

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

Financial Statements

and

Supplementary Information

Years Ended December 31, 2005 and 2004

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2006, on our consideration of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, bond resolutions, contracts, and compact. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 23-31 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.

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 presentation of management's discussion and analysis. However, we did not audit the information, and we express no opinion on it.

Mercaderes, P.C.
Certified Public Accountants

March 8, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** (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, 2005 and 2004. 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 \$79,284,504 for the year ended December 31, 2005, which represents an increase of 0.70% over the previous year. The increase in 2005 is the result of a 1.3% increase in total toll traffic.

In 2005, net operating revenues totaled \$42,574,606 and change in net assets totaled \$29,379,377, as compared to \$42,480,899 and \$28,822,386, respectively, for 2004.

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, 2005 and 2004, 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, 2005, the Commission's net assets equaled \$316,764,696, as compared to \$287,385,319 in 2004 - an increase of 10.2%. 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 \$524,024,439. Unrestricted current assets, totaling \$9,564,971 (an increase of \$889,349, or 10.25%), 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 \$511,353,251, are broken into two categories. Restricted current assets of \$33,946,848 increased 8.98% from the previous year end as a result of changes in investment security maturity terms. Total non-current assets totaled \$480,512,620, which represents an increase of \$65,306,505, or 15.73%, over the 2004 year-end balance. Restricted cash and investments totaling \$243,097,731, which represents an increase of \$65,725,441, or 37.06%, from the previous year, are restricted under the Trust Indenture, to be used only for purposes listed on pages 11-12 of this report. Capital assets totaling \$264,421,998 consist of land, infrastructure and equipment with an original value of approximately \$424.8 million less accumulated depreciation of approximately \$160.3 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, 2005, the Commission had current and non-current liabilities of \$207,259,743, with the majority related to its series 2003 and 2005A bond issues, which represents an increase of \$39,612,817 from 2004. 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 following table contains condensed financial information derived from the December 31, 2005 and 2004 financial statements of the Commission:

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis (Continued)

	2005	2004
Net Assets		
Current and other assets	\$ 259,602,441	\$ 190,975,536
Capital assets	<u>264,421,998</u>	<u>264,056,709</u>
Total assets	<u>524,024,439</u>	<u>455,032,245</u>
Bond indebtedness	193,521,282	155,231,379
Other liabilities	<u>13,738,461</u>	<u>12,415,547</u>
Total liabilities	<u>207,259,743</u>	<u>167,646,926</u>
Net assets:		
Investment in capital assets, net of related debt	190,394,663	154,641,441
Restricted	122,664,875	129,547,034
Unrestricted	<u>3,705,158</u>	<u>3,196,844</u>
Total net assets	<u>\$ 316,764,696</u>	<u>\$ 287,385,319</u>
Changes in Net Assets		
Operating revenues	\$ 79,421,406	\$ 78,856,292
Operating expenses	<u>(36,846,800)</u>	<u>(36,375,393)</u>
Net operating revenues	42,574,606	42,480,899
Depreciation	(11,812,571)	(9,581,937)
Non-operating revenues	7,491,251	3,105,362
Non-operating expenses	<u>(8,873,909)</u>	<u>(7,181,938)</u>
Change in net assets	29,379,377	28,822,386
Net assets, beginning of year	<u>287,385,319</u>	<u>258,562,933</u>
Net assets, end of year	<u>\$ 316,764,696</u>	<u>\$ 287,385,319</u>

Significant Events

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Significant Events (Continued)

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

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

On March 10, 2005, the Commission issued Series 2005A Revenue Bonds. The Bonds were issued to provide funds to pay the costs of capital improvements to the Commission's System, including, without limitation, certain transportation infrastructure projects in certain host communities and other enhancements to the System, together with all necessary and incidental equipment, apparatus, structures and appurtenances, and including all rights-of-way and easements and all personal property that is necessary or desirable for the efficient operation of such improvements, to make a deposit to the Debt Service Reserve Fund established under the Indenture, to refund \$32,165,000 in principal relating to the outstanding Series 2003 Bonds, and to pay the costs of issuance associated with the Series 2005A Bonds.

Summary of Cash Flows	2005	2004
Cash provided by operating activities	\$ 42,510,702	\$ 43,838,267
Cash flows used in investing activities	(69,875,194)	(31,526,627)
Cash flows provided by (used in) financing activities	29,934,851	(13,072,612)
Net increase (decrease) in cash and cash equivalents	2,570,359	(760,972)
Cash and equivalents, beginning of the year	33,128,767	33,889,739
Cash and equivalents, end of the year	<u>\$ 35,699,126</u>	<u>\$ 33,128,767</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM
STATEMENTS OF NET ASSETS

