

# ***DELAWARE RIVER & BAY AUTHORITY***

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED DECEMBER 31, 2006



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## ***COMPREHENSIVE ANNUAL FINANCIAL REPORT***

***FISCAL YEAR ENDED DECEMBER 31, 2006***

Prepared by:

Joseph Larotonda, Controller  
Michele Cleary, Senior Accountant  
Dana Read, Assistant Controller

**DELAWARE RIVER AND BAY AUTHORITY**  
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## INTRODUCTORY SECTION





## THE DELAWARE RIVER AND BAY AUTHORITY

Delaware Memorial Bridge  
Post Office Box 71  
New Castle, Delaware 19720  
Tel.: (302) 571-6300  
Fax: (302) 571-6367

Cape May-Lewes Ferry  
Post Office Box 827  
North Cape May, New Jersey 08204  
Tel.: (609) 889-7200  
Fax: (609) 886-1021

TO: THE BOARD OF COMMISSIONERS  
OF THE DELAWARE RIVER AND BAY AUTHORITY

### INTRODUCTION

The Comprehensive Annual Financial Report of the Delaware River and Bay Authority ("Authority") for the fiscal year ended December 31, 2006, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Authority management. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect Authority assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not exceed their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is accurate in all material aspects; it is designed to present fairly the financial position and results of operations; and all disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes this transmittal letter, the Authority's organization chart and a listing of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A) and basic financial statements including notes to financial statements and required supplementary information. The statistical section includes financial and operational information, generally presented on a multi-year basis. The compliance section presents information in conformity with provisions of the Federal Single Audit Act of 1984, as amended in 1996, which establishes audit requirements for state and local governments that receive federal awards. This section includes the schedule of expenditures of federal awards, findings and questioned costs and the independent auditor's reports on internal control and compliance with applicable laws and regulations. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Delaware River and Bay Authority's MD&A can be found immediately following the report of the independent auditors.

## INDEPENDENT AUDIT

The Authority's Trust Agreement, dated October 1, 1993, requires an annual audit of the Authority's financial statements by an independent audit firm. The Authority's financial statements have been audited by Bowman and Company, LLP, a firm of licensed certified public accountants, selected by the Authority through a competitive process. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2006, are free of material misstatement. Their audit was performed in accordance with generally accepted auditing standards and governmental auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary during the audit. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Authority's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Authority was part of a broader, federally mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards.

## PROFILE OF GOVERNMENT

The Delaware River and Bay Authority is a bi-state agency of government of the State of Delaware and the State of New Jersey created in 1962 by a compact between those two States with the consent of Congress for the purpose of developing the area in both States bordering the Delaware River and Bay for transportation and terminal facilities. The original Compact was amended in 1990 for the purpose of expanding the Authority's powers to undertake economic development projects within the State of Delaware or in the New Jersey counties of Cape May, Cumberland, Gloucester, and Salem.

The Authority is governed by a 12-member Board of Commissioners, consisting of 6 members from each State. Commissioners are appointed by the Governor of their State with the advice and consent of the Senate and hold office for terms of five years and until their successors have been appointed and confirmed. No action of the Authority is valid unless approved by at least four Commissioners from each State. The Governor of each State has the right to cancel the vote of any one or more of the Commissioners from their State within ten business days after receipt of the minutes of the meeting at which the vote is taken. The Board of Commissioners governs through a committee system. The Board is organized into six committees: Budget and Finance, Projects, Personnel and Insurance, Economic Development, Audit and Ad Hoc By-Laws. Each committee is comprised of six Commissioners and meets on a quarterly or monthly basis. Commissioners do not receive compensation for their service to the Authority. 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 owns and operates the twin spans of the Delaware Memorial Bridge, the Cape May – Lewes Ferry and the Three Forts Ferry Crossing. The Delaware Memorial Bridge spans across the Delaware River connecting New Castle, DE and Deepwater, NJ. The twin bridges handle approximately 35 million vehicles annually. A staff of 30 full-time toll employees keeps the toll facilities operational 24 hours a day, 365 days a year. The Authority has completed its sixth year

of providing E-ZPass services at the Delaware Memorial Bridge. As of December 31, 2006, the Authority maintained 39,351 customer accounts and 62,117 transponders in circulation, as compared to 35,912 and 55,636 from the same period ending December 31, 2005. E-ZPass usage continues to grow as current statistics show 56.6 percent of our overall traffic utilize E-ZPass as compared to 52.1 percent a year ago. During the weekday commute period, the percentage of our customers using E-ZPass has risen to 70.6 percent versus 68.9 percent during FY 2005.

The Cape May – Lewes Ferry transports approximately 351,000 vehicles and 1.0 million passengers annually, along a 17 mile, 70 minute ride, connecting the towns of Lewes, DE and Cape May, NJ. A total staff of 67 marine personnel operates and maintains up to five vessels year round. The Authority also provides food and retail services to ferry patrons. The Three Forts Ferry Crossing provides water transportation service to various points located in Delaware and New Jersey. Under the 1990 Compact Amendment, the Authority has expanded its economic activity in both Delaware and New Jersey. The Authority operates five Airports, located in New Castle, DE, Cape May, NJ, Millville, NJ, Dover, DE and Cheswald, DE. The Authority also operates the Salem County Business Park, a seventy-one acre complex located in Carney's Point Township, NJ and the Riverfront Market and Restaurant, a European style marketplace located in Wilmington, DE. Other current and authorized economic projects include financing activities with the Diamond State Port Corporation, South Jersey Technology Park and Delaware State University.

The Authority prepares both operating and capital budgets annually. The annual operating budget serves as a financial planning and control tool for the associated fiscal year. Each of the Authority's department managers 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. Individual budget hearings are conducted by the Chief Financial Officer as an opportunity for Department Managers to highlight their respective staffing and operational needs. A proposed operating budget is developed and presented by the Chief Financial Officer to the Budget and Finance Committee and the Board of Commissioners for their review and adoption. Any subsequent amendments to the total adopted operating budget require the approval of the Budget and Finance Committee and Board of Commissioners.

Expenditures are monitored continuously throughout the year by the Budget Director to ensure that each department is in compliance with the adopted operating budget and the established policies of the Authority.

The Authority prepares an annual capital budget through a similar process, weighing the requirements of both the crossing and economic development facilities. The Chief Operating Officer presents the capital budget to the Projects Committee and the Board of Commissioners for their review and adoption. The capital budget is a planning document identifying the Authority's priorities and potential commitments. The approval of the capital budget does not, in itself, authorize any specific project. Specific approval by the Projects Committee and the Board of Commissioners is required before any capital project may commence. Additional information on the Authority's budgetary activity and compliance can be found in Notes 1 and 2 of the notes to the financial statements.



## FINANCIAL MANAGEMENT

Financial operations of the Authority are substantially controlled by the provisions of a Trust Agreement, dated October 1, 1993, with Wilmington Trust Company, and all subsequent Supplemental Trust Agreements. The Authority's management and financial staff work closely with the Trustee, to ensure that the Authority is in compliance with the terms and covenants of its Trust Agreements.

Investments of the Authority are purchased in accordance with the provisions of the 1993 Trust Agreement. Cash available during the year is generally invested in money market funds, repurchase agreements (collateralized by obligations of the U.S. Treasury), obligations of federal government securities or their instrumentalities, obligations of public agencies or municipalities and commercial paper, both which must be rated at the highest rating category by the Rating Services. In addition to the 1993 Trust Agreement, the Authority has adopted a separate investment policy for the Construction and General Funds, which supplements the provisions of the Agreement. The Authority's investment objective 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 invested amounts as reserves for its debt obligations. The Authority's Retirement Plan assets are managed under a separate investment policy adopted by the Plan Trustees. The policy is based on care and diligence and designed exclusively for the purpose of providing contracted benefits to the Retirement Plan members and beneficiaries.

The Authority retains the services of three (3) investment management firms to assist with the fulfillment of its fiduciary responsibilities. The Authority's investment portfolio is managed pursuant to the guidelines established by the Authority, which are in compliance with the Trust Agreements. Additional information on the Authority's trust agreement and cash and investments can be found in Notes 1, 2 and 4 of the notes to financial statements.

## ACCOMPLISHMENTS AND INITIATIVES

During Fiscal Year 2006, the Authority achieved a number of improvements in operations and services provided to the public. Some of the more significant accomplishments for the year and major program initiatives are identified below:

Commercial Air Service. The Authority partnered with Delta Air Lines to re-introduce scheduled air service from New Castle Airport. Two daily non-stop regional flights to Atlanta by Delta Connection's carrier Atlantic Southeast Airlines provide the regions' consumers with the connection to nearly 300 destinations worldwide.

Economic Development. The Authority collaborated with the State of Delaware to fund a new \$16 million, 92,267 square foot warehouse at the Port of Wilmington for Dole Fruit Company. Dole signed a 15 year lease for the warehouse and is expected to generate more than 150 jobs from the State of Delaware and the region.

DBE Program. The Authority expanded its Disadvantaged Business Enterprise (DBE) Program to incorporate a DBE policy into contract specification documents for all Authority-funded capital construction contracts in excess of \$250,000. This expansion, intended to provide greater opportunity to the DBE community, will be closely monitored by the Authority and re-evaluated after the two year trial period expires. The Authority first initiated a DBE program in 1996, as required by the Federal Aviation Administration ("FAA") under Regulation 49 CFR Part 26, as a condition of accepting FAA funding for Airport projects.

Community Initiatives. The Authority continued to identify and implement initiatives to support families in need located throughout Delaware and the four southern counties in New Jersey. Initiatives included a school outreach project providing back packs and school supplies to disadvantaged communities, "Build a House" initiative with Habitat for Humanity, Thanksgiving food baskets for over 100 families, and "Hope for the Holidays" providing food baskets, clothes and gifts for 27 families. In addition, the Authority, through its Community Contribution Program, furnished over \$650,000 to non-profit organizations throughout its surrounding areas.

## RISK MANAGEMENT

The Authority has established policies and procedures whose objectives are to minimize the risks associated with the diverse activities of its operations. Management retains an Insurance Consultant to ensure that all Authority assets have proper insurance coverage to protect the Authority and its bondholders. In accordance with the Trust Agreement, the Authority is required to maintain insurance on various assets. To satisfy this requirement, the Authority maintains insurance in the following categories:

- Physical loss or damage insurance on the twin span bridges, ferry vessels, buildings and toll facilities.
- Use and occupancy insurance covering loss of revenues due to interruption in the use of the twin spans resulting from damage or destruction of any part of the bridges.
- Workers compensation and Protection and Indemnity Insurance.
- Property Damage and Public Liability Insurance.

Additional information on the Authority's insurance program can be found in Schedule 14 of the Required Supplementary Information.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Associations of the United States and Canada ("GFOA") award a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River and Bay Authority for its comprehensive annual financial report for the fiscal year ending December 31, 2005. This was the second 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 to legal requirements.

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

The preparation of this comprehensive annual financial report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would especially like to express my appreciation to each member of the Department who contributed to the preparation of this Report. Special thanks must also be given to the Chairman, Vice-Chairman, Chief Executive Officer and the Budget and Finance Committee for maintaining the highest standards in the management of the Delaware River and Bay Authority's finances.

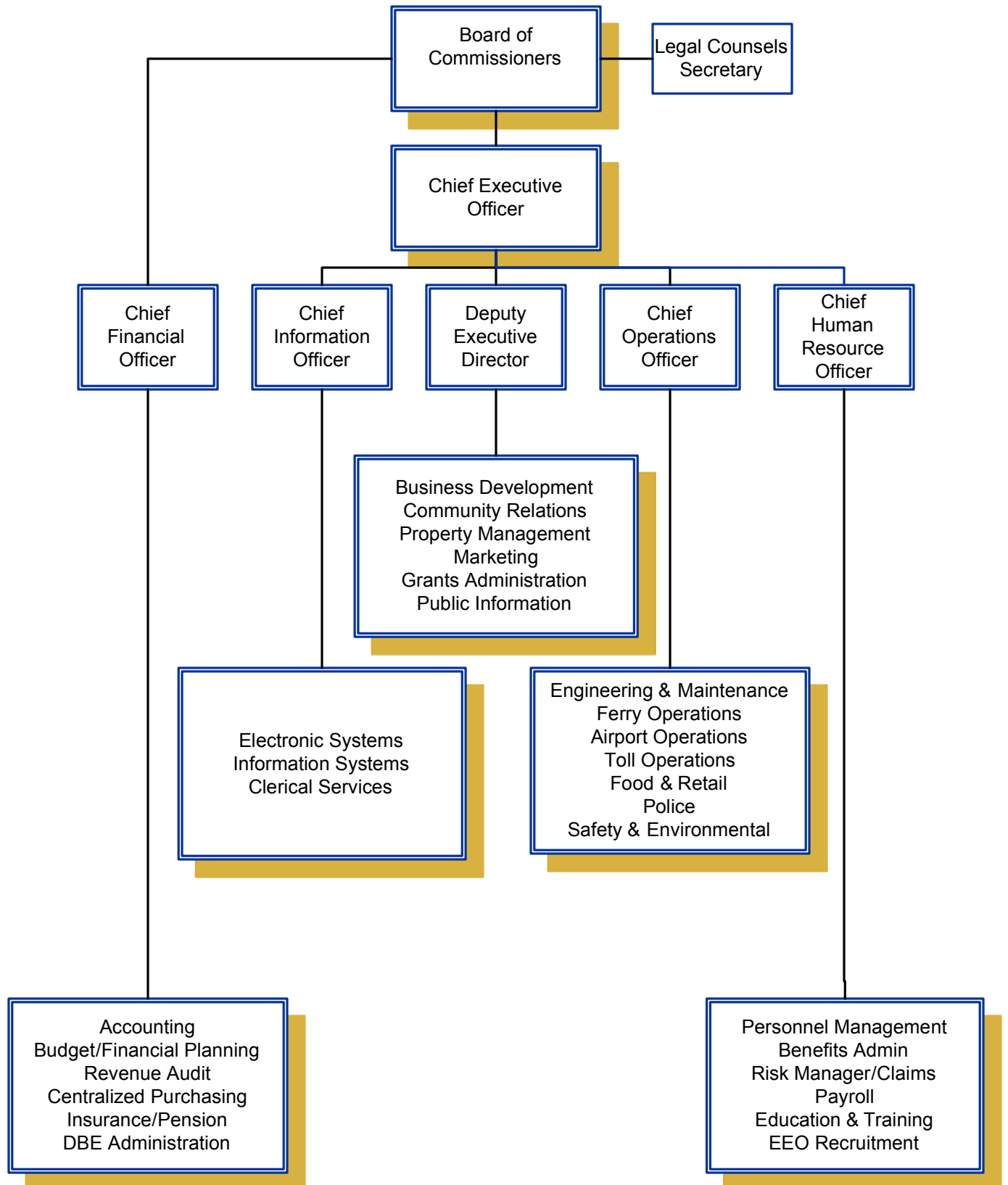
Respectfully submitted,



Victor Ferzetti  
Acting Chief Financial Officer

## DELAWARE RIVER & BAY AUTHORITY

### ORGANIZATIONAL CHART AND FUNCTIONAL RESPONSIBILITIES



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**DELAWARE RIVER AND BAY AUTHORITY  
BOARD OF COMMISSIONERS**

**STATE OF NEW JERSEY:**

**GOVERNOR  
JON S. CORZINE**

James N. Hogan, Vice-Chairperson  
Franklinville, NJ, Term Expires July 1, 2011

Susan Atkinson DeLanzo, Chairperson Ad-Hoc By-Laws Committee  
Cape May Court House, NJ, Term Expires July 1, 2011

Rev. Edward Dorn, Vice-Chairperson, Personnel Committee  
Pedricktown, NJ, Term Expires July 1, 2007

Niels S. Favre, Chairperson, Audit Committee & Vice-Chairperson, Projects  
Committee  
Cape May, NJ, Term Expires July 1, 2010

Gary F. Simmerman, Vice-Chairperson, Budget & Finance Committee  
Hopewell Township, NJ, Term Expires July 1, 2008

Ceil Smith, Chairperson, Economic Development Committee  
Salem, New Jersey, Term Expires July 1, 2009

**STATE OF DELAWARE:**

**GOVERNOR  
RUTH ANN MINNER**

F. Michael Parkowski, Chairperson  
Dover, DE, Term Expires July 1, 2011

Thomas J. Cooper, Vice-Chairperson, Audit Committee  
Seaford, DE, Term Expires July 1, 2007

Verna W. Hensley, Vice-Chairperson, Economic Development Committee  
Middletown, DE, Term Expires July 1, 2009

Samuel E. Lathem, Chairperson, Personnel Committee  
Bear, DE, Term Expires July 1, 2010

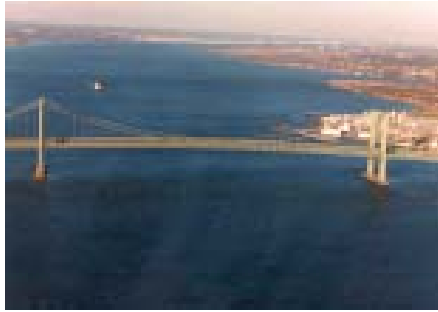
William E. Lowe, III, Chairperson, Projects Committee  
Lewes, DE, Term Expires July 1, 2007

Gary B. Patterson, Chairperson, Budget & Finance Committee & Vice-Chairperson,  
Ad-Hoc By-Laws Committee  
Dover, DE, Term Expires July 1, 2008



# DRBA Facilities

**DELAWARE  
MEMORIAL BRIDGE**  
*August 1951*



**CAPE MAY -  
LEWES FERRY**  
*July 1964*



**THREE FORTS FERRY  
CROSSING**  
*March 1997*



**NEW CASTLE  
AIRPORT**  
*July 1995*



**CAPE MAY AIRPORT**  
*June 1999*



**CIVIL AIR  
TERMINAL**  
*August 1999*



**MILLVILLE AIRPORT**  
*October 1999*



**DELAWARE  
AIRPARK**  
*July 2000*



**SALEM COUNTY  
BUSINESS CENTER**  
*February 1998*



**RIVERFRONT  
MARKET**  
*April 2002*



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Delaware River & Bay  
Authority

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



President

Executive Director

## FINANCIAL SECTION



## **INDEPENDENT AUDITOR'S REPORT**

The Chairman and Members of  
The Delaware River and Bay Authority  
New Castle, Delaware

We have audited the accompanying statements of net assets, and the statements of revenues, expenses and changes in net assets, and cash flows together with the financial statements of the fiduciary fund of the Delaware River and Bay Authority as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Delaware River and Bay Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Delaware River and Bay Authority and the fiduciary fund of the Delaware River and Bay Authority as of December 31, 2006 and 2005 and the respective changes in financial position and cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2007 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delaware River and Bay Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. In addition, the introductory section, required supplementary information, other supplementary statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are also not a required part of the basic financial statements. The schedule of expenditures of federal awards, the required supplementary information and other supplementary statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
May 17, 2007





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Fax: (856) 435-0440  
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Members of:  
American Institute of CPAs  
New Jersey Society of CPAs

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Chairman and Members of  
The Delaware River and Bay Authority  
Newcastle, Delaware

We have audited the financial statements of the Delaware River and Bay Authority for the year ended December 31, 2006, and have issued our report thereon dated May 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Delaware River and Bay Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be presented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

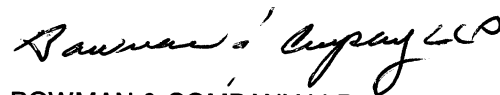
**Internal Control Over Compliance**

The management of the Delaware River and Bay Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management of the Delaware River and Bay Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
May 17, 2007

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Delaware River and Bay Authority's financial statements and the notes thereto. The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), promulgated by the Government Accounting Standards Board. In accordance with GAAP, the Authority's revenues are recognized in the period they are earned and expenses are recognized in the period in which they are incurred. Capital Assets are recorded and (except land and construction-in-progress) are depreciated over their useful lives. Amounts held in the Debt Service, Debt Service Reserve and Constructions Funds are restricted for debt service and construction purposes, respectively. See notes to the financial statements for a summary of the Authority's significant accounting policies.

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets serve as a relative indicator of the change in financial position of the Authority.

The statement of revenues, expenses and changes in net assets shows the result of the Authority's total operations during the fiscal year and reflects both operating and non-operating activities. Changes in net assets reflect the current fiscal period's operating impact upon the overall financial position of the Authority.

The statement of cash flows provides a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, ending with a reconciliation of operating income to net cash provided by operating activities. The statement of cash flows is divided into the following activities: operating, non-capital financing, capital financing, and investing.

Notes to the basic financial statements contain supplemental information, and offer explanations to the basic financial statements. The notes are intended to assist the reader in understanding the Authority's basic financial statements.

## FINANCIAL POSITION SUMMARY

Total Net Assets, the difference between the Authority's assets and liabilities, over time, serve as a useful indicator of the Authority's financial position. The Authority's total net assets were \$282.3 million as of December 31, 2006.

A condensed summary of the Authority's net assets at December 31, by amount and the percentage within each class is shown below (in thousands).

### FINANCIAL POSITION SUMMARY

	<u>2006</u>	<u>%</u>	<u>2005</u>	<u>%</u>	<u>2004</u>	<u>%</u>
<b>ASSETS:</b>						
Current and Other Assets	\$ 166,631	26.4%	\$ 177,273	27.9%	\$ 186,514	29.6%
Capital Assets	<u>465,407</u>	73.6%	<u>457,717</u>	72.1%	<u>442,780</u>	70.4%
Total Assets	632,038		634,990		629,294	
<b>LIABILITIES:</b>						
Current Liabilities	28,912	8.3%	27,899	7.8%	26,290	7.3%
Long-Term Liabilities	<u>320,823</u>	91.7%	<u>327,912</u>	92.2%	<u>335,074</u>	92.7%
Total Liabilities	349,735		355,811		361,364	
<b>NET ASSETS:</b>						
Invested in Capital Assets, Net of Debt	168,486	59.7%	172,541	61.8%	163,283	60.9%
Restricted	32,904	11.7%	32,036	11.5%	31,990	11.9%
Unrestricted	<u>80,913</u>	28.7%	<u>74,602</u>	26.7%	<u>72,657</u>	27.1%
<b>TOTAL NET ASSETS</b>	<u>\$ 282,303</u>		<u>\$ 279,179</u>		<u>\$ 267,930</u>	

The largest portion of the Authority's net assets at December 31, 2006 (59.7%), represents its investment in capital assets (i.e. bridges, ferries, buildings, improvements and equipment); less the related debt outstanding used to acquire those capital assets. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves cannot be used to liquidate liabilities.

An additional portion of the Authority's net assets at December 31, 2006 (11.7%), represents resources that are subject to the external restrictions on how they can be used under Trust Agreement covenants. The remaining unreserved net assets (28.7%) may be used to meet the Authority's capital and ongoing obligations.



## SUMMARY OF NET ASSETS

Net Assets increased \$3.1 million during FY 2006. The increase was 8.1 million or 72.2% less than FY 2005. This decrease can be attributable to increases in operating expenses, depreciation and one-time expenditures for pension contributions and interest rebates on outstanding Revenue Bonds. A condensed summary of the Authority's changes in net assets is shown below (in thousands).

	2006 Actual	Percent Increase/ (Decrease)	2005 Actual	Percent Increase/ (Decrease)	2004 Actual	Percent Increase/ (Decrease)
Operating Revenues (See Exhibit B)	\$ 99,854	2.6%	\$ 97,279	-0.1%	\$ 97,350	2.9%
Operating Expenses (See Exhibit B)	<u>73,025</u>	13.0%	<u>64,620</u>	1.7%	<u>63,571</u>	4.1%
Income Before Depreciation and Other Non-Operating Income and Expenses	26,829	-17.9%	32,659	-3.3%	33,779	0.8%
Depreciation	<u>18,684</u>	12.5%	<u>16,603</u>	0.6%	<u>16,506</u>	-29.3%
Operating Income	8,145	-49.3%	16,056	-7.0%	17,273	70.1%
Non-Operating Income (Expenses)	<u>(13,496)</u>	7.5%	<u>(12,557)</u>	-20.5%	<u>(15,786)</u>	29.3%
Income Before Capital Contributions	(5,351)	-252.9%	3,499	135.3%	1,487	-172.3%
Capital Contributions	<u>8,475</u>	9.4%	<u>7,750</u>	9.1%	<u>7,105</u>	33.9%
Increase in Net Assets	<u>\$ 3,124</u>	-72.2%	<u>\$ 11,249</u>	30.9%	<u>\$ 8,592</u>	164.4%

## FINANCIAL HIGHLIGHTS

- Operating revenues increased \$2.6 million or 2.6% from \$97.3 million to \$99.9 million during FY 2006, with \$1.1 million of the increased revenue generated by a fare increase at the Ferry.
- Operating expenses, before depreciation increased \$8.4 million or 13.0% from \$64.2 to \$73.0 million as a result of increased expenses associated with employee wages and benefits, insurance, electric and repair and maintenance on the Twin Spans and the Ferry Vessels.
- As a result of the above, operating income before depreciation and non-operating income and expenses decreased \$5.9 million or 17.9% from \$32.7 million to \$26.8 million in FY 2006.
- Non-operating income (expense) increased \$.94 million or 7.5% from a net expense of \$12.6 million in FY 2005 to a net expense of \$13.5 million in FY 2006. This increase in net expense is the result of a 35% increase in investment income over FY 2005 and an arbitrage rebate expense associated with the 2000A and 2000B Revenue Bonds.
- Capital Contributions received in the form of grants from the Federal Aviation Administration and other services increased \$.73 million or 9.4% from \$7.8 million in FY 2005 to \$8.5 million in FY 2006.

