

**DELAWARE RIVER JOINT TOLL  
BRIDGE COMMISSION  
BRIDGE SYSTEM**

Financial Statements  
and  
Supplementary Information

Years Ended December 31, 2004 and 2003

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
BRIDGE SYSTEM**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of  
**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION**  
**BRIDGE SYSTEM**  
Morrisville, Pennsylvania

We have audited the accompanying statements of net assets of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** (the "Commission") as of December 31, 2004 and 2003, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005, on our consideration of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, bond resolutions, contracts, and compact. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 22 to 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's discussion and analysis, as shown on pages 3 through 7, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of management's discussion and analysis. However, we did not audit the information, and we express no opinion on it.

*Mucedini, P.C.*

March 31, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Delaware River Joint Toll Bridge Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission's fiscal years ended December 31, 2003 and 2004. We encourage readers to consider the information presented here in conjunction with the audited financial statements and supplementary information as a whole.

Year 2004 is the first year that the Commission is presenting comparative financial statements in conformity with GASB Statement No. 34. In 2003, the Commission implemented GASB Statement No. 34 for the year ended December 31, 2003, only.

### **Financial Highlights**

- Total toll revenues for the Commission totaled \$78,856,292 for the year ended December 31, 2004, which represents an increase of 8.29% over the previous year. The increase in 2004 is the result of an 8.53% increase in total toll traffic, along with an increase in truck toll rates ranging between 11% and 22% offset by a decrease in automobile toll rates ranging from 25% to 40%.
- Net operating revenues totaled \$42,480,899, and change in net assets totaled \$28,822,386 in 2004, as compared to \$42,000,676 and \$30,259,250 respectively for 2003.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements, which are comprised of the financial statements, the notes to the financial statements and certain required supplementary financial information. The supplementary information includes schedules of expenses, investments and schedules of traffic and revenue.

### **Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad understanding of the Commission's finances, in a manner similar to private-sector business.

The statements of net assets present information on the Commission's assets and liabilities at December 31, 2004 and 2003, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. At December 31, 2004 the Commission's net assets equaled \$287,385,319, as compared to \$258,562,933 in 2003 - an increase of 11.15%. Net assets increase because revenues exceed expenses.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Basic Financial Statements (Continued)**

The statements of revenues, expenses and changes in net assets present information showing how net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will not result in cash flows until future fiscal periods or for items that have resulted in cash flows in previous periods.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial presentation.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplemental information concerning expenses, investments and traffic.

### **Financial Analysis**

Commission assets consisting of restricted and unrestricted assets totaled approximately \$455 million. Unrestricted current assets totaling approximately \$8.7 million (an increase of \$1.8 million, or 26.2%) represent cash in the operating accounts, cash equivalent investments and EZ Pass toll receivables. These unrestricted assets will be used to pay current expenses, to pay current debt service or to be transferred to the general reserve fund. Restricted assets totaling approximately \$427.7 million are broken into two categories. Restricted current assets of approximately \$31.2 million decreased 5.18% from the previous year end as a result of changes in investment security maturity terms. Restricted non-current assets totaled approximately \$396.6, which represents an increase of approximately \$8.60 million, or 2.2%, over the 2003 year end balance. Restricted cash and investment totaling approximately \$180.5 million, an increase of approximately \$10.4 million, or 5.7%, are restricted under the Trust Indenture to be used only for purposes listed on pages 12-13 of this report. Capital assets totaling approximately \$245.4 million consist of land, infrastructure and equipment with an original value of approximately \$412.8 million less accumulated depreciation of \$148.8 million. The land and infrastructure consist of twenty bridge crossings and related access roads spread over a 140-mile-long stretch of the Delaware River extending from Trenton, New Jersey, north to Milford, Pennsylvania/Montague, New Jersey.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis (Continued)

The Commission has current and non-current liabilities of approximately \$155.2 million related to its series 2003 bond issue, at December 31, 2004, which represents a decrease of approximately \$5.2 million from 2003. The purpose of the 2003 issue was for the current refunding of the 1992 series, refunding of the 2002 Bond Anticipation Notes, financing of the first portion of the Commission's ten-year capital program and related bond issuance cost.

The following table contains condensed financial information derived from the December 31, 2004 and 2003 financial statements of the Commission:

	2004	2003
Net Assets		
Current and other assets	\$ 190,975,536	\$ 178,927,513
Capital assets	264,056,709	250,353,870
Total assets	<u>455,032,245</u>	<u>429,281,383</u>
 Bond indebtedness	 155,231,379	 160,409,317
Other liabilities	12,415,547	10,309,133
Total liabilities	<u>167,646,926</u>	<u>170,718,450</u>
Net assets:		
Investment in capital assets, net of related debt	108,825,330	89,944,553
Restricted	178,450,964	168,139,828
Unrestricted	109,025	478,552
Total net assets	<u>\$ 287,385,319</u>	<u>\$ 258,562,933</u>
 Changes in Net Assets		
Operating revenues	\$ 78,856,292	\$ 72,822,286
Operating expenses	(36,375,393)	(30,821,610)
Net operating revenues	42,480,899	42,000,676
Depreciation	(9,581,937)	(8,528,767)
Non-operating revenues	3,105,362	3,136,829
Non-operating expenses	(7,181,938)	(6,349,488)
Change in net assets	28,822,386	30,259,250
Net assets, beginning of year	258,562,933	228,303,683
Net assets, end of year	<u>\$ 287,385,319</u>	<u>\$ 258,562,933</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Significant Events

In December 2001, the Commission approved a plan that provides major bridge rehabilitation, bridge enhancement, and installation of EZPass and other traffic management systems, as well as state-of-the-art bridge security and surveillance.

A toll rate structure was approved by the Commission to fund a 10 year \$526 million Capital Improvement Program for system protection, preservation, management and enhancement of the twenty bridges DRJTBC owns, maintains and operates, as well as operating expenses for the System.

Additional projects and changes in the Program, along with the addition of a Compact Authorization Investment ("COI") program have increased the estimated cost of the ten year Capital Improvement Program to \$640 million.

The COI program is a \$40 million fund to pay the cost of capital improvements related to the Bridge System including without limitations to certain transportation infrastructure projects in host communities.

On January 4, 2004, the final phase of the toll increase was enacted. Tolls for commercial vehicles were increased \$.50 per axle to \$2.75 per rolling axle (increase of \$.25 to \$2.50 per axle for 2 axle vehicles only).

