospitality industry. Chairman Stamatakis was named Citizen of the Year by the Penjerdel Council in November. He was honored for his dedication to regional and economic development. Chief Operating Officer Elizabeth Murphy received a Tribute to Women in INdustry (TWIN) Award. Cheryl Y. Spicer, Assistant General Manager of PATCO, was named 2002 Woman of the Year by the Philadelphia Chapter of the Women’s Transportation Seminar. And the Camden County Hero Scholarship 200 Club honored nine DRPA public safety officers for action ranging from saving a heart attack victim to apprehending an armed robbery suspect.

2003 Work Agenda

The following is a summary of DRPA’s anticipated areas of activity in 2003:

- **Safety and Security.** We hold safety as our highest priority – ever more so since the September 11, 2001, terrorist attacks. In 2003, we will continue to work with local, state and federal



Angelo Furfari
Station Supervisor, Passenger Services, PATCO
 4 Years of Service

Jim Hunt
Construction & Maintenance Mechanic, CBB
 9 Years of Service

“*Teamwork is when everyone
in the department
is willing to help.*”

—*Jim Hunt*

network

law enforcement agencies to share information and ideas. In addition, we will continue with our security vulnerability assessment study and security audits at each facility.

On an operational note, we are proud that our commitment to excellence and safety is being recognized by the Occupational Safety & Health Administration. We have been approached by the local offices of OSHA with the prospect of forming a partnership surrounding the Benjamin Franklin Bridge steel painting project. We believe that we are the first public agency in our region asked to enter into such a partnership.

- **Finances.** We will continue to maintain some of the lowest bridge tolls and transit fares in the country and continue to offer substantial discounts to our regular customers and senior citizens. We will also continue professional management and cost control where applicable. In keeping with other *E-ZPass* agencies, in 2003 we will begin implementing a monthly \$1 administrative fee for all DRPA *E-ZPass* accounts. After years without an increase, fares for the RiverLink Ferry System will increase by \$1 in 2003. The base fare will go from \$5 to \$6 round-trip. We also will proceed with the largest capital improvement program in PATCO’s history.

- **Bridges.**

Benjamin Franklin – Complete the painting program on the Camden tower and move to the Philadelphia tower. Begin remediation at the 6th Street pedestrian tunnel in Camden.

Walt Whitman – Complete all work on the ramps leading to and from Routes 130 and 168. Reopen the ramp from I-676 South to the bridge.

Commodore Barry – Complete installation of

Barbara Thomas
Toll Collector, BFB
14 Years of Service

the pin-and-hanger auxiliary system, which acts as backup support for the bridge.

Betsy Ross – Complete work on the Route 90 roadway rehabilitation project including final paving, line striping and punch list items.

- **All Bridges.** Begin installation of new bridge trailblazers - roadway signs to identify each bridge - replacing decades-old signs. Begin installation of a new radio system that will enhance communications among police and maintenance personnel. Continue developing the Traffic Management Center (TMC) for regional traffic management and communication. The TMC will bring us to a new level of regional collaboration with neighboring transportation agencies.

- **PATCO.** Enter our second year of “PATCO at Work,” a multi-year renovation project affecting almost every aspect of the Speedline. Continue work on embankment restoration. Complete replacement of 51,000 cross ties. Begin replacing power cable and pole lines along the above-ground portion of the Speedline. Complete renovations to Broadway Station’s West Headhouse, which will serve as a transfer site for the new Southern New Jersey Light Rail Line. Continue renovating stations and upgrading escalators.

Continue studying the potential for rapid transit expansion in South Jersey and Center City Philadelphia. Improve services to existing customers and look for ways to attract new customers. Begin construction to expand the Collingswood Station parking lot.

- **RiverLink Ferry System.** Introduce the new Freedom Ferry with a new marketing campaign called “Follow the Freedom Ferry.” Refurbish the older ferry.

- **Philadelphia Cruise Terminal at Pier 1.** Work with major cruise lines to restart regular service to Bermuda. In 2003, we will host 17 cruises from five different cruise lines. Construct a headhouse with an escalator and elevator to



Karl Ziemer
 Director, Traffic Management Center
 1 Year of Service

Bob Williams
 Bridge Director, BRB
 23 Years of Service

*“Innovation is doing something
in a way that is more efficient.”*

—Karl Ziemer



•
vation

transfer passengers from the pier to the platform level. Continue to market the cruise terminal as a venue for events and meetings. Produce the second edition of "CruisePhilly" magazine aimed at cruise lines, travel professionals and travelers.

- **Port of Philadelphia and Camden.** Continue to increase membership to the World Trade Center of Greater Philadelphia with a goal of reaching 300 members. Develop an Import Assistance Program to complement the successful Export Development Program. Work with the U.S. Army Corps of Engineers to modernize the Delaware River shipping channel. Complete the transfer of dredged material from the Fort Mifflin dredge disposal site to an abandoned strip mine in Tamaqua, Pa. Upgrade equipment at the AmeriPort Intermodal Rail Center to minimize inefficiencies. Produce a CD-ROM of detailed maritime trade data to better serve public port agencies.

- **E-ZPass.** Continue to produce and distribute three installments of "E-ZPass Notes," our customer newsletter that provides transportation information and discount coupons. Provide assistance to the Burlington County Bridge Commission as it launches E-ZPass at the Tacony-Palmyra and Burlington-Bristol bridges.

- **Delaware River Aerial Tram.** Continue design of the towers and seek alternate designs for the Pennsylvania terminal.

- **Regional Development.** Continue support for the LEAP Academy High School construction. Continue environmental remediation at the north side of Admiral Wilson Boulevard in the area of 17th Street and continue marketing activities aimed at potential developers. Along the south side of Admiral Wilson Boulevard, perform final

Chong Young
Auditor, Internal Audit
5 Years of Service

environmental testing in advance of site transfer to Camden County. Support New Jersey State Aquarium expansion and IMAX Theater development. Support City of Philadelphia and Penn's Landing efforts to develop the waterfront.

• **Strategic Planning.** Continue refining DRPA's strategic plan.

• **Vendor Diversity and Affirmative Action.** Continue to sponsor training and outreach programs to encourage small businesses to compete for contracts with DRPA and PATCO.

• **Information Distribution.** Conduct a public outreach program in Philadelphia as the Benjamin Franklin Bridge steel painting project approaches the Philadelphia side. Refine our website offerings and marketing efforts for PATCO, *E-ZPass*, RiverLink Ferry System and cruising.

• **Community Activities.** Encourage our staff to continue working on outreach projects as part of their functions and as volunteers. Develop our Big Brothers/Big Sisters school mentoring program.

With that, we expect 2003 to be an even better year than 2002. Following our seven corporate values: safety, integrity, quality, service, teamwork, innovation and communication, we will advance these and many more initiatives.

Sincerely,



Paul Drayton, Jr.
Chief Executive Officer, DRPA
President, PATCO



Currie Fisher

Support Group Leader, Information Services
13 Years of Service

*“No one person can resolve issues,
it takes cooperation.
Communication provides the link.”*

—Raymond Fergione

A photograph of two men standing in a brightly lit hallway. The man on the left is wearing a black suit and has a mustache; he is holding two rolled-up blueprints and gesturing with his right hand. The man on the right is wearing a yellow and orange safety vest over a black jacket, has a mustache, and is smiling. He is holding a red hard hat and a black walkie-talkie. The background shows a modern office hallway with large windows and doors.

Communication

John Dawson
Train Dispatcher, PATCO
33 Years of Service

Raymond Fergione
Field Engineer, Engineering
20 Years of Service



One Port Center

2 Riverside
Drive
Camden NJ

DELAWARE RIVER PORT AUTHORITY
OF PENNSYLVANIA & NEW JERSEY

June 30, 2003

**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, 2002, 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 By-Laws as well as the 1995 and 1998 Indentures of Trust require an annual audit of the Authority's financial statements by a firm of independent auditors. As a recipient of funds from the Federal Transit Administration for projects involving the PATCO transit system, the Authority is required to have a single audit performed annually by an independent auditor in accordance with the Single Audit Act of 1984, as amended in 1996, and OMB Circular A-133. The purpose of the single audit is to determine the adequacy of the Authority's internal controls and compliance with applicable laws and regulations relating to the receipt of federal assistance. The Authority retains an independent auditor to satisfy these audit requirements. The report of the independent auditor on the combined financial statements of the Authority is included in the financial section of this report.

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

As a recipient of federal financial assistance, the Authority is required to ensure that adequate internal controls are in place which ensure compliance with applicable laws and regulations relating to that assistance. These internal controls are subject to periodic evaluation by the Management Consulting and Audit Support Services department 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 accounting principles generally accepted in the United States. Financial statements for the year ending December 31, 2002, reflect the implementation of GASB

DRPA is an equal opportunity employer

Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions," GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements and MD&A for State and Local Governments: Omnibus," and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." In compliance with these requirements, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the MD&A. This letter of transmittal is designed to complement 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.

Profile of Government

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. Among its powers, the Authority is vested with the control, operation and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority also owns a high-speed transit facility which is operated by the Port Authority Transit Corporation (PATCO), which operates between Philadelphia and Lindenwold, New Jersey. The Authority is also empowered through its compact to undertake projects for regional economic and port development within the Port District. The Port District comprises the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem in New Jersey.

The Authority's Port of Philadelphia and Camden (PPC) department manages the AmeriPort Intermodal facility and is responsible for the marketing and operation of the Philadelphia Cruise Terminal at Pier 1 and the RiverLink Ferry System. The AmeriPort Intermodal facility serves three Class-1 railroads and is in operation five days a week meeting the needs of regional customers. The Cruise Terminal has enabled the region to capitalize on the growing cruise business and to promote the Greater Philadelphia area as an excellent destination for tourists. The terminal is also being marketed as a venue for events and exhibitions. The Authority acquired the RiverLink Ferry System in 2000.

The ferry is in its third year of operation under PPC management and runs daily from March to November between Penn's Landing in Philadelphia and the Camden waterfront. In October 2002, the Export Development unit was re-launched as the World Trade Center of Greater Philadelphia (WTCGP). It now offers to the region's companies a number of programs such as one-on-one consulting through an extensive network of international trade consultants and other professionals, market research reports and customized export/import strategies, and educational opportunities through seminars, international trade missions and networking events. The development of a WTC building is in the planning phase with a private developer. The Authority is also the non-federal sponsor of the Delaware River Main Channel Deepening Project. The main channel is to be deepened from the present 40-ft. depth to 45 ft., a distance of 103 miles from Delaware Bay to Philadelphia/Camden. Beneficial uses of the dredged materials are actively being promoted by the Authority. The filling of an abandoned coal mine in Tamaqua, PA, with dredged materials is the latest success story in this effort. Technical support for implementing the project is provided by PPC.

The Authority prepares both operating and capital budgets annually. The annual operating budget is a financial planning tool for the associated fiscal year. Each of the Authority's Chief Officers contributes 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 manner. Based on budget hearings conducted by the Strategic Management Committee, which consists of the Chief Executive Officer, Chief

Administrative Officer, Chief Financial Officer, Chief Operating Officer, General Counsel, Director of Corporate Strategy & Planning and General Manager of PATCO, a proposed operating budget is presented by the Chief Executive Officer 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.

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

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

A Master Plan, detailing Port District and economic development projects, is prepared by the Authority and distributed to the States, county and municipal governments, commissions, public corporations and authorities, and the private sector. The Authority updates the Master Plan annually and approves amendments to each annual Master Plan as necessary to facilitate the implementation of new projects within the Port District. Updates and amendments to the Master Plan are approved through the Board of Commissioners.

FACTORS AFFECTING FINANCIAL CONDITION

Investment Management

Investments of the Authority are purchased in accordance with the Authority's 1995 and 1998 Indentures of Trust. Cash available during the year is generally invested in money market funds, repurchase agreements (collateralized by obligations of the U.S. Treasury), obligations of the United States Treasury, obligations of federal government agencies or their instrumentalities, obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard and Poor's Corporation or Moody's Investors Service, and commercial paper rated A-1 by Standard and Poor's Corporation. The Authority's investment policy is to match the maturities of its investments with the present and anticipated needs of the Authority, thereby maximizing the return on available funds. In addition, the Authority is required to maintain certain invested amounts as reserves for its debt obligations.

