

DELAWARE RIVER JOINT TOLL
BRIDGE COMMISSION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Roster of Officials
As of December 31, 2018

New Jersey Commissioners

	<u>Position</u>
Michael B. Lavery	Chairman
Yuki Moore Laurenti	Secretary-Treasurer
Garrett Leonard Van Vliet	Member
Geoffrey S. Stanley	Member
Lori Ciesla	Member

Pennsylvania Commissioners

	<u>Position</u>
Wadud Ahmad	Vice Chairman
Pamela Janvey	Member
Daniel Grace	Member
Mirian Huertas	Member
John D. Christy	Member

Other Officials

	<u>Position</u>
Joseph J. Resta	Executive Director
Arnold J. Conoline, Jr.	Chief Administrative Officer
James M. Petrino	Chief Financial Officer
Sean M. Hill	Deputy Executive Director Operations
Joseph F. Donnelly	Deputy Executive Director Communications
Roy W. Little	Chief Engineer
Stephen T. Cathcart	Comptroller



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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delaware River Joint Toll Bridge Commission
New Hope, Pennsylvania 18938

Report on the Financial Statements

We have audited the accompanying statements of net position of the Delaware River Joint Toll Bridge Commission as of December 31, 2018 and 2017, and the related statements of revenues, expenses, and changes in net position and cash flows, together with the financial statements of the fiduciary fund for the years then ended, and the related notes to the financial statements, which collectively comprise the Delaware River Joint Toll Bridge Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Delaware River Joint Toll Bridge Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Delaware River Joint Toll Bridge Commission's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware River Joint Toll Bridge Commission as of December 31, 2018 and 2017, and its changes in financial position and its cash flows and the net position and changes in net position of the fiduciary fund thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



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Delaware River Joint Toll Bridge Commission

Adoption of Governmental Accounting Standards Board (GASB) Statements

As described in Note 1 to the financial statements, in 2018 Delaware River Joint Toll Bridge Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," Statement No. 85, "Omnibus 2017," and Statement No. 86, "Certain Debt Extinguishment Issues." Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delaware River Joint Toll Bridge Commission's basic financial statements. The accompanying other supplementary schedules, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
June 20, 2019

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the audited financial statements and supplementary information as a whole.

Financial Highlights

Operating revenues for the Commission totaled \$131,515,428 for the year ended December 31, 2018, which represents an increase of 0.4% over the previous year.

In 2018, net operating income totaled \$38,230,113 and Change in Net Position totaled \$23,506,908 as compared to \$31,837,665 and \$6,680,285 respectively, for 2017. Total Operating Expense decreased \$5,855,601 due primarily to decreases in Other Post Employment and Depreciation Expense offset, somewhat, by an increase in Salary and Wages Expense. A \$10,434,175 or 41.6% decrease in Net Non-Operating expenses was driven by a \$6,021,909 or 124.0% increase in Investment Income combined with a \$3,330,489 or 100% decrease Bond Issuance expense when comparing 2018 to 2017.

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 information. The supplementary information includes schedules of operations, expenses, cash and equivalent balances, investments, receivables, capital assets and traffic and revenues.

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 that provided in the financial statements of private-sector business.

The Statements of Net Position present information on the Commission's assets, deferred outflows of resources, and liabilities at December 31, 2018 and 2017, with the difference between them reported as net position. At December 31, 2018, the Commission's net position equaled \$425,311,363 as compared to \$445,007,128 in 2017, a decrease of 4.4%. This decrease in net position is primarily the result of the \$45.7 million change OPEB position offset somewhat by a \$23.6 million Change Net Position reported in 2018. The change in OPEB position was the result of adoption of GASB Statement 75 during the fiscal 2018.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how net position changed during the fiscal year. All changes in net position 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 periods or for items that have resulted in cash flows in previous periods.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

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 supplementary information concerning expenses, investments, and traffic.

Financial Analysis

Commission assets, consisting of restricted and unrestricted assets, totaled \$1,297,444,068 (a decrease of \$21,991,644 or 1.67%). Unrestricted current assets, totaling \$35,613,705 (a decrease of \$5,998,204 or 14.4%), represents cash in the operating accounts, cash equivalent investments, and E-ZPass toll receivables. These unrestricted current assets will be used to pay current expenses, to pay current debt service, or to be transferred to the General Reserve Fund. Additionally, the Commission has non-current unrestricted assets totaling \$217,567,086 (an increase of \$6,473,429 or 3.1%) representing investments in the General Reserve Fund.

Restricted assets, which are restricted under the Trust Indenture and are mainly investments designated for the Commission's bond requirements totaling \$280,501,940, are broken into two categories. Restricted current assets of \$28,801,953 decreased 51.3% from the previous year end and total non-current restricted assets, comprised of investments of bond proceeds and prepaid bond insurance totaled \$251,699,987, which represents a decrease of \$94,299,998 from the 2017 year-end balance. This decrease in restricted assets is the result of the ongoing construction of the Scudders Falls Bridge, whose cost was bonded for in 2017. Net capital assets totaling \$763,761,337, a 17.9% increase over 2017, consist of land, infrastructure, and equipment with an original value of \$1,201,462,391 less accumulated depreciation of \$437,701,054. 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.

At December 31, 2018, the Commission had current and non-current liabilities of \$887,807,154, with the majority related to its series 2005A, 2007B, 2012A, 2015 and 2017 bond issues, which represents a decrease of \$31,933,907 from 2017.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Financial Analysis (Continued)

The following table contains condensed financial information derived from the December 31, 2018, 2017, and 2016 financial statements of the Commission:

<u>Net Position</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets:			
Current and Other Assets	\$ 533,682,731	\$ 671,567,291	\$ 257,866,604
Capital Assets	<u>763,761,337</u>	<u>647,868,421</u>	<u>549,303,242</u>
Total Assets	<u>1,297,444,068</u>	<u>1,319,435,712</u>	<u>807,169,846</u>
Deferred Outflows of Resources:			
Accumulated Decrease in Fair Value of Hedging Derivatives	16,015,297	20,775,942	21,242,012
Deferred Loss on Refunding	8,071,787	9,000,691	9,962,037
Deferred Outflows – OPEB	2,143,324	-	-
Deferred Outflows – Pensions	<u>13,180,882</u>	<u>17,894,072</u>	<u>14,097,160</u>
Total Deferred Outflows	<u>39,411,290</u>	<u>47,670,705</u>	<u>45,301,209</u>
Liabilities			
Bond Indebtedness	745,767,628	764,126,323	310,332,143
Other Liabilities	<u>142,039,526</u>	<u>155,614,738</u>	<u>103,209,769</u>
Total Liabilities	<u>887,807,154</u>	<u>919,741,061</u>	<u>413,541,912</u>
Deferred Inflows of Resources:			
Deferred Inflows – OPEB	19,364,779	-	-
Deferred Inflows – Pensions	<u>4,372,062</u>	<u>2,358,228</u>	<u>602,300</u>
Total Deferred Inflows	<u>23,736,841</u>	<u>2,358,228</u>	<u>602,300</u>
Net Position:			
Net Invested in Capital Assets	224,324,244	231,980,129	266,823,221
Restricted	34,990,737	30,710,054	15,630,456
Unrestricted	<u>165,996,382</u>	<u>182,316,945</u>	<u>155,873,166</u>
Total Net Position	<u>\$ 425,311,363</u>	<u>\$ 445,007,128</u>	<u>\$ 438,326,843</u>
<u>Change in Net Position</u>			
Operating Revenues	\$ 131,515,428	\$ 130,978,581	\$ 130,076,080
Operating Expenses	(60,190,620)	(58,573,931)	(55,983,940)
Other Post Employment Benefits & GASB 68 Expense	(4,074,752)	(9,347,481)	(8,343,111)
Depreciation	<u>(29,019,943)</u>	<u>(31,219,504)</u>	<u>(30,245,394)</u>
Total Operating Expenses	<u>(93,285,315)</u>	<u>(99,140,916)</u>	<u>(94,572,445)</u>
Net Operating Income	38,230,113	31,837,665	35,503,635
Nonoperating Revenue	10,879,074	4,857,165	1,103,621
Nonoperating Expenses	<u>(25,602,279)</u>	<u>(30,014,545)</u>	<u>(12,911,403)</u>
Change in Net Position	23,506,908	6,680,285	23,695,853
Net Position - January 1	<u>445,007,128</u>	<u>438,326,843</u>	<u>414,630,990</u>
Restatement - GASB 75	<u>(43,202,673)</u>	-	-
Net Position as Restated	401,804,455	-	-
Net Position - December 31	<u>\$ 425,311,363</u>	<u>\$ 445,007,128</u>	<u>\$ 438,326,843</u>

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Financial Analysis (Continued)

The following table contains condensed financial information of cash flows derived from the December 31, 2018, 2017, and 2016 financial statements of the Commission:

<u>Summary of Cash Flows</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities	\$ 54,150,981	\$ 69,883,668	\$ 80,531,525
Cash Flows from Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities	(188,088,252)	336,733,981	(78,361,784)
Cash Flows from Investing Activities	<u>98,007,606</u>	<u>(348,148,661)</u>	<u>(48,772,477)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,929,665)	58,468,988	(46,602,736)
Cash and Cash Equivalents - January 1	<u>89,960,387</u>	<u>31,491,399</u>	<u>78,094,135</u>
Cash and Cash Equivalents - December 31	<u>\$ 54,030,722</u>	<u>\$ 89,960,387</u>	<u>\$ 31,491,399</u>

Capital Assets and Debt Administration

Capital Program

In December 2001, the Commission approved a long-term Capital Improvement Program that provides major bridge rehabilitation, bridge enhancement, and installation of traffic management systems, as well as state-of-the-art bridge security and surveillance. In each year since, the Commission has approved a rolling, ten-year capital program to assist it in planning for long-term capital improvements designed to sustain the structural integrity and extend the useful lives of all of its bridges and bridge related facilities.

Major projects completed over the past nine years include: complete bridge rehabilitations at the Washington Crossing Toll Supported Bridge (Phase I), Riegelsville Toll Supported Bridge, Calhoun Street Toll Supported Bridge; Locust Street Bridge; Milford Montague Toll Bridge, Upper Black Eddy Toll Supported Bridge, and the Easton Phillipsburg Toll Bridge. Other major capital projects included the Interstate 78 Open Road Tolling Installation and Approach Paving Improvements, the Delaware Water Gap Toll Bridge Bearing Remediation/Deck Survey, Open Road Tolling Installation and rehabilitation and repainting, and approach roadway improvements at the Lower Trenton Toll Supported Bridge and the Portland Columbia Toll Bridge.

During 2017, following more than ten years of planning and preliminary steps including traffic studies, conceptual architectural and structural design, and site acquisition and preparation, construction of the Scudder Falls Bridge Replacement Project was begun in 2017.

The existing Scudder Falls Toll Supported Bridge is a 1,740 foot-long bridge that carries Interstate 295 (formerly Interstate 95) across the Delaware River between Ewing Township, New Jersey and Lower Makefield Township, Pennsylvania. It was opened in 1961, becoming an important regional commuter connection between Bucks County Pennsylvania and Mercer County, New Jersey. The Commission is undertaking the Project to address safety deficiencies and traffic congestion at the bridge, its nearby interchanges, and its approach roadways in New Jersey and Pennsylvania.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Capital Assets and Debt Administration (Continued)

Capital Program (Continued)

The Project includes: (i) the demolition of the existing Scudder Falls Bridge and the construction of new northbound and southbound structures (i.e. the New Scudder Falls Bridge); (ii) 4.4 miles of approach roadway widening and improvements between the I-295/PA Route 332 Interchange in Pennsylvania and the I-295/Bear Tavern Road Interchange in New Jersey; (iii) the reconfiguration of the I-295/Taylorville Road Interchange in Pennsylvania and the I-295/Route 29 Interchange in New Jersey, and associated ramps and structures; (iv) a pedestrian/bicycle shared-use pathway that ties in with the canal towpaths in both states; (v) construction of noise walls in both states; (vi) construction of a Bridge Monitor/All Electronic Tolling Facility; and (vii) a wetland mitigation site in Pennsylvania. Construction is expected to occur over a four-year period. The Scudder Falls Bridge Replacement Project represents the largest single capital project undertaken in the Commission's history. At its commencement, the total cost of the project is estimated to be \$512 million.

The first span of the New Scudder Falls Bridge is anticipated to be completed in July 2019. Once completed, all traffic (both directions) will be carried over the new span. All Electronic Tolling will be implemented at that time. Following the demolition of the existing bridge and completion of the second replacement span, traffic will proceed in one direction only on each span. Final completion of the project is projected to occur in August 2021.

The Commission will collect one-way tolls in the southbound/westbound direction for use of the New Scudder Falls Bridge electronically through the E-ZPass system or video capture and billing (Toll-by-Plate). A conventional toll plaza will not be built. All Electronic Tolling allows motorists to travel at prevailing speeds without having to stop to pay the toll. Electronic toll equipment, including high-speed cameras to capture license plate images, will be mounted on an overhead gantry structure on the Pennsylvania side of the bridge.

Following a series of public meetings held throughout the Commission's operating area, the Commission in September 2016 approved a schedule of toll rates for the New Scudder Falls Bridge. Under the approved toll schedule, passenger cars with E-ZPass would pay \$1.25 per crossing, while non E-ZPass (toll-by-plate) passenger cars would pay \$2.60. Trucks and other multi-axle vehicles will bear higher toll rates per the approved schedule. Commuter discounts and off-peak pricing will be offered.

As discussed under "Long-Term Debt" below, a significant portion of the project costs have been financed through the issuance of bonds, with the balance of funding expected to come from the Commission's General Reserve Fund.

Other significant capital projects include the I-78 Toll Bridge Approach Slab Rehabilitation and Replacement (New Jersey), and the new construction of a central administration/headquarters building for the Commission. The new headquarters facility will be located in Lower Makefield Township, Pennsylvania near the New Scudder Falls Bridge. Construction began in May 2018, with anticipated completion/occupancy in late 2019.

Long-Term Debt

The Commission generally finances its capital program on a pay-as-you-go basis, supplemented from time to time through the issuance of its Bridge System Revenue Bonds. The Commission monitors its debt obligations and has issued refunding bonds from time to time to produce debt service savings. Most of the Commission's outstanding debt obligations are fixed rate, tax exempt bonds, although certain series were issued on a fixed rate, taxable basis, and other series were issued as tax exempt variable rate bonds with associated swap agreements, as further described below.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Capital Assets and Debt Administration (Continued)

Long-Term Debt (Continued)

As of December 31, 2018, the Commission had total bonded debt outstanding in the principal amount of \$698,850,000. This represents a net decrease of \$12,505,000 from the prior year end.

The Series 2007 Bonds were rated "A+" by Fitch Ratings, "A1" by Moody's Investors Service, and "A" by Standard & Poor's. The agencies also affirmed these ratings on the Commission's outstanding bonds.

Variable Rate Bonds and Interest Rate Exchange (Swap) Agreements

On September 20, 2007, the Commission issued \$75,000,000 principal amount of its Series 2007B-1 Bonds, and a like amount of its Series 2007B-2 Bonds in Auction Rate Mode. Additionally, the Commission in connection with the Series 2007 B-1 Bonds entered into a swap agreement with a notional amount of \$75,000,000 with Merrill Lynch Capital Services, Inc., and in connection with the Series 2007B-2 Bonds entered into a similar swap agreement with Morgan Stanley Capital Services, Inc. Under the terms of the swap agreements, the Commission makes payments to the counterparties at a fixed rate of 4.231% while receiving interest payments at a variable rate equivalent to the SIFMA Index. The notional amount of the swap agreements decrease as the related bonds amortize over time. The swap agreements expire July 1, 2032, which is the final maturity date of the Series 2007B Bonds. By pairing the variable rate bonds with the swap agreements, the swaps serve as interest rate hedges, which result in synthetically fixed rate obligations.

In 2008, following the decline of the auction rate market, the Commission converted the Series 2007B bonds into Variable Rate Demand Obligations. In 2011, the Commission converted the Series 2007B bonds into SIFMA Index mode, and reissued the bonds, which were sold via direct purchase. Under the terms of the direct purchase agreement, the bonds became subject to a special mandatory tender on May 1, 2014. As of May 1, 2014 the bonds were remarketed via direct purchase, again with a special mandatory tender date of May 1, 2017.

