

DELAWARE RIVER PORT AUTHORITY
BALANCE SHEET
DECEMBER 31, 2010
(Unaudited)

ASSETS	<i>Capital Fund</i>	<i>Restricted Funds</i>			<i>Restricted Funds</i>			<i>December 31, 2010</i>		<i>(Unaudited)</i>
		<i>Project Funds</i>	<i>Revenue Fund</i>	<i>Maintenance Reserve Fund</i>	<i>Bond Service Funds</i>	<i>Bond Reserve Funds</i>	<i>General Fund</i>	<i>Combined Total</i>	<i>Combined Total</i>	<i>Dec. 31, 2009 Combined Total</i>
Cash (Schedule 1)		536,830.97	3,705,389.75					498,810.98	4,741,031.70	4,383,611.00
Investment in securities (Schedule 2):										
Restricted		200,040,961.76		4,097,421.35	65,806,466.64	111,856,703.62			381,801,553.37	251,635,974.02
Unrestricted			13,397,056.70				260,276,347.54		273,673,404.24	197,101,503.43
		<u>200,040,961.76</u>	<u>13,397,056.70</u>	<u>4,097,421.35</u>	<u>65,806,466.64</u>	<u>111,856,703.62</u>	<u>260,276,347.54</u>		<u>655,474,957.61</u>	<u>448,737,477.45</u>
Accrued interest receivable		3,604.64	-	-	-	-	634,835.70		638,440.34	784,844.09
Accounts receivable			4,274,991.83				6,462,355.91		10,737,347.74	12,458,696.00
Transit system and stores inventory			366,302.14				5,826,234.38		6,192,536.52	6,561,219.11
Prepaid expenses and other assets			2,448,765.60				1,154,380.17		3,603,145.77	3,587,397.07
Economic development loans - Net (Schedule 5)							22,194,478.42		22,194,478.42	22,752,953.67
Investment in facilities	\$1,704,009,563.16						707,246.94		1,704,716,810.10	1,645,016,474.91
Less accumulated depreciation	<u>609,125,844.49</u>						<u>12,017.25</u>		<u>609,137,861.74</u>	<u>570,527,300.36</u>
	1,094,883,718.67						695,229.69		1,095,578,948.36	1,074,489,174.55
Debt issuance cost, net of amortization	<u>14,357,882.99</u>						58,814,433.43		73,172,316.42	38,539,334.94
	<u>\$1,109,241,601.66</u>	<u>200,581,397.37</u>	<u>24,192,506.02</u>	<u>4,097,421.35</u>	<u>65,806,466.64</u>	<u>111,856,703.62</u>	<u>356,557,106.22</u>		<u>1,872,333,202.88</u>	<u>1,612,294,707.88</u>
LIABILITIES AND FUND EQUITIES										
Accounts payable:										
Retained amount on contracts			125,286.80				8,942,960.28		9,068,247.08	5,165,094.56
Other			7,674,952.12				8,520,561.33		16,195,513.45	17,409,799.26
			<u>7,800,238.92</u>				17,463,521.61		25,263,760.53	22,574,893.82
Accrued liabilities:										
Interest						18,787,507.83			18,787,507.83	21,889,071.31
Pension			(31,100.18)				205,842.98		174,742.80	568,588.67
Sick and vacation leave benefits			2,850,432.29				1,725,438.32		4,575,870.61	4,535,947.72
Other (Includes OPEB liability)			24,846,839.79				14,251,058.00		39,097,897.79	29,595,437.38
			<u>27,666,171.90</u>			<u>18,787,507.83</u>	16,182,339.30		<u>62,636,019.03</u>	<u>56,589,045.08</u>
Deferred revenue			6,575,197.77				-		6,575,197.77	7,131,385.77
Provisions:										
Repainting			64,384,766.15				-		64,384,766.15	60,033,566.15
Other			2,924,666.63				1,765,519.15		4,690,185.78	4,946,600.56
			<u>67,309,432.78</u>				1,765,519.15		<u>69,074,951.93</u>	<u>64,980,166.71</u>
Funded and long term debt	1,055,973,524.88						327,336,875.89		1,383,310,400.77	1,115,175,751.28
Total Liabilities	<u>1,055,973,524.88</u>		<u>109,351,041.37</u>			<u>18,787,507.83</u>	362,748,255.95		<u>1,546,860,330.03</u>	<u>1,266,451,242.66</u>
Fund Equities	<u>53,268,076.78</u>	<u>200,581,397.37</u>	<u>(85,158,535.35)</u>	<u>4,097,421.35</u>	<u>47,018,958.81</u>	<u>111,856,703.62</u>	<u>(6,191,149.73)</u>		<u>325,472,872.85</u>	<u>345,843,465.22</u>
	<u>\$1,109,241,601.66</u>	<u>200,581,397.37</u>	<u>24,192,506.02</u>	<u>4,097,421.35</u>	<u>65,806,466.64</u>	<u>111,856,703.62</u>	<u>356,557,106.22</u>		<u>1,872,333,202.88</u>	<u>1,612,294,707.88</u>

The accompanying notes are an integral part of the financial statements. These financial statements are unaudited. As a result of work done by our independent auditors, adjustment are sometimes made to the unaudited statements.

DELAWARE RIVER PORT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES (Unaudited)
FOR THE PERIODS INDICATED

	Year ending			
	December 31, 2010	December 31, 2009	4th Quarter 2010	4th Quarter 2009
Operating revenues and expenses:				
Bridge:				
Tolls (Schedule 4)	\$243,878,554.55		\$59,478,431.31	\$58,599,290.25
Other operating revenues	4,946,128.11	\$248,824,682.66	1,449,818.23	1,399,721.36
Operating expenses	52,972,215.18	50,469,683.07	15,360,795.51	13,761,727.09
Depreciation	30,707,677.84	83,679,893.02	9,088,022.47	24,448,817.98
		<u>165,144,789.64</u>	<u>36,477,431.56</u>	<u>39,806,544.50</u>
Transit system:				
Passenger fares	22,057,817.17	22,075,866.09	5,528,322.35	5,252,682.17
Other operating revenues	1,882,548.69	23,940,365.86	452,338.07	5,980,660.42
Operating expenses	46,900,199.42	47,811,451.80	14,506,158.41	16,985,101.00
Lease & Community impact expense	3,472,532.76	3,482,772.00	868,133.19	870,693.00
Depreciation	15,318,724.34	65,691,456.52	4,317,909.50	19,692,201.10
		<u>(41,751,090.66)</u>	<u>(13,711,540.68)</u>	<u>(16,906,232.60)</u>
		123,393,698.98	125,756,711.48	22,765,890.88
General Administration expenses		<u>47,663,819.46</u>	<u>37,008,591.10</u>	<u>20,863,574.42</u>
Operating revenues in excess of expenses		75,729,879.52	88,748,120.38	1,902,316.46
Interest income (Schedule 3)		8,403,402.05	9,260,134.08	2,118,200.71
Interest on funded debt (Note 12):				
Port District Project bonds, Series 1998	(3,897,492.12)	(4,028,625.12)	2,130,023.97	(1,217,012.28)
Refunding Revenue bonds, Series 1998	1,934.17	(1,263,037.26)	932,002.09	(339,488.25)
Revenue bonds, Series 1999	(30,999,887.30)	(24,607,682.28)	(6,680,449.74)	(6,151,920.57)
Port District Project bonds, Series 1999	(12,504,539.16)	(10,588,180.20)	(3,126,134.79)	(2,647,045.05)
Port District Project bonds, Series 2001	(6,324,983.88)	(6,674,251.44)	(1,581,245.97)	(1,668,562.86)
Refunding Revenue bonds, Series 2010	(814,813.17)	-	(280,344.10)	-
Revenue bonds, Series 2010	(7,792,998.78)	-	(3,896,499.39)	-
Refunding Revenue bonds, Series 2008	(19,858,083.35)	(20,665,195.71)	(5,151,058.92)	(17,853,706.85)
Excess of revenues over expenses before other income (expenses)		1,942,417.98	30,181,282.45	(13,633,189.68)
Other income (expenses):				
Other	(3,549,196.40)	(3,549,196.40)	(2,562,324.72)	(1,449,190.15)
Port of Philadelphia and Camden	(473,105.18)	(636,941.30)	(257,467.11)	(26,532.84)
Depreciation and Amortization	(1,752,978.67)	(2,226,083.85)	(307,650.67)	(545,423.95)
Income (Loss) before other activities		<u>(3,832,862.27)</u>	<u>25,825,643.45</u>	<u>(16,760,632.18)</u>
Economic Development Activities		<u>(37,657,152.54)</u>	<u>(26,788,342.71)</u>	<u>(5,597,848.98)</u>
Net Income (Loss)		<u><u>(\$41,490,014.81)</u></u>	<u><u>(\$962,699.26)</u></u>	<u><u>(\$12,880,771.80)</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending December 31 (Unaudited)

