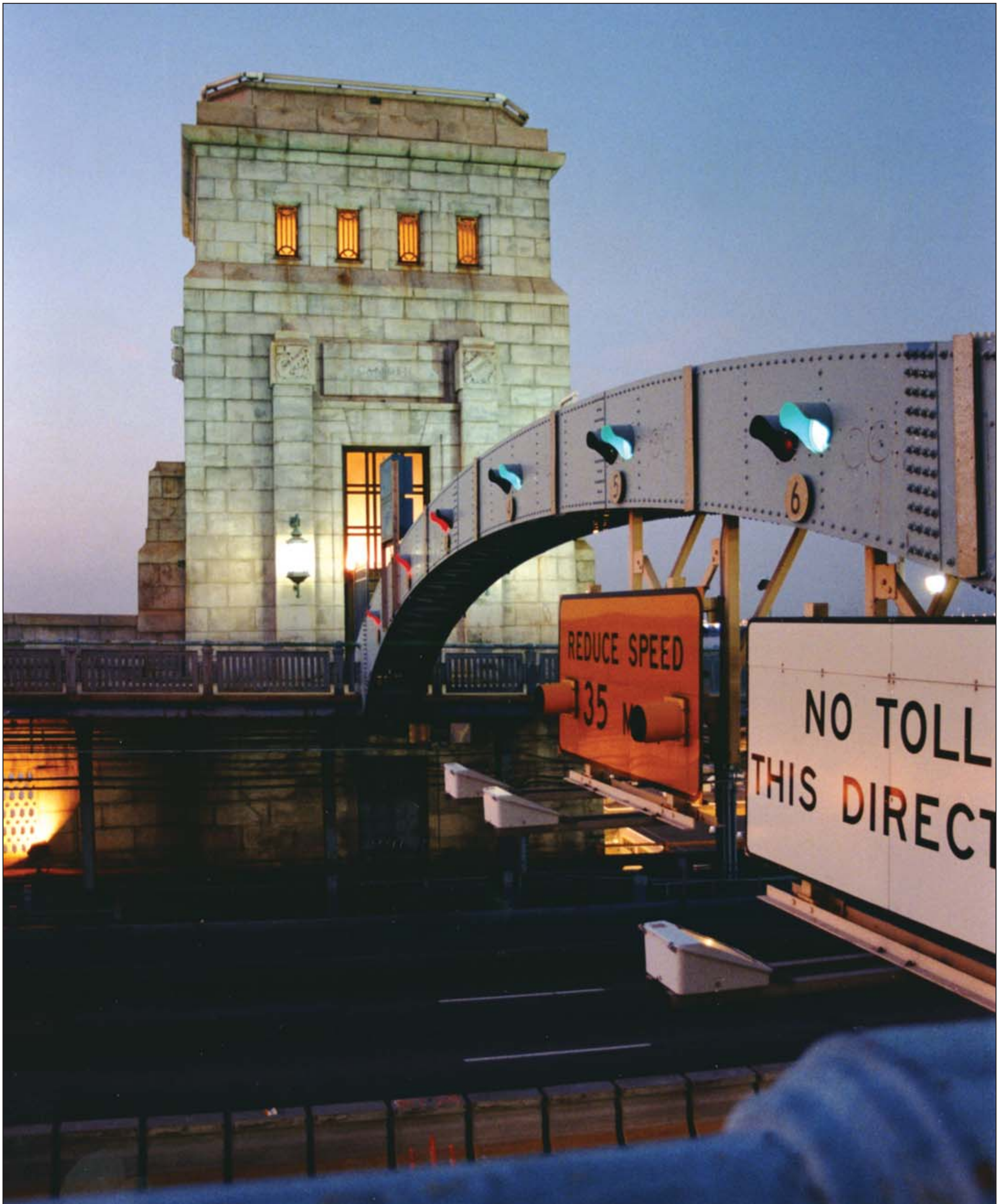
2003 Comprehensive Annual Financial Report
for the Year Ended 2003

We Keep the Region Moving!®

DELAWARE RIVER
PORT AUTHORITY
of Pennsylvania & New Jersey



On the Cover and Above: *The Benjamin Franklin Bridge has carried people, cars, and commerce across the Delaware River since 1926.*
Opposite: *Officer Joseph Hinkle is among the many officers who patrol the Authority's facilities keeping safety and security at the forefront of our operations.*

Safety & Security

We Keep the Region Moving!®

In 2003, the Delaware River Port Authority saw 104 million vehicles cross four bridges, almost 8.9 million riders on the PATCO High Speed Line, 323,659 passengers on the RiverLink Ferry and saw more than 49,000 passengers pass through the Philadelphia Cruise Terminal at Pier 1. ***And it's our #1 priority to assist and protect them 24 hours a day, 7 days a week.*** The challenge of serving and protecting a region on the move is one that we have proudly met since the opening of the Benjamin Franklin Bridge in 1926. Today, more than ever, we are committed to protecting our customers, our employees, our facilities and our community. At the Delaware River Port Authority, we take pride in keeping the region moving safely.

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, 2002

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 eleventh 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 2002 Comprehensive Annual Financial Report.

Zena and her handler Officer Steve Coates keep a careful eye on the PATCO High Speed Line. The 34-year-old system carries more than 32,000 riders daily between Philadelphia and Southern New Jersey.

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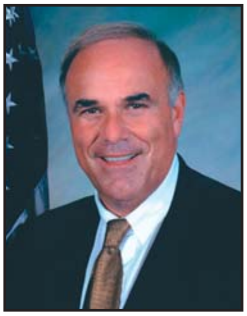
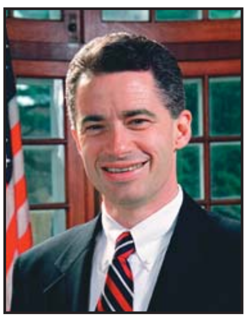
Prepared by the Office of the Treasurer and Chief Financial Officer

OUR GOVERNORS



Edward G. Rendell

Governor
Commonwealth of Pennsylvania



James E. McGreevey

Governor
State of New Jersey

Growing from one cruise in 2002 to 17 cruises and nine port calls in 2003, the Philadelphia Cruise Terminal at Pier 1 experienced its busiest season since 2000.

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.

Chairman's Letter

To Our Governors:

At the Delaware River Port Authority, 2003 was an eventful year in which we advanced many projects at our facilities and around our region. The Year 2003 was also one in which we witnessed a change in leadership at both the Board and staff level.

It was a year when the makeup of our Board of Commissioners was changed to reflect a new direction for the Authority. Early in the year, the Hon. Edward G. Rendell joined the Board of Commissioners and was quickly elected Chairman. I was honored to be named the Chairman's designee later in the year. In addition to the Governor, our Board also saw the appointment of the Rev. James Allen, attorney Thomas A. Decker and insurance executive G. Fred DiBona on the Pennsylvania delegation.

It was a year when we saw the appointment of a new Chief Executive Officer who has led the organization through a difficult fiscal cycle in an open and forthcoming manner. CEO John J. Matheussen has helped us renew our focus on our core transportation services.

It was a year when our commitment to security received national attention with an extremely successful mock disaster drill on the Benjamin Franklin Bridge. On a Sunday morning in early September, staff from DRPA and PATCO, with assistance from local, state and federal agencies, staged a mock disaster drill simulating a hijacking on a PATCO train at the summit of the bridge.

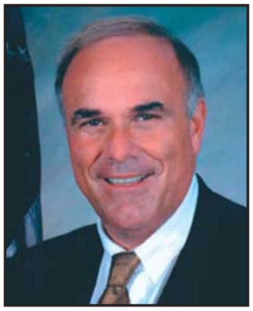
It was a year when fiscal responsibility became critical. Never in the history of the DRPA had we faced a budget shortfall as challenging as $15 million when it was time to prepare for 2004. The Board and staff should be commended for their hard work as the year came to a close. From the outset, we pledged our commitment to balancing the budget for 2004 and announced that cuts would come first from within before they would affect our customers. We are proud that we did not operate in a vacuum. Instead, we opened up our budget planning process and invited the public to tell us what they expected from the Authority. Thanks in large part to the support of our Governors, we set a new course and redirected our efforts to a leaner and more efficient operation for the future.

The successes in 2003 were most notable for the path they laid for 2004. In 2004, we look forward to a full season of summer cruising at the Philadelphia Cruise Terminal at Pier 1, the 35th anniversary of the PATCO High Speed Line, the completion of a decade-long renovation project at the Walt Whitman Bridge, and a $3.2 million roadway rehabilitation project for the Benjamin Franklin Bridge. Under our Governors' leadership, we will continue to build on our core transportation services and look forward to another successful year of service to Southeastern Pennsylvania and Southern New Jersey.

Sincerely,

John H. Estey
Chairman Designee

OUR ORGANIZATION



Edward G. Rendell
Chairman

Governor, Commonwealth of Pennsylvania

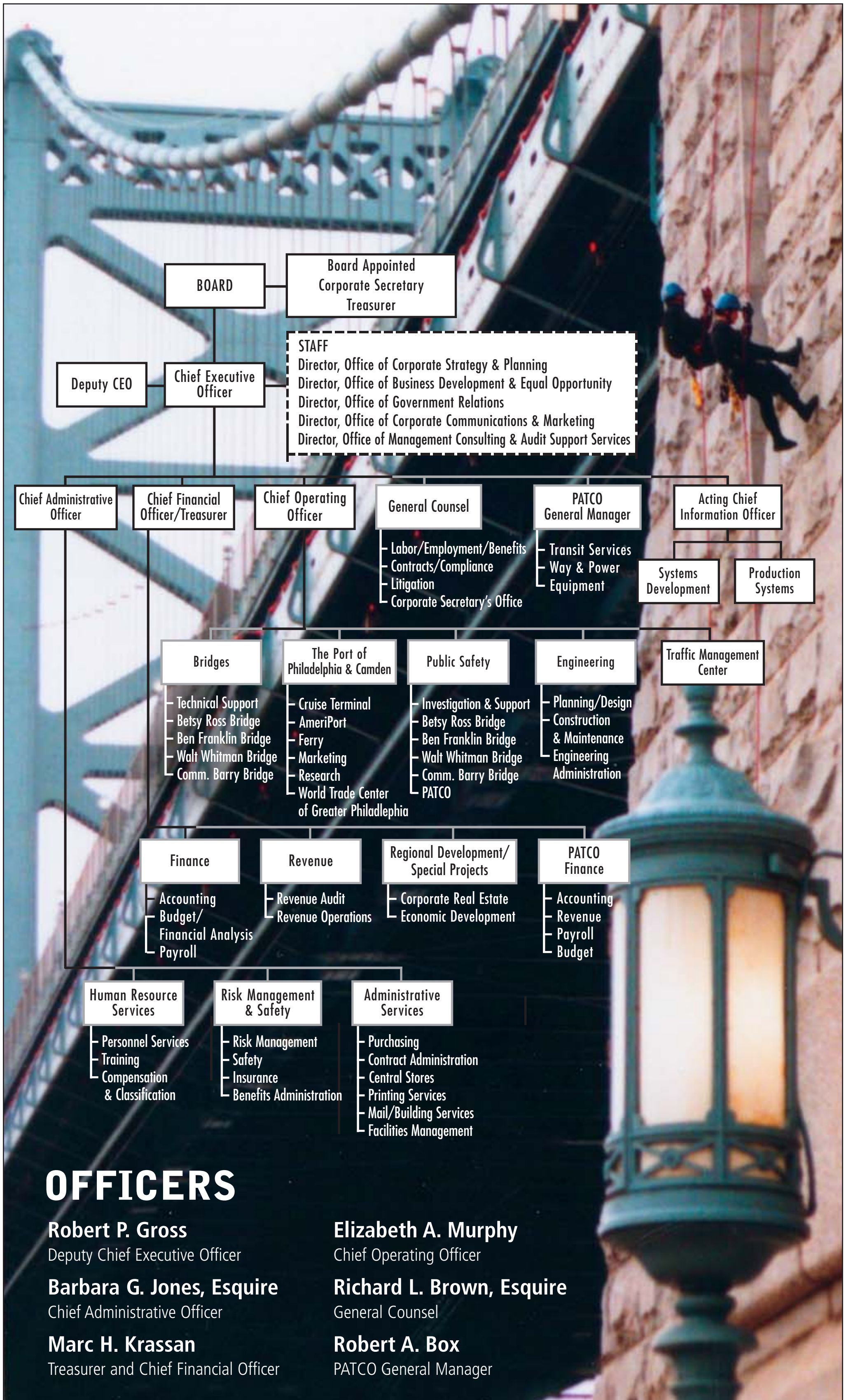
Jeffrey L. Nash
Vice Chairman

Director, Camden County Board of Chosen Freeholders
Partner, Cozen O'Connor Attorneys

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

Marc H. Krassan
Treasurer and Chief Financial Officer

Robert A. Judge
Secretary



OFFICERS

Robert P. Gross
Deputy Chief Executive Officer

Barbara G. Jones, Esquire
Chief Administrative Officer

Marc H. Krassan
Treasurer and Chief Financial Officer

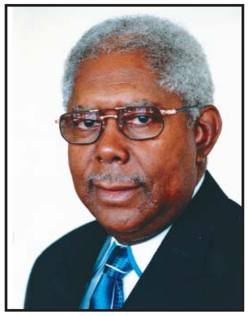
Elizabeth A. Murphy
Chief Operating Officer

Richard L. Brown, Esquire
General Counsel

Robert A. Box
PATCO General Manager

Members of Public Safety's High Angle Rescue Team train by repelling the anchorage at the Benjamin Franklin Bridge.