As of May 1, 2017, the Commission once again remarketed the bonds in SIFMA Index Mode via direct purchase. The Series 2007B-1 were purchased by Wells Fargo Bank, National Association, while the Series 2007B-2 were purchased by Wells Fargo Capital Strategies, LLC. The Series 2007B are subject to a special mandatory purchase on May 1, 2020. Under the terms of the purchase agreements, the Series 2007B Bonds bear interest at a rate equal to the SIFMA Index plus a spread of 0.47%. However, under the terms of the agreements, the interest rate spread increased to 0.57% as a result of the federal corporate income tax change effective as of January 1, 2018.

The original interest rate swap agreements have remained in place as a hedge of the Series 2007B Bonds through all of the various mode changes and remarketings. As of December 31, 2018, the mark-to-market value of each swap agreement was negative \$8,007,649, or a combined negative \$16,015,297.

Significant Events

On March 1, 2017 the Commission issued its Bridge System Revenue Bonds, Series 2017 in the principal amount of \$430,250,000. The Series 2017 bonds are fixed rate, tax exempt bonds, offset by the amortization of other outstanding bond issues. The Series 2017 bonds were issued for the purpose of financing a portion of the Scudder Falls Bridge Replacement Project, funding debt service reserve and capitalized interest funds, and paying the costs of issuing the bonds.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018 AND 2017**

Significant Events (Continued)

In April 2017, construction commenced on the Scudder Falls Bridge Replacement Project, as previously described.

On May 1, 2017 the Commission remarketed its Bridge System Revenue Bonds, Series 2007B-1 and Series 2007B-2 in SIFMA Index Mode via direct purchase, as previously described.

Contacting the Commission's Financial Management

This financial report is designed to provide the citizens, taxpayers and legislators of New Jersey and Pennsylvania, and the users of the Commission's bridges, with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the revenues that it receives. If you have questions about this report or need additional financial information, contact the Commission at (215) 862-5284, by website at: www.drjtbc.org, or by mail at:

Delaware River Joint Toll Bridge Commission
Executive Offices
2492 River Road
New Hope, Pennsylvania 18938-8266

BASIC FINANCIAL STATEMENTS

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF NET POSITION
DECEMBER 31, 2018 AND 2017

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets			
Unrestricted Assets			
Cash and Cash Equivalents		\$ 26,042,912	\$ 32,254,370
Accounts Receivable			
E-ZPass and Violations (net of allowance for uncollectible of \$26,588,029 for 2018 and \$20,374,790 for 2017)		6,690,567	7,087,106
Other		351,853	320,954
Interfund Accounts Receivable			
Fiduciary Fund		1,065,316	1,676,235
Prepaid Expenses		<u>1,463,057</u>	<u>273,244</u>
Total Unrestricted Assets		<u>35,613,705</u>	<u>41,611,909</u>
Restricted Assets			
Cash and Cash Equivalents		27,987,810	57,706,017
Accrued Interest Receivable		<u>814,143</u>	<u>1,386,527</u>
Total Restricted Assets		<u>28,801,953</u>	<u>59,092,544</u>
Total Current Assets		<u>64,415,658</u>	<u>100,704,453</u>
Noncurrent Assets			
Unrestricted Assets			
Investments		<u>217,567,086</u>	<u>211,093,657</u>
Total Unrestricted Assets		<u>217,567,086</u>	<u>211,093,657</u>
Restricted Assets			
Investments		251,237,133	345,496,830
Prepaid Bond Insurance		<u>462,854</u>	<u>503,155</u>
Total Restricted Assets		<u>251,699,987</u>	<u>345,999,985</u>
Net Other Postemployment Benefits		<u>-</u>	<u>13,769,196</u>
Capital Assets			
Capital Assets Not Being Depreciated		458,816,748	323,403,665
Capital Assets Being Depreciated (Net of Accumulated Depreciation)		<u>304,944,589</u>	<u>324,464,756</u>
Total Capital Assets		<u>763,761,337</u>	<u>647,868,421</u>
Total Noncurrent Assets		<u>1,233,028,410</u>	<u>1,218,731,259</u>
Total Assets		<u>\$ 1,297,444,068</u>	<u>\$ 1,319,435,712</u>

(Continued)

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2018 AND 2017

<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2018</u>	<u>2017</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	16,015,297	\$ 20,775,942
Deferred Loss on Refunding of Debt	8,071,787	9,000,691
Deferred Outflows - OPEB	2,143,324	-
Deferred Outflows – Pensions	<u>13,180,882</u>	<u>17,894,072</u>
Total Deferred Outflows of Resources	<u>39,411,290</u>	<u>47,670,705</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets		
Accounts Payable and Accrued Expenses	19,234,571	48,395,081
E-Zpass Customer Deposits	100,364	100,371
Compensated Absences Payable	148,169	130,302
Retainage Payable	<u>17,882,108</u>	<u>7,061,897</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>37,365,212</u>	<u>55,687,651</u>
Current Liabilities Payable from Restricted Assets		
Accrued Interest Payable on Bonds	14,091,883	14,242,814
Bridge System Revenue Bonds Payable	<u>13,840,000</u>	<u>14,500,000</u>
Total Current Liabilities Payable from Restricted Assets	<u>27,931,883</u>	<u>28,742,814</u>
Noncurrent Liabilities		
Compensated Absences Payable	2,173,144	2,041,394
Bridge System Revenue Bonds Payable	731,927,628	749,626,323
Premium Payment Payable - Derivative Companion Instrument	287,636	320,333
Derivative Instrument - Interest Rate Swaps	16,015,297	20,775,942
Net OPEB Liability	14,739,507	-
Net Pension Liability	<u>57,366,847</u>	<u>62,546,604</u>
Total Noncurrent Liabilities	<u>822,510,059</u>	<u>835,310,596</u>
Total Liabilities	<u>887,807,154</u>	<u>919,741,061</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows - OPEB	19,364,779	-
Deferred Inflows – Pensions	<u>4,372,062</u>	<u>2,358,228</u>
Total Deferred Inflows of Resources	<u>23,736,841</u>	<u>2,358,228</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	224,324,244	231,980,129
Restricted	34,990,737	30,710,054
Unrestricted	<u>165,996,382</u>	<u>182,316,945</u>
Total Net Position	<u>\$ 425,311,363</u>	<u>\$ 445,007,128</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>OPERATING REVENUES</u>		
Cash Tolls, Net	\$ 20,945,988	\$ 24,027,737
E-Zpass Tolls, Net	108,663,431	105,109,602
Miscellaneous	<u>1,906,009</u>	<u>1,841,242</u>
Total Operating Revenues	<u>131,515,428</u>	<u>130,978,581</u>
<u>OPERATING EXPENSES</u>		
Administration		
Salaries and Wages	6,015,594	5,301,406
Fringe Benefits	4,282,860	4,282,017
Other	4,548,221	4,076,546
Cost or Providing Services		
Toll Bridges		
Salaries and Wages	11,899,174	11,383,044
Fringe Benefits	9,046,449	9,682,050
Other	14,007,045	13,317,458
Toll Supported Bridges		
Salaries and Wages	3,985,473	3,845,268
Fringe Benefits	3,234,717	3,486,798
Other	3,171,087	3,199,344
Other Postemployment Benefits & GASB 68 Expense	4,074,752	9,347,481
Depreciation	<u>29,019,943</u>	<u>31,219,504</u>
Total Operating Expenses	<u>93,285,315</u>	<u>99,140,916</u>
Operating Income	<u>38,230,113</u>	<u>31,837,665</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Investment Income	10,879,074	4,857,165
Gain on Disposal of Capital Assets	-	-
Interest Expense		
Interest on Bonds	(28,491,765)	(29,254,931)
Bond Issuance Expense	-	(3,330,489)
Amortization of Deferred Loss on Refunding of Debt	(928,905)	(961,346)
Amortization of Net Premium on Bonds	3,858,693	3,575,566
Amortization of Prepaid Bond Insurance	<u>(40,302)</u>	<u>(43,345)</u>
Total Net Nonoperating Revenue (Expense)	<u>(14,723,205)</u>	<u>(25,157,380)</u>
Change in Net Position	23,506,908	6,680,285
Net Position, January 1	445,007,128	438,326,843
Restatement - GASB 75	<u>(43,202,673)</u>	<u>-</u>
Net Position, January 1 (Restated)	<u>401,804,455</u>	<u>438,326,843</u>
Net Position, December 31	<u>\$ 425,311,363</u>	<u>\$ 445,007,128</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users		
Cash Tolls	\$ 20,945,988	\$ 24,027,737
E-Zpass Tolls	109,059,963	104,568,456
Payments for Other Goods or Services	(39,386,417)	(14,980,977)
Payments for Employees Services	(38,954,582)	(45,394,309)
Payments for Interfund Services Provided	610,919	(109,140)
Other Receipts	<u>1,875,110</u>	<u>1,771,901</u>
Net Cash Provided by Operating Activities	<u>54,150,981</u>	<u>69,883,668</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of Capital Assets	(140,368,877)	(97,203,576)
Proceeds from Sales of Capital Assets	-	-
Proceeds from Issuance of New Debt	-	469,848,750
Principal Paid on Capital Debt	(14,500,000)	(15,855,000)
Payment of Capitalized Interest Paid on Debt	(4,543,982)	(924,590)
Interest Paid on Capital Debt	<u>(28,675,393)</u>	<u>(19,131,603)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(188,088,252)</u>	<u>336,733,981</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income Received	7,474,673	3,915,243
Proceeds from Sale of Investments	640,984,398	1,037,359,602
Payments for Investments	<u>(550,451,465)</u>	<u>(1,389,423,506)</u>
Net Cash Provided by Investing Activities	<u>98,007,606</u>	<u>(348,148,661)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,929,665)	58,468,988
Cash and Cash Equivalents, January 1 (including \$57,706,017 and \$13,496,247 reported as restricted)	<u>89,960,387</u>	<u>31,491,399</u>
Cash and Cash Equivalents, December 31 (including \$27,987,810 and \$57,706,017 reported as restricted)	<u>\$ 54,030,722</u>	<u>\$ 89,960,387</u>

(Continued)

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED		
<u>BY OPERATING ACTIVITIES</u>		
Operating Income	\$ 38,230,113	\$ 31,837,685
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	29,019,943	31,219,504
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable		
E-Zpass and Violations	396,539	(561,642)
Other	(30,897)	(69,341)
(Increase) Decrease in Interfund Accounts Receivable	610,919	(109,140)
Increase in Prepaid Expenses	-	(72,039)
Decrease in Prepaid Bond Insurance	40,301	43,345
(Increase) Decrease Net Other Postemployment Benefits	2,527,485	(1,490,365)
Decrease in Accounts Payable and Accrued Expenses	10,820,211	(558,968)
Decrease in Retainage Payable	(29,160,510)	6,200,033
Increase (Decrease) in E-Zpass Customer Deposits	(7)	20,496
Decrease in Compensated Absences Payable	149,617	86,274
Increase in Net Pension Liability and Related Pension Deferrals	<u>1,547,267</u>	<u>3,337,846</u>
Net Cash Provided by Operating Activities	<u>\$ 54,150,981</u>	<u>\$ 69,883,688</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>		
Increase/Decrease in Accumulated Change in Fair Value of Hedging Derivatives		
Resulting from Change in Fair Value	<u>\$ (4,760,645)</u>	<u>\$ (806,750)</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 RETIREE HEALTH BENEFITS PLAN
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 85,429	\$ 241,405
Investments	<u>84,858,202</u>	<u>91,345,180</u>
Total Assets	<u>84,943,631</u>	<u>91,586,585</u>
<u>LIABILITIES</u>		
Current Liabilities		
Interfund Accounts Payable	<u>1,065,316</u>	<u>1,676,235</u>
Total Liabilities	<u>1,065,316</u>	<u>1,676,235</u>
 NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	 <u>\$ 83,878,315</u>	 <u>\$ 89,910,350</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
RETIREE HEALTH BENEFITS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ADDITIONS</u>		
Contributions		
Employer	\$ <u> </u> -	\$ <u> 7,500,000</u>
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	(15,496,347)	6,166,733
Interest	<u>12,871,599</u>	<u>3,043,231</u>
	(2,624,748)	9,209,964
Less		
Investment Expense	<u>223,628</u>	<u>153,835</u>
Net Investment Income (Expense)	<u>223,628</u>	<u>153,835</u>
Total Additions	(2,848,376)	16,556,129
<u>DEDUCTIONS</u>		
Benefits	3,161,037	3,144,351
Administrative Expenses	<u>22,622</u>	<u>21,604</u>
Total Deductions	<u>3,183,659</u>	<u>3,165,955</u>
Net Increase/(Decrease)	(6,032,035)	13,390,174
Net Position Restricted for Other Postemployment Benefits		
January 1	<u>89,910,350</u>	<u>76,520,176</u>
December 31	<u>\$ 83,878,315</u>	<u>\$ 89,910,350</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Delaware River Joint Toll Bridge Commission (the "Commission"), a body corporate and politic, was created in 1934 by a compact, subsequently amended and supplemented, between the Commonwealth of Pennsylvania (the "Commonwealth") and the State of New Jersey (the "State"), with the approval of the Congress of the United States. As a governmental agency, the Commission has no stockholders or equity holders.

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 Commonwealth and the State, to issue bonds and other obligations, and to make payment of interest thereon. The Capital 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 Commonwealth or the State or any subdivision thereof.

In 1985, a proposed compact change was enacted and approved by the State that was similar to the legislation that had been enacted by the Commonwealth 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 and the State; 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 and the State from the Philadelphia / Bucks County line to the New York state line. The Commission's duties include the maintenance and operation of all the bridges over the Delaware River within 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.

Measurement Focus, Fund Accounting

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As part of the Commission's financial statements, two funds are maintained: a proprietary fund (enterprise fund) and a fiduciary fund (pension and other employee benefit trust fund). The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. The focus of fiduciary funds is also the measurement of economic resources.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

The fiduciary fund is maintained on the accrual basis of accounting, except for recognition of certain liabilities of postemployment healthcare plans. The fiduciary fund accounts for the recording and accumulation of other postemployment benefit resources, which are held in trust for the exclusive benefit of the Commission's retirees.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Bridge tolls are recognized as revenue when services are provided.

Non-exchange transactions, which are when the Commission receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements in which the Commission must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Commission on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

The Commission must adopt an annual budget in accordance with Section 702 of the Trust Agreement between the Commission and the TD Bank / Pennsylvania, National Association, as Trustee. Section 702 requires the Commission to adopt the final operating budget no later than December 31st for the ensuing calendar year. The budget is adopted on the modified accrual basis of accounting with provisions for cash payments for bond principal. The Commission may not incur in a year any amount in excess of the amounts provided for current expenses in the annual budget.

If for any reason the Commission shall not have adopted the annual operating budget before the first day of any year, the budget for the preceding year, shall, until the adoption of the annual operating budget, be deemed to be in force and shall be treated as the annual operating budget under the Section 702.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

The Commission records encumbrances. An encumbrance represents a commitment related to unperformed contracts for goods or services. The issuance of a purchase order or the signing of a contract would create an encumbrance. The encumbrance does not represent an expenditure for the period, only a commitment to expend resources. At year-end, the accounting records are adjusted to record only expenses in accordance with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks, certificates of deposit, and all highly liquid investments with a maturity of three months or less at the time of purchase, and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. All other investments are stated at fair value.

The Commission's depository and investment options are subject to the provisions and restrictions of the Trust Indenture dated January 1, 2003 between the Commission and the TD Bank / Pennsylvania, National Association, as Trustee. Section 601 of the Trust Agreement establishes the requirements for the security of deposits of the Commission.

General Objectives - The primary objectives, in priority of order of investment activities shall be safety, liquidity, and yield:

Safety - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

Liquidity - The investment portfolio shall remain sufficiently liquid to meet all requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

Yield - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal.
2. A security swap would improve the quality, yield, or target duration in the portfolio.
3. Liquidity needs of the portfolio require that the securities be sold.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

Suitable and Authorized Investments - The following investments are allowed under the Trust Indenture:

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations").
2. Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Home Loan Mortgage Corporation (for purposes of this definition, "FHLMCs"); debentures of the Federal Housing Administration, senior debt obligations of the Federal National Mortgage Association (for purposes of this definition, "FNMA's"); participation certificates of the General Services Administration; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financing of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation securities.
3. Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and under guaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Services and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation.
4. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investor's Services and "A" or better by Standard & Poor's Corporation.
5. Federal Funds, unsecured certificates of deposit, time deposit or bankers acceptance (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's Investors Services and a "Short-Term CD" rating "A-1" or better by Standard & Poor's Corporation.
6. Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

Suitable and Authorized Investments - The following investments are allowed under the Trust Indenture (Continued):

7. Investments in money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation.
8. Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FHLMCs with any registered broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or A-" or better by Standard & Poor's Corporation.