	December 31,	
	2005	2004
ASSETS		
Current Assets		
Unrestricted:		
Cash and equivalents	\$ 3,143,099	\$ 2,717,087
Other assets	1,929,204	2,006,142
E-ZPass clearing account	4,492,668	3,952,393
Total Unrestricted	<u>9,564,971</u>	<u>8,675,622</u>
Restricted:		
Cash and equivalents	32,556,027	30,411,680
Accrued interest on investments	1,223,299	593,283
Bond issuance costs - current portion	167,522	145,545
Total Restricted	<u>33,946,848</u>	<u>31,150,508</u>
Total Current Assets	<u>43,511,819</u>	<u>39,826,130</u>
Non-Current Assets:		
Unrestricted:		
Investments	<u>3,106,217</u>	<u>3,087,819</u>
Restricted:		
Investments	210,541,704	146,960,610
Bond issuance costs - long-term portion	2,442,701	1,100,977
Capital assets	<u>264,421,998</u>	<u>264,056,709</u>
Total Restricted	<u>477,406,403</u>	<u>412,118,296</u>
Total Non-Current Assets	<u>480,512,620</u>	<u>415,206,115</u>
Total Assets	<u>\$ 524,024,439</u>	<u>\$ 455,032,245</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 4,354,078	\$ 4,307,625
E-ZPass customer accounts	2,748,815	2,318,944
Accrued interest on bond indebtedness	4,772,431	3,848,950
Compensated absences - current portion	120,000	120,000
Bridge system revenue bonds, series 2003 and 2005A - current portion	5,420,393	4,455,000
Premium on bonds - current portion	<u>1,073,612</u>	<u>914,812</u>
Total Current Liabilities	<u>18,489,329</u>	<u>15,965,331</u>
Non-Current Liabilities		
Compensated absences	1,743,137	1,820,028
Bridge system revenue bonds, series 2003 and 2005A	180,126,929	146,735,000
Premium on bonds - long-term portion	<u>6,900,348</u>	<u>3,126,567</u>
Total Non-Current Liabilities	<u>188,770,414</u>	<u>151,681,595</u>
Total Liabilities	<u>207,259,743</u>	<u>167,646,926</u>
Net Assets		
Invested in capital assets, net of related debt	190,394,663	154,641,441
Restricted	122,664,875	129,547,034
Unrestricted	<u>3,705,158</u>	<u>3,196,844</u>
Total Net Assets	<u>316,764,696</u>	<u>287,385,319</u>
Total Liabilities and Net Assets	<u>\$ 524,024,439</u>	<u>\$ 455,032,245</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>Year Ended December 31,</u>	
	<u>2005</u>	<u>2004</u>
Operating Revenues		
Toll bridge operations:		
Cash toll revenues, net	\$ 35,664,785	\$ 38,802,332
E-ZPass revenues, net	43,619,719	39,929,331
Miscellaneous revenues	<u>136,902</u>	<u>124,629</u>
Total toll revenues	<u>79,421,406</u>	<u>78,856,292</u>
Operating Expenses		
Toll bridge operating expenses:		
Operating and maintenance expenses	17,784,086	17,284,965
State police bridge security	2,742,758	2,065,135
Administrative expenses	10,959,145	11,561,266
Toll-supported bridge expenses	<u>5,360,811</u>	<u>5,464,027</u>
Total operating expenses	<u>36,846,800</u>	<u>36,375,393</u>
Net operating revenues	<u>42,574,606</u>	<u>42,480,899</u>
Non-Operating Revenues (Expenses)		
Investment return	6,261,686	2,024,032
Interest on bond indebtedness	(7,926,600)	(7,036,393)
Amortization of bond premium	1,182,550	914,812
Amortization of bond issuance costs	(160,120)	(145,545)
Amortization of loss on defeasance	(109,607)	-
Compact Authorized Investment program	(107,191)	-
Emergency repairs	(570,391)	-
Depreciation	(11,812,571)	(9,581,937)
Gain on sale of fixed assets	<u>47,015</u>	<u>166,518</u>
Total other expenses	<u>(13,195,229)</u>	<u>(13,658,513)</u>
Change in net assets	29,379,377	28,822,386
Net assets, beginning of year	<u>287,385,319</u>	<u>258,562,933</u>
Net assets, end of year	<u><u>\$ 316,764,696</u></u>	<u><u>\$ 287,385,319</u></u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31.</u>	
	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities		
Receipts from toll bridges	\$ 35,664,785	\$ 38,802,332
Receipts from E-ZPass	43,509,316	39,485,034
Payments to suppliers, employees, and others	(36,800,301)	(34,573,728)
Other receipts	<u>136,902</u>	<u>124,629</u>
Net cash provided by operating activities	<u>42,510,702</u>	<u>43,838,267</u>
Cash Flows from Investing Activities		
Purchases of investments, net	(64,409,810)	(15,335,474)
Investment return	6,495,720	3,165,906
Compact Authorized Investment program expense	(107,189)	-
Emergency repairs	(570,391)	-
Purchases of capital assets	<u>(11,283,524)</u>	<u>(19,357,059)</u>
Net cash used in investing activities	<u>(69,875,194)</u>	<u>(31,526,627)</u>
Cash Flows from Financing Activities		
Bond proceeds, including premium	79,189,528	-
Principal paid on bond and notes indebtedness	(36,950,000)	(5,244,811)
Deposit to escrow account for interest on defeased debt	(2,611,947)	-
Interest paid on bond indebtedness	(7,897,454)	(7,827,801)
Bond issuance costs	<u>(1,795,276)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>29,934,851</u>	<u>(13,072,612)</u>
Net increase (decrease) in cash	2,570,359	(760,972)
Cash and equivalents, beginning of year	<u>33,128,767</u>	<u>33,889,739</u>
Cash and equivalents, end of year	<u>\$ 35,699,126</u>	<u>\$ 33,128,767</u>
Reconciliation of net operating revenues to net cash provided by operating activities		
Net operating revenues	\$ 42,574,606	\$ 42,480,899
Changes in net assets and liabilities:		
Prepaid expenses and other assets	76,938	191,145
E-ZPass clearing account	(540,275)	(1,005,141)
Accounts payable and accrued expenses	46,453	1,632,657
E-ZPass customer accounts	429,871	560,844
Compensated absences	<u>(76,891)</u>	<u>(22,137)</u>
Net cash provided by operating activities	<u>\$ 42,510,702</u>	<u>\$ 43,838,267</u>
Non-cash investing activities:		
Unrealized gain on investments	\$ 234,034	\$ 1,141,874
Total non-cash investing activities	<u>\$ 234,034</u>	<u>\$ 1,141,874</u>
Non-cash financing activities:		
Amortization of bond premium	\$ 1,182,550	\$ 914,812
Amortization of loss on defeasance	(109,607)	-
Amortization of bond issuance costs	<u>(160,120)</u>	<u>(145,545)</u>
Total non-cash financing activities	<u>\$ 912,823</u>	<u>\$ 769,267</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

A. AUTHORIZED LEGISLATION AND NATURE OF ORGANIZATION

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

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

The Commission has jurisdiction for vehicular and pedestrian traffic across the Delaware River between the Commonwealth of Pennsylvania and the State of New Jersey from the Philadelphia/Bucks County line to the New York state line. The Commission's duties include the maintenance and 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 - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

Revenues

Revenues consist primarily of cash tolls and 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 toll bridges. Investment income is recognized when earned.