PENNSYLVANIA COMMISSIONERS



Rev. James Allen[1]
Minister
Vine Memorial Baptist Church

Robert W. Bogle
Publisher
The Philadelphia Tribune

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

Thomas A. Decker[2]
Partner
Cozen O'Connor Attorneys

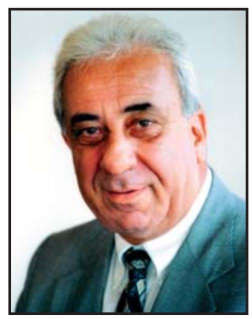
G. Fred DiBona, Jr.[3]
President/CEO
Independence Blue Cross

Hon. Barbara Hafer
Treasurer
Commonwealth of Pennsylvania

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

NEW JERSEY COMMISSIONERS

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



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

Michael H. Facemyer
Retired Executive
Verizon Communications

Albert F. Frattali
Business Manager
Reinforced Iron Workers
Local 405

John T. Hanson
General Manager
SJAP Naturalink

Jacquelyn Love
Director
Gloucester County Office
of Disability Services

Deputy Mayor of Deptford Township

Clara Ruvolo
Director
Palmyra Cove Nature Park

[1] Commissioner Allen replaced Manuel N. Stamatakis
[2] Commissioner Decker replaced Bernadine Munley
[3] Commissioner DiBona replaced Michael Linton

BIKE PATROL UNIT *The Benjamin Franklin Bridge is unique in this region, carrying three modes of transportation: motor vehicles, PATCO High Speed Line and pedestrian. Bike Patrol Officers keep the bridge's walkway open daily except during inclement weather.*

Report of the Chief Executive Officer

My tenure as Chief Executive Officer of the Delaware River Port Authority began on April 1, 2003. It is a privilege working with Governors Rendell and McGreevey as we renew our focus on our core business of providing efficient, quality transportation service.

At the end of last year's Comprehensive Annual Financial Report, I pledged that accountability, openness, customer service and responsiveness to the public will be our organization's "Order of the Day." I pledged my commitment to ensuring that as a public agency, the Authority conduct itself accordingly by always respecting the public's right to know. To meet that goal, we have begun a series of regular media briefings immediately following each Board meeting. We solicited public comment to help us through our toughest times as we worked to balance our budget for 2004. Wherever possible, we have continued to make the public a part of our decision-making process.

We are not a private business, but rather a public agency dedicated to serving the people of Southeastern Pennsylvania and Southern New Jersey. ***Our strongest commitment will always be providing safe and efficient transportation services, and building on our record of strong customer service.***

With that focus in mind, I am proud to present our Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2003. It is worth noting that our successes came in a year when I asked staff to cut 10 percent of their operating budget shortly after my arrival in April. It was evident that our expenses were exceeding revenue projections for the remainder of the year. By the end of the year, we faced an even tougher financial outlook with a $15 million shortfall for the year 2004. Thanks to the leadership of our Governors and our Board of Commissioners, staff was able to identify sweeping cuts in expenses across all areas of the Authority and end the year 2003 with a balanced budget for 2004.

TRANSITIONS

During 2003, DRPA welcomed Pennsylvania Gov. Edward G. Rendell into office and onto our Board of Commissioners as our Chairman. Also during the year, DRPA welcomed the Rev. James Allen, Thomas A. Decker and G. Fred DiBona to the Pennsylvania delegation.

SAFETY AND SECURITY

As we neared the two-year anniversary of the September 11th attacks, DRPA hosted a mock disaster drill simulating a terrorist hijacking of a PATCO High Speed Line train at the summit of the Benjamin Franklin Bridge. The drill involved personnel from DRPA and PATCO, and emergency responders from both states and from the federal level. We continued to participate in the federal government's information dissemination program to assess possible threats to our facilities. In addition, we maintained constant communications with our neighboring public safety agencies. We hired seven additional Public Safety officers to provide additional security on the PATCO High Speed Line. We began to explore the formation of a Public Safety Marine Unit to patrol the waters underneath our bridges, formed a K9 Unit comprised of two dogs and their handlers, and expanded our Truck Enforcement Unit. DRPA received funding from the federal Transportation Security Administration (TSA) for security upgrades and enhancements at the Philadelphia Cruise Terminal at Pier 1 and the RiverLink Ferry System. Our security measures were carefully reviewed and implemented with little direct impact on the service we provided to our customers.

HIGH ANGLE RESCUE TEAM

FINANCIAL SUMMARY

In the Summer of 2003, the budgets for all departments at the DRPA were cut by 10 percent. After a comprehensive review of the 2003 operating budget, staff identified areas to control expenses. The resulting cuts amounted to a savings of over $600,000 for the remainder of the year. We also produced cost savings through a series of contract changes. Some external contracts were terminated, and those services brought in-house, saving the Authority at least $200,000, in addition to the 10 percent budget cut. We also cut significantly our travel expenses, resulting in an approximate $200,000 reduction.

During 2003, DRPA maintained bridge toll rates, which offer an automatic 10 percent discount to all *E-ZPass* customers, a 33 percent discount for commuters and a 67 percent discount for senior citizens. DRPA tolls remain among the lowest in the country when compared with other major interstate bridges and tunnels. But by the end of the year, facing a budget shortfall for 2004, DRPA held a series of public hearings into the possible elimination of the *E-ZPass* discount program. After receiving hundreds of customer comments by phone and email, many internal meetings, and a careful evaluation of our priorities, the Board of Commissioners decided to modify the discount program for 2004 by eliminating the 10 percent discount to all customers except for DRPA's commercial customers, and by expanding the commuter credit program by offering $18 for 18 trips a month, up from $14 for 20 trips. At the PATCO High Speed Line, fares remained unchanged in 2003. PATCO fares compare favorably to other transit systems, and PATCO continues to offer free and low-cost parking and round-the-clock service. Fares on the RiverLink Ferry went up by $1 from the base price of $5 round-trip to $6 round-trip.

HIGH ANGLE RESCUE TEAM *Officers of the High Angle Rescue Team train regularly on all four DRPA bridges including the Benjamin Franklin Bridge shown here.*

TRUCK ENFORCEMENT UNIT *Truck Enforcement Officer William Kephart conducts a roadside inspection at the Betsy Ross Bridge. In December, a random truck inspection at the Commodore Barry Bridge turned up three illegal aliens who were later turned over to U.S. Citizenship and Immigration Services. The unit was expanded in 2003.*

BRIDGES

The summer of 2003 was a record-setting season for the Benjamin Franklin and Walt Whitman bridges. At the Benjamin Franklin Bridge in July, we saw the highest traffic volume for any month since the start of one-way tolls in 1992 with a record 1,757,420 vehicles crossing the bridge in July. The highest weekend record was June 27-29 with 170,726 vehicles. And on Friday, August 8, we set the record for highest traffic volume in one day with 65,340 vehicles. The Walt Whitman Bridge saw its highest day, Monday, July 7, with 70,832 vehicles. Its highest weekend record was set on July 25-27 with 192,339 vehicles. By November, DRPA's new 800 MHz radio system was operational at all four bridges. The new system includes broadcast locations at each of the bridges, and features simulcasting and trunking capabilities, ensuring that radio communications are not distorted within DRPA's coverage area. At the Benjamin Franklin Bridge, we completed installation of new traffic cameras, bringing the bridge in line with the other three bridges in providing live video feeds from the bridge and approach roadways.

E-ZPASS

Completing our fourth year of *E-ZPass* service, we have more than 123,000 account holders and more than 220,000 transponders in circulation. Statistics show 45 percent of our weekday customers use *E-ZPass*. During the morning commute period, 58 percent of our customers use *E-ZPass*. The Commodore Barry Bridge continues to be our leader in *E-ZPas*s usage for the morning rush period with 61 percent of its morning commuters using *E-ZPass*. The other bridges were not far behind with the Benjamin Franklin at 57.5 percent, Betsy Ross at 57 percent, and Walt Whitman at 54 percent usage in the mornings.

In July, we launched our voluntary *E-ZPass* transponder recall program to replace transponders that have failed due to battery problems. Customers experiencing an unusually high level of transponder "no-reads" are identified and targeted for transponder replacement. Earlier in the year, we changed our customer feedback signs in the *E-ZPass* toll lanes to give customers a better indication of their transponder status as they pass through the lanes. If a transponder does not read properly, the customer feedback sign shows "Toll Unpaid–GO" and encourages the customer to contact the *E-ZPass* Service Center to address the problem. Many of our customers have found out through the feedback signs that their transponders needed replacing. By the end of the year, DRPA had replaced nearly 40,000 transponders.

TRUCK ENFORCEMENT UNIT

Many of the transponders we are targeting for replacement are the G-2 transponders from Mark IV Industries, the manufacturer of all the electronic toll collection equipment (antennae, readers, transponders, etc.) for the *E-ZPass* Interagency Group. The G-2 transponders have been found to have an unacceptable battery failure rate. All IAG agencies, including DRPA, have agreed with Mark IV to recall all G-2 tags within 7 years of purchase. DRPA purchased 185,600 G-2 transponders from October 1998 to July 2001. Mark IV has since developed the G-3 transponder, which has proved to be more reliable. The IAG conducts extensive battery life tests and continues to monitor both the G-2 and the G-3 transponders.

In December, we began aggressive efforts to cut down on the number of *E-ZPass* violations. Such violations can occur when a customer passes through an *E-ZPass* lane with a faulty transponder, one that is not mounted correctly, or no transponder at all. Toll supervisors are posted at the *E-ZPass* lanes making note of vehicles that pass through without valid transponders. Our police officers stop the vehicles and ticket those without transponders. This effort along with the tag recall program and improved customer feedback signs has helped us cut our daily violation rate by half from January to December.

We continued to produce three issues of *E-ZPass* Notes, our customer newsletter. We used *E-ZPass* Notes to clarify customer service policies and to promote our other lines of business such as the RiverLink Ferry and PATCO High Speed Line. We also used *E-ZPass* Notes to promote events and attractions on both sides of the river.

K9 UNIT

PATCO HIGH SPEED LINE

In June, DRPA was awarded $200,000 in New Jersey Congestion Mitigation and Air Quality (CMAQ) funding and $100,000 in Pennsylvania CMAQ funding. The New Jersey funds will be used to market PATCO services to off-peak riders. The Pennsylvania funds will be used to provide additional signage in Philadelphia to direct patrons to the PATCO High Speed Line and to direct PATCO patrons to venues in Philadelphia. CMAQ funding comes from the U.S. Department of Transportation. Also in June, the "PATCO to the River" shuttle service made its debut carrying visitors from the Walter Rand Transportation Center to the Camden Waterfront. An estimated 2,000 PATCO customers took advantage of this added convenience to be transported quickly and efficiently to their destination from June through October. In April and May, we held a series of public outreach sessions for the "Route 55 to Philadelphia Corridor Transit Study" to identify possible transit opportunities and address public concerns. We also met with key stakeholders and elected officials on both sides of the river to identify a number of alternatives for increasing transit opportunities to the Philadelphia Waterfront, the western portion of Center City Philadelphia and the Route 55 Corridor in Gloucester and Southern Cumberland counties in New Jersey. In September, we invited customers, neighbors and the media to view the newly remodeled Ashland Station. The station is the first to be completed in the Station Rehabilitation project, part of the "PATCO at Work" initiative, funded partially by the Federal Transit Administration. In 2003, work progressed on the development of a new automated Smart Card-based fare collection system. Engineers completed the design phase, and the plans were submitted for peer review by other public transit agencies and fare collection manufacturers.

RIVERLINK FERRY

In March, we invited singing star Patti LaBelle to christen the Freedom Ferry as it joined the RiverLink Ferry System. The Freedom Ferry features room for 600 passengers, covered decks, refreshment stands and restrooms. For most of the season, we operated only the Freedom, and operated both the Freedom Ferry and RiverLink Ferry during concerts at the Tweeter Center, providing continuous service to concert-goers.

PHILADELPHIA CRUISE TERMINAL AT PIER 1

The 2003 cruise season was a banner year for the Philadelphia Cruise Terminal at Pier 1, and a year that evidenced the success of DRPA's aggressive marketing campaign, "CruisePhilly." Growing from one cruise in 2002 to 17 cruises and nine port calls in 2003, the cruise terminal experienced its busiest season since 2000. Five major cruise lines offered

K-9 UNIT *The K9 Unit prepares to board a westbound PATCO train. Since May 2003, the K9 Unit has patrolled the trains, stations, and concourse areas of the High Speed Line.*

cruises to Bermuda, Canada/New England and the Caribbean from the Philadelphia Cruise Terminal. Those cruise lines included Norwegian Cruise Line, Celebrity Cruises, Carnival Cruise Line, Holland America and Royal Caribbean Cruise Lines. Major developments included the announcement of a four-year contract with Norwegian Cruise Line for 29 cruises and at least a two-year agreement with Celebrity for more than 20 cruises. The 2003 cruise season accounted for 133 full-time equivalent jobs, $8.4 million in business revenue, $4.4 million in employment income and $500,000 in state and local taxes.

CRUISE TERMINAL

DELAWARE RIVER AERIAL TRAM

Work continues on the New Jersey and Pennsylvania tower design. We carefully followed the City of Philadelphia's efforts to identify a developer for Penn's Landing and plan that the tram terminal in Philadelphia will be an integral part of any new development on that side of the river. We continued engineering studies and prepared bid packages for tram construction. As the program develops, we will examine the potential for private investment.

PORT OF PHILADELPHIA AND CAMDEN

At the AmeriPort Intermodal Rail Center, the number of lifts handled was down by 18 percent compared to 2002. Year-long drought conditions in Australia and New Zealand, which have reduced beef and lamb herds, have impacted the number of meat products bound for Canada and the United States via AmeriPort. Another reason for the drop in lifts is the re-routing of empty containers to other ports on the East Coast. We completed a beneficial reuse demonstration project to transport 53,800 cubic yards of dredged material from the U.S. Army Corps of Engineers disposal facility at Ft. Mifflin to an abandoned strip mine in Tamaqua, Schuylkill County, PA.

WORLD TRADE CENTER OF GREATER PHILADELPHIA

In June, the WTCGP joined World Trade Centers around the world to mark the first annual World Trade Centers Day. For its first fiscal year ending June 30, WTCGP generated more than $40 million in documented export sales directly attributed to our international trade assistance. This equates to 520 new jobs created. In October, WTCGP presented the 2nd Annual State of the Port Address providing an overview of current trends for cargo shipped through the Delaware River and the airport, and the economic outlook on development throughout the region. In November, WTCGP celebrated its one-year anniversary with a reception for members, potential members, service providers and local universities.