Inventory

Inventory consists of operating supplies and roadway de-icer for the Commission. The Commission has determined that the inventories are immaterial and, thus, are not recorded on the financial statements.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods beyond the statement of net position date are recorded as prepaid expenses.

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation, and improve the facilities of the Commission. 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. Assets acquired through gifts or donations are recorded at their estimated fair market value at time of acquisition.

Costs incurred for projects under construction are recorded as improvements in progress. In the year that the project is completed, these costs are transferred to completed (net of accumulated depreciation). The Commission capitalizes interest related to projects under construction. Capitalized interest for the years ended 2018 and 2017 amounted to \$4,543,982 and \$924,590, respectively.

Expenditures are capitalized when they meet the following requirements:

- Cost of \$5,000 or more.
- Useful life of five years or more.
- Increases value of an asset.

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Asset lives used in the calculation of depreciation are generally as follows:

Buildings	10-40 years
Infrastructure	15-50 years
Equipment	5-15 years

Depreciation begins when the asset is placed in service.

Bond Discounts / Premiums

Bond discount and bond premium arising from the issuance of the general obligation bonds are recorded as liabilities. They are amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. Bond discount and bond premium are presented as an adjustment of the face amount on the bonds. Bond issuance costs are expensed as incurred.

Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding general obligation bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Commission and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Commission and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Derivative Instruments and Related Companion Instruments

The Commission has entered into interest rate swap agreements for the purpose of hedging interest rates on its outstanding long-term debt. Such activity is further detailed in note 4.

Income Taxes

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Operating and Non-Operating Revenues and Expenses

Operating revenues consist primarily of cash tolls and E-ZPass revenues. Cash toll revenues are recognized as received. E-ZPass revenues are recognized when vehicles with E-ZPass utilize the Commission's toll bridges. Prepayments received from the Commission's E-ZPass customers are initially recorded as a liability and recognized as revenue as utilized at the Commission's toll bridges. Nonoperating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities. Investment income is recognized when earned.

Operating expenses include expenses associated with the operation, maintenance, and repair of the bridges, and general administrative expenses. Non-operating expenses principally include expenses attributable to the Commission's interest on bonded debt and the compact authorized investment program.

Net Position

Net position comprises the various earnings from operating income, non-operating revenues, expenses, and capital contributions. The Commission applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available, Net position is classified in the following three components:

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management of the Commission has made certain estimates and assumptions relating to the reporting of assets, liabilities, 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.

Adoption of Governmental Accounting Standards Board (GASB) Statements

The Government Accounting Standards Board has issued GASB's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement is required to be adopted by the Commission for the year ended December 31, 2018. See Note 10 for the effect this adoption had on previously reported amounts.

The Government Accounting Standards Board has issued GASB's Statement No. 85, "Omnibus 2017." This statement is required to be adopted by the Commission for the year ended December 31, 2018. The adoption of this statement had no effect on previously reported amounts.

The Government Accounting Standards Board has issued GASB's Statement No. 86, "Certain Debt Extinguishment Issues." This statement is required to be adopted by the Commission for the year ended December 31, 2018. The adoption of this statement had no effect on previously reported amounts.

Pending Governmental Accounting Standards Board (GASB) Statements

The Government Accounting Standards Board has issued GASB's Statement No. 83, "Certain Asset Retirement Obligations." This statement is required to be adopted by the Commission for the year ending December 31, 2019. The Commission has not determined the effect of GASB's Statement No. 83 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 84, "Fiduciary Activities." This statement is required to be adopted by the Commission for the year ending December 31, 2019. The Commission has not determined the effect of GASB's Statement No. 84 on the financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

The Government Accounting Standards Board has issued GASB's Statement No. 87, "Leases." This statement is required to be adopted by the Commission for the year ending December 31, 2020. The Commission has not determined the effect of GASB's Statement No. 87 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This statement is required to be adopted by the Commission for the year ending December 31, 2019. The Commission has not determined the effect of GASB's Statement No. 88 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement is required to be adopted by the Commission for the year ending December 31, 2020. The Commission has not determined the effect of GASB's Statement No. 89 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61." This statement is required to be adopted by the Commission for the year ending December 31, 2019. The Commission has not determined the effect of GASB's Statement No. 90 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 91, "Conduit Debt Obligations." This statement is required to be adopted by the Commission for the year ending December 31, 2021. The Commission has not determined the effect of GASB's Statement No. 91 on the financial statements.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

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

Trust Indenture

The Commission is subject to the provisions and restrictions of the Trust Indenture relating to the Bridge System Revenue Bonds, Series 2005A, Series 2007A, Series 2007B, Series 2012A, Series 2015, and Series 2017. The following is a summary of the activities of each account created by the Indenture:

Construction Fund - All bond proceeds for project costs are deposited into this fund.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Trust Indenture (Continued)

Revenue Fund - All revenues received by the Commission are deposited in the Revenue Fund. No 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 each 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. Transfers are made from the Revenue Account on or before the last business day of the month.

Debt Service Fund - Transfers are made from the Revenue Fund on or before the last business day preceding each interest, principal or sinking fund redemption payment date 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. At December 31, 2018 and 2017, the balance in the Debt Service Fund meets the requirements of the Trust Indenture.

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. The Debt Service Reserve Requirement is an amount equal to the Maximum Annual Debt Service on account of all of such Bonds, provided however, that the amount to be deposited in

connection with the issuance of any Series of Bonds (or issue of Bonds, if multiple Series are considered one issue for tax purposes) shall not exceed an amount equal to the lesser of (A) 10% of the original principal amount of each Series of Bonds (or the issue price of such Series, or issue as aforesaid, if the original issue discount and plus any original issue premium of such issue exceeds 2% of the original aggregate principal amount of the Series of Bonds), or (B) 125% of the average annual debt service requirement on said Series of Bonds of the same issue for tax purposes.

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 monies held for the credit of the Debt Service Fund shall be insufficient for such purpose. At December 31, 2018 and 2017, the balance in the Debt Service Reserve Fund meets the requirements of the Trust Indenture.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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 may transfer 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 Operating Fund, Debt Service Fund, Debt Service Reserve Fund, and the Reserve Maintenance Fund.

Monies in the General Reserve Fund may be used 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 indebtedness
- (c) to make payments into the Construction Fund
- (d) to fund improvements, extensions and replacements of the Bridge System
- (e) as a self-insurance reserve
- (f) to further any corporate purpose

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

Rebate Fund - 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.

Covenants as to Tolls

The Commission is required to fix, revise, charge, and collect tolls and other charges for traffic using the crossing facilities in order to provide an amount of "net revenues" in each year equal to not less than 130% of the principal and interest requirements for such year. The Commission satisfied this requirement for the years ended December 31, 2018 and 2017.

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Covenants as to Tolls (Continued)

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Operating Income	\$ 38,230,113	\$ 31,837,665
Adjustments		
Net Investment Income *	\$ 3,415,676	\$ 2,387,783
Gain on Disposal of Capital Assets	-	-
Depreciation Expense	29,019,943	31,219,504
Other Postemployment Benefits Expense	<u>4,074,752</u>	<u>9,347,481</u>
	<u>36,510,371</u>	<u>42,954,768</u>
Net Revenues Available for Debt Service Coverage	<u>\$ 74,740,484</u>	<u>\$ 74,792,433</u>
Total Debt Service (Principal and Interest) **	<u>\$ 36,450,207</u>	<u>\$ 35,911,193</u>
Debt Service Coverage	205%	208%

* excludes all unrealized market value adjustments and construction fund interest income.

** excludes all remarketing fees and includes capitalized interest.

Annual Budget – 2018 and 2017

<u>Description</u>	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>Variance</u>
Budgetary Expenses			
Salaries and Wages	\$ 22,892,985	\$ 21,900,243	\$ 992,742
Employee Benefits	22,184,368	16,564,028	5,620,340
Utilities	965,124	604,658	360,466
Office	269,353	204,730	64,623
Telecommunications and Information Technology	1,829,362	1,774,159	55,203
Professional Development, Meetings & Memberships	641,265	304,333	336,932
E-Zpass Operating and Maintenance	5,236,746	5,352,253	(115,507)
State Police Bridge Security	5,787,023	5,548,133	238,890
Operating and Maintenance	3,676,755	2,650,655	1,026,100
Business Insurance	2,999,411	3,610,962	(611,551)
Professional Services	1,391,800	1,649,741	(257,941)
Advertising, Design and Marketing	60,760	26,737	34,023
General Contingency	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Budgetary Expenses	<u>\$ 68,234,952</u>	<u>\$ 60,190,632</u>	<u>\$ 8,044,320</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Annual Budget – 2018 and 2017 (Continued)

<u>Description</u>	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>Variance</u>
Budgetary Expenses			
Salaries and Wages	\$ 21,214,333	\$ 20,529,718	\$ 684,615
Employee Benefits	18,972,196	17,450,865	1,521,331
Utilities	917,541	628,692	288,849
Office	263,326	203,164	60,162
Telecommunications and Information Technology	1,534,923	1,653,579	(118,656)
Professional Development, Meetings & Memberships	261,930	124,186	137,744
E-Zpass Operating and Maintenance	5,951,865	5,418,441	533,424
State Police Bridge Security	5,716,366	5,509,430	206,936
Operating and Maintenance	3,708,450	2,742,105	966,345
Business Insurance	2,976,252	2,848,527	127,725
Professional Services	1,271,000	1,442,142	(171,142)
Advertising, Design and Marketing	62,000	23,081	38,919
General Contingency	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total Budgetary Expenses	<u>\$ 63,150,182</u>	<u>\$ 58,573,930</u>	<u>\$ 4,576,252</u>

NOTE 3 DETAIL NOTES – ASSETS

Cash and Cash Equivalents

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2018 and 2017, the Commission held \$54,030,722 and \$89,960,387, respectively, in cash and cash equivalents in financial institutions, which include cash and cash equivalents.

As of December 31, 2018 and 2017, the Commission's bank balance of \$56,510,314 and \$91,118,884, respectively, was exposed to custodial credit risk as follows:

	<u>December 31, 2018</u>		
	<u>Enterprise Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Insured	\$ 250,000	\$ -	\$ 250,000
Uninsured and Collateralized with Securities			
Held by Pledging Financial Institutions	9,051,771	-	9,051,771
Uninsured and Uncollateralized	<u>47,123,114</u>	<u>85,429</u>	<u>47,208,543</u>
	<u>\$ 56,424,885</u>	<u>\$ 85,429</u>	<u>\$ 56,510,314</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Cash and Cash Equivalents (Continued)

	December 31, 2017		
	Enterprise <u>Fund</u>	Fiduciary <u>Fund</u>	<u>Total</u>
Insured	\$ 250,000	\$ -	\$ 250,000
Uninsured and Collateralized with Securities			
Held by Pledging Financial Institutions	9,624,738	-	9,624,738
Uninsured and Uncollateralized	81,002,741	241,405	81,244,146
	\$ 90,877,479	\$ 241,405	\$ 91,118,884

Investments

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Commission, and are held by either the counterparty or the counterparty's trust department or agent, but not in the Commission's name. At December 31, 2018 and 2017, of the Commission's \$468,804,219 and \$556,590,487 investments in U.S. federal agency notes and bonds, U.S. government treasuries, commercial paper, and municipal and state obligations and funds, all \$468,804,219 and \$556,590,486 of investments are registered in the name of the Commission and held by the counterparty. Of the Retiree Health Benefits Plan's (fiduciary fund) \$84,858,202 and \$91,345,180 investments in mutual funds - equity and mutual funds - fixed income as of December 31, 2018 and 2017, all \$84,858,202 and \$91,345,180 of investments are registered in the name of the Commission and held by the counterparty.

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

As of December 31, 2018 and 2017, the Commission's enterprise fund had the following investments and maturities:

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Investments (Continued)

<u>Investment Type</u>	December 31, 2018		
	Total	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Municipal and State Obligations and Funds	\$ 5,236,556	\$ 5,236,556	\$ -
Commercial Paper	103,210,338	103,210,338	-
U.S. Federal Agency Notes and Bonds	125,119,355	125,119,355	-
U.S. Government Treasuries	<u>235,237,970</u>	<u>235,237,970</u>	-
Total	<u>\$ 468,804,219</u>	<u>\$ 468,804,219</u>	<u>\$ -</u>

<u>Investment Type</u>	December 31, 2017		
	Total	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Municipal and State Obligations and Funds	\$ 5,142,895	\$ 5,142,895	\$ -
Commercial Paper	117,471,470	117,471,470	-
U.S. Federal Agency Notes and Bonds	130,889,456	67,266,712	63,622,744
U.S. Government Treasuries	<u>303,086,666</u>	<u>249,385,089</u>	<u>53,701,577</u>
Total	<u>\$ 556,590,487</u>	<u>\$ 439,266,166</u>	<u>\$ 117,324,321</u>

As of December 31, 2018 and 2017, the Commission's fiduciary fund had the following investments and maturities:

<u>Investment Type</u>	December 31, 2018		
	Total	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Mutual Funds - Equity	\$ 30,916,664	\$ 30,916,664	\$ -
Mutual Funds - Fixed Income	<u>53,941,538</u>	<u>53,941,538</u>	-
Total	<u>\$ 84,858,202</u>	<u>\$ 84,858,202</u>	<u>\$ -</u>

<u>Investment Type</u>	December 31, 2017		
	Total	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Mutual Funds - Equity	\$ 39,203,973	\$ 39,203,973	\$ -
Mutual Funds - Fixed Income	<u>52,141,207</u>	<u>52,141,207</u>	-
Total	<u>\$ 91,345,180</u>	<u>\$ 91,345,180</u>	<u>\$ -</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Investments (Continued)

Credit Risk - Credit risk is the risk that an issuer or counterparty to an investor will not fulfill its obligations. The Commission limits its exposure to credit risk through the Trust Indenture which restricts the investment obligations that may be purchased, by type and credit rating, as disclosed in Note 1.

Presented are summaries of the Commission's investments by type and credit rating as of December 31, 2018 and 2017:

Enterprise Fund Investments -		<u>December 31, 2018</u>	
<u>Investment Type</u>	Rating *	%	% of Total
		Investments	Investments
Municipal and State Obligations and Funds	AAAm	1.12%	
Commercial Paper	A-1 to AA+	22.02%	
U.S. Federal Agency Notes and Bonds	AA+	26.68%	
U.S. Government Treasuries	AA+	50.18%	

Enterprise Fund Investments -		<u>December 31, 2017</u>	
<u>Investment Type</u>	Rating *	%	% of Total
		Investments	Investments
Municipal and State Obligations and Funds	AAAm	0.92%	
Commercial Paper	A-1 to AA+	21.10%	
U.S. Federal Agency Notes and Bonds	AA+	23.51%	
U.S. Government Treasuries	AA+	54.47%	

*AAA represents the highest quality rating by Standard & Poor's

Fiduciary Fund Investments -		<u>December 31, 2018</u>	
<u>Investment Type</u>	Rating *	%	% of Total
		Investments	Investments
Mutual Funds - Equity	4 Stars	15.05%	
Mutual Funds - Equity	5 Stars	21.38%	
Mutual Funds - Fixed Income	2 Stars	43.32%	
Mutual Funds - Fixed Income	4 Stars	20.25%	

Fiduciary Fund Investments -		<u>December 31, 2017</u>	
<u>Investment Type</u>	Rating *	%	% of Total
		Investments	Investments
Mutual Funds - Equity	4 Stars	44.03%	
Mutual Funds - Fixed Income	3 Stars	5.30%	
Mutual Funds - Fixed Income	4 Stars	36.07%	
Mutual Funds - Fixed Income	5 Stars	14.60%	

*5 Stars represents the highest quality rating by Morningstar

Concentration of Credit Risk - The Commission does not place a limit on the amount that may be invested in any one issuer. All permitted investments by the Commission must be rated in the three highest categories by the rating agencies.

