2005

Comprehensive Annual Financial Report

FOR YEAR ENDED DECEMBER 31, 2005

People **FIRST**

DELAWARE RIVER
PORT AUTHORITY
of Pennsylvania & New Jersey

People FIRST

Service FIRST

Service is embedded in all that we do. It is the basis of our motto,
"We Keep the Region Moving!"

Community FIRST

Our community is vital to our success. We take great pride in the various community events that we sponsor with the hope that in some way we are enriching the lives of others.

Safety FIRST

At DRPA, safety is paramount. We have taken and continue to take extraordinary steps to maintain the safety and security of our facilities for the people of Southeastern Pennsylvania and Southern New Jersey.

Customers FIRST

Our goal is to provide excellent customer service.
To that end, our employees are held to the highest of standards for customer service.

Convenience FIRST

With four bridges, including one that has a pedestrian walkway, a public transit system and cross river transportation onboard the RiverLink Ferry, we offer several modes of transportation, making it convenient to travel between Pennsylvania and New Jersey.

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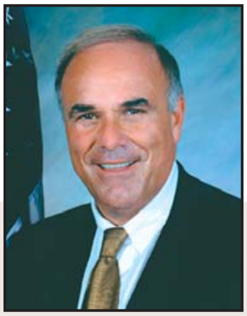
Chairman's LETTER



Hon. Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Hon. Richard J. Codey
Acting Governor
State of New Jersey

To Our Governors:

Thank you for the opportunity to present this report of the Delaware River Port Authority's 2005 activities and financial information. Furthering a trend begun in 2004, in 2005 we continued to maintain tight fiscal controls on all areas of Authority operations while realizing significant achievement and progress at the bridges, PATCO, ferry and cruise terminal.

With the Governors' support and the guidance from our Board of Commissioners, the Board and staff introduced a 2005 Operating Budget that remained relatively flat compared to the 2004 budget. Despite increases in health insurance and utility costs, the Authority was able to maintain a lean budget, without any changes to services or fare programs.

On the Board level, we saw the appointment of Philadelphia attorney Kenneth I. Trujillo to the Pennsylvania delegation. On the New Jersey delegation, we welcomed retired DRPA Police Sergeant Charles Fentress. Early in 2005, we were saddened by the passing of former Pennsylvania Commissioner G. Fred DiBona, Jr., an outstanding businessman and civic leader, who had served on the Board for approximately one year.

In 2005, we followed a steady course of fiscal restraint without compromising our commitment to our customers. In 2005, we hosted the largest ever Ben Franklin Bridge Challenge, a charity run/walk benefiting a school for disabled youth. With 32 cruises departing from the Philadelphia Cruise Terminal at Pier 1, 2005 marked a banner cruise season. We saw ridership climb on PATCO, and marked some traffic records across our bridges.

As 2005 came to a close, we saw Acting New Jersey Governor Richard J. Codey wind down his term. We thank Governor Codey for his leadership. Welcoming New Jersey's new Governor Jon S. Corzine in early 2006, we look forward to working with both he and Governor Edward G. Rendell of Pennsylvania as we face the many opportunities ahead.

In 2006, we will take on many exciting opportunities. At PATCO, we will be introducing the new fare collection system. At the bridges, we will continue to move forward with the Benjamin Franklin Bridge Steel Painting Project. At the Philadelphia Cruise Terminal at Pier 1, we will welcome our biggest season ever with 36 sailings.

We are pleased to have accomplished so much in 2005 and look forward to 2006 as we seek to advance even more. We will continue to hold ourselves to the highest standards of fiscal responsibility and customer service for the people of Southeastern Pennsylvania and Southern New Jersey.

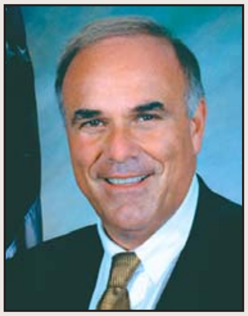
Sincerely,

John H. Estey
Chairman Designee

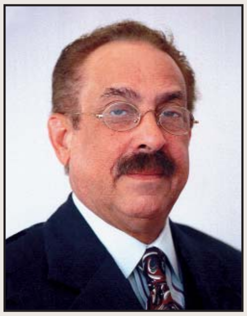
(Left) Installed at the Ben Franklin Bridge in 2000, the movable median barrier expands the bridge's traffic-flow capacity by enabling motorists to use all seven of the bridge lanes.

DRPA COMMISSIONERS

Pennsylvania



Hon. Edward G. Rendell
Chairman
Governor
Commonwealth of Pennsylvania



Robert W. Bogle
Publisher
The Philadelphia Tribune

Hon. Robert P. Casey, Jr.
State Treasurer
Commonwealth of Pennsylvania

Hon. Frank J. DiCicco
Councilman
City of Philadelphia

John J. Dougherty
Business Manager
IBEW Local Union #98

Hon. John M. Perzel
Speaker
House of Representatives
Commonwealth of Pennsylvania

Kenneth I. Trujillo, Esq.[1]
Attorney
Trujillo Rodriquez & Richards, LLC

Hon. Jack Wagner
Auditor General
Commonwealth of Pennsylvania

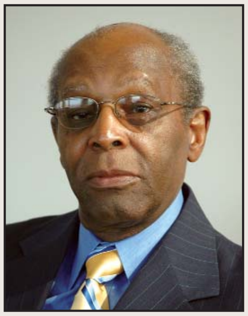
New Jersey

Jeffrey L. Nash
Vice Chairman
Director, Camden County
Board of Chosen Freeholders

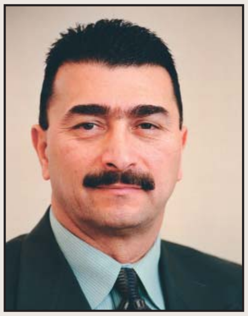
Vincent J. DeVito
President
United Food and Commercial
Workers Union Local 1245

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

Walter A. Lacey
Attorney/Broker
Byard Real Estate
Councilman Lawnside, NJ



Charles Fentress[2]
Retired Police Sergeant
Delaware River Port Authority



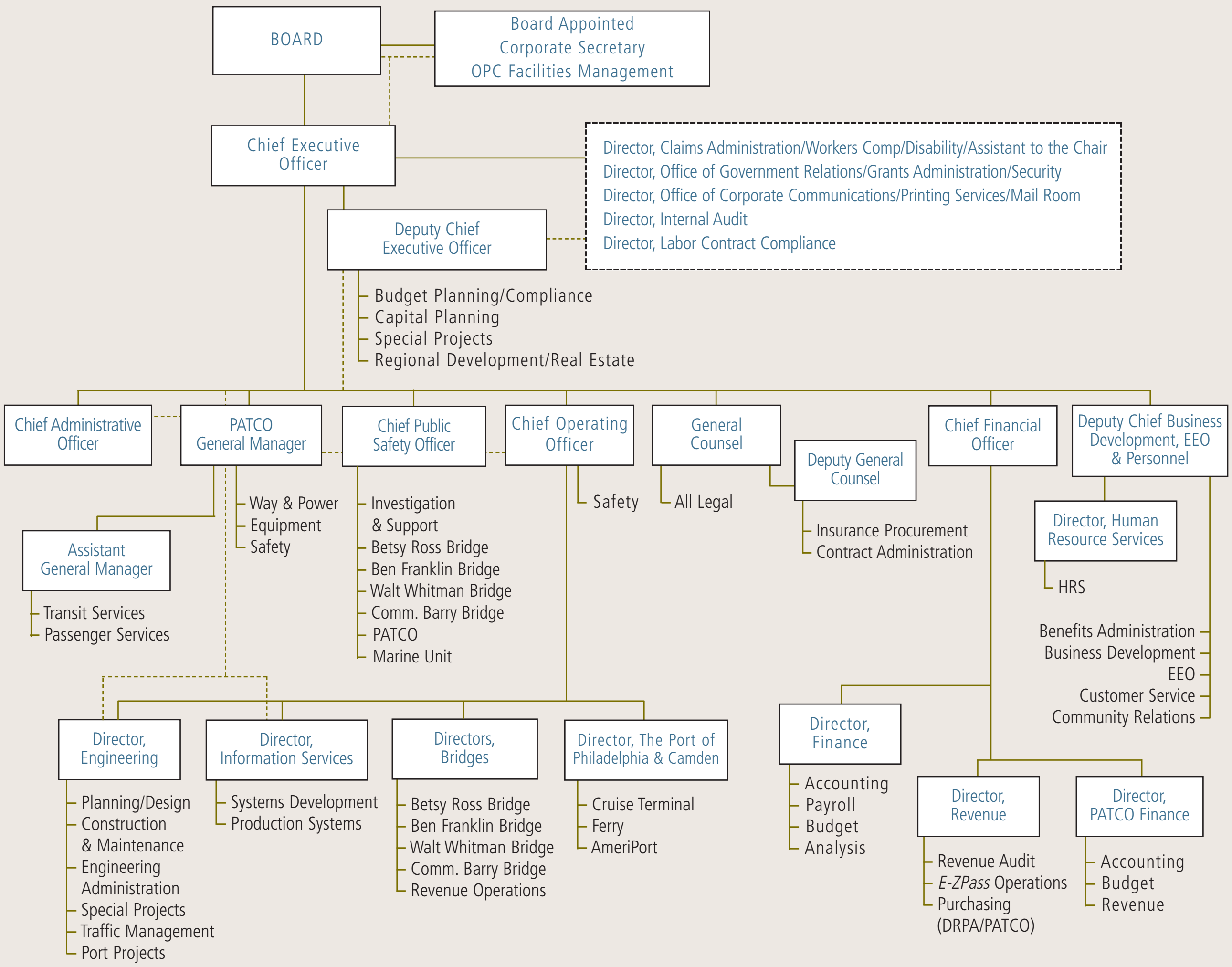
Albert F. Frattali
Business Manager
Reinforced Iron Workers
Local 405

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

Vacant[3]

1. Commissioner Trujillo replaced Thomas A. Decker
2. Commissioner Fentress replaced John T. Hanson
3. A vacancy was created when Commissioner Clara Ruvolo resigned.

DRPA ORGANIZATIONAL CHART



Officers

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

Robert P. Gross
Deputy Chief Executive Officer

Vincent J. Borelli
Chief Public Safety Officer

Robert A. Box
PATCO General Manager

Richard L. Brown, Esq.
General Counsel

Toni P. Brown
Deputy Chief, Business Development, EEO & Personnel

John T. Hanson, CPA
Chief Financial Officer

Michael E. Joyce
Deputy General Counsel

John A. Lawless
Corporate Secretary

Elizabeth A. Murphy
Chief Operating Officer

Cheryl Y. Spicer
PATCO Assistant General Manager

James M. White, Jr., CCM
Treasurer Pro-Tem

DRPA FACILITIES

Benjamin Franklin Bridge
Opened: July 1, 1926
Average Weekday Traffic: 110,026
www.drpa.org

Walt Whitman Bridge
Opened: May 16, 1957
Average Weekday Traffic: 119,480
www.drpa.org

Commodore Barry Bridge
Opened: February 1, 1974
Average Weekday Traffic: 39,432
www.drpa.org

Betsy Ross Bridge
Opened: April 30, 1976
Average Weekday Traffic: 40,446
www.drpa.org

PATCO High Speed Line
Opened: February 15, 1969
Average Weekday Ridership: 32,811
www.drpa.org/patco

RiverLink Ferry System
DRPA assumed operations of the ferry on April 1, 2000
Ferry Ridership for 2004: 233,859
www.riverlinkferry.org

Philadelphia Cruise Terminal at Pier 1
Opened: May 25, 1998
2005 Passengers: More than 92,000
2005 Cruises: 32
2005 Port Calls: 3
www.cruisephilly.com

AmeriPort
Intermodal Rail Center
Opened: June 25, 1992
Number of Lifts in 2005: 24,201
www.drpa.org

DELAWARE RIVER PORT AUTHORITY of Pennsylvania & New Jersey

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

Report of the CHIEF EXECUTIVE OFFICER

The year 2005 was marked with great success. We received an unprecedented amount of funding from federal and state government, set traffic records on two of our bridges, saw increased ridership on PATCO and welcomed our biggest cruise season to date at the Philadelphia Cruise Terminal at Pier 1.

At our bridges, toll revenue continued to rise to total $190.9 million compared to $188.8 million in 2004. At the Commodore Barry Bridge, we hit a one-day traffic record with 24,718 vehicles westbound. Later in the year, at the Walt Whitman Bridge, we set a one-day traffic record with 79,209 vehicles westbound. In total, we carried more than 54.3 million vehicles westbound on all four bridges.

At the Philadelphia Cruise Terminal at Pier 1, business continued to flourish as more than 92,000 passengers sailed on 32 cruises compared to 66,000 passengers and 22 cruises in 2004. Driven by the convenient location of our port, the number of cruise passengers and sailings in Philadelphia has increased significantly, and is expected to continue to rise.

In 2005, we received a record amount of grant funding in support of several projects that are critical to our future success. Thanks to the support of our New Jersey and Pennsylvania Governors, United States Senators and House Members, we have been awarded approximately $85 million in federal and state funding for the PATCO High Speed Line, RiverLink Ferry, Philadelphia Cruise Terminal at Pier 1 and Commodore Barry Bridge.

In 2005, with the eyes of the world on Philadelphia for the Live 8 concert event the PATCO High Speed Line carried 52,952 riders, nearly five times the normal number of Saturday riders – all without any delays or hassles getting to the concert in Philadelphia and returning to South Jersey.