Basis of Investments

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

Cash and Equivalents

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

Fund Groups

In accordance with the Bond Resolution relating to the Bridge System Revenue Bonds, Series 2003 and Series 2005A, 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 - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Groups (Continued)

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

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

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

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

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

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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 all interest related to projects under construction. Capitalized interest amounted to \$894,335 and \$793,331 for 2005 and 2004, 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 with current year presentation.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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,	
	2005	2004
Cash and equivalents	\$ 35,699,126	\$ 33,128,767
Investments	213,647,921	150,048,429
	<u>\$ 249,347,047</u>	<u>\$ 183,177,196</u>

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.

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:

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

C. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

- 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, 2005 and 2004, the Commission's cash balances were exposed to custodial credit risk as follows:

	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Amount insured by the FDIC or collateralized with securities held in its name by the Commission.	\$ 2,655,614	\$ 4,388,802	\$ 2,570,649	\$ 5,463,586
Amount collateralized with securities held by the pledging financial institution's trust department in the Commission's name.	32,969,762	32,969,763	30,479,344	30,479,344
Uncategorized:				
Petty cash and collectors' change funds	<u>73,750</u>	<u>-</u>	<u>78,774</u>	<u>-</u>
	<u>\$35,699,126</u>	<u>\$37,358,565</u>	<u>\$33,128,767</u>	<u>\$35,942,930</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 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, 2005, 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

C. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

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, 2005, 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
FHLB	\$ 52,655,608	\$ 21,740,830	\$ 30,914,778	\$ -	\$ -
FHLMC	37,134,360	19,233,790	17,900,570	-	-
FMCDN	34,884,780	34,884,780	-	-	-
FNMA	48,018,848	35,124,408	12,894,440	-	-
FHLMCDN	3,900,000	3,900,000	-	-	-
FNMADN	3,986,400	3,986,400	-	-	-
FHLBDN	3,882,840	3,882,840	-	-	-
FNMDN	23,191,480	23,191,480	-	-	-
FNDN	4,926,500	4,926,500	-	-	-
PA INVEST	1,067,105	1,067,105	-	-	-
Total	<u>\$ 213,647,921</u>	<u>\$ 151,938,133</u>	<u>\$ 61,709,788</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2004, 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
FHLB	\$ 32,839,429	\$ 12,980,640	\$ 19,858,789	\$ -	\$ -
FHLMC	46,152,585	17,843,500	28,309,085	-	-
FMCDN	8,987,400	8,987,400	-	-	-
FNMA	59,540,648	24,326,195	35,214,453	-	-
FFCB	1,493,445	1,493,445	-	-	-
PA INVEST	1,034,922	1,034,922	-	-	-
Total	<u>\$ 150,048,429</u>	<u>\$ 66,666,102</u>	<u>\$ 83,382,327</u>	<u>\$ -</u>	<u>\$ -</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2005, were as follows:

	December 31, 2004	Additions	Reductions	December 31, 2005
Non-Depreciable Assets				
Land	\$ 129,604,374	\$ 15,470	\$ -	\$ 129,619,844
Infrastructure in progress	26,604,613	7,675,690	5,729,545	28,550,758
Depreciable Assets				
Bridges/road network	232,446,393	8,294,575	-	240,740,968
Equipment	24,189,011	1,921,669	255,564	25,855,116
Total at historical cost	<u>412,844,391</u>	<u>17,907,404</u>	<u>5,985,109</u>	<u>424,766,686</u>
Less Accumulated				
Depreciation				
Bridge/road network	143,229,234	8,448,658	-	151,677,892
Equipment	5,558,447	3,363,913	255,564	8,666,796
Total Accumulated				
Depreciation	<u>148,787,681</u>	<u>11,812,571</u>	<u>255,564</u>	<u>160,344,688</u>
Total Capital Assets	<u>\$ 264,056,710</u>	<u>\$ 6,094,833</u>	<u>\$ 5,729,545</u>	<u>\$ 264,421,998</u>

Depreciation expense was as follows:

Bridges/road networks	\$ 8,448,658
Equipment	<u>3,363,913</u>
Total Depreciation Expense	<u>\$ 11,812,571</u>

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

	December 31, 2003	Additions	Reductions	December 31, 2004
Non-Depreciation Assets				
Land	\$ 129,604,374	\$ -	\$ -	\$ 129,604,374
Infrastructure in progress	34,826,608	3,049,615	11,271,610	26,604,613
Depreciable Assets				
Bridges/road network	219,740,655	12,705,738	-	232,446,393
Equipment	6,007,589	18,801,034	619,612	24,189,011
Total at historical cost	<u>390,179,226</u>	<u>34,556,387</u>	<u>11,891,222</u>	<u>412,844,391</u>
Less Accumulated				
Depreciation				
Bridges/road network	135,392,390	7,836,844	-	143,229,234
Equipment	4,432,966	1,745,093	619,612	5,558,447
Total Accumulated				
Depreciation	<u>139,825,356</u>	<u>9,581,937</u>	<u>619,612</u>	<u>148,787,681</u>
Total Capital Assets	<u>\$ 250,353,870</u>	<u>\$ 24,974,450</u>	<u>\$ 11,271,610</u>	<u>\$ 264,056,710</u>

Depreciation expense was as follows:

Bridges/road networks	\$ 7,836,844
Equipment	<u>1,745,093</u>
Total Depreciation Expense	<u>\$ 9,581,937</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