REGIONAL DEVELOPMENT

In April, we joined with the State of New Jersey, City of Camden and a private developer to provide funding to renovate and expand the New Jersey State Aquarium. Plans for the Aquarium expansion call for doubling the exhibition space to include an indoor hippopotamus exhibit and a state-of-the-art shark tank. In July, we joined the country in celebrating the opening of the National Constitution Center. In August, the City of Camden welcomed its newest residents when the first occupants moved into the Victor Lofts on the Camden Waterfront. In September, the Fairmount Waterworks Interpretive Center opened. Our support helped restore one of Philadelphia's most historic and picturesque sites for tourism and environmental education. In October, our support

CRUISE TERMINAL SAFETY *At the Philadelphia Cruise Terminal at Pier 1, DRPA police officers along with a private security force maintain order and security on every cruise day. Thousands of passengers pass through the terminal along with thousands of pieces of luggage in just a few hours time.*

of education in Camden was well noted at the ceremonial groundbreaking for the LEAP Academy University Charter High School. In November, the City of Chester, PA, broke ground to expand the city's Barry Bridge Park, located mostly on DRPA property in the shadow of the Commodore Barry Bridge. Once expanded, the park is expected to be one of the largest waterfront parks in Delaware County.

COMMUNITY ACTIVITIES

Our staff continues to give its time and energy to many worthy causes throughout the year. The Benjamin Franklin Bridge hosted the AmeriHealth BFB Challenge Run/Walk for Larc School and the American Cancer Society Bike-A-Thon. The Walt Whitman Bridge hosted the "Roar to the Shore," a motorcycle run benefitting police and firefighter survivors. The Commodore Barry

CRIME PREVENTION UNIT

Officers from DRPA's Public Safety Crime Prevention Unit, which includes McGruff the Crime Dog, regularly visits area schools.

Bridge hosted a run/walk for the Center for Resolutions of Delaware County. For the 14th year in a row, DRPA and PATCO hosted the MS 150 City To Shore Bike Tour benefitting the Multiple Sclerosis Society of Greater Delaware Valley. Our Public Safety officers participated in the 7th annual COPS Memorial Run to Washington, D.C., benefitting Concerns for Police Survivors, an organization that calls attention to the needs of families who have suffered the loss of law enforcement officers killed in the line of duty.

Our employees also demonstrated their commitment to the community by participating in:

- The annual Coat Drive to benefit local charities
- PATCO's annual Valentine Food Drive
- Participation in the American Cancer Society's "Daffodil Days"
- Participation in the United Way drive
- Big Brothers/Big Sisters mentoring program at a Camden public middle school

AWARDS AND HONORS

In September, DRPA was named "Regional Corporation of the Year" for 2003 by the Minority Supplier Development Council of Pennsylvania, New Jersey and Delaware for our commitment to minority business development. This year for the first time, the local district created a special regional award to honor DRPA as a regional organization and a national model for small business development. The Development Council took this unprecedented step because DRPA, while not a national corporation, has consistently demonstrated its commitment to the success of small businesses. The year 2003 marked the 10th year for the Authority's diversity programs. Under the guidance of Toni P. Brown, Director of the Office of Business Development & Equal Opportunity, the Authority awarded 23 percent of the total dollars spent in 2003 to disadvantaged, minority and women-owned businesses.

In November, DRPA received the 2003 LEAP Academy Leadership Award for our commitment through the years to its mission and goals.

Also in 2003, three Public Safety Officers were honored with the American Society for Industrial Security's Law Enforcement Appreciation Awards for saving the life of a motorist by administering CPR and for apprehending a suspect wanted for aggravated sexual assault and related charges. The officers are Sgt. Joseph Zito and Officers Steven Coates and Allison Mankoski. Other honors included:

- Human Resource Services Director Kelly Campbell received the TWIN (Tribute to Women in INdustry) Award from the YWCA of Camden County and Vicinity for her professional achievements and community service.
- Carl Casella, a Construction and Maintenance Mechanic at the Benjamin Franklin Bridge, was honored for coming to the aid of a New Jersey State Trooper who was struggling with an armed motorist on the shoulder of I-295.

2004 WORK AGENDA

The following is a summary of DRPA's anticipated areas of activity in 2004:

- **Meetings.** Host the 72nd annual meeting of the International Bridge, Tunnel and Turnpike Association at the Wyndham Hotel in Philadelphia. The IBTTA meeting is expected to bring more than 600 participants from all over the world to Philadelphia and generate more than $1.2 million in spending for the region. We are joined in our efforts by the Pennsylvania Turnpike Commission, New Jersey Turnpike Authority, South Jersey Transportation Authority, Delaware River and Bay Authority, Delaware Department of Transportation and the Delaware River Joint Toll Bridge Commission.

• **Safety and Security.** Continue to expand our Public Safety initiatives with the development of the Marine Unit to patrol the waters underneath the bridges. Continue security capital upgrades.

• **Finances.** We will continue to maintain some of the lowest bridge tolls and transit fares in the country and offer substantial discounts to our regular customers and senior citizens. We will also aggressively continue professional management and cost controls. In an effort to lower the cost of *E-ZPass* administration, we plan to combine back-office operations with the New Jersey *E-ZPass* agencies for a $1.4 million annual savings while improving *E-ZPass* customer services including online account management. In 2004, we will implement the changes to our *E-ZPass* discount program. We are eliminating the 10 percent discount for all customers, except our commercial account holders. For our most frequent customers, we are enhancing the commuter credit from $14 for 20 trips a month to $18 for 18 trips a month. Fares on the RiverLink Ferry will increase by $1 for seniors and children ages 3-12. Fares on PATCO will remain unchanged.

MOTORIST ASSISTANCE

• **Bridges.**

Benjamin Franklin – In 2004, DRPA will begin a $3.2 million roadway rehabilitation project for the Benjamin Franklin Bridge. Workers will resurface the entire 1.7 miles of the bridge and repair old joints. The work is expected to be completed in July. It has been 20 years since the bridge roadway has undergone this type of rehabilitation.

Walt Whitman – In 2004, DRPA will complete a decade-long renovation project to the Walt Whitman Bridge. Begun in 1994, it is the largest construction project in DRPA history. Workers improved roadway surfaces, ramp configurations, lighting, drainage and signage on the 6.7-mile bridge corridor. Motorists on the Walt Whitman Bridge are now driving on new roadway surfaces that have wider lanes and shoulders in both directions. This was the first major repair made to the Walt Whitman Bridge since its opening in 1957.

Commodore Barry – Following an 18-month re-decking of the bridge, completed in 2002, and the installation of the Pin & Hanger retrofit redundant support system in 2003, work in 2004 will include the replacement of the New Jersey substation.

Betsy Ross – Begun in 2003, work will progress on the toll plaza rehabilitation. All toll lanes are being renovated with little impact to traffic movement.

All Bridges/PATCO – Conduct biennial engineering inspections of all facilities.

• **PATCO.** In 2004, we will celebrate the 35th anniversary of the PATCO High Speed Line. At its opening in 1969, the Speed Line was a world leader in mass transit technology. Today, we are investigating a more modern fare collection system, "Smart Card technology," and will award a contract for procuring the new system in 2004. We are also continuing the rapid transit extension study in more areas of Philadelphia and Southern New Jersey to better serve the Philadelphia business district and the growing communities in Gloucester and Cumberland counties in New Jersey. In 2004, we will study ridership projections and identify possible station locations. We will also hold a second round of public hearings to ensure that we have the public's support on this project. In March, we will welcome New Jersey Transit's

MOTORIST ASSISTANCE PROGRAM

The MAP program assists stranded motorists with minor repairs such as a flat tire. Motorists who respond to a survey card rate the service very highly and note that assistance arrives within 1 to 3 minutes.

AUTHORITY-WIDE SAFETY

DRPA's core mission has always been to provide efficient transportation services to the people of our region. At PATCO, we continue this effort by making sure our trains are well maintained.

"River LINE" Light Rail to the Camden Waterfront. Work will be completed on PATCO's West Headhouse in Camden, which will serve as a transfer station for Light Rail riders who wish to continue on PATCO into Philadelphia or other points in South Jersey. Work will also wrap up on escalator replacement and station rehabilitation at the New Jersey stations. We will also begin construction to expand the Collingswood Station parking lot.

• **RiverLink Ferry.** Sell the original RiverLink Ferry and operate only the new Freedom Ferry with its larger capacity. Commission a caterer to provide full-service private events on the ferry after normal operating hours.

• **Philadelphia Cruise Terminal at Pier 1.** Welcome a full season of summer cruising with 9 port calls and at least 22 ships departing from Philadelphia. Build a new parking facility one block from the cruise terminal to make operations more efficient and customer friendly. Continue to market the cruise terminal as a venue for events and meetings.

Release the results of an economic passenger survey conducted in 2003 that will yield a baseline for hotel and tourism impact that the cruise terminal can bring to the region. The 2004 season will run from April through August, marking the first time that Philadelphia will host regular summer cruise embarkations since 2000.

• **Port of Philadelphia and Camden.** Assist the World Trade Center of Greater Philadelphia in May as it transitions into a wholly-independent nonprofit agency. Prior to its spin off, in March, the WTCGP will receive certification from the World Trade Centers Association (WTCA) in the following four service categories, with the option to add more service categories at a later time: trade information services, trade education services, group trade missions, and trade technology innovations. WTCA certification is recognized globally and will attract more business to the WTCGP from other World Trade Centers and international organizations.

• ***E-ZPass.*** Produce and distribute three installments of *E-ZPass* Notes, our customer newsletter that provides transportation information and discount coupons. Complete the conversion of data and the migration of accounts to the New Jersey *E-ZPass* processing center, and begin offering our customers Internet access to their accounts. Study a "gates down" pilot program at the Commodore Barry Bridge to cut down on *E-ZPass* violations.

AUTHORITY-WIDE SAFETY

• **Delaware River Aerial Tram.** Work will include: finalizing the design of the towers, awarding the tram system contract, and finalizing locations of the terminals on both sides of the river.

• **Regional Development.** At the end of 2003, little money remained for Regional Development in 2004. To that end, we have refocused our efforts on managing the projects already underway such as the completion of LEAP Academy University Charter High School in Camden. Potential projects will receive greater scrutiny before any funding can be arranged.

• **Vendor Diversity and Affirmative Action.** Continue to sponsor training and outreach programs to encourage small businesses to compete for contracts with DRPA and PATCO. Build on the momentum and recognition we received from 2003's "Regional Corporation of the Year" award by the Minority Supplier Development Council of Pennsylvania, New Jersey and Delaware.

• **Community Activities.** Encourage our staff to continue working on outreach projects as part of their everyday functions and as volunteers.

As 2003 drew to a close, we faced the harsh reality that no amount of cost cutting could ensure us a balanced 2004 budget without some cuts in our own staff. In facing the most difficult decision I've had since joining the DRPA, our Board of Commissioners and staff decided to offer early retirement incentives to qualified employees. By the end of December 2003, 45 long-standing employees accepted our offer to retire. Unfortunately, those 45 retirements, along with a new requirement for staff to contribute toward their health care coverage, were not enough to meet our financial obligations to our customers and bond-holders.

On February 3, 2004, we announced the lay-off of 27 staff members, mainly from our administrative offices at One Port Center. Together with the 45 early retirements, the layoffs resulted in an annual savings to the Authority of approximately $4 million in staffing costs.

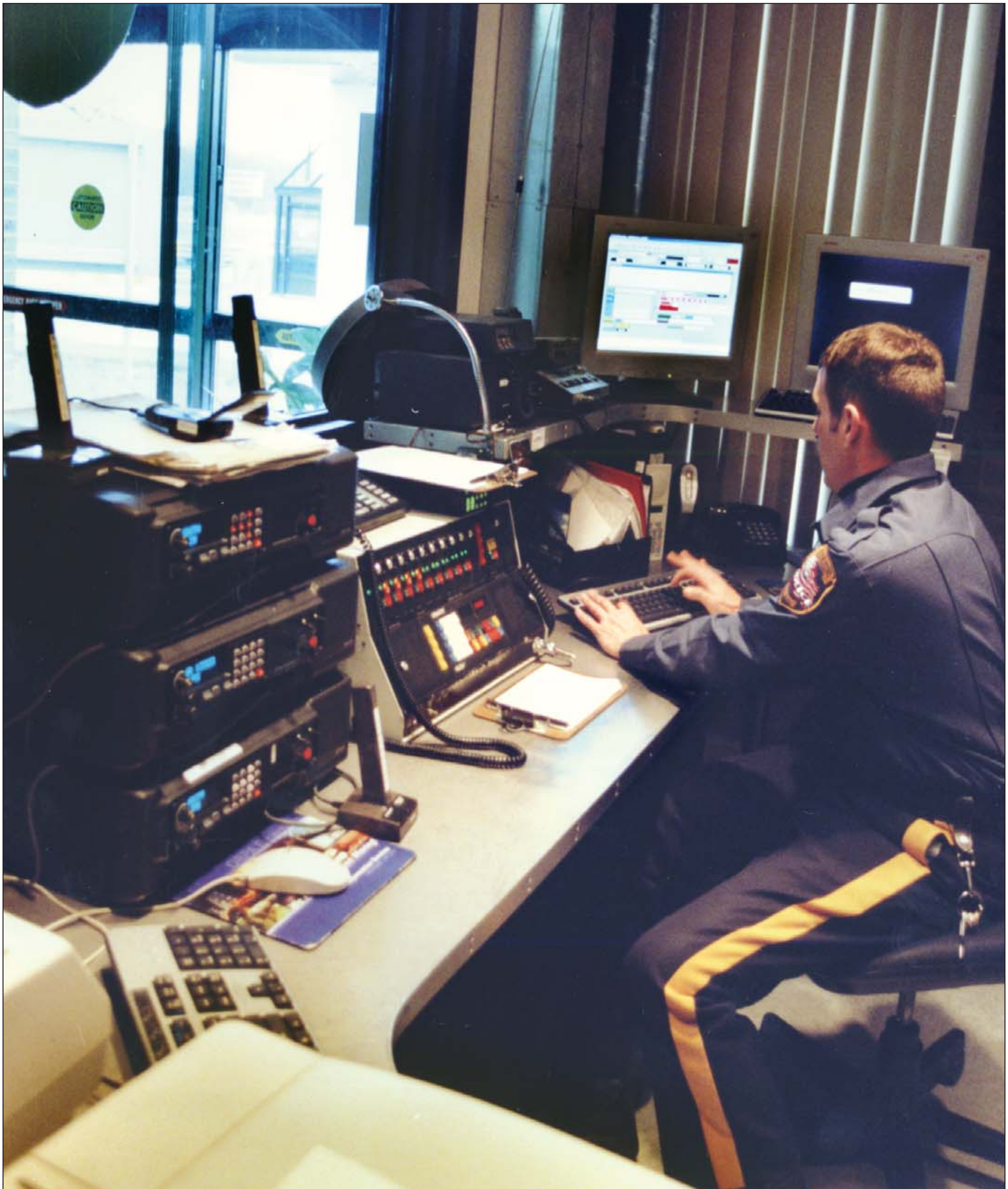
Deciding on the layoffs was not an easy task. We undertook an extremely pain-staking process to identify areas where we saw redundancies or possibilities for cost-savings. I cannot stress enough that the reductions taken are in no way a reflection of the contribution, talents and dedication of these individuals through the years to the Authority. Instead, the action was one of many that we have been forced to take in order to maintain the fiscal integrity of the Authority. The gaps in experience and knowledge that these talented individuals leave behind will be difficult to fill, but our remaining staff will work hard to fill that void without any disruption or inconvenience to our customers.

