

**DELAWARE RIVER JOINT TOLL BRIDGE
COMMISSION**

Financial Statements
and
Supplementary Information

December 31, 2008 and 2007

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Table of Contents

Years Ended December 31, 2008 and 2007

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS.....	7
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS.....	8
STATEMENTS OF CASH FLOWS.....	9
NOTES TO FINANCIAL STATEMENTS.....	10-24
SUPPLEMENTARY INFORMATION	
SCHEDULES OF CASH AND EQUIVALENT BALANCES.....	25
SCHEDULES OF INVESTMENTS.....	26-29
SCHEDULE OF OPERATIONS.....	30
SCHEDULES OF ADMINISTRATIVE EXPENSES.....	31
SCHEDULES OF TOLL-SUPPORTED BRIDGE EXPENSES.....	32
SCHEDULE OF TOLL BRIDGE TRAFFIC AND REVENUES.....	33
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	34-35

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Delaware River Joint Toll Bridge Commission
Morrisville, Pennsylvania

We have audited the accompanying financial statements of Delaware River Joint Toll Bridge Commission (the "Commission") as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2008 and 2007, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note H to the financial statements, the Commission adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, for the year ended December 31, 2008.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2009, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, bond resolutions, contracts, compact and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's discussion and analysis, as shown on pages 3-6, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of management's discussion and analysis. However, we did not audit the information, and we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Commission taken as a whole. The supplementary schedules on pages 25-33 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mercaderes, P.C.
Certified Public Accountants
May 13, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Delaware River Joint Toll Bridge Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission's fiscal years ended December 31, 2008 and 2007. We encourage readers to consider the information presented here in conjunction with the audited financial statements and supplementary information as a whole.

Financial Highlights

Total toll revenues for the Commission totaled \$86,159,106 for the year ended December 31, 2008, which represents an increase of 0.77% over the previous year. The increase in 2008 is primarily the result of a \$0.50 per axle toll adjustment on May 19, 2007, for all commercial vehicles of three axles and larger.

In 2008, net operating revenues totaled \$38,682,002 and change in net assets totaled \$5,911,613, as compared to \$42,927,641 and \$33,342,527, respectively, for 2007.

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 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 businesses.

The statements of net assets present information on the Commission's assets and liabilities at December 31, 2008 and 2007, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the Commission is improving or deteriorating. At December 31, 2008, the Commission's net assets equaled \$385,921,973, as compared to \$380,010,360 in 2007 - an increase of 1.56%. Net assets increase when revenues exceed expenses.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$872,781,937. Unrestricted current assets, totaling \$8,032,324 (a decrease of \$4,586,985, or 36.35%), represents cash in the operating accounts, cash equivalent investments, and E-ZPass toll receivables. These unrestricted assets will be used to pay current expenses, to pay current debt service, or to be transferred to the general reserve fund. Restricted assets, totaling \$861,255,151, are broken into two categories. Restricted current assets of \$61,981,523 decreased 2.72% from the previous year end as a result of changes in investment security maturity terms. Total non-current assets totaled \$802,768,090, which represents an increase of \$13,959,308, or 1.77%, from the 2007 year-end balance. Restricted cash and investments totaling \$440,767,976, which represents a decrease of \$83,285,168, or 15.89%, from the previous year, are restricted under the Trust Indenture, to be used only for purposes listed on pages 11-12 of this report. These changes in restricted assets are the result of payments from the bond funds to fund the purchase of capital assets and the payment of Compact Authorized Investment grants. Capital assets totaling \$411,553,216 consist of land, infrastructure and equipment with an original value of approximately \$609.7 million less accumulated depreciation of approximately \$198.1 million. The land and infrastructure consist of twenty bridge crossings and related access roads spread over a 140-mile-long stretch of the Delaware River extending from Trenton, New Jersey north to Milford, Pennsylvania/Montague, New Jersey.

At December 31, 2008, the Commission had current and non-current liabilities of \$486,859,964, with the majority related to its series 2003, 2005A, and 2007A, and 2007B bond issues, which represents an increase of \$1,726,479 from 2007. The purpose of the 2003 issue was for the current refunding of the 1992 series, refunding of the 2002 Bond Anticipation Notes, financing of the first portion of the Commission's ten-year capital program, and related bond-issuance cost. The purpose of the 2005A issue was for the refunding of \$32,165,000 of the 2003 series bonds and the financing of the Commission's \$40 million Compact Authorized Investment program. The purpose of the 2007A and 2007B issues was to provide funds to pay for the cost of capital improvements related to the system, to make deposits into the debt service reserve fund and to fund capitalized interest, to pay insurance and cost of issuance associated with the series.

The following table contains condensed financial information derived from the December 31, 2008 and 2007 financial statements of the Commission:

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis (Continued)

	2008	2007
Net Assets		
Current and other assets	\$ 461,228,721	\$ 548,599,598
Capital assets	<u>411,553,216</u>	<u>316,544,247</u>
Total assets	<u>872,781,937</u>	<u>865,143,845</u>
Bond indebtedness	458,445,771	469,547,491
Other liabilities	<u>28,414,193</u>	<u>15,585,994</u>
Total liabilities	<u>486,859,964</u>	<u>485,133,485</u>
Net assets		
Investment in capital assets, net of related debt	205,515,765	198,100,157
Restricted	189,361,377	174,681,651
Unrestricted	<u>(8,955,169)</u>	<u>7,228,552</u>
Total net assets	<u>\$ 385,921,973</u>	<u>\$ 380,010,360</u>
Changes in Net Assets		
Operating revenues	\$ 86,159,106	\$ 85,503,496
Operating expenses	<u>(47,477,104)</u>	<u>(42,575,855)</u>
Net operating revenues	38,682,002	42,927,641
Depreciation	(13,665,224)	(13,198,186)
Non-operating revenues	20,529,000	17,207,134
Non-operating expenses	<u>(39,634,165)</u>	<u>(13,594,062)</u>
Change in net assets	5,911,613	33,342,527
Net assets, beginning of year	<u>380,010,360</u>	<u>346,667,833</u>
Net assets, end of year	<u>\$ 385,921,973</u>	<u>\$ 380,010,360</u>
Summary of Cash Flows		
	2008	2007
Cash provided by operating activities	\$ 45,542,892	\$ 40,219,606
Cash flows used in investing activities	(17,366,362)	(312,701,142)
Cash flows (used in) provided by financing activities	<u>(34,010,795)</u>	<u>268,254,426</u>
Net decrease in cash and cash equivalents	(5,834,265)	(4,227,110)
Cash and equivalents, beginning of the year	<u>67,406,157</u>	<u>71,633,267</u>
Cash and equivalents, end of the year	<u>\$ 61,571,892</u>	<u>\$ 67,406,157</u>

Significant Events

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.

A toll rate structure with phased increases and discount adjustments was approved by the Commission to fund its Capital Improvement Program for system protection, preservation, management and enhancement of the Commission's infrastructure including twenty bridges, seven toll plazas, and administration and maintenance facilities that it owns, operates and maintains, as well as operating expenses for the Commission.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Significant Events (Continued)

On May 19, 2007, the Commission adjusted per axle tolls from \$2.75 per axle to \$3.25 per axle on all commercial vehicles three axles and larger.

On January 15, 2009, the following changes were made to the Commission's E-ZPass discount program: a 20% casual discount provided to all passenger vehicles using E-ZPass was eliminated, a 5% peak period discount for trucks and other commercial vehicles was eliminated, and a 15% off-peak discount for trucks and other commercial vehicles was reduced to 10%.

The Capital Improvement Program continues to evolve as the need for additional projects are identified, program costs are re-evaluated and the Commission undertakes new initiatives to fund transportation infrastructure programs in bridge host communities.