	<u>12 Months</u> <u>2010</u>	<u>12 Months</u> <u>2009</u>
OPERATING ACTIVITIES:		
Operating revenues in excess of expenses	\$75,729,879.52	\$88,748,120.38
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	47,779,380.85	45,775,537.74
Port of Philadelphia and Camden	(473,105.18)	(636,941.30)
Economic development activities	(37,657,152.54)	(26,788,342.71)
Changes in assets and liabilities which provided (used) cash:		
Accounts receivable	1,721,348.26	(766,274.96)
Economic development loans - Net	558,475.25	679,943.01
Transit system and stores inventory	368,682.59	(333,189.39)
Prepaid expenses and other assets	(15,748.70)	(104,016.93)
Accounts payable	2,688,866.71	3,697,551.91
Accrued liabilities	9,148,537.43	9,408,033.46
Deferred revenue	(556,188.00)	(1,315,822.03)
Repainting provision	4,351,200.00	4,152,000.00
Other provisions	(256,414.78)	(229,677.65)
Other	(5,302,175.07)	(3,718,697.70)
Net cash provided by operating activities	<u>98,085,586.34</u>	<u>118,568,223.83</u>
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(68,068,587.37)	(74,351,804.41)
Cash provided by capital grants	20,318,855.15	12,578,446.21
Issuance of new debt	658,375,000.00	-
Repayment of funded debt	(389,805,000.00)	(36,313,687.65)
Interest paid	(120,360,759.06)	(62,736,421.51)
Proceeds from facility disposals	-	-
Net cash used for capital and related financing activities	<u>100,459,508.72</u>	<u>(160,823,467.36)</u>
NET DECREASE IN CASH BEFORE INVESTING ACTIVITIES	<u>198,545,095.06</u>	<u>(42,255,243.53)</u>
INVESTMENT ACTIVITIES:		
Unrestricted:		
Net Proceeds from sale (purchases) of investments	<u>(76,571,900.81)</u>	<u>10,468,590.77</u>
Decrease (Increase) in investments	<u>(76,571,900.81)</u>	<u>10,468,590.77</u>
Restricted:		
Net Proceeds from sale (purchases) of investments	<u>(130,165,579.35)</u>	<u>22,579,170.41</u>
Decrease in investments	<u>(130,165,579.35)</u>	<u>22,579,170.41</u>
Receipts of interest	<u>8,549,805.80</u>	<u>9,193,310.80</u>
Net cash provided by investing activities	<u>(198,187,674.36)</u>	<u>42,241,071.98</u>
NET INCREASE IN CASH	357,420.70	(14,171.55)
CASH, BEGINNING OF YEAR	<u>4,383,611.00</u>	<u>4,397,782.55</u>
CASH, END OF PERIOD	<u>\$4,741,031.70</u>	<u>\$4,383,611.00</u>
CASH AT DECEMBER 31		
Unrestricted	\$4,204,200.73	\$3,846,780.03
Restricted	536,830.97	536,830.97
	<u>\$4,741,031.70</u>	<u>\$4,383,611.00</u>

**DELAWARE RIVER PORT AUTHORITY
STATEMENT OF CHANGES IN FUND EQUITIES
FOR THE PERIOD ENDED DECEMBER 31, 2010
(Unaudited)**

	<i>Restricted Funds</i>		<i>Restricted Funds</i>			<i>Debt Service Reserve Funds</i>	<i>General Fund</i>	<i>Combined Total</i>
	<i>Capital Fund</i>	<i>Project Funds</i>	<i>Revenue Fund</i>	<i>Maintenance Reserve Fund</i>	<i>Debt Service Funds</i>			
Fund equities at January 1, 2010	\$306,407,527.66	71,565,540.13	(73,764,353.22)	3,949,558.92	47,663,455.16	107,108,784.11	(117,087,047.54)	\$345,843,465.22
Revenue and expenses:								
Operating revenues			248,631,668.02				24,133,380.50	272,765,048.52
Operating expenses	(46,026,402.18)		(49,865,722.93)				(53,479,224.43)	(149,371,349.54)
General administration expenses			(47,663,819.46)		-		-	(47,663,819.46)
Interest income		261,014.19	365,014.73	147,862.43	77,019.41	3,375,259.40	4,177,231.89	8,403,402.05
Economic development activities		-					(37,657,152.54)	(37,657,152.54)
Interest on funded debt	(1,186,082.27)				(76,689,412.00)		(4,315,369.32)	(82,190,863.59)
Other income (expenses)	(3,988,523.96)	-	(808,311.47)	-	-	-	(978,444.82)	(5,775,280.25)
	(51,201,008.41)	261,014.19	150,658,828.89	147,862.43	(76,612,392.59)	3,375,259.40	(68,119,578.72)	(41,490,014.81)
Contributions for capital improvements, additions and other projects			715,469.17				19,603,385.98	20,318,855.15
Interfund transfers and payments:								
Bond service		-	(88,386,886.60)		114,044,205.35		(25,657,318.75)	
Funds in excess of Bond Reserve requirement			-	-	2,368,690.89	(2,368,690.89)		
Funds free and clear of any lien or pledge			(74,797,004.91)				74,797,004.91	
Retirement of Bonds	28,715,000.00				(40,445,000.00)		11,730,000.00	
Net equity From 2010 Rev Bonds D	(303,741,351.00)	300,000,000.00				3,741,351.00	(800,567.29)	(800,567.29)
Net equity from 2007 Ref Rev Bonds								
Net equity from 2010 Ref Rev Bonds	1,601,134.58							1,601,134.58
Funds for permitted capital expenditures		(134,964,572.00)	415,411.32				134,549,160.68	
Funds for permitted port projects		(36,280,584.95)					36,280,584.95	
Capital additions	71,486,773.95						(71,486,773.95)	
Fund equities at December 31, 2010	\$53,268,076.78	200,581,397.37	(85,158,535.35)	4,097,421.35	47,018,958.81	111,856,703.62	(6,191,149.73)	\$325,472,872.85

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ending December 31, 2010 (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 system that is operated by the Port Authority Transit Corporation (PATCO). The transit system 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 Philadelphia Cruise Terminal at Pier 1 at the former Navy Yard and the Riverlink Ferry System. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls and fares. The Authority is a member of the E-ZPass Interagency Group, the largest interoperable Electronic Toll Collection System in the world, comprised of twenty-two (22) agencies in eleven (11) states. Through December of 2010, customer participation in the E-ZPass electronic toll collection process grew to approximately sixty-seven percent (67%) of its toll collection activity during rush hour periods. E-ZPass revenues now exceed sixty three percent (63%) of total toll revenues.

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. The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

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 (Note 2). In addition, according to the various Indentures of Trust which govern the flow and accounting of the Authority's financial resources, certain accounts are required to be maintained in order to comply with the provisions of the Indentures of Trust. For the accounts that are restricted, the Authority has recorded the applicable cash and cash equivalents as restricted on the combined financial statements (Note 11).

D. Investment in Securities - Investment in securities is stated at amortized cost, which approximates fair value. Certain investments are maintained in connection with the Authority's funded debt (Notes 3 and 12). Likewise, as with cash and cash equivalents, the accounts that are restricted as per the various Indentures of Trust have been recorded as restricted investments on the combined financial statements (Note 11).

E. 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.

F. Debt Issuance Costs, Bond Premiums, and Bond Discounts - Debt issuance costs and the premiums and discounts arising from the issuance of the revenue bonds and port district project bonds are amortized by the straight-line method from the issue date to maturity.

G. Investment in Facilities - Investment in facilities is stated at cost, which generally includes expenses for 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 non-operating revenues or expenses. Assets capitalizable generally have an original cost of five thousand dollars or more and a useful life in excess of three years. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Notes 7 and 15).

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

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

H. Maintenance and Repainting - Maintenance and repair costs considered necessary to maintain bridge facilities in good operating condition are charged to operations as incurred. The Authority uses accrual accounting to record the projected cost of bridge repainting (a non-cash charge that involves debiting an expense and crediting an associated liability). Amounts sufficient to meet the estimated cost to repaint the bridges are provided by periodic charges to operations.

I. 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 16).

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

K. 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.

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

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

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

M. Debt Management - Total outstanding bond debt reflected on the balance sheet is net of unamortized bond discounts, premiums, and loss on defeasance (Note 12). The Authority presently has two interest rate hedge (swap) agreements with the Bank of America, N.A. and two interest rate hedge (swap) agreements with UBS AG (Paine Webber) to hedge interest rates on a portion of its outstanding long-term debt. Other than the net upfront option and exercise payments resulting from these agreements, which have been recorded as deferred revenue, no amounts are recorded in the financial statements (Note 4).

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

The Port District Project Bond Indentures require the following: the adopted budget must set forth, inter alia, the PATCO Subsidy, 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 Trustees and Credit Facility Issuer.

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

O. 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.

P. 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.

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

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2010 and December 31, 2009, the Authority's bank balances of \$4,741 and \$4,384 respectively, were exposed to custodial credit risk as follows:

	<u>2010</u>	<u>2009</u>
Uninsured and uncollateralized	<u>\$ 4,241</u>	<u>\$ 3,884</u>

3. INVESTMENT IN SECURITIES

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

Custodial Credit Risk Related to Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

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

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

4. DERIVATIVE INSTRUMENTS

Objective of the Derivatives - During 2000 and 2001, the Authority entered into seven interest rate hedge agreements that provided the Authority with net up-front payments totaling \$44,642. In accordance with the 2000 Swaptions (hereinafter defined), the counterparty has the option to require the Authority to enter into a pay-variable / receive fixed interest rate swap. In accordance with the 1995 Revenue Bonds Swaption and the 1999 Revenue Bonds Swaption (as both such terms are hereinafter defined), the counterparty had the option to require the Authority to enter into a pay-fixed/receive variable interest rate swap.

Of the seven interest rate hedge agreements, three have been terminated. One interest rate hedge agreement with Lehman Brothers Financial Products Inc. ("Lehman Brothers"), with a notional amount of \$50,000, was terminated by its terms in 2002 at no cost to the Authority. A second swap agreement with Lehman Brothers, the 1998 Port District Project Bonds, Series B Swaption with a notional amount of \$66,065 was exercised by Lehman in January 2008. It was subsequently terminated in December 2008 when the Authority made a net termination payment of \$13,286 to Lehman Brothers. Similarly, the 1999 Port District Project Bonds, Series B Swaption, with a notional amount of \$108,500 was exercised by UBS AG ("UBS") effective on January 1, 2010. It was terminated on January 7, 2010, and the Authority made a termination payment of \$33,675 to UBS on January 11, 2010.

Significant Terms of the Derivatives - The four remaining interest rate hedge agreements are described below. As set forth below, each of the interest rate hedge agreements had, as of September 30, 2010, negative value to the Authority, meaning that if such agreements were terminated as of such date, the Authority would have to pay approximately the amounts shown in parentheses. As of December 31, 2010, only the 1995 Revenue Bonds and 1999 Revenue Bonds swaptions, mentioned below, have commenced, which involve the monthly transfer of net swap payments between the Authority and UBS, the counterparty. The Authority is current on all swap payments.

2000 Swaptions - On August 21, 2000, the Authority entered into two (2) interest rate hedge agreements with Bank of America N.A. in the notional amounts of \$39,657 (the "2000 Swaption #1") and \$10,436 (the "2000 Swaption #2", and together with the 2000 Swaption #1, the "2000 Swaptions"). Under the 2000 Swaptions, Bank of America N.A. has the option on certain future dates (two business days preceding July 1, 2005 and each January 1 and July 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #1 and two business days preceding January 2, 2006 and each July 1 and January 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #2) to cause the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, to commence on the next succeeding January 1 or July 1. Neither option relating to the 2000 Swaptions has been exercised by Bank of America N.A. If an option is exercised, the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 2000 Swaptions are general unsecured corporate obligations.