Our list of successes, accomplishments and achievements serve as a testament to the outstanding leadership we have received from Pennsylvania Governor Edward G. Rendell, Acting New Jersey Governor Richard Codey and our Board of Commissioners. Thanks to their guidance and the hard work of staff, I am proud to present our Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2005.

TRANSITIONS

In August, we welcomed Commissioner Charles Fentress to the New Jersey delegation. Commissioner Fentress is a former DRPA police sergeant. In November, we welcomed our newest Pennsylvania Commissioner, Kenneth I. Trujillo, an attorney from Philadelphia. Commissioner Trujillo replaced Commissioner Thomas "Tad" Decker, who now serves as Chairman of the Pennsylvania Gaming Control Board. As 2005 came to a close, we saw Acting New Jersey Governor Richard J. Codey wind down his term. We thank Governor Codey for his leadership.

Safety **FIRST**

(Above) DRPA Public Safety patrol 24 hours a day seven days a week, to keep traffic flowing on our bridges. *(Right)* Maintenance crews at the Ben Franklin Bridge remove safety cones that were in place to separate bridge traffic from a work zone.

BRIDGES

Our bridges set traffic records throughout the year. On Tuesday, May 31, the Commodore Barry Bridge set a one-day traffic record with 24,718 vehicles westbound. On Tuesday, July 5, the Walt Whitman Bridge set a one-day traffic record with 79,209 vehicles westbound. But with gas prices rising sharply at the end of the summer, we saw a decrease in our traffic volume for the Labor Day weekend compared to the same period the year before. On Saturday and Sunday of Labor Day weekend, we saw total traffic on all four bridges drop by approximately 12,500 vehicles westbound each day compared to the same period the year before. On Labor Day Monday, traffic was up slightly by approximately 1,300 vehicles westbound. Work continues on Phase 4 of the Benjamin Franklin Bridge Steel Painting Project. The phase is one year ahead of schedule and involves painting of the suspended span portion of the bridge. At the Walt Whitman, work continues on the Main Cable Investigation project and cable wrapping. In late October, crews at the Betsy Ross Bridge began a five-week project on full-depth replacement of sections of the concrete roadway west of the Richmond Street exit. We completed a pilot Trailblazer program at our two southern bridges. In South Philadelphia, new trailblazer signs have been posted to direct motorists from the sports complex to the Walt Whitman Bridge. In South Jersey, several trailblazers have been erected along Route 322 directing motorists to the Commodore Barry Bridge. A Commodore Barry Bridge trailblazer has also been added at the southbound New Jersey Turnpike Exit 2. Motorists heading south on the turnpike will now know to exit at Exit 2 for the Commodore Barry Bridge as an additional way to cross the Delaware River to avoid congestion at the southern end of the Turnpike. In April, the Commodore Barry Bridge hosted a run/walk benefiting the Center for Resolutions of Delaware County. In July, the Benjamin Franklin Bridge hosted the 33rd Annual American Cancer Society Bike-a-thon. On October 2, the Ben Franklin Bridge hosted the


STATE
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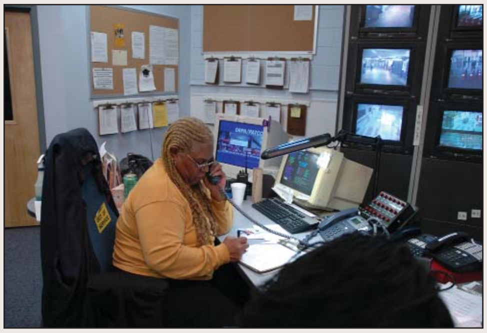
TRAFCON
TRAFCON
POLICE

"Bi-State Walk for Hope to Cure Breast Cancer," sponsored by City of Hope Cancer Center. On October 9, the Betsy Ross Bridge hosted the "Bridge to Hope" walk, a fundraiser for Hurricane Katrina victims. On November 6, the Ben Franklin Bridge hosted the "11th Annual AmeriHealth Ben Franklin Bridge Challenge" to benefit Larc School of Bellmawr, NJ. This year's race drew a record 2,200 participants, well above last year's total of 1,300.

PATCO HIGH SPEED LINE

We continued to make progress on the design of the new fare collection system. Late in the year, we awarded a contract for bank card transactions for processing payments with the new system. In February, we launched the second round of community outreach with public meetings in Philadelphia, Gloucester and Cumberland counties to update those communities on the progress we made in our Transit Assessment study. By late October, our consultant delivered the final Feasibility Report on transit expansion in our region. In November, we announced a $1.5 million grant from NJDOT for the next phase of our expansion project- an Alternatives Analysis. In March, we held a kick-off meeting for the PATCO Transit Oriented Development Master Plan. The process examines the seven above-ground PATCO stations in New Jersey and explores redevelopment potential at those locations. By late October, we met with local stakeholders to review our findings. In late February and again in late November, our Lindenwold Station was host to New Jersey State Police's Target Hardening Response Emergency Activation Team. T.H.R.E.A.T. is an awareness program that encourages the public to be aware of their surroundings and to report suspicious activities. In April, PATCO's Center Tower successfully completed major upgrades to its System Control and Data Acquisition (SCADA) and Centralized Train Control (CTC) systems. In September, PATCO's Woodcrest Station was host to the start and finish of the 25th Annual MS 150 City to Shore Bike Tour, benefiting the National Multiple Sclerosis Society of Greater Delaware Valley. On October 31, SEPTA's Transport Workers Union and United Transportation Union began an 8-day work stoppage. By the second day of the strike, PATCO ridership was up dramatically as would-be drivers sought to avoid the traffic congestion and parking shortages caused by the strike in Philadelphia. In July, as Philadelphia served as one of the hosts for Live 8, a series of international concerts to raise awareness for African poverty, DRPA and PATCO worked closely with the City of Philadelphia and our transit partners to coordinate efforts to promote public transportation to



Customers **FIRST**

(Left) Authority staff go above and beyond to make the daily commute a pleasant experience. *(Above)* Customer Service Agents at PATCO's Center Tower Control Center are available around-the-clock to assist transit customers.

avoid gridlock. At PATCO, we carried 52,952 riders on a single Saturday, nearly five times the normal number of Saturday riders - all without any delays or hassles getting to the concert in Philadelphia and returning to South Jersey. The weekend's added ridership amounted to $89,000 in revenue above a normal weekend.

PHILADELPHIA CRUISE TERMINAL AT PIER 1

The 2005 season was our best season yet, with 32 cruises and more than 92,000 passengers traveling through our terminal. On June 21, we hosted Norwegian Cruise Line's Pride of America for a port call. The U.S. flag ship was making its inaugural voyage along the East Coast. The popular ABC morning show, "Live with Regis and Kelly," was broadcast from the ship, giving our city and port a national audience.

Service **FIRST**

(Above) DRPA's Motorist Assistance Program provides on the spot emergency services to motorists in need. *(Right)* The RiverLink Ferry provides daily service between the Philadelphia–Camden Waterfront and express service for Tweeter Center Concerts.

RIVERLINK FERRY SYSTEM

Continuing our relationship with ferry operator, Hornblower Marine Services, the season began in April with weekend service and in May with daily service. In June, we began offering Harbor Tours aboard the Independence Ferry. The season ran through October. For the year, our ridership totaled 233,859.

SAFETY AND SECURITY

In February, we added the third team to our K-9 Unit with the addition of Nitro, a 2-year-old Labrador Retriever. In October, we received notification of funding through the State of New Jersey for a fourth addition to our K-9 Unit. The teams of dog and handler patrol the PATCO High Speed Line and respond to calls at our four bridges and surrounding communities. Following the London public transit bombings in July, we activated a series of security protocols at PATCO, our bridges and other facilities. In May, during National Police Week, we hosted the 9th annual Law Enforcement Memorial Run to honor officers killed in the line of duty. The run began with a ceremony at the Cruise Terminal and proceeded on to Washington, D.C. Twice this year - in May and November - officers took part in the Click It or Ticket Mobilization designed to increase enforcement of New Jersey's seat belt laws.

GRANT FUNDING

In 2005, we received word of federal funding for PATCO fleet upgrades in the amount of $54 million. Of that amount, $51 million was earmarked in SAFETEA (The Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2003). An additional $3 million was earmarked in the Transportation, Treasury, HUD Appropriations bill. We also received earmarks of approximately

$16.67 million in SAFETEA for the RiverLink Ferry terminals in New Jersey and Pennsylvania, Philadelphia Cruise Terminal at Pier 1and Commodore Barry Bridge. Late in the year, we received word of an additional $2 million for the ferry terminal in New Jersey in the Transportation, Treasury, HUD Appropriations bill. In addition to those earmarks, we also received notification of other state and federal funding including $4 million from the Department of Homeland Security for transit security. For the year, we have been awarded approximately $85 million in federal and state funding.

AWARDS AND ACKNOWLEDGMENTS

Throughout the year, our Commissioners and Staff were recognized for their outstanding dedication to the region. Commissioner Walter A. Lacey was appointed to the Board of Directors of the South Jersey Tourism Corporation. Commissioner Robert W. Bogle was honored for his contributions to Philadelphia's economic and community development by the Minority Enterprise Development Committee. He was also honored for his legacy of achievement and contributions to the African American community by Lincoln University. Commissioner Jacquelyn Love was honored as an African American Woman Achiever by the Kappa Community Development Corporation of Kappa Alpha Psi, Burlington-Camden Alumni Chapter. Commissioner John J. Dougherty was honored with a Humanitarian Award from Magee Rehabilitation Hospital.

Maria Mondile, Manager of Customer Service & Community Relations, was named earlier this year to two New Jersey appointments. She was named to the New Jersey Motor Vehicle Commission's

Technology Advisory Council and the New Jersey Department of Community Affairs Main Street Board of Advisors. Chief of Public Safety Vincent J. Borrelli was asked to join the Executive Board of the Philadelphia/Camden High Intensity Drug Trafficking Area. In June, Chief Engineer Dan Faust and Senior Engineer Alex Rong, PhD., presented a technical paper titled, "An Innovative Rehabilitation of the 78-Year-Old Benjamin Franklin Bridge Approach Structures Without Disrupting Traffic," at the International Bridge Conference in Pittsburgh.

Convenience **FIRST**

(Above) Seven days a week and around the clock, PATCO offers a fast, comfortable, and reliable alternative to traffic congestion and the aggravation of driving. *(Right)* The Philadelphia Cruise Terminal at Pier 1 is located within a day's driving distance of a quarter of the U.S. population.

COMMUNITY SERVICE

Authority staff continued to give generously to many causes including: annual coat drive for needy children and adults; Daffodil Days for the American Cancer Society; American Red Cross Blood Drives; a book drive for the Camden Reading Achievement Pilot Program; United Way; Toys for Tots; Thanksgiving Food Drive; Adopt-A-Family holiday giving drive; and a clothing drive for Image and Attitude, an organization dedicated to helping needy residents enter or re-enter the workforce. Staff also taught the Junior Achievement curriculum at two local Camden schools.

2006 WORK AGENDA

The following is a summary of DRPA's anticipated areas of activity in 2006:

• **Finances.** We will continue to maintain some of the lowest bridge tolls and transit fares in the country and offer substantial discounts to our regular customers and senior citizens. DRPA offers customers an $18 credit if they cross a DRPA bridge 18 times in a calendar month using the same transponder. Seniors, 65 years of age and older, who participate in the DRPA's Senior Citizen Discount Bridge Toll Program, only pay $1 with a discount ticket. We will also continue professional management and cost control where applicable. Bridge tolls, PATCO and RiverLink Ferry fares will remain unchanged for 2006.

• **Bridges.**

Biennial Inspections – As required by our Bond Indentures, we will conduct Biennial Inspections on each of our four bridges in 2006.

Benjamin Franklin – In early 2006, DRPA will complete the fourth and largest phase of the Benjamin Franklin Bridge De-leading and Repainting Project. Phase 4 encompasses the main span superstructure. The project is one year ahead of schedule. We will then launch Phase 5, which will include painting the

Philadelphia approach. On the Philadelphia side of the bridge, we will continue to study ways to improve the flow of westbound traffic from the Ben Franklin Bridge into the City of Philadelphia. Work is expected to be completed on the Security Wirewall Barrier System along the walkways and the rehabilitation of the Bridge Navigational Channel Marker System. In July, we will mark the 80th anniversary of the Ben Franklin Bridge.

Walt Whitman – Work is expected to be completed on the Phase 1 painting project early in the year. The Main Cable rehabilitation project will start in the summer and is expected to continue until the end of November. Workers will also refurbish the high mast lighting fixtures and replace two sanitary pump systems.

Community **FIRST**

(Above) In 2005, DRPA launched READ STRONG, a literacy initiative developed by DRPA staff that provides local students with the opportunity to learn outside of the classroom. *(Right)* In 2005, Authority staff continued their commitment to community service projects by giving generously to a number of service organizations.

Commodore Barry – Workers will replace 550 handrails along the maintenance walkway on the bridge. We expect to work with PennDOT on the addition of two ramps connecting the bridge directly to the city of Chester, Pa.

Betsy Ross – Crews will focus on areas identified in the Biennial Inspection including repairs and preventive maintenance of the facility mechanical systems and bridge infrastructure.

• **PATCO**. Welcome the Open Aire Market at the Woodcrest Station parking lot on Sunday mornings from March through December. The market presents an opportunity for PATCO to attract riders from Philadelphia and increase off-peak ridership. We will launch the fare collection system and marketing campaign to introduce our new Freedom Cards. We will explore options for fleet upgrades and begin an Alternatives Analysis for transit expansion. We expect to complete the Transit Oriented Development master plan that examines the best uses for our New Jersey station properties.