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, 2004	Additions	Reductions	Bonds Outstanding (in thousands) December 31, 2005	Amounts due within one year
2003 series revenue bonds	2003-2024	3.00%-5.25%	\$ 121,800	\$ -	\$ 36,620	\$ 85,180	\$ 4,635
2003 series revenue bonds	2025-2028	5.00%	29,390	-	-	29,390	-
2005A series revenue bonds	2005-2025	4.00%-5.50%	-	59,820	330	59,490	895
2005A series revenue bonds	2026-2030	4.50%	-	12,825	-	12,825	-
Total bond principal payable			151,190	72,645	36,950	186,885	5,530
Loss on defeasance			-	(1,448)	(110)	(1,338)	(110)
Net bonds payable			<u>\$ 151,190</u>	<u>\$ 71,197</u>	<u>\$ 36,840</u>	<u>\$ 185,547</u>	<u>\$ 5,420</u>

Debt service requirements on bonds outstanding at December 31, 2005, are as follows (in thousands):

	Principal	Interest	Total
2006	\$ 5,530	\$ 9,411	\$ 14,941
2007	5,795	9,137	14,932
2008	6,080	8,850	14,930
2009	6,375	8,548	14,923
2010	6,680	8,220	14,900
2011-2015	38,570	35,343	73,913
2016-2020	41,335	23,962	65,297
2021-2025	34,305	14,064	48,369
2026-2030	42,215	5,167	47,382
	<u>\$ 186,885</u>	<u>\$ 122,702</u>	<u>\$ 309,587</u>

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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

E. BONDS PAYABLE (CONTINUED)

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, 2005 was \$1,337,678.

Bridge System Revenue Bonds, Series 2006-2007

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.

Terms. The swaps were entered into with Merrill Lynch Capital Services, Inc. ("MLCS") and Morgan Stanley Capital Services, Inc. ("MSCS"). The swaps will be effective on March 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, a division of The McGraw-Hill Companies ("S&P"), and Aa3 by Moody's Investors Service, Inc. ("Moody's"). The swaps were priced at a fixed rate of 4.184% based on an amortizing notional schedule with a combined \$150,000,000 initial notional amount. Under the swaps starting March 1, 2007, the Commission pays a fixed rate of 4.184% and receives a variable payment equal to The Bond Market Association Municipal Swap Index ("BMA"). The bonds' variable-rate coupons, when issued, will be 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 ("Insurer") 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, 2005, the swaps had a negative fair value of \$2,305,521. 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, 2005, 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

E. BONDS PAYABLE (CONTINUED)

Termination Risk. The swaps are governed by the International Swap Dealers Association Master Agreement which includes standard termination events. The swaps also include an "Additional Termination Event" whereby the swaps may be terminated if the Insurer fails to issue the swap insurance policies on or before the effective date. 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.

F. PENSION PLAN

Plan Description

The Commission contributes to the Commonwealth of Pennsylvania State Employees' Retirement System (the "System"). The System is the administrator of a cost-sharing, multiple-employer, defined-benefit retirement system. The System was established by the Commonwealth of Pennsylvania (the "Commonwealth") to provide retirement, death, and disability benefits for employees of state government and certain independent agencies. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly. Article II of the Commonwealth's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. The System issues a publicly available financial report that includes financial statements and required supplementary information for the retirement plan. That report may be obtained by writing to the Commonwealth of Pennsylvania State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, PA 17108-1147 or by calling 1-717-787-9657. Employees of the Commission are required to pay 5%-6.25% of their 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 State of New Jersey Public Employees' Retirement System. Public Employees' Retirement System of New Jersey ("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 Commission's pension contribution for the years ended December 31, 2005 and 2004, was \$309,273 and \$171,568, respectively, which equaled the required contribution.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

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 \$4,420,100 in the aggregate for all active and retired employees.

H. POST-EMPLOYMENT BENEFITS

The Commission provides certain post-employment life and health insurance benefits to its employees if they retire while working for the Commission. In accordance with the provisions of Statement No. 12 of the Governmental Accounting Standards Board, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers," expenditures for post-employment life and health insurance benefits are recognized on a pay-as-you-go basis and were approximately \$1,705,022 and \$1,550,459 in 2005 and 2004, respectively. Effective April 1, 1995, the Commission suspended post-employment life and health insurance benefits for all new hires.

As of December 31, 2005, 120 retired employees were eligible for both life and health insurance benefits. An additional 49 retired employees were eligible for life insurance benefit only, in a range of \$2,000 - \$4,000 per person.

I. COMMITMENTS AND CONTINGENCIES

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

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

In 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, 2005, the Commission had committed \$20,067,160 in grants to municipalities participating in the Compact Authorized Investment ("CAI") program. 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 - BRIDGE SYSTEM

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 a Compact Authorized Investment ("CAI") program, along with additions and changes in the original projects, the Capital Improvement Program currently stands at approximately \$640 million. As of December 31, 2005, the Commission has approved more than \$96.7 million in contracts to study and improve various facilities and systems as the initial part of that program. At December 31, 2005, the Commission had approved contracts that had not yet been completed or paid totaling approximately \$12.4 million.

In 2002, the Commission began the installation and operation of a new toll collection system which provided E-ZPass (electronic) toll processing on all of its seven toll bridges. The Commission has entered into a long-term contract to maintain its EZPass system hardware. The unpaid portion of the contract amounted to \$625,000. The system maintenance contract runs through July 2006. The Commission holds an option to extend the maintenance contract for an additional two years. In February 2006, the Commission exercised its option to extend the maintenance contract for an estimated \$2.1 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 nonpurpose investments at least once every five years. At December 31, 2005, there were no material arbitrage profits subject to rebate.