On January 21, 2003, the Commission issued Bridge System Revenue Bonds, Series 2003 for \$158,530,000. The purpose of the issuance was to provide funds to pay for (1) the current refunding of the outstanding Bridge System Revenue Bonds, Series 1992 in the amount of \$45,335,000; (2) the current refunding of the Commission's outstanding Bond Anticipation Note in the amount of \$29,625,000; (3) the funding of the interest due on the Commission's outstanding debt being refunded; (4) System capital improvements; (5) the funding of the Debt Service Reserve Requirement for the Bonds; and (6) the costs of issuance associated with the Bonds.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	<u>2004</u>	<u>2003</u>
<b>Summary of Cash Flows</b>		
Cash from operating activities	\$ 43,838,267	\$ 41,081,620
Cash flow used in investing activities	(31,526,627)	(95,757,850)
Cash Flow (used in) provided by financing activities	<u>(13,072,612)</u>	<u>79,087,754</u>
Net (decrease) increase in cash and cash equivalents	(760,972)	24,411,524
Cash and equivalents, beginning of the year	<u>33,889,739</u>	<u>9,478,215</u>
Cash and equivalents, end of the year	<u><u>\$ 33,128,767</u></u>	<u><u>\$ 33,889,739</u></u>

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## STATEMENTS OF NET ASSETS

		December 31,	
		2004	2003
ASSETS			
Current Assets			
Unrestricted:			
Cash and equivalents	\$ 2,717,087	\$ 1,729,246	
Other assets	2,006,142	2,197,287	
EZ Pass clearing account	3,952,393	2,947,252	
Total unrestricted	8,675,622	6,873,785	
Restricted:			
Cash and equivalents	30,411,680	32,160,493	
Accrued interest on investments	593,283	634,935	
Bond issuance costs - current portion	145,545	57,477	
Total Restricted	31,150,508	32,852,905	
Total Current Assets	39,826,130	39,726,690	
Non-Current Assets			
Restricted:			
Investments	150,048,429	137,878,861	
Bond issuance costs - long term portion	1,100,977	1,321,962	
Capital Assets	264,056,709	250,353,870	
Total Non-Current Restricted Assets	415,206,115	389,554,693	
Total Non-Current Assets	415,206,115	389,554,693	
Total Assets	\$ 455,032,245	\$ 429,281,383	
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$ 4,307,625	\$ 2,674,968	
EZ Pass customer accounts	2,318,944	1,758,100	
Accrued interest on bond indebtedness	3,848,950	3,913,900	
Compensated Absences-current portion	120,000	120,000	
Bridge system revenue bonds, series 2003 - current portion	4,455,000	4,330,000	
Premium on bonds - current portion	914,812	924,401	
Total Current Liabilities	15,965,331	13,721,369	
Non-Current Liabilities			
Compensated Absences	1,820,028	1,842,165	
Bridge system revenue bonds, series 2003	146,735,000	151,190,000	
Premium on bonds - long-term portion	3,126,567	3,964,916	
Total Noncurrent Liabilities	151,681,595	156,997,081	
Total Liabilities	167,646,926	170,718,450	
Net Assets			
Invested in Capital Assets, net of related debt	108,825,330	89,944,553	
Restricted	178,450,964	168,139,828	
Unrestricted	109,025	478,552	
Total Net Assets	287,385,319	258,562,933	
Total Liabilities and Net Assets	\$ 455,032,245	\$ 429,281,383	

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Year Ended	
	December 31,	
	2004	2003
Operating Revenues		
Toll bridge operations:		
Cash toll revenues, net	\$ 38,802,332	\$ 40,571,660
EZ Pass revenues, net	39,929,331	32,127,229
Miscellaneous revenues	124,629	123,397
Total toll revenues	<u>78,856,292</u>	<u>72,822,286</u>
Operating Expenses		
Toll bridge operating expenses:		
Operating and maintenance expenses	17,284,965	15,640,339
State police bridge security	2,065,135	-
Administrative expenses	11,561,266	10,156,527
Toll-supported bridge expenses	5,464,027	5,024,744
Total operating expenses	<u>36,375,393</u>	<u>30,821,610</u>
Net operating revenues	<u>42,480,899</u>	<u>42,000,676</u>
Non-Operating Revenues (Expenses)		
Investment return	2,024,032	2,071,312
Interest on bond indebtedness	(7,036,393)	(6,292,011)
Amortization of bond premium	914,812	924,401
Amortization of bond issuance costs	(145,545)	(57,477)
Depreciation	(9,581,937)	(8,528,767)
Gain on sale of fixed assets	166,518	141,116
Total Non-Operating Expenses	<u>(13,658,513)</u>	<u>(11,741,426)</u>
Change in net assets	<u>28,822,386</u>	<u>30,259,250</u>
Net assets, beginning of year, restated	<u>258,562,933</u>	<u>228,303,683</u>
Net assets, end of year	<u>\$ 287,385,319</u>	<u>\$ 258,562,933</u>

See accompanying notes to financial statements.

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## STATEMENTS OF CASH FLOWS

	Year Ended	
	December 31,	
	2004	2003
Cash Flows from Operating Activities		
Receipts from toll bridges	\$ 38,802,332	\$ 40,267,665
Receipts from EZ Pass	39,485,034	32,000,465
Payments to suppliers, employees, and others	(34,573,728)	(31,451,023)
Other receipts	124,629	264,513
Net cash provided by operating activities	<u>43,838,267</u>	<u>41,081,620</u>
Cash Flows from Investing Activities		
Purchases of investments, net	(13,311,442)	(76,563,392)
Investment return	1,141,874	2,617,707
Purchases of capital assets	(19,357,059)	(21,812,165)
Net cash used in investing activities	<u>(31,526,627)</u>	<u>(95,757,850)</u>
Cash Flows from Financing Activities		
Bond proceeds	-	160,409,317
Principal paid on bond and notes indebtedness	(5,244,811)	(74,960,000)
Interest paid on bond indebtedness	(7,827,801)	(4,982,124)
Bond issuance costs	-	(1,379,439)
Net cash (used in) provided by financing activities	<u>(13,072,612)</u>	<u>79,087,754</u>
Net (decrease) increase in cash	(760,972)	24,411,524
Cash and equivalents, beginning of year	33,889,739	9,478,215
Cash and equivalents, end of year	<u>\$ 33,128,767</u>	<u>\$ 33,889,739</u>
Reconciliation of net operating revenues to net cash provided by operating activities		
Net operating revenues	\$ 42,480,899	\$ 42,000,676
Changes in net assets and liabilities:		
Prepaid expenses and other assets	191,145	(1,685,748)
EZ Pass clearing account	(1,005,141)	(1,119,105)
Accounts payable and accrued expenses	1,632,657	(764,714)
Accrued refunds	-	(303,995)
EZ Pass customer accounts	560,844	992,341
Compensated absences	(22,137)	1,962,165
Net cash provided by operating activities	<u>\$ 43,838,267</u>	<u>\$ 41,081,620</u>
Non-cash financing activities		
Amortization of bond premium	\$ 914,812	\$ 924,401
Amortization of bond issuance costs	(145,545)	(57,477)
Total non-cash financing activities	<u>\$ 769,267</u>	<u>\$ 866,924</u>

See accompanying notes to financial statements.

# **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS**

### **A. AUTHORIZING LEGISLATION AND NATURE OF ORGANIZATION**

The **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** (the "Commission"), a body corporate and politic, was created in 1934 by a compact, subsequently amended and supplemented, between the Commonwealth of Pennsylvania and the State of New Jersey, with the approval of the Congress of the United States. The Commission is authorized and empowered, with Federal Government approval required in certain cases, to acquire, construct, administer, operate and maintain such bridges as the Commission deems necessary to advance the interests of the two States, to issue bonds and other obligations, and to make payment of interest thereon. The compact provides that Commission indebtedness shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the two States or any subdivision thereof.