On September 20, 2007, the Commission issued three bond issues: Series 2007A, 2007B1, and 2007B2. The 2007A issue was a fixed rate totaling \$134,170,000. The two Series 2007B issues were auction rate securities totaling \$75,000,000 each and were hedged by an interest rate swap issued by two counterparties. In September 2008, the two Series 2007B issues were converted into variable rate securities and are hedged by an interest rate swap issued by two counterparties.

On January 1, 2008, the Commission adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions," which requires that the unfunded accrued actuarial liability for post-employment benefits be recognized over a thirty-year amortization period. See Note H in the Notes to Financial Statements for more information.

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) 295-5061 or visit its website at: www.drjtbc.org.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

STATEMENTS OF NET ASSETS

		December 31,	
		2008	2007
ASSETS			
Current Assets			
Unrestricted			
Cash and equivalents	\$ 2,345,098	\$ 5,370,481	
Other assets	1,129,632	2,161,765	
E-ZPass clearing account	4,557,594	5,087,063	
Total Unrestricted	<u>8,032,324</u>	<u>12,619,309</u>	
Restricted			
Cash and equivalents	59,226,794	62,035,676	
Accrued interest on investments	2,754,729	1,680,078	
Total Restricted	<u>61,981,523</u>	<u>63,715,754</u>	
Total Current Assets	<u>70,013,847</u>	<u>76,335,063</u>	
Non-Current Assets			
Unrestricted			
Investments	<u>3,494,462</u>	<u>3,794,910</u>	
Restricted			
Investments	381,541,182	462,017,468	
Bond issuance costs	6,179,230	6,452,157	
Capital assets	<u>411,553,216</u>	<u>316,544,247</u>	
Total Restricted	<u>799,273,628</u>	<u>785,013,872</u>	
Total Non-Current Assets	<u>802,768,090</u>	<u>788,808,782</u>	
Total Assets	<u>\$872,781,937</u>	<u>\$865,143,845</u>	
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$ 5,588,119	\$ 3,768,182	
E-ZPass customer accounts	3,826,724	3,460,856	
Accrued interest on bond indebtedness	7,932,238	6,400,327	
Compensated absences - current portion	120,000	120,000	
Accrued post-employment benefits obligation - current portion	2,193,000	-	
Bridge system revenue bonds, series 2003, 2005A, 2007A, and 2007B - current portion	11,230,393	9,790,393	
Premium on bonds - current portion	<u>1,212,704</u>	<u>1,311,327</u>	
Total Current Liabilities	<u>32,103,178</u>	<u>24,851,085</u>	
Non-Current Liabilities			
Compensated absences - non-current portion	1,872,912	1,836,629	
Accrued post-employment benefits obligation - non-current portion	6,881,200	-	
Bridge system revenue bonds, series 2003, 2005A, 2007A, and 2007B - non-current portion	437,590,752	448,821,145	
Premium on bonds - non-current portion	<u>8,411,922</u>	<u>9,624,626</u>	
Total Non-Current Liabilities	<u>454,756,786</u>	<u>460,282,400</u>	
Total Liabilities	<u>486,859,964</u>	<u>485,133,485</u>	
Net Assets (Deficit)			
Invested in capital assets, net of related debt	205,515,765	198,100,157	
Restricted	189,361,377	174,681,651	
Unrestricted deficit	<u>(8,955,169)</u>	<u>7,228,552</u>	
Total Net Assets	<u>385,921,973</u>	<u>380,010,360</u>	
Total Liabilities and Net Assets	<u>\$872,781,937</u>	<u>\$865,143,845</u>	

See notes to financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Year Ended December 31,	
	2008	2007
Operating Revenues		
Toll bridge operations		
Cash toll revenues, net	\$ 30,001,180	\$ 32,192,163
E-ZPass toll revenues, net	55,992,420	53,181,829
Miscellaneous revenues	165,506	129,504
Total toll revenues	<u>86,159,106</u>	<u>85,503,496</u>
Operating Expenses		
Toll bridge operating expenses		
Operating and maintenance expenses	30,256,993	27,315,631
Administrative expenses	8,317,635	7,334,720
Toll-supported bridge expenses	<u>8,902,476</u>	<u>7,925,504</u>
Total operating expenses	<u>47,477,104</u>	<u>42,575,855</u>
Net Operating Revenues	<u>38,682,002</u>	<u>42,927,641</u>
Non-Operating Revenues (Expenses)		
Investment return	16,667,333	15,801,031
Interest on bond indebtedness	(19,798,441)	(11,516,056)
Amortization of bond premium	1,311,326	1,169,147
Amortization and write-off of bond issuance costs	(1,224,466)	(253,989)
Amortization of loss on defeasance	(109,607)	(109,607)
Compact Authorized Investment program	(12,504,651)	(1,714,410)
Emergency repairs reimbursement (expense)	1,379,742	42,268
Depreciation	(13,665,224)	(13,198,186)
Amortization of post-employment benefit obligation	(5,997,000)	-
Gain on sale of fixed assets	<u>1,170,599</u>	<u>194,688</u>
Total other expenses	<u>(32,770,389)</u>	<u>(9,585,114)</u>
Change in net assets	5,911,613	33,342,527
Net assets, beginning of year	<u>380,010,360</u>	<u>346,667,833</u>
Net assets, end of year	<u>\$ 385,921,973</u>	<u>\$ 380,010,360</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from cash tolls	\$ 30,001,180	\$ 32,192,163
Receipts from E-ZPass	56,887,757	53,499,371
Payments to suppliers, employees and others	(41,511,551)	(45,601,432)
Other receipts	<u>165,506</u>	<u>129,504</u>
Net cash provided by operating activities	<u>45,542,892</u>	<u>40,219,606</u>
Cash Flows from Investing Activities		
Sales (purchases) of investments, net	84,405,331	(267,105,307)
Investment return	13,130,834	14,641,016
Compact Authorized Investment program expense	(12,504,651)	(1,714,410)
Emergency repairs reimbursement	1,379,742	42,268
Purchases of capital assets	<u>(103,777,618)</u>	<u>(58,564,709)</u>
Net cash used in investing activities	<u>(17,366,362)</u>	<u>(312,701,142)</u>
Cash Flows from Financing Activities		
Bond proceeds, including premium	-	289,133,086
Principal paid on bond and notes indebtedness	(9,900,000)	(5,795,000)
Interest paid on bond indebtedness	(23,163,106)	(10,847,085)
Bond issuance costs	<u>(947,689)</u>	<u>(4,236,575)</u>
Net cash (used in) provided by financing activities	<u>(34,010,795)</u>	<u>268,254,426</u>
Net decrease in cash and cash equivalents	(5,834,265)	(4,227,110)
Cash and equivalents, beginning of year	<u>67,406,157</u>	<u>71,633,267</u>
Cash and equivalents, end of year	<u>\$ 61,571,892</u>	<u>\$ 67,406,157</u>
Reconciliation of net operating revenues to net cash provided by operating activities		
Net operating revenues	\$ 38,682,002	\$ 42,927,641
Adjustment for normal cost of post-employment benefits	3,077,200	-
Changes in net assets and liabilities		
Other assets	1,032,133	(156,539)
E-ZPass clearing account	529,469	40,943
Accounts payable and accrued expenses	1,819,937	(2,952,427)
E-ZPass customer accounts	365,868	276,599
Compensated absences	<u>36,283</u>	<u>83,389</u>
Net cash provided by operating activities	<u>\$ 45,542,892</u>	<u>\$ 40,219,606</u>
Non-cash investing activities		
Unrealized gain on investments	<u>\$ 2,461,849</u>	<u>\$ 1,316,049</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

A. AUTHORIZED LEGISLATION AND NATURE OF ORGANIZATION

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, with the approval of the Congress of the United States. The Commission is authorized and empowered, with federal government approval required in certain cases, to acquire, construct, administer, operate and maintain such bridges as the Commission deems necessary to advance the interests of the two states, to issue bonds and other obligations, and to make payment of interest thereon. The compact provides that Commission indebtedness shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the two states or any subdivision thereof.