The Authority has also retained two investment advisory firms to manage a portion of its General Fund investments. Investment parameters for these investments are consistent with those authorized by the Authority's Indentures of Trust as described above.

Risk Management

The Authority is self-insured for public liability up to a limit of \$5 million per occurrence. Excess liability insurance provides coverage of \$20 million over the Authority's \$5 million self-insured retention. The DRPA is self-insured for workers' compensation up to a limit of \$350,000 per occurrence with excess workers' compensation

coverage providing \$5 million in coverage over the DRPA's \$350,000 self-insured retention. PATCO is fully self-insured for workers' compensation. Property insurance is placed with commercial insurance carriers with limits and deductibles as deemed appropriate for the needs of the Authority. Additional information can be found in Note 11 of the financial statements.

Pension Plans

Employees of the Authority participate in either the Pennsylvania State Employees' Retirement System or the Teamsters Pension Plan of Philadelphia and Vicinity, both of which are cost-sharing, multiple employer defined benefit pension plans which provide pension, death and disability benefits. Under the Pennsylvania State Employees' Retirement System, employees are required to contribute 6.25 percent of their gross payroll to the plan. The Authority is required to contribute an actuarially determined amount to the plan, which in 2002 equaled 0.213 percent of participating payroll.

Under the Teamsters Pension Plan of Philadelphia and Vicinity, the Authority is required to contribute a fixed amount per hour for each qualified PATCO employee. Contributions to the plan totaled 8.60 percent of participating payroll in 2002. Employees are not required to make any contributions to the plan. Additional information can be found in Note 7 of the financial statements.

Awards and Accomplishments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River Port Authority for its comprehensive annual financial

report for the fiscal year ended December 31, 2001. This was the tenth 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 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, Administration and Corporate Communications and Marketing Divisions. I would especially like to express my appreciation to the members of these Divisions who contributed to the preparation of this report. Special thanks must also be given to the Chairman, Vice-Chairman and Chief Executive Officer for maintaining the highest standards in the management of the Delaware River Port Authority's finances.

Respectfully submitted,



Marc H. Krassan
Treasurer and
Chief Financial Officer

Financial
SECTION

Financial
SECTION



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New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Delaware River Port Authority

We have audited the accompanying combined financial statements of the Delaware River Port Authority and subsidiaries, as of December 31, 2002, as listed in the Financial Section of the foregoing table of contents. These combined financial statements and supplemental schedules discussed below are the responsibility of the Delaware River Port Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. The combined financial statements of the Delaware River Port Authority as of December 31, 2001, before restatement, were audited by other auditors whose report dated March 30, 2002 expressed a unqualified opinion on those statements.

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 of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of the Delaware River Port Authority as of December 31, 2002, and the combined results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustment described in Note 1 that was applied to restate the December 31, 2001 net assets. In our opinion, such adjustment is appropriate and has been properly applied.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Bowman & Company LLP".

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
May 30, 2003

Management's Discussion and Analysis

As management of the Delaware River Port Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 24-28 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars. Since this is the first year of implementation of GASB 34, more detailed comparisons to prior year information will be provided in future years.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$315,168 (net assets).
- The Authority's total debt decreased by \$121,685 (8.41%) during the current fiscal year. The key factor in this decrease was the partial redemption of \$100,500 in 1999 Port District Project Bonds from proceeds from the 2001 Port District Project Refunding Bonds.
- During 2002, the Authority maintained its bridge toll rates; thereby remaining among the lowest in the country when compared with those of other major interstate bridges and tunnels.
- PATCO fares, after a three-part increase in 1999, 2000 and 2001, remained unchanged in 2002. PATCO fares compare favorably to other transit systems, and PATCO continues to offer free and low-cost parking and round-the-clock service.
- Capital contributions in the form of grants from federal and state governments increased from \$4,562 in 2001 to \$13,023 in 2002.
- Total bridge traffic increased by 1.9% during fiscal year 2002.

Financial Position Summary

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$315,168 at the close of the fiscal year 2002.

A portion of the Authority's net assets reflects its investment in 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 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 ASSETS

	<u>2002</u>
Current and other assets	\$801,901
Capital assets	<u>979,521</u>
Total assets	<u>1,781,422</u>
Long-term liabilities outstanding	1,368,240
Other liabilities	<u>98,014</u>
Total liabilities	<u>1,466,254</u>
Net assets:	
Invested in capital assets, net of related debt	399,146
Restricted	236,737
Unrestricted (deficit)	<u>(320,715)</u>
Total net assets	<u>\$315,168</u>

Net assets decreased during 2002 in the amount of \$16,476. This decrease is attributable to increased operating expenses versus relatively flat operating revenues, increased depreciation expenses and a reduction in interest income during fiscal year 2002.

SUMMARY OF CHANGES IN NET ASSETS

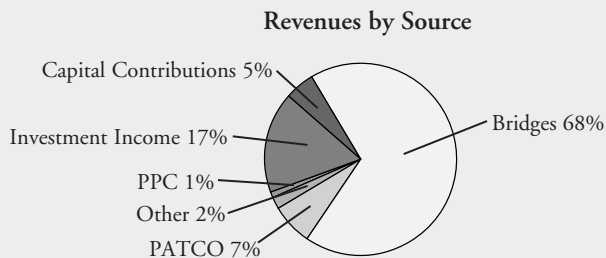
	<u>2002</u>	<u>2001</u>
Operating revenues (See page 42 for detail)	\$198,141	\$196,862
Operating expenses (See page 42 for detail)	(106,188)	(98,933)
Excess before depreciation and other non-operating income and expenses	91,953	97,929
Depreciation	(28,139)	(23,535)
Operating income	63,814	74,394
Non-operating income and expenses, net	(93,313)	(104,294)
Loss before capital contributions	(29,499)	(29,900)
Capital contributions	<u>13,023</u>	<u>4,562</u>
Decrease in net assets	<u>(\$16,476)</u>	<u>(\$25,338)</u>

REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2002, and the amount and percentage change in relation to prior year amounts is as follows:

	2002 Amount	Percent of Total	Increase/ (Decrease) From 2001	Percent Increase/ (Decrease)
Operating:				
Bridge tolls	\$174,418	67.5%	\$753	0.4%
PATCO	19,251	7.5%	309	1.6%
Other	4,472	1.7%	217	5.1%
Total Operating	198,141	76.7%	1,279	0.6%
Non-Operating:				
AmeriPort	1,085	0.4%	153	16.4%
Ferry	745	0.3%	105	16.4%
Export Development	322	0.1%	(135)	-29.5%
Cruise Terminal	188	0.1%	(383)	-67.1%
Investment Income	45,072	17.4%	(5,229)	-10.4%
Total Non-Operating	47,412	18.3%	(\$5,489)	-10.4%
Capital Contributions	13,023	5.0%	\$8,461	185.5%
TOTAL REVENUES	\$258,576	100%	\$4,251	1.6%

- Total revenues increased by 1.6%, primarily attributable to a large increase in capital contributions during the period; increased capital contributions offset the decline in non-operating revenues, which resulted from a decrease in overall interest income.
- Bridge toll revenues increased slightly (0.4%) as a result of an 1.90% increase in total traffic during 2002.
- Investment income declined sharply as a result of declining interest rates during 2002 and a \$119,827 reduction in Project Funds available for investment.
- PATCO revenue growth in 2002 occurred despite a decline in total passengers during 2002. Higher revenues were, in part, attributable to the full-year impact of transit rate increases made in July 2001.

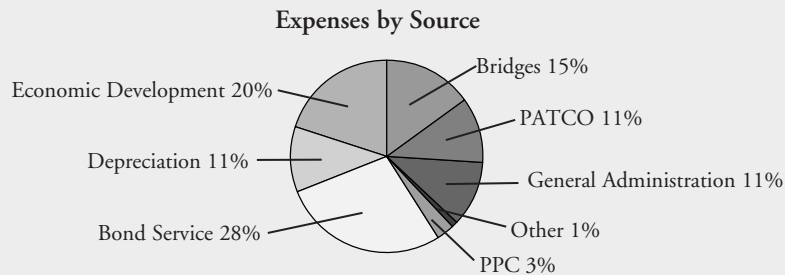


EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2002, and the amount and percentage change in relation to prior year amounts is as follows:

	2002 Amount	Percent of Total	Increase/ (Decrease) From 2001	Percent Increase/ (Decrease)
Operating:				
Bridge	\$41,575	15.1%	\$1,696	4.2%
PATCO	31,389	11.4%	1,741	5.9%
General Administration	30,307	11.0%	3,758	14.2%
Other	2,917	1.3%	60	2.1%
Total Operating	106,188	38.8%	7,255	7.3%
Non-Operating:				
AmeriPort	1,834	0.6%	135	8.0%
Ferry	1,046	0.3%	109	11.6%
Export Development	1,132	0.4%	48	4.2%
Cruise Terminal	921	0.3%	142	18.2%
Maritime Services	1,951	0.7%	21	1.1%
Bond Service	77,039	28.0%	(156)	-0.2%
Other	289	0.1%	(112)	-27.9%
Total Non-Operating	84,212	30.4%	187	0.2%
Depreciation	29,146	10.6%	4,840	19.9%
Economic Development Activities	55,506	20.2%	(\$17,273)	-23.7%
TOTAL EXPENSES	\$275,052	100.0%	(\$4,991)	-1.8%

- Bridge property insurance, security, salary and benefit increases were the primary factors affecting bridge operating expenses.
- The 14.2% increase in general administration expenses was attributable to increases in salary, benefits and maintenance costs for computer systems.
- Depreciation expenses increased by \$4,840 (or 19.9%) during the year; this increase was attributable to the \$74,440 increase in total capital assets being depreciated in 2002 (Note 5).



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.

	<u>2002</u>
Cash flow from operating activities	\$91,830
Cash flow from non-capital financing activities	(60,050)
Cash flow from capital and related financing activities	(295,224)
Cash flow from investing activities	266,567
Net increase (decrease) in cash and cash equivalents	3,123
Cash and cash equivalents, beginning of year	5,881
Cash and cash equivalents, end of year	\$9,004

Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2002, amounted to \$979,521 (net of accumulated depreciation). 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 fiscal year was 7.55%.

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

- Construction of approach ramps to the Walt Whitman Bridge; work in progress at the close of the current fiscal year had reached \$12,974.
- PATCO station improvements; work in progress at the close of the current fiscal year had reached \$8,835.
- Removal of existing paint coatings at the Ben Franklin Bridge; work in progress at the close of the current fiscal year had reached \$8,738.
- Replacement of 51,000 track concrete cross-ties at the PATCO transit system; work in progress at the close of the year had reached \$7,625.
- Ramp reconstruction and repaving of Route 90 to the Betsy Ross Bridge; work in progress at the close of the year had reached \$5,978.

DELAWARE RIVER PORT AUTHORITY'S CAPITAL ASSETS
(net of depreciation)

	2002
Land	\$80,158
Buildings	81,679
Machinery and equipment	58,057
Infrastructure	574,398
Construction in progress	185,229
Total	\$979,521

Funded debt. At the end of the current fiscal year, the Authority had total bonded debt outstanding of \$1,319,446. Of this amount, \$919,191 represents debt backed by toll revenue from the Authority's bridges. The remaining debt of \$400,255 is supported by remaining revenue sources of the Authority.

The Authority's total debt decreased by \$121,168 (8.41%) during the current fiscal year. The key factor in this decrease is attributable to the \$100,500 partial redemption of 1999 Port District Project Bonds.

