DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

REPORT OF AUDIT

WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
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DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Roster of Officials
As of December 31, 2012

New Jersey Commissioners	Position
David R. DeGerolamo	Chairman
William J. Hodas	Member
Yuki Moore Laurenti	Member
Edward J. Smith	Member
Geoffrey S. Stanley	Member

Pennsylvania Commissioners	Position
Gaetan J. Alfano, Esquire	Vice Chairman
Daniel H. Grace	Member
Jack Muehlhan	Member
Joseph M. Uliana	Member
Vacant	Member

Other Officials	Position
Arnold Conoline	Acting Executive Director
Sean P. McNeeley	Chief Financial Officer
Stephen Cathcart	Comptroller

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

PART I

FINANCIAL SECTION

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The 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, 2012 and 2011, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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 opinion.

Opinion

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, 2012 and 2011, and its changes in financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Emphasis of Matter Regarding Change in Accounting Principle

As discussed in note 12 to the financial statements, in 2012, the Delaware River Joint Toll Bridge Commission adopted new accounting guidance contained in GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to these matters.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for retiree health benefits, 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 an opinion on the financial statements that collectively comprise the Delaware River Joint Toll Bridge Commission's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements.

The accompanying supplementary schedules, as listed in the table of contents, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2013 on our consideration of the Delaware River Joint Toll Bridge Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delaware River Joint Toll Bridge Commission's internal control over financial reporting and compliance.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 19, 2013

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Delaware River Joint Toll Bridge Commission, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Delaware River Joint Toll Bridge Commission's basic financial statements, and have issued our report thereon dated June 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delaware River Joint Toll Bridge Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware River Joint Toll Bridge Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delaware River Joint Toll Bridge Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware River Joint Toll Bridge Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delaware River Joint Toll Bridge Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 19, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Delaware River Joint Toll Bridge Commission (the "Commission"), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission's fiscal years ended December 31, 2012, 2011, and 2010. 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 $117,352,596 for the year ended December 31, 2012, which represents an increase of 12.62% over the previous year. The increase in 2012 is the result of a full year of increased toll rates accompanied by a 1.63% increase in commercial traffic. All toll class rates were increased on July 1, 2011. Passenger vehicle tolls increased 33% while commercial class tolls increased between 23% and 30%. Passenger vehicles increased from $.75 to $1.00. Large commercial vehicles increased 23% from $3.25 to $4.00 per axle. Two axle commercial vehicles increased 30.0 % from $2.50 to $3.25 per axle.

In 2012, net operating income totaled $37,562,159 and change in net assets totaled $10,493,981 as compared to $32,723,576 and $9,937,110 respectively, for 2011. The increase in both net operating income and change in net assets is mainly the result of the toll increase introduced in 2011. This increase in toll revenue was offset somewhat by a $10 million increase in Other Post-Employment Benefits (OPEB) expense for year 2012 as compared to $0 in 2011. Depreciation expense decreased $2.2 million. The OPEB expense increased because the Commission made an additional $10 million contribution to its OPEB Trust in 2012. All other operating expenses increased by only $625,434, or 1.2%, from 2011 to 2012 due to cost controls and management initiatives.

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, 2012 and 2011, with the difference between the two reported as net position. At December 31, 2012, the Commission's net position equaled $378,106,340 as compared to $367,612,359 in 2011, an increase of 2.85%. This increase in net assets is largely the result of decrease in Bridge System Revenue Bonds of $16.7 million and a decrease of $7.7 million in derivative instruments, offset somewhat by decreases of $8.6 million in net capital assets and a $4 million decrease in total cash and investments.

Basic Financial Statements (Cont'd)

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.

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 $798,670,749. Unrestricted current assets, totaling $50,139,306 (an increase of $22,512,130 or 81.5%), represents cash in the operating accounts, cash equivalent investments, and E-ZPass toll receivables. These unrestricted assets will be used to pay current expenses, to pay current debt service, or to be transferred to the General Reserve Fund.