In 1985, a proposed compact change was enacted and approved by the State of New Jersey that was similar to the legislation that had been enacted by the Commonwealth 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 of New Jersey. Accordingly, on July 1, 1987, the Commission defeased all of its then-outstanding bonded indebtedness. Due to this compact change, the accompanying financial statements include the operations of the toll-supported bridges.

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

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

Revenues

Revenues consist primarily of cash tolls and 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 deferred and recognized as revenue as utilized at the Commission's toll bridges. Investment income is recognized when earned.

Basis of Investments

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

Cash Equivalents

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

Fund Groups

In accordance with the Bond Resolution relating to the Bridge System Revenue Bonds, Series 2003 and Series 2005A, and Series 2007A and B, the Commission has established the following funds and accounts:

Construction Fund – Bond proceeds for project costs are deposited into this fund.

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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Groups (Continued)

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

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

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

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

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

- (a) To purchase or redeem bonds.
- (b) To secure and pay the principal or redemption price of and any interest on any subordinated 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Invested in Capital Assets, Net of Related Debt

The net assets invested in capital assets represent the cost basis of capital assets, less the related accumulated depreciation, less the bonds outstanding and unspent bond proceeds that were used to finance the acquisition of the capital assets.

Restricted

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

Unrestricted

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

Capital Assets

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

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

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

Capitalization of Interest

The Commission capitalizes interest related to projects under construction. Capitalized interest amounted to \$4,896,576 and \$1,805,495 for 2008 and 2007, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In addition, certain prior year amounts have been reclassified to conform to current year presentation.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post-Employment Benefits Other Than Pensions ("OPEB")

In 2008, the Commission implemented Governmental Accounting Standards Board ("GASB") Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions." This statement requires that employers recognize annual OPEB cost equal to the annual required contribution and recognize the unfunded accrued actuarial liability over an amortization period of thirty years.

Deferred Bond Costs

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

Rounding

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

C. CASH AND EQUIVALENTS AND INVESTMENTS

General Information

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

	December 31,	
	2008	2007
Cash and equivalents	\$ 61,571,892	\$ 67,406,157
Investments	385,035,644	465,812,378
	<u>\$ 446,607,536</u>	<u>\$ 533,218,535</u>

Included in the above balances as of December 31, 2008 and 2007, respectively, are approximately \$258.4 million and \$339.8 million of unspent bond proceeds that are restricted by the trust indenture for use only in capital projects and debt service reserve requirements. Detailed supplementary information related to the above is included on pages 25-29 of these financial statements.

Investment Policy

The primary objectives of the Commission's investment policy are safety of principal, liquidity and yield.

Safety of principal is the foremost objective of the investment program. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate credit risk and interest rate risk. The Commission's policies for limiting credit risk and interest rate risk are described below.

The portfolio is designed to 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. Since all possible cash demands cannot be anticipated, the portfolio consists largely of securities with active secondary or resale markets. Also, a portion of the portfolio is placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short-term funds.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

C. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investment Policy (Continued)

The investment portfolio is 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 are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities are not permitted to be sold prior to maturity except under the following conditions:

- 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 security be sold.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2008 and 2007, the Commission's cash balances were as follows:

	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
	<u>Financial</u>	<u>Bank</u>	<u>Financial</u>	<u>Bank</u>
	<u>Statement</u>	<u>Balance</u>	<u>Statement</u>	<u>Balance</u>
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
Amount insured by the FDIC or collateralized with securities held in its name by the Commission.	\$ 1,789,857	\$12,092,154	\$ 5,202,971	\$ 5,238,500
Amount collateralized with securities held by the pledging financial institution's trust department in the Commission's name.	59,708,185	59,708,185	62,129,086	62,129,086
Uninsured Petty cash and collectors' change funds	73,850	-	74,100	-
	<u>\$61,571,892</u>	<u>\$71,800,339</u>	<u>\$67,406,157</u>	<u>\$67,367,586</u>

Credit Risk - Investments

The Commission minimizes credit risk, which is the risk of loss due to the failure of the security issuer or backer by limiting investments to the safest type of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

C. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

which the Commission will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. As of December 31, 2008, the Commission's investments were rated AAA by Standard & Poor's, AAA by Fitch Ratings, and Aaa by Moody's Investors Service. The Commission historically has not experienced any credit related losses with respect to their investment in these securities. U.S. Treasury notes are explicitly guaranteed by the U.S. government and are not subject to credit risk or custodial credit risk. The Commission's investment in the Pennsylvania Investment Fund is also excluded from credit risk and custodial credit risk as a pooled investment.

Interest Rate Risk

The Commission minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet any cash requirements associated with individual funds, which avoids selling the security prior to maturity. The Commission also invests operating funds primarily in shorter-term securities, money market mutual funds, or local government investment pools.

As of December 31, 2008, the Commission had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
FFCB	\$ 1,015,000	\$ 1,015,000	\$ -	\$ -	\$ -
FHLB	161,046,452	116,831,594	44,214,858	-	-
FHLMCDN	139,912,737	98,222,037	41,690,700	-	-
GECC	4,925,750	4,925,750	-	-	-
FNMADN	69,628,724	41,408,754	28,219,970	-	-
U.S. TBILLS	3,482,093	3,482,093	-	-	-
PA INVEST	5,024,888	5,024,888	-	-	-
Total	<u>\$385,035,644</u>	<u>\$270,910,116</u>	<u>\$114,125,528</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2007, the Commission had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
FFCB	\$ 1,001,250	\$ -	\$ 1,001,250	\$ -	\$ -
FHLB	110,674,755	50,524,395	60,150,360	-	-
FHLBCDN	59,861,000	59,861,000	-	-	-
FHLBDN	99,765,000	99,765,000	-	-	-
FHLMCDEBS	6,178,672	6,178,672	-	-	-
FHLMCDN	71,464,290	71,464,290	-	-	-
FHLMCMTN	4,994,250	4,994,250	-	-	-
FHLMCN	9,002,920	-	9,002,920	-	-
FNMADEBS	7,711,938	-	7,711,938	-	-
FNMA	7,272,950	4,967,200	2,305,750	-	-
FNMADN	86,711,600	86,711,600	-	-	-
PA INVEST	1,173,753	1,173,753	-	-	-
Total	<u>\$465,812,378</u>	<u>\$385,640,160</u>	<u>\$ 80,172,218</u>	<u>\$ -</u>	<u>\$ -</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

D. CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2008, were as follows:

	December 31, 2007	Additions	Reductions	December 31, 2008
Non-Depreciable Assets				
Land	\$129,619,844	\$ 268,322	\$ -	\$129,888,166
Infrastructure in progress	85,849,253	106,057,023	14,207,148	177,699,128
Depreciable Assets				
Bridges/road network	258,361,828	13,910,473	-	272,272,301
Equipment	27,577,053	2,645,523	380,086	29,842,490
Total at Historical Cost	501,407,978	122,881,341	14,587,234	609,702,085
Less Accumulated Depreciation				
Bridge/road network	170,193,357	9,868,882	-	180,062,239
Equipment	14,670,374	3,796,342	380,086	18,086,630
Total Accumulated Depreciation	184,863,731	13,665,224	380,086	198,148,869
Total Capital Assets	\$316,544,247	\$109,216,117	\$ 14,207,148	\$411,553,216
Depreciation expense was as follows:				
Bridges/road networks	\$ 9,868,882			
Equipment	3,796,342			
Total Depreciation Expense	\$ 13,665,224			