• **Safety and Security.** Install security fencing at the bridges to better protect our most visible assets. Launch a public awareness campaign to enforce speed restrictions on the bridges, especially along construction zones where our employees are most vulnerable.

•**RiverLink Ferry**. Continue on our cost-savings path begun two years ago. For the first time ever, we have budgeted the ferry operations to break even or even realize a modest net profit.

•**Philadelphia Cruise Terminal at Pier 1**. Welcome our biggest cruising season ever with a total of 36 sailings from Royal Caribbean International and Norwegian Cruise Line. That represents four more sailings than last year. Royal Caribbean International will homeport its Empress of the Seas in Philadelphia for 26 sailings, the largest number of sailings any one cruise line has ever committed to the port. Norwegian Cruise Line's Norwegian Crown, which returns to Philadelphia for its fourth season in 2006, will for the first time make all nine sailings to Bermuda during the peak spring and summer months.


The Authority's Annual
COAT
DRIVE
Coats for both children and adults are needed!
Drop Off Locations
Jan. 23rd
27th!
gifts that excite!

- **AmeriPort.** Close the Intermodal rail yard in the summer and transfer activity to Norfolk Southern's new yard in the Philadelphia Navy Yard.
- **Southern New Jersey Waterfront Master Plan.** In 2006, DRPA will complete this comprehensive planning effort, and will present alternatives for mixed-use and port development along the southern New Jersey waterfront from Petty's Island to Salem County.
- **Vendor Diversity and Affirmative Action.** Continue to sponsor training and outreach programs to encourage small businesses to compete for contracts with DRPA and PATCO.
- **Community Activities.** Encourage our staff to continue working on outreach projects as part of their everyday functions and as volunteers.

As 2005 drew to a close, we once again had the task of balancing the upcoming year's budget. However, by following the cost-savings measures begun in recent years we were able to create a budget below that of 2005, despite higher personnel costs, health insurance, maintenance/vehicle repairs, fuel, utility and other operating costs. The budget does not call for increases in bridge tolls or PATCO fares. In addition, for the first time since DRPA assumed ownership of the RiverLink Ferry in 2000 and opened the Philadelphia Cruise Terminal at Pier 1 in 1998, both operations are projected to show small net profits for the upcoming year.

We look forward to the opportunity in 2006 to take on new challenges while maintaining tight fiscal controls and providing reliable transportation services to the people of the Philadelphia region.

Yours truly,

John J. Matheussen
CEO, Delaware River Port Authority
President of Port Authority Transit Corporation

DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey

June 30, 2006

TO THE BOARD OF COMMISSIONERS
OF THE DELAWARE RIVER PORT AUTHORITY

The comprehensive annual financial report of the Delaware River Port Authority (the Authority) for the year ended December 31, 2005, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

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

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

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

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

DRPA is an equal opportunity employer

Mailing Address: PO Box 1949 Camden New Jersey 08101-1949 **Telephone:** (856) 968-2000 (215) 218-3750 **Fax:** (856) 968-2193

PROFILE OF GOVERNMENT

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

The Authority is vested with the ownership, control, operation and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system which is operated by the Port Authority Transit Corporation (PATCO). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. In addition, the Authority is responsible for regional economic development and the unification of certain port facilities of the Delaware River. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the operation of the Authority's intermodal transfer facility, AmeriPort, which facilitates the movement of containerized cargo through the regional ports. PPC is also responsible for the marketing and operation of the Philadelphia Regional Cruise Terminal at the former Navy Yard and the RiverLink Ferry System. The Authority is also empowered through its compact to undertake projects for regional economic and port development. The Port District comprises the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem in New Jersey.

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

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

A capital budget is also prepared through a similar process and submitted to the Board of Commissioners for approval. The capital budget is a planning document identifying the Authority's potential commitments. The approval of the capital budget does not in itself authorize any specific project. Specific approval by the Board of Commissioners is required before any capital project may commence.

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

FACTORS AFFECTING FINANCIAL CONDITION

Investment Management

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

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

Risk Management

The Authority is self-insured for public liability up to a limit of $5 million per occurrence. Excess liability insurance provides coverage of $20 million over the Authority's $5 million self-insured retention. The DRPA is self-insured for workers' compensation up to a limit of $350,000 per occurrence with excess workers' compensation coverage providing $5 million in coverage over the DRPA's $350,000 self-insured retention. PATCO is fully self-insured for workers' compensation. Property insurance is placed with commercial insurance carriers with limits and deductibles as deemed appropriate for the needs of the Authority. Additional information can be found in Note 14 of the financial statements.

PENSION PLANS

Employees of the Authority participate in the Pennsylvania State Employees' Retirement System, the Teamsters Pension Plan of Philadelphia and Vicinity, or the Public Employees Retirement System of New Jersey. Under the Pennsylvania State Employees' Retirement System, employees are required to contribute 6.25 percent of their gross payroll to the plan. The Authority is required to contribute an actuarially determined amount to the plan, which in 2005 equaled 2.22% percent of participating payroll.

Under the Teamsters Pension Plan of Philadelphia and Vicinity, the Authority is required to contribute a fixed amount per hour for each qualified PATCO employee. Contributions to the plan totaled 7.83% percent of participating payroll in 2005. Employees are not required to make any contributions to the plan. Additional information can be found in Note 9 of the financial statements.

Legislation passed by the State of New Jersey in early 2004 gives eligible Authority employees the option of participation in the Public Employees Retirement System of New Jersey. Through December 31, 2005, the Authority has escrowed the employee contributions for eligible employees related to this plan.

AWARDS AND ACCOMPLISHMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River Port Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2004. This was the thirteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedication and efficiency of the entire staff of Finance, Corporate Communications, and Printing Services. I would especially like to express my appreciation to the members of these Departments who contributed to the preparation of this report. Special thanks must also be given to the Chairman, Vice-Chairman, Chief Executive Officer, Deputy Chief Executive Officer and the Finance Committee of the Board for maintaining the highest standards in the management of the Delaware River Port Authority's finances.

Respectfully submitted,

John T. Hanson

John T. Hanson, CPA
Chief Financial Officer

Financial SECTION

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Members of:
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Delaware River Port Authority

We have audited the accompanying combined financial statements of the Delaware River Port Authority and subsidiaries, as of December 31, 2005 and 2004, as listed in the Financial Section of the foregoing table of contents. These combined financial statements and supplemental schedules discussed below are the responsibility of the Delaware River Port Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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

In our opinion, the above mentioned combined financial statements present fairly, in all material respects, the combined financial position of the Delaware River Port Authority as of December 31, 2005 and 2004, and the combined results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the combined financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In addition, the introductory section, supplemental schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the combined financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly stated in all material respects in relation to the combined financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
May 22, 2006

Management's DISCUSSION AND ANALYSIS

As management of the Delaware River Port Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 23-26 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (IN THOUSANDS)

- The assets of the Authority exceeded its liabilities at the close of the most recent year by $323,383 (net assets). Net assets increased by $15,268 during the year.
- The Authority's total debt decreased by $27,918 or by 2.2 % during the current year.
- Operating revenues were $219,863 in 2005, an increase of $2,227 or 1.00% over 2004, while non-operating revenues decreased from $28,391 in 2004 to $27,282 in 2005, a 3.9% decrease.
- During 2005, the Authority maintained its bridge toll rates, thereby remaining among the lowest in the country when compared with those of other major interstate bridges and tunnels.
- Bridge traffic increased by 260 vehicles (up 0.5%) during the year 2005 while toll revenues increased by $2,121 (or by 1.1%).
- PATCO fares remain unchanged and still compare favorably to other transit systems; PATCO continues to offer free and low cost parking and round-the-clock service.
- PATCO fare revenues increased by 2.3% or $0.42 million which was attributable to a 2.3% increase in ridership.
- Capital contributions in the form of grants from federal and state governments increased from $6,452 in 2004 to $7,786 in 2005.
- Bridge and general administration expenses dropped a combined $3.7 million (or by 4.8%) vs. 2004 expenses.
- Economic development activity spending was reduced by $5,146 during the year 2005, a 34.7% reduction from 2004.
- General Fund investment balances increased by $28,251 (up by 22.7%) to total $152,779 at year end.

FINANCIAL POSITION SUMMARY

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $323,383 at the close of the year 2005.

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

DELAWARE RIVER PORT AUTHORITY'S NET ASSETS

	2005	2004	2003
Current and other assets	$601,260	$624,813	$696,939
Capital assets	1,074,669	1,071,329	1,042,018
Total assets	1,675,929	1,696,142	1,738,957
Long-term liabilities outstanding	1,270,846	1,294,760	1,322,706
Other liabilities	81,700	93,267	115,132
Total liabilities	1,352,546	1,388,027	1,437,838
Net assets:			
Invested in capital assets, net of related debt	245,211	224,189	180,741
Restricted	236,796	257,111	249,155
Unrestricted (deficit)	(158,624)	(173,185)	(128,777)
Total net assets	$323,383	$308,115	$301,119

Net assets increased during 2005 in the amount of $15,268. This increase is attributable to increased operating revenues versus a relatively small increase in operating expenses and reduced economic development spending.

SUMMARY OF CHANGES IN NET ASSETS

	2005	2004	2003
Operating revenues (See page 40 for detail)	$219,863	$217,636	$204,314
Operating expenses (See page 40 for detail)	(115,722)	(117,916)	(122,526)
Excess before depreciation and other non-operating income and expenses	104,141	99,720	81,788
Depreciation	(38,432)	(34,702)	(30,819)
Operating income	65,709	65,018	50,969
Non-operating income and expenses, net	(58,227)	(64,474)	(73,069)
Income (Loss) before capital contributions and special item	7,482	544	(22,100)
Capital contributions	7,786	6,452	9,646
Special item	–	–	(1,595)
Change in net assets	($15,268)	$6,996	($14,049)

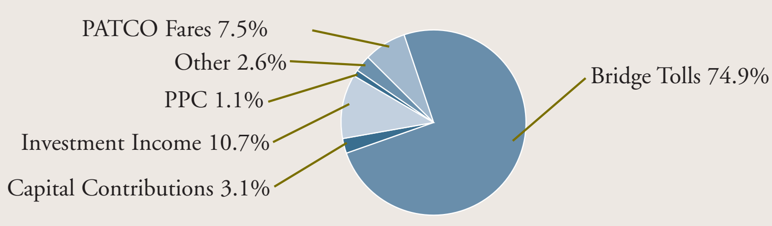
REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2005 and the amount and percentage change in relation to prior year amounts is as follows (in thousands of dollars):

	2005 Amount	Percent of Total	Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
Operating:				
Bridge tolls	$190,930	74.9%	$2,121	1.1%
PATCO fares	19,067	7.5%	420	2.3%
Other	6,713	2.6%	(844)	(11.2%)
AmeriPort	1,838	0.7%	104	6.0%
Ferry	51	0.0%	1	2.0%
Cruise Terminal	1,264	0.5%	425	50.7%
Total Operating	$219,863	86.2%	$2,227	1.0%
Non-Operating:				
Investment Income	27,282	10.7%	(1,109)	(3.9%)
Capital Contributions	7,786	3.1%	1,334	(20.7%)
TOTAL REVENUES	$254,931	100.0%	$2,452	1.0%

- Total revenues increased by 1.0%, primarily due to an increase in operating revenue from bridge tolls; the increase in non-operating revenues during the period was attributable to a 20.7% increase in capital contributions (in the form of grants from federal and state governments) which offset the 3.9% decrease in overall interest income.
- Bridge toll revenues increased 1.1% as a result of a 0.48% increase in total traffic during 2005. The average toll increased from $3.51 in 2004 to $3.53 in 2005, reflecting slightly higher commercial traffic.
- Investment income declined as a result of a $67,237 reduction of Project Funds available for investment. Higher interest rates during 2005 helped to mitigate the decrease.
- PATCO's fare revenue increase in 2005 of 2.3% was attributable to an increase in total passengers by 213 during 2005, an increase of 2.3%.
- Cruise Terminal revenue increase of 50.7% was due to a greater number of port calls during 2005.

REVENUES BY SOURCE



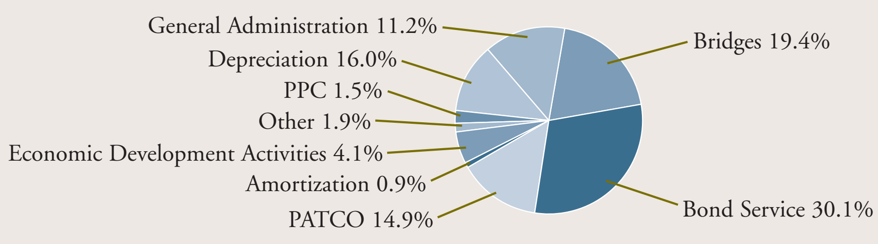
EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2005 and the amount and percentage change in relation to prior year amounts is as follows (in thousands of dollars):

	2005 Amount	Percent of Total	Increase/ (Decrease) From 2004	Percent Increase/ (Decrease)
Operating:				
Bridge	$46,504	19.4%	($1,181)	(2.5%)
PATCO	35,734	14.9%	1,562	4.6%
General Administration	26,857	11.2%	(2,498)	(8.5%)
Other	3,078	1.3%	58	1.9%
AmeriPort	1,838	0.8%	(217)	10.6%
Ferry	104	0.1%	(60)	(36.6%)
Cruise Terminal	1,226	0.5%	244	24.8%
Maritime Services	380	0.1%	(102)	(21.2%)
Depreciation	38,432	16.0%	3,730	10.7%
Total Operating	$154,154	64.3%	$1,536	1.1%
Non-Operating:				
Bond Service	72,213	30.1%	(1,408)	(1.9%)
Amortization	2,059	0.9%	(55)	(2.6%)
Other	1,533	0.6%	(747)	(32.8%)
Economic Development Activities	9,704	4.1%	(5,146)	(34.7%)
Total Non-Operating	$85,509	35.7%	($7,356)	(8.1%)
TOTAL EXPENSES	$239,663	100.0%	($5,820)	(2.4%)

- Reduced professional service fees were the primary factors affecting the 2.5% decrease in bridge operating expenses.
- PATCO expenses increased by $1,562 or 4.6%, attributable to higher purchased power, other non-payroll related costs (materials, contractual services, etc.) and slightly higher payroll related costs.
- Total operating expenses, before depreciation, dropped by $2,194 (or 1.9%), primarily attributable to expense reductions in bridge operation and general administrative expenses
- Depreciation expenses increased by $3,730 up 10.7% during the year; this increase was attributable to the $3,340 increase in total capital assets being depreciated in 2005 (Note 7).
- General administrative costs decreased by 8.5% primarily resultant from reduced salary and employee benefit costs.

