

DELAWARE RIVER JOINT TOLL  
BRIDGE COMMISSION

REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
Roster of Officials  
As of December 31, 2015

**New Jersey Commissioners**

	<b><u>Position</u></b>
David R. DeGerolamo	Chairman
Yuki Moore Laurenti	Secretary-Treasurer
Garrett Leonard Van Vliet	Member
Geoffrey S. Stanley	Member
Michael Lavery	Member

**Pennsylvania Commissioners**

	<b><u>Position</u></b>
Wadud Ahmad	Vice Chairman
Melissa Starace	Member
Pamela Janvey	Member
Daniel Grace	Member
John Siptroth	Member

**Other Officials**

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

# *Zelenkofske Axelrod LLC*

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying statements of net position of the Delaware River Joint Toll Bridge Commission as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows, together with the financial statements of the fiduciary fund for the years then ended, and the related notes to the financial statements, which collectively comprise the Delaware River Joint Toll Bridge Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware River Joint Toll Bridge Commission as of December 31, 2015 and 2014, and its changes in financial position and its cash flows and the net position and changes in net position of the fiduciary fund thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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# **Zelenkofske Axelrod LLC**

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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 2015 Delaware River Joint Toll Bridge Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 25," and Statement No. 71, "Pension Transition for Contributions made subsequent to the measurement date –an amendment of GASB Statement No. 68."

## ***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.

  
ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania  
June 17, 2016

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

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, 2015, 2014 and 2013. 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 \$125,893,506 for the year ended December 31, 2015, which represents an increase of 3.2% over the previous year. The increase in 2015 is primarily the result of a 4.2% increase in toll traffic.

In 2015, net operating income totaled \$35,944,879 and Change in Net Position totaled a negative \$17,429,035 as compared to \$38,976,036 and a positive \$24,977,680 respectively, for 2014. Total Operating Expense increased \$6,912,419 due to primarily to increases in Depreciation Expense and Staff Cost. An \$837,500 or 6.00% reductions in Non-Operating expenses was driven by a (-\$1,115,533 or -7.5%) decrease in Bond Interest 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 businesses.

The Statements of Net Position present information on the Commission's assets, deferred outflows of resources, and liabilities at December 31, 2015 and 2014, with the difference between the two reported as net position. At December 31, 2015, the Commission's net position equaled \$414,630,990 as compared to \$432,060,025 in 2014, a decrease of 4.0%. This decrease in net assets is the result of the GASB 68 adoption which resulted in an increase in liabilities of \$46,534,536 for Net Pension Liability offset by a \$5,195,098 net increase in Deferred Outflows for Change in Pension Assumptions. This amount is offset somewhat by an \$11.9 million decrease in Revenue Bonds Payable.

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, 2015 AND 2014**

**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 \$790,526,807 (an increase of \$11,161,947 or 1.43%). Unrestricted current assets, totaling \$69,790,698 (an increase of \$25,924,803 or 59.1%), 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 \$148,750,269 (a decrease of \$14,158,376 or 8.7%) 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 \$23,515,714, are broken into two categories. Restricted current assets of \$16,782,482 increased 25.4% from the previous year end as a result of changes in investment security maturity terms. Total non-current restricted assets, comprised of investments and prepaid bond insurance totaled \$6,733,232, which represents a decrease of \$12,877,986, or 65.7%, from the 2014 year-end balance. These changes in restricted assets are the result of changes in investment maturity dates. Net capital assets totaling \$530,181,660, a .7% increase over 2014, consist of land, infrastructure, and equipment with an original value of \$897,515,687 less accumulated depreciation of \$367,334,027. 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, 2015, the Commission had current and non-current liabilities of \$418,434,071, with the majority related to its series 2005A, and 2007A, 2007B and 2012A, 2012B and 2015 bond issues, which represents a decrease of \$11,867,167 from 2014. The increase in liabilities is solely the result of a new \$46,534,536 non-current liability for Net Pension Liability.

The purpose of the 2005A issue, which was partially refunded by the 2012A and B issues, was for the refunding of \$32,165,000 of the 2003 series bonds issued to finance the first portion of the Commission's ten-year capital program, and the financing of the Commission's \$40 million CAI program.

The purpose of the 2007A, bond issue, which was partially defeased in 2013 with residual bond funds, and the 2007B issue were to provide funds to pay for the cost of capital improvements related to the system, to make deposits into the debt service reserve fund and to fund capitalized interest, to pay insurance and cost of issuance associated with the series.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

**Financial Analysis (Continued)**

The purpose of the 2012A series was to provide funds to refund \$57,300,000 principal amount of the outstanding 2003 issue and \$30,795,000 principal amount of the 2005A issue, and to pay the cost of issuance associated with the Series 2012A bonds. The purpose of the 2012B bonds was to provide funds to refund \$19,475,000 principal amount of Commission outstanding 2003 bonds and to pay the cost of issue associated with the Series 2012B bonds. The 2012B bonds were issued as taxable bonds in order to capture savings from low market rates by refunding portions of the 2003 bonds that had refunded Series 1992 bonds and therefore could not be refunded again as tax-exempt bonds. The 2005A, 2012A and 2012B bonds collectively completely refunded the Series 2003 bonds.

The purpose of the 2015 series was to provide funds to advance refund \$86,765,000 principal amount of the outstanding 2007A issue, to fund deposits in the Debt Service Reserve Fund, and to pay the cost of issuance associated with the Series 2015 bonds.

The following table contains condensed financial information derived from the December 31, 2015, 2014, and 2013 financial statements of the Commission:

<u>Net Position</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>			
Current and Other Assets	\$ 260,345,147	\$ 252,673,143	\$ 250,296,041
Capital Assets	<u>530,181,660</u>	<u>526,691,717</u>	<u>527,566,046</u>
Total Assets	<u>790,526,807</u>	<u>779,364,860</u>	<u>777,862,087</u>
<b>Deferred Outflows of Resources:</b>			
Accumulated Decrease in Fair Value of			
Hedging Derivatives	26,388,000	26,098,050	17,689,194
Deferred Loss on Refunding	10,955,156	5,164,912	5,777,862
Changes in Pension Assumptions	<u>5,898,578</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows	<u>43,241,734</u>	<u>31,262,962</u>	<u>23,467,056</u>
<b>Liabilities</b>			
Bond Indebtedness	327,317,418	339,184,585	354,840,327
Other Liabilities	<u>91,116,653</u>	<u>39,383,212</u>	<u>39,406,471</u>
Total Liabilities	<u>418,434,071</u>	<u>378,567,797</u>	<u>394,246,798</u>
<b>Deferred Inflows of Resources:</b>			
Changes in Pension Proportions	<u>703,480</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows	<u>703,480</u>	<u>-</u>	<u>-</u>
<b>Net Position:</b>			
Net Invested in Capital Assets	236,020,416	230,181,341	233,955,581
Restricted	13,318,120	15,590,283	17,576,072
Unrestricted	<u>165,292,454</u>	<u>186,288,401</u>	<u>155,550,692</u>
Total Net Position	<u>\$ 414,630,990</u>	<u>\$ 432,060,025</u>	<u>\$ 407,082,345</u>
<u><b>Change in Net Position</b></u>			
Operating Revenues	\$ 125,893,506	\$ 122,012,244	\$ 120,128,146
Operating Expenses	(55,830,306)	(50,685,530)	(48,016,419)
Other Post Employment Benefits	(5,692,298)	(5,692,298)	(6,701,565)
Depreciation	<u>(28,426,023)</u>	<u>(26,658,380)</u>	<u>(26,457,076)</u>
Total Operating Expenses	<u>(89,948,627)</u>	<u>(83,036,208)</u>	<u>(81,175,060)</u>
Net Operating Income	35,944,879	38,976,036	38,953,086
Nonoperating Revenue	722,107	580,942	657,907
Nonoperating Expenses	<u>(13,882,963)</u>	<u>(14,579,298)</u>	<u>(22,627,347)</u>
Change in Net Position	22,784,023	24,977,680	16,983,646
Net Position - January 1	<u>432,060,025</u>	<u>407,082,345</u>	<u>390,098,699</u>
Cumulative Change	<u>(40,213,058)</u>	<u>-</u>	<u>-</u>
Net Position as Restated	<u>391,846,967</u>	<u>-</u>	<u>-</u>
Net Position - December 31	<u>\$ 414,630,990</u>	<u>\$ 432,060,025</u>	<u>\$ 407,082,345</u>



**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

**Financial Analysis (Continued)**

The following table contains condensed financial information of cash flows derived from the December 31, 2015, 2014, and 2013 financial statements of the Commission:

<u>Summary of Cash Flows</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities	\$ 67,129,102	\$ 61,357,017	\$ 61,363,544
Cash Flows from Noncapital Financing Activities	-	(337,749)	(2,676,076)
Cash Flows from Capital and Related Financing Activities	(63,942,442)	(55,146,461)	(103,999,782)
Cash Flows from Investing Activities	<u>27,101,635</u>	<u>6,509,000</u>	<u>966,349</u>
Net Increase (Decrease) in Cash and Cash Equivalents	30,288,295	12,381,807	(44,345,965)
Cash and Cash Equivalents - January 1	<u>47,805,840</u>	<u>35,424,033</u>	<u>79,769,998</u>
Cash and Cash Equivalents - December 31	<u>\$ 78,094,135</u>	<u>\$ 47,805,840</u>	<u>\$ 35,424,033</u>

**Significant Events**

In December 2001, the Commission approved a long-term Capital Improvement Program that provides major bridge rehabilitation, bridge enhancement, and installation of traffic management systems, as well as state-of-the-art bridge security and surveillance.

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

On July 1, 2011, the Commission increased toll rates on all vehicle classes. Passenger vehicles rates increased 33% from \$.75 to \$1.00. Large commercial vehicles rates increased 23% from \$3.25 to \$4.00 per axle. Two axle commercial vehicles rates increased 30.0 % from \$2.50 to \$3.25 per axle.

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

During 2010, the Commission had four major capital projects become substantially complete; including Washington Crossing Toll Supported Bridge Phase I Rehabilitation, Reiglesville Toll Supported Bridge Rehabilitation, Calhoun Street Toll Supported Bridge Rehabilitation, and Locust Street Bridge Rehabilitation Program along with a number of other smaller projects.

During 2011, the Commission had three major capital projects become substantially complete; including Milford Upper Black Eddy Toll Supported Bridge Rehabilitation, Interstate 78 Open Road Tolling Installation and Delaware River Water Gap Bearing Remediation Deck Survey along with a number of other smaller projects.

During 2012 the Commission had four major projects become substantially complete including the construction of an Open-Road Toll lane at the Delaware Water Gap Toll Plaza, the rehabilitation and repainting of the Delaware Water Gap Toll Bridge, the rehabilitation and overlay of the Riverton-Belvidere Toll-Supported Bridge Approach roadway carrying Water Street in New Jersey, and the Phase 2 Substructure and Scour Protection improvements at eight bridges along with completion of a number of other smaller projects.

