

DELAWARE RIVER JOINT TOLL
BRIDGE COMMISSION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

CONTENTS

Roster of Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Statements of Net Position	12-13
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15-16
Retiree Health Benefits Plan-Statements of Fiduciary Net Position	17
Retiree Health Benefits Plan-Statements of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19-60
Required Supplementary Information	
Schedule of Funding Progress for the Retiree Health Benefits Plan	62
Schedule of Commission's Proportionate Share of Net Pension Liability	63
Schedule of Commission's Contributions	64
Other Supplementary Schedules	
Schedule of Toll Revenue – Cash	66-67
Schedule of Toll Revenue – Electronic Toll Collection	68-69
Schedule of Operating Expenses	70-71
Analysis of E-ZPass and Violations Receivable	72
Analysis of Improvements in Progress and Analysis of Capital Assets - Completed	73
Proprietary Fund – Schedule of Investments	74
Schedule of Revenue Bonds	75-77

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Roster of Officials
As of December 31, 2017

New Jersey Commissioners

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

Pennsylvania Commissioners

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

Other Officials

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statements of net position of the Delaware River Joint Toll Bridge Commission as of December 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position and cash flows, together with the financial statements of the fiduciary fund for the years then ended, and the related notes to the financial statements, which collectively comprise the Delaware River Joint Toll Bridge Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware River Joint Toll Bridge Commission as of December 31, 2017 and 2016, and its changes in financial position and its cash flows and the net position and changes in net position of the fiduciary fund thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Board of Commissioners
Delaware River Joint Toll Bridge Commission

Adoption of Governmental Accounting Standards Board (GASB) Statements

As described in Note 1 to the financial statements, in 2017 Delaware River Joint Toll Bridge Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No.14," Statement No. 81, "Irrevocable Split-Interest Agreements," and Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73." Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
May 15, 2018

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

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, 2017, 2016 and 2015. We encourage readers to consider the information presented here in conjunction with the audited financial statements and supplementary information as a whole.

Financial Highlights

Operating revenues for the Commission totaled \$130,978,581 for the year ended December 31, 2017, which represents an increase of 0.7% over the previous year.

In 2017, net operating income totaled \$31,837,665 and Change in Net Position totaled \$6,680,285 as compared to \$35,503,635 and \$23,695,853 respectively, for 2016. Total Operating Expense increased \$4,568,471 due to primarily to increases in Depreciation Expense, Salary and Wages, Fringe Benefit cost and OPEB and GASB 68 Expense. A \$13,349,598 or 113.0% increase in Net Non-Operating expenses was driven by a \$17,103,142 or 132.5% increase in Bond Interest and Amortization expense.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements, which are comprised of the financial statements, the notes to the financial statements, and certain required supplementary information. The supplementary information includes schedules of operations, expenses, cash and equivalent balances, investments, receivables, capital assets and traffic and revenues.

Basic Financial Statements

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

The Statements of Net Position present information on the Commission's assets, deferred outflows of resources, and liabilities at December 31, 2017 and 2016, with the difference between them reported as net position. At December 31, 2017, the Commission's net position equaled \$445,007,128 as compared to \$438,326,843 in 2016, an increase of 1.5%. This increase in net assets is the result of the \$6.7 million change in Net position reported in 2017.

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

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

Notes to Financial Statements

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

Other Information

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

Financial Analysis

Commission assets, consisting of restricted and unrestricted assets, totaled \$1,319,435,712 (an increase of \$512,265,866 or 63.5%). Unrestricted current assets, totaling \$41,611,909 (an increase of \$15,071,380 or 56.8%), represents cash in the operating accounts, cash equivalent investments, and E-ZPass toll receivables. These unrestricted current assets will be used to pay current expenses, to pay current debt service, or to be transferred to the General Reserve Fund. Additionally, the Commission has non-current unrestricted assets totaling \$211,093,657 (an increase of \$16,416,503 or 8.4%) representing investments in the General Reserve Fund.

Restricted assets, which are restricted under the Trust Indenture and are mainly investments designated for the Commission's bond requirements totaling \$405,092,529 are broken into two categories. Restricted current assets of \$59,092,544 increased 327.2% from the previous year end and total non-current restricted assets, comprised of investments of bond proceeds and prepaid bond insurance totaled \$345,999,985, which represents an increase of \$335,461,411 from the 2016 year-end balance. These increases in restricted assets are the result of a \$430,250,000 bond issue sold in 2017. Net capital assets totaling \$647,868,421, a 17.9% increase over 2016, consist of land, infrastructure, and equipment with an original value of \$1,056,549,531 less accumulated depreciation of \$408,681,110. 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, 2017, the Commission had current and non-current liabilities of \$919,741,061, with the majority related to its series 2005A, 2007B, 2012A, 2012B, 2015 and 2017 bond issues, which represents an increase of \$506,199,149 from 2016. This increase in liabilities is the result of a \$453,794,180 increase in outstanding bonds payable

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

The following table contains condensed financial of information derived from the December 31, 2017, 2016, and 2015 financial statements of the Commission:

<u>Net Position</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current and Other Assets	\$ 671,567,291	\$ 257,866,604	\$ 260,345,147
Capital Assets	<u>647,868,421</u>	<u>549,303,242</u>	<u>530,181,660</u>
Total Assets	<u>1,319,435,712</u>	<u>807,169,846</u>	<u>790,526,807</u>
Deferred Outflows of Resources:			
Accumulated Decrease in Fair Value of			
Hedging Derivatives	20,775,942	21,242,012	26,388,000
Deferred Loss on Refunding	9,000,691	9,962,037	10,955,156
Deferred Outflows – Pensions	<u>17,894,072</u>	<u>14,097,160</u>	<u>5,898,578</u>
Total Deferred Outflows	<u>47,670,705</u>	<u>45,301,209</u>	<u>43,241,734</u>
Liabilities			
Bond Indebtedness	764,126,323	310,332,143	327,317,418
Other Liabilities	<u>155,614,738</u>	<u>103,209,769</u>	<u>91,116,653</u>
Total Liabilities	<u>919,741,061</u>	<u>413,541,912</u>	<u>418,434,071</u>
Deferred Inflows of Resources:			
Deferred Inflows – Pensions	<u>2,358,228</u>	<u>602,300</u>	<u>703,480</u>
Total Deferred Inflows	<u>2,358,228</u>	<u>602,300</u>	<u>703,480</u>
Net Position:			
Net Invested in Capital Assets	231,980,129	266,823,221	236,020,416
Restricted	30,710,054	15,630,456	13,318,120
Unrestricted	<u>182,316,945</u>	<u>155,873,166</u>	<u>165,292,454</u>
Total Net Position	<u>\$ 445,007,128</u>	<u>\$ 438,326,843</u>	<u>\$ 414,630,990</u>
Change in Net Position			
Operating Revenues	\$ 130,978,581	\$ 130,076,080	\$ 125,893,506
Operating Expenses	(58,573,931)	(55,983,940)	(55,830,306)
Other Post Employment Benefits & GASB 68 Expense	(9,347,481)	(8,343,111)	(5,692,298)
Depreciation	<u>(31,219,504)</u>	<u>(30,245,394)</u>	<u>(28,426,023)</u>
Total Operating Expenses	<u>(99,140,916)</u>	<u>(94,572,445)</u>	<u>(89,948,627)</u>
Net Operating Income	31,837,665	35,503,635	35,944,879
Nonoperating Revenue	4,857,165	1,103,621	722,107
Nonoperating Expenses	<u>(30,014,545)</u>	<u>(12,911,403)</u>	<u>(13,882,963)</u>
Change in Net Position	6,680,285	23,695,853	22,784,023
Net Position - January 1	<u>438,326,843</u>	<u>414,630,990</u>	<u>432,060,025</u>
Cumulative Change	<u>-</u>	<u>-</u>	<u>(40,213,058)</u>
Net Position as Restated	<u>-</u>	<u>-</u>	<u>391,846,967</u>
Net Position - December 31	<u>\$ 445,007,128</u>	<u>\$ 438,326,843</u>	<u>\$ 414,630,990</u>

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

Financial Analysis (Continued)

The following table contains condensed financial information of cash flows derived from the December 31, 2017, 2016, and 2015 financial statements of the Commission:

<u>Summary of Cash Flows</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities	\$ 69,883,668	\$ 80,531,525	\$ 67,129,102
Cash Flows from Noncapital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities	336,733,981	(78,361,784)	(63,942,442)
Cash Flows from Investing Activities	<u>(348,148,661)</u>	<u>(48,772,477)</u>	<u>27,101,635</u>
Net Increase (Decrease) in Cash and Cash Equivalents	58,468,988	(46,602,736)	30,288,295
Cash and Cash Equivalents - January 1	<u>31,491,399</u>	<u>78,094,135</u>	<u>47,805,840</u>
Cash and Cash Equivalents - December 31	<u>\$ 89,960,387</u>	<u>\$ 31,491,399</u>	<u>\$ 78,094,135</u>

Capital Assets and Debt Administration

Capital Program:

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

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

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

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

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

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

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

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

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

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

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

Long-Term Debt

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

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

As of December 31, 2017, the Commission had total bonded debt outstanding in the principal amount of \$713,350,000. This represents a net increase of \$414,395,000 from the prior year end. The increase reflects the issuance on March 1, 2017 of \$430,250,000 Series 2017 fixed rate, tax exempt bonds, offset by the amortization of other outstanding bond issues. The Series 2017 bonds were issued for the purpose of financing a portion of the Scudder Falls Bridge Replacement Project, funding debt service reserve and capitalized interest funds, and paying the costs of issuing the bonds.

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

Variable Rate Bonds and Interest Rate Exchange (Swap) Agreements

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

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

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

The original interest rate swap agreements have remained in place as a hedge of the Series 2007B Bonds through all of the various mode changes and remarketings. As of December 31, 2017, the mark-to-market value of each swap agreement was negative \$10,387,971, or a combined negative \$20,775,942.

Significant Events

On March 1, 2017 the Commission issued its Bridge System Revenue Bonds, Series 2017 in the principal amount of \$430,250,000 to finance a portion of the Scudder Falls Bridge Replacement Project, as previously described.

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

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017 AND 2016**

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

Contacting the Commission's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets			
Unrestricted Assets			
Cash and Cash Equivalents		\$ 32,254,370	\$ 17,995,152
Accounts Receivable			
E-ZPass and Violations (net of allowance for uncollectible of \$20,374,790 for 2017 and \$15,829,790 for 2016)		7,087,106	6,525,464
Other		320,954	251,613
Interfund Accounts Receivable			
Fiduciary Fund		1,676,235	1,567,095
Prepaid Expenses		<u>273,244</u>	<u>201,205</u>
Total Unrestricted Assets		<u>41,611,909</u>	<u>26,540,529</u>
Restricted Assets			
Cash and Cash Equivalents		57,706,017	13,496,247
Accrued Interest Receivable		<u>1,386,527</u>	<u>335,269</u>
Total Restricted Assets		<u>59,092,544</u>	<u>13,831,516</u>
Total Current Assets		<u>100,704,453</u>	<u>40,372,045</u>
Noncurrent Assets			
Unrestricted Assets			
Investments		<u>211,093,657</u>	<u>194,677,154</u>
Total Unrestricted Assets		<u>211,093,657</u>	<u>194,677,154</u>
Restricted Assets			
Investments		345,496,830	9,992,074
Prepaid Bond Insurance		<u>503,155</u>	<u>546,500</u>
Total Restricted Assets		<u>345,999,985</u>	<u>10,538,574</u>
Net Other Postemployment Benefits		<u>13,769,196</u>	<u>12,278,831</u>
Capital Assets			
Completed (net of accumulated depreciation)		457,239,466	473,590,206
Improvements in Progress		<u>190,628,955</u>	<u>75,713,036</u>
Total Capital Assets		<u>647,868,421</u>	<u>549,303,242</u>
Total Noncurrent Assets		<u>1,218,731,259</u>	<u>766,797,801</u>
Total Assets		<u>\$ 1,319,435,712</u>	<u>\$ 807,169,846</u>

(Continued)