EXPENSES BY SOURCE



SUMMARY OF CASH FLOW ACTIVITIES

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

	2005	2004	2003
Cash flow from operating activities	$104,604	$90,513	$82,651
Cash flow from non-capital financing activities	(8,647)	(13,076)	(49,508)
Cash flow from capital and related financing activities	(149,208)	(160,285)	(178,509)
Cash flow from investing activities	53,785	86,198	141,195
Net increase (decrease) in cash and cash equivalents	534	3,350	(4,171)
Cash and cash equivalents, beginning of year	8,183	4,833	9,004
Cash and cash equivalents, end of year	$8,717	$8,183	$4,833

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2005 amounted to $1,074,669 (net of accumulated depreciation). This investment in capital assets includes land, bridges, transit system, port enhancements, buildings and machinery. The total percentage increase in the Authority's investment in capital assets for the current year was 0.31%.

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

- Removal of existing paint coatings at the Ben Franklin Bridge; work in progress at the close of the current year had reached $11,120.
- Removal of existing paint coatings at the Walt Whitman Bridge; work in progress at the close of the current year had reached $5,472.
- PATCO new fare collection system; work in progress at the close of the current year had reached $3,711.
- Rehabilitation of PATCO interlocking and track roadbed; work in progress at the close of the current year had reached $4,500.
- Authority wide data communication network implementation; work in progress at the close of the current year had reached $3,451.
- Bridge and PATCO fencing installed; work in progress at the close of the current year had reached $2,100.
- Rebuilt 20 PATCO transit cars; work in progress at the close of the current year had reached $1,809.
- Construction of vehicle storage building at PATCO Lindenwold maintenance yard; work in progress at the close of the year had reached $949.

DELAWARE RIVER PORT AUTHORITY'S CAPITAL ASSETS

(Net of depreciation)

	2005	2004	2003
Land	$76,325	$80,403	$80,183
Bridges and related buildings and equipment	644,459	633,004	566,893
Transit property and equipment	170,427	161,728	160,178
Port enhancements	22,283	23,574	22,928
Construction in progress	161,175	172,620	211,836
Total	$1,074,669	$1,071,329	$1,042,018

Additional information on the Authority's capital assets can be found in Note 7 on page 49 of this report.

Long-term debt. The Authority's total debt decreased by $27,918 (2.2%) during 2005. At the end of the current year, the Authority had total bonded debt outstanding of $1,245,209. Of this amount, $867,277 represents debt backed by toll revenue from the Authority's bridges. The remaining debt of $377,932 is supported by other revenue sources of the Authority.

The long term debt ratings on the Authority's bond issues are shown below:

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

Both Moody's Investors Service, Inc. and Standard & Poor's, Inc. (S & P) issued ratings reports on the Authority's debt in December 2005. S&P reaffirmed its ratings on all of the Authority's debt issues. Moody's upgraded its ratings on all revenue bonds issued under the 1998 Revenue Bond Indenture (the 1998 Revenue Refunding and 1999 Revenue Bonds) from Baa1 to A3, while also reaffirming its ratings on the Authority's subordinated debt. These reports were issued in anticipation of a debt refunding of the 1995 Revenue Bonds, which was ultimately postponed.

In addition, Standard & Poor's assigned the Authority's swap portfolio an overall Debt Derivative Profile (DDP) of '3' on a scale of '1' to '5', where '1' represents the lowest risk and '5' the highest risk. The overall score of '3' reflected Standard & Poor's view that the Authority's swap portfolio reflected a "neutral credit risk" at the time of its evaluation.

To get a more complete picture of the Authority's funded and long term debt and its ratings it is important to review Note 9 on pages 50-51 and also Note 16 on page 63 of this report.

DELAWARE RIVER PORT AUTHORITY'S OUTSTANDING DEBT

(Revenue, Revenue Refunding and Port District Project Bonds)

	2005	2004	2003
1995 Revenue Bonds	$353,653	$353,461	$353,269
1998 Revenue Refunding Bonds	91,948	110,994	128,731
1998 Port District Project Bonds	71,684	73,644	75,524
1999 Revenue Bonds	421,676	421,643	421,609
1999 Port District Project Bonds	156,298	157,957	159,496
2001 Port District Project Bonds	149,950	155,428	160,709
Total	$1,245,209	$1,273,127	$1,299,338

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the 2006 fiscal year:

- Bridge tolls and PATCO fares will remain unchanged for the year 2006.
- Continuance of 10% *E-ZPass* discount for commercial account holders.
- Continuation of the *E-ZPass* commuter credit discount program wherein commuters receive a discount of $18 for taking 18 trips a month across the Authority's bridges.
- Projected bridge toll revenue increase of 0.8% attributable to a modest increase in traffic.
- Modest increases in PATCO projected revenue (up 2.2%) based on increased ridership for fiscal year 2006 due to completion of system enhancements.
- Projected 54.5% increase in revenues for the Cruise Terminal attributable to an increased number of cruises.
- Budget to budget decrease of 0.2% for all DRPA operations; PATCO increase in budget-to-budget expenses of 3.9%.
- No staffing increases, restructured health insurance plans for Authority employees/retirees.
- Discontinued AmeriPort operations during 2006.
- Increase in the total debt service related to the execution of the 1995 Revenue Bond swaption by UBS AG as of January 1, 2006 and proposed refunding of the 1995 Revenue Bonds.

Requests for Information

This financial report is designed to provide a general overview of the Authority's activities for all of those with an interest in the Authority's activities through December 31, 2005. Questions from interested parties concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Delaware River Port Authority, One Port Center, 2 Riverside Drive, P.O. Box 1949, Camden NJ 08101-1949.

COMBINED STATEMENTS OF NET ASSETS
December 31, 2005 and 2004 (In Thousands)

ASSETS	**Notes**	**2005**	**2004**
CURRENT ASSETS			
Cash and cash equivalents	1, 2	$ 7,392	$ 6,882
Investments	1, 2	164,555	135,665
Accounts receivable (net of allowance for uncollectibles)	5	20,129	4,012
Accrued interest receivable		617	707
Transit system and storeroom inventory	1	4,759	4,384
Economic development loans - current	1	984	770
Prepaid expenses		4,310	4,578
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1, 2	1,325	1,301
Investments	1, 3	331,235	395,610
Accrued interest receivable		90	286
Total current assets		535,396	554,195
NONCURRENT ASSETS			
Capital assets (net of accumulated depreciation):			
Land	7	76,325	80,403
Bridges and related buildings and equipment	7	644,459	633,004
Transit property and equipment	7	170,427	161,728
Port enhancements	7	22,283	23,574
Construction in progress	7	161,175	172,620
Total capital assets		1,074,669	1,071,329
Economic development loans - net of allowance for uncollectibles	1	25,318	26,589
Deferred charges:			
Debt issuance costs (net of amortization)	11	40,546	44,029
Total other assets		65,864	70,618
Total noncurrent assets		1,140,533	1,141,947
TOTAL ASSETS		$ 1,675,929	$ 1,696,142

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

COMBINED STATEMENTS OF NET ASSETS
December 31, 2005 and 2004 (In Thousands)

LIABILITIES	**Notes**	**2005**	**2004**
CURRENT LIABILITIES:			
Accounts payable:			
Retained amounts on contracts		$ 3,090	$ 6,294
Other		9,849	11,591
Accrued liabilities:			
Pension	9	451	337
Deferred revenue	1, 4	5,261	11,728
Liabilities payable from restricted assets:			
Accrued interest payable	11	34,849	35,547
Bonds and loans payable - current	11	28,200	27,770
Accrued interest payable			
Total current liabilities		81,700	93,267
NONCURRENT LIABILITIES:			
Accrued liabilities:			
Repainting	1	43,117	39,022
Self- insurance	14	5,503	5,586
Sick and vacation leave benefits		4,665	3,981
Other		552	814
Bonds and loans payable (net of unamortized discounts / premiums)	11	1,217,009	1,245,357
Total noncurrent liabilities		1,270,846	1,294,760
Total liabilities		1,352,546	1,388,027
NET ASSETS			
Invested in capital assets, net of related debt		245,211	224,189
Restricted for:			
Debt requirements		124,889	126,553
Port projects		111,907	130,558
Unrestricted (deficit)		(158,624)	(173,185)
Total net assets		$ 323,383	$ 308,115

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

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended December 31, 2005 and 2004 (In Thousands)

	Notes	2005	2004
OPERATING REVENUES:			
Bridges:			
Tolls		$ 190,930	$ 188,809
Other operating revenues		4,219	6,194
Total bridge operating revenues		195,149	195,003
Transit system:			
Passenger fares		19,067	18,647
Other operating revenues		1,871	1,221
Total transit system operating revenues		20,938	19,868
Port of Philadelphia and Camden:			
AmeriPort		1,838	1,734
Cruise Terminal		1,264	839
River Link Ferry		51	50
Total Port of Philadelphia and Camden		3,153	2,623
Other:			
Miscellaneous		623	142
Total operating revenues		219,863	217,636
OPERATING EXPENSES:			
Operations		82,239	81,857
General and administrative		26,857	29,355
Depreciation	1, 7	38,432	34,702
Lease and community impact	15	3,078	3,021
Port of Philadelphia and Camden		3,548	3,683
Total operating expenses		154,154	152,618
OPERATING INCOME		65,709	65,018
NONOPERATING REVENUES (EXPENSES):			
Investment earnings		27,282	28,391
Interest expense	11	(72,213)	(73,621)
Amortization expense	1	(2,059)	(2,114)
Economic development activities		(9,704)	(14,850)
Other		(1,533)	(2,280)
Total other nonoperating revenues (expenses)		(58,227)	(64,474)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		7,482	544
CAPITAL CONTRIBUTIONS:			
Federal and state capital improvement grants	13	7,786	6,452
CHANGE IN NET ASSETS		15,268	6,996
NET ASSETS, JANUARY 1		308,115	301,119
NET ASSETS, DECEMBER 31		$ 323,383	$ 308,115

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

COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2005 and 2004 (In Thousands)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 216,529	$ 213,337
Payments to suppliers	(77,510)	(86,926)
Payments to employees	(34,415)	(35,898)
Net cash provided by operating activities	104,604	90,513
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Economic development activities	(9,704)	(13,350)
(Increase) decrease in economic development loans receivable	1,057	1,776
(Decrease) in employee incentive and layoff expense payable	-	(1,502)
Net cash used by noncapital financing activities	(8,647)	(13,076)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(57,473)	(72,785)
Proceeds from sales of capital assets	-	3,413
Net gain on disposal of capital assets	-	1,950
Capital contributions	7,609	7,597
Repayment of funded debt	(27,770)	(26,065)
Payment of arbitrage on funded debt	(1,201)	(122)
Interest paid on debt	(70,373)	(74,273)
Net cash used by capital and related financing activities	(149,208)	(160,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	2,452,201	3,377,990
Purchase of investments	(2,417,171)	(3,311,128)
Interest received	18,755	19,336
Net cash provided by investing activities	53,785	86,198
Net increase (decrease) in cash and cash equivalents	534	3,350
Cash and cash equivalents, January 1 (including $6,882 and $1,301 reported as restricted)	$ 8,183	$ 4,833
Cash and cash equivalents, December 31 (including $7,392 and $1,325) reported as restricted)	$ 8,717	$ 8,183

	2005	2004
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 65,709	$ 65,018
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	38,432	34,702
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,386)	5,162
(Increase) in transit system and storeroom inventories	(375)	(54)
Decrease (Increase) in prepaid expenses	268	(1,836)
(Decrease) in accounts payable and accrued wages	(894)	(3,232)
Increase in accrued pension payable	114	244
Increase (decrease) in deferred revenue	2,052	(9,461)
Increase (decrease) in repainting reserves	4,095	(687)
Decrease (Increase) in self-insurance reserves	(83)	1,248
Increase (decrease) in sick and vacation leave benefits payable	684	(501)
(Decrease) in other accrued liabilities	(12)	(90)
Net cash provided by operating activities	$ 104,604	$ 90,513

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

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2005 (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 facility operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. Among its powers, the Authority is responsible for regional economic development and the unification of certain port facilities of the Delaware River. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the operation of the Authority's intermodal transfer facility, AmeriPort, which facilitates the movement of containerized cargo through the regional ports. PPC is also responsible for the marketing and operation of the Philadelphia Cruise Terminal at 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 22 agencies in 11 states. Through December of 2005, customer participation in the E-ZPass electronic toll collection process grew to approximately 61% of its toll collection activity during rush hour periods. E-ZPass revenues now exceed 52% 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).