Restricted assets, which are restricted under the Trust Indenture and are mainly investments designated for the Commission's Capital and CAI programs and capital assets, totaling $634,471,990, are broken into two categories. Restricted current assets of $39,761,395 increased 39.0% from the previous year end as a result of changes in investment security maturity terms. Total non-current restricted assets totaled $594,710,595, which represents a decrease of $42,803,814, or 6.7%, from the 2011 year-end balance. Restricted cash and investments totaling $119,337,155, represents a decrease of $22,372,669, or 15.79%, from the previous year. These changes in restricted assets are the result of payments from the bond funds to fund the purchase of capital assets and the payment of Compact Authorized Investment grants. Capital assets totaling $512,929,004, a 1.65% decrease over 2011, consist of land, infrastructure, and equipment with an original value of $798,779,695 less accumulated depreciation of $285,850,691. 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, 2012, the Commission had current and non-current liabilities of $459,797,313, with the majority related to its series 2003, 2005A, and 2007A, 2007B and 2012A and 2012B bond issues, which represents a decrease of $25,921,768 from 2011. The decrease in liabilities from 2011 to 2012 is attributable to the decreased liability associated with the interest rate swaps outstanding, based on the market valuation as of December 31st, as well as a reduction in bridge system revenue bonds outstanding as bond principal was retired.

The purpose of the 2003 issue, which was refunded by the 2012 issue was for the current refunding of the 1992 series, refunding of the 2002 Bond Anticipation Notes, financing of the first portion of the Commission's ten-year capital program, and related bond-issuance costs.

The purpose of the 2005A issue was for the refunding of $32,165,000 of the 2003 series bonds, and the financing of the Commission's $40 million CAI program.

Financial Analysis (Cont'd)

The purpose of the 2007A and 2007B issues was to provide funds to pay for the cost of capital improvements related to the system, to make deposits into the debt service reserve fund and to fund capitalized interest, to pay insurance and cost of issuance associated with the series.

The purpose of the 2012A Series is 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 is 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 following table contains condensed financial information of derived from the December 31, 2012, 2011, and 2010 financial statements of the Commission:

Net Position	2012	(Restated) 2011	(Restated) 2010
Assets:			
Current and Other Assets	$ 285,741,745	$ 290,847,317	$ 322,689,847
Capital Assets	512,929,004	521,543,345	494,387,561
Total Assets	798,670,749	812,390,662	817,077,408
Deferred Outflows of Resources:			
Accumulated Decrease in Fair Value of Hedging Derivatives	32,679,040	40,388,293	16,057,568
Deferred Loss on Refunding	6,553,864	552,485	641,535
Total Deferred Outflows	39,232,904	40,940,778	16,699,103
Liabilities:			
Bond Indebtedness	405,809,155	420,604,334	421,625,968
Other Liabilities	53,988,158	65,114,747	54,475,294
Total Liabilities	459,797,313	485,719,081	476,101,262
Net Position:			
Net Invested in Capital Assets	239,266,017	218,631,240	222,070,054
Restricted	27,383,000	26,723,721	44,394,754
Unrestricted	111,457,323	122,257,398	91,210,441
Total Net Position	$ 378,106,340	$ 367,612,359	$ 357,675,249
Change in Net Assets			
Operating Revenues	$ 117,352,596	$ 104,195,106	$ 90,585,812
Operating Expenses			
Administration	9,483,971	9,559,378	8,888,881
Cost of Providing Services	35,699,671	35,098,830	35,246,437
Other Post Employment Benefits	10,000,000	-	21,000,000
Depreciation	24,606,795	26,813,322	20,486,164
Total Operating Expenses	79,790,437	71,471,530	85,621,482
Net Operating Income	37,562,159	32,723,576	4,964,330
Nonoperating Revenue	1,336,764	2,069,713	2,707,104
Nonoperating Expenses	(28,404,942)	(24,856,179)	(25,584,356)
Change in Net Position	10,493,981	9,937,110	(17,912,922)
Net Position - January 1 - Previously Reported			379,670,605
Cumulative Effects of Changes In Accounting Principles (see note 12)			(4,082,434)
Net Position - January 1	367,612,359	357,675,249	375,588,171
Net Position - December 31	$ 378,106,340	$ 367,612,359	$ 357,675,249

Financial Analysis (Cont'd)

The following table contains condensed financial information of cash flows derived from the December 31, 2012, 2011, and 2010 financial statements of the Commission:

Summary of Cash Flows	2012	(Restated) 2011	(Restated) 2010
Cash Provided by Operating Activities	$ 66,997,812	$ 57,242,708	$ 23,638,078
Cash Used in Capital and Related Financing Activities	(74,573,881)	(92,657,114)	(87,248,949)
Cash Provided by Investing Activities	43,406,360	25,181,431	59,187,901
Net Increase (Decrease) in Cash and Cash Equivalents	35,830,291	(10,232,975)	(4,422,970)
Cash and Cash Equivalents - Beginning	43,939,707	54,172,682	58,595,652
Cash and Cash Equivalents - Ending	$ 79,769,998	$ 43,939,707	$ 54,172,682

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 increased 33% from $.75 to $1.00. Large commercial vehicles increased 23% from $3.25 to $4.00 per axle. Two axle commercial vehicles 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, 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.

Significant Events (Cont'd)

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.

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.

Currently, the Commission has six different bond issues; (2003 fully refunded), 2005A, 2007A, 2007B1, 2007B2, 1012A and 2012B. At December 31, 2012, the total outstanding balance was $405,808,155. The series 2005A and 2007A are insured by MBIA. All issues carry a rating of A2 by Moody's and A- by Standard & Poor's. On October 9, 2012 Moody's affirmed the A2 rating but improved the Outlook from Stable to Positive and on October 12, 2012 Standard & Poor's affirmed the A- rating and also improved the Outlook from Stable to Positive.

Contacting the Commission's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Statements of Net Position
As of December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Unrestricted assets:		
Cash and cash equivalents	$ 40,562,982	$ 18,222,874
Accounts receivable:		
E-ZPass and violations (net of allowance for uncollectibles of $4,067,732 for 2012 and $2,912,600 for 2011)	8,807,875	8,365,159
Other	109,882	103,494
Interfund accounts receivable:		
Fiduciary fund	108,838	83,765
Prepaid expenses	549,729	851,884
Total unrestricted assets	50,139,306	27,627,176
Restricted assets:		
Cash and cash equivalents	39,207,016	25,716,833
Accrued interest receivable	554,379	729,704
Total restricted assets	39,761,395	26,446,537
Total current assets	89,900,701	54,073,713
NONCURRENT ASSETS:		
Unrestricted assets:		
Investments	114,059,453	118,802,540
Total unrestricted assets	114,059,453	118,802,540
Restricted assets:		
Investments	80,130,139	115,992,991
Prepaid bond insurance	1,651,452	1,978,073
Capital assets:		
Completed (net of accumulated depreciation)	486,404,544	485,542,241
Improvements in progress	26,524,460	36,001,104
Total restricted assets	594,710,595	639,514,409
Total noncurrent assets	708,770,048	758,316,949
Total assets	798,670,749	812,390,662
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	32,679,040	40,388,293
Deferred loss on refunding of debt	6,553,864	552,485
Total deferred outflows of resources	39,232,904	40,940,778

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Statements of Net Position
As of December 31, 2012 and 2011

	2012	2011
LIABILITIES		
CURRENT LIABILITIES PAYABLE FROM UNRESTRICTED ASSETS:		
Accounts payable and accrued expenses	$ 9,549,367	$ 4,258,283
E-ZPass customer deposits	4,084,049	4,210,585
Compensated absences payable	110,160	143,021
Total current liabilities payable from unrestricted assets	13,743,576	8,611,889
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Retainage payable	230,502	6,323,074
Accrued interest payable on bonds	4,798,551	7,089,637
Bridge system revenue bonds payable	14,935,000	13,015,000
Premium payment payable - derivative companion instrument	34,496	34,558
Total current liabilities payable from restricted assets	19,998,549	26,462,269
NONCURRENT LIABILITIES:		
Compensated absences payable	2,046,108	2,176,915
Bridge system revenue bonds payable	390,874,155	407,589,334
Premium payment payable - derivative companion instrument	455,885	490,381
Derivative instrument - interest rate swaps	32,679,040	40,388,293
Total noncurrent liabilities	426,055,188	450,644,923
Total liabilities	459,797,313	485,719,081
NET POSITION		
Net investment in capital assets	239,266,017	218,631,240
Restricted	27,383,000	26,723,721
Unrestricted	111,457,323	122,257,398
Total net position	$ 378,106,340	$ 367,612,359

