COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED DECEMBER 31, 2011

DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey®

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Prepared by the Office of the Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Delaware River Port Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2010

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

For the nineteenth consecutive year the Delaware River Port Authority was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its 2010 Comprehensive Annual Financial Report.

Chairman's Letter

August 1, 2012

To Our Customers and Bondholders:

2011 was the first full year during which the Delaware River Port Authority focused its attention on a new core mission of transporting citizens safely across our four bridges and operating an efficient passenger rail line. Furthermore, we are working to make the authority more transparent, efficient and accountable.

While the DRPA boasts many laudable accomplishments during its nine decades of public service, recent history has revealed an organization in need of a vigorous culture change. That change is underway, and 2011 will be remembered as the year the DRPA began the difficult task of transforming itself into one of most respectable – and respected – public agencies in the United States.

The most important accomplishment of this last year was the Board of Commissioners' vote to end DRPA involvement in economic development spending. Two additional highlights include beginning the first major refurbishment of PATCO cars in decades and launching the first phase of the Walt Whitman Bridge redecking.

As we look forward to continuing our transformation, we would like to thank you for your ongoing support. We fully expect to accomplish more good work in the coming year.

Sincerely,

Tom Corbett
Chairman, Delaware River Port Authority
Governor, Commonwealth of Pennsylvania

Governors

Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania

Honorable Chris Christie
Governor
State of New Jersey

Board of Commissioners

PENNSYLVANIA

Hon. Tom
CORBETT
Chairman
Governor, Commonwealth of Pennsylvania

Joann
BELL
Government Relations Executive
Pugliese Associates

Joanna
CRUZ
Attorney
Kerns, Pearlstine, Onorato & Hladik

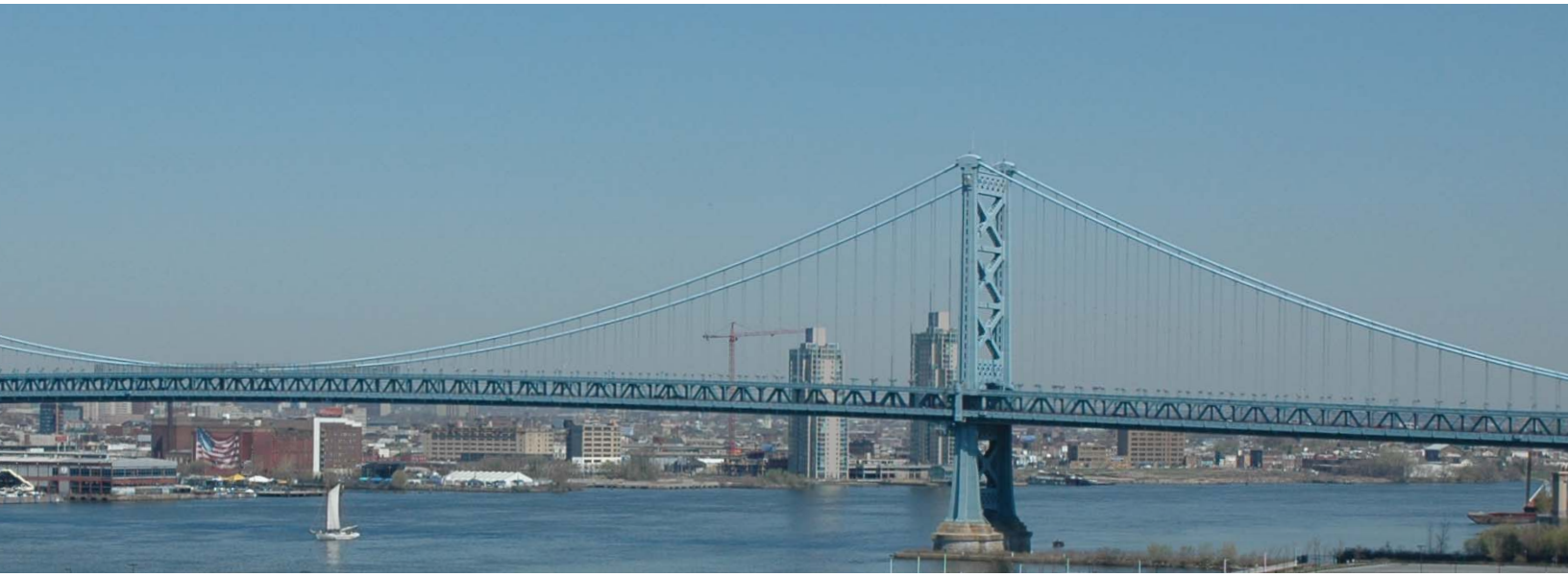
Walter
D'ALESSIO
Vice Chairman
NorthMarq Capital

Hon. Robert M.
MCCORD
State Treasurer
Commonwealth of Pennsylvania

William R.
SASSO
Board Chairman
Stradley Ronon Stevens & Young

David F.
SIMON
Executive Vice President and Chief Legal Officer
Jefferson Health System

Hon. Jack
WAGNER
Auditor General
Commonwealth of Pennsylvania



NEW JERSEY

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

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

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

Charles
FENTRESS
Retired Police Sergeant
Delaware River Port Authority

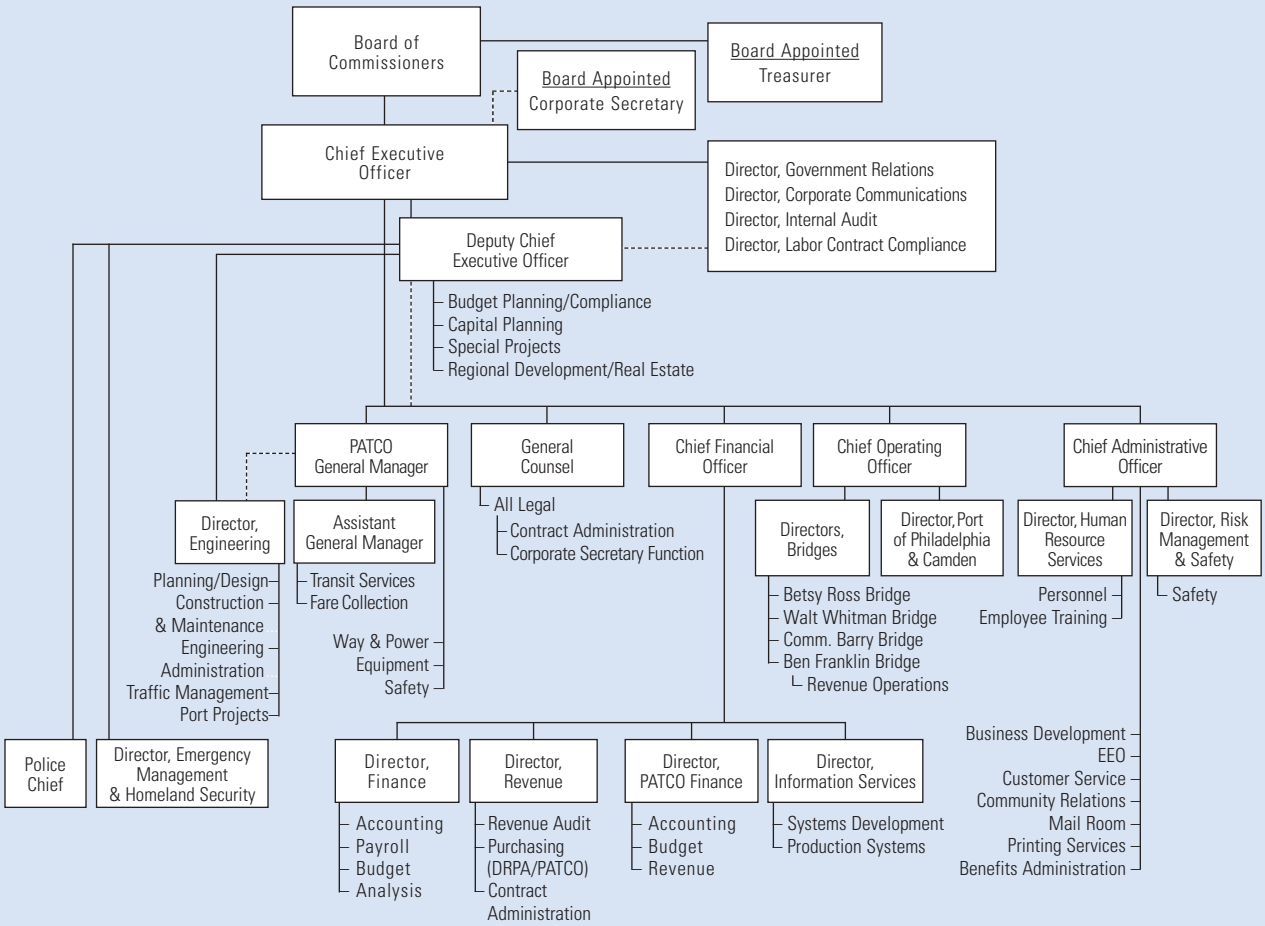
Albert F.
FRATTALI
Business Manager
Reinforced Iron Workers Local 405

Denise Y.
MASON
Vice President
HSBC Bank USA

Richard
SWEENEY
Financial Secretary, Business Representative
Ironworkers #399

Ricardo V.
TAYLOR, JR.
School Administrator
Pennsauken Township

Organizational Chart



Officers & Executive Staff

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

Robert P. Gross
Deputy Chief Executive Officer

Archer & Greiner
New Jersey Counsel

Duane Morris, LLP
Pennsylvania Counsel

John D. Rink
PATCO General Manager

Cheryl Y. Spicer
PATCO Assistant General Manager

Richard L. Brown, Esq.
General Counsel
Corporate Secretary

Toni P. Brown, Esq.
Chief Administrative Officer

John T. Hanson, CPA
Chief Financial Officer
Treasurer

Timothy M. Pulte
Chief Operating Officer

Facilities

Benjamin Franklin Bridge
Opened: July 1,1926
Average Weekday Traffic: 105,366

Walt Whitman Bridge
Opened: May 16,1957
Average Weekday Traffic: 108,006

Commodore Barry Bridge
Opened: February 1,1974
Average Weekday Traffic: 39,216

Betsy Ross Bridge
Opened: April 30,1976
Average Weekday Traffic: 32,116

PATCO
Opened: February 15,1969
Average Weekday Ridership: 36,577

RiverLink Ferry System
DRPA assumed operations
of the ferry on April 1,2000
Ferry Ridership for 2011: 109,946

Mission Statement

We Keep the Region Moving!

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

Report of the Chief Executive Officer

JOHN J.
MATHEUSSEN
Chief Executive Officer, DRPA
President of PATCO

In 2011, the Delaware River Port Authority completed its ninth consecutive year of containing costs without compromising customer service. In order to fund a capital improvement program which keeps all of its facilities secure and well-maintained, the DRPA authorized a 25 percent toll hike on its four bridges and a 10 percent fare hike for the PATCO commuter rail line, both of which took effect on July 1.

With the arrival of a new administration in Pennsylvania, the DRPA and PATCO Board of Commissioners reorganized in March. Six new commissioners, including a new chairman, Gov. Tom Corbett of Pennsylvania, joined the board. The governor also appointed Commissioners Joann Bell, Joanna M. Cruz, Walter D'Alessio, William R. Sasso and David F. Simon.

In addition, the Delaware River Port Authority:

- Carried an estimated 98 million vehicles across our four bridges.
- Transported more than 10.5 million passengers aboard PATCO.
- Carried 110,000 riders aboard the RiverLink Ferry.
- Completed the first phase of the three-year, $140 million Walt Whitman Bridge deck removal and replacement project.
- Finished constructing a permit vehicle staging area on the westbound side of the Walt Whitman Bridge.
- Supported the completion of the PennDOT Chester ramp project at the Commodore Barry Bridge.
- Continued the implementation of a Six Sigma-based lean government initiative to improve organizational and operational processes.
- Completed concourse improvements at PATCO's 9/10th, 12/13th and 15/16th Locust street stations in Philadelphia.
- Launched a pilot project involving the use of pre-loaded debit cards to pay PATCO fares directly at the gate.
- Replaced almost all of the 835 poles that carry communications and power lines along PATCO commuter rail rights-of-way in New Jersey.
- Shipped the first 26 of PATCO's 120 passenger rail cars to an Alstom facility in Hornell, N.Y. where they will be completely renovated as part of a multi-year, $194 million project.
- Hosted a series of events that benefitted the March of Dimes, regional multiple sclerosis organizations, a southern New Jersey school for children with disabilities and various police and firefighter charities.
- Observed Earth Day by participating in a Camden clean-up project.
- Participated in state and national campaigns including "Click It or Ticket," "Over the Limit Under Arrest" and "Drive Sober or Get Pulled Over."
- Participated in Visible Intermodal Prevention and Response (VIPR), a collaborative, federal initiative to increase safety in and near PATCO rail stations.
- Participated in the Commercial Vehicle Safe Drivers, Operation Road Check and Operation Air Brakes programs with the Federal Motor Carrier Safety Administration, Commercial Vehicle Safety Alliance and the Pennsylvania State Police.

2011 Activities

BRIDGES

During the first quarter of 2011, the Board of Commissioners appointed members to the first DRPA/PATCO Citizen Advisory Committee. The committee convened to provide the board with direct input from citizens who live within the DRPA Port District and use DRPA or PATCO facilities.

The DRPA also finished installing three new variable message signs on the Walt Whitman Bridge. Truss rehabilitation at the Ben Franklin Bridge and miscellaneous structural repairs on the Betsy Ross Bridge also continued.

In the spring, the Government Finance Officers Association awarded the DRPA annual financial report a certificate of achievement for excellence in financial reporting for the 19th consecutive year.

The Federal Transit Administration in early summer approved the Delaware River Port Authority's Disadvantaged Business Enterprise methodology and goal for fiscal years 2011-13.

The DRPA hosted several summer charity events, and endured two memorable natural disruptions: An earthquake and a hurricane, both of which struck during the last week of August. Neither damaged the bridges or PATCO infrastructure.

In September, the DRPA engaged EthicsPoint to provide a user-friendly system that allows employees to report waste, fraud, abuse and other potential issues of concern. The new resource augmented an in-place process for reporting possible Equal Employment Opportunity violations.

Finally, the authority completed construction of the Walt Whitman Bridge permit vehicle staging area in November.

PATCO

In 2011, PATCO rehabilitated and painted all of its New Jersey railroad bridges.

PATCO also shipped the first 26 passenger rail cars to the Alstom plant in Hornell, N.Y., for renovation. Over approximately five years, all 120 PATCO cars will be rebuilt to modernize braking, propulsion control, heating and air conditioning, communications and messaging, doors openers and vehicle diagnostics. The cars will also be modified to meet the latest Americans with Disabilities Act (ADA) standards.

During the first quarter of 2011, PATCO formed a partnership with global, internet-search giant Google to make PATCO schedule information accessible through Google Transit.

Parking lot repaving work at the Haddonfield and Ashland Stations was completed during the second quarter of the year.

In June, PATCO enhanced its FREEDOM smart card by allowing customers to manage their accounts online.

During the third quarter, a fare increase scheduled for September 2010 took effect. Although fare increases often result in decreased ridership, PATCO's ridership in 2011 exceeded that of the past several years with a total of 10.5 million riders recorded in 2011.

On September 26, PATCO launched a 12-month pilot program featuring a branded, contactless Visa® pre-paid debit card, the PATCO Wave & Pay ANYWHERE card. The program marks the first time PATCO customers were able to use the same payment card for both transit and retail purchases.

As it has for the past 22 years, PATCO hosted the start and finish of the 31st Annual Bike MS event at the end of September.

On November 6, PATCO and the DRPA Public Safety Department staged an emergency drill at the Ashland Station in Voorhees, N.J. The drill simulated an emergency aboard a PATCO train and involved more than 200 emergency responders from the DPRA and local communities. PATCO conducted the drill to train local responders and comply with FTA requirements.

In December, PATCO completed concourse improvements at 9/10th streets, 12/13th streets, 15/16th streets and Locust Street stations in Philadelphia. The completion marked the end of a $9.6 million program to improve two PATCO stations in Camden and four in Philadelphia.

RIVERLINK FERRY

We welcomed HMS Global Maritime, formerly known as Hornblower Marine Services, back for its eighth consecutive season to operate the RiverLink Ferry. The RiverLink Ferry operated daily between Memorial Day and Labor Day, offering its express concert service from May through September. This year's ridership totaled 109,946.

PUBLIC SAFETY

In January, Corporal Christopher Milito was honored with a plaque at the Walt Whitman Bridge. Corporal Milito died in the line of duty in January 2010.

In May and June, the DRPA Public Safety Department joined other law enforcement agencies in the region to participate in the National Highway Traffic Safety Administration's "Click It or Ticket" campaign. The goal was to increase awareness of state seat belt laws.

DRPA police also participated in two New Jersey crackdowns on drunken driving: "Over the Limit Under Arrest" in August and "Drive Sober or Get Pulled Over" in December.

AWARDS AND ACKNOWLEDGEMENTS

DRPA Police Officer Daniel Caruso was honored by the Camden County Hero Scholarship Fund for pulling a woman from a blazing house in Camden. The award citation credited Officer Caruso with exceptional valor, professionalism and commitment to duty. Officer Caruso also

received a Valor Award from the South Jersey Chapter 170 of ASIS (American Society for Industrial Security) International.

Corporal John Santry Jr. received the DRPA Police Department Corporal Christopher Milito Police Officer of the Year Award for his commitment to law enforcement excellence.

DRPA Corporal Christopher Milito was posthumously awarded the Presidential Award from the Citizens Crime Commission of the Delaware Valley for making the ultimate sacrifice in the line of duty last year.

Each year the DRPA sponsors a "Make it Better" program, which honors employees who find creative ways to improve workplace safety and business processes. Nicholas Day, a construction and maintenance technical assistant at the Walt Whitman Bridge, won the Safety Process Award for creating a durable DRPA/PATCO parking sticker. PATCO Machinist Richard Player won the Work Process Award for devising an in-house system for refurbishing armatures. Diane Hartery, an administrative secretary at the Walt Whitman Bridge, won the Safety Slogan contest with her entry, "Safety is as Simple as ABC … Always Be Safe."

Commissioner Albert Frattali was named Man of the Year at the 65th Annual Boys' Town of Italy Awards Gala in December.

2012 Work Agenda

FINANCES

• DRPA and PATCO will continue to manage costs in a manner that keeps operating expenses below budget limits.

• DRPA will continue to manage its swap portfolio to maximize debt flexibility and minimize debt service costs.

• DRPA/PATCO Finance will continue to lead a "Lean Government" pilot. This program applies "Lean" and "Six Sigma" process improvement methodologies across all functions and at all levels of the organization. More than 100 employees are now actively involved.

BRIDGES

Looking ahead to 2012, the DRPA is positioned to lead regional economic stimulus efforts. Its five-to-seven-year capital improvement plan will create jobs, maintain iconic assets and continue to provide outstanding transportation services in a fiscally responsible manner.

Benjamin Franklin – Rehabilitation of the bridge deck truss and the miscellaneous structural repairs will be completed in 2012. A building will be raised to store our de-icing materials.

Walt Whitman – The Walt Whitman Bridge deck replacement project will continue throughout the coming year. This major capital project involves removing the entire suspended portion of the bridge roadway, lane by lane, down to the steel. The DRPA also will begin to dehumidify the anchorages to maintain the long term structural integrity of the suspension cables.

Commodore Barry – Work will be completed on a major effort to replace bearings, repair concrete on piers and decks, repair drainage systems and repair structural steel. The DRPA is also designing a process to remove lead-based paint and then re-paint sections of the bridge.

Betsy Ross – A major structural rehabilitation project will be completed in 2012. The DRPA also will be moving forward on plans to resurface the entire bridge.

PATCO

• Continue to overhaul our fleet of 120 train cars beginning with the 26 cars shipped to the car builder's facility in 2011. The estimated overall cost of the fleet upgrade is about $200 million over the next four to six years. PATCO has a commitment of $70 million in federal funding for the project.

• Participate in transit oriented development at the Ferry Avenue Station in Camden. This will include mixed use development including residential, office space and a supermarket.

• Enhance accessibility to PATCO stations by installing elevators at the Ferry Avenue and 9/10th Locust Street stations. Escalator replacement at the Woodcrest, 13th/Locust and 15th/Locust Street stations will begin in 2012.

• Complete the pole line replacement project in 2012.