At four public hearings in December and through several weeks of public comment, our customers repeatedly told us one message that we have taken to heart: Return to our core business of providing quality cross-river transportation services. We heard this message at the public hearings we held to consider changes to our *E-ZPass* discount program. We also heard this message in the form of hundreds of emails, letters and phone calls from customers concerned about our impending $15 million budget shortfall for 2004. We vowed to balance our budget for 2004, and in doing so, we have renewed our commitment to our customers as a transportation authority with less emphasis on regional development spending.

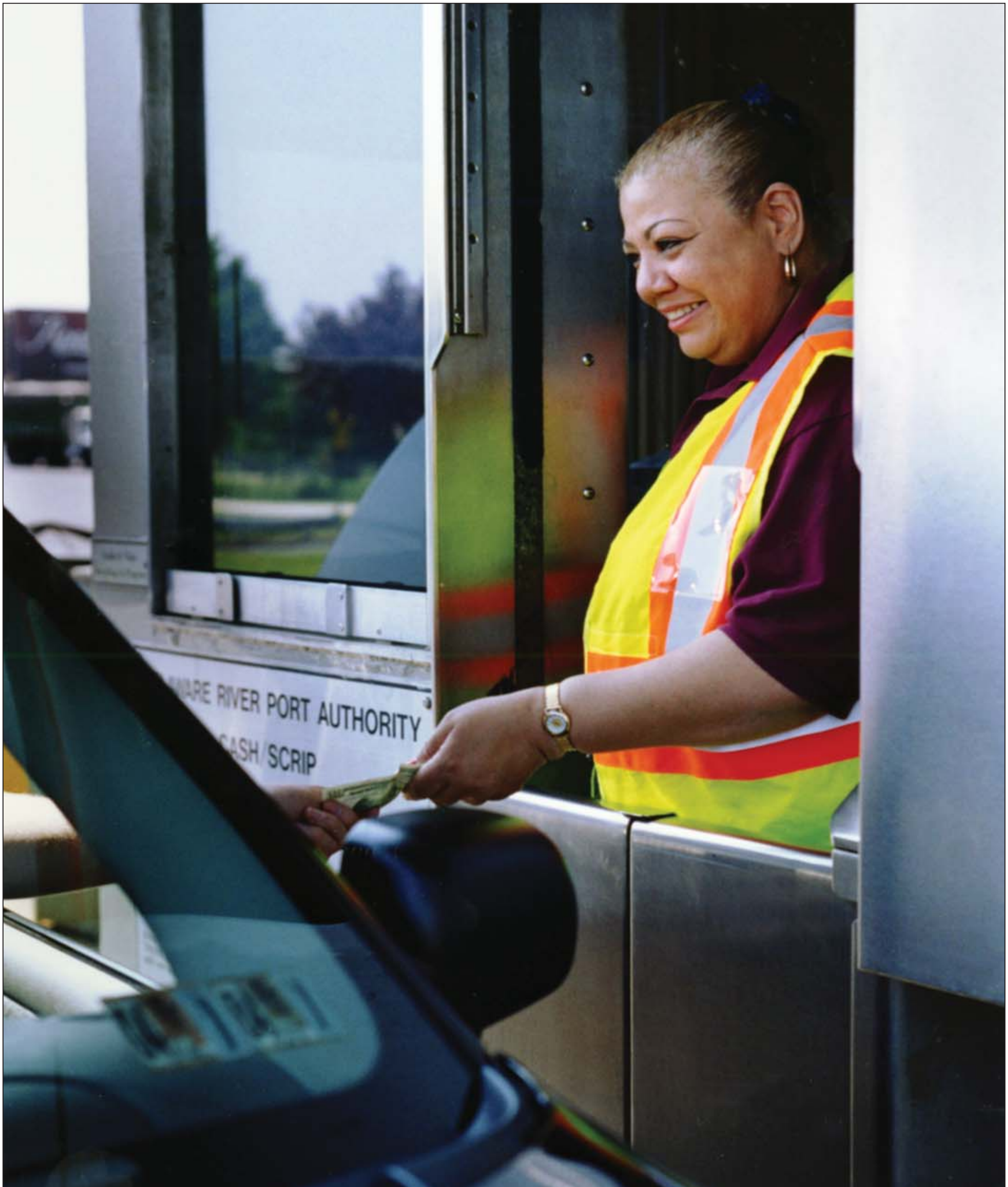
We welcome the opportunity in 2004 to prove to our customers that their well-being is at the forefront of all we do and that their needs are not only met but that their expectations will be exceeded.

Yours truly,

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



POLICE RADIO *At the police radio room at the Commodore Barry Bridge, an officier monitors the traffic flow on the bridge. Each bridge is equipped with a radio room that tracks real-time traffic information enabling rapid response to emergencies 24 hours a day.*



TOLL OPERATIONS

Walt Whitman Bridge toll collector Dawn Robinson greets every customer with a smile. Toll collectors at the Walt Whitman suffered no injuries from late February through the end of 2003, a trend that continued into 2004. This is no easy feat as we strive every day for an injury free work environment.

DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey

June 30, 2004

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, 2003, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

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

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

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

The combined financial statements of the Authority are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States. Financial statements for the year ending December 31, 2003, reflect the implementation of GASB Statement No. 33, "Accounting and Financial Reporting for Non-Exchange Transactions," GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local

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Governments," GASB Statement No. 37, "Basic Financial Statements and MD&A for State and Local Governments: Omnibus," and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." In compliance with these requirements, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the MD&A. This letter of transmittal is designed to complement 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 bi-state corporate instrumentality of the Commonwealth of Pennsylvania and the State of New Jersey created with the consent of Congress by compact legislation between the Commonwealth of Pennsylvania and the State of New Jersey. The Authority, which has no stockholders or equity holders, was created in 1952 as a successor to the Delaware River Joint Commission, which was created in 1931. The Authority is governed by a 16-member Board of Commissioners. The Governor of New Jersey appoints eight commissioners with the advice and consent of the Senate of New Jersey. The Governor of Pennsylvania appoints six commissioners, with the Auditor General and the State Treasurer of Pennsylvania serving as ex-officio commissioners for Pennsylvania. Commissioners serve five-year terms without compensation. The Board of Commissioners establishes policy and plans for the operations of the Authority. A Chief Executive Officer is appointed by the Board of Commissioners to implement policy and to manage the daily operations of the Authority.

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION INVESTMENT MANAGEMENT

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

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

RISK MANAGEMENT

The Authority is self-insured for public liability up to a limit of $5 million per occurrence. Excess liability insurance provides coverage of $20 million over the Authority's $5 million self-insured retention. The DRPA is self-insured for workers' compensation up to a limit of $350,000 per occurrence with excess workers' compensation coverage providing $5 million in coverage over the DRPA's $350,000 self-insured retention. PATCO is fully self-insured for workers' compensation. Property insurance is placed with commercial insurance carriers with limits and deductibles as deemed appropriate for the needs of the Authority. Additional information can be found in Note 12 of the financial statements.

PENSION PLANS

Employees of the Authority participate in either the Pennsylvania State Employees' Retirement System or the Teamsters Pension Plan of Philadelphia and Vicinity, both of which are cost-sharing, multiple employer defined benefit pension plans which provide pension, death and disability benefits. Under the Pennsylvania State Employees' Retirement System, employees are required to contribute 6.25 percent of their gross payroll to the plan. The Authority is required to contribute an actuarially determined amount to the plan, which in 2003 equaled 0.44 percent of participating payroll.

Under the Teamsters Pension Plan of Philadelphia and Vicinity, the Authority is required to contribute a fixed amount per hour for each qualified PATCO employee. Contributions to the plan totaled 8.60 percent of participating payroll in 2003. Employees are not required to make any contributions to the plan. Additional information can be found in Note 7 of the financial statements.

Legislation passed by the State of New Jersey in early 2004 would give Authority employees the option of participation in the New Jersey Public Employees Retirement System. Finalization of the details of employee participation is pending.

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, 2002. This was the eleventh consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the 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 Corporate Communications and Marketing Divisions. I would especially like to express my appreciation to the members of these Divisions who contributed to the preparation of this report. Special thanks must also be given to the Chairman, Vice-Chairman, Chief Executive Officer, and the Finance Committee for maintaining the highest standards in the management of the Delaware River Port Authority's finances.

Respectfully submitted,

James M. White, Jr.
Acting Chief Financial Officer

Financial Section

Certified Public Accountants & Consultants
601 White Horse Road
Voorhees, NJ 08043-2493
(856) 435-6200
Fax: (856) 435-0440
E-Mail cpas@bowmanllp.com
www.bowmanllp.com

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

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Delaware River Port Authority

We have audited the accompanying combined financial statements of the Delaware River Port Authority and subsidiaries, as of December 31, 2003 and 2002, as listed in the Financial Section of the foregoing table of contents. These combined financial statements and supplemental schedules discussed below are the responsibility of the Delaware River Port Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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

In our opinion, the combined financial statements present fairly, in all material respects, the combined financial position of the Delaware River Port Authority as of December 31, 2003 and 2002, and the combined results of operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
April 8, 2004

Management's Discussion and Analysis

As management of the Delaware River Port Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2003. 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 29-32 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent year by $301,119 (net assets).
- The Authority's total debt decreased by $24,954 (1.9 %) during the current year.
- During 2003, the Authority maintained its bridge toll rates; thereby remaining among the lowest in the country when compared with those of other major interstate bridges and tunnels.
- PATCO fares compare favorably to those of other transit systems, and PATCO continues to offer free and low-cost parking and round-the-clock service.
- Capital contributions in the form of grants from federal and state governments decreased from $13,023 in 2002 to $9,646 in 2003.
- Both bridge traffic and toll revenues increased by 0.7% during fiscal year 2003.
- Economic development activity spending was reduced by $21,493 during fiscal year 2003, a 38.7% reduction from 2002.
- Operating revenues were $204,314 in 2003, an increase of $3,833 (1.9%) over 2002, while non-operating revenues decreased from $45,072 in 2002 to $38,111 in 2003, a 15.4% decrease.

FINANCIAL POSITION SUMMARY

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $301,119 at the close of the year 2003.

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

DELAWARE RIVER PORT AUTHORITY'S NET ASSETS

	2003	2002
Current and other assets	$695,889	$801,901
Capital assets	1,043,068	979,521
Total assets	1,738,957	1,781,422
Long-term liabilities outstanding	1,322,706	1,347,746
Other liabilities	115,132	118,508
Total liabilities	1,437,838	1,466,254
Net assets:		
Invested in capital assets, net of related debt	269,785	275,718
Restricted	249,155	236,737
Unrestricted (deficit)	(217,821)	(197,287)
Total net assets	$301,119	$315,168

Net assets decreased during 2003 in the amount of $14,049. This decrease is attributable to increased operating expenses versus relatively flat operating revenues, increased depreciation expenses and a reduction in interest income during fiscal year 2003.