Capital assets activities for the year ended December 31, 2007, were as follows:

	December 31, 2006	Additions	Reductions	December 31, 2007
Non-Depreciable Assets				
Land	\$129,619,844	\$ -	\$ -	\$129,619,844
Infrastructure in progress	29,025,138	58,965,002	2,140,887	85,849,253
Depreciable Assets				
Bridges/road network	256,220,941	2,140,887	-	258,361,828
Equipment	26,851,718	1,405,203	679,868	27,577,053
Total at Historical Cost	441,717,641	62,511,092	2,820,755	501,407,978
Less Accumulated Depreciation				
Bridges/road network	160,619,693	9,573,664	-	170,193,357
Equipment	11,725,263	3,624,522	679,411	14,670,374
Total Accumulated Depreciation	172,344,956	13,198,186	679,411	184,863,731
Total Capital Assets	\$269,372,685	\$ 49,312,906	\$ 2,141,344	\$316,544,247
Depreciation expense was as follows:				
Bridges/road networks	\$ 9,573,664			
Equipment	3,624,522			
Total Depreciation Expense	\$ 13,198,186			

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

E. BONDS PAYABLE

The following is a summary of bonds payable:

Bonds Payable	Maturity Dates	Interest Rate	Bonds Outstanding (in thousands) December 31, 2007	Additions	Reductions	Bonds Outstanding (in thousands) December 31, 2008	Amounts due within one year
2003 series revenue bonds	2003-2024	3.00%-5.25%	\$ 75,680	\$ -	\$ 5,115	\$ 70,565	\$ 5,370
2003 series revenue bonds	2025-2028	5.00%	29,390	-	-	29,390	-
2005A series revenue bonds	2005-2025	4.00%-5.50%	57,665	-	965	56,700	1,005
2005A series revenue bonds	2026-2030	4.50%	12,825	-	-	12,825	-
2007A series revenue bonds	2008-2027	4.25%-5.00%	40,200	-	470	39,730	1,615
2007A series revenue bonds	2028-2031	5.00%	13,100	-	-	13,100	-
2007A series revenue bonds	2032-2035	5.00%	47,730	-	-	47,730	-
2007A series revenue bonds	2036-2037	4.50%	33,140	-	-	33,140	-
2007B series revenue bonds	2008-2032	variable	75,000	-	1,675	73,325	1,675
2007B series revenue bonds	2032	variable	75,000	-	1,675	73,325	1,675
Total bond principal payable			459,730	-	9,900	449,830	11,340
Loss on defeasance			(1,118)	-	(109)	(1,009)	(110)
Net bonds payable			<u>\$ 458,612</u>	<u>\$ -</u>	<u>\$ 9,791</u>	<u>\$ 448,821</u>	<u>\$ 11,230</u>

Debt service requirements on bonds outstanding at December 31, 2008, are as follows (in thousands):

	Principal	Interest	Total
2009	\$ 11,340	\$ 21,343	\$ 32,683
2010	11,740	20,743	32,483
2011	12,420	20,226	32,646
2012	13,015	19,564	32,579
2013	13,650	18,929	32,579
2014-2018	77,315	83,952	161,267
2019-2023	78,180	64,961	143,141
2024-2028	99,180	41,900	141,080
2029-2033	69,715	24,502	94,217
2034-2037	63,275	7,514	70,789
	<u>\$ 449,830</u>	<u>\$ 323,634</u>	<u>\$ 773,464</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

E. BONDS PAYABLE (CONTINUED)

Defeasance of Series 2003 Bonds

In March 2005, the Commission issued \$72,645,000 Bridge System Revenue Bonds, Series 2005A. The proceeds of the bonds were used to advance-refund \$32,165,000 of the Commission's Bridge System Revenue Bonds, Series 2003. This refunding was done to achieve interest cost savings. Proceeds of the bonds were used to establish an irrevocable escrow account. Funds in the escrow account were invested in special direct obligations of the United States Treasury or other obligations of the United States government or its agencies. The escrow securities and their earnings are structured to pay the principal and interest on the refunded 2003 bonds as such payments become due, until the call dates of the respective refunded bonds, at which time the escrow account will pay the principal of the refunded bonds at a price of par plus accrued interest. Since these funds have been placed in an irrevocable trust, they are considered defeased for these financial statements.

Refunded Series 2003 bonds outstanding at December 31, 2008, consist of the following:

Maturity Date	Interest Rate	Principal Due
2014	5.25 %	\$ 3,920,000
2015	5.25 %	4,125,000
2016	5.25 %	4,345,000
2017	5.25 %	4,570,000
2018	5.25 %	4,815,000
2019	5.25 %	5,060,000
2020	5.25 %	5,330,000
		<u>\$ 32,165,000</u>

The advance-refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.4 million. The accumulated loss on defeasance is reported as a contra-liability on the statement of net assets and is being charged to net assets using a method which approximates the effective interest method over the shorter of the remaining life of the old debt or the life of the new debt. The accumulated capitalized loss on defeasance at December 31, 2008 and 2007, was \$1,008,855 and \$1,118,462, respectively.

Bridge System Revenue Bonds, Series 2007 (SWAP)

Objective of the swaps. In October of 2005, the Commission entered into two forward starting swaps with two counterparties to hedge against future interest rates. The intention of the swaps was to take advantage of the current historically low interest rate environment in advance of the issuance of bonds by the Commission (as authorized by its trust indenture) in 2007.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

E. BONDS PAYABLE (CONTINUED)

Bridge System Revenue Bonds, Series 2007 (SWAP) (Continued)

Terms. The swaps were entered into with Merrill Lynch Capital Services, Inc. ("MLCS") and Morgan Stanley Capital Services, Inc. ("MSCS"). The swaps were effective on October 1, 2007, and will mature on July 1, 2032. On the trade date, MLCS and MSCS were both rated AA- by Standard & Poor's Ratings Services ("S&P"), a division of The McGraw-Hill Companies, and Aa3 by Moody's Investors Service, Inc. ("Moody's"). The swaps were priced at a fixed rate of 4.231% based on an amortizing notional schedule with a combined \$150,000,000 initial notional amount. Under the swaps starting October 1, 2007, the Commission pays a fixed rate of 4.231% and receives a variable payment equal to the Bond Market Association Municipal Swap Index (the "BMA" Index). The bonds' variable-rate coupons, when issued, is based on a remarketing rate that is highly correlated to the BMA Index. As part of the swap transactions, the Commission also 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. The insurance policies provide for risk mitigation and limit the need for the Commission to post eligible collateral.

Fair Value. As of December 31, 2008 and 2007, the swaps had a negative fair value of \$23,997,604 and \$9,319,466, respectively. The fair value was 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 of the swap.

Credit Risk. As of December 31, 2008 and 2007, the Commission was not exposed to credit risk because the swaps had a negative fair value. 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.

Termination Risk. The swaps are governed by the International Swap Dealers Association Master Agreement, which includes standard termination events. In addition, the swaps may be terminated 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 withdrawn, suspended or falls below Baa2 as determined by Moody's, or BBB as determined by S&P.

In connection with the aforementioned swaps, no amounts are recorded in the financial statements other than the prepaid cost of issuance of the swaps.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

F. PENSION PLAN

The Commission contributes to the Commonwealth of Pennsylvania State Employees' Retirement System (the "System"). The System is the administrator of a cost-sharing, multiple-employer, defined-benefit retirement system. The System was established by the Commonwealth to provide retirement, death and disability benefits for employees of state government and certain independent agencies. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly. Article II of the Commonwealth's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. The System issues a publicly available financial report that includes financial statements and required supplementary information for the retirement plan. That report may be obtained by writing to the Commonwealth of Pennsylvania State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, PA 17108-1147 or by calling 717-787-9657. Employees of the Commission are required to pay 5.00%-6.25% of their salaries into the System, and the Commission is required to contribute at an actuarially determined rate. The rate is computed based upon actuarial valuations on the System's fiscal year end of December 31 and applied to the Commonwealth based on its fiscal year end of June 30. Therefore, the employer contribution rate in effect for the System's year end of December 31 reflects a blended average of calculated rates. The contribution requirements of plan members and the Commission are established and may be amended by the System's board of trustees.