• Execute several Lindenwold rail yard projects – funded by $7.7 million in federal money – including one to improve our ability to control train movement and another to replace railroad ties.

• Start the fourth phase of a project to restore embankments along the right-of-way.

• Expand the pilot program involving the PATCO Wave & Pay Visa® Debit card to include six months during which other wave-and-go credit cards will be accepted at the fare gates. The pilot is sponsored by Cubic Transportation Systems at no cost to PATCO.

• Bid and award a contract for the Ben Franklin Bridge track rehabilitation project.

VENDOR DIVERSITY AND AFFIRMATIVE ACTION

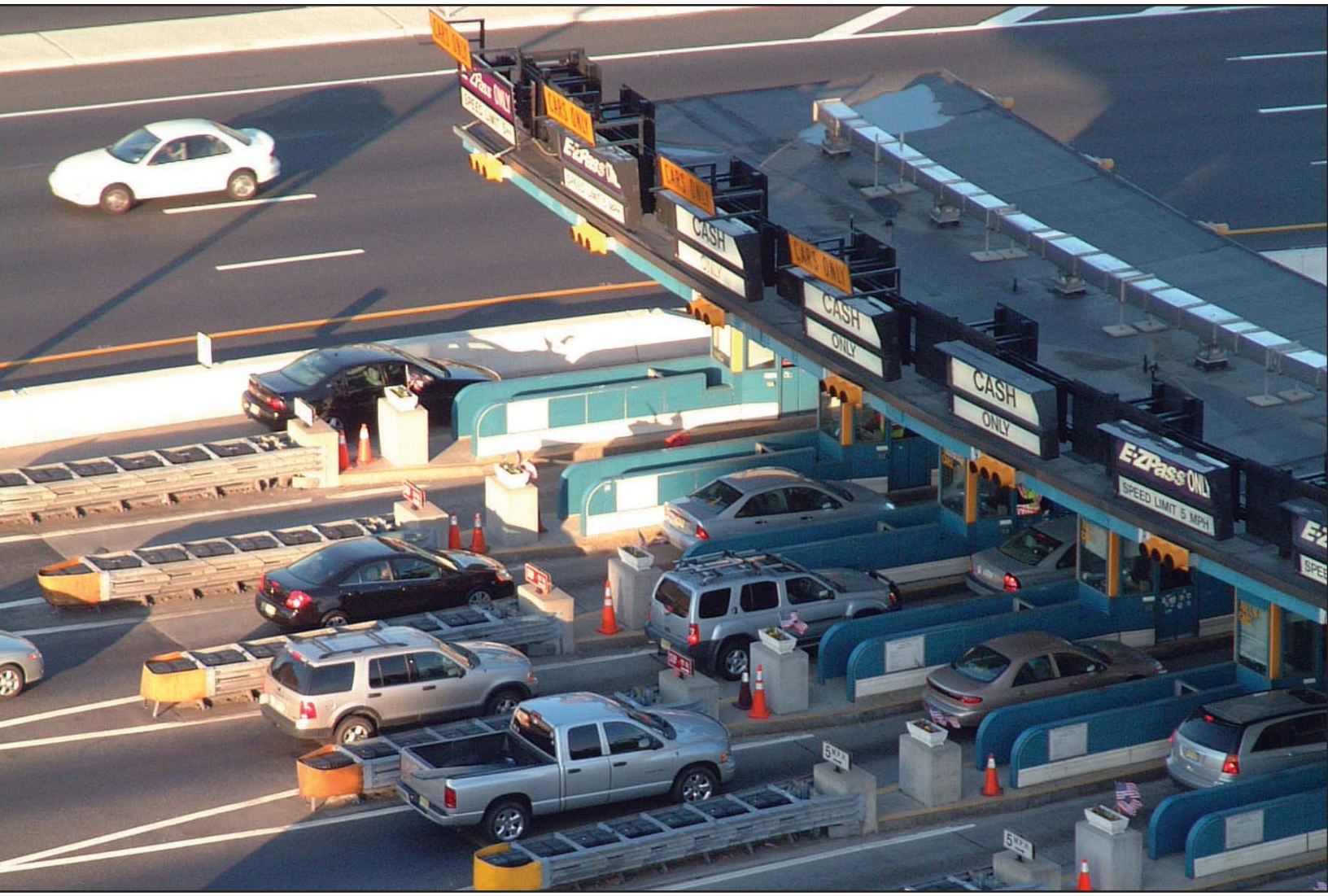
We will continue to sponsor training and outreach programs to encourage small and minority-owned businesses to compete for contracts with DRPA and PATCO.

COMMUNITY ACTIVITIES

We will encourage our staff to continue working on outreach projects as part of their everyday functions and as volunteers.

Yours truly,

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


CASH
ONLY
CASH
ONLY
CASH
ONLY
E-ZPass ONLY
SPEED LIMIT 5 MPH

August 1, 2012

TO THE BOARD OF COMMISSIONERS OF THE DELAWARE RIVER PORT AUTHORITY

The comprehensive annual financial report of the Delaware River Port Authority ("the Authority") for the year ended December 31, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

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

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

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

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

PROFILE OF GOVERNMENT

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

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

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

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

The Authority is vested with the ownership, control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system which is operated by its wholly owned subsidiary, the Port Authority Transit Corporation (PATCO). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the marketing and operation of the RiverLink Ferry System and the Cruise Terminal operation. (The Cruise Terminal operation closed in mid-2011).

BUDGET PROCESS

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

subsequent addition of funds to the total operating budget requires the approval of the Board of Commissioners.

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

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

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

In accordance with the Authority's governing Revenue and Port District Project Bond Indentures, the next year's annual budget must be submitted to the respective Bond Trustees by December 31 of each year.

FACTORS AFFECTING FINANCIAL CONDITION

During the past several years, the Authority has taken significant strategic steps to strengthen its financial position through: cost-containment of personnel and non-personnel expenditures, increasing its liquidity through growth in its General Fund, and restructuring its debt and swap portfolios. The latter policy is primarily in response to: changing financial markets, the exercise of various swaptions, which were issued in 2001, passage of a board resolution mandating the liquidation of the Authority's swap portfolio in an orderly and strategic fashion, and the necessity of funding its roughly $1.0 billion Five Year Capital Program.

DEBT MANAGEMENT

During fiscal year 2011, the Authority did not issue any additional debt, or take any actions related to its outstanding swaps. However, the Authority did repay $42.7 million in revenue bond and port district project bond debt during the year.

During 2012, the Authority's Board approved a comprehensive finance plan to pay down at least $96 million in fixed-rate debt, restructure its variable rate debt and reduce the costs of its underlying letters of credit, and to refund a large portion of its port district project bond debt. This action plan is disclosed in the "Subsequent Events" section of the notes accompanying the financial statements.

LOCAL ECONOMY

From the latest data available, it appears that population growth decreased slightly in the Pennsylvania counties within the Port District while increasing slightly in New Jersey counties within the Port District. The unemployment rate in the both areas has increased slightly since 2009. Additional information can be found in the Statistical Section of this report.

LONG TERM FINANCIAL PLANNING

An important component of the Authority's long-term financial plan is ensuring that it has sufficient revenue to meet its operating and capital requirements. With assistance from its Financial Advisors, the Authority uses a long-term forecasting model, which creates a multi-year forecast of its revenues and expenses. The model incorporates numerous independent variables (including operating revenue and expense estimates, debt service coverages and capacity, etc.) in order to determine the annual cash flow required to create sufficient bonding capacity to finance its five-year capital plan. Results from this model assisted the Authority in the development of

its multi-year strategy to increase bridge tolls and PATCO system passenger fares in mid-2008 and in July 2011 and is updated regularly to determine new revenue bond capacity and sizing. The most recent traffic engineering study, with projections for a 10-year period, was completed in the first half of 2010. The traffic engineer's report was included in the Official Statement for the aforementioned revenue bond issue.

As mentioned in the "Budget Process" section of this document, each year, the Authority develops a five-year capital plan which details the anticipated capital expenditures during this five-year period. The 2011 Capital Plan, developed and approved in December 2010, outlined numerous bridge, transit system, security and technology project expenditures approaching $1.0 billion (net of federal funding), for the five-year period commencing in 2011. The 2011 Capital Plan was funded primarily through the use of project funds received from the July 2010 issuance of $308 million in new revenue bonds. Short-lived capital assets (vehicles, etc.) are purchased with cash from the General Fund.

BRIDGE TOLL AND PASSENGER FARE SCHEDULES

In 2008, the Authority's Board of Commissioners enacted a comprehensive toll increase plan; tolls were increased by 33.3% (or $1.00 for passenger vehicles) in September 2008, and were scheduled to be increased by another 25% (another $1.00 per passenger vehicle) in September, 2010. Cost-of-living toll increases were scheduled to occur every two years thereafter.

At its December 2009 meetings, the Board postponed the implementation of the September 2010 passenger fare and toll increases until January 1, 2011 and July 1, 2011, respectively. Later, at its December 2010 meeting, the Board postponed the PATCO 10% fare increase until July 1, 2011 to coincide with the effective date on the second part of the toll increase program. On July 1, 2011, both the 25% across-the-board bridge toll increase and the 10% PATCO fare increase became effective.

Additional information on the toll and fare schedules can be found in the financial footnotes and in the statistical section of this report.

AWARDS AND ACCOMPLISHMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River Port Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the nineteenth 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 GAAP and applicable legal requirements and employ best practices identified by the GFOA.

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

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

Respectfully submitted,

John T. Hanson
Chief Financial Officer

Financial Section

Financial Section

McGladrey

Independent Auditor's Report

To the Commissioners
Delaware River Port Authority
Camden County, New Jersey

We have audited the accompanying combined statement of net assets of Delaware River Port Authority and subsidiary as of December 31, 2011, and the related combined statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The combined financial statements of Delaware River Port Authority and subsidiary as of and for the year ended December 31, 2010, before they were restated for the matter discussed in Note 18 to the financial statements, were audited by other auditors whose report dated June 28, 2011 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 2011 combined financial statements referred to above present fairly, in all material respects, the financial position of Delaware River Port Authority and subsidiary as of December 31, 2011, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments described in Note 18 that were applied to restate the 2010 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Delaware River Port Authority and subsidiary's combined financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Delaware River Port Authority and subsidiary's combined financial statements. The introductory and statistical section is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

McGladrey LLP

Blue Bell, Pennsylvania
August 1, 2012

Management's Discussion & Analysis

As management of the Delaware River Port Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2011 and 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 15-18 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (IN THOUSANDS)

- Operating revenues were $299,548 in 2011, an increase of $24,821 or 9.03% over 2010. Most of the increase was related to the increase in toll revenues.
- The $23,806 increase (up 9.76%) in toll revenues during the year was primarily attributable to the six-month impact of the toll increase which was implemented on July 1. The average toll increased from $4.8375 in 2010 to $5.4638 in 2011.
- Bridge traffic decreased by 1.4 million vehicles (down 2.82%) during the year 2011. Traffic on the bridges was largely impacted by general economic conditions in the region and the toll increase.
- PATCO passenger fare revenues increased by 9.33%, primarily resultant from the impact of increased PATCO ridership of 397 thousand (up 3.93%), and the 10% passenger fare increase, which increased the average fare/ride. Net fare revenues increased by $2.0 million.
- The Port Authority Transit Corporation (PATCO) is a wholly-owned subsidiary of the Delaware River Port Authority (DRPA) and is subsidized by the Delaware River Port Authority. Operating expenses exceeded operating revenues for PATCO by $19,069 in 2011 and by $23,591 in 2010. The operating loss decreased by $4,522 from 2010 to 2011.
- Total "non-restricted" investments increased by $57,558, an increase of 21.82%. General Fund investment balances increased by $50,335 (up 19.45%) to total $309,074 at year end. The General Fund increase resulted from the planned surplus of total revenues over expenses (including debt service), large positive budget variances at both PATCO and the DRPA and lower than anticipated debt service.
- Total "restricted investments for capital projects" (revenue bond project funds) dropped by $106.1 million (to a current principal balance of $58.9 million), attributable to increased capital expenditure activity during 2011.
- Bridge and general administration expenses decreased a combined $8,370 (or by 8.52%) vs. 2010 expenses. Total expenses and net assets included the impact of the Authority's non-cash accrual of $1,004 in expenses related to GASB 45 (Other Post-Employment Benefits other than pensions). A new actuarial study was completed resulting in lower estimated contribution levels and a reduction of the GASB 45 accrual by $8,508.
- The Authority's total debt decreased $36,063 or by 2.63% during the current year, a function of maturing revenue, revenue refunding and port district project bond debt on January 1st, 2011. (The 1998 Revenue Refunding Bonds fully matured as of January 1, 2011).

- Economic development expenditures totaled $2,025 in 2011, a decrease in such expenditures of $37,632 over 2010. The Authority's economic development spending now reflects only previously committed projects, as the Authority's Board approved a discontinuation of any new economic development projects in 2010.
- The assets of the Authority exceeded its liabilities at the close of 2011 resulting in net assets of $341,281. Net assets increased by $54,352 during the year.
- For the year ended December 31, 2010, the Authority was required to implement Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, with retroactive implementation for the year ended December 31, 2009. As a result of the retroactive implementation, the previously issued financial statements for the year ended December 31, 2009 have been restated. The implementation significantly impacted total "non-operating revenues (expenses)", "income before capital contributions," and "total non-current liabilities."
- During 2011, the Authority changed its accounting method to remove the projected costs of bridge repainting. As a result, net assets as of January 1, 2010 and the change in net assets for the year ended December 31, 2010 were restated. Please see Note 18 of the Financial Statements for details.

FINANCIAL POSITION SUMMARY

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

Delaware River Port Authority's Net Assets

	2011	2010 (Restated)	2009 (Restated)
Current and other assets	$658,607	$717,956	$517,205
Capital assets	1,177,891	1,094,884	1,073,436
Total assets	1,836,498	1,812,840	1,590,641
Deferred outflows	173,789	125,108	218,284
Long-term liabilities outstanding	1,566,719	1,560,779	1,391,092
Other liabilities	102,287	90,240	87,468
Total liabilities	1,669,006	1,651,019	1,478,560
Net assets:			
Invested in capital assets, net of related debt	214,632	239,390	325,973
Restricted	185,219	158,589	142,435
Unrestricted (deficiency)	(58,570)	(111,050)	(138,043)
Total net assets	$341,281	$286,929	$330,365

In 2011, net assets increased in the amount of $54,352. Factors impacting this increase include: significantly reduced economic development spending, increased revenues and lower operating expenses, a decrease in the OPEB expense, a gain in the fair value of derivative instruments, and an increase in capital contributions. Net assets for 2010 decreased by $43,436, as a result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 53 for derivatives. Other major factors include the increase in economic development expenditures and increases in interest expense during 2010.

Summary of Changes in Net Assets

	2011	2010 (Restated)	2009 (Restated)
Operating revenues (See page 34 for details)	$299,548	$274,727	$273,287
Operating expenses (See page 34 for details)	(138,601)	(150,087)	(137,944)
Excess before depreciation and other non-operating income and expenses	160,947	124,640	135,343
Depreciation	(49,216)	(47,751)	(45,776)
Operating income	111,731	76,889	89,567
Non-operating income and expenses, net	(90,400)	(140,928)	(86,001)
Income (loss) before capital contributions	21,331	(64,039)	3,566
Capital contributions	33,021	20,603	11,443
Change in net assets	$54,352	($43,436)	$15,009

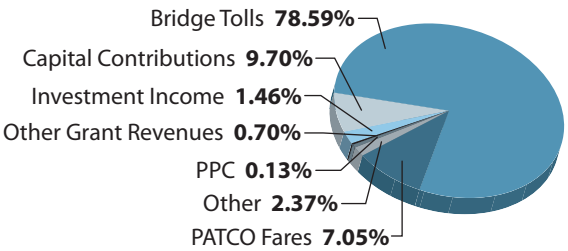
REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2011 and the amount and percentage change in relation to prior year amounts is as follows:

	2011 Amount	Percent of Total	Increase/ (Decrease) From 2010	Percent Increase (Decrease)
Operating:				
Bridge tolls	$267,685	78.59%	$23,806	9.76%
PATCO passenger fares	24,004	7.05%	2,048	9.33%
Other	7,422	2.18%	(1,100)	(12.91)%
River Link Ferry	68	0.02%	7	11.48%
Cruise Terminal	369	0.11%	60	19.42%
Total Operating	299,548	87.95%	24,821	9.03%
Non-Operating:				
Investment income	4,968	1.46%	(3,208)	(39.24)%
Other	673	0.19%	(283)	(29.60)%
Other grant revenues	2,382	0.70%	2,382	100%
Capital contributions	33,021	9.70%	12,418	60.27%
Total Revenues (before change in fair value)	$340,592	100.00%	$36,130	11.87%
Change in fair value of derivatives	8,665	-	42,708	(125.45)%
TOTAL REVENUES	$349,257	-	$78,838	29.15%

- Total revenues in 2011 increased by 29.15%, primarily due to an increase in the fair value of derivatives (up $42.7 million) and in bridge toll revenues. Bridge toll revenue increased by $23.8 million, or by 9.76%, despite an overall decrease in traffic during 2011. Traffic decreased by 2.82% but revenue increased $23,806 due to the new toll schedule implemented on July 1, 2011.
- PATCO passenger fare revenues increased by 9.33% primarily resultant from the impact of an increase in ridership (up 397) and in the average fare per ride.
- The year-to-year average toll rate increase (from $4.8375 to $5.4638) reflects the higher toll schedule and a higher decrease in passenger vs. commercial vehicle traffic.

REVENUES BY SOURCE



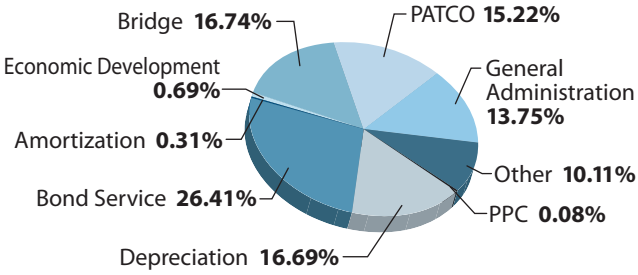
EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2011 and the amount and percentage change in relation to prior year amounts is as follows:

	2011 Amount	Percent of Total	Increase/ (Decrease) From 2010	Percent Increase/ (Decrease)
Operating:				
Bridge	$49,369	16.74%	($2,634)	(5.07)%
PATCO	44,890	15.22%	(2,625)	(5.52)%
General Administration	40,536	13.75%	(5,736)	(12.40)%
Other	3,560	1.21%	87	2.51%
River Link Ferry	26	0.01%	18	225.00%
Cruise Terminal	220	0.07%	(574)	(72.29)%
Maritime Services	-	0.00%	(22)	(100.00)%
Depreciation	49,216	16.69%	1,465	3.07%
Total Operating	187,817	63.69%	(10,021)	(5.07)%
Non-Operating:				
Bond Service	77,870	26.41%	5,343	7.37%
Amortization	946	0.31%	(565)	(37.39)%
Other	26,247	8.90%	23,925	1,030.36%
Economic Development	2,025	0.69%	(37,632)	(94.89)%
Total Non-Operating	107,088	36.31%	(8,929)	(7.70)%
TOTAL EXPENSES	$294,905	100.00%	($18,950)	(6.04)%

- Bridge and General Administration (G&A) expenses for DRPA operations decreased by a combined $8,370 (or 8.52%) versus 2010. Most of the decrease is resultant from the decrease in G&A of $5,736 (primarily reduced professional services and GASB 45 expenses).
- PATCO expenses decreased by $2,625 or (5.52%), attributable to lower maintenance costs of way & power, purchased power and administrative expenses.
- Total operating expenses decreased by $10,021 or 5.07%, attributable to the decrease in Bridge and General Administration and PATCO expenses as cited above.
- Depreciation expenses increased by $1,465 up 3.07% during the year. This increase was attributable to a $22,855 net increase in total capital assets being depreciated in 2011 (Note 7).
- Economic development expenditures totaled $2,025 in 2011, a decrease of $37,632 from expenditures in 2010. The large decrease reflects the Authority's discontinuation of any new economic development projects and significantly reduced funding on prior authorized economic development projects.
- Total expenses decreased by $18,950, largely attributable to the decreases in G&A of ($5,736) and economic development expenses ($37,632). These decreases were partially offset by the increase in "other expenses" (loss on abandonment of Aerial Tram and loss on disposal of capital assets) totaling $23,925.