In 1985, a proposed compact change was enacted and approved by the State of New Jersey that was similar to the legislation that had been enacted by the Commonwealth of Pennsylvania in 1984. This proposed compact change received the required consent of the Congress of the United States in early 1987. The compact, as approved, required the Commission to refinance its bonded indebtedness. In addition, the Commission was obligated to assume full financial responsibility for the cost of operating and maintaining the toll-supported bridges that were financed by appropriations from the Commonwealth of Pennsylvania and the State of New Jersey. Accordingly, on July 1, 1987, the Commission defeased all of its then-outstanding bonded indebtedness. Due to this compact change, the accompanying financial statements include the operations of the toll-supported bridges.

The Commission has jurisdiction for vehicular and pedestrian traffic across the Delaware River between the Commonwealth of Pennsylvania and the State of New Jersey from the Philadelphia/Bucks County line to the New York State line. The Commission's duties include the maintenance and operations of all the bridges over the Delaware River in its jurisdiction, with the following exceptions: the New Jersey-Pennsylvania Turnpike Bridge and the Burlington-Bristol Toll Bridge, both south of Trenton, and the Dingman's Ferry Toll Bridge, which is north of the Delaware Water Gap.

Effective with the issuance of the 1988 Bridge System and I-78 Revenue Bonds, and pursuant to the respective bond resolutions, the financial activity of the I-78 Bridge was previously reported separately from the Bridge System. Due to the in-substance defeasance of the 1988 Bridge System and I-78 Revenue Bonds, effective with 1992 financial statements, the financial activity of the I-78 Bridge is included with the Bridge System.

### **B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial statements of the Commission have been prepared under the economic resources measurement focus and on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America that are applicable to governmental proprietary type funds. Revenues are recognized when earned, and expenses are recognized when incurred.

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Accounting (Continued)**

GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, provides proprietary activities with a choice of authoritative guidance issued after November 30, 1989. The Commission has elected to follow GASB pronouncements exclusively after that date.

#### **Revenues**

Revenues consist primarily of cash tolls and EZ Pass revenues. Cash toll revenues are recognized as received. EZ Pass revenues are recognized when cars with EZ Pass utilize the Commission's toll bridges. Proceeds received from the Commission's EZ Pass transactions are deferred and recognized as revenue as utilized at the Commission toll bridges. Investment income is recognized when earned.

#### **Basis of Investments**

The Commission has adopted GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Under GASB No. 31, investments in equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value, with gains and losses included in the statement of revenues, expenses and changes in net assets.

#### **Cash and Equivalents**

For the purpose of the statement of cash flows, cash includes time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. Deposits are with contracted depository banks in interest-bearing accounts, which are insured pursuant to the requirements of Act 72 of the General Assembly of the Commonwealth of Pennsylvania, approved August 6, 1991.

#### **Fund Groups**

In accordance with the Bond Resolution relating to the Bridge System Revenue Bonds, Series 2003, the Commission has established the following funds and accounts:

Construction Fund – Bonds proceeds for project costs.

Revenue Fund – All revenues received by the Commission are deposited in the Revenue Fund. Not later than the last business day of each month, the Commission shall withdraw from the Revenue Fund and deposit to the Operating Fund the amount equal to (i) the amount shown by the annual operating budget to be necessary to pay current expenses for the ensuing month and (ii) an amount determined by a Commission official as being reasonably necessary to pay current expenses which are expected for such month, after taking into account the amount on deposit in the Operating Account (including the amount described in clause (i) above), it being recognized that the annual operating budget may have to be amended accordingly.

Operating Account – Amounts on deposit in the Operating Account are used by the Commission to pay the Commission's operating expenses.

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Groups (Continued)**

Debt Service Fund – Transfers are made from the Revenue Fund to the Debt Service Fund to provide for the debt service on all series of bonds. Payments are made from the Debt Service Fund for interest on the Bonds, for principal installments on the Bonds, and for the redemption price for any Bonds to be redeemed.

Debt Service Reserve Fund – Transfers are made to this fund from the Revenue Fund in an amount necessary to meet the Debt Service Reserve Requirement. Amounts held in the Debt Service Reserve Fund shall be used for the purpose of paying interest on, maturing principal and mandatory sinking fund redemption price of Debt Service Reserve Fund Bonds whenever and to the extent that the moneys held for the credit of the Debt Service Fund shall be insufficient for such purpose.

Reserve Maintenance Fund – On or before the last business day of each month, the Commission shall transfer the amount shown in the annual capital budget for the ensuing month from the Revenue Fund to the credit of the Reserve Maintenance Fund.

General Reserve Fund – On or before the last business day of each month (or more frequently, if desired) the Commission transfers from the Revenue Fund to the credit of the General Reserve Fund any funds which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Debt Service Fund.

Moneys in the General Reserve Fund may be expended by the Commission to restore deficiencies in any funds or accounts created under the Trust Indenture and, absent any such deficiency, for any of the following purposes, with no one item having priority over any of the others:

- (a) To purchase or redeem Bonds;
- (b) To secure and pay the principal or redemption price of and any interest on any Subordinated Indebtness;
- (c) To make payments into the Construction Fund;
- (d) To fund improvements, extensions and replacements of the System;
- (e) As a self-insurance reserve; or
- (f) To further any corporate purpose.

The Commission is authorized to apply moneys on deposit in the General Reserve Fund for any of such purposes.

The Rebate Fund is a trust fund, but the amounts therein do not constitute part of the Trust Estate. Amounts on deposit in the Rebate Fund may be used solely to make payments to the United States of America under Section 148 of the Internal Revenue Code and to pay costs related to the calculation of the amounts due. Upon satisfaction of the Commission's covenants to calculate and pay Section 148 requirements, any amounts remaining in the Rebate Fund shall be deposited in the General Reserve Fund.

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Net Assets

##### Restricted

In accordance with the terms of the bond resolution, cash and equivalents of all funds required under such bond resolution are classified as restricted assets. The amounts by which the restricted assets exceed the corresponding liabilities they will liquidate are restrictions of net assets, as these excesses are not available for the payment of current operating expenses. Such net assets are restricted primarily for capital projects.

##### Unrestricted

The unrestricted net assets represent resources available for current operating expenses in compliance with legal restrictions.

#### Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Infrastructure assets acquired prior to January 1, 2003, are reported primarily at estimated historical cost using deflated replacement cost. The Commission capitalizes purchases of property and equipment of \$5,000 or more. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Infrastructure	15-50 years
Vehicles	5-15 years
Office furniture and equipment	5-7 years

The cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed when incurred.

#### Capitalization of Interest

The Commission capitalizes all interest related to projects under construction. Capitalized interest amounted to \$793,331 and \$1,141,045 for 2004 and 2003, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Deferred Bond Costs

Costs related to the issuance of bonds, including legal, printing and financing costs, are capitalized and amortized by the interest method over the life of the bonds until maturity.

#### Rounding

Some schedules in the financial statements may have dollar differences due to rounding adjustments.



# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### C. CASH AND EQUIVALENTS AND INVESTMENTS

#### General Information

The Commission's cash and equivalents and investments are summarized as follows:

	December 31,	
	2004	2003
Cash and equivalents	\$ 33,128,767	\$ 33,889,739
Investments	150,048,429	137,878,861
	<u>\$ 183,177,196</u>	<u>\$ 171,768,600</u>

#### Deposits

The bank balances of the Commission's deposits with financial institutions are categorized as follows:

	December 31, 2004		December 31, 2003	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Amount insured by the FDIC or collateralized with securities held by the Commission in its name.	\$ 2,570,649	\$ 5,463,586	\$ 1,531,034	\$ 2,838,987
Amount collateralized with securities held by the pledging financial institution's trust department in the Commission's name.	30,479,344	30,479,344	32,289,355	32,289,355
Uncategorized:				
Petty cash and collectors' change funds	78,774	-	69,350	-
	<u>\$33,128,767</u>	<u>\$35,942,930</u>	<u>\$33,889,739</u>	<u>\$35,128,342</u>

#### Investments

Pursuant to the 2003 bond resolution, investments made by the Commission are summarized below. These investments, which are represented by specific identifiable investment securities, are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or security held by the Commission or its agent in the Commission's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Commission's name. These items are covered by pledged assets which are pooled to secure deposits of public funds.

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### C. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

#### Investments (Continued)

Investments at December 31, 2004:

Description	1	2	3	Cost	Market Value
FMCDN	\$ 8,908,690	\$ -	\$ -	\$ 8,908,690	\$ 8,987,400
FNMA	39,838,289	-	-	39,838,289	39,736,570
FHLB	49,471,016	-	-	49,471,016	49,208,405
FHLMC	49,933,382	-	-	49,933,382	49,587,687
FFCB	1,500,000	-	-	1,500,000	1,493,445
PA INVEST	1,000,000	-	-	1,000,000	1,034,922
	<u>\$ 150,651,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,651,377</u>	<u>\$ 150,048,429</u>

Investments at December 31, 2003:

Description	1	2	3	Cost	Market Value
FHDN	\$ 17,787,417	\$ -	\$ -	\$ 17,787,417	\$ 17,833,900
FMCDN	16,827,384	-	-	16,827,384	16,866,000
FNDN	20,914,005	-	-	20,914,005	20,940,000
FNMA	29,201,098	-	-	29,201,098	29,254,520
FHLB	22,219,206	-	-	22,219,206	22,374,880
FHLMC	24,158,817	-	-	24,158,817	24,083,150
FFCB	5,483,750	-	-	5,483,750	5,505,330
PA INVEST	1,000,000	-	-	1,000,000	1,021,081
	<u>\$ 137,591,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,591,677</u>	<u>\$ 137,878,861</u>

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### D. CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2004, were as follows:

	December 31, 2003	Additions	Reductions	December 31, 2004
Non-Depreciable Assets				
Land	\$ 129,604,374	\$ -	-	\$ 129,604,374
Infrastructure in Progress	34,826,608	3,049,615	11,271,610	26,604,613
Depreciable Assets				
Bridges/road network	219,740,655	12,705,738	-	232,446,393
Equipment	6,007,589	18,801,034	(619,612)	24,189,011
Total at historical cost	390,179,226	34,556,387	10,651,998	412,844,391
Less Accumulated Depreciation				
Bridges/road network	135,392,390	7,836,844	-	143,229,235
Equipment	4,432,966	1,745,093	(619,612)	5,558,447
Total Accumulated Depreciation	139,825,356	9,581,937	(619,612)	148,787,682
Total Capital Assets	\$ 250,353,870	\$ 24,974,450	\$ 11,271,610	\$ 264,056,709
Depreciation expense was as follows:				
Bridges/road networks	\$ 7,836,844			
Equipment	1,745,093			
Total Depreciation Expense	\$ 9,581,937			

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

	December 31, 2002	Additions	Reductions	December 31, 2003
Non-Depreciable Assets				
Land	\$ 129,035,535	\$ 568,839	-	\$ 129,604,374
Infrastructure in Progress	26,287,592	22,782,944	(14,243,928)	34,826,608
Depreciable Assets				
Bridges/road network	206,065,566	13,675,089	-	219,740,655
Equipment	5,451,804	1,167,629	(611,844)	6,007,589
Total at historical cost	366,840,497	38,194,501	(14,855,772)	390,179,226
Less Accumulated Depreciation				
Bridges/road network	127,399,282	7,993,108	-	135,392,390
Equipment	4,509,151	535,659	(611,844)	4,432,966
Total Accumulated Depreciation	131,908,433	8,528,767	(611,844)	139,825,356
Total Capital Assets	\$ 234,932,064	\$ 29,665,734	\$ (14,243,928)	\$ 250,353,870
Depreciation expense was as follows:				
Bridges/road networks	\$ 7,993,108			
Equipment	535,659			
Total Depreciation Expense	\$ 8,528,767			

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## NOTES TO FINANCIAL STATEMENTS

### E. BONDS PAYABLE

The following is a summary of bonds payable:

Bonds and notes payable	Maturity Dates	Interest Rate	Bonds Outstanding (in thousands) December 31, 2003	Additions	Reductions	Bonds Outstanding (in thousands) December 31, 2004	Amounts due within one year
2003 series revenue bonds	2003-2024	3.00%-5.25%	\$ 126,130	\$ -	\$ 4,330	\$ 121,800	\$ 4,455
2003 series revenue bonds	2025-2028	5.00%	29,390	-	-	29,390	-
			<u>\$ 155,520</u>	<u>\$ -</u>	<u>\$ 4,330</u>	<u>\$ 151,190</u>	<u>\$ 4,455</u>

Debt service requirements on bonds outstanding at December 31, 2004, are as follows (in thousands):

	Principal	Interest	Total
2005	\$ 4,455	\$ 7,609	\$ 12,064
2006	4,635	7,404	12,039
2007	4,865	7,166	12,031
2008	5,115	6,917	12,032
2009	5,370	6,655	12,025
2010-2014	31,305	28,662	59,967
2015-2019	36,545	19,399	55,944
2020-2024	29,510	11,194	40,704
2025-2028	29,390	5,143	34,533
	<u>\$ 151,190</u>	<u>\$ 100,149</u>	<u>\$ 251,339</u>

# **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS**

### **F. PENSION PLAN**

#### **Plan Description**

The Commission contributes to the Commonwealth of Pennsylvania State Employees' Retirement System (the "System"). The System is the administrator of a cost-sharing multiple-employer defined benefit retirement system. The System was established by the Commonwealth of Pennsylvania (the "Commonwealth") to provide retirement, death, and disability benefits for employees of state government and certain independent agencies. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly. Article II of the Commonwealth's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. The System issues a publicly available financial report that includes financial statements and required supplementary information for the retirement plan. That report may be obtained by writing to the Commonwealth of Pennsylvania State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, PA 17108-1147 or by calling 1-717-787-9657. Employees of the Commission are required to pay 5% - 6.25% of their salary into the System, and the Commission is required to contribute at an actuarially determined rate. The rate is computed based upon actuarial valuations on the System's fiscal year end of December 31 and applied to the Commonwealth based on its fiscal year end of June 30. Therefore, the employer contribution rate in effect for the System's year end of December 31 reflects a blended average of calculated rates. The contribution requirements of plan members and the Commission are established and may be amended by the System's Board of Trustees.

The Commission also has four employees of the Bridge System who participate in the State of New Jersey Public Employees' Retirement System. Public Employees' Retirement System of New Jersey (the "PERS") is a part of the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit, and, accordingly, the actuarial data for the employees of the Commission who are members of the plan is not available.