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUES		
Cash tolls, net	$ 29,876,289	$ 29,110,382
E-ZPass tolls, net	86,392,724	73,883,912
Miscellaneous	1,083,583	1,200,812
Total operating revenues	117,352,596	104,195,106
OPERATING EXPENSES		
Administration:		
Salaries and wages	4,173,446	4,321,149
Fringe benefits	2,149,539	1,933,640
Other	3,160,986	3,304,589
Cost of providing services:		
Toll bridges:		
Salaries and wages	10,686,610	11,087,710
Fringe benefits	5,971,636	5,591,126
Other	11,051,915	10,523,930
Toll supported bridges:		
Salaries and wages	3,329,747	3,443,481
Fringe benefits	2,012,859	1,864,412
Other	2,646,904	2,588,171
Other postemployment benefits:		
Current costs	2,995,389	
Amortization of prior year costs	3,664,515	
Future costs	3,340,096	
Depreciation	24,606,795	26,813,322
Total operating expenses	79,790,437	71,471,530
OPERATING INCOME	37,562,159	32,723,576
NONOPERATING REVENUES (EXPENSES)		
Investment income	1,192,017	1,979,162
Gain on disposal of capital assets	144,747	90,551
Interest expense:		
Interest on bonds	(19,569,392)	(19,740,790)
Amortization of deferred loss on refunding of debt	(187,255)	(89,049)
Amortization of net premium on bonds	1,071,666	1,021,635
Amortization of prepaid bond insurance	(326,621)	(139,905)
Debt issuance costs	(593,872)	(264,843)
Compact authorized investment program	(8,799,468)	(5,643,227)
Total nonoperating revenues (expenses)	(27,068,178)	(22,786,466)
CHANGE IN NET POSITION	10,493,981	9,937,110

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2012 and 2011

	2012	2011
CHANGE IN NET POSITION (FROM PREVIOUS PAGE)	$ 10,493,981	$ 9,937,110
NET POSITION JANUARY 1 (PRIOR TO ADJUSTMENT FOR CHANGES IN ACCOUNTING PRINCIPLES)	-	361,446,581
CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES (NOTE 12)	-	(3,771,332)
NET POSITION JANUARY 1 (AS ADJUSTED FOR CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES)	367,612,359	357,675,249
NET POSITION DECEMBER 31	$ 378,106,340	$ 367,612,359

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users:		
Cash tolls	$ 29,876,289	$ 29,110,382
E-ZPass tolls	85,950,008	71,417,609
Payments for other goods or services	(11,266,566)	(17,078,936)
Payments for employees services	(28,512,578)	(27,850,132)
Payments to retiree health benefits plan (trust)	(10,000,000)	
Other receipts	950,659	1,643,785
Net cash provided by operating activities	66,997,812	57,242,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(15,346,261)	(52,570,870)
Payments for retainage	(6,092,572)	(492,611)
Proceeds from sales of capital assets	146,745	95,151
Payments for compact authorized investment program	(8,799,468)	(5,643,227)
Payment of bond issuance costs	(593,872)	(344,836)
Proceeds from capital debt	97,810,000	139,650,000
Premium on bonds issued	9,476,967	
Payment on capital debt refunding	(115,651,751)	(139,650,000)
Principal paid on capital debt	(13,015,000)	(12,420,000)
Capitalized interest paid on debt	(648,191)	(1,402,836)
Interest paid on capital debt	(21,860,478)	(19,877,885)
Net cash used in capital and related financing activities	(74,573,881)	(92,657,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	3,462,263	1,607,855
Net change in investments	39,944,097	23,573,576
Net cash provided by investing activities	43,406,360	25,181,431
Net increase (decrease) in cash and cash equivalents	35,830,291	(10,232,975)
CASH AND CASH EQUIVALENTS - JANUARY 1 (including $25,716,833 and $43,895,671 reported as restricted)	43,939,707	54,172,682
CASH AND CASH EQUIVALENTS - DECEMBER 31 (including $39,207,016 and $25,716,833 reported as restricted)	$ 79,769,998	$ 43,939,707