If the options relating to the 2000 Swaption #1 or the 2000 Swaption #2 are exercised by Bank of America N.A., Bank of America N.A. is obligated to pay periodic interest payments (payable monthly) to the Authority based upon a fixed rate of 5.9229% per annum and the Authority is obligated to pay periodic interest payments (payable monthly) to Bank of America N.A. at a variable rate based upon the BMA Municipal Swap Index (a tax-exempt variable rate index). Only the net difference in the periodic payments owed would be exchanged between Bank of America N.A. and the Authority.

In consideration for entering into the 2000 Swaptions, the Authority received net up-front, non-refundable option payments in the aggregate amount of \$1,125 from Bank of America N.A., which have been recorded as deferred revenue and are being amortized.

As of December 31, 2010, Swaption # 1 had a fair value of (\$1,602) and Swaption #2 had a fair value of (\$422). (For the method of valuation, see "Fair Value", Note 4).

2001 Swaptions

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

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

In consideration for entering into the 1995 Revenue Bonds Swap, the Authority received a net up-front, non-refundable option payment in the amount of \$18,401 from UBS AG, which has been recorded as deferred revenue and is being amortized.

On September 3, 2005, UBS advised the Authority that it was exercising its option on this swap as of January 1, 2006. As a result, UBS AG paid the Authority \$7,144 on January 3, 2006 as an exercise premium. On February 1, 2006, the first monthly net swap payment, for the period January 3rd thru January 31st, was made to UBS AG in the amount of \$694. The Authority is current on all of its net swap payments payable to UBS, which have totaled \$18.3 million during 2010.

As of December 31, 2010, the fair value of the 1995 Revenue Bond Swap was (\$88,470). (For the method of valuation, see "Fair Value", Note 4).

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

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

In consideration for entering into the 1999 Revenue Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of \$16,478 from UBS AG, which has been recorded as deferred revenue and is being amortized.

The 1999 Revenue Bonds Swaption was exercised by UBS AG on September 3, 2009 and the Authority began accruing interest on the swap as of January 1, 2010. The Authority made its initial net payment on the swap on February 1, 2010, representing January's accrued interest. The Authority is current on all of its net swap payments payable to UBS, which have totaled \$22.4 million through December 31, 2010.

As of December 31, 2010, the fair value of the 1999 Revenue Bond Swaption was (\$112,412). (For the method of valuation, see "Fair Value", Note 4).

1999 Port District Project Bonds, Series B Swaption(Terminated January, 2010) - On May 2, 2001, the Authority entered into an interest rate hedge agreement with UBS AG with respect to the Authority's Port District Project Bonds, Series B of 1999 in the initial notional amount of \$108,470 (the "1999 Port District Project Bonds Swaption"). Under the 1999 Port District Project Bonds Swaption, UBS AG had the option, exercisable 120 days preceding January 1, 2010, January 1, 2011, and January 1, 2012, to elect to have the 1999 Port District Project Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1999 Port District Project Bonds Swaption, if exercised, (i) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index and (ii) the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.595% per annum. The periodic interest rates are applied to the notional amount of the 1999 Port District Project Bonds Swaption which amortizes annually from its initial notional amount commencing January 1, 2011. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

If exercised, the 1999 Port District Project Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 1999 Port District Project Bonds Swaption are unsecured general corporate obligations. Regularly scheduled periodic payments to be made by the Authority under the 1999 Port District Project Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1999 Revenue Bonds Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture or bonds issued under the 1999 Port District Project Bond Indenture (hereinafter defined) under which the 1999 Port District Project Bonds were issued (without consideration of municipal bond insurance or credit enhancement) falls below "Baa3" with respect to Moody's or "BBB-" with respect to S&P or Fitch, or Bonds or bonds issued under the 1999 Port District Project Bond Indenture cease to be rated by Moody's, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds or bonds issued under the 1999 Port District Project Bond Indenture). However, as provided in the 1999 Revenue Bonds Swaption, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto. The 1999 Port District Project Bonds are currently rated Baa3 and BBB- by Moody's and S&P, respectively.

In consideration for entering into the 1999 Port District Project Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of \$5,175 from UBS AG which has been recorded as deferred revenue and is being amortized.

The 1999 Port District Project Bonds Swaption was exercised by UBS AG on September 3^d, 2009 and the Authority began accruing interest on the swap as of January 1, 2010. The Authority subsequently terminated the Swaption with its transfer of \$33.7 million to UBS, as a termination payment on January 11, 2010. The amortization amount related to the swap termination for the year 2010 amounted to \$2,106 and is reflected in the "Statement of Revenues and Expenses."

Swap Management Policy

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

As noted earlier, the Authority terminated its 1999 PDP Swap in January 2010, pursuant to this resolution.

Risks Related to the Derivatives

Fair Value - Fair values were estimated using the zero-coupon method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon rate bonds due on the date of each future net settlement on the swaps.

Basis Risk - Basis risk exists to the extent the Authority's fixed rate payments to the counterparties do not exactly equal the index on the swaption. The Authority's taxable and tax-exempt bonds are hedged with the BMA Municipal Swap Index and a percentage of the USD-LIBOR-BBA Index.

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

Interest Rate Swap Ratings - In December 2005, Standard & Poor's assigned a Debt Derivative Profile (DDP) rating of "3" for the Authority's swap portfolio, which is considered a neutral credit risk position on a scale from 1 to 5 (with 1 being the most credit worthy).

In March 2006, S&P advised its clients that they had revised the criteria for the DDP scoring by placing "more emphasis on the near and intermediate term risks and less emphasis on the longer-term risks." As a result, S&P changed the Authority's rating from a 3.0 to 3.5. On February 24th, 2010, Standard & Poor's raised the Authority's debt derivative profile score to 3.0

5. ACCOUNTS RECEIVABLE AND TOLL REVENUES

Accounts receivable for December 31, 2010 and December 31, 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Reimbursements from governmental agencies - capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit	\$ 2,634	\$ 1,652
Other intergovernmental	3,621	4,374
Cruise terminal receivables	129	129
Development projects	4	4
Other	<u>5,849</u>	<u>7,800</u>
Gross receivables	12,237	13,959
Less: Allowance for uncollectibles	<u>(1,500)</u>	<u>(1,500)</u>
Net total receivables	<u>\$ 10,737</u>	<u>\$ 12,459</u>

Of the total intergovernmental receivables of \$3,621 above, \$3,621 is expected to be collected within one year. In addition, the Authority records toll revenue net of uncollectible tolls and commuter credits.

6. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the period ended December 31, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within 1 Year</u>
Bonds and loans payable:					
1998 Revenue Refunding Bonds	\$ 4,610		\$ (2,245)	\$ 2,365	\$ 2,365
1999 Revenue Bonds	422,310		(365,385)	56,925	16,230
1998 Port District Project Bonds	63,280		(2,485)	60,795	2,600
1999 Port District Project Bonds	150,375		(2,555)	147,820	2,740
2001 Port District Project Bonds	126,010		(6,690)	119,320	7,050
2008 Revenue Refunding Bonds	358,155		(11,085)	347,070	11,690
2010 Revenue Refunding Bonds		\$ 350,000		350,000	-
2010 Revenue Bonds		\$ 308,375		308,375	-
Less issuance discounts / premiums	(9,564)	204	-	(9,360)	
Total bonds payable	1,115,176	658,579	(390,445)	1,383,310	42,675
Other liabilities:					
Bridge repainting	60,034	4,351		64,385	
Self-insurance	4,947	-	(256)	4,691	
Sick and vacation leave	4,536	40	-	4,576	3,442
Deferred revenue	7,131		(556)	6,575	2,562
Other (includes OPEB unfunded liability)	29,595	9,503		39,098	
Total long-term liabilities	\$ 1,221,419	\$ 672,473	\$ (391,257)	\$ 1,502,635	\$ 48,679

7. INVESTMENT IN FACILITIES

Capital assets for the period ending December 31, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 74,225			\$ 74,225
Construction in progress	193,939	\$ 71,486	\$ (13,817)	251,608
Total capital assets not being depreciated	268,164	71,486	(13,817)	325,833
Capital assets being depreciated:				
Bridges and related building and equipment	962,437		-	962,437
Transit property and equipment	389,113			389,113
Port enhancements	27,334			27,334
Total capital assets being depreciated	1,378,884	-	-	1,378,884
Less accumulated depreciation for:				
Bridges and related building and equipment	(380,509)	(30,708)	11,201	(400,016)
Transit property and equipment	(178,584)	(15,319)		(193,903)
Port enhancements	(13,466)	(1,753)		(15,219)
Total accumulated depreciation	(572,559)	(47,780)	11,201	(609,138)
Total capital assets being depreciated, net	806,325	(47,780)	11,201	769,746
Total capital assets, net	\$ 1,074,489	\$ 23,706	\$ (2,616)	\$ 1,095,579

Total depreciation expense for the period ending December 31, 2010 was \$47,780

8. DEFERRED COMPENSATION PLAN

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

9. PENSION PLANS

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

Pennsylvania State Employees' Retirement System

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

Pension provisions include death benefits, under which the surviving beneficiary may be entitled to receive the employee's accumulated contributions less the amount of pension payments that the employee received, the present value of the 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.

New Jersey Public Employees Retirement System (NJ PERS)

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

Funding Policy - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. The Authority was not required to contribute an actuarially determined amount to the plan for the years 2003 through 2006. The Authority began sending employee contributions to NJ PERS beginning in January, 2006. Beginning in 2008, the Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 5.09% of participating payroll.

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 that vary according to employer daily contribution rates. Members may also receive benefits after early retirement at reduced rates depending on age at retirement.

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

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

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

Funding Policy - The Teamsters Pension Plan is controlled by the Teamsters Pension Plan of Philadelphia and Vicinity Board. The employer's contribution requirements are determined under the terms of one Collective Bargaining Agreement in force between the employer and the Teamsters.