EXPENSES BY SOURCE



SUMMARY OF CASH FLOW ACTIVITIES

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

	2011	2010	2009
Cash flow from operating activities	$168,451	$140,144	$144,295
Cash flow from non-capital financing activities	2,653	(79,426)	(26,864)
Cash flow from capital and related financing activities	(235,361)	138,631	(159,969)
Cash flow from investing activities	63,932	(198,989)	42,528
Net (decrease) increase in cash and cash equivalents	(325)	360	(10)
Cash and cash equivalents, beginning of year	6,237	5,877	5,887
Cash and cash equivalents, end of year	$5,912	$6,237	$5,877

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2011 amounted to $1,177,891 (net of accumulated depreciation), an increase of $83,007 over the previous year. This investment in capital assets includes land, bridges, transit system, port enhancements, buildings and machinery. The total percentage increase in the Authority's investment in capital assets for the current year was 7.58%.

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

- Redecking suspended span and anchorage spans work at the Walt Whitman Bridge in the amount of $45,159.
- PATCO transit car overhaul in the amount of $14,279.
- Deck joints and miscellaneous repairs at the Betsy Ross Bridge in the amount of $14,112.
- Replaced PATCO pole line and power cable in the amount of $13,006.
- Deck truss rehabilitation at the Ben Franklin Bridge in the amount of $13,095.
- Bridge hardening and structural repairs at the Ben Franklin Bridge in the amount of $9,165.

Delaware River Port Authority's Capital Assets
(Net of depreciation)

	2011	2010	2009
Land	$74,225	$74,225	$74,225
Bridges and related buildings and equipment	600,506	632,461	619,303
Transit property and equipment	258,971	230,759	232,061
Port enhancements	2,441	11,950	13,703
Construction in progress	241,748	145,489	134,144
Total	$1,177,891	$1,094,884	$1,073,436

Additional information on the Authority's capital assets can be found in Note 7 on page 47 of this report.

Long-term debt. The Authority's total debt decreased by $36,063 (or by 2.63%) during 2011. At the end of the current year, the Authority had total bonded debt outstanding of $1,332,866 (shown below by issue). Of this amount, $1,022,842 (or 76.7%) represents debt backed by toll revenue from the Authority's bridges. The remaining debt of $310,024 represents subordinated obligations of the Authority. The Authority's debt portfolio consists of $659,163 (or 49.4%) in fixed rate debt, with the remaining $673,703 in variable rate mode; the latter are backed by five (5) direct-pay bank letters of credit.

Delaware River Port Authority's Outstanding Debt
(Revenue, Revenue Refunding and Port District Project Bonds)

	2011	2010	2009
1998 Revenue Refunding Bonds	$ -	$2,365	$5,066
1998 Port District Project Bonds	58,005	60,476	62,940
1999 Revenue Bonds	41,335	57,565	421,810
1999 Port District Project Bonds	143,341	145,862	148,276
2001 Port District Project Bonds	108,678	111,776	127,782
2008 Revenue Refunding Bonds	328,759	338,733	349,302
2010 Revenue Refunding Bonds	344,944	344,376	-
2010 Revenue Bonds	307,804	307,776	-
Total (net of amortizing premium and discount and loss on refunding)	$1,332,866	$1,368,929	$1,115,176

Bond Ratings: In July 2009, Standard and Poor's raised the Authority's underlying ratings on all of its outstanding revenue bond from "BBB+" to "A-", with a "stable" outlook. The Authority's S&P bond ratings remain unchanged. Moody's changed its ratings on the Authority's bonds from "stable" to a "negative outlook" in March 2010. No ratings changes occurred on the underlying bond ratings during 2011.

The underlying debt ratings on the Authority's bond issues, as of December 31, 2011, are shown below:

Issue:	Moody's:	S & P:
Revenue and Revenue Refunding Bonds (1999, 2008 and 2010 bonds)	A3	A-
1998, 1999 and 2001 Port District Project Bonds	Baa3	BBB-

Additional information related to the Authority's bond ratings, including its "jointly supported transactions" ratings on its 2008 and 2010 Revenue Refunding Bonds can be found in the sub-section entitled "Bond Ratings" under Note 12 on pages 53-67 and "Commitments" under Note 16 on pages 68-72 of this report.

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the 2012 year:

- Little or no growth in the overall regional economy.
- No bridge toll or PATCO fare increases during 2012.
- Bridge toll revenues projected to approach $287.4 million, attributable to increase of $17.9 million in budgeted toll revenues vs. 2011. (This increase results from the full year impact of the 25% across-the-board toll increase on all vehicles, which became effective July 1, 2011.)
- Bridge traffic is expected to dip slightly attributable to economic factors and elasticity of demand (net toll revenues include a three-day adjustment for the projected impact of snowstorms).
- Increase of 3.3% in projected PATCO fares and revenues over 2011, increasing to $25.6 million, attributable to the full year's impact of passenger fare increase effective July 1, 2011. Passenger ridership is budgeted to remain flat vs. the 2011 budget, at 10.0 million riders annually.
- Biennial inspection costs estimated to be $3.0 million in 2012.
- Flat operating expense growth for DRPA and PATCO.
- Projected increase of approximately $8.75 million in budgeted total debt service, primarily related to the anticipated issuance of new revenue bonds in late 2012 to finance the second portion of the Authority's five-year capital plan. Total debt service projected to be $130.2 million for 2012. Debt service costs on the Authority's variable rate bonds are expected to remain stable, although bank direct letters of credit costs (related to the 2008 and 2010 Revenue Refunding variable rate bonds) are expected to decrease by approximately $176 annually, a 1.6% decrease.

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

Requests for Information

This financial report is designed to provide a general overview of the Authority's activities for all of those with an interest in the Authority's activities through December 31, 2011. Questions from interested parties concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Delaware River Port Authority, One Port Center, 2 Riverside Drive, P.O. Box 1949, Camden, NJ 08101-1949.

COMBINED STATEMENTS OF NET ASSETS
December 31, 2011 and 2010 (In Thousands)

ASSETS	Notes	2011	(Restated) 2010
CURRENT ASSETS			
Cash and cash equivalents	1, 2	$ 1,533	$ 2,571
Investments	1, 2, 3	321,289	263,731
Accounts receivable (net of allowance for uncollectibles)	5	12,081	8,326
Accrued interest receivable		569	635
Transit system and storeroom inventory	1	6,111	6,192
Economic development loans - current	1, 16	1,630	2,479
Prepaid expenses		4,257	4,524
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1, 2	4,379	3,666
Investments	1, 3	214,816	225,146
Accrued interest receivable		4	4
Total current assets		566,669	517,274
NONCURRENT ASSETS			
Restricted investments for capital projects		58,986	165,113
Capital assets (net of accumulated depreciation):			
Land	7	74,225	74,225
Construction in progress	7	241,748	145,489
Bridges and related buildings and equipment	7	600,506	632,461
Transit property and equipment	7	258,971	230,759
Port enhancements	7	2,441	11,950
Total capital assets		1,177,891	1,094,884
Other:			
Economic development loans (net of allowance for uncollectibles)	1, 16	18,048	19,716
Deferred charges:			
Debt issuance costs (net of amortization)	1, 12	14,904	15,853
Total other assets		32,952	35,569
Total noncurrent assets		1,269,829	1,295,566
TOTAL ASSETS		1,836,498	1,812,840
DEFERRED OUTFLOWS			
Accumulated decrease in fair value of hedging derivatives	4	173,789	125,108

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF NET ASSETS
December 31, 2011 and 2010 (In Thousands)

LIABILITIES	Notes	2011	(Restated) 2010
CURRENT LIABILITIES:			
Accounts payable:			
Retained amounts on contracts		$ 14,784	$ 5,300
Other		20,841	16,410
Accrued liabilities:			
Pension	9	946	175
Sick and vacation leave benefits		1,172	3,655
Other		847	866
Deferred revenue	1, 4	665	2,972
Liabilities payable from restricted assets:			
Accrued interest payable	12	17,807	18,187
Bonds payable - current	12	45,225	42,675
Total current liabilities		102,287	90,240
NONCURRENT LIABILITIES:			
Accrued liabilities:			
Claims and judgments		3,996	1,286
Self- insurance	15	3,141	2,905
Sick and vacation leave benefits		3,519	1,218
Other post employment benefits	10	39,550	38,713
Deferred Revenue	1, 4	9,415	6,438
Premium payment payable - derivative companion instrument	4	42,458	46,982
Derivative instrument - interest rate swap	4	176,999	136,983
Bonds payable (net of unamortized discounts, premiums and loss on refunding)	12	1,287,641	1,326,254
Total noncurrent liabilities		1,566,719	1,560,779
Total liabilities		1,669,006	1,651,019
NET ASSETS			
Invested in capital assets, net of related debt		214,632	239,390
Restricted for:			
Debt requirements		152,762	125,653
Port projects		32,457	32,936
Unrestricted (deficiency)		(58,570)	(111,050)
Total net assets		$ 341,281	$ 286,929

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended December 31, 2011 and 2010 (In Thousands)

	Notes	2011	(Restated) 2010
OPERATING REVENUES:			
Bridges:			
Tolls	17	$ 267,685	$ 243,879
Other operating revenues		5,049	4,753
Total bridge operating revenues		272,734	248,632
Transit system:			
Passenger fares	17	24,004	21,956
Other operating revenues		1,817	1,968
Total transit system operating revenues		25,821	23,924
Port of Philadelphia and Camden:			
Cruise Terminal		369	309
River Link Ferry		68	61
Total Port of Philadelphia and Camden		437	370
Other:			
Miscellaneous		556	1,801
Total operating revenues		299,548	274,727
OPERATING EXPENSES:			
Operations		94,259	99,518
Community impact	16	3,560	3,473
General and administration		40,536	46,272
Port of Philadelphia and Camden		246	824
Depreciation	1, 7	49,216	47,751
Total operating expenses		187,817	197,838
OPERATING INCOME		111,731	76,889
NONOPERATING REVENUES (EXPENSES):			
Interest revenue:			
Investment income	3	4,968	8,176
Change in fair value of derivative instruments	1, 4	8,665	(34,043)
		13,633	(25,867)
Interest expense	12	(77,870)	(72,527)
Amortization expense	1	(946)	(1,511)
Economic development activities	16	(2,025)	(39,657)
Other nonoperating revenues		673	956
Other nonoperating expenses		-	(2,322)
Other grant revenues		2,382	-
Loss on abandonment of Aerial Tram project	7	(18,318)	-
Loss on disposal of capital assets	7	(7,929)	-
Total nonoperating revenues (expenses)		(90,400)	(140,928)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		21,331	(64,039)
CAPITAL CONTRIBUTIONS:			
Federal and state capital improvement grants	14	33,021	20,603
CHANGE IN NET ASSETS		54,352	(43,436)
NET ASSETS, JANUARY 1	18	286,929	330,365
NET ASSETS, DECEMBER 31	18	$ 341,281	$ 286,929

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2011 and 2010 (In Thousands)

	2011	(Restated) 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 297,347	$ 277,524
Payments for other goods or services	(70,598)	(79,554)
Payments for employees services	(58,871)	(57,826)
Other receipts (payments)	573	-
Net cash provided by operating activities	168,451	140,144
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments for economic development activities	(2,025)	(39,362)
Repayments of economic development loans	2,517	563
Proceeds from other economic development activity	-	53
Repayment of premium payment payable - derivative companion instrument	-	(6,985)
Grants received	2,161	-
Derivative instrument termination payment	-	(33,695)
Net cash provided by (used in) noncapital financing activities	2,653	(79,426)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(149,318)	(70,717)
Proceeds from sales of capital assets	435	37
Capital contributions received	32,358	19,621
Proceeds from capital debt	-	652,301
Payment on capital debt refunding	-	(349,360)
Principal paid on bonded debt	(42,675)	(40,445)
Interest paid on debt	(76,161)	(72,806)
Net cash provided by (used in) capital and related financing activities	(235,361)	138,631
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	868,960	179,184
Purchase of investments	(811,928)	(385,278)
Interest received	6,900	7,105
Net cash provided by (used in) investing activities	63,932	(198,989)
Net increase (decrease) in cash and cash equivalents	(325)	360
Cash and cash equivalents, January 1 (including $3,666 and $1,369 reported as restricted)	$ 6,237	$ 5,877
Cash and cash equivalents, December 31 (including $4,379 and $3,666) reported as restricted)	$ 5,912	$ 6,237
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 111,731	$ 76,889
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	49,216	47,751
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	(2,871)	2,700
Decrease in transit system and storeroom inventories	81	369
Decrease (increase) in prepaid expenses	267	(473)
Increase in accounts payable and accrued wages	4,431	3,998
Increase (decrease) in accrued pension payable	771	(394)
Increase in deferred revenue	670	98
Increase (decrease) in self-insurance reserves	2,946	(756)
Increase (decrease) in sick and vacation leave benefits payable	(182)	338
Increase in other accrued liabilities	818	9,624
Other revenues	573	
Net cash provided by operating activities	$ 168,451	$ 140,144
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Accretion of interest on premium payment payable - derivative companion instrument	$ 2,197	$ 2,411
Extinguishment of premium payment payable - derivative companion instrument resulting from termination of associated derivative instrument - interest rate swap	-	9,588
Decrease in accumulated change in fair value of hedging derivatives resulting from change in fair value	48,681	59,983
Decrease in accumulated change in fair value of hedging derivatives resulting from termination of derivative instrument - interest rate swap	-	33,193
Increase in allowance for doubtful accounts on economic development loans	-	2,000

See Notes to Combined Financial Statements

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2011 (Dollars in Thousands)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Operations: The Delaware River Port Authority (the "Authority") is a public corporate instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and the State of New Jersey (the "State"), created with the consent of Congress by compact legislation between the Commonwealth and the State. The Authority has no stockholders or equity holders. The Authority is vested with the ownership, control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system that is operated by the Port Authority Transit Corporation ("PATCO"). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. The Authority's Port of Philadelphia and Camden Department ("PPC") is responsible for the operation of the Philadelphia Cruise Terminal at Pier 1 at the former Navy Yard, and the Riverlink Ferry System. (The Authority discontinued operations related to the Philadelphia Cruise Terminal effective July 1, 2011). The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls and fares. The Authority is a member of the E-ZPass Interagency Group, the largest interoperable Electronic Toll Collection System in the world, comprised of twenty-two (22) agencies in eleven (11) states. Through December 2011, customer participation in the E-ZPass electronic toll collection process grew to approximately sixty-seven (67%) of its toll collection activity during rush hour periods. E-ZPass revenues now exceed sixty-three percent (63%) of total toll revenues.

B. Basis of Presentation: The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the related liability is incurred. The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

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

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

E. Accounts Receivable: The Authority establishes a provision for the estimated amount of uncollectible accounts based on an individual account basis.

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

G. Debt Issuance Costs, Bond Premiums, Bond Discounts and Loss on Refunding: Debt issuance costs are amortized by the straight-line method from the issue date to maturity. Premiums, discounts and loss on refunding arising from the issuance of the revenue bonds and port district project bonds are amortized by the effective interest method from the issue date to maturity.

H. Investment in Facilities: Investment in facilities is stated at cost, which generally includes expenses for administrative and legal expenses incurred during the construction period. Investment in facilities also includes the cost incurred for port-related projects, and improvements, enlargements and betterments to the original facilities. Replacements of existing facilities (except for primarily police and certain other vehicles whose estimated useful life is two years or less) are also recorded at cost. The related costs and accumulated depreciation of the property replaced are removed from the respective accounts, and any gain or loss on disposition is credited or charged to non-operating revenues or expenses. Assets capitalizable generally have an original cost of five thousand dollars ($5) or more and a useful life in excess of three years. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Notes 7 and 14).

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

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

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

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

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

L. Net Assets: Net assets are classified in the following three components:

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

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

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

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

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

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

N. Debt Management: Total outstanding bond debt reflected on the balance sheet is net of unamortized bond discounts, premiums, and loss on refunding (Note 12). The Authority presently has two active interest rate hedge (swap) agreements (derivative instruments) with UBS AG (Paine Webber) to hedge interest rates on a portion of its outstanding long-term debt (Note 4).

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

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

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

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

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

R. Reclassifications and Restatement: Certain reclassifications have been made in the 2010 comparative statements to be in conformity with the 2011 presentation. The data presented for 2010 has been restated, as more fully described in Note 18.

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

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

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2011 and 2010, the Authority's bank balances of $84,951 (including certificates of deposit of $67,018 classified as investments in the statement of net assets) and $19,702, respectively, were exposed to custodial credit risk as follows:

	2011	2010
Uninsured and uncollateralized	$ 76,484	$ 17,661
Uninsured and collateralized (collateral held by bank's department or agent, but not in the Authority's name)	$ 7,088	$ -

NOTE 3. INVESTMENT IN SECURITIES

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

Custodial Credit Risk Related to Investments: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the Authority's investments at December 31, 2011, $528,073 of investments in asset backed securities, commercial paper, corporate bonds and notes, mortgage pass-through securities, municipal bonds, repurchase agreements, U.S. federal agency notes and bonds, and U.S. government treasuries, are uninsured, not registered in the name of the Authority, and held by the counterparty's trust department or agent but not in the Authority's name.

As of December 31, 2011 and 2010, the Authority had the following investments:

Investment	Maturities	2011	2010
Asset backed securities	132.34 months average	$ 2,759	$ 2,802
Collateralized mortgage obligations	306.75 months average	-	346
Commercial paper	6.20 months average	51,575	51,575
Corporate bonds and notes	19.46 months average	54,692	47,038
Mortgage pass-through securities	231.41 months average	5,302	4,677
Municipal bonds	230.53 months average	1,541	2,075
Repurchase agreements	daily	822	784
Short-term investments	1.00 months average	368,173	363,070
U.S. federal agency notes and bonds	26.78 months average	17,149	22,185
U.S. government treasuries	26.64 months average	26,060	159,438
		528,073	653,990
Certificates of deposits held at banks		67,018	-
Total		$ 595,091	$ 653,990

The short-term investments listed above consist of money market funds. Since it is the policy of the Authority to utilize these funds for the purchase of investments with longer maturities, these amounts have been classified as investments in the statement of net assets as opposed to cash and cash equivalents.

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

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

As of December 31, 2011, the Authority's investments had the following ratings:

Investment	Standard & Poor's	Moody's
Asset backed securities	*	*
Commercial paper	*	P - 1
Corporate bonds and notes	* to AAA	* to AAA
Mortgage pass-through securities	*	*
Municipal bonds	* to AAA	BAA3 to Aaaa
U.S. federal agency notes and bonds	* to AAA	* to AAA
U.S. government treasuries	* to AAA	* to Aaa
Repurchase agreements	*	*

* investment not rated or no rating available

Concentration of Credit Risk: The Authority's policy on the concentration of credit risk (for its General Fund investments) states that no limitations exist on the purchase of investments in obligations of the U.S. government and U.S. federal agencies since they are fully guaranteed by the U.S. government. For the purchase of investments in obligations of all other issuers, total investments held from any one issuer shall not exceed ten percent (10%) of the aggregate market value of the entire portfolio, except for repurchase agreements, which, from any one issuer, shall not exceed twenty-five percent (25%) of the aggregate market value of the portfolio. As of December 31, 2011, the Authority has $51,575 of investments in Abbey North American commercial paper. These investments are held under the Indentures of Trust and represent 9% of the Authority's total investments.