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

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 nonoperating revenues or expenses. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Notes 7 and 13).

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

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 14).

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, nonoperating 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. Nonoperating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the bridges, PATCO, PPC operations, and general administrative expenses. Nonoperating 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 - The Authority presently has two interest rate swap agreements with the Bank of America, N.A., three interest rate swap agreements with UBS AG (Paine Webber), and one with Lehman Brothers Special Financing, Inc. / Financial Products, Inc. to hedge interest rates on a portion of its outstanding long-term debt. Other than the net upfront option payments resulting from these agreements, which have been recorded as deferred revenue, no amounts are recorded in the financial statements (Note 4).

N. Budget **-** In accordance with Section 5.15 of the 1995 and 1998 Revenue Bonds Indentures of Trust and Section 5.07 of the 1998, 1999 and 2001 Port District Project Bond Indentures of Trust, the Authority must annually adopt an Annual Budget on or before December 31 for the ensuing year. Section 5.15 of the 1995 and 1998 Revenue Bond Indentures of Trust requires that the Authority, on or before December 31, in each fiscal year, adopt a final budget for the ensuing fiscal year of (i) operational expenses, (ii) the PATCO Subsidy, (iii) the amount to be deposited to the credit of the Maintenance Reserve Fund, and (iv) the estimated amounts to be deposited into the Debt Service Fund, the Debt Service Reserve Fund, and the Rebate Fund. Each Annual Budget must also contain the Authority's projections of revenues for the ensuing fiscal year demonstrating compliance with the covenant as to facility charges as set forth in Section 5.09 of the 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 Subsidiary, the amount of any operating subsidy paid or payable by the Authority to or for the account of any other subsidiary of the Authority (including, without limitation, the Port of Philadelphia and Camden) and all other material operating expenses of the Authority payable from the General Fund. The Authority must also include the debt service payable on the Bonds and any Additional Subordinated Indebtedness during the ensuing fiscal year and all amounts required to be paid by the Authority into the Debt Service Reserve Fund or the Rebate Fund or to any Reserve Fund Credit Facility Issuer during the ensuing fiscal year. On or before December 31, in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the 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. (Additional disclosure information related to the 2006 Annual Budget is included under "Subsequent Events" Note 16.)

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.

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, 2005 and 2004, the Authority's bank balances of $14,999 and $14,740, respectively, were exposed to custodial credit risk as follows:

	2005	2004
Uninsured and uncollateralized	$ 14,499	$ 14,240

3. INVESTMENT IN SECURITIES

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

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. Of the Authority's total $495,790 of investments, $159,907 of investments in asset backed securities, commercial paper, corporate bonds and notes, fixed-rate capital securities, mutual bond funds, and repurchase agreements are uninsured, not registered in the name of the Authority, and held by the counterparty's trust department or agent but not in the name of the Authority.

As of December 31, 2005, the Authority had the following investments:

Investment	Maturities	2005 Amortized Cost
Asset backed securities	76.0 months average	$ 623
Commercial paper	5.3 months average	75,589
Corporate bonds and notes	46.3 months average	24,333
Fixed-rate capital securities	4.3 months average	8,450
U.S. government agencies	129.9 months average	27,006
CMO	60.6 months average	312
Mutual bond fund	not applicable	45,517
Repurchase agreements	daily	518
Short-term investments	1.0 months average	299,012
U.S. government treasuries	29.8 months average	14,430
Total		$ 495,790

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 General Bond Resolution and the Indenture of Trust, and generally include U.S. government obligations, money market funds, obligations of U.S. agencies or instrumentalities, and obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard and Poor's Corporation or Moody's Investors Services. In accordance with the 1995, 1998 and the 1999 Indentures of Trust, the Authority invests in corporate bonds and commercial paper rated A-1 by Standard and Poor's Corporation. 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.

As of December 31, 2005, the Authority's investments had the following ratings:

Investment	Standard and Poor's	Moody's
Asset backed securities	AAA	*
Commercial paper	A1	*
Corporate bonds and notes	BB-, A-, AA-, A, A+, AA, AAA	Aaa, A1, Aa2, A2, Aa1, A3, Aa3
Fixed-rate capital securities	AAA	AAA
CMO	*	*
Mutual bond fund	AAAm	Aaa
Repurchase agreements	*	*
Short-term investments	*	*

* investment not rated.

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 swap agreements that provided the Authority with net up front payments totaling $44,642. (One option with Lehman Brothers, with a notional amount $50,000, was terminated in 2002). In accordance with the 2000 Swaptions, the counterparty has the option to make the Authority enter into a pay-variable / receive fixed interest rate swap. In accordance with the 2001 Swaptions, the counterparty has the option to make the Authority enter into a pay-fixed / receive variable interest rate swap.

Significant Terms of the Derivatives **-** The six remaining interest rate hedge agreements are described as follows:

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.

As of December 31, 2005, the fair values of Swaption # 1 had a fair value of $9,440 and Swaption #2 had a fair value of ($271). (For the method of valuation, see "Fair Value" in Note 4).

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.

2001 Swaptions

1995 Revenue Bonds Swaption - On May 2, 2001, the Authority entered into the 1995 Revenue Bonds Swaption with UBS AG in the notional amount of $358,215. Under the 1995 Revenue Bonds Swaption, (i) UBS AG is obligated to pay to the Authority $7,144 on January 1, 2006 as an exercise premium amount, (ii) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index and (iii) the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.447% per annum. The periodic interest rates are applied to the notional amount of the 1995 Revenue Bonds Swaption which amortizes annually from its initial notional amount. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG. On September 3, 2005, UBS advised the Authority that it was exercising its option on this swaption as of January 1, 2006 (see Note 16).

The periodic payment obligations of the Authority under the 1995 Revenue Bonds Swaption are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond Indenture, regularly scheduled periodic payments to be made by the Authority under the 1995 Revenue Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1995 Revenue Bond Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement) falls below “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 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.

As of December 31, 2005, the fair value of the 1995 Revenue Bond Swaption was ($70,938). (For the method of valuation, see “Fair Value” in Note 4).

In consideration for entering into the 1995 Revenue Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of $18,401 from UBS AG which has been recorded as deferred revenue and is being amortized. (Additional disclosure information related to this swaption is included under “Subsequent Events” Note 16).

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.

As of December 31, 2005, the fair value of the 1999 Revenue Bond Swaption was ($61,118). (For the method of valuation, see “Fair Value” in Note 4).

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.

If the 1999 Revenue Bonds Swaption is exercised by UBS AG on an option exercise date, it is the expectation of the Authority (absent cash settling the 1999 Revenue Bonds Swaption) to currently refund the 1999 Revenue Bonds by issuing variable rate obligations with the same amortization as the notional amount amortization of the 1999 Revenue Bonds Swaption.

1999 Port District Project Bonds, Series B Swaption - 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 has 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.

As of December 31, 2005, the fair value of the 1999 Port District Project Bonds Swaption was ($20,548). (For the method of valuation, see "Fair Value" in Note 4).

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.

If the 1999 Port District Project Bonds Swaption is exercised by UBS AG on an option exercise date, it is the expectation of the Authority (absent cash settling the 1999 Port District Project Bonds Swaption) to currently refund the 1999 Port District Project Bonds by issuing variable rate obligations with the same amortization as of the notional amount amortization of the 1999 Port District Project Bonds Swaption.

1998 Port District Project Bonds, Series B Swaption- On November 15, 2001, the Authority entered into an interest rate hedge agreement with Lehman Brothers Financial Products Inc. ("LBFP") with respect to the Authority's Port District Project Bonds, Series B of 1998 in the initial notional amount of $66,065 (the "1998 Port District Project Bonds Swaption"). Under the 1998 Port District Project Bonds Swaption, LBFP retains an option, exercisable on January 1, 2008, January 1, 2009, and January 1, 2010, to elect to have the 1998 Port District Project Bonds Swaption commence. Under the 1998 Port District Project Bonds Swaption, if exercised, (i) LBFP is obligated to pay the Authority $656 (if the option is exercised on January 1, 2008), (ii) LBFP 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 LBFP based upon a fixed rate of 4.865% per annum. The periodic interest rates are applied to the notional amount of the 1998 Port District Project Bonds Swaption which amortizes annually commencing January 1, 2009. Only the net difference in the periodic payments is to be exchanged between the Authority and LBFP.

If exercised, the 1998 Port District Project Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 1998 Port District Project Bonds Swaption are general unsecured corporate obligations. Regularly scheduled periodic payments to be made by the Authority under the 1998 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 Port District Project Bond Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture or bonds issued under the 1998 Port District Project Bond Indenture (hereinafter defined) under which the 1998 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 1998 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 1998 Port District Project Bond Indenture). However, as provided in the 1998 Port District Project 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 1998 Port District Project Bonds are currently rated Baa3 and BBB- by Moody’s and S&P respectively.

As of December 31, 2005, the fair value of the 1998 Port District Project Bonds Swaption was ($8,368). (For the method of valuation, see “Fair Value” in Note 4).

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.

5. ACCOUNTS RECEIVABLE AND TOLL REVENUES

Accounts receivables as of year end for the Authority are as follows:

	2005	2004
Reimbursements from governmental agencies - capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit	$ 970	$ 793
Other intergovernmental	3,743	3,508
Port of Philadelphia and Camden trade receivables	105	242
Cruise terminal receivables	25	31
Development projects	101	104
Other	16,685	834
Gross receivables	21,629	5,512
Less: Allowance for uncollectibles	(1,500)	(1,500)
Net total receivables	$ 20,129	$ 4,012

Of the total intergovernmental receivables of $3,743 above, $3,500 is not expected to be collected within one year. In addition, the Authority records toll revenue net of uncollectible tolls and commuter credits. Gross toll revenues for 2005 were $196,260, while the adjustments for uncollectible tolls and commuter credits were $483 and $4,847 respectively.

6. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2005 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 Year
Bonds and loans payable:					
1995 Revenue Bonds	$ 357,185			$ 357,185	
1998 Revenue Refunding Bonds	107,905		$ (18,605)	89,300	$ 19,590
1999 Revenue Bonds	422,310			422,310	
1998 Port District Project Bonds	74,085		(1,980)	72,105	2,060
1999 Port District Project Bonds	160,760		(1,800)	158,960	1,925
2001 Port District Project Bonds	153,195		(5,385)	147,810	4,625
Less issuance discounts / premiums	(2,313)		(148)	(2,461)	
Total bonds and loans payable	1,273,127	-	(27,918)	1,245,209	28,200
Other liabilities:					
Bridge repainting	39,022	$ 9,251	(5,156)	43,117	
Self-insurance	5,586	2,152	(2,235)	5,503	
Sick and vacation leave	3,981	3		3,984	
Other	814		(262)	552	
Total long-term liabilities	$ 1,322,530	$ 11,406	$ (35,571)	$ 1,298,365	$ 28,200

7. INVESTMENT IN FACILITIES

Capital assets for year ended December 31, 2005 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 80,403	-	$ (4,078)	$ 76,325
Construction in progress	172,620	$ 46,495	(57,940)	161,175
Total capital assets not being depreciated	253,023	46,495	(62,018)	237,500
Capital assets being depreciated:				
Bridges and related building and equipment	901,693	38,653	(3,584)	936,762
Transit property and equipment	283,649	17,485	(52)	301,082
Port enhancements	33,236	731	-	33,967
Total capital assets being depreciated	1,218,578	56,869	(3,636)	1,271,811
Less accumulated depreciation for:				
Bridges and related building and equipment	(268,689)	(27,623)	4,009	(292,303)
Transit property and equipment	(121,921)	(8,787)	53	(130,655)
Port enhancements	(9,662)	(2,022)	-	(11,684)
Total accumulated depreciation	(400,272)	(38,432)	4,062	(434,642)
Total capital assets being depreciated, net	818,306	18,437	426	837,169
Total capital assets, net	$ 1,071,329	$ 64,932	$ (61,592)	$ 1,074,669

Total depreciation expense for the year ended December 31, 2005 and 2004 was $38,432 and $34,702 respectively.

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 Teamsters Pension Plan of Philadelphia and Vicinity, and the Public Employees' Retirement System of New Jersey.

Pennsylvania State Employees' Retirement System

Plan Description - Certain 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. The Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 2.22%, 1.23%, and 0.44% of covered payroll in 2005, 2004 and 2003, respectively. In 2005, 2004 and 2003, the Authority contributed $914, $520, and $193, respectively, to the plan.

Teamsters Pension Plan of Philadelphia and Vicinity

Plan Description - Certain represented employees are eligible and required to participate in the Teamsters Pension Plan of Philadelphia and Vicinity, which provides pension, death and disability benefits. A member may retire at the later of (a) the date the employee reaches 65 or (b) the tenth anniversary of the employee's commencement of participation in the plan. Additionally, employees are eligible for early retirement after 10 years of participation in the plan and (a) completion of 30 years of vested service or (b) attainment of age 50 and completion of 10 years of vested service. Benefits vest after 10 years of service. An employee who retires on or after his or her normal retirement age is entitled to receive benefits based on his or her credited years of service multiplied by a monthly benefit rate, which is determined based on the employer's daily contributions. The benefits are subject to maximum rates 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 contribution requirements of the Authority are established and amended by Teamsters Pension Plan of Philadelphia and Vicinity Board. During 2005, the Authority was required to, and did, contribute the following amounts for PATCO employees: nineteen dollars and forty cents per day from January 1 through June 15 and nineteen dollars and eighty cents from June 16 through December 31 per participating employee. The Authority's contributions totaled 7.83%, 9.00% and 8.60% of covered payroll in 2005, 2004 and 2003, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed $944, $955 and $946 in 2005, 2004 and 2003, respectively.