SUPPLEMENTARY INFORMATION

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF CASH AND EQUIVALENT BALANCES

December 31, 2005

	Total	Revenue Fund	Operating Fund	Clearing Fund	Construction Fund	Reserve Maintenance Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund
Commerce Bank	\$ 32,969,762	\$ -	\$ 413,735	\$ 42,121	\$ 4,721,947	\$ 7,653	\$ 5,641,289	\$ 15,726,820	\$ 6,416,197
Wachovia Bank	2,655,614	2,548,796	106,818	-	-	-	-	-	-
Petty cash and collectors' change funds	73,750	-	73,750	-	-	-	-	-	-
Total cash and equivalent balances	\$ 35,699,126	\$ 2,548,796	\$ 594,303	\$ 42,121	\$ 4,721,947	\$ 7,653	\$ 5,641,289	\$ 15,726,820	\$ 6,416,197

December 31, 2004

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF INVESTMENTS

December 31, 2005

Construction Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FHLMCDN	\$ 3,900,000	0.00%	3.82%	01-03-06	\$ 3,844,536	\$ 3,900,000
FNMADN	4,000,000	0.00%	3.91%	02-01-06	3,929,347	3,986,400
FHLBDN	3,900,000	0.00%	3.92%	02-10-06	3,827,737	3,882,840
FMCDN	7,600,000	0.00%	4.26%	03-03-06	7,541,062	7,546,800
FMCDN	7,600,000	0.00%	4.33%	04-18-06	7,497,856	7,503,480
FNMDN	7,600,000	0.00%	4.52%	05-15-06	7,471,471	7,476,880
FMCDN	5,000,000	0.00%	4.16%	01-31-06	4,949,814	4,984,000
FNMDN	5,000,000	0.00%	4.17%	02-01-06	4,949,063	4,983,000
FMCDN	5,000,000	0.00%	4.41%	03-06-06	4,932,071	4,965,000
FMCDN	5,000,000	0.00%	4.20%	03-07-06	4,931,575	4,962,500
FNDN	5,000,000	0.00%	4.41%	05-03-06	4,893,475	4,926,500
FMCDN	5,000,000	0.00%	4.45%	05-09-06	4,891,432	4,923,000
FMNDN	5,500,000	0.00%	4.55%	06-02-06	5,394,461	5,397,150
FMNDN	5,500,000	0.00%	4.64%	08-28-06	5,333,741	5,334,450
Total Construction Fund					<u>\$ 74,387,641</u>	<u>\$ 74,772,000</u>

Operating Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FNMA	\$ 2,125,000	2.00%	1.68%	03-15-06	\$ 2,128,320	\$ 2,113,716
FHLMC	1,000,000	2.27%	2.56%	04-28-06	994,375	992,500
Total Operating Fund					<u>\$ 3,122,695</u>	<u>\$ 3,106,216</u>

Reserve Maintenance Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FHLB	\$ 2,000,000	4.70%	4.70%	12-29-06	\$ 2,000,000	\$ 2,000,000
Total Reserve Maintenance Fund					<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF INVESTMENTS (CONTINUED)

December 31, 2005

General Reserve Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
PA INVEST	1,067,105	3.64%	4.00%	01-01-06	\$ 1,067,105	\$ 1,067,105
FHLB	2,100,000	5.38%	4.95%	02-15-06	2,100,000	2,101,323
FHLB	3,875,000	2.24%	1.74%	06-23-06	3,884,688	3,832,608
FHLB	4,000,000	2.29%	2.59%	07-28-06	3,965,000	3,947,520
FHLB	3,000,000	2.55%	2.55%	08-23-06	3,000,000	2,960,640
FHLB	2,000,000	2.60%	2.60%	09-01-06	2,000,000	1,973,120
FHLB	2,000,000	2.80%	2.80%	10-16-06	2,000,000	1,970,620
FHLB	3,000,000	3.22%	3.22%	12-29-06	3,000,000	2,955,000
FHLB	5,000,000	4.25%	4.64%	03-09-07	4,974,150	4,970,300
FHLB	5,000,000	4.50%	4.66%	04-17-07	4,989,063	4,981,250
FHLB	5,000,000	4.50%	4.64%	05-21-07	4,989,550	4,982,800
FHLB	3,200,000	4.25%	4.32%	08-08-07	3,195,776	3,171,007
FHLB	5,000,000	3.76%	3.92%	09-07-07	4,981,250	4,921,900
FHLB	8,000,000	4.10%	4.10%	03-14-08	8,000,000	7,887,520
FHLMC	3,000,000	2.01%	2.04%	01-27-06	2,998,125	2,994,750
FHLMC	3,000,000	2.34%	1.99%	04-28-06	2,985,938	2,978,460
FHLMC	5,000,000	3.00%	3.11%	05-26-06	4,990,000	4,968,500
FHLMC	3,500,000	2.50%	2.52%	08-09-06	3,498,359	3,456,110
FHLMC	2,000,000	3.10%	3.10%	08-25-06	2,000,000	1,980,360
FHLMC	2,000,000	2.65%	2.65%	10-12-06	2,000,000	1,969,040
FHLMC	5,000,000	4.25%	4.63%	02-28-07	4,975,800	4,970,600
FHLMC	4,000,000	4.50%	4.77%	04-18-07	3,985,080	3,979,920
FHLMC	9,000,000	3.55%	3.80%	06-22-07	8,998,594	8,844,120
FNMA	2,000,000	2.40%	2.50%	02-27-06	1,995,000	1,993,120
FNMA	3,000,000	2.30%	1.99%	04-28-06	2,988,750	2,978,430
FNMA	4,500,000	2.25%	1.99%	05-26-06	4,505,625	4,459,230
FNMA	1,700,000	2.55%	2.55%	06-01-06	1,700,000	1,684,071
FNMA	5,000,000	3.13%	3.13%	06-21-06	5,000,000	4,965,650
FNMA	1,500,000	2.50%	2.51%	07-28-06	1,499,531	1,482,195
FNMA	7,700,000	2.10%	2.10%	09-22-06	7,700,000	7,560,476
FNMA	8,000,000	3.25%	3.30%	12-21-06	7,995,000	7,887,520
FNMA	5,000,000	4.90%	4.90%	12-27-07	5,000,000	4,996,900
FNMA	3,000,000	4.25%	4.38%	08-08-07	2,992,500	2,975,640
FNMA	5,000,000	3.75%	3.87%	08-15-07	4,985,938	4,921,900
Total General Reserve Fund					<u>\$ 134,940,822</u>	<u>\$ 133,769,705</u>
Total Investments					<u>\$ 214,451,158</u>	<u>\$ 213,647,921</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF INVESTMENTS (CONTINUED)