The Commission also has four employees who participate in the Public Employees' Retirement System of New Jersey ("PERS"). PERS is a part of the Division of Pensions in the Department of the Treasury, State of New Jersey. PERS is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. PERS, which covers public employees throughout the state, does not maintain separate records for each reporting unit, and accordingly, the actuarial data for the employees of the Commission who are members of PERS is not available. The Division of Pensions issues a publicly available financial report for PERS, including financial statements and required supplementary information. Please refer to the New Jersey state website www.state.nj.us for more information regarding the plan. The PERS financial report may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The Commission's pension contribution for the years ended December 31, 2008 and 2007, was \$620,367 and \$602,219, respectively, which equaled the required contribution.

G. SELF INSURANCE

The Commission self-insures the risk for health insurance claims. In addition to the self-insured risk, the Commission carries a stop-loss policy that limits its exposure to a maximum of \$150,000 per plan year per individual and \$5,538,002 in the aggregate for all active and retired employees under the age of 65.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

H. POST-EMPLOYMENT BENEFITS

The Commission provides certain post-employment life and health insurance benefits to its employees if they retire while working for the Commission. As of December 31, 2007 and prior, in accordance with the provisions of Statement No. 12 of the Governmental Accounting Standards Board ("GASB"), "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers," expenditures for post-employment life and health insurance benefits were recognized on a pay-as-you-go basis and were approximately \$1,971,464 in 2007. As of December 31, 2008 and 2007, 135 and 124 retired employees, respectively, were eligible for both life and health insurance benefits. As of December 31, 2008, three other retired employees were eligible for health insurance benefits only. An additional 33 and 37 retired employees were eligible for life insurance benefits only as of December 31, 2008 and 2007, respectively, in a range of \$2,000-\$4,000 per person.

Effective for the year ended December 31, 2008, the Commission adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers of Post-Employment Benefits Other Than Pensions", which requires that the unfunded accrued actuarial liability be recognized in the Commission's financial statements over a 30-year amortization period. The post-employment benefit plan does not issue stand-alone financial statements and is not included in the report of another entity.

Funding Policy

It is the Commission's policy at this time to fund the post-employment benefits plan on a pay-as-you-go basis.

Annual Post-Employment Benefits Cost and Net Post-Employment Benefits Obligation

The Commission's annual post-employment benefits cost and net post-employment benefits obligation to the plan for the year ended December 31, 2008, were:

Service cost (with interest)	\$ 4,890,000
Accrued actuarial liability amortization	<u>5,997,000</u>
Total accrual	10,887,000
Contributions made	<u>1,812,800</u>
Increase in net post-employment benefits obligation	9,074,200
Net post-employment benefits obligation, beginning of year	<u>-</u>
Net post-employment benefits obligation, end of year	<u><u>\$ 9,074,200</u></u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

H. POST-EMPLOYMENT BENEFITS (CONTINUED)

The annual required contribution for the current year was determined as part of the January 1, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 3.5% interest rate since the plan is not currently funded, and (b) medical trend rate of 11% grading down to 5% in year 2020 and thereafter. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized on the level dollar amortization method over a thirty year period. The remaining amortization period at December 31, 2008, was 29 years.

Trend Information

<u>Year Ended</u> <u>December 31,</u>	<u>Annual Post-</u> <u>Employment</u> <u>Benefits Cost</u>	<u>Percentage of</u> <u>Annual</u> <u>Cost Contributed</u>	<u>Net Post-</u> <u>Employment</u> <u>Benefits Obligation</u>
2008	\$ 10,887,000	17 %	\$ 9,074,200

Funded Status

The funded status of the plan as of the most recent valuation date of January 1, 2008, is as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a %</u> <u>of Covered</u> <u>Payroll</u>
January 1, 2008	\$ -	\$ 110,300,000	\$ 110,300,000	0%	\$18,000,000	613 %

I. COMMITMENTS AND CONTINGENCIES

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

In 2004, the Commission established a \$40 million dollar program, which is included in restricted net assets, to provide funding for transportation infrastructure related projects in New Jersey and Pennsylvania communities that host its bridges. As of December 31, 2008, the Commission had committed \$37,400,447 in grants to municipalities participating in the Compact Authorized Investment ("CAI") program, of which \$23,571,658 was unexpended at December 31, 2008. Examples of appropriate projects that would be considered for funding under the CAI program include 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

NOTES TO FINANCIAL STATEMENTS

I. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In 2001, the Commission approved a 10-year, \$526 million Capital Improvement Program for the protection, preservation, management and enhancement of the 20 bridges it owns, maintains and operates. With the addition of the CAI program, along with additions and changes in the original projects, the Capital Improvement Program currently stands well in excess of the original amount approved in 2001. As of December 31, 2008, the Commission has approved more than \$307.1 million in contracts to study and improve various facilities and systems as part of that program. At December 31, 2008, the Commission had approved contracts that had not yet been completed or paid totaling approximately \$96.8 million.

J. ARBITRAGE RULES

The Commission is subject to certain arbitrage rules pursuant to current federal income tax law and in accordance with the Trust Indenture. Under these rules, interest earnings on certain investments of proceeds of the Commission's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Commission is required to rebate certain arbitrage profits on non-purpose investments at least once every five years. At December 31, 2008 and 2007, there were no material arbitrage profits subject to rebate.

K. NEW ACCOUNTING PRONOUNCEMENT

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires that governments report the fair value of derivative instruments, with the exception of synthetic guaranteed investment contracts, in the financial statements. The changes in fair value of the instruments are recognized in the period to which they relate. The changes in fair value of hedging derivative instruments do not affect investment revenue but are reported as deferrals. On the other hand, the changes in fair value investment derivative instruments (which include ineffective hedging derivative instruments) are reported as part of investment revenue in the current reporting period.

The Commission is required to implement GASB Statement No. 53 for the year ending December 31, 2010.

SUPPLEMENTARY INFORMATION

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF CASH AND EQUIVALENT BALANCES

December 31, 2008

	Revenue Fund	Operating Fund	Clearing Fund	Construction Fund	Reserve Maintenance Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund
Total	\$ 59,708,185	\$ 481,391	\$ -	\$ 16,048,807	\$ 1,229,142	\$ 9,089,110	\$ 32,157,981	\$ 701,754
TD Bank	-	902,608	-	-	-	-	-	-
Wachovia Bank	887,249							
Petty cash and collectors' change funds								
Total cash and equivalent balances	<u>\$ 887,249</u>	<u>\$ 1,457,849</u>	<u>\$ -</u>	<u>\$ 16,048,807</u>	<u>\$ 1,229,142</u>	<u>\$ 9,089,110</u>	<u>\$ 32,157,981</u>	<u>\$ 701,754</u>

December 31, 2007

	Revenue Fund	Operating Fund	Clearing Fund	Construction Fund	Reserve Maintenance Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund
Total	\$ 62,129,085	\$ 93,409	\$ -	\$ 15,767,626	\$ 207,488	\$ 8,908,187	\$ 26,849,708	\$ 10,302,667
TD Bank	-	88,547	-	-	-	-	-	-
Wachovia Bank	5,114,425							
Petty cash and collectors' change funds								
Total cash and equivalent balances	<u>\$ 5,114,425</u>	<u>\$ 256,056</u>	<u>\$ -</u>	<u>\$ 15,767,626</u>	<u>\$ 207,488</u>	<u>\$ 8,908,187</u>	<u>\$ 26,849,708</u>	<u>\$ 10,302,667</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF INVESTMENTS