10. POSTEMPLOYMENT HEALTHCARE PLAN

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

Funding Policy - Employees become eligible for retirement benefits based on hire date and years of service. The contribution requirements of plan members and the Authority are established and may be amended by the Authority's Board of Commissioners. Plan members receiving benefits contribute the following amounts: \$55 per month for retiree-only coverage for the base plan, \$110 per month for retiree/spouse (or retiree/child) coverage, and \$165 per month for retiree/family (or children) coverage to age sixty-five (65) for the base plan, and \$55 per month, per retiree, per dependent for both the United Health Group (in partnership with AARP) and Aetna coverages. An additional amount is required for those retirees, under age sixty-five (65), who opt to participate in the "buy-up plan" for retirees and their dependents.

Retirees - The Authority presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis and, as shown above, receives annual contributions from retirees to offset a portion of this annual cost.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Authority is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$14,470 at an unfunded discount rate of 5%. As stated above, the Authority has funded the cost of existing retirees in the amount of \$4,625, and in 2008, the Authority has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability. The Authority plans to begin funding a portion of this outstanding liability in 2009.

Annual OPEB Cost - For 2010, the Authority's annual OPEB cost (expense) of \$13,763 for the plan was equal to the ARC. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009, 2008 and 2007 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Pay as You Go Cost (Existing Retirees)</u>	<u>Net OPEB Obligation</u>	<u>Percentage of Annual OPEB Cost Contributed</u>
2010	\$ 13,763	\$ 4,250	\$ 38,715	31%
2009	13,763	4,250	29,202	31%
2008	14,470	4,625	19,689	32%
2007	14,470	4,626	9,844	32%

Funded Status and Funding Progress - As of January 1, 2009, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was \$146,638, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$146,638. The covered payroll (annual payroll of active employees covered by the plan) was \$53,695. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for Health Benefits Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The actuarial assumptions included the following: a discount rate of five percent (5%) on future benefit costs; compensation increases of four percent (4%) per year; a medical cost trend rate of ten percent (10%) per year, reduced by decrements to an ultimate rate of five percent (5%) after ten years; turnover rate of twenty percent (20%) starting at age twenty (20) decreasing to a rate of one tenth of a percent (.1%) to age sixty (60); retirement rate of five percent (5%) starting at age fifty-five (55), increasing to ten percent (10%) for ages sixty (60) and sixty-one (61), fifteen (15%) for age sixty-two (62), five percent (5%) for ages sixty-three (63) through sixty-four (64), and ten percent (10%) for age sixty (65); and lastly, eighty percent (80%) of future retirees are assumed to have dependent coverage.

In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Authority will engage an actuarial consultant during 2011 to update its present analysis.

11. INDENTURES OF TRUST

The Authority is subject to the provisions of the following Indentures of Trust: Revenue Refunding Bonds of 1998 with TD Bank NA (as successor trustee to Commerce Bank NA), dated July 1, 1998; and the Revenue Bonds of 1999 with TD Bank NA, dated December 1, 1999; and the Revenue Refunding Bonds of 2008, with TD Bank, National Association as Trustee, dated July 25, 2008 and the Revenue Refunding Bonds of 2010 and the 2010 Revenue Bonds (Series D), with TD Bank National Association as Trustee dated May 15, 2010 and July 15, 2010, respectively (collectively the "Bond Resolution"); and the 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 TD Bank NA, dated December 1, 2001. The Bond Resolution requires the maintenance of the following accounts:

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

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

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

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

Rebate Fund - This *restricted* account was established in accordance with Section 6.07 of the Bond Resolution 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 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 at least \$3,000.

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

12. FUNDED AND LONG-TERM DEBT

At December 31, 2010 the Authority had \$1,383,310 in Revenue, Revenue Refunding, and Port District Project Bonds outstanding, consisting of bonds issued in 1998, 1999, 2001, 2008 and 2010. 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 pursuant 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 Revenue 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. The 2008 Revenue Refunding Bonds were issued pursuant to the Indenture of trust dated July 1, 1998, as supplemented by a Fourth Supplemental Indenture dated October 1st, 2007 and a Fifth Supplemental Indenture dated July 15th, 2008. The 2010 Revenue Refunding Bonds were issued pursuant an Indenture of Trust dated as of July 1, 1998 as previously supplemented by five supplemental indentures thereto and as further supplemented by a Sixth Supplemental Indenture dated as of March 15, 2010. The 2010 Revenue Bonds are being issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, National Association, Cherry Hill, New Jersey, as successor to Commerce Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998, a Second Supplemental Indenture, dated as of August 15, 1998, a Third Supplemental Indenture, dated as of December 1, 1999, a Fourth Supplemental Indenture, dated as of October 1, 2007, a Fifth Supplemental Indenture, dated as of July 15, 2008, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010 (collectively, the "1998 Revenue Bond Indenture")

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, Series B, serial bonds outstanding at December 31, 2010 are as follows:

	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
	2011	5.25%	\$ 2,365
Total 1998 Refunding Bonds			2,365
Plus unamortized bond premium and defeasance loss			-
Total 1998 Refunding Bonds, net			\$ 2,365

The 1998 Revenue Refunding Bonds, together with the Authority's 1999 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 Funds established under the 1998 Revenue Bond Indenture, except for the 1998 General Fund and the 1998 Rebate Fund. With the defeasance of the Authority's Revenue Bonds, Series of 1995 (the "1995 Revenue Bonds"), the 1999 Revenue Bonds are now secured by a lien on or security interest in the Net Revenues of the Authority.

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 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 Revenue Refunding Bonds Series B or portions thereof to be redeemed as set forth below, together with accrued interest to the redemption date:

<u>Optional Redemption Dates (Inclusive)</u>	<u>Redemption Price</u> <u>1998 Refunding Bonds, Series B</u>
January 1, 2009 through December 31, 2009	101.00%
January 1, 2010 and thereafter	100.00%

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.

1998 Port District Project Bonds - On September 2, 1998, the Authority issued \$84,705 of 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 Port District 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 Port District 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 outstanding at December 31, 2010 are as follows:

<u>Maturity Date (January 1)</u>	<u>Interest Rate / Yield</u>	<u>Principal Amount</u>	<u>Maturity Date (January 1)</u>	<u>Interest Rate / Yield</u>	<u>Principal Amount</u>
Serial Bonds					
			2012	4.75%	\$ 2,720
			2013	5.00%	2,845
			2014	4.75%	2,990
2011	4.63%	\$ 2,600	2015	5.00%	<u>3,130</u>
					<u>14,285</u>
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%	<u>5,330</u>
					<u>46,510</u>
Total par value of 1998 Port District Project Bonds Outstanding					60,795
Less unamortized bond discount					<u>(319)</u>
Total 1998 Port District Project Bonds, net					<u>\$ 60,476</u>

The 1998 Port District Project Bonds are 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:

<u>Optional Redemption Dates (Inclusive)</u>	<u>Redemption Price Port District Project Bonds</u>
January 1, 2009 and thereafter	100.00%

1999 Revenue Bonds - On December 22, 1999, the Authority issued \$422,310 of Revenue Bonds of 1999 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 1999 Revenue Bonds outstanding at December 31, 2010 are as follows:

<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
Serial Bonds					
			2011	5.50%	\$ 16,230
			2012	5.50%	12,110
			2012	5.25%	5,000
			2013	5.63%	18,055
			2014	5.75%	1,170
			2014	5.40%	<u>5,000</u>
Total par value of 1999 Revenue Bonds					57,565
Less unamortized bond discount					<u>(466)</u>
Total 1999 Revenue Bonds, net					<u>\$ 57,099</u>

Optional Redemption - The 1999 Revenue Bonds are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2010, 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 as specified by the Authority, and within a maturity as allocated by the Trustee or by lot (and, if 1999 Revenue Bonds of a maturity bear interest at different rates, as allocated by the Trustee or by lot among 1999 Revenue Bonds of the interest rate or rates specified by the Authority) at a redemption price equal to 100% of the principal amount of such 1999 Revenue Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date. On March 31st, 2010, the Authority partially redeemed \$349,360 in bonds with the issuance of \$350 million in 2010 Revenue Refunding Bonds.

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

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

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

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

The 1999 Port District Project Bonds outstanding at December 31, 2010 are as follows:

<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
Series A Bonds					
			2011	7.46%	\$ 2,740
			2012	7.50%	2,950
			2013	7.54%	3,170
					8,860
Term Bonds					
2014	7.63%	\$ 3,405	2018	7.63%	\$ 4,570
2015	7.63%	3,665	2019	7.63%	4,920
2016	7.63%	3,945	2020	7.63%	5,295
2017	7.63%	4,245	2021	7.63%	1,035
					31,080

<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
Series B Bonds					
2021	5.70%	\$ 13,060	2022	5.70%	\$ 16,930
			2023	5.70%	17,895
					47,885
Term Bonds					
2024	5.63%	\$ 18,915	2025	5.63%	\$ 19,980
			2026	5.63%	21,100
					59,995
Total par value of 1999 Port District Project Bonds					147,820
Less unamortized bond discount					(1,958)
Total 1999 Port District Project Bonds, net					\$ 145,862

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

The Series B Port District Project Bonds shall be subject to redemption prior to maturity on or after January 1, 2010, 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 a redemption price equal to 100% of the principal amount of such Series B Port District Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

2001 Port District Project Bonds - On December 27, 2001, the Authority issued \$128,395 of Port District Project Refunding Bonds, Series A of 2001, and \$31,180 Port District Project Bonds, Series B of 2001. 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, 2010 are as follows:

<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
Series A Refunding Bonds (Federally Taxable)					
			2015	5.50%	\$ 7,260
			2016	5.50%	7,660
			2017	5.50%	8,080
			2018	5.50%	8,525
			2019	5.10%	8,995
2011	5.25%	\$ 5,935	2020	5.10%	9,450
2012	5.25%	6,255	2021	5.10%	1,580
2013	5.50%	5,570	2022	5.13%	1,300
2014	5.50%	6,880	2023	5.15%	1,300
					\$ 78,790
Term Bonds					
2024	5.20%	\$ 1,300	2026	5.20%	\$ 1,300
2025	5.20%	1,300	2027	5.20%	12,900
					16,800
Total par value of Series A Refunding Bonds					95,590
Plus unamortized bond premium					1,911
Total 2001 Series A Refunding Bonds, net					\$ 97,501

<u>Maturity Date (January 1)</u>	<u>Interest Rate / Yield</u>	<u>Principal Amount</u>	<u>Maturity Date (January 1)</u>	<u>Interest Rate / Yield</u>	<u>Principal Amount</u>
Series B Refunding Bonds					
			2017	5.00%	\$ 1,470
2011	4.50%	\$ 1,115	2018	5.00%	1,540
2012	4.60%	1,165	2019	5.10%	1,620
2013	4.63%	1,215	2020	5.10%	1,700
2014	4.75%	1,270	2021	5.10%	1,785
2015	4.85%	1,335	2022	5.13%	1,880
2016	5.00%	1,400	2023	5.15%	<u>1,975</u>
					\$ 19,470
Term Bonds					
2024	5.20%	\$ 2,075	2025	5.20%	<u>\$ 2,185</u>
					<u>4,260</u>
Total par value of Series B Bonds					23,730
Less unamortized bond discount					<u>(232)</u>
Total 2001 Series B Bonds, net					<u>23,498</u>
Total 2001 Port District Project Bonds, net					<u>\$ 120,999</u>

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 monies, 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.