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

		2012		2011
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	$	37,562,159	$	32,723,576
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		24,606,795		26,813,322
Change in assets and liabilities:				
(Increase) decrease in accounts receivable:				
E-ZPass and violations		(442,716)		(2,466,303)
Other		(6,388)		(90,376)
(Increase) decrease in interfund accounts receivable		(25,073)		417,100
(Increase) decrease in prepaid expenses		302,155		452,417
Increase (decrease) in accounts payable and accrued expenses		5,291,084		(1,114,663)
Increase (decrease) in E-ZPass customer deposits		(126,536)		533,349
Increase (decrease) in compensated absences payable		(163,668)		(25,714)
Net cash provided by operating activities	$	66,997,812	$	57,242,708

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Decrease in accumulated change in fair value of hedging derivatives resulting from change in fair value	$	7,709,253	$	24,330,725

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 Trust Net Position Available for Benefits
As of December 31, 2012 and 2011

	2012	2011
ASSETS		
Cash and cash equivalents	$ 151,260	$ 311,890
Investments	50,805,476	37,543,480
Total assets	50,956,736	37,855,370
LIABILITIES		
Interfund accounts payable:		
Enterprise fund	108,838	83,765
Total liabilities	108,838	83,765
NET POSITION HELD IN TRUST FOR OTHER POSTEMPLOYMENT BENEFITS		
Held in excess of annual required contributions	11,992,359	8,652,264
Held for future costs	38,855,539	29,119,341
Total net position held in trust for other postemployment benefits	$ 50,847,898	$ 37,771,605

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 Trust Net Assets Available for Benefits
For the Years Ended December 31, 2012 and 2011

	2012	2011
ADDITIONS		
Contributions:		
Employer	$ 10,000,000	-
Investment income:		
Net appreciation in fair value of investments	3,139,983	
Interest	2,213,206	$ 1,785,885
	5,353,189	1,785,885
Less:		
Investment expense	108,016	106,550
Net depreciation in fair value of investments		1,879,532
Net investment income (expense)	5,245,173	(200,197)
Total additions	15,245,173	(200,197)
DEDUCTIONS		
Benefits	2,154,922	2,034,271
Administrative expense	13,958	12,871
Total Deductions	2,168,880	2,047,142
NET INCREASE (DECREASE)	13,076,293	(2,247,339)
NET POSITION HELD IN TRUST FOR OTHER POSTEMPLYMENT BENEFITS		
January 1	37,771,605	40,018,944
December 31	$ 50,847,898	$ 37,771,605

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

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

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 31st for the ensuing calendar year. The budget is adopted on the modified accrual basis of accounting with provisions for cash payments for bond principal. The Commission may not incur in a year any amount in excess of the amounts provided for current expenses in the annual budget.

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

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 generally accepted accounting principles.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents, and Investments (Cont'd)

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.

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

1. Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations").

2. Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Home Loan Mortgage Corporation (for purposes of this definition, "FHLMCs"); debentures of the Federal Housing Administration, senior debt obligations of the Federal National Mortgage Association (for purposes of this definition, "FNMAs"); participation certificates of the General Services Administration; guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financing of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; and Resolution Funding Corporation securities.

3. Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and under guaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Services and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation.

4. Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investor's Services and "A" or better by Standard & Poor's Corporation.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents, and Investments (Cont'd)

Suitable and Authorized Investments (Cont'd) -

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.

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, FNMAs 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 deicer for the Commission. The Commission has determined that the inventories are immaterial and, thus, are not recorded in 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 2012 and 2011 amounted to $648,191 and $1,402,836, 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 discounts / premiums arising from the issuance of the revenue bonds are amortized over the life of the bonds using the effective interest method. Bond discounts / premiums are presented as an adjustment of the face amount of the revenue bonds payable.

Deferred Loss on Refunding of Debt

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

Compensated Absences

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

Derivative Instruments and related Companion Instruments

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

Income Taxes

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

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. Non-operating 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Position

Net position comprises the various earnings from operating income, non-operating revenues, expenses, and capital contributions. 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.

New Accounting Standards Adopted

During the year ended December 31, 2012, the Commission adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB). The Commission considered the retroactive effect on the financial statements for the year ended December 31, 2011.

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. A transferor reports the facility subject to an SCA as its capital asset, generally following existing measurement, recognition, and disclosure guidance for capital assets. New facilities constructed or acquired by the operator or improvements to existing facilities made by the operator are reported at fair value by the transferor. A liability is recognized, for the present value of significant contractual obligations to sacrifice financial resources imposed on the transferor, along with a corresponding deferred inflow of resources. Revenue is recognized by the transferor in a systematic and rational manner over the term of the arrangement.