NOTE 4. DERIVATIVE INSTRUMENTS

In accordance with the requirements of GASB 53 related to derivative instruments, the Authority engaged a financial advisory firm to analyze the effectiveness of the two "cash-flow hedges" (specifically the 1995 and 1999 Revenue Bond swaptions). Both swaptions were found to be substantially effective. At December 31, 2011, the value of the Pay-fixed interest rate swap (1995 Revenue Bond Swaption) was $79,479. At December 31, 2011, the value of the Pay-fixed interest rate swap (1999 Revenue Bond Swaption) was $94,310. These Pay-fixed interest rate swaps are classified as deferred outflows on the Combined Statement of Net Assets and total $173,789.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2011 and 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 and 2010 financial statements are as follows (debit (credit)):

	Changes in Fair Value			Fair Value at December 31,				
	Classification	Amount		Classification	Amount		Notional	
		2011	2010		2011	2010	2011	2010
Investment derivatives:								
Receive-fixed interest rate swaption (1999 PDP, Series B, Debt Service Reserve Fund)	Interest revenue	$ 78	$ 17	Derivative instrument	$ (344)	$ (422)	$ 10,436	$ 10,436
Receive-fixed interest rate swaption (1999 Revenue Bonds Debt Service Reserve Fund)	Interest revenue	296	65	Derivative instrument	(1,306)	(1,602)	39,657	39,657
Pay-fixed interest rate swap	Interest revenue	8,290	9,850	Derivative instrument	(1,560)	(9,850)	36,775	53,035
Cash flow hedges:								
Pay-fixed interest rate swap (1995 Revenue Bonds Swaption)	Deferred outflow	(18,485)	(21,131)	Derivative instrument	(79,479)	(60,994)	335,380	347,070
Pay-fixed interest rate swap (1999 Revenue Bonds Swaption)	Deferred outflow	(30,196)	(38,852)	Derivative instrument	(94,310)	(64,115)	350,000	350,000

As of December 31, 2010, the Authority determined that a portion of the cash flow hedge, pay-fixed interest rate swap, with a notional amount of $403,035, no longer met the criteria for effectiveness due to the partial 2010 refunding of the 1999 Revenue Bonds (Note 12).

The fair values of the interest rate swaptions and swaps are indicative values based on mid-market levels as of the close of business on December 31, 2011 and 2010, and were derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant future market conditions.

Objective and Terms of Hedging Derivative Instruments: The following table summarizes the objective and terms of the Authority's hedging instruments outstanding at December 31, 2011:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms
Pay-fixed interest rate swap (1995 Revenue Bonds Swaption)	Hedge of changes in cash flows of the 2008 Revenue Refunding Bonds	$ 335,380	01/01/06	01/01/26	Pay 5.447%; receive 66% of one-month LIBOR
Pay-fixed interest rate swap (1999 Revenue Bonds Swaption)	Hedge of changes in cash flows of the 2010 Revenue Refunding Bonds	386,775	01/01/10	01/01/26	Pay 5.738%; receive 66% of one-month LIBOR

1995 Revenue Bonds Swaption: On May 2, 2001, the Authority entered into the 1995 Revenue Bonds Swaption with UBS AG in the initial notional amount of $358,215. Under the 1995 Revenue Bonds Swaption, UBS AG had the option, exercisable 120 days preceding January 1, 2006, January 1, 2007, and January 1, 2008, to elect to have the 1995 Revenue Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1995 Revenue Bonds Swaption, (i) UBS AG was obligated to pay to the Authority $7,144 on January 1, 2006, as an exercise premium amount; (ii) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index; and (iii), the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.447% per annum. The periodic interest rates are applied to the notional amount of the 1995 Revenue Bonds Swaption, which amortizes annually, commencing January 1, 2007, from its initial notional amount. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

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

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

On September 3, 2005, UBS AG advised the Authority that it was exercising its option on this swaption as of January 1, 2006. As a result, UBS AG paid the Authority $7,144 on January 3, 2006 as an exercise premium, which has been recorded as a deferred revenue and is being amortized as interest revenue over the life of the interest rate swap agreement. The Authority made its initial net monthly swap payment in February 2006. The Authority is current on its monthly net swap interest payments to UBS AG, which totaled $17.7 million in 2011.

The ratings of the counterparty (UBS AG) to the 1995 Revenue Bonds Swap of Moody's, S&P, and Fitch are Aa3, A, and A, respectively, as of December 31, 2011.

The following schedule represents the accretion of interest and amortization of the premium payment payable – derivative companion instrument through the term of the interest rate swap agreement, at an effective interest rate of 4.62324%:

Year Ending December 31,	Beginning Balance	Interest Accrual	Inputed Debt Payment	Ending Balance
2012	$ 17,305	$ 800	$ (2,639)	$ 15,466
2013	15,466	715	(2,508)	13,673
2014	13,673	632	(2,371)	11,934
2015	11,934	552	(2,226)	10,260
2016	10,260	474	(2,073)	8,661
2017-2021	8,661	1,354	(7,759)	2,256
2022-2025	2,256	214	(2,470)	-

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

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

In consideration for entering into the 1999 Revenue Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of $20,142 from UBS AG, which has been recorded on the combined financial statements as a noncurrent liability (premium payment payable – derivative companion instrument). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, this derivative companion instrument is considered a "borrowing" resulting from the intrinsic value of the swaption at inception. During the option period, interest accretes at the effective rate implied by the cash flows on the borrowing at inception. Once the swaption is exercised, and becomes an active swap, a portion of the swap interest payments are attributed to principal and interest payments on the borrowing.

On September 3, 2009, UBS AG advised the Authority that it was exercising its option on this swaption as of January 1, 2010. The Authority began making net interest payments to USB AG, the counterparty, commencing in February 2010, representing January's net interest payment. The Authority is current on its monthly net interest swap payments, having paid $21.5 million to UBS AG in 2011.

The ratings of the counterparty (UBS AG) to the 1999 Revenue Bonds Swap of Moody's, S&P, and Fitch are Aa3, A, and A, respectively, as of December 31, 2011.

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

Year Ending December 31,	Beginning Balance	Interest Accrual	Inputed Debt Payment	Ending Balance
2012	$ 25,152	$ 1,186	$ (3,835)	$ 22,503
2013	22,503	1,061	(3,649)	19,915
2014	19,915	939	(3,453)	17,401
2015	17,401	820	(3,245)	14,976
2016	14,976	706	(3,025)	12,657
2017-2021	12,657	2,020	(11,362)	3,315
2022-2025	3,315	321	(3,636)	-

Net Swap Payments: Using rates as of December 31, 2011 and assuming the rates are unchanged for the remaining term of the bonds, the following table shows the debt service requirements and net swap payments for the Authority's hedged variable rate bonds:

Year Ending	Variable Rate Bonds			Swap Interest Payments			Total Bonds and
December 31,	Principal	Interest	Total	Fixed Pay	Var. Received	Net Pay	Swaps
2012	$ 15,025	$ 471	$ 15,496	$ 38,944	$ 1,239	$ 37,705	$ 53,201
2013	15,845	460	16,305	37,039	1,179	35,860	52,165
2014	29,455	439	29,894	35,028	1,115	33,913	63,807
2015	37,920	412	38,332	32,904	1,047	31,857	70,189
2016	40,035	384	40,419	30,660	976	29,684	70,103
2017-2021	236,485	1,441	237,926	114,992	3,659	111,333	349,259
2022-2026	310,615	460	311,075	36,715	1,168	35,547	346,622
	$ 685,380	$ 4,067	$ 689,447	$ 326,282	$ 10,383	$ 315,899	$ 1,005,346

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

Once exercised, the 1999 Port District Project Bonds, Series B Swaption would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 1999 Port District Project Bonds, Series B Swaption are unsecured general corporate obligations.

In consideration for entering into the 1999 Port District Project Bonds, Series B Swaption, the Authority received a net up-front, non-refundable option payment in the amount of $6,340 from UBS AG, which was recorded on the combined financial statements as a noncurrent liability (premium payment payable – derivative companion instrument). In accordance with the provisions of Government Accounting Standards Board Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, this derivative companion instrument is considered a "borrowing" resulting from the intrinsic value of the swaption at inception. During the option period, interest accretes at the effective rate implied by the cash flows on the borrowing at inception. Once the swaption is exercised, and becomes an active swap, a portion of the swap interest payments are attributed to principal and interest payments on the borrowing.

On September 3, 2009, UBS AG advised the Authority that it was exercising its option on this swaption as of January 1, 2010. As a result, on January 11, 2010, the Authority made a payment of $33,695 to UBS AG to terminate the 1999 Port District Project Bonds, Series B Swaption. The termination payment was recorded by the Authority as a reduction of the corresponding noncurrent liability for the derivative instrument – interest rate swap ($33,194), and the corresponding removal of the deferred outflow of accumulated decrease in fair value of hedging derivatives was recorded as a reduction to interest revenues ($33,194). The corresponding noncurrent liability for the premium payments payable – companion derivative instrument was extinguished, and recorded by the Authority as an increase to interest revenue ($9,588).

Objective and Terms of Investment Derivative Instruments: On August 21, 2000, the Authority entered into two (2) interest rate agreements with Bank of America N.A. in the notional amounts of $39,657 (the "2000 Swaption #1") and $10,436 (the "2000 Swaption #2", and together with the 2000 Swaption #1, the "2000 Swaptions"). Under the 2000 Swaptions, Bank of America N.A. has the option on certain future dates (two business days preceding July 1, 2005 and each January 1 and July 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #1 and two business days preceding January 2, 2006 and each July 1 and January 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #2) to cause the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, to commence on the next succeeding January 1 or July 1. If an option is exercised, the 2000 Swaption #1, or the 2000 Swaption #2, as applicable, would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 2000 Swaptions are general unsecured corporate obligations.

If the options relating to the 2000 Swaption #1 or the 2000 Swaption #2 are exercised, Bank of America N.A. is obligated to pay periodic interest payments (payable monthly) to the Authority based upon a fixed rate of 5.9229% per annum and the Authority is obligated to pay periodic interest payments (payable monthly) to Bank of America N.A. at a variable rate based upon the Securities Industry and Financing Markets Association (SIFMA) (formerly the BMA Municipal Swap Index) (a tax-exempt variable rate index). Only the net difference in the periodic payments owed would be exchanged between Bank of America N.A. and the Authority. As of December 31, 2011, Bank of America N.A. has not exercised its options on the aforementioned swaptions.

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

Risks Related to Derivative Instruments

Credit Risk: For the year ended December 31, 2011, the Authority is not exposed to credit risk on its hedging derivative instruments or investment derivatives as all such derivative instruments are in a liability position based on their fair values. The credit ratings of the counterparties, however, are Aa3, A+, and A+ as rated by Moody's, S&P, and Fitch, respectively.

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

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

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

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

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

Swap Management Policy

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

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

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable for December 31, 2011 and 2010 are as follows:

	2011	2010
Reimbursements from governmental agencies - capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit	$ 3,297	$ 2,634
Reimbursements from governmental agencies - FEMA, PEMA, and NJ Homeland Security	3,721	-
Cruise terminal receivables	-	6
Development projects	3,715	3,533
Other	4,848	5,653
Gross receivables	15,581	11,826
Less: allowance for uncollectibles	(3,500)	(3,500)
Net total receivables	$ 12,081	$ 8,326

NOTE 6. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2011 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 year
Bonds and loans payable:					
1998 Revenue Refunding Bonds	$ 2,365	$ -	$ (2,365)	$ -	$ -
1999 Revenue Bonds	57,565	-	(16,230)	41,335	17,110
1998 Port District Project Bonds	60,795	-	(2,600)	58,195	2,720
1999 Port District Project Bonds	147,820	-	(2,740)	145,080	2,950
2001 Port District Project Bonds	119,320	-	(7,050)	112,270	7,420
2008 Revenue Refunding Bonds	347,070	-	(11,690)	335,380	15,025
2010 Revenue Refunding Bonds	350,000	-	-	350,000	-
2010 Revenue Bonds	308,375	-	-	308,375	-
Less: issuance discounts/premiums	(24,381)	-	6,612	(17,769)	-
Total bonds payable	1,368,929	-	(36,063)	1,332,866	45,225
Other liabilities:					
Claims and judgments	1,286	3,022	(312)	3,996	-
Self-insurance	2,905	2,237	(2,001)	3,141	-
Sick and vacation leave	4,873	-	(182)	4,691	1,172
Deferred revenue	9,410	670	-	10,080	665
Other (includes net OPEB obligation)	38,713	5,079	(4,242)	39,550	-
Premium payment payable - derivative companion instrument	46,982	2,197	(6,721)	42,458	6,474
Derivative instrument - interest rate swap	136,983	40,016	-	176,999	-
Total long-liabilities	$ 1,610,081	$ 53,221	$ (49,521)	$ 1,613,781	$ 53,536

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 year
Bonds and loans payable:					
1998 Revenue Refunding Bonds	$ 4,610	$ -	$ (2,245)	$ 2,365	$ 2,365
1999 Revenue Bonds	422,310	-	(364,745)	57,565	16,230
1998 Port District Project Bonds	63,280	-	(2,485)	60,795	2,600
1999 Port District Project Bonds	150,375	-	(2,555)	147,820	2,740
2001 Port District Project Bonds	126,010	-	(6,690)	119,320	7,050
2008 Revenue Refunding Bonds	358,155	-	(11,085)	347,070	11,690
2010 Revenue Refunding Bonds	-	350,000	-	350,000	-
2010 Revenue Bonds	-	308,375	-	308,375	-
Less: issuance discounts/premiums	(17,750)	(6,233)	(398)	(24,381)	-
Total bonds payable	1,106,990	652,142	(390,203)	1,368,929	42,675
Other liabilities:					
Self-insurance and claims	4,946	2,938	(3,693)	4,191	-
Sick and vacation leave	4,537	336	-	4,873	3,655
Deferred revenue	9,669	-	(259)	9,410	2,972
Other (includes net OPEB obligation)	29,201	9,512	-	38,713	-
Premium payment payable - derivative companion instrument	61,144	2,411	(16,573)	46,982	6,723
Derivative instrument - interest rate swap	220,224	-	(83,241)	136,983	-
Total long-liabilities	$ 1,436,711	$ 667,339	$ (493,969)	$ 1,610,081	$ 56,025

NOTE 7. INVESTMENT IN FACILITIES

Capital assets for the year ended December 31, 2011 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 74,225	$ -	$ -	$ 74,225
Construction in progress	145,489	129,080	(32,821)	241,748
Total capital assets not being depreciated	219,714	129,080	(32,821)	315,973
Capital assets being depreciated				
Bridges and related building and equipment	1,039,876	-	(253)	1,039,623
Transit property and equipment	417,999	43,996	-	461,995
Port enhancements	27,145	-	(20,888)	6,257
Total capital assets being depreciated	1,485,020	43,996	(21,141)	1,507,875
Less: accumulated depreciation for:				
Bridges and related building and equipment	(407,415)	(31,955)	252	(439,118)
Transit property and equipment	(187,240)	(15,784)	-	(203,024)
Port enhancements	(15,195)	(1,477)	12,857	(3,815)
Total accumulated depreciation	(609,850)	(49,216)	13,109	(645,957)
Total capital assets being depreciated, net	875,170	(5,220)	(8,032)	861,918
Total capital assets, net	$ 1,094,884	$ 123,860	$ (40,853)	$ 1,177,891

Capital assets for the year ended December 31, 2010 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	$ 74,225	$ -	$ -	$ 74,225
Construction in progress	134,144	58,251	(46,906)	145,489
Total capital assets not being depreciated	208,369	58,251	(46,906)	219,714
Capital assets being depreciated				
Bridges and related building and equipment	1,004,277	-	(8,244)	996,033
Transit property and equipment	404,885	43,843	(963)	447,765
Port enhancements	27,145	14,077	-	41,222
Total capital assets being depreciated	1,436,307	57,920	(9,207)	1,485,020
Less: accumulated depreciation for:				
Bridges and related building and equipment	(384,974)	(30,679)	8,238	(407,415)
Transit property and equipment	(172,824)	(15,319)	903	(187,240)
Port enhancements	(13,442)	(1,753)	-	(15,195)
Total accumulated depreciation	(571,240)	(47,751)	9,141	(609,850)
Total capital assets being depreciated, net	865,067	10,169	(66)	875,170
Total capital assets, net	$ 1,073,436	$ 68,420	$ (46,972)	$ 1,094,884

Total depreciation expense for the year ended December 31, 2011 and 2010 was $49,216 and $47,751, respectively.

Loss on Abandonment of Aerial Tram Project: In its Board Resolution DRPA# DRPA-11-105, dated December 14, 2011, the Authority's Board approved the 2012 Capital Budget. In doing so, the Board approved the termination of the Aerial Tram project. As a result, the construction in progress for the Aerial Tram project was written off and the loss on abandonment of the project was $18,318.

Loss on Disposal of Capital Assets: In its Board Resolution DRPA #11-003, dated January 5, 2011, the Authority's Board approved the closure of the Cruise Terminal. The Board authorized staff to negotiate a termination agreement for the Cruise Terminal and parking lot, with the right to remain in the terminal rent free (except operating expenses) to accommodate booked events through June 30, 2011. Upon acceptance of the lease termination agreement offered by Philadelphia Authority Industrial Development ("PAID"), PAID agreed to pay the Authority $250. In addition, the Authority received approximately $92 in cash receipts related to the disposal. The loss on the disposal of the capital assets relating to the Cruise Terminal was $7,929.

NOTE 8. DEFERRED COMPENSATION PLAN

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

NOTE 9. PENSION PLANS

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

Pennsylvania State Employees' Retirement System

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

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

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

Funding Policy: The contribution requirements of plan members and the Authority are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% of their gross earnings to the plan. The Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 6.03%, 4.18% and 3.68%, of covered payroll in 2011, 2010 and 2009, respectively. In 2011, 2010 and 2009, the Authority's required contributions to the plan were $2,604, $1,817 and $1,647, respectively, which represented 100% of the required contribution for the aforementioned years.

New Jersey Public Employees Retirement System (NJ PERS)

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

Funding Policy: The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary, effective July 1, 2007. However, under the new provisions of Chapter 78, P.L. 2011, employee pension contribution rates will be increased by the following amounts: the employee pension contribution rate will increase from 5.5% to 6.5% of salary, effective October 1, 2011. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary. The phased increase from 6.5% to 7.5% will be applied equally over a 7-year period beginning July 1, 2012. The contribution rate will increase by 0.14% each year with the first payroll of July 2012 until the 7.5% contribution rate is reached in July 2018. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. The Authority is billed annually for its normal contribution, plus any accrued liability. The Authority began sending employee contributions to NJ PERS beginning in January 2006. The fiscal year 2008 was the first year that the Authority was required to, and did, contribute an actuarially determined amount to the plan. For the years ended December 31, 2011, 2010 and 2009, the Authority's total contribution to the plan was $135, $197 and $63, respectively, which represented 100% of the required contribution for the aforementioned years. For the years ended December 31, 2011, 2010 and 2009, the contributions consisted of a normal contribution amount of $45, $80 and $29, respectively and an accrued liability amount of $90, $117 and $34, respectively.

Teamsters Pension Plan of Philadelphia and Vicinity

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

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

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

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

Funding Policy: The Teamsters Pension Plan is controlled by the Teamsters Pension Plan of Philadelphia and Vicinity Board. The employer's contribution requirements are determined under the terms of one Collective Bargaining Agreement in force between the employer and the Teamsters. During 2011, the Authority was required to and did contribute twenty-one dollars and eighty cents ($21.80) per day for each PATCO participating employee. The Authority's contributions totaled 9.81%, 9.6% and 9.89% of covered payroll in 2011, 2010 and 2009, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed $1,077, $1,090 and $1,068 in 2011, 2010 and 2009, respectively, which represented 100% of the required contribution for the aforementioned years.

NOTE 10. POST-EMPLOYMENT HEALTHCARE PLAN

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

Funding Policy: Employees become eligible for retirement benefits based on hire date and years of service. For employees hired after January 1, 2007, no subsidized retiree benefits are offered. The contribution requirements of plan members and the Authority are established and may be amended by the Authority's Board of Commissioners. Plan members receiving benefits contribute the following amounts: $65 per month for retiree-only coverage for the base plan, $130 per month for retiree/spouse (or retiree/child) coverage, and $195 per month for retiree/family (or children) coverage to age sixty-five (65) for the base plan, and $55 per month per retiree, per dependent for both the United Health Group (in partnership with AARP) and Aetna coverages. An additional amount is required for those retirees, under age sixty-five (65), who opt to participate in the "buy-up plan" for retirees and their dependents.

Retirees: The Authority presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis and, as shown above, receives annual contributions from retirees to offset a portion of this annual cost. The Authority's contributions to the plan for the years ended 2011, 2010 and 2009 were $4,242, $4,256 and $4,251, respectively.

Future Retirees: In accordance with Statement No.45 of the Government Accounting Standards Board, the Authority is required to expense the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be $5,230 at an unfunded discount rate of 5%. As stated above, the Authority has funded the cost of existing retirees in the amount of $4,242, and in 2011, the Authority has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability. The Authority plans to begin funding a portion of this outstanding liability during the fourth quarter of 2012.