The Authority continued to maintain its current Moody's Investors Service (Moody's) and Standard & Poor's (S&P) investment ratings on various bond issues, which are shown below:

<u>Issue</u>	<u>Moody's</u>	<u>S&P</u>
1995 Revenue Bonds	A3	A
1998 Revenue Refunding and 1999 Revenue Bonds	Baa1	A-
1998, 1999 Port District Project Bonds	Baa3	BBB-
2001 Port District Project Bonds	Baa3	BBB-

Additional information on the Authority's funded and long-term debt can be found in Note 9 on pages 50-59 of this report.

DELAWARE RIVER PORT AUTHORITY'S OUTSTANDING DEBT
(Revenue and Port District Project Bonds)

	<u>2002</u>	<u>2001</u>
1995 Revenue Bonds	\$353,077	\$352,885
1998 Revenue Refunding Bonds	144,538	159,626
1998 Port District Project Bonds	77,333	79,073
1999 Revenue Bonds	421,576	421,546
1999 Port District Project Bonds	160,931	265,400
2001 Port District Project Bonds	161,991	162,084
Total	<u>\$1,319,446</u>	<u>\$1,440,614</u>

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the 2003 fiscal year:

- Inflationary trends and economic growth in the Port District compared to national indices.
- Modest increase in bridge toll revenues based on increased traffic for fiscal year 2003 per traffic engineers projections.
- Modest increase in PATCO revenue projected based on increased ridership for fiscal year 2003 due to completion of system enhancements.
- Bridge tolls and PATCO fares will remain unchanged for fiscal year 2003.
- Projected increased revenues from all lines of PPC business (RiverLink Ferry System, Cruise Terminal and AmeriPort).
- Institution of \$1 dollar per month administrative fee on all *E-ZPass* accounts starting in fiscal year 2003.

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, 2002. 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, 2 Riverside Drive, PO Box 1949, Camden NJ 08101-1949.

COMBINED STATEMENT OF NET ASSETS
December 31, 2002 (In Thousands)

ASSETS	<u>Notes</u>	
CURRENT ASSETS		
Cash and cash equivalents	2	\$7,770
Investments	1,2	131,912
Accounts receivable	3	14,801
Accrued interest receivable		453
Transit system and storeroom inventory	1	4,403
Economic development loans - net	12	1,275
Prepays	12	1,571
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	1	1,234
Investments	1,2	576,121
Accrued interest receivable		<u>171</u>
 Total current assets		 <u>739,711</u>
 NONCURRENT ASSETS		
Capital assets (net of accumulated depreciation):		
Land	5	80,158
Buildings	5	81,679
Machinery and equipment	5	58,057
Infrastructure	5	574,398
Construction in progress	5	<u>185,229</u>
 Total capital assets		 <u>979,521</u>
 Economic development loans - net	 12	 11,196
Deferred charges:		
Debt issuance costs (net of amortization)	9	<u>50,994</u>
 Total noncurrent assets		 <u>1,041,711</u>
 TOTAL ASSETS		 <u><u>\$1,781,422</u></u>

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENT OF NET ASSETS
December 31, 2002 (In Thousands)

LIABILITIES	<u>Notes</u>	
CURRENT LIABILITIES:		
Accounts payable:		
Retained amounts on contracts		\$7,645
Other		14,705
Accrued liabilities:		
Pension	7	61
Deferred revenue	1, 9	38,768
Liabilities payable from restricted assets:		
Accrued interest payable	8	<u>36,767</u>
Total current liabilities		<u>97,946</u>
 NONCURRENT LIABILITIES:		
Accrued liabilities:		
Repainting	1	34,139
Self- insurance		4,460
Sick and vacation leave benefits		4,742
Other		675
Bonds and loans:		
Due within one year	9	20,562
Due in more than one year	9	<u>1,303,730</u>
Total noncurrent liabilities		<u>1,368,308</u>
Total liabilities		<u>1,466,254</u>
 NET ASSETS		
Invested in capital assets, net of related debt		399,146
Restricted for:		
Debt requirements		135,559
Port projects		101,178
Unrestricted (deficit)		<u>(320,175)</u>
Total net assets		<u>\$315,168</u>

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Year ended December 31, 2002 (In Thousands)

	<u>Notes</u>	
OPERATING REVENUES:		
Bridges:		
Tolls		\$174,418
Other operating revenues		<u>3,220</u>
Total bridge operating revenues		<u>177,638</u>
Transit system:		
Passenger fares		19,251
Other operating revenues		<u>1,252</u>
Total transit system operating revenues		<u>20,503</u>
 Total operating revenues		 <u>198,141</u>
OPERATING EXPENSES:		
Operations		72,964
General and administrative		30,307
Depreciation and amortization	1	28,139
Lease and community impact	12	<u>2,917</u>
 Total operating expenses		 134,327
OPERATING INCOME		<u><u>63,814</u></u>
NONOPERATING REVENUES (EXPENSES):		
Investment earnings		45,072
Interest expense	9	(77,039)
Other nonoperating revenues (expenses):		
Port of Philadelphia and Camden		(4,544)
Depreciation and amortization	1	(1,007)
Other		<u>(289)</u>
Total other nonoperating revenues (expenses)		<u>(5,840)</u>
 Economic development activities	12	<u>(55,506)</u>
 Total nonoperating revenues (expenses)		 <u>(93,313)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS		(29,499)
CAPITAL CONTRIBUTIONS:		
Federal and state capital improvement grants	9	13,023
DECREASE IN NET ASSETS		<u>(16,476)</u>
NET ASSETS, JANUARY 1 (RESTATED)		331,644
NET ASSETS, DECEMBER 31		<u><u>\$315,168</u></u>

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENT OF CASH FLOWS
Year ended December 31, 2002 (In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$203,211
Payments to suppliers	(67,763)
Payments to employees	(42,953)
Net cash provided by operating activities	<u>92,495</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Port of Philadelphia and Camden	(4,544)
Economic development activities	(55,506)
Net cash used by noncapital financing activities	<u>(60,050)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(94,462)
Capital contributions	13,023
Repayment of lease obligations	(3,657)
Repayment of funded debt	(121,685)
Interest paid on debt	(89,108)
Net cash used by capital and related financing activities	<u>(295,889)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	6,462,528
Purchase of investments	(6,241,361)
Interest received	45,400
Net cash provided by investing activities	<u>266,567</u>
Net increase in cash and cash equivalents	<u>3,123</u>

Cash and cash equivalents, January 1 (including \$767 reported as restricted)	<u>5,881</u>
Cash and cash equivalents, December 31 (including \$1,234 reported as restricted)	<u><u>\$9,004</u></u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$63,814
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	28,139
(Increase) in accounts receivable	(5,070)
(Increase) in transit system and storeroom inventories	(257)
(Increase) in prepaids	(79)
Increase in accounts payable	6,834
Increase in pension payable	67
(Decrease) in deferred revenue	(7,153)
Increase in repainting reserves	5,653
Increase in self-insurance reserves	493
(Decrease) in sick and vacation leave benefits payable	(564)
Increase in other payables	618
Net cash provided by operating activities	<u><u>\$92,495</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO COMBINED FINANCIAL STATEMENTS
Year ended December 31, 2002 (Dollars In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Operations - The Delaware River Port Authority (the Authority) is a public corporate instrumentality of the Commonwealth of Pennsylvania (the Commonwealth) and the State of New Jersey (the State) created with the consent of Congress by compact legislation between the Commonwealth and the State. The Authority has no stockholders or equity holders. The Authority is vested with the ownership, control, operation and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit facility which is operated by the Port Authority Transit Corporation (PATCO). The transit facility operates between Philadelphia, Pennsylvania, and Lindenwold, New Jersey. Among its powers, the Authority is responsible for regional economic development and the unification of certain port facilities of the Delaware River. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the operation of the Authority's intermodal transfer facility, *Ameriport*, which facilitates the movement of containerized cargo through the regional ports. PPC is also responsible for the marketing and operation of the Philadelphia Cruise Terminal at the former Navy Yard. In 1997, the Authority created the Delaware River Port Authority Foundation (Foundation) to support educational programs and initiatives of community groups. 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. In December 1999, the Authority implemented the electronic collection of tolls at its four bridges. Through December of 2002, customer participation in the E-ZPass electronic toll collection process grew to approximately 56.3% of its toll collection activity during the morning rush hour.

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

C. 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 (see Note 2).

D. Use of Estimates - Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

E. Investment in Securities - Investment in securities is stated at fair value. Certain investments are maintained in connection with the Authority's funded debt (Notes 2 and 9).

F. 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.

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

H. Investment in Facilities - Investment in facilities is stated at cost, which generally includes expenses in connection with the offering, selling and issuance of bonds as well as administrative and legal expenses incurred during the construction period. Investment in facilities also includes the cost incurred for port-related projects, and improvements, enlargements and betterments to the original facilities.

Replacements of existing facilities (except for primarily police and certain other vehicles whose estimated useful life is two years or less) are also recorded at cost. The related costs and accumulated depreciation of the property replaced are removed from the respective accounts and any gain or loss on disposition is credited or charged to nonoperating revenues or expenses.

Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Note 10).

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

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

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

J. Other Provisions - The Authority provides for the uninsured portion of potential public liability claims and workers' compensation claims through self-insurance programs and charges current operations for estimated claims to be paid (Note 11).

K. Economic Development Activities - The Authority establishes loan loss provisions for economic development loans receivable.

L. Net Assets - Net assets comprise the various earnings from operating income, non-operating revenues, expenses and capital contributions. Net assets are classified in the following three components:

Invested in Capital Assets, net of Related Debt - This component of net assets 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets 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 assets.

Unrestricted Net Assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets that may be allocated for specific purposes by the Board.

M. Operating and Non-Operating 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. Nonoperating 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 (including operation of the E-ZPass Customer Service Center) and PATCO and general administrative expenses. Nonoperating expenses principally include expenses attributable to the Authority's PPC operations, interest on its funded debt, and economic development activities.

N. Debt Management -The Authority has entered into two interest rate swap agreements with the Bank of America, N.A., three interest rate swap agreements with UBS AG (Paine Webber) and two with Lehman Brothers Special Financing, Inc./Financial Products, Inc. to hedge interest rates on a portion of its outstanding long-term debt. Other than the net upfront option payments resulting from these agreements, which have been recorded as deferred revenue, no amounts are recorded in the financial statements.

O. Budget - In accordance with Section 5.15 of the 1995 and 1998 Revenue Bonds Indentures of Trust and Section 5.07 of the 1998, 1999 and 2001 Port District Project Bond Indentures of Trust, the Authority must annually adopt an Annual Budget on or before December 31 of the ensuing year. Section 5.15 of the 1995 and 1998 Revenue Bond Indentures of Trust requires that the Authority, on or before December 31, in each fiscal year, adopt a final budget for the ensuing fiscal year of (i) operational expenses, (ii) the PATCO Subsidy, (iii) the amount to be deposited to the credit of the Maintenance Reserve Fund and (iv) the estimated amounts to be deposited into the Debt Service Fund, the Debt Service Reserve Fund and the Rebate Fund. Each Annual Budget must also contain the Authority's projections of revenues for the ensuing fiscal year demonstrating compliance with the covenant as to facility charges as set forth in Section 5.09 of the Indenture of Trust. On or before December 31 in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the Trustees.

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

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

P. 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.

Q. Change in Accounting Principle and Restatement of Net Assets - For the year ended December 31, 2002, the Authority implemented GASB Statement No.33, "Accounting and Financial Reporting for Non-exchange Transactions," GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," GASB Statement No. 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus," and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." GASB 34 requires that contributed capital be recorded as revenue rather than a separate component of fund equity. Accordingly, the Authority has reclassified the contributed capital balance in the amount of \$98,034 as of December 31, 2001, as invested in capital assets, net of related debt. The adjustment did not have any effect on the net loss originally reported in that period.

2. CASH AND INVESTMENTS

The Authority maintains cash and investments for all funds. The investments in various securities are maintained for specified funds in accordance with the provisions of the General Bond Resolution adopted as of April 17, 1985, and the Indenture of Trust adopted as of November 15, 1995.