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

**Significant Events (Continued)**

During 2013 and 2014 the Commission had two major projects reach substantial completion. In 2013 the Commission completed the I-78 Toll Bridge PA Approach Paving Improvements. This project included the refurbishing the 2.25 miles of I-78 that it owns in Pennsylvania, access roadways and improvements to bridge decks, joints and approach slabs, including the main river I-78 Toll Bridge. In 2014 the Commission completed the Easton-Phillipsburg (Route 22) Toll Bridge Rehabilitation. This project consisted of full rehabilitation of the main-river bridge, approach roadways, access roadways and overpasses.

During 2015 the Commission had two major projects reach substantial completion. The Commission completed the Trenton Morrisville / Lower Trenton Bridge Approach Improvement project and the Portland Columbia Approach Roadway improvement project.

On September 20, 2007, the Commission issued three series of bonds: Series 2007A, 2007B1, and 2007B2. The 2007A issue was a fixed rate bonds totaling \$134,170,000. The two Series 2007B issues were auction rate securities totaling \$75,000,000 each and were hedged by an interest rate swap issued by two counterparties. In September 2008, the two Series 2007B issues were converted into variable rate securities and are hedged by an interest rate swap issued by two counterparties, and subsequently in May 2011 were converted to a SIFMA Index-Based Mode under direct bond purchase agreements.

On October 11, 2012, the Commission issued two series of bonds: Series 2012A and 2012B. The 2012A issue was a fixed rate, tax exempt bonds issue totaling \$77,145,000. The Series 2012B issue was a fixed rate, taxable bond totaling \$20,665,000.

The Commission redeemed \$31,905,000 of 2007A bonds on October 28<sup>th</sup>, 2013. The 2007A bonds maturing in 2035 with a 5.0% coupon were redeemed using unspent 2007A bond proceeds, and in addition funds were deposited to make the interest payments due on the bonds from 2014 through 2017, when the bonds will be defeased on their call date.

On March 17, 2015, the Commission issued Bond Series 2015 of bonds to advance refund the majority of Series 2007A. The bonds were fixed rate with a maturity date through 2036.

Currently, the Commission has seven different bond issues outstanding; (2003 fully refunded), 2005A, 2007A, 2007B1, 2007B2, 2012A, 2012B and 2015. At December 31, 2015 and 2014, the total outstanding bond balance including premiums is \$327,317,418 and \$339,184,585 respectively. The series 2005A and 2007A are insured by MBIA. The 2015 Series is insured by Build America Mutual Assurance Company. All issues carry a rating of A1 by Moody's and A by Standard & Poor's. On May 2, 2014 Standard & Poor's raised the rating to A with a Stable outlook. On December 4, 2014, Moody's raised the rating to A1 with a Stable outlook. These favorable changes in the Commission's bond rating during 2014 are anticipated to improve the conditions for future capital borrowing.

**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](http://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, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Assets		
Unrestricted Assets		
Cash and Cash Equivalents	\$ 61,593,263	\$ 34,672,888
Accounts Receivable		
E-ZPass and Violations (net of allowance for uncollectible		
of \$11,842,190 for 2015 and \$7,649,900 for 2014)	6,468,576	6,322,768
Other	224,082	307,748
Interfund Accounts Receivable		
Fiduciary Fund	622,791	1,859,406
Prepaid Expenses	881,986	703,085
Total Unrestricted Assets	<u>69,790,698</u>	<u>43,865,895</u>
Restricted Assets		
Cash and Cash Equivalents	16,500,872	13,132,952
Accrued Interest Receivable	281,610	255,937
Total Restricted Assets	<u>16,782,482</u>	<u>13,388,889</u>
Total Current Assets	<u>86,573,180</u>	<u>57,254,784</u>
Noncurrent Assets		
Unrestricted Assets		
Investments	148,750,269	162,908,645
Total Unrestricted Assets	<u>148,750,269</u>	<u>162,908,645</u>
Restricted Assets		
Investments	6,140,087	18,432,156
Prepaid Bond Insurance	593,145	1,179,062
Total Restricted Assets	<u>6,733,232</u>	<u>19,611,218</u>
Net Other Postemployment Benefits	<u>18,288,466</u>	<u>12,898,496</u>
Capital Assets		
Completed (net of accumulated depreciation)	492,005,113	499,856,098
Improvements in Progress	38,176,547	26,835,619
Total Capital Assets	<u>530,181,660</u>	<u>526,691,717</u>
Total Noncurrent Assets	<u>703,953,627</u>	<u>722,110,076</u>
Total Assets	<u>\$ 790,526,807</u>	<u>\$ 779,364,860</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, 2015 AND 2014

<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2015</u>	<u>2014</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ 26,388,000	\$ 26,098,050
Deferred Loss on Refunding of Debt	10,955,156	5,164,912
Change in Pension Assumptions	<u>5,898,578</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>43,241,734</u>	<u>31,262,962</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Unrestricted Assets		
Accounts Payable and Accrued Expenses	11,015,477	5,410,958
E-Zpass Customer Deposits	79,976	80,010
Compensated Absences Payable	120,107	121,508
Retainage Payable	<u>498,030</u>	<u>638,864</u>
Total Current Liabilities Payable from Unrestricted Assets	<u>11,713,590</u>	<u>6,251,340</u>
Current Liabilities Payable from Restricted Assets		
Accrued Interest Payable on Bonds	4,211,434	4,708,662
Bridge System Revenue Bonds Payable	15,155,000	14,975,000
Premium Payment Payable - Derivative Companion Instrument	<u>-</u>	<u>34,346</u>
Total Current Liabilities Payable from Restricted Assets	<u>19,366,434</u>	<u>19,718,008</u>
Noncurrent Liabilities		
Compensated Absences Payable	1,881,672	1,903,621
Bridge System Revenue Bonds Payable	312,162,418	324,209,585
Premium Payment Payable - Derivative Companion Instrument	387,421	387,193
Derivative Instrument - Interest Rate Swaps	26,388,000	26,098,050
Net Pension Liability	<u>46,534,536</u>	<u>-</u>
Total Noncurrent Liabilities	<u>387,354,047</u>	<u>352,598,449</u>
Total Liabilities	<u>418,434,071</u>	<u>378,567,797</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Changes in Pension Proportions	<u>703,480</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>703,480</u>	<u>-</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	236,020,416	230,181,341
Restricted	13,318,120	15,590,283
Unrestricted	<u>165,292,454</u>	<u>186,288,401</u>
Total Net Position	<u>\$ 414,630,990</u>	<u>\$ 432,060,025</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  
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>OPERATING REVENUES</u>		
Cash Tolls, Net	\$ 26,867,235	\$ 26,814,860
E-Zpass Tolls, Net	97,773,330	93,966,985
Miscellaneous	<u>1,252,941</u>	<u>1,230,399</u>
Total Operating Revenues	<u>125,893,506</u>	<u>122,012,244</u>
<u>OPERATING EXPENSES</u>		
Administration		
Salaries and Wages	4,650,535	4,318,690
Fringe Benefits	3,858,245	2,897,849
Other	3,379,508	3,760,105
Cost of Providing Services		
Toll Bridges		
Salaries and Wages	10,726,121	10,502,817
Fringe Benefits	9,821,108	7,615,123
Other	13,867,991	13,025,382
Toll Supported Bridges		
Salaries and Wages	3,457,165	3,200,360
Fringe Benefits	3,184,733	2,538,893
Other	2,884,900	2,826,311
Other Postemployment Benefits	5,692,298	5,692,298
Depreciation	<u>28,426,023</u>	<u>26,658,380</u>
Total Operating Expenses	<u>89,948,627</u>	<u>83,036,208</u>
Operating Income	<u>35,944,879</u>	<u>38,976,036</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Investment Income	710,981	576,877
Gain on Disposal of Capital Assets	11,126	4,065
Interest Expense		
Interest on Bonds	(13,866,671)	(14,982,204)
Amortization of Deferred Loss on Refunding of Debt	(872,076)	(612,951)
Amortization of Net Premium on Bonds	1,752,920	1,495,741
Amortization of Prepaid Bond Insurance	(897,136)	(142,135)
Compact Authorized Investment Program	<u>-</u>	<u>(337,749)</u>
Total Net Nonoperating Revenue (Expense)	<u>(13,160,856)</u>	<u>(13,998,356)</u>
Change in Net Position	22,784,023	24,977,680
Net Position, January 1	<u>432,060,025</u>	<u>407,082,345</u>
Cumulative change	(40,213,058)	-
Net Position as Restated (See Note 1)	<u>391,846,967</u>	<u>-</u>
Net Position, December 31	<u>\$ 414,630,990</u>	<u>\$ 432,060,025</u>

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
STATEMENTS OF CASH FLOWS  
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users		
Cash Tolls	\$ 26,867,235	\$ 26,814,860
E-Zpass Tolls	97,627,488	93,420,210
Payments for Other Goods or Services	(14,261,704)	(21,983,048)
Payments for Employees Services	(45,677,140)	(37,728,541)
Payments for Interfund Services Provided	1,236,616	(422,298)
Other Receipts	<u>1,336,607</u>	<u>1,255,834</u>
Net Cash Provided by Operating Activities	<u>67,129,102</u>	<u>61,357,017</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Payments for Compact Authorized Investment Program	<u>-</u>	<u>(337,749)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of Capital Assets	(31,275,484)	(25,157,337)
Proceeds from Sales of Capital Assets	11,126	4,065
Proceeds from Issuance of New Debt	86,505,000	
Payment on Capital Debt Refunding and Extinguishment	(89,187,411)	-
Principal Paid on Capital Debt	(14,975,000)	(14,160,000)
Payment of Capitalized Interest Paid on Debt	(640,481)	(626,714)
Interest Paid on Capital Debt	<u>(14,380,192)</u>	<u>(15,206,475)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(63,942,442)</u>	<u>(55,146,461)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income Received	318,259	1,859,791
Proceeds from Sale of Investments	182,178,456	125,103,470
Payments for Investments	<u>(155,395,080)</u>	<u>(120,454,261)</u>
Net Cash Provided by Investing Activities	<u>27,101,635</u>	<u>6,509,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	30,288,295	12,381,807
Cash and Cash Equivalents, January 1 (including \$13,132,952 and \$7,933,861 reported as restricted)	<u>47,805,840</u>	<u>35,424,033</u>
Cash and Cash Equivalents, December 31 (including \$16,500,872 and \$13,132,952 reported as restricted)	<u>\$ 78,094,135</u>	<u>\$ 47,805,840</u>

(Continued)