Annual OPEB Cost: The Authority's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for 2011, 2010 and 2009 are as follows:

	2011	2010	2009
Annual Required Contribution (ARC)	$ 5,230	$ 13,763	$ 13,763
Interest on the net OPEB Obligation	1,897	1,439	975
Adjustment to the ARC	(1,270)	(1,782)	(1,208)
Annual OPEB Cost	5,857	13,420	13,530
Pay as You Go Cost (Existing Retirees)	(4,242)	(4,256)	(4,251)
Increase (Decrease) in the Net OPEB Obligation	1,615	9,164	9,279
Net OPEB Obligation, January 1	37,935	28,771	19,492
Net OPEB Obligation, December 31	$ 39,550	$ 37,935	$ 28,771
Percentage of Annual OPEB Cost Contributed	72%	32%	31%

Funded Status and Funding Progress: As of January 1, 2011, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was $113,422, and the actuarial value of plan assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $113,422. The covered payroll (annual payroll of active employees covered by the plan) was $56,820 and the ratio of the UAAL to the covered payroll was 199.6%. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for Health Benefits Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

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

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

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) year on an open basis. The actuarial assumptions included the following:

- *Mortality*. The mortality table employed in the valuation was the RP2000 Table Male and Female.
- *Discount Rate.* Future costs have been discounted at the rate of 5.00% compounded annually for GASB 45 purposes.
- *Turnover*. Assumptions for terminations of employment other than for death or retirement will vary by age and years of service with rates of turnover based on State Employees Retirement System of Pennsylvania.
- *Disability.* No terminations of employment due to disability were assumed. Retirees resulting from a disability were factored into the determination of age at retirement.
- *Age of Retirement*. The assumption that the active participants, on average, will receive their benefits when eligible, but no earlier than age 55.
- *Spousal Coverage.* Married employees will remain married.
- *Prior Service*. No prior service for active employees was assumed.
- *Health Care Inflation*:

	Year	Pre-65	Post 65
Initial Trend	01/01/13 to 01/01/17	10.0%	10.0%
Ultimate Trend	01/01/18 to later	5.0%	5.0%
Grading Per Year		1.0%	1.0%

- *Administration Expenses.* The annual cost to administer the retiree claims was assumed at 2.5% which was included in the annual health care costs.
- *Employee Contributions.* It was assumed that employees will contribute two thousand three hundred forty dollars ($2,345) per year for family medical coverage and seven hundred eighty dollars ($792) for single medical coverage.
- *Change in Assumptions.* Effective January 1, 2011, assumptions were changed for mortality, medical trend costs and turnover.

NOTE 11. INDENTURES OF TRUST

The Authority is subject to the provisions of the following indentures of Trust: Revenue Refunding Bonds of 1998 with TD Bank N.A. (as successor trustee to Commerce Bank NA), dated July 1, 1998; and the Revenue Bonds of 1999 with TD Bank N.A., dated December 1, 1999; the Revenue Refunding Bonds of 2008, with TD Bank, National Association as Trustee, dated July 25, 2008 and the Revenue Refunding Bonds of 2010 and the 2010 Revenue Bonds (Series D), with TD Bank N.A. as Trustee dated May 15, 2010 and July 15, 2010, respectively (collectively the "Bond Resolution"); Port District Project Bonds of 1998 with The Bank of New York Mellon (as successor trustee to U.S. Trust Company of new Jersey), dated August 15, 1998; Port District Bonds of 1999 with The Bank of New York Mellon (as successor trustee to Summit Bank), dated December 1, 1999; Port District Project Bonds of 2001 with TD Bank NA., dated December 1, 2001. The Bond Resolution requires the maintenance of the following accounts:

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

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

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

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

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

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

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

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

NOTE 12. FUNDED AND LONG-TERM DEBT

At December 31, 2011, the Authority had $1,332,866 in Revenue, Revenue Refunding, and Port District Project Bonds outstanding, consisting of bonds issued in 1998, 1999, 2001, 2008 and 2010. The 1998 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust, dated July 1, 1998, and a First Supplemental Indenture thereto. The 1998 Port District Project Bonds were issued pursuant to an Indenture of Trust dated August 15, 1998. The 1999 Revenue Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, a Second Supplemental Indenture dated August 15, 1998, and a Third Supplemental Indenture dated December 1, 1999. The 1999 Port District Project Bonds were issued to an Indenture of Trust dated December 1, 1999. Under the terms of the 1998 Revenue Refunding Bonds Indenture of Trust, the Authority covenanted not to issue any additional bonds under the 1995 Indenture of Trust. The 2001 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 2001. The 2008 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, as supplemented by a Fourth Supplemental Indenture dated October 1, 2007 and a Fifth Supplemental Indenture dated July 15, 2008. The 2010 Revenue Refunding Bonds were issued pursuant an Indenture of Trust dated as of July 1, 1998 as previously supplemented by five supplemental indentures thereto and as further supplemented by a Sixth Supplemental Indenture dated as of March 15, 2010. The 2010 Revenue Bonds are being issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, National Association, Cherry Hill, as successor to Commerce Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998, a Second Supplemental Indenture, dated as of August 15, 1998, a Third Supplemental Indenture, dated as of December 1, 1999, a Fourth Supplemental Indenture, dated as of October 1, 2007, a Fifth Supplemental Indenture, dated as of July 15, 2008, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010 (collectively, the "1998 Revenue Bond Indenture").

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

The 1998 Revenue Refunding Bonds, Series B, serial bonds matured and were paid in full in January 2011.

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

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

The 1998 Port District Project Bonds outstanding at December 31, 2011 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Serial Bonds			
			2012	4.75%	$ 2,720
			2013	5.00%	2,845
			2014	4.75%	2,990
			2015	5.00%	3,130
					11,685
		Term Bonds			
2016	4.75%	$ 3,290	2021	5.00%	4,175
2017	4.75%	3,445	2022	5.00%	4,385
2018	5.00%	3,605	2023	5.00%	4,605
2019	5.00%	3,790	2024	5.00%	4,835
2020	5.00%	3,975	2025	5.00%	5,075
			2026	5.00%	5,330
					46,510
Total par value of 1998 Port District Project Bonds					58,195
Less unamortized bond discount					(190)
Total 1998 Port District Project Bonds, net					$ 58,005

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

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

1999 Revenue Bonds: On December 22, 1999, the Authority issued $422,310 of Revenue Bonds of 1999 to provide funds, together with other funds available, (i) to finance, refinance or reimburse a portion of the costs of certain capital projects undertaken or to be undertaken by the Authority, (ii) to fund a portion of the interest on the 1999 Revenue Bonds during the period of construction and acquisition of the aforesaid projects, (iii) to fund the Debt Service Reserve Requirement for the 1999 Revenue Bonds, and (iv) to pay the costs of issuance of the 1999 Revenue Bonds.

The 1999 Revenue Bonds are equally and ratably payable solely from and secured by a lien on and security interest in (i) the amounts on deposit in the 1995 General Fund established under the Indenture of Trust dated as of November 15, 1995, as supplemented as of November 15, 1995 (collectively, the "1995 Revenue Bond Indenture"), (ii) the amounts on deposit in the Funds established under the 1998 Revenue Bond Indenture, except for the 1998 General Fund and the 1998 Rebate Fund. With the defeasance of the Authority's Revenue Bonds, Series of 1995 (the "1995 Revenue Bonds"), and the 1998 Revenue Refunding Bonds, the 1999 Revenue Bonds are now secured by a lien on or security interest in the Net Revenue of the Authority.

The 1999 Revenue Bonds outstanding at December 31, 2011 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Serial Bonds		
2012	5.50%	$ 12,110
2012	5.25%	5,000
2013	5.63%	18,055
2014	5.75%	1,170
2014	5.40%	5,000
Total par value of 1999 Revenue Bonds		$ 41,335

Optional Redemption: The 1999 Revenue Bonds are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2010, in whole at any time or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount which is an integral multiple of $5 as specified by the Authority, and within a maturity as allocated by the Trustee or by lot (and, if 1999 Revenue Bonds of a maturity bear interest at different rates, as allocated by the Trustee or by lot among 1999 Revenue Bonds of the interest rate or rates specified by the Authority) at a redemption price equal to 100% of the principal amounts of such 1999 Revenue Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date. On March 31, 2010, the Authority partially redeemed $349,360 in bonds with the issuance of $350,000 in 2010 Revenue Refunding Bonds. (See Note 20 for information related to the early redemption of the remaining 1999 Revenue Bonds in 2012.)

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

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

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

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

The 1999 Port District Project Bonds outstanding at December 31, 2011 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Series A Bonds			
			2012	7.50%	$ 2,950
			2013	7.54%	3,170
					6,120
		Term Bonds			
2014	7.63%	$ 3,405	2018	7.63%	4,570
2015	7.63%	3,665	2019	7.63%	4,920
2016	7.63%	3,945	2020	7.63%	5,295
2017	7.63%	4,245	2021	7.63%	1,035
					31,080
		Series B Bonds			
2021	5.70%	$ 13,060	2022	5.70%	16,930
			2023	5.70%	17,895
					47,885
		Term Bonds			
2024	5.63%	$ 18,915	2025	5.63%	19,980
			2026	5.63%	21,100
					59,995
Total par value of 1999 Port District Project Bonds					145,080
Less unamortized bond discount					(1,739)
Total 1999 Port District Project Bonds, net					$ 143,341

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

The Series B Port District Project Bonds shall be subject to redemption prior to maturity on or after January 1, 2010, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot at a redemption price equal to 100% of the principal amount of such Series B Port District Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

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

The 2001 Port District Project Bonds outstanding at December 31, 2011 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Series A Refunding Bonds (Federally Taxable)			
			2015	5.50%	$ 7,260
			2016	5.50%	7,660
			2017	5.50%	8,080
			2018	5.50%	8,525
			2019	5.10%	8,995
			2020	5.10%	9,450
2012	5.25%	$ 6,255	2021	5.10%	1,580
2013	5.50%	5,570	2022	5.13%	1,300
2014	5.50%	6,880	2023	5.15%	1,300
					72,855
		Term Bonds			
2024	5.20%	$ 1,300	2026	5.20%	1,300
2025	5.20%	1,300	2027	5.20%	12,900
					16,800
Total par value of Series A Refunding Bonds					89,655
Plus unamortized bond premium					992
Less unamortized loss on refunding					(4,446)
Total 2001 Series A Refunding Bonds, net					86,201
		Series B Refunding Bonds			
			2017	5.00%	$ 1,470
			2018	5.00%	1,540
2012	4.60%	$ 1,165	2019	5.10%	1,620
2013	4.63%	1,215	2020	5.10%	1,700
2014	4.75%	1,270	2021	5.10%	1,785
2015	4.85%	1,335	2022	5.13%	1,880
2016	5.00%	1,400	2023	5.15%	1,975
					18,355
		Term Bonds			
2024	5.20%	$ 2,075	2025	5.20%	2,185
					4,260
Total par value of Series B Bonds					22,615
Less unamortized bond discount					(138)
Total 2001 Series B Bonds, net					22,477
Total 2001 Port District Bonds, net					$ 108,678

The 2001 Port District Bonds are general corporate obligations of the Authority. The 2001 Port District Project Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority other than the monies, if any, on deposit from time to time in the Funds established under the 2001 Port District Project Bond Indenture. No tolls, rents, rates or other such charges are pledged for the benefit of the 2001 Port District Project Bonds.

Optional Redemption: The Series A Port District Project Refunding Bonds, and the Series B Port District Project Bonds, maturing on or after January 1, 2013 are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2012, in whole at any time, or in part at any time and from time to time, in any order of maturity as specified by the Authority and within a maturity as selected by the Trustee by lot, at a redemption price equal to 100% of the principal amount of such Series A Port District Project Refunding or Series B Port District Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date. (See Note 20 for additional information relating to early redemptions in 2012.)

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

The 2008 Revenue Refunding Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust dated as of July 1, 1998, by and between the Authority and TD Bank, N.A., Cherry Hill, New Jersey, as successor to Commerce Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Indenture dated as of July 1, 1998, a Second Supplemental Indenture dated as of August 15, 1998, a Third Supplemental Indenture dated as of December 1, 1999, a Fourth Supplemental Indenture dated as of October 1, 1997 and a Fifth Supplemental Indenture dated as of July 15, 2008 (the "Fifth Supplemental Indenture") (collectively, the "1998 Revenue Bond Indenture").

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

The 2008 Revenue Refunding Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Authority's tender agent, TD Bank, N.A. The tender agent shall provide a copy of said notice to the applicable remarketing agent, who is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal plus accrued interest to the purchase date.

Under irrevocable letters of credit issued by Bank of America, N.A. and TD Bank, N.A., the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The letters of credit are valid through July 23, 2013 and require the Authority to make immediate payment of any draws under the line. (See Note 16).

The Authority is required to pay annual facility fees to Bank of America, N.A. and TD Bank, N.A. for the letters of credit. The fee is calculated based on 1.35% of the gross amount available under the line based on the Authority's bond ratings, as determined by Moody's and S&P. In addition, the Authority is required to pay an annual remarketing fee, payable quarterly in arrears, equal to 0.07% of the aggregate principal amount of the bonds outstanding at the beginning of the period.

The 2008 Revenue Refunding Bonds outstanding at December 31, 2011 are as follows:

Series A			Series B		
Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
2026	Variable	$ 158,865	2026	Variable	$ 176,515
Total par value of 2008 Revenue Refunding Bonds					335,380
Less unamortized loss on refunding					(6,621)
Total 2008 Revenue Refunding Bonds, net					$ 328,759

Interest Rate Mode: Weekly
Rate Determination Date: Generally each Wednesday
Interest Payment Dates: First Business Day of each month
Rate in Effect at December 31, 2011: Series A - 0.060%; Series B - 0.080%

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

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

	Sinking Fund Installments		
January 1	Series A	Series B	Total
2012	$ 7,115	$ 7,910	$ 15,025
2013	7,505	8,340	15,845
2014	7,915	8,795	16,710
2015	8,345	9,275	17,620
2016	8,800	9,775	18,575
2017	9,280	10,310	19,590
2018	9,785	10,870	20,655
2019	10,315	11,465	21,780
2020	10,880	12,090	22,970
2021	11,475	12,745	24,220
2022	12,100	13,440	25,540
2023	12,755	14,175	26,930
2024	13,455	14,945	28,400
2025	14,185	15,760	29,945
2026	14,955	16,620	31,575
	$ 158,865	$ 176,515	$ 335,380

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

The 2010 Revenue Refunding Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Authority's tender agent, TD Bank, N.A. The tender agent shall provide a copy of said notice to the applicable remarketing agent, who is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100 percent of the principal plus accrued interest to the purchase date.

Under irrevocable letters of credit issued by J.P. Morgan Chase, N.A., Bank of America, N.A. and PNC Bank, N.A., the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of the bonds delivered to it. The letters of credit are valid through March 29, 2013 and require the Authority to make immediate payment of any draws under the line. (See Note 16.)

The Authority is required to pay annual facility fees to J.P. Morgan Chase, N.A., Bank of America, N.A. and PNC Bank, N.A. for the letters of credit in percentages varying from 1.35% to 1.675% of the gross amount available under the line, based on the Authority's bond ratings as determined by Moody's and S&P. In addition, the Authority is required to pay an annual remarketing fee, payable quarterly in arrears, equal to 0.10% of the aggregate principal amount of the bonds outstanding at the beginning of the period.

The 2010 Revenue Refunding Bonds outstanding at December 31, 2011 were as follows:

	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
Series A	2026	Variable	$ 150,000
Series B	2026	Variable	150,000
Series C	2026	Variable	50,000
Total par value of 2010 Revenue Refunding Bonds			350,000
Less unamortized loss on refunding			(5,056)
Total 2010 Revenue Refunding Bonds, net			$ 344,944

Interest rate Mode: Weekly
Rate Determination Date: Generally each Wednesday
Rate in Effect at December 31, 2011: Series A - 0.080%; Series B - 0.060%; Series C - 0.070%

The issuance of the 2010 Revenue Refunding Bonds resulted in a loss of $5,624 which represents the costs associated with the refunding of the 1999 Revenue Bonds.

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

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

Sinking Fund Installments

January 1	Series A	Series B	Series C	Total
2014	$ 5,460	$ 5,460	$ 1,825	$ 12,745
2015	8,700	8,700	2,900	20,300
2016	9,195	9,195	3,070	21,460
2017	9,730	9,730	3,240	22,700
2018	10,280	10,280	3,430	23,990
2019	10,875	10,875	3,625	25,375
2020	11,500	11,500	3,830	26,830
2021	12,160	12,160	4,055	28,375
2022	12,855	12,860	4,285	30,000
2023	13,595	13,595	4,530	31,720
2024	14,375	14,375	4,790	33,540
2025	15,200	15,200	5,065	35,465
2026	16,075	16,070	5,355	37,500
	$ 150,000	$ 150,000	$ 50,000	$ 350,000

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

The 2010 Revenue Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust, dated as of July 1, 1998, by and between the Authority and TD Bank, National Association, Cherry Hill, New Jersey, as successor to Commerce Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Indenture, dated as of July 1, 1998, a Second Supplemental Indenture, dated as of August 15, 1998, a Third Supplemental Indenture, dated as of December 1, 1999, a Fourth Supplemental Indenture, dated as of October 1, 2007, a Fifth Supplemental Indenture, dated as of July 15, 2008, a Sixth Supplemental Indenture, dated as of March 15, 2010, and a Seventh Supplemental Indenture, dated as of July 1, 2010 (collectively, the "1998 Revenue Bond Indenture"). The 2010 Revenue Bonds were issued for the purpose of: (i) financing a portion of the costs of the Authority's approved Capital improvement Program; (ii) funding the Debt Service Reserve Requirement for the 2010 Revenue Bonds; and (iii) paying the costs of issuance of the 2010 Revenue Bonds (Series D). (Note: As per its 2008 Reimbursement Resolution, upon issuance of the 2010 Revenue Bonds, the Authority reimbursed its General Fund, for approximately $100 million, for prior capital expenditures made during the period October 2008 through July 2010).

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

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

The 2010 Revenue Bonds outstanding at December 31, 2011 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Serial Bonds			
			2027	5.00%	$ 3,465
			2028	5.00%	17,210
			2029	5.00%	18,070
			2030	5.00%	18,975
					57,720
		Term Bonds			
2031	5.00%	$ 16,245	2036	5.00%	14,575
2031	5.05%	3,675	2036	5.00%	10,860
2032	5.00%	17,055	2037	5.00%	15,310
2032	5.05%	3,865	2037	5.00%	11,400
2033	5.00%	17,905	2038	5.00%	16,075
2033	5.05%	4,060	2038	5.00%	11,970
2034	5.00%	18,810	2039	5.00%	16,875
2034	5.05%	4,260	2039	5.00%	12,570
2035	5.00%	19,750	2040	5.00%	17,720
2035	5.05%	4,475	2040	5.00%	13,200
					250,655
Total par value of 2010 Revenue Bonds					308,375
Less unamortized bond discount					(571)
Total 2010 Revenue Bonds, net					$ 307,804

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

Maturities of Principal and Interest on Bonds: The following presents the principal and interest due on all bonds outstanding as of December 31, 2011 (assuming the letter of credit agreements with respect to the variable rate 2008 and 2010 Revenue Refunding Bonds are renewed over the term of the bonds):

Years Ending December 31,	Principal	Interest	Total
2012	$ 45,225	$ 35,054	$ 80,279
2013	46,700	34,249	80,949
2014	50,170	32,596	82,766
2015	53,310	31,852	85,162
2016	56,330	30,663	86,993
2017-2021	333,345	131,882	465,227
2022-2026	444,280	96,811	541,091
2027-2031	90,540	67,231	157,771
2032-2036	115,615	40,919	156,534
2037-2040	115,120	8,985	124,105
	1,350,635	$ 510,242	$ 1,860,877
Net unamortized bond discounts, premiums, and loss on refunding	(17,769)		
	$ 1,332,866		

The interest on variable rate debt is computed using the interest rate effective at December 31, 2011. The interest rates on the Authority's variable rate debt are set by the remarketing agent and are reset weekly. The letter of credit agreements that support the 2008 and 2010 variable rate bonds expire July 2013 and March 2013, respectively. As of December 31, 2011, the outstanding balance on the 2008 and 2010 Revenue Refunding Bonds was $685,380, which is reported in the table above as maturing in 2012 through 2026. If the letter of credit agreements are not renewed and the 2008 and 2010 variable rate bonds mandatorily redeemed, the 2013 debt service requirement will be $701,210, rather than the $46,700 shown in the table above.