At December 31, 2002 and 2001, cash balances and certificates of deposits were \$25,555 and \$18,081, respectively, of which \$1,064 and \$1,512, respectively, was cash on hand. Cash in banks amounted to \$24,491 and \$16,659 at December 31, 2002 and 2001. Balances of \$501 at December 31, 2002, and \$602 at December 31, 2001, were insured by federal depository insurance.

Demand deposit bank balances are either insured by federal depository insurance or are collateralized with the collateral being held by the Authority's agent in the name of the Authority.

Investments are purchased in accordance with the General Bond Resolution and the Indenture of Trust, 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 and Poor's Corporation or Moody's Investors Services. In accordance with the 1995, 1998 and the 1999 Indentures of Trust, the Authority invests in corporate bonds and commercial paper rated A-1 by Standard and Poor's Corporation. Investments in securities are categorized below to give an indication of the credit risk assumed at December 31, 2002. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent, but not in the Authority's name. Certain investments have not been categorized because securities are not used as evidence of the investment. The carrying amount and fair value of the Authority's investments are shown below. Guaranteed Income Contracts are collateralized by U.S. government and agency securities, and debt obligations having a rating in the highest rating category from Moody's Investors Service or Standard and Poor's Rating Services.

	Category	2002 Fair Value
U.S. agency securities	1	\$313,521
Corporate bonds	1	21,036
Commercial paper	1	144,869
Total		479,426
Investments not susceptible to credit risk categorization:		
Money market funds		178,755
Guaranteed investment contracts		33,301
Total investments in securities		\$691,482

The carrying amount of the above investments approximate fair value.

3. ACCOUNTS RECEIVABLE

Accounts receivable include the following:

	2002
Reimbursements from governmental agencies - Capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit	\$1,554
Port of Philadelphia and Camden Trade Receivables	1,553
Deposits with claims administrators	58
Due from Inter Agency Group	2,559
Port Development Projects	8,698
Miscellaneous	379
Total	\$14,801

The Authority records toll revenue net of uncollectable tolls. Gross toll revenues for 2002 were \$176,247, while the adjustment for uncollectable tolls was \$1,829.

4. CHANGES IN LONG TERM LIABILITIES

Long term liability activity for the year ended December 31, 2002 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 Year
Bonds and Loans Payable:					
1995 Revenue Bonds	\$357,185	-	-	\$357,185	-
1998 Revenue Refunding Bonds	155,180	-	(\$14,615)	140,565	\$15,365
1999 Revenue Bonds	422,310	-	-	422,310	-
1998 Port District Project Bonds	79,575	-	(1,760)	77,815	1,830
1999 Port District Project Bonds	268,625	-	(104,610)	164,015	1,575
2001 Port District Project Bonds	159,575	-	-	159,575	1,190
Long Term Loans	5,363	-	(516)	4,847	602
Less Issuance Discounts/Premiums	(2,684)	\$664	-	(2,020)	-
Total bonds and loans Payable	1,445,129	664	(121,501)	1,324,292	20,562
Other Liabilities:					
Bridge Repainting	28,486	5,653	-	34,139	-
Self Insurance	3,967	493	-	4,460	-
Sick and Vacation Leave	5,238	-	(564)	4,674	-
Other	772	-	(97)	675	-
Total Long Term Liabilities	\$1,483,592	\$6,810	(\$122,162)	\$1,368,240	\$20,562

5. INVESTMENT IN FACILITIES

Capital assets for year ended December 31, 2002 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land:	\$80,158	\$0	\$0	\$80,158
Construction in Process	164,448	83,111	(62,330)	\$185,229
Total capital assets not being depreciated	244,606	83,111	(62,330)	\$265,387
Capital assets being depreciated:				
Bridges and related building & equipment	737,758	51,613	(423)	788,948
Transit property & equipment	236,260	21,474	(505)	257,229
Port Enhancements	18,299	1,352	0	19,651
Total capital assets being depreciated	992,317	74,439	(928)	1,065,828
Less accumulated depreciation	(326,203)	(26,138)	647	(351,694)
Total capital assets, being depreciated, net	666,114	48,301	(281)	714,134
Total capital assets, net	\$910,720	\$131,412	(\$62,611)	\$979,521

Total depreciation expense for the year ended December 31, 2002 was \$29,146.

6. DEFERRED COMPENSATION PLAN

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

7. PENSION PLANS

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

Pennsylvania State Employees' Retirement System

Plan Description: Certain permanent full-time and part-time employees are eligible and required to participate in the plan which provides pension, death and disability benefits. A member may retire after completing three years of service and after reaching normal retirement age (the age of 60, except police officers at age 50, or the age at which 35 years of service has been completed, whichever occurs first). Benefits vest after five years of service. If an employee terminates his or her employment after at least five years of service but before the normal retirement age, he or she may receive pension benefits immediately or defer pension benefits until reaching retirement age. Employees who retire after reaching the normal retirement age with at least three years of credited service are entitled to receive pension benefits equal to 2.50% of their final average compensation (average of the three highest years in earnings) times the number of years for which they were employed by 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 employee's account at retirement less the amount of pension benefits received by the employee, the same pension benefits formerly received by the employee, or one-half of the monthly pension payment formerly received by the employee. The maximum pension benefit to the employee previously described may be reduced depending on the benefits elected for the surviving beneficiary.

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

Funding Policy: The contribution requirements of plan members and the Authority are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% of their gross earnings to the plan. The Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 0.213%, 0.51%, and 3.93% of covered payroll in 2002, 2001 and 2000, respectively. In 2002, 2001 and 2000, the Authority contributed \$63, \$198 and \$1,026, respectively, to the plan.

Teamsters Pension Plan of Philadelphia and Vicinity

Plan Description: Certain represented employees are eligible and required to participate in the Teamsters Pension Plan of Philadelphia and Vicinity, which provides pension, death and disability benefits. A member may retire at the later of (a) the date the employee reaches 65 or (b) the tenth anniversary of the employee's commencement of participation in the plan. Additionally, employees are eligible for early retirement after 10 years of participation in the plan and (a) completion of 30 years 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 which vary according to employer daily contribution rates. Members may also receive benefits after early retirement at reduced rates depending on age at retirement.

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

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

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

Funding Policy: The contribution requirements of the Authority are established and amended by Teamsters Pension Plan of Philadelphia and Vicinity Board. During 2002, the Authority was required to, and did, contribute the following amounts for PATCO employees: seventeen dollars and eighty cents per day from January 1 through February 28 and eighteen dollars and sixty cents from March 1 through December 31 per participating employee. The Authority's contributions totaled 8.60%, 8.11% and 8.83% of covered payroll in 2002, 2001 and 2000, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed \$882, \$775 and \$805 in 2002, 2001 and 2000, respectively.

Other Retirement Benefits

The Authority provides certain health care and life insurance benefits for retired employees, where such benefits are established and amended by the Authority's Board of Commissioners. Employees become eligible for retirement benefits once they have been determined pension-eligible. At December 31, 2002, 640 retirees were eligible to receive benefits. These, and similar benefits for active employees, are now provided through insurance companies and the Authority recognizes the cost of providing these benefits by expensing annual insurance premiums. The cost of providing these retirement benefits, net of retiree contributions, totaled \$5,052, \$3,396 and \$3,013 for 2002, 2001 and 2000, respectively. Some retiree groups make contributions towards the cost of health care benefits.

8. INDENTURES OF TRUST

The Authority is subject to the provisions of the following Indentures of Trust: Revenue Bonds of 1995 with First Union National Bank, National Association, dated November 15, 1995; Port District Project Bonds of 1998 with The Bank of New York (as successor trustee to U.S. Trust Company of New Jersey), dated August 15, 1998; Port District Project Bonds of 1999 with The Bank of New York (as successor trustee to Summit Bank), dated December 1, 1999; Port District Project Bonds of 2001 with Commerce Bank, National Association, dated December 1, 2001; Revenue Refunding Bonds of 1998 with Commerce Bank, National Association, dated July 1, 1998; and the Revenue Bonds of 1999 with Commerce Bank, National Association, dated December 1, 1999. The Indentures require 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 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 to 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.

In addition, in accordance with the Indentures of Trust for the Revenue Refunding Bonds of 1998 and the Revenue Bonds of 2001, the following additional accounts are required to be maintained:

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, transfer to or credit funds needed in the following order: (1) the Debt Service Fund, (2) the Debt Service Reserve Fund, (3) any Reserve Fund Credit Facility Issuer, (4) the Trustee's Rebate Fund, (5) the Maintenance Reserve Fund, (6) the General Fund.

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

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

9. FUNDED AND LONG-TERM DEBT

At December 31, 2002, the Authority had \$1,319,446 in Revenue, Revenue Refunding and Port District Project Bonds outstanding, consisting of bonds issued in 1995, 1998, 1999 and 2001. The 1995 Revenue Bonds were issued pursuant to an Indenture of Trust, dated November 15, 1995, and the First Supplemental Indenture thereto. The 1998 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust, dated July 1, 1998, and a First Supplemental Indenture thereto. The 1998 Port District Project Bonds were issued to an Indenture of Trust dated August 15, 1998. The 1999 Revenue Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, a Second Supplemental Indenture

dated August 15, 1998 and a Third Supplemental Indenture dated December 1, 1999. The 1999 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 1999. Under the terms of the 1998 Refunding Bonds Indenture of Trust, the Authority covenanted not to issue any additional bonds under the 1995 Indenture of Trust. The 2001 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 2001.

1995 Bonds: On December 12, 1995, the Authority issued \$357,185 of Revenue Bonds, Series of 1995, to provide funds to (1) finance, refinance or reimburse a portion of the cost of certain capital projects undertaken or to be undertaken by the Authority; (2) make a deposit to the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement for the 1995 Bonds; (3) pay a portion of the interest on the 1995 Bonds from the date of delivery through July 1, 1998; and (4) pay certain costs incurred in connection with the issuance of the 1995 Bonds.

The 1995 Revenue Bonds outstanding at December 31, 2002 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Serial Bonds					
2010	5.30%	\$11,065	2014	5.40%	\$16,650
2011	5.40	11,650	2015	5.40	17,550
2012	5.45	14,980	2016	5.40	18,495
2013	5.40	15,795			
					\$106,185
Term Bonds					
			2026	5.50%	\$251,000
Total par value of 1995 Bonds outstanding					\$357,185
Less unamortized bond discount					4,108
Total 1995 Bonds - net					\$353,077

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

1995 Term Bonds Due January 1, 2026			
Date	Amount	Date	Amount
2017	\$19,495	2022	25,480
2018	20,565	2023	26,880
2019	21,695	2024	28,360
2020	22,890	2025	29,920
2021	24,150		
		Total	219,435
		At maturity,	31,565
		Total	\$251,000

Redemption Dates (Inclusive)	Redemption Price
	1995 Bonds
January 1, 2006 through December 31, 2006	102%
January 1, 2007 through December 31, 2007	101
January 1, 2008 and thereafter	100

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

The 1995 Revenue Bonds are secured by a lien on and security interest in the net revenues of the Authority and certain moneys and securities held under the 1995 Indenture.

1998 Revenue Refunding Bonds: On July 6, 1998, the Authority issued \$63,190 of Revenue Refunding Bonds, Series A, to provide funds, together with other funds available, to advance refund \$79,980 principal amount of the Authority's Capital Appreciation Bonds, Series of 1989. In addition, the Authority issued on October 6, 1998, \$125,200 of Revenue Refunding Bonds, Series B, for the purpose of refunding \$120,380 aggregate principal amount of the Serial and Term Bonds, Series of 1989, which completed the defeasance of all bonds issued under the 1985 General Bond Resolution.

The 1998 Revenue Refunding Bonds outstanding at December 31, 2002 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Serial Bonds, Series A					
			2003	5.94%	\$15,365
					\$15,365
Serial Bonds, Series B					
2004	5.25%	\$17,295	2008	5.25%	\$21,695
2005	5.25	18,605	2009	5.25	22,795
2006	5.25	19,590	2010	5.25	2,245
2007	5.25	20,610	2011	5.25	2,365
					\$125,200
Total Refunding Bonds					\$140,565
Plus unamortized bond premium					3,973
Total 1998 Refunding Bonds - net					\$144,538

The 1998 Refunding Bonds are secured by a lien on and security interest in (a) until the 1995 Indenture Defeasance Date, all moneys on deposit to the credit of the 1995 General Fund (b) after the 1995 Indenture Defeasance Date, the net revenues of the Authority, and certain moneys and securities held under the 1998 Refunding Indenture.