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2017 AND 2016

<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2017</u>	<u>2016</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 20,775,942	\$ 21,242,012
Deferred Loss on Refunding of Debt	9,000,691	9,962,037
Deferred Outflows – Pensions	<u>17,894,072</u>	<u>14,097,160</u>
Total Deferred Outflows of Resources	<u>47,670,705</u>	<u>45,301,209</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets		
Accounts Payable and Accrued Expenses	48,395,081	17,355,428
E-Zpass Customer Deposits	100,371	79,875
Compensated Absences Payable	130,302	125,125
Retainage Payable	<u>7,061,897</u>	<u>861,864</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>55,687,651</u>	<u>18,422,292</u>
Current Liabilities Payable from Restricted Assets		
Accrued Interest Payable on Bonds	14,242,814	4,063,755
Bridge System Revenue Bonds Payable	<u>14,500,000</u>	<u>15,855,000</u>
Total Current Liabilities Payable from Restricted Assets	<u>28,742,814</u>	<u>19,918,755</u>
Noncurrent Liabilities		
Compensated Absences Payable	2,041,394	1,960,297
Bridge System Revenue Bonds Payable	749,626,323	294,477,143
Premium Payment Payable - Derivative Companion Instrument	320,333	353,639
Derivative Instrument - Interest Rate Swaps	20,775,942	21,242,012
Net Pension Liability	<u>62,546,604</u>	<u>57,167,774</u>
Total Noncurrent Liabilities	<u>835,310,596</u>	<u>375,200,865</u>
Total Liabilities	<u>919,741,061</u>	<u>413,541,912</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows – Pensions	<u>2,358,228</u>	<u>602,300</u>
Total Deferred Inflows of Resources	<u>2,358,228</u>	<u>602,300</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	231,980,129	266,823,221
Restricted	30,710,054	15,630,456
Unrestricted	<u>182,316,945</u>	<u>155,873,166</u>
Total Net Position	<u>\$ 445,007,128</u>	<u>\$ 438,326,843</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>OPERATING REVENUES</u>		
Cash Tolls, Net	\$ 24,027,737	\$ 26,060,485
E-Zpass Tolls, Net	105,109,602	102,588,956
Miscellaneous	<u>1,841,242</u>	<u>1,426,640</u>
Total Operating Revenues	<u>130,978,581</u>	<u>130,076,080</u>
<u>OPERATING EXPENSES</u>		
Administration		
Salaries and Wages	5,301,406	4,837,065
Fringe Benefits	4,282,017	3,750,334
Other	4,076,546	3,463,318
Cost of Providing Services		
Toll Bridges		
Salaries and Wages	11,383,044	10,974,933
Fringe Benefits	9,682,050	8,919,606
Other	13,317,458	14,230,498
Toll Supported Bridges		
Salaries and Wages	3,845,268	3,702,591
Fringe Benefits	3,486,798	3,107,956
Other	3,199,344	2,997,639
Other Postemployment Benefits & GASB 68 Expense	9,347,481	8,343,111
Depreciation	<u>31,219,504</u>	<u>30,245,394</u>
Total Operating Expenses	<u>99,140,916</u>	<u>94,572,445</u>
Operating Income	<u>31,837,665</u>	<u>35,503,635</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Investment Income	4,857,165	1,093,834
Gain on Disposal of Capital Assets	-	9,787
Interest Expense		
Interest on Bonds	(29,254,931)	(13,701,915)
Bond Issuance Expense	(3,330,489)	-
Amortization of Deferred Loss on Refunding of Debt	(961,346)	(993,118)
Amortization of Net Premium on Bonds	3,575,566	1,830,275
Amortization of Prepaid Bond Insurance	<u>(43,345)</u>	<u>(46,645)</u>
Total Net Nonoperating Revenue (Expense)	<u>(25,157,380)</u>	<u>(11,807,782)</u>
Change in Net Position	6,680,285	23,695,853
Net Position, January 1	<u>438,326,843</u>	<u>414,630,990</u>
Net Position, December 31	<u>\$ 445,007,128</u>	<u>\$ 438,326,843</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users		
Cash Tolls	\$ 24,027,737	\$ 26,060,485
E-Zpass Tolls	104,568,456	102,531,967
Payments for Other Goods or Services	(14,980,977)	(13,361,951)
Payments for Employees Services	(45,394,309)	(35,208,842)
Payments for Interfund Services Provided	(109,140)	(944,305)
Other Receipts	<u>1,771,901</u>	<u>1,454,171</u>
Net Cash Provided by Operating Activities	<u>69,883,668</u>	<u>80,531,525</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of Capital Assets	(97,203,576)	(49,366,978)
Proceeds from Sales of Capital Assets	-	9,787
Proceeds from Issuance of New Debt	469,848,750	-
Principal Paid on Capital Debt	(15,855,000)	(15,155,000)
Payment of Capitalized Interest Paid on Debt	(924,590)	-
Interest Paid on Capital Debt	<u>(19,131,603)</u>	<u>(13,849,593)</u>
Net Cash Used in Capital and Related Financing Activities	<u>336,733,981</u>	<u>(78,361,784)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income Received	3,915,243	1,025,145
Proceeds from Sale of Investments	1,037,359,602	178,909,364
Payments for Investments	<u>(1,389,423,506)</u>	<u>(228,706,986)</u>
Net Cash Provided by Investing Activities	<u>(348,148,661)</u>	<u>(48,772,477)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	58,468,988	(46,602,736)
Cash and Cash Equivalents, January 1 (including \$13,496,247 and \$16,500,872 reported as restricted)	<u>31,491,399</u>	<u>78,094,135</u>
Cash and Cash Equivalents, December 31 (including \$57,706,017 and \$13,496,247 reported as restricted)	<u>\$ 89,960,387</u>	<u>\$ 31,491,399</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED		
<u>BY OPERATING ACTIVITIES</u>		
Operating Income	\$ 31,837,665	\$ 35,503,635
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	31,219,504	30,245,394
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable		
E-Zpass and Violations	(561,642)	(56,888)
Other	(69,341)	(27,530)
(Increase) Decrease in Interfund Accounts Receivable	(109,140)	(944,305)
Increase in Prepaid Expenses	(72,039)	680,781
Decrease in Prepaid Bond Insurance	43,345	-
(Increase) Decrease Net Other Postemployment Benefits	(1,490,365)	6,009,635
Decrease in Accounts Payable and Accrued Expenses	(558,968)	6,339,949
Decrease in Retainage Payable	6,200,033	363,834
Increase (Decrease) in E-Zpass Customer Deposits	20,496	(100)
Decrease in Compensated Absences Payable	86,274	83,643
Increase in Net Pension Liability and Related Pension Deferrals	<u>3,337,846</u>	<u>2,333,477</u>
Net Cash Provided by Operating Activities	<u>\$ 69,883,668</u>	<u>\$ 80,531,525</u>
 <u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>		
Increase/Decrease in Accumulated Change in Fair Value of Hedging Derivatives		
Resulting from Change in Fair Value	<u>\$ (466,070)</u>	<u>\$ (806,750)</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 RETIREE HEALTH BENEFITS PLAN
 STATEMENTS OF FIDUCIARY NET POSITION
 DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 241,405	\$ 207,099
Investments	<u>91,345,180</u>	<u>77,880,172</u>
Total Assets	<u>91,586,585</u>	<u>78,087,271</u>
<u>LIABILITIES</u>		
Current Liabilities		
Interfund Accounts Payable	<u>1,676,235</u>	<u>1,567,095</u>
Total Liabilities	<u>1,676,235</u>	<u>1,567,095</u>
 NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	 <u>\$ 89,910,350</u>	 <u>\$ 76,520,176</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 RETIREE HEALTH BENEFITS PLAN
 STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ADDITIONS</u>		
Contributions		
Employer	\$ 7,500,000	\$ -
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	6,166,733	1,602,416
Interest	<u>3,043,231</u>	<u>2,692,819</u>
	9,209,964	4,295,235
Less		
Investment Expense	<u>153,835</u>	<u>179,169</u>
Net Investment Income (Expense)	<u>153,835</u>	<u>179,169</u>
Total Additions	16,556,129	4,116,066
<u>DEDUCTIONS</u>		
Benefits	3,144,351	3,040,474
Administrative Expenses	<u>21,604</u>	<u>20,841</u>
Total Deductions	<u>3,165,955</u>	<u>3,061,315</u>
Net Increase	13,390,174	1,054,751
Net Position Restricted for Other Postemployment Benefits		
January 1	<u>76,520,176</u>	<u>75,465,425</u>
December 31	<u>\$ 89,910,350</u>	<u>\$ 76,520,176</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Measurement Focus, Fund Accounting

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

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

Budgets and Budgetary Accounting

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

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

Cash, Cash Equivalents, and Investments

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

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

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

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

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

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

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

Inventory

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

Prepaid Expenses

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

Capital Assets

Capital assets primarily consist of expenditures to acquire, construct, place in operation, and improve the facilities of the Commission. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Infrastructure assets acquired prior to January 1, 2003 are reported primarily at estimated historical cost using deflated replacement cost. Assets acquired through gifts or donations are recorded at their estimated fair market value at time of acquisition.

Costs incurred for projects under construction are recorded as improvements in progress. In the year that the project is completed, these costs are transferred to completed (net of accumulated depreciation). The Commission capitalizes interest related to projects under construction. Capitalized interest for the years ended 2017 and 2016 amounted to \$924,590 and \$0, respectively.

Expenditures are capitalized when they meet the following requirements:

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

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

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

Depreciation begins when the asset is placed in service.

Bond Discounts / Premiums

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

Deferred Loss on Refunding of Debt

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

Compensated Absences

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

Derivative Instruments and Related Companion Instruments

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

Income Taxes

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

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

Operating and Non-Operating Revenues and Expenses

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

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

Net Position

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

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

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

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

Use of Estimates

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Governmental Accounting Standards Board (GASB) Statements

The Commission adopted the provisions of GASB's Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The adoption of this statement had no effect on previously reported amounts. However, the Commission's Actuarial Valuation as of January 1, 2018 in accordance with GASB Statement 74 was unavailable at the time of preparation of the financial statements. Therefore, the required GASB 74 disclosures and required supplementary confirmation is not presented. This does not materially affect the Commission's financial statements.

The Commission adopted the provisions of GASB's Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No.14." The adoption of this statement had no effect on previously reported amounts.

The Commission adopted the provisions of GASB's Statement No. 81, "Irrevocable Split-Interest Agreements." The adoption of this statement had no effect on previously reported amounts.

The Commission adopted the provisions of GASB's Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73." The adoption of this statement had no effect on previously reported amounts.

Pending Governmental Accounting Standards Board (GASB) Statements

The Government Accounting Standards Board has issued GASB's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement is required to be adopted by the Commission for the year ending December 31, 2018. The Commission has not determined the effect of GASB's Statement No. 75 on the financial statements.

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

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

The Governmental Accounting Standards Board has issued GASB's Statement No. 85, "Omnibus 2017." This statement is required to be adopted by the Commission for year ending December 31, 2019. The Commission has not determined the effect of GASB's Statement No. 85 on the financial statements.

The Governmental Accounting Standards Board has issued GASB's Statement No. 86, "Certain Debt Extinguishment Issues" This statement is required to be adopted by the Commission for year ending December 31, 2018. The Commission has not determined the effect of GASB's Statement No. 86 on the financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

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

Trust Indenture

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

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

Revenue Fund - All revenues received by the Commission are deposited in the Revenue Fund. No later than the last business day of each month, the Commission shall withdraw from the Revenue Fund and deposit to the Operating Fund the amount equal to (i) the amount shown by the annual operating budget to be necessary to pay current expenses for the ensuing month, and (ii) an amount determined by a Commission official as being reasonably necessary to pay current expenses which are expected for each month, after taking into account the amount on deposit in the Operating Account (including the amount described in clause (i) above), it being recognized that the annual operating budget may have to be amended accordingly.

Operating Account - Amounts on deposit in the Operating Account are used by the Commission to pay the Commission's operating expenses. Transfers are made from the Revenue Account on or before the last business day of the month.

Debt Service Fund - Transfers are made from the Revenue Fund on or before the last business day preceding each interest, principal or sinking fund redemption payment date to the Debt Service Fund to provide for the debt service on all series of bonds. Payments are made from the Debt Service Fund for interest on the bonds, for principal installments on the bonds, and for the redemption price for any bonds to be redeemed. At December 31, 2017 and 2016, the balance in the Debt Service Fund meets the requirements of the Trust Indenture.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Trust Indenture (Continued)

Debt Service Reserve Fund - Transfers are made to this fund from the Revenue Fund in an amount necessary to meet the Debt Service Reserve Requirement. The Debt Service Reserve Requirement is an amount equal to the Maximum Annual Debt Service on account of all of such Bonds, provided however, that the amount to be deposited in connection with the issuance of any Series of Bonds (or issue of Bonds, if multiple Series are considered one issue for tax purposes) shall not exceed an amount equal to the lesser of (A) 10% of the original principal amount of each Series of Bonds (or the issue price of such Series, or issue as aforesaid, if the original issue discount and plus any original issue premium of such issue exceeds 2% of the original aggregate principal amount of the Series of Bonds), or (B) 125% of the average annual debt service requirement on said Series of Bonds of the same issue for tax purposes.

Amounts held in the Debt Service Reserve Fund shall be used for the purpose of paying interest on maturing principal and mandatory sinking fund redemption price of Debt Service Reserve Fund Bonds whenever and to the extent that the monies held for the credit of the Debt Service Fund shall be insufficient for such purpose. At December 31, 2017 and 2016, the balance in the Debt Service Reserve Fund meets the requirements of the Trust Indenture.

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

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

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

- (a) to purchase or redeem bonds
- (b) to secure and pay the principal or redemption price of and any interest on any subordinated indebtedness
- (c) to make payments into the Construction Fund
- (d) to fund improvements, extensions and replacements of the Bridge System
- (e) as a self-insurance reserve
- (f) to further any corporate purpose

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Trust Indenture (Continued)

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

Rebate Fund - Amounts on deposit in the Rebate Fund may be used solely to make payments to the United States of America under Section 148 of the Internal Revenue Code, and to pay costs related to the calculation of the amounts due. Upon satisfaction of the Commission's covenants to calculate and pay Section 148 requirements, any amounts remaining in the Rebate Fund shall be deposited in the General Reserve Fund.

Covenants as to Tolls

The Commission is required to fix, revise, charge, and collect tolls and other charges for traffic using the crossing facilities in order to provide an amount of "net revenues" in each year equal to not less than 130% of the principal and interest requirements for such year. The Commission satisfied this requirement for the years ended December 31, 2017 and 2016.