Optional Redemption - 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.

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

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

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

in the 1998 General Fund and the 1998 Rebate Fund. The 2008A Letter of Credit (as defined herein) secures only the 2008A Revenue Refunding Bonds and the 2008B Letter of Credit (as defined herein) secures only the 2008B Revenue Refunding Bonds.

The 2008 Revenue Refunding Bonds outstanding at December 31, 2010 are as follows:

Series A			Series B		
<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
2026	Variable	\$ 164,400	2026	Variable	\$ 182,670
Total par value of 2008 Revenue Refunding Bonds					347,070
Less loss on defeasance					<u>(8,337)</u>
Total 2008 Revenue Refunding Bonds, net					<u>\$ 338,733</u>

Interest Rate Mode: Weekly

Rate Determination Date: Generally each Wednesday

Interest Payment Dates: First Business Day of each month

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

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

Sinking Fund Installments

<u>January 1</u>	<u>Series A</u>	<u>Series B</u>	<u>Total</u>
2009	\$ 10	\$ 10	\$ 20
2010	5,250	5,835	11,085
2011	5,535	6,155	11,690
2012	7,115	7,910	15,025
2013	7,505	8,340	15,845
2014	7,915	8,795	16,710
2015	8,345	9,275	17,620
2016	8,800	9,775	18,575
2017	9,280	10,310	19,590
2018	9,785	10,870	20,655
2019	10,315	11,465	21,780
2020	10,880	12,090	22,970
2021	11,475	12,745	24,220
2022	12,100	13,440	25,540
2023	12,755	14,175	26,930
2024	13,455	14,945	28,400
2025	14,185	15,760	29,945
2026	<u>14,955</u>	<u>16,620</u>	<u>31,575</u>
	<u>\$169,660</u>	<u>\$188,515</u>	<u>\$358,175</u>

2010 Revenue Refunding Bonds – On March 31st, 2010 The Delaware River Port Authority issued \$350,000 in Revenue Refunding Bonds, Series A of 2010, Revenue Refunding Bonds, Series B of 2010 and Revenue Refunding Bonds, Series C of 2010. The 2010 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust dated as of July 1, 1998 by and between the Authority and TD Bank, National Association, Cherry Hill, New Jersey, as successor to Commerce Bank, National Association ("Trustee"), as previously supplemented by five supplemental indentures thereto and as further supplemented by a *Sixth Supplemental Indenture* ("*Sixth Supplemental Indenture*") dated as of March 15, 2010 (collectively, "1998 Revenue Bond Indenture"). The 2010 Revenue Refunding Bonds were issued to provide funds, together with other available funds, to (i) currently refund \$349,360 aggregate principal amount of the Authority's outstanding Revenue Bonds, Series of 1999, (ii) fund any required deposit to the 1998 Debt Service Reserve Fund (defined herein), and (iii) pay the costs of issuance of the 2010 Revenue Refunding Bond

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

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

Interest Rate Mode: Weekly

Rate Determination Date: Generally each Wednesday

Interest Payment Dates: First Business Day of each month

Redemption Prior to Maturity

The 2010 Revenue Refunding Bonds shall be subject to redemption prior to maturity as follows:

Optional Redemption

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

Mandatory Sinking Fund Redemption

2010A Revenue Refunding Bonds

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

<u>Date</u> <u>(January 1)</u>	<u>Principal Amount</u>
2014	\$5,460,000
2015	8,700,000
2016	9,195,000
2017	9,730,000
2018	10,280,000
2019	10,875,000
2020	11,500,000
2021	12,160,000
2022	12,855,000
2023	13,595,000
2024	14,375,000
2025	15,200,000
2026	16,075,000

2010B Revenue Refunding Bonds

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

<u>Date</u> <u>(January 1)</u>	<u>Principal Amount</u>
2014	\$5,460,000
2015	8,700,000
2016	9,195,000
2017	9,730,000
2018	10,280,000

<u>Date</u> <u>(January 1)</u>	<u>Principal Amount</u>
2019	10,875,000
2020	11,500,000
2021	12,160,000
2022	12,860,000
2023	13,595,000
2024	14,375,000
2025	15,200,000
2026	16,070,000

2010C Revenue Refunding Bonds

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

<u>Date</u> <u>(January 1)</u>	<u>Principal Amount</u>
2014	\$1,825,000
2015	2,900,000
2016	3,070,000
2017	3,240,000
2018	3,430,000
2019	3,625,000
2020	3,830,000
2021	4,055,000
2022	4,285,000
2023	4,530,000
2024	4,790,000
2025	5,065,000
2026	5,355,000

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

The 2010 Revenue Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, National Association, Cherry Hill, New Jersey, as successor to Commerce Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998, a Second Supplemental Indenture, dated as of August 15, 1998, a Third Supplemental Indenture, dated as of December 1, 1999, a Fourth Supplemental Indenture, dated as of October 1, 2007, a Fifth Supplemental Indenture, dated as of July 15, 2008, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010 (collectively, the "1998 Revenue Bond Indenture"). The 2010 Revenue Bonds were issued for the purpose of: (i) financing a portion of the costs of the Authority's approved Capital

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

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

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

<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Interest</u> <u>Rate / Yield</u>	<u>Principal</u> <u>Amount</u>
Serial Bonds					
			2027	5.00%	\$ 3,465
			2028	5.00%	17,210
			2029	5.00%	18,070
			2030	5.00%	18,975
					<u>\$ 57,720</u>
Term Bonds					
			2035	5.00%	\$ 89,765
			2035	5.05%	20,335
			2040	5.00%	80,555
			2040	5.00%	60,000
					<u>\$ 250,655</u>
Total par value of 2010 Revenue Bonds					\$ 308,375
Less unamortized bond discount					<u>(599)</u>
Total 2010 Revenue Bonds, net					<u>\$ 307,776</u>

The 2010 Revenue Bonds are subject to redemption, as provided herein.

Optional Redemption

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

Mandatory Sinking Fund Redemption

The 2010 Revenue Bonds maturing January 1, 2035 and January 1, 2040 are subject to mandatory redemption prior to maturity by the Authority, in part, on January 1 of each year in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the Redemption Date from sinking fund installments which are required to be paid in amounts sufficient to redeem on January 1 of each year the principal amount of such 2010 Revenue Bonds specified for each of the years set forth below.

\$89,765,000 5.00% Term Bonds

<u>Year</u>	<u>Principal Amount of Mandatory Sinking Fund Redemption</u>
2031	\$16,245,000
2032	17,055,000
2033	17,905,000
2034	18,810,000
2035*	19,750,000

\$20,335,000 5.05% Term Bonds

<u>Year</u>	<u>Principal Amount of Mandatory Sinking Fund Redemption</u>
2031	\$3,675,000
2032	3,865,000
2033	4,060,000
2034	4,260,000
2035*	4,475,000

\$80,555,000 5.00% Term Bonds

<u>Year</u>	<u>Principal Amount of Mandatory Sinking Fund Redemption</u>
2036	\$14,575,000
2037	15,310,000
2038	16,075,000
2039	16,875,000
2040*	17,720,000

\$60,000,000 5.00% Term Bonds

<u>Year</u>	<u>Principal Amount of Mandatory Sinking Fund Redemption</u>
2036	\$10,860,000
2037	11,400,000
2038	11,970,000
2039	12,570,000
2040	13,200,000

Interest on the 1998, 1999, 2001 and 2010 Revenue Bonds is payable semi-annually on January 1 and July 1 in each year. Interest on the 2008 and 2010 Revenue Refunding Bonds is payable monthly on the first business day of each month. Interest expense includes interest on the bonds and amortization of bond discounts and loss on defeasance.

Total funded debt and long-term debt as of December 31, 2010 totaled \$1,383,310 of which \$42,675 is short term and \$1,340,635 is long term. The Authority is current on all of its monthly debt service payments on all obligations.

Debt Authorized but not Issued - In September 2009, as a result of UBS' exercise of its option on the underlying swaption, the Authority's Board approved Resolution DRPA-09-065 authorizing either the: refunding of the 1999 B Port District Project Bonds, cash settlement (termination), or issuance of any necessary interest rate agreements. The swap was terminated in January 2010, but no action with regards to refunding has occurred.

At its November 2009 Board meeting, the Authority's Board approved the following resolutions related to its outstanding bonds and its proposed "new money issuance" to fund its 2009 Capital Program:

1. DRPA-09-064 authorized the Authority to issue new revenue bonds, up to a maximum of \$510 million to fund a portion of the 2010 Capital Plan. (This resolution rescinded the earlier "new money" authorization passed in October 2008.) The new bonds can be issued as fixed or variable rate bonds, along with any interest rate hedge agreements, if necessary. The DRPA issued \$308 million in fixed rate bonds in July 2010, pursuant to this resolution.
2. DRPA-09-066 authorized the Authority to refund the 1999 Revenue Bonds (as either fixed or variable rate bonds), issue any necessary interest rate hedge agreements, if necessary, or to terminate the swap. These bonds were partially redeemed with the issuance of \$350 million in 2010 Revenue Refunding Bonds on March 31st, 2010.
3. DRPA-09-067 authorized the Authority to: refund the 1998B Port District Project Bonds, as tax exempt or taxable, fixed or variable rate bonds, to achieve debt service savings and to issue any necessary interest rate hedge agreements to hedge interest costs. (Note: No further actions have been taken with regards to these bonds)

Bond Ratings - Moody's Investors Service Bond Ratings - In September 2007, concurrent with the issuance of the 2007 Revenue Refunding Bonds, Moody's affirmed the Authority's existing underlying ratings on all revenue and port district project bonds (which were A3 and Baa3, respectively) and assigned a rating of A3 to the 2007 Revenue Refunding Bonds. In addition, Moody's revised its outlook on the Authority's bonds to "stable."