## OPERATIONAL HIGHLIGHTS

During FY 2006, the Authority's traffic rose slightly as compared to FY 2005. Overall traffic at the Delaware Memorial Bridge increased .6% during FY 2006 as compared to FY 2005, with commercial traffic increasing .7% and non-commercial traffic increasing .6%. It is important to note that while commercial traffic represented 13.8% of total traffic in FY 2006, it accounted for 44% of total revenue. More detailed information on traffic and revenue can be found in Note 3 in the notes to the financial statements.

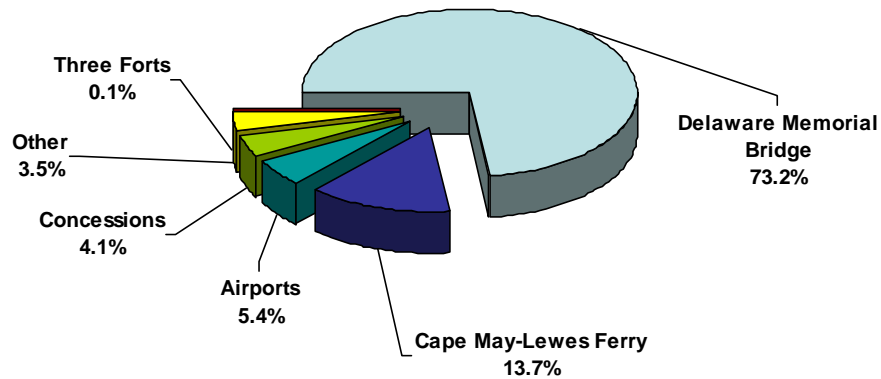
Overall traffic at the Cape May-Lewes Ferry decreased 2.6% during FY 2006 as compared to FY 2005 as vehicles decreased 2.3% and Ferry passengers decreased 2.7%. Ferry passengers comprised 74% of total traffic in FY 2006 and accounted for 45% of total revenue.

Traffic for the Three Forts Ferry Crossing decreased 29% during FY 2006 as compared to FY 2005. This decline is attributable to the closing of Fort Delaware State Park on August 1, 2006. The Ferry service normally runs from April through October.

	2006 <u>Actual</u>	Percent Increase/ (Decrease)	2005 <u>Actual</u>	Percent Increase/ (Decrease)	2004 <u>Actual</u>	Percent Increase/ (Decrease)
<b>Delaware Memorial Bridge</b>						
Commercial	2,451,857	0.7%	2,434,050	1.8%	2,391,636	4.2%
Non-Commercial	<u>15,255,637</u>	0.6%	<u>15,159,360</u>	-0.6%	<u>15,249,402</u>	2.2%
Total DMB:	17,707,494	0.6%	17,593,410	-0.3%	17,641,038	2.5%
<b>Cape May-Lewes Ferry</b>						
Vehicles	351,188	-2.3%	359,450	-0.2%	360,031	-0.7%
Passengers	<u>1,001,188</u>	-2.7%	<u>1,028,553</u>	0.8%	<u>1,020,402</u>	-2.8%
Total CMLF:	1,352,376	-2.6%	1,388,003	0.5%	1,380,433	-2.3%
<b>Three Forts</b>						
Passengers	15,723	-29.0%	22,142	-11.9%	25,126	5.4%

## REVENUES

The following chart shows the major sources and the percentage of operating revenues for the fiscal year ended December 31, 2006.



A summary of total revenues for the fiscal years ended December 31, 2006, 2005 and 2004 and the amount and percentage of change in relation to prior fiscal year amounts as follows (in thousands).

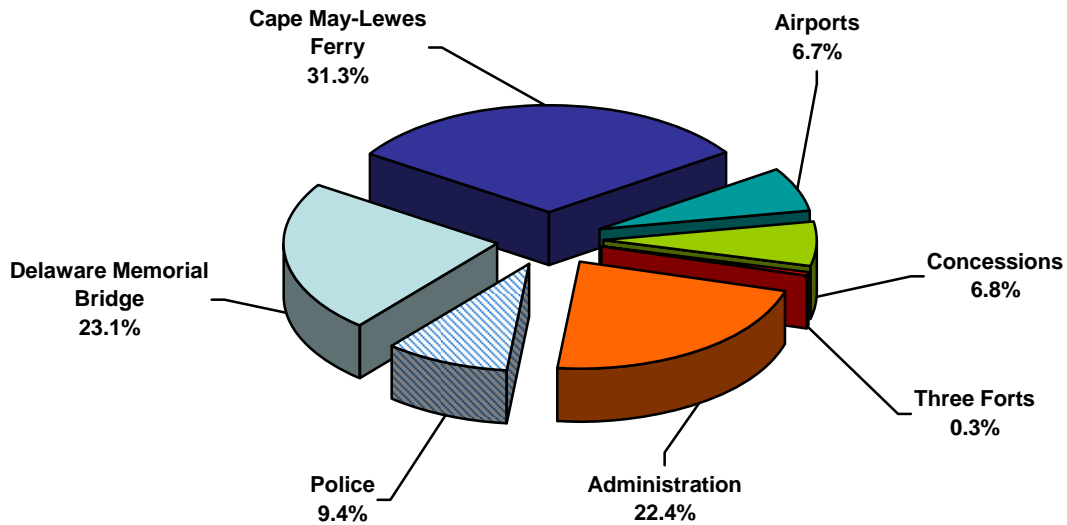
	2006 Actual	Percent Increase/ (Decrease)	2005 Actual	Percent Increase/ (Decrease)	2004 Actual	Percent Increase/ (Decrease)
<b>OPERATING</b>						
Delaware Memorial Bridge	\$ 73,031	0.9%	\$ 72,349	0.7%	\$ 71,869	3.8%
Cape May-Lewes Ferry	13,701	8.6%	12,615	-2.5%	12,944	-2.3%
Airports	5,364	9.5%	4,899	-3.2%	5,063	-0.5%
Three Forts	77	-28.7%	108	-9.2%	119	7.2%
Concessions	4,137	-1.2%	4,186	6.9%	3,917	-0.8%
Other	3,544	13.5%	3,122	-9.2%	3,437	16.1%
<b>TOTAL OPERATING</b>	<b>99,854</b>	<b>2.6%</b>	<b>97,279</b>	<b>-0.1%</b>	<b>97,349</b>	<b>2.9%</b>
<b>NON-OPERATING</b>						
Investment Income	6,180	44.2%	4,285	44.5%	2,965	-12.5%
Sale of Equipment	89	-12.7%	102	-44.9%	185	-81.1%
<b>TOTAL NON-OPERATING</b>	<b>6,269</b>	<b>42.9%</b>	<b>4,387</b>	<b>39.3%</b>	<b>3,150</b>	<b>-27.9%</b>
Capital Contributions	8,475	9.4%	7,750	9.1%	7,105	33.9%
<b>TOTAL REVENUES</b>	<b>\$ 114,598</b>	<b>4.7%</b>	<b>\$ 109,416</b>	<b>1.7%</b>	<b>\$ 107,604</b>	<b>3.2%</b>

Total Authority revenues increased \$5.2 million or 4.7% from \$109.4 in FY 2005 to \$114.6 in FY 2006. The increase in revenues is attributable to the following operating and non-operating activities:

- Bridge toll revenue increased .9%, the result of increases in both Commercial and Non-Commercial traffic of .7% and .6% respectively.
- Ferry toll revenue increased 8.6% in FY 2006, despite a 2.6% overall decrease in Ferry traffic. The increase is attributable to a fare hike effective April 1, 2006.
- Concession revenues decreased 1.2% in FY 2006, which corresponds directly to the overall decrease in Ferry traffic.
- Airport revenues increased 9.5% in FY 2006, as lease revenues at New Castle Airport increased 17.4% in FY 2006.
- Other operating income increased 13.5%, in FY 2006, the result of increases in reservation fees, aviation fuel sales, E-ZPass account adjustments and a new tenant at the Salem Business Center.
- Non-Operating income increased 42.9% during FY 2006, as interest rates rose increasing investment income by 44.2%.
- Capital contributions increased 9.4% over FY 2005, as the Authority continues to receive funding for Airport related projects through the FAA.

## EXPENSES

The following chart shows the Authority's operating divisions and the percentage of budgetary expenses for the year ended December 31, 2006.



A summary of total expenses for the fiscal years ended December 31, 2006, 2005 and 2004 and the amount and percentage of change in relation to the prior fiscal amounts as follows (in thousands).

	2006 Actual	Percent Increase/ (Decrease)	2005 Actual	Percent Increase/ (Decrease)	2004 Actual	Percent Increase/ (Decrease)
<b>OPERATING</b>						
Administration	\$ 15,228	7.1%	\$ 14,220	8.7%	\$ 13,081	16.5%
Delaware Memorial Bridge	15,992	11.3%	14,368	-7.2%	15,482	6.3%
Cape May-Lewes Ferry	21,259	10.6%	19,221	4.7%	18,364	3.0%
Authority Police	6,480	12.1%	5,780	3.0%	5,614	-0.2%
Airports Division	4,457	7.2%	4,156	1.8%	4,083	0.0%
Three Forts	180	18.4%	152	-24.0%	200	20.5%
Concessions	4,634	7.0%	4,332	8.4%	3,998	0.5%
Depreciation	18,684	12.5%	16,603	0.6%	16,506	-29.3%
Other Expenses	4,795	100.6%	2,390	-13.1%	2,749	-23.6%
<b>TOTAL OPERATING</b>	<b>91,709</b>	<b>12.9%</b>	<b>81,222</b>	<b>1.4%</b>	<b>80,077</b>	<b>-5.2%</b>
<b>NON-OPERATING</b>						
Interest on Bonds	14,922	-3.4%	15,452	-3.0%	15,931	-1.8%
Other Non-Operating	4,842	224.3%	1,493	-50.3%	3,004	727.5%
<b>TOTAL NON-OPERATING</b>	<b>19,764</b>	<b>16.6%</b>	<b>16,945</b>	<b>-10.5%</b>	<b>18,935</b>	<b>14.2%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 111,473</b>	<b>13.6%</b>	<b>\$ 98,167</b>	<b>-0.9%</b>	<b>\$ 99,012</b>	<b>-2.0%</b>



## EXPENSES

Total Authority expenses increased \$13.3 million or 13.6% from \$98.2 million in FY 2005 to \$111.5 million in FY 2006. Listed below are the major highlights which affected Authority expenses in FY 2006.

- Employment costs, consisting of wages and benefits increased \$3.1 million or 7.7% in FY 2006 at 42.9 million as compared to 39.8 million in FY 2005.
- Insurance costs increased \$.43 million or 8.4% over FY 2005, primarily due to increases in premiums for bridge property, workers compensation and liability coverages.
- Utility costs increased \$.66 million or 28.6% over FY 2005, from \$2.3 million in FY 2005 to \$2.9 million in FY 2006. Electric and natural gas increased \$.54 million or 31.7% over FY 2005.
- Facility and Equipment Maintenance expenses increased \$1.2 million as compared to FY 2005. Painting on the Delaware Memorial Bridge increased \$.46 million in FY 2006, while drydocking and fire and safety enhancements on the Cape May-Lewes Ferry fleet increased \$.49 million during FY 2006.
- Depreciation expense increased \$2 million or 12.5% over FY 2005, this increase was attributable to a \$49 million increase in total capital assets being depreciated during 2006.
- Other Operating expenses increased \$2.4 million or 100% from FY 2005, the result of a one-time contribution to the Authority's Defined Pension Plan.
- Non-operating expenses increased \$2.8 million or 16.6% as compared to FY 2005, primarily due to an arbitrage rebate on the 2000A & 2000B Revenue Bonds.

## SUMMARY OF CASH FLOW ACTIVITIES

The following table shows a summary of the major sources and uses of cash and cash equivalents for the periods ending December 31, 2006, 2005 and 2004. Cash equivalents are considered highly liquid investments with a maturity of three months or less (in thousands).

	2006 Actual	Percent Increase/ (Decrease)	2005 Actual	Percent Increase/ (Decrease)	2004 Actual	Percent Increase/ (Decrease)
Cash Flow from Operating Activities	\$ 24,499	-31.0%	\$ 35,530	6.9%	\$ 33,227	-1.0%
Cash Flow from Non-Capital Financing Activities	0	0	0	-100.0%	7	-96.8%
Cash Flow from Capital and Related Financing Activities	(43,287)	8.3%	(39,976)	4.1%	(38,409)	-216.3%
Cash Flow from Investing Activities	<u>20,104</u>	318.7%	<u>4,801</u>	-5.3%	<u>5,071</u>	-108.1%
Net Increase (Decrease) in Cash and Cash Equivalents	1,316	270.7%	355	-441.3%	(104)	-102.7%
Cash and Cash Equivalents, Jan. 1, 2006	<u>4,198</u>	9.2%	<u>3,843</u>	-2.6%	<u>3,946</u>	5161.3%
Cash and Cash Equivalents, Dec. 31, 2006	<u>\$ 5,514</u>	31.3%	<u>\$ 4,198</u>	9.3%	<u>\$ 3,842</u>	-2.6%

The Authority's available cash equivalents increased from \$4.2 million at the end of FY 2005 to \$5.5 million at the end of FY 2006.

## CAPITAL ASSETS

The Authority's investment in capital assets for its activities through December 31, 2006 amounted to \$465.4 million (net of depreciation), which represents a 1.7% increase in capital assets over FY 2005.

Capital assets acquisitions are recorded at cost. Acquisitions are funded using a variety of financing techniques, including debt issuance, federal grants and Authority revenues. Additional information on the Authority's Capital assets and commitments can be found in Note 3 in the notes to the financial statements.

The following table shows a summary of the Authority's investment in capital assets (net of depreciation) for the periods ending December 31, 2006, 2005, and 2004 (in thousands).

	2006 Actual	Percent Increase/ (Decrease)	2005 Actual	Percent Increase/ (Decrease)	2004 Actual	Percent Increase/ (Decrease)
Land	\$ 11,416	0.0%	\$ 11,416	0.0%	\$ 11,416	-0.9%
Land Improvements	58,985	0.7%	58,583	-0.5%	58,889	4.1%
Buildings	97,357	15.9%	84,029	-2.2%	85,915	-0.5%
Machinery & Equipment	22,231	70.5%	13,037	-9.8%	14,454	-0.3%
Infrastructure	152,853	6.4%	143,668	0.4%	143,042	-2.0%
Vessels	70,156	-1.8%	71,433	-4.3%	74,642	-1.5%
Construction in Progress	52,410	-30.6%	75,551	38.8%	54,422	-6.7%
	<u>\$ 465,408</u>	1.7%	<u>\$ 457,717</u>	3.4%	<u>\$ 442,780</u>	-1.4%

The major capital investments undertaken or completed during FY 2006 include:

- Rehabilitation of Expansion Joints – 1<sup>st</sup> and 2<sup>nd</sup> Structures – Delaware Memorial Bridge (\$5.4 million)
- Deck Resurfacing – Delaware Memorial Bridge (\$1.4 million)
- Vessel Drydocking and Repairs – Cape May-Lewes Ferry (\$3.3 million)
- Taxiway M & K3 Improvements – New Castle Airport (\$3.8 million)
- Land Acquisitions – Delaware Air Park (\$2.9 million)
- Electrical Systems Rehabilitation – Delaware Memorial Bridge (\$2.2 million)
- 800 Megahertz Radio System – Delaware Memorial Bridge (\$.7 million)
- Miscellaneous Capital Improvements and Equipment – Delaware Memorial Bridge (\$2.9 million)

## DEBT ADMINISTRATION

The Authority's total debt decreased by 7.3 million or 2.3% during FY 2006. As of December 31, 2006, the Authority had \$315.4 million of revenue bonds outstanding, compared to \$322.7 million at December 31, 2005. These bonds were issued in 1996, 2000, 2003, 2004 and 2005 under a Trust Agreement which stipulates that the Authority shall, at all times, fix, revise, charge and collect tolls and other charges each year equal to not less than 125% of the principal and interest requirements for such fiscal year. The Authority has satisfied this requirement for the years ended December 31, 2006, 2005 and 2004 with debt coverage ratios of 149%, 151% and 157% respectively.

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

<u>Issue</u>	<u>Moody's</u>	<u>S&amp;P</u>
Series 1996 Revenue Bonds	A1	A+
Series 2000A Revenue Bonds	A1	A+
Series 2000B Variable Rate Revenue Bonds	Aaa / VMIG1	AAA / A-1+
Series 2003 Revenue Bonds	A1	A+
Series 2004 Refunding Revenue Bonds	A1	A+
Series 2005 Refunding Revenue Bonds	A1	A+

All ratings for the Authority's outstanding bonds have remained the same or increased since their original issue. Both rating agencies continue to view the Authority with a long-term stable outlook. Additional information on the Authority's long-term debt can be found in Note 4 in the notes to the financial statements.

## ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Authority's customers, investors and other interested parties with an overview of Authority finances and to demonstrate the Authority's accountability for funds it receives. Questions regarding any information involved in this report or requests for additional information should be addressed to the office of the Chief Financial Officer, Delaware River and Bay Authority, P.O. Box 71, New Castle, Delaware 19720.

## BASIC FINANCIAL STATEMENTS

**DELAWARE RIVER AND BAY AUTHORITY**

Statements of Net Assets  
As of December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 5,479,728	\$ 4,179,219
Investments	69,351,659	67,741,393
Operating Revenues Receivable (Net of Allowance for Uncollected Tolls of \$48,478 for 2006 and \$54,363 for 2005)	4,801,356	4,319,649
Accrued Investment Income Receivable	430,897	307,098
Note Receivable	3,400,000	
Other Accounts Receivable	220,743	212,976
Federal Grants Receivable	856,075	1,205,506
Inventory	4,998,004	5,085,997
Prepaid Expenses	283,274	705,567
Restricted Assets:		
Cash and Cash Equivalents	33,932	19,078
Investments	72,328,844	88,478,534
Accrued Investment Income Receivable	263,075	508,287
Total Current Assets	<u>162,447,587</u>	<u>172,763,304</u>
Noncurrent Assets:		
Property, Plant and Equipment:		
Completed (Net of Accumulated Depreciation)	412,997,842	382,166,672
Construction in Progress	52,409,834	75,550,654
	<u>465,407,676</u>	<u>457,717,326</u>
Other Assets:		
Unamortized Debt Issue Costs	4,182,729	4,509,453
Total Noncurrent Assets	<u>469,590,405</u>	<u>462,226,779</u>
Total Assets	<u>632,037,992</u>	<u>634,990,083</u>

(Continued)

**DELAWARE RIVER AND BAY AUTHORITY**

Statements of Net Assets  
As of December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	\$ 2,980,277	\$ 2,933,305
Accrued Wages Payable	508,320	422,909
Unpaid Health Claims	654,035	546,960
Electronic Toll Liability	621,045	484,654
Unearned Revenue	5,242,937	5,305,269
Customer and Security Deposits	1,224,292	1,179,431
Compensated Absences	508,150	339,004
Payable from Restricted Assets:		
Accounts Payable	2,876,299	2,640,935
Interest Payable	7,201,975	7,422,042
Revenue Bonds Payable (Current Portion)	7,095,000	6,625,000
	<hr/>	<hr/>
Total Current Liabilities	28,912,330	27,899,509
	<hr/>	<hr/>
Long Term Liabilities:		
Compensated Absences	5,404,408	5,186,948
Revenue Bonds Payable	315,418,383	322,724,591
	<hr/>	<hr/>
Total Long Term Liabilities	320,822,791	327,911,539
	<hr/>	<hr/>
Total Liabilities	349,735,121	355,811,048
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	168,486,079	172,540,587
Restricted:		
Trust Agreement Covenants	32,903,520	32,036,520
Unrestricted	80,913,272	74,601,928
	<hr/>	<hr/>
Total Net Assets	\$ 282,302,871	\$ 279,179,035
	<hr/>	<hr/>

See the accompanying Notes to Financial Statements.

**DELAWARE RIVER AND BAY AUTHORITY**  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>OPERATING REVENUES:</b>		
Bridge Tolls	\$ 73,031,619	\$ 72,348,723
Ferry Tolls	13,778,387	12,723,114
Food and Novelty Sales	4,137,079	4,185,985
Airport Lease Revenue	5,363,724	4,898,749
Other Operating Revenue	<u>3,544,050</u>	<u>3,122,164</u>
Total Operating Revenue	<u>99,854,859</u>	<u>97,278,735</u>
<b>OPERATING EXPENSES:</b>		
Administrative and General:		
Wages and Benefits	7,107,897	6,576,471
Other Expenses	12,915,924	10,034,100
Operations:		
Wages and Benefits	36,353,664	33,824,846
Other Expenses	16,648,022	14,184,485
Depreciation Expense	<u>18,684,272</u>	<u>16,602,820</u>
Total Operating Expenses	<u>91,709,779</u>	<u>81,222,722</u>
Operating Income	<u>8,145,080</u>	<u>16,056,013</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Investment Income	6,179,702	4,285,404
Investment Fees	(460,383)	(480,836)
Interest on Bonds	(14,921,709)	(15,451,686)
Amortization of Debt Issue Costs	(328,184)	(432,224)
Write-Off Construction in Progress	(1,568,448)	(580,179)
Interest Rebate	(2,485,404)	
Gain on Sale of Capital Assets	<u>88,544</u>	<u>102,291</u>
Net Non-Operating Income (Expense)	<u>(13,495,882)</u>	<u>(12,557,230)</u>
Income (Loss) Before Contributions	(5,350,802)	3,498,783
Capital Contributions	<u>8,474,638</u>	<u>7,749,738</u>
Change in Net Assets	3,123,836	11,248,521
Net Assets Jan. 1	<u>279,179,035</u>	<u>267,930,514</u>
Net Assets Dec. 31	<u><u>\$ 282,302,871</u></u>	<u><u>\$ 279,179,035</u></u>

See the accompanying Notes to Financial Statements.



**DELAWARE RIVER AND BAY AUTHORITY**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from Customers and Users	\$ 96,217,640	\$ 93,281,062
Payments to Employees	(43,015,913)	(40,461,623)
Payments to Suppliers	(31,721,695)	(23,962,246)
Other Operating Receipts	3,018,555	8,151,287
Net Cash Provided by Operating Activities	<u>24,498,587</u>	<u>37,008,480</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Bond Proceeds		180,215,000
Premium on Bonds		9,869,961
Costs of Issuance		(2,547,123)
Payment to Refunding Escrow		(188,094,510)
Interest Rebate	(2,485,404)	
Acquisition and Construction of Capital Assets	(27,756,795)	(31,236,820)
Proceeds of Sale of Capital Assets	109,240	276,238
Capital Contributions	8,824,069	11,844,427
Principal Paid on Capital Debt	(6,625,000)	(6,345,000)
Interest Paid on Capital Debt	(15,352,985)	(15,436,436)
Net Cash (Used in) Provided by Capital and Related Financing Activities	<u>(43,286,875)</u>	<u>(41,454,263)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Income	6,024,610	4,154,220
Investment Fees	(460,383)	(480,836)
Net Change in Investments	<u>14,539,424</u>	<u>1,128,099</u>
Net Cash Provided by (Used in) Investing Activities	<u>20,103,651</u>	<u>4,801,483</u>
Net (Decrease) Increase in Cash and Cash Equivalents	1,315,363	355,700
Cash and Cash Equivalents -- Jan 1	<u>4,198,297</u>	<u>3,842,597</u>
Cash and Cash Equivalents -- Dec 31	<u>\$ 5,513,660</u>	<u>\$ 4,198,297</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income	\$ 8,145,080	\$ 16,056,013
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:		
Depreciation Expense	18,684,272	16,602,820
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(822,995)	4,117,367
(Increase) Decrease in Note Receivable	(3,400,000)	
(Increase) Decrease in Inventory	87,993	(658,694)
(Increase) Decrease in Prepaid Expenses	422,293	(121,635)
Increase (Decrease) in Accounts Payable	710,300	(441,956)
Increase (Decrease) in Unpaid Health Claims	107,075	546,960
Increase (Decrease) in Electronic Toll Liability	136,391	118,974
Increase (Decrease) in Deferred Revenue	214,171	(22,113)
Increase (Decrease) in Customer and Security Deposits	44,861	532,076
Increase (Decrease) in Compensated Absences	169,146	278,668
Net Cash Provided by Operating Activities	<u>\$ 24,498,587</u>	<u>\$ 37,008,480</u>

See the accompanying notes to Financial Statements.

**DELAWARE RIVER AND BAY AUTHORITY**  
**Statements of Net Assets Available for Benefits**  
**Fiduciary Fund**  
**Pension Trust Fund**  
**As of December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Investments at Fair Value:		
Cash and Cash Equivalents	\$ 4,563,504	\$ 2,028,433
Mutual Funds	27,916,884	25,240,941
Corporate Bonds	2,961,331	734,664
US Government Bonds	9,042,760	11,049,629
Municipal Bonds	4,995,480	2,848,874
Fixed Income Funds	17,280,170	18,121,043
	<u>66,760,129</u>	<u>60,023,584</u>
Accrued Interest	<u>188,068</u>	<u>173,895</u>
Other Assets:		
Employer Contribution Receivable	<u>1,130</u>	<u>1,241</u>
Total Other Assets	<u>1,130</u>	<u>1,241</u>
Total Assets	<u>66,949,327</u>	<u>60,198,720</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>47,146</u>	<u>62,285</u>
Total Liabilities	<u>47,146</u>	<u>62,285</u>
<b>NET ASSETS</b>		
Assets Held in Trust for Pension Benefits	<u>\$ 66,902,181</u>	<u>\$ 60,136,435</u>

See the accompanying Notes to Financial Statements.