The Commission's pension contribution for the years ended December 31, 2004 and 2003, respectively, was \$171,568 and \$41,710, equal to the required contribution.

### **G. SELF INSURANCE**

The Commission self-insures the risk for health insurance claims. In addition to the self-insured risk, the Commission carries a Stop-Loss policy which limits its exposure to a maximum of \$150,000 per plan year per individual and \$4,420,100 in the aggregate for all active and retired employees.

# **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS**

### **H. POST-EMPLOYMENT BENEFITS**

The Commission provides certain post-employment life and health insurance benefits to its employees if they retire while working for the Commission. In accordance with the provisions of Statement No. 12 of the Governmental Accounting Standards Board, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers," expenditures for post-employment life and health insurance benefits are recognized on a pay-as-you-go basis and were approximately \$1,550,459 and \$1,096,106 in 2004 and 2003, respectively. Effective April 1, 1995, the Commission has suspended post-employment life and health insurance benefits for all new hires.

As of December 31, 2004, one hundred-fifteen retired employees were eligible for both life and health insurance benefits. An additional fifty-two retired employees were eligible for life insurance benefit only, in a range of \$2,000 - \$4,000 per person.

### **I. COMMITMENTS AND CONTINGENCIES**

Subsequent to the implementation of the toll rates' increase on November 30, 2003, the Trucker Toll Increase case has been filed in the United States District Court for the Eastern District of Pennsylvania by the American Trucking Associations, Inc., PA Motor Truck Association, NJ Motor Truck Association and Roadway Express. The suit was decided in favor of the Commission during 2004; however, there is an appeal pending. A disposition of this matter adverse to the Commission might materially adversely affect future toll revenues. There can be no assurance as to the outcome of the appeal.

The Commission is involved in various claims and lawsuits arising in the normal course of business, including claims for right-of-way acquisition, handicapped discrimination and hiring practices. In the opinion of management, the ultimate outcome of these claims and lawsuits will not have a material adverse effect on the Commission's financial position.

In 2001, the Commission approved a 10-year, \$526 million Capital Improvement Program for protection, preservation, management and enhancement of the 20 bridges it owns, maintains and operates. With the addition of a Compact Authorized Investment ("CAI") program, along with additions and changes in the original projects, the Capital Improvement Program currently stands at approximately \$640 million. As of December 31, 2004, the Commission has approved more than \$74 million in contracts to study and improve various facilities and systems as the initial part of that program. At December 31, 2004, the Commission had approved contracts that had not yet been completed or paid, totaling approximately \$8.3 million.

In 2002, the Commission began the installation and operation of a new toll collection system which provided EZPass (electronic) toll processing on all of its seven toll bridges. The Commission has entered into a long-term contract to maintain their EZPass system hardware. The unpaid portion of the contract amounted to \$1.6 million. The system maintenance contract runs through July 2006. The Commission holds an option to extend the maintenance contract for an additional two years.

# **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM**

## **NOTES TO FINANCIAL STATEMENTS**

### **J. ARBITRAGE RULES**

The Commission is subject to certain arbitrage rules pursuant to current Federal income tax law and in accordance with the Trust Indenture. Under these rules, interest earnings on certain investments of proceeds of the Commission's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Commission is required to rebate certain arbitrage profits on nonpurpose investments at least once every five years. At December 31, 2004, there were no material arbitrage profits subject to rebate.

### **K. PRIOR PERIOD ADJUSTMENTS**

The cumulative effect of applying GASB No. 34 was reported as a restatement of beginning net assets for 2003. A prior period adjustment of \$129,657,368, related to capitalization and depreciation of the capital assets, had been recorded at January 1, 2003, resulting in an increase in net assets. An additional adjustment of \$1,806,603 was made relating to accumulated depreciation. Accordingly, the restatement of net assets at January 1, 2003 amounted to \$127,850,765.

The Commission also restated 2003 interest expense of \$1,141,045, increasing capital assets and net assets by the same amount. This was the result of capitalizing interest incurred in relation to infrastructure in progress.

The above adjustments resulted in a prior period adjustment, decreasing December 31, 2003 net assets by \$665,558.

Certain 2003 amounts have been reclassified to conform with current year presentation.

### **L. SUBSEQUENT EVENT**

In March 2005, the Commission issued \$72,645,000 in Pennsylvania – New Jersey; Bridge System Revenue Bonds, Series 2005A. The proceeds will be used to provide funds to pay for \$40 million of Compact Authorized Investments, refund \$32,165,000 principal amount of the Commission's outstanding Series 2003 Bonds, and to pay the cost of issuance associated with the Series 2005A Bonds.

## **SUPPLEMENTARY INFORMATION**



# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULE OF CASH AND EQUIVALENT BALANCES

December 31, 2004

	Total	Revenue Fund	Operating Fund	Clearing Fund	Construction Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund
Commerce Bank	\$ 30,479,344	\$ -	\$ 67,664	\$ -	\$ 4,051,771	\$ 4,102,982	\$ 12,375,329	\$ 9,881,598
Wachovia Bank	2,570,649	2,473,389	97,260	-	-	-	-	-
Petty cash and collectors' change funds	78,774	-	78,774	-	-	-	-	-
Total Cash and Equivalent Balances	\$ 33,128,767	\$ 2,473,389	\$ 243,698	\$ -	\$ 4,051,771	\$ 4,102,982	\$ 12,375,329	\$ 9,881,598

December 31, 2003

	Total	Revenue Fund	Operating Fund	Clearing Fund	Construction Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund
Commerce Bank	\$ 32,289,355	\$ -	\$ 87,591	\$ 41,271	\$ 6,679,631	\$ 4,034,456	\$ 12,244,195	\$ 9,202,211
Fleet Bank	246,198	-	246,198	-	-	-	-	-
Wachovia Bank	1,284,836	1,234,751	50,085	-	-	-	-	-
Petty cash and collectors' change funds	69,350	-	69,350	-	-	-	-	-
Total Cash and Equivalent Balances	\$ 33,889,739	\$ 1,234,751	\$ 453,224	\$ 41,271	\$ 6,679,631	\$ 4,034,456	\$ 12,244,195	\$ 9,202,211

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULE OF INVESTMENTS

December 31, 2004

Construction Fund						
<u>Security Description</u>	<u>Investment Description</u>			<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
	<u>Face Value</u>	<u>Rate</u>	<u>Yield</u>			
FHLB	10,000,000	1.270%	1.27%	03-15-05	\$ 10,000,000	\$ 9,975,000
FHLMC	6,000,000	0.000%	2.60%	06-14-05	5,926,780	5,929,800
FMCDN	6,000,000	0.000%	1.24%	01-11-05	5,928,455	5,997,000
FMCDN	3,000,000	0.000%	2.06%	02-22-05	2,980,235	2,990,400
FNMA	8,000,000	1.560%	1.61%	04-29-05	7,996,000	7,975,040
FNMA	6,000,000	0.000%	2.50%	05-23-05	5,938,437	5,941,200
FNMA	3,000,000	0.000%	2.70%	07-22-05	2,954,165	2,955,900
<b>TOTAL CONSTRUCTION FUND</b>					<b><u>\$ 41,724,072</u></b>	<b><u>\$ 41,764,340</u></b>
Operating Fund						
<u>Security Description</u>	<u>Investment Description</u>			<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
	<u>Face Value</u>	<u>Rate</u>	<u>Yield</u>			
FNMA	2,125,000	2.000%	1.68%	03-15-06	\$ 2,128,320	\$ 2,098,439
FHLMC	1,000,000	2.270%	2.56%	04-28-06	994,375	989,380
<b>TOTAL OPERATING FUND</b>					<b><u>\$ 3,122,695</u></b>	<b><u>\$ 3,087,819</u></b>