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
STATEMENTS OF CASH FLOWS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED		
<u>BY OPERATING ACTIVITIES</u>		
Operating Income	\$ 35,944,879	\$ 38,976,036
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation	28,426,023	26,658,380
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable		
E-Zpass and Violations	(145,808)	3,644,345
Other	83,666	25,435
(Increase) Decrease in Interfund Accounts Receivable	1,236,615	(422,298)
Increase in Prepaid Expenses	(178,901)	(69,286)
Decrease in Prepaid Bond Insurance	585,917	86,594
(Increase) Decrease Net Other Postemployment Benefits	(5,389,970)	(947,702)
Decrease in Accounts Payable and Accrued Expenses	5,604,519	(2,388,558)
Decrease in Retainage Payable	(140,834)	-
Increase (Decrease) in E-Zpass Customer Deposits	(34)	(4,191,120)
Decrease in Compensated Absences Payable	(23,350)	(14,809)
Increase in Net Pension Liability and Related Pension Deferrals	1,126,380	-
Net Cash Provided by Operating Activities	<u>\$ 67,129,102</u>	<u>\$ 61,357,017</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>\$ (289,950)</u>	<u>\$ (8,408,856)</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 127,492	\$ 163,221
Investments	<u>75,960,723</u>	<u>69,174,162</u>
Total Assets	<u>76,088,215</u>	<u>69,337,383</u>
<u>LIABILITIES</u>		
Current Liabilities		
Interfund Accounts Payable	<u>622,790</u>	<u>1,859,406</u>
Total Liabilities	<u>622,790</u>	<u>1,859,406</u>
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	<u>\$ 75,465,425</u>	<u>\$ 67,477,977</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  
 DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>ADDITIONS</u>		
Contributions		
Employer	\$ 11,082,269	\$ 6,640,000
Investment Income		
Net Appreciation in Fair Value of Investments	(1,132,959)	1,075,136
Interest	<u>1,441,739</u>	<u>2,487,697</u>
	308,780	3,562,833
Less		
Investment Expense	<u>177,308</u>	<u>157,397</u>
Net Investment Income (Expense)	<u>131,472</u>	<u>3,405,436</u>
Total Additions	11,213,741	10,045,436
<u>DEDUCTIONS</u>		
Benefits	3,205,450	2,667,932
Administrative Expenses	<u>20,843</u>	<u>18,669</u>
Total Deductions	<u>3,226,293</u>	<u>2,686,601</u>
Net Increase	7,987,448	7,358,835
Net Position Restricted for Other Postemployment Benefits		
January 1	<u>67,477,977</u>	<u>60,119,142</u>
December 31	<u>\$ 75,465,425</u>	<u>\$ 67,477,977</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, 2015 AND 2014

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, 2015 AND 2014

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 / Expenditures* - 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 31<sup>st</sup> 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, 2015 AND 2014

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, 2015 AND 2014

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

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

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations").
2. Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Home Loan Mortgage Corporation (for purposes of this definition, "FHLMCs"); debentures of the Federal Housing Administration, senior debt obligations of the Federal National Mortgage Association (for purposes of this definition, "FNMA's"); participation certificates of the General Services Administration; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financing of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation securities.
3. Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and under guaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Services and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation.
4. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investor's Services and "A" or better by Standard & Poor's Corporation.
5. Federal Funds, unsecured certificates of deposit, time deposit or bankers acceptance (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal 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, 2015 AND 2014

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 2015 and 2014 amounted to \$640,481 and \$626,714, 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, 2015 AND 2014

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

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

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

Depreciation begins when the asset is placed in service.

Bond Discounts / Premiums

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

Deferred Loss on Refunding of Debt

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

Compensated Absences

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

Derivative Instruments and Related Companion Instruments

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

Income Taxes

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



DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Adoption of Governmental Accounting Standards Board (GASB) Statements

The Commission adopted the provisions of GASB's Statement No. 67, "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25." The adoption of this statement had no effect on previously reported amounts.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Governmental Accounting Standards Board (GASB) Statements (Continued)

The Commission adopted the provisions of GASB's Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27." The adoption of this statement resulted in a restatement of net position.

The Commission adopted the provisions of GASB's Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68." The adoption of this statement resulted in a restatement of net position.

The adoption of GASB Statement No. 68 and 71 resulted in a restatement of Net Position of \$(40,213,058).

Pending Governmental Accounting Standards Board (GASB) Statements

The Government Accounting Standards Board has issued GASB's Statement No. 72, "Fair Value Measurement and Application." This statement is required to be adopted by the Commission for the year ending December 31, 2016. The Commission has not determined the effect of GASB's Statement No. 72 on the financial statements

The Government Accounting Standards Board has issued GASB's Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement is required to be adopted by the Commission for the year ending December 31, 2016. The Commission has not determined the effect of GASB's Statement No. 73 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement is required to be adopted by the Commission for the year ending December 31, 2017. The Commission has not determined the effect of GASB's Statement No. 74 on the financial 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. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This statement is required to be adopted by the Commission for the year ending December 31, 2016. The Commission has not determined the effect of GASB's Statement No. 76 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 77, "Tax Abatement Disclosures." This statement is required to be adopted by the Commission for the year ending December 31, 2016. The Commission has not determined the effect of GASB's Statement No. 76 on the financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government Accounting Standards Board has issued GASB's Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement is required to be adopted by the Commission for the year ending December 31, 2016. The Commission has not determined the effect of GASB's Statement No. 76 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement is required to be adopted by the Commission for the year ending December 31, 2016. The Commission has not determined the effect of GASB's Statement No. 79 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement is required to be adopted by the Commission for the year ending December 31, 2017. The Commission has not determined the effect of GASB's Statement No. 80 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 81, "Irrevocable Split-Interest Agreements." This statement is required to be adopted by the Commission for the year ending December 31, 2017. The Commission has not determined the effect of GASB's Statement No. 81 on the financial statements.

The Government Accounting Standards Board has issued GASB's Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73." This statement is required to be adopted by the Commission for the year ending December 31, 2017. The Commission has not determined the effect of GASB's Statement No. 82 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, and Series 2015. 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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 2      STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Trust Indenture (Continued)

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, 2015 and 2014, the balance in the Debt Service Fund meets the requirements of the Trust Indenture.

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

Amounts held in the Debt Service Reserve Fund shall be used for the purpose of paying interest on maturing principal and mandatory sinking fund redemption price of Debt Service Reserve Fund Bonds whenever and to the extent that the monies held for the credit of the Debt Service Fund shall be insufficient for such purpose. At December 31, 2015 and 2014, 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 2      STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Trust Indenture (Continued)

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

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

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

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

Covenants as to Tolls

The Commission is required to fix, revise, charge, and collect tolls and other charges for traffic using the crossing facilities in order to provide an amount of "net revenues" in each year equal to not less than 130% of the principal and interest requirements for such year. The Commission satisfied this requirement for the years ended December 31, 2015 and 2014.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Covenants as to Tolls (continued)

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Operating Income	\$ 35,944,879	\$ 38,976,036
Adjustments		
Net Investment Income *	\$ 1,497,193	\$ 1,819,264
Gain on Disposal of Capital Assets	11,126	4,065
Depreciation Expense	28,426,023	26,658,380
Other Postemployment Benefits Expense	<u>5,692,298</u>	<u>5,692,298</u>
	<u>35,626,640</u>	<u>34,174,007</u>
Net Revenues Available for Debt Service Coverage	\$ <u>71,571,519</u>	\$ <u>73,150,043</u>
Total Debt Service (Principal and Interest) **	\$ <u>30,088,745</u>	\$ <u>30,027,114</u>
Debt Service Coverage	237%	244%

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

\*\* excludes all remarketing fees and includes capitalized interest.

Annual Budget – 2015 and 2014

<u>Description</u>	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>Variance</u>
Budgetary Expenses			
Salaries and Wages	\$ 19,125,129	\$ 18,833,821	\$ 291,308
Employee Benefits	14,867,513	16,864,086	(1,996,573)
Utilities	918,041	674,067	243,974
Office	274,626	181,667	92,959
Telecommunications and Information Technology	1,134,525	1,033,754	100,771
Professional Development, Meetings & Memberships	228,980	122,672	106,308
E-Zpass Operating and Maintenance	5,714,272	6,495,764	(781,492)
State Police Bridge Security	5,213,396	5,053,772	159,624
Operating and Maintenance	3,063,292	2,829,253	234,039
Business Insurance	2,950,846	2,738,559	212,287
Professional Services	1,119,700	976,298	143,402
Advertising, Design and Marketing	60,500	15,583	44,917
General Contingency	<u>300,000</u>	<u>11,010</u>	<u>288,990</u>
Total Budgetary Expenses	\$ <u>54,970,820</u>	\$ <u>55,830,306</u>	\$ <u>(859,486)</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Annual Budget – 2015 and 2014 (Continued)

	2014	2014	
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Description</u>			
Budgetary Expenses			
Salaries and Wages	\$ 17,849,495	\$ 18,021,867	\$ (172,372)
Employee Benefits	14,993,789	13,051,865	1,941,924
Utilities	884,041	774,546	109,495
Office	255,820	198,286	57,534
Telecommunications and Information Technology	1,099,903	887,697	212,206
Professional Development, Meetings & Memberships	194,530	117,990	76,540
E-Zpass Operating and Maintenance	5,518,360	5,814,397	(296,037)
State Police Bridge Security	4,685,759	4,693,830	(8,071)
Operating and Maintenance	3,153,236	2,824,886	328,350
Business Insurance	2,753,987	2,889,489	(135,502)
Professional Services	1,146,616	1,348,895	(202,279)
Advertising, Design and Marketing	60,500	29,183	31,317
General Contingency	300,000	32,599	267,401
Total Budgetary Expenses	<u>\$ 52,896,036</u>	<u>\$ 50,685,530</u>	<u>\$ 2,210,506</u>

NOTE 3 DETAIL NOTES – ASSETS

Cash and Cash Equivalents

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2015 and 2014, the Commission held \$79,907,540 and \$48,539,515, respectively, in cash and cash equivalents in financial institutions, which include cash and cash equivalents, held in the Retiree Health Benefits Plan (fiduciary fund).