**DELAWARE RIVER AND BAY AUTHORITY**  
**Statements of Changes in Net Assets Available for Benefits**  
**Fiduciary Fund**  
**Pension Trust Fund**  
**For the Years Ended December 31, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>ADDITIONS</b>		
Investment Income:		
Net Appreciation in Fair Value of Assets	\$ 3,723,416	\$ 957,787
Dividends	482,627	404,412
Interest	1,700,076	1,164,864
	<u>5,906,119</u>	<u>2,527,063</u>
Less: Investment Expense	85,916	78,013
	<u>5,820,203</u>	<u>2,449,050</u>
Contributions:		
Employer	6,688,088	3,760,147
Plan Member	694,206	650,706
	<u>7,382,294</u>	<u>4,410,853</u>
Total Contributions	<u>7,382,294</u>	<u>4,410,853</u>
Total Additions	<u>13,202,497</u>	<u>6,859,903</u>
<b>DEDUCTIONS</b>		
Benefits Paid to Participants	6,093,878	5,446,391
Insurance Expense	23,050	24,250
Administrative Expenses	319,823	228,517
	<u>6,436,751</u>	<u>5,699,158</u>
Total Deductions	<u>6,436,751</u>	<u>5,699,158</u>
Net Increase	6,765,746	1,160,745
Net Assets Available for Plan Benefits:		
Beginning of Year	<u>60,136,435</u>	<u>58,975,690</u>
End of Year	<u>\$ 66,902,181</u>	<u>\$ 60,136,435</u>

See the accompanying Notes to Financial Statements.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Delaware River and Bay Authority (the "Authority") is a body politic and an agency of the Governments of the State of Delaware and the State of New Jersey, duly created with the consent of the Congress of the United States of America, approved September 20, 1962. As a governmental agency, the Authority has no stockholders or equity holders.

The Authority is authorized to plan, finance, develop, construct, purchase, lease, maintain, improve and operate crossings, including bridges, tunnels and ferries and all approaches thereto and connecting and service routes, between the State of Delaware and the State of New Jersey across the Delaware River and Bay, and transportation and terminal facilities, and to issue Revenue Bonds payable from revenues. Effective November 15, 1990, the Authority is further authorized to plan for, finance and operate commerce facilities or developments in Delaware or in the New Jersey counties of Cape May, Cumberland, Gloucester and Salem.

**Basis of Presentation, Fund Accounting**

The financial statements of the Authority have been prepared in accordance with generally accepted accounting principles applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority uses a single Enterprise fund to account for the bridge, ferry and airport activities and maintain their 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.

Fiduciary funds are used to account for the accumulation of pension resources held in trust for employees.

**Basis of Accounting**

The Authority's Proprietary and Fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, regardless of the timing of the related cash flows.

**Governmental Accounting Standards Board – Statement No. 20**

The Authority is required to follow all statements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 20 was issued to give guidance in determining Generally Accepted Accounting Principles (GAAP) for governmental proprietary funds. It provides that all proprietary fund activities follow all Financial Accounting Standards Board (FASB) Statements issued prior to November 30, 1989, unless they conflict with GASB standards. It also provides that the governmental unit must elect whether to follow FASB Statements issued after that date.

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets and Budgetary Accounting**

The Authority must adopt an annual budget in accordance with Section 505 of the Trust Agreement. Section 505 requires the Authority to adopt the final budget no later than December 1<sup>st</sup> for the ensuing fiscal year. The budget is adopted on the modified accrual basis of accounting with provisions for cash payments for bond principal. The Authority may not incur in a fiscal year any amount in excess of the amounts provided for current expenses in the annual budget.

The Authority records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with generally accepted accounting principles. The reconciliation between budgetary basis expenditures and expenditures as reported on the Statement of Revenue, Expenses and Changes in Fund Net Assets is included in Note 2.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds, cash on hand, cash on deposit with public depositories and investment money market funds. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are recorded at fair market value.

The Authority's depository and investment options are subject to the provisions and restrictions of the Trust Agreement, as supplemented, between the Trustee, Wilmington Trust Company and the Authority dated October 1, 1993. Section 601 of the Trust Agreement establishes the requirements for the security of deposits of the Authority. This section requires that all deposits with a depository, in excess of the amount insured by the Federal Deposit Insurance Corporation shall be continuously secured for the benefit of the Authority and the holders of the bonds.

Depositories must be a member of the Federal Deposit Insurance Corporation, subject to examination by federal or state authority, of good standing and have a combined capital, surplus and undivided profits aggregating not less than \$25,000,000.

Section 101 of the Trust Agreement defines the allowable Investment Obligations for all funds of the Authority, except the General fund. Permitted investments include (a1) Government Obligations guaranteed by the full faith and credit of the United States Government, (a2) Senior Debt Obligations of the Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Financing Bank, Farmers Home Administration, Federal Land Banks, Federal Home Loan Mortgage Association, Government National Mortgage Association and Federal National Mortgage Association, (b) repurchase agreements with respect to the obligation listed in (a1) and (a2), (c) certificates of deposits, (d) commercial paper rated in the highest category by the Rating Agencies, (e) obligations of state or local government issuers rated in the two highest categories by the Rating Agencies, (f) money market mutual funds rated in the highest category by the Rating Agencies, (g) bankers' acceptances rated in the three highest categories by the Rating Agencies and (h) full faith and credit obligations of state or local government issuers rated in one of the three highest categories by the Rating Agencies.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments (Cont'd)**

Section 602 of the Trust Agreement establishes maturity limits by Fund for Investment Obligations held in depositories. Maturity limits by fund are as follows:

<b><u>Fund</u></b>	<b><u>Maturity Limit</u></b>
Revenue Fund	Twelve Months
Debt Service Funds	Not later than when the funds held will be required for the purposes intended
Debt Service Reserve Funds	Not later than the final maturity of the bonds outstanding
Reserve Maintenance Fund	Three Years
Construction Fund	Not later than when the funds held will be required for the purposes intended
General Fund	None

The Trust Agreement does not place limits on the amount that may be invested in any one issuer. As a supplement to the provisions of the Trust Agreement, the Authority has adopted policies and guidelines for the investment of funds in both the Construction and General funds.

*Construction Fund:* Limits that not more than 10% of the fund that may be invested in any one issuer and not more than 25% of the fund may be invested in the following types of obligations as described above (b) repurchase agreements, (c) certificates of deposits, (e) obligations of state or local governments, (g) bankers' acceptances and (h) full faith and credit obligations of state and local government issuers. Limits that not more than 10% of the fund may be invested in any one issuer of the following types of obligations as disclosed in Note 1: (a2) US Government Agency Obligations and Commercial paper. No limits are placed on obligations guaranteed by the full faith and credit of the US Government and money market funds.

*General Fund:* Limits that not less than 75% of the fund be invested in the permitted investments and the percentages for issuer and type of investment to those allowed for the other funds but with no maturity restriction. Limits that not more than 25% of the fund being invested in any investment directed by the Authority with the exception of "high risk mortgage securities" as defined in the Supervisory Policy for Federally Insured Depository Institutions issued in January 1992.

**Inventory**

The inventory is recorded at cost using the average cost method and consists of operating and concession supplies, vessel spare parts, and various fuels for both Delaware Memorial Bridge and the Cape May-Lewes Ferry operations.

**Prepaid Expenses**

Payments made to vendors for services that will benefit future periods beyond December 31, 2006 are recorded as prepaid expenses.

**Debt Issuance Costs, Bond Discounts/Premiums and Deferred Loss on Defeasance**

Debt issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bond discounts/premiums and loss on defeasance are deferred and amortized over the life of the bonds using the effective interest method. Bond discounts/premiums and loss on defeasance are presented as an adjustment of the face amount of the revenue bonds payable whereas issuance costs are recorded as other assets.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Property, Plant and Equipment**

Property, Plant, and Equipment primarily consists of expenditures to acquire, construct, place in operation and improve the facilities of the Authority. Assets purchased prior to January 1, 2002, are valued based upon an asset appraisal performed by an independent appraisal company dated December 31, 2001. Assets purchased after January 1, 2002, are valued at cost. Assets acquired through gifts or donations are recorded at their estimated fair market value at time of acquisition.

Costs incurred for projects under construction are recorded as Construction in Progress. In the year that the project is completed, these costs are transferred to Property, Plant and Equipment. Interest costs incurred during construction are not capitalized into the cost of the asset.

Expenditures are capitalized when they meet the following requirements:

- 1.) Cost of \$1,000 or more.
- 2.) Useful life of five years or more.
- 3.) Increases value of an asset.

The related costs and accumulated depreciation of assets disposed of are removed from Property, Plant and Equipment and any gain or loss on disposition is credited or charged to non-operating revenues or expenses.

**Depreciation**

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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

<u>Asset Class</u>	<u>Useful Life (Years)</u>
Land Improvements	20 – 50
Buildings	50
Machinery & Equipment	5 – 20
Vessels	40
Infrastructure (Bridges, Roadways & Runways)	20 – 100

Depreciation begins when the asset is placed in service.

**Post-retirement Benefits**

The Authority records post-retirement benefits as expenses in the year that they are disbursed. The liability for these benefits is not recorded on the statement of net assets.

**Interfunds**

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

**Income Taxes**

The Authority operates as defined by the Internal Revenue Code Section 115 and appropriately is exempt from income taxes under Section 115.



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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) and other revenue sources. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the bridges, airports and general administrative expenses. Non-operating expenses principally include expenses attributable to the Authority's interest on funded debt and major non-recurring repairs.

**Net Assets**

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

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

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

**Unrestricted** – 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.

**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.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY****Compliance with finance related legal and contractual provisions**

The Authority has no material violations of finance related legal and contractual provisions.

**Trust Agreement**

The Authority is subject to the provisions and restrictions of the Trust Agreement between the Trustee, Wilmington Trust Company, and the Authority dated October 1, 1993. The following is a summary of the activities of each account created by the Trust Agreement:

**Revenue Fund:**

All money collected by the Authority for toll charges or from any other source of revenue is deposited in this account. The monies in the Revenue account are held by the Trustee and applied to the payment of current expenses and debt service.

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**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Trust Agreement (Cont'd)****Debt Service Fund:**

This account is maintained to pay bond interest and principal. The balance on deposit must be sufficient to enable the trustee to withdraw amounts equal to interest due on bonds and principal amount maturing on bonds when such payments are required. The balance on December 31, 2006 meets the requirements of the Trust Agreement.

**Debt Reserve Fund:**

Funds on deposit must be maintained at a level equal to the maximum annual principal and interest requirements to insure funds are available for payment of debt service. The balance on December 31, 2006 of \$25,830,748 meets the requirements of the Trust Agreement.

**Reserve Maintenance Fund:**

This account is used for unusual or extraordinary maintenance or repairs, maintenance or repairs not recurring annually, repairs or replacements resulting from emergencies, providing improvements to approaches and highways, insurance premiums on crossing facilities and engineering expenses incurred under the provisions of Section 509 of the Trust Agreement. Funds on deposit must be equal to \$4,000,000 at fiscal year end. Any excess shall be promptly transferred to the General Fund Account. The balance on December 31, 2006 meets the requirements of the Trust Agreement.

**General Fund:**

All excess funds of the Authority are recorded in the General Fund. 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.

**Covenants as to Tolls**

The Authority is required to fix, revise, charge and collect tolls and other charges for traffic using the crossing facilities in order to provide an amount of Net Revenues in each fiscal year equal to not less than 125% of the principal and interest requirements for such fiscal year. The Authority satisfied this requirement for the year ending December 31, 2006.

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Covenants as to Tolls (Cont'd)**

To arrive at Net Revenues as defined in the Trust Agreement, the following adjustments to operating income need to be made:

Operating Income (Exhibit B)		\$ 8,145,080
Add:		
Investment Income (Excluding Construction Fund)	\$ 4,549,169	
Depreciation Expense	18,684,272	
General Fund Expense	4,795,355	
Airport Fund Expense	4,456,828	
Liquidations of 12/31/05 Encumbrances	<u>1,904,073</u>	
		34,389,697
Less:		
Airport Fund Revenues	6,258,463	
General Fund Revenues	821,126	
Inventory Adjustments	87,994	
Encumbrances Fiscal Year Ending 12/31/06	<u>2,239,256</u>	
		<u>9,406,839</u>
Net Revenues Available for Debt Service Coverage		<u>\$ 33,127,938</u>
Total Debt Service (Principal and Interest)		<u>\$ 22,227,918</u>
Debt Service Coverage		149%

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT'D)****Annual Budget - 2006**Revenue (Excluding Grant Revenue)

	2006 Projected <u>Revenue</u>	2006 Actual <u>Revenue</u>	(Under) Over <u>Budget</u>
Delaware Memorial Bridge	\$ 73,516,450	\$ 73,031,619	\$ (484,831)
Cape May-Lewes Ferry	13,930,000	13,701,066	(228,934)
Airports Division	4,449,475	4,495,011	45,536
Three Forts	105,000	77,016	(27,984)
Concessions	4,332,000	3,992,497	(339,503)
Investment Income	4,049,720	5,719,315	1,669,595
Other Income	1,879,414	1,857,513	(21,901)
Total Revenue	<u>\$ 102,262,059</u>	<u>\$ 102,874,037</u>	<u>\$ 611,978</u>

Expenses

	2006 Revised <u>Budget</u>	2006 Actual (1) <u>Expenses</u>	Under (Over) <u>Budget</u>
Administration	\$ 15,996,964	\$ 15,346,402	\$ 650,562
Delaware Memorial Bridge	15,882,771	15,814,322	68,449
Cape May-Lewes Ferry	22,091,140	21,426,222	664,918
Authority Police	6,459,358	6,458,756	602
Airport Division	4,878,871	4,615,752	263,119
Three Forts	232,503	179,020	53,483
Concessions	4,909,096	4,641,812	267,284
Total Operating Expenses (2)	70,450,703	68,482,286	1,968,417
Bond Interest	15,189,728	14,921,709	268,019
Bond Principal	7,095,000	7,095,000	
Total Expenses	<u>\$ 92,735,431</u>	<u>\$ 90,498,995</u>	<u>\$ 2,236,436</u>

(1) Actual expenses are based on the Budgetary Method. Year end adjustments i.e., (inventory, fuel oil, etc.) are not included in the above schedule.

(2) Expense Reconciliation to Financial Statements:

Operating Expenditures (Budgetary Method)	\$ 68,482,286
Adjustments:	
Encumbrances - Fiscal Year Ending 12/31/06	(2,239,256)
Liquidation of 12/31/05 Encumbrances	1,904,073
Depreciation Expense	18,684,272
Inventory Adjustments	(87,994)
General Fund Expenses	4,795,355
Other Miscellaneous Adjustments	171,043
Operating Expenses (Exhibit B)	<u>\$ 91,709,779</u>

**Note 3: DETAIL NOTES – ASSETS****Cash and Cash Equivalents**

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2006, the Authority held \$5,341,008 in cash and cash equivalents in financial institutions, with \$3,612,746 held in uncollateralized accounts in excess of federal depository insurance limits.

**Investments**

*Custodial Credit Risk:* 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 investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent, but not in the Authority's name. Of the Authority's \$142,400,980 investments in US Government Securities, US Government Agencies, Municipal Bond, Corporate Bonds and Money Market Funds, all \$142,400,980 of investments are registered in the name of the Authority and held by the counterparty.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's Trust Agreement limits the investment maturities by fund, depending on the fund's purpose, as disclosed in Note 1.

As of December 31, 2006, the Authority had the following investments and maturities. (Amounts are in thousands)

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
Corporate Bonds/Notes	\$ 22,010	\$ 14,915	\$ 1,100	\$ 1,000	\$ 4,995
Municipal Obligations	47,035	8,665	16,685	5,320	16,365
U.S. Government Agencies	45,309	1,675	7,094	7,158	29,382
U.S. Government Bonds/Notes	15,455	12,855	2,000	600	
Money Market Funds	12,592	12,592			
Total	<u>\$ 142,401</u>	<u>\$ 50,702</u>	<u>\$ 26,879</u>	<u>\$ 14,078</u>	<u>\$ 50,742</u>

*Credit Risk:* Credit risk is the risk that an issuer or counterparty to an investor will not fulfill its obligations. The Authority limits its exposure to credit risk through the Trust Agreement which restricts the investment obligations that may be purchased, by type and credit rating, as disclosed in Note 1. Presented below is a summary of the Authority's investments by type and credit rating as of December 31, 2006.

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Investments (Cont'd)**

<u>Investment Type</u>	<u>Rating *</u>	<u>% of Total Investments</u>
Corporate Bonds/Notes	AAA/Aaa	0.22%
Corporate Bonds/Notes	AA/Aa2	3.28%
Corporate Bonds/Notes	AA-/A2	0.14%
Corporate Bonds/Notes	A+/A1+	1.62%
Corporate Bonds/Notes	A/A1	6.33%
Corporate Bonds/Notes	A-/A1	3.88%
Municipal Obligations	AAA/Aaa	22.68%
Municipal Obligations	AA+/AA/AA-	0.14%
Municipal Obligations	AA/Aa2	3.94%
Municipal Obligations	AA-/A2	3.43%
Municipal Obligations	A-/A1	2.89%
Federal Home Loan	AAA/Aaa	3.59%
Federal Home Loan Bank Bonds	AAA/Aaa	2.58%
Federal Home Loan Mortgage Corporation Bonds	AAA/Aaa	3.26%
Federal National Mortgage Association Bonds	AAA/Aaa	20.31%
Government National Mortgage Association Bonds	AAA/Aaa	1.93%
U.S. Treasury Bill	AAA/Aaa	7.61%
U.S. Treasury Bonds	AAA/Aaa	0.50%
U.S. Treasury Notes	AAA/Aaa	2.77%
Money Market Funds	AAA/Aaa	8.89%

\*AAA/Aaa represents the highest quality rating by Standard & Poors and Moody's

*Concentration of Credit Risk:* The Authority does not place a limit on the amount that may be invested with any one issuer, except in the Construction Fund, as disclosed in Note 1. All permitted investments by the Authority must be rated in the three highest categories by the rating agencies.

**Note Receivable**

On March 1, 2005, the Authority entered into an agreement with the Diamond State Port Corporation ("DSPC"). Under the agreement, the Authority is required to fund DSPC's warehouse project in the amount of \$4,000,000 (See Note 4, Lease Obligations). On April 20, 2006, the Authority sent \$3,400,000 to the DSPC, which represented 85% of the project's funding. The Authority will remit the remaining \$600,000 to the DSPC once the project has been completed and accepted by the Authority. The note is payable over 20 years in equal monthly installments of \$21,785.57. Interest rates range from 1.50% (years 1 – 5), 3.00% (years 6 – 10) and 5.32% (years 11 -20) for an internal rate of return of 2.80%. The Authority anticipates DSPC to begin payments July 2007.

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Property, Plant and Equipment**

The following schedule details changes in Property, Plant and Equipment by major class that occurred during the year ended December 31, 2006:

	Balance Dec. 31, 2005	Additions	Deletions	Transfers	Balance Dec. 31, 2006
<i>Capital Assets, not being</i>					
<i>Depreciated:</i>					
Land	\$ 11,416,470				\$ 11,416,470
Construction in Progress	75,550,654	\$ 28,126,537	\$ (1,755,891)	\$ (49,511,466)	52,409,834
Total Capital Assets, not being Depreciated	86,967,124	28,126,537	(1,755,891)	(49,511,466)	63,826,304
<i>Capital Assets, being</i>					
<i>Depreciated:</i>					
Land Improvements	221,951,557			2,828,020	224,779,577
Buildings	105,603,539		(118,000)	15,676,016	121,161,555
Machinery and Equipment	34,770,335	24,671	(431,520)	13,966,290	48,329,776
Vessels	131,784,847			2,304,788	134,089,635
Infrastructure	338,614,358			14,736,352	353,350,710
Total Capital Assets, being Depreciated	832,724,636	24,671	(549,520)	49,511,466	881,711,253
<i>Accumulated Depreciation:</i>					
Land Improvements	(163,368,558)	(2,425,954)			(165,794,512)
Buildings	(21,574,734)	(2,341,731)	111,663		(23,804,802)
Machinery and Equipment	(21,733,587)	(4,782,786)	417,161		(26,099,212)
Vessels	(60,351,375)	(3,581,882)			(63,933,257)
Infrastructure	(194,946,180)	(5,551,918)			(200,498,098)
Total Accumulated Depreciation	(461,974,434)	(18,684,271)	528,824	---	(480,129,881)
Total Capital Assets, being Depreciated, Net	370,750,202	(18,659,600)	(20,696)	49,511,466	401,581,372
Total Capital Assets, Net	\$ 457,717,326	\$ 9,466,937	\$ (1,776,587)	---	\$ 465,407,676



**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Property, Plant and Equipment (Cont'd)**

Total depreciation expense for Fiscal Year 2006 was \$18,684,272. Depreciation expense was charged to operating activities as follows:

Delaware Memorial Bridge	\$ 7,623,600
Cape May - Lewes Ferry	7,581,469
Administration	142,622
Police	94,505
Concessions	17,517
Three Forts Ferry	27,134
Airports	2,871,960
General Fund	325,465
	<hr/>
Total Depreciation Expense	<u><u>\$ 18,684,272</u></u>

**Toll Revenue**

1	12,615,946	\$ 37,750,076	328,343	\$ 6,924,879
2	320,844	1,915,980		
3	167,370	1,495,602		
4	147,290	1,759,728	3,273	90,806
5	1,780,752	26,530,920	3,943	141,285
6	26,801	479,196	2,771	119,100
7	2,933	117,320	2,758	150,843
8	5,867	121,821		
9	1,129,861	847,396	522	38,614
10	1,350,179	1,350,179	6,959	129,486
11	74,988	335,858		
12	68,894	412,242	1	127
13	3,402	24,600		
Passengers: Adult			835,885	5,645,637
Child			89,123	389,998
Bus Adult			6,467	37,910
Bus Child			93	279
Special Groups			6,401	32,103
Non-Revenue	12,367		65,837	**
	<u>17,707,494</u>	73,140,918	<u>1,352,376</u>	<u>\$ 13,701,067</u>

Adjustment: Write-Off of Uncollected Tolls (109,299)

\$ 73,031,619

\*\* Includes children under 6 years of age.

\*\*\*The Cape May-Lewes Ferry adopted a new fare schedule effective April 1, 2006. More details can be found in Schedule 15, "Schedule of Historical Toll Rates" contained in the Other Supplementary Statements and Schedules.

**Note 3: DETAIL NOTES – ASSETS (CONT'D)****Toll Revenue (Cont'd)**

<u>2005</u>	<u>Bridge</u>		<u>Ferry</u>	
<u>Toll Class</u>	<u>Vehicles</u>	<u>Revenue</u>	<u>Vehicles or Passengers</u>	<u>Revenue</u>
1	12,530,542	\$ 37,496,001	336,501	\$ 6,216,680
2	330,077	1,969,644		
3	170,362	1,519,479		
4	150,756	1,798,488	3,016	70,857
5	1,746,467	25,985,010	4,288	131,577
6	27,739	495,558	2,983	109,632
7	3,033	121,240	2,699	126,122
8	5,616	115,521		
9	1,138,205	853,654	598	38,852
10	1,327,018	1,327,018	6,591	113,742
11	77,904	348,534	165	3,037
12	69,510	414,444	2	275
13	3,639	25,837		
Passengers: Adult			865,382	5,405,907
Child			82,851	321,740
Bus Adult			6,420	43,964
Special Groups			6,465	32,987
Non-Revenue	12,542		70,042 **	
	<u>17,593,410</u>	<u>72,470,428</u>	<u>1,388,003</u>	<u>\$ 12,615,372</u>
Adjustment: Write-Off of Uncollected Tolls		<u>(121,705)</u>		
		<u>\$ 72,348,723</u>		

\*\* Includes children under 6 years of age, for the periods January through April and November through December.

**Delaware Memorial Bridge – Electronic Tolls**

On July 18, 2001, the Authority initiated electronic toll collection and E-Z Pass at the Delaware Memorial Bridge. The Authority records toll revenue net of uncollectible tolls. Gross toll revenues for 2006 and 2005 were \$73,454,841 and \$72,825,573, while the adjustments for uncollectible tolls were \$423,220 and \$476,850, respectively.

**Note 4: DETAIL NOTES – LIABILITIES****Compensated Absences**

The Authority has recorded a liability through December 31, 2006 totaling \$5,912,558 for vacation and sick pay, with \$974,889 accruing during Fiscal Year 2006. Benefits are earned according to the following policies:

**Vacation Leave:**

Employees accrue vacation leave each month based on years of service.

<u>Years of Service</u>	<u>Vacation Hours</u>	<u>Maximum Accumulation</u>
0 to 5	8 hours	200 hours
5 to 10	10 hours	240 hours
10 to 15	12 hours	280 hours
15 to 20	14 hours	300 hours
More Than 20	16 hours	400 hours

- Vacation hours not used during the fiscal year may be carried over, but may not exceed the maximum accumulation.
- Part-time employees do not accrue vacation time.
- Employees, who resign, retire or are terminated, are paid for unused accrued vacation time, up to the established maximum accumulation.

**Sick Leave:**

- Employees accrue 10 hours of sick leave each month.
- Accrual of sick leave begins on the date of hire as a permanent full-time employee.
- Part-time employees are not entitled to sick leave.
- Sick leave is cumulative with no maximum accumulation.
- Employees hired prior to 9/1/96, who resign, retire, are terminated or die, are paid 50% of their accumulated unused sick leave at their current rate of pay.
- Employees hired after 9/1/96, who retire or die, are paid 50% of their accumulated unused sick leave up to a maximum payout of 360 hours at their current rate of pay.

**Post-Employment Benefits**

The Authority provides healthcare, life insurance, dental and vision benefits to employees who have retired from the Authority. Employees become eligible for these benefits once they have met the service and age requirements of the Employee's Retirement Plan and upon retirement from active service.