Public Employees Retirement System of New Jersey (NJ PERS)

Plan Description - Certain permanent full-time employees are eligible to participate in this defined plan (administered by the New Jersey Division of Pensions and Benefits) which provides retirement, death, and disability benefits. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

Funding Policy - The contribution requirements of plan members and the Authority are established and amended by state statute. In accordance with Chapter 62, P.L.1994, plan members enrolled in the PERS are required to contribute 5.0% of their annual covered salary to the plan. The Authority was not required to contribute an actuarially determined amount to the plan for the years 2003 through 2005.

Other Retirement Benefits

The Authority provides certain health care and life insurance benefits for retired employees, where such benefits are established and amended by the Authority's Board of Commissioners. Employees become eligible for retirement benefits once they have been determined pension-eligible. At December 31, 2005, 620 retirees were eligible to receive benefits. These, and similar benefits for active employees, are now provided through insurance companies and the Authority recognizes the cost of providing these benefits by expensing annual insurance premiums. The cost of providing these retirement benefits, net of retiree contributions, totaled $4,815, $4,148 and $3,830 for 2005, 2004 and 2003, respectively. All retirees make contributions towards the cost of health care benefits.

10. INDENTURES OF TRUST

The Authority is subject to the provisions of the following Indentures of Trust: Revenue Bonds of 1995 with Wachovia Bank, N.A., dated November 15, 1995; Port District Project Bonds of 1998 with The Bank of New York (as successor trustee to U.S. Trust Company of New Jersey), dated August 15, 1998; Port District Project Bonds of 1999 with The Bank of New York (as successor trustee to Summit Bank), dated December 1, 1999; Port District Project Bonds of 2001 with Commerce Bank, National Association, dated December 1, 2001; Revenue Refunding Bonds of 1998 with Commerce Bank, National Association, dated July 1, 1998; and the Revenue Bonds of 1999 with Commerce Bank, National Association, dated December 1, 1999 (collectively the "Bond Resolution"). 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 and the Revenue Bonds of 2001, the following additional accounts are required to be maintained:

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

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

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

11. FUNDED AND LONG-TERM DEBT

At December 31, 2005, the Authority had $1,245,209 in Revenue, Revenue Refunding and Port District Project Bonds outstanding, consisting of bonds issued in 1995, 1998, 1999 and 2001. The 1995 Revenue Bonds were issued pursuant to an Indenture of Trust, dated November 15, 1995, and the First Supplemental Indenture thereto. The 1998 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust, dated July 1, 1998, and a First Supplemental Indenture thereto. The 1998 Port District Project Bonds were issued 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.

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

The 1995 Revenue Bonds outstanding at December 31, 2005 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Serial Bonds			
2010	5.30%	$ 11,065	2013	5.40%	$ 15,795
2011	5.40%	11,650	2014	5.40%	16,650
2012	5.45%	14,980	2015	5.40%	17,550
			2016	5.40%	18,495
					106,185
		Term Bonds			
2017	5.50%	$ 19,495	2021	5.50%	$ 24,150
2018	5.50%	20,565	2022	5.50%	25,480
2019	5.50%	21,695	2023	5.50%	26,880
2020	5.50%	22,890	2024	5.50%	28,360
			2025	5.50%	29,920
			2026	5.50%	31,565
					251,000
Total par value of 1995 Bonds outstanding					357,185
Less unamortized bond discount					(3,532)
Total 1995 Bonds, net					$ 353,653

Optional Redemption Dates (Inclusive)	Redemption Price 1995 Bonds
January 1, 2006 through December 31, 2006	102.00%
January 1, 2007 through December 31, 2007	101.00%
January 1, 2008 and thereafter	100.00%

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

The 1995 Revenue Bonds are secured by a lien on and security interest in the net revenues of the Authority and certain monies and securities held under the 1995 Indenture (Note 16). (Additional disclosure information related to this debt issue is included under "Subsequent Events" Note 16).

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

The 1998 Revenue Refunding Bonds outstanding at December 31, 2005 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Serial Bonds, Series B			
2006	5.25%	$ 19,590	2009	5.25%	$ 22,795
2007	5.25%	20,610	2010	5.25%	2,245
2008	5.25%	21,695	2011	5.25%	2,365
Total 1998 Refunding Bonds					89,300
Plus unamortized bond premium					2,648
Total 1998 Refunding Bonds, net					$ 91,948

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

The 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:

Optional Redemption Dates (Inclusive)	Redemption Price 1998 Refunding Bonds, Series B
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, 2005 are as follows:

Maturity Date (January 1)	**Interest Rate / Yield**	**Principal Amount**	**Maturity Date (January 1)**	**Interest Rate / Yield**	**Principal Amount**
		Serial Bonds			
2006	4.20%	$ 2,060	2011	4.63%	$ 2,600
2007	5.00%	2,145	2012	4.75%	2,720
2008	5.00%	2,255	2013	5.00%	2,845
2009	5.00%	2,365	2014	4.75%	2,990
2010	4.50%	2,485	2015	5.00%	3,130
					25,595
		Term Bonds			
2016	4.75%	$ 3,290	2021	5.00%	$ 4,175
2017	4.75%	3,445	2022	5.00%	4,385
2018	5.00%	3,605	2023	5.00%	4,605
2019	5.00%	3,790	2024	5.00%	4,835
2020	5.00%	3,975	2025	5.00%	5,075
			2026	5.00%	5,330
					46,510
Total par value of 1998 Port District Project Bonds outstanding					72,105
Less unamortized bond discount					(420)
Total 1998 Port District Project Bonds, net					$ 71,685

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:

Optional Redemption Dates (Inclusive)	**Redemption Price Port District Project Bonds**
January 1, 2008 through December 31, 2008	101.00%
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 Authority has no current plans to defease the 1995 Revenue Bonds, which have a final maturity date of January 1, 2026.

The 1999 Revenue Bonds outstanding at December 31, 2005 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
			Serial Bonds		
2010	5.50%	$ 10,385	2014	5.40%	$ 5,000
2010	5.10%	5,000	2015	5.75%	20,145
2011	5.50%	16,230	2016	5.75%	16,300
2012	5.50%	12,110	2016	5.63%	5,000
2012	5.25%	5,000	2017	6.00%	22,525
2013	5.63%	18,055	2018	6.00%	18,865
2014	5.75%	14,050	2018	5.75%	5,000
			2019	6.00%	25,295
					198,960
			Term Bonds		
2020	5.75%	$ 26,810	2023	5.75%	$ 31,710
2021	5.75%	28,355	2024	5.75%	33,530
2022	5.75%	29,985	2025	5.75%	35,460
			2026	5.75%	37,500
					223,350
Total par value of 1999 Revenue Bonds					422,310
Less unamortized bond discount					(634)
Total 1999 Revenue Bonds, net					$ 421,676

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.

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, 2005 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Series A Bonds			
2006	7.22%	$ 1,925	2010	7.42%	$ 2,555
2007	7.27%	2,065	2011	7.46%	2,740
2008	7.32%	2,215	2012	7.50%	2,950
2009	7.37%	2,380	2013	7.54%	3,170
					20,000
		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

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Series B Bonds			
2021	5.70%	$ 13,060	2022	5.70%	$ 16,930
			2023	5.70%	17,895
					47,885
		Term Bonds			
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					158,960
Less unamortized bond discount					(2,664)
Total 1999 Port District Project Bonds, net					$ 156,296

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, 2005 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Series A Refunding Bonds (Federally Taxable)			
2006	5.00%	$ 3,715	2014	5.50%	$ 6,880
2007	5.00%	3,800	2015	5.50%	7,260
2008	5.25%	5,085	2016	5.50%	7,660
2009	5.25%	4,350	2017	5.50%	8,080
2009	5.00%	1,000	2018	5.50%	8,525
2010	5.50%	2,625	2019	5.10%	8,995
2010	5.25%	3,000	2020	5.10%	9,450
2011	5.25%	5,935	2021	5.10%	1,580
2012	5.25%	6,255	2022	5.13%	1,300
2013	5.50%	5,570	2023	5.15%	1,300
					$ 102,365
		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					119,165
Plus unamortized bond premium					2,445
Total 2001 Series A Refunding Bonds, net					$ 121,610

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Series B Refunding Bonds			
2006	3.70%	$ 910	2015	4.85%	$ 1,335
2007	4.00%	940	2016	5.00%	1,400
2008	4.20%	980	2017	5.00%	1,470
2009	4.35%	1,020	2018	5.00%	1,540
2010	4.45%	1,065	2019	5.10%	1,620
2011	4.50%	1,115	2020	5.10%	1,700
2012	4.60%	1,165	2021	5.10%	1,785
2013	4.63%	1,215	2022	5.13%	1,880
2014	4.75%	1,270	2023	5.15%	1,975
					$ 24,385
		Term Bonds			
2024	5.20%	$ 2,075	2025	5.20%	$ 2,185
					4,260
Total par value of Series B Bonds					28,645
Less unamortized bond discount					(304)
Total 2001Series B Bonds, net					28,341
Total 2001Port District Project Bonds, net					$ 149,951

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.

The following recapitulates the principal and interest due on all bonds outstanding:

Year Ending December 31,	Principal	Interest	Total
2006	$ 28,200	$ 68,971	$ 97,171
2007	29,560	67,461	97,021
2008	32,230	65,819	98,049
2009	33,910	64,054	97,964
2010	40,425	62,760	103,185
2011-2015	237,795	278,065	515,860
2016-2020	314,455	202,081	516,536
2021-2025	421,400	100,856	522,256
2026-2027	109,695	5,792	115,487
	1,247,670	$ 915,859	$ 2,163,529
Net unamortized bond discounts / premiums	(2,461)		
	$ 1,245,209		

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

Total funded debt and long-term debt as of December 31, 2005 totaled $1,245,209, of which $28,200 was short term and $1,217,009 was long term.

12. 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, 2005, 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:

Issue	Issue Date	Issued Amount	Beginning Balance	Issued	Paid	Ending Balance
Charter School Project Bonds, Series 2003	09/01/03	$ 8,500	$ 8,500	-	-	$ 8,500

13. 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 $7,786 were received in 2005. Total government contributions totaled $6,452 for 2004.

14. CONTINGENCIES

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

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

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

The Authority reviews annually and where appropriate adjusts policy loss limits and deductibles as recommended by our insurance consultant in response to prevailing market conditions, loss experience and revenues. Policy loss limits are established with the professional assistance of independent insurance and engineering consultants to ensure that sufficient coverage exists to accommodate the maximum probable loss that may result in the ordinary course of business. In addition, the amounts of settlements for the last three years have not exceeded the insurance coverage provided in those years.

Self-insurance

	2005	2004
Beginning balance	$ 5,586	$ 4,338
Incurred claims	2,152	3,451
Payment of claims	(2,155)	(2,123)
Other - administrative fees	(80)	(80)
Ending balance	$ 5,503	$ 5,586

15. 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 $1,023 for its economic development loans outstanding.

In support of various economic development projects, the Authority has entered into loan guarantees with various banks to complete the financing aspects of a particular project. As of December 31, 2005, loan guarantees totaling $27,000 have been authorized by the Board.

B. Leases **-** To provide for the operations of its intermodal transfer facility (AmeriPort), which is currently operated by PPC, the Authority leases from CSX Transportation approximately 20.51 acres of the CSX facility in Philadelphia. Under the lease, which expires January 31, 2021, the annual base rental is effective July 1, of each year, and is currently $287. The annual base rent is subject to adjustment annually on the anniversary date (July 1) based on the increase in the Consumer Price Index. In addition to the annual base rent, the Authority must pay, as “Additional Rent,” its equitable share of all taxes, assessments, charges, fees and other legal impositions, as well as the cost and expenses of any labor or materials furnished by CSX Transportation to the Authority. The Authority has the right to terminate this lease at any time upon the payment of three years’ base rent and Additional Rent. (Additional disclosure information related to the AmeriPort operation is included under “Subsequent Events”, Note 16.)

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 2005, the base rent payable to the City totaled $2,579 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1995 and 2004. Base rent payments for 2006 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:

Year	Amount
2006	$ 3,649
2007	3,715
2008	3,783
2009	3,859
2010	3,936

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 2004, the Authority entered into two separate irrevocable standby Letter of Credits with 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 Commerce Bank is for a four-year term in the amount of $2,200 with an expiry date of May 7, 2008. The Letter of Credit with Wachovia Bank is in an initial amount of $1,250 and automatically increases annually each May in the amount of $1,250 until its expiry on May 7, 2008.

As of December 31, 2005, the unused amount of the Letter of Credits totaled $4,700. No draw downs have been made against any Letter of Credit.

E. Contractual Commitments

As of December 31, 2005, the Authority had contractual commitments as follows (in thousands):

	Total
Benjamin Franklin Bridge:	
Data & telephony networks	$6,013
Part time & temporary toll collectors	2,096
Fencing improvements -core facilities	644
Maintenance agreement for toll system	601
BFB steel painting - phase four	525
Other	3,772
Walt Whitman Bridge:	
Cable protection	904
Bridge painting	544
Other	441
Commodore Barry Bridge:	
Deck rehabilitation	1,794
Vessel collision protection design	763
PATCO System:	
PATCO interlocking & roadbed rehabilitation	16,463
Fare collection system	8,311
Power cable and pole line replacement	1,015
Station improvements	669
Other	1,539
Other:	
Delaware river tram & riverfront development	11,427
Port enhancement projects	2,828
Other	598
	$60,947

16. SUBSEQUENT EVENTS

Cessation of AmeriPort Operations - As described in Note 1, PPC is responsible for the operation of the AmeriPort intermodal transfer facility. The facility is operated by a trucking warehouse and intermodal operating company under a contract with the Authority. Upon completion and opening of a new intermodal facility by Norfolk Southern in mid-2006, the Authority will discontinue operations at its AmeriPort facility.