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Commission's investments are measured at a Level 1 input and include mutual funds that invest primarily in U.S. common stocks and U.S. debt securities. The Commission has no unfunded commitments related to its mutual fund investments. Additionally these investments do not have a limit on the redemption frequency or require a redemption notice period.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Capital Assets

The following schedules details changes in capital assets, by major class, that occurred during the years ended December 31, 2018 and 2017:

	Balance Jan. 1, 2018	Additions	Cap Int	Deletions	Transfers	Balance Dec. 31, 2018
Capital Assets Not Being Depreciated						
Land	\$ 132,774,710	\$ 633,589	\$ -	\$ -	\$ -	\$ 133,408,299
Improvements in Progress	<u>190,628,955</u>	<u>137,144,227</u>	<u>4,543,982</u>	<u>-</u>	<u>(6,908,715)</u>	<u>325,408,449</u>
Total Capital Assets Not Being Depreciated	<u>323,403,665</u>	<u>137,777,816</u>	<u>4,543,982</u>	<u>-</u>	<u>(6,908,715)</u>	<u>458,816,748</u>
Capital Assets Being Depreciated						
Buildings	30,113,143	-	-	-	111,788	30,224,931
Infrastructure	679,144,070	-	-	-	6,603,084	685,747,154
Equipment	<u>23,888,654</u>	<u>2,591,061</u>	<u>-</u>	<u>-</u>	<u>193,843</u>	<u>26,673,558</u>
Total Capital Assets Being Depreciated	<u>733,145,867</u>	<u>2,591,061</u>	<u>-</u>	<u>-</u>	<u>6,908,715</u>	<u>742,645,643</u>
Less Accumulated Depreciation for						
Buildings	(17,632,910)	(1,063,587)	-	-	-	(18,696,497)
Infrastructure	(376,278,209)	(26,122,950)	-	-	-	(402,401,159)
Equipment	<u>(14,769,992)</u>	<u>(1,833,406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,603,398)</u>
Total Accumulated Depreciation	<u>(408,681,111)</u>	<u>(29,019,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(437,701,054)</u>
Total Capital Assets Being Depreciated, Net	<u>324,464,756</u>	<u>(26,428,882)</u>	<u>-</u>	<u>-</u>	<u>6,908,715</u>	<u>304,944,589</u>
Total Capital Assets, Net	<u>\$ 647,868,421</u>	<u>\$ 111,348,934</u>	<u>\$ 4,543,982</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,761,337</u>

	Balance Jan. 1, 2017	Additions	Cap Int	Deletions	Transfers	Balance Dec. 31, 2017
Capital Assets Not Being Depreciated						
Land	\$ 132,433,995	\$ 340,715	\$ -	\$ -	\$ -	\$ 132,774,710
Improvements in Progress	<u>75,713,036</u>	<u>127,742,480</u>	<u>924,590</u>	<u>-</u>	<u>(13,751,151)</u>	<u>190,628,955</u>
Total Capital Assets Not Being Depreciated	<u>208,147,031</u>	<u>128,083,195</u>	<u>924,590</u>	<u>-</u>	<u>(13,751,151)</u>	<u>323,403,665</u>
Capital Assets Being Depreciated						
Buildings	30,020,273	-	-	-	92,870	30,113,143
Infrastructure	665,599,839	95,565	-	-	13,448,666	679,144,070
Equipment	<u>42,534,590</u>	<u>681,333</u>	<u>-</u>	<u>(19,536,884)</u>	<u>209,615</u>	<u>23,888,654</u>
Total Capital Assets Being Depreciated	<u>738,154,702</u>	<u>776,898</u>	<u>-</u>	<u>(19,536,884)</u>	<u>13,751,151</u>	<u>733,145,867</u>
Less Accumulated Depreciation for						
Buildings	(16,561,660)	(1,071,250)	-	-	-	(17,632,910)
Infrastructure	(348,034,890)	(28,243,319)	-	-	-	(376,278,209)
Equipment	<u>(32,401,941)</u>	<u>(1,904,935)</u>	<u>-</u>	<u>19,536,884</u>	<u>-</u>	<u>(14,769,992)</u>
Total Accumulated Depreciation	<u>(396,998,491)</u>	<u>(31,219,504)</u>	<u>-</u>	<u>19,536,884</u>	<u>-</u>	<u>(408,681,111)</u>
Total Capital Assets Being Depreciated, Net	<u>341,156,211</u>	<u>(30,442,606)</u>	<u>-</u>	<u>-</u>	<u>13,751,151</u>	<u>324,464,756</u>
Total Capital Assets, Net	<u>\$ 549,303,242</u>	<u>\$ 97,640,589</u>	<u>\$ 924,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,868,421</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Toll Revenue

		For the Years Ended			
		December 31, 2018		December 31, 2017	
<u>Toll Class</u>		<u>Vehicles</u>	<u>Revenue</u>	<u>Vehicles</u>	<u>Revenue</u>
	1	34,406,342	\$ 34,406,342	34,982,713	\$ 34,982,713
	2	868,810	5,593,379	834,555	5,373,030
	3	457,907	5,418,355	482,444	5,704,667
	4	509,175	8,011,712	517,663	8,140,616
	5	3,767,761	73,803,438	3,713,444	72,767,462
	6	115,077	2,682,886	110,710	2,575,802
	7	4,611	128,153	4,428	121,733
	8	-	-	1	88
	11	215,390	430,780	219,878	439,756
	12	-	-	14,983	29,966
	13	-	-	700	1,400
	15	-	-	24	24
	Extra axles *	2,374	9,499	292	472
	Violations	-	-	203,596	1,243,367
		<u>40,345,073</u>	<u>\$ 130,484,544</u>	<u>41,085,139</u>	<u>\$ 131,381,096</u>
	Discounts, Violations, Allowances and Other Adjustments		<u>(875,125)</u>		<u>(2,243,757)</u>
			<u>\$ 129,609,419</u>		<u>\$ 129,137,339</u>

In December 2002, the Commission initiated electronic toll collection and E-ZPass at the bridges. The Commission records toll revenue net of uncollectible tolls, discounts, and service fees. Gross toll revenue for December 31, 2018 and 2017 was \$130,484,544 and \$131,381,096, respectively, while the adjustments for uncollectible tolls, violations, and discounts were \$875,125 and \$2,243,758, respectively.

NOTE 4 DETAIL NOTES – LIABILITIES

Compensated Absences

Commission employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$18,000. The accrued liability for accumulated sick leave at December 31, 2018 and 2017 is estimated at \$1,871,841 and \$1,801,516 respectively.

Commission employees may carry forward up to five (5) vacation days not used during the year. Additional carryover days may be granted with permission from the executive director. Upon separation from the Commission, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated vacation time at December 31, 2018 and 2017 is estimated at \$449,472 and \$370,181 respectively.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES

Pension Plans

Pennsylvania State Employees' Retirement System

Plan Description

The Commission participates in the Pennsylvania State Employees' Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies. Membership in SERS is mandatory for most Commission (and other state) employees. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. SERS issues a publicly available financial report that can be obtained at www.sers.pa.gov.

Benefits Provided

SERS provides retirement, death, and disability benefits. Member retirement benefits are determined by taking years of credited service, multiplied by final average salary, multiplied by 2%, multiplied by class of service multiplier. According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

Section 5507 of the SERC (71 Pa. C.S. §5507) requires the Commonwealth and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions. The collar for Commonwealth fiscal year 13/14 was 4.5% and will remain at that rate until no longer needed. The Commission's retirement contribution, as a percentage of covered payroll, was 29.88% for the year ended December 31, 2018.

Contributions to the pension plan from the Commission were \$6,538,597 for the year ended December 31, 2018.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Commission reported a liability of \$55,234,900 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At December 31, 2017, the Commission's proportion was 0.31942997%, which was an increase of .00687765% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Commission recognized pension expense of \$7,431,284. At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 933,908	\$ 1,048,774
Net Difference between projected and actual investment earnings on pension plan investments	-	2,196,110
Changes in assumptions	2,765,384	-
Differences between employer contributions and proportionate share of contributions	-	255,462
Changes in proportion	1,922,729	159,042
Commission's contributions subsequent to measurement date	6,538,598	-
	\$ 12,160,619	\$ 3,659,388

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The \$6,538,598 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2019	\$ 1,733,114
2020	1,426,727
2021	(246,393)
2022	(1,007,661)
2023	56,846
Thereafter	-
Total	\$ 1,962,633

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Actuarial assumptions

The following methods and assumptions were used in the December 31, 2017 actuarial valuations. These methods and assumptions were applied to all periods included in the measurement:

Investment rate of return	7.50% net of expenses including inflation
Projected salary increases	average of 6.10% with range of 4.3% - 11.05% including inflation
Inflation	2.75%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost of living adjustments (COLA)	ad hoc and are not considered to be substantively automatic

Some of the methods and assumptions mentioned above are based on the 17th *Investigation of Actuarial Experience*, which was published in January 2011, and analyzed experience from 2006 through 2010. The Commonwealth’s actuary made recommendations with respect to the actuarial assumptions and methods based on their analysis.

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	16.00%	8.00%
Global Public Equity	43.00%	5.30%
Real Assets	12.00%	5.44%
Multi-Strategy	12.00%	5.10%
Legacy Hedge Funds	0.00%	0.00%
Fixed Income	14.00%	1.63%
Cash	3.00%	-0.25%
	100.00%	

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each member and that employer contributions will be made based on rates determined by the actuary. Based on the assumptions, SERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active SERS members. Therefore, the long-term expected rate of return on SERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's proportionate share of the net pension liability to change in the discount rate

The following schedule presents the Commission's proportionate share of the 2017 and 2016 net pension liability calculated using the discount rate of 7.25%. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Commission's share of the net pension liability as of 12/31/17 measurement date	70,110,314	55,234,900	42,492,384
Commission's share of the net pension liability as of 12/31/16 measurement date	74,498,560	60,198,594	47,952,734

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SERS financial report.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

State of New Jersey Public Employees' Retirement System

Plan Description

The Commission participates in the State of New Jersey Public Employees' Retirement System (PERS), a cost-sharing, multi-employer, contributory, defined-benefit plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Pension vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Benefits Provided

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age of their respective tier.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

State of New Jersey Public Employees' Retirement System (Continued)

Contributions

The contribution policy is set by N.J.S.A.43:15A, Chapter 62, P.L. 1994, and Chapter 115, P.L. 1997, and requires contributions by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation.

During the year ending December 31, 2017, members contributed at an average rate of 6.99% of base salary; Member contributions will continue to increase each year on July 1 until the final increase on July 1, 2018 when a contribution rate of 7.5% is reached.

Employer contributions are actuarially determined by PERS. The Commission's contribution requirements for the years ended June 30, 2018, 2017, 2016, and 2015 were \$94,369, \$68,189, \$64,202, and \$61,068.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the Commission reported a liability of \$2,131,947 for its proportionate share of the net pension liability. The net liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the ratio of the Commission's contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018, 2017 and 2016. At June 30, 2017 the Commission's proportion was .00010828%.

For the year ended December 31, 2018, the Commission recognized pension expense of \$166,756. At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,657	\$ 10,993
Net Difference between projected and actual investment earnings on pension plan investments	-	19,998
Changes in assumptions	351,310	681,683
Differences between employer contributions and proportionate share of contributions	-	-
Changes in proportion	533,927	-
Commission's contributions subsequent to measurement date	94,369	-
	\$ 1,020,263	\$ 712,674

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

State of New Jersey Public Employees' Retirement System (Continued)

The \$62,397 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2019	\$ 42,644
2020	42,644
2021	42,644
2022	42,644
2023	42,644
thereafter	-
Total	\$ 213,220

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary increases:	
2012-2021	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

State of New Jersey Public Employees' Retirement System (Continued)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with the New Jersey State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the NJ Directors of the Division of Investments and NJ Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Trwasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2017 and 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015 respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on these assumptions, the plan's fiduciary net position was projected to be available to

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

State of New Jersey Public Employees' Retirement System (Continued)

make future benefit payments through 2033. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following represents the Commission's pro-rata share of the net pension liability as of June 30, 2017 and 2016 respectively, calculated using the discount rate described above as well as what the pro-rata share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower, or 1 percentage point higher than the current rate:

	1% Decrease 4.66%	Current discount rate 5.66%	1% Increase 6.66%
Commission's share of the net pension liability as of 6/30/2017 measurement date	\$ 2,680,679	\$ 2,131,947	\$ 1,671,598
	1% Decrease 4.00%	Current discount rate 5.00%	1% Increase 6.00%
Commission's share of the net pension liability as of 6/30/2016 measurement date	\$ 2,657,684	\$ 2,217,687	\$ 1,854,821

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Other Postemployment Benefits (OPEB)

Plan Description - The Commission provides healthcare and life insurance benefits to its retirees and their spouses and dependents under the Delaware River Joint Toll Bridge Commission's Retiree Health Benefits Plan ("Retiree Health Benefits Plan"), which was established as an irrevocable trust in December 2009. The amount the Commission pays for the medical and life insurance premiums for retirees and spouses varies. Most regular active employees who retire directly from the Commission and meet the eligibility criteria may participate.

Eligibility - Employees hired prior to January 1, 1995 are eligible for participation as follows:

- hire date prior to January 1, 1979, the required years of service at retirement equals 65 minus age times 2;
- hire date January 1, 1979 - December 31, 1994, the required years of service at retirement equals 70 minus age times 2.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Eligibility

Employees hired prior to January 1, 1995 are eligible according to the following table:

<u>Hire Date</u>	<u>Required Years of Service at Retirement Equals</u>
Prior to January 1, 1979	65 minus age times 2
January 1, 1979 - December 31, 1994	70 minus age times 2

Employees hired after December 31, 1994 and before January 1, 2017, earliest of:

- Attainment of 55 with 25 years of service
- 60 with 20 years of service
- 65 with 15 years of service

Service includes all service in state, county or municipal pension systems within the State of New Jersey or the Commonwealth of Pennsylvania, with the last 5 years with the Bridge Commission.

Employees hired after December 31, 2016, earliest of:

- Attainment of 55 with 25 years of service
- 60 with 20 years of service
- 65 with 15 years of service

Service includes all service in state, county or municipal pension systems within the State of New Jersey or the Commonwealth of Pennsylvania. U.S. military service may also be included (up to 5 years). The maximum non-Bridge Commission service to be credited is 10 years. The Last 10 years of employment must be with the Bridge Commission.

If an employee retires prior to 55 with 25 or more years of service, he may receive COBRA until age 55 at which time he would be eligible for the retiree health benefit plan in effect at that time provided the employee is within 18 months of retirement eligibility at the time of separation of employment.

Medical Benefit

All eligible employees are allowed to continue medical, prescription drug, dental and vision coverage under the Plan for the retiree and any eligible dependents for the lifetime of the retiree. For those under 65, coverage is continued in the same plan the retiree had at retirement. For those over 65, benefits are provided under NEBCO. In addition, the retiree is reimbursed for retiree/dependent Medicare Part B premiums (up to the standard premium for those who retire on or after January 1, 2018).

Employees hired before April 1, 1995 who retire on or after September 1, 2007 but before January 1, 2018 pay the current active co-pay of \$260 per year.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Medical Benefit (Continued)

Employees hired on or after April 1, 1995 or who retire on or after January 1, 2018 pay half of the dental premium and a percentage of their final year earnings toward medical. The percentage is shown in the table below:

<u>Coverage</u>	<u>Percent of Final Pay</u>
Single	1.00%
Husband/Wife or Parent/Child	1.25%
Family or Parent/Child	1.50%

Retirees who retire on or after January 1, 2018 who become eligible for non-disability related Medicare coverage, have their obligation to pay retiree contribution cease.

Life Benefit

Only applies to employees hired prior to January 1, 1995.

Employees receive Life Insurance coverage with no cost to the retiree according to the following schedule:

<u>Plan Name</u>	<u>Co Pay Plan</u>	<u>Contribution Plan</u>
MEDICAL		
Deductible (Individual)		
INN	\$ -	\$ -
OON	\$ 5,000	\$ 5,000
OOP Max on Coinsurance		
INN	\$ 5,600	\$ 5,600
OON	\$ 10,000	\$ 10,000
OV-PCP	\$10 copay	100% Covered
OV-Specialist	\$25 copay	100% Covered
ER	\$250 copay	\$100 copay
Coinsurance		
INN	100%	100%
ONN	50%	50%
Prescription Drugs		
Retail (Generic/Brand)	\$5/\$15 copay	\$5/\$15 copay
Mail Order (Generic/Brand)	\$10/\$30 copay	\$10/\$30 copay

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

<u>Age at Retirement</u>	<u>Benefit</u>
	150% of annual salary at retirement
Less than 70	reduced each year to age 70 to \$10,000. After age 70 the benefit remains \$10,000.
70 or more	75% of annual salary

Plan Changes

For those hired after January 1, 2017, service includes state, county or municipal pension system service with Pennsylvania or New Jersey to a maximum of 10 years. The last 10 years of employment must be with the Bridge Commission.