SUMMARY OF CHANGES IN NET ASSETS

	2003	2002
Operating revenues (See page 46 for detail)	$204,314	$200,481
Operating expenses (See page 46 for detail)	(119,202)	(113,072)
Excess before depreciation and other non-operating income and expenses	85,112	87,409
Depreciation	(30,819)	(28,139)
Operating income	54,293	59,270
Non-operating income and expenses, net	(76,393)	(88,769)
Loss before capital contributions and special item	(22,100)	(29,499)
Capital contributions	9,646	13,023
Special item	(1,595)	0
Decrease in net assets	($14,049)	($16,476)

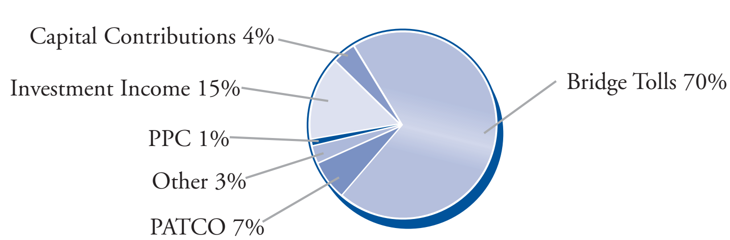
REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2003 and the amount and percentage change in relation to prior year amounts is as follows:

	2003 Amount	Percent of Total	Increase/ (Decrease) From 2002	Percent Increase/ (Decrease)
Operating:				
Bridge tolls	$175,622	69.7%	$1,204	0.7%
PATCO	18,430	7.4%	(821)	(4.3%)
Other	7,766	3.1%	3,294	42.4%
AmeriPort	1,018	0.4%	255	23.5%
Ferry	877	0.3%	132	17.7%
Cruise Terminal	601	0.2%	413	219.7%
Total Operating	$204,314	81.1%	3,833	1.9%
Non-Operating:				
Investment Income	38,111	15.1%	(6,961)	(15.4%)
Capital Contributions	9,646	3.8%	(3,377)	(25.9%)
TOTAL REVENUES	$252,071	100.0%	($6,505)	(2.5%)

- Total revenues decreased by (2.5%), primarily due to a decrease in non-operating revenues during the period; attributable to a decrease in capital contributions and a decrease in overall interest income.
- Bridge toll revenues increased slightly (0.7%) as a result of a 0 .7% increase in total traffic during 2003; total traffic and revenue growth was impacted by inclement weather in early 2003.
- Investment income declined sharply as a result of declining interest rates during 2003 and a $109,592 redemption of Project Funds available for investment.
- PATCO's revenue decline in 2003 was attributable to a decline in total passengers of 424,000 during 2003, a decline of 4.6%.

REVENUES BY SOURCE



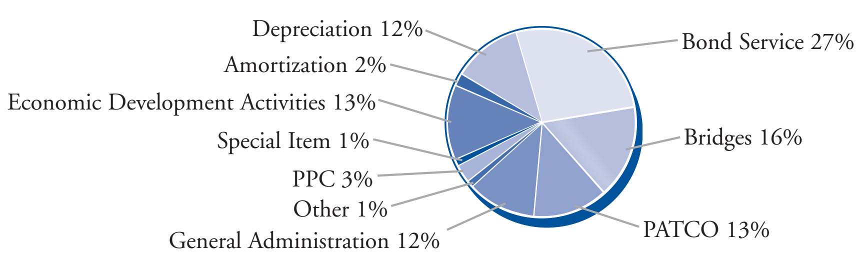
EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2003 and the amount and percentage change in relation to prior year amounts is as follows:

	2003 Amount	Percent of Total	Increase/ (Decrease) From 2002	Percent Increase/ (Decrease)
Operating:				
Bridge	$43,241	16.2%	$1,666	4.0%
PATCO	33,614	12.6%	2,225	7.1%
General Administration	32,567	12.2%	2,260	7.5%
Other	2,952	1.1%	35	1.2%
AmeriPort	1,907	0.7%	73	4.0%
Ferry	1,126	0.4%	80	7.6%
Cruise Terminal	1,394	0.5%	473	51.4%
Maritime Services	2,401	0.9%	(682)	(35.0%)
Depreciation	30,819	11.6%	2,680	9.5%
Total Operating	$150,021	56.2%	$8,810	7.9%
Non-Operating:				
Bond Service	74,770	28.1%	(2,269)	(2.9%)
Amortization	5,195	2.0%	4,188	5.4%
Other	526	0.2%	237	82.0%
Economic Development Activities	34,013	12.8%	(21,493)	(38.7%)
Total Non-Operating	$114,504	43.1%	($19,337)	(24.9%)
Special Item	1,595	0.7%	1,595	100.0%
TOTAL EXPENSES	$266,120	100.0%	($8,932)	(3.2%)

- Bridge property insurance, security, salary and benefit increases were the primary factors affecting bridge operating expenses.
- The 7.50% increase in general administration expenses was attributable to increases in salary, benefits and maintenance costs for computer systems.
- Depreciation expenses increased by $2,680 (9.5%) during the year; this increase was attributable to the $36,865 increase in total capital assets being depreciated in 2003 (Note 5).

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.

	2003	2002
Cash flow from operating activities	$82,651	$87,951
Cash flow from non-capital financing activities	(49,508)	(55,389)
Cash flow from capital and related financing activities	(178,509)	(296,006)
Cash flow from investing activities	141,195	266,567
Net increase (decrease) in cash and cash equivalents	(4,171)	3,123
Cash and cash equivalents, beginning of year	9,004	5,881
Cash and cash equivalents, end of year	$4,833	$9,004

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2003, amounted to $1,043,068 (net of accumulated depreciation). This investment in capital assets includes land, bridges, transit system, port enhancements, buildings and machinery. The total percentage increase in the Authority's investment in capital assets for the current fiscal year was 6.50%.

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

- Construction of approach ramps to the Walt Whitman Bridge; work in progress at the close of the current fiscal year had reached $16,747.
- PATCO station improvements; work in progress at the close of the current fiscal year had reached $12,250.
- Removal of existing paint coatings at the Ben Franklin Bridge; work in progress at the close of the current fiscal year had reached $11,000.
- Replacement of radio communication system at all bridge facilities; work in progress at the close of the current fiscal year had reached $4,512.
- Replacement of PATCO track crossties; work in progress at the close of the year had reached $2,500.

DELAWARE RIVER PORT AUTHORITY'S CAPITAL ASSETS

(net of depreciation)

	2003	2002
Land	$80,183	$80,183
Bridges and related buildings and equipment	580,434	560,386
Transit property and equipment	160,829	150,704
Port enhancements	9,786	3,094
Construction in progress	211,836	185,154
Total	$1,043,068	$979,521

Additional information on the Authority's capital assets can be found in Note 5 on page 52. of this report.

Long-term debt. At the end of the current fiscal year, the Authority had total bonded debt outstanding of $1,299,338. Of this amount, $903,609 represents debt backed by toll revenue from the Authority's bridges. The remaining debt of $395,729 is supported by remaining revenue sources of the Authority. The Authority's total debt decreased by $24,954 (1.9%) during the current year.

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

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

Additional information on the Authority's funded and long-term debt can be found in Note 9 on pages 54-62 of this report.

DELAWARE RIVER PORT AUTHORITY'S OUTSTANDING DEBT

(Revenue, Revenue Refunding and Port District Project Bonds)

	2003	2002
1995 Revenue Bonds	$353,269	$353,077
1998 Revenue Refunding Bonds	128,731	144,538
1998 Port District Project Bonds	75,524	77,333
1999 Revenue Bonds	421,609	421,576
1999 Port District Project Bonds	159,496	160,931
2001 Port District Project Bonds	160,709	161,991
Total	$1,299,338	$1,319,446

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the 2004 fiscal year:

- Projected bridge toll revenue increase of 4.3% attributable to a modest increase in traffic and a restructuring of E-ZPass discount programs.
- Modest increases in PATCO projected revenue based on increased ridership for fiscal year 2004 due to completion of system enhancements.
- Bridge tolls and PATCO fares will remain unchanged for fiscal year 2004.
- Projected increased revenues for the Cruise Terminal and AmeriPort operations. Fares on Ferry will increase by $1 for children and seniors.
- Elimination of 10% discount for all E-ZPass customers, with the exception of commercial account holders.
- Enhancement of the E-ZPass commuter credit from $14 for 20 trips a month to $18 for 18 trips a month.
- Tight cost containment of 2004 operating expenses, including staffing reductions, reductions in costs of E-ZPass operations, etc.

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, 2003. Questions from interested parties concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Delaware River Port Authority, 2 Riverside Drive, PO Box 1949, Camden NJ 08101-1949.

COMBINED STATEMENTS OF NET ASSETS
December 31, 2003 and 2002 (In Thousands)

ASSETS	Notes	2003	2002
CURRENT ASSETS			
Cash and cash equivalents	1,2	$3,540	$7,770
Investments	1,2	123,346	131,912
Accounts receivable (net of allowance for uncollectibles)	3	11,820	14,801
Accrued interest receivable		721	453
Transit system and storeroom inventory	1	4,330	4,403
Economic development loans - current	1, 15	1,818	1,275
Prepaids		1,692	1,571
Total current assets		147,267	162,185
NONCURRENT ASSETS			
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,2	1,293	1,234
Investments	1,2	472,356	576,121
Accrued interest receivable		145	171
		473,794	577,526
Capital assets (net of accumulated depreciation):			
Land	5	80,183	80,183
Bridges and related buildings and equipment	5	580,434	560,386
Transit property and equipment	5	160,829	150,704
Port enhancements	5	9,786	3,094
Construction in progress	5	211,836	185,154
Total capital assets		1,043,068	979,521
Economic development loans - net	1	27,317	11,196
Deferred charges:			
Debt issuance costs (net of amortization)	9	47,511	50,994
Total noncurrent assets		1,591,690	1,619,237
TOTAL ASSETS		$1,738,957	$1,781,422

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

COMBINED STATEMENTS OF NET ASSETS
December 31, 2003 and 2002 (In Thousands)

LIABILITIES	Notes	2003	2002
CURRENT LIABILITIES:			
Accounts payable:			
Retained amounts on contracts		$7,526	$7,645
Other		15,132	14,705
Accrued liabilities:			
Pension	7	93	61
Deferred revenue	1, 9	30,117	38,768
Liabilities payable from restricted assets:			
Accrued interest payable	9	36,199	36,767
Bonds and loans payable - current	9	26,065	20,562
Total current liabilities		115,132	118,508
NONCURRENT LIABILITIES:			
Accrued liabilities:			
Repainting	1	39,709	34,139
Self- insurance	12	4,338	4,460
Sick and vacation leave benefits		4,482	4,742
Other		904	675
Bonds and loans payable (net of Unamortized discounts / premiums)	9	1,273,273	1,303,730
Total noncurrent liabilities		1,322,706	1,347,746
Total liabilities		1,437,838	1,466,254
NET ASSETS			
Invested in capital assets, net of related debt		269,785	275,718
Restricted for:			
Debt requirements		127,896	135,559
Port projects		121,259	101,178
Unrestricted (deficit)		(217,821)	(197,287)
Total net assets		$301,119	$315,168

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

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
Years ended December 31, 2003 and 2002 (In Thousands)

	Notes	2003	2002
OPERATING REVENUES:			
Bridges:			
Tolls		$175,622	$174,418
Other operating revenues		5,914	3,220
Total bridge operating revenues		181,536	177,638
Transit system:			
Passenger fares		18,430	19,251
Other operating revenues		1,151	1,252
Total transit system operating revenues		19,581	20,503
Port of Philadelphia and Camden:			
Ameriport		1,018	1,085
Cruise terminal		601	510
RiverLink		877	745
Total Port of Philadelphia and Camden operating revenues		2,496	2,340
Other:			
Miscellaneous		701	-
Total operating revenues		204,314	200,481
OPERATING EXPENSES:			
Operations		76,855	72,964
General and administrative		32,567	30,307
Depreciation	1	30,819	28,139
Lease and community impact	1	2,952	2,917
Port of Philadelphia and Camden		6,828	6,884
Total operating expenses		150,021	141,211
OPERATING INCOME		54,293	59,270
NONOPERATING REVENUES (EXPENSES):			
Investment earnings		38,111	45,072
Interest expense	9	(74,770)	(77,039)
Amortization expense		(5,195)	(1,007)
Economic development activities		(34,013)	(55,506)
Other		(526)	(289)
Total other nonoperating revenues (expenses)		(76,393)	(88,769)
LOSS BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEMS		(22,100)	(29,499)
CAPITAL CONTRIBUTIONS:			
Federal and state capital improvement grants	11	9,646	13,023
SPECIAL ITEMS:			
Early retirement incentive program	13	(1,595)	-
CHANGE IN NET ASSETS		(14,049)	(16,476)
NET ASSETS, JANUARY 1		315,168	331,644
NET ASSETS, DECEMBER 31		$301,119	$315,168

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

COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2003 and 2002 (In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	2003	2002
Receipts from customers	$196,503	$203,211
Payments to suppliers	(76,421)	(72,307)
Payments to employees	(37,431)	(42,953)
Net cash provided by operating activities	82,651	87,951
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Economic development activities	(31,513)	(55,506)
(Increase) in economic development loans receivable	(16,400)	117
Employee incentive expense	(1,595)	-
Net cash used by noncapital financing activities	(49,508)	(55,389)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(94,487)	(94,579)
Capital contributions	9,287	13,023
Repayment of lease obligations	-	(3,657)
Repayment of funded debt	(19,960)	(121,685)
Interest paid on debt	(73,349)	(89,108)
Net cash used by capital and related financing activities	(178,509)	(296,006)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,942,761	6,462,528
Purchase of investments	(4,839,434)	(6,241,361)
Interest received	37,868	45,400
Net cash provided by investing activities	141,195	266,567
Net (decrease) increase in cash and cash equivalents	(4,171)	3,123
Cash and cash equivalents, January 1 (including $1,234 and $767 reported as restricted)	9,004	5,881
Cash and cash equivalents, December 31 (including $1,293 and $1,234) reported as restricted)	$4,833	$9,004

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

	2003	2002
Operating income	$54,293	$59,270
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	30,819	28,139
Decrease (increase) in accounts receivable	481	(5,070)
Decrease (increase) in transit system and storeroom inventories	73	(257)
(Increase) in prepaids	(121)	(79)
(Decrease) in retained amount on contracts	(119)	-
Increase in accounts payable	427	6,834
Increase in pension payable	32	67
(Decrease) in deferred revenue	(8,651)	(7,153)
Increase in repainting reserves	5,570	5,653
(Decrease) Increase in self-insurance reserves	(122)	493
(Decrease) in sick and vacation leave benefits payable	(260)	(564)
Increase in other payables	229	618
Net cash provided by operating activities	$82,651	$87,951

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

NOTES TO COMBINED FINANCIAL STATEMENTS
Year ended December 31, 2003 (Dollars In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Operations - The Delaware River Port Authority (the Authority) is a public corporate instrumentality of the Commonwealth of Pennsylvania (the Commonwealth) and the State of New Jersey (the State) created with the consent of Congress by compact legislation between the Commonwealth and the State. The Authority has no stockholders or equity holders. The Authority is vested with the ownership, control, operation and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit facility which is operated by the Port Authority Transit Corporation (PATCO). The transit facility operates between Philadelphia, Pennsylvania, and Lindenwold, New Jersey. Among its powers, the Authority is responsible for regional economic development and the unification of certain port facilities of the Delaware River. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the operation of the Authority's intermodal transfer facility, Ameriport, which facilitates the movement of containerized cargo through the regional ports. PPC is also responsible for the marketing and operation of the Philadelphia Cruise Terminal at the former Navy Yard and the RiverLink Ferry System. In 1997, the Authority created the Delaware River Port Authority Foundation (Foundation) to support educational programs and initiatives of community groups. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls and fares. In December 1999, the Authority implemented the electronic collection of tolls at its four bridges. Through December of 2003, customer participation in the E-ZPass electronic toll collection process grew to approximately 60% of its toll collection activity during the morning rush hour.