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Operating Income	\$ 31,837,665	\$ 35,503,635
Adjustments		
Net Investment Income *	\$ 2,387,783	\$ 1,303,150
Gain on Disposal of Capital Assets	-	9,787
Depreciation Expense	31,219,504	30,245,394
Other Postemployment Benefits and GASB 68 Expense	<u>9,347,481</u>	<u>8,343,111</u>
	<u>42,954,768</u>	<u>39,901,442</u>
Net Revenues Available for Debt Service Coverage	<u>\$ 74,792,433</u>	<u>\$ 75,405,077</u>
Total Debt Service (Principal and Interest) **	<u>\$ 35,911,193</u>	<u>\$ 29,004,593</u>
Debt Service Coverage	208%	260%

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

** excludes all remarketing fees and includes capitalized interest.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Annual Budget – 2017 and 2016

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

<u>Description</u>	<u>2016</u> <u>Budget</u>	<u>2016</u> <u>Actual</u>	<u>Variance</u>
Budgetary Expenses			
Salaries and Wages	\$ 20,315,352	\$ 19,514,589	\$ 800,763
Employee Benefits	18,353,507	15,777,896	2,575,611
Utilities	928,041	619,705	308,336
Office	274,607	197,126	77,481
Telecommunications and Information Technology	1,214,506	1,040,845	173,661
Professional Development, Meetings & Memberships	251,680	122,814	128,866
E-Zpass Operating and Maintenance	6,518,884	6,720,886	(202,002)
State Police Bridge Security	5,634,648	5,391,357	243,291
Operating and Maintenance	3,629,725	2,440,073	1,189,652
Business Insurance	2,914,530	2,917,675	(3,145)
Professional Services	1,347,000	1,217,427	129,573
Advertising, Design and Marketing	60,500	23,047	37,453
General Contingency	<u>300,000</u>	<u>500</u>	<u>299,500</u>
Total Budgetary Expenses	<u>\$ 61,742,980</u>	<u>\$ 55,983,940</u>	<u>\$ 5,759,040</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 3 DETAIL NOTES – ASSETS

Cash and Cash Equivalents

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2017 and 2016, the Commission held \$89,960,387 and \$31,491,399 respectively, in cash and cash equivalents in financial institutions.

As of December 31, 2017 and 2016, the Commission's bank balance of \$91,118,884 and \$31,961,025, respectively, was exposed to custodial credit risk as follows:

	December 31, 2017		
	Enterprise Fund	Fiduciary Fund	Total
Insured	\$ 250,000	\$ -	\$ 250,000
Uninsured and Collateralized with Securities			
Held by Pledging Financial Institutions	9,624,738	-	9,624,738
Uninsured and Uncollateralized	<u>81,002,741</u>	<u>241,405</u>	<u>81,244,146</u>
	<u>\$ 90,877,479</u>	<u>\$ 241,405</u>	<u>\$ 91,118,884</u>
	December 31, 2016		
	Enterprise Fund	Fiduciary Fund	Total
Insured	\$ 250,000	\$ -	\$ 250,000
Uninsured and Collateralized with Securities			
Held by Pledging Financial Institutions	9,320,261	-	9,320,261
Uninsured and Uncollateralized	<u>22,263,272</u>	<u>127,492</u>	<u>22,390,764</u>
	<u>\$ 31,833,533</u>	<u>\$ 127,492</u>	<u>\$ 31,961,025</u>

Investments

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Commission, and are held by either the counterparty or the counterparty's trust department or agent, but not in the Commission's name. At December 31, 2017 and 2016, of the Commission's \$556,590,486 and \$204,669,229 investments in U.S. federal agency notes and bonds, U.S. government treasuries, commercial paper, and municipal and state obligations and funds, all \$556,590,486 and \$204,669,228 of investments are registered in the name of the Commission and held by the counterparty. Of the Retiree Health Benefits Plan's (fiduciary fund) \$91,345,180 and \$77,880,172 investments in mutual funds - equity and mutual funds - fixed income as of December 31, 2017 and 2016, all \$91,345,180 and \$77,880,171 of investments are registered in the name of the Commission and held by the counterparty.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Investments (Continued)

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

As of December 31, 2017 and 2016, the Commission's enterprise fund had the following investments and maturities:

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

<u>Investment Type</u>	December 31, 2016		
	Total	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Municipal and State Obligations and Funds	\$ 5,095,619	\$ 5,095,619	-
Commercial Paper	42,665,517	42,665,517	-
U.S. Federal Agency Notes and Bonds	132,935,873	70,686,262	62,249,611
U.S. Government Treasuries	23,972,220	23,972,220	-
Total	<u>\$ 204,669,229</u>	<u>\$ 142,419,618</u>	<u>\$ 62,249,611</u>

As of December 31, 2017 and 2016, the Commission's fiduciary fund had the following investments and maturities:

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

<u>Investment Type</u>	December 31, 2016		
	Total	<u>Investment Maturities (in Years)</u>	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Mutual Funds - Equity	\$ 32,630,960	\$ 32,630,960	-
Mutual Funds - Fixed Income	45,249,211	45,249,211	-
Total	<u>\$ 77,880,171</u>	<u>\$ 77,880,171</u>	<u>-</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Investments (Continued)

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

Presented are summaries of the Commission's investments by type and credit rating as of December 31, 2017 and 2016:

Enterprise Fund Investments -		<u>December 31, 2017</u>	
		Rating *	% of Total <u>Investments</u>
<u>Investment Type</u>			
Municipal and State Obligations and Funds		AAA _m	0.92%
Commercial Paper		A-1 to AA+	21.10%
U.S. Federal Agency Notes and Bonds		AA+	23.51%
U.S. Government Treasuries		AA+	54.47%
		<u>December 31, 2016</u>	
		Rating *	% of Total <u>Investments</u>
<u>Investment Type</u>			
Municipal and State Obligations and Funds		AAA _m	1.73%
Commercial Paper		A-1 to AA+	11.09%
U.S. Federal Agency Notes and Bonds		AA+	79.06%
U.S. Government Treasuries		AA+	8.12%

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

Fiduciary Fund Investments -		<u>December 31, 2017</u>	
		Rating *	% of Total <u>Investments</u>
<u>Investment Type</u>			
Mutual Funds - Equity		4 Stars	44.03%
Mutual Funds - Fixed Income		3 Stars	5.30%
Mutual Funds - Fixed Income		4 Stars	36.07%
Mutual Funds - Fixed Income		5 Stars	14.60%
		<u>December 31, 2016</u>	
		Rating *	% of Total <u>Investments</u>
<u>Investment Type</u>			
Mutual Funds - Equity		3 Stars	5.62%
Mutual Funds - Equity		4 Stars	29.55%
Mutual Funds - Equity		5 Stars	6.73%
Mutual Funds - Fixed Income		4 Stars	5.37%
Mutual Funds - Fixed Income		5 Stars	52.73%

*5 Stars represents the highest quality rating by Morningstar

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Investments (Continued)

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Capital Assets

The following schedules details changes in capital assets, by major class, that occurred during the years ended December 31, 2017 and 2016:

	Balance Jan. 1, 2017	Additions	Cap Int	Deletions	Transfers	Balance Dec. 31, 2017
Capital Assets Not Being Depreciated						
Land	\$ 132,433,995	\$ 340,715	\$ -	\$ -	\$ -	\$ 132,774,710
Improvements in Progress	<u>75,713,036</u>	<u>127,742,480</u>	<u>924,590</u>	<u>-</u>	<u>(13,751,151)</u>	<u>190,628,955</u>
Total Capital Assets Not Being Depreciated	<u>208,147,031</u>	<u>128,083,195</u>	<u>924,590</u>	<u>-</u>	<u>(13,751,151)</u>	<u>323,403,665</u>
Capital Assets Being Depreciated						
Buildings	30,020,273	-	-	-	92,870	30,113,143
Infrastructure	665,599,839	95,565	-	-	13,448,666	679,144,070
Equipment	<u>42,534,590</u>	<u>681,333</u>	<u>-</u>	<u>(19,536,884)</u>	<u>209,615</u>	<u>23,888,654</u>
Total Capital Assets Being Depreciated	<u>738,154,702</u>	<u>776,898</u>	<u>-</u>	<u>(19,536,884)</u>	<u>13,751,151</u>	<u>733,145,867</u>
Less Accumulated Depreciation for						
Buildings	(16,561,660)	(1,071,250)	-	-	-	(17,632,910)
Infrastructure	(348,034,890)	(28,243,319)	-	-	-	(376,278,209)
Equipment	<u>(32,401,941)</u>	<u>(1,904,935)</u>	<u>-</u>	<u>19,536,884</u>	<u>-</u>	<u>(14,769,992)</u>
Total Accumulated Depreciation	<u>(396,998,491)</u>	<u>(31,219,504)</u>	<u>-</u>	<u>19,536,884</u>	<u>-</u>	<u>(408,681,111)</u>
Total Capital Assets Being Depreciated, Net	<u>341,156,211</u>	<u>(30,442,606)</u>	<u>-</u>	<u>-</u>	<u>13,751,151</u>	<u>324,464,756</u>
Total Capital Assets, Net	<u>\$ 549,303,242</u>	<u>\$ 97,640,589</u>	<u>\$ 924,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 647,868,421</u>
	Balance Jan. 1, 2016	Additions	Cap Int	Deletions	Transfers	Balance Dec. 31, 2016
Capital Assets Not Being Depreciated						
Land	\$ 129,938,458	\$ 2,495,536	\$ -	\$ -	\$ -	\$ 132,433,994
Improvements in Progress	<u>38,176,547</u>	<u>45,159,608</u>	<u>-</u>	<u>-</u>	<u>(7,623,120)</u>	<u>75,713,035</u>
Total Capital Assets Not Being Depreciated	<u>168,115,005</u>	<u>47,655,144</u>	<u>-</u>	<u>-</u>	<u>(7,623,120)</u>	<u>208,147,029</u>
Capital Assets Being Depreciated						
Buildings	29,830,682	-	-	-	189,591	30,020,273
Infrastructure	662,851,737	-	(275,541)	-	3,023,644	665,599,840
Equipment	<u>36,718,263</u>	<u>1,987,373</u>	<u>-</u>	<u>(580,930)</u>	<u>4,409,885</u>	<u>42,534,591</u>
Total Capital Assets Being Depreciated	<u>729,400,682</u>	<u>1,987,373</u>	<u>(275,541)</u>	<u>(580,930)</u>	<u>7,623,120</u>	<u>738,154,704</u>
Less Accumulated Depreciation for						
Buildings	(15,496,375)	(1,065,285)	-	-	-	(16,561,660)
Infrastructure	(320,216,151)	(27,818,739)	-	-	-	(348,034,890)
Equipment	<u>(31,621,501)</u>	<u>(1,361,370)</u>	<u>-</u>	<u>580,930</u>	<u>-</u>	<u>(32,401,941)</u>
Total Accumulated Depreciation	<u>(367,334,027)</u>	<u>(30,245,394)</u>	<u>-</u>	<u>580,930</u>	<u>-</u>	<u>(396,998,491)</u>
Total Capital Assets Being Depreciated, Net	<u>362,066,655</u>	<u>(28,258,021)</u>	<u>(275,541)</u>	<u>-</u>	<u>7,623,120</u>	<u>341,156,213</u>
Total Capital Assets, Net	<u>\$ 530,181,660</u>	<u>\$ 19,397,123</u>	<u>\$ (275,541)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,303,242</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 3 DETAIL NOTES – ASSETS (CONTINUED)

Toll Revenue

<u>Toll Class</u>	For the Years Ended			
	December 31, 2017		December 31, 2016	
	<u>Vehicles</u>	<u>Revenue</u>	<u>Vehicles</u>	<u>Revenue</u>
1	34,982,713	\$ 34,982,713	34,600,628	\$ 34,600,628
2	834,555	5,373,030	905,255	5,835,738
3	482,444	5,704,667	407,440	4,820,830
4	517,663	8,140,616	447,602	7,027,236
5	3,713,444	72,767,462	3,682,321	72,116,314
6	110,710	2,575,802	104,012	2,411,203
7	4,428	121,733	8,741	238,118
8	1	88	26	1,614
11	219,878	439,756	87,493	174,986
12	14,983	29,966	114,403	228,806
13	700	1,400	4,319	8,638
15	24	24	81	81
Extra axles *	292	472	1,215	4,376
Violations	203,596	1,243,367	470,905	3,271,142
	41,085,139	\$ 131,381,096	40,833,226	\$ 130,739,710
Discounts, Violations, Allowances and Other Adjustments		(2,243,758)		(2,090,269)
		\$ 129,137,338		\$ 128,649,441

* extra axles are not included in total volume.

In December 2002, the Commission initiated electronic toll collection and E-ZPass at the bridges. The Commission records toll revenue net of uncollectible tolls, discounts, and service fees. Gross toll revenue for December 31, 2017 and 2016 was \$131,381,096 and \$130,739,710, respectively, while the adjustments for uncollectible tolls, violations, and discounts were \$2,243,758 and \$2,090,269, respectively.

NOTE 4 DETAIL NOTES – LIABILITIES

Compensated Absences

Commission employees may accumulate unused sick days with no restrictions. Employees are compensated for accumulated sick leave upon retirement or resignation at one-half of their then current hourly rate of pay times the number of days accumulated, up to a maximum of \$18,000. The accrued liability for accumulated sick leave at December 31, 2017 and 2016 is estimated at \$1,801,515 and \$1,750,575, respectively.

Commission employees may carry forward up to five (5) vacation days not used during the year. Additional carryover days may be granted with permission from the executive director. Upon separation from the Commission, the employee will be paid for all accrued vacation time at their then current hourly rate. The accrued liability for accumulated vacation time at December 31, 2017 and 2016 is estimated at \$370,181 and \$334,847 respectively.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans

Pennsylvania State Employees' Retirement System

Plan Description

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

Benefits Provided

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

Contributions

Section 5507 of the SERC (71 Pa. C.S. §5507) requires the Commonwealth and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions. The collar for Commonwealth fiscal year 13/14 was 4.5% and will remain at that rate until no longer needed. The Commission's retirement contribution, as a percentage of covered payroll, was 29.10% for the year ended December 31, 2017.