The Authority assisted Norfolk Southern with the financing of the new facility by extending a loan of approximately $11.1 million which was partially repaid in the amount of $10.8 million in January 2006.

2006 Operating and Capital Budgets - Pursuant to its Bond Indentures, the Authority is required to adopt an operating budget for the ensuing calendar year and to provide the Trustees of its various outstanding bond issues with certain budget related certifications by December 31st.

In November 2005, the Finance Committee of the Authority's Board of Commissioners approved and recommended to the full Board the proposed Operating and Capital Budgets for 2006. The Board was to consider these budgets at their December 2005 meeting. However, the December Board meeting was canceled. In accordance with its Bond Indentures, the Authority is operating under its 2005 Operating and Capital budgets, until such time as the 2006 Operating and Capital budgets are adopted by the Board of Commissioners. As of May 31, 2006, the Board had not yet met to consider the 2006 budgets.

In accordance with its Continuing Disclosure Agreements, in January 2006, the Authority filed a disclosure of the delay in the adoption of its budgets with its Bond Trustees and various NRMSIRs (Nationally Recognized Municipal Securities Information Repository).

Proposed 1995 Revenue Bond Refunding/Interest Rate Swap Commencement - In December 2005, the Authority anticipated refunding its 1995 Revenue Bonds with a variable interest rate issue approximating $362 million. A preliminary official statement (POS) was issued in mid-December after credit ratings for the proposed offering were issued by Standard & Poor's, Inc. and Moody's Investors Service, Inc. Subsequent to the release of the POS, the Authority postponed the refunding issue.

On January 3, 2006, the 1995 Revenue Bond swaption, which was exercised by UBS AG on September 3, 2005, commenced with UBS AG making a swap exercise premium payment to the Authority in the amount of $7.143 million. On February 1, 2006, the Authority made its initial net monthly interest payment to UBS, for the interest period from January 3, 2006 through January 31, 2006. Through April 1, 2006, the Authority has made net payments to UBS totaling $2.2 million.

Bond Ratings - In January 2006, as a result of the Authority's failure to pass its 2006 Operating Budget in compliance with its Bond Indentures, Moody's Investors Service, Inc. placed the ratings of the Authority on its "Watchlist" for possible downgrade. Moody's withdrew its rating on the proposed 2005 refunding of the 1995 Revenue Bond issue, but did not alter the bond ratings on the Authority's outstanding issues. In its report, issued on June 13, 2006, Moody's removed the Authority from its "Watchlist" for a possible downgrade and confirmed its ratings on the Authority's bond issues.

In February 2006, Standard and Poor's (S&P) placed the Authority's bonds on "CreditWatch" with negative implications. In its report, issued on June 12, 2006, S&P maintained its CreditWatch placement, with negative implications, on the underlying ratings (SPUR) on the Authority's bond issues.

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.

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2005 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	2005 Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents		$ 5,055		$ 2,337			$ 7,392
Investments		8,468	$ 3,308	152,779			164,555
Accounts receivable (net of allowance for uncollectibles)		2,929		17,200			20,129
Accrued interest receivable				617			617
Transit system and storeroom inventories		295		4,464			4,759
Economic development loans - current				984			984
Prepaid Expenses	$ 2,026	1,791		493			4,310
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents						$ 1,325	1,325
Investments					$ 180,971	150,264	331,235
Accrued interest receivable					86	4	90
Total current assets	2,026	18,538	3,308	178,874	181,057	151,593	535,396
NONCURRENT ASSETS:							
Capital assets (net of accumulated depreciation):							
Land	76,300			25			76,325
Construction in progress	160,009			1,166			161,175
Bridges, related buildings and equipment	644,459						644,459
Transit property and equipment	170,427						170,427
Port enhancements	22,204			79			22,283
Total capital assets	1,073,399	-	-	1,270	-	-	1,074,669
Other:							
Economic development loans (net of allowance for uncollectibles)				25,318			25,318
Deferred charges:							
Debt issuance costs (net of amortization)	18,229			22,317			40,546
Total other assets	18,229	-	-	47,635	-	-	65,864
Total noncurrent assets	1,091,628	-	-	48,905	-	-	1,140,533
Total assets	$ 1,093,654	$ 18,538	$ 3,308	$ 227,779	$ 181,057	$ 151,593	$ 1,675,929

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND:
December 31, 2005 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable:							
Retained amounts on contracts		$ 140		$ 2,950			$ 3,090
Other		4,079		5,770			9,849
Accrued liabilities:							
Pension		297		154			451
Deferred revenue		2,168		3,093			5,261
Liabilities payable from restricted assets:							
Accrued interest payable					$ 34,849		34,849
Bonds and loans payable - current					28,200		28,200
Total current liabilities	-	6,684	-	11,967	63,049	-	81,701
NONCURRENT LIABILITIES:							
Accrued liabilities:							
Repainting				43,117			43,117
Self-insurance		3,735		1,768			5,503
Sick and vacation leave benefits		2,935		1,730			4,664
Other		552					552
Bonds and loans (net of unamortized discount/premium)	$ 847,687			329,636		$ 39,686	1,217,009
Total noncurrent liabilities	847,687	7,222	-	376,251	-	39,686	1,270,845
Total liabilities	$ 847,687	$ 13,906	-	$ 388,218	$ 63,049	$ 39,686	$ 1,352,546
NET ASSETS							
Invested in capital assets, net of related debt	$ 243,941			$ 1,270			245,211
Restricted for:							
Debt requirements		$ 11,077	$ 3,000		$ 110,812		124,889
Port projects						$ 111,907	111,907
Unrestricted (deficit)	2,026	(6,445)	308	(161,709)	7,196		(158,624)
Total net assets	$ 245,967	$ 4,632	$ 3,308	$ (160,439)	$ 118,008	$ 111,907	$ 323,383

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN FUND NET ASSETS INFORMATION BY FUND
Year ended December 31, 2005 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net assets (deficit), January 1	$ 225,660	$ 2,462	$ 3,155	$ (168,647)	$ 114,927	$ 130,558	$ 308,115
Revenues and expenses:							
Operating revenues		195,149		24,714			219,863
Operating expenses	(40,830)	(39,913)		(46,555)			(127,298)
General administration expenses		(26,857)					(26,857)
Investment earnings	441	466	153	12,885	7,103	6,234	27,282
Interest expense	(1,618)			(920)	(69,675)	-	(72,213)
Economic development activities				(9,704)			(9,704)
Other nonoperating revenues (expenses)	(1,777)			(613)	-	(1,201)	(3,591)
Total revenues and expenses	(43,784)	128,845	153	(20,193)	(62,572)	5,033	7,482
Government contributions for capital improvements, additions and other projects	-	203	-	7,583	-	-	7,786
Interfund transfers and payments:							
Bond service		(64,529)		(29,324)	93,853	-	
Funds free and clear of any lien or pledge		(61,744)		61,744			
Retirement of bonds	18,605			9,165	(27,770)	-	
Funds for permitted capital expenditures				49,507		(49,507)	
Funds for permitted port projects				22,886	-	(22,886)	
Capital additions	44,501			(44,501)			
Interfund transfers	985	(605)		(48,659)	(430)	48,709	
Total interfund transfers and payments	64,091	(126,878)	-	20,818	65,653	(23,684)	-
Net assets (deficit), December 31	$ 245,967	$ 4,632	$ 3,308	$ (160,439)	$ 118,008	$ 111,907	$ 323,383

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
Year ended December 31, 2005 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
ASSETS							
NONCURRENT ASSETS:							
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents			$ 797	$ 55	$ 473		$ 1,325
Investments	$ 114,721	$ 66,250	8,314	56,420	75,075	$ 10,455	331,235
Accrued interest receivable	86				4		90
Total noncurrent assets	114,807	66,250	9,111	56,475	75,552	10,455	332,650
Total assets	114,807	66,250	9,111	56,475	75,552	10,455	332,650
LIABILITIES							
CURRENT LIABILITIES:							
Liabilities payable from restricted assets:							
Accrued interest payable		34,849					34,849
Bonds and loans payable - current		28,200					28,200
Total current liabilities	-	63,049	-	-	-	-	63,049
NONCURRENT LIABILITIES:							
Bonds and loans (net of unamortized discount/premium)			2,137	-	30,338	7,211	39,686
Total noncurrent liabilities	-	-	2,137	-	30,338	7,211	39,686
Total liabilities	-	63,049	2,137	-	30,338	7,211	102,735
NET ASSETS							
Restricted for:							
Revenue and port district project bonds	$ 107,611						107,611
Revenue and port district bond service		3,201					3,201
Port projects			6,974	56,475	45,214	3,244	111,907
Unrestricted	7,196						7,196
Total net assets	$ 114,807	$ 3,201	$ 6,974	$ 56,475	$ 45,214	$ 3,244	$ 229,915

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
Year ended December 31, 2005 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
Net assets, January 1	$ 112,109	$ 2,818	$ 6,724	$ 78,717	$ 42,436	$ 2,681	$ 245,485
Revenues and expenses:							
Investment earnings	6,142	961	250	2,867	2,778	339	13,337
Interest expense		(69,675)					(69,675)
Other nonoperating revenues (expenses)				(1,201)			(1,201)
Total revenues and expenses	6,142	(68,714)	250	1,666	2,778	339	(57,539)
Government contributions for capital improvements, additions and other projects	-	-	-	-	-	-	-
Interfund transfers and payments:							
Bond service		93,853					93,853
Funds in excess of bond reserve requirement	(3,444)	3,444					-
Funds for permitted capital expenditures				(49,507)			(49,507)
Retirement of bonds		(27,770)					(27,770)
Funds for permitted port projects					(23,110)	224	(22,886)
Interfund transfers		(430)		25,599	23,110		48,279
Total interfund transfers and payments	(3,444)	69,097	-	(23,908)	-	224	41,969
Net assets, December 31	$ 114,807	$ 3,201	$ 6,974	$ 56,475	$ 45,214	$ 3,244	$ 229,915

Statistical SECTION

Statistical **SECTION**

Last Ten Fiscal Years (In Thousands)

GENERAL EXPENSES BY FUNCTION

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Bridge operations:										
Salaries and employee benefits	$26,954	$27,450	$25,318	$24,931	$23,884	$23,500	$23,441	$28,229	$30,049	$31,968
Equipment and supplies	136	106	170	84	68	85	47	103	840	1,226
Maintenance and repairs	1,511	1,599	2,245	2,167	2,349	2,251	1,811	4,953	3,979	4,354
Utilities	1,678	1,678	1,862	1,320	1,353	1,257	1,158	1,152	1,333	1,413
Insurance	6,617	6,727	4,401	1,765	1,220	1,212	1,184	1,661	1,450	1,585
Other	9,608	10,126	9,245	11,307	11,005	10,242	7,752	1,365	359	1,650
Total bridge operations	46,504	47,686	43,241	41,574	39,879	38,547	35,393	37,463	38,010	42,196
PATCO transit system:										
Maintenance of way and power	8,884	8,618	8,140	6,681	7,364	7,085	6,707	6,250	6,125	5,862
Maintenance of equipment	7,046	6,345	6,417	6,195	5,533	4,899	4,997	4,571	4,220	4,499
Purchased power	3,335	2,852	3,041	2,772	2,905	3,461	2,754	3,039	3,425	3,873
Transportation	11,622	11,725	11,217	10,713	9,377	9,446	9,102	8,617	8,532	8,645
General insurance	823	502	856	1,373	1,210	711	394	471	637	493
Administration	4,024	4,129	3,943	3,655	3,258	2,867	3,348	3,600	3,303	3,673
Total PATCO transit system	35,734	34,171	33,614	31,389	29,647	28,469	27,302	26,548	26,242	27,045
Lease and community impact	3,078	3,021	2,952	2,920	2,857	4,072	7,500	7,500	7,500	7,500
General administration	26,858	29,355	32,567	30,307	26,549	22,845	18,919	16,727	15,270	14,894
Port of Philadelphia and Camden	3,548	3,683	6,828	6,884	6,629	5,338	4,516	4,905	5,465	4,517
Interest	72,213	73,621	74,770	77,039	77,195	77,884	36,441	34,108	34,526	35,244
Total expenses	187,935	$191,537	$193,972	$190,113	$182,756	$177,155	$130,071	$127,251	$127,013	$131,396

REVENUES BY SOURCE

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Bridge operating revenues	$195,149	$195,003	$181,536	$174,418	$176,389	$169,750	$119,467	$117,242	$115,632	$110,930
PATCO transit system operating revenues	20,938	19,868	19,581	20,503	20,473	18,780	16,354	15,234	15,005	14,908
Port of Philadelphia and Camden	3,153	2,623	2,496	2,340	3,180	1,349	1,947	2,327	1,666	1,073
Interest income	27,282	28,391	38,111	45,072	50,301	50,884	14,208	15,371	16,945	17,747
Total revenues	$246,522	$245,885	$241,724	$242,333	$250,343	$240,763	$151,976	$150,174	$149,248	$144,658

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase. E-ZPass discount program was restructured on January 1, 2004.