December 31, 2004

Construction Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FHLB	\$ 10,000,000	1.27%	1.27%	03-15-05	\$ 10,000,000	\$ 9,975,000
FHLMC	6,000,000	0.00%	2.60%	06-14-05	5,926,780	5,929,800
FMCDN	6,000,000	0.00%	1.24%	01-11-05	5,928,455	5,997,000
FMCDN	3,000,000	0.00%	2.06%	02-22-05	2,980,235	2,990,400
FNMA	8,000,000	1.56%	1.61%	04-29-05	7,996,000	7,975,040
FNMA	6,000,000	0.00%	2.50%	05-23-05	5,938,437	5,941,200
FNMA	3,000,000	0.00%	2.70%	07-22-05	2,954,165	2,955,900
Total Construction Fund					<u>\$ 41,724,072</u>	<u>\$ 41,764,340</u>

Operating Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
FNMA	\$ 2,125,000	2.00%	1.68%	03-15-06	\$ 2,128,320	\$ 2,098,439
FHLMC	1,000,000	2.27%	2.56%	04-28-06	994,375	989,380
Total Operating Fund					<u>\$ 3,122,695</u>	<u>\$ 3,087,819</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF INVESTMENTS (CONTINUED)

December 31, 2004

General Reserve Fund						
Security Description	Investment Description			Maturity Date	Cost	Market Value
	Face Value	Rate	Yield			
PA INVEST	1,034,921	0.00%	1.89%	01-15-05	\$ 1,000,000	\$ 1,034,922
FFCB	1,500,000	2.10%	2.10%	08-25-05	1,500,000	1,493,445
FHLB	3,000,000	4.00%	3.83%	02-15-05	3,000,000	3,005,640
FHLB	2,100,000	5.38%	4.95%	02-15-06	2,100,000	2,151,848
FHLB	3,875,000	2.24%	1.74%	06-23-06	3,884,688	3,825,361
FHLB	4,000,000	2.29%	2.59%	07-28-06	3,965,000	3,947,520
FHLB	3,000,000	2.55%	2.55%	08-23-06	3,000,000	2,970,000
FHLB	2,000,000	2.60%	2.60%	09-01-06	2,000,000	1,981,260
FHLB	2,000,000	2.80%	2.80%	10-16-06	2,000,000	1,985,620
FHLB	3,000,000	3.22%	3.22%	12-29-06	3,000,000	2,997,180
FHLMC	2,000,000	2.07%	2.07%	08-26-05	2,000,000	1,990,820
FHLMC	2,000,000	2.00%	2.00%	10-21-05	2,000,000	1,986,140
FHLMC	3,000,000	2.07%	2.07%	10-28-05	3,000,000	2,979,600
FHLMC	2,000,000	2.25%	2.25%	12-15-05	2,000,000	1,980,960
FHLMC	3,000,000	2.50%	2.05%	12-15-05	3,000,000	2,976,180
FHLMC	3,000,000	2.01%	2.04%	01-27-06	2,998,125	2,968,200
FHLMC	3,000,000	2.34%	1.99%	04-28-06	2,985,938	2,970,450
FHLMC	5,000,000	3.00%	3.11%	05-26-06	4,990,000	4,989,900
FHLMC	3,500,000	2.50%	2.52%	08-09-06	3,498,359	3,463,985
FHLMC	2,000,000	3.10%	3.10%	08-25-06	2,000,000	1,996,220
FHLMC	2,000,000	2.65%	2.65%	10-12-06	2,000,000	1,980,900
FHLMC	9,000,000	3.55%	3.80%	06-22-07	8,998,594	8,950,050
FNMA	4,500,000	1.53%	1.53%	05-26-05	4,500,000	4,483,125
FNMA	3,000,000	2.60%	2.60%	12-29-05	3,000,000	2,970,930
FNMA	2,000,000	2.40%	2.50%	02-27-06	1,995,000	1,985,620
FNMA	3,000,000	2.30%	1.99%	04-28-06	2,988,750	2,966,250
FNMA	4,500,000	2.25%	1.99%	05-26-06	4,505,625	4,447,980
FNMA	1,700,000	2.55%	2.55%	06-01-06	1,700,000	1,680,348
FNMA	5,000,000	3.13%	3.13%	06-21-06	5,000,000	4,995,300
FNMA	1,500,000	2.50%	2.51%	07-28-06	1,499,531	1,485,000
FNMA	7,700,000	2.10%	2.10%	09-22-06	7,700,000	7,560,476
FNMA	8,000,000	3.25%	3.30%	12-21-06	7,995,000	7,995,040
Total General Reserve Fund					<u>\$105,804,610</u>	<u>\$105,196,270</u>
Total Investments					<u>\$150,651,377</u>	<u>\$150,048,429</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF OPERATIONS