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 3      DETAIL NOTES – ASSETS (CONTINUED)

Cash and Cash Equivalents (Continued)

Custodial Credit Risk (Continued)

As of December 31, 2015 and 2014, the Commission's bank balance of \$79,907,540 and \$48,539,515, respectively, was exposed to custodial credit risk as follows:

	December 31, 2015		
	Enterprise Fund	Fiduciary Fund	Total
Insured	\$ 250,000	\$ -	\$ 250,000
Uninsured and Collateralized with Securities			
Held by Pledging Financial Institutions	8,590,227	-	8,590,227
Uninsured and Uncollateralized	<u>70,939,821</u>	<u>127,492</u>	<u>71,067,313</u>
	<u>\$ 79,780,048</u>	<u>\$ 127,492</u>	<u>\$ 79,907,540</u>
	December 31, 2014		
	Enterprise Fund	Fiduciary Fund	Total
Insured	\$ 250,000	\$ -	\$ 250,000
Uninsured and Collateralized with Securities			
Held by Pledging Financial Institutions	11,973,285	-	11,973,285
Uninsured and Uncollateralized	<u>36,153,009</u>	<u>163,221</u>	<u>36,316,230</u>
	<u>\$ 48,376,294</u>	<u>\$ 163,221</u>	<u>\$ 48,539,515</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, 2015 and 2014, of the Commission's \$154,890,356 and \$181,340,801 investments in U.S. federal agency notes and bonds, U.S. government treasuries, commercial paper, and municipal and state obligations and funds, all \$154,890,355 and \$181,340,801 of investments are registered in the name of the Commission and held by the counterparty. Of the Retiree Health Benefits Plan's (fiduciary fund) \$75,960,723 and \$69,174,162 investments in mutual funds - equity and mutual funds - fixed income as of December 31, 2015 and 2014, all \$75,960,723 and \$69,174,162 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, 2015 AND 2014

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, 2015 and 2014, the Commission's enterprise fund had the following investments and maturities:

<u>Investment Type</u>	December 31, 2015		
	Total	Investment Maturities (in Years)	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Municipal and State Obligations and Funds	\$ 5,080,590	\$ 5,080,590	\$ -
Commercial Paper	25,962,525	25,962,525	-
U.S. Federal Agency Notes and Bonds	105,992,624	34,748,510	71,244,114
U.S. Government Treasuries	17,854,617	17,854,617	-
Total	<u>\$ 154,890,356</u>	<u>\$ 83,646,242</u>	<u>\$ 71,244,114</u>

<u>Investment Type</u>	December 31, 2014		
	Total	Investment Maturities (in Years)	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Municipal and State Obligations and Funds	\$ 5,078,011	\$ 5,078,011	\$ -
Commercial Paper	39,946,798	39,946,798	-
U.S. Federal Agency Notes and Bonds	89,060,124	44,217,416	44,842,708
U.S. Government Treasuries	47,255,868	29,140,359	18,115,509
Total	<u>\$ 181,340,801</u>	<u>\$ 118,382,584</u>	<u>\$ 62,958,217</u>

As of December 31, 2015 and 2014, the Commission's fiduciary fund had the following investments and maturities:

<u>Investment Type</u>	December 31, 2015		
	Total	Investment Maturities (in Years)	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Mutual Funds - Equity	\$ 31,343,861	\$ 31,343,861	\$ -
Mutual Funds - Fixed Income	44,616,862	44,616,862	-
Total	<u>\$ 75,960,723</u>	<u>\$ 75,960,723</u>	<u>\$ -</u>

  

<u>Investment Type</u>	December 31, 2014		
	Total	Investment Maturities (in Years)	
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Mutual Funds - Equity	\$ 31,391,147	\$ 31,391,147	\$ -
Mutual Funds - Fixed Income	37,783,015	37,783,015	-
Total	<u>\$ 69,174,162</u>	<u>\$ 69,174,162</u>	<u>\$ -</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014:

Enterprise Fund Investments -

<u>Investment Type</u>	<u>December 31, 2015</u>	
	<u>Rating *</u>	<u>% of Total Investments</u>
Municipal and State Obligations and Funds	AAAm	3.28%
Commercial Paper	A-1 to AA+	16.76%
U.S. Federal Agency Notes and Bonds	AA+	68.43%
U.S. Government Treasuries	AA+	11.53%

  

<u>Investment Type</u>	<u>December 31, 2014</u>	
	<u>Rating *</u>	<u>% of Total Investments</u>
Municipal and State Obligations and Funds	AAAm	2.80%
Commercial Paper	A-1 to AA+	22.03%
U.S. Federal Agency Notes and Bonds	AA+	49.11%
U.S. Government Treasuries	AA+	26.06%

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

Fiduciary Fund Investments -

<u>Investment Type</u>	<u>December 31, 2015</u>	
	<u>Rating *</u>	<u>% of Total Investments</u>
Mutual Funds - Equity	3 Stars	10.19%
Mutual Funds - Equity	4 Stars	23.14%
Mutual Funds - Equity	5 Stars	7.94%
Mutual Funds - Fixed Income	4 Stars	21.70%
Mutual Funds - Fixed Income	5 Stars	37.04%

  

<u>Investment Type</u>	<u>December 31, 2014</u>	
	<u>Rating *</u>	<u>% of Total Investments</u>
Mutual Funds - Equity	3 Stars	15.80%
Mutual Funds - Equity	4 Stars	29.58%
Mutual Funds - Fixed Income	3 Stars	21.84%
Mutual Funds - Fixed Income	4 Stars	4.07%
Mutual Funds - Fixed Income	5 Stars	28.70%

\*5 Stars represents the highest quality rating by Morningstar

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014:

	Balance Jan. 1, 2015	Additions	Deletions	Transfers	Balance Dec. 31, 2015
Capital Assets Not Being Depreciated					
Land	\$ 129,888,166	\$ 62,500	\$ (12,208)	\$ -	\$ 129,938,458
Improvements in Progress	26,835,619	28,876,440	-	(17,535,512)	38,176,547
Total Capital Assets					
Not Being Depreciated	156,723,785	28,938,940	(12,208)	(17,535,512)	168,115,005
Capital Assets Being Depreciated					
Buildings	29,418,032	328,847	-	83,803	29,830,682
Infrastructure	645,415,950	-	-	17,435,787	662,851,737
Equipment	34,062,368	2,660,387	(20,414)	15,922	36,718,263
Total Capital Assets					
Being Depreciated	708,896,350	2,989,234	(20,414)	17,535,512	729,400,682
Less Accumulated Depreciation for					
Buildings	(14,438,896)	(1,057,479)	-	-	(15,496,375)
Infrastructure	(293,849,865)	(26,366,286)	-	-	(320,216,151)
Equipment	(30,639,657)	(1,002,258)	20,414	-	(31,621,501)
Total Accumulated Depreciation	(338,928,418)	(28,426,023)	20,414	-	(367,334,027)
Total Capital Assets					
Being Depreciated, Net	369,967,932	(25,436,789)	-	17,535,512	362,066,655
Total Capital Assets, Net	\$ 526,691,717	\$ 3,502,151	\$ (12,208)	\$ -	\$ 530,181,660
	Balance Jan. 1, 2014	Additions	Deletions	Transfers	Balance Dec. 31, 2014
Capital Assets Not Being Depreciated					
Land	\$ 129,888,166	\$ -	\$ -	\$ -	\$ 129,888,166
Improvements in Progress	38,279,465	24,777,330	-	(36,221,176)	26,835,619
Total Capital Assets					
Not Being Depreciated	168,167,631	24,777,330	-	(36,221,176)	156,723,785
Capital Assets Being Depreciated					
Buildings	25,528,628	346,352	-	3,543,052	29,418,032
Infrastructure	612,737,826	-	-	32,678,124	645,415,950
Equipment	33,424,711	660,369	(22,712)	-	34,062,368
Total Capital Assets					
Being Depreciated	671,691,165	1,006,721	(22,712)	36,221,176	708,896,350
Less Accumulated Depreciation for					
Buildings	(13,376,748)	(1,062,148)	-	-	(14,438,896)
Infrastructure	(269,328,609)	(24,521,256)	-	-	(293,849,865)
Equipment	(29,587,393)	(1,074,976)	22,712	-	(30,639,657)
Total Accumulated Depreciation	(312,292,750)	(26,658,380)	22,712	-	(338,928,418)
Total Capital Assets					
Being Depreciated, Net	359,398,415	(25,651,659)	-	36,221,176	369,967,932
Total Capital Assets, Net	\$ 527,566,046	\$ (874,329)	\$ -	\$ -	\$ 526,691,717

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 3      DETAIL NOTES – ASSETS (CONTINUED)

Toll Revenue

<u>Toll Class</u>	For the Years Ended			
	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Vehicles</u>	<u>Revenue</u>	<u>Vehicles</u>	<u>Revenue</u>
1	33,570,317	\$ 33,572,834	31,560,913	\$ 31,754,731
2	888,230	5,726,221	843,055	5,436,550
3	393,052	4,652,614	368,622	4,363,046
4	444,552	6,971,076	377,309	5,895,475
5	3,587,596	70,310,256	3,412,005	66,868,594
6	101,894	2,364,060	97,768	2,271,694
7	9,804	267,265	10,008	272,849
8	12	493	18	1,096
11	84,433	168,866	79,391	158,782
12	107,132	214,264	100,933	201,866
13	3,863	7,726	3,360	6,720
15	111	111	64	64
Extra axles *	1,544	4,677	1,926	5,863
Violations	452,490	3,144,287	863,933	5,375,866
	<u>39,643,486</u>	<u>\$ 127,404,750</u>	<u>37,717,379</u>	<u>\$ 122,613,196</u>
Discounts, Violations, Allowances and Other Adjustments		<u>(2,764,185)</u>		<u>(1,831,351)</u>
		<u>\$ 124,640,565</u>		<u>\$ 120,781,845</u>

\* 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, 2015 and 2014 was \$127,404,750 and \$122,613,196, respectively, while the adjustments for uncollectible tolls, violations, and discounts were \$2,764,185 and \$1,831,351, 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, 2015 and 2014 is estimated at \$1,737,588 and \$1,775,076, 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, 2015 and 2014 is estimated at \$264,191 and \$250,053, respectively.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans

Pennsylvania State Employees' Retirement System

*Plan Description*

The Commission participates in the Pennsylvania State Employees' Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies. Membership in SERS is mandatory for most Commission (and other state) employees. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. SERS issues a publicly available financial report that can be obtained at [www.sers.pa.gov](http://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 15.77% for the year ended December 31, 2014.

Contributions to the pension plan from the Commission were \$2,680,930 for the year ended December 31, 2015.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

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

At December 31, 2015, the Commission reported a liability of \$44,858,192 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, 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, 2014, the Commission's proportion was 0.30192475%, which was an increase of .00407397% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Commission recognized pension expense of \$5,097,265. At December 31, 2015, 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	243,521	-
Net Difference between projected and actual investment earnings on pension plan investments	1,296,099	-
Changes in assumptions	-	-
Differences between employer contributions and proportionate share of contributions	-	219,286
Changes in proportion	-	457,242
Commission's contributions subsequent to measurement date	3,970,884	-
	5,510,504	676,528

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

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

The \$3,970,884 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, 2016. 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:		
2016	\$	154,124
2017		154,124
2018		154,124
2019		154,124
2020		154,124
Thereafter	\$	92,472

*Actuarial assumptions*

The following methods and assumptions were used in the December 31, 2014 actuarial valuations. These methods and assumptions were applied to all periods included in the measurement:

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

Some of the methods and assumptions mentioned above are based on the 17<sup>th</sup> *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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

*Actuarial assumptions (Continued)*

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, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Alternative Investments	15.00%	8.50%
Global Public Equity	40.00%	5.40%
Real Assets	17.00%	4.95%
Diversifying Assets	10.00%	5.00%
Fixed Income	15.00%	1.50%
Liquidity Reserve	3.00%	0.00%
Total	100.00%	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50%. 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.



DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

Pennsylvania State Employees' Retirement System (Continued)

*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 2014 and 2013 net pension liability calculated using the discount rate of 7.50%. 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 6.50%	Current discount rate 7.50%	1% Increase 8.50%
Commission's share of the net pension liability as of 12/31/14 measurement date	57,417,406	44,858,192	34,059,301
Commission's share of the net pension liability as of 12/31/13 measurement date	54,265,626	41,809,783	31,102,721

*Pension plan fiduciary net position*

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

*Payables to the Pension Plan*

As of December 31, 2015, the Commission reported a \$2,277,828 liability within the Accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to SERS. As of December 31, 2014, the Commission reported a \$987,874 liability within the Accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions for employee service that had not yet been paid to SERS.