At December 31, 2006, there were 202 retired employees and 137 retiree spouses utilizing these benefits. The Authority recognizes the cost of these benefits, along with similar benefits for active employees, by expensing when benefits are disbursed. Retirees do not contribute towards the cost of these benefits. No liability for these benefits is recorded on the statement of net assets.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Post-Employment Benefits (Cont'd)**

The expenses associated with post-employment benefits for years ended December 31, 2006, 2005 and 2004 are as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Healthcare	\$ 2,260,006	\$ 2,125,011	\$ 1,561,918
Life Insurance	143,803	139,285	133,108
Dental	80,741	97,864	85,319
Vision	9,357	5,038	5,969
	<u>\$ 2,493,907</u>	<u>\$ 2,367,198</u>	<u>\$ 1,786,314</u>

**Pension Plans****Defined Benefit Plan**

*Plan Description:* The Authority maintains a defined benefit contributory pension plan which provides benefits for all full time permanent employees. The Delaware River & Bay Authority Employees Defined Benefit Plan (the DB Plan) is a single employer plan administered by the Authority. As of the valuation date January 1, 2005, there were 437 active participants, 98 terminated members entitled to, but not yet receiving benefits and 216 retirees and/or beneficiaries currently receiving benefits. A member may retire after completing ten (10) years of service and after reaching normal retirement age (sixty (60) years old), except police officers at the age of fifty five (55) or at the age at which twenty five (25) years of service has been completed, whichever occurs first. A member may take early retirement after completing ten (10) years of service and after reaching the age of fifty five (55) or age fifty (50) for police officers. The accrued benefit under early retirement is reduced by 1/3% for each month that early retirement proceeds normal retirement. Benefits are unreduced after 25 years of service. Employee benefits vest after five (5) years of service. Benefits and refunds of the defined benefit plan are paid when due and payable in accordance with the terms of the plan.

Employees with 25 years or more of service who retire on their normal retirement date are entitled to monthly retirement benefits equal to 75% of their average monthly compensation, offset by 8.75% of their average monthly compensation up to the taxable wage base. For employees who have earned less than 25 years of service as of the end of the plan year in which they attain normal retirement age, such monthly benefits are reduced by one twenty fifth for each such year of service less than 25.

No disability benefits, other than those payable upon retirement, are provided in the plan. If an employee becomes disabled prior to a separation from service or their normal retirement date, then for purposes of determining the disabled employee's accrued benefit, the disabled employee will be deemed to continue to earn compensation at the rate such employee was earning compensation immediately prior to becoming disabled and will be credited with service for the period commencing on the date of disability and ending on the annuity starting date. A disabled employee may elect to receive his benefits on his early retirement date, normal retirement date or late retirement date.

If a participant dies before their retirement date and has been married for a one year period ending on his date of death and completed 10 years of service, the spouse of such participant shall be entitled to the monthly benefit.

A separate, audited GAAP basis pension plan report is not issued for the DB Plan.

*Funding Policy:* Active plan members in the DB Plan are required to contribute 3% of annual base earnings up to the Social Security taxable wage base and 5% for amounts in excess of the base. The Authority's funding policy provides for actuarially determined contributions at rates that provide for sufficient assets to be available when benefits are due. The contribution requirements for active plan members are established and can be amended by the Authority as authorized by the Board of Commissioners.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Defined Benefit Plan (Cont'd)**

*Annual Pension Cost:* For fiscal years ended December 31, 2006, 2005 and 2004, the Authority's annual pension costs for the DB Plan were \$4,288,057, \$3,767,802 and \$3,576,083, respectively. As a contributory plan, Authority employees are required to contribute 3% of annual base earnings up to the Social Security taxable wage base and 5% for amounts in excess of the base. Actual contributions from employees for plan years ending December 31, 2006, 2005 and 2004 were \$659,983, \$618,010 and \$623,657, respectively. In keeping with its funding policy, the Authority contributed 100% of the recommended contributions for those years. Employer contribution information can be found in Schedule 2 as part of the Required Supplementary Section.

The required contribution for the year ended December 31, 2006 was determined using the aggregate method. Under the aggregate method, normal cost percent is the level percent of future covered payroll required to fund the present value of future plan benefits in excess of actuarial value of assets. The normal cost for the plan year is the product of the normal cost percentage and covered payroll for the current year. Under this actuarial cost method, plan changes and actuarial gains/losses are not separately recognized and amortized. Beginning January 1, 2003, the annual pension cost is calculated using a "one year" lag methodology of funding. Under this methodology, the pension cost for a given year is based on data and assets from the previous year projected forward for one year.

The current actuarial valuation report showing contributions for the Plan Year ending December 31, 2006 include the following significant actuarial assumptions: (a) 8% investment rate of return, 5% for retirees under Allmerica Contract, (b) projected annual salary increases of 4%, (c) inflation rate of 3%, (d) RP 2000 mortality table and (e) 75% of DB Plan participants elect a life annuity and 25% elect a lump sum distribution. Post retirement benefit adjustments are addressed on an ad-hoc basis. DB Plan assets are adjusted for valuation purposes using a method based on market value of assets. Under this method, asset gains or losses will be spread over five (5) years. If the result is outside an 80% to 120% corridor around market value, an additional adjustment maintains the actuarial value of assets at the appropriate corridor limit. Funding progress information can be found in Schedule 1 as part of the Required Supplementary Section.

*Actuarial Cost Method:* Liabilities and contributions shown in this report are computed using the aggregate cost method of funding. This method does not identify or separately amortize unfunded actuarial accrued liabilities.

Beginning January 1, 2003, the annual pension cost is calculated using a "one-year lag" methodology of funding. Under this methodology, the pension cost for a given year is based on data and assets from the previous year projected forward for one year.

*Asset Valuation Method:* Plan assets are adjusted for valuation purposes using a method based on market value of assets. Under this method, asset gains or losses (that is, investment earnings above or below expected earnings) will be spread over five years. If the result is outside an 80% to 120% corridor around market value, an additional adjustment maintains the actuarial value of assets at the appropriate corridor limit.

The actuarial asset value is allocated among the five covered groups in proportion to their present value of benefits.

Beginning January 1, 2004, the actuarial value of assets will be calculated reflecting a 5% expected return on assets for the assets held by Allmerica and an 8% expected return on assets for the assets held by Cavanaugh. Please note, this change is not reflected in the actuarial value of assets used to calculate the 2005 contribution, but will be incorporated into the calculation of the 2006 contribution and beyond.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Pension Plans (Cont'd)****Defined Contribution Plan**

*Plan Description:* The Authority maintains a defined contribution plan which provides savings incentives and additional retirement security for all full time employees. The Delaware River and Bay Authority Employees' Defined Contribution Plan (the DC Plan) is a single employer, profit sharing plan which is administered by the Authority. The Authority has the authorization to establish or amend provisions of the DC Plan as authorized by the Board of Commissioners.

The DC Plan is a tax qualified plan under Sections 401 (a) and 457 (b) of the Internal Revenue Codes and all contributions by or on behalf of employees are tax deferred until time of withdrawal. Employee contributions are 100% vested at all times, while Authority contributions are 100% vested after five years. Benefits paid from the DC Plan depend solely on amounts contributed to the Plan plus earnings on investments, which are directed by employees in individual accounts through an insurer. A separate, audited GAAP basis pension plan report is not issued for the DC Plan.

*Funding Policy:* The contribution requirements for both the employees and employer are established and amended by the Authority as authorized by the Board of Commissioners. Authority employees are required to contribute 2% of their base salary. In addition, employees can contribute an optional 2% of their base salary into the plan. The Authority contributes a 25% match to the required 2% contribution and a 75% match to the optional 2% contribution. The employees' contributions were \$836,301, \$787,373 and \$782,083 for 2006, 2005 and 2004 respectively. The Authority's contribution was \$410,414, \$385,811 and \$369,807 for 2006, 2005 and 2004 respectively. As of December 31, 2006, the value of the DC Plan was \$15,935,649.

**Lease Obligations****New Castle County Airport Lease**

The Authority leases real property from New Castle County constituting the New Castle County Airport. The lease is for thirty years and commenced in 1995. The lease automatically renews for two additional periods of thirty years each unless not later than sixty months prior to the expiration of the initial or first renewal term, either party shall deliver notice to the other party of its intention not to renew. Lease payments are one dollar per year together with a sum equal to the debt service on certain obligations of the lessor.

**Cape May County Airport Lease**

The Authority leases real property from Cape May County constituting the Cape May County Airport. The lease is for thirty years and commenced in June 1999. The lease automatically renews for two additional periods of thirty years each, unless no later than sixty months prior to the expiration of the initial or first renewal term, either party shall deliver notice to the other party of its intention not to renew. Lease payments are one dollar per year together with a sum equal to the debt service on certain obligations of the lessor.

**Civil Air Terminal Lease**

The Authority leases real property from the State of Delaware constituting the Civil Air Terminal. The lease is for thirty years and commenced in August 1999. The lease automatically renews for two additional periods of thirty years each, unless not later than sixty months prior to the expiration of the initial or first renewal term, either party shall deliver notice to the other party of its intention not to renew. Lease payments are one dollar per year.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Lease Obligations (Cont'd)****Millville Airport Lease**

The Authority leases real property from the City of Millville constituting the Millville Airport. The lease is for thirty years and commenced in October 1999. The lease automatically renews for two additional periods of thirty years each, unless not later than sixty months prior to the expiration of the initial or first renewal term, either party shall deliver notice to the other party of its intention not to renew. Lease payments are one dollar per year.

**Delaware Air Park Lease**

The Authority leases real property from the State of Delaware constituting the Delaware Air Park. The lease is for thirty years and commenced in July 2000. The lease automatically renews for two additional periods of thirty years each, unless not later than sixty months prior to the expiration of the initial or first renewal term, either party shall deliver notice to the other of its intention not to renew. Lease payments are one dollar per year.

**Delaware Breakwater Lighthouse**

On November 12, 2001, the Authority entered into a lease with the State of Delaware, Division of Historical and Cultural Affairs to incorporate the Delaware Breakwater Lighthouse as an enhancement to the Cape May-Lewes Ferry's foot passenger / educational outreach programs. The initial term of the lease is for a ten year period and is automatically extended for a successive ten year period unless either party shall deliver notice of its intention not to renew, not less than twelve months prior to the expiration of the then current term. Lease payments are one dollar per year.

**Diamond State Port Corporation**

On March 1, 2005, the Authority entered into a twenty year agreement to lease warehouse facilities from the Diamond State Port Corporation ("DSPC") located at the Port of Wilmington, Delaware. Terms of the lease require the Authority to pay rent of \$4,000,000, which will be paid to the DSPC as construction of the warehouse progresses, but only after the DSPC's share of construction costs are paid by the DSPC.

On March 1, 2005, the Authority entered into an agreement with the DSPC to operate the warehouse facility. DSPC will guarantee monthly payments over a maximum term of twenty years for the repayment of the Authority's prepaid rent of \$4,000,000. DSPC's guaranteed monthly payments shall include interest at a rate which provides an internal rate of return on net present value of 2.8%.

The agreement also provides that the City of Wilmington, Delaware, will honor the lease in the event of default by DSPC.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Bonded Indebtedness**

At December 31, 2006, the Authority had \$322,220,000 in revenue and refunding revenue bonds outstanding. The bonds were issued in 1996, 2000, 2003, 2004 and 2005. These bonds were issued pursuant to the Trust Agreement dated October 1, 1993 between the Authority and the Wilmington Trust Company.

**(1) Series 1996**

<u>Annual Interest Rate</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
5.00%	2007	\$ 1,640,000	\$ 82,000	\$ 1,722,000
Total Series 1996		<u>1,640,000</u>	<u>82,000</u>	<u>1,722,000</u>

**(2) Series 2000A**

<u>Annual Interest Rate</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
5.00%	2007	\$ 1,425,000	\$ 312,027	\$ 1,737,027
5.10%	2008	1,495,000	240,778	1,735,778
5.10%	2009	1,565,000	164,532	1,729,532
5.15%	2010	<u>1,645,000</u>	<u>84,717</u>	<u>1,729,717</u>
Total Series 2000A		<u>6,130,000</u>	<u>802,054</u>	<u>6,932,054</u>



**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Bonded Indebtedness (Cont'd)**

## (3) Series 2000B

<u>Annual Interest Rate</u> <sup>1</sup>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
4.50%	2007		\$ 1,350,000	\$ 1,350,000
4.50%	2008		1,350,000	1,350,000
4.50%	2009		1,350,000	1,350,000
4.50%	2010		1,350,000	1,350,000
4.50%	2011		1,350,000	1,350,000
4.50%	2012		1,350,000	1,350,000
4.50%	2013		1,350,000	1,350,000
4.50%	2014		1,350,000	1,350,000
4.50%	2015		1,350,000	1,350,000
4.50%	2016		1,350,000	1,350,000
4.50%	2017		1,350,000	1,350,000
4.50%	2018		1,350,000	1,350,000
4.50%	2019		1,350,000	1,350,000
4.50%	2020		1,350,000	1,350,000
4.50%	2021		1,350,000	1,350,000
4.50%	2022		1,350,000	1,350,000
4.50%	2023		1,350,000	1,350,000
4.50%	2024		1,350,000	1,350,000
4.50%	2025		1,350,000	1,350,000
4.50%	2026		1,350,000	1,350,000
4.50%	2027		1,350,000	1,350,000
4.50%	2028		1,350,000	1,350,000
4.50%	2029	\$ 12,300,000	1,350,000	13,650,000
4.50%	2030	17,700,000	796,500	18,496,500
Total Series 2000B		30,000,000	31,846,500	61,846,500

<sup>1</sup> Series 2000B are variable rate revenue bonds. The interest rate is adjusted weekly as determined by the Remarketing Agent. The actual interest rate for Fiscal Year 2006 was 3.418%. The assumed interest rate for Fiscal Years 2007 – 2030 is 4.50%.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Bonded Indebtedness (Cont'd)**

## (4) Series 2003

<u>Annual Interest Rate</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
2.50%	2007	\$ 1,450,000	\$ 2,453,062	\$ 3,903,062
3.00%	2008	1,490,000	2,408,362	3,898,362
3.25%	2009	1,535,000	2,358,475	3,893,475
3.50%	2010	1,585,000	2,303,000	3,888,000
3.75%	2011	1,640,000	2,241,500	3,881,500
4.00%	2012	1,700,000	2,173,500	3,873,500
5.00%	2013	1,770,000	2,085,000	3,855,000
	2014		2,085,000	2,085,000
	2015		2,085,000	2,085,000
	2016		2,085,000	2,085,000
	2017		2,085,000	2,085,000
	2018		2,085,000	2,085,000
	2019		2,085,000	2,085,000
	2020		2,085,000	2,085,000
	2021		2,085,000	2,085,000
	2022		2,085,000	2,085,000
	2023		2,085,000	2,085,000
	2024		2,085,000	2,085,000
	2025		2,085,000	2,085,000
	2026		2,085,000	2,085,000
5.00%	2027	16,220,000	2,085,000	18,305,000
	2028		1,274,000	1,274,000
	2029		1,274,000	1,274,000
	2030		1,274,000	1,274,000
	2031		1,274,000	1,274,000
	2032		1,274,000	1,274,000
5.00%	2033	25,480,000	1,274,000	26,754,000
Total Series 2003		52,870,000	52,856,899	105,726,899

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Bonded Indebtedness (Cont'd)**

## (5) Series 2004

<u>Annual Interest Rate</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
2.75%	2007	\$ 2,340,000	\$ 2,516,850	\$ 4,856,850
5.00%	2008	4,110,000	2,452,500	6,562,500
5.00%	2009	4,315,000	2,247,000	6,562,000
5.00%	2010	4,530,000	2,031,250	6,561,250
5.00%	2011	4,755,000	1,804,750	6,559,750
5.00%	2012	4,995,000	1,567,000	6,562,000
5.00%	2013	5,250,000	1,317,250	6,567,250
5.00%	2014	5,510,000	1,054,750	6,564,750
5.00%	2015	5,785,000	779,250	6,564,250
5.00%	2016	6,070,000	490,000	6,560,000
5.00%	2017	3,730,000	186,500	3,916,500
Total Series 2004		<u>51,390,000</u>	<u>16,447,100</u>	<u>67,837,100</u>

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Bonded Indebtedness (Cont'd)**

## (6) Series 2005

<u>Annual Interest Rate</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
3.00%	2007	\$ 240,000	\$ 8,814,537	\$ 9,054,537
3.00%	2008	245,000	8,807,338	9,052,338
3.00%	2009	255,000	8,799,988	9,054,988
3.00%	2010	260,000	8,792,337	9,052,337
3.25%	2011	2,005,000	8,784,537	10,789,537
3.40%	2012	2,065,000	8,719,375	10,784,375
3.5 / 5.00%	2013	2,140,000	8,649,165	10,789,165
3.6 / 5.00%	2014	4,090,000	8,547,565	12,637,565
3.75 / 5.00%	2015	4,240,000	8,400,325	12,640,325
3.75 / 5.00%	2016	4,455,000	8,190,075	12,645,075
5.00%	2017	7,415,000	7,967,325	15,382,325
4.0 / 5.00%	2018	11,890,000	7,596,575	19,486,575
4.0 / 5.00%	2019	12,490,000	7,003,575	19,493,575
4.0 / 5.00%	2020	13,100,000	6,389,375	19,489,375
4.125 / 5.00%	2021	13,750,000	5,741,875	19,491,875
4.0 / 5.00%	2022	14,425,000	5,067,500	19,492,500
5.00%	2023	12,215,000	4,346,250	16,561,250
5.00%	2024	12,825,000	3,735,500	16,560,500
4.375 / 5.00%	2025	13,465,000	3,094,250	16,559,250
4.125 / 5.00%	2026	14,135,000	2,421,250	16,556,250
5.00%	2027	14,840,000	1,714,500	16,554,500
5.00%	2028	15,585,000	972,500	16,557,500
4.350 / 5.00%	2029	4,060,000	193,250	4,253,250
Total Series 2005		180,190,000	142,748,967	322,938,967
Total Bonded Indebtedness		322,220,000		
Less:				
Current Portion		(7,095,000)		
Deferred Loss on Defeasance		(13,028,495)		
Discount on Bonds		(13,785)		
Premium on Bonds		13,335,662		
Total Long Term Bond Indebtedness		<u>\$ 315,418,382</u>		

Several of the series of bonds may be redeemed in whole or in part prior to their respective maturities, subject to certain requirements, including prepayment premiums.

**Note 4: DETAIL NOTES – LIABILITIES (CONT'D)****Summary of Long-Term Liabilities:**

	Principal Outstanding Jan. 1, 2006	Additions	Reductions	Principal Outstanding Dec. 31, 2006	Current Due Within One Year
Revenue Bonds	\$ 329,349,590	\$ 990,483	\$ (7,826,691)	\$ 322,513,382	\$ 7,095,000
Compensated Absences	5,525,952	974,889	(588,283)	5,912,558	508,150
Total Long Term Liabilities	<u>\$ 334,875,542</u>	<u>\$ 1,965,372</u>	<u>\$ (8,414,974)</u>	<u>\$ 328,425,940</u>	<u>\$ 7,603,150</u>

**2005 Bond Refunding**

On March 30, 2005, the Authority advance refunded \$33,235,000 of the Series 1993 Revenue Bonds, \$34,840,000 of the Series 1996 Revenue Bonds, \$89,980,000 of the Series 2000A Revenue Bonds and \$20,630,000 of the Series 2003 Revenue Bonds by placing the proceeds from the 2005 Revenue Refunding Bonds in an irrevocable trust to provide for all debt service payments on the 1993, 1996, 2000A and 2003 Bonds. On December 31, 2006 \$110,610,000 of the 2000A Bonds and 2003 Bonds outstanding are considered defeased. As a result, the liability for the 2000A Bonds and 2003 Bonds has been removed from the financial statements.

**Deferred Revenue****Forward Purchase Agreement**

In 1997, the Authority entered into a forward purchase agreement (the agreement) with a forward commitment provider. Under the terms of the agreement, the Authority received a lump sum cash payment of \$8,191,000 in exchange for granting the provider the right to invest the monies in the Debt Service Reserve Fund and the right to the income thereon through 2026. The Debt Service Reserve Fund investments remain the property of the Authority and are invested through the Trustee.

**Forward Delivery Agreements – 1993 & 1996 Debt Service Funds**

On August 16, 2000, the Authority entered into Forward Delivery Agreements with a forward commitment provider. Under the terms of the agreements, as awarded, the Authority received a guaranteed interest rate on investments held in the Debt Service Fund in exchange for granting the provider the right to invest the monies in the Debt Service Fund over the term of the agreements. The Forward Delivery Agreements remain in effect until January 2, 2023 for the 1993 Series Revenue Bonds and January 1, 2026 for the 1996 Series Revenue Bonds. The Debt Service Fund investments remain the property of the Authority and are deposited with the Trustee.

**Commitments**

The Authority has outstanding commitments of approximately \$11,348,428 on construction projects entered into through December 31, 2006.

**Note 5: AGREEMENTS****Three Forts Ferry**

On March 18, 1997, the Commissioners authorized the execution of an agreement with the Delaware Division of Parks and Recreation and the New Jersey Division of Parks and Forestry to operate a ferry crossing between Fort Mott, New Jersey, Delaware City, Delaware and Fort Delaware on Pea Patch Island. The terms of the Agreement are as follows:

The Authority purchased the ferry vessel, Delafort, from the Delaware Division of Parks and Recreation. The Authority signed the Delaware Ferry Landing and Operating Agreement for an initial term of five years with three renewable five year terms. Under this Agreement, the Authority pays the Delaware Parks Department a monthly fee for each passenger who purchases a ticket to Fort Delaware. These funds will support historical programs and re-enactments at Fort Delaware.

The Authority signed the New Jersey Ferry Landing and Operating Agreement with the New Jersey Division of Parks and Forestry for an initial period of ten years with two renewable five year terms. Under this agreement, the Authority pays the New Jersey Division of Parks and Forestry an annual fee for the initial ten year period. These funds will be used to off-set the cost of the refurbished historic pier and docking facility at Fort Mott.

On August 21, 2001, the Commissioners authorized the execution of an agreement with Delaware City and the New Castle Conservation District to purchase and lease five parcels of land to be used for the development of a parking facility and gateway area in support of the Three Forts Crossing Operation.

**Salem Business Center**

On March 21, 2006, the Authority authorized the sale of the Salem Business Center, located in Carney's Point, New Jersey. The sale is comprised of one (1) developed parcel with an 80,000 square foot office building and four (4) additional undeveloped parcels. The purchase price of approximately \$11,200,919 is based on 30,408 of rentable square feet. The estimated sale date is September 2007.

On October 1, 2006, the Authority extended its agreement with the Commonwealth Group, LTD, to manage the land and buildings at the Salem Business Center until the sale is completed.

The operating results for the Salem Business Center for Fiscal Years 2006, 2005 and 2004 were as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating Income	\$ 335,439	\$ 144,660	\$ 112,537
Operating Expenses	<u>(627,536)</u>	<u>(499,630)</u>	<u>(607,072)</u>
Net Income (Loss)	<u>\$ (292,097)</u>	<u>\$ (354,970)</u>	<u>\$ (494,535)</u>

As of December 31, 2006, two (2) tenants are under lease at the Salem Business Center. Based on the current tenant situation, projected revenues for Fiscal Year 2007 are \$301,721. The office building contains approximately 74,000 square feet of available lease able space. Potential revenues, if fully occupied are approximately \$1.4 million.

**Note 5: AGREEMENTS (CONT'D)****Riverfront Market and Restaurant**

On October 1, 2006, the Authority entered into an agreement with Emory Hill Real Estate Services, Inc., to manage the land and buildings at the Riverfront Market and Restaurant, located in Wilmington, Delaware. The initial term of the agreement is for twenty four months, with an option for an additional term of one year.

The operating results for the Riverfront Market and Restaurant for Fiscal Years 2006, 2005 and 2004 were as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating Income	\$ 398,347	\$ 386,706	\$ 287,703
Operating Expenses	<u>(322,318)</u>	<u>(282,648)</u>	<u>(222,052)</u>
Net Income (Loss)	<u>\$ 76,029</u>	<u>\$ 104,058</u>	<u>\$ 65,651</u>

As of December 31, 2006, eight tenants are under lease at the Riverfront Market and Restaurant. Based on the current tenant lease structure, available square footage and current economic condition, projected revenues for Fiscal Years 2007 and 2008 are \$408,306 and \$418,133, respectively.

**Delaware State University**

On June 15, 2004, the Authority was authorized to enter into a Development Agreement with Delaware State University ("DSU") to provide funding for a 15,000 square foot office and hangar building at Delaware Air Park, Cheswold, Delaware. Funding under the agreement provides an amount not to exceed \$1,250,000 towards the development costs of 9,850 square feet of the hangar facility to be utilized by DSU. DSU's obligation under the agreement is to pay to the Authority an amount equal to the amount expended by the Authority for the development of the DSU's portion of the building. Payments shall be made monthly over a term not to exceed 240 months including interest that provides an internal rate of return of 2.8% on net present value.

**South Jersey Technology Park at Rowan University**

On June 15, 2004, the Authority was authorized to enter into an agreement with the South Jersey Technology Park at Rowan University ("SJTP") to purchase a 45,000 square foot building from SJTP for the sum of \$5,000,000, after construction is completed. Simultaneous with the purchase of the building, the Authority was authorized to enter into a lease purchase agreement with SJTP for a term of 20 years at monthly rental payments sufficient to repay the Authority's \$5,000,000 purchase. Payments shall include interest at a rate which over the term of the agreement provides an internal rate of return on net present value of 2.8%. Title to the building will be conveyed to SJTP when the \$5,000,000 purchase price, including interest, has been repaid.