Contributions to the pension plan from the Commission were \$5,907,370 for the year ended December 31, 2017.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

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

At December 31, 2017, the Commission reported a liability of \$60,198,594 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. At December 31, 2016, the Commission's proportion was 0.31255232%, which was an increase of 0.01036029% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Commission recognized pension expense of \$8,980,323. At December 31, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 868,955	\$ 1,346,881
Net Difference between projected and actual investment earnings on pension plan investments	5,059,083	-
Changes in assumptions	3,677,053	-
Differences between employer contributions and proportionate share of contributions	-	281,596
Changes in proportion	1,314,263	258,442
Commission's contributions subsequent to measurement date	5,907,370	-
	\$ 16,826,724	\$ 1,886,919

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

The \$5,907,370 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2018	\$ 1,781,879
2019	1,781,879
2020	1,781,879
2021	1,781,879
2022	1,781,879
Thereafter	123,040
	\$ 9,032,435

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Actuarial assumptions

The following methods and assumptions were used in the December 31, 2016 actuarial valuations. These methods and assumptions were applied to all periods included in the measurement:

Investment rate of return	7.25% net of expenses including inflation
Projected salary increases	average of 5.60% with range of 3.70% - 80.90% including inflation
Inflation	2.60%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost of living adjustments (COLA)	ad hoc and are not considered to be substantively automatic

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

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Real Rate of Return
Private Equity	16.00%	8.00%
Global Public Equity	43.00%	5.30%
Real Estate	12.00%	5.44%
Hedge Funds	12.00%	4.75%
Fixed Income	14.00%	1.63%
Cash	3.00%	-0.25%
	100.00%	

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

Discount Rate

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

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

The following schedule presents the Commission's proportionate share of the 2016 and 2015 net pension liability calculated using the discount rate of 7.25% and 7.50%, respectively. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.25%	Current discount rate 7.25%	1% Increase 8.25%
Commission's share of the net pension liability as of 12/31/16 measurement date	74,498,560	60,198,594	47,952,734
	1% Decrease 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Commission's share of the net pension liability as of 12/31/15 measurement date	68,258,366	54,950,087	43,538,978

Pension plan fiduciary net position

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

State of New Jersey Public Employees' Retirement System

Plan Description

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

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

The following represents the membership tiers for PERS:

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

Benefits Provided

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

Contributions

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

During the year ending December 31, 2017, members contributed at an average rate of 7.27% of base salary; Member contributions will continue to increase each year on July 1 until the final increase on July 1, 2018 when a contribution rate of 7.5% is reached.

Employer contributions are actuarially determined by PERS. The Commission's contribution requirements for the years ended June 30, 2017, 2016, and 2015 were \$95,131, \$68,189 and \$64,202.

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

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

At December 31, 2017, the Commission reported a liability of \$2,348,010 for its proportionate share of the net pension liability. The net liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the ratio of the Commission's contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2017 and 2016. At June 30, 2017 the Commission's proportion was .0100866457%.

For the year ended December 31, 2017, the Commission recognized pension expense of \$68,189. At December 31, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 55,289	\$ -
Net Difference between projected and actual investment earnings on pension plan investments	15,988	-
Changes in assumptions	473,043	471,309
Differences between employer contributions and proportionate share of contributions	-	-
Changes in proportion Commission's contributions subsequent to measurement date	523,028	-
	<u>-</u>	<u>-</u>
	\$ 1,067,348	\$ 471,309

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2018	\$ 146,456
2019	146,456
2020	146,456
2021	146,456
Thereafter	<u>49,815</u>
	\$ 635,639

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

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

Actuarial Assumptions

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

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

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016 respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on these assumptions, the plan's fiduciary net position was projected to be available to make future benefit payments through 2033. Therefore the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Pension Plans (Continued)

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

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

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

	1% Decrease 4.00%	Current discount rate 5.00%	1% Increase 6.00%
Commission's share of the net pension liability as of 6/30/2017 measurement date	\$ 2,912,866	\$ 2,348,010	\$ 1,877,415
	1% Decrease 2.98%	Current discount rate 3.98%	1% Increase 4.98%
Commission's share of the net pension liability as of 6/30/2016 measurement date	\$ 2,657,684	\$ 2,217,687	\$ 1,854,821

Pension plan fiduciary net position

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

Other Postemployment Benefits (OPEB)

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Employees hired after December 31, 1994, attainment of 55 with 25 years of service or 60 with 20 years of service. Service includes all service in state, county, or municipal pension systems within the State of New Jersey or the Commonwealth of Pennsylvania, with the last 5 years with the Commission. Also, if an employee retires prior to 55 with 25 or more years of service, he may elect COBRA until age 55 at which time he would be eligible for the retiree health benefit plan in effect at that time.

Funding Policy - The contribution requirement of the Commission is established by the Commission's Board of Commissioners and may be amended by the same. Prior to 2009, the Commission was on a pay-as-you-go basis.

Retirees - The Commission's contributions to the plan for the years ended December 31, 2017 and 2016 were \$7,500,000 and \$0, respectively. Retirees, if hired before April 1, 1995, pay the current active co-pay of \$260 per year, and if hired on or after April 1, 1995, the retiree pays half of the dental premium and a percentage of their final year earnings toward medical, as follows: single 1.00%, husband / wife or parent / child 1.25%, or family or parent / children 1.50%.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Commission is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$5,788,306 at an unfunded discount rate of 6%.

Since the establishment of an irrevocable trust fund in 2009 for postemployment benefits, the Commission has provided funding in the amount of \$82,882,269 as of December 31, 2017.

Annual OPEB Cost and Net OPEB Obligation (Asset) - For 2017, the Commission's annual OPEB cost (expense) of \$6,009,635 for the plan was equal to the ARC minus the interest on the beginning net OPEB asset plus the adjustment to the ARC.

The Commission's annual required contribution (ARC), the interest on the net OPEB obligation (asset), the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation (asset), and the percentage of annual OPEB cost contributed to the plan for 2017, 2016, and 2015 are as follows:

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 5,778,306	\$ 5,778,306	\$ 5,541,134
Interest on the Net OPEB Obligation	(1,097,308)	(1,097,308)	(717,048)
Adjustment to the ARC	<u>1,328,637</u>	<u>1,328,637</u>	<u>868,212</u>
Annual OPEB Cost	6,009,635	6,009,635	5,692,298
Contributions	<u>(7,500,000)</u>	<u>-</u>	<u>(11,082,268)</u>
Increase (Decrease) in the NET OPEB Obligation	(1,490,365)	6,009,635	(5,389,970)
Net OPEB Obligation (Asset), January 1	<u>(12,278,831)</u>	<u>(18,288,466)</u>	<u>(12,898,496)</u>
Net OPEB Obligation (Asset), December 31	<u>\$ (13,769,196)</u>	<u>\$ (12,278,831)</u>	<u>\$ (18,288,466)</u>
Percentage of Annual OPEB Cost Contributed	125%	0%	195%

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation date, the Retiree Health Benefit Plan was 74% funded. The actuarial accrued liability for benefits was \$101,894,935 and the actuarial value of assets was \$75,465,425, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,429,510. The covered payroll (annual payroll of active employees covered by the plan) was \$19,416,733, and the ratio of the UAAL to the covered payroll was 136%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability. Under this method, the actuarial gains (losses), as they occur, reduce (increase) the unfunded actuarial accrued liability. The unfunded accrued actuarial liability (UAAL) is being amortized using a closed, level percentage amount over thirty (30) years on an open basis. The remaining amortization period at December 31, 2016 was twenty-one (21) years.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

The actuarial assumptions included the following:

- *Mortality.* The mortality table employed in the valuation was the RP 2014 Combined Generational Mortality Table using Scale MP 2015 for Males and Females projected.
- *Demographics.* Demographic assumptions used to project the data are the same as those used in the Pennsylvania State Employees' Retirement System. There is no assumption for future new hires.
- *Discount rate.* Future costs have been discounted at the rate of 6.0% compounded annually for GASB 45 purposes.
- *Withdrawal rates.* The following table shows sample annual rates of withdrawal:

Annual Rate of Withdrawal Prior to Retirement

Age	Male				Female			
	Years of Service				Years of Service			
	<u>0</u>	<u>5</u>	<u>9</u>	<u>14</u>	<u>0</u>	<u>5</u>	<u>9</u>	<u>14</u>
20	20.7%	N/A	N/A	N/A	22.4%	N/A	N/A	N/A
25	16.2%	0.8%	0.8%	N/A	20.5%	2.7%	1.9%	N/A
30	13.9%	0.8%	0.6%	0.6%	17.9%	2.4%	1.7%	1.8%
35	13.6%	0.7%	0.4%	0.4%	12.8%	1.9%	1.2%	1.3%
40	13.0%	0.5%	0.4%	0.4%	10.0%	1.9%	0.7%	0.5%
45	12.1%	0.5%	0.2%	0.2%	9.8%	1.8%	0.7%	0.5%
50	11.3%	0.5%	0.2%	0.2%	9.8%	1.8%	0.4%	0.5%
55	11.3%	0.6%	0.6%	0.6%	9.8%	1.5%	1.2%	1.2%

- *Retirement rates.* The following table shows sample annual rates of retirement at selected ages. Retirement rates vary by age, service, and Pennsylvania State Employees' Retirement Plan:

Rates of Retirement

<u>Age</u>	<u>Male</u>	<u>Female</u>
55	27.0%	23.0%
56	28.0%	23.0%
57-59	30.0%	23.0%
60	25.0%	25.0%
61	20.0%	20.0%
62	25.0%	25.0%
63-64	20.0%	20.0%
65	25.0%	25.0%
66-79	20.0%	20.0%
80	100.0%	100.0%

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

- *Salary scale.* The following table represents the assumed salary scale utilized in the projection.

<u>Assumed Salary Scale</u>			
<u>Completed Years of Service</u>	<u>Annual Increase</u>	<u>Completed Years of Service</u>	<u>Annual Increase</u>
1	8.00%	16	2.50%
2	6.00%	17	2.40%
3	4.50%	18	2.30%
4	4.00%	19	2.20%
5	3.75%	20	2.10%
6	3.50%	21	2.00%
7	3.25%	22	1.90%
8	3.20%	23	1.80%
9	3.15%	24	1.70%
10	3.10%	25	1.60%
11	3.00%	26	1.50%
12	2.90%	27	1.40%
13	2.80%	28	1.30%
14	2.70%	29	1.25%
15	2.60%	30+	1.25%

- *Healthcare claims.* A blended premium is computed for all employees and retirees not yet eligible for Medicare benefits. Under GASB Statement 45, the non-blended (or age adjusted) premium is used for computing plan costs.
- *Healthcare claims (continued).* The following represents the premium costs:

<u>Claim Cost at Selected Ages</u>						
<u>Age</u>	<u>Medical</u>	<u>Admin</u>	<u>Rx</u>	<u>Medicare Part B</u>	<u>Dental</u>	<u>Vision</u>
55	\$ 12,165	\$ 1,581	\$ 3,027	-	\$ 229	\$ 51
60	\$ 15,087	\$ 1,581	\$ 3,754	-	\$ 229	\$ 51
65	\$ 2,286	-	\$ 2,427	\$ 1,462	\$ 229	\$ 51
70	\$ 2,663	-	\$ 2,827	\$ 1,462	\$ 229	\$ 51
75	\$ 2,955	-	\$ 3,137	\$ 1,462	\$ 229	\$ 51
80	\$ 3,168	-	\$ 3,363	\$ 1,462	\$ 229	\$ 51

- *Healthcare cost trend.* The trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. The GASB statement does not require a particular source for information to determine health care trends, but it does recommend selecting a source that is “publicly available, objective and unbiased.”

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Aon Hewitt developed the trend assumption utilizing the short-term rates expected on the Commission plan along with information in published papers from other industry experts (actuaries, health economists, etc.). The trend assumption is split to reflect separate trends for pre and post-65 claims given that current standards suggest post-65 claims grow at a smaller rate than do pre-65 claims. The pre-65 assumption begins at 6.25% and decreases to a 5.0% long-term trend rate for all health care benefits after eight years. The post-65 assumption begins at 7.75% and decreases to a 5.0% long-term trend rate for all health care benefits after eight years. Additionally, a constant trend of 5.0% per year has been assumed for the Medicare Part B premiums, dental and vision benefits.

The impact of the 40% excise tax on high cost employer plans (effective in 2019) brought on by the Patient Protection and Affordable Care Act (PPACA) is estimated to be 5.07%. This impact has been reflected in the plan liabilities. All other requirements from Health Care Reform result in no additional employer liability.

- *Spouse age difference / percent married.* Males are assumed to be two (2) years older than females. Active employees are assumed to 85% married and choose family coverage at retirement.
- *Coverage assumptions.* It is assumed that 100% of current and future contingent eligible participants will elect healthcare benefits at their full eligibility age, or current age if later.

As described in Note 1, the Commission's actuarial valuation prepared in accordance with GASB Statement 74 for OPEB was unavailable at the time of preparation of the financial statements.

Bonded Indebtedness

At December 31, 2017 and 2016, the Commission had \$713,350,000 and \$298,955,000 respectively, in revenue and refunding revenue bonds outstanding. The bonds were issued in 2005, 2007, 2012, 2015, and 2017. These bonds were issued pursuant to the Trust Indenture dated January 1, 2003, as supplemented, between the Commission and the TD Bank / Pennsylvania, National Association as Trustee.