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](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

State of New Jersey Public Employees' Retirement System (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, 2015, members contributed at an average rate of 6.99% of base salary; Member contributions will continue to increase each year on July 1 until the final increase on July 1, 2018 when a contribution rate of 7.5% is reached.

Employer contributions are actuarially determined by PERS. The Commission's contribution requirements for the years ended June 30, 2015, 2014, and 2013 were \$64,202, \$61,068 and \$58,196.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

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

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

At December 31, 2015, the Commission reported a liability of \$1,676,344 for its proportionate share of the net pension liability. The net liability was measured as of June 30, 2015 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, 2015 and 2014. At June 30, 2015 the Commission's proportion was .0074676777%.

For the year ended December 31, 2015, the Commission recognized pension expense of \$65,852. At December 31, 2015, 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	39,992	-
Net Difference between projected and actual investment earnings on pension plan investments	-	26,952
Changes in assumptions	180,026	-
Differences between employer contributions and proportionate share of contributions	-	-
Changes in proportion	102,203	-
Commission's contributions subsequent to measurement date	65,852	-
	388,073	26,952

The \$65,852 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, 2016. 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:

2016	\$ 45,849
2017	45,849
2018	45,849
2019	45,849
2020	45,849
thereafter	66,024

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary increases:	
2012-2021	2.15-4.40% based on age
Thereafter	3.15-5.40% based on age
Investment rate of return	7.90%

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, 2014 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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES

Pension Plans (Continued)

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

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014 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.

*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, 2015 and 2014 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 3.90%	Current discount rate 4.90%	1% Increase 5.90%
Commission's share of the net pension liability as of 6/30/2015 measurement date	2,083,490	1,676,344	1,334,995
Commission's share of the net pension liability as of 6/30/2014 measurement date	1,677,512	1,349,700	1,074,865

*Pension plan fiduciary net position*

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

*Payables to the Pension Plan*

As of December 31, 2015, the Commission reported a \$65,852 liability within the Accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to PERS. As of December 31, 2014, the Commission reported a \$61,068 liability within the Accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions for employee service that had not yet been paid to PERS.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

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.

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, 2015 and 2014 were \$11,082,269 and \$6,640,000, 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 \$5,541,134 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 \$75,382,269 as of December 31, 2015.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset) - For 2015, the Commission's annual OPEB cost (expense) of \$5,692,298 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 2015, 2014, and 2013 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 5,541,134	\$ 5,541,134	\$ 6,550,462
Interest on the Net OPEB Obligation	(717,048)	(717,048)	(719,542)
Adjustment to the ARC	<u>868,212</u>	<u>868,212</u>	<u>870,645</u>
Annual OPEB Cost	5,692,298	5,692,298	6,701,565
Contributions	<u>(11,082,268)</u>	<u>(6,640,000)</u>	<u>(6,660,000)</u>
Increase (Decrease) in the NET OPEB Obligation	(5,389,970)	(947,702)	41,565
Net OPEB Obligation (Asset), January 1	<u>(12,898,496)</u>	<u>(11,950,794)</u>	<u>(11,992,359)</u>
Net OPEB Obligation (Asset), December 31	<u>\$ (18,288,466)</u>	<u>\$ (12,898,496)</u>	<u>\$ (11,950,794)</u>
Percentage of Annual OPEB Cost Contributed	195%	117%	99%

Funded Status and Funding Progress - As of January 1, 2014, the most recent actuarial valuation date, the Retiree Health Benefit Plan was 67% funded. The actuarial accrued liability for benefits was \$89,762,598 and the actuarial value of assets was \$60,119,142, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,643,456. The covered payroll (annual payroll of active employees covered by the plan) was \$17,894,602, and the ratio of the UAAL to the covered payroll was 166%. 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

In the January 1, 2014 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, 2014 was twenty-three (23) years.

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 2014 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%



DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

- *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%

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

Assumed Salary Scale

<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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Other Postemployment Benefits (OPEB) (Continued)

- *Healthcare claims (continued).* The following represents the premium costs:

Claim Cost at Selected Ages							
Age	Medical	Admin	Rx	Medicare Part B	Dental	Vision	
55	\$ 6,773	\$ 1,513	\$ 3,712	\$ -	\$ 240	\$ 58	
60	\$ 8,400	\$ 1,513	\$ 4,603	\$ -	\$ 240	\$ 58	
65	\$ 2,380	\$ -	\$ 2,484	\$ 1,259	\$ 240	\$ 58	
70	\$ 2,772	\$ -	\$ 2,893	\$ 1,259	\$ 240	\$ 58	
75	\$ 3,075	\$ -	\$ 3,210	\$ 1,259	\$ 240	\$ 58	
80	\$ 3,297	\$ -	\$ 3,442	\$ 1,259	\$ 240	\$ 58	

- *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."

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 8.0% and decreases to a 5.0% long-term trend rate for all health care benefits after eight years. The post-65 assumption begins at 7.0% 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 2018) brought on by the Patient Protection and Affordable Care Act (PPACA) is estimated to be 4.56%. 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.

Bonded Indebtedness

At December 31, 2015 and 2014, the Commission had \$327,317,418 and \$339,184,585, respectively, in revenue and refunding revenue bonds outstanding. The bonds were issued in 2005, 2007, 2012, and 2015. 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.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

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 \$79,544,528. Of the proceeds, \$34,770,228 of the bonds 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.

In 2013, the \$40,000,000 of monies 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. As of December 31, 2014, the Commission had committed all \$40,000,000 and all of the subsequent interest earned on the \$40,000,000 for grants to municipalities participating in the Compact Authorized Investment (CAI) program, of which \$0 and \$340,774 was undistributed at December 31, 2014 and 2013, respectively. Funded projects include installation of upgrades to traffic signalization around Commission facilities, road widening in areas affected by Commission crossings, bicycle or pedestrian paths leading up to Commission facilities, park and ride facilities, safety lighting, and right of way renovation, protection, or beautification.

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

Series 2007A Bonds - In July 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 6). In April 2015, the Commission partially refunded an additional \$86,765,000 of the Series 2007A outstanding bonds. (see note 6)

Series 2007B (SWAP) Bonds - In July 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 refunded and are no longer required to be secured by a letter of credit. The refunding was done in order to peg the variable interest rates of

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

Series 2007B (SWAP) Bonds (Continued)

the bonds to the Securities Industry and Financial Markets Association (SIMFA) Municipal Swap Index. The 2007B-1 Bond interest rate is SIMFA Municipal Swap Index Rate +85 basis points and the 2007B-2 Bond interest rate is SIMFA Municipal Swap Index Rate +95 basis points.

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 transferred proceeds of \$12,205,970, and yielded total cash of \$98,827,937. Of the proceeds, \$95,174,922 of the bonds were used to advance refund \$30,795,000 of the Series 2005A outstanding bonds (see note 6) 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 6).

Series 2012B Bonds - In October 2012, the Commission issued \$20,665,000 in 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 in 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 debt service fund Series 2007A and \$1,400,000 from construction fund Series 2007A. Of the proceeds, \$95,571,081 were used to advance refund 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.

The following schedules represent the debt service requirements for the outstanding bonds:

		Principal		Total Debt
	<u>Year</u>	<u>Amount</u>	<u>Interest</u>	<u>Service</u>
Series 2005A	2016	\$ 4,125,000	\$ 1,151,838	\$ 5,276,838
	2017	4,350,000	918,775	5,268,775
	2018	4,590,000	672,925	5,262,925
	2019	4,835,000	413,738	5,248,738
	2020	5,105,000	140,388	5,245,388
Total Series 2005A		<u>\$ 23,005,000</u>	<u>\$ 3,297,664</u>	<u>\$ 26,302,664</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

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 2007A	2016	\$ 1,760,000	\$ 144,000	\$ 1,904,000
	2017	<u>2,000,000</u>	<u>50,000</u>	<u>2,050,000</u>
Total Series 2007A		<u>\$ 3,760,000</u>	<u>\$ 194,000</u>	<u>\$ 3,954,000</u>

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>
Series 2007B	2016	\$ 4,800,000	\$ 5,028,544	\$ 9,828,544
	2017	4,950,000	4,825,456	9,775,456
	2018	5,250,000	4,616,021	9,866,021
	2019	5,450,000	4,393,894	9,843,894
	2020	5,650,000	4,163,304	9,813,304
	2021	5,950,000	3,924,253	9,874,253
	2022	6,250,000	3,672,508	9,922,508
	2023	6,550,000	3,408,071	9,958,071
	2024	6,800,000	3,130,940	9,930,940
	2025	7,150,000	2,843,232	9,993,232
	2026	7,450,000	2,540,716	9,990,716
	2027	7,800,000	2,225,506	10,025,506
	2028	8,200,000	1,895,488	10,095,488
	2029	8,550,000	1,548,546	10,098,546
	2030	8,900,000	1,186,796	10,086,796
	2031	9,350,000	810,237	10,160,237
	2032	<u>9,800,000</u>	<u>414,638</u>	<u>10,214,638</u>
Total Series 2007B		<u>\$ 118,850,000</u>	<u>\$ 50,628,150</u>	<u>\$ 169,478,150</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, 2015 is 4.231%.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Bonded Indebtedness (Continued)

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2012A	2016	1,030,000	3,012,838	4,042,838
	2017	1,065,000	2,976,263	4,041,263
	2018	1,100,000	2,938,288	4,038,288
	2019	1,145,000	2,893,388	4,038,388
	2020	1,195,000	2,858,538	4,053,538
	2021	6,825,000	2,675,963	9,500,963
	2022	7,165,000	2,365,775	9,530,775
	2023	7,445,000	2,040,088	9,485,088
	2024	7,815,000	1,658,588	9,473,588
	2025	8,205,000	1,258,088	9,463,088
	2026	8,620,000	855,563	9,475,563
	2027	7,805,000	512,063	8,317,063
	2028	9,355,000	225,638	9,580,638
	2029	1,345,000	64,297	1,409,297
	2030	1,385,000	21,641	1,406,641
Total Series 2012A		<u>\$ 71,500,000</u>	<u>\$ 26,357,019</u>	<u>\$ 97,857,019</u>

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2012B	2016	\$ 3,440,000	\$ 169,763	\$ 3,609,763
	2017	3,490,000	109,893	3,599,893
	2018	<u>3,560,000</u>	<u>38,875</u>	<u>3,598,875</u>
Total Series 2012B		<u>\$ 10,490,000</u>	<u>\$ 318,531</u>	<u>\$ 10,808,531</u>