December 31, 2008

Construction Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FHLB	\$ 2,849,000	0.00%	0.66%	02-18-09	\$ 2,844,679	\$ 2,847,148
FNMA	1,654,000	0.00%	0.86%	03-27-09	1,649,275	1,652,263
FNMA	1,583,000	0.00%	1.08%	04-27-09	1,575,982	1,580,546
FHLMC	1,583,000	0.00%	1.17%	05-26-09	1,573,847	1,579,597
FHLB	6,000,000	0.00%	1.08%	05-29-09	5,968,377	5,988,523
FHLMC	1,555,000	0.00%	1.33%	06-26-09	1,543,096	1,550,646
FNMA	1,317,000	0.00%	1.45%	07-24-09	1,304,554	1,312,127
FNMA	1,087,000	0.00%	1.49%	08-24-09	1,075,135	1,081,945
FNMA	710,000	0.00%	1.54%	09-25-09	701,036	706,024
FNMA	710,000	0.00%	1.59%	10-26-09	699,790	705,422
FHLB	1,327,000	0.00%	1.75%	11-16-09	1,304,754	1,317,180
FNMA	11,000,000	0.00%	2.82%	01-09-09	10,886,563	10,900,524
FHLB	29,600,000	2.88%	2.89%	01-30-09	29,597,040	29,655,648
FHLMC	30,000,000	2.81%	2.81%	01-30-09	30,000,000	30,053,400
FHLB	20,000,000	2.88%	2.88%	02-04-09	20,000,000	20,043,800
FHLMC	11,000,000	0.00%	2.83%	02-06-09	10,863,035	10,916,054
FNMA	10,638,000	0.00%	2.72%	02-17-09	10,483,572	10,553,361
FHLB	11,000,000	2.92%	2.92%	09-04-09	11,000,000	11,180,455
FHLB	11,000,000	2.25%	2.80%	10-02-09	10,935,100	11,130,625
FHLMC	11,000,000	3.02%	3.02%	11-03-09	11,000,000	11,040,700
FHLMC	11,000,000	3.07%	3.07%	12-02-09	11,000,000	11,039,380
FHLB	11,000,000	3.01%	3.01%	01-05-10	11,000,000	11,046,420
FNMA	11,000,000	3.10%	3.05%	02-04-10	11,007,370	11,264,715
FHLMC	11,000,000	3.20%	3.20%	03-02-10	11,000,000	11,041,800
Total Construction Fund					<u>\$209,013,205</u>	<u>\$210,188,303</u>

Operating Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FHLB	3,500,000	0.00%	1.14%	04-14-09	\$ 3,484,647	\$ 3,494,462
Total Operating Fund					<u>\$ 3,484,647</u>	<u>\$ 3,494,462</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF INVESTMENTS (CONTINUED)

December 31, 2008

General Reserve Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
PA INVEST	5,024,888	1.73%	1.73%	01-01-09	\$ 5,024,888	\$ 5,024,888
FHLB	15,000,000	2.88%	2.89%	01-30-09	14,998,500	15,028,200
FHLMC	15,000,000	2.81%	2.81%	01-30-09	15,000,000	15,026,700
FHLB	3,500,000	2.88%	2.88%	02-04-09	3,500,000	3,507,665
GECC	5,000,000	0.00%	3.01%	03-16-09	4,925,750	4,925,750
FHLMC	4,000,000	3.76%	3.76%	03-18-09	3,999,560	4,027,520
FNMA	5,000,000	0.00%	2.63%	03-18-09	4,935,644	4,971,919
FHLMC	5,000,000	2.50%	2.50%	04-21-09	5,000,000	5,005,250
FHLMC	8,000,000	0.00%	1.30%	05-04-09	7,954,204	7,982,791
FHLB	2,500,000	2.65%	2.65%	06-04-09	2,500,000	2,524,613
FFCB	1,000,000	3.75%	3.76%	06-10-09	999,850	1,015,000
FHLB	5,000,000	2.60%	2.55%	06-17-09	5,002,400	5,051,550
FHLB	5,000,000	2.88%	2.87%	07-01-09	5,000,000	5,061,725
UST Bills	1,500,000	0.00%	2.33%	07-02-09	1,465,723	1,489,905
UST Bills	2,000,000	0.00%	1.53%	08-27-09	1,971,524	1,992,188
FNMA	8,000,000	0.00%	0.96%	12-01-09	7,926,111	7,944,622
FHLB	5,000,000	2.38%	2.20%	04-30-10	5,012,300	5,103,125
FHLB	5,000,000	3.00%	2.95%	06-11-10	5,005,000	5,157,050
FHLB	10,000,000	2.75%	1.72%	06-18-10	10,152,000	10,273,450
FHLMC	10,000,000	2.88%	2.91%	06-28-10	9,979,150	10,264,300
FHLMC	2,500,000	3.25%	3.31%	07-16-10	2,497,150	2,832,800
FHLMC	7,500,000	3.25%	2.92%	07-16-10	7,538,978	7,500,000
FNMA	7,000,000	3.25%	3.28%	08-12-10	6,995,940	7,252,665
FHLMC	10,000,000	2.00%	2.00%	12-30-10	10,000,000	10,051,800
FNMA	2,000,000	2.35%	2.35%	12-30-10	2,000,000	2,002,190
FNMA	7,500,000	2.75%	2.83%	04-11-11	7,410,975	7,700,400
FHLB	12,500,000	3.70%	3.70%	05-13-11	12,500,000	12,634,813
Total General Reserve Fund					<u>169,295,647</u>	<u>171,352,879</u>
Total Investments					<u>\$381,793,499</u>	<u>\$385,035,644</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF INVESTMENTS (CONTINUED)

December 31, 2007

Construction Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FNMA	\$ 5,000,000	0.00 %	5.11 %	01-18-08	\$ 4,816,867	\$ 4,991,500
FNMA	5,000,000	0.00 %	4.35 %	01-22-08	4,983,950	4,989,000
FHLMC	2,900,000	0.00 %	4.44 %	01-23-08	2,890,571	2,893,330
FHLB	3,000,000	5.25 %	5.24 %	02-01-08	3,000,000	3,000,930
FHLB	2,000,000	5.20 %	5.20 %	02-15-08	2,000,000	2,001,260
FHLMC	5,000,000	4.30 %	5.07 %	05-05-08	4,972,650	4,994,250
FNMA	5,000,000	0.00 %	4.18 %	07-28-08	4,851,483	4,889,500
FHLB	5,000,000	5.15 %	5.15 %	08-15-08	5,000,000	5,004,700
FHLB	5,000,000	4.50 %	4.50 %	11-05-08	5,000,000	5,006,250
FHLB	5,000,000	4.50 %	4.50 %	11-07-08	5,000,000	5,006,250
FHLB	50,000,000	0.00 %	4.29 %	01-22-08	49,841,750	49,890,000
FNMA	50,000,000	0.00 %	4.35 %	01-22-08	49,839,500	49,890,000
FHLB	50,000,000	0.00 %	4.41 %	01-23-08	49,837,250	49,885,000
FHLMC	55,000,000	0.00 %	4.41 %	01-23-08	54,821,181	54,873,500
FHLB	50,000,000	0.00 %	4.42 %	01-25-08	49,825,194	49,875,000
Total Construction Fund					<u>\$ 296,680,396</u>	<u>\$ 297,190,470</u>

Operating Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FNMA	1,000,000	0.00 %	4.35 %	01-22-08	\$ 996,790	\$ 997,800
FHLMC	1,800,000	0.00 %	4.41 %	01-23-08	1,794,148	1,795,860
FHLB	1,000,000	4.50 %	4.50 %	11-05-08	1,000,000	1,001,250
Total Operating Fund					<u>\$ 3,790,938</u>	<u>\$ 3,794,910</u>