For retirees after January 1, 2018, once eligible for non-disability-related Medicare coverage, his or her obligation to pay a retiree contribution will cease.

Net OPEB Liability

The net OPEB liability of the plan for measurement date December 31, 2017, was as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance Recognized at 12/31/2017 (Based on 12/31/16 Measurement Date)	\$ 113,453,654	\$ 76,520,177	\$ 36,933,477
Changes Recognized for the Fiscal Year:			
Service Cost	4,161,867	N/A	4,161,867
Interest of the Total OPEB Liability	6,592,495	N/A	6,592,495
Changes in Plan Provisions			
Eligibility Changes	(270,754)		(270,754)
Retiree Contribution Changes	225,225		225,225
Total Changes of Benefit Terms	(45,529)	N/A	(45,529)
Differences Between Expected and Actual Experience			
Demographic Gain/Loss	(947,934)	N/A	(947,934)
Data on Additional Past Service	3,498,734	N/A	3,498,734
Total	2,550,800	N/A	2,550,800
Changes of Assumptions			
Updated Claims/Trend	3,837,086	N/A	3,837,086
Demographic decrement (SERS)	(8,300,785)	N/A	(8,300,785)
Dependent coverage	(6,709,109)	N/A	(6,709,109)
Mortality table	(3,417,780)	N/A	(3,417,780)
Discount Rate	(4,328,490)	N/A	(4,328,490)
Total	(18,919,078)	N/A	(18,919,078)
Benefit Payments	(3,144,352)	(3,144,352)	-
Contributions From the Employer	N/A	7,500,000	(7,500,000)
Contributions From the Employee	N/A	-	-
Net Investment Income	N/A	9,056,129	(9,056,129)
Administrative Expense	N/A	(21,604)	21,604
Net Changes	(8,803,797)	13,390,173	(22,193,970)
Balance Recognized at 12/31/2018 (Based on 12/31/17 Measurement Date)	<u>\$ 104,649,857</u>	<u>\$ 89,910,350</u>	<u>\$ 14,739,507</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Employer Contributions

The Commission had no contractually required contribution rate for fiscal year ended December 31, 2018. There were no contributions to the OPEB plan from the Commission for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB:

At December 31, 2018, the Commission reported a net OPEB liability of \$14,739,507. The net OPEB liability was measured as of January 1, 2018, and the total OPEB liability used to determine the net OPEB liability was determined by rolling forward the total OPEB liability as of January 1, 2017 to December 31, 2017.

For the year ended December 31, 2018, the Commission recognized OPEB expense of \$4,972,515. At December 31, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,143,324	\$ -
Net Difference between projected and actual investment earnings on OPEB plan investments	-	3,467,918
Changes in assumptions	-	15,896,861
Commission's contributions subsequent to measurement date	-	-
	\$ 2,143,324	\$ 19,364,779

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2019	\$ (3,481,720)
2020	(3,481,720)
2021	(3,481,720)
2022	(3,481,720)
2023	(2,614,743)
Thereafter	(679,832)
Total	\$ (17,221,455)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

A summary of the actuarial assumptions used in the valuation is presented below:

- Discount Rate – 6.00% (5.68% as of December 31, 2016)
- 20 Yr. Municipal Bond Rate – 3.44% (3.83% as of December 31, 2016)
- Municipal Bond Rate Basis – Bond Buyers General Obligation 20 year Municipal Bond Index
- Salary Increases:

Merit Scale			
Completed Years of Service	Annual Increase	Completed Years of Service	Annual Increase
1	6.00%	16	2.10%
2	4.50%	17	2.05%
3	4.00%	18	2.00%
4	3.75%	19	1.95%
5	3.50%	20	1.90%
6	3.25%	21	1.85%
7	3.00%	22	1.75%
8	2.90%	23	1.65%
9	2.80%	24	1.55%
10	2.70%	25	1.45%
11	2.60%	26	1.25%
12	2.50%	27	1.05%
13	2.40%	28	0.90%
14	2.30%	29	0.85%
15	2.20%	30+	0.80%

- General Inflation – 2.9%
- Retirement Age, Active Participants – The following table shows sample annual rates of retirement at selected ages. Retirement rates vary by age, service, and is based upon the Pennsylvania State Employees' Retirement System:

Age	Male	Female
55	23.00%	23.00%
56-57	24.00%	23.00%
58	27.00%	23.00%
59	30.00%	25.00%
60	25.00%	25.00%
61	20.00%	20.00%
62	25.00%	25.00%
63-64	20.00%	20.00%
65-66	25.00%	25.00%
67-70	23.00%	23.00%
71-79	20.00%	20.00%
80	100.00%	100.00%

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions (Continued)

- Mortality Rates, Healthy and Disabled – RP-2014 Mortality Table projected generationally with scale MP-2017 from the central year.
- Withdrawal Rates – The following table shows sample annual rates of withdrawal and is based upon the Pennsylvania State Employees' Retirement System:

Age	Male - Years of Service				Female - Years of Service			
	0	5	9	14	0	5	9	14
20	24.2%	n/a	n/a	n/a	28.4%	n/a	n/a	n/a
25	18.5%	3.0%	2.1%	n/a	22.4%	3.7%	2.3%	n/a
30	16.4%	3.0%	2.1%	1.0%	19.2%	3.3%	2.3%	1.7%
35	15.6%	2.4%	1.3%	1.0%	15.0%	3.2%	1.2%	1.2%
40	15.0%	2.4%	1.3%	1.0%	13.4%	3.2%	1.2%	1.0%
45	14.4%	2.4%	0.7%	1.1%	13.1%	2.7%	1.2%	1.0%
50	14.4%	2.6%	0.7%	1.1%	13.1%	2.7%	1.5%	1.0%
55	14.4%	1.9%	0.8%	0.8%	13.1%	1.8%	1.0%	1.6%

- Decrement Timing – Beginning of year decrements.
- Health Care Participation Rate, Future Retirees – We have assumed that 100% of current and future contingent eligible participants will elect health care benefits at their full eligibility age, or current age if later.
- Current Retirees – All current retirees are assumed to continue coverage.
- Spouse Coverage Election Rate, Future Retirees – Males are assumed to be 2 years older than females. Active male employees are assumed to be 70% married, and active female employees are assumed to be 50% married.
- Current Retirees – Spousal coverage is based on actual retiree coverage elections. Actual spouse age is used where available. In instances where this information is not available, males are assumed to be two years older than their female spouses.
- Projected Retiree Health Care Contributions – Equal to applicable percentage of projected salary based on all relevant assumptions described in this section, including health care trend rates, health care cost aging, and various demographic assumptions.
- Life Insurance Loads – Life insurance liabilities were loaded by 10% to reflect carrier retention charges, including administrative costs, risk charges, premium taxes, and other miscellaneous related charges.
- Administrative Expenses – Actual administrative expenses during the measurement period are recognized in expense.
- Asset Method – Fair market value.
- Actuarial Cost Method – Entry Age Normal cost method.
- Measurement Date – December 31, 2017

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions (Continued)

- Valuation Date – January 1, 2018
- Census Data – January 1, 2018
- Valuation Methodology and Terminology – We have used GASB accounting methodology to determine the postretirement medical benefit obligations

Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending December 31, 2018:

1% Decrease	Current Rate	1% Increase
<u>5.00%</u>	<u>6.00%</u>	<u>6.68%</u>
\$ 29,534,918	\$ 14,739,507	\$ 2,529,193

Healthcare Cost Trend Sensitivity

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending December 31, 2018:

1% Decrease	Trend Rate	1% Increase
\$ (10,411,889)	\$ 14,739,507	\$ 54,794,746

Asset Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Expected Nominal Rate of Return</u>	<u>Expected Real Rate of Return</u>	<u>Allocation</u>
Large Cap U.S. Equity	6.30%	3.91%	27.61%
International (Non-U.S.) Equity (Developed)	7.40%	4.99%	15.20%
Cash (Gov't)	2.70%	0.39%	0.26%
Core U.S. Fixed Income (Market Duration)	3.70%	1.37%	27.28%
High Yield Bonds	2.80%	0.49%	5.16%
Intermediate Duration Bonds - Gov't	3.00%	0.68%	5.69%
Intermediate Duration Bonds - Credit	4.00%	1.66%	18.80%
Total Portfolio	5.49%	3.12%	100.00%

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness

At December 31, 2018 and 2017, the Commission had \$698,850,000 and \$713,350,000, respectively, in revenue and refunding revenue bonds outstanding. The bonds were issued in 2005, 2007, 2012, 2015, and 2017. These bonds were issued pursuant to the Trust Indenture dated January 1, 2003, as supplemented, between the Commission and the TD Bank / Pennsylvania, National Association as Trustee.

Series 2005A Bonds - In March 2005, the Commission issued \$72,645,000 Bridge System Revenue Bonds. The bonds were issued at a premium of \$6,544,528 and yielded total cash of \$79,189,528. Of the proceeds, \$34,770,228 were used to advance refund \$32,165,000 of the Commission's Bridge System Revenue Bonds, Series 2003, \$2,918,863 was deposited into a debt service reserve fund, \$1,500,436 was used to pay cost of issuance, and the remaining \$40,000,000 was deposited into the 2005 construction fund, which was used to establish the Compact Investment Program. This program was created to provide funding for transportation infrastructure related projects in New Jersey and Pennsylvania communities that host its bridges.

Funded projects included installation of upgrades to traffic signalization around Commission facilities, road widening in areas affected by Commission crossings, bicycle or pedestrian paths leading up to Commission facilities, park and ride facilities, safety lighting, and right of way renovation, protection, or beautification.

During October 2012, the Commission partially refunded \$30,795,000 of the Series 2005A outstanding bonds.

In October 2013, the Commission partially refunded \$31,905,000 of the Series 2007A outstanding bonds (see note 5). In April 2015, the Commission partially refunded an additional \$86,765,000 of the Series 2007A outstanding bonds. (see note 5)

Series 2007B (SWAP) Bonds - In September 2007, the Commission issued two series of Bridge System Revenue Bonds (2007B-1 and 2007B-2) for \$75,000,000 each and are hedged by an interest rate swap issued by two counterparties. These bonds were issued to provide funds to pay for the cost of capital improvements related to the system, to fund capitalized interest, and to pay insurance and cost of issuance associated with the series.

In September 2008, the bonds were converted into variable rate securities and were secured by a letter of credit issued by Dexia Credit Local for a three-year term with an expiration date of August 2011. The letter of credit required the Commission to maintain a debt service reserve account for the 2007B Bonds. As part of the letter of credit, the Commission was required to make an initial \$5,200,000 deposit into a collateral account (not containing any tax-exempt debt proceeds).

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

In May 2011, the entire amount of outstanding bonds of \$69,825,000 for 2007B-1 and \$69,825,000 for 2007B-2 bonds were refunded under a direct purchase agreement and are no longer secured by a letter of credit. The refunding was done in order to peg the variable interest rates of the bonds to the Securities Industry and Financial Markets Association (SIMFA) Municipal Swap Index. The 2007B-1 Bond interest rate was SIMFA Municipal Swap Index Rate +85 basis points and the 2007B-2 Bond interest rate was SIMFA Municipal Swap Index Rate +95 basis points. Under the direct purchase agreement, the bonds were subject to a mandatory repurchase on May 1, 2014.

In January 2014, the Commission entered into Forward Purchase Continuing Covenant Agreements which called for the bonds to be remarketed via direct purchase on May 1, 2014. Following this remarketing, the interest rate on Series 2007B-1 and B-2 was established at the SIFMA Index plus 60 basis points, and the new mandatory purchase date was set at May 1, 2017.

As of May 1, 2017, the Commission once again remarketed the bonds in SIFMA Index Mode via direct purchase. The Series 2007B-1 were purchased by Wells Fargo Bank, National Association, while the Series 2007B-2 were purchased by Wells Fargo Capital Strategies, LLC. The Series 2007B are subject to a special mandatory purchase on May 1, 2020. Under the terms of the purchase agreements, the Series 2007B Bonds bear interest at a rate equal to the SIFMA Index plus a spread of 0.47%. However, under the terms of the agreements, effective January 1, 2018, the spread increases to 0.57% as a result of the federal corporate income tax change.

Series 2012A Bonds - In October 2012, the Commission issued \$77,145,000 in Bridge System Revenue Bonds. The bonds were issued at a premium of \$9,476,967, included a transfer from the Series 2003 Debt Service Reserve Fund in the amount of \$12,205,970, and yielded total cash of \$98,827,937. Of the proceeds, \$95,174,922 were used to advance refund \$30,795,000 of the Series 2005A outstanding bonds (see note 5) and \$57,300,000 of the Series 2003 outstanding bonds, \$2,875,978 was deposited into a debt service reserve fund, \$773,543 was used to pay cost of issuance, and the remaining \$3,494 were additional proceeds.

In July 2013, the Commission extinguished \$1,210,000 of the Series 2012A outstanding bonds (see note 5).

Series 2012B Bonds - In October 2012, the Commission issued \$20,665,000 of Bridge System Revenue Bonds (Taxable). Of the proceeds, \$20,476,829 of the bonds were used to advance refund \$19,475,000 of the Series 2003 outstanding bonds, \$185,895 was used to pay cost of issuance, and the remaining \$2,276 were additional proceeds.

Series 2015 – In April 2015, the Commission issued \$86,505,000 of Bridge System Revenue Bonds. The bonds were issued at a premium of \$6,529,446 and yielded total cash of \$104,257,335 after transfers of \$9,826,227 from the Series 2007A Debt Service Reserve Fund and \$1,400,000 from the Series 2007A Construction Fund. Of the proceeds, \$95,571,081 were used to advance refund a portion of the Series 2007A outstanding bonds, \$7,676,769 was deposited into a debt service reserve fund, and \$1,009,485 was used to pay cost of issuance.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

Series 2017 – In March of 2017, the Commission issued \$430,250,000 of Bride System Revenue Bonds. The bonds were issued at a premium of \$42,974,745. Of the proceeds, \$422,020,239 was deposited to the Construction Fund to be used for the Scudder Falls Bridge Replacement Project, \$30,601,000 was deposited to the Debt Service Reserve Fund, \$17,227,511 was deposited to the Capitalized Interest Account, and \$3,375,995 was used to pay costs of issuance, including the underwriter's discount.