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2004

General Reserve Fund							
Security Description	Investment Description			Maturity Date	Cost	Market Value	
	Face Value	Rate	Yield				
PA INVEST	1,034,921	0.000%	1.89%	01-15-05	\$ 1,000,000	\$	1,034,922
FFCB	1,500,000	2.100%	2.10%	08-25-05	1,500,000		1,493,445
FHLB	3,000,000	4.000%	3.83%	02-15-05	3,000,000		3,005,640
FHLB	2,100,000	5.380%	4.95%	02-15-06	2,100,000		2,151,848
FHLB	3,875,000	2.240%	1.74%	06-23-06	3,884,688		3,825,361
FHLB	4,000,000	2.290%	2.59%	07-28-06	3,965,000		3,947,520
FHLB	3,000,000	2.550%	2.55%	08-23-06	3,000,000		2,970,000
FHLB	2,000,000	2.600%	2.60%	09-01-06	2,000,000		1,981,260
FHLB	2,000,000	2.800%	2.80%	10-16-06	2,000,000		1,985,620
FHLB	3,000,000	3.220%	3.22%	12-29-06	3,000,000		2,997,180
FHLMC	2,000,000	2.070%	2.07%	08-26-05	2,000,000		1,990,820
FHLMC	2,000,000	2.000%	2.00%	10-21-05	2,000,000		1,986,140
FHLMC	3,000,000	2.070%	2.07%	10-28-05	3,000,000		2,979,600
FHLMC	2,000,000	2.250%	2.25%	12-15-05	2,000,000		1,980,960
FHLMC	3,000,000	2.500%	2.05%	12-15-05	3,000,000		2,976,180
FHLMC	3,000,000	2.010%	2.04%	01-27-06	2,998,125		2,968,200
FHLMC	3,000,000	2.340%	1.99%	04-28-06	2,985,938		2,970,450
FHLMC	5,000,000	3.000%	3.11%	05-26-06	4,990,000		4,989,900
FHLMC	3,500,000	2.500%	2.52%	08-09-06	3,498,359		3,463,985
FHLMC	2,000,000	3.100%	3.10%	08-25-06	2,000,000		1,996,220
FHLMC	2,000,000	2.650%	2.65%	10-12-06	2,000,000		1,980,900
FHLMC	9,000,000	3.550%	3.80%	06-22-07	8,998,594		8,950,050
FNMA	4,500,000	1.530%	1.53%	05-26-05	4,500,000		4,483,125
FNMA	3,000,000	2.600%	2.60%	12-29-05	3,000,000		2,970,930
FNMA	2,000,000	2.400%	2.50%	02-27-06	1,995,000		1,985,620
FNMA	3,000,000	2.300%	1.99%	04-28-06	2,988,750		2,966,250
FNMA	4,500,000	2.250%	1.99%	05-26-06	4,505,625		4,447,980
FNMA	1,700,000	2.550%	2.55%	06-01-06	1,700,000		1,680,348
FNMA	5,000,000	3.130%	3.13%	06-21-06	5,000,000		4,995,300
FNMA	1,500,000	2.500%	2.51%	07-28-06	1,499,531		1,485,000
FNMA	7,700,000	2.100%	2.10%	09-22-06	7,700,000		7,560,476
FNMA	8,000,000	3.250%	3.30%	12-21-06	7,995,000		7,995,040
<b>TOTAL GENERAL RESERVE FUND</b>					<b>\$ 105,804,610</b>	<b>\$</b>	<b>105,196,270</b>
<b>TOTAL INVESTMENTS</b>					<b>\$ 150,651,377</b>	<b>\$</b>	<b>150,048,429</b>

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM**

**SCHEDULE OF INVESTMENTS (CONTINUED)**

December 31, 2003

<b>Construction Fund</b>						
<u>Security Description</u>	<u>Investment Description</u>			<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
	<u>Face Value</u>	<u>Rate</u>	<u>Yield</u>			
FHDN	9,000,000	0.000%	1.33%	08-30-04	\$ 8,912,250	\$ 8,933,400
FHDN	4,000,000	0.000%	1.44%	11-24-04	3,944,778	3,956,000
FHDN	5,000,000	0.000%	1.44%	11-26-04	4,930,389	4,944,500
FMCDN	6,000,000	0.000%	1.08%	01-27-04	5,990,283	5,995,800
FMCDN	5,000,000	0.000%	1.52%	12-02-04	4,925,431	4,940,506
FMCDN	6,000,000	0.000%	1.50%	12-02-04	5,911,670	5,929,694
FNDN	12,000,000	0.000%	1.10%	03-03-04	11,967,240	11,979,600
FNDN	9,000,000	0.000%	1.20%	06-02-04	8,946,765	8,960,400
FNMA	5,000,000	1.630%	1.63%	12-15-04	5,000,000	5,001,550
<b>TOTAL CONSTRUCTION FUND</b>					<b>\$ 60,528,806</b>	<b>\$ 60,641,450</b>
<b>Operating Fund</b>						
<u>Security Description</u>	<u>Investment Description</u>			<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
	<u>Face Value</u>	<u>Rate</u>	<u>Yield</u>			
FHLB	2,000,000	5.250%	5.10%	02-13-04	\$ 2,076,280	\$ 2,009,380
FHLMC	1,000,000	3.500%	2.01%	04-19-04	999,063	1,007,190
<b>TOTAL OPERATING FUND</b>					<b>\$ 3,075,343</b>	<b>\$ 3,016,570</b>