**Note 5: AGREEMENTS (CONT'D)****Collective Bargaining Agreement**

On March 29, 2001, a unit of marine employees at the Cape May-Lewes Ferry elected the Marine Engineers Beneficial Association ("MEBA") to become their exclusive bargaining representatives. The marine employee unit is comprised of all permanent full time Pilots, Chief Engineers and First Assistant Engineers and all permanent full time and permanent part time Able Bodied Seaman, Ordinary Seaman, Oilers, Third Assistant Engineers and Mates. On December 21, 2004, the Authority entered into a collective bargaining agreement with MEBA. The term of the agreement is retroactive to July 1, 2004 and expires on June 30, 2007. As of December 31, 2006, the marine unit accounts for fifty-nine (59) employees working at the Cape May-Lewes Ferry.

On September 23, 2004, a group of employees at the Authority elected the International Union of Operating Engineers, Local 542 to become their exclusive bargaining representatives. The group is comprised of all permanent full time and permanent part time maintenance employees, airport employees, toll collectors and food service employees. As of December 31, 2006, this group consisted of one hundred forty seven (147) employees working through out all Authority facilities. An agreement with Local 542 was entered into on December 20, 2005. The term of the agreement is retroactive to January 1, 2005 and expires on December 31, 2008.

**Note 6: RISK MANAGEMENT****Net Assets Designated for Self Insurance Fund Program**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded coverage for the past several years.

On January 1, 1987 the Authority established a self-insurance fund program. The purpose of this program is to increase the deductible amounts on various insurance policies thereby decreasing the premiums and to fund all or part of the remaining insurance premiums. The program is maintained within the General Fund. For fiscal years 2006, 2005 and 2004 the Authority internally designated and reserved \$6,000,000 as a General Fund Reserve for the Self Insurance Fund Program. Actual expenditures under the program for fiscal years 2006, 2005 and 2004 are as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Self Insurance Expenses:	<u>\$ 395,917</u>	<u>\$ 777,143</u>	<u>\$ 668,184</u>

**Note 7: CONTINGENCIES****Litigation**

The Authority is a defendant or co-defendant in certain litigation arising out of normal operations of the Authority. It is management's opinion that the ultimate resolution of all pending litigation will not have a material adverse effect on the Authority's assets, liabilities or results of operations.

**Note 8: SUBSEQUENT EVENTS****Sale of Hangars at New Castle Airport**

On February 9, 2007, the Authority completed the sale of two (2) hangars at the New Castle Airport. Total proceeds from the sale were \$3,812,500. The hangars were constructed in 1997 and 1998, respectively at a total cost of \$3,630,000.



## REQUIRED SUPPLEMENTARY INFORMATION

**DELAWARE RIVER AND BAY AUTHORITY**

Fiduciary Fund

Pension Trust Fund

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Market Value of Assets</u>	<u>Present Value of Accrued Benefits</u>	<u>Funding Progress</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
1/1/2001	\$53,582,540	\$46,055,280	\$7,527,260	116.3%	\$20,263,720	100.0%
1/1/2002	56,338,510	49,986,866	\$6,351,644	112.7%	21,920,799	100.0%
1/1/2003	52,376,226	58,559,634	(\$6,183,408)	89.4%	23,126,442	100.0%
1/1/2004	57,051,336	61,515,132	(\$4,463,796)	92.7%	19,596,929	100.0%
1/1/2005	58,984,201	63,283,149	(\$4,298,948)	93.2%	20,778,374	100.0%

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**DELAWARE RIVER AND BAY AUTHORITY**  
Fiduciary Fund  
Pension Trust Fund  
Schedule of Employer Contributions

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<u>Year Ended</u> <u>December 31</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percent Contributed</u>
2002	\$ 3,137,167	100%
2003	\$ 3,454,844	100%
2004	\$ 3,565,080	100%
2005	\$ 3,741,569	100%
2006	\$ 4,273,545	100%

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**DELAWARE RIVER AND BAY AUTHORITY**  
Notes to Required Supplementary Information  
For the Year Ended December 31, 2006

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**Note 1: INTRODUCTION**

The accompanying schedules related to the Pension Trust fund administered by the Authority are presented as required by GASB statement no. 25.

**Note 2: BASIS OF ACCOUNTING**

The accompanying schedules are presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to the Authority's financial statements.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's financial statements.

**Note 4: SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

	Defined Benefit <u>Plan</u>
Valuation Date	1/01/2005
Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	4%

## OTHER SUPPLEMENTARY STATEMENTS AND SCHEDULES

**DELAWARE RIVER AND BAY AUTHORITY**  
Proprietary Fund  
Combining Statement of Net Assets  
As of December 31, 2006

**ASSETS**

## Current Assets:

## Unrestricted Assets:

Cash and Cash Equivalents  
Investments  
Operating Revenues Receivable Net of  
Allowance for Uncollected Tolls  
Accrued Investment Income Receivable  
Note Receivable  
Other Accounts Receivable  
Federal Grants Receivable  
Inventory  
Interfunds Receivable  
Prepaid Expenses

\$ 5,479,728 \$ 3,438,222 \$ 1,247,769 \$ 793,737  
69,351,659 8,102,458 61,249,201  
4,801,356 3,978,973 822,383  
430,897 3,293 427,604  
3,400,000 3,400,000  
220,743 17,854 202,889  
856,075 856,075  
4,998,004 4,942,414 55,590  
3,635,349 3,635,349  
283,274 144,549 96,598 42,127

Total Unrestricted Assets

93,457,085 20,627,763 3,078,415 69,750,907

## Restricted Assets:

Cash and Cash Equivalents  
Investments  
Accrued Investment Income Receivable  
Interfunds Receivable

33,932 \$ 33,932  
72,328,844 \$ 4,007,125 \$ 28,405,871 \$ 14,206,459 \$ 25,709,389  
263,075 38,710 103,006 121,359  
37,983,933 33,636,186 90,516 4,237,231

Total Restricted Assets

110,589,784 4,045,835 62,178,995 14,296,975 30,067,979

Total Current Assets

204,046,869 20,627,763 3,078,415 69,750,907 14,296,975 30,067,979

## Noncurrent Assets:

Property, Plant and Equipment:  
Completed (Net of Accumulated Depreciation)  
Construction in Progress

412,997,842 88,076,020 324,921,822  
52,409,834 17,311,564 73,357 35,024,913

Total Property, Plant and Equipment

465,407,676 105,387,584 324,995,179 35,024,913

## Other Assets:

Unamortized Debt Issue Costs

4,182,729 2,836,855 1,345,874

Total Noncurrent Assets

469,590,405 - 105,387,584 327,832,034 36,370,787

Total Assets

673,637,274 20,627,763 108,465,999 387,582,941 14,296,975 30,067,979

(Continued)

**DELAWARE RIVER AND BAY AUTHORITY**  
Proprietary Fund  
Combining Statement of Net Assets  
As of December 31, 2006

**LIABILITIES**

	<u>Totals</u>	<u>Revenue</u>	<u>Airport</u>	<u>General</u>	<u>Restricted</u>			
					<u>Reserve Maintenance</u>	<u>Construction Funds</u>	<u>Debt Service Funds</u>	<u>Debt Service Reserve Funds</u>
Current Liabilities Payable from Unrestricted Assets:								
Accounts Payable	\$ 2,980,277	\$ 1,448,301	\$ 189,275	\$ 1,342,701				
Accrued Wages Payable	508,320	476,365	31,955					
Electronic Toll Liability	621,045	621,045						
Unearned Revenue	5,242,937	356,208						
Liability for Unpaid Health Claims	654,035			654,035				\$ 4,886,729
Customer and Security Deposits	1,224,292	1,087,706	134,586	2,000				
Interfunds Payable	41,553,447	16,638,138	6,164,410	18,750,899				
Total Current Liabilities Payable from Unrestricted Assets	52,784,353	20,627,763	6,520,226	20,749,635	---	---	---	4,886,729
Current Liabilities Payable from Restricted Assets:								
Accounts Payable	2,876,299					\$ 2,876,299		
Interfunds Payable	45,835				\$ 45,835			
Interest Payable	7,201,975						\$ 7,201,975	
Revenue Bonds Payable	7,095,000						7,095,000	
Total Current Liabilities Payable from Restricted Assets	17,219,109	---	---	---	45,835	2,876,299	14,296,975	---
Total Current Liabilities	70,003,462	20,627,763	6,520,226	20,749,635	45,835	2,876,299	14,296,975	4,886,729
Long Term Liabilities:								
Compensated Absences	5,912,558			5,912,558				
Revenue Bonds Payable	315,418,383			223,467,170		91,951,213		
Total Long Term Liabilities	321,330,941	---	---	229,379,728	---	91,951,213	---	---
Total Liabilities	391,334,403	20,627,763	6,520,226	250,129,363	45,835	94,827,512	14,296,975	4,886,729
<b>NET ASSETS</b>								
Invested in Capital Assets, Net of Related Debt	168,486,079		105,387,584	63,098,495				
Restricted:								
Trust Agreement Covenants	32,903,520				4,000,000	3,722,270		25,181,250
Unrestricted	80,913,272		(3,441,811)	84,355,083				
Total Net Assets	282,302,871	---	101,945,773	147,453,578	\$ 4,000,000	\$ 3,722,270	---	\$ 25,181,250

## DELAWARE RIVER AND BAY AUTHORITY

## Proprietary Fund

Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended December 31, 2006

	Unrestricted				Restricted			
	Total	Combined Revenue Funds	Airport	General	Reserve Maintenance	Construction Funds	Debt Service Funds	Debt Service Reserve Funds
Operating Revenues:								
Bridge Tolls	\$ 73,031,619	\$ 73,031,619						
Ferry Tolls	13,778,387	13,778,387						
Food and Novelty Sales	4,137,079	4,137,079						
Airport Lease Revenue	5,363,724	\$ 5,363,724						
Other Operating Revenue	3,544,050	1,828,185	894,739	821,126				
Operating Expenses:								
Administrative and General:								
Wages and Benefits	(7,107,897)	(6,519,614)		(588,283)				
Other Expenses	(12,915,924)	(8,708,852)		(4,207,072)				
Operations:								
Wages and Benefits	(36,353,664)	(33,942,715)	(2,410,949)					
Other Expenses	(16,648,022)	(14,602,143)	(2,045,879)					
Depreciation Expense	(18,684,272)	(15,486,847)	(2,871,960)	(325,465)				
Operating Income	8,145,080	13,515,099	(1,070,325)	(4,299,694)	---	---	---	---
Non-operating Income (Expenses):								
Investment Income	6,179,702	532,843.00	52,866.00	2,506,444.00	231,031.00	1,630,530.00	261,049.00	964,939.00
Investment Fees	(460,383)	(91,283)		(220,872)	(12,165)	(77,073)	(23,305)	(35,685)
Interest on Bonds	(14,921,709)			111,000		100,208	(15,132,917)	
Amortization of Debt Issue Costs	(328,184)			(228,003)		(100,181)		
Write Off Construction in Progress	(1,568,448)			(871,936)		(696,512)		
Interest Rebate	(2,485,404)			(2,485,404)				
Gain on Sale of Fixed Assets	88,544			78,544		10,000		
Net Non-Operating Income (Expense)	(13,495,882)	441,560	52,866	(1,110,227)	218,866	866,972	(14,895,173)	929,254
Net Income (Loss) before Transfers and Contributions	(5,350,802)	13,956,659	(1,017,459)	(5,409,921)	218,866	866,972	(14,895,173)	929,254
Capital Contributions	8,474,638			8,474,638				
Transfers		(13,956,659)		209,578	(218,866)	28	14,895,173	(929,254)
Increase (Decrease) in Net Assets	3,123,836	---	(1,017,459)	3,274,295	---	867,000	---	---
Net Assets Jan. 1	279,179,035	---	102,963,232	144,179,283	4,000,000	2,855,270	---	25,181,250
Net Assets Dec. 31	\$ 282,302,871	---	\$ 101,945,773	\$ 147,453,578	\$ 4,000,000	\$ 3,722,270	---	\$ 25,181,250



**DELAWARE RIVER AND BAY AUTHORITY**  
 Proprietary Fund - Revenue Funds  
 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets  
 For the Year Ended December 31, 2006

	<u>Total</u>	<u>Bridge Revenue Fund</u>	<u>Ferry Revenue Fund</u>	<u>Operations Fund</u>	<u>Three-Forts Ferry Revenue Fund</u>	<u>Concessions Fund</u>
Operating Revenues:						
Bridge Tolls	\$ 73,031,619	\$ 73,031,619				
Ferry Tolls	13,778,387		\$ 13,701,066		\$ 77,321	
Food and Novelty Sales	4,137,079	144,582				\$ 3,992,497
Other Operating Revenue	1,828,185	1,218,352	608,509		(305)	1,629
Operating Expenses:						
Administrative and General:						
Wages and Benefits	(6,519,614)			\$ (6,519,614)		
Other Expenses	(8,708,852)			(8,708,852)		
Operations:						
Wages and Benefits	(33,942,715)	(10,636,335)	(14,181,270)	(6,330,391)	(71,598)	(2,723,121)
Other Expenses	(14,602,143)	(5,356,102)	(7,077,848)	(149,123)	(108,072)	(1,910,998)
Depreciation Expense	(15,486,847)	(7,623,600)	(7,581,469)	(237,127)	(27,134)	(17,517)
Operating Income	13,515,099	50,778,516	(14,531,012)	(21,945,107)	(129,788)	(657,510)
Non-operating Income (Expenses):						
Investment Income	532,843	496,905	29,089			6,849
Investment Fees	(91,283)	(91,283)				
Net Non-Operating Income (Expense)	441,560	405,622	29,089	---	---	6,849
Net Income (Loss) before Transfers	13,956,659	51,184,138	(14,501,923)	(21,945,107)	(129,788)	(650,661)
Transfers	\$ (13,956,659)	\$ (51,184,138)	\$ 14,501,923	\$ 21,945,107	\$ 129,788	\$ 650,661

**DELAWARE RIVER AND BAY AUTHORITY**

Proprietary Fund - Revenue Funds

Schedule of Other Operating Revenues

For the Year Ended December 31, 2006

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	<u>Total</u>	<u>Bridge Revenue Fund</u>	<u>Ferry Revenue Fund</u>	<u>Three-Forts Ferry Revenue Fund</u>	<u>Concessions Fund</u>	<u>Airport Fund</u>	<u>General Fund</u>
Over/(Short)	\$	\$	\$	\$	\$	\$	\$
Property Leases	16,445	(6,093)	25,941	(5)	(3,348)	(50)	730,536
Common Area Maintenance	730,536						64,570
E-Z Pass Transponder Sales	64,570						
E-Z Pass Account Adjustments	13,118	13,118					
Electronic Toll Collection Violation	292,479	292,479					
Credit Card Discount/Fees	226,985	226,985					
Insurance Claims	(438,116)	(80,015)	(338,122)	(300)	(17,626)	(2,053)	
Caterin Revenue	110,448	110,448					
Vending Commissions	808	808					
Income from Unused Tolls	3,160	1,923	(11,800)			1,237	
Vehicle Rental	517,728	529,528					
Bus & Trolley Fares	5,348	5,348					
Golf & Carousel Fares	123,344		123,344				
Reservation Fees	5,892		5,892			164,518	
Landing Fees	727,100		727,100			9,309	
Ramp Fees	164,518					690,161	
Fuel Sales & Fees	9,309					1,730	
Chart Sales	690,161						
Room Rental	1,730				10,865		
Binocular Fees	10,865						
Amusement Sales	3,430		3,430				
Ticket Sales Adjustments	51,702		51,702				
ATM Fees	(10,464)		(10,464)				1,747
Police Grants	11,172	1,819	7,606				17,854
Miscellaneous Income	17,854						6,419
	193,928	122,004	23,880		11,738	29,887	
	\$	\$	\$	\$	\$	\$	\$
	3,544,050	1,218,352	608,509	(305)	1,629	894,739	821,126

**DELAWARE RIVER AND BAY AUTHORITY**

Proprietary Fund

Schedule of Functional Operating Expenses

For the Year Ended December 31, 2006

	<u>Actual</u>
Delaware Memorial Bridge:	
Wages	\$ 5,805,836
Benefits	4,830,499
Administrative	13,180
Professional services	34,401
Office supplies	36,055
Operating supplies	858,438
Facility/equipment maintenance	163,406
Uniforms and safety	83,785
Non-recurring	813,707
Utilities	1,052,812
Electronic Toll Expenses	2,300,318
Depreciation	7,623,600
	<hr/>
	23,616,037
	<hr/>
Cape May - Lewes Ferry:	
Wages	9,024,601
Benefits	5,156,669
Administrative	57,724
Professional services	26,799
Advertising	624,949
Office supplies	59,756
Operating supplies	822,886
Facility/equipment maintenance	516,496
Uniforms and safety	101,290
Vessel operations	3,591,764
Utilities	1,276,184
Depreciation	7,581,469
	<hr/>
	28,840,587
	<hr/>
Administration:	
Wages	4,519,898
Benefits	1,999,716
Administration	977,099
Education and training	402,739
Professional services	806,973
Office supplies	425,098
Computer supplies	362,458
Facility/equipment maintenance	621,079
Uniforms and safety	11,793
Insurance	4,956,483
Utilities	145,130
Depreciation	142,622
	<hr/>
	15,371,088
	<hr/>

(Continued)

**DELAWARE RIVER AND BAY AUTHORITY**

Proprietary Fund

## Schedule of Functional Operating Expenses

For the Year Ended December 31, 2006

	<u>Actual</u>
Authority Police:	
Wages	\$ 4,164,558
Benefits	2,165,833
Administrative	19,160
Office supplies	5,374
Operating supplies	70,652
Uniforms and safety	53,937
Depreciation	94,505
	<hr/>
	6,574,019
	<hr/>
Concessions:	
Wages	1,881,354
Benefits	841,767
Administration	6,285
Professional Services	3,080
Office supplies	7,905
Operating supplies	1,664,354
Facility/equipment maintenance	39,997
Uniforms and safety	30,569
Insurance	158,808
Depreciation	17,517
	<hr/>
	4,651,636
	<hr/>
Three Forts Ferry:	
Wages	66,536
Benefits	5,062
Professional services	74,388
Operating supplies	3,356
Facility/equipment maintenance	3,073
Uniforms and Safety	194
Vessel operations	9,187
Insurance	16,700
Utilities	1,174
Depreciation	27,134
	<hr/>
	206,804
	<hr/>

(Continued)

**DELAWARE RIVER AND BAY AUTHORITY**

Proprietary Fund

## Schedule of Functional Operating Expenses

For the Year Ended December 31, 2006

	<u>Actual</u>
Airports Division:	
Wages	\$ 1,572,253
Benefits	838,696
Administration	16,065
Professional services	328,928
Advertising	50,815
Office supplies	17,630
Operating supplies	375,556
Facility/equipment maintenance	379,888
Uniforms and safety	14,095
Insurance	373,203
Utilities	489,699
Depreciation	2,871,960
	<u>7,328,788</u>
General Fund:	
Severance Payout	588,283
Professional Services	350
Insurance	395,917
Unfunded Pension Expense	2,400,000
Miscellaneous Projects	178,137
Economic Development	1,232,668
Depreciation	325,465
	<u>5,120,820</u>
Total Operating Expenses - Exhibit B	<u><u>\$ 91,709,779</u></u>

**DELAWARE RIVER AND BAY AUTHORITY**

Statement of Accumulated Plan Benefits

Fiduciary Fund

Pension Trust Fund

As of January 1, 2005

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Actuarial Present Value of Accumulated Plan Benefits

Active Participants	\$ 24,889,077
Vested Participants not yet Receiving Payments	3,554,165
Participants Currently Receiving Payments	<u>34,839,907</u>
 Total Actuarial Present Value of Accumulated Plan Benefits	 \$ <u><u>63,283,149</u></u>

**DELAWARE RIVER AND BAY AUTHORITY**  
Statement of Changes in Accumulated Plan Benefits  
Fiduciary Fund  
Pension Trust Fund  
For the Year Ended January 1, 2005

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Actuarial Present Value of Accumulated Plan Benefits at January 1, 2004		\$	61,515,132
Increase During Year Attributable to:			
Benefits Accumulated and Plan Changes	\$	3,225,040	
Interest Due to Decrease in Discount Period		4,376,632	
Benefits Paid		<u>(5,833,655)</u>	
Net Increase			<u>1,768,017</u>
Actuarial Present Value of Accumulated Plan Benefits at January 1, 2005		\$	<u><u>63,283,149</u></u>

**DELAWARE RIVER AND BAY AUTHORITY**  
Proprietary Fund  
Schedule of Investments  
For the Year Ended December 31, 2006

<u>Face</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Date of Maturity</u>	<u>Amortized Cost</u>	<u>Fair Market Value</u>	<u>Rating S &amp; P</u>
<b>CORPORATE AND MUNICIPAL OBLIGATIONS</b>						
\$ 1,175,000	Alameda CA Public Financing Authority Taxable VRDB	2.560%	12/1/2033	\$ 1,175,000	\$ 1,175,000	AAA
200,000	Alameda Corridor Transportation Authority CA Taxable MBIA	5.820%	10/1/2007	199,614	200,670	AAA
5,500,000	American Express Credit Corp Note	5.280%	1/4/2007	5,500,000	5,500,000	A1
685,000	Atlanta GA Downtown Dev Auth Lease Rev Red Ctr	6.250%	2/1/2009	678,816	692,768	AAA
1,000,000	Austin Tx Special Fac Rev Taxable	6.000%	11/15/2009	992,933	1,009,150	AAA
1,000,000	Baltimore MD Rev Ref Taxable Proj	4.780%	7/1/2009	1,000,000	990,300	AAA
1,655,000	Brockton MA GO Taxable	4.870%	8/1/2008	1,655,000	1,646,278	AAA
200,000	Calyon Ser Mtn	Var	11/7/2018	200,000	200,000	AA-
1,525,000	Chicago IL GO Taxable	5.200%	1/1/2011	1,522,859	1,526,616	AAA
1,205,000	Chicago IL Tax Increment Taxable AMBAC	4.350%	6/1/2013	1,180,733	1,169,995	AAA
515,000	Citigroup Funding Disc Note	2.530%	1/2/2007	514,607	514,607	A1+
2,775,000	Colorado Housing & Finance Authority VRDB	Var	5/1/2041	2,775,000	2,775,000	AAA
1,370,000	Connecticut State GOB	4.000%	6/1/2007	1,365,561	1,362,561	AA
60,000	Conway AR School District GO Taxable	3.000%	2/1/2007	60,028	59,893	NR
355,000	DeKalb County GA Dev Auth VA Regl Office Proj Taxable MBIA	6.200%	3/1/2010	371,588	361,983	AAA
2,220,000	Erie County NY Taxable MBIA	5.500%	12/1/2008	2,244,053	2,231,033	AAA
1,630,000	Erie County PA Taxable FGIC	5.250%	9/1/2017	1,630,000	1,606,365	AAA
1,750,000	Evanston IL Sherman Plaza Proj Taxable VRDB	5.320%	12/1/2018	1,750,000	1,750,000	NR
155,000	Fiscal Year 05 Sec, Corp NY SPL	3.260%	12/1/2007	153,805	154,442	AAA
135,000	Fulton County GA Dev Auth Rev Taxable	6.020%	11/1/2010	138,507	138,548	AAA
180,000	Fulton County GA Dev Auth Rev Taxable	5.050%	5/1/2014	180,865	177,070	AAA
4,619,000	General Electric Capital Corp Disc Note	4.760%	1/2/2007	4,541,606	4,541,606	A1+
125,000	Groton City CT GO Taxable	5.500%	2/15/2009	126,047	125,610	AAA
1,160,000	Illinois State Taxable	2.500%	6/1/2008	1,116,913	1,119,481	AA
100,000	Illinois State Taxable	2.800%	6/1/2009	94,494	94,890	AA
300,000	Indiana Bond Bank Sch Severance Taxable	3.570%	1/15/2008	300,612	294,903	AAA
481,000	Intesa Funding LLC Disc Note	2.530%	1/2/2007	478,885	478,884	A1+
2,400,000	Jersey City NJ AMBAC Taxable	5.380%	9/1/2016	2,400,000	2,398,368	AAA
150,000	Lake Geneva Wis Taxable Prom Nts	5.200%	3/1/2010	150,000	148,614	A2
201,000	Legacy Capital Company Disc Note	Var	1/2/2007	200,847	200,847	NR
1,000,000	Lehman Brothers Holdings Note	Var	9/15/2016	1,000,000	995,000	A+
325,000	Machesney Park IL GO Taxable	4.625%	12/1/2008	325,000	320,102	A-
225,000	Machesney Park IL GO Taxable	4.950%	12/1/2011	225,000	219,539	A-
1,000,000	Maryland State Health & Higher Ed Fac Taxable MBIA	5.300%	7/1/2010	1,000,000	1,002,520	AAA
1,000,000	Maryland State Stadium Auth Sports Fac Taxable MBIA	5.700%	9/15/2012	1,026,163	1,020,840	AAA
1,400,000	Massachusetts Housing Finance Agency Taxable VRDB	2.060%	12/1/2034	1,400,000	1,400,000	AA-
1,185,000	Menasha WI Steam Util Rev Taxable	5.700%	9/1/2009	1,182,862	1,184,028	NR
2,385,000	Menasha WI Taxable	4.900%	9/1/2007	2,385,000	2,373,576	NR
200,000	Montgomery County MD Lease Rev Taxable	5.000%	2/15/2011	202,874	198,014	AA+
1,100,000	Morgan Stanley Group FRN	Var	1/18/2011	1,102,786	1,103,487	A+
585,000	Morristown NJ GO Taxable FSA	5.430%	5/1/2009	585,000	587,866	NR
856,000	New Center Asset Trust Disc Note	4.290%	1/2/2007	852,091	852,091	A1+
510,000	New Jersey State Turnpike Authority Taxable	2.840%	1/1/2008	497,993	498,510	AAA
1,400,000	NY City Transitional Finance Authority VRDB	Var	5/1/2030	1,400,000	1,400,000	AAA
820,000	Oregon Community College GO Taxable FSA	4.050%	6/30/2010	795,120	789,750	AAA
160,000	Oregon State GO Taxable AMBAC	4.910%	6/1/2010	158,029	158,462	NR
300,000	Pittsburgh PA GO Pension Taxable FGIC	6.100%	3/1/2007	300,000	300,282	AAA
580,000	Pittsburgh PA GO Taxable	7.100%	3/1/2024	616,235	593,056	AAA
3,350,000	Port Authority NY & NJ Taxable	3.300%	9/15/2007	3,304,744	3,304,775	AA-
4,640,000	Riverfront Development Corp of DE VRDB	Var	12/1/2017	4,640,000	4,640,000	NR
1,530,000	Sacramento County CA VRDB	Var	7/1/2020	1,530,000	1,530,000	AAA
535,000	South Carolina Public Service Auth Util Rev MBIA	5.000%	1/1/2013	534,708	526,044	AAA
1,000,000	Texas State Vets Housing SPA VRDB	2.050%	6/1/2020	1,000,000	1,000,000	AA
588,000	Toyota Motor Credit Corp Disc Note	4.530%	1/2/2007	579,581	579,581	A1+
2,000,000	Toyota Motor Credit Corp Note	5.240%	1/4/2007	2,000,000	2,000,000	A1+