Reserve Maintenance Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FNMA	1,000,000	0.00 %	4.35 %	01-22-08	\$ 996,790	\$ 997,800
FHLMC	1,000,000	0.00 %	4.41 %	01-23-08	996,749	997,700
Total Reserve Maintenance Fund					<u>\$ 1,993,539</u>	<u>\$ 1,995,500</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF INVESTMENTS (CONTINUED)

December 31, 2007

General Reserve Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
PA INVEST	1,173,753	4.26 %	4.26 %	01-01-08	\$ 1,173,753	\$ 1,173,753
FHLB	5,000,000	5.13 %	5.20 %	01-16-08	4,997,050	5,001,550
FNMA	5,000,000	0.00 %	5.11 %	01-18-08	4,816,867	4,991,500
FNMA	5,000,000	0.00 %	4.35 %	01-22-08	4,983,950	4,989,000
FHLB	5,000,000	0.00 %	4.41 %	01-23-08	4,983,725	4,988,500
FHLMC	5,000,000	0.00 %	4.41 %	01-23-08	4,983,744	4,988,500
FNMA	5,000,000	0.00 %	4.35 %	01-24-08	4,983,356	4,988,000
FHLB	5,000,000	0.00 %	4.42 %	01-25-08	4,982,519	4,987,500
FNMA	5,000,000	0.00 %	4.35 %	01-25-08	4,982,761	4,987,500
FHLB	8,000,000	4.10 %	4.10 %	03-14-08	8,000,000	7,992,480
FHLMC	6,000,000	0.00 %	4.39 %	05-05-08	5,872,395	5,915,400
FHLB	5,000,000	4.42 %	4.42 %	05-08-08	5,000,000	4,996,900
FHLMC	6,200,000	3.88 %	4.17 %	06-15-08	6,190,204	6,178,672
FHLB	5,000,000	5.25 %	5.25 %	08-13-08	5,000,000	5,004,700
FNMA	5,000,000	3.25 %	4.10 %	08-15-08	4,970,400	4,967,200
FHLB	6,500,000	4.50 %	4.50 %	11-06-08	6,500,000	6,508,125
FNMA	2,700,000	5.25 %	5.24 %	01-29-09	2,700,000	2,702,538
FHLB	5,000,000	5.25 %	5.24 %	02-05-09	5,000,000	5,006,250
FNMA	5,000,000	5.30 %	5.30 %	02-20-09	5,000,000	5,009,400
FHLMC	5,000,000	5.30 %	5.32 %	02-27-09	4,998,438	5,010,400
FHLMC	4,000,000	3.76 %	3.76 %	03-18-09	3,999,560	3,992,520
FNMA	2,300,000	5.25 %	5.25 %	04-15-09	2,300,000	2,305,750
FFCB	1,000,000	3.75 %	3.76 %	06-10-09	999,850	1,001,250
FHLB	5,000,000	5.30 %	5.30 %	08-14-09	5,000,000	5,007,800
FHLB	5,000,000	5.13 %	5.13 %	08-28-09	5,000,000	5,009,400
FHLB	4,000,000	4.50 %	4.50 %	11-05-09	4,000,000	4,013,760
FHLB	6,000,000	4.55 %	4.55 %	11-20-09	6,000,000	6,015,000
FHLB	3,000,000	4.25 %	4.25 %	12-03-09	3,000,000	3,008,430
FHLB	5,000,000	5.40 %	5.42 %	02-12-10	4,997,656	5,007,800
FHLB	5,000,000	4.60 %	4.60 %	05-05-10	5,000,000	5,015,650
FHLB	5,000,000	4.50 %	4.50 %	05-14-10	5,000,000	5,017,200
FHLB	2,000,000	4.48 %	4.48 %	05-14-10	2,000,000	2,006,880
FHLB	2,000,000	4.63 %	4.63 %	11-05-10	2,000,000	2,008,760
FHLB	5,000,000	4.80 %	4.80 %	11-05-10	5,000,000	5,012,500
FHLB	5,000,000	4.75 %	4.75 %	11-08-10	5,000,000	5,012,500
FHLB	3,000,000	4.80 %	4.80 %	11-16-10	3,000,000	3,008,430
Total General Reserve Fund					<u>162,416,228</u>	<u>162,831,498</u>
Total Investments					<u>\$464,881,101</u>	<u>\$465,812,378</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULE OF OPERATIONS

Year Ended December 31, 2008

(With Comparative Totals for the Year Ended December 31, 2007)

	Total Year Ended December 31,								
	2007	2008	Trenton- Morrisville Bridge	New Hope- Lambertville Bridge	I-78 Bridge	Easton- Phillipsburg Bridge	Portland- Columbia Bridge	Delaware Water Gap Bridge	Milford- Montague Bridge
Cash toll revenues	\$ 32,223,503	\$ 30,005,141	\$ 2,958,656	\$ 736,011	\$ 11,995,660	\$ 3,348,886	\$ 699,229	\$ 9,722,031	\$ 544,668
Cash toll (shortage) overage	(31,340)	(3,961)	(7,331)	(1,524)	4,107	249	(347)	178	707
E-ZPass revenues	53,980,640	56,769,876	6,279,461	1,400,709	25,684,074	6,077,688	1,045,913	15,635,291	646,740
E-ZPass discounts and allowances	(798,811)	(777,456)	(190,135)	(52,080)	(189,612)	(118,595)	(35,194)	(153,030)	(38,810)
Miscellaneous revenues	129,504	165,506	-	-	165,506	-	-	-	-
Total Toll Revenues	85,503,496	86,159,106	9,040,651	2,083,116	37,659,735	9,308,228	1,709,601	25,204,470	1,153,305
Operating and maintenance expenses									
Salaries and wages									
Toll									
Maintenance	4,012,910	4,217,004	522,398	406,172	948,111	615,349	338,756	1,133,432	252,786
Clerical	2,955,301	3,076,074	418,795	330,074	718,580	488,010	207,058	621,011	292,546
Supervision	913,875	961,329	128,643	111,403	176,929	165,792	90,995	231,972	55,595
Total salaries and wages	2,662,938	2,778,945	523,000	220,706	518,287	522,346	218,717	541,004	234,885
Social security taxes	10,545,024	11,033,352	1,592,836	1,068,355	2,361,907	1,791,497	855,526	2,527,419	835,812
Pension contributions	803,182	841,673	121,365	82,466	180,221	136,969	64,446	193,543	62,663
Group insurance	344,446	357,973	48,228	33,093	86,428	55,425	28,551	78,796	27,452
Retirees' costs	2,949,091	3,203,398	495,155	317,680	641,138	520,424	215,168	800,934	212,899
Heat, light and power	1,211,966	2,971,662	462,619	294,394	658,719	448,775	210,281	686,593	210,281
Office expenses	546,116	671,442	148,889	110,570	106,276	114,297	60,687	75,450	55,273
Information technology & communications	32,380	22,985	1,495	1,182	4,882	9,200	1,684	2,985	1,557
Travel, meetings and education expense	171,112	225,858	39,215	28,059	27,468	43,355	14,123	50,254	23,384
Operating supplies and expenses	13,594	11,284	1,317	1,008	1,650	2,925	1,425	1,528	1,431
E-ZPass operating expenses	84,824	60,791	15,207	693	11,911	11,778	3,988	10,822	6,392
State police bridge security	3,796,492	4,132,982	731,951	243,019	1,139,050	701,367	143,828	1,035,312	138,455
Maintenance supplies and expenses	2,441,126	2,215,651	481,141	103,289	559,265	372,593	79,251	538,232	81,880
Automotive	214,779	271,068	52,100	58,366	68,884	12,342	15,396	41,723	22,257
Buildings and grounds	450,651	466,794	97,623	82,171	73,584	88,148	27,969	52,523	44,776
Toll collection equipment and									
E-ZPass maintenance	1,207,745	1,212,386	200,959	135,843	233,603	170,240	102,351	264,692	104,698
Roadways, sidewalks and approaches	457,672	365,132	45,088	28,974	84,424	84,615	30,899	56,292	34,840
Insurance	2,045,431	2,192,562	339,723	246,795	601,172	259,335	155,068	465,367	125,102
Total Operating and Maintenance Expenses	27,315,631	30,256,993	4,874,911	2,835,957	6,840,582	4,823,285	2,010,641	6,882,465	1,989,152
Net revenues from toll bridges before administrative expenses and toll-supported bridge expenses	\$ 58,187,865	\$ 55,902,113	\$ 4,165,740	\$ (752,841)	\$ 30,819,153	\$ 4,484,943	\$ (301,040)	\$ 18,322,005	\$ (835,847)
Administrative expenses	7,334,720	8,317,635							
Toll-supported bridge expenses	7,925,504	8,902,476							
	15,260,224	17,220,111							
Net operating revenues	\$ 42,927,641	\$ 38,682,002							