The following schedules represent the debt service requirements for the outstanding bonds as of December 31, 2018:

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2005A	2019	\$ 4,835,000	\$ 546,700	\$ 5,381,700
	2020	<u>5,105,000</u>	<u>280,775</u>	<u>5,385,775</u>
Total Series 2005A		<u>\$ 9,940,000</u>	<u>\$ 827,475</u>	<u>\$ 10,767,475</u>

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>
Series 2007B	2019	\$ 5,450,000	\$ 4,985,839	\$ 10,435,839
	2020	5,650,000	4,724,184	10,374,184
	2021	5,950,000	4,452,928	10,402,928
	2022	6,250,000	4,167,268	10,417,268
	2023	6,550,000	3,867,206	10,417,206
	2024	6,800,000	3,552,740	10,352,740
	2025	7,150,000	3,226,272	10,376,272
	2026	7,450,000	2,883,001	10,333,001
	2027	7,800,000	2,525,326	10,325,326
	2028	8,200,000	2,150,848	10,350,848
	2029	8,550,000	1,757,166	10,307,166
	2030	8,900,000	1,346,681	10,246,681
	2031	9,350,000	919,392	10,269,392
	2032	<u>9,800,000</u>	<u>470,498</u>	<u>10,270,498</u>
Total Series 2007B		<u>\$ 103,850,000</u>	<u>\$ 41,029,349</u>	<u>\$ 144,879,349</u>

(1) Series 2007B are variable rate revenue bonds. The interest rate is adjusted daily as determined by the remarketing agent. The assumed interest rate at December 31, 2018 is 4.801%.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2012A	2019	\$ 1,145,000	\$ 2,916,288	\$ 4,061,288
	2020	1,195,000	2,870,488	4,065,488
	2021	6,825,000	2,846,588	9,671,588
	2022	7,165,000	2,505,338	9,670,338
	2023	7,445,000	2,226,213	9,671,213
	2024	7,815,000	1,853,963	9,668,963
	2025	8,205,000	1,463,213	9,668,213
	2026	8,620,000	1,052,963	9,672,963
	2027	7,805,000	658,163	8,463,163
	2028	9,355,000	365,963	9,720,963
	2029	1,345,000	85,313	1,430,313
	2030	<u>1,385,000</u>	<u>43,281</u>	<u>1,428,281</u>
Total Series 2012A		<u>\$ 68,305,000</u>	<u>\$ 18,887,774</u>	<u>\$ 87,192,774</u>
	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2015	2019	\$ 2,410,000	\$ 3,615,519	\$ 6,025,519
	2020	2,540,000	3,519,119	6,059,119
	2021	2,540,000	3,392,119	5,932,119
	2022	2,695,000	3,265,119	5,960,119
	2023	2,795,000	3,130,369	5,925,369
	2024	2,935,000	3,018,569	5,953,569
	2025	3,015,000	2,871,819	5,886,819
	2026	3,180,000	2,721,069	5,901,069
	2027	4,540,000	2,562,069	7,102,069
	2028	3,380,000	2,425,869	5,805,869
	2029	3,480,000	2,320,244	5,800,244
	2030	3,670,000	2,146,244	5,816,244
	2031	3,785,000	1,962,744	5,747,744
	2032	545,000	1,773,494	2,318,494
	2033	10,595,000	1,755,100	12,350,100
	2034	11,020,000	1,331,300	12,351,300
	2035	11,460,000	890,500	12,350,500
	2036	<u>11,920,000</u>	<u>432,100</u>	<u>12,352,100</u>
Total Series 2015		<u>\$ 86,505,000</u>	<u>\$ 43,133,366</u>	<u>\$ 129,638,366</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2017	2019	\$ -	\$ 20,676,999	\$ 20,676,999
	2020	945,000	20,676,999	21,621,999
	2021	875,000	20,663,769	21,538,769
	2022	1,740,000	20,649,550	22,389,550
	2023	1,865,000	20,562,550	22,427,550
	2024	1,970,000	20,469,300	22,439,300
	2025	1,070,000	20,370,800	21,440,800
	2026	-	20,338,700	20,338,700
	2027	20,000	20,338,700	20,358,700
	2028	35,000	20,337,900	20,372,900
	2029	8,380,000	20,336,500	28,716,500
	2030	8,845,000	19,917,500	28,762,500
	2031	10,765,000	19,475,250	30,240,250
	2032	14,735,000	18,937,000	33,672,000
	2033	15,715,000	18,200,250	33,915,250
	2034	16,500,000	17,414,500	33,914,500
	2035	17,325,000	16,589,500	33,914,500
	2036	18,190,000	15,723,250	33,913,250
	2037	22,015,000	14,813,750	36,828,750
	2038	23,115,000	13,713,000	36,828,000
	2039	24,270,000	12,557,250	36,827,250
	2040	25,485,000	11,343,750	36,828,750
	2041	26,760,000	10,069,500	36,829,500
	2042	28,100,000	8,731,500	36,831,500
	2043	29,505,000	7,326,500	36,831,500
	2044	30,845,000	5,987,000	36,832,000
	2045	32,240,000	4,587,300	36,827,300
	2046	33,705,000	3,124,950	36,829,950
	2047	35,235,000	1,596,850	36,831,850
Total Series 2017		<u>\$ 430,250,000</u>	<u>\$ 445,530,367</u>	<u>\$ 875,780,367</u>

Derivative Instruments

In October 2005, the Commission entered into two forward starting swaps with two counterparties.

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2018 and 2017, classified by type, and the changes in fair value of such derivative instruments for the years then ended are as follows (debit (credit)):

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Derivative Instruments (Continued)

	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2018</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Cash Flow Hedges					
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 2,610,000	Debt	\$ 8,007,649	\$ 51,930,000
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 2,610,000	Debt	\$ 8,007,649	\$ 51,930,000

	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2017</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Cash Flow Hedges					
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 2,495,000	Debt	\$ (10,387,971)	\$ 54,540,000
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 2,495,000	Debt	\$ (10,387,971)	\$ 54,540,000

The fair values of the interest rate swaps are estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Objective and Terms of Hedging Derivative Instruments - The objective of the swaps was to hedge against future interest rates by taking advantage of the current historically low interest rate environment in advance of the issuance of bonds by the Commission's 2007B bonds. The following table displays the objective and terms of the Commission's hedging derivative instruments outstanding at December 31, 2018 and 2017, along with the credit rating of the associated counterparty.

<u>As of December 31, 2018</u>						
<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-1 Series Bonds	\$ 51,930,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	Baa1/BBB+
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-2 Series Bonds	\$ 51,930,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	A3/A+

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Derivative Instruments (Continued)

Objective and Terms of Hedging Derivative Instruments (Continued)

As of December 31, 2017						
<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-1 Series Bonds	\$ 54,540,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	Baa1/BBB+
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-2 Series Bonds	\$ 54,540,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	A3/A+

Risks Related to Derivative Instruments

Credit risk - As of December 31, 2018 and 2017, the Commission was not exposed to credit risk on its hedging derivative instruments as all such derivative instruments are in a liability position based on their fair values. Should interest rates change and the fair value of the swaps become positive, the Commission would be exposed to credit risk in the amount of the swaps' fair value. Agreed upon collateral threshold levels per the Credit Support Annex (CSA) require collateral to be posted based on counterparty ratings as set forth in the CSA.

The Commission has executed hedging derivative instruments with two counterparties, each comprising fifty percent (50%) of the net exposure to credit risk. Merrill Lynch Capital Services is rated Baa1 by Moody's and BBB+ S&P. Morgan Stanley is rated A3 by Moody's and BBB+ by S&P.

Basis risk – Since the reissuance of the 2007B Bonds in SIFMA Index Mode in May 2011, the Commission is not exposed to basis risk on its pay-fixed interest rate swap hedging derivative instruments because the variable-rate payments received by the Commission on these hedging derivative instruments are based on a rate or index other than the interest rates the Commission pays on its hedged variable-rate debt, which is remarketed weekly.

Termination risk - The swaps are governed by the International Swap Dealers Association Master Agreement, which includes standard termination events. In addition, the swaps can only be terminated by the counterparties if the long-term, unenhanced rating on the bonds issued by the Commission is withdrawn, suspended or falls below Baa3 as determined by Moody's, or BBB- as determined by S&P. Furthermore, the swaps may be terminated if the counterparties' credit support provider fails to have any rated long-term, unsecured, unenhanced senior debt or if the rating of the senior debt is

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Derivative Instruments (Continued)

Risks Related to Derivative Instruments (Continued)

Termination risk (Continued)

withdrawn, suspended or falls below Baa2 as determined by Moody's, or BBB as determined by S&P.

Rollover risk - The Commission is exposed to rollover risk on hedging derivative instruments that are hedges of debt that may be terminated prior to the maturity of the hedged debt. If the counterparty exercises its termination option, as discussed above, the Commission will be re-exposed to the risks being hedged by the hedging derivative instrument.

Commitments - The Commission purchased two interest rate swap insurance policies dated October 6, 2005, issued by MBIA Insurance Corporation for the account of the Commission, as principal, and the counterparties, as beneficiary. As a result of purchasing the insurance policies, the Commission is not required to post collateral as part of the swap agreements.

Summary of Long-Term Liabilities

	Outstanding Jan. 1, 2018	Additions	Reductions	Outstanding Dec. 31, 2018	Due Within One Year
Revenue Bonds:					
Principal	\$ 713,350,000	\$ -	\$ 14,500,000	\$ 698,850,000	\$ 13,840,000
Unamortized Premiums	50,776,322	-	3,858,694	46,917,628	-
Total Revenue Bonds	<u>764,126,322</u>	<u>-</u>	<u>18,358,694</u>	<u>745,767,628</u>	<u>13,840,000</u>
Other Liabilities:					
Premium Payment Payable - Derivative Companion Instrument	320,331	-	32,695	287,636	-
Derivative Instrument - Interest Rate Swaps	20,775,942	-	4,760,645	16,015,297	-
Compensated Absences	2,171,696	279,919	130,302	2,321,313	148,169
Net OPEB Liability	36,933,477	-	22,193,970	14,739,507	-
Net Pension Liability	62,546,604	-	5,179,757	57,366,847	-
Total Other Liabilities	<u>122,748,050</u>	<u>279,919</u>	<u>32,297,369</u>	<u>90,730,600</u>	<u>148,169</u>
Total Long-Term Liabilities	<u>\$ 886,874,372</u>	<u>\$ 279,919</u>	<u>\$ 50,656,063</u>	<u>\$ 836,498,228</u>	<u>\$ 13,988,169</u>
	Outstanding Jan. 1, 2017	Additions	Reductions	Outstanding Dec. 31, 2017	Due Within One Year
Revenue Bonds:					
Principal	\$ 298,955,000	\$ 430,250,000	\$ 15,855,000	\$ 713,350,000	\$ 14,500,000
Unamortized Premiums	11,377,143	42,974,745	3,575,566	50,776,322	-
Total Revenue Bonds	<u>310,332,143</u>	<u>473,224,745</u>	<u>19,430,566</u>	<u>764,126,322</u>	<u>14,500,000</u>
Other Liabilities:					
Premium Payment Payable - Derivative Companion Instrument	353,639	-	33,308	320,331	-
Derivative Instrument - Interest Rate Swaps	21,242,012	-	466,070	20,775,942	-
Compensated Absences	2,085,422	211,399	125,125	2,171,696	130,302
Net Pension Liability	57,167,774	5,378,830	-	62,546,604	-
Total Other Liabilities	<u>80,848,847</u>	<u>5,590,229</u>	<u>624,503</u>	<u>85,814,573</u>	<u>130,302</u>
Total Long-Term Liabilities	<u>\$ 391,180,990</u>	<u>\$ 478,814,974</u>	<u>\$ 20,055,069</u>	<u>\$ 849,940,895</u>	<u>\$ 14,630,302</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 5 DEFEASED AND EXTINGUISHED DEBT

Series 2007A Bonds

On October 28, 2013, the Commission advance refunded a portion of its Series 2007A Bonds with a par value of \$31,905,000 and an interest rate of 5.0% per annum. In order to finance the refunding, the Commission deposited, in an irrevocable trust, \$37,174,104 of monies remaining in the 2007 Account of the Construction Fund not otherwise allocated to or required for other capital projects. In addition, in April 2015 the commission advanced refunded an additional \$86,765,000 of the Series 2007A bonds with the proceeds of the Series 2015 bond issue. The refunding bond proceeds were used to purchase U.S. governmental securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the Series 2007A Bonds were called on July 1, 2017.

Series 2012A Bonds

On July 16, 2013, the Commission extinguished a portion of its Series 2012A Bonds with a par value of \$1,210,000 and an interest rate of 4.0% per annum. In order to fund the extinguishment, the Commission utilized \$1,210,000 of monies remaining in the 2005A Account of the Construction Fund not otherwise allocated to or required for other capital projects. Being that the Commission reacquired the aforementioned \$1,210,000 of its outstanding Series 2012A Bonds, and is relieved of all of its obligations with respect to the aforementioned debt, a portion of the Series 2012A Bonds liability was removed from the Commission's financial statements.

NOTE 6 INTERFUND BALANCES

At December 31, 2018 and 2017, interfund balances in the amounts of \$1,065,316 and \$1,676,235, respectively, existed between the enterprise fund and the fiduciary fund. The interfund was created by payments made by the enterprise fund on-behalf of the fiduciary fund (postemployment benefits).

NOTE 7 RISK MANAGEMENT

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

NOTE 8 DEFERRED COMPENSATION SALARY ACCOUNT

The Commission offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017

NOTE 8 DEFERRED COMPENSATION SALARY ACCOUNT (CONTINUED)

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Commission or its creditors. Since the Commission does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Commission's financial statements.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Commitments - The Commission had several outstanding or planned construction projects as of December 31, 2018. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Scudder Falls Bridge Replacement, Main Const	\$ 396,143,280	\$ 249,997,547
Commission Adm Building at Scudder Falls	21,357,000	14,599,472
Electronic Toll Collection System Replacement	12,462,964	2,077,271
I-78 Bridges and Approach Slab rehab, Construction	11,117,004	803,355
Buildings & Facilities Energy Cons Elect/Lighting	5,376,807	990,828
Buildings & Facilities Energy Cons Mech/Controls	<u>1,154,809</u>	<u>315,524</u>
Total	<u>\$ 447,611,864</u>	<u>\$ 268,783,997</u>

Litigation - The Commission is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Commission, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

NOTE 10 RESTATEMENT OF NET POSITION/CHANGE IN ACCOUNTING PRINCIPLE

In 2018, the Commission implemented GASB No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The Commission's net position as of January 1, 2018 has been restated as follows:

Net Position - Beginning of Year	\$ 445,007,128
Restatement of Net Position for GASB 75	<u>(43,202,673)</u>
Net Position - Beginning of Year, Restated	<u>\$ 401,804,455</u>

NOTE 11 SUBSEQUENT EVENTS

A) The Commission has evaluated all subsequent events through the report issue date of June 20, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Required Supplementary Information
 Schedule of Commission's OPEB Contributions – Last 10 Fiscal Years
 December 31, 2018
 (UNAUDITED)

	2018	2017
Actuarially Determined Contribution	N/A	N/A
Contributions Made in Relation to the Actuarially Determined Contribution	-	\$ 7,500,000
Contributions Deficiency (Excess)	N/A	N/A
Covered Payroll	\$ 22,381,020	\$ 19,416,733
Contributions as a Percentage of Payroll	-	38.63%

Notes to Schedule:

At this time the Commission does not determine an actuarially based contribution.

As a result, the above information is not applicable.

*The Commission adopted GASB 75 on the prospective basis for the year 2018; therefore only two years are presented in the above schedule.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Required Supplementary Information
 Schedule of Commission's Proportionate Share of Net Pension Liability

Last 10 Fiscal Years*

	Commonwealth of Pennsylvania State Employee Retirement System - 2018	Commonwealth of Pennsylvania State Employee Retirement System - 2017	Commonwealth of Pennsylvania State Employee Retirement System - 2016	Commonwealth of Pennsylvania State Employee Retirement System - 2015
Measurement Date	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Commission's Proportion of the net pension liability	0.31942997%	0.31255232%	0.30219203%	0.30192475%
Commission's proportionate share of the net pension liability	\$ 55,234,900	\$ 60,198,594	\$ 54,950,087	\$ 44,858,192
Commission's covered- employee payroll	\$ 20,374,853	\$ 20,302,482	\$ 19,260,226	\$ 18,495,592
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	271.09%	296.51%	285.30%	242.53%
Plan fiduciary net position as a percentage of the total pension liability	63.00%	57.80%	58.90%	64.80%
	State of New Jersey Public Employees Retirement System - 2018	State of New Jersey Public Employees Retirement System - 2017	State of New Jersey Public Employees Retirement System - 2016	State of New Jersey Public Employees Retirement System - 2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Commission's Proportion of the net pension liability	0.00010828%	0.01008665%	0.74875110%	0.74676777%
Commission's proportionate share of the net pension liability	\$ 2,131,947	\$ 2,348,010	\$ 2,217,687	\$ 1,676,344
Commission's covered- employee payroll	\$ 788,296	\$ 765,534	\$ 531,733	\$ 546,677
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	369.75%	306.72%	417.07%	306.64%
Plan fiduciary net position as a percentage of the total pension liability	40.44%	36.78%	31.20%	47.90%

*The Commission adopted GASB 68 on the prospective basis for the year 2018; therefore only four years are presented in the above schedule.