**DELAWARE RIVER AND BAY AUTHORITY**  
Proprietary Fund  
Schedule of Investments  
For the Year Ended December 31, 2006

<u>Face</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Date of Maturity</u>	<u>Amortized Cost</u>	<u>Fair Market Value</u>	<u>Rating S &amp; P</u>
<b>CORPORATE AND MUNICIPAL OBLIGATIONS</b>						
150,000	Trenton NJ School Dist GO Taxable FGIC	3.800%	4/1/2009	150,089	145,581	NR
155,000	Tulane University Taxable	7.600%	12/15/2017	163,562	160,792	AAA
1,335,000	Utah Housing Single FamilyVRDB	4.000%	7/1/2028	1,335,000	1,335,000	AAA
1,790,000	Utah Housing Single FamilyVRDB	Var	7/1/2033	1,790,000	1,790,000	AAA
115,000	Wilkes Barre PA GO Taxable AMBAC	6.350%	3/1/2008	116,526	116,523	AAA
1,000,000	Wisconsin Hsg & Economic Dev Auth Home Ownership Taxable	5.097%	9/1/2007	1,000,000	997,240	AA
1,000,000	Wisconsin Hsg & Economic Dev Auth Home Ownership Taxable	5.147%	9/1/2008	1,000,000	995,553	AA
69,045,000				68,896,736	68,763,694	
<b>U.S. GOVERNMENT AGENCIES</b>						
1,928,938	Federal Home Loan	4.400%	1/1/2035	1,925,929	1,879,810	AAA
173,839	Federal Home Loan	4.500%	4/1/2035	172,636	171,639	AAA
2,674,698	Federal Home Loan	5.000%	11/1/2035	2,648,969	2,650,041	AAA
377,124	Federal Home Loan	Var	5/1/2036	376,082	378,302	AAA
500,000	Federal Home Loan Bank	3.000%	8/13/2007	493,049	493,280	AAA
220,000	Federal Home Loan Bank	5.100%	3/6/2008	219,889	219,793	AAA
500,000	Federal Home Loan Bank	4.100%	3/14/2008	499,502	493,390	AAA
1,000,000	Federal Home Loan Bank	Var	7/30/2008	981,681	984,690	AAA
1,000,000	Federal Home Loan Bank	4.250%	9/12/2008	988,929	986,880	AAA
477,212	Federal Home Loan Bank	4.780%	1/25/2017	479,131	471,548	AAA
497,193	Federal Home Loan Mortgage Corporation	5.500%	1/1/2008	501,525	497,049	AAA
2,100,000	Federal Home Loan Mortgage Corporation	5.380%	5/15/2008	2,100,000	2,099,348	AAA
2,982	Federal Home Loan Mortgage Corporation	6.000%	6/1/2008	2,985	3,006	AAA
221,732	Federal Home Loan Mortgage Corporation	5.000%	9/1/2009	223,580	220,277	AAA
640,828	Federal Home Loan Mortgage Corporation	3.500%	10/1/2010	613,989	611,029	AAA
282,841	Federal Home Loan Mortgage Corporation	6.000%	3/1/2014	274,595	287,085	AAA
325,362	Federal Home Loan Mortgage Corporation	4.500%	5/1/2019	325,446	313,924	AAA
20,426	Federal Home Loan Mortgage Corporation	6.000%	3/1/2021	20,816	20,723	AAA
3,819	Federal Home Loan Mortgage Corporation	4.000%	8/15/2022	3,888	3,811	AAA
191,561	Federal Home Loan Mortgage Corporation	5.500%	6/1/2035	190,664	189,495	AAA
373,103	Federal Home Loan Mortgage Corporation	4.000%	3/1/2036	365,143	371,821	AAA
1,000,000	Federal National Mortgage Association	Var	5/4/2007	982,372	982,160	AAA
175,000	Federal National Mortgage Association	3.750%	5/17/2007	174,236	174,125	AAA
137,661	Federal National Mortgage Association	4.500%	1/1/2011	137,661	135,457	AAA
21,819	Federal National Mortgage Association	6.000%	4/1/2011	21,886	21,976	AAA
406,162	Federal National Mortgage Association	5.000%	10/1/2013	415,036	402,670	AAA
2,019,535	Federal National Mortgage Association	5.000%	1/1/2018	1,984,781	1,991,767	AAA
463,880	Federal National Mortgage Association	4.000%	7/1/2018	464,827	438,077	AAA
345,662	Federal National Mortgage Association	4.500%	10/1/2018	348,484	334,266	AAA
2,084,686	Federal National Mortgage Association	5.000%	9/1/2020	2,076,303	2,049,507	AAA
187,809	Federal National Mortgage Association	6.500%	7/1/2029	178,976	192,767	AAA
4,097,100	Federal National Mortgage Association	3.125%	6/1/2034	4,098,753	3,999,321	AAA
2,694,305	Federal National Mortgage Association	5.500%	12/1/2034	2,739,221	2,665,268	AAA
2,012,651	Federal National Mortgage Association	5.000%	10/1/2035	1,979,340	1,973,656	AAA
2,148,740	Federal National Mortgage Association	5.500%	11/1/2035	2,108,831	2,124,230	AAA
486,930	Federal National Mortgage Association	6.000%	2/1/2036	488,413	490,353	AAA
6,036,466	Federal National Mortgage Association	6.000%	4/1/2036	6,033,154	6,069,409	AAA
2,609,122	Federal National Mortgage Association	6.500%	5/1/2036	2,647,997	2,658,451	AAA
162,597	Federal National Mortgage Association	5.000%	7/1/2036	164,061	164,071	AAA
1,542,304	Federal National Mortgage Association	Var	8/1/2036	1,546,578	1,546,641	AAA
348,323	Federal National Mortgage Association	5.500%	9/1/2036	354,740	344,241	AAA
13,086	Government National Mortgage Association	7.000%	1/15/2015	13,077	13,501	AA
49,642	Government National Mortgage Association	4.500%	3/16/2016	50,707	48,913	AAA
87,482	Government National Mortgage Association	5.000%	9/20/2017	88,459	86,279	AAA
86,890	Government National Mortgage Association	5.000%	12/15/2017	88,777	85,953	AAA

**DELAWARE RIVER AND BAY AUTHORITY**  
Proprietary Fund  
Schedule of Investments  
For the Year Ended December 31, 2006

<u>Face</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Date of Maturity</u>	<u>Amortized Cost</u>	<u>Fair Market Value</u>	<u>Rating S &amp; P</u>
<b>U.S. GOVERNMENT AGENCIES</b>						
85,168	Government National Mortgage Association	4.500%	1/15/2018	86,030	82,640	AAA
570,283	Government National Mortgage Association	4.500%	12/15/2018	577,336	553,352	AAA
288,645	Government National Mortgage Association	6.114%	11/16/2021	303,176	290,731	AAA
104,422	Government National Mortgage Association	7.000%	12/15/2022	105,325	107,799	AAA
195,000	Government National Mortgage Association	4.439%	2/16/2025	191,272	190,122	AAA
346,328	Government National Mortgage Association	4.130%	2/16/2027	346,328	339,848	AAA
4,378	Government National Mortgage Association	4.000%	8/20/2028	4,443	4,364	AAA
115,410	Government National Mortgage Association	4.500%	9/20/2029	118,404	114,532	AAA
174,494	Government National Mortgage Association	4.000%	3/20/2033	174,032	165,432	AAA
695,488	Government National Mortgage Association	4.000%	6/20/2033	687,187	650,551	AAA
<u>45,309,126</u>				<u>45,188,631</u>	<u>44,839,371</u>	
<b>U.S. GOVERNMENT BONDS AND NOTES</b>						
10,255,000	US Treasury Bill	Var	2/15/2007	10,255,000	10,255,000	AAA
600,000	US Treasury Bill	Var	5/24/2007	588,192	588,534	AAA
600,000	US Treasury Bonds	7.250%	5/15/2016	600,000	713,226	AAA
2,000,000	US Treasury Note	3.625%	6/30/2007	1,991,421	1,975,789	AAA
500,000	US Treasury Note	3.000%	2/15/2008	497,693	489,060	AAA
500,000	US Treasury Note	3.125%	9/15/2008	493,785	485,935	AAA
500,000	US Treasury Note	3.375%	12/15/2008	483,702	486,715	AAA
500,000	US Treasury Note	4.000%	6/15/2009	487,760	491,325	AAA
<u>15,455,000</u>				<u>15,397,553</u>	<u>15,485,584</u>	
<b>MONEY MARKETS</b>						
1,458,561	Goldman Sachs Financial	Var		1,458,561	1,458,561	NR
76,335	Treasury Trust Fund - Blackrock Liquidity Funds	Var		76,335	76,335	NR
721,477	Wilmington Prime Money Market Port - Service	Var		721,477	721,477	AAA
10,335,481	Wilmington US Government Portfolio - Service	Var	n/a	10,335,481	10,335,481	AAA
<u>12,591,854</u>				<u>12,591,854</u>	<u>12,591,854</u>	
<u>\$ 142,400,980</u>				<u>\$ 142,074,774</u>	<u>\$ 141,680,503</u>	

## DELAWARE RIVER AND BAY AUTHORITY

Proprietary Fund

Delaware Memorial Bridge

Schedule of Monthly Traffic by Toll Classification

For the Year Ended December 31, 2006

	Toll Class															Total Traffic
	1	2	3	4	5	6	7	8	9	10	11	12	13	16		
January	897,179	24,084	12,053	11,179	139,777	2,093	232	999	96,852	112,924	3,985	4,144	415	1,129	1,307,045	
February	796,756	22,731	10,925	9,861	131,712	1,902	240	308	90,629	105,401	3,793	3,967	495	1,168	1,179,888	
March	916,806	27,053	14,311	11,719	159,689	2,439	285	314	105,208	121,672	5,508	5,289	349	1,253	1,371,895	
April	1,080,319	26,592	15,236	11,559	146,718	2,190	343	398	92,773	111,373	5,871	5,632	263	1,130	1,500,397	
May	1,061,765	28,515	15,254	12,356	160,397	2,198	232	492	97,895	116,397	7,831	6,583	215	983	1,511,113	
June	1,100,496	29,714	14,788	13,279	158,827	2,212	216	456	94,830	114,145	7,294	6,562	289	970	1,544,078	
July	1,281,534	28,661	14,596	13,827	145,153	1,950	176	448	85,525	105,493	9,255	7,469	193	1,064	1,695,344	
August	1,299,056	30,057	15,366	14,285	158,680	2,264	232	463	95,622	112,509	8,590	6,716	173	886	1,744,899	
September	1,024,959	26,960	13,730	12,821	143,592	2,279	232	538	91,182	109,307	6,337	6,328	207	1,017	1,439,489	
October	1,023,171	27,279	14,102	13,059	151,293	2,495	232	512	98,591	117,619	6,670	6,360	258	833	1,462,474	
November	1,054,125	25,539	13,811	12,148	144,607	2,449	294	521	91,575	110,654	5,288	5,185	269	1,006	1,467,471	
December	1,079,780	23,659	13,198	11,197	140,307	2,330	219	418	89,179	112,685	4,566	4,659	276	928	1,483,401	
Twelve months ended December 31, 2006	12,615,946	320,844	167,370	147,290	1,780,752	26,801	2,933	5,867	1,129,861	1,350,179	74,988	68,894	3,402	12,367	17,707,494	
Average per month	1,051,329	26,737	13,948	12,274	148,396	2,233	244	489	94,155	112,515	6,249	5,741	284	1,031	1,475,625	
Average per day	34,564	879	459	404	4,879	73	8	16	3,096	3,699	205	189	9	34	48,514	

**DELAWARE RIVER AND BAY AUTHORITY**

Proprietary Fund

Delaware Memorial Bridge

Schedule of Monthly Traffic and Revenue

For the Year Ended December 31, 2006

	Total Traffic	Calculated Gross Revenue	Uncollected Tolls	Calculated Net Revenue	Allowance for Uncollectible Tolls	Net Revenue
January	1,307,045	\$ 5,474,726	\$ (23,917)	\$ 5,450,809	\$ (8,439)	\$ 5,442,370
February	1,179,888	4,987,252	(22,391)	4,964,861	(7,907)	4,956,954
March	1,371,895	5,899,109	(26,301)	5,872,808	(9,349)	5,863,459
April	1,500,397	6,181,747	(28,163)	6,153,584	(9,021)	6,144,563
May	1,511,113	6,373,242	(31,150)	6,342,092	(10,682)	6,331,410
June	1,544,078	6,472,279	(29,413)	6,442,866	(10,400)	6,432,466
July	1,695,344	6,800,246	(28,484)	6,771,762	(10,080)	6,761,682
August	1,744,899	7,091,653	(29,236)	7,062,417	(10,338)	7,052,079
September	1,439,489	5,975,270	(24,447)	5,950,823	(8,672)	5,942,151
October	1,462,474	6,112,822	(23,052)	6,089,770	(8,068)	6,081,702
November	1,467,471	6,057,831	(22,812)	6,035,019	(8,004)	6,027,015
December	1,483,401	6,028,664	(24,552)	6,004,112	(8,342)	5,995,770
Twelve months ended December 31, 2006	<u>17,707,494</u>	<u>\$ 73,454,841</u>	<u>\$ (313,918)</u>	<u>\$ 73,140,923</u>	<u>\$ (109,302)</u>	<u>\$ 73,031,621</u>
Average per month	<u>1,475,625</u>	<u>\$ 6,121,237</u>	<u>\$ (26,160)</u>	<u>\$ 6,095,077</u>	<u>\$ (9,109)</u>	<u>\$ 6,085,968</u>
Average per day	<u>48,514</u>	<u>\$ 201,246</u>	<u>\$ (860)</u>	<u>\$ 200,386</u>	<u>\$ (299)</u>	<u>\$ 200,087</u>

Average toll per vehicle: \$73,031,620 divided by 17,707,494 = \$4.12

## DELAWARE RIVER AND BAY AUTHORITY

Proprietary Fund

Cape May - Lewes Ferry

Schedule of Traffic by Toll Classifications

For the Year Ended December 31, 2006

REVENUE	Passengers	Bus Passengers	Vehicle Total	1	4	5	6	7	9	10	11	12	Calculated Revenue
January	23,732	99	11,428	11,005	124	111	74	74	38	2			\$ 293,867
February	23,303	15	11,230	10,817	116	123	69	72	29	4			288,250
March	32,854	40	15,754	15,140	157	182	94	102	40	39			407,482
April	59,828	168	25,100	23,775	239	289	241	239	44	273			972,764
May	70,662	870	30,055	27,760	314	390	270	245	44	1,032			1,168,815
June	99,033	999	37,140	34,700	368	482	376	330	51	833			1,543,899
July	179,666	1,030	56,552	53,317	528	689	434	387	34	1,163			2,556,753
August	203,359	1,059	61,690	58,267	592	715	454	443	56	1,163			2,831,053
September	98,831	1,692	37,508	34,008	319	405	339	412	70	1,955			1,560,661
October	61,979	219	27,131	25,814	262	271	225	265	48	246			1,042,497
November	44,967	174	20,094	19,262	156	159	129	110	41	236		1	594,969
December	33,195	195	14,888	14,478	98	127	66	79	27	13			440,057
Twelve months ended December 31, 2006	931,409	6,560	348,570	328,343	3,273	3,943	2,771	2,758	522	6,959	---	1	\$ 13,701,067
Average per month	77,617	547	29,048	27,362	273	329	231	230	44	580	---	---	\$ 1,141,756
Average per day	2,552	18	955	900	9	11	8	8	1	19	---	---	\$ 37,537
<b>NON-REVENUE*</b>													
January	1,221		191										
February	1,178		181										
March	1,647		264										
April	3,396		188										
May	4,120		277										
June	7,180		230										
July	15,340		176										
August	17,933		207										
September	4,854		231										
October	2,458		259										
November	2,163		203										
December	1,729		211										
Totals	63,219		2,618										

\* Includes children under 6 years of age

**DELAWARE RIVER & BAY AUTHORITY**

Proprietary Fund

Cape May - Lewes Ferry

Schedule of Monthly Traffic and Revenue

For the Year Ended December 31, 2006

<b>REVENUE</b>	<b>Passengers</b>	<b>Bus Passengers</b>	<b>Vehicle Total</b>	<b>Calculated Revenue</b>
January	23,732	99	11,428	\$ 293,867
February	23,303	15	11,230	288,250
March	32,854	40	15,754	407,482
April	59,828	168	25,100	972,764
May	70,662	870	30,055	1,168,815
June	99,033	999	37,140	1,543,899
July	179,666	1,030	56,552	2,556,753
August	203,359	1,059	61,690	2,831,053
September	98,831	1,692	37,508	1,560,661
October	61,979	219	27,131	1,042,497
November	44,967	174	20,094	594,969
December	33,195	195	14,888	440,057
Twelve months ended December 31, 2006	<u>931,409</u>	<u>6,560</u>	<u>348,570</u>	<u>\$ 13,701,067</u>
Average per month	<u>77,617</u>	<u>547</u>	<u>29,048</u>	<u>\$ 1,141,756</u>
Average per day	<u>2,552</u>	<u>18</u>	<u>955</u>	<u>\$ 37,537</u>
<b>NON-REVENUE*</b>				
January	1,221		191	
February	1,178		181	
March	1,647		264	
April	3,396		188	
May	4,120		277	
June	7,180		230	
July	15,340		176	
August	17,933		207	
September	4,854		231	
October	2,458		259	
November	2,163		203	
December	1,729		211	
Totals	<u>63,219</u>		<u>2,618</u>	

\* Includes children under 6 years of age

**DELAWARE RIVER AND BAY AUTHORITY**

Proprietary Fund

Three Forts Ferry

Schedule of Traffic by Toll Classifications

For the Year Ended December 31, 2006

Leaving Delaware City

	<u>Traffic</u>	<u>Revenue</u>
Adult	6,181	\$ 37,086
Child	2,250	9,000
School Groups	3,337	16,685
Cruise/Special Events	1,110	3,191
Non-Revenue	<u>648</u>	<u></u>
Total Leaving Delaware City	<u>13,526</u>	<u>\$ 65,962</u>

Leaving Fort Mott

	<u>Traffic</u>	<u>Revenue</u>
Adult	1,218	\$ 7,308
Child	459	1,836
School Groups	443	2,215
Non-Revenue	<u>77</u>	<u></u>
Total Leaving Fort Mott	<u>2,197</u>	<u>\$ 11,359</u>
Total	<u>15,723</u>	<u>\$ 77,321</u>

## DELAWARE RIVER AND BAY AUTHORITY

Proprietary Fund

Delaware Memorial Bridge

Schedule of Historical Toll Rates

For the Period October 1, 1992 to December 31, 2006

<u>Class No.</u>	<u>Description</u>	<u>Number of Axles</u>	<u>After 9/30/01</u>	<u>After 4/30/00</u>	<u>After 6/30/95</u>	<u>After 12/31/92</u>	<u>After 9/30/92*</u>
1	<b>PASSENGER CARS-</b> (all types) Includes-Light delivery trucks-2 tons Hearses (except in funeral procession)	2	\$3.00	\$3.00	\$2.00	\$2.00	\$1.50
	Book of 20 Accommodation Tickets***			60.00	40.00	40.00	30.00
	Tokens** Roll of 40 Tokens-Includes: 4 tire types passenger cars, vans, pickups				20.00	20.00	20.00
2	<b>TWO AXLE TRUCKS</b> Includes-all types with reg. Wt. over 2 tons, buses, tractors	2	6.00	6.00	5.00	5.00	3.00
	Book of 20 Accommodation Tickets***			120.00	100.00	100.00	60.00
3	<b>THREE AXLE TRUCKS</b> Includes-Tractors or combination tractors & trailers, buses (3 axle)	3	9.00	9.00	7.50	7.50	4.50
	Book of 20 Accommodation Tickets***			180.00	150.00	150.00	90.00
4	<b>FOUR AXLE TRUCKS</b> Includes-Tractors or combination tractors & trailers	4	12.00	12.00	10.00	10.00	6.00
	Book of 20 Accommodation Tickets***			240.00	200.00	200.00	120.00
5	<b>FIVE AXLES TRUCKS &amp; TRUCK COMBINATION</b>	5	15.00	15.00	12.50	12.50	7.50
	Book of 20 Accommodation Tickets***			300.00	250.00	250.00	150.00
6	<b>SIX AXLES TRUCKS &amp; TRUCK COMBINATION</b>	6	18.00	18.00	15.00	15.00	9.00
	Book of 20 Accommodations*** (Class 10 through 8/30/94)			360.00	300.00	300.00	180.00
7	<b>VEHICLES REQUIRING SPECIAL PERMIT</b> Includes-Contractors' equip. & mach. Vehicles exceed 1 or more limit of DE/NJ	N/A	40.00	40.00	25.00	25.00	15.00
8	<b>SPECIALS (OVER 6 AXLES)</b>		3.00	3.00	2.50	2.50	N/A
9	<b>COMMUTER TICKETS</b> (25 tickets after 12/31/92)	2		0.75	0.75	0.75	0.75
	Book of 50 Accommodations*** (Good for 1 calendar month only) Issued to Passenger Cars only			18.75	18.75	18.75	37.50

(Continued)



## DELAWARE RIVER AND BAY AUTHORITY

Proprietary Fund

Delaware Memorial Bridge

Schedule of Historical Toll Rates

For the Period October 1, 1992 to December 31, 2006

<u>Class No.</u>	<u>Description</u>	<u>Number of Axles</u>	<u>After 9/30/01</u>	<u>After 4/30/00</u>	<u>After 6/30/95</u>	<u>After 12/31/92</u>	<u>After 9/30/92*</u>
9	<b>COMMUTATION PLAN</b> Provides 25 Trips good for a 30-day cycle period. (\$18.75 per cycle) Issued to account holders of 4 Tire-2 Axle Types	2	\$0.75				
10	<b>DISCOUNT TICKETS***</b> (20 tickets after 6/30/95) (Good for 6 calendar months only) Issued to Passenger Cars only	2		\$1.00	\$1.00		
				\$20.00	\$20.00		
10	<b>FREQUENT TRAVELER PLAN</b> Provides 20 Trips good for a 90-day cycle period. (\$20.00 per cycle) Issued to account holders of 4 Tire-2 Axle Types	2	\$1.00				
11	<b>PASSENGER CARS</b> Includes-Passenger Cars w/ 1axle trailer	3	\$4.50	\$4.50	\$3.25	\$3.25	\$2.50
12	<b>PASSENGER CARS</b> Includes-Passenger Cars w/ 2 axle trailer	4	\$6.00	\$6.00	\$4.50	\$4.50	\$3.00
13	<b>PASSENGER CARS</b> Includes-Passenger Cars w/ 3 axle trailer	5	\$7.50	\$7.50	\$5.75	\$5.75	
14	<b>SENIOR CITIZENS-WITH TICKET ONLY**</b> Restrictions Apply	2		\$1.00	\$1.00	\$1.00	\$0.50
	Book of 20 Accommodation Tickets (all 4 tired type passenger cars, vans, & pickups)				\$20.00	\$20.00	\$10.00
16	<b>NON-REVENUE VEHICLES</b> Includes-Bridge maintenance, ambulance, fire and police vehicles	Var.					