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

C. Cash and Cash Equivalents - The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (see Note 2).

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

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

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

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

H. Investment in Facilities - Investment in facilities is stated at cost, which generally includes expenses for administrative and legal expenses incurred during the construction period. Investment in facilities also includes the cost incurred for port-related projects, and improvements, enlargements and betterments to the original facilities.

Replacements of existing facilities (except for primarily police and certain other vehicles whose estimated useful life is two years or less) are also recorded at cost. The related costs and accumulated depreciation of the property replaced are removed from the respective accounts and any gain or loss on disposition is credited or charged to nonoperating revenues or expenses. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Note 11).

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

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

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

J. Other Provisions **-** The Authority provides for the uninsured portion of potential public liability claims and workers' compensation claims through self-insurance programs and charges current operations for estimated claims to be paid (Note 12).

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

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

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

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

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

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

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

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

O. Budget - In accordance with Section 5.15 of the1995 and 1998 Revenue Bonds Indentures of Trust and Section 5.07 of the 1998, 1999 and 2001 Port District Project Bond Indentures of Trust, the Authority must annually adopt an Annual Budget on or before December 31 for the ensuing year. Section 5.15 of the 1995 and 1998 Revenue Bond Indentures of Trust requires that the Authority, on or before December 31, in each fiscal year, adopt a final budget for the ensuing fiscal year of (i) operational expenses, (ii) the PATCO Subsidy, (iii) the amount to be deposited to the credit of the Maintenance Reserve Fund and (iv) the estimated amounts to be deposited into the Debt Service Fund, the Debt Service Reserve Fund and the Rebate Fund. Each Annual Budget must also contain the Authority's projections of revenues for the ensuing fiscal year demonstrating compliance with the covenant as to facility charges as set forth in Section 5.09 of the Indenture of Trust. On or before December 31 in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the Trustees.

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

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

2. CASH AND INVESTMENTS

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

At December 31, 2003 and 2002, the Authority's carrying amount of deposits were $4,833 and $9,004, respectively, of which $1,321 and $1,064, respectively, was cash on hand. Cash in banks amounted to $16,725 and $16,259 at December 31, 2003 and 2002. Balances of $501 at December 31, 2003, and $501 at December 31, 2002, were insured by federal depository insurance.

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

Investments are purchased in accordance with the General Bond Resolution and the Indenture of Trust, and generally include U.S. government obligations, money market funds, obligations of U.S. agencies or instrumentalities, and obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard and Poor's Corporation or Moody's Investors Services. In accordance with the 1995, 1998 and the 1999 Indentures of Trust, the Authority invests in corporate bonds and commercial paper rated A-1 by Standard and Poor's Corporation. Investments in securities are categorized below to give an indication of the credit risk assumed at December 31, 2003. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter-party's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent, but not in the Authority's name. Certain investments have not been categorized because securities are not used as evidence of the investment. The carrying amount and fair value of the Authority's investments are shown below. Guaranteed Income Contracts are collateralized by U.S. government and agency securities, and debt obligations having a rating in the highest rating category from Moody's Investors Service or Standard and Poor's Rating Services.

	Category	Reported Amount
U.S. agency securities	1	$244,161
Federated treasury securities	1	8,471
Commercial paper	1	127,352
Repurchase agreement	1	6,173
Corporate bonds and capital securities	1	29,118
Municipal re-investment	1	33,302
Mortgage-backed securities	1	3,893
Other short term investments	3	75,206
Money market funds	3	68,026
Total investments in securities		$595,702

As stated in Note 1, the carrying amount of investments approximate fair value.

3. ACCOUNTS RECEIVABLE

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

	2003
Reimbursements from governmental agencies - Capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit	$1,913
Other intergovernmental	6,057
Port of Philadelphia and Camden trade receivables	53
Cruise terminal receivables	38
Due from E-ZPass Inter Agency Group	3,760
Development projects	60
Other	2,439
Gross Receivables	$14,320
Less: Allowance for uncollectibles	(2,500)
Net total receivables	$11,820

Of the total intergovernmental receivables of $6,057 above, $6,000 is not expected to be collected within one year. For the $6,000, an allowance for uncollectibles has been established for $2,500.

The Authority records toll revenue net of uncollectable tolls. Gross toll revenues for 2003 were $177,224, while the adjustment for uncollectable tolls was $1,602.

4. CHANGES IN LONG TERM LIABILITIES

Long term liability activity for the year ended December 31, 2003 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 Year
Bonds and Loans Payable:					
1995 Revenue Bonds	$357,185	-	-	$357,185	-
1998 Revenue Refunding Bonds	140,565	-	($15,365)	125,200	$17,295
1999 Revenue Bonds	422,310	-	-	422,310	-
1998 Port District Project Bonds	77,815	-	(1,830)	75,985	1,900
1999 Port District Project Bonds	164,015	-	(1,575)	162,440	1,680
2001 Port District Project Bonds	159,575	-	(1,190)	158,385	5,190
Long Term Loans	4,847	-	(4,847)	-	-
Less Issuance Discounts/Premiums	(2,020)	-	(147)	(2,167)	-
Total bonds and loans Payable	1,324,292	-	(24,954)	1,299,338	26,065
Other Liabilities:					
Bridge Repainting	34,139	$5,570	-	39,709	-
Self Insurance	4,460	-	(122)	4,338	-
Sick and Vacation Leave	4,674	-	(192)	4,482	-
Other	675	229	-	904	-
Total Long Term Liabilities	$1,368,240	$5,799	($25,268)	$1,348,771	$26,065

5. INVESTMENT IN FACILITIES

Capital assets for year ended December 31, 2003 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land:	$80,183	-	-	$80,183
Construction in Process	185,154	$87,158	($60,476)	211,836
Total capital assets not being depreciated	265,337	87,158	(60,476)	292,019
Capital assets being depreciated:				
Bridges and related building & equipment	788,948	38,889	(14,733)	813,104
Transit property & equipment	257,229	17,927	(703)	274,453
Port Enhancements	19,701	10,989	-	30,690
Total capital assets being depreciated	1,065,878	67,805	(15,436)	1,118,247
Less accumulated depreciation	(351,694)	(30,819)	15,315	(367,198)
Total capital assets, being depreciated, net	714,184	36,986	(121)	751,049
Total capital assets, net	$979,521	$124,144	($60,597)	$1,043,068

Total depreciation expense for the year ended December 31, 2003 was $30,819.

6. DEFERRED COMPENSATION PLAN

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

7. PENSION PLANS

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

Pennsylvania State Employees’ Retirement System

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

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

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

Funding Policy: The contribution requirements of plan members and the Authority are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% of their gross earnings to the plan. The Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 0.44%, 0.21% and 0.51% of covered payroll in 2003, 2002 and 2001, respectively. In 2003, 2002, and 2001, the Authority contributed $148, $63,and $198, respectively, to the plan.

Teamsters Pension Plan of Philadelphia and Vicinity

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

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

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

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

Funding Policy: The contribution requirements of the Authority are established and amended by Teamsters Pension Plan of Philadelphia and Vicinity Board. During 2003, the Authority was required to, and did, contribute the following amounts for PATCO employees: seventeen dollars and eighty cents per day from January 1 through February 28 and eighteen dollars and sixty cents from March 1 through December 31 per participating employee. The Authority's contributions totaled 8.60%, 8.60%, and 8.11% of covered payroll in 2003, 2002, and 2001, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed $946, $882, and $775 in 2003, 2002, and 2001, respectively.

Other Retirement Benefits

The Authority provides certain health care and life insurance benefits for retired employees, where such benefits are established and amended by the Authority's Board of Commissioners. Employees become eligible for retirement benefits once they have been determined pension-eligible. At December 31, 2003, 640 retirees were eligible to receive benefits. These, and similar benefits for active employees, are now provided through insurance companies and the Authority recognizes the cost of providing these benefits by expensing annual insurance premiums. The cost of providing these retirement benefits, net of retiree contributions, totaled $3,830, $5,052, and $3,396 for 2003, 2002, and 2001, respectively. Some retiree groups make contributions towards the cost of health care benefits.

8. INDENTURES OF TRUST

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

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

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

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

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

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

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

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

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

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

9. FUNDED AND LONG-TERM DEBT

At December 31, 2003, the Authority had $1,299,338 in Revenue, Revenue Refunding and Port District Project Bonds outstanding, consisting of bonds issued in 1995, 1998, 1999 and 2001. The 1995 Revenue Bonds were issued pursuant to an Indenture of Trust, dated November 15, 1995, and the First Supplemental Indenture thereto. The 1998 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust, dated July 1, 1998, and a First Supplemental Indenture thereto. The 1998 Port District Project Bonds were issued to an Indenture of Trust dated August 15, 1998. The 1999 Revenue Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, a Second Supplemental Indenture dated August 15, 1998 and a Third Supplemental Indenture dated December 1, 1999. The 1999 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 1999. Under the terms of the 1998 Refunding Bonds Indenture of Trust, the Authority covenanted not to issue any additional bonds under the 1995 Indenture of Trust. The 2001 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 2001.

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

The 1995 Revenue Bonds outstanding at December 31, 2003 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Serial Bonds			
2010	5.30%	$11,065	2014	5.40%	$16,650
2011	5.40	11,650	2015	5.40	17,550
2012	5.45	14,980	2016	5.40	18,495
2013	5.40	15,795			
					$106,185
		Term Bonds			
			2026	5.50%	$251,000
Total par value of 1995 Bonds outstanding					$357,185
Less unamortized bond discount					3,916
Total 1995 Bonds - net					$353,269

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

1995 Term Bonds Due January 1, 2026

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

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

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

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

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

The 1998 Revenue Refunding Bonds outstanding at December 31, 2003 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Serial Bonds, Series B			
2004	5.25%	$17,295	2008	5.25%	$21,695
2005	5.25	18,605	2009	5.25	22,795
2006	5.25	19,590	2010	5.25	2,245
2007	5.25	20,610	2011	5.25	2,365
Total 1998 Refunding Bonds					$125,200
	Plus unamortized bond premium				3,531
	Total 1998 Refunding Bonds - net				$128,731

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

The 1998 Revenue Refunding Bonds Series A are not subject to mandatory redemption prior to maturity. The 1998 Revenue Refunding Bonds Series B are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2009, in whole at any time or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount which is an integral multiple of $5,000 as specified by the Authority, and within a maturity as allocated by the Trustee or by lot at the respective redemption prices expressed as percentages of the principal amount of such 1998 Refunding Bonds Series B or portions thereof to be redeemed as set forth below, together with accrued interest to the redemption date:

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

The issuance of the 1998 Revenue Refunding Bonds resulted in a loss of $16,044 which represents the costs associated with the defeasance or call of the 1989 Bonds. These costs were deferred and will be amortized over the life of the 1998 issue to the year 2011.

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

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

The 1998 Port District Project Bonds (PDPB) outstanding at December 31, 2003 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Serial Bonds			
2004	4.10%	$1,900	2010	4.50%	$2,485
2005	4.10	1,980	2011	4.63	2,600
2006	4.20	2,060	2012	4.75	2,720
2007	5.00	2,145	2013	5.00	2,845
2008	5.00	2,255	2014	4.75	2,990
2009	5.00	2,365	2015	5.00	3,130
					$29,475

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Term Bonds			
2016	4.75%	$3,290	2022	5.00%	$4,385
2017	4.75	3,445	2023	5.00	4,605
2018	5.00	3,605	2024	5.00	4,835
2019	5.00	3,790	2025	5.00	5,075
2020	5.00	3,975	2026	5.00	5,330
2021	5.00	4,175			
					$46,510
Total par value of 1998 PDPB outstanding					$75,985
Less unamortized bond discount					461
Total 1998 PDPB - net					$75,524

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

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

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

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

The 1999 Revenue Bonds outstanding at December 31, 2003 are as follows:

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

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Term Bonds			
2022	5.75%	$85,150	2026	5.75%	$138,200
					223,350
Total Par Value of 1999 Revenue Bonds					422,310
Less unamortized bond discount					701
Total - 1999 Revenue Bonds - net					$421,609

The 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 moneys, if any, on deposit from time to time in the Funds established under the 1999 Port District Project Bond Indenture. No tolls, rents, rates or other such charges are pledged for the benefit of the 1999 Port District Project Bonds. The 1999 Port District Project Bonds are equally and ratably secured by the funds on deposit in the Funds established under the 1999 Port District Project Bond Indenture, except for the Rebate Fund. The 1999 Port District Project Bonds are payable from such Funds and from other monies of the Authority legally available therefore.

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

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

The 1999 Port District Project Bonds outstanding at December 31, 2003 are as follows:

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Series A Bonds			
2004	6.99%	$1,680	2009	7.37%	$2,380
2005	7.15	1,800	2010	7.42	2,555
2006	7.22	1,925	2011	7.46	2,740
2007	7.27	2,065	2012	7.50	2,950
2008	7.32	2,215	2013	7.54	3,170
					$23,480
		Term Bonds			
			2021	7.63%	$31,080

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Series B Bonds			
2021	5.70%	$13,060	2023	5.70%	$17,895
2022	5.70	16,930			
					$47,885
		Term Bonds			
			2026	5.63	59,995
Total Par Value of 1999 PDPB Bonds					$162,440
Less unamortized bond discount					2,944
Total - 1999 Port District Project Bonds - net					$159,496

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 reasonable 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.