OTHER SUPPLEMENTARY SCHEDULES

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Cash
For the Year Ended December 31, 2018

Class	Description	Rate	Trenton-Morrisville		New Hope-Lambertville		Interstate 78		Easton-Phillipsburg	
			Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile Subtotal	\$ 1.00	2,810,427	\$ 2,810,427	302,901	\$ 302,901	2,395,851	\$ 2,395,851	1,552,300	\$ 1,552,300
11	Auto with Trailer	2.00	10,350	20,700	2,994	5,988	26,624	53,248	12,097	24,194
	Automobile Subtotal		<u>2,820,777</u>	<u>2,831,127</u>	<u>305,895</u>	<u>308,889</u>	<u>2,422,475</u>	<u>2,449,099</u>	<u>1,564,397</u>	<u>1,576,494</u>
02	Comm'l 2-Axle Peak	6.50	31,181	202,677	8,836	57,434	44,472	289,068	20,487	133,166
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	6,503	78,036	3,448	41,376	10,609	127,308	3,852	46,224
03	Comm'l 3-Axle Off-Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	2,375	38,000	845	13,520	15,929	254,864	3,512	56,192
04	Comm'l 4-Axle Off-Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	20,097	401,940	3,468	69,360	256,342	5,126,840	21,376	427,520
05	Comm'l 5-Axle Off-Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	97	2,328	42	1,008	1,665	39,960	206	4,944
06	Comm'l 6-Axle Off-Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	34	952	-	-	210	5,880	7	196
07	Comm'l 7-Axle Off-Peak	25.20	-	-	-	-	-	-	-	-
	Commercial Subtotal		<u>60,287</u>	<u>723,933</u>	<u>16,639</u>	<u>182,698</u>	<u>329,227</u>	<u>5,843,920</u>	<u>49,440</u>	<u>668,242</u>
	Extra Axles Subtotal *		<u>5</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>134</u>	<u>538</u>	<u>5</u>	<u>20</u>
	Non-Revenue *		1,961		1,477		3,581		4,542	
	Gross Cash Tolls		<u>2,881,064</u>	<u>3,555,080</u>	<u>322,534</u>	<u>491,587</u>	<u>2,751,702</u>	<u>8,293,557</u>	<u>1,613,837</u>	<u>2,244,756</u>
	Discounts, Allowances and Other Adjustments			<u>558</u>		<u>2,073</u>		<u>3,569</u>		<u>(2,698)</u>
	Net Cash Revenue			<u>\$ 3,555,638</u>		<u>\$ 493,660</u>		<u>\$ 8,297,126</u>		<u>\$ 2,242,058</u>

* Note: Extra Axles and Non-Revenue not Included in Total Volume Amount.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Cash (Continued)
For the Year Ended December 31, 2018

Class	Description	Rate	Portland-Columbia		Delaware Water Gap		Milford-Montage		Totals	
			Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile Subtotal	\$ 1.00	434,061	\$ 434,061	2,513,907	\$ 2,513,907	451,947	\$ 451,947	10,461,394	\$ 10,461,394
11	Auto with Trailer	2.00	4,935	9,870	18,429	36,858	5,454	10,908	80,883	161,766
	Automobile Subtotal		<u>438,996</u>	<u>443,931</u>	<u>2,532,336</u>	<u>2,550,765</u>	<u>457,401</u>	<u>462,855</u>	<u>10,542,277</u>	<u>10,623,160</u>
02	Comm'l 2-Axle Peak	6.50	3,597	23,381	32,621	212,037	4,302	27,963	145,496	945,726
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	1,089	13,068	5,150	61,800	841	10,092	31,492	377,904
03	Comm'l 3-Axle Off-Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	1,406	22,496	6,814	109,024	457	7,312	31,338	501,408
04	Comm'l 4-Axle Off-Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	2,827	56,540	113,761	2,275,220	1,847	36,940	419,718	8,394,360
05	Comm'l 5-Axle Off-Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	61	1,464	1,534	36,816	34	816	3,639	87,336
06	Comm'l 6-Axle Off-Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	1	28	170	4,760	-	-	422	11,816
07	Comm'l 7-Axle Off-Peak	25.20	-	-	-	-	-	-	-	-
	Commercial Subtotal		<u>8,981</u>	<u>116,977</u>	<u>160,050</u>	<u>2,699,657</u>	<u>7,481</u>	<u>83,123</u>	<u>632,105</u>	<u>10,318,550</u>
	Extra Axles Subtotal *		-	-	144	577	-	-	288	1,155
	Non-Revenue *		1,443		4,597		2,225		19,826	
	Gross Cash Tolls		<u>447,977</u>	560,908	<u>2,692,386</u>	5,250,999	<u>464,882</u>	545,978	<u>11,174,382</u>	20,942,865
	Discounts, Allowances and Other Adjustments			102		234		(715)		3,123
	Net Cash Revenue			<u>\$ 561,010</u>		<u>\$ 5,251,233</u>		<u>\$ 545,263</u>		<u>\$ 20,945,988</u>

* Note: Extra Axles and Non-Revenue not Included in Total Volume Amount.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Electronic Toll Collection
For the Year Ended December 31, 2018

Class	Description	Rate	Trenton-Morrisville		New Hope-Lambertville		Interstate 78		Easton-Phillipsburg	
			ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue
01	Automobile Subtotal	\$ 1.00	5,827,549	\$ 5,827,549	1,500,766	\$ 1,500,766	6,080,305	\$ 6,080,305	3,482,820	\$ 3,482,820
11	Auto with Trailer	2.00	18,358	36,716	7,919	15,838	45,158	90,316	14,258	28,516
	Automobile Subtotal		<u>5,845,907</u>	<u>5,864,265</u>	<u>1,508,685</u>	<u>1,516,604</u>	<u>6,125,463</u>	<u>6,170,621</u>	<u>3,497,078</u>	<u>3,511,336</u>
02	Comm'l 2-Axle Peak	6.50	144,327	938,126	36,326	236,119	211,581	1,375,277	75,145	488,443
02	Comm'l 2-Axle Off-Peak	5.85	13,235	77,425	3,588	20,990	33,176	194,080	7,049	41,237
03	Comm'l 3-Axle Peak	12.00	105,876	1,270,512	12,740	152,880	118,985	1,427,820	28,492	341,904
03	Comm'l 3-Axle Off-Peak	10.80	9,584	103,507	1,380	14,904	28,150	304,020	4,087	44,140
04	Comm'l 4-Axle Peak	16.00	79,186	1,266,976	7,132	114,112	170,897	2,734,352	26,449	423,184
04	Comm'l 4-Axle Off-Peak	14.40	8,769	126,274	2,456	35,366	46,127	664,229	2,700	38,880
05	Comm'l 5-Axle Peak	20.00	181,247	3,624,940	26,284	525,680	1,545,343	30,906,860	84,493	1,689,860
05	Comm'l 5-Axle Off-Peak	18.00	46,114	830,052	5,767	103,806	484,985	8,729,730	23,049	414,882
06	Comm'l 6-Axle Peak	24.00	1,792	43,008	677	16,248	52,262	1,254,288	942	22,608
06	Comm'l 6-Axle Off-Peak	21.60	348	7,517	593	12,809	21,905	473,148	109	2,354
07	Comm'l 7-Axle Peak	28.00	174	4,872	47	1,316	2,502	70,056	38	1,064
07	Comm'l 7-Axle Off-Peak	25.20	8	202	5	126	201	5,065	1	25
	Commercial Subtotal		<u>590,660</u>	<u>8,293,411</u>	<u>96,995</u>	<u>1,234,356</u>	<u>2,716,114</u>	<u>48,138,925</u>	<u>252,554</u>	<u>3,508,581</u>
	Exit Violations		-	-	-	-	-	-	-	-
	Extra Axles Subtotal *		-	-	-	-	1,438	5,752	-	-
	Gross ETC Tolls		<u>6,436,567</u>	<u>14,157,676</u>	<u>1,605,680</u>	<u>2,750,960</u>	<u>8,841,577</u>	<u>54,315,298</u>	<u>3,749,632</u>	<u>7,019,917</u>
	Commuter Discounts			(259,278)		(65,135)		(358,400)		(148,764)
	Violations, Allowances and Other Adjustments			(1,512,230)		(212,513)		(3,486,953)		(773,995)
	Penalties on Violations			1,743,799		247,258		3,117,233		962,902
	Commission Vehicles			(11,614)		(11,040)		(12,061)		(12,618)
	Net ETC Revenue			<u>\$ 14,118,353</u>		<u>\$ 2,709,530</u>		<u>\$ 53,575,117</u>		<u>\$ 7,047,442</u>

* Note: Extra Axles and Non-Revenue not Included in Total Volume Amount.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Schedule of Electronic Toll Collection (Continued)
For the Year Ended December 31, 2018

Class	Description	Rate	Portland-Columbia		Delaware Water Gap		Milford-Montage		Totals	
			ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue
01	Automobile Subtotal	\$ 1.00	749,598	\$ 749,598	5,520,680	\$ 5,520,680	783,230	\$ 783,230	23,944,948	\$ 23,944,948
11	Auto with Trailer	2.00	<u>5,657</u>	<u>11,314</u>	<u>37,077</u>	<u>74,154</u>	<u>6,080</u>	<u>12,160</u>	<u>134,507</u>	<u>269,014</u>
	Automobile Subtotal		<u>755,255</u>	<u>760,912</u>	<u>5,557,757</u>	<u>5,594,834</u>	<u>789,310</u>	<u>795,390</u>	<u>24,079,455</u>	<u>24,213,962</u>
02	Comm'l 2-Axle Peak	6.50	15,577	101,251	144,421	938,737	13,025	84,663	640,402	4,162,616
02	Comm'l 2-Axle Off-Peak	5.85	1,050	6,143	23,289	136,241	1,525	8,921	82,912	485,037
03	Comm'l 3-Axle Peak	12.00	6,658	79,896	86,974	1,043,688	2,915	34,980	362,640	4,351,680
03	Comm'l 3-Axle Off-Peak	10.80	511	5,519	19,847	214,348	216	2,333	63,775	688,771
04	Comm'l 4-Axle Peak	16.00	33,055	528,880	74,790	1,196,640	1,898	30,368	393,407	6,294,512
04	Comm'l 4-Axle Off-Peak	14.40	2,332	33,581	21,941	315,950	105	1,512	84,430	1,215,792
05	Comm'l 5-Axle Peak	20.00	29,390	587,800	698,153	13,963,060	7,242	144,840	2,572,152	51,443,040
05	Comm'l 5-Axle Off-Peak	18.00	4,182	75,276	210,892	3,796,056	902	16,236	775,891	13,966,038
06	Comm'l 6-Axle Peak	24.00	434	10,416	22,330	535,920	100	2,400	78,537	1,884,888
06	Comm'l 6-Axle Off-Peak	21.60	46	994	9,895	213,732	5	108	32,901	710,662
07	Comm'l 7-Axle Peak	28.00	21	588	1,057	29,596	9	252	3,848	107,744
07	Comm'l 7-Axle Off-Peak	25.20	<u>1</u>	<u>25</u>	<u>125</u>	<u>3,150</u>	<u>-</u>	<u>-</u>	<u>341</u>	<u>8,593</u>
	Commercial Subtotal		<u>93,257</u>	<u>1,430,369</u>	<u>1,313,714</u>	<u>22,387,118</u>	<u>27,942</u>	<u>326,613</u>	<u>5,091,236</u>	<u>85,319,373</u>
	Exit Violations		-	-	-	-	-	-	-	-
	Extra Axles Subtotal *		<u>-</u>	<u>-</u>	<u>648</u>	<u>2,592</u>	<u>-</u>	<u>-</u>	<u>2,086</u>	<u>8,344</u>
	Gross ETC Tolls		<u>848,512</u>	2,191,281	<u>6,871,471</u>	27,984,544	<u>817,252</u>	1,122,003	<u>29,170,691</u>	109,541,679
	Commuter Discounts			(33,099)		(274,647)		(32,671)		(1,171,994)
	Violations, Allowances and Other Adjustments			(184,546)		(2,289,237)		(151,837)		(8,611,311)
	Penalties on Violations			236,259		2,493,598		189,010		8,990,059
	Commission Vehicles			(13,744)		(12,956)		(10,969)		(85,002)
	Net ETC Revenue			<u>\$ 2,196,151</u>		<u>\$ 27,901,302</u>		<u>\$ 1,115,536</u>		<u>\$ 108,663,431</u>

* Note: Extra Axles and Non-Revenue not Included in Total Volume Amount.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Schedule of Operating Expenses
For the Year Ended December 31, 2018 with Comparative Totals for 2017

<u>Description</u>	<u>Total</u> <u>Year Ended December 31,</u>		<u>Trenton -</u> <u>Morrisville</u>	<u>New Hope -</u> <u>Lambertville</u>	<u>I-78</u>	<u>Easton -</u> <u>Phillipsburg</u>
	<u>2017</u>	<u>2018</u>				
Salaries and Wages	\$ 20,502,810	\$ 21,900,241	\$ 1,940,822	\$ 1,201,353	\$ 2,403,674	1,883,554
Employee Benefits	17,477,773	16,564,026	1,433,164	907,612	1,927,473	1,421,576
GASB 68	3,337,847	1,547,267	118,532	77,302	171,990	116,347
Other Postemployment Benefits	<u>6,009,635</u>	<u>2,527,485</u>	<u>261,342</u>	<u>138,001</u>	<u>339,694</u>	<u>218,880</u>
	<u>47,328,065</u>	<u>42,539,019</u>	<u>3,753,860</u>	<u>2,324,268</u>	<u>4,842,831</u>	<u>3,640,357</u>
Heat, Light, and Power	628,692	604,659	108,890	72,184	128,038	78,669
Office Expense	203,164	204,711	1,240	471	3,334	2,200
Information Technology and Communications	1,653,579	1,774,158	70,679	57,751	210,199	177,668
Travel, Meetings, and Education Expense	124,186	285,371	356	242	1,883	2,539
E-Zpass Operating and Maintenance	5,418,441	5,352,253	1,115,918	373,063	1,506,688	710,078
State Police Bridge Security	5,509,430	5,548,134	866,490	178,948	951,255	501,390
Operating and Maintenance Expenses	2,742,105	2,669,627	300,061	247,495	364,655	193,039
Insurance	2,848,527	3,610,962	385,732	249,776	592,664	240,457
Professional Service Fees	1,442,142	1,649,741	-	-	-	-
Advertising and Marketing	23,081	26,737	-	-	-	-
Depreciation	<u>31,219,504</u>	<u>29,019,943</u>	<u>5,094,159</u>	<u>2,387,630</u>	<u>6,438,370</u>	<u>2,191,995</u>
	<u>51,812,851</u>	<u>50,746,296</u>	<u>7,943,525</u>	<u>3,567,560</u>	<u>10,197,086</u>	<u>4,098,035</u>
Total Operating Expenses	<u>\$ 99,140,916</u>	<u>\$ 93,285,315</u>	<u>\$ 11,697,385</u>	<u>\$ 5,891,828</u>	<u>\$ 15,039,917</u>	<u>\$ 7,738,392</u>

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Operating Expenses (Continued)
For the Year Ended December 31, 2018 with Comparative Totals for 2017

<u>Description</u>	<u>Portland - Columbia</u>	<u>Delaware Water Gap</u>	<u>Milford - Montague</u>	<u>Toll Supported Bridges</u>	<u>Administrative Expenses</u>
Salaries and Wages	\$ 892,683	\$ 2,653,769	\$ 923,319	\$ 3,985,473	\$ 6,015,594
Employee Benefits	636,109	2,085,445	635,070	3,234,717	4,282,860
GASB 68	58,813	172,086	57,805	277,245	497,147
Other Postemployment Benefits	<u>92,759</u>	<u>316,188</u>	<u>100,847</u>	<u>436,244</u>	<u>623,531</u>
	<u>1,680,364</u>	<u>5,227,488</u>	<u>1,717,041</u>	<u>7,933,679</u>	<u>11,419,132</u>
Heat, Light, and Power	40,819	42,250	58,463	75,346	-
Office Expense	1,116	1,096	1,003	1,701	192,550
Information Technology and Communications	53,978	102,675	148,916	241,398	710,894
Travel, Meetings, and Education Expense	139	381	320	-	279,511
E-Zpass Operating and Maintenance	222,681	1,202,847	220,978	-	-
State Police Bridge Security	108,589	743,102	103,602	2,094,758	-
Operating and Maintenance Expenses	120,115	237,184	196,447	149,638	860,993
Insurance	131,768	458,481	116,043	608,246	827,795
Professional Service Fees	-	-	-	-	1,649,741
Advertising and Marketing	-	-	-	-	26,737
Depreciation	<u>667,870</u>	<u>1,966,602</u>	<u>1,585,455</u>	<u>5,651,965</u>	<u>3,035,897</u>
	<u>1,347,075</u>	<u>4,754,618</u>	<u>2,431,227</u>	<u>8,823,052</u>	<u>7,584,118</u>
Total Operating Expenses	<u>\$ 3,027,439</u>	<u>\$ 9,982,106</u>	<u>\$ 4,148,268</u>	<u>\$ 16,756,731</u>	<u>\$ 19,003,250</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Analysis of E-ZPass and Violations Receivable
 For the Year Ended December 31, 2018