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF ADMINISTRATIVE EXPENSES

	<u>Year Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Salaries and wages	\$ 3,873,862	\$ 3,456,431
Social security taxes	327,210	279,105
Pension contributions	151,039	153,558
Group insurance	929,782	809,561
Retirees' costs	881,451	336,726
Unemployment compensation	49,569	71,274
Office expenses	195,073	183,391
Commission expenses	47,391	44,148
Information technology and communications	328,732	392,471
Travel, meetings and education expense	163,970	152,973
Automotive repairs and expenses	4,500	3,793
Professional service fees	1,173,963	1,107,890
Advertising and marketing	32,529	58,550
Insurance	<u>158,564</u>	<u>284,849</u>
	<u>\$ 8,317,635</u>	<u>\$ 7,334,720</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

SCHEDULES OF TOLL-SUPPORTED BRIDGE EXPENSES

	Year Ended December 31,			
	2008		2007	
	Total	Southern Division Bridges	Northern Division Bridges	Total
Salaries and wages	\$3,464,394	\$1,900,169	\$1,564,225	\$3,319,983
Social security taxes	258,031	142,095	115,936	249,405
Pension contributions	111,354	60,775	50,579	104,215
Group insurance	1,113,087	601,767	511,320	1,014,693
Retirees' costs	1,037,562	574,606	462,956	423,381
Heat, light and power	73,688	45,101	28,587	71,976
Office expenses	273	273	-	547
Information technology and communication	14,640	6,875	7,765	25,569
Travel, meetings and education expense	20	-	20	72
Operating supplies and expenses	19,180	15,049	4,131	33,934
State police bridge security	1,540,326	1,166,231	374,095	1,603,152
Maintenance supplies and expenses				
Automotive	16,791	3,477	13,314	10,680
Buildings and grounds	52,216	43,670	8,546	39,803
Roadways, sidewalks and approaches	91,071	69,464	21,607	76,686
Insurance	1,109,843	725,805	384,038	951,408
	<u>\$8,902,476</u>	<u>\$5,355,357</u>	<u>\$3,547,119</u>	<u>\$7,925,504</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
SCHEDULE OF TOLL BRIDGE TRAFFIC AND REVENUES
Year Ended December 31, 2008
(With Comparative Totals for the Year Ended December 31, 2007)

	Total Year Ended December 31,		Trenton- Morrisville Bridge	New Hope- Lambertville Bridge	I-78 Bridge	Easton- Phillipsburg Bridge	Portland- Columbia Bridge	Delaware Water Gap Bridge	Milford- Montague Bridge
	2007	2008							
Number of Vehicles Crossing Toll Bridges, by Class									
Passenger Cars, Vans, and Pickups	33,030,906	32,182,282	6,107,545	1,758,949	7,559,187	5,925,210	1,274,654	8,290,964	1,265,773
Two-Axle Trucks, Buses, and Tractors	853,782	830,366	175,125	55,234	230,345	159,893	29,250	153,827	26,692
Three-Axle Trucks, Buses, Tractor and Trailer	391,516	384,083	85,360	24,051	103,599	61,563	12,887	92,137	4,486
Four-Axle Trucks, Tractor and Trailer	332,493	321,303	65,417	6,669	116,043	60,317	8,791	62,497	1,569
Five-Axle Trucks, Tractor and Trailer	3,512,936	3,375,594	171,432	25,391	1,831,467	215,992	32,306	1,090,089	8,917
Six-Axle Trucks, Tractor and Trailer	72,839	80,012	1,776	749	49,371	3,055	295	24,637	129
Vehicles Requiring Special Permits	47	58	-	1	8	-	-	49	-
Seven-or-More-Axle Trucks, Tractor and Trailer	2,449	2,562	33	23	1,379	71	12	1,036	8
Total Number of Vehicles	<u>38,196,968</u>	<u>37,176,260</u>	<u>6,606,688</u>	<u>1,871,067</u>	<u>9,891,399</u>	<u>6,426,101</u>	<u>1,358,195</u>	<u>9,715,236</u>	<u>1,307,574</u>
Toll Revenues of Vehicles Crossing Toll Bridges, by Class									
Passenger Cars, Vans, and Pickups	\$ 22,259,125	\$ 21,608,176	\$ 4,092,808	\$ 1,155,779	\$ 5,091,741	\$ 3,945,491	\$ 862,883	\$ 5,604,915	\$ 854,559
Two-Axle Trucks, Buses, and Tractors	4,103,175	3,980,645	837,534	265,142	1,102,612	768,210	140,839	738,225	128,083
Three-Axle Trucks, Buses, Tractor and Trailer	3,417,816	3,542,538	787,320	223,007	953,440	569,425	120,207	847,156	41,983
Four-Axle Trucks, Tractor and Trailer	3,819,669	3,907,522	800,855	81,343	1,398,665	739,050	109,119	758,876	19,614
Five-Axle Trucks, Tractor and Trailer	51,029,259	51,943,085	2,620,571	392,139	28,147,828	3,325,631	501,321	16,817,709	137,886
Six-Axle Trucks, Tractor and Trailer	1,248,698	1,453,903	32,793	13,835	891,612	56,648	5,615	450,982	2,418
Vehicles Requiring Special Permits	2,374	2,791	-	26	199	-	-	2,566	-
Seven-or-More-Axle Trucks, Tractor and Trailer	58,121	63,475	680	516	33,414	1,537	309	26,839	180
Total Toll Revenues from Vehicles	85,938,237	86,502,135	9,172,561	2,131,787	37,619,511	9,405,992	1,740,293	25,247,268	1,184,723
E-ZPass discounts and allowances and other adjustments	(434,741)	(343,029)	(131,910)	(48,671)	40,224	(97,764)	(30,692)	(42,798)	(31,418)
Total Toll Revenues	<u>\$ 85,503,496</u>	<u>\$ 86,159,106</u>	<u>\$ 9,040,651</u>	<u>\$ 2,083,116</u>	<u>\$ 37,659,735</u>	<u>\$ 9,308,228</u>	<u>\$ 1,709,601</u>	<u>\$ 25,204,470</u>	<u>\$ 1,153,305</u>

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

To the Board of Commissioners of
Delaware River Joint Toll Bridge Commission

We have audited the financial statements of Delaware River Joint Toll Bridge Commission (the "Commission") as of and for the year ended December 31, 2008, and have issued our report thereon dated May 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Internal Control over Financial Reporting (Continued)

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


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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Commission in a separate letter dated May 13, 2009.

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


Certified Public Accountants
May 13, 2009