The 1998 Revenue Refunding Bonds Series A are not subject to mandatory redemption prior to maturity. The 1998 Revenue Refunding Bonds Series B are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2009, in whole at any time or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount which is an integral multiple of \$5,000 as specified by the Authority,

and within a maturity as allocated by the Trustee or by lot at the respective redemption prices expressed as percentages of the principal amount of such 1998 Refunding Bonds Series B or portions thereof to be redeemed as set forth below, together with accrued interest to the redemption date:

Redemption Dates (Inclusive)	Redemption Price
	1998 Refunding Bonds Series B
January 1, 2009 through December 31, 2009	101%
January 1, 2010 and thereafter	100

The issuance of the 1998 Revenue Refunding Bonds resulted in a loss of \$16,044 which represents the costs associated with the defeasance or call of the 1989 Bonds. These costs were deferred and will be amortized over the life of the 1998 issue to the year 2011. In connection with the 1998 issuance, the 1989 Capital Appreciation bonds were defeased and removed from the balance sheet of the Authority. The amount of 1989 Capital Appreciation Bonds outstanding at December 31, 2002 is \$5,889.

1998 Port District Project Bonds (PDPB): On September 2, 1998, the Authority issued \$84,705 Port District Project Bonds, Series of 1998, to provide funds to finance (a) all or a portion of the cost of certain economic development and capital projects, including reimbursing the Authority for the cost of economic development projects financed with Authority funds, (b) a deposit to the Port District Debt Service Reserve Fund established under the 1998 Indenture, and (c) all or a portion of the costs and expenses of the Authority relating to the issuance and sale of the 1998 Port District Bonds.

The 1998 Port District Project Bonds are general corporate obligations of the Authority. Except as expressly provided in the 1998 Indenture, the 1998 Port District Project Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority. No tolls, rents, rates or other such charges are pledged for the benefit of the 1998 Port District Project Bonds. The 1998 Port District Project Bonds are payable from such funds and from other monies of the Authority legally available.

The 1998 Port District Project Bonds shall be subject to redemption prior to maturity on or after January 1, 2008, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot at the respective redemption prices expressed as percentages of the principal amount of such Port District Project Bonds or portions thereof to be redeemed as set forth below, together with accrued interest to the redemption date:

Redemption Dates (Inclusive)	Redemption Price
	PDPB
January 1, 2008 through December 31, 2008	101%
January 1, 2009 and thereafter	100

The 1998 Port District Project Bonds (PDPB) outstanding at December 31, 2002 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Serial Bonds					
2003	4.00%	\$1,830	2009	5.00%	\$2,365
2004	4.10	1,900	2010	4.50	2,485
2005	4.10	1,980	2011	4.63	2,600
2006	4.20	2,060	2012	4.75	2,720
2007	5.00	2,145	2013	5.00	2,845
2008	5.00	2,255	2014	4.75	2,990
			2015	5.00	3,130
					\$31,305

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Term Bonds					
2016	4.75%	\$3,290	2021	5.00%	\$4,175
2017	4.75	3,445	2022	5.00	4,385
2018	5.00	3,605	2023	5.00	4,605
2019	5.00	3,790	2024	5.00	4,835
2020	5.00	3,975	2025	5.00	5,075
			2026	5.00	5,330
					\$46,510
Total par value of 1998 PDPB outstanding					\$77,815
Less unamortized bond discount					482
Total 1998 PDPB - net					\$77,333

The 1999 Revenue Bonds: On December 22, 1999, the 1999 Revenue Bonds were issued pursuant to an Indenture of Trust dated as of July 1, 1998, by and between the Authority and Commerce Bank, National Association, Cherry Hill, New Jersey, as trustee (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 and a Third Supplemental Indenture dated as of December 1, 1999. The 1999 Revenue Bonds were issued to provide funds, together with other funds available, (i) to finance, refinance or reimburse a portion of the costs of certain capital projects undertaken or to be undertaken by the Authority, (ii) to fund a portion of the interest on the 1999 Revenue Bonds during the period of construction and acquisition of the aforesaid projects, (iii) to fund the Debt Service Reserve Requirement for the 1999 Revenue Bonds and (iv) to pay the costs of issuance of the 1999 Revenue Bonds.

The 1999 Revenue Bonds, together with the Authority's Revenue Refunding Bonds, Series A of 1998 and Series B of 1998 (the "1998 Revenue Bonds") 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 amounts on deposit in the 1995 General Fund established under the Indenture of Trust dated as of November 15, 1995, as supplemented as of November 15, 1995 (collectively, the "1995 Revenue Bond Indenture"), (ii) the amounts on deposit in the Funds established under the 1998 Revenue Bond Indenture, except for the 1998 General Fund and the 1998 Rebate Fund. So long as the Authority's Revenue Bonds, Series of 1995 (the "1995 Revenue Bonds") remain outstanding, the 1999 Revenue Bonds will not be secured by any lien on or security interest in the Net Revenues of the Authority. The Authority has no current plans to defease the 1995 Revenue Bonds, which have a final maturity date of January 1, 2026.

The 1999 Revenue Bonds outstanding at December 31, 2002 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Revenue Bonds					
2010	5.50%	\$10,385	2014	5.40%	\$5,000
2010	5.10	5,000	2015	5.75	20,145
2011	5.50	16,230	2016	5.75	16,300
2012	5.50	12,110	2016	5.63	5,000
2012	5.25	5,000	2017	6.00	22,525
2013	5.63	18,055	2018	6.00	18,865
2014	5.75	14,050	2018	5.75	5,000
			2019	6.00	25,295
					\$198,960

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Term Bonds					
			2022	5.75%	\$85,150
			2026	5.75	138,200
					223,350
Total Par Value of 1999 Revenue Bonds					422,310
	Less unamortized bond discount				734
	Total - 1999 Revenue Bonds				\$421,576

The 1999 Port District Project Bonds: On December 22, 1999, the Port District Project Bonds, Series A and B of 1999, were issued pursuant to the Indenture of Trust dated December 1, 1999 (the “1999 Port District Project Bond Indenture”), by and between the Authority and Summit Bank, as trustee (the “Trustee”). The 1999 Port District Project Bonds were issued 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.

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 moneys, 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 therefore.

The 1999 Port District Project Bonds will be 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.

The 1999 Port District Project Bonds outstanding at December 31, 2002 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series A Bonds					
2003	6.89%	\$1,575	2008	7.32%	\$2,215
2004	6.99	1,680	2009	7.37	2,380
2005	7.15	1,800	2010	7.42	2,555
2006	7.22	1,925	2011	7.46	2,740
2007	7.27	2,065	2012	7.50	2,950
			2013	7.54	3,170
					\$25,055
Term Bonds					
			2021	7.63%	\$31,080

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series B Bonds					
			2021	5.70%	\$13,060
			2022	5.70	16,930
			2023	5.70	17,895
					\$47,885
Term Bonds					
			2026	5.63%	59,995
Total Par Value of 1999 PDPB Bonds					\$164,015
Less unamortized bond discount					3,084
Total - 1999 Port District Project Bonds					\$160,931

The 2001 Port District Project Bonds: On December 27, 2001, the Authority issued \$128,395 Port District Project Refunding Bonds, Series A of 2001 and \$31,180 Port District Project Bonds, Series B of 2001. The 2001 Port District Project Bonds are being issued to provide funds to finance (a) the current refunding of \$100,500 of the Authority's Port District Project Bonds, Series A of 1999 (Federally Taxable), (b) all or a portion of the cost of certain port improvement and economic development projects within the Port District, (c) a deposit of cash to the credit of the Debt Service Reserve Fund established under the 2001 Port District Project Bond Indenture, and (d) all or a portion of the costs and expenses of the Authority relating to the issuance and sale of the 2001 Port District Project Bonds.

The 2001 Port District Project Bonds outstanding at December 31, 2002 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series A Bonds					
2003	3.50%	\$ 390	2013	5.50%	\$5,570
2004	4.00	4,335	2014	5.50	6,880
2005	4.50	4,505	2015	5.50	7,260
2006	5.00	3,715	2016	5.50	7,660
2007	5.00	3,800	2017	5.50	8,080
2008	5.25	5,085	2018	5.50	8,525
2009	5.25	4,350	2019	5.10	8,995
2009	5.00	1,000	2020	5.10	9,450
2010	5.50	2,625	2021	5.10	1,580
2010	5.25	3,000	2022	5.13	1,300
2011	5.25	5,935	2023	5.15	1,300
2012	5.25	6,255	2027	5.20	16,800
Total par value Series A Refunding Bonds					\$128,395
Plus unamortized bond premium					2,765
Total 2001 Series A Refunding Bonds - net					\$131,160

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series B Bonds					
2003	3.50%	\$ 800	2014	4.75%	\$1,270
2004	3.00	855	2015	4.85	1,335
2005	3.40	880	2016	5.00	1,400
2006	3.70	910	2017	5.00	1,470
2007	4.00	940	2018	5.00	1,540
2008	4.20	980	2019	5.10	1,620
2009	4.35	1,020	2020	5.10	1,700
2010	4.45	1,065	2021	5.10	1,785
2011	4.50	1,115	2022	5.13	1,880
2012	4.60	1,165	2023	5.15	1,975
2013	4.63	1,215	2025	5.20	4,260
Total per value Series B Bonds					\$31,180
Less unamortized bond discount Series B					349
Total 2001 Series B Bonds - net					\$30,831
Total 2001 PDP Bonds					\$161,991
Total Funded Debt					\$1,319,446

The 2001 Port District Project Bonds are general corporate obligations of the Authority. The 2001 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 moneys, if any, on deposit from time to time in the Funds established under the 2001 Port District Project Bond Indenture. No tolls, rents, rates or other such charges are pledged for the benefit of the 2001 Port District Project Bonds.

The Series A Port District Project Refunding Bonds maturing on or after January 1, 2013 are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2012, in whole at any time, or in part at any time and from time to time, in any order of maturity as specified by the Authority and within a maturity as selected by the Trustee by lot, at a redemption price equal to 100% of the principal amount of such Series A Port District Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

The Series A Port District Project Refunding Bonds maturing January 1, 2027, are subject to redemption by the Authority prior to maturity, in part, in amounts required by the 2001 Port District Project Bond Indenture, as drawn by lot within a maturity by the Trustee, but only from moneys required to be deposited therefore in the Sinking Fund Account of the Debt Service Fund established under the 2001 Port District Project Bond Indenture, upon payment of a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, on January 1 of the following years in the amounts set forth below:

Series A Port District Project Bonds Maturing January 1, 2027

Year	Principal Amount of Mandatory Sinking Fund Redemption
2024	\$ 1,300
2025	1,300
2026	1,300
2027	12,900

Maturities on the Authority’s outstanding funded debt during the next five years are as follows:

	1998 Revenue Bonds	1998 PDP Bonds	1999 PDP Bonds	2001 PDP Bonds
2003	\$15,365	\$1,830	\$1,575	\$1,190
2004	17,295	1,900	1,680	5,190
2005	18,605	1,980	1,800	5,385
2006	19,590	2,060	1,925	4,625
2007	20,610	2,145	2,065	4,740

Interest on the 1995, 1998, 1999 and 2001 Bonds is payable semi-annually on January 1 and July 1 in each year. Interest expense includes interest on the bonds and amortization of debt issuance costs and debt issuance discount.

Long Term Loans: In addition to the above funded debt, the Authority has a \$1,883 long term loan outstanding at an interest rate of 7.46%, which matures on April 1, 2008, a \$1,464 long-term note due March 1, 2008 at an interest rate of 5.50%, and a \$1,500 long-term loan at an interest rate of 3.50% maturing on February 1, 2021.