	<u>Year</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
Series 2015	2016	-	3,615,519	3,615,519
	2017	-	3,615,519	3,615,519
	2018	-	3,615,519	3,615,519
	2019	2,410,000	3,567,319	5,977,319
	2020	2,540,000	3,455,619	5,995,619
	2021	2,540,000	3,328,619	5,868,619
	2022	2,695,000	3,197,744	5,892,744
	2023	2,795,000	3,074,469	5,869,469
	2024	2,935,000	2,945,194	5,880,194
	2025	3,015,000	2,796,444	5,811,444
	2026	3,180,000	2,641,569	5,821,569
	2027	4,540,000	2,493,969	7,033,969
	2028	3,380,000	2,373,056	5,753,056
	2029	3,480,000	2,233,244	5,713,244
	2030	3,670,000	2,054,494	5,724,494
	2031	3,785,000	1,868,119	5,653,119
	2032	545,000	1,764,297	2,309,297
	2033	10,595,000	1,543,200	12,138,200
	2034	11,020,000	1,110,900	12,130,900
	2035	11,460,000	661,300	12,121,300
	2036	<u>11,920,000</u>	<u>216,050</u>	<u>12,136,050</u>
Total Series 2015		<u>\$ 86,505,000</u>	<u>\$ 52,172,163</u>	<u>\$ 138,677,163</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014, classified by type, and the changes in fair value of such derivative instruments for the years then ended are as follows (debit (credit)):

Changes in Fair Value			Fair Value at December 31, 2015		
	<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	\$ 144,975	Debt	\$ (13,194,000)	\$ 59,420,000
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 144,975	Debt	\$ (13,194,000)	\$ 59,420,000
Changes in Fair Value			Fair Value at December 31, 2014		
	<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	\$ 4,204,428	Debt	\$ (13,049,025)	\$ 61,650,000
Pay-Fixed Interest Rate Swap	Deferred Outflow of Resources	\$ 4,204,428	Debt	\$ (13,049,025)	\$ 61,650,000

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, 2015 and 2014, along with the credit rating of the associated counterparty.

		Year Ended December 31, 2015					Counterparty Credit Rating
<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>		
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-1 Series Bonds	\$ 59,925,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index		Baa2/A-
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-2 Series Bonds	\$ 59,925,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index		Baa2/A-

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      **DETAIL NOTES – LIABILITIES (CONTINUED)**

Derivative Instruments (Continued)

**Objective and Terms of Hedging Derivative Instruments (Continued)**

Year Ended December 31, 2014						
<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	\$ 61,650,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	Baa2/A-
Pay Fixed Interest Rate Swap	Hedges of Changes in Cash Flows on the 2007 B-2 Series Bonds	\$ 61,650,000	10/01/07	07/01/32	Pay Fixed 4.231%; Receive SIFMA Swap Index	Baa2/A-

**Risks Related to Derivative Instruments**

*Credit risk* - As of December 31, 2015 and 2014, 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 & Co is rated Baa2 by Moody's and A- S&P. Morgan Stanley is rated Baa2 by Moody's and A- by S&P.

*Interest rate risk* - The Commission is exposed to interest rate risk on its interest rate swaps. On both its pay-fixed, receive-variable interest rate swap, as the SIFMA swap index increases, the Commission's net payment on the swap increases.

*Basis risk* - The Commission is 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 interest rates the Commission pays on its hedged variable-rate debt, which is remarketed weekly. At December 31, 2014, the average interest rate on the Commission's hedged variable rate debt is .96% percent, while the SIFMA basis swap index rate is .06%.

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



DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 4      DETAIL NOTES – LIABILITIES (CONTINUED)

Derivative Instruments (Continued)

Risks Related to Derivative Instruments (Continued)

*Termination risk (Continued)*

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

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

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

Summary of Long-Term Liabilities

	Outstanding Jan. 1, 2015	Additions	Reductions	Outstanding Dec. 31, 2015	Due Within One Year
Revenue Bonds:					
Principal	\$ 329,345,000	\$ 86,505,000	\$ 101,740,000	\$ 314,110,000	\$ 15,155,000
Unamortized Premiums	9,839,586	6,076,193	2,708,361	13,207,418	-
Total Revenue Bonds	339,184,586	92,581,193	104,448,361	327,317,418	15,155,000
Other Liabilities:					
Premium Payment Payable -					
Derivative Companion Instrument	421,539	-	34,118	387,421	-
Derivative Instrument - Interest Rate					
Swaps	26,098,050	289,950	-	26,388,000	-
Compensated Absences	2,025,129	-	23,350	2,001,779	120,107
Net Pension Liability	-	46,534,536	-	46,534,536	-
Total Other Liabilities	28,544,718	46,824,486	57,468	75,311,736	120,107
Total Long-Term Liabilities	\$ 367,729,304	\$ 139,405,679	\$ 104,505,829	\$ 402,629,154	\$ 15,275,107
	Principal Outstanding Jan. 1, 2014	Additions	Reductions	Principal Outstanding Dec. 31, 2014	Due Within One Year
Revenue Bonds:					
Principal	\$ 343,505,000	\$ -	\$ 14,160,000	\$ 329,345,000	\$ 14,975,000
Unamortized Premiums	11,335,327	-	1,495,741	9,839,586	-
Total Revenue Bonds	354,840,327	-	15,655,741	339,184,586	14,975,000
Other Liabilities:					
Premium Payment Payable -					
Derivative Companion Instrument	455,885	-	34,346	421,539	34,346
Derivative Instrument - Interest Rate					
Swaps	17,689,194	8,408,856	-	26,098,050	-
Compensated Absences	2,039,938	-	14,809	2,025,129	121,508
Total Other Liabilities	20,185,017	-	49,155	28,544,718	155,854
Total Long-Term Liabilities	\$ 375,025,344	\$ -	\$ 15,704,896	\$ 367,729,304	\$ 15,130,854

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 5      PRIOR YEARS' DEBT DEFEASANCE

Series 2005A Bonds

On October 24, 2012, the Commission defeased \$30,795,000 of the Series 2005A Bonds, with a call date of July 1, 2015, by creating a separate irrevocable trust fund. New debt (Series 2012A Bonds) was issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust fund. The investment and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, this debt has been considered defeased and therefore removed as a liability from the Commission's financial statements. As of December 31, 2015 and 2014, the amount of defeased Series 2005A Bonds outstanding amounted to \$30,795,000 and \$30,795,000.

NOTE 6      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. These monies 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 are called on July 1, 2017. The advance refunding met the requirements of an in-substance debt defeasance and the aforementioned portion of the Series 2007A Bonds liability was removed from the Commission's financial statements. As of December 31, 2015 and December 31, 2014, the amount of defeased series 2007A Bonds outstanding amounted to \$118,670,000 and \$31,905,000.

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 7      INTERFUND BALANCES

At December 31, 2015 and 2014, interfund balances in the amounts of \$622,791 and \$1,859,406, 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). The interfund balance is expected to be liquidated during the year ending December 31, 2016.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2015 AND 2014

NOTE 8 RISK MANAGEMENT

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

NOTE 9 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 10 COMMITMENTS AND CONTINGENCIES

Commitments - The Commission had several outstanding or planned construction projects as of December 31, 2015. 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	\$ 11,709,125	\$ 11,026,153
Electronic Surveillance/Detection System	967,940	557,990
Scudder Falls Bridge Replacement, Final Design	<u>22,940,000</u>	<u>13,727,115</u>
Total	<u>\$ 35,617,065</u>	<u>\$ 25,311,258</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 11 SUBSEQUENT EVENTS

- A) The Commission has evaluated all subsequent events through the report issue date of June 17, 2016.

## 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 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]
1/1/2014	\$ 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, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Open, Level Percentage Method
Remaining Amortization Period	22 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	8.0% grading to 5.0% over 9 years
Rate of Medical Inflation for Retirees over Age 65	7.0% 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.

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

Last 10 Fiscal Years\*

	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 one year is presented in the above schedule.

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution ("ADC")	\$ 2,981,231	\$ 2,946,425	\$ 2,256,596	\$ 1,646,547	\$ 1,096,224	\$ 744,292	\$ 579,830	\$ 620,367	\$ 602,219	\$ 471,413
Contributions in Relation to the ADC	2,981,231	2,946,425	2,256,596	1,646,547	1,096,224	744,292	579,830	620,367	602,219	471,413
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 19,042,269	\$ 17,392,145	\$ 14,539,682	\$ 15,126,619	\$ 18,870,378	\$ 17,190,072	\$ 16,937,177	\$ 16,676,532	\$ 16,903,732	\$ 16,545,882
Contributions as a Percentage of Covered Employee Payroll	15.7%	16.9%	15.5%	10.9%	5.8%	4.3%	3.4%	3.7%	3.6%	2.8%

## OTHER SUPPLEMENTARY SCHEDULES



**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION**  
**Schedule of Toll Revenue – Cash**  
**For the Year Ended December 31, 2015**

Class	Description	Rate	<u>Trenton-Morrisville</u>		<u>New Hope-Lambertville</u>		<u>Interstate 78</u>		<u>Easton-Phillipsburg</u>	
			Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile Subtotal	\$ 1.00	3,071,577	\$ 3,071,577	410,647	\$ 410,647	2,967,115	\$ 2,967,115	1,664,925	\$ 1,664,925
11	Auto with 1-Axle Trailer	2.00	3,409	6,818	1,016	2,032	13,445	26,890	4,496	8,992
12	Auto with 2-Axle Trailer	2.00	5,810	11,620	2,896	5,792	26,593	53,186	6,172	12,344
13	Auto with 3-Axle Trailer	2.00	454	908	74	148	1,556	3,112	118	236
	Automobile Subtotal		3,081,250	3,090,923	414,633	418,619	3,008,709	3,050,303	1,675,711	1,686,497
02	Comm'l 2-Axle Peak	6.50	33,755	219,408	11,017	71,611	52,385	340,503	24,245	157,593
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	5,111	61,332	3,666	43,992	13,410	160,920	3,876	46,512
03	Comm'l 3-Axle Off-Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	2,398	38,368	828	13,248	10,937	174,992	2,811	44,976
04	Comm'l 4-Axle Off-Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	17,696	353,920	5,947	118,960	380,812	7,616,240	25,094	501,880
05	Comm'l 5-Axle Off-Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	282	6,768	69	1,656	2,398	57,552	249	5,976
06	Comm'l 6-Axle Off-Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	29	812	5	140	304	8,512	7	196
07	Comm'l 7-Axle Off-Peak	25.20	-	-	-	-	-	-	-	-
08	Comm'l Permit		-	-	1	-	3	147	1	-
	Commercial Subtotal		59,271	680,608	21,533	249,607	460,249	8,358,866	56,283	757,133
	Extra Axles Subtotal *		1	4	1	4	294	1,164	10	32
	Non-Revenue *		623	-	1,912	-	885	-	618	-
	Gross Cash Tolls		3,140,521	3,771,535	436,166	668,230	3,468,958	11,410,333	1,731,994	2,443,662
	Discounts, Allowances and Other Adjustments			6,074		1,141		6,210		1,401
	Net Cash Revenue			\$ 3,777,609		\$ 669,371		\$ 11,416,543		\$ 2,445,063