Interest on all of the Authority's fixed rate debt (revenue bonds and port district project bonds issued in 1998, 1999, 2001 and 2010) is payable semi-annually on January 1 and July 1 in each year. Interest on the 2008 and 2010 Revenue Refunding Bonds is payable monthly on the first business day of each month. The Authority is current on all of its monthly debt service payments on all obligations.

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

At its November 2009 Board meeting, the Authority's Board approved the following resolutions related to is outstanding bonds and its proposed "new money issuance" to fund its 2010 Capital Program:

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

Bond Ratings

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

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

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

Concurrent with the issuance of $308.4 million in Revenue Bonds on July 15, 2010, in its report dated May 4, 2010, Moody's assigned its A3 underlying ratings to the Authority's 2010 Revenue Bonds (Series D). Moody's affirmed its 'A3 underlying ratings, on the Authority's existing revenue bond debt, and the 'Baa3' long term ratings on its PDP Bonds. (Note: Moody's also assigned a rating of Aa3 "negative outlook" to the 2010 Insured Revenue Bonds). As of December 31, 2011, all Authority bonds remain with a negative outlook.

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

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

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

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

Concurrent with the issuance of $308.4 million in revenue bonds on July 15, 2010, in its report dated May 4, 2010, S&P assigned its "A-" underlying rating (SPUR) to the Authority's 2010 Revenue Bonds (Series D). S&P affirmed its "A-" underlying ratings, on the Authority's existing revenue bond debt, and the "BBB-" long term ratings on its PDP Bonds. (Note: S&P also assigned a rating of AAA "negative outlook" to the 2010 Insured Revenue Bonds). As of December 31, 2011, the outlook remains as "stable" on all of the Authority's bonds.

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

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

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

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

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

NOTE 13. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2011, there was one series of Charter School Project Bonds outstanding, issued for the LEAP Academy Charter School, Inc. The corresponding aggregate principal totaling $8,500 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements. The following schedule details the series together with the amount outstanding:

Issue	Issue Date	Issued Amount	1/1/2010 Beginning Balance	Paid	12/31/2010 Ending Balance	Paid	12/31/2011 Ending Balance
Charter School Project Bonds, Series 2003	09/01/03	$ 8,500	$ 7,570	$ 260	$ 7,310	$ 270	$ 7,040

NOTE 14. GOVERNMENT CONTRIBUTIONS FOR CAPITAL IMPROVEMENTS, ADDITIONS AND OTHER PROJECTS

The Authority receives contributions in aid for financing capital improvements to the rapid transit system from the Federal Transit Administration and New Jersey Transit. Capital improvement grant funds of $33,021 and $20,603 were received in 2011 and 2010, respectively. The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances under terms of the grants, it is the opinion of management that any required reimbursements will not be material to the Authority's net assets.

NOTE 15. CONTINGENCIES

Public Liability claim exposures are self-insured by the Authority within its self insured retention limit of $5 million for each occurrence, after which, exists a $25 million limit of Claims made Excess Liability Insurance per occurrence, and in the aggregate, to respond to any large losses exceeding the retention. The Authority, excluding PATCO, self-insures the initial $1 million limit, per accident, for Workers' Compensation claims, after which a $5 million limit of Excess Workers' Compensation insurance is retained to respond to significant claims. PATCO is completely self-insured for Workers' Compensation claims.

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

Self-Insurance	2011	2010
Beginning balance	$ 2,905	$ 3,039
Incurred claims	2,225	2,307
Payment of claims	(2,001)	(2,445)
Other - administrative fees, recoveries	12	4
Ending balance	$ 3,141	$ 2,905

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

NOTE 16. COMMITMENTS

A. Development Projects: In support of previously authorized economic development projects, the DRPA's Board of Commissioners authorized loan guarantees to various banks, in an amount not-to-exceed $27,000, to complete the financing of particular projects, as shown below.

As of December 31, 2011, the Authority had executed loan guarantees with various banks, totaling $19,500. The loan guarantees include: L3 Communications ($10.0 million), World Trade Center ($8.0 million), and the Home Port Alliance ($1.0 million), and Ship Recycling Research ($0.5 million). These guarantees all remain in force; however, the Authority has made no cash outlays relating to these guarantees.

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

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

B. Community Impact: The Authority has an agreement with the City of Philadelphia (City) for Community Impact regarding the PATCO high-speed transit system. The agreement expires on December 31, 2050. In 2011, the base amount payable to the City totaled $3,060 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1999 and 2010. Base payments for 2012 through 2017 shall equal the previous year's base payment adjusted by any increase in the CPI for that year. For the years 2018 through 2050, the annual base payment shall equal one dollar.

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

The minimum commitment, adjusted for the effect of the increase in the CPI at December 31, 2011, are as follows:

Year	Amount
2012	$ 3,612
2013	3,731
2014	3,830
2015	3,912
2016	4,006
Thereafter	20,603
	$ 39,694

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

The Letter of Credit with Wells Fargo Bank (formerly Wachovia Bank) is for a four-year term in the amount of $5,000 with an expiration date of May 7, 2012. The Letter of Credit with TD Bank, N.A. (formerly Commerce Bank) is in an initial amount of $3,015 and automatically increases annually each May, in the amount of $816, until it expires on May 7, 2012. (See Note 20 for additional information with respect to these Letters of Credit).

As of December 31, 2011, the unused amount of the Letter of Credits totaled $10,462. No draw downs have been made against any Letter of Credit.

Direct Pay Letters of Credit (2008 Revenue Refunding Bonds):

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

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

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

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

Letter of Credit Provider Ratings: Ratings for these banks, as of December 31, 2011 are shown below:

	Long-Term		Short-Term	
	Moody's	S&P	Moody's	S&P
Bank of America, N.A. (Series A)	A2 Negative	A Negative	P-1	A-1
TD Bank, N.A. (Series B)	Aa2 Negative	AA- Stable	P-1	A-1+

Direct Pay Letters of Credit (2010 Revenue Refunding Bonds):

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

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

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

Letter of Credit Provider Ratings: Ratings for these banks, as of December 31, 2011 are shown below:

	Long-Term		Short-Term	
	Moody's	S&P	Moody's	S&P
JP Morgan Chase Bank N.A. (Series A)	Aa1 Negative	A+ Stable	P-1	A-1
Bank of America, N.A. (Series B)	A2 Negative	A Negative	P-1	A-1
PNC Bank, N.A. (Series C)	A Positive	A+ Stable	P-1	A-1

D. Contractual Commitments: As of December 31, 2011, the Authority had board-approved capital projects with remaining balances as follows:

	Total
Benjamin Franklin Bridge:	
Deck truss rehabilitation	$ 5,699
Structural improvements	2,070
Engineering services - program management	11,347
Engineering services - task orders	1,470
Other	5,649
Walt Whitman Bridge:	
Permit vehicle staging area	467
Deck condition assessment and design	75,199
Replacing of variable message signs	56
Other	1,078
Commodore Barry Bridge:	
Structural repairs	12,271
Substation replacement	904
Lighting and security improvements	74
Other	54
Betsy Ross Bridge:	
Structural repairs	1,070
Other	557
PATCO System:	
Lindenwold yard diamond crossover	4,571
Car overhaul program	186,470
Power cable and pole line replacement	10,436
Track rehab across BFB	482
Bridge painting and structural repairs	314
Parking lots paving and repairs	237
Concourse improvements	1,426
Escalator replacement	5,237
Other	6,158
Other:	
Ferry system	178
	$ 333,474

NOTE 17. BRIDGE AND PATCO FARE SCHEDULES

As its monthly August 2008 commission meeting, the Authority's Board approved changes to the Authority's bridge toll schedule and PATCO's passenger fare schedule. The increases were enacted to fund the Authority's on-going 5-year $1.1 billion capital plan. (The Board Resolution includes language stating that no proceeds from toll schedule changes can be used for regional economic development purposes.)

Effective September 14, 2008, tolls for passenger cars increased from $3 to $4, with commercial truck pricing increasing by $1.50/axle, across all commercial vehicle classes. The commuter discount was adjusted to provide commuters with a $12 discount for 18 trips during the month and the E-ZPass discount for commercial vehicles was eliminated. (The commuter discount was ultimately phased out in 2011). The senior citizen discount program was restructured to include an increase of the toll from $1 to $2 for manual tolls. Senior citizens utilizing E-ZPass are subject to a $1.75 toll, a discount of $0.25 per trip. As of December 31, 2008, sale of the senior discount coupons were discounted, although coupons can still be used.

Effective September 1, 2009, the commuter discount was adjusted to prorate commuters with a six dollar for eighteen trip discount during the month. The commuter discount program was originally scheduled to end as of September 2010. The program was later extended until July 1, 2011, at which point it expired.

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

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

On July 1, 2011, the approved new bridge toll schedule was implemented as shown:

	Old Schedule	New Schedule	Increase
Class 1 - Motorcycle	$ 4.00	$ 5.00	$ 1.00
Class 2 - Automobile	4.00	5.00	1.00
Class 3 - Two Axle Trucks	12.00	15.00	3.00
Class 4 - Three Axle Trucks	18.00	22.50	4.50
Class 5 - Four Axle Trucks	24.00	30.00	6.00
Class 6 - Five Axle Trucks	30.00	37.50	7.50
Class 7 - Six Axle Trucks	36.00	45.00	9.00
Class 8 - Bus	6.00	7.50	1.50
Class 9 - Bus	9.00	11.25	2.25
Class 10 - Senior Citizen (With 2 Tickets Only)	2.00	2.50	0.50
Class 13 - Auto w/trailer (1 axle)	6.00	8.75	2.75

PATCO Passenger Fares: Effective September 14, 2008, PATCO's passenger fares increased by 10% across all zones. At its December 2009 meeting, the Authority's Board approved a 10-month delay in the implementation of the previously scheduled 10% fare increase from September 1, 2010 to January 1, 2011. At a December 2010 Board meeting, the Authority's Board approved another delay in the fare increase from the revised date of January 1, 2011 to July 1, 2011. On July 1, 2011, the new fare schedule was implemented as shown:

	Old Schedule	New Schedule	Increase
Lindenwold/Ashland Woodcrest	$ 2.70	$ 3.00	$ 0.30
Haddonfield/West Haddonfield/Collingswood	2.35	2.60	0.25
Ferry Avenue	2.05	2.25	0.20
New Jersey	1.45	1.60	0.15
City Hall/Broadway/Philadelphia	1.25	1.40	0.15
Off-peak Reduced Fare Program	0.62	0.70	0.08

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

NOTE 18. RESTATEMENT OF NET ASSETS

The Authority utilized an accrual accounting method to record the projected cost of bridge repainting (a non-cash charge that involves debiting an expense and crediting an associated liability). The restatement is to correct the recording of the projected cost of bridge repainting under the accrual method. As a result of the restatement, net assets as of January 1, 2010 and the change in net assets for the year ended December 31, 2010 were restated as follows:

Net Assets, January 1, 2010, as previously reported	$	270,331
Removal of the projected cost of repainting accrual		60,034
Net Assets, January 1, 2010, restated	$	330,365
Change in Net Assets, year ended December 31, 2010, as previously reported	$	(47,787)
Removal of repainting expense		4,351
Change in Net Assets, year ended December 31, 2010, restated	$	(43,436)

The correction on the previously reported change in net assets for the year ending December 31, 2009 was to increase the change in net assets by $4,152.

NOTE 19. NEW GOVERNMENTAL ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued several statements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other Post-Employment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the Authority beginning with its year ending December 31, 2012.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the Authority beginning with its year ending December 31, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the Authority beginning with its year ending December 31, 2012. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the Authority beginning with its year ending December 31, 2012. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53*), issued July 2011, will be effective for the Authority beginning with its year ending December 31, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012, will be effective for the Authority beginning with the year ending December 31, 2012. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognized certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of that element in Concepts Statements No. 4, *Elements of Financial Statements*.

NOTE 20. SUBSEQUENT EVENTS

Bond Redemption: On February 15, 2012, the Authority's Board approved resolution DRPA-12-021 authorizing the Authority to execute a comprehensive finance action plan to: 1) issue refunding bonds, as subordinated debt, up to a maximum of $165 million related to the outstanding Port District Project bonds; 2) use General Fund monies up to a maximum of $120 million to redeem certain debt; 3) "terminate, extend, modify or amend Existing Letters of Credit" or to "obtain substitute credit enhancement" related to the Authority's variable rate debt.

As its first initiative under this action plan, on April 26, 2012 the Authority redeemed, prior to maturity, $24,225 of its 1999 Revenue Bonds and $71,445 of its 2001 Port District Project Bonds. (The 2001 PDP Series B bonds were paid in full.) The bonds have interest rates varying from 4.625% to 5.750% with maturities through 2025. The Authority has achieved debt service interest savings for 2012, estimated at approximately $3.4 million, as a result of these actions. The Authority is in process of executing additional initiatives to reduce its interest costs and its variable rate exposure.

OCIP Letter of Credit: During 2012, the Authority extended its OCIP for a six-month period. As a consequence, in consultation with the insurance carrier, the Authority's LOC requirement supporting the program was reduced by $5.0 million. The Letter of Credit with TD Bank, N.A. was renewed on May 7, 2012 in the amount of $5,462. The OCIP Letter of Credit with Wells Fargo Bank, in the amount of $5,000, was not renewed. There are no additional increases on this letter of credit through its expiration on December 31, 2013.

Loan Guarantee: On June 6, 2012, the Authority negotiated a three-year extension of the existing loan guarantee that supports a loan from TD Bank, N.A. to Home Port Alliance for the Battleship New Jersey. The original loan guarantee was reduced from $1,000 to $900.

Bond Ratings: In April 2012, Fitch Ratings assigned a rating of “A/F1” (stable outlook) to the Authority’s 2008 Series A and 2010 Series B Revenue Refunding Bonds, based on the DPLOC support provided by the Bank of America (“A/F1”, stable outlook) on the bonds.

On June 21, 2012, Moody's Investor's Service ("Moody's") lowered certain bank ratings. Moody’s: (i) lowered the long-term financial strength rating of Bank of America, N.A. from "A2" to "A3" with a "stable" outlook; and (ii) lowered the short-term financial strength rating of Bank of America, N.A. from "P-1" to "P-2". As a result of such ratings downgrades, Moody's: (i) lowered the respective long-term ratings assigned to the 2008A Revenue Refunding Bonds and 2010B Revenue Refunding Bonds to "A2" from "A1", based upon a joint rating criteria methodology consisting of, among other things, the financial strength of each of Bank of America, N.A. and the Authority, and placed the long-term review status of each of the 2008A Revenue Refunding Bonds and 2010B Revenue Refunding Bonds on "Review for Downgrade"; and (ii) lowered the respective short-term ratings assigned to the 2008A Revenue Refunding Bonds and the 2010B Revenue Refunding Bonds to "VMIG2" from "VMIG1", based solely on the financial strength of Bank of America, N.A. and placed the short-term review status of each of the 2008A Revenue Refunding Bonds and 2010B Revenue Refunding Bonds on "Review for Downgrade".

Moody’s also lowered the long-term financial strength rating of JPMorgan Chase from "Aa1" to "Aa3" with a "stable" outlook. As a result of such rating downgrade, Moody's lowered the long-term rating assigned to the 2010A Revenue Refunding Bonds to "Aa2" from "Aa1", based upon a joint rating criteria methodology consisting of, among other things, the financial strength of each of JPMorgan Chase and the Authority, and placed the long-term review status of the 2010A Revenue Refunding Bonds on "Review for Downgrade". The respective underlying unenhanced ratings assigned by Moody's to the Bonds remain "A3".

As a result of these bank downgrades, the Authority issued a Material Event Notice on June 26, 2012.

None of the ratings heretofore assigned to the Bonds by Standard and Poor's Rating Services, a division of The McGraw Hill Companies ("S&P"), have been revised as of the date of the filing of the Material Event Notice. In addition, none of the ratings heretofore assigned to the 2008A Revenue Refunding Bonds or the 2010B Revenue Refunding Bonds by Fitch Ratings ("Fitch") have been revised as of the date of the filing of the Material Event Notice. The 2010A Revenue Refunding Bonds are not rated by Fitch.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR HEALTH BENEFITS PLAN
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/11	-	$ 113,422	$ 113,422		$ 56,820	199.6%
01/01/09	-	$ 132,467	$ 132,467	-	$ 56,034	236.4%
01/01/07	-	$ 146,638	$ 146,638	-	$ 53,695	273.1%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Other Postemployment Benefits

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	January 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Straight - Line
Amortization Period	Open
Remaining Amortization Period	30 years
Asset Valuation Method	To be determined upon funding
Actuarial Assumptions:	
Mortality	RP2000 Table Male and Female
Discount Rate	5%
Turnover	Assumptions for terminations of employment other than for death or retirement will vary by age and years of service with rates of turnover based on State Employees Retirement System of Pennsylvania
Disability	no terminations of employment due to disability
Age of Retirement	no earlier than age 55
Spousal Coverage	married employees will remain married
Prior Service	none for active employees assumed
Health Care Inflation (annual increase)	

	Year	Pre-65	Post 65
Initial Trend	01/01/13 to 01/01/17	10.0%	10.0%
Ultimate Trend	01/01/18 to later	5.0%	5.0%
Grading Per Year		1.0%	1.0%

Administration Expenses (annual cost)	2.5% (included in annual health care costs)
Employee Contributions (annual)	$2,345 family coverage; $792 single coverage

For determining the annual required contribution (ARC), the rate of employer contributions to the Plan is composed of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), multiplied by the sum of 1 plus the discount rate, or 1.05. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial accrued liability (AAL) is that portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability (UAL).