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2003

General Reserve Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
PA INVEST	1,000,000	1.630%	1.24%	01-15-04	\$ 1,000,000	\$ 1,021,081
FFCB	1,500,000	2.100%	2.10%	08-25-05	1,500,000	1,506,570
FFCB	4,000,000	2.100%	2.27%	02-06-06	3,983,750	3,998,760
FHLB	3,000,000	4.000%	3.83%	02-15-05	3,006,600	3,085,320
FHLB	2,100,000	5.375%	4.95%	02-15-06	2,171,326	2,241,750
FHLB	2,000,000	2.540%	2.54%	02-27-06	2,000,000	2,014,380
FHLB	4,000,000	2.070%	2.59%	07-28-06	3,965,000	3,986,240
FHLB	4,000,000	2.285%	3.10%	08-18-06	4,000,000	4,008,760
FHLB	2,000,000	3.100%	2.80%	10-16-06	2,000,000	2,005,620
FHLB	3,000,000	2.800%	3.22%	12-29-06	3,000,000	3,023,430
FHLMC	4,000,000	3.215%	4.83%	01-15-04	4,116,240	4,005,000
FHLMC	1,000,000	5.000%	5.85%	07-15-04	1,043,514	1,027,190
FHLMC	2,000,000	6.250%	2.07%	08-26-05	2,000,000	2,009,380
FHLMC	2,000,000	2.050%	2.05%	10-14-05	2,000,000	2,004,380
FHLMC	2,000,000	2.000%	2.00%	10-21-05	2,000,000	2,005,000
FHLMC	3,000,000	2.070%	2.07%	10-28-05	3,000,000	3,006,570
FHLMC	2,000,000	2.250%	2.25%	12-15-05	2,000,000	2,000,620
FHLMC	3,000,000	2.500%	2.05%	12-15-05	3,000,000	2,989,680
FHLMC	2,000,000	3.100%	3.10%	08-25-06	2,000,000	2,021,260
FHLMC	2,000,000	2.650%	2.65%	10-12-06	2,000,000	2,006,880
FNMA	4,500,000	1.530%	1.53%	05-26-05	4,500,191	4,497,210
FNMA	2,000,000	2.040%	2.04%	10-20-05	2,000,000	2,004,380
FNMA	3,000,000	2.600%	2.60%	12-29-05	3,000,000	3,007,500
FNMA	2,000,000	2.520%	2.52%	02-27-06	2,000,000	2,004,380
FNMA	2,000,000	2.400%	2.50%	02-27-06	1,995,000	2,013,760
FNMA	4,500,000	2.560%	2.56%	03-24-06	4,500,000	4,514,085
FNMA	4,500,000	2.250%	1.99%	05-26-06	4,505,906	4,508,460
FNMA	1,700,000	2.550%	2.55%	06-01-06	1,700,000	1,703,195
<b>TOTAL GENERAL RESERVE FUND</b>					<b>\$ 73,987,527</b>	<b>\$ 74,220,841</b>
<b>TOTAL INVESTMENTS</b>					<b>\$ 137,591,676</b>	<b>\$ 137,878,861</b>

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULE OF OPERATIONS

Year Ended December 31, 2004

(With Comparative Totals for the Year Ended December 31, 2003)

	Total Year-Ended December 31,		Trenton- Morrisville Bridge		New Hope- Lambertville Bridge		I-78 Bridge		Easton- Phillipsburg Bridge		Portland- Columbia Bridge		Delaware Water Gap Bridge		Milford- Montague Bridge	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Cash toll revenues	\$ 40,720,725	\$ 38,869,535	\$ 3,591,679	\$ 3,591,679	\$ 1,109,752	\$ 1,109,752	\$ 16,204,057	\$ 16,204,057	\$ 4,359,304	\$ 4,359,304	\$ 739,694	\$ 739,694	\$ 12,214,148	\$ 12,214,148	\$ 650,902	\$ 650,902
Tickets, tokens refund	(189,242)	(3,359)	(3,359)	(3,359)	-	-	-	-	-	-	-	-	-	-	-	-
Cash toll (shortage) overage	40,177	(63,851)	(19,893)	(19,893)	(7,793)	(7,793)	(15,859)	(15,859)	(9,460)	(9,460)	(2,567)	(2,567)	(6,355)	(6,355)	(1,924)	(1,924)
EZ Pass revenues	32,942,153	40,785,720	4,788,275	4,788,275	1,163,058	1,163,058	17,711,534	17,711,534	4,739,393	4,739,393	780,410	780,410	11,043,049	11,043,049	560,001	560,001
EZ Pass discounts and allowances	(814,924)	(856,382)	(145,465)	(145,465)	(53,604)	(53,604)	(225,125)	(225,125)	(125,589)	(125,589)	(36,878)	(36,878)	(235,463)	(235,463)	(34,258)	(34,258)
Miscellaneous revenues	123,397	124,629	191	191	-	-	123,063	123,063	875	875	-	-	500	500	-	-
Total Toll Revenues	72,822,286	78,836,292	8,211,427	8,211,427	2,211,413	2,211,413	33,797,669	33,797,669	8,964,524	8,964,524	1,480,659	1,480,659	23,015,878	23,015,878	1,174,721	1,174,721
Operating and Maintenance Expenses																
Salaries and wages																
Toll	3,559,483	3,537,791	529,915	529,915	304,033	304,033	775,676	775,676	504,314	504,314	268,717	268,717	908,313	908,313	246,823	246,823
Maintenance	2,717,707	2,654,162	355,705	355,705	269,024	269,024	582,041	582,041	437,174	437,174	176,685	176,685	583,423	583,423	250,110	250,110
Clerical	861,574	798,379	114,773	114,773	82,930	82,930	157,321	157,321	98,759	98,759	73,598	73,598	188,399	188,399	82,599	82,599
Supervision	2,480,002	2,476,611	462,104	462,104	193,322	193,322	489,192	489,192	473,175	473,175	196,836	196,836	472,898	472,898	189,084	189,084
	9,618,766	9,466,943	1,462,497	1,462,497	849,309	849,309	2,004,230	2,004,230	1,513,422	1,513,422	715,836	715,836	2,153,033	2,153,033	768,616	768,616
Social security taxes	730,327	723,857	111,567	111,567	65,450	65,450	153,854	153,854	114,965	114,965	55,078	55,078	164,465	164,465	58,478	58,478
Pension contribution	34,452	105,763	15,277	15,277	9,563	9,563	22,784	22,784	20,360	20,360	6,817	6,817	23,336	23,336	7,626	7,626
Group insurance	2,225,795	2,739,281	452,746	452,746	259,746	259,746	592,407	592,407	434,172	434,172	195,650	195,650	609,609	609,609	194,951	194,951
Heat, light and power	446,396	475,837	109,640	109,640	76,061	76,061	76,937	76,937	94,358	94,358	36,252	36,252	52,054	52,054	30,535	30,535
Office expense	77,018	50,858	525	525	6,742	6,742	7,850	7,850	9,530	9,530	6,354	6,354	9,465	9,465	10,392	10,392
Operating supplies and expense	166,079	992,185	166,131	166,131	104,467	104,467	176,393	176,393	144,400	144,400	75,150	75,150	193,443	193,443	132,201	132,201
Education, conference and communication expense	111,117	105,634	51,682	51,682	9,767	9,767	8,607	8,607	9,462	9,462	8,108	8,108	9,233	9,233	8,775	8,775
Uniforms	29,467	49,149	14,667	14,667	596	596	8,765	8,765	7,434	7,434	748	748	12,251	12,251	4,688	4,688
Maintenance supplies and expense																
Automotive	122,818	164,913	29,916	29,916	11,782	11,782	41,729	41,729	11,079	11,079	11,145	11,145	39,060	39,060	20,202	20,202
Buildings and grounds	219,942	224,349	67,837	67,837	39,714	39,714	33,694	33,694	35,574	35,574	15,730	15,730	12,167	12,167	19,633	19,633
Toll collecting equipment	98,621	66,684	9,343	9,343	4,099	4,099	12,154	12,154	10,609	10,609	6,382	6,382	17,690	17,690	6,407	6,407
Roadways, sidewalks and approaches	149,527	399,877	121,832	121,832	41,598	41,598	74,161	74,161	52,187	52,187	18,783	18,783	55,836	55,836	35,480	35,480
Insurance	1,610,014	1,719,635	260,558	260,558	213,491	213,491	483,002	483,002	213,756	213,756	129,560	129,560	323,579	323,579	95,689	95,689
Total Operating and Maintenance Expenses	15,640,339	17,284,965	2,874,218	2,874,218	1,692,385	1,692,385	3,696,567	3,696,567	2,671,308	2,671,308	1,281,593	1,281,593	3,675,221	3,675,221	1,393,673	1,393,673
Net revenues from Toll Bridges - Before state police bridge security, administrative expenses and toll-supported bridge expenses	57,181,947	61,571,327	\$ 5,337,210	\$ 5,337,210	\$ 519,028	\$ 519,028	\$ 30,101,102	\$ 30,101,102	\$ 6,293,215	\$ 6,293,215	\$ 199,066	\$ 199,066	\$ 19,340,657	\$ 19,340,657	\$ (218,952)	\$ (218,952)
State Police Bridge Security	-	2,065,135														
Administrative Expenses	10,156,527	11,561,266														
Toll supported bridge expenses	5,024,744	5,464,027														
	15,181,271	19,090,428														
Net operating revenues	\$ 42,000,676	\$ 42,480,899														