Concurrent with the issuance of \$358 million in Revenue Refunding Bonds on July 9, 2008, Moody's assigned an A3 rating to the new issue, with a "stable outlook." Moody's also affirmed the A3 ratings on all outstanding revenue bond debt issued under the 1998 Indenture, and its Baa3 ratings on all existing port district project bonds

Concurrent with the issuance of \$350 million in revenue refunding bonds on March 31, 2010, in its report dated March, 2010, Moody's assigned its A3 underlying ratings to the Authority's 2010 Revenue Refunding Bond Series A thru D. Moody's affirmed its 'A3' underlying ratings, on the Authority's existing revenue bond debt, and the 'Baa3' long term ratings on its PDP Bonds. The outlook was changed from "stable" to a negative outlook on all of the Authority's bonds.

Concurrent with the issuance of \$308.4 million in revenue bonds on July 15, 2010, in its report dated May 4, 2010, Moody's assigned its A3 underlying ratings to the Authority's 2010 Revenue Bonds (Series D). Moody's affirmed its 'A3' underlying ratings, on the Authority's existing revenue bond debt, and the 'Baa3' long term ratings on its PDP Bonds. All Authority bonds remain with a negative outlook.

Standard & Poor's Ratings Services Bond Ratings - On October 2, 2007, concurrent with the issuance of the 2007 Revenue Refunding Bonds, S&P affirmed the Authority's existing underlying BBB+ ratings on all revenue bonds and assigned a rating of BBB+ to the 2007 Revenue Refunding Bonds. S&P also affirmed its BBB- underlying ratings on all port district project bonds and revised its outlook on the Authority's bonds to "stable from negative."

On July 8, 2008, concurrent with the issuance of the 2008 Revenue Refunding Bonds described herein, S&P assigned its BBB+ rating to the new bonds. S&P also affirmed its BBB+ underlying ratings on all outstanding revenue bonds and revised its outlook on these bonds from "stable" to "positive." S&P also affirmed its BBB- ratings on all Port District Project Bonds, which carry a "stable" outlook.

On July 13th, 2009, S & P raised the underlying rate (SPUR) on all of the Authority's revenue / revenue refunding bonds from BBB+ to A- with a stable outlook. S & P reaffirmed the existing BBB- ratings on the port district project bonds with "positive outlook".

Concurrent with the issuance of \$350 million in revenue refunding bonds on March 31, 2010, in its report dated February 24, 2010, S&P assigned its 'A-' underlying rating (SPUR) to the Authority's 2010 Revenue Refunding Bond Series A thru C. S&P affirmed its 'A- underlying ratings, on the Authority's existing revenue bond debt, and the 'BBB'- long term ratings on its PDP Bonds. The outlook remained as "stable".

Concurrent with the issuance of \$308.4 million in revenue bonds on July 15, 2010, in its report dated May 4, 2010, S&P assigned its 'A-' underlying rating (SPUR) to the Authority's 2010 Revenue Bonds (Series D). S&P affirmed its 'A- underlying ratings, on the Authority's existing revenue bond debt, and the 'BBB'- long term ratings on its PDP Bonds. The outlook remains as "stable" on all of the Authority's bonds.

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

		<u>Long-term</u>	<u>Short-term</u>
2008A Revenue Refunding Bonds	Moody's: S&P:	Aaa AA+	VMIG 1 A-1+
2008B Revenue Refunding Bonds	Moody's: S&P:	Aaa AA-	VMIG 1 A-1+

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

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

In May 2009, the Authority was advised that Standard & Poor's Ratings Services has updated its methodology and assumptions for rating "jointly supported obligations" when each obligor is fully responsible for the entire obligation. In this situation, a default on the obligation would occur only if both obligors default. As a result, in its report dated April 22, 2009 ("List of U.S. Public Finance Ratings Placed on CreditWatch Positive As A Result of Joint-Supported Criteria Update"), S&P changed its ratings on the 2008 Revenue Refunding Bonds (Series A), supported by a Letter of Credit by Bank of America, N.A., from AA+/A-1+ to A+/A-1.

13. DEFEASANCE OF DEBT

On October 4, 2007, the Authority issued 2007 Revenue Refunding Bonds at par value in the amount of \$358,195 with a variable interest rate to finance the current refunding of \$357,185 aggregate principal amount of the Authority's Revenue Bonds, Series of 1995, with interest rates ranging from 5.30% to 5.50%. The Revenue Bonds, Series of 1995, mature on January 1, 2026 and were callable during 2007 at 101.00% and at par as of January 1, 2008.

In addition, on July 25, 2008, the Authority issued the 2008 Revenue Refunding Bonds at par value in the amount of \$358,175 with a variable interest rate to finance the current refunding of the Authority's 2007 Revenue Refunding Bonds, with a par value of \$358,175 and a variable interest rate. The Authority issued the 2008 Revenue Refunding Bonds (as variable rate demand bonds) in response to sharply higher interest rates and instability in the auction rate securities market. The 2007 Revenue Refunding Bonds mature on January 1, 2026 and were callable during 2008 at 100% and at par as of January 1, 2008.

As a result of the current refunding of the 2007 Revenue Refunding Bonds, the Authority incurred a loss on defeasance of \$9,564, which has been recorded as a contra-asset account against the noncurrent liability of bonded debt, and is being amortized as a component of interest expense over the life of the newly issued, refunding debt.

14. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2010, there was one series of Charter School Project Bonds outstanding, issued for the LEAP Academy Charter School, Inc. The corresponding aggregate principal totaling \$8,500 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements. The following schedule details the series together with the amount outstanding:

Deleted: December 31, 2009

<u>Issue</u>	<u>Issue Date</u>	<u>Issued Amount</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Charter School Project Bonds, Series 2003	09/01/03	\$ 8,500	\$ 8,500	-	\$ 680	\$ 7,820

15. GOVERNMENT CONTRIBUTIONS FOR CAPITAL IMPROVEMENTS, ADDITIONS AND OTHER PROJECTS

The Authority receives contributions in aid for financing capital improvements to the rapid transit system from the Federal Transit Administration and New Jersey Transit. Capital improvement grant funds of \$19,603 and \$11,443 were received in 2010 and 2009, respectively. The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances under terms of the grants, it is the opinion of management that any required reimbursements will not be material to the Authority's net assets.

16. CONTINGENCIES

Public liability claim exposures are self-insured by the Authority within its retention limit of \$5 million per occurrence, after which, exists \$25 million of excess liability insurance per occurrence to respond to any large losses exceeding the retention. The Authority, excluding PATCO, self-insures the initial \$1 million, 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 reviews annually and where appropriate adjusts policy loss limits and deductibles as recommended by our insurance consultants 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.

Self-insurance

	<u>2009</u>	<u>2008</u>
Beginning balance	\$ 5,086	\$ 4,761
Incurred claims	2,150	3,900
Payment of claims	(2,665)	(3,650)
Other - administrative fees, recoveries	-	75
	\$ 4,571	\$ 5,086
Ending balance	\$ 4,571	\$ 5,086

17. 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 \$1,345 for its economic development loans outstanding.

In support of various economic development projects, the Authority had entered into loan guarantees with various banks to complete the financing aspects of a particular project. The Authority's Board has authorized loan guarantees in an amount not to exceed \$27,000.

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

FastShip Loan Guaranty - Since 1994, the Authority has guaranteed a \$3.5 million loan from Mellon Bank to FastShip, which guarantee is now held by Citizens Bank. No revenues or assets of the Authority have been pledged to secure the guarantee. The guarantee has been extended on several occasions and it remains in full force. In May of 2010, Citizens Bank demanded payment under the guarantee. On June 30th, 2010, as a result of discussions between the Authority and Citizens Bank, the Authority made a payment of \$3.54 million from its 1998 General Fund in full satisfaction of the Authority's obligation under the guarantee. As a result of such payment the guarantee has been terminated. And the Authority has no further obligations to Citizens Bank with regard to FastShip. The Authority has acquired Citizens Bank security priority.

As of December 31, 2010, the Authority had executed loan guarantees with various banks, totaling \$21,500. The loan guarantees include: L3 Communications (\$10.0 million), World Trade Center (\$8.0 million), and the Home Port Alliance (\$1.0 million). These guarantees all remain in force; however, the Authority has made no cash outlays relating to these guarantees.

B. Leases - 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 2010, the base rent payable to the City totaled \$2,973 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1998 and 2008. Base rent payments for 2010 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 commitments, based on current operations and including future adjustments for CPI, are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 3,862
2012	3,958
2013	4,057
2014	4,158

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

The Letter of Credit with Wachovia Bank is for a four-year term in the amount of \$5,000 with an expiration date of May 7, 2011. The Letter of Credit with TD Bank, N.A. (formerly Commerce Bank) is in an initial amount of \$3,015 and automatically increases annually each May in the amount of \$816 until its expires on May 7, 2011.

As of December 31, 2010, the unused amount of the Letter of Credits totaled \$8,830. No draw downs have been made against any Letter of Credit.

Direct Pay Letters of Credit (2008 Revenue Refunding Bonds)

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

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

As described in the Official Statement for the 2008 Revenue Refunding Bonds, "any draw under a Letter of Credit for principal, interest or Purchase Price creates a reimbursement obligation on the part of the Authority that is secured by the 1998

Revenue Bond Indenture on a parity basis with the 2008 Revenue Refunding Bonds.” (Additional information related to this transaction and the accompanying Letters of Credit can be found under Note 12)

The 2008 Direct Pay Letters of Credit were renewed with the Bank of America and TD Bank N.A, in July 2010 for a three-year period ending in July 2013. Pursuant to the *Amendatory Agreements to the respective Reimbursement Agreement* with each bank, the Authority cannot request a replacement DPLOC prior to July 2012, unless a termination fee is paid to the banks.