This Statement also provides guidance for governments that are operators in an SCA. The governmental operator reports an intangible asset at cost for its right to access the facility and collect third-party fees; it amortizes the intangible asset over the term of the arrangement in a systematic and rational manner. For existing facilities, a governmental operator's cost may be the amount of an up-front payment or the present value of installment payments. For new or improved facilities, a governmental operator's cost may be its cost of improving an existing facility or constructing or acquiring a new facility.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Adopted (Cont'd)

Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements (Cont'd)

For revenue sharing arrangements, this Statement requires governmental operators to report all revenues and expenses. A transferor reports its portion of the shared revenues.

This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

This Statement had no impact on the financial statements of the Commission for the years ended December 31, 2012 and 2011.

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

Issued in December 2010, the objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3), Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

This Statement had no significant impact on the financial statements of the Commission for the years ended December 31, 2012 and 2011.

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Issued in June 2011, this Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

This Statement only impacted financial statement terminology as opposed to financial statement reporting for the years ended December 31, 2012 and 2011.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Adopted (Cont'd)

Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53

Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experience either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

Issued in June 2011, the objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

This Statement had no impact on the financial statements of the Commission for the years ended December 31, 2012 and 2011.

Statement No. 65, Items Previously Reported as Assets and Liabilities

Issued in March 2012, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

This Statement had a material impact on the classification of several balances on the financial statements of the Commission for the years ended December 31, 2012 and 2011. (see note 12)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Pronouncements to be Implemented in the Future

The Commission plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34

Issued in November 2010, the objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

Statement No. 66, Technical Correction - 2012 - an amendment of GASB Statements No. 10 and No. 62

Issued in March 2012, the objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34*, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25

Issued in June 2012, the objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

This Statement and Statement 68 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

- Single-employer pension plans - those in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent multiple-employer pension plans (agent pension plans) - those in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing multiple-employer pension plans (cost-sharing pension plans) those in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25 (Cont'd)

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013

Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27

Issued in June 2012, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (Cont'd)

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans - pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014.

Statement No. 69, Government Combinations and Disposals of Government Operations

Issued in January 2013, this Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

New Accounting Standards Pronouncements to be Implemented in the Future (Cont'd)

Statement No. 69, Government Combinations and Disposals of Government Operations (Cont'd)

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

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, and Series 2012B. The following is a summary of the activities of each account created by the Indenture:

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

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

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

Debt Service Fund - Transfers are made from the Revenue Fund on or before the last business day preceding each interest, principal or sinking fund redemption payment date to the Debt Service Fund to provide for the debt service on all series of bonds. Payments are made from the Debt Service Fund for interest on the bonds, for principal installments on the bonds, and for the redemption price for any bonds to be redeemed. At December 31, 2012 and 2011, 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.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Trust Indenture (Cont'd)

Debt Service Reserve Fund (Cont'd) - 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, 2012 and 2011, the balance in the Debt Service Reserve Fund meets the requirements of the Trust Indenture.

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

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

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

(a) to purchase or redeem bonds

(b) to secure and pay the principal or redemption price of and any interest on any subordinated indebtedness

(c) to make payments into the Construction Fund

(d) to fund improvements, extensions and replacements of the Bridge System

(e) as a self-insurance reserve

(f) to further any corporate purpose

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, 2012 and 2011.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Covenants as to Tolls (Cont'd)

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

	December 31, 2012		December 31, 2011	
Operating income (Exhibit B)		$ 37,562,159		$ 32,723,576
Adjustments:				
Net investment income *	$ 1,905,002		$ 2,143,009	
Gain on disposal of capital assets	144,747		90,551	
Depreciation expense	24,606,795		26,813,322	
Other postemployment benefits expense	10,000,000			
		36,656,544		29,046,882
Net revenues available for debt service coverage		$ 74,218,703		$ 61,770,458
Total debt service (principal and interest) **		$ 33,238,877		$ 33,664,261
Debt service coverage		223%		183%