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULES OF ADMINISTRATIVE EXPENSES

Years Ended December 31, 2004 and 2003

	2004	2003
Salaries and wages	\$ 3,344,258	\$ 3,180,845
Social security taxes	239,809	219,731
Trustee and paying agents' fees	7,890	18,246
Pension contribution	33,495	3,352
Group insurance	655,487	499,610
Retirees' cost	1,550,459	1,096,106
Unemployment compensation	11,559	15,503
Heat, light and power	352	2,279
Office expenses	286,813	285,835
EZPass operating expenses	772,526	561,036
Operating supplies and expenses	151,262	126,752
Travel and meeting expenses	14,655	19,198
Education, meeting and conference expenses	131,422	104,242
Automotive repairs and expenses	110	157
Buildings and grounds maintenance	438	-
Professional services and legal expenses	3,953,016	3,509,648
Advertising	47,725	225,707
Insurance	359,990	288,280
	<u>\$ 11,561,266</u>	<u>\$ 10,156,527</u>

# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULES OF TOLL-SUPPORTED BRIDGE EXPENSES

Years Ended December 31, 2004 and 2003

	2004			2003
	Total	Southern Division Bridges	Northern Division Bridges	Total
Salaries and wages	\$ 3,011,970	\$ 1,607,806	\$ 1,404,164	\$ 2,985,453
Social security taxes	229,349	123,333	106,016	224,285
Pension contribution	32,310	16,898	15,412	3,906
Group insurance	922,211	511,249	410,962	729,046
Heat, light and power	61,122	37,433	23,689	73,438
Office expense	16,103	9,292	6,811	18,024
Operating supplies and expense	13,789	8,066	5,723	78,678
Education and conference expenses	483	253	230	498
Uniforms	7,740	743	6,997	7,173
Maintenance supplies and expenses				
Automotive	13,590	1,953	11,637	7,479
Buildings and grounds	5,576	679	4,897	5,523
Roadways, sidewalks and approaches	205,471	131,597	73,874	48,169
Insurance	929,313	597,254	332,059	828,072
Civil claim	15,000	15,000	-	15,000
	<u>\$ 5,464,027</u>	<u>\$ 3,061,556</u>	<u>\$ 2,402,471</u>	<u>\$ 5,024,744</u>



# DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

## SCHEDULE OF TOLL BRIDGE TRAFFIC AND REVENUES

Year Ended December 31, 2004 and 2003

VEHICLE CLASSIFICATION		Total	Trenton-Morrisville Bridge	New Hope-Lambertville Bridge	I-78 Bridge	Easton-Phillipsburg Bridge	Portland-Columbia Bridge	Delaware Water Gap Bridge	Milford-Montague Bridge
Number of Vehicles Crossing Toll Bridges:		Year Ended December 31, 2003	2004						
Class									
Passenger Cars, Vans and Pickups		29,096,940	31,797,621	6,281,830	2,026,746	6,974,743	5,551,047	1,162,560	8,488,847
Two-Axle Trucks, Buses and Tractors		730,939	815,615	159,655	52,056	222,516	168,748	28,720	161,134
Three-Axle Trucks, Buses, Tractor and Trailer		349,741	359,727	71,473	24,171	93,683	60,320	11,677	93,075
Four-Axle Trucks, Tractor and Trailer		271,634	280,958	50,275	7,797	111,525	45,422	6,149	57,861
Five-Axle Trucks, Tractor and Trailer		3,489,618	3,576,352	169,038	27,141	1,946,024	263,362	31,778	1,128,514
Six-Axle Trucks, Tractor and Trailer		56,244	64,665	1,594	804	35,967	4,853	453	20,887
Vehicles Requiring Special Permit		1,727	80	-	-	8	-	-	69
Local Buses		113	-	-	-	-	-	-	-
Seven-or-More-Axle Trucks, Tractor and Trailer		2,411	3,201	146	67	1,379	211	14	1,346
Total Number of Vehicles		33,999,367	36,898,219	6,734,011	2,138,782	9,385,845	6,093,963	1,241,351	9,951,733
Toll Revenues of Vehicles Crossing Toll Bridges:									
Class									
Passenger Cars, Vans and Pickups		\$ 27,628,733	\$ 21,777,668	\$ 4,294,946	\$ 1,378,578	\$ 4,802,376	\$ 3,779,973	\$ 797,033	\$ 5,828,391
Two-Axle Trucks, Buses and Tractors		3,185,251	3,943,805	769,347	251,373	1,077,198	815,617	138,835	780,660
Three-Axle Trucks, Buses, Tractor and Trailer		2,250,602	2,823,845	561,046	190,306	736,155	474,592	92,868	726,522
Four-Axle Trucks, Tractor and Trailer		2,294,595	2,898,138	527,919	80,852	1,136,474	472,972	65,230	594,276
Five-Axle Trucks, Tractor and Trailer		37,684,228	47,032,011	2,194,933	357,596	25,574,092	3,470,546	418,406	14,878,387
Six-Axle Trucks, Tractor and Trailer		716,763	1,004,939	25,280	12,712	552,979	76,131	7,271	328,846
Vehicles Requiring Special Permit		35,734	3,956	-	-	136	-	-	3,720
Local Buses		2,710	-	-	-	-	-	-	-
Seven-or-More-Axle Trucks, Tractor and Trailer		48,545	67,846	2,846	1,237	28,299	4,506	272	29,834
Total Toll Revenue Vehicles		73,847,161	79,552,208	8,376,317	2,272,454	33,907,709	9,094,337	1,519,915	23,170,636
EZPass discounts and allowances and other adjustments		(1,024,875)	(695,916)	(151,936)	(54,013)	(128,160)	(100,809)	(34,554)	(82,588)
Total Toll Revenues		\$ 72,822,286	\$ 78,856,292	\$ 8,224,381	\$ 2,218,441	\$ 33,779,549	\$ 8,993,528	\$ 1,485,361	\$ 23,088,048

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL  
 CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
 OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners of  
**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM**

We have audited the financial statements of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** as of and for the year ended December 31, 2004, and have issued our report thereon, dated March 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, bond resolutions, and compact, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not in order to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Commissioners, management, the Trustee, and others within the Commission and is not intended to be used by anyone other than these specified parties.



March 31, 2005

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