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

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

Series 2007A Bonds - In September 2007, the Commission issued \$134,170,000 in Bridge System Revenue Bonds. These Bonds were issued to provide funds to pay for the cost of capital improvements related to the system, to make deposits into the debt service reserve fund, fund capitalized interest and pay insurance and cost of issuance associated with the series.

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

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

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

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

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

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

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

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

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

The following schedules represent the debt service requirements for the outstanding bonds as of December 31, 2017:

	<u>Year</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
Series 2005A	2018	\$ 4,590,000	\$ 799,150	\$ 5,389,150
	2019	4,835,000	546,700	5,381,700
	2020	<u>5,105,000</u>	<u>280,775</u>	<u>5,385,775</u>
Total Series 2005A		<u>\$ 14,530,000</u>	<u>\$ 1,626,625</u>	<u>\$ 16,156,625</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>
Series 2007B	2018	\$ 5,250,000	\$ 5,237,891	\$ 10,487,891
	2019	5,450,000	4,985,839	10,435,839
	2020	5,650,000	4,724,184	10,374,184
	2021	5,950,000	4,452,928	10,402,928
	2022	6,250,000	4,167,268	10,417,268
	2023	6,550,000	3,867,206	10,417,206
	2024	6,800,000	3,552,740	10,352,740
	2025	7,150,000	3,226,272	10,376,272
	2026	7,450,000	2,883,001	10,333,001
	2027	7,800,000	2,525,326	10,325,326
	2028	8,200,000	2,150,848	10,350,848
	2029	8,550,000	1,757,166	10,307,166
	2030	8,900,000	1,346,681	10,246,681
	2031	9,350,000	919,392	10,269,392
	2032	<u>9,800,000</u>	<u>470,498</u>	<u>10,270,498</u>
Total Series 2007B		<u>\$ 109,100,000</u>	<u>\$ 46,267,237</u>	<u>\$ 155,367,237</u>

(1) Series 2007B are variable rate revenue bonds. The interest rate is adjusted daily as determined by the remarketing agent. The assumed interest rate at December 31, 2017 is 4.801%.

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2012A	2018	\$ 1,100,000	\$ 2,960,288	\$ 4,060,288
	2019	1,145,000	2,916,288	4,061,288
	2020	1,195,000	2,870,488	4,065,488
	2021	6,825,000	2,846,588	9,671,588
	2022	7,165,000	2,505,338	9,670,338
	2023	7,445,000	2,226,213	9,671,213
	2024	7,815,000	1,853,963	9,668,963
	2025	8,205,000	1,463,213	9,668,213
	2026	8,620,000	1,052,963	9,672,963
	2027	7,805,000	658,163	8,463,163
	2028	9,355,000	365,963	9,720,963
	2029	1,345,000	85,313	1,430,313
	2030	<u>1,385,000</u>	<u>43,281</u>	<u>1,428,281</u>
Total Series 2012A		<u>\$ 69,405,000</u>	<u>\$ 21,848,062</u>	<u>\$ 91,253,062</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2012B	2018	\$ 3,560,000	\$ 77,750	\$ 3,637,750
Total Series 2012B		<u>\$ 3,560,000</u>	<u>\$ 77,750</u>	<u>\$ 3,637,750</u>

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2015	2018	\$ -	\$ 3,615,519	\$ 3,615,519
	2019	2,410,000	3,615,519	6,025,519
	2020	2,540,000	3,519,119	6,059,119
	2021	2,540,000	3,392,119	5,932,119
	2022	2,695,000	3,265,119	5,960,119
	2023	2,795,000	3,130,369	5,925,369
	2024	2,935,000	3,018,569	5,953,569
	2025	3,015,000	2,871,819	5,886,819
	2026	3,180,000	2,721,069	5,901,069
	2027	4,540,000	2,562,069	7,102,069
	2028	3,380,000	2,425,869	5,805,869
	2029	3,480,000	2,320,244	5,800,244
	2030	3,670,000	2,146,244	5,816,244
	2031	3,785,000	1,962,744	5,747,744
	2032	545,000	1,773,494	2,318,494
	2033	10,595,000	1,755,100	12,350,100
	2034	11,020,000	1,331,300	12,351,300
	2035	11,460,000	890,500	12,350,500
	2036	<u>11,920,000</u>	<u>432,100</u>	<u>12,352,100</u>
Total Series 2015		<u>\$ 86,505,000</u>	<u>\$ 46,748,885</u>	<u>\$ 133,253,885</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2017	2018	\$ -	\$ 20,676,999	\$ 20,676,999
	2019	-	20,676,999	20,676,999
	2020	945,000	20,676,999	21,621,999
	2021	875,000	20,663,769	21,538,769
	2022	1,740,000	20,649,550	22,389,550
	2023	1,865,000	20,562,550	22,427,550
	2024	1,970,000	20,469,300	22,439,300
	2025	1,070,000	20,370,800	21,440,800
	2026	-	20,338,700	20,338,700
	2027	20,000	20,338,700	20,358,700
	2028	35,000	20,337,900	20,372,900
	2029	8,380,000	20,336,500	28,716,500
	2030	8,845,000	19,917,500	28,762,500
	2031	10,765,000	19,475,250	30,240,250
	2032	14,735,000	18,937,000	33,672,000
	2033	15,715,000	18,200,250	33,915,250
	2034	16,500,000	17,414,500	33,914,500
	2035	17,325,000	16,589,500	33,914,500
	2036	18,190,000	15,723,250	33,913,250
	2037	22,015,000	14,813,750	36,828,750
	2038	23,115,000	13,713,000	36,828,000
	2039	24,270,000	12,557,250	36,827,250
	2040	25,485,000	11,343,750	36,828,750
	2041	26,760,000	10,069,500	36,829,500
	2042	28,100,000	8,731,500	36,831,500
	2043	29,505,000	7,326,500	36,831,500
	2044	30,845,000	5,987,000	36,832,000
	2045	32,240,000	4,587,300	36,827,300
	2046	33,705,000	3,124,950	36,829,950
	2047	35,235,000	1,596,850	36,831,850
		<u>\$ 430,250,000</u>	<u>\$ 466,207,366</u>	<u>\$ 896,457,366</u>
Total Series 2017		<u>\$ 430,250,000</u>	<u>\$ 466,207,366</u>	<u>\$ 896,457,366</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Derivative Instruments

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

The fair value balances and notional amounts of derivative instruments outstanding at December 31, 2017 and 2016, classified by type, and the changes in fair value of such derivative instruments for the years then ended are as follows (debit (credit)):

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

	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2016</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Cash Flow Hedges					
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 2,572,994	Debt	\$ (10,621,006)	\$ 57,035,000
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 2,752,994	Debt	\$ (10,621,006)	\$ 57,035,000

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

Objective and Terms of Hedging Derivative Instruments - The objective of the swaps was to hedge against future interest rates by taking advantage of the current historically low interest rate environment in advance of the issuance of bonds by the Commission's 2007B bonds. The following table displays the objective and terms of the Commission's hedging derivative instruments outstanding at December 31, 2017 and 2016, along with the credit rating of the associated counterparty.

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)

Derivative Instruments (Continued)

Objective and Terms of Hedging Derivative Instruments (Continued)

As of December 31, 2016						
<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>	<u>Counterparty Credit Rating</u>
				40408720		
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-1 Series Bonds	\$ 57,035,000	10/01/07	07/01/32	138527 Pay Fixed 4.231%; Receive SIFMA Swap Index	Baa1/BBB+
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-2 Series Bonds	\$ 57,035,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	A3/A+

Risks Related to Derivative Instruments

Credit risk - As of December 31, 2017 and 2016, the Commission was not exposed to credit risk on its hedging derivative instruments as all such derivative instruments are in a liability position based on their fair values. Should interest rates change and the fair value of the swaps become positive, the Commission would be exposed to credit risk in the amount of the swaps' fair value. Agreed upon collateral threshold levels per the Credit Support Annex (CSA) require collateral to be posted based on counterparty ratings as set forth in the CSA.

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

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

Termination risk - The swaps are governed by the International Swap Dealers Association Master Agreement, which includes standard termination events. In addition, the swaps can only be terminated by the counterparties if the long-term, unenhanced rating on the bonds issued by the Commission is withdrawn, suspended or falls below Baa3 as determined by Moody's, or BBB- as determined by S&P. Furthermore, the swaps may be terminated if the counterparties' credit support provider fails to have any rated long-term, unsecured, unenhanced senior debt or if the rating of the senior debt is withdrawn, suspended or falls below Baa2 as determined by Moody's, or BBB as determined by S&P.

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 4 DETAIL NOTES – LIABILITIES (CONTINUED)Derivative Instruments (Continued)

Risks Related to Derivative Instruments (Continued)

Termination risk (Continued)

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

Summary of Long-Term Liabilities

	Outstanding Jan. 1, 2017	Additions	Reductions	Outstanding Dec. 31, 2017	Due Within One Year
Revenue Bonds:					
Principal	\$ 298,955,000	\$ 430,250,000	\$ 15,855,000	\$ 713,350,000	\$ 14,500,000
Unamortized Premiums	<u>11,377,143</u>	<u>42,974,745</u>	<u>3,575,566</u>	<u>50,776,322</u>	-
Total Revenue Bonds	<u>310,332,143</u>	<u>473,224,745</u>	<u>19,430,566</u>	<u>764,126,322</u>	<u>14,500,000</u>
Other Liabilities:					
Premium Payment Payable - Derivative Companion Instrument	353,639	-	33,308	320,331	-
Derivative Instrument - Interest Rate Swaps	21,242,012	-	466,070	20,775,942	-
Compensated Absences	2,085,422	211,399	125,125	2,171,696	130,302
Net Pension Liability	<u>57,167,774</u>	<u>5,378,830</u>	-	<u>62,546,604</u>	-
Total Other Liabilities	<u>80,848,847</u>	<u>5,590,229</u>	<u>138,527</u>	<u>85,814,573</u>	<u>130,302</u>
Total Long-Term Liabilities	<u>\$ 391,180,990</u>	<u>\$ 478,814,974</u>	<u>\$ 19,569,093</u>	<u>\$ 849,940,895</u>	<u>\$ 14,630,302</u>
	Outstanding Jan. 1, 2016	Additions	Reductions	Outstanding Dec. 31, 2016	Due Within One Year
Revenue Bonds:					
Principal	\$ 314,110,000	\$ -	\$ 15,155,000	\$ 298,955,000	\$ 15,855,000
Unamortized Premiums	<u>13,207,418</u>	-	<u>1,830,275</u>	<u>11,377,143</u>	-
Total Revenue Bonds	<u>327,317,418</u>	-	<u>16,985,275</u>	<u>310,332,143</u>	<u>15,855,000</u>
Other Liabilities:					
Premium Payment Payable - Derivative Companion Instrument	387,421	-	33,782	353,639	-
Derivative Instrument - Interest Rate Swaps	26,388,000	-	5,145,988	21,242,012	-
Compensated Absences	2,001,779	203,750	120,107	2,085,422	125,125
Net Pension Liability	<u>46,534,536</u>	<u>10,633,238</u>	-	<u>57,167,774</u>	-
Total Other Liabilities	<u>75,311,736</u>	<u>10,836,988</u>	<u>5,299,877</u>	<u>80,848,847</u>	<u>125,125</u>
Total Long-Term Liabilities	<u>\$ 402,629,154</u>	<u>\$ 10,836,988</u>	<u>\$ 22,285,152</u>	<u>\$ 391,180,990</u>	<u>\$ 15,980,125</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

NOTE 5 DEFEASED AND EXTINGUISHED DEBT

Series 2007A Bonds

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

Series 2012A Bonds

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

NOTE 6 INTERFUND BALANCES

At December 31, 2017 and 2016, interfund balances in the amounts of \$1,676,235 and \$1,567,095, respectively, existed between the enterprise fund and the fiduciary fund. The interfund was created by payments made by the enterprise fund on-behalf of the fiduciary fund (postemployment benefits).

NOTE 7 RISK MANAGEMENT

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2017 AND 2016

NOTE 8 DEFERRED COMPENSATION SALARY ACCOUNT

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

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

NOTE 9 COMMITMENTS AND CONTINGENCIES

Commitments - The Commission had several outstanding or planned construction projects as of December 31, 2017. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Awarded</u>	<u>Commitment Remaining</u>
Electronic Toll Collection System - Replacement, Design, Build and Maintain	\$ 12,462,964	\$ 2,077,271
Electronic Surveillance/Detection System	1,670,517	338,808
Scudder Falls Bridge Replacement	396,000,000	336,682,611
I-78 Maintenance Garage Expansion	10,049,000	434,792
I-78 Approach/Transition Slabs Rehabilitation	11,117,004	8,813,645
Buildings and Facilities Energy Conservation Measures, Electrical, Lighting	6,481,329	6,481,329
Milford-Montague Toll Bridge Salt Storage Building	<u>1,270,680</u>	<u>237,977</u>
Total	<u>\$ 439,051,494</u>	<u>\$ 355,066,433</u>

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

NOTE 10 SUBSEQUENT EVENTS

A) The Commission has evaluated all subsequent events through the report issue date of May 15, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Required Supplementary Information
Schedule of Funding Progress for the Retiree Health Benefits Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2016	\$ 75,465,425	\$ 101,894,935	\$ 26,429,510	74%	\$ 19,416,733	136%
1/1/2014	60,119,142	89,762,598	29,643,456	67%	17,894,602	166%
1/1/2012	37,771,605	86,706,576	48,934,971	44%	19,046,487	257%
1/1/2010	20,000,000	71,199,363	61,199,363	25%	17,328,360	353%
1/1/2008	-	110,300,000	110,300,000	0%	18,000,000	613%

OTHER POSTEMPLOYMENT BENEFITS

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Open, Level Percentage Method
Remaining Amortization Period	21 years
Asset Valuation Method	Fair Market Value Method

Actuarial Assumptions:

Investment Rate of Return	6.0%
Rate of Medical Inflation for Retirees under Age 65	6.25% grading to 5.0% over 9 years
Rate of Medical Inflation for Retirees over Age 65	7.75% grading to 5.0% over 9 years

For determining the annual required contribution (ARC), the rate of employer contributions to plan is composed of the normal cost plus amortization of the unfunded actuarial liability. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or active employee contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability.