Total funded debt and long-term debt as of December 31, 2002 totaled \$1,324,292, of which \$20,562 was short term and \$1,303,730 was long term.

Swap Agreements: In August and December of 2000, the Authority entered into several interest rate swap agreements, which may commence at certain future dates subject to options for the execution of the swaps at the discretion of the counter-parties to the agreements (Bank of America N.A. and Lehman Brothers Special Financing, Inc.). The initial exercise dates for the swaps with the Bank of America N.A. are two business days prior to July 2, 2005, with respect to a notional amount of \$39,657 and two business days prior to January 2, 2006, with respect to a notional amount of \$10,436. The Bank of America N.A. can exercise its option to commence the swaps twice annually after these dates, and the agreement(s) would continue irrevocably through an ending date of January 1, 2026. The sole exercise date for the swap with Lehman Brothers Special Financing, Inc. was July 1, 2002, with respect to a notional amount of \$50,000. Lehman Brothers opted not to exercise its option to execute this swap.

If the swap agreement options are exercised by the Bank of America N.A., net payments would commence wherein the Authority would owe semi-annual interest payments calculated at a variable rate based on the TBMA Index (The Bond Market Association Municipal Bond Index, a tax-exempt variable rate index) to the counter-party to the swap. In return, the Bank of America N.A. would owe the Authority semi-annual interest payments based on a fixed rate of 5.9229%. Only the net difference in the interest payments is actually exchanged with the Bank of America N.A. The combined aggregate notional amount of \$50,093 is not exchanged; it is only the basis upon which the interest payments are calculated.

In consideration for entering into the agreements, the Authority has received net up-front, non-refundable option payments of \$1,125 and \$925 from the Bank of America N.A. and Lehman Brothers Special Financing Inc., respectively, which have been recorded as deferred revenue and are being amortized.

In May and November of 2001, the Authority entered into several interest rate swap agreements, which may commence at certain future dates subject to options for the execution of the swaps at the discretion of the counter-parties to the agreements (UBS AG/Paine Webber and Lehman Brothers Financial Products, Inc.). The starting dates for the swaps with UBS AG, if exercised, are January 1, 2006, with respect to a notional amount of \$358,215 and January 1, 2010, with respect to notional amounts of \$403,035 and \$108,470. UBS AG can exercise its options to commence the swaps on any one of three consecutive annual exercise dates commencing on the initial option exercise dates. The agreement, if exercised, would continue through an ending date of January 1, 2026. The starting date for the swap with Lehman Brothers Financial Products, Inc., if exercised, is January 1, 2008, with respect to a notional amount of \$66,065. Lehman Brothers Financial Products Inc. can exercise its option to commence the swap on any one of three consecutive annual exercise dates commencing on January 1, 2008, and the agreement would continue irrevocably through an ending date of January 1, 2026.

If the swap agreement options are exercised by UBS AG and/or Lehman Brothers Financial Products, Inc., net payments by the parties would commence wherein the Authority would owe periodic interest payments based on fixed rates of 5.4470%, 5.738% and 5.595%, respectively for the agreements with UBS AG and 4.865% for the swap agreement with Lehman Brothers Financial Products, Inc. In return, UBS AG and/or Lehman Brothers Financial

Products, Inc. would owe the Authority periodic interest payments based on a variable rate based on 66% of USD-LIBOR-BBA. Only the net difference in the interest payments is actually exchanged between the parties. The combined aggregate notional amount of any swap agreement is not exchanged; it is only the basis upon which the interest payments are calculated.

In consideration for entering into the agreements, the Authority has received net up-front, non-refundable option payments from UBS AG and Lehman Brothers Financial Products, Inc., totaling \$40,055 and \$2,537, respectively, which have been recorded as deferred revenue and are being amortized.

10. 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 New Jersey Transit. Capital improvement grant funds of \$13,023 were received in 2002.

11. CONTINGENCIES

Public liability claim exposures are self-insured by the Authority within its retention limit of \$5 million per occurrence; after which, exists \$20 million of excess liability insurance to respond to any large losses exceeding the retention. The Authority, excluding PATCO, self-insures the initial \$350 thousand, per occurrence, for workers’ compensation claims, after which \$5 million of excess workers’ compensation insurance is retained to respond to significant claims. PATCO is completely self-insured for workers’ compensation claims.

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

The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances under terms of the grants, it is the opinion of management that any required reimbursements will not be material to the Authority’s net assets.

The Authority reviews annually, and where appropriate adjusts policy loss limits and deductibles as recommended by our insurance consultant in response to prevailing market conditions, loss experience and revenues. Policy loss limits are established with the professional assistance of independent insurance and engineering 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.

	<u>2002</u>
Beginning balance	\$3,967
Incurred claims	2,343
Payment of claims	(1,799)
Other - administrative fees	<u>(51)</u>
Closing balance	<u><u>\$4,460</u></u>

12. COMMITMENTS

A. Development projects:

In accordance with the economic development powers and responsibilities granted to the Authority by its amended compact, the Board of Commissioners authorized the Authority to participate in the funding of certain projects or activities of various organizations in support of regional economic development. The funding of these projects is provided through loans, grants or other means. The Authority formalizes its participation with these organizations by written agreement, and may retain a legal or equitable interest in certain projects. The Authority has established a loss reserve in the amount of \$1,286 for its economic development loans outstanding.

In support of various economic development projects, the Authority has entered into loan guarantees with various banks to complete the financing aspects of a particular project. As of December 31, 2002, loan guarantees totaling \$25,400 have been authorized by the Board.

B. Leases:

To provide for the operations of its intermodal transfer facility (AmeriPort), which is currently operated by PPC, the Authority leases from CSX Transportation approximately 20.51 acres of the CSX facility in Philadelphia. Under the lease, which expires January 31, 2021, the annual base rental is effective July 1, of each year, and is currently \$287. The annual base rent is subject to adjustment annually on the anniversary date (July 1) based on the increase in the Consumer Price Index. In addition to the annual base rent, the Authority must pay, as "Additional Rent," its equitable share of all taxes, assessments, charges, fees and other legal impositions, as well as the cost and expenses of any labor or materials furnished by CSX Transportation to the Authority. The Authority has the right to terminate this lease at any time upon the payment of three years' base rent and Additional Rent.

The Authority has an agreement in place with TransCore for maintenance services for the toll collection system at its bridges. With the completion of the new toll system, a former year agreement with TransCore has been replaced by a three-year agreement which became effective as of February 1, 2002, and terminates on January 31, 2005, unless extended. This three-year agreement will renew automatically for successive periods of two years unless terminated by either party. Either party may terminate the agreement upon written notice: TransCore may terminate the agreement with one hundred twenty (120) days advance notice to the Authority; the Authority may terminate the agreement with ninety (90) days written notice to TransCore.

The Authority currently leases certain subway properties from the City of Philadelphia (City) for use by the PATCO high speed transit system. During 1995, the Authority and City agreed to amend and extend the lease agreement, which will now expire on December 21, 2050. For the lease years 1998 through 2000, the Authority was required to pay \$1,000 in base rent to the City and \$6,000 annually in Special Economic and Community Development Grants (SECD Grants) to the City. In 2002, the base rent payable to the City totaled \$2,417 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1995 and 2001. Base rent payments for 2003 through 2017 shall equal the previous year's base rent adjusted by any increase in the CPI for that year. For the years 2018 through 2050, annual base rent shall equal one dollar. No SECD Grants are payable to the City for the lease years 2001 through 2050.

In addition, for the duration of the lease the Authority is required to 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 significant minimum lease and maintenance fee commitments, based on current operations and including future adjustments for CPI, are as follows:

2003	\$3,069
2004	3,120
2005	3,147
2006	3,191
2007	3,235

C. Americans with Disabilities Act (ADA):

In July 1990, the ADA was enacted to ensure that persons with disabilities have access to public accommodations. The Authority has made all key transit system stations accessible and is in compliance with the significant provisions of the law. Under a separate voluntary compliance agreement with the Federal Transit Administration, the Authority brought the transit public address system into full compliance at year end 1999.

D. Letters of Credit

In June 2000, the Authority entered into an irrevocable standby Letter of Credit with Sovereign Bank in support of the Authority’s “Owner Controlled Insurance Program” (OCIP). Under this program, the Authority purchased coverage for all contractors working on major construction projects. The Letter of Credit, originally in the amount of \$1,758, automatically increases annually each January in the amount of \$1,891 until its expiry date on January 7, 2004.

As of December 31, 2002, the unused amount of the two existing Letter of Credits totaled \$5,641. No drawdowns have been made against any Letter of Credit.

E. Contractual Commitments:

As of December 31, 2002, the Authority had contractual commitments as follows:

Benjamin Franklin Bridge (BFB):	
BFB steel painting - phase three	\$10,473
Replace DRPA radio systems	5,500
Engineering services - task orders	4,618
BFB concrete approach structures	2,843
Part time & temporary toll collectors	1,602
Maintenance agreement for toll system	1,247
Review existing security	577
Other	3,470
Walt Whitman Bridge (WWB):	
Bridge redecking	14,091
Engineering services - cable investigation	2,907
Other	156
Commodore Barry Bridge (CBB):	
Deck rehabilitation	1,794
Engineering services - Infrastructure investigation phase 1 & 2	843
Pin & Hanger retrofit - Design & Construction	673
Other	360
Betsy Ross Bridge (BRB):	
Roadway rehabilitation & traffic enhancements	1,854
Equipment storage building	650
Outbound & topographic survey	574
Other	190
PATCO System:	
Station improvements	13,820
Escalator & elevator rehabilitation	4,668
Embankment restoration	3,858
Replacement railroad ties	3,041
Engineering services - Center tower replacement	1,217
Power cable and pole line replacement	1,178
Roof replacement	912
Engineering services - New Adm. Bldg. space utilization	912
Other	1,308
Other:	
Port enhancement projects	13,607
Delaware River tram and light & sound project	3,339
Other	1,327
	\$103,609

**COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2002 (In Thousands)**

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents		\$2,243		\$5,527			\$7,770
Investments		13,309		118,603			131,912
Accounts receivable		2,774		12,027			14,801
Accrued interest receivable				453			453
Transit system and storeroom inventories		332		4,071			4,403
Economic development loans (net of allowance for uncollectibles)				1,275			1,275
Prepays		1,089		482			1,571
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents						\$1,234	1,234
Investments			\$3,455		\$177,668	394,998	576,121
Accrued interest receivable					171		171
Total current assets	-	19,747	3,455	142,438	177,839	396,232	739,711
NONCURRENT ASSETS:							
Capital assets (net of accumulated depreciation):							
Land	\$80,158						80,158
Buildings	81,240			439			81,679
Machinery & equipment	58,057						58,057
Infrastructure	574,398						574,398
Construction in progress	185,229						185,229
Total capital assets	979,082	-	-	439	-	-	979,521
Economic development loans (net of allowance for uncollectibles)				11,196			11,196
Deferred charges:							
Debt issuance costs (net of amortization)	24,600			26,394			50,994
Total noncurrent assets	1,003,682	-	-	38,029	-	-	1,041,711
Total assets	\$1,003,682	\$19,747	\$3,455	\$180,467	\$177,839	\$396,232	\$1,781,422