Year Ended December 31, 2005 and 2004

	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	Millford- Montague Bridge
	2004	2005							
Cash toll revenues	\$ 38,869,535	\$ 35,703,480	\$ 3,570,250	\$ 882,207	\$ 14,400,294	\$ 4,153,624	\$ 783,378	\$ 11,287,061	\$ 626,666
Tickets, token refunds	(3,359)	(6,927)	(6,927)	-	-	-	-	-	-
Cash toll shortage	(63,851)	(31,769)	(16,183)	(4,198)	(4,073)	(3,817)	(1,504)	(1,565)	(429)
E-ZPass revenues	40,785,720	44,285,097	5,322,691	1,146,906	19,470,474	5,055,712	822,262	11,898,505	568,547
E-ZPass discounts and allowances	(856,382)	(665,377)	(129,447)	(44,828)	(162,919)	(104,553)	(38,507)	(156,662)	(28,461)
Miscellaneous revenues	124,629	136,902	5,768	1,625	128,107	1,402	-	-	-
Total Toll Revenues	<u>78,856,292</u>	<u>79,421,406</u>	<u>8,746,152</u>	<u>1,981,712</u>	<u>33,831,883</u>	<u>9,102,368</u>	<u>1,565,629</u>	<u>23,027,339</u>	<u>1,166,323</u>
Operating and maintenance expenses									
Salaries and wages									
Toll	3,537,791	3,692,002	487,221	355,583	826,123	519,736	306,862	966,586	229,891
Maintenance	2,654,162	2,750,414	325,465	283,810	662,140	409,439	207,141	595,258	267,141
Clerical	798,379	755,855	120,327	69,186	94,166	121,598	76,701	195,939	77,938
Supervision	2,476,611	2,525,012	483,938	196,138	479,705	487,226	202,647	473,153	202,205
Total salaries and wages	<u>9,466,943</u>	<u>9,723,283</u>	<u>1,416,951</u>	<u>904,717</u>	<u>2,062,134</u>	<u>1,537,999</u>	<u>793,371</u>	<u>2,230,936</u>	<u>777,175</u>
Social security taxes	723,857	744,819	107,674	69,085	162,040	117,192	60,391	170,152	58,285
Pension contributions	105,763	185,217	26,111	17,271	43,445	29,267	13,287	43,342	12,494
Group insurance	2,739,281	2,547,367	438,294	223,083	551,614	413,214	165,925	577,253	177,984
Heat, light and power	475,837	517,323	122,399	91,453	87,253	88,958	38,855	51,840	36,565
Office expenses	50,858	62,128	1,103	10,730	9,766	9,926	7,610	12,333	10,660
Operating supplies and expenses	992,185	1,339,302	214,076	146,570	239,953	189,066	100,551	273,603	175,483
Education, conference and communication expenses	105,634	91,709	34,002	8,460	9,478	10,770	8,730	9,909	10,360
Uniforms	49,149	45,962	4,119	2,377	9,494	14,326	1,195	9,149	5,302
Maintenance supplies and expenses									
Automotive	164,913	175,887	31,917	18,471	50,784	16,299	10,474	32,541	15,401
Buildings and grounds	224,349	251,049	49,423	46,773	43,329	53,687	16,602	8,972	32,263
Toll collecting equipment	66,684	64,057	5,387	5,899	14,284	12,546	3,165	11,984	10,792
Roadways, sidewalks and approaches	399,877	388,847	51,926	20,504	107,955	88,906	10,642	25,715	83,199
Insurance	1,719,635	1,647,136	246,912	199,084	470,167	205,094	121,421	314,740	89,718
Total Operating and Maintenance Expenses	<u>17,284,965</u>	<u>17,784,086</u>	<u>2,750,294</u>	<u>1,764,477</u>	<u>3,861,696</u>	<u>2,787,250</u>	<u>1,352,219</u>	<u>3,772,469</u>	<u>1,495,681</u>
Net revenues from toll bridges before state police bridge security, administrative expenses and toll-supported bridge expenses	<u>61,571,327</u>	<u>61,637,320</u>	<u>\$ 5,995,858</u>	<u>\$ 217,235</u>	<u>\$ 29,970,187</u>	<u>\$ 6,315,118</u>	<u>\$ 213,410</u>	<u>\$ 19,254,870</u>	<u>\$ (329,358)</u>
State police bridge security	2,065,135	2,742,758							
Administrative expenses	11,561,266	10,959,145							
Toll-supported bridge expenses	5,464,027	5,360,811							
	19,090,428	19,062,714							
Net operating revenues	<u>\$ 42,480,899</u>	<u>\$ 42,574,606</u>							

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF ADMINISTRATIVE EXPENSES

Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Salaries and wages	\$ 3,271,542	\$ 3,344,258
Social security taxes	240,629	239,809
Trustee and paying agents' fees	13,209	7,890
Pension contributions	66,403	33,495
Group insurance	644,000	655,487
Retirees' costs	1,705,022	1,550,459
Unemployment compensation	7,702	11,559
Heat, light and power	390	352
Office expenses	251,092	286,813
E-ZPass operating expenses	1,106,491	772,526
Operating supplies and expenses	209,033	151,262
Travel and meeting expenses	5,695	14,655
Education, meeting and conference expenses	97,149	131,422
Automotive repairs and expenses	1,896	110
Buildings and grounds maintenance	878	438
Professional services and legal expenses	2,923,885	3,953,016
Advertising	21,941	47,725
Insurance	<u>392,188</u>	<u>359,990</u>
	<u>\$10,959,145</u>	<u>\$11,561,266</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF TOLL-SUPPORTED BRIDGE EXPENSES