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2011 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	-	-	-	$ 1,533	-	-	$ 1,533
Investments	-	$ 11,007	$ 1,208	309,074	-	-	321,289
Accounts receivable (net of allowance for uncollectibles)	-	4,243	-	7,838	-	-	12,081
Accrued interest receivable	-	-	-	569	-	-	569
Transit system and storeroom inventories	-	388	-	5,723	-	-	6,111
Economic development loans - current	-	-	-	1,630	-	-	1,630
Prepaid Expenses	-	3,027	-	1,230	-	-	4,257
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents	-	3,842	-	-	-	$ 537	4,379
Investments	-	-	3,037	-	$ 178,565	33,214	214,816
Accrued interest receivable	-	-	-	-	-	4	4
Total current assets	-	22,507	4,245	327,597	178,565	33,755	566,669
Noncurrent Assets							
Restricted investments for capital projects	-	-	-	-	-	58,986	58,986
NONCURRENT ASSETS:							
Capital assets (net of accumulated depreciation):							
Land	$ 74,200	-	-	25	-	-	74,225
Construction in progress	241,748	-	-	-	-	-	241,748
Bridges, related buildings and equipment	600,506	-	-	-	-	-	600,506
Transit property and equipment	258,971	-	-	-	-	-	258,971
Port enhancements	2,441	-	-	-	-	-	2,441
Total capital assets	1,177,866	-	-	25	-	-	1,177,891
Other:							
Economic development loans (net of allowance for uncollectibles)	-	-	-	18,048	-	-	18,048
Deferred charges:							
Debt issuance costs (net of amortization)	8,597	-	-	6,307	-	-	14,904
Total other assets	8,597	-	-	24,355	-	-	32,952
Total noncurrent assets	1,186,463	-	-	24,380	-	58,986	1,269,829
Total assets	$ 1,186,463	$ 22,507	$ 4,245	$ 351,977	$ 178,565	$ 92,741	$ 1,836,498
DEFERRED OUTFLOWS							
Accumulated decrease in fair value of hedging derivatives	$ 173,789	$ -	$ -	$ -	$ -	$ -	$ 173,789

(Continued)

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2011 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable:							
Retained amounts on contracts	-	$ 47	-	$ 14,737	-	-	$ 14,784
Other	-	6,352	-	14,489	-	-	20,841
Accrued liabilities:							
Pension	-	592	-	354	-	-	946
Sick and vacation leave benefits	-	787	-	385	-	-	1,172
Other	-	412	-	435	-	-	847
Deferred revenue	-	665	-	-	-	-	665
Liabilities payable from restricted assets:							
Accrued interest payable	-	-	-	-	$ 17,807	-	17,807
Bonds payable - current	-	-	-	-	45,225	-	45,225
Total current liabilities	-	8,855	-	30,400	63,032	-	102,287
NONCURRENT LIABILITIES:							
Accrued liabilities:							
Claims and judgements	-	398	-	3,598	-	-	3,996
Self-insurance	-	1,702	-	1,439	-	-	3,141
Sick and vacation leave benefits	-	2,362	-	1,157	-	-	3,519
Other	-	25,467	-	14,083	-	-	39,550
Deferred Revenue	-	6,027	-	3,388	-	-	9,415
Premium payment payable - derivative companion instrument	$ 42,458	-	-	-	-	-	42,458
Derivative instrument - interest rate swap	175,349	-	-	-	1,650	-	176,999
Bonds payable (net of unamortized discounts, premiums and loss on refunding)	931,259	-	-	296,098	-	$ 60,284	1,287,641
Total noncurrent liabilities	1,149,066	35,956	-	319,763	1,650	60,284	1,566,719
Total liabilities	$ 1,149,066	$ 44,811	-	$ 350,163	$ 64,682	$ 60,284	$ 1,669,006
NET ASSETS							
Invested in capital assets, net of related debt	$ 246,607	-	-	$ 25	$ (32,000)	-	$ 214,632
Restricted for:							
Debt requirements	-	$ 3,842	$ 3,037	-	145,883	-	152,762
Port projects	-	-	-	-	-	$ 32,457	32,457
Unrestricted (deficiency)	(35,421)	(26,146)	1,208	1,789	-	-	(58,570)
Total net assets	$ 211,186	$ (22,304)	$ 4,245	$ 1,814	$ 113,883	$ 32,457	$ 341,281

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN FUND NET ASSETS INFORMATION BY FUND
December 31, 2011 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net assets (deficiency), January 1, (restated)	$ 191,608	$ (21,282)	$ 4,097	$ (35,208)	$ 114,775	$ 32,938	$ 286,928
Revenues and expenses:							
Operating revenues	-	273,171	-	26,377	-	-	299,548
Operating expenses	(49,216)	(45,095)	-	(52,969)	-	-	(147,280)
General administration expenses	-	(40,148)	-	(389)	-	-	(40,537)
Investment income	8,290	365	148	1,031	3,709	91	13,634
Interest expense	(4,510)	-	-	(4,300)	(69,060)	-	(77,870)
Economic development activities	-	-	-	(2,025)	-	-	(2,025)
Other nonoperating revenues (expenses)	(478)	618	-	(413)	-	-	(273)
Other grant revenues	-	-	-	2,382	-	-	2,382
Loss on abandonment of Aerial Tram Project	(18,318)	-	-	-	-	-	(18,318)
Loss on disposal of capital assets	(7,929)	-	-	-	-	-	(7,929)
Total revenues and expenses	(72,161)	188,911	148	(30,306)	(65,351)	91	21,332
Government contributions for capital improvements, additions and other projects	-	9	-	33,012	-	-	33,021
Interfund transfers and payments:							
Bond service	-	(87,683)	-	(28,720)	116,403	-	
Funds free and clear of any lien or pledge		(102,601)	-	102,601	-	-	
Retirement of bonds	30,285	-	-	12,390	(42,675)	-	
Funds for permitted capital expenditures	-	-	-	106,161	-	(106,161)	
Funds for permitted port projects	-	-	-	1,773	-	(1,773)	
Net equity transfers	572	-	-		-	(572)	
Capital additions	158,812	-	-	(158,812)	-	-	
Interfund transfers	(97,930)	342	-	(1,077)	(9,269)	107,934	
Total interfund transfers and payments	91,739	(189,942)	-	34,316	64,459	(572)	-
Net assets (deficiency), December 31	$ 211,186	$ (22,304)	$ 4,245	$ 1,814	$ 113,883	$ 32,457	$ 341,281

SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION FOR BOND AND PROJECT FUNDS
December 31, 2011 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	2010 Project Fund	Total Combined Funds
ASSETS								
CURRENT ASSETS:								
Restricted assets:								
Temporarily restricted:								
Cash and cash equivalents	-	-	$ 4	$ 60	$ 473	-	-	$ 537
Investments	$ 112,062	$ 66,503	3,974	-	23,270	$ 5,970	-	211,779
Accrued interest receivable	-	-	-	-	4	-	-	4
Total current assets	112,062	66,503	3,978	60	23,747	5,970	-	212,320
Noncurrent investments	-	-	-	-	-	-	$ 58,986	58,986
Total assets	112,062	66,503	3,978	60	23,747	5,970	58,986	271,306
LIABILITIES								
CURRENT LIABILITIES:								
Liabilities payable from restricted assets:								
Accrued interest payable	-	17,807	-	-	-	-	-	17,807
Bonds payable - current	-	45,225	-	-	-	-	-	45,225
Total current liabilities	-	63,032	-	-	-	-	-	63,032
NONCURRENT LIABILITIES:								
Derivative instrument - interest rate swap	1,650							1,650
Bonds payable (net of unamortized discounts, premiums, and loss on refunding)	-	-	-	-	-	1,410	58,874	60,284
Total noncurrent liabilities	1,650	-	-	-	-	1,410	58,874	61,934
Total liabilities	1,650	63,032	-	-	-	1,410	58,874	124,966
NET ASSETS								
Restricted for:								
Revenue and port district project bonds	110,412	-	-	-	-	-	-	110,412
Revenue and port district bond service	-	3,471	-	-	-	-	-	3,471
Port projects	-	-	3,978	60	23,747	4,560	112	32,457
Total net assets	$ 110,412	$ 3,471	$ 3,978	$ 60	$ 23,747	$ 4,560	$ 112	$ 146,340

SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSET INFORMATION FOR BOND AND PROJECT FUNDS
December 31, 2011 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	2010 Project Fund	Total Combined Funds
Net assets, January 1	$ 109,832	$ 4,944	$ 3,973	$ 60	$ 24,272	$ 4,555	$ 78	$ 147,714
Revenues and expenses:								
Investment income	3,634	74	5	-	47	5	34	3,799
Interest expense	-	(69,060)	-	-	-	-	-	(69,060)
Total revenues and expenses	3,634	(68,986)	5	-	47	5	34	(65,261)
Interfund transfers and payments:								
Bond service	-	116,403	-	-	-	-	-	116,403
Funds in excess of bond reserve requirement	(3,054)	3,054	-	-	-	-	-	-
Funds for permitted capital expenditures	-	-	-	-	-	-	(106,161)	(106,161)
Retirement of bonds	-	(42,675)	-	-	-	-	-	(42,675)
Funds for permitted port projects	-	-	-	-	(637)	(1,136)	-	(1,773)
Net equity transfers	-	-	-	-	(572)		-	(572)
Interfund transfers	-	(9,269)	-	-	637	1,136	106,161	98,665
Total interfund transfers and payments	(3,054)	67,513	-	-	(572)	-	-	63,887
Net assets, December 31	$ 110,412	$ 3,471	$ 3,978	$ 60	$ 23,747	$ 4,560	$ 112	$ 146,340

Statistical Section

Statistical Section

FINANCIAL TREND DATA

As noted below, bridge operations generate the most revenue for the Authority, accounting for more than 90% of total operating revenues in 2011. Bridge operating revenues have either approached or exceeded this 90% mark for the time period shown below. Total net operating income for 2011 increased by $34.8 million from the previous year due primarily to the $24.8 million increase in total operating revenues (attributable to the mid-year toll and fare increases) and a reduction in the GASB 53 accrual (decrease of $8.5 million). The year-to-year increase in net assets of $54.4 million in 2011, can be attributed to the following main factors: 1) the aforementioned increase in net operating income, 2) a $10.0 million reduction in operating expenses, 3) a reduction of $37.6 million in economic development activities, 4) a $8.7 million positive adjustment related to the change in fair value on derivative instruments. These increases were partially offset by $26.2 million in losses related to the abandonment of the Aerial Tram project and the disposal of capital assets. Please refer to the following schedules for a historical view of the Authority's financial performance.

Last Ten Fiscal Years (In Thousands)

NET ASSETS

	2011 *	2010 *	2009 *	2008	2007	2006	2005	2004	2003	2002
Invested in Capital Assets, Net of Related Debt	$ 214,632	$ 239,390	$ 325,973	$ 281,146	$ 245,959	$ 244,194	$ 245,211	$ 224,189	$ 180,741	$ 275,718
Restricted	185,219	158,589	142,435	147,850	176,895	199,758	236,796	257,111	249,155	236,737
Unrestricted	(58,570)	(111,050)	(138,043)	(94,317)	(92,855)	(113,329)	(158,624)	(173,185)	(128,777)	(197,287)
Total Net Assets	$ 341,281	$ 286,929	$ 330,365	$ 334,679	$ 329,999	$ 330,623	$ 323,383	$ 308,115	$ 301,119	$ 315,168

* Figures for the years 2011, 2010 and 2009 include the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* Figures for the years 2010 and 2009 have been restated to remove the projected cost of bridge repainting.

CHANGES IN NET ASSETS

	2011 *	2010 *	2009 *	2008	2007	2006	2005	2004	2003	2002
Operating Revenues										
Bridges:										
Tolls	$ 267,685	$ 243,879	$ 242,620	$ 208,856	$ 196,069	$ 194,958	$ 190,930	$ 188,809	$ 175,622	$ 174,418
Other operating revenues	5,049	4,753	4,944	5,815	5,540	4,170	4,219	6,194	5,914	3,220
Total bridge operating revenues	272,734	248,632	247,564	214,671	201,609	199,128	195,149	195,003	181,536	177,638
Transit system:										
Passenger fares	24,004	21,956	22,028	21,459	18,978	19,014	19,067	18,647	18,430	19,251
Other operating revenues	1,817	1,968	1,606	1,507	1,438	1,600	1,871	1,221	1,151	1,252
Total transit system operating revenues	25,821	23,924	23,634	22,966	20,416	20,614	20,938	19,868	19,581	20,503
Port of Philadelphia and Camden:										
AmeriPort	-	-	-	-	-	-	1,838	1,734	1,018	1,085
Cruise terminal	369	309	571	683	1,043	1,608	1,264	839	601	510
RiverLink	68	61	62	73	50	72	51	50	877	745
Total Port of Philadelphia and Camden	437	370	633	756	1,093	1,680	3,153	2,623	2,496	2,340
Other:										
Miscellaneous	556	1,801	1,456	590	852	1,697	623	142	701	-
Total operating revenues	299,548	274,727	273,287	238,983	223,970	223,119	219,863	217,636	204,314	200,481
Operating Expenses:										
Operations	94,259	99,518	97,735	100,515	94,762	88,482	82,239	81,857	80,179	72,964
Community impact	3,560	3,473	3,483	3,380	3,306	3,198	3,078	3,021	2,952	2,917
General and administration	40,536	46,272	35,457	34,974	31,025	27,780	26,857	29,355	32,567	30,307
Port of Philadelphia and Camden	246	824	1,269	1,447	1,698	1,824	3,548	3,683	6,828	6,884
Depreciation	49,216	47,751	45,776	45,486	44,634	42,355	38,432	34,702	30,819	28,139
Total operating expenses	187,817	197,838	183,720	185,802	175,425	163,639	154,154	152,618	153,345	141,211
Operating Income	111,731	76,889	89,567	53,181	48,545	59,480	65,709	65,018	50,969	59,270
Non-operating Revenues (Expenses)										
Interest revenue (net of change in fair value of derivative instrument	13,633	(25,867)	8,718	17,592	26,704	28,383	27,282	28,391	38,111	45,072
Interest expense	(77,870)	(72,527)	(65,584)	(75,654)	(74,668)	(78,267)	(72,213)	(73,621)	(74,770)	(77,039)
Amortization expense	(946)	(1,511)	(1,356)	(1,353)	(1,353)	(1,346)	(2,059)	(2,114)	(1,871)	(1,007)
Economic development activities	(2,025)	(39,657)	(26,794)	(3,960)	(9,841)	(7,050)	(9,704)	(14,850)	(34,013)	(55,506)
Other	3,055	(1,366)	(985)	457	(35)	(1,065)	(1,533)	(2,280)	(526)	(289)
Loss on abandonment of Aerial Tram project	(18,318)									
Loss on disposal of capital assets	(7,929)									
Total non-operating revenues (expenses)	(90,400)	(140,928)	(86,001)	(62,918)	(59,193)	(59,345)	(58,227)	(64,474)	(73,069)	(88,769)
Income (Loss) Before Capital Contributions and Special Items and Discontinued Operations	21,331	(64,039)	3,566	(9,737)	(10,648)	135	7,482	544	(22,100)	(29,499)
Capital Contributions:										
Federal and state capital improvement grants	33,021	20,603	11,443	14,417	10,024	12,076	7,786	6,452	9,646	13,023
Special Items:										
Employee incentive and layoff expense	-	-	-	-	-	-	-	-	(1,595)	-
Discontinued Operations										
Loss on disposal of Ameriport	-	-	-	-	-	(4,971)	-	-	-	-
Change in Net Assets	$ 54,352	$ (43,436)	$ 15,009	$ 4,680	$ (624)	$ 7,240	$ 15,268	$ 6,996	$ (14,049)	$ (16,476)

* Figures for the years 2011, 2010 and 2009 include the implementation of Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* Figures for the years 2010 and 2009 have been restated to remove the projected cost of bridge repainting.

REVENUE CAPACITY DATA

Major Revenues, consisting primarily of bridge operating and PATCO transit system revenues, have shown positive growth since 2004, increasing from $245.9 million to $304.0 million, or an increase of $58.1 million (or 23.6%) during this period. During the period from September 2008 thru 2011, bridge tolls and transit system revenues have increased substantially largely due to the implementation of new bridge toll and transit system passenger fare schedules, in September 2008 and July 2011. Bridge operating revenues grew from $201.6 million in 2007 to $272.7 million in 2011, or an increase of $71.1 million (or 35.3%), in annual revenues. PATCO annual revenues have increased to a high of $25.8 million in 2011, an increase of $5.4 million in annual revenues since 2007.

While total bridge toll revenues has increased every year since 2002, bridge traffic has declined from a peak of 55.1 million vehicle crossings in 2007. Annual bridge traffic grew throughout the years 2001 thru 2007, but has declined each year since the end of 2007. The most significant factor affecting traffic has been the poor overall economy, which combined with the impact of the implementation of bridge toll increases has reduced traffic by 6.1 million vehicles since 2007, a drop of 11.0%. A decrease in passenger traffic was the primary cause of the total drop-off in traffic during these years. PATCO ridership during the same time frame has grown by 1.1 million passengers, although there was a drop in ridership from 2008 to 2009. PATCO passenger ridership reached a high of 10.5 million passengers in 2011, an increase of 397 thousand passengers over 2010, or a 3.9% increase.

Last Ten Fiscal Years (In Thousands)

MAJOR REVENUES BY SOURCE

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Bridge operating revenues	$272,734	$248,632	$247,564	$214,671	$201,609	$199,128	$195,149	$195,003	$181,536	$177,638
PATCO transit system operating revenues	25,821	23,924	23,634	22,966	20,416	20,614	20,938	19,868	19,581	20,503
Port of Philadelphia and Camden	437	370	633	756	1,093	1,680	3,153	2,623	2,496	2,340
Interest income	4,968	8,176	9,252	17,592	26,704	28,383	27,282	28,391	38,111	45,072
Total revenues	$303,960	$281,102	$281,083	$255,985	$249,822	$249,805	$246,522	$245,885	$241,724	$245,553

The Authority for many years has provided commuter and senior citizen programs for its passenger vehicle customers. In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass. In 2004, most discount programs were eliminated and the commuter program was further modified. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. (PATCO fares increased as well) . On July 1, 2011 the Authority implemented a 25% across-the-board toll increase and a 10% PATCO passenger fare increase. Please see Note 17 for additional information.

TOLL REVENUE BY BRIDGE

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Walt Whitman Bridge	$103,191	$95,180	$96,319	$82,198	$77,109	$77,528	$76,255	$75,001	$68,214	$68,168
Ben Franklin Bridge	89,824	80,083	79,848	67,188	62,235	61,577	60,550	60,377	58,261	57,890
Betsy Ross Bridge	32,295	30,610	29,062	27,590	26,734	26,906	26,305	26,581	24,627	24,609
Commodore Barry Bridge	42,375	38,006	37,391	31,880	29,991	28,947	27,820	26,850	24,520	23,751
Total toll revenues	$267,685	$243,879	$242,620	$208,856	$196,069	$194,958	$190,930	$188,809	$175,622	$174,418

The Authority for many years has provided commuter and senior citizen programs for its passenger vehicle customers. In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass. In 2004, most discount programs were eliminated and the commuter program was further modified. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. (PATCO fares increased as well) . On July 1, 2011 the Authority implemented a 25% across-the-board toll increase and a 10% PATCO passenger fare increase. Please see Note 17 for additional information.

BRIDGE CASH TOLL RATES

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Class 1 - Motorcycle	$5.00	$4.00	$4.00	$4.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00
Class 2 - Automobile	5.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	3.00
Class 3 - Two Axle Trucks	15.00	12.00	12.00	12.00	9.00	9.00	9.00	9.00	9.00	9.00
Class 4 - Three Axle Trucks	22.50	18.00	18.00	18.00	13.50	13.50	13.50	13.50	13.50	13.50
Class 5 - Four Axle Trucks	30.00	24.00	24.00	24.00	18.00	18.00	18.00	18.00	18.00	18.00
Class 6 - Five Axle Trucks	37.50	30.00	30.00	30.00	22.50	22.50	22.50	22.50	22.50	22.50
Class 7 - Six Axle Trucks	45.00	36.00	36.00	36.00	27.00	27.00	27.00	27.00	27.00	27.00
Class 8 - Bus	7.50	6.00	6.00	6.00	4.50	4.50	4.50	4.50	4.50	4.50
Class 9 - Bus	11.25	9.00	9.00	9.00	6.75	6.75	6.75	6.75	6.75	6.75
Class 10 - Senior Citizen (With Ticket Only)	2.50	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Class 13 - Auto w/trailer (1 axle)	8.75	6.00	6.00	6.00	5.25	5.25	5.25	5.25	5.25	5.25
Class 14 - Senior Citizens (With 2 Tickets Only	-	-	-	-	0.70	0.70	0.70	0.70	0.70	0.70

The toll rates shown above are cash toll rates in effect for the period indicated. The Authority for many years has provided commuter and senior citizen programs for its passenger vehicle customers. In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass. In 2004, most discount programs were eliminated and the commuter program was further modified. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. (PATCO fares increased as well) . On July 1, 2011 the Authority implemented a 25% across-the-board toll increase and a 10% PATCO passenger fare increase. Please see Note 17 for additional information.

REVENUE CAPACITY DATA (Continued)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Vehicle classification:										
Automobiles & light trucks	44,757	46,245	46,580	48,310	49,678	49,395	48,667	48,345	46,683	46,225
Trucks	2,542	2,603	2,548	2,890	3,038	3,035	2,974	2,965	2,824	2,724
Buses	250	260	276	287	301	314	317	331	327	333
Senior citizens	1,440	1,305	1,229	1,906	1,998	2,032	2,005	2,054	2,018	2,063
Other	3	1	4	6	61	89	102	113	115	286
Total traffic	48,992	50,414	50,637	53,399	55,076	54,865	54,065	53,808	51,967	51,631

BRIDGE TRAFFIC BY BRIDGE

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Walt Whitman Bridge	18,806	19,579	20,022	20,877	21,473	21,577	21,293	21,070	19,869	19,876
Ben Franklin Bridge	18,286	18,459	18,571	19,296	19,759	19,600	19,363	19,371	19,298	19,139
Betsy Ross Bridge	5,429	5,821	5,595	6,511	6,900	6,906	6,788	6,909	6,653	6,583
Commodore Barry Bridge	6,471	6,555	6,449	6,715	6,944	6,782	6,621	6,458	6,147	6,033
Total traffic	48,992	50,414	50,637	53,399	55,076	54,865	54,065	53,808	51,967	51,631

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Passenger fares	$24,004	$21,956	$22,028	$21,459	$18,978	$19,014	$19,067	$18,647	$18,430	$19,251
Other revenues	1,817	1,968	1,606	1,507	1,438	1,600	1,871	1,221	1,151	1,252
Total operating revenues	$25,821	$23,924	$23,634	$22,966	$20,416	$20,614	$20,938	$19,868	$19,581	$20,503

On September 14, 2008, passenger fares, were increased by 10% across all zones. On July 1, 2011, passenger fares were increased by an additional 10%.
Please see Note 17 for additional information.