Direct Pay Letters of Credit (2010 Revenue Refunding Bonds)

The Authority's 2010 Revenue Refunding Bonds (Series A, B and C), are secured by irrevocable transferable Direct Pay Letters of Credit (DPLOC) issued by three credit providers, the Bank of America, N.A., JP Morgan Chase Bank, National Association and PNC Bank, National Association in the initial amounts of \$152.6 million, \$152.6 million and \$50.9 million, respectively. The Authority entered into separate Reimbursement Agreements with each credit provider to facilitate the issuance of said DPLOCs.

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

Each Letter of Credit will expire on the earliest to occur of any of the following under the applicable Letter of Credit (the "Termination Date"): (i) the close of business on March 29, 2013 or if such date is extended pursuant to the terms of the corresponding Reimbursement Agreement, the date as so extended; (ii) earlier of (A) the date which is five (5) days following the date on which all of the applicable Series of 2010 Revenue Refunding Bonds are converted to a mode other than the Weekly Mode or (B) the date on which the Credit Provider honors a drawing under the Letter of Credit on or after the Conversion Date (as defined in each Letter of Credit); (iii) the date which is five (5) days following receipt by the Credit Provider of written notice from the Authority that no 2010 Revenue Refunding Bonds of the applicable Series remain outstanding, within the meaning of the 1998 Revenue Bond Indenture, all drawings required to be made under the 1998 Revenue Bond Indenture and available under the Letter of Credit have been made and honored or an Alternate Credit Enhancement has been issued to replace the Letter of Credit pursuant to the 1998 Revenue Bond Indenture and the Reimbursement Agreement; and (iv) the date which is fifteen (15) days following the date the Trustee receives a written notice from the Credit Provider specifying the occurrence of an "Event of Default" under the Reimbursement Agreement and directing the Trustee to cause a mandatory tender of the applicable Series of 2010 Revenue Refunding Bonds. (Additional information related to this transaction and the accompanying Letters of Credit can be found under Note

E. *Contractual Commitments* - As of December 31, 2010, the Authority had contractual commitments as follows (in thousands):

	Total
Benjamin Franklin Bridge:	
Deck truss rehabilitation	\$17,714
Part time & temporary toll collectors	2,937
Structural improvements	10,656
Engineering services - program management	11,914
Engineering services - task orders	4,408
Other	4,159
Walt Whitman Bridge:	
Permit vehicle staging area	1,927
Deck condition assessment and design	119,565
Replacing of variable message signs	357
Other	881
Commodore Barry Bridge:	
Structural repairs	20,441
Fender replacement	2,141
Lighting and security improvements	1,420
Other	504
Betsy Ross Bridge:	
Structural repairs	15,001
Other	134
PATCO System:	
Lindenwold yard diamond crossover	1,906
Car overhaul program	200,674
Power cable and pole line replacement	21,261
Track rehab across BFB	2,747
Bridge painting and structural repairs	6,928
Parking lots paving and repairs	1,639
Concourse improvements	4,938
Other	2,982
Other:	
Delaware River tram & riverfront development	10,074
Cruise terminal and ferry operations	345
	\$467,653

18. BRIDGE AND PATCO FARE SCHEDULES

At its monthly August 2008 commission meeting, the Authority's Board approved changes to the DRPA's bridge toll schedule and PATCO's passenger fare schedule. The increases were enacted to fund the Authority's on-going 5-year \$ 1.1 billion capital plan. (The Board Resolution includes language stating that no proceeds from toll schedule changes can be used for regional economic development purposes.) Effective September 14, 2008 tolls for passenger cars increased from \$3 to \$4, with commercial truck pricing increasing by \$1.50 /axle, across all commercial vehicle classes. The commuter discount was adjusted to provide commuters with a \$12 discount for 18 trips during the month and the E-ZPass discount for commercial vehicles was eliminated. (The commuter discount will ultimately be phased out in 2011). Senior citizen discount program was restructured to include an increase of the toll from \$1 to \$2 for manual tolls. Senior citizens utilizing E-ZPass are subject to a \$1.75 toll, a discount of \$0.25 per trip. As of December 31, 2008, sale of the senior discount coupons were discontinued, although coupons can still be used.

The toll schedule is shown below:

	<u>Old Schedule</u>	<u>New Schedule</u>	<u>Increase</u>
Class 1 - Motorcycle	\$2.00	\$4.00	\$2.00
Class 2 - Automobile	3.00	4.00	1.00
Class 3 - Two Axle Trucks	9.00	12.00	3.00
Class 4 - Three Axle Trucks	13.50	18.00	4.50
Class 5 - Four Axle Trucks	18.00	24.00	6.00
Class 6 - Five Axle Trucks	22.50	30.00	7.50
Class 7 - Six Axle Trucks	27.00	36.00	9.00
Class 8 - Bus	4.50	6.00	1.50
Class 9 - Bus	6.75	9.00	2.25
Class 10 - Senior Citizen (With 2 Tickets Only)	1.00	2.00	1.00
Class 13 - Auto w/trailer (1 axle)	5.25	6.00	0.75

Effective September 1st, 2009, the commuter discount was adjusted to prorate commuters with a six dollar for eighteen trip discount during the month. The commuter discount program was scheduled to end as of September 2010.

At its 2009 December Board meeting the Authority's Board approved a 10-month delay in the implementation of the previously scheduled September 1, 2010 toll increase. The next toll increase is scheduled for July 1, 2011 implementation.

On August 25th, 2010, the Authority's Board approved a resolution to postpone the: 1) Elimination of the E-ZPass commuter discount (\$6/18 trips), 2) elimination of the green discount and the, 3) \$0.25 increase in senior citizens discount until July 1st, 2011.

PATCO Passenger Fares: In addition, effective September 14th, PATCO's passenger fares increased by 10% across all zones. The new fare schedule is shown below:

	<u>Old Schedule</u>	<u>New Schedule</u>	<u>Increase</u>
Lindenwold/Ashland/Woodcrest	\$2.45	\$2.70	\$0.25
Haddonfield/West Haddonfield/Collingswood	2.15	2.35	0.20
Ferry Avenue	1.85	2.05	0.20
New Jersey	1.30	1.45	0.15
City Hall/Broadway/Philadelphia	1.15	1.25	0.10
Off-peak Reduced Fare Program	0.57	0.62	0.05

As noted above, PATCO has a federally mandated reduced off-peak fare program for "elderly persons and persons with disabilities." These off-peak rates increased from \$0.57/trip to \$0.62/trip.

At its December 2009 Board meeting the Authority's Board approved a four (4) month delay in the implementation of the previously scheduled September 1, 2010 fare increase. The next 10% passenger fare increase is now scheduled for July 1, 2011.

19. SUBSEQUENT EVENTS

US Vision Loan – As of December 31, the DRPA had a loan receivable from US Vision in the amount of \$ 2.03 million. In February 2011, the Authority was advised that US Vision was interested in fully repaying its loan which was restructured based on a May 2010 Board Resolution. U.S. Vision repaid the remaining loan balance and all accrued interest, in its entirety, on March 23, 2011.

Cruise Terminal – In its Board Resolution DRPA# 11-003 dated January 5, 2011, the Authority's Board approved the closure of the Cruise Terminal in mid-2011, pending completion of a contractual agreement with The Philadelphia Authority for Industrial Development. DRPA has budgeted expenses assuming a six-month phase out of the operation. The capital investment in the Cruise Terminal totaled \$ 20.8 million through December 31, 2010. DRPA will reflect the Cruise Terminal as a discontinued operation in its 2011 financials, once the facility has closed.

DELAWARE RIVER PORT AUTHORITY
CASH
DECEMBER 31, 2010

Schedule 1

REVENUE FUND:

Cash on hand:			
Change funds for bridges	\$10,000.00		
Undeposited tolls and ticket sales	<u>981,365.46</u>	<u>991,365.46</u>	
Sovereign Bancorp		(62,182.80)	
TD Bank N.A.		2,130,674.47	
Bank of America		773,596.54	
Bank Of New York Mellon		(101,662.00)	
Wells Fargo Bank		<u>(26,401.92)</u>	\$3,705,389.75

1998 PORT DISTRICT PROJECT FUND:

Sovereign Bancorp	4,107.65
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1999 PORT DISTRICT PROJECT FUND:

Wachovia Bank	473,157.54
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1999 PROJECT FUND:

Sovereign Bancorp	59,565.78
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GENERAL FUND:

Cash on hand - change and working funds for PATCO Transit			
System Stations		235,351.35	
Wells Fargo Bank		326,882.94	
Sovereign Bancorp		64,015.75	
TD Bank N.A.		<u>(127,439.06)</u>	<u>498,810.98</u>
Total			<u>\$4,741,031.70</u>

**DELAWARE RIVER PORT AUTHORITY
INVESTMENTS
DECEMBER 31, 2010**

Schedule 2

	<i>Par Value</i>	<i>Fair Value</i>
REVENUE FUND:		
AIM Money Market	\$ 12,613,057	12,613,056.70
Mellon Bank Money Market	<u>784,000</u>	<u>784,000.00</u>
	\$ 13,397,057	13,397,056.70
MAINTENANCE RESERVE FUND (Restricted):		
FNMA Pool # 466682 due 1/3/11	\$ 3,013,000	3,013,000.00
Goldman Sachs Money Market	<u>1,084,421</u>	<u>1,084,421.35</u>
	\$ 4,097,421	4,097,421.35
1998 DEBT SERVICE FUND (Restricted):		
Goldman Sachs Money Market	\$ 2,428,959	2,428,958.85
	\$ 2,428,959	2,428,958.85
1998 PORT DISTRICT DEBT SERVICE FUND (Restricted):		
Federated Treasury Obligations Fund	\$ 7,567,416	7,567,416.34
	\$ 7,567,416	7,567,416.34
1999 DEBT SERVICE FUND (Restricted):		
Goldman Sachs Money Market	\$ 17,817,576	17,817,575.90
	\$ 17,817,576	17,817,575.90
1999 PDP DEBT SERVICE FUND (Restricted):		
Federated Treasury Cash Series II	\$ 7,941,358	7,941,357.53
	\$ 7,941,358	7,941,357.53
2001 PORT DISTRICT DEBT SERVICE FUND (Restricted):		
Goldman Sachs Money Market	\$ 10,187,268	10,187,267.91
2010 DEBT SERVICE FUND (Restricted):		
Goldman Sachs Money Market	\$ 7,116,092	7,116,092.11
2008 DEBT SERVICE FUND (Restricted):		
Goldman Sachs Money Market	\$ 12,214,559	12,214,558.72
1998B BOND RESERVE FUND (Restricted):		
Goldman Sachs Money Market	\$ 39,514,838	39,514,837.82
Natexis Banques Commercial Paper due 1/3/11	<u>40,830,000</u>	<u>40,830,000.00</u>
	\$ 80,344,838	80,344,837.82
2010 REVENUE REFUNDING DEBT SERVICE FUND (Restricted):		
Goldman Sachs Money Market	\$ 533,239	533,239.28
1999 PDP BOND RESERVE FUND (Restricted):		
Federated Treasury Cash Series II	\$ 479,171	479,170.97
Natexis Banques Commercial Paper due 1/3/11	<u>10,745,000</u>	<u>10,745,000.00</u>
	\$ 11,224,171	11,224,170.97