Analysis of E-Zpass and Violations Receivable		
Balance January 1, 2017		\$ 7,087,106
Increased by:		
Gross E-Zpass Tolls	109,541,673	
Delaware River Joint Toll Bridge Commission Vehicles	(85,003)	
Commuter Discounts	(1,171,992)	
Toll Violations, Allowed and Charge-Offs	<u>1,550,752</u>	
		<u>109,835,430</u>
		116,922,536
Decreased by:		
Cash Received from Other Agencies	105,297,954	
Cash Received from Violations	<u>4,934,015</u>	
		<u>110,231,969</u>
Balance December 31, 2018		<u>\$ 6,690,567</u>
Analysis of Balance:		
E-Zpass - Due from Other Agencies		4,061,713
Toll Violations Receivable		29,216,883
Allowance for Uncollectibles		<u>(26,588,029)</u>
		<u>\$ 6,690,567</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Analysis of Improvements in Progress
 For the Year Ended December 31, 2018

Analysis of Improvements in Progress		
Balance January 1, 2018		\$ 190,628,955
Increased by:		
Disbursements	137,144,227	
Capitalized Interest on Bonds	4,543,982	
		141,688,209
		332,317,164
Decreased by:		
Transferred to Capital Assets - Completed		6,908,715
Balance December 31, 2018		\$ 325,408,449

Analysis of Capital Assets – Completed
 For the Year Ended December 31, 2018

	January 1, 2018	Additions	Deletions	December 31, 2018
Land	\$ 132,774,710	\$ 633,589	\$ -	\$ 133,408,299
Buildings	30,113,143	111,788	-	30,224,931
Infrastructure	679,144,070	6,603,084	-	685,747,154
Equipment	23,888,654	2,784,904	-	26,673,558
	865,920,577	10,133,365	-	876,053,942
Less: Accumulated Depreciation	408,681,111	29,019,943	-	437,701,054
	\$ 457,239,466	\$ (18,886,578)	\$ -	\$ 438,352,888
Transferred from Improvements In Progress		\$ 6,908,715		
Disbursements		3,224,650		
		\$ 10,133,365		

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Proprietary Fund
Schedule of Investments
As of December 31, 2018

	Face	Descriptions	Coupon Rate	Date of Maturity	Market Value	Fair Value Cost	S&P Rating
US Fed. Agency Notes and Bonds	6,000,000.00	FHLB 1.25%	1.250%	1/16/2019	5,996,820.00	5,960,232.00	AA+
US Fed. Agency Notes and Bonds	3,000,000.00	FHLMC .95%	0.950%	1/30/2019	2,995,980.00	2,984,370.00	AA+
US Fed. Agency Notes and Bonds	9,700,000.00	FNMA 1.875%	1.875%	2/19/2019	9,691,076.00	9,688,403.00	AA+
US Fed. Agency Notes and Bonds	3,000,000.00	Fed Natl Mtg Assn 1%	0.100%	2/26/2019	2,993,040.00	2,980,434.00	AA+
US Fed. Agency Notes and Bonds	5,000,000.00	FHLB 1.5%	1.500%	3/8/2019	4,991,000.00	4,994,495.00	AA+
US Fed. Agency Notes and Bonds	9,100,000.00	FHLB 1.375%	1.375%	3/18/2019	9,079,070.00	9,044,854.00	AA+
US Fed. Agency Notes and Bonds	5,000,000.00	FHLB 1.5%	1.500%	4/26/2019	4,983,400.00	4,998,750.00	AA+
US Fed. Agency Notes and Bonds	4,000,000.00	Fed Home Ln Mtg 1.75%	1.750%	5/30/2019	3,986,480.00	3,976,800.00	AA+
US Fed. Agency Notes and Bonds	7,105,000.00	FHLB 1.125%	1.125%	6/21/2019	7,058,391.20	7,028,922.63	AA+
US Fed. Agency Notes and Bonds	5,000,000.00	FHLB 1.5%	1.500%	6/28/2019	4,973,750.00	4,995,750.00	AA+
US Fed. Agency Notes and Bonds	2,000,000.00	FNMA 1.6%	1.600%	7/24/2019	1,988,080.00	1,986,560.00	AA+
US Fed. Agency Notes and Bonds	6,000,000.00	FNMA 1%	1.000%	8/28/2019	5,935,920.00	5,920,443.96	AA+
US Fed. Agency Notes and Bonds	4,445,000.00	Fed Home Ln Mtg 1.25%	1.250%	10/2/2019	4,400,238.85	4,389,348.60	AA+
US Fed. Agency Notes and Bonds	10,465,000.00	FNMA 1.0%	1.000%	10/24/2019	10,328,117.80	10,306,115.24	AA+
US Fed. Agency Notes and Bonds	6,000,000.00	FHLB 1.625%	1.625%	10/30/2019	5,951,640.00	6,000,000.00	AA+
US Fed. Agency Notes and Bonds	6,000,000.00	Fed Home Ln MTG 1.125%	1.125%	4/15/2019	5,977,200.00	5,962,758.00	AA+
US Fed. Agency Notes and Bonds	3,000,000.00	FHLB 1.5%	1.500%	4/26/2019	2,990,040.00	2,995,500.00	AA+
US Fed. Agency Notes and Bonds	6,000,000.00	Fed Home Loan Bk 1.375%	1.375%	5/28/2019	5,972,400.00	5,985,504.00	AA+
US Fed. Agency Notes and Bonds	14,000,000.00	FHLB 1.125%	1.125%	6/21/2019	13,908,160.00	13,892,074.00	AA+
US Fed. Agency Notes and Bonds	5,000,000.00	FHLB 1.5%	1.500%	6/28/2019	4,973,750.00	4,992,000.00	AA+
US Fed. Agency Notes and Bonds	6,000,000.00	FHLMC .875%	0.875%	7/19/2019	5,944,800.00	5,928,228.00	AA+

Total U.S. Federal Agency Notes and Bonds \$ 125,119,353.85

US Treasury Note	9,000,000.00	US Treasury Note 1.125%	1.125%	1/15/2019	8,995,140.00	8,986,289.04	AA+
US Treasury Note	7,500,000.00	US Treasury Note 1.125%	1.125%	1/31/2019	7,491,375.00	7,452,558.59	AA+
US Treasury Note	6,000,000.00	US Treasury Note .75%	0.075%	2/15/2019	5,986,920.00	5,966,562.50	AA+
US Treasury Note	10,000,000.00	US Treasury N/B 1.125%	1.250%	2/28/2019	9,978,400.00	9,917,675.80	AA+
US Treasury Note	7,700,000.00	US Treasury Note 1.25%	1.250%	3/31/2019	7,677,439.00	7,646,082.01	AA+
US Treasury Note	8,000,000.00	US Treasury Note 1.25%	1.250%	4/30/2019	7,967,920.00	7,936,718.76	AA+
US Treasury Note	5,100,000.00	US Treasury Bill	0.000%	5/23/2019	5,051,499.00	5,028,938.59	AA+
US Treasury Note	9,500,000.00	US Treasury Note 1.5%	1.500%	5/31/2019	9,461,715.00	9,452,480.47	AA+
US Treasury Note	6,025,000.00	US Treasury Bill 0%	0.000%	6/6/2019	5,962,159.25	5,949,983.90	AA+
US Treasury Note	9,100,000.00	US Treasury Note 1.25%	1.250%	6/30/2019	9,043,671.00	9,010,820.31	AA+
US Treasury Note	11,195,000.00	US Treasury Bonds 0.875%	0.875%	7/31/2019	11,087,975.80	11,047,194.54	AA+
US Treasury Note	7,000,000.00	US Treasury N/B 1.250%	1.250%	8/31/2019	6,937,980.00	6,940,546.86	AA+
US Treasury Note	10,000,000.00	US Treasury Bill	0.000%	9/12/2019	9,825,500.00	9,778,966.78	AA+
US Treasury Note	6,200,000.00	US Treasury Bill	0.000%	10/10/2019	6,078,170.00	6,062,372.03	AA+
US Treasury Note	8,480,000.00	US Treasury Bill	0.000%	11/7/2019	8,296,492.80	8,254,275.04	AA+
US Treasury Note	5,770,000.00	U S Treasury Bill	0.000%	1/31/2019	5,758,517.70	5,662,885.72	AA+
US Treasury Note	993,000.00	U S Treasury Bill	0.000%	1/31/2019	991,023.93	974,905.68	AA+
US Treasury Note	2,040,000.00	U S Treasury Bill	0.000%	5/23/2019	2,020,599.60	2,011,575.44	AA+
US Treasury Note	5,708,000.00	U S Treasury Bill	0.000%	1/31/2019	5,696,641.08	5,603,989.54	AA+
US Treasury Note	4,250,000.00	U S Treasury Bill	0.000%	5/23/2019	4,209,582.50	4,190,782.16	AA+
US Treasury Note	30,929,000.00	U S Treasury Bill	0.000%	1/31/2019	30,867,451.19	30,357,431.50	AA+
US Treasury Note	1,003,000.00	U S Treasury Bill	0.000%	1/31/2019	1,001,004.03	984,723.46	AA+
US Treasury Note	1,910,000.00	U S Treasury Bill	0.000%	5/23/2019	1,891,835.90	1,883,386.80	AA+
US Treasury Note	6,113,000.00	U S Treasury Bill	0.000%	1/31/2019	6,100,835.13	5,999,518.27	AA+
US Treasury Note	5,000,000.00	US Treasury Note 1.125%	1.125%	1/31/2019	4,994,250.00	4,960,546.90	AA+
US Treasury Note	8,500,000.00	US Treasury Note 1.5%	1.500%	3/31/2019	8,480,110.00	8,461,757.83	AA+
US Treasury Note	10,000,000.00	US Treasury Note 1.25%	1.250%	4/30/2019	9,959,900.00	9,984,765.50	AA+
US Treasury Note	13,000,000.00	US Treasury .875%	0.875%	5/15/2019	12,924,080.00	12,866,445.31	AA+
US Treasury Note	6,600,000.00	US Treasury Note 1.125%	1.125%	5/31/2019	6,563,436.00	6,540,445.31	AA+
US Treasury Note	10,000,000.00	US Treas. Bonds .875%	0.875%	7/31/2019	9,904,400.00	9,908,593.75	AA+
US Treasury Note	10,500,000.00	U S Treasury Bill	0.000%	8/16/2019	10,335,780.00	10,288,420.80	AA+
US Treasury Note	4,054,000.00	U S Treasury Note 1.375%	1.375%	7/31/2019	4,031,946.00	4,062,193.01	AA+

Total U.S. Government Treasuries \$ 245,573,749.91

Commercial Paper	7,500,000.00	Fairway Finance CP		1/4/2019	7,496,550.00	7,453,291.65	
Commercial Paper	6,900,000.00	Ciesco LLC Disc CP		1/15/2019	6,891,306.00	6,814,066.25	
Commercial Paper	4,000,000.00	Coca Cola Co CP		1/18/2019	3,994,360.00	3,927,700.00	
Commercial Paper	3,000,000.00	Toyota Motor Credit		2/14/2019	2,989,800.00	2,951,810.00	
Commercial Paper	6,000,000.00	The Coca Cola Company CP		2/20/2019	5,977,620.00	5,875,665.00	
Commercial Paper	3,000,000.00	CRC Funding LLC CP		3/5/2019	2,984,850.00	2,963,250.00	
Commercial Paper	5,000,000.00	Old Line Funding LLC CP		3/22/2019	4,967,350.00	4,935,541.67	
Commercial Paper	6,750,000.00	Macquarie GRP LTD CP		4/12/2019	6,693,840.00	6,684,963.75	
Commercial Paper	5,400,000.00	Sheffield Receivables CP		4/25/2019	5,348,484.00	5,334,480.02	
Commercial Paper	5,000,000.00	Thunder Bay Fdg LLC CP		5/16/2019	4,944,100.00	4,937,636.10	
Commercial Paper	6,500,000.00	Nordea BK ABP Disc CP		6/3/2019	6,420,895.00	6,400,016.42	
Commercial Paper	5,000,000.00	Old Line Funding LLC CP		6/4/2019	4,936,000.00	4,931,930.55	
Commercial Paper	7,800,000.00	Toronto-Dominion BK CP		6/21/2019	7,691,892.00	7,655,188.63	
Commercial Paper	10,000,000.00	Toyota Mtr CR Corp CP		7/9/2019	9,850,100.00	9,838,425.00	
Commercial Paper	5,500,000.00	Royal BK CDA Disc CP		7/25/2019	5,411,010.00	5,392,452.07	
Commercial Paper	5,000,000.00	Macquarie Bank LTD CP		9/3/2019	4,899,750.00	4,889,565.30	
Commercial Paper	1,396,000.00	Toronto-Dominion Bk		6/21/2019	1,376,651.44	1,370,082.48	

Total Commercial Paper \$ 92,874,558.44

Municipal State Obligations & Funds		PA INVEST		N/A	5,236,556.29		AAAm
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Total Municipal & State Obligations and Funds \$ 5,236,556.29

Total Investments \$ 468,804,218.49

Recapitulation of Balance

Unrestricted Investments \$ 217,567,086

Restricted Investments 251,237,133

Balance December 31, 2018 \$ 468,804,219

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2018

Series	Date of Issue	Original Issue	Maturities		Rate	Balance		Issued	Defeased	Decreased	Balance	
			Date	Amount		Jan. 1, 2018	Dec. 31, 2018					
Series 2005A	3/10/2005	\$ 72,645,000	7/1/2019	4,835,000	5.500%	\$ 14,530,000	\$ -	\$ -	\$ 4,590,000	\$ 9,940,000		
			7/1/2020	5,105,000	5.500%							
Series 2007B (Reissuance)	5/18/2011	\$ 139,650,000	7/1/2019	5,450,000	Variable	\$ 109,100,000	\$ -	\$ -	\$ 5,250,000	\$ 103,850,000		
			7/1/2020	5,650,000	Variable							
			7/1/2021	5,950,000	Variable							
			7/1/2022	6,250,000	Variable							
			7/1/2023	6,550,000	Variable							
			7/1/2024	6,800,000	Variable							
			7/1/2025	7,150,000	Variable							
			7/1/2026	7,450,000	Variable							
			7/1/2027	7,800,000	Variable							
			7/1/2028	8,200,000	Variable							
			7/1/2029	8,550,000	Variable							
			7/1/2030	8,900,000	Variable							
			7/1/2031	9,350,000	Variable							
			7/1/2032	9,800,000	Variable							
Series 2012A	10/24/2012	\$ 77,145,000	7/1/2019	1,145,000	4.000%	\$ 69,405,000	\$ -	\$ -	\$ 1,100,000	\$ 68,305,000		
			7/1/2020	1,195,000	2.000%							
			7/1/2021	6,825,000	5.000%							
			7/1/2022	4,000,000	5.000%							
			7/1/2022	3,165,000	2.500%							
			7/1/2023	7,445,000	5.000%							
			7/1/2024	7,815,000	5.000%							
			7/1/2025	8,205,000	5.000%							
			7/1/2026	5,000,000	5.000%							
			7/1/2026	3,620,000	4.000%							
			7/1/2027	5,805,000	4.000%							
			7/1/2027	2,000,000	3.000%							
			7/1/2028	9,355,000	3.000%							
			7/1/2029	1,345,000	3.125%							
			7/1/2030	1,385,000	3.125%							
Series 2012B	10/24/2012	\$ 20,665,000				\$ 3,560,000	\$ -	\$ -	\$ 3,560,000	\$ -		

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2018

Series	Date of Issue	Original Issue	Maturities		Rate	Balance Jan. 1, 2018	Issued	Defeased	Decreased	Balance Dec. 31, 2018
			Date	Amount						
2015	4/29/2015	86,505,000	2019	2,410,000	4.000%	\$ 86,505,000	\$ -	\$ -	\$ -	\$ 86,505,000
			2020	2,540,000	5.000%					
			2021	2,540,000	5.000%					
			2022	2,695,000	5.000%					
			2023	2,795,000	4.000%					
			2024	2,935,000	5.000%					
			2025	3,015,000	5.000%					
			2026	3,180,000	5.000%					
			2027	4,540,000	3.000%					
			2028	3,380,000	3.125%					
			2029	3,480,000	5.000%					
			2030	3,670,000	5.000%					
			2031	3,785,000	5.000%					
			2032	545,000	3.375%					
			2033	10,595,000	4.000%					
			2034	11,020,000	4.000%					
2035	11,460,000	4.000%								
2036	11,920,000	3.625%								
						\$ 86,505,000	\$ -	\$ -	\$ -	\$ 86,505,000
						\$ 713,350,000	\$ -	\$ -	\$ 14,500,000	\$ 698,850,000
Principal Payments						\$ 50,776,323	\$ -	\$ -	3,858,695	\$ 46,917,628
Net Premium on Bonds						\$ 764,126,323	\$ -	\$ -	\$ 18,358,695	\$ 745,767,628