As described in Note 1, the Commission's actuarial valuation prepared in accordance with GASB Statement 74 for OPEB was unavailable at the time of preparation of the financial statements.

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

Last 10 Fiscal Years*

	Commonwealth of Pennsylvania State Employee Retirement System - 2017	State of New Jersey Public Employees Retirement System - 2017
Measurement Date	12/31/2016	6/30/2017
Commission's Proportion of the net pension liability	0.31255232%	0.0100866457%
Commission's proportionate share of the net pension liability	\$ 60,198,594	\$ 2,348,010
Commission's covered- employee payroll	\$ 20,302,482	\$ 765,534
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	296.51%	306.72%
Plan fiduciary net position as a percentage of the total pension liability	57.80%	36.78%
	Commonwealth of Pennsylvania State Employee Retirement System - 2016	State of New Jersey Public Employees Retirement System - 2016
Measurement Date	12/31/2015	6/30/2016
Commission's Proportion of the net pension liability	0.30219203%	0.74875110%
Commission's proportionate share of the net pension liability	\$ 54,950,087	\$ 2,217,687
Commission's covered- employee payroll	\$ 19,260,226	\$ 531,733
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	285.30%	417.07%
Plan fiduciary net position as a percentage of the total pension liability	58.90%	31.20%
	Commonwealth of Pennsylvania State Employee Retirement System - 2015	State of New Jersey Public Employees Retirement System - 2015
Measurement Date	12/31/2014	6/30/2015
Commission's Proportion of the net pension liability	0.30192475%	0.74676777%
Commission's proportionate share of the net pension liability	\$ 44,858,192	\$ 1,676,344
Commission's covered- employee payroll	\$ 18,495,592	\$ 546,677
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	242.53%	306.64%
Plan fiduciary net position as a percentage of the total pension liability	64.80%	47.90%

*The Commission adopted GASB 68 on the prospective basis for the year 2015; therefore only three years are presented in the above schedule.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Required Supplementary Information
 Schedule of Commission's Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially Determined Contribution ("ADC")	\$ 5,907,370	\$ 5,057,845	\$ 2,981,231	\$ 2,946,425	\$ 2,256,596	\$ 1,646,547	\$ 1,096,224	\$ 744,292	\$ 579,830	\$ 620,367
Contributions in Relation to the ADC	5,907,370	5,057,845	2,981,231	2,946,425	2,256,596	1,646,547	1,096,224	744,292	579,830	620,367
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	21,068,016	19,791,959	19,042,239	17,392,145	14,539,682	15,126,619	18,870,378	17,190,072	16,937,177	16,676,532
Contributions as a Percentage of Covered Employee Payroll	28.0%	25.6%	15.7%	16.9%	15.5%	10.9%	5.8%	4.3%	3.4%	3.7%

OTHER SUPPLEMENTARY SCHEDULES

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Cash
For the Year Ended December 31, 2017

Class	Description	Rate	Trenton-Morrisville		New Hope-Lambertville		Interstate 78		Easton-Phillipsburg	
			Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile Subtotal	\$ 1.00	2,902,652	\$ 2,902,652	338,837	\$ 338,837	2,712,685	\$ 2,712,685	1,609,575	\$ 1,609,575
11	Auto with 1-Axle Trailer	2.00	9,406	18,812	3,615	7,230	29,208	58,416	10,733	21,466
12	Auto with 2-Axle Trailer	2.00	986	1,972	-	-	3,834	7,668	1,396	2,792
13	Auto with 3-Axle Trailer	2.00	103	206	-	-	330	660	97	194
	Automobile Subtotal		<u>2,913,147</u>	<u>2,923,642</u>	<u>342,452</u>	<u>346,067</u>	<u>2,746,057</u>	<u>2,779,429</u>	<u>1,621,801</u>	<u>1,634,027</u>
02	Comm'l 2-Axle Peak	6.50	34,140	221,910	9,528	61,932	48,815	317,298	20,921	135,987
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	5,295	63,540	3,773	45,276	11,773	141,276	5,122	61,464
03	Comm'l 3-Axle Off-Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	2,529	40,464	838	13,408	14,402	230,432	2,925	46,800
04	Comm'l 4-Axle Off-Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	18,119	362,380	4,628	92,560	325,382	6,507,640	24,771	495,420
05	Comm'l 5-Axle Off-Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	97	2,328	32	768	2,048	49,152	226	5,424
06	Comm'l 6-Axle Off-Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	21	588	4	112	240	6,720	12	336
07	Comm'l 7-Axle Off-Peak	25.20	-	-	-	-	-	-	-	-
08	Comm'l Permit		-	-	-	-	1	88	-	-
	Commercial Subtotal		<u>60,201</u>	<u>691,210</u>	<u>18,803</u>	<u>214,056</u>	<u>402,661</u>	<u>7,252,606</u>	<u>53,977</u>	<u>745,431</u>
	Extra Axles Subtotal *		-	-	-	-	39	148	-	-
	Non-Revenue *		2,378		1,801		8,876		4,254	
	Gross Cash Tolls		<u>2,973,348</u>	<u>3,614,852</u>	<u>361,255</u>	<u>560,123</u>	<u>3,148,718</u>	<u>10,032,183</u>	<u>1,675,778</u>	<u>2,379,458</u>
	Discounts, Allowances and Other Adjustments			<u>6,551</u>		<u>(886)</u>		<u>3,923</u>		<u>(2,479)</u>
	Net Cash Revenue			<u>\$ 3,621,403</u>		<u>\$ 559,237</u>		<u>\$ 10,036,106</u>		<u>\$ 2,376,979</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Schedule of Toll Revenue – Cash (Continued)
 For the Year Ended December 31, 2017

Class	Description	Rate	Portland-Columbia		Delaware Water Gap		Milford-Montage		Totals	
			Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile Subtotal	\$ 1.00	441,378	\$ 441,378	2,800,073	\$ 2,800,073	484,702	\$ 484,702	11,289,902	\$ 11,289,902
11	Auto with 1-Axle Trailer	2.00	5,293	10,586	21,166	42,332	5,664	11,328	85,085	170,170
12	Auto with 2-Axle Trailer	2.00	82	164	862	1,724	52	104	7,212	14,424
13	Auto with 3-Axle Trailer	2.00	<u>1</u>	<u>2</u>	<u>48</u>	<u>96</u>	<u>4</u>	<u>8</u>	<u>583</u>	<u>1,166</u>
	Automobile Subtotal		<u>446,754</u>	<u>452,130</u>	<u>2,822,149</u>	<u>2,844,225</u>	<u>490,422</u>	<u>496,142</u>	<u>11,382,782</u>	<u>11,475,662</u>
02	Comm'l 2-Axle Peak	6.50	4,345	28,243	35,319	229,574	5,023	32,650	158,091	1,027,592
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	1,059	12,708	6,474	77,688	646	7,752	34,142	409,704
03	Comm'l 3-Axle Off-Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	1,353	21,648	6,837	109,392	524	8,384	29,408	470,528
04	Comm'l 4-Axle Off-Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	3,315	66,300	148,149	2,962,980	2,007	40,140	526,371	10,527,420
05	Comm'l 5-Axle Off-Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	43	1,032	1,783	42,792	22	528	4,251	102,024
06	Comm'l 6-Axle Off-Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	3	84	152	4,256	4	112	436	12,208
07	Comm'l 7-Axle Off-Peak	25.20	-	-	-	-	-	-	-	-
08	Comm'l Permit		-	-	-	-	-	-	1	88
	Commercial Subtotal		<u>10,118</u>	<u>130,015</u>	<u>198,714</u>	<u>3,426,682</u>	<u>8,226</u>	<u>89,566</u>	<u>752,700</u>	<u>12,549,564</u>
	Extra Axles Subtotal *		-	-	8	32	-	-	47	180
	Non-Revenue *		1,783		7,141		3,581		29,814	
	Gross Cash Tolls		<u>456,872</u>	<u>582,145</u>	<u>3,020,863</u>	<u>6,270,939</u>	<u>498,648</u>	<u>585,708</u>	<u>12,135,482</u>	<u>24,025,406</u>
	Discounts, Allowances and Other Adjustments			<u>(1,054)</u>		<u>(3,412)</u>		<u>(313)</u>		<u>2,331</u>
	Net Cash Revenue			<u>\$ 581,091</u>		<u>\$ 6,267,527</u>		<u>\$ 585,395</u>		<u>\$ 24,027,737</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Electronic Toll Collection
For the Year Ended December 31, 2017

Class	Description	Rate	Trenton-Morrisville		New Hope-Lambertville		Interstate 78		Easton-Phillipsburg	
			ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue
01	Automobile Subtotal	\$ 1.00	5,802,689	\$ 5,802,689	1,498,344	\$ 1,498,344	6,085,675	\$ 6,085,675	3,398,564	\$ 3,398,564
11	Auto with 1-Axle Trailer	2.00	21,148	42,296	8,263	16,526	40,926	81,852	12,854	25,708
12	Auto with 2-Axle Trailer	2.00	1,658	3,316	1	2	3,991	7,982	1,289	2,578
13	Auto with 3-Axle Trailer	2.00	82	164	-	-	13	26	13	26
15	Default		13	13	-	-	1	1	4	4
	Automobile Subtotal		<u>5,825,590</u>	<u>5,848,478</u>	<u>1,506,608</u>	<u>1,514,872</u>	<u>6,130,606</u>	<u>6,175,536</u>	<u>3,412,724</u>	<u>3,426,880</u>
02	Comm'l 2-Axle Peak	6.50	131,438	854,347	30,999	201,494	219,548	1,427,062	57,987	376,916
02	Comm'l 2-Axle Off-Peak	5.85	12,509	73,178	3,189	18,656	33,792	197,683	5,206	30,455
03	Comm'l 3-Axle Peak	12.00	102,952	1,235,424	14,735	176,820	134,045	1,608,540	27,314	327,768
03	Comm'l 3-Axle Off-Peak	10.80	9,547	103,108	1,578	17,042	31,607	341,356	3,789	40,921
04	Comm'l 4-Axle Peak	16.00	91,485	1,463,760	5,429	86,864	156,405	2,502,480	25,575	409,200
04	Comm'l 4-Axle Off-Peak	14.40	11,671	168,062	2,240	32,256	46,939	675,922	2,630	37,872
05	Comm'l 5-Axle Peak	20.00	172,674	3,453,480	24,921	498,420	1,468,572	29,371,440	78,494	1,569,880
05	Comm'l 5-Axle Off-Peak	18.00	42,895	772,110	5,765	103,770	476,754	8,581,572	24,526	441,468
06	Comm'l 6-Axle Peak	24.00	1,561	37,464	502	12,048	48,247	1,157,928	932	22,368
06	Comm'l 6-Axle Off-Peak	21.60	454	9,806	556	12,010	22,528	486,605	193	4,169
07	Comm'l 7-Axle Peak	28.00	172	4,816	33	924	2,355	65,940	22	616
07	Comm'l 7-Axle Off-Peak	25.20	13	328	2	50	668	16,834	4	101
08	Comm'l Permit		-	-	-	-	-	-	-	-
	Commercial Subtotal		<u>577,371</u>	<u>8,175,883</u>	<u>89,949</u>	<u>1,160,354</u>	<u>2,641,460</u>	<u>46,433,361</u>	<u>226,672</u>	<u>3,261,733</u>
	Exit Violations		48,398	233,989	1,837	5,496	83,845	683,059	17,710	49,448
	Extra Axles Subtotal *		<u>18</u>	<u>72</u>	-	-	<u>52</u>	<u>184</u>	<u>9</u>	<u>8</u>
	Gross ETC Tolls		<u>6,451,359</u>	<u>14,258,421</u>	<u>1,598,394</u>	<u>2,680,721</u>	<u>8,855,911</u>	<u>53,292,140</u>	<u>3,657,106</u>	<u>6,738,069</u>
	Commuter Discounts			(258,673)		(69,504)		(368,421)		(161,007)
	Violations, Allowances and Other Adjustments			(1,450,970)		(152,874)		(3,267,656)		(623,227)
	Penalties on Violations			1,293,488		153,208		2,778,440		732,047
	Commission Vehicles			(9,115)		(7,806)		(15,076)		(13,756)
	Net ETC Revenue			<u>\$ 13,833,151</u>		<u>\$ 2,603,745</u>		<u>\$ 52,419,427</u>		<u>\$ 6,672,126</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue – Electronic Toll Collection (Continued)
For the Year Ended December 31, 2017