DELAWARE RIVER PORT AUTHORITY 2002 ANNUAL REPORT FINANCIAL SECTION

	<u>Capital Fund</u>	<u>Revenue Fund</u>	<u>Maint. Reserve Fund</u>	<u>General Fund</u>	<u>Combined Bond Funds</u>	<u>Combined Project Funds</u>	<u>Total</u>
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable:							
Retained amounts on contracts		\$55		\$7,590			\$7,645
Other		4,922		9,783			14,705
Accrued liabilities:							
Pension		10		51			61
Deferred revenue		9,300		29,468			38,768
Liabilities payable from restricted assets:							
Accrued interest payable					\$36,767		36,767
Total current liabilities	-	14,287	-	46,892	36,767	-	97,946
NONCURRENT LIABILITIES:							
Accrued liabilities:							
Repainting				34,139			34,139
Self-insurance		2,670		1,790			4,460
Sick and vacation leave benefits		2,965		1,777			4,742
Other		675					675
Bonds and loans	\$604,975			405,103	19,160	295,054	1,324,292
Total noncurrent liabilities	604,975	6,310	-	442,809	19,160	295,054	1,368,308
Total liabilities	604,975	20,597	-	489,701	55,927	295,054	1,466,254
NET ASSETS							
Invested in capital assets, net of related debt	398,707			439			399,146
Restricted for:							
Debt requirements		10,647	\$3,000		121,912		135,559
Port projects						101,178	101,178
Unrestricted		(11,497)	455	(309,673)			(320,715)
Total net assets (deficit)	\$398,707	(\$850)	\$3,455	(\$309,234)	\$121,912	\$101,178	\$315,168

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN FUND NET ASSETS INFORMATION BY FUND
Year ended December 31, 2002 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net assets (deficit), January 1 (restated)	\$317,186	(\$2,655)	\$3,326	(\$439,677)	\$232,315	\$221,149	\$331,644
Revenues and expenses:							
Operating revenues		177,638		20,503			198,141
Operating expenses	(28,139)	(35,970)		(39,911)			(104,020)
General administration expenses		(30,307)					(30,307)
Investment earnings		191	152	12,074	6,679	25,976	45,072
Interest expense	(2,102)			(1,428)	(73,509)		(77,039)
Other nonoperating revenues (expenses)	(1,007)	(268)	(23)	(5,718)	1,185	(9)	(5,840)
Economic development activities				(55,506)			(55,506)
Total revenues and expenses	<u>(31,248)</u>	<u>111,284</u>	<u>129</u>	<u>(69,986)</u>	<u>(65,645)</u>	<u>25,967</u>	<u>(29,499)</u>
Government contributions for capital improvements, additions and other projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,023</u>	<u>-</u>	<u>-</u>	<u>13,023</u>
Interfund transfers and payments:							
Bond service		(64,563)		(25,803)	90,366		
Funds free and clear of any lien or pledge		(44,916)		44,916			
Retirement of bonds	14,615			1,760	(16,375)		
Funds for capital additions				68,918		(68,918)	
Funds for port projects				77,020		(77,020)	
Net equity from 2001 bonds				118,749	(118,749)		
Capital additions	<u>98,154</u>			<u>(98,154)</u>			
Total interfund transfers and payments	<u>112,769</u>	<u>(109,479)</u>	<u>0</u>	<u>187,406</u>	<u>(44,758)</u>	<u>(145,938)</u>	<u>-</u>
Net assets (deficit), December 31	<u>\$398,707</u>	<u>(\$850)</u>	<u>\$3,455</u>	<u>(\$309,234)</u>	<u>\$121,912</u>	<u>\$101,178</u>	<u>\$315,168</u>

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
Year ended December 31, 2002 (In Thousands)

	<u>Bond Reserve Funds</u>	<u>Bond Service Funds</u>	<u>1995 Project Fund</u>	<u>1998 Port District Project Fund</u>	<u>1999 Project Fund</u>	<u>1999 Port District Project Fund</u>	<u>2001 Port District Project Fund</u>	<u>Total Combined Funds</u>
ASSETS								
CURRENT ASSETS:								
Restricted assets:								
Temporarily restricted:								
Cash and cash equivalents				\$761		\$473		\$1,234
Investments	\$118,010	\$59,658		10,598	\$240,514	114,071	\$29,815	572,666
Accrued interest receivable	170	1						171
Total current assets	<u>118,180</u>	<u>59,659</u>	-	<u>11,359</u>	<u>240,514</u>	<u>114,544</u>	<u>29,815</u>	<u>574,071</u>
Total assets	<u>118,180</u>	<u>59,659</u>	-	<u>11,359</u>	<u>240,514</u>	<u>114,544</u>	<u>29,815</u>	<u>574,071</u>
LIABILITIES								
CURRENT LIABILITIES:								
Liabilities payable from restricted assets:								
Accrued interest payable		36,767						36,767
Total current liabilities	-	<u>36,767</u>	-	-	-	-	-	<u>36,767</u>
NONCURRENT LIABILITIES:								
Bonds and loans		19,160		4,545	181,069	81,128	28,312	314,214
Total noncurrent liabilities	-	<u>19,160</u>	-	<u>4,545</u>	<u>181,069</u>	<u>81,128</u>	<u>28,312</u>	<u>314,214</u>
Total liabilities	-	<u>55,927</u>	-	<u>4,545</u>	<u>181,069</u>	<u>81,128</u>	<u>28,312</u>	<u>350,981</u>
NET ASSETS								
Restricted for:								
Revenue and port district project bonds	118,180							118,180
Revenue and port district bond service		3,732						3,732
Port projects				6,814	59,445	33,416	1,503	101,178
Total net assets	<u>\$118,180</u>	<u>\$3,732</u>	-	<u>\$6,814</u>	<u>\$59,445</u>	<u>\$33,416</u>	<u>\$1,503</u>	<u>\$223,090</u>

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS

Year ended December 31, 2002 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1995 Project Fund	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
Net assets, January 1 (restated)	\$114,033	\$118,282	\$9	\$21,927	\$111,496	\$86,017	\$1,700	\$453,464
Revenues and expenses:								
Investment earnings	6,219	460		287	16,867	7,332	1,490	\$32,655
Interest expense		(73,509)						(\$73,509)
Other nonoperating revenues(expenses)		1,185	(9)					\$1,176
Total revenues and expenses	6,219	(71,864)	(9)	287	16,867	7,332	1,490	(39,678)
Government contributions for capital improvements, additions and other projects	-	-	-	-	-	-	-	-
Interfund transfers and payments:								
Bond service		90,366						90,366
Retirement of bonds		(16,375)						(16,375)
Funds for capital additions					(68,918)			(68,918)
Net equity from 2001 bonds		(118,749)				(43,531)	43,531	(118,749)
Interfund transfers	(2,072)	2,072						-
Funds for port projects				(15,400)		(16,402)	(45,218)	(77,020)
Total interfund transfers and payments	(2,072)	(42,686)	-	(15,400)	(68,918)	(59,933)	(1,687)	(190,696)
Net assets, December 31	\$118,180	\$3,732	-	\$6,814	\$59,445	\$33,416	\$1,503	\$223,090

Statistical
SECTION

Statistical
SECTION

Last Ten Fiscal Years (In Thousands)

GENERAL EXPENSES BY FUNCTION

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Bridge operations :										
Salaries and employee benefits	\$24,931	\$23,884	\$23,500	\$23,441	\$28,229	\$30,049	\$31,968	\$33,836	\$33,753	\$30,589
Equipment and supplies	84	68	85	47	103	840	1,226	2,077	2,608	2,562
Maintenance and repairs	2,167	2,349	2,251	1,811	4,953	3,979	4,354	3,550	3,000	2,766
Utilities	1,320	1,353	1,257	1,158	1,152	1,333	1,413	1,391	1,271	1,215
Insurance	1,765	1,220	1,212	1,184	1,661	1,450	1,585	1,899	1,710	1,166
Other	11,307	11,005	10,242	7,752	1,365	359	1,650	258	1,038	262
Total bridge operations	41,574	39,879	38,547	35,393	37,463	38,010	42,196	43,011	43,380	38,560
PATCO transit system :										
Maintenance of way and power	6,681	7,364	7,085	6,707	6,250	6,125	5,862	5,568	5,715	6,003
Maintenance of equipment	6,195	5,533	4,899	4,997	4,571	4,220	4,499	4,334	4,762	5,002
Purchased power	2,772	2,905	3,461	2,754	3,039	3,425	3,873	3,938	3,911	3,759
Transportation	10,713	9,377	9,446	9,102	8,617	8,532	8,645	8,336	8,265	8,435
General insurance	1,373	1,210	711	3,348	3,600	3,303	3,673	3,504	3,270	3,292
Administration	3,655	3,258	2,867	394	471	637	493	1,045	1,187	1,420
Total PATCO transit system	31,389	29,647	28,469	27,302	26,548	26,242	27,045	26,725	27,110	27,911
Lease and community impact	2,920	2,857	4,072	7,500	7,500	7,500	7,500	8,506	7,648	-
General administration	30,307	26,549	22,845	18,919	16,727	15,270	14,894	15,755	13,911	12,790
Port of Philadelphia and Camden	6,884	6,629	5,338	4,516	4,905	5,465	4,517	5,252	6,259	5,591
Interest	77,039	77,195	77,884	36,441	34,108	34,526	35,244	18,747	20,552	20,694
Total expenses	\$190,113	\$182,756	\$177,155	\$130,071	\$127,251	\$127,013	\$131,396	\$117,996	\$118,860	\$105,546

REVENUES BY SOURCE

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Bridge operating revenues	\$177,638	\$176,389	\$169,750	\$119,467	\$117,242	\$115,632	\$110,930	\$106,600	\$104,888	\$102,669
PATCO transit system operating revenues	20,503	20,473	18,780	16,354	15,234	15,005	14,908	15,116	15,429	15,379
Port of Philadelphia and Camden	2,341	3,180	1,349	1,947	2,327	1,666	1,073	1,486	1,905	1,200
Interest income	45,072	50,301	50,884	14,208	15,371	16,945	17,747	4,324	7,645	7,732
Total revenues	\$245,554	\$250,343	\$240,763	\$151,976	\$150,174	\$149,248	\$144,658	\$127,526	\$129,867	\$126,980

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Passenger fares	\$19,251	\$18,942	\$17,247	\$15,587	\$14,412	\$14,248	\$14,234	\$14,472	\$14,801	\$14,917
Other revenues	1,252	1,531	1,533	767	822	757	674	644	628	462
Total operating revenues	\$20,503	\$20,473	\$18,780	\$16,354	\$15,234	\$15,005	\$14,908	\$15,116	\$15,429	\$15,379

In July 2001, PATCO Implemented the third and final phase of the fare increases.

PATCO TRANSIT SYSTEM RIDERSHIP

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Passengers	9,288	10,037	10,581	10,919	10,752	10,660	10,658	10,880	11,134	11,232

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Revenues available for Debt Service :										
Bridge operating	\$177,638	\$176,389	\$169,750	\$119,467	\$117,242	\$115,632	\$110,930	\$106,600	\$104,888	\$102,669
Interest income	19,095	17,170	13,421	8,810	4,775	5,788	6,562	3,524	7,645	7,732
Reserved funds									4,135	4,608
	<u>196,733</u>	<u>193,559</u>	<u>183,171</u>	<u>128,277</u>	<u>122,017</u>	<u>121,420</u>	<u>117,492</u>	<u>110,124</u>	<u>116,668</u>	<u>115,009</u>
Less expenses :										
Bridge operating	41,574	39,879	38,547	35,393	37,463	38,010	42,196	43,011	43,380	38,560
General administration	30,307	26,549	22,845	18,919	16,727	15,270	14,894	15,755	13,911	12,790
	<u>71,881</u>	<u>66,428</u>	<u>61,392</u>	<u>54,312</u>	<u>54,190</u>	<u>53,280</u>	<u>57,090</u>	<u>58,766</u>	<u>57,291</u>	<u>51,350</u>
Net revenues available for Debt Service	<u>\$124,852</u>	<u>\$127,131</u>	<u>\$121,779</u>	<u>\$73,965</u>	<u>\$67,827</u>	<u>\$68,140</u>	<u>\$60,402</u>	<u>\$51,358</u>	<u>\$59,377</u>	<u>\$63,659</u>
Debt Service :										
Interest	49,198	45,798	40,948	25,695	\$27,396	\$15,767	\$11,948	\$14,095	\$14,603	\$15,077
Principal	15,365	14,615	13,740	12,960	6,510	8,595	12,369	10,196	10,260	5,735
Total Debt Service	<u>\$64,563</u>	<u>\$60,413</u>	<u>\$54,688</u>	<u>\$38,655</u>	<u>\$33,906</u>	<u>\$24,362</u>	<u>\$24,317</u>	<u>\$24,291</u>	<u>\$24,863</u>	<u>\$20,812</u>
Debt Service coverage (Times) :	<u>1.93</u>	<u>2.10</u>	<u>2.23</u>	<u>1.91</u>	<u>2.00</u>	<u>2.80</u>	<u>2.48</u>	<u>2.11</u>	<u>2.39</u>	<u>3.06</u>