**DELAWARE RIVER PORT AUTHORITY
INVESTMENTS
DECEMBER 31, 2010**

Schedule 2

	<i>Par Value</i>	<i>Fair Value</i>
1998 PORT DISTRICT DEBT SERVICE RESERVE FUND (Restricted):		
Federated Treasury Obligations Fund	\$ <u>6,714,373</u>	<u>6,714,373.45</u>
	\$ <u>6,714,373</u>	<u>6,714,373.45</u>
2001 PORT DISTRICT DEBT SERVICE RESERVE FUND (Restricted):		
Goldman Sachs Money Market	\$ <u>13,573,321</u>	<u>13,573,321.38</u>
	\$ <u>13,573,321</u>	<u>13,573,321.38</u>
GENERAL FUND:		
AIM Money Market	\$ 93,684,237	93,684,236.60
TD BankNorth Money Market	1,537,777	1,537,777.30
Commonwealth Cash Reserve Money Market	8,896,155	8,896,155.33
UBS Investments	29,506,347	29,741,177.79
Morgan Stanley / Dean Witter Investments	26,170,059	25,568,369.96
Swarthmore Group Investments	50,385,469	50,639,834.84
Haverford Trust Investments	5,133,385	5,127,145.29
Haverford Trust C/D	6,308,666	6,308,666.33
TD Bank Investment Account	36,118,292	36,118,291.70
US Treasury Bills	<u>2,655,000</u>	<u>2,654,692.40</u>
	\$ <u>260,395,387</u>	<u>260,276,347.54</u>
1998 PORT DISTRICT PROJECT FUND:		
Commonwealth Cash Reserve Money Market	\$ <u>3,968,552</u>	<u>3,968,551.87</u>
	\$ <u>3,968,552</u>	<u>3,968,551.87</u>
1999 PORT DISTRICT PROJECT FUND		
TD Bank C/D due 1/31/11	\$ <u>23,859,216</u>	<u>23,859,216.14</u>
	\$ <u>23,859,216</u>	<u>23,859,216.14</u>
2001 PORT DISTRICT PROJECT FUND:		
TD Bank C/D due 1/31/11	\$ <u>7,100,007</u>	<u>7,100,006.61</u>
	\$ <u>7,100,007</u>	<u>7,100,006.61</u>
2010 PROJECT FUND:		
TD Bank C/D due 1/31/11	\$ <u>165,113,187</u>	<u>165,113,187.14</u>
	\$ <u>165,113,187</u>	<u>165,113,187.14</u>
Total investments	\$ <u>655,593,997</u>	<u>655,474,957.61</u>

DELAWARE RIVER PORT AUTHORITY

Schedule 3

INTEREST INCOME BY FUND

	Year Ending	
	12/31/10	12/31/09
Revenue Fund	\$365,014.73	\$408,840.87
Maintenance Reserve Fund	147,862.43	149,159.23
1998 Port Project Fund	9,383.67	45,377.71
1999 Port Project Fund	139,080.21	407,392.08
2001 Port Project Fund	34,791.17	70,862.70
2010 Project Fund	77,759.14	0.00
1998 Debt Service Fund	97.38	245.50
1998 Port District Debt Service Fund	75,122.85	78,678.41
1999 Debt Service Fund	762.97	2,775.52
1999 Port District Debt Service Fund	7.75	159.67
2001 Port District Debt Service Fund	405.83	1,012.33
2010 Debt Service Fund A, B, C	22.23	0.00
2010 Debt Service Fund D	92.11	0.00
1998 Bond Reserve Fund	904,038.10	244,508.58
1999 Debt Service Reserve Fund	1,566,487.24	2,349,071.98
1998 Port Debt Service Reserve Fund	284,511.78	287,738.83
1999 Port Debt Service Reserve Fund	618,116.91	618,159.80
2001 Port Debt Service Reserve Fund	1,113.00	236,058.11
2008 Debt Service Fund	508.29	1,174.10
2008 Debt Service Reserve Fund	992.37	3,851.76
General Fund	4,177,231.89	4,355,066.90
	\$8,403,402.05	\$9,260,134.08

DELAWARE RIVER PORT AUTHORITY
BRIDGE REVENUES AND OPERATING EXPENSES
FOR THE PERIODS INDICATED

Schedule 4

	Year Ending		4th Quarter	
	<u>12/31/10</u>	<u>12/31/09</u>	<u>2010</u>	<u>2009</u>
BENJAMIN FRANKLIN BRIDGE				
Operating revenues:				
Bridge tolls	\$80,082,425.74	\$79,848,206.28	\$19,780,516.44	\$19,288,641.24
Other	<u>4,904,366.59</u>	<u>4,727,571.28</u>	<u>1,441,304.97</u>	<u>1,275,820.67</u>
Total operating revenues	84,986,792.33	84,575,777.56	21,221,821.41	20,564,461.91
Operating expenses	<u>18,806,560.39</u>	<u>17,647,217.57</u>	<u>5,771,315.72</u>	<u>4,966,150.49</u>
Net operating revenues	<u>\$66,180,231.94</u>	<u>\$66,928,559.99</u>	<u>\$15,450,505.69</u>	<u>\$15,598,311.42</u>
WALT WHITMAN BRIDGE				
Operating revenues:				
Bridge tolls	\$95,179,488.18	\$96,318,765.79	\$22,709,089.43	\$22,825,842.59
Other	<u>41,761.52</u>	<u>317,429.88</u>	<u>8,513.26</u>	<u>123,900.69</u>
Total operating revenues	95,221,249.70	96,636,195.67	22,717,602.69	22,949,743.28
Operating expenses	<u>17,293,188.42</u>	<u>16,561,656.25</u>	<u>4,766,508.07</u>	<u>4,419,193.02</u>
Net operating revenues	<u>\$77,928,061.28</u>	<u>\$80,074,539.42</u>	<u>\$17,951,094.62</u>	<u>\$18,530,550.26</u>
COMMODORE BARRY BRIDGE				
Operating revenues:				
Bridge tolls	\$38,006,471.83	\$37,391,159.57	\$9,246,059.68	\$9,181,606.61
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total operating revenues	38,006,471.83	37,391,159.57	9,246,059.68	9,181,606.61
Operating expenses	<u>8,113,856.62</u>	<u>7,563,817.65</u>	<u>2,360,902.29</u>	<u>1,948,797.51</u>
Net operating revenues	<u>\$29,892,615.21</u>	<u>\$29,827,341.92</u>	<u>\$6,885,157.39</u>	<u>\$7,232,809.10</u>
BETSY ROSS BRIDGE				
Operating revenues:				
Bridge tolls	\$30,610,168.80	\$29,061,633.87	\$7,740,765.76	\$7,303,199.81
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total operating revenues	30,610,168.80	29,061,633.87	7,740,765.76	7,303,199.81
Operating expenses	<u>8,758,609.75</u>	<u>8,696,991.60</u>	<u>2,462,069.43</u>	<u>2,427,586.07</u>
Net operating revenues	<u>\$21,851,559.05</u>	<u>\$20,364,642.27</u>	<u>\$5,278,696.33</u>	<u>\$4,875,613.74</u>
COMBINED TOTALS				
Operating revenues:				
Bridge tolls	\$243,878,554.55	\$242,619,765.51	\$59,476,431.31	\$58,599,290.25
Other	<u>4,946,128.11</u>	<u>5,045,001.16</u>	<u>1,449,818.23</u>	<u>1,399,721.36</u>
Total operating revenues	248,824,682.66	247,664,766.67	60,926,249.54	59,999,011.61
Operating expenses	<u>52,972,215.18</u>	<u>50,469,683.07</u>	<u>15,360,795.51</u>	<u>13,761,727.09</u>
Net operating revenues	<u>\$195,852,467.48</u>	<u>\$197,195,083.60</u>	<u>\$45,565,454.03</u>	<u>\$46,237,284.52</u>

**DELAWARE RIVER PORT AUTHORITY
ECONOMIC DEVELOPMENT ACTIVITY
FOR THE YEAR ENDING DECEMBER 31, 2010**

Schedule 5

	<i>Period Ended</i>		<i>2010 YTD Activity</i>
	<u>12/31/10</u>	<u>12/31/09</u>	<i>(New Loans and Principal Payments)</i>
ECONOMIC DEVELOPMENT LOANS:			
Cooper River Boathouse	\$ 884,985.88	\$ 927,541.05	(\$42,555.17)
Vintek Inc.	246,997.17	345,401.84	(98,404.67)
Camden Yards Steel Co.	74,900.82	135,721.00	(60,820.18)
LEAP Academy	2,103,947.35	2,305,399.53	(201,452.18)
Mutual Pharmaceutical	4,606.13	31,924.07	(27,317.94)
Packaging Coordinators	11,777.65	87,935.62	(76,157.97)
US Vision	2,026,923.84	2,026,923.84	-
Victor Lofts	2,976,761.78	2,976,761.78	-
Camden Aquarium	14,902,952.00	14,922,958.00	(20,006.00)
Home Line Furniture	305,176.46	336,937.60	(31,761.14)
Total Loans	<u>23,539,029.08</u>	<u>24,097,504.33</u>	<u>(\$558,475.25)</u>
 Provision for loan losses	 <u>(1,344,550.66)</u>	 <u>(1,344,550.66)</u>	 <u>-</u>
 Total Loans per Balance Sheet - Net	 <u><u>\$22,194,478.42</u></u>	 <u><u>\$22,752,953.67</u></u>	 <u><u>(\$558,475.25)</u></u>