\* Conversion to one-way toll

\*\* Discontinued when class 10 discount tickets were implemented

\*\*\* Discontinued after Electronic Tolls were implemented, July 2001

## DELAWARE RIVER AND BAY AUTHORITY

Proprietary Fund  
Cape May - Lewes Ferry  
Schedule of Historical Toll Rates  
For the Period January 1, 1997 To December 31, 2006

Class No.	Description	After 4/1/06		After 5/27/05		After 3/31/02		After 12/31/97		to 12/31/1997
		Off Season**	Peak Season***	Off Season**	Peak Season***	Off Season**	Peak Season***	Off Season**	Peak Season***	
1	<b>Passenger Car</b> - station wagon, carry all, pickup, panel, self-contained camper w/ 2 axles and 4 tires (overall length 20' including driver) Return Trip Value Fare ****	\$23.00	\$29.00	\$20.00	\$25.00	\$20.00	\$25.00	\$18.00	\$20.00	\$18.00
4	<b>20' to 25'</b>									
5	<b>25' to 35'</b>	\$19.00	\$24.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	<b>35' to 45'</b>	\$27.00	\$34.00	\$24.00	\$29.00	\$24.00	\$29.00	\$22.00	\$24.00	\$22.00
7	<b>45' to 60'</b>	\$35.00	\$42.00	\$31.00	\$36.00	\$31.00	\$36.00	\$29.00	\$31.00	\$29.00
9	<b>Over 60'</b>	\$42.00	\$49.00	\$37.00	\$42.00	\$37.00	\$42.00	\$35.00	\$37.00	\$35.00
10	<b>Motorbike or Motorcycle</b> (includes driver) with sidecar or trailer	\$53.00	\$61.00	\$47.00	\$52.00	\$47.00	\$52.00	\$45.00	\$47.00	\$45.00
10	Return Trip Value Fare	\$75.00	\$83.00	\$66.00	\$71.00	\$66.00	\$71.00	\$64.00	\$66.00	\$64.00
11	<b>Bicycle</b> (ridden or hand carried) (including passenger)	\$18.00	\$24.00	\$17.00	\$22.00	\$17.00	\$22.00	\$15.00	\$17.00	\$15.00
12	<b>Over Width Vehicles</b> (all vehicles exceeding limitation of DE/NJ)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Foot Passengers &amp; Vehicle Pass.</b> (not driver, after 12th b-day)	\$7.00	\$9.50	\$6.00	\$8.00	\$6.00	\$8.00	\$5.00	\$7.00	\$5.00
	<b>Foot Passengers &amp; Vehicle Pass.</b> (not driver, after 14th b-day)	\$5.00	\$7.50	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Foot Passengers &amp; Vehicle Pass.</b> (not driver, after 6th b-day)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Foot Passengers &amp; Vehicle Pass.</b> (after 6th and before 12th b-day)	\$3.50	\$4.75	\$3.00	\$4.00	N/A	N/A	N/A	N/A	\$2.25
	<b>Foot Passengers &amp; Vehicle Pass.</b> (after 6th and before 14th b-day)	\$2.50	\$3.75	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Foot Passengers &amp; Vehicle Pass.</b> (before 6th b-day)	Free	Free	Free	Free	Free	Free	Free	Free	Free
	<b>Foot Passengers</b> (round trip/same day) (not driver, after 6th b-day)	N/A	N/A	N/A	N/A	\$10.00	\$15.00	\$8.50	\$12.50	\$8.50
	<b>Foot Passengers</b> (round trip/same day) (after 6th and before 14th b-day)	N/A	N/A	\$5.00	\$7.50	N/A	N/A	N/A	N/A	N/A
	<b>Foot Passengers</b> (round trip/same day) (not driver, after 14th b-day)	N/A	N/A	\$10.00	\$15.00	N/A	N/A	N/A	N/A	N/A
	<b>Bus Passengers</b> (not driver)	N/A	N/A	\$5.00	\$7.00	\$5.00	\$7.00	\$4.00	\$6.00	\$4.00
	<b>Bus Passengers</b> (not driver, after 14th b-day)	\$4.00	\$6.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Bus Passengers</b> (after 6th and before 14th b-day)	\$2.00	\$3.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Bus Passengers</b> (before 6th b-day)	Free	Free	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>Special Group Rates</b>									
	Round trip (50 or more & Seniors)	\$9.50	\$14.50	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$10.00	\$8.00
	Round trip (100 or more)	\$8.00	\$13.00	\$10.00	\$10.00	\$10.00	\$10.00	\$6.50	\$8.50	\$6.50

\* Double rate of length

\*\* Off Season rates effective Jan 1 - March 31 and Nov 1 - Dec 31

\*\*\* Peak Season rated effective April 1- Oct 31

\*\*\*\* Return trip value fares must be purchased with initial sailing.

**DELAWARE RIVER AND BAY AUTHORITY**  
Proprietary Fund  
Three Forts Ferry  
Schedule of Historical Toll Rates  
For the Period April 1, 1997 to December 31, 2006

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<u>Passenger</u>		<u>After 4-1-97</u>
Adult	\$	6.00
Children (ages 2 - 12)	\$	4.00
Special Evening Cruise	\$	10.00

## DELAWARE RIVER AND BAY AUTHORITY

Schedule of Insurance Coverage  
For the Year Ended December 31, 2006

Insurance Company:	LM Insurance Corporation		
Policy Number:	WC5-33S-311403-026		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Delaware Workers' Compensation:	Occupational Injury Employers' Liability	\$ Statutory 1,000,000
Insurance Company:	LM Insurance Corporation		
Policy Number:	WC7-33S311439-016		
Policy Term:	1/1/06 - 1/1/07		
Coverage/Limits:	NJ Workers' Compensation	Occupational Injury Employers' Liability	\$ Statutory 1,000,000
Insurance Company:	Continental Casualty Company		
Policy Number:	BUAC266522098		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Business Automobile - Fleet:	Comprehensive Liability	\$ 1,000,000
Insurance Company:	American Casualty Company of Reading, PA		
Policy Number:	BUAC2057118842		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Primary Business Automotive - Buses & Motorcycles:	Liability	\$ 5,000,000
Insurance Company:	Transcontinental Insurance Company		
Policy Number:	CCPC302049491		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Public Liability		\$ 1,000,000
Insurance Company:	Great Northern Insurance Company (Chubb Group)		
Policy Number:	7337-05-75PHL		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Foreign Workers' Compensation, Auto and Public Liability		\$ 1,000,000
Insurance Company:	Athena Assurance Company		
Policy Number:	QK09001201		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Primary Umbrella Excess Liability		\$ 1,000,000
Insurance Company:	Westchester Fire Insurance Company		
Policy Number:	G2198288A001		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Second Layer Excess Umbrella Liability		\$ 24,000,000
Insurance Company:	AXIS Specialty Insurance Company		
Policy Number:	EAU706027/01/2006		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Third Layer Excess Umbrella Liability		\$ 25,000,000
Insurance Company:	Travelers Property Casualty Company of America		
Policy Number:	P630361X9219TIL06		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Commercial Account Package:	Blanket over Buildings and Contents	\$ 191,986,582
Insurance Company:	The Phoenix Insurance Company		
Policy Number:	BAJBM211286C96APHY06		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Boiler and Machinery		\$ 25,000,000

(Continued)

## DELAWARE RIVER AND BAY AUTHORITY

Schedule of Insurance Coverage  
For the Year Ended December 31, 2006

Insurance Company:	Hartford Fire Insurance Company		
Policy Number:	44FA022743006		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Commercial Crime: Primary and Excess	\$	1,000,000
Insurance Company:	Underwriters at Lloyd's		
Policy Number:	MAHHY0600067		
Policy Term:	1/31/06 - 1/31/07		
Coverage/ Limits:	Bridge Physical Damage and Loss of Revenue	\$	324,649,000
Insurance Company:	Lloyd's		
Policy Number:	MAHHY0600666		
Policy Term:	1/31/06 - 1/31/07		
Coverage/ Limits:	Bridge Physical Damage and Loss of Revenue (Primary Terrorism)	\$	324,649,000
Insurance Company:	The United Kingdom Mutual Steam Ship Assurance Association		
Policy Number:	MAHHQ0600007		
Policy Term:	2/20/06 - 2/20/07		
Coverage/ Limits:	Protection and Indemnity	\$	4,250,000,000
Insurance Company:	New York Marine and General Insurance Company		
Policy Number:	MM027688ML506		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Contingent Primary Charterer's Legal Liability	\$	1,000,000
Insurance Company:	Lloyd's and Scheduled Companies		
Policy Number:	MAHHY0600428		
Policy Term:	7/1/06 - 7/1/07		
Coverage/ Limits:	Vessel Hull and Machinery		Various
Insurance Company:	National Union Fire Insurance Company of Pittsburgh, PA		
Policy Number:	6254152		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Public Officials and Employment Practices Liability	\$	7,000,000
Insurance Company:	AIG Life Insurance Company		
Policy Number:	GTP9052960A		
Policy Term:	1/1/05 - 1/1/08		
Coverage/ Limits:	Group Travel Accident	\$	250,000
Insurance Company:	Great American Insurance Company		
Policy Number:	KR584-27-28-212		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Special Contingent	\$	10,000,000
Insurance Company:	National Union Fire Insurance Company of Pittsburgh, PA		
Policy Number:	AV339475307		
Policy Term:	6/30/06 - 6/30/07		
Coverage/ Limits:	Helicopter Liability	\$	50,000,000
Insurance Company:	National Union Fire Insurance Company of Pittsburgh, PA		
Policy Number:	AE338750607		
Policy Term:	6/30/06 - 6/30/07		
Coverage/ Limits:	Primary Airport Liability	\$	50,000,000

(Continued)

**DELAWARE RIVER AND BAY AUTHORITY**Schedule of Insurance Coverage  
For the Year Ended December 31, 2006

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Insurance Company:	National Union Fire Insurance Company of Pittsburgh, PA		
Policy Number:	AX185591502		
Policy Term:	6/30/06 - 6/30/07		
Coverage/ Limits:	Excess Airport Liability	\$	25,000,000
Insurance Company:	U.S. Underwriters Insurance Company		
Policy Number:	CL3043387E		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Liquor Liability	\$	1,000,000
Insurance Company:	Federal Insurance Company		
Policy Number:	81531326		
Policy Term:	12/31/05 - 12/31/06		
Coverage/ Limits:	Public Entity Fiduciary Liability	\$	10,000,000
Insurance Company:	Columbia Casualty Company		
Policy Number:	LEO223457783		
Policy Term:	1/1/06 - 1/1/07		
Coverage/ Limits:	Law Enforcement Liability	\$	1,000,000

## STATISTICAL SECTION

32200

**DELAWARE RIVER AND BAY AUTHORITY**

Net Assets  
Last Four Fiscal Years

	Fiscal Year			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Invested in Capital Assets, Net of Related Debt	\$ 168,486,079	\$ 172,540,587	\$ 163,878,735	\$ 169,602,797
Restricted	32,903,520	32,036,520	32,170,771	31,650,480
Unrestricted	80,913,272	74,601,928	71,881,008	58,085,111
Total Net Assets	<u>\$ 282,302,871</u>	<u>\$ 279,179,035</u>	<u>\$ 267,930,514</u>	<u>\$ 259,338,388</u>

Note: The Authority implemented accounting principles generally accepted in the United States of America including the new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis, in their annual financial report for the year ended December 31, 2003. Prior to January 1, 2003, the Authority's accounts were maintained in accordance with practices based on the provisions of the Trust Agreement dated October 1, 1993 between the Authority and Wilmington Trust Company.



## DELAWARE RIVER AND BAY AUTHORITY

Change in Net Assets  
Last Ten Fiscal Years

	Fiscal Year			
	2006	2005	2004	2003
<b>Operating Revenues:</b>				
Bridge Tolls	\$ 73,031,619	\$ 72,348,723	\$ 71,868,471	\$ 69,228,180
Ferry Tolls	13,778,387	12,723,114	13,063,913	13,355,948
Food and Novelty Sales	4,137,079	4,185,985	3,917,391	4,122,219
Airport Lease Revenue	5,363,724	4,898,749	5,062,799	5,090,423
Other Operating Revenue	3,544,050	3,122,164	3,437,091	2,784,719
Total Operating Revenue	99,854,859	97,278,735	97,349,665	94,581,489
<b>Operating Expenses:</b>				
Administrative and General				
Wages	5,108,181	4,774,236	4,169,110	4,968,078
Benefits	1,999,716	1,802,235	1,705,203	1,607,818
Other Expenses	12,915,924	10,034,100	9,955,248	8,252,790
Operations:				
Wages	22,515,138	21,471,595	21,459,564	22,338,371
Benefits	13,838,526	12,353,251	11,731,539	11,112,748
Other Expenses	16,648,022	14,184,485	14,549,857	12,788,751
Depreciation	18,684,272	16,602,820	16,506,024	23,360,410
Total Operating Expenses	91,709,779	81,222,722	80,076,545	84,428,966
Operating Income (Loss)	8,145,080	16,056,013	17,273,120	10,152,523
<b>Nonoperating Revenue (Expenses):</b>				
Investment Income	6,179,699	4,285,404	2,965,178	3,390,363
Investment Fees	(460,384)	(480,836)	(258,016)	(186,835)
Interest on Bonds	(14,921,709)	(15,451,686)	(15,931,209)	(16,217,959)
Amortization of Bond Issue Costs	(328,184)	(432,224)	(228,513)	(175,953)
Expense Construction in Progress	(1,568,448)	(580,179)	(2,517,888)	-
Miscellaneous Income	-	-	7,344	218,574
Sale of Fixed Assets	88,544	102,291	177,126	761,181
Interest Rebate Expense	(2,485,404)	-	-	-
Net Non Operating Income	(13,495,886)	(12,557,230)	(15,785,978)	(12,210,629)
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(5,350,806)	3,498,783	1,487,142	(2,058,106)
<b>Capital Contributions:</b>				
Grant Income	7,850,160	7,749,738	7,104,984	5,308,124
Capital Contributions	552,858	-	-	-
Capital Contributions - DSU Condo	71,620	-	-	-
Total Capital Contributions	8,474,638	7,749,738	7,104,984	5,308,124
Change in Net Assets	\$ 3,123,832	\$ 11,248,521	\$ 8,592,126	\$ 3,250,018

Note: The Authority implemented accounting principles generally accepted in the United States of America including the new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis, in their annual financial report for the year ended December 31, 2003. Prior to January 1, 2003, the Authority's accounts were maintained in accordance with practices based on the provisions of the Trust Agreement dated October 1, 1993 between the Authority and Wilmington Trust Company.

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**DELAWARE RIVER AND BAY AUTHORITY**

Change in Net Assets  
Pension Trust Fund  
Last Four Fiscal Years

	Fiscal Year			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Additions</b>				
Member Contributions	\$ 694,206	\$ 650,706	\$ 657,701	\$ 658,503
Employer Contributions	6,688,088	3,760,147	3,576,084	3,518,396
Investment Income (Net of Expense)	5,820,203	2,449,050	4,071,620	7,034,661
<b>Total Additions to Plan Net Assets</b>	<u>13,202,497</u>	<u>6,859,903</u>	<u>8,305,405</u>	<u>11,211,560</u>
<b>Deductions</b>				
Benefit Payment	6,093,878	5,446,391	5,791,807	6,230,842
Refunds	319,823	228,517	291,814	455,730
Administrative Expenses	23,050	24,250	24,250	22,045
Other Expenses				
<b>Total Deductions from Plan Assets</b>	<u>6,436,751</u>	<u>5,699,158</u>	<u>6,107,871</u>	<u>6,708,617</u>
<b>Change in Net Assets</b>	<u>\$ 6,765,746</u>	<u>\$ 1,160,745</u>	<u>\$ 2,197,534</u>	<u>\$ 4,502,943</u>

**DELAWARE RIVER AND BAY AUTHORITY**  
Delaware Memorial Bridge Tolls by Classification  
Last Ten Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001 (2)</u>	<u>2000 (1)</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Delaware Memorial Bridge</b>										
Class 1 - Passenger Cars	\$37,750,076	\$37,496,001	\$37,629,843	\$36,580,395	\$36,260,561	\$33,094,142	\$28,640,792	\$21,586,064	\$21,538,194	\$20,411,256
Class 2 - Two Axel Trucks	1,915,980	1,969,644	2,020,944	1,972,578	2,032,626	2,132,478	2,076,909	1,794,400	1,735,875	1,571,305
Class 3 - Three Axel Trucks	1,495,602	1,519,479	1,476,522	1,397,889	1,390,482	1,507,716	1,453,980	1,257,323	1,200,578	1,134,615
Class 4 - Four Axel Trucks	1,759,728	1,798,488	1,791,828	1,714,452	1,793,280	1,645,440	1,612,358	1,433,930	1,392,430	1,312,210
Class 5 - Five Axel Trucks & Truck Combinations	26,530,920	25,985,010	25,198,605	23,793,555	23,703,045	22,607,553	21,452,240	18,676,525	17,582,500	16,959,588
Class 6 - Six Axel Trucks & Truck Combinations	479,196	495,558	552,528	677,268	399,996	307,494	229,833	218,775	201,765	196,335
Class 7 - Vehicles Requiring Special Permits	117,320	121,240	114,360	83,320	80,280	86,120	79,150	63,175	59,025	55,900
Class 8 - Special(Over Six Axels)	121,821	115,521	176,778	229,908	81,312	12,843	13,059	9,623	8,598	8,100
Class 9 - Commutation Plan	847,396	853,654	854,533	842,222	877,900	704,805	650,696	645,647	641,789	621,346
Class 10 - Frequent Traveler Plan	1,350,179	1,327,018	1,358,553	1,369,507	1,396,148	2,083,936	2,412,242	2,081,936	1,979,591	1,926,306
Class 11 - Passenger Cars w/ 1 Axel Trailer	335,858	348,534	352,229	322,601	300,704	281,052	255,471	196,758	194,116	193,950
Class 12 - Passenger Cars w/ 2 Axel Trailer	412,242	414,444	425,850	398,988	341,004	311,088	277,517	218,898	210,168	210,785
Class 13 - Passenger Cars w/ 3 Axel Trailer	24,600	25,838	41,033	47,460	29,228	16,088	5,115	4,060	3,893	13,012
Class 14 - Senior Citizens (3)	0	0	0	1	0	15	15	18	51	93
Class 15 - Tokens (3)	0	0	0	0	1	1,752	2,612	4,039	7,613	15,525
Allowance - Uncollected Tolls	(109,299)	(121,705)	(125,134)	(201,963)	(220,770)	0	0	0	0	0
<b>Total Bridge Tolls</b>	<b>\$73,031,619</b>	<b>\$72,348,723</b>	<b>\$71,868,471</b>	<b>\$69,228,181</b>	<b>\$68,465,796</b>	<b>\$64,792,522</b>	<b>\$59,161,988</b>	<b>\$48,191,169</b>	<b>\$46,756,185</b>	<b>\$44,630,325</b>

(1) Toll increase effective 4/30/2000

(2) DRBA began the use of Electronic Tolls (E-Zpass) effective 7/18/2001

(3) Discontinued use of all tickets (including senior citizens) and token with the implementation of E-ZPass

**DELAWARE RIVER AND BAY AUTHORITY**  
Cape May-Lewes Ferry/Three Forts Ferry Tolls by Classification  
Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Cape May - Lewes Ferry</b>										
Passengers	\$6,067,617	\$5,740,774	\$6,013,991	\$6,205,639	\$6,829,304	\$6,331,396	\$5,021,372	\$5,133,152	\$5,314,920	\$5,113,024
Bus Passengers	38,189	43,964	59,581	63,949	82,724	72,335	56,556	68,340	79,202	100,012
Class 1 - Passenger Car	6,924,879	6,216,681	6,281,962	6,412,152	6,898,517	5,622,181	5,034,779	5,035,274	5,151,668	5,068,751
Class 4 - 20' to 25'	90,806	70,857	64,200	49,898	50,436	45,460	39,708	39,358	41,633	44,678
Class 5 - 25' to 35'	141,285	131,577	128,340	128,126	133,629	119,585	113,999	115,738	121,986	134,775
Class 6 - 35' to 45'	119,101	109,633	108,958	104,633	108,602	98,634	90,067	92,385	86,620	94,306
Class 7 - 45' to 55'	150,843	126,123	113,498	108,963	109,147	94,760	91,692	98,861	171,882	250,533
Class 9 - Over 65'	38,614	38,852	52,787	78,150	78,970	87,045	82,765	80,028	8,449	5,891
Class 10 - Motorbike or Motorcycle	129,486	116,780	110,255	82,319	93,189	65,862	42,798	44,321	40,341	38,871
Class 11 - Bicycle	120	19,858	10,458	9,686	11,804	9,484	1,998	2,079	3,030	2,791
Class 12 - Over Width Vehicles	128	275	388	1,040	307	86	494	257	820	139
Peak Period Surcharge (1)	0	0	0	0	0	0	1,698,172	1,593,192	1,685,863	0
Total Cape May - Lewes Ferry:	\$13,701,066	\$12,615,372	\$12,944,416	\$13,244,553	\$14,396,627	\$12,546,825	\$12,274,398	\$12,302,980	\$12,706,412	\$10,853,768
<b>Three Forts Ferry (2)</b>										
Adult	\$44,394	\$67,020	\$75,222	\$70,104	\$96,210	\$94,734	\$91,584	\$79,578	\$106,230	\$110,682
Child	10,836	17,308	20,804	17,968	23,996	25,244	26,868	25,168	29,772	44,680
School Groups	18,900	17,832	21,456	20,068	23,488	23,468	21,326	20,000	20,428	0
Cruise/Special Events	3,191	5,582	2,015	2,972	23,436	27,886	17,484	23,194	8,313	17,620
Total Three Forts Ferry:	\$77,321	\$107,742	\$119,497	\$111,112	\$167,130	\$171,332	\$157,262	\$147,940	\$164,743	\$172,982
Total Ferry Tolls	\$13,778,387	\$12,723,114	\$13,063,913	\$13,355,665	\$14,563,758	\$12,718,157	\$12,431,660	\$12,450,920	\$12,871,155	\$11,026,750

(1) Peak period surcharge added in Fare price effective 1/1/2001

(2) DRBA assumed Three Forts Ferry service from the State of Delaware effective 1/1/97

**DELAWARE RIVER AND BAY AUTHORITY**  
 Delaware Memorial Bridge Traffic by Classification  
 Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Delaware Memorial Bridge</b>										
Class 1 - Passenger Cars	12,615,946	12,530,542	12,582,105	12,256,304	12,149,635	11,063,981	10,583,212	10,793,032	10,769,097	10,205,628
Class 2 - Two Axel Trucks	320,844	330,077	338,687	332,732	343,102	357,384	364,853	358,880	347,175	314,261
Class 3 - Three Axel Trucks	167,370	170,362	166,723	158,938	157,867	169,129	170,240	167,643	160,077	151,282
Class 4 - Four Axel Trucks	147,290	150,756	150,072	144,596	151,680	138,106	141,908	143,393	139,243	131,221
Class 5 - Five Axel Trucks & Truck Combinations	1,780,752	1,746,467	1,693,932	1,607,780	1,601,311	1,516,553	1,514,090	1,494,122	1,406,600	1,356,767
Class 6 - Six Axel Trucks & Truck Combinations	26,801	27,739	30,865	37,966	22,527	17,278	13,512	14,585	13,451	13,089
Class 7 - Vehicles Requiring Special Permits	2,933	3,033	2,859	2,083	2,007	2,153	2,281	2,527	2,361	2,236
Class 8 - Special(Over Six Axels)	5,867	5,616	8,498	11,146	3,965	603	599	502	453	430
Class 9 - Commutation Plan	1,129,861	1,138,205	1,139,377	1,122,963	1,170,533	939,740	867,595	860,862	855,719	828,461
Class 10 - Frequent Traveler Plan	1,350,179	1,327,018	1,358,553	1,369,507	1,396,148	2,083,936	2,413,447	2,081,936	1,979,591	1,926,306
Class 11 - Passenger Cars w/ 1 Axel Trailer	74,988	77,904	79,118	73,105	67,403	62,679	60,643	60,541	59,728	59,677
Class 12 - Passenger Cars w/ 2 Axel Trailer	68,894	69,510	71,409	66,994	57,112	51,982	49,554	48,644	46,704	46,841
Class 13 - Passenger Cars w/ 3 Axel Trailer	3,402	3,639	5,892	7,134	4,415	2,526	730	706	677	2,263
Class 14 - Senior Citizens (With Token Only)		0	0	0	0	15	15	18	51	93
Class 15 - Tokens	0	0	0	0	0	1,751	2,612	4,039	7,613	15,525
Class 16 - Non Revenue	12,367	12,542	12,948	24,202	16,922	9,031	7,293	8,195	9,345	5,241
<b>Total Bridge Traffic</b>	<b>17,707,494</b>	<b>17,593,410</b>	<b>17,641,038</b>	<b>17,215,450</b>	<b>17,144,627</b>	<b>16,416,847</b>	<b>16,192,584</b>	<b>16,039,625</b>	<b>15,797,885</b>	<b>15,059,321</b>