PATCO PASSENGER FARES

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Lindenwold/Ashland/Woodcrest	$3.00	$2.70	$2.70	$2.70	$2.45	$2.45	$2.45	$2.45	$2.45	$2.45
Haddonfield/West Haddonfield/Collingswood	2.60	2.35	2.35	2.35	2.15	2.15	2.15	2.15	2.15	2.15
Ferry Avenue	2.25	2.05	2.05	2.05	1.85	1.85	1.85	1.85	1.85	1.85
New Jersey	1.60	1.45	1.45	1.45	1.30	1.30	1.30	1.30	1.30	1.30
City Hall/Broadway/Philadelphia	1.40	1.25	1.25	1.25	1.15	1.15	1.15	1.15	1.15	1.15

On September 14, 2008, passenger fares, were increased by 10% across all zones. On July 1, 2011, passenger fares were increased by an additional 10%.
Please see Note 17 for additional information.

PATCO TRANSIT SYSTEM RIDERSHIP

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Passengers	10,506	10,109	10,022	10,338	9,406	9,377	9,363	9,150	8,864	9,288

DEBT CAPACITY DATA

Since 2006, debt service coverage numbers have trended upwards from the previous year's numbers. In 2010, debt service coverage decreased primarily due to a $12 million decrease in net revenues and $15.0 million in higher debt service expenses. The higher debt service costs resulted from a new revenue bond issue and higher net swap payment costs (primarily related to the 1999 Revenue Bond swaption which became effective in January 2010).

Debt Service coverage increased substantially during 2011, increasing from 1.81 to 2.07 times during 2011. This large increase was primarily related to the $24.1 million increase in bridge operating revenues, and a $8.4 million reduction in expenses (primarily the GASB 45 accrual and lower bridge operating expenses). As a result, Net Revenues, available for debt service, increased by $27.3 million. Debt service costs in 2011 grew by $3.4 million primarily a result of the full year impact of debt service costs associated with the 2010 revenue refunding and 2010 revenue bonds. Debt service coverage costs for 2011 exceeded 2.0 X, for only the second time in the 10-year historical period. Total debt outstanding in 2011 decreased based on annual amortization payments.

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2011 *	2010 *	2009 *	2008	2007	2006	2005	2004	2003	2002
Revenues available for Debt Service:										
Bridge operating	$272,734	$248,632	$247,564	$214,671	$201,609	$199,128	$195,149	$195,003	$181,536	$177,638
Interest income	512	513	559	777	3,516	4,392	2,635	2,249	2,247	2,347
	$273,246	$249,145	$248,123	$215,448	$205,125	$203,520	$197,784	$197,252	183,783	179,985
Less expenses:										
Bridge operating	49,369	52,003	49,924	54,393	52,294	50,644	46,505	47,686	43,241	41,574
General and administration	40,536	46,272	35,457	34,974	31,025	27,780	26,856	29,355	32,567	30,307
	$89,905	$98,275	$85,381	$89,367	$83,319	$78,424	$73,361	$77,041	$75,808	$71,881
Net revenues available for Debt Service:										
1995 Revenue Bond Indenture	-	-	-	-	-	$125,096	$124,423	$120,211	$107,975	$108,104
Add:										
Bridge Repainting Expense	-	-	-	$4,363	$4,498	$3,892	$3,779	$3,973	$5,664	$5,653
GASB 45 Expense (exclusive of PATCO)	1,005	6,012	6,012	6,219	6,219	-	-	-	-	-
Interest Income:										
1998, 1999, 2008, 2010 Revenue Bonds	2,353	2,473	2,602	3,226	2,989	2,776	3,195	2,832	2,746	3,139
	$3,358	$8,485	$8,614	$13,808	$13,706	$6,668	$6,974	$6,805	$8,410	$8,792
Net revenues available for Debt Service:										
1998 Revenue Bond Indenture	$186,699	$159,355	$171,356	$139,889	$135,512	$131,764	$131,397	$127,016	$116,385	$116,896
Debt Service (Revenue Bonds):										
1995 Revenue Bonds	-	-	-	-	14,652	19,535	19,535	19,535	19,535	19,535
Swap Payments (net)	39,249	40,687	18,793	12,634	7,045	7,538	-	-	-	-
1998, 1999 Revenue Bonds	19,391	26,956	42,026	56,839	51,803	48,519	48,527	48,519	48,117	47,100
2008 Revenue Bonds	15,532	12,497	12,189	3,584	-	-	-	-	-	-
2010 Revenue Refunding and Revenue Bonds	16,020	7,823	-	-	-	-	-	-	-	-
Total Debt Service	$90,192	$87,963	$73,008	$73,057	$73,500	$75,592	$68,062	$68,054	$67,652	$66,635
Debt Service coverage (Times) :										
1995 Bond Indenture	-	-	-	-	-	4.62	6.37	6.15	5.53	5.53
Debt Service coverage (Times) :										
1998 Bond Indenture	2.07	1.81	2.35	1.91	1.84	1.74	1.93	1.87	1.72	1.75

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

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

FUNDED DEBT

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Outstanding debt	$1,332,866	$1,368,929	$1,106,990	$1,147,535	$1,180,902	$1,212,187	$1,245,209	$1,273,127	$1,299,338	$1,319,446

Net of amortizing premiums and discounts.

RATIO OF DEBT PER CUSTOMER

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Outstanding revenue bonds	$1,035,090	$1,065,375	$785,075	$807,890	$820,392	$847,472	$867,277	$886,098	$903,609	$919,191
Total annual debt service	$90,192	$87,963	$73,008	$73,057	$73,500	$75,592	$68,062	$68,054	$67,652	$66,635
Total traffic	48,992	50,414	50,637	53,399	55,076	54,865	54,065	53,808	51,967	51,631
Outstanding debt per customer	$21.13	$21.13	$15.50	$15.13	$14.90	$15.45	$16.04	$16.47	$17.39	$17.80
Debt service per customer	$1.84	$1.74	$1.44	$1.37	$1.33	$1.38	$1.26	$1.26	$1.30	$1.29

DEMOGRAPHIC AND ECONOMIC DATA

The following figures provide four key external factors during the ten years from 2001-2010 that affected the geographic region in which the Authority functions; this region consists of the Port District comprising of the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem in New Jersey. Based on the most recent data, population growth in the region is at very modest levels with growth in the New Jersey counties at 5.89% since 2001 and in the Pennsylvania counties at 4.02% since 2001. The unemployment rate in the Philadelphia Metropolitan Region averaged 5.87% for the period of 2005 through 2010, reflecting a high of 8.71% in 2010 and a low of 4.26% in 2006. Three of the region's top ten major employers were health care organizations. The unemployment rate in the New Jersey Metropolitan Region averaged 7.36% for the period of 2005 through 2010, reflecting a high of 11.51% in 2010 and a low of 5.14% in 2005. Five of the region's top ten major employers were health care organizations. Please refer to the following schedules below for a historical view of the demographic information and area employers within the Port District.

Last Ten Fiscal Years

PENNSYLVANIA PORT DISTRICT

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Population [1]	4,010,290	4,012,573	3,991,897	3,882,564	3,879,207	3,873,792	3,870,442	3,863,296	3,859,756	3,855,162
Total Personal Income [1]	$195,158,270	$191,619,984	$189,058,438	$184,342,322	$174,120,302	$164,091,035	$155,961,239	$147,697,927	$142,858,681	$138,218,681
Per Capita Personal Income [1]	$48,664	$47,755	$47,361	$47,480	$44,886	$42,359	$40,295	$38,231	$37,012	$35,853
Unemployment Rate [2]	8.71%	7.91%	5.37%	4.36%	4.26%	4.58%	5.00%	5.22%	5.16%	4.28%

Sources:
(1) Bureau of Economic Analysis, Regional Economic Accounts, Metropolitan Divisions (Philadelphia, PA Metropolitan Division)
(2) United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

PENNSYLVANIA PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment		# of Employees	% of Employment
1. Jefferson Health System	23,000	1.18%	6. Lockheed Martin Corp.	11,500	0.59%
2. University of Pennsylvania	20,000	1.03%	7. Wal-Mart	11,445	0.59%
3. University Of Pennsylvania Health System	14,000	0.72%	8. Catholic Health East	11,339	0.58%
4. Merck & Company, Inc	12,000	0.62%	9. United Parcel Service	10,261	0.53%
5. Supervalu Inc. (Acme)	11,500	0.59%	10. Aramark Corp.	9,532	0.49%

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

Source: Select Greater Philadelphia, Regional Data

NEW JERSEY PORT DISTRICT

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Population	2,422,041	2,419,475	2,411,118	2,401,441	2,391,435	2,378,301	2,364,176	2,342,408	2,317,310	2,287,197
Total Personal Income	$101,195,650	$99,031,079	$98,568,702	$92,444,597	$89,285,614	$84,062,922	$80,794,632	$77,083,605	$74,580,994	$72,109,982
Per Capita Personal Income	$41,781	$40,931	$40,881	$38,495	$37,336	$35,346	$34,175	$32,908	$32,184	$31,528
Unemployment Rate	11.51%	10.84%	6.07%	5.16%	5.44%	5.14%	5.45%	6.29%	6.10%	4.81%

Source: United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

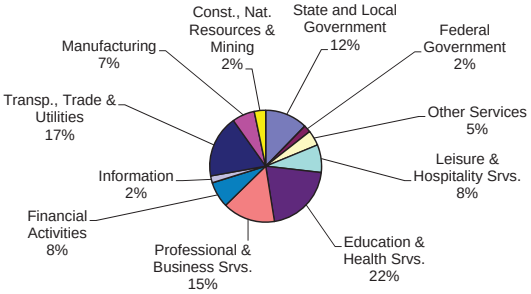
NEW JERSEY PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment		# of Employees	% of Employment
1. Virtua Health	8,375	0.75%	6. Six Flags Theme Park	4,340	0.39%
2. Our Lady of Lourdes Health Care System	5,370	0.48%	7. TD Bank Corp	4,328	0.39%
3. Lockheed Martin	5,000	0.45%	8. Kennedy Health System	3,531	0.31%
4. St. Barnabus Health Care	4,700	0.42%	9. Cooper Health System	3,000	0.27%
5. PHH Mortgage	4,500	0.40%	10. United Parcel Service	2,500	0.22%

List excludes Federal Government Agencies, City Departments, area School Systems (including Board of Education) and NJ Casinos

Sources: Select Greater Philadelphia, Regional Data, Ocean County Data Book, The Press, Atlantic City

EMPLOYMENT SHARES BY SECTOR: GREATER PHILADELPHIA REGION 2010



OPERATING INFORMATION

Overall bridge operating revenues, and more specifically bridge toll revenues, have shown positive growth for the ten-year period shown below. As mentioned earlier, revenues for the fiscal years 2008, 2009, and 2010, jumped significantly due to the 2008 toll increase, and in 2011 due to the July 2010 toll increase. Since 2005, total general expense growth is explained by higher costs of bridge and PATCO operations and since 2007, due to accrued expenses related to GASB 45. During this period, total expenses increased from $187.9 million to $216.7 million. General administrative expenses have trended upwards from $35.5 million in 2009 to $46.2 million in 2010, however, these expenses dropped to $40.5 million in 2011 due to reduced GASB 45 accruals. Total expenses in 2010 increased by $19.2 million (from $207.7 million in 2009 to $226.9 million in 2010). This large increase in 2010 was primarily attributable to higher interest expense and general administrative expenses (including higher bank LOC costs resultant from the 2010 revenue bond refunding). In 2011, although debt service costs rose, reduced bridge and PATCO operational spending and reduced G&A expenses (primarily GASB 45 related) resulted in a $9.1 million reduction in overall total expenses. Also, capital expenditures more than doubled in 2011 over 2010 capital expenditures, increasing by $87.3 million (or up 122.1%), as new major capital projects were begun. Please refer to the schedules below for a historical view of the Authority's operating results during the past ten fiscal years.

Last Ten Fiscal Years (In Thousands)

BRIDGE OPERATING REVENUES

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Toll revenues by vehicle classification:										
Automobiles, light trucks and commuters	$201,483	$184,439	$184,260	$155,009	$144,835	$143,843	$141,057	$139,471	$130,399	$129,888
Trucks	60,383	54,856	53,697	49,467	47,363	47,145	45,618	45,099	40,946	40,029
Buses	2,271	2,074	2,187	1,640	1,434	1,500	1,515	1,655	1,573	1,730
Senior citizens	3,123	2,308	2,268	2,389	1,999	2,033	2,005	2,054	2,018	2,065
Other	425	202	208	351	438	437	735	530	686	842
Discounts and deductions	-	-	-	-	-	-	-	-	-	(136)
Total toll revenues	$267,685	$243,879	$242,620	$208,856	$196,069	$194,958	$190,930	$188,809	$175,622	$174,418
Other bridge operating revenues	-	4,753	4,944	5,815	5,540	4,170	4,219	6,194	5,914	3,220
Total bridge operating revenues	$267,685	$248,632	$247,564	$214,671	$201,609	$199,128	$195,149	$195,003	$181,536	$177,638

The Authority has for many years provided a commuter program and senior citizen program for its passenger vehicle customers. In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass. In 2004, most discount programs were eliminated and the commuter program was further modified. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. On July 1, 2011, the Authority again implemented a new bridge toll schedule which increased tolls in each vehicle class. Please see Note 17 for additional information.

GENERAL EXPENSES BY FUNCTION

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Bridge operations:										
Salaries and employee benefits	$30,743	$31,743	$32,496	$31,551	$30,047	$29,059	$26,954	$27,450	$25,318	$24,931
Equipment and supplies	194	259	212	212	176	156	136	106	170	84
Maintenance and repairs	3,327	3,433	3,234	3,417	3,277	2,966	1,511	1,599	2,245	2,167
Utilities	1,694	2,819	2,562	2,783	2,621	2,386	1,678	1,678	1,862	1,320
Insurance	4,974	5,765	5,130	4,644	5,093	5,813	6,617	6,727	4,401	1,765
Other	8,437	12,335	10,442	11,786	11,080	10,264	9,609	10,126	9,245	11,307
Total bridge operations	49,369	56,354	54,076	54,393	52,294	50,644	46,505	47,686	43,241	41,574
PATCO transit system:										
Maintenance of way and power	10,865	11,261	11,552	10,229	9,774	9,438	8,884	8,618	8,140	6,681
Maintenance of equipment	6,149	7,666	7,156	6,696	6,679	6,370	7,046	6,345	6,417	6,195
Purchased power	5,230	5,667	5,359	5,656	4,933	4,984	3,335	2,852	3,041	2,772
Transportation	14,347	13,986	15,114	14,489	13,015	11,800	11,622	11,725	11,217	10,713
General insurance	4,288	876	767	1,256	692	704	823	502	856	1,373
Administration	4,011	8,059	7,863	7,795	7,375	4,542	4,024	4,129	3,943	3,655
Total PATCO transit system	44,890	47,515	47,811	46,121	42,468	37,838	35,734	34,171	33,614	31,389
Community impact	3,560	3,473	3,483	3,380	3,306	3,198	3,078	3,021	2,952	2,920
General administration	40,536	46,272	35,457	34,974	31,025	27,780	26,857	29,355	32,567	30,307
Port of Philadelphia and Camden	246	824	1,269	1,447	1,698	1,824	3,548	3,683	6,828	6,884
Interest	77,870	72,527	65,584	75,654	74,668	78,267	72,213	73,621	74,770	77,039
Total expenses	$216,471	$226,965	$207,680	$215,969	$205,459	$199,551	$187,935	$191,537	$193,972	$190,113

OPERATING INFORMATION (Continued)

OPERATING STATISTICS

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
DRPA										
Total Traffic	48,992	50,414	50,637	53,399	55,076	54,865	54,065	53,808	51,967	51,631
Non-Commercial Traffic	46,450	47,811	48,089	50,509	52,038	51,830	51,091	50,843	49,153	48,907
Commercial Traffic	2,542	2,603	2,548	2,890	3,038	3,035	2,974	2,965	2,824	2,724
Average Daily Traffic	134	138	139	146	151	150	148	147	142	141
Average Toll per Customer	$5.46	$4.84	$4.79	$3.91	$3.56	$3.55	$3.53	$3.51	$3.38	$3.37
E-ZPass Traffic	28,983	28,911	28,367	28,130	27,987	26,946	25,522	24,481	22,819	21,458
% of E-ZPass Traffic	59.2%	57.3%	56.0%	52.7%	50.8%	49.1%	47.2%	45.5%	43.9%	41.6%
PATCO										
Total Passengers	10,506	10,109	10,022	10,338	9,406	9,377	9,363	9,150	8,864	9,288
Average Daily Passengers	29	28	27	28	26	26	26	25	24	25
Average Fare Per Passenger	$2.28	$2.18	$2.20	$2.08	$2.02	$2.03	$2.04	$2.04	$2.08	$2.07

Average fare per passenger based on PATCO net passenger fare revenues.

FULL TIME AUTHORITY EMPLOYEES

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
DRPA	564	582	595	589	589	553	554	570	632	625
PATCO	302	309	305	301	302	355	358	373	373	368
Total Full-time	866	891	900	890	891	908	912	943	1005	993

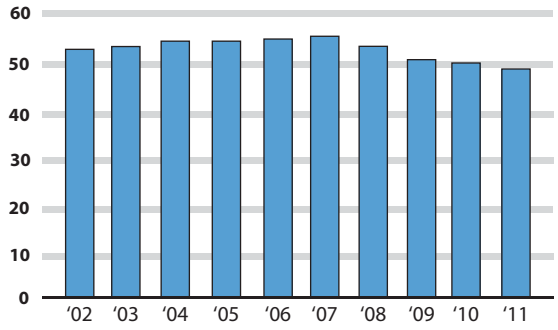
CAPITAL EXPENDITURES

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Bridge and Transit System	$158,812	$71,494	$75,481	$58,498	$23,395	$31,109	$44,501	$74,435	$98,108	$98,154

Bridge & PATCO Operations

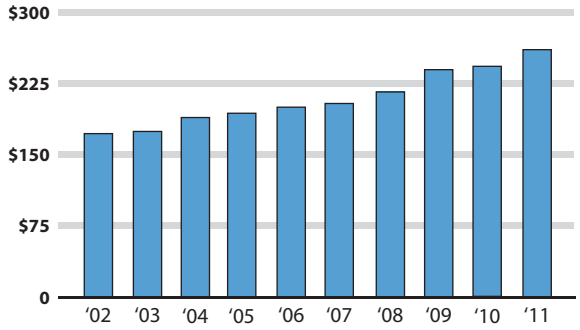
DRPA Bridge Traffic 2002-2011

(in millions of vehicles)



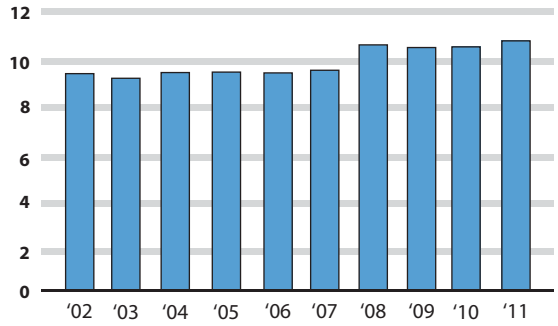
DRPA Bridge Toll Revenues 2002-2011

(in millions of dollars)



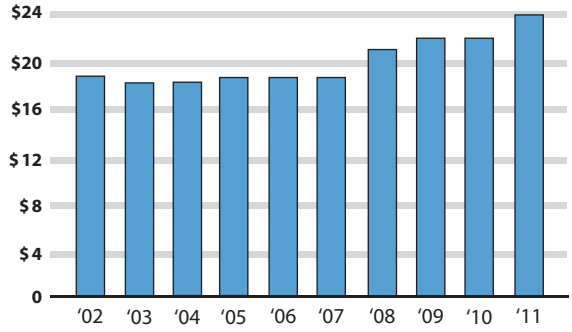
PATCO Passenger Ridership 2002-2011

(in millions of passengers)



PATCO Passenger Fare Revenues 2002-2011

(in millions of dollars)



Note:

- In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass.
- In 2004, most discount programs were eliminated and the commuter program was further modified.
- On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. PATCO fares also increased.
- On July 1, 2011, the Authority implemented a 25% across-the-board toll increase and a 10% PATCO passenger fare increase.
- Please see Note 17 for additional information.

Delaware River
Port Authority
Comprehensive Annual
Financial Report
for the Year Ended
December 31, 2011

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