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

FUNDED DEBT

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Outstanding debt	\$1,319,446	\$1,440,614	\$1,298,040	\$1,313,221	\$630,579	\$512,394	\$523,813	\$537,378	\$234,011	\$239,404

BRIDGE OPERATING REVENUES

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Toll revenues by vehicle classification :										
Automobiles, light trucks and commuters	\$129,774	\$129,431	\$126,747	\$83,512	\$83,686	\$83,904	\$81,183	\$78,415	\$76,768	\$75,854
Trucks	39,915	41,210	40,280	30,906	29,876	28,182	26,922	25,482	25,443	23,928
Buses	1,730	1,559	1,649	1,474	1,476	1,474	1,465	1,421	1,404	1,386
Senior citizens	2,065	2,002	1,882	1,619	1,699	1,732	1,710	1,743	1,727	1,667
Other	934	282	647	553	560	522	502	478	460	432
Discounts and deductions	0	(819)	(3,254)	(1,120)	(1,248)	(1,164)	(1,076)	(1,003)	(976)	(857)
Total toll revenues	<u>174,418</u>	<u>173,665</u>	<u>167,951</u>	<u>116,944</u>	<u>116,049</u>	<u>114,650</u>	<u>110,706</u>	<u>106,536</u>	<u>104,826</u>	<u>102,410</u>
Other bridge operating revenues	3,220	2,724	1,799	2,523	1,193	982	224	64	62	259
Total bridge operating revenues	<u>\$177,638</u>	<u>\$176,389</u>	<u>\$169,750</u>	<u>\$119,467</u>	<u>\$117,242</u>	<u>\$115,632</u>	<u>\$110,930</u>	<u>\$106,600</u>	<u>\$104,888</u>	<u>\$102,669</u>

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase.

Last Ten Fiscal Years (In Thousands)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Vehicle classification:										
Automobiles & light trucks	46,225	45,411	43,863	35,206	34,329	34,308	33,184	31,765	30,695	29,777
Commuter vehicles	-	-	-	10,326	11,545	11,747	11,268	11,318	11,510	12,267
Trucks	2,724	2,786	2,716	2,888	2,829	2,677	2,559	2,434	2,420	2,283
Buses	333	340	351	374	376	374	371	360	354	347
Senior citizens	2,063	2,003	1,884	1,620	1,701	1,735	1,717	1,757	1,768	1,842
Other	286	126	161	286	237	204	198	191	191	194
Total traffic	51,631	50,666	48,975	50,700	51,017	51,045	49,297	47,825	46,938	46,710

Commuter vehicle traffic has been included in Automobiles & light trucks for Year 2000 and beyond.

TOLL REVENUE BY BRIDGE

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Walt Whitman Bridge	\$68,263	\$66,923	\$62,985	\$43,050	\$43,862	\$43,161	\$41,567	\$40,067	\$42,607	\$43,226
Ben Franklin Bridge	57,804	56,633	54,857	37,600	36,535	35,973	35,772	35,311	33,097	32,138
Betsy Ross Bridge	24,625	24,916	24,842	18,412	18,542	19,481	18,044	16,161	15,354	14,465
Commodore Barry Bridge	23,726	25,193	25,267	17,882	17,110	16,035	15,323	14,997	13,768	12,581
Total toll revenues	\$174,418	\$173,665	\$167,951	\$116,944	\$116,049	\$114,650	\$110,706	\$106,536	\$104,826	\$102,410

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase.

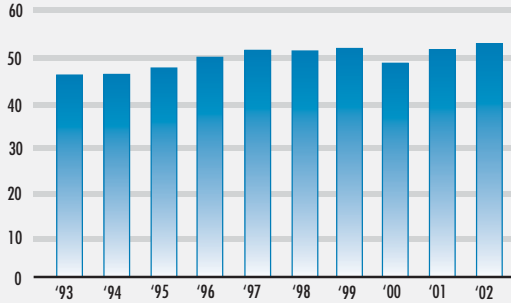
BRIDGE TRAFFIC BY BRIDGE

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Walt Whitman Bridge	19,875	19,345	18,314	18,470	18,906	18,739	18,031	17,718	18,711	19,237
Ben Franklin Bridge	19,139	18,579	18,019	18,472	18,233	17,987	17,813	17,565	16,511	16,264
Betsy Ross Bridge	6,583	6,627	6,582	6,368	7,624	8,289	7,627	6,775	6,425	6,256
Commodore Barry Bridge	6,033	6,115	6,060	7,391	6,254	6,030	5,826	5,767	5,291	4,953
Total traffic	51,631	50,666	48,975	50,701	51,017	51,045	49,297	47,825	46,938	46,710

Bridge and PATCO OPERATIONS

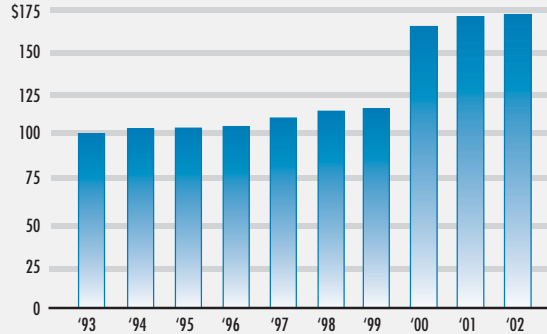
DRPA Bridge Traffic 1993-2002⁽¹⁾

(in millions of vehicles)



DRPA Bridge Toll Revenues 1993-2002⁽¹⁾

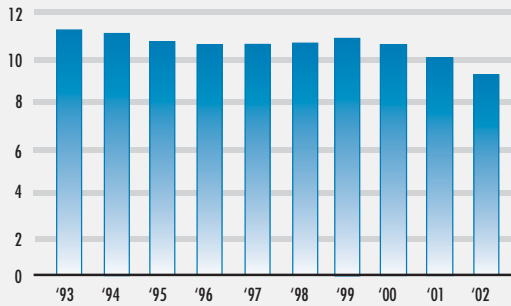
(in millions of dollars)



(1) The DRPA increased toll rates January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000, in conjunction with the toll increase.

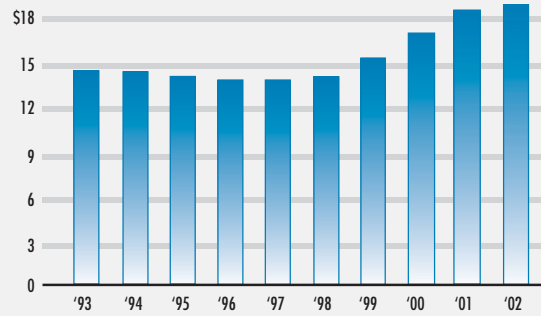
PATCO Passenger Ridership 1993-2002⁽²⁾

(in millions of passengers)



PATCO Passenger Fare Revenues 1993-2002⁽²⁾

(in millions of dollars)

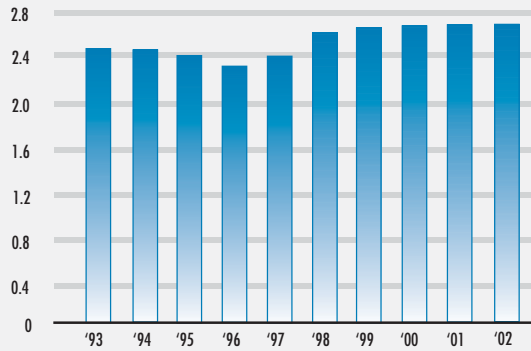


(2) In July 2001 PATCO implemented the third phase of a three-part program to raise PATCO fares.

Regional DEMOGRAPHICS

Civilian Labor Force

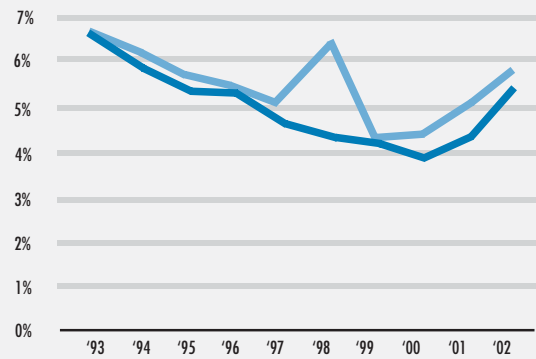
Philadelphia, PA - New Jersey PMSA (in millions)



Source: U.S. Bureau of Labor Statistics

Unemployment Rate

Philadelphia, PA - New Jersey PMSA and U.S.

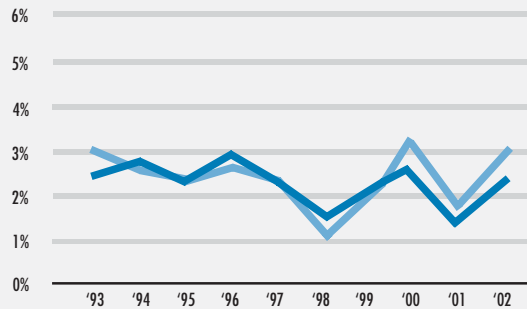


Note: The Philadelphia, PA - New Jersey PMSA consists of the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania; and the counties of Burlington, Camden and Gloucester in New Jersey.

— U.S. — Philadelphia, PA - New Jersey PMSA

Consumer Price Index

Philadelphia, PA - New Jersey PMSA and U.S.



Source: U.S. Bureau of Labor Statistics

— U.S. — Philadelphia, PA - New Jersey PMSA



“Order of the Day”

A LETTER FROM
THE NEW CHIEF EXECUTIVE OFFICER

As the new Chief Executive Officer of the Delaware River Port Authority, I pledge that accountability, openness, customer service and responsiveness to the public will be our organization's "Order of the Day". Simply put, the public has a right to know, and we will conduct ourselves accordingly. Providing safe and efficient transportation services, continuing our federal mandate of fostering regional economic growth and development, and building on our record of strong customer service, safety and operational efficiencies will be our main focus.

We make our corporate values of safety, integrity, quality, service, teamwork, innovation and communication key components of our everyday work ethic here at DRPA and PATCO. We will build on that in the future.

Based on our successes, and all we have to offer, our region is now a vibrant travel and trade destination of national and international repute. Building on this progress will be a priority in the future. Our bridges, PATCO, cruise terminal, ferry operations, the World Trade Center of Greater Philadelphia and other efforts have contributed greatly to this positive growth. Working closely with our Pennsylvania and New Jersey Governors, our Commissioners and regional partners, we will continue to provide leadership on regional transportation and economic development priorities.

For years, the motto “We Keep The Region Moving” has been a trademark of our organization. We intend to keep it that way, working hard as a team for the benefit of the public we serve.

A handwritten signature in black ink, appearing to read "J. J. Matheussen".

John J. Matheussen
Chief Executive Officer, DRPA
President, PATCO

John J. Matheussen replaced Paul Drayton on April 1, 2003.

Delaware River Port Authority
Comprehensive Annual Financial Report
for the Year Ended December 31, 2002

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Ronnie Gilbert
Jennifer Plews



Benjamin Franklin Bridge



Walt Whitman Bridge



Commodore Barry Bridge



Betsy Ross Bridge



PATCO Speedline



RiverLink Ferry System



Philadelphia Cruise Terminal at Pier 1



AmeriPort Intermodal Rail Center



Delaware River Port Authority
One Port Center
2 Riverside Drive, PO Box 1949
Camden, NJ 08101-1949

(856) 968-2000 www.drpa.org
(215) 218-3750

Port Authority Transit Corporation
PO Box 4262
Lindenwold, NJ 08021-0218

(856) 772-6900 www.drpa.org/patco
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