\* 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, 2015**

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	467,665	\$ 467,665		3,012,757	\$ 3,012,757		523,893	\$ 523,893		12,118,579	\$ 12,118,579	
11	Auto with 1-Axle Trailer	2.00	2,134	4,268		10,480	20,960		2,889	5,778		37,869	75,738	
12	Auto with 2-Axle Trailer	2.00	2,840	5,680		13,993	27,986		2,572	5,144		60,876	121,752	
13	Auto with 3-Axle Trailer	2.00	36	72		802	1,604		113	226		3,153	6,306	
	Automobile Subtotal		472,675	477,685		3,038,032	3,063,307		529,467	535,041		12,220,477	12,322,375	
02	Comm'l 2-Axle Peak	6.50	5,345	34,743		36,015	234,098		5,627	36,576		168,389	1,094,532	
02	Comm'l 2-Axle Off-Peak	5.85	-	-		-	-		-	-		-	-	
03	Comm'l 3-Axle Peak	12.00	1,687	20,244		7,989	95,868		593	7,116		36,332	435,984	
03	Comm'l 3-Axle Off-Peak	10.80	-	-		-	-		-	-		-	-	
04	Comm'l 4-Axle Peak	16.00	1,678	26,848		6,261	100,176		500	8,000		25,413	406,608	
04	Comm'l 4-Axle Off-Peak	14.40	-	-		-	-		-	-		-	-	
05	Comm'l 5-Axle Peak	20.00	3,439	68,780		188,603	3,772,060		1,058	21,160		622,649	12,453,000	
05	Comm'l 5-Axle Off-Peak	18.00	-	-		-	-		-	-		-	-	
06	Comm'l 6-Axle Peak	24.00	81	1,944		1,593	38,232		33	792		4,705	112,920	
06	Comm'l 6-Axle Off-Peak	21.60	-	-		-	-		-	-		-	-	
07	Comm'l 7-Axle Peak	28.00	-	-		280	7,840		-	-		625	17,500	
07	Comm'l 7-Axle Off-Peak	25.20	-	-		-	-		-	-		-	-	
08	Comm'l Permit		-	-		7	346		-	-		12	493	
	Commercial Subtotal		12,230	152,559		240,748	4,248,620		7,811	73,644		858,125	14,521,037	
	Extra Axles Subtotal *		-	-		332	1,324		-	-		638	2,528	
	Non-Revenue *		756	-		2,225	-		2,794	-		9,813	-	
	Gross Cash Tolls		484,905	630,244		3,278,780	7,313,251		537,278	608,685		13,078,602	26,845,940	
	Discounts, Allowances and Other Adjustments		-	545		-	5,871		-	53		-	21,295	
	Net Cash Revenue		-	630,789		-	7,319,122		-	608,738		-	26,867,235	

\* 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, 2015**

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	4,875,925	\$ 4,876,511	1,409,330	\$ 1,409,511	5,626,867	\$ 5,627,433	3,195,169	\$ 3,195,431
11	Auto with 1-Axle Trailer	2.00	5,074	10,148	2,364	4,728	13,691	27,382	7,077	14,154
12	Auto with 2-Axle Trailer	2.00	5,613	11,226	4,161	8,322	15,017	30,034	5,937	11,874
13	Auto with 3-Axle Trailer	2.00	355	710	66	132	69	138	73	146
15	Default		14	14	2	2	20	20	24	24
	Automobile Subtotal		4,886,981	4,898,609	1,415,923	1,422,695	5,655,664	5,685,007	3,208,280	3,221,629
02	Comm'l 2-Axle Peak	6.50	177,618	1,154,518	43,147	280,456	189,222	1,229,943	95,847	623,006
02	Comm'l 2-Axle Off-Peak	5.85	15,816	92,524	4,024	23,540	26,256	153,598	8,554	50,041
03	Comm'l 3-Axle Peak	12.00	74,964	899,588	14,016	168,192	109,082	1,308,984	27,654	331,848
03	Comm'l 3-Axle Off-Peak	10.80	4,769	51,505	1,169	12,625	26,377	284,872	4,374	47,239
04	Comm'l 4-Axle Peak	16.00	76,347	1,221,552	5,259	84,144	134,033	2,144,528	28,094	449,504
04	Comm'l 4-Axle Off-Peak	14.40	11,199	161,266	2,820	40,608	49,971	719,582	2,716	39,110
05	Comm'l 5-Axle Peak	20.00	131,755	2,635,100	21,115	422,300	1,350,543	27,010,860	68,364	1,367,280
05	Comm'l 5-Axle Off-Peak	18.00	35,789	644,202	5,306	95,508	446,271	8,032,878	21,097	379,746
06	Comm'l 6-Axle Peak	24.00	808	19,392	432	10,368	43,149	1,035,576	689	16,536
06	Comm'l 6-Axle Off-Peak	21.60	273	5,897	357	7,711	23,441	506,326	164	3,542
07	Comm'l 7-Axle Peak	28.00	76	2,148	51	1,440	5,295	148,292	23	644
07	Comm'l 7-Axle Off-Peak	25.20	11	277	6	151	2,124	53,525	4	101
08	Comm'l Permit		-	-	-	-	-	-	-	-
	Commercial Subtotal		529,425	6,887,949	97,702	1,147,043	2,405,764	42,628,964	257,580	3,308,597
	Exit Violations		70,612	397,480	13,784	50,069	206,728	1,722,600	34,934	131,964
	Extra Axles Subtotal *		55	168	6	24	235	835	29	72
	Gross ETC Tolls		5,487,018	12,184,206	1,527,409	2,619,831	8,268,156	50,037,406	3,500,794	6,662,262
	Commuter Discounts			(283,039)		(88,907)		(358,283)		(192,915)
	Violations, Allowances and Other Adjustments			(854,298)		(174,401)		(2,620,848)		(695,225)
	Penalties on Violations			686,541		171,011		2,039,229		456,161
	Commission Vehicles			(17,073)		(17,815)		(14,617)		(17,073)
	Net ETC Revenue			\$ 11,716,337		\$ 2,509,719		\$ 49,082,887		\$ 6,213,210

\* 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, 2015**

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	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue
01	Automobile Subtotal	\$ 1.00	658,620	\$ 658,802	4,951,999	\$ 4,952,621	733,828	\$ 733,946	21,451,738	\$ 21,454,255				
11	Auto with 1-Axle Trailer	2.00	2,333	4,666	13,013	26,026	3,012	6,024	46,564	93,128				
12	Auto with 2-Axle Trailer	2.00	2,694	5,388	10,399	20,798	2,435	4,870	46,256	92,512				
13	Auto with 3-Axle Trailer	2.00	25	50	93	186	29	58	710	1,420				
15	Default		4	4	14	14	33	33	111	111				
	Automobile Subtotal		663,676	668,910	4,975,518	4,999,645	739,337	744,931	21,545,379	21,641,426				
02	Comm'l 2-Axle Peak	6.50	23,430	152,295	99,437	646,341	18,399	119,594	647,100	4,206,153				
02	Comm'l 2-Axle Off-Peak	5.85	1,532	8,962	14,476	84,685	2,083	12,186	72,741	425,536				
03	Comm'l 3-Axle Peak	12.00	11,511	138,132	63,271	759,252	2,880	34,560	303,378	3,640,536				
03	Comm'l 3-Axle Off-Peak	10.80	907	9,796	15,585	168,318	161	1,739	53,342	576,094				
04	Comm'l 4-Axle Peak	16.00	20,122	321,952	65,538	1,048,608	1,149	18,384	330,542	5,288,672				
04	Comm'l 4-Axle Off-Peak	14.40	381	5,486	21,407	308,261	103	1,483	88,597	1,275,796				
05	Comm'l 5-Axle Peak	20.00	25,631	512,620	640,917	12,818,340	5,780	115,600	2,244,105	44,882,100				
05	Comm'l 5-Axle Off-Peak	18.00	3,241	58,338	208,327	3,749,886	811	14,598	720,842	12,975,156				
06	Comm'l 6-Axle Peak	24.00	319	7,656	17,780	426,720	97	2,328	63,274	1,518,576				
06	Comm'l 6-Axle Off-Peak	21.60	41	886	9,622	207,835	17	367	33,915	732,584				
07	Comm'l 7-Axle Peak	28.00	46	1,288	1,047	29,348	17	480	6,555	183,640				
07	Comm'l 7-Axle Off-Peak	25.20	19	479	460	11,592	-	-	2,624	66,125				
08	Comm'l Permit		-	-	-	-	-	-	-	-				
	Commercial Subtotal		87,180	1,217,890	1,157,867	20,259,186	31,497	321,319	4,567,015	75,770,948				
	Exit Violations		9,421	50,456	106,245	767,985	10,766	23,733	452,490	3,144,287				
	Extra Axles Subtotal *		14	35	287	1,011	280	4	906	2,149				
	Gross ETC Tolls		760,277	1,937,291	6,239,630	26,027,827	781,600	1,089,987	26,564,884	100,558,810				
	Commuter Discounts			(38,717)		(300,573)		(38,940)		(1,301,374)				
	Violations, Allowances and Other Adjustments			(242,758)		(1,429,104)		(100,907)		(6,117,542)				
	Penalties on Violations			110,381		1,186,704		105,822		4,755,849				
	Commission Vehicles			(19,046)		(20,180)		(16,609)		(122,413)				
	Net ETC Revenue			\$ 1,747,151		\$ 25,464,674		\$ 1,039,353		\$ 97,773,330				

\* 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, 2015 with Comparative Totals for 2014

Description	Total					
	Year Ended December 31,					
	2014	2015	Trenton - Morrisville	New Hope - Lambertville	I-78	Easton - Phillipsburg
Salaries and Wages	\$ 18,021,867	\$ 18,833,821	\$ 1,665,974	\$ 991,275	\$ 2,319,312	\$ 1,794,779
Employee Benefits	13,051,865	16,864,086	1,554,036	981,514	2,102,259	1,542,449
Other Postemployment Benefits	5,692,298	5,692,298	1,195,861	526,178	318,896	749,406
	<u>36,766,030</u>	<u>41,390,205</u>	<u>4,415,871</u>	<u>2,498,967</u>	<u>4,740,467</u>	<u>4,086,634</u>
Heat, Light, and Power	774,546	674,067	132,743	97,866	98,367	97,933
Office Expense	198,286	181,667	2,998	752	2,435	2,478
Information Technology and Communications	887,697	1,033,754	63,605	54,013	45,769	62,277
Travel, Meetings, and Education Expense	117,990	122,672	757	1,372	3,744	4,661
E-Zpass Operating and Maintenance	5,814,397	6,495,764	1,259,780	458,350	1,897,068	870,894
State Police Bridge Security	4,693,830	5,053,772	737,065	159,319	857,600	410,855
Operating and Maintenance Expenses	2,857,485	2,840,263	244,951	181,641	427,138	204,979
Insurance	2,889,489	2,738,559	361,561	250,353	452,616	182,398
Professional Service Fees	1,348,895	976,298	-	-	-	-
Advertising and Marketing	29,183	15,583	-	-	-	-
Depreciation	26,658,380	28,426,023	4,563,819	2,340,289	7,248,302	1,548,720
	<u>46,270,178</u>	<u>48,558,422</u>	<u>7,367,279</u>	<u>3,543,955</u>	<u>11,033,039</u>	<u>3,385,195</u>
Total Operation Expenses	\$ 83,036,208	\$ 89,948,627	\$ 11,783,150	\$ 6,042,922	\$ 15,773,506	\$ 7,471,829