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Passenger fares	$19,067	$18,647	$18,430	$19,251	$18,942	$17,247	$15,587	$14,412	$14,248	$14,234
Other revenues	1,871	1,221	1,151	1,252	1,531	1,533	767	822	757	674
Total operating revenues	$20,938	$19,868	$19,581	$20,503	$20,473	$18,780	$16,354	$15,234	$15,005	$14,908

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

PATCO TRANSIT SYSTEM RIDERSHIP

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Passengers	9,363	9,150	8,864	9,288	10,037	10,581	10,919	10,752	10,660	10,658

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Revenues available for Debt Service:										
Bridge operating	$195,149	$195,003	$181,536	$174,418	$176,389	$169,750	$119,467	$117,242	$115,632	$110,930
Interest income	2,635	2,249	2,247	2,347	2,604	3,530	3,189	3,843	4,740	5,451
Reserved funds	-	-	-	-	-	-	-	-	-	-
	$197,784	$197,252	183,783	176,765	178,993	173,280	122,656	121,085	120,372	116,381
Less expenses:										
Bridge operating	46,505	47,686	43,241	41,574	39,879	38,547	35,393	37,463	38,010	42,196
General administration	26,857	29,355	32,567	30,307	26,549	22,845	18,919	16,727	15,270	14,894
	73,362	77,041	75,808	71,881	66,428	61,392	54,312	54,190	53,280	57,090
Net revenues available for Debt Service:										
1995 Revenue Bond Indenture	$124,422	$120,211	$107,975	$104,884	$112,565	$111,888	$68,344	$66,895	$67,092	$59,291
Add:										
Bridge Repainting Expense	3,779	3,973	5,664	5,653	6,397	4,367	2,875	3,100	2,237	2,867
Interest Income: 1998 and 1999 Rev. Bonds	3,195	2,832	2,746	3,139	3,257	3,615	921	228	0	0
Net revenues available for Debt Service:										
1998 Revenue Bond Indenture	$131,396	$127,016	$116,385	$113,676	$122,219	$119,870	$72,140	$70,223	$69,329	$62,158
Debt Service (Revenue Bonds):										
1985, 1989, 1995 Revenue Bonds	19,535	19,535	19,535	19,535	19,535	19,535	19,535	23,900	24,362	24,317
1998, 1999 Revenue Bonds	48,527	48,519	48,117	47,100	47,214	35,153	19,120	10,006	-	-
Total Debt Service	68,062	68,054	67,652	66,635	66,749	54,688	38,655	33,906	24,362	24,317
Debt Service coverage (Times) :										
1995 Indenture	6.37	6.15	5.53	5.37	5.76	5.73	3.50	2.80	2.75	2.44
Debt Service coverage (Times) :										
1998 Indenture	1.93	1.87	1.72	1.71	1.83	2.19	1.87	2.07	N/A	N/A

Calculated in accordance with the Authority's 1995 and 1998 Indentures of Trust. Bridge repainting and biennial inspection expenses are included in bridge operating expenses.

FUNDED DEBT

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Outstanding debt	$1,245,209	$1,273,127	$1,299,338	$1,319,446	$1,440,614	$1,298,040	$1,313,221	$630,579	$512,394	$523,813

BRIDGE OPERATING REVENUES

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Toll revenues by vehicle classification:										
Automobiles, light trucks and commuters	141,057	139,471	$130,399	$129,774	$129,431	$126,747	$83,512	$83,686	$83,904	$81,183
Trucks	45,618	45,099	40,946	39,915	41,210	40,280	30,906	29,876	28,182	26,922
Buses	1,515	1,655	1,573	1,730	1,559	1,649	1,474	1,476	1,474	1,465
Senior citizens	2,005	2,054	2,018	2,065	2,002	1,882	1,619	1,699	1,732	1,710
Other	735	530	686	842	282	647	553	560	522	502
Discounts and deductions	-	-	-	(136)	(819)	(3,254)	(1,120)	(1,248)	(1,164)	(1,076)
Total toll revenues	$190,930	$188,809	$175,622	174,190	173,665	167,951	116,944	116,049	114,650	110,706
Other bridge operating revenues	4,219	6,194	5,914	228	2,724	1,799	2,523	1,193	982	224
Total bridge operating revenues	$195,149	$195,003	$181,536	$174,418	$176,389	$169,750	$119,467	$117,242	$115,632	$110,930

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase. E-ZPass discount program was restructured on January 1, 2004.

Last Ten Fiscal Years (In Thousands)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Vehicle classification:										
Automobiles & light trucks	48,667	48,345	46,683	46,225	45,411	43,863	35,206	34,329	34,308	33,184
Commuter vehicles	-	-	-	-	-	-	10,326	11,545	11,747	11,268
Trucks	2,974	2,965	2,824	2,724	2,786	2,716	2,888	2,829	2,677	2,559
Buses	317	331	327	333	340	351	374	376	374	371
Senior citizens	2,005	2,054	2,018	2,063	2,003	1,884	1,620	1,701	1,735	1,717
Other	102	113	115	286	126	161	286	237	204	198
Total traffic	54,065	53,808	51,967	51,631	50,666	48,975	50,700	51,017	51,045	49,297

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

TOLL REVENUE BY BRIDGE

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Walt Whitman Bridge	$76,255	$75,001	$68,214	$68,111	$66,923	$62,985	$43,050	$43,862	$43,161	$41,567
Ben Franklin Bridge	60,550	60,377	58,261	57,833	56,633	54,857	37,600	36,535	35,973	35,772
Betsy Ross Bridge	26,305	26,581	24,627	24,552	24,916	24,842	18,412	18,542	19,481	18,044
Commodore Barry Bridge	27,820	26,850	24,520	23,694	25,193	25,267	17,882	17,110	16,035	15,323
Total toll revenues	$190,930	$188,809	$175,622	$174,190	$173,665	$167,951	$116,944	$116,049	$114,650	$110,706

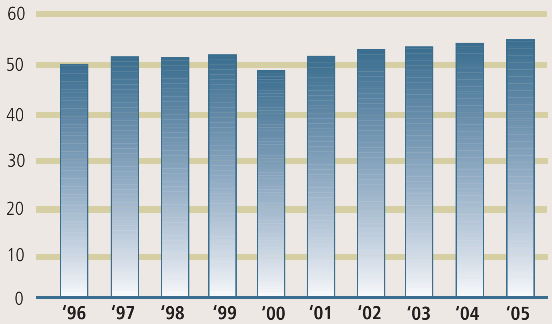
The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase. E-ZPass discount program was restructured on January 1, 2004.

BRIDGE TRAFFIC BY BRIDGE

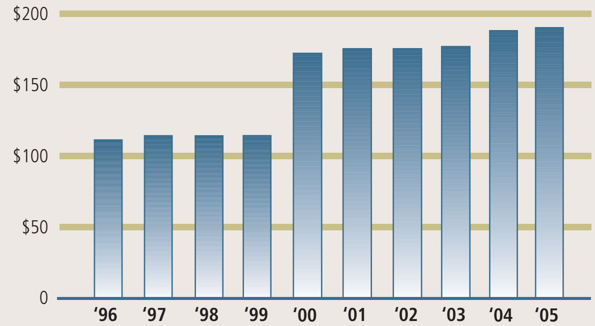
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Walt Whitman Bridge	21,293	21,070	19,869	19,876	19,345	18,314	18,470	18,906	18,739	18,031
Ben Franklin Bridge	19,363	19,371	19,298	19,139	18,579	18,019	18,471	18,233	17,987	17,813
Betsy Ross Bridge	6,788	6,909	6,653	6,583	6,627	6,582	6,368	7,624	8,289	7,627
Commodore Barry Bridge	6,621	6,458	6,147	6,033	6,115	6,060	7,391	6,254	6,030	5,826
Total traffic	54,065	53,808	51,967	51,631	50,666	48,975	50,700	51,017	51,045	49,297

Bridge and PATCO **OPERATIONS**

DRPA Bridge Traffic 1996-2005 [1]
(in millions of vehicles)

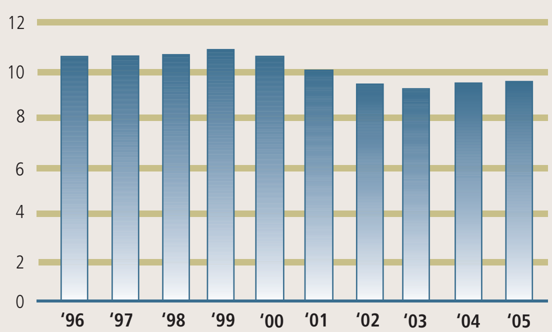


DRPA Bridge Toll Revenues 1996-2005 [1]
(in millions of dollars)

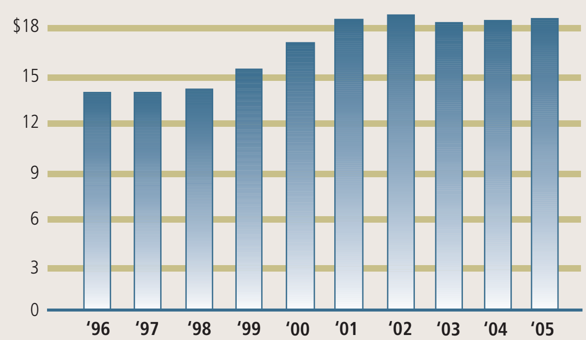


(1) The DRPA increased toll rates January 2, 2000. E-ZPass was fully inplemented on DRPA facilities on January 2, 2000, in conjunction with the toll increase. The DRPA restructured its E-ZPass discount program on January 1, 2004.

PATCO Passenger Ridership 1996-2005 [2]
(in millions of passengers)

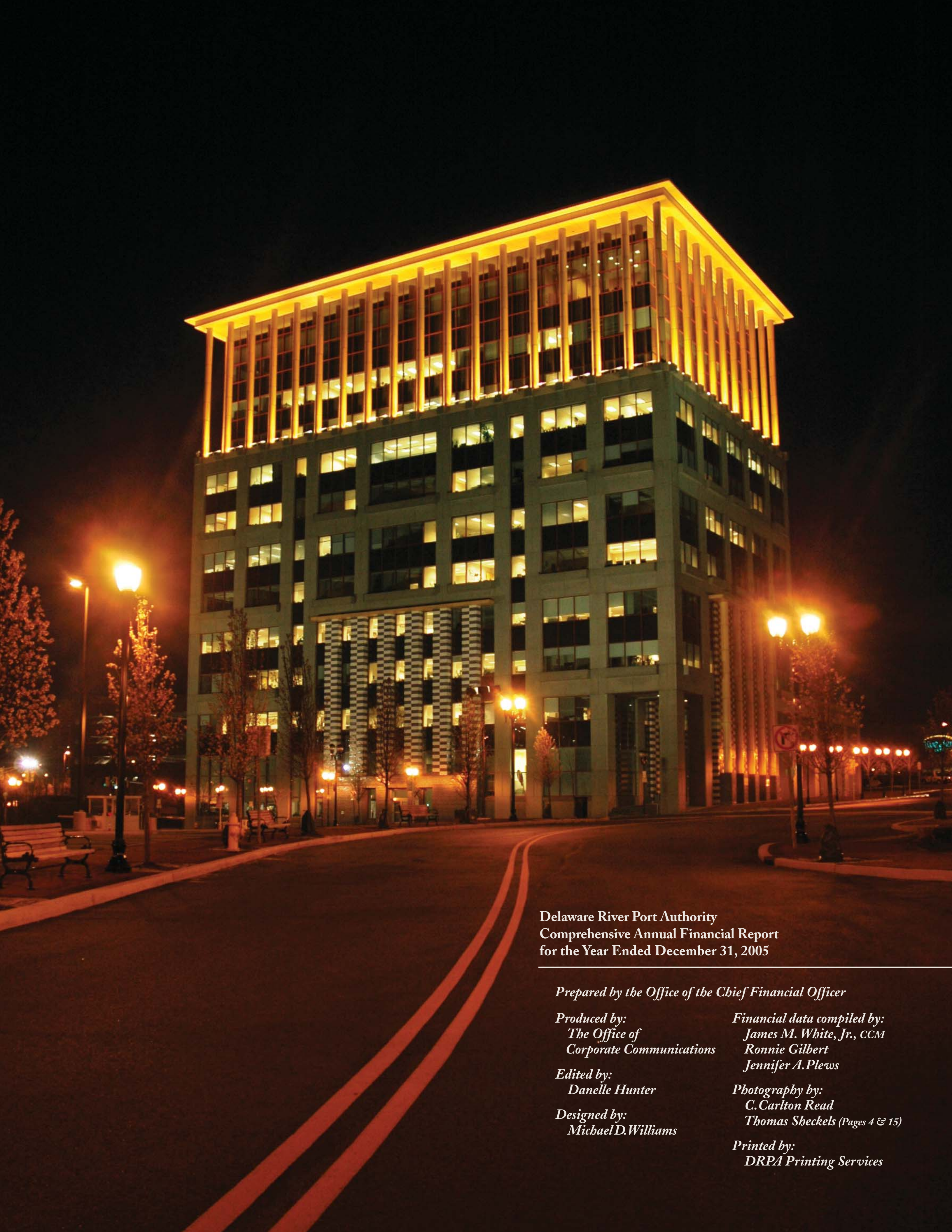


PATCO Passenger Fare Revenues 1996-2005 [2]
(in millions of dollars)



(2) In July 2001, PATCO implemented the third and final phase of the fares increases.

(Right) Night falls on One Port Center, DRPA's Headquarters building located in Camden, N.J.



Delaware River Port Authority
Comprehensive Annual Financial Report
for the Year Ended December 31, 2005

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President

Executive Director

For the thirteenth consecutive year the Delaware River Port Authority was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its 2004 Comprehensive Annual Financial Report.

Mission STATEMENT

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

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