Class	Description	Rate	Portland-Columbia		Delaware Water Gap		Milford-Montage		Totals	
			ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue
01	Automobile Subtotal	\$ 1.00	729,030	\$ 729,030	5,402,126	\$ 5,402,126	776,383	\$ 776,383	23,692,811	\$ 23,692,811
11	Auto with 1-Axle Trailer	2.00	5,456	10,912	41,170	82,340	4,976	9,952	134,793	269,586
12	Auto with 2-Axle Trailer	2.00	26	52	773	1,546	33	66	7,771	15,542
13	Auto with 3-Axle Trailer	2.00	-	-	9	18	-	-	117	234
15	Default		3	3	1	1	2	2	24	24
	Automobile Subtotal		<u>734,515</u>	<u>739,997</u>	<u>5,444,079</u>	<u>5,486,031</u>	<u>781,394</u>	<u>786,403</u>	<u>23,835,516</u>	<u>23,978,197</u>
02	Comm'l 2-Axle Peak	6.50	13,092	85,098	132,544	861,536	11,506	74,789	597,114	3,881,241
02	Comm'l 2-Axle Off-Peak	5.85	974	5,698	22,588	132,140	1,092	6,388	79,350	464,198
03	Comm'l 3-Axle Peak	12.00	7,211	86,532	88,466	1,061,592	3,028	36,336	377,751	4,533,012
03	Comm'l 3-Axle Off-Peak	10.80	694	7,495	23,132	249,826	204	2,203	70,551	761,951
04	Comm'l 4-Axle Peak	16.00	25,265	404,240	92,817	1,485,072	2,534	40,544	399,510	6,392,160
04	Comm'l 4-Axle Off-Peak	14.40	1,123	16,171	24,024	345,946	118	1,699	88,745	1,277,928
05	Comm'l 5-Axle Peak	20.00	27,243	544,860	658,193	13,163,860	6,267	125,340	2,436,364	48,727,280
05	Comm'l 5-Axle Off-Peak	18.00	4,051	72,918	195,788	3,524,184	930	16,740	750,709	13,512,762
06	Comm'l 6-Axle Peak	24.00	397	9,528	20,895	501,480	76	1,824	72,610	1,742,640
06	Comm'l 6-Axle Off-Peak	21.60	18	389	10,098	218,117	2	43	33,849	731,138
07	Comm'l 7-Axle Peak	28.00	11	308	585	16,380	10	280	3,188	89,264
07	Comm'l 7-Axle Off-Peak	25.20	1	25	113	2,848	3	76	804	20,261
08	Comm'l Permit		-	-	-	-	-	-	-	-
	Commercial Subtotal		<u>80,080</u>	<u>1,233,262</u>	<u>1,269,243</u>	<u>21,562,979</u>	<u>25,770</u>	<u>306,262</u>	<u>4,910,545</u>	<u>82,133,835</u>
	Exit Violations		1,593	6,679	48,926	261,320	1,287	3,378	203,596	1,243,367
	Extra Axles Subtotal *		-	-	7	28	-	-	86	292
	Gross ETC Tolls		<u>816,188</u>	<u>1,979,938</u>	<u>6,762,248</u>	<u>27,310,358</u>	<u>808,451</u>	<u>1,096,043</u>	<u>28,949,657</u>	<u>107,355,690</u>
	Commuter Discounts			(35,127)		(284,525)		(35,569)		(1,212,826)
	Violations, Allowances and Other Adjustments			(121,880)		(2,040,325)		(102,060)		(7,758,992)
	Penalties on Violations			109,208		1,624,948		111,303		6,802,642
	Commission Vehicles			(10,644)		(11,214)		(9,302)		(76,913)
	Net ETC Revenue			<u>\$ 1,921,494</u>		<u>\$ 26,599,243</u>		<u>\$ 1,060,415</u>		<u>\$ 105,109,602</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Operating Expenses
For the Year Ended December 31, 2017 with Comparative Totals for 2016

<u>Description</u>	<u>Total</u> <u>Year Ended December 31,</u>		<u>Trenton -</u>	<u>New Hope -</u>		<u>Easton -</u>
	<u>2016</u>	<u>2017</u>	<u>Morrisville</u>	<u>Lambertville</u>	<u>I-78</u>	<u>Phillipsburg</u>
Salaries and Wages	\$ 19,514,589	\$ 20,529,718	\$ 1,752,246	\$ 1,148,485	\$ 2,377,341	\$ 1,813,260
Employee Benefits	15,777,896	17,450,865	1,530,388	967,653	2,125,612	1,473,351
GASB 68	2,333,476	3,337,847	265,512	172,710	379,100	263,160
Other Postemployment Benefits	6,009,635	6,009,635	563,103	347,958	778,248	530,050
	<u>43,635,596</u>	<u>47,328,065</u>	<u>4,111,249</u>	<u>2,636,806</u>	<u>5,660,301</u>	<u>4,079,821</u>
Heat, Light, and Power	619,705	628,692	121,732	102,729	92,987	83,235
Office Expense	197,126	203,164	971	411	1,730	2,330
Information Technology and Communications	1,040,845	1,653,579	79,594	66,734	138,081	121,797
Travel, Meetings, and Education Expense	122,814	124,186	692	1,168	5,045	5,592
E-Zpass Operating and Maintenance	6,720,886	5,418,441	1,100,597	366,885	1,559,012	733,903
State Police Bridge Security	5,391,357	5,509,430	817,852	170,179	950,030	480,798
Operating and Maintenance Expenses	2,440,573	2,742,105	306,178	151,037	315,960	193,743
Insurance	2,917,675	2,848,527	379,954	262,485	477,253	197,744
Professional Service Fees	1,217,427	1,442,142	-	-	-	-
Advertising and Marketing	23,047	23,081	-	-	-	-
Depreciation	30,245,394	31,219,504	4,945,156	2,376,747	7,394,073	2,214,883
	<u>50,936,849</u>	<u>51,812,851</u>	<u>7,752,726</u>	<u>3,498,375</u>	<u>10,934,171</u>	<u>4,034,025</u>
Total Operating Expenses	<u>\$ 94,572,445</u>	<u>\$ 99,140,916</u>	<u>\$ 11,863,975</u>	<u>\$ 6,135,181</u>	<u>\$ 16,594,472</u>	<u>\$ 8,113,846</u>

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Operating Expenses (Continued)
For the Year Ended December 31, 2017 with Comparative Totals for 2016

<u>Description</u>	Portland - <u>Columbia</u>	Delaware <u>Water Gap</u>	Milford - <u>Montague</u>	Toll Supported <u>Bridges</u>	Administrative <u>Expenses</u>
Salaries and Wages	\$ 759,381	\$ 2,717,877	\$ 814,454	\$ 3,845,268	\$ 5,301,406
Employee Benefits	695,810	2,190,534	698,702	3,486,798	4,282,017
GASB 68	131,412	387,620	129,886	609,844	998,603
Other Postemployment Benefits	<u>248,198</u>	<u>794,474</u>	<u>248,198</u>	<u>1,291,470</u>	<u>1,207,936</u>
	<u>1,834,801</u>	<u>6,090,505</u>	<u>1,891,240</u>	<u>9,233,380</u>	<u>11,789,962</u>
Heat, Light, and Power	44,186	55,559	55,732	72,532	-
Office Expense	1,034	1,101	1,323	553	193,711
Information Technology and Communications	64,209	89,213	56,133	203,594	834,224
Travel, Meetings, and Education Expense	872	4,629	2,779	22	103,387
E-Zpass Operating and Maintenance	213,261	1,231,068	213,715	-	-
State Police Bridge Security	111,801	748,265	93,626	2,136,879	-
Operating and Maintenance Expenses	64,066	203,261	107,995	111,508	1,288,357
Insurance	143,965	400,545	120,682	674,255	191,644
Professional Service Fees	-	-	-	-	1,442,142
Advertising and Marketing	-	-	-	-	23,081
Depreciation	<u>684,885</u>	<u>2,544,008</u>	<u>1,571,728</u>	<u>6,504,762</u>	<u>2,983,262</u>
	<u>1,328,279</u>	<u>5,277,649</u>	<u>2,223,713</u>	<u>9,704,105</u>	<u>7,059,808</u>
Total Operating Expenses	<u>\$ 3,163,080</u>	<u>\$ 11,368,154</u>	<u>\$ 4,114,953</u>	<u>\$ 18,937,485</u>	<u>\$ 18,849,770</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Analysis of E-ZPass and Violations Receivable
 For the Year Ended December 31, 2017

Analysis of E-Zpass and Violations Receivable	
Balance January 1, 2017	\$ 6,525,464
Increased by:	
Gross E-Zpass Tolls	107,355,690
Delaware River Joint Toll Bridge Commission Vehicles	(76,913)
Commuter Discounts	(1,212,827)
Toll Violations, Allowanced and Charge-Offs	<u>256,480</u>
	<u>106,322,430</u>
	112,847,894
Decreased by:	
Cash Received from Other Agencies	102,461,588
Cash Received from Violations	<u>3,299,200</u>
	<u>105,760,788</u>
Balance December 31, 2017	<u>\$ 7,087,106</u>
Analysis of Balance:	
E-Zpass - Due from Other Agencies	4,554,741
Toll Violations Receivable	22,907,155
Allowance for Uncollectibles	<u>(20,374,790)</u>
	<u>\$ 7,087,106</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Analysis of Improvements in Progress and
 Analysis of Capital Assets - Completed
 For the Year Ended December 31, 2017

Analysis of Improvements in Progress			
Balance January 1, 2017		\$	75,713,035
Increased by:			
Disbursements	127,742,480		
Capitalized Interest on Bonds	<u>924,591</u>		
			<u>128,667,071</u>
			204,380,106
Decreased by:			
Transferred to Capital Assets - Completed			<u>13,751,151</u>
 Balance December 31, 2017		 \$	 <u><u>190,628,955</u></u>

Analysis of Capital Assets – Completed
 For the Year Ended December 31, 2017

Transferred to Capital Assets - Completed

	January 1, 2017	Additions	Deletions	December 31, 2017
Land	\$ 132,433,995	\$ 340,715	\$ -	\$ 132,774,710
Buildings	30,020,273	92,870	-	30,113,143
Infrastructure	665,599,839	13,544,231	-	679,144,070
Equipment	<u>42,534,590</u>	<u>890,948</u>	<u>19,536,884</u>	<u>23,888,654</u>
	870,588,697	14,868,764	19,536,884	865,920,577
Less: Accumulated Depreciation	<u>396,998,491</u>	<u>31,219,504</u>	<u>19,536,884</u>	<u>408,681,111</u>
	<u>\$ 473,590,206</u>	<u>\$ (16,350,740)</u>	<u>\$ -</u>	<u>\$ 457,239,466</u>
 Transferred from Improvements In Progress		 \$ 13,751,151		
Disbursements		<u>1,117,613</u>		
		<u>\$ 14,868,764</u>		

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Proprietary Fund
Schedule of Investments
As of December 31, 2017

Face	Name of Investment	Coupon Rate	Maturity Date	Market Value	Fair Value Cost	S&P/Moody's Rating
\$ 6,000,000	FHLB .75%	0.750%	1/19/2018	5,999,040.00	6,000,840.00	AA+
\$ 10,000,000	FNMA .75%	0.750%	4/9/2018	9,981,600.00	9,980,700.00	AA+
\$ 10,000,000	Fed Natl Mtg Assn .875%	0.875%	5/21/2018	9,974,200.00	9,999,400.00	AA+
\$ 10,000,000	Fed Hm Ln Bk 1.1%	1.100%	9/21/2018	9,955,500.00	10,000,000.00	AA+
\$ 5,000,000	FHLMC .875%	0.875%	10/12/2018	4,965,400.00	4,971,400.00	AA+
\$ 7,000,000	FHLMC 1.05%	1.050%	10/26/2018	6,954,570.00	7,000,000.00	AA+
\$ 1,991,000	Fed Farm Credit Bank 1.01%	1.010%	10/26/2018	1,978,416.88	1,990,004.50	AA+
\$ 4,103,000	Fed Farm Credit Bank 1.01%	1.010%	10/26/2018	4,077,069.04	4,100,948.50	AA+
\$ 1,866,000	Fed Farm Credit Bank 1.01%	1.010%	10/26/2018	1,854,206.88	1,865,067.00	AA+
\$ 2,500,000	FHLMC 1%	1.000%	11/30/2018	2,482,225.00	2,496,250.00	AA+
\$ 9,100,000	FHLMC 1.08%	1.080%	12/5/2018	9,038,484.00	9,093,175.00	AA+
\$ 3,000,000	Fed Natl Mtg Assn 1%	1.000%	2/26/2019	2,971,980.00	2,980,434.00	AA+
\$ 5,000,000	FHLB 1.5%	1.500%	3/8/2019	4,980,050.00	4,994,495.00	AA+
\$ 6,000,000	Fed Home Ln MTG 1.125%	1.125%	4/15/2019	5,945,100.00	5,962,758.00	AA+
\$ 5,000,000	FHLB 1.5%	1.500%	4/26/2019	4,976,250.00	4,998,750.00	AA+
\$ 3,000,000	FHLB 1.5%	1.500%	4/26/2019	2,985,750.00	2,995,500.00	AA+
\$ 6,000,000	Fed Home Loan BK 1.375%	1.375%	5/28/2019	5,960,040.00	5,985,504.00	AA+
\$ 14,000,000	FHLB 1.125%	1.125%	6/21/2019	13,851,740.00	13,892,074.00	AA+
\$ 5,000,000	FHLB 1.5%	1.500%	6/28/2019	4,969,300.00	4,992,000.00	AA+
\$ 5,000,000	FHLB 1.5%	1.500%	6/28/2019	4,969,300.00	4,995,750.00	AA+
\$ 6,000,000	FHLMC .875%	0.875%	7/19/2019	5,906,160.00	5,928,228.00	AA+
\$ 6,000,000	FHLB 1.625%	1.625%	10/30/2019	5,969,100.00	5,666,178.00	AA+