Years Ended December 31, 2005 and 2004

	2005			2004
	Total	Southern Division Bridges	Northern Division Bridges	Total
Salaries and wages	\$ 3,162,993	\$ 1,730,198	\$ 1,432,795	\$ 3,011,970
Social security taxes	241,916	130,808	111,108	229,349
Pension contributions	57,654	31,062	26,592	32,310
Group insurance	866,837	481,705	385,132	922,211
Heat, light and power	61,791	37,988	23,803	61,122
Office expenses	13,742	6,996	6,746	16,103
Operating supplies and expenses	7,452	1,924	5,528	13,789
Education and conference expenses	716	190	526	483
Uniforms	16,819	6,629	10,190	7,740
Maintenance supplies and expenses				
Automotive	10,693	1,946	8,747	13,590
Buildings and grounds	4,849	3,858	991	5,576
Roadways, sidewalks and approaches	46,305	19,680	26,625	205,471
Insurance	854,044	551,584	302,460	929,313
Civil claim	15,000	15,000	-	15,000
	<u>\$ 5,360,811</u>	<u>\$ 3,019,568</u>	<u>\$ 2,341,243</u>	<u>\$ 5,464,027</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULES OF TOLL BRIDGE TRAFFIC AND REVENUES

Years Ended December 31, 2005 and 2004

	Total - Year Ended December 31,		Trenton- Morrisville Bridge	New Hope- Lambertville Bridge	L-78 Bridge	Easton- Phillipsburg Bridge	Portland- Columbia Bridge	Delaware Water Gap Bridge	Milford- Montague Bridge
	2004	2005							
Number of Vehicles Crossing Toll Bridges, by Class									
Passenger Cars, Vans and Pickups	31,797,621	32,216,911	6,588,111	1,700,215	7,226,070	5,690,754	1,217,782	8,493,107	1,300,872
Two-Axle Trucks, Buses and Tractors	815,615	842,174	172,109	50,979	231,076	173,094	29,958	161,724	23,234
Three-Axle Trucks, Buses, Tractor and Trailer	359,727	375,712	74,247	26,248	99,176	64,105	10,874	95,818	5,244
Four-Axle Trucks, Tractor and Trailer	280,958	295,790	55,136	7,052	119,102	42,727	6,780	63,106	1,887
Five-Axle Trucks, Tractor and Trailer	3,576,352	3,563,813	185,616	26,682	1,922,988	263,496	34,076	1,120,941	10,014
Six-Axle Trucks, Tractor and Trailer	64,665	68,714	1,878	718	38,604	5,826	705	20,884	99
Vehicles Requiring Special Permits	80	80	-	4	12	-	-	64	-
Seven-or-More-Axle Trucks, Tractor and Trailer	3,201	3,134	132	48	1,420	252	12	1,246	24
Total Number of Vehicles	36,898,219	37,366,328	7,077,229	1,811,946	9,638,448	6,240,254	1,300,187	9,956,890	1,341,374
Toll Revenues of Vehicles Crossing Toll Bridges, by Class									
Passenger Cars, Vans and Pickups	\$ 21,777,668	\$ 21,941,988	\$ 4,485,117	\$ 1,138,514	\$ 4,936,572	\$ 3,849,150	\$ 834,988	\$ 5,810,788	\$ 886,859
Two-Axle Trucks, Buses and Tractors	3,943,805	4,062,533	827,286	246,382	1,114,584	834,981	144,613	781,939	112,748
Three-Axle Trucks, Buses, Tractor and Trailer	2,823,845	2,942,929	581,411	205,813	777,586	502,747	86,287	747,367	41,718
Four-Axle Trucks, Tractor and Trailer	2,898,138	3,042,728	575,024	73,047	1,210,911	443,764	71,621	648,310	20,051
Five-Axle Trucks, Tractor and Trailer	47,032,011	46,726,090	2,410,821	351,375	25,179,241	3,469,921	449,210	14,733,917	131,605
Six-Axle Trucks, Tractor and Trailer	1,004,939	1,065,045	29,721	11,387	592,190	92,249	11,374	326,544	1,580
Vehicles Requiring Special Permits	3,956	4,013	-	42	507	-	-	3,464	-
Seven-or-More-Axle Trucks, Tractor and Trailer	67,846	65,553	2,540	927	28,986	5,169	199	27,238	494
Total Toll Revenues from Vehicles	79,552,208	79,850,879	8,911,920	2,027,487	33,840,577	9,197,981	1,598,292	23,079,567	1,195,055
E-ZPass discounts and allowances and other adjustments	(695,916)	(429,473)	(165,768)	(45,775)	(8,694)	(95,613)	(32,663)	(52,228)	(28,732)
Total Toll Revenues	\$ 78,856,292	\$ 79,421,406	\$ 8,746,152	\$ 1,981,712	\$ 33,831,883	\$ 9,102,368	\$ 1,565,629	\$ 23,027,339	\$ 1,166,323

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*

WARREN A. BROUDY, CPA*
DONALD F. CONWAY, CPA*
CONRAD L. DRUKER, CPA
ESMOND S. DRUKER, CPA
EUGENE J. ELIAS, CPA, RMA
JACK H. FEIN, CPA*
MARGUERITE L. MOUNT, CPA*, CGW
ROBERT J. RAHL, CPA*
SHERISE D. RITTER, CPA*
DAVID L. STAFFORD, CPA*
RICHARD S. WILLINGER, CPA

*CPA IN NJ AND PA
*CPA IN NY
*CPA IN NJ AND NY
*CPA IN PA

PENNSYLVANIA OFFICE:
86 BUCK ROAD
HOLLAND, PA 18966
215-355-4860

◊ NATIONAL ASSOCIATED CPA FIRMS
◊ AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
◊ NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
◊ NEW YORK SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
◊ PENNSYLVANIA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
◊ PRIVATE COMPANIES PRACTICE SECTION
◊ SEC PRACTICE SECTION
◊ REGISTERED WITH THE PCAOB
◊ AN INDEPENDENTLY OWNED MEMBER OF THE
RSM MCGladREY NETWORK

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

We have audited the financial statements of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** (the "Commission") as of and for the year ended December 31, 2005, and have issued our report thereon dated March 8, 2006. 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 **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition under which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** in a separate letter dated March 8, 2006.

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)

Compliance

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

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

Mercaderin, P.C.
Certified Public Accountants

March 8, 2006