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

** excludes all remarketing fees and includes capitalized interest.

Annual Budget - 2012 and 2011

Description	2012 Budget	2012 Actual	Variance
Budgetary expenses:			
Salaries and wages	$ 18,317,698	$ 18,189,803	$ 127,895
Employee benefits	10,383,965	10,134,034	249,931
Heat, light, and power	919,041	736,574	182,467
Office expense	255,375	124,425	130,950
IT and communications	1,044,570	770,492	274,078
Travel, meetings, and education	156,766	127,710	29,056
E-ZPass operating and maintenance	4,836,785	4,901,416	(64,631)
State police bridge security	4,293,084	4,223,512	69,572
Operating and maintenance	2,886,064	2,422,018	464,046
Insurance	2,775,215	2,438,954	336,261
Professional service fees	1,153,950	1,070,383	83,567
Advertising and marketing	51,500	44,321	7,179
Contingency	300,000		300,000
	$ 47,374,013	$ 45,183,642	$ 2,190,371

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont'd)

Annual Budget - 2012 and 2011 (Cont'd)

Description	2011 Budget	2011 Actual	Variance
Budgetary expenses:			
Salaries and wages	$ 18,735,384	$ 18,852,340	$ (116,956)
Employee benefits	10,109,036	9,389,178	719,858
Heat, light, and power	887,836	862,318	25,518
Office expense	265,445	139,988	125,457
IT and communications	1,006,421	783,090	223,331
Travel, meetings, and education	146,911	120,612	26,299
E-ZPass operating and maintenance	4,497,500	4,190,776	306,724
State police bridge security	4,327,561	4,152,027	175,534
Operating and maintenance	3,044,851	2,541,243	503,608
Insurance	2,896,013	2,410,179	485,834
Professional service fees	1,123,250	1,178,663	(55,413)
Advertising and marketing	64,200	37,794	26,406
Contingency	300,000		300,000
Total budgetary expenses	$ 47,404,408	$ 44,658,208	$ 2,746,200

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, 2012 and 2011, the Commission held $76,189,154 and $44,299,574, respectively, in cash and cash equivalents in financial institutions, which include cash and cash equivalents, held in the Retiree Health Benefits Plan (fiduciary fund).

As of December 31, 2012 and 2011 the Commission's bank balance of $76,189,154 and $44,299,574, respectively, was exposed to custodial credit risk as follows:

	December 31, 2012		
	Enterprise Fund	Fiduciary Fund	Total
Insured	$ 250,000	$ -	$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	3,279,372	-	3,279,372
Uninsured and uncollateralized	72,508,523	151,259	72,659,782
	$ 76,037,895	$ 151,259	$ 76,189,154

Note 3: DETAIL NOTES – ASSETS (CONT'D)

Cash and Cash Equivalents (Cont'd)

Custodial Credit Risk (Cont'd) -

	December 31, 2011		
	Enterprise Fund	Fiduciary Fund	Total
Insured	$ 250,000	$ -	$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	3,613,228	-	3,613,228
Uninsured and uncollateralized	40,124,455	311,891	40,436,346
	$ 43,987,683	$ 311,891	$ 44,299,574

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, 2012 and 2011, of the Commission's $194,189,592 and $234,795,531 investments in U.S. federal agency notes and bonds, U.S. government treasuries, commercial paper, and municipal and state obligations and funds, all $194,189,592 and $234,795,531 of investments are registered in the name of the Commission and held by the counterparty. Of the Retiree Health Benefits Plan's (fiduciary fund) $50,805,476 and $37,543,480 investments in mutual funds - equity and mutual funds - fixed income as of December 31, 2012 and 2011, all $50,805,476 and $37,543,480 of investments are registered in the name of the Commission and held by the counterparty.

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

As of December 31, 2012 and 2011, the Commission's enterprise fund had the following investments and maturities:

	December 31, 2012		
	Total	Investment Maturities (in Years)	
Investment Type	Fair Value	Less Than 1	1-5
Municipal & State Obligations and Funds	$ 5,072,812	$ 5,072,812	$ -
Commercial Paper	15,774,170	15,774,170	-
U.S. Federal Agency Notes and Bonds	99,869,038	64,646,358	35,222,680
U.S. Government Treasuries	73,473,573	37,319,675	36,153,898
Total	$ 194,189,592	$ 122,813,014	$ 71,376,578

Note 3: DETAIL NOTES - ASSETS (CONT'D)

Investments (Cont'd)