**DELAWARE RIVER AND BAY AUTHORITY**  
Cape May-Lewes Ferry/Three Forts Ferry Traffic by Classification  
Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Cape May - Lewes Ferry</b>										
Passengers	931,389	952,141	944,472	970,332	1,078,175	1,201,964	1,130,514	1,157,191	1,201,277	1,210,521
Bus Passengers	6,560	6,420	8,685	9,317	12,133	12,720	14,139	17,085	19,853	25,192
Class 1 - Passenger Car	328,343	336,501	335,243	340,084	371,771	381,181	376,761	376,121	384,117	377,043
Class 4 - 20' to 25'	3,273	3,016	2,741	2,134	2,168	2,397	2,269	2,249	2,379	2,553
Class 5 - 25' to 35'	3,943	4,288	4,190	4,177	4,396	4,585	4,653	4,724	4,979	5,501
Class 6 - 35' to 45'	2,771	2,983	2,965	2,845	2,970	3,075	2,953	3,029	2,840	3,092
Class 7 - 45' to 55'	2,758	2,699	2,433	2,331	2,347	2,252	2,264	2,441	4,244	6,186
Class 8 - 55' to 65'	0	0	0	0	0	0	0	0	0	0
Class 9 - Over 65'	522	598	811	1,200	1,224	1,435	1,391	1,345	142	99
Class 10 - Motorbike or Motorcycle	6,959	6,756	6,370	4,794	5,390	5,376	4,076	4,221	3,842	3,702
Class 11 - Bicycle	20	2,557	3,052	2,817	3,446	3,959	3,995	4,157	6,059	5,581
Class 12 - Over Width Vehicles	1	2	4	8	3	1	4	3	8	2
CMLF Non-Revenue Passengers	63,219	67,435	67,245	70,401	78,967	22,263	87,986	78,705	77,047	80,069
CMLF Non-Revenue Vehicles	2,618	2,607	2,222	2,060	2,650	3,823	3,422	2,808	4,825	6,128
Total Cape May-Lewes Ferry Traffic:	1,352,376	1,388,003	1,380,433	1,412,500	1,565,640	1,645,031	1,634,427	1,654,079	1,711,612	1,725,669
<b>Three Forts Ferry</b>										
Adult	7,399	11,170	12,537	11,684	16,035	15,789	15,264	13,263	18,070	18,447
Child	2,709	4,327	5,201	4,492	11,871	12,178	6,717	11,281	12,550	11,170
School Groups	3,780	4,458	5,364	5,017	0	0	0	0	0	0
Cruise/Special Events	1,110	1,256	424	1,655	2,683	2,827	7,461	1,392	1,526	1,762
Three Forts Non-Revenue	725	931	1,600	999	0	0	0	0	0	0
Total Three Forts Ferry Traffic:	15,723	22,142	25,126	23,847	30,589	30,794	29,442	25,936	32,146	31,379
Total Ferry Traffic:	1,368,099	1,410,145	1,405,559	1,436,347	1,596,229	1,675,825	1,663,869	1,680,015	1,743,758	1,757,048

**DELAWARE RIVER AND BAY AUTHORITY**  
Delaware Memorial Bridge Toll Rates  
Last Ten Fiscal Years

	Fiscal Year									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Delaware Memorial Bridge</b>										
Class 1 - Passenger Cars	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Class 2 - Two Axel Trucks	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Class 3 - Three Axel Trucks	9.00	9.00	9.00	9.00	9.00	9.00	9.00	7.50	7.50	7.50
Class 4 - Four Axel Trucks	12.00	12.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	10.00
Class 5 - Five Axel Trucks & Truck Combinations	15.00	15.00	15.00	15.00	15.00	15.00	15.00	12.50	12.50	12.50
Class 6 - Six Axel Trucks & Truck Combinations	18.00	18.00	18.00	18.00	18.00	18.00	18.00	15.00	15.00	15.00
Class 7 - Vehicles Requiring Special Permits	40.00	40.00	40.00	40.00	40.00	40.00	40.00	25.00	25.00	25.00
Class 8 - Special(Over Six Axels)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50
Class 9 - Commuter Tickets (1)	N/A	N/A	N/A	N/A	N/A	0.75	0.75	0.75	0.75	0.75
Class 9 - Commutation Plan	0.75	0.75	0.75	0.75	0.75	0.75	N/A	N/A	N/A	N/A
Class 10 - Discount Tickets (1)	N/A	N/A	N/A	N/A	N/A	1.00	1.00	1.00	1.00	1.00
Class 10 - Frequent Traveler Plan	1.00	1.00	1.00	1.00	1.00	1.00	N/A	N/A	N/A	N/A
Class 11 - Passenger Cars w/ 1 Axel Trailer	4.50	4.50	4.50	4.50	4.50	4.50	4.50	3.25	3.25	3.25
Class 12 - Passenger Cars w/ 2 Axel Trailer	6.00	6.00	6.00	6.00	6.00	6.00	6.00	4.50	4.50	4.50
Class 13 - Passenger Cars w/ 3 Axel Trailer	7.50	7.50	7.50	7.50	7.50	7.50	7.50	5.75	5.75	5.75
Class 14 - Senior Citizens (With Token Only)	N/A	N/A	N/A	N/A	N/A	N/A	1.00	1.00	1.00	1.00

(1) Discontinued the sale of tickets with the implementation of E-ZPass.

**DELAWARE RIVER AND BAY AUTHORITY**  
Cape May-Lewes Ferry/Three Forts Ferry Toll Rates  
Last Ten Fiscal Years

Schedule 28

	Fiscal Year									
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Cape May - Lewes Ferry</b>										
Foot/Vehicle Passenger (under 6yrs)	Free	Free	Free	Free	Free	2	2	2	2	Free
Foot/Vehicle Passenger (6yrs & over)	2.50-9.50	6-8	6-8	6-8	6-8	4.50-6.50	4.50-6.50	4.50-6.50	4.50-6.50	2.25-4.50
Foot Passengers(round trip)	6-17	10-15	10-15	10-15	10-15	8.50-12.50	8.50-12.50	8.50-12.50	8.50-12.50	9
Bus Passengers	2-6	5-7	5-7	5-7	5-7	4-6	4-6	4-6	4-6	4
Class 1 - Passenger Car	19-29	20-25	20-25	20-25	20-25	18-20	18-20	18-20	18-20	18
Class 4 - 20' to 25'	27-34	24-29	24-29	24-29	24-29	22-24	22-24	22-24	22-24	22
Class 5 - 25' to 35'	35-42	31-36	31-36	31-36	31-36	29-31	29-31	29-31	11355	29
Class 6 - 35' to 45'	42-49	37-42	37-42	37-42	37-42	35-37	35-37	35-37	35-37	35
Class 7 - 45' to 55'	53-61	47-52	47-52	47-52	47-52	45-47	45-47	45-47	45-47	45
Class 9 - Over 65'	75-83	66-71	66-71	66-71	66-71	64-66	64-66	64-66	64-66	64
Class 10 - Motorbike or Motorcycle	15-24	17-22	17-22	17-22	17-22	15-17	15-17	15-17	15-17	15
Class 10 w/ Side Car or trailer	15-24	18-23	18-23	18-23	18-23	N/A	N/A	N/A	N/A	N/A
Class 11 - Bicycle	Free	6-8	6-8	6-8	6-8	5-7	5-7	5-7	5-7	5
Class 12 - Over Width Vehicles (1)	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies	Varies

Note: Ferry rates based upon Peak Season (April-October) and Off-peak Season (November-March)

(1) Over Width vehicles are charged double rate of length.

**Three Forts Ferry**

Adult	6	6	6	6	6	6	6	6	6	N/A
Child	4	4	4	4	4	4	4	4	4	N/A
Cruise/Special Events	10	10	10	10	10	10	10	10	10	N/A



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**Schedule 29****DELAWARE RIVER AND BAY AUTHORITY**Ratio of Outstanding Debt Per Customer  
Last Ten Fiscal Years

Fiscal Year	Outstanding Revenue Bonds	Total Annual Debt Service	Total Traffic (1)	Outstanding Debt Per Customer	Debt Service Per Customer
2006	\$ 322,220,000	22,227,918	19,075,593	\$ 16.89	\$ 1.17
2005	328,845,000	22,051,686	19,003,555	17.30	1.16
2004	333,660,000	22,360,397	19,046,597	17.52	1.17
2003	343,195,000	23,732,959	18,651,797	18.40	1.27
2002	274,070,000	20,402,598	18,740,856	14.62	1.09
2001	280,950,000	20,742,667	18,092,672	15.53	1.15
2000	287,545,000	17,855,069	17,856,453	16.10	1.00
1999	165,130,000	14,461,465	17,719,640	9.32	0.82
1998	171,215,000	14,460,331	17,541,643	9.76	0.82
1997	177,005,000	14,455,536	16,816,369	10.53	0.86

(1) Includes combined traffic for the Delaware Memorial Bridge, Cape May - Lewes Ferry and Three Forts Ferry.

## DELAWARE RIVER AND BAY AUTHORITY

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Budgetary Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2006	\$ 97,041,008	\$ 64,196,500	\$ 32,844,508	\$ 7,095,000	\$ 15,132,918	1.48
2005	93,661,062	60,308,667	33,352,395	6,600,000	15,451,686	1.51
2004	92,444,083	57,379,218	35,064,865	6,345,000	16,015,397	1.57
2003	90,714,565	54,353,579	36,360,986	7,515,000	16,217,959	1.53
2002	94,625,727	53,219,674	41,406,053	7,175,000	13,227,598	2.03
2001	89,535,649	50,779,562	38,756,087	6,880,000	13,862,667	1.87
2000	81,459,878	48,162,903	33,296,975	6,595,000	11,260,069	1.86
1999	71,187,108	45,985,860	25,201,248	6,340,000	8,121,465	1.74
1998	70,610,383	43,435,339	27,175,044	6,085,000	8,375,331	1.88
1997	65,471,865	38,739,551	26,732,314	5,790,000	8,665,536	1.85

**DELAWARE RIVER AND BAY AUTHORITY**  
Other Operating Revenues by Source  
Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Airports</b>										
New Castle Airport										
Lease Revenues	3,118,445	2,656,667	2,858,242	2,901,598	2,942,883	2,780,717	2,388,905	2,544,505	2,192,132	1,864,219
Fuel Flowage Fees	489,864	476,895	455,804	516,770	517,917	466,377	491,166	449,796	374,266	318,281
Ramp Fees	9,310	0	0	0	0	0	0	0	0	0
Landing Fees	144,218	161,056	143,226	187,531	138,465	138,606	177,958	128,513	106,933	90,938
Total New Castle Airport	3,761,837	3,294,618	3,457,272	3,605,899	3,599,265	3,385,700	3,058,029	3,122,814	2,673,331	2,273,438
Cape May Airport (1)										
Lease Revenues	146,879	155,906	158,414	150,065	159,903	175,839	144,432	10,977	0	0
Fuel Flowage Fees	5,289	2,224	0	0	0	0	0	0	0	0
Aviation Fuel Sales	0	26,792	198,069	138,445	48	0	0	0	0	0
Total Cape May Airport	152,168	184,922	356,483	288,510	159,951	175,839	144,432	10,977	0	0
Millville Airport (2)										
Lease Revenues	308,108	417,445	398,236	409,024	378,930	377,549	317,750	72,449	0	0
Fuel Flowage Fees	73,080	49,380	18,051	19,951	28,767	35,427	0	0	0	0
Total Millville Airport	381,188	466,825	416,287	428,975	407,697	412,976	317,750	72,449	0	0
Civil Air Terminal (3)										
Lease Revenues	0	0	0	710	2,663	20,662	17,331	6,586	0	0
Landing Fees	20,300	18,723	15,454	15,485	14,005	18,945	0	0	0	0
Total Civil Air Terminal	20,300	18,723	15,454	16,195	16,668	39,607	17,331	6,586	0	0
Delaware Air Park (4)										
Lease Revenues	55,864	63,346	62,606	60,008	60,007	44,547	20,221	0	0	0
Aviation Fuel Sales	121,928	93,388	85,512	76,272	84,088	87,891	0	0	0	0
Aviation Chart Sales	1,730	1,594	0	0	0	0	0	0	0	0
Total Delaware Air Park	179,522	158,328	148,118	136,280	144,095	132,438	20,221	0	0	0
<b>Total Airports</b>	4,495,015	4,123,416	4,393,614	4,475,859	4,327,676	4,146,560	3,557,763	3,212,826	2,673,331	2,273,438
<b>Concessions</b>										
Food & Beverage	2,794,829	2,817,535	2,580,194	2,691,862	3,106,039	3,184,250	3,192,944	1,858,755	2,385,359	2,930,787
Novelty	1,197,668	1,227,005	1,206,244	1,255,104	1,354,036	1,468,810	1,501,209	1,440,602	1,290,465	1,443,522
<b>Total Concessions</b>	3,992,497	4,044,540	3,786,438	3,946,966	4,460,075	4,653,060	4,694,153	3,299,357	3,675,824	4,374,309

- (1) Cape May Airport acquired 6/99  
(2) Millville Airport acquired 10/99  
(3) Civil Air Terminal acquired 8/99  
(4) Delaware Air Park acquired 7/00

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Schedule 32

**DELAWARE RIVER AND BAY AUTHORITY**  
Operating Statistics  
Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Delaware Memorial Bridge</b>										
Total Traffic	17,707,494	17,593,410	17,641,038	17,215,450	17,144,627	16,416,847	16,192,584	16,039,625	15,797,885	15,059,321
Non-Commercial Traffic	15,255,637	15,159,360	15,249,402	14,920,209	14,862,168	14,215,641	13,985,101	13,857,973	13,728,525	13,090,035
Commercial Traffic	2,451,857	2,434,050	2,391,636	2,295,241	2,282,459	2,201,206	2,207,483	2,181,652	2,069,360	1,969,286
Average Daily Traffic	48,514	48,201	48,332	47,166	46,972	44,978	44,363	43,944	43,282	41,258
Average Toll per Customer	\$4.12	\$4.11	\$4.08	\$4.07	\$4.04	\$3.95	\$3.65	\$3.01	\$2.96	\$2.96
E-Z Pass Traffic	9,724,593	9,161,304	8,489,812	7,606,259	7,026,729	2,684,340 (1)	N/A	N/A	N/A	N/A
% of E-Z Pass Traffic	54.96%	52.11%	48.16%	44.22%	41.03%	30.40%	N/A	N/A	N/A	N/A
<b>Cape May - Lewes Ferry</b>										
Total Traffic	1,352,376	1,388,003	1,380,433	1,412,500	1,565,640	1,645,031	1,634,427	1,654,079	1,711,612	1,725,669
Vehicle Traffic	351,188	359,450	360,031	362,450	396,365	408,084	401,788	401,098	413,435	409,887
Passenger Traffic	1,001,188	1,028,553	1,020,402	1,050,050	1,169,275	1,236,947	1,232,639	1,252,981	1,298,177	1,315,782
Average Daily Traffic-Passengers	2,570	2,634	2,612	3,684	2,987	3,328	3,136	3,217	3,345	3,385
Average Daily Traffic-Vehicles	955	978	980	987	1,079	1,108	1,091	1,091	1,119	1,105
Average Fare per Customer	\$10.13	\$9.09	\$9.88	\$7.77	\$9.71	\$7.75	\$7.96	\$7.83	\$7.80	\$6.63
Total Vessel Crossings	5,676	5,828	6,205	6,139	6,340	6,374	6,492	6,548	6,520	6,342
Average Daily Trips	16	16	17	17	17	17	18	18	18	17
<b>Three Forts Ferry</b>										
Total Passenger Traffic	15,723	21,211	25,126	23,847	30,589	30,794	29,442	25,934	32,146	31,379

(1) Collection of Electronic Tolls (E-Zpass) began July 18, 2001

**DELAWARE RIVER AND BAY AUTHORITY**  
Operating Statistics  
Last Ten Fiscal Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Airports</b>										
Number of Landings										
New Castle Airport	82,239	66,856	54,477	59,123	65,970	60,549	67,338	73,819	72,086	74,018
Cape May Airport	15,000	17,500	10,200	9,500	10,200	10,050	11,400	13,950	N/A	N/A
Milville Airport	30,000	30,000	21,200	19,800	21,200	21,000	23,800	29,100	N/A	N/A
Civil Air Terminal	436	320	320	394	338	282	466	401	N/A	N/A
Delaware Air Park	17,000	18,000	18,000	18,000	18,000	15,000	16,000	N/A	N/A	N/A
<b>Concessions (5)</b>										
Number of Customers Food/Beverage	603,849	628,636	589,814	603,936	702,985	781,817	734,172	N/A	N/A	N/A
Number of Customers Novelty	129,655	138,417	138,943	146,767	163,071	175,088	189,248	N/A	N/A	N/A
Average Purchase Food/Beverage	\$4.48	\$4.48	\$4.37	\$4.46	\$4.42	\$4.07	\$4.35	N/A	N/A	N/A
Average Purchase Novelty	\$9.24	\$8.86	\$8.68	\$8.55	\$8.30	\$8.39	\$7.93	N/A	N/A	N/A
<b>Police</b>										
Arrests	1,138	724	337	213	302	355	159	400	756	522
Traffic Violations	8,640	4,968	5,615	2,480	1,128	8,357	3,543	5,591	6,569	5,084
Traffic Reprimands	3,476	5,336	12,685	9,299	9,180	12,602	7,314	9,721	9,104	7,506
Accident Investigations	295	338	307	297	273	311	318	408	379	337

- (1) Cape May Airport acquired 6/99  
(2) Milville Airport acquired 10/99  
(3) Civil Air Terminal acquired 8/99  
(4) Delaware Air Park acquired 7/00  
(5) Information not available prior to FY2000.

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Schedule 34

**DELAWARE RIVER AND BAY AUTHORITY**  
Operating & Capital Expenditures  
Last Ten Fiscal Years

	2006 (1)	2005	2004	2003	2002 (2)	2001	2000	1999	1998	1997
Delaware Memorial Bridge										
Operating Expenditures	23,616,036	19,699,012	21,424,648	20,566,479	14,167,656	13,829,220	12,536,338	11,009,225	10,318,797	9,872,886
Capital Expenditures	11,318,358	9,491,685	7,659,601	13,088,567	17,915,462	18,766,866	15,608,700	8,751,774	8,268,483	4,573,597
Cape May - Lewes Ferry										
Operating Expenditures	28,840,587	26,672,969	25,695,550	31,769,119	17,827,333	17,851,222	17,459,366	16,321,616	15,944,627	14,128,713
Capital Expenditures	4,268,791	7,401,779	3,435,589	3,742,336	4,170,037	21,289,904	9,166,587	13,928,287	22,332,531	10,057,172
Airports										
Operating Expenditures	7,328,788	6,946,155	7,436,912	6,966,037	4,309,121	4,177,090	3,994,738	3,206,925	2,712,002	2,534,729
Capital Expenditures	9,081,921	14,418,289	9,762,160	13,922,201	21,139,457	19,418,422	38,775,205	7,677,538	3,289,272	3,797,032
Concessions (3)										
Operating Expenditures	4,651,636	4,348,736	4,015,033	3,998,638	4,299,690	4,356,828	4,429,512	4,678,912	4,231,864	3,443,646
Three Forts Crossing										
Operating Expenditures	206,804	175,548	214,997	171,762	263,646	293,626	289,576	292,565	269,696	243,016
Capital Expenditures	406,972	20,566	-	458,226	7,113	205,371	79,889	44,482	74,874	-
Police										
Operating Expenditures	6,574,019	5,866,749	5,697,573	5,682,821	5,482,340	5,136,784	5,046,176	4,613,385	4,389,962	3,967,502
Administration										
Operating Expenditures	15,371,088	14,383,334	13,248,804	11,395,887	9,903,379	9,320,873	8,382,215	8,936,425	8,027,460	7,208,172

(1) Operating expenses for fiscal year 2006, 2005, 2004 and 2003 are based on GAAP - Generally Accepted Accounting Principles.

(2) Operating expenses for fiscal year 2002 to fiscal year 1997 are based upon provisions of the Trust Agreement date 10/1/93.

(3) Capital expenditures for the Concession operations are included within the Cape May - Lewes Ferry, which assumed operations in fiscal year 1996.

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Schedule 35

**DELAWARE RIVER AND BAY AUTHORITY**  
Full-time Authority Employees  
Last Ten Fiscal Years

	2006	2005	2004	2003 (4)	2002	2001	2000	1999	1998	1997
Administration	71	65	67	65	66	68	65	71	63	63
Delaware Memorial Bridge	111	122	107	126	160	165	155	141	140	142
Cape May - Lewes Ferry	145	142	140	128	156	166	158	157	149	146
Police	61	64	62	66	74	72	79	79	71	70
Airports (1)	38	28	36	34	34	37	33	34	27	22
Concessions (2)	20	25	20	18	25	25	19	16	19	5
Three Forts Crossing (3)	0	0	0	0	0	0	0	0	0	0
Total	446	446	432	437	515	533	509	498	469	448

(1) Assumed full year of operations in fiscal year 1996.

(2) Assumed operations in fiscal year 1996.

(3) Operate Three Forts Crossing with seasonal, temporary employees.

(4) Early Retirement option offered effective September 2003; A total of 68 employees took advantage of the option.

## SINGLE AUDIT SECTION





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

The Chairman and Members of  
The Delaware River and Bay Authority  
New Castle, Delaware

**Compliance**

We have audited the compliance of the Delaware River and Bay Authority, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2006. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Delaware River and Bay Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Delaware River and Bay Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Delaware River and Bay Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management of the Authority, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
May 17, 2007

**DELAWARE RIVER AND BAY AUTHORITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2006

Federal Grantor/ Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Match	Grant Period	December 31, 2005		December 31, 2006		
						Deferred Revenue (Accounts Receivable)	Local Match Provided	(Memo) Cash Received	Budgetary Expenditures	Deferred Revenue (Accounts Receivable)
U. S. Department of Transportation Passed -Through New Jersey Department of Transportation:										
Federal Aviation Administration-Airport Improvement Program	20.106	DAHA-07-02-2-2101	459,026	N/A	Open	\$ 9,183	\$ 2,905	\$	\$ 29,051	\$ (16,963)
Federal Aviation Administration-Airport Improvement Program	20.106	NJASP 01-16	360,000	40,000	Open	(54,396)		\$ 53,748		(648)
Federal Aviation Administration-Airport Improvement Program	20.106	NJASP 02-09	150,000	16,667	Open	(1,229)				(1,229)
U.S. Department of Transportation Federal Aviation Administration										
Airport Improvement Program	20.106	FA-3-10-0006-017-2002	2,865,400	318,378	Open	(26,372)	2,524	49,094	25,247	(1)
Airport Improvement Program	20.106	FA-3-10-0001-004-2003	310,285	34,476	Open	(9,113)	641	14,880	6,408	
Airport Improvement Program	20.106	FA-3-10-0001-005-2004	1,400,000	73,684	Open	(76,000)	55,693	1,134,160	1,113,853	
Airport Improvement Program	20.106	FA-3-10-0006-019-2003	4,000,000	444,444	Open		1,006		10,062	(9,056)
Airport Improvement Program	20.106	FA-3-10-0006-020-2004	309,524	16,291	Open	(40,494)	3,325	96,849	66,509	(6,829)
Airport Improvement Program	20.106	FA-3-10-0006-021-2004	2,340,312	123,174	Open	(36,038)	1,774	69,753	35,489	
Airport Improvement Program	20.106	FA-3-10-0006-022-2005	3,631,943	191,155	Open	(189,492)	181,181	3,631,943	3,623,632	
Airport Improvement Program	20.106	FA-3-10-0006-023-2005	114,670	6,035	Open		6,035	114,670	120,705	
Airport Improvement Program	20.106	FA-3-10-0001-006-2005	1,800,000	94,736	Open		94,737	1,800,000	1,894,737	
Airport Improvement Program	20.106	FA-3-10-0006-019-2003	4,000,000	210,526	Open		2,263	42,991	45,254	
Airport Improvement Program	20.106	3-34-0022-15-04	2,519,581	132,610	Open	(215,313)	3,374	279,407	67,468	
Airport Improvement Program	20.106	3-34-0022-16-04	600,000	31,579	Open	(300,000)		150,000		(150,000)
Airport Improvement Program	20.106	3-34-0022-16-04	680,000	35,789	Open		27,408		548,154	(520,746)
Airport Improvement Program	20.106	3-34-0045-16-04	2,162,470	113,814.21	Open	(237,833)	9,266	413,901	185,334	
Airport Improvement Program	20.106	3-34-0022-18-05	137,000	7,211	Open	(12,213)	1,301	36,243	26,027	(696)
Airport Improvement Program	20.106	3-34-0045-19-05	115,999	6,105.00	Open	(8,665)	671	20,477	13,427	(944)
Airport Improvement Program	20.106	3-34-0045-21-06	304,442	16,023.26	Open		6,306	20,477	126,120	(99,337)

(Continued)

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**DELAWARE RIVER AND BAY AUTHORITY**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2006

Federal Grantor/ Grantor/Program Title U.S. Department of Transportation Federal Aviation Administration (Cont'd)	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Match	Grant Period	December 31, 2005		December 31, 2006	
						Deferred Revenue (Accounts Receivable)	Local Match Provided	(Memo) Cash Received	Budgetary Expenditures
Airport Improvement Program	20.106	3-34-0045-22-05	200,000	10,526.00	Open	\$ (4,966)	\$ 8,277	\$ 149,520	\$ 165,544
Airport Improvement Program	20.106	3-34-0022-23-05	279,749	14,724.00	Open	(2,564)	4,176	81,671	83,521
Total Federal Financial Assistance						\$ (1,205,505)	\$ 412,863	\$ 8,159,784	\$ 8,186,542
									\$ (819,399)

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards are an integral part of this statement.

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**DELAWARE RIVER AND BAY AUTHORITY**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2006

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Note 1: **GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the Delaware River and Bay Authority. The Authority is defined in Note 1 to the Authority's Notes to Financial Statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule of expenditures of federal awards.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. This basis of accounting is described in Note 1 to the Authority's financial statements.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's financial statements.

Note 4: **RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

Note 5: **LOCAL MATCH PROVIDED**

Amounts reported in the column entitled "Local Match Provided" represent the local match provided by the Delaware River and Bay Authority as required by the respective grant agreements.

Note 6: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs



**DELAWARE RIVER AND BAY AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2006

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards

***None***

**DELAWARE RIVER AND BAY AUTHORITY**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2005

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required by OMB Circular A-133.

***None***



**DELAWARE RIVER AND BAY AUTHORITY**  
Summary Schedule of Prior Year Audit Findings  
And Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards and OMB Circular A-133.

**None**

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**APPRECIATION**

I express my appreciation for the courtesies extended and assistance rendered to me during the course of this audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen E. Ryan", written in a cursive style.

Stephen E. Ryan  
Certified Public Accountant  
Registered Municipal Accountant