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

The 2001 Port District Project Bonds outstanding at December 31, 2003 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)			
2004	4.00%	$4,335	2014	5.50%	$6,880
2005	4.50	4,505	2015	5.50	7,260
2006	5.00	3,715	2016	5.50	7,660
2007	5.00	3,800	2017	5.50	8,080
2008	5.25	5,085	2018	5.50	8,525
2009	5.25	4,350	2019	5.10	8.995
2009	5.00	1,000	2020	5.10	9,450
2010	5.50	2,625	2021	5.10	1,580
2010	5.25	3,000	2022	5.13	1,300
2011	5,25	5,935	2023	5.15	1,300
2012	5.25	6,255	Term Bonds		
2013	5.50	5,570	2027	5.20	16,800
	Total par value Series A Refunding Bonds				$128,005
	Plus unamortized bond premium				2,658
	Total 2001 Series A Refunding Bonds - net				$130,663

Maturity Date (January 1)	Interest Rate/Yield	Principal Amount	Maturity Date (January 1)	Interest Rate/Yield	Principal Amount
		Series B Bonds			
2004	3.00%	$855	2015	4.85%	$1,335
2005	3.40	880	2016	5.00	1,400
2006	3.70	910	2017	5.00	1,470
2007	4.00	940	2018	5.00	1,540
2008	4.20	980	2019	5.10	1,620
2009	4.35	1,020	2020	5.10	1,700
2010	4.45	1,065	2021	5.10	1,785
2011	4.50	1,115	2022	5.13	1,880
2012	4.60	1,165	2023	5.15	1,975
2013	4.63	1,215	Term Bonds		
2014	4.75	1,270	2025	5.20	4,260
	Total per value Series B Bonds				$30,380
	Less unamortized bond discount Series B				334
	Total 2001 Series B Bonds - net				$30,046
	Total 2001 PDP Bonds - net				$160,709

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

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

Series A Port District Project Bonds Maturing January 1, 2027

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

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

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

	1998 Revenue Bonds	1998 PDP Bonds	1999 PDP Bonds	2001 PDP Bonds
2004	$17,295	$1,900	$1,680	$5,190
2005	18,605	1,980	1,800	5,385
2006	19,590	2,060	1,925	4,625
2007	20,610	2,145	2,065	4,740
2008	21,695	2,255	2,215	6,065

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

Total funded debt and long-term debt as of December 31, 2003 totaled $1,299,338, of which $26,065 was short term and $1,273,273 was long term.

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

If the swap agreement options are exercised by the Bank of America N.A., net payments would commence wherein the Authority would owe semi-annual interest payments calculated at a variable rate based on the TBMA Index (The Bond Market Association Municipal Bond Index, a tax-exempt variable rate index) to the counter-party to the swap. In return, the Bank of America N.A. would owe the Authority semi-annual interest payments based on a fixed rate of 5.9229%. Only the net difference in the interest payments is actually exchanged with the Bank of America N.A.

The combined aggregate notional amount of $50,093 is not exchanged; it is only the basis upon which the interest payments are calculated.

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

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

If the swap agreement options are exercised by UBS AG and/or Lehman Brothers Financial Products, Inc., net payments by the parties would commence wherein the Authority would owe periodic interest payments based on fixed rates of 5.4470%, 5.738% and 5.595%, respectively for the agreements with UBS AG and 4.865% for the swap agreement with Lehman Brothers Financial Products, Inc. In return, UBS AG and/or Lehman Brothers Financial Products, Inc. would owe the Authority periodic interest payments based on a variable rate based on 66% of the USD-LIBOR-BBA index. Only the net difference in the interest payments is actually exchanged between the parties. The combined aggregate notional amount of any swap agreement is not exchanged; it is only the basis upon which the interest payments are calculated.

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

10. CONDUIT DEBT OBLIGATIONS

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

As of December 31, 2003, 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	Balance Jan. 1	Issued	Paid	Balance Dec. 31
Charter School Project Bonds, Series 2003	09/01/03	$8,500	-	$8,500	-	$8,500

11. 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 $9,477 were received in 2003 from the Federal Transit Administration and New Jersey Transit, and grant funds of $169 were received for export development. Total government contributions totaled $9,646 for 2003.

12. CONTINGENCIES

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

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

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

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

	Self Insurance	
	2003	**2002**
Beginning balance	$4,460	$3,967
Incurred claims	1,532	2,343
Payment of claims	(1,574)	(1,799)
Other - administrative fees	(80)	(51)
Closing balance	$4,338	$4,460

13. SPECIAL ITEMS

On November 6, 2003, the Board authorized an early retirement incentive program to reduce payroll and related personnel costs. The program was offered to two types of eligible employees, those who were fifty years of age or older and had at least ten years of Authority service by December 31, 2003, and to those employees who were sixty years of age or older with at least three years of Authority service by December 31, 2003. The total expense incurred by the Authority for the year ended December 31, 2003 for the early retirement incentive program was $1,595.

14. RECLASSIFICATION OF NET ASSETS

Based upon a review of the use in proceeds from the Authority's Port District Bonds, changes occurred in the amount of Invested in Capital Assets, net of Related Debt on Exhibit A. Invested in Capital Assets, net of Related Debt as reported at December 31, 2002 has been changed from $399,146 to $275,718. A corresponding amount was added to Net Assets - Unrestricted - Deficit changing the amount from $320,715 to $197,287.

15. COMMITMENTS

A. Development projects - In accordance with the economic development powers and responsibilities granted to the Authority by its amended compact, the Board of Commissioners authorized the Authority to participate in the funding of certain projects or activities of various organizations in support of regional economic development. The funding of these projects is provided through loans, grants or other means. The Authority formalizes its participation with these organizations by written agreement, and may retain a legal or equitable interest in certain projects. The Authority has established a loss reserve in the amount of $1,023 for its economic development loans outstanding.

In support of various economic development projects, the Authority has entered into loan guarantees with various banks to complete the financing aspects of a particular project. As of December 31, 2003, loan guarantees totaling $27,000 have been authorized by the Board.

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

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

The Authority currently leases certain subway properties from the City of Philadelphia (City) for use by the PATCO high speed transit system. During 1995, the Authority and City agreed to amend and extend the lease agreement, which will now expire on December 21, 2050. For the lease years 1998 through 2000, the Authority was required to pay $1,000 in base rent to the City and $6,000 annually in Special Economic and Community Development Grants (SECD Grants) to the City. In 2003, the base rent payable to the City totaled $2,451 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1995 and 2002. Base rent payments for 2004 through 2017 shall equal the previous year’s base rent adjusted by any increase in the CPI for that year. For the years 2018 through 2050, annual base rent shall equal one dollar. No SECD Grants are payable to the City for the lease years 2001 through 2050.

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

The significant minimum lease and maintenance fee commitments, based on current operations and including future adjustments for CPI, are as follows:

2004	$3,071
2005	3,084
2006	3,149
2007	3,215
2008	3,283

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

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

As of December 31, 2003, the unused amount of the Letter of Credit totaled $7,432. No drawdowns have been made against any Letter of Credit.

E. Contractual Commitments - As of December 31, 2003, the Authority had contractual commitments as follows:

Benjamin Franklin Bridge (BFB):	
BFB steel painting	$23,693
Administration building renovations	1,031
Engineering services	2,989
Replace DRPA radio system	1,264
Part time & temporary toll collectors	4,399
Maintenance agreements	958
Concrete approach structures	1,453
Other	2,362
Walt Whitman Bridge (WWB):	
Bridge redecking	1,408
Engineering services - cable investigation	841
Other	30
Commodore Barry Bridge (CBB):	
Deck rehabilitation	1,794
Engineering services - Infrastructure investigation phase 1 & 2	48
Pin & Hanger retrofit - Design & Construction	143
Other	35
Betsy Ross Bridge (BRB):	
Roadway rehabilitation & traffic enhancements	226
Toll plaza rehabilitation and ADA improvements	663
Administrative building HVAC	617
Outbound & topographic survey	130
Other	6
PATCO System:	
Station improvements	1,924
Escalator & elevator rehabilitation	2,323
Lindenwold shop and yard rehabilitation	4,678
Replacement railroad ties	698
Engineering services	1,479
Power cable and pole line replacement	1,017
Smoke and fire - subway tunnel improvements	915
Other	1,355
Other:	
Port enhancement projects	9,257
Delaware River tram and light & sound project	3,413
Other	1,185
	$72,334

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2003 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	2003 Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents		$3,396		$144			$3,540
Investments		14,842		108,504			123,346
Accounts receivable (net of allowance for uncollectibles)		3,875		7,945			11,820
Accrued interest receivable				721			721
Transit system and storeroom inventories		320		4,010			4,330
Economic development loans (net of allowance for uncollectibles)				1,818			1,818
Prepaids		1,288		404			1,692
Total current assets	-	19,846	-	123,546	-	-	147,267
NONCURRENT ASSETS:							
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents						1,293	1,293
Investments			$3,605		$183,407	285,344	472,356
Accrued interest receivable					142	3	145
Total restricted assets	-	-	3,605	-	183,549	286,640	473,794
Capital assets (net of accumulated depreciation):							
Land	$80,158			25			80,183
Bridges and related buildings	580,434						580,434
Transit property and equipment	160,829						160,829
Port enhancements	9,711			75			9,786
Construction in progress	211,390			446			211,836
Total capital assets	1,042,522	-	-	546	-	-	1,043,068
Economic development loans (net of allowance for uncollectibles)				27,317			27,317
Deferred charges:							
Debt issuance costs (net of amortization)	22,476			25,035			47,511
Total noncurrent assets	1,064,998	-	3,605	52,898	183,549	286,640	1,591,690
Total assets	$1,064,998	$19,846	$3,605	$168,499	$183,549	$286,640	$1,738,957

	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				$7,526			$7,526
Other		$7,675		7,457			15,132
Accrued liabilities:							
Pension		5		88			93
Deferred revenue		9,577		20,540			30,117
Liabilities payable from restricted assets:							
Accrued interest payable					36,199		36,199
Bonds and loans payable - current					26,065		26,065
Total current liabilities	-	17,257	-	35,611	62,264	-	115,132
NONCURRENT LIABILITIES:							
Accrued liabilities:							
Repainting				39,709			39,709
Self-insurance		2,576		1,762			4,338
Sick and vacation leave benefits		2,693		1,789			4,482
Other		653		251			904
Bonds and loans (net of unamortized discount/premium)	$795,758			312,134		165,381	1,273,273
Total noncurrent liabilities	795,758	5,922	-	355,645	-	165,381	1,322,706
Total liabilities	795,758	23,179	-	391,256	62,264	165,381	1,437,838
NET ASSETS							
Invested in capital assets, net of related debt	269,240			545			269,785
Restricted for:							
Debt requirements		11,389	$3,000		113,507		127,896
Port projects						121,259	121,259
Unrestricted (deficit)		(10,847)	605	(215,357)	7,778		(217,821)
Total net assets (deficit)	$269,240	$542	$3,605	($214,812)	$121,285	$121,259	$301,119

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN FUND NET ASSETS INFORMATION BY FUND
Year ended December 31, 2003 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net assets (deficit), January 1	$398,707	($850)	$3,455	($309,234)	$121,912	$101,178	$315,168
Revenues and expenses:							
Operating revenues		181,536		22,778			204,314
Operating expenses	(30,819)	(42,597)		(44,038)			(117,454)
General administration expenses		(32,567)					(32,567)
Investment earnings		119	150	11,290	6,471	20,081	38,111
Interest expense	(1,176)			(1,208)	(72,386)		(74,770)
Other nonoperating revenues (expenses)	(4,582)	(1,500)		(1,234)			(7,316)
Economic development activities				(34,013)			(34,013)
Total revenues and expenses	(36,577)	104,991	150	(46,425)	(65,915)	20,081	(23,695)
Government contributions for capital improvements, additions and other projects	-	-	-	9,646	-	-	9,646
Interfund transfers and payments:							
Bond service		(52,913)		(30,647)	92,565	(9,005)	
Funds free and clear of any lien or pledge		(56,253)		56,253			
Transfer for 2001 port district bonds					(412)	412	
Funds for permitted capital expenditures				81,509		(81,509)	
Funds for permitted port projects				39,572		(39,572)	
Capital additions	98,108			(98,108)			
Interfund transfers	(190,998)	5,567		82,622	(26,865)	129,674	
Total interfund transfers and payments	(92,890)	(103,599)	-	131,201	65,288	-	-
Net assets (deficit), December 31	$269,240	$542	$3,605	($214,812)	$121,285	$121,259	$301,119

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
Year ended December 31, 2003 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
ASSETS							
NONCURRENT ASSETS:							
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents			$767	53	$473		$1,293
Investments	$117,332	$66,075	10,732	162,936	92,583	$19,093	468,751
Accrued interest receivable	142				3		145
Total noncurrent assets	117,474	66,075	11,499	162,989	93,059	19,093	470,189
Total assets	117,474	66,075	11,499	162,989	93,059	19,093	470,189
LIABILITIES							
CURRENT LIABILITIES:							
Liabilities payable from restricted assets:							
Accrued interest payable		36,199					36,199
Bonds and loans payable - current		26,065					26,065
Total current liabilities	-	62,264	-	-	-	-	62,264
NONCURRENT LIABILITIES:							
Bonds and loans (net of unamortized discount/premium)			4,544	90,556	53,448	16,833	165,381
Total noncurrent liabilities	-		4,544	90,556	53,448	16,833	165,381
Total liabilities	-	62,264	4,544	90,556	53,448	16,833	227,645
NET ASSETS							
Restricted for:							
Revenue and port district project bonds	109,696						109,696
Revenue and port district bond service		3,811					3,811
Port projects			6,955	72,433	39,611	2,260	121,259
Unrestricted	7,778						7,778
Total net assets	$117,474	$3,811	$6,955	$72,433	$39,611	$2,260	$242,544