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
Schedule of Operating Expenses (Continued)  
For the Year Ended December 31, 2015 with Comparative Totals for 2014

<u>Description</u>	<u>Portland - Columbia</u>	<u>Delaware Water Gap</u>	<u>Milford - Montague</u>	<u>Toll Supported Bridges</u>	<u>Administrative Expenses</u>
Salaries and Wages	\$ 785,672	\$ 2,401,997	\$ 767,112	\$ 3,457,165	\$ 4,650,535
Employee Benefits	690,610	2,250,795	699,445	3,184,733	3,858,245
Other Postemployment Benefits	510,234	239,172	765,351	239,173	1,148,027
	<u>1,986,516</u>	<u>4,891,964</u>	<u>2,231,908</u>	<u>6,881,071</u>	<u>9,656,807</u>
Heat, Light, and Power	45,507	58,965	59,868	82,818	-
Office Expense	2,162	2,968	1,849	793	165,232
Information Technology and Communications	38,042	44,242	31,197	15,399	679,210
Travel, Meetings, and Education Expense	792	2,234	950	650	107,512
E-Zpass Operating and Maintenance	256,324	1,485,840	267,508	-	-
State Police Bridge Security	94,280	677,123	83,189	2,034,341	-
Operating and Maintenance Expenses	136,949	203,008	124,901	106,244	1,210,452
Insurance	135,728	377,324	108,703	644,655	225,221
Professional Service Fees	-	-	-	-	976,298
Advertising and Marketing	-	-	-	-	15,583
Depreciation	339,655	2,415,556	1,528,348	5,950,866	2,490,468
	<u>1,049,439</u>	<u>5,267,260</u>	<u>2,206,513</u>	<u>8,835,766</u>	<u>5,869,976</u>
Total Operation Expenses	<u>\$ 3,035,955</u>	<u>\$ 10,159,224</u>	<u>\$ 4,438,421</u>	<u>\$ 15,716,837</u>	<u>\$ 15,526,783</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
 Analysis of E-ZPass and Violations Receivable  
 For the Year Ended December 31, 2015

Analysis of E-Zpass and Violations Receivable	
Balance January 1, 2015	\$ 6,322,768
Increased by:	
Gross E-Zpass Tolls	100,558,805
Delaware River Joint Toll Bridge Commission Vehicles	(122,409)
Commuter Discounts	(1,301,374)
Toll Violations, Allowanced and Charge-Offs	<u>(1,361,692)</u>
	<u>97,773,330</u>
	104,096,098
Decreased by:	
Cash Received from Other Agencies	94,664,962
Cash Received from Violations	2,962,560
Transfers from Customer Deposits	<u>-</u>
	<u>97,627,522</u>
Balance December 31, 2015	<u>\$ 6,468,576</u>
Analysis of Balance:	
E-Zpass - Due from Other Agencies	4,179,216
Toll Violations Receivable	14,131,550
Allowance for Uncollectibles	<u>(11,842,190)</u>
	<u>\$ 6,468,576</u>

## DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Analysis of Improvements in Progress  
For the Year Ended December 31, 2015

Analysis of Improvements in Progress	
Balance January 1, 2015	\$ 26,835,619
Increased by:	
Disbursements	28,235,959
Capitalized Interest on Bonds	<u>640,481</u>
	<u>28,876,440</u>
	55,712,059
Decreased by:	
Transferred to Capital Assets - Completed	<u>17,535,512</u>
Balance December 31, 2015	<u>\$ 38,176,547</u>

Analysis of Capital Assets – Completed  
For the Year Ended December 31, 2015

## Transferred to Capital Assets - Completed

	<u>January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2015</u>
Land	\$ 129,888,166	\$ 62,500	\$ 12,208	\$ 129,938,458
Buildings	29,418,032	412,650	-	29,830,682
Infrastructure	645,415,950	17,435,787	-	662,851,737
Equipment	<u>34,062,368</u>	<u>2,676,308</u>	<u>20,414</u>	<u>36,718,262</u>
	838,784,516	20,587,245	32,622	859,339,139
Less: Accumulated Depreciation	<u>338,928,418</u>	<u>28,426,022</u>	<u>20,414</u>	<u>367,334,026</u>
	<u>\$ 499,856,098</u>	<u>\$ (7,838,777)</u>	<u>\$ 12,208</u>	<u>\$ 492,005,113</u>
Transferred from Improvements In Progress		\$ 17,535,511		
Disbursements		<u>3,051,734</u>		
		<u>\$ 20,587,245</u>		



DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION  
Proprietary Fund  
Schedule of Investments  
As of December 31, 2015

<u>Face</u>	<u>Description</u>	<u>Coupon Rate</u>	<u>Date of Maturity</u>	<u>Amortized Cost</u>	<u>Fair Value Value</u>	<u>Rating S&amp;P</u>
\$ 4,000,000	Federal Home Loan Bank	0.375%	2/19/2016	\$ 4,001,480	\$ 4,000,160	AA+
1,445,000	Federal Home Loan Bank	0.375%	2/19/2016	1,445,535	1,445,058	AA+
10,000,000	Federal Home Loan Bank	0.375%	6/10/2016	9,998,500	9,994,600	AA+
8,000,000	Federal National Mortgage Association	0.625%	8/26/2016	8,009,176	8,001,200	AA+
3,250,000	Federal Home Loan Bank	0.520%	10/14/2016	3,242,980	3,247,173	AA+
8,000,000	Federal Home Loan Bank	1.625%	12/9/2016	8,145,912	8,060,320	AA+
10,000,000	Federal Home Loan Bank	0.875%	1/27/2017	10,008,500	9,986,800	AA+
2,100,000	Federal National Mortgage Association	1.250%	1/30/2017	2,125,641	2,108,210	AA+
4,500,000	Federal National Mortgage Association	1.250%	1/30/2017	4,554,945	4,517,595	AA+
8,500,000	Freddie Mac	1.000%	3/8/2017	8,541,480	8,507,055	AA+
8,500,000	Federal National Mortgage Association	0.750%	4/20/2017	8,506,715	8,477,560	AA+
11,000,000	Federal Farm Credit Bank	0.810%	7/13/2017	10,989,000	10,951,490	AA+
10,000,000	Federal Farm Credit Bank	1.020%	9/15/2017	9,990,000	9,985,700	AA+
4,140,000	Federal National Mortgage Association	1.030%	11/29/2017	4,131,306	4,124,185	AA+
10,000,000	Federal Home Loan Bank	1.150%	12/29/2017	9,999,500	9,998,700	AA+
2,600,000	Federal Farm Credit Bank	1.090%	4/13/2018	2,596,100	2,586,818	AA+
Total U.S. Federal Agency Notes and Bonds				\$ 106,286,770	\$ 105,992,624	
U.S. Government Treasuries:						
\$ 5,015,000	U.S. Treasury Notes	2.250%	3/31/2016	5,204,630	5,038,019	AAA
4,000,000	U.S. Treasury Notes	2.000%	4/30/2016	4,142,031	4,020,720	AAA
4,850,000	U.S. Treasury Notes	1.750%	5/31/2016	4,991,332	4,875,754	AAA
3,900,000	U.S. Treasury Notes	1.500%	7/31/2016	3,990,645	3,920,124	AAA
Total U.S. Government Treasuries				\$ 18,328,638	\$ 17,854,617	
Municipal & State Obligations and Funds:						
\$ 5,080,590	Pennsylvania Treasurer's INVEST Program	0.05%	1/1/2016	\$ 5,080,590	\$ 5,080,590	AAAm
Total Municipal & State Obligations and Funds				\$ 5,080,590	\$ 5,080,590	
Commercial Paper						
\$ 6,000,000	Toyota Motor Credit	0.000%	1/15/2016	\$ 5,986,467	\$ 5,986,467	
10,000,000	Old Line Fund	0.520%	3/4/2016	9,987,433	9,987,433	
10,000,000	JPM Chase	0.450%	3/9/2016	9,988,625	9,988,625	
Total Commercial Paper				\$ 25,962,525	\$ 25,962,525	
Total Investments				\$ 155,658,523	\$ 154,890,356	
Recapitulation of Balance						
Unrestricted Investments					\$ 148,750,269	
Restricted Investments					6,140,087	
Balance December 31, 2015					\$ 154,890,356	

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION**  
**Schedule of Revenue Bonds**  
**For the Year Ended December 31, 2015**

<u>Series</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Maturities Amount</u>	<u>Rate</u>	<u>Balance Jan. 1, 2015</u>	<u>Issued</u>	<u>Defeased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2015</u>
Series 2005A	3/23/2005	\$ 72,645,000	7/1/2016	4,125,000	5.50%					
			7/1/2017	4,350,000	5.50%					
			7/1/2018	4,590,000	5.50%					
			7/1/2019	4,835,000	5.50%					
			7/1/2020	5,105,000	5.50%	\$ 28,225,000	\$ -	\$ -	\$ 5,220,000	\$ 23,005,000
Series 2007A	7/19/2007	\$ 134,170,000	7/1/2016	1,760,000	5.00%					
			7/1/2017	2,000,000	5.00%	\$ 92,445,000	\$ -	\$ 86,765,000	\$ 1,920,000	\$ 3,760,000
Series 2007B (Reissuance)	5/18/2011	\$ 139,650,000	7/1/2016	4,800,000	Variable					
			7/1/2017	4,950,000	Variable					
			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	\$ 123,300,000	\$ -	\$ -	\$ 4,450,000	\$ 118,850,000

**DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION**  
**Schedule of Revenue Bonds (Continued)**  
**For the Year Ended December 31, 2015**

Series	Date of Issue	Original Issue	Date	Maturities	Rate	Balance Jan. 1, 2015	Issued	Defeased	Decreased	Balance Dec. 31, 2015
Series 2012A	10/24/2012	\$ 77,145,000	7/1/2016	\$ 1,030,000	4.00%					
			7/1/2017	1,065,000	3.00%					
			7/1/2018	1,100,000	4.00%					
			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%					
			7/1/2023	3,165,000	2.50%					
			7/1/2024	7,815,000	5.00%					
			7/1/2025	8,205,000	5.00%					
			7/1/2026	5,000,000	5.00%					
			7/1/2027	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%								
		\$ 71,500,000	\$ -	\$ -	\$ -	\$ 71,500,000				
Series 2012B	10/24/2012	\$ 20,665,000	7/1/2016	3,440,000	1.612%					
			7/1/2017	3,490,000	1.842%					
			7/1/2018	3,560,000	2.184%					
						\$ 13,875,000	\$ -	\$ -	\$ 3,385,000	\$ 10,490,000
Series 2015	4/29/2015	86,505,000								

Principal Payments  
Net Premium on Bonds