Totals - U.S. Federal Agency Notes and Bonds \$ 130,745,482 \$ 130,889,456

\$ 9,000,000	US Treasury Note 0.75%	0.750%	1/31/2018	8,996,670.00	8,979,804.69	AAA
\$ 5,295,000	U S Treasury Note .75%	0.750%	1/31/2018	5,293,040.85	5,282,383.01	AAA
\$ 1,000,000	U S Treasury Note .75%	0.750%	1/31/2018	999,630.00	997,617.19	AAA
\$ 5,730,000	U S Treasury Note .75%	0.750%	1/31/2018	5,727,879.90	5,716,346.49	AAA
\$ 30,645,000	U S Treasury Note .75%	0.750%	1/31/2018	30,633,661.35	30,571,978.72	AAA
\$ 1,015,000	U S Treasury Note .75%	0.750%	1/31/2018	1,014,624.45	1,012,581.45	AAA
\$ 3,770,000	U S Treasury Note .75%	0.750%	1/31/2018	3,768,605.10	3,761,016.80	AAA
\$ 40,000,000	US Treasury Note .75%	0.750%	1/31/2018	39,985,200.00	39,904,687.49	AAA
\$ 9,500,000	US Treasury Note 0.75%	0.750%	2/28/2018	9,491,260.00	9,475,878.91	AAA
\$ 6,000,000	US Treasury Note .875%	0.875%	3/31/2018	5,992,680.00	5,994,140.64	AAA
\$ 7,000,000	US Treasury Note 0.75%	0.750%	4/30/2018	6,984,950.00	6,978,398.42	AAA
\$ 7,500,000	US Treasury Bond 1%	1.000%	5/31/2018	7,485,075.00	7,488,574.20	AAA
\$ 9,000,000	US Treasury Note 1.125%	1.125%	6/15/2018	8,986,320.00	8,986,289.04	AAA
\$ 6,000,000	US Treasury N/B .625%	0.625%	6/30/2018	5,975,400.00	5,965,312.50	AAA
\$ 5,000,000	US Treasury Note .875%	0.875%	7/15/2018	4,982,350.00	4,980,859.38	AAA
\$ 10,000,000	US Treasury Note .875%	0.875%	7/15/2018	9,964,700.00	9,961,718.75	AAA
\$ 6,000,000	US Treasury Note 0.75%	0.750%	7/31/2018	5,970,840.00	5,970,703.14	AAA
\$ 10,000,000	US Treasury Note .75%	0.750%	7/31/2018	9,951,400.00	9,951,953.10	AAA
\$ 15,000,000	US Treasury N/B	1.000%	8/15/2018	14,941,200.00	14,943,750.00	AAA
\$ 6,000,000	US Treasury N/B .75%	0.750%	8/31/2018	5,963,700.00	5,966,484.36	AAA
\$ 5,000,000	US Treasury N/B .75%	0.750%	8/31/2018	4,969,750.00	4,970,703.13	AAA
\$ 20,000,000	US Treasury N/B .75%	0.750%	9/30/2018	19,859,400.00	19,860,937.50	AAA
\$ 15,000,000	US Treasury Note .75%	0.750%	10/31/2018	14,877,600.00	14,893,945.31	AAA
\$ 7,000,000	US Treasury Notes 1.25%	1.250%	12/31/2018	6,961,850.00	6,994,804.67	AAA
\$ 10,000,000	US Treasury Notes 1.25%	1.250%	12/31/2018	9,945,500.00	9,992,578.10	AAA
\$ 9,000,000	US Treasury Note 1.125%	1.125%	1/15/2019	8,935,650.00	8,986,289.04	AAA
\$ 10,000,000	US Treasury Note 1.25%	1.250%	4/30/2019	9,922,300.00	9,984,765.60	AAA
\$ 13,000,000	US Treasury .875%	0.875%	5/15/2019	12,830,480.00	12,866,445.31	AAA
\$ 5,000,000	US Treasury Note 1.5%	1.500%	5/31/2019	4,975,700.00	4,982,031.25	AAA
\$ 10,000,000	US Treasury Bonds .875%	0.875%	7/31/2019	9,850,000.00	9,908,593.75	AAA
\$ 4,054,000	US Treasury Note 1.375%	1.375%	7/31/2019	4,023,432.84	4,060,631.99	AAA
\$ 3,000,000	US Treasury Note 1.250%	1.250%	8/31/2019	2,969,790.00	2,985,703.00	AAA

Totals - U.S. Government Treasuries \$ 303,230,639 \$ 303,377,907

\$ 6,000,000	Toyota Credit PR CP	--	1/12/2018	5,947,420.00	5,947,420.00	
\$ 3,500,000	Calco LLC CP	--	2/1/2018	3,477,133.35	3,477,133.35	
\$ 6,000,000	Coca-Cola Co CP	--	2/7/2018	5,928,206.67	5,928,206.67	
\$ 19,000,000	Metlife ST Funding LLC	--	2/20/2018	18,894,550.00	18,894,550.00	
\$ 13,000,000	Australia NZ BK GP CP	--	3/5/2018	12,900,831.67	12,900,831.67	
\$ 3,000,000	Bank of Nova Scotia	--	3/14/2018	2,980,025.00	2,980,025.00	
\$ 1,485,540	TD Bank CP	--	3/15/2018	1,485,540.21	1,485,540.21	
\$ 4,000,000	TD Bank CP	--	3/15/2018	3,961,440.56	3,961,440.56	
\$ 10,000,000	Coca Cola CP	--	4/11/2018	9,910,844.44	9,910,844.44	
\$ 9,000,000	Toyota MTR CR Corp	--	4/19/2018	8,925,175.00	8,925,175.00	
\$ 6,000,000	Ontario Teach Fin Trst CP	--	5/18/2018	5,938,616.64	5,938,616.64	
\$ 14,000,000	Toyota Motor Corp CP	--	5/21/2018	13,862,671.67	13,862,671.67	
\$ 15,000,000	Svenska Handelsbank CP	--	6/1/2018	14,833,356.25	14,833,356.25	
\$ 5,000,000	Thunder Bay Fdg LLC CP	--	6/15/2018	4,956,269.45	4,956,269.45	
\$ 3,500,000	Thunder Bay Funding CP	--	6/15/2018	3,469,388.62	3,469,388.62	

Totals - Commercial Paper \$ 117,471,470 \$ 117,471,470

\$ 5,142,895	Income Dividend Reinvested	--	N/A	5,142,895.83	5,142,895.83	AAAm
--------------	----------------------------	----	-----	--------------	--------------	------

Totals - Municipal & State Obligations and Funds \$ 5,142,896 \$ 5,142,896

Total Investments \$ 556,590,487 \$ 556,881,728

Recapitulation of Balance

Unrestricted Investments \$ 211,093,657

Restricted Investments 345,496,830

Balance December 31, 2017 \$ 556,590,487

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
 Schedule of Revenue Bonds
 For the Year Ended December 31, 2017

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities</u>		<u>Rate</u>	<u>Balance</u>		<u>Issued</u>	<u>Defeased</u>	<u>Decreased</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Jan. 1, 2017</u>	<u>Dec. 31, 2017</u>				
Series 2005A	3/10/2005	\$ 72,645,000	7/1/2018	4,590,000	5.50%						
			7/1/2019	4,835,000	5.50%						
			7/1/2020	5,105,000	5.50%	\$ 18,880,000	\$ -	\$ -	\$ -	\$ 4,350,000	\$ 14,530,000
<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities</u>		<u>Rate</u>	<u>Balance</u>		<u>Issued</u>	<u>Defeased</u>	<u>Decreased</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Jan. 1, 2017</u>	<u>Dec. 31, 2017</u>				
Series 2007A	9/10/2007	\$ 134,170,000			5.00%	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -
<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities</u>		<u>Rate</u>	<u>Balance</u>		<u>Issued</u>	<u>Defeased</u>	<u>Decreased</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>Jan. 1, 2017</u>	<u>Dec. 31, 2017</u>				
Series 2007B (Reissuance)	5/18/2011	\$ 139,650,000	7/1/2018	5,250,000	Variable						
			7/1/2019	5,450,000	Variable						
			7/1/2020	5,650,000	Variable						
			7/1/2021	5,950,000	Variable						
			7/1/2022	6,250,000	Variable						
			7/1/2023	6,550,000	Variable						
			7/1/2024	6,800,000	Variable						
			7/1/2025	7,150,000	Variable						
			7/1/2026	7,450,000	Variable						
			7/1/2027	7,800,000	Variable						
			7/1/2028	8,200,000	Variable						
			7/1/2029	8,550,000	Variable						
			7/1/2030	8,900,000	Variable						
			7/1/2031	9,350,000	Variable						
			7/1/2032	9,800,000	Variable	\$ 114,050,000	\$ -	\$ -	\$ -	\$ 4,950,000	\$ 109,100,000

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2017

Series	Date of Issue	Original Issue	Maturities			Balance	Issued	Defeased	Decreased	Balance
			Date	Amount	Rate	Jan. 1, 2017				Dec. 31, 2017
Series 2012A	10/24/2012	\$ 77,145,000	7/1/2018	1,100,000	4.00%	\$ 70,470,000	\$ -	\$ -	\$ 1,065,000	\$ 69,405,000
			7/1/2019	1,145,000	4.00%					
			7/1/2020	1,195,000	2.00%					
			7/1/2021	6,825,000	5.00%					
			7/1/2022	4,000,000	5.00%					
			7/1/2022	3,165,000	2.50%					
			7/1/2023	7,445,000	5.00%					
			7/1/2024	7,815,000	5.00%					
			7/1/2025	8,205,000	5.00%					
			7/1/2026	5,000,000	5.00%					
			7/1/2026	3,620,000	4.00%					
			7/1/2027	5,805,000	4.00%					
			7/1/2027	2,000,000	3.00%					
			7/1/2028	9,355,000	3.00%					
			7/1/2029	1,345,000	3.125%					
			7/1/2030	1,385,000	3.125%					

Series	Date of Issue	Original Issue	Maturities			Balance	Issued	Defeased	Decreased	Balance
			Date	Amount	Rate	Jan. 1, 2017				Dec. 31, 2017
Series 2012B	10/24/2012	\$ 20,665,000	7/1/2018	3,560,000	2.184%	\$ 7,050,000	\$ -	\$ -	\$ 3,490,000	\$ 3,560,000

Series	Date of Issue	Original Issue	Maturities			Balance	Issued	Defeased	Decreased	Balance
			Date	Amount	Rate	Jan. 1, 2017				Dec. 31, 2017
2015	4/29/2015	86,505,000	2019	2,410,000	4.00%	\$ 86,505,000	\$ -	\$ -	\$ -	\$ 86,505,000
			2020	2,540,000	5.00%					
			2021	2,540,000	5.00%					
			2022	2,695,000	5.00%					
			2023	2,795,000	4.00%					
			2024	2,935,000	5.00%					
			2025	3,015,000	5.00%					
			2026	3,180,000	5.00%					
			2027	4,540,000	3.00%					
			2028	3,380,000	3.125%					
			2029	3,480,000	5.00%					
			2030	3,670,000	5.00%					
			2031	3,785,000	5.00%					
			2032	545,000	3.375%					
			2033	10,595,000	4.00%					
			2034	11,020,000	4.00%					
			2035	11,460,000	4.00%					
2036	11,920,000	3.625%								

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2017

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities</u>			<u>Balance Jan. 1, 2017</u>	<u>Issued</u>	<u>Defeased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
			<u>Date</u>	<u>Amount</u>	<u>Rate</u>					
2017	2/14/2017	430,250,000	2020	945,000	1.400%	\$ _____	\$ 430,250,000	\$ _____	\$ _____	\$ 430,250,000
			2021	875,000	1.625%					
			2022	1,740,000	5.000%					
			2023	1,865,000	5.000%					
			2024	1,970,000	5.000%					
			2025	1,070,000	3.000%					
			2026	-						
			2027	20,000	4.000%					
			2028	35,000	4.000%					
			2029	8,380,000	5.000%					
			2030	8,845,000	5.000%					
			2031	10,765,000	5.000%					
			2032	14,735,000	5.000%					
			2033	15,715,000	5.000%					
			2034	16,500,000	5.000%					
			2035	17,325,000	5.000%					
			2036	18,190,000	5.000%					
			2037	22,015,000	5.000%					
			2038	23,115,000	5.000%					
			2039	24,270,000	5.000%					
2040	25,485,000	5.000%								
2041	26,760,000	5.000%								
2042	28,100,000	5.000%								
2043	29,505,000	5.000%								
2044	30,845,000	5.000%								
2045	32,240,000	5.000%								
2046	33,705,000	5.000%								
2047	35,235,000	5.000%								
						\$ _____	\$ 430,250,000	\$ _____	\$ _____	\$ 430,250,000
						<u>\$ 298,955,000</u>	<u>\$ 430,250,000</u>	<u>\$ _____</u>	<u>\$ 15,855,000</u>	<u>\$ 713,350,000</u>
Principal Payments						<u>\$ 11,377,143</u>	<u>\$ 41,131,992</u>	<u>\$ _____</u>	<u>1,732,812</u>	<u>\$ 50,776,323</u>
Net Premium on Bonds						<u>\$ 310,332,143</u>	<u>\$ 471,381,992</u>	<u>\$ _____</u>	<u>\$ 17,587,812</u>	<u>\$ 764,126,323</u>