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
Year ended December 31, 2003 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
Net assets, January 1	$118,180	$3,732	$6,814	$59,445	$33,416	$1,503	$223,090
Revenues and expenses:							
Investment earnings	6,230	241	141	12,988	6,195	757	26,552
Interest expense		(72,386)					(72,386)
Total revenues and expenses	6,230	(72,145)	141	12,988	6,195	757	(45,834)
Government contributions for capital improvements, additions and other projects	-	-	-	-	-	-	-
Interfund transfers and payments:							
Bond service		92,565		(9,005)			83,560
Funds in excess of bond reserve requirement	(6,524)	6,524					
Funds free and clear of any lien or pledge							
Funds for permitted capital expenditures				(81,509)			(81,509)
Funds for permitted port projects					(27,680)	(11,892)	(39,572)
Transfer for 2001port district bonds	(412)					412	-
Interfund transfers		(26,865)		90,514	27,680	11,480	102,809
Total interfund transfers and payments	(6,936)	72,224	-	-	-	-	65,288
Net assets, December 31	$117,474	$3,811	$6,955	$72,433	$39,611	$2,260	$242,544

Statistical Section

Last Ten Fiscal Years (In Thousands)

GENERAL EXPENSES BY FUNCTION

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Bridge operations:										
Salaries and employee benefits	$25,318	$24,931	$23,884	$23,500	$23,441	$28,229	$30,049	$31,968	$33,836	$33,753
Equipment and supplies	170	84	68	85	47	103	840	1,226	2,077	2,608
Maintenance and repairs	2,245	2,167	2,349	2,251	1,811	4,953	3,979	4,354	3,550	3,000
Utilities	1,862	1,320	1,353	1,257	1,158	1,152	1,333	1,413	1,391	1,271
Insurance	4,401	1,765	1,220	1,212	1,184	1,661	1,450	1,585	1,899	1,710
Other	9,245	11,307	11,005	10,242	7,752	1,365	359	1,650	258	1,038
Total bridge operations	43,241	41,574	39,879	38,547	35,393	37,463	38,010	42,196	43,011	43,380
PATCO transit system:										
Maintenance of way and power	8,140	6,681	7,364	7,085	6,707	6,250	6,125	5,862	5,568	5,715
Maintenance of equipment	6,417	6,195	5,533	4,899	4,997	4,571	4,220	4,499	4,334	4,762
Purchased power	3,041	2,772	2,905	3,461	2,754	3,039	3,425	3,873	3,938	3,911
Transportation	11,217	10,713	9,377	9,446	9,102	8,617	8,532	8,645	8,336	8,265
General insurance	856	1,373	1,210	711	3,348	3,600	3,303	3,673	3,504	3,270
Administration	3,943	3,655	3,258	2,867	394	471	637	493	1,045	1,187
Total PATCO transit system	33,614	31,389	29,647	28,469	27,302	26,548	26,242	27,045	26,725	27,110
Lease and community impact	2,952	2,920	2,857	4,072	7,500	7,500	7,500	7,500	8,506	7,648
General administration	32,567	30,307	26,549	22,845	18,919	16,727	15,270	14,894	15,755	13,911
Port of Philadelphia and Camden	6,828	6,884	6,629	5,338	4,516	4,905	5,465	4,517	5,252	6,259
Interest	74,770	77,039	77,195	77,884	36,441	34,108	34,526	35,244	18,747	20,552
Total expenses	$193,972	$190,113	$182,756	$177,155	$130,071	$127,251	$127,013	$131,396	$117,996	$118,860

REVENUES BY SOURCE

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Bridge operating revenues	$181,536	$177,638	$176,389	$169,750	$119,467	$117,242	$115,632	$110,930	$106,600	$104,888
PATCO transit system operating revenues	19,581	20,503	20,473	18,780	16,354	15,234	15,005	14,908	15,116	15,429
Port of Philadelphia and Camden	2,496	2,340	3,180	1,349	1,947	2,327	1,666	1,073	1,486	1,905
Interest income	38,111	45,072	50,301	50,884	14,208	15,371	16,945	17,747	4,324	7,645
Total revenues	$241,724	$245,553	$250,343	$240,763	$151,976	$150,174	$149,248	$144,658	$127,526	$129,867

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Passenger fares	$18,430	$19,251	$18,942	$17,247	$15,587	$14,412	$14,248	$14,234	$14,472	$14,801
Other revenues	1,151	1,252	1,531	1,533	767	822	757	674	644	628
Total operating revenues	$19,581	$20,503	$20,473	$18,780	$16,354	$15,234	$15,005	$14,908	$15,116	$15,429

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

PATCO TRANSIT SYSTEM RIDERSHIP

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Passengers	8,864	9,288	10,037	10,581	10,919	10,752	10,660	10,658	10,880	11,134

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Revenues available for Debt Service:										
Bridge operating	$181,536	$177,638	$176,389	$169,750	$119,467	$117,242	$115,632	$110,930	$106,600	$104,888
Interest income	11,559	19,095	17,170	13,421	8,810	4,775	5,788	6,562	3,524	7,645
Reserved funds	-	-	-	-	-	-	-	-	-	4,135
	193,095	196,733	193,559	183,171	128,277	122,017	121,420	117,492	110,124	116,668
Less expenses:										
Bridge operating	43,241	41,574	39,879	38,547	35,393	37,463	38,010	42,196	43,011	43,380
General administration	32,567	30,307	26,549	22,845	18,919	16,727	15,270	14,894	15,755	13,911
	75,808	71,881	66,428	61,392	54,312	54,190	53,280	57,090	58,766	57,291
Net revenues available for Debt Service:	$117,287	$124,852	$127,131	$121,779	$73,965	$67,827	$68,140	$60,402	$51,358	$59,377
Debt Service:										
Interest	35,617	49,198	45,798	40,948	25,695	27,396	15,767	11,948	14,095	14,603
Principal	17,296	15,365	14,615	13,740	12,960	6,510	8,595	12,369	10,196	10,260
Total Debt Service	52,913	$64,563	$60,413	$54,688	$38,655	$33,906	$24,362	$24,317	$24,291	$24,863
Debt Service coverage (Times) :	2.22	1.93	2.10	2.23	1.91	2.00	2.80	2.48	2.11	2.39

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

FUNDED DEBT

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Outstanding debt	$1,299,338	$1,319,446	$1,440,614	$1,298,040	$1,313,221	$630,579	$512,394	$523,813	$537,378	$234,011

BRIDGE OPERATING REVENUES

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Toll revenues by vehicle classification:										
Automobiles, light trucks and commuters	$130,399	$129,774	$129,431	$126,747	$83,512	$83,686	$83,904	$81,183	$78,415	$76,768
Trucks	40,946	39,915	41,210	40,280	30,906	29,876	28,182	26,922	25,482	25,443
Buses	1,573	1,730	1,559	1,649	1,474	1,476	1,474	1,465	1,421	1,404
Senior citizens	2,018	2,065	2,002	1,882	1,619	1,699	1,732	1,710	1,743	1,727
Other	686	934	282	647	553	560	522	502	478	460
Discounts and deductions	-	-	(819)	(3,254)	(1,120)	(1,248)	(1,164)	(1,076)	(1,003)	(976)
Total toll revenues	$175,622	174,418	173,665	167,951	116,944	116,049	114,650	110,706	106,536	104,826
Other bridge operating revenues	5,914	3,220	2,724	1,799	2,523	1,193	982	224	64	62
Total bridge operating revenues	$181,536	$177,638	$176,389	$169,750	$119,467	$117,242	$115,632	$110,930	$106,600	$104,888

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

Last Ten Fiscal Years (In Thousands)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Vehicle classification:										
Automobiles & light trucks	46,683	46,225	45,411	43,863	35,206	34,329	34,308	33,184	31,765	30,695
Commuter vehicles	-	-	-	-	10,326	11,545	11,747	11,268	11,318	11,510
Trucks	2,824	2,724	2,786	2,716	2,888	2,829	2,677	2,559	2,434	2,420
Buses	327	333	340	351	374	376	374	371	360	354
Senior citizens	2,018	2,063	2,003	1,884	1,620	1,701	1,735	1,717	1,757	1,768
Other	115	286	126	161	286	237	204	198	191	191
Total traffic	51,967	51,631	50,666	48,975	50,700	51,017	51,045	49,297	47,825	46,938

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

TOLL REVENUE BY BRIDGE

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Walt Whitman Bridge	$68,214	$68,263	$66,923	$62,985	$43,050	$43,862	$43,161	$41,567	$40,067	$42,607
Ben Franklin Bridge	58,261	57,804	56,633	54,857	37,600	36,535	35,973	35,772	35,311	33,097
Betsy Ross Bridge	24,627	24,625	24,916	24,842	18,412	18,542	19,481	18,044	16,161	15,354
Commodore Barry Bridge	24,520	23,726	25,193	25,267	17,882	17,110	16,035	15,323	14,997	13,768
Total toll revenues	$175,622	$174,418	$173,665	$167,951	$116,944	$116,049	$114,650	$110,706	$106,536	$104,826

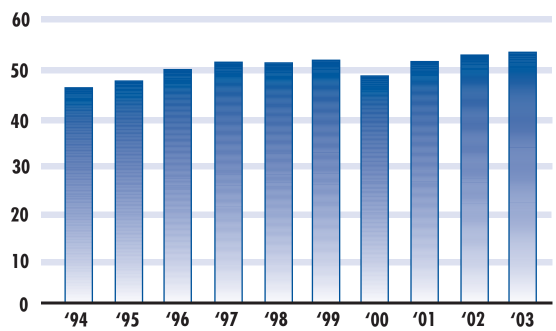
The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase.

BRIDGE TRAFFIC BY BRIDGE

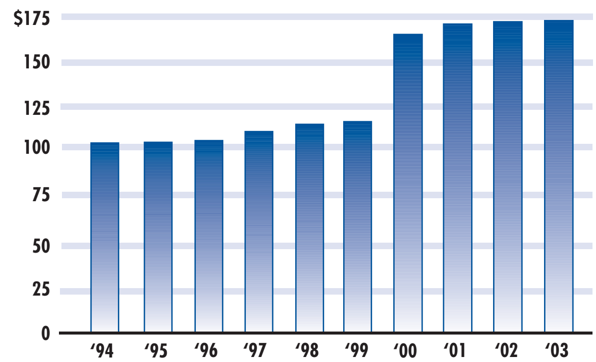
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Walt Whitman Bridge	19,869	19,875	19,345	18,314	18,470	18,906	18,739	18,031	17,718	18,711
Ben Franklin Bridge	19,298	19,139	18,579	18,019	18,471	18,233	17,987	17,813	17,565	16,511
Betsy Ross Bridge	6,653	6,583	6,627	6,582	6,368	7,624	8,289	7,627	6,775	6,425
Commodore Barry Bridge	6,147	6,033	6,115	6,060	7,391	6,254	6,030	5,826	5,767	5,291
Total traffic	51,967	51,631	50,666	48,975	50,700	51,017	51,045	49,297	47,825	46,938

Bridge and PATCO Operations

DRPA Bridge Traffic 1994-2003 [1]
(in millions of vehicles)

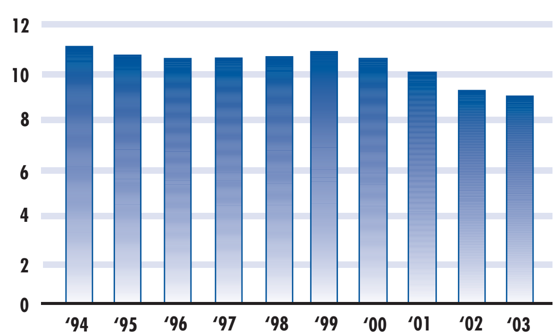


DRPA Bridge Toll Revenues 1994-2003 [1]
(in millions of dollars)

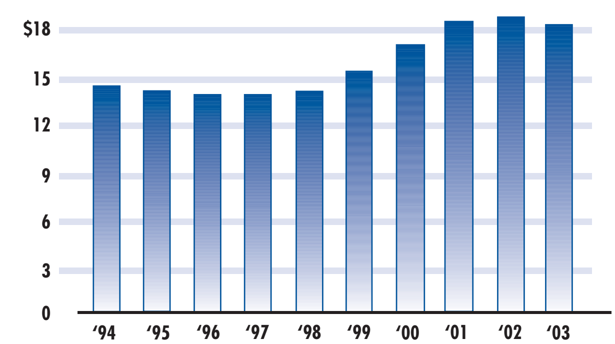


(1) The DRPA increased toll rates January 2, 2000. E-ZPass was fully inplemented on DRPA facilities on January 2, 2000, in conjunction with the toll increase.

PATCO Passenger Ridership 1994-2003 [2]
(in millions of passengers)



PATCO Passenger Fare Revenues 1994-2003 [2]
(in millions of dollars)



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

EMERGENCY RESPONSE TEAM *ERT Officers train for handling unique incidents that may occur at our facilities.*

Delaware River Port Authority
Comprehensive Annual Financial Report
for the Year Ended December 31, 2003

Produced by:
The Office of
Corporate Communications
and Marketing

Edited by:
My Linh Nguyen

Designed by:
Michael D. Williams

Photography by:
C. Carlton Read

Printed by:
DRPA Printing Services

Financial data compiled by:
James M. White, Jr.
Ronnie Gilbert
Jennifer A. Plews

Facilities

Benjamin Franklin Bridge

Walt Whitman Bridge

Commodore Barry Bridge

Betsy Ross Bridge

PATCO High Speed Line

RiverLink Ferry System

Philadelphia Cruise Terminal at Pier 1

AmeriPort Intermodal Rail Center

Delaware River Port Authority

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

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

Port Authority Transit Corporation

PO Box 4262
Lindenwold, NJ 08021-0218

(856) 772-6900 www.drpa.org/patco
(215) 922-4600