	December 31, 2011		
Investment Type	**Total Fair Value**	**Investment Maturities (in Years) Less Than 1**	**1-5**
Municipal & State Obligations and Funds	$ 5,069,821	$ 5,069,821	$ -
Commercial Paper	11,389,520	11,389,520	-
U.S. Federal Agency Notes and Bonds	176,612,382	67,164,753	109,447,629
U.S. Government Treasuries	41,723,808	41,723,808	-
Total	$ 234,795,531	$ 125,347,902	$ 109,447,629

As of December 31, 2012 and 2011, the Commission's fiduciary fund had the following investments and maturities:

	December 31, 2012		
Investment Type	**Total Fair Value**	**Investment Maturities (in Years) Less Then 1**	**1-5**
Mutual Funds - Equity	$ 19,896,172	$ 19,896,172	$ -
Mutual Funds - Fixed Income	30,909,304	30,909,304	-
Total	$ 50,805,476	$ 50,805,476	$ -

	December 31, 2011		
Investment Type	**Total Fair Value**	**Investment Maturities (in Years) Less Then 1**	**1-5**
Mutual Funds - Equity	$ 13,929,318	$ 13,929,318	$ -
Mutual Funds - Fixed Income	23,614,161	23,614,161	-
Total	$ 37,543,480	$ 37,543,480	$ -

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, 2012 and 2011:

Enterprise Fund Investments -

	December 31, 2012	
Investment Type	**Rating ***	**% of Total Investments**
Municipal & State Obligations and Funds	AAAm	2.61%
Commercial Paper	A-1 to A-1+	8.12%
U.S. Federal Agency Notes and Bonds	AA+	51.43%
U.S. Government Treasuries	AA+	37.84%

Note 3: DETAIL NOTES - ASSETS (CONT'D)

Investments (Cont'd)

Credit Risk (Cont'd) -

Enterprise Fund Investments (Cont'd) -

	December 31, 2011	
Investment Type	**Rating ***	**% of Total Investments**
Municipal & State Obligations and Funds	AAAm	2.16%
Commercial Paper	A-1 to A-1+	4.85%
U.S. Federal Agency Notes and Bonds	AA+	75.22%
U.S. Government Treasuries	AA+	17.77%

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

Fiduciary Fund Investments -

	December 31, 2012	
Investment Type	**Rating ***	**% of Total Investments**
Mutual Funds - Equity	3 Stars	2.02%
Mutual Funds - Equity	4 Stars	26.42%
Mutual Funds - Equity	5 Stars	10.72%
Mutual Funds - Fixed Income	4 Stars	6.95%
Mutual Funds - Fixed Income	5 Stars	53.89%

	December 31, 2011	
Investment Type	**Rating ***	**% of Total Investments**
Mutual Funds - Equity	3 Stars	2.60%
Mutual Funds - Equity	4 Stars	25.12%
Mutual Funds - Equity	5 Stars	9.38%
Mutual Funds - Fixed Income	4 Stars	16.69%
Mutual Funds - Fixed Income	5 Stars	46.21%

* 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.

Note 3: DETAIL NOTES - ASSETS (CONT'D)

Capital Assets

The following schedules details changes in capital assets, by major class, that occurred during the years ended December 31, 2012 and 2011:

	Balance Dec. 31, 2011	Additions	Deletions	Transfers	Balance Dec. 31, 2012
Capital assets not being depreciated:					
Land	$ 129,888,166	$ -	$ -	$ -	$ 129,888,166
Improvements in progress	36,001,104	15,499,598	-	(24,976,242)	26,524,460
Total capital assets not being depreciated	165,889,270	15,499,598	-	(24,976,242)	156,412,626
Capital assets being depreciated:					
Buildings	25,304,407	5,072	-	74,529	25,384,008
Infrastructure	559,586,013	4,097	-	24,749,056	584,339,166
Equipment	32,481,121	485,685	(475,568)	152,657	32,643,895
Total capital assets being depreciated	617,371,541	494,854	(475,568)	24,976,242	642,367,069
Less accumulated depreciation for:					
Buildings	(11,498,859)	(931,156)	-	-	(12,430,015)
Infrastructure	(222,801,948)	(22,330,493)	-	-	(245,132,441)
Equipment	(27,416,659)	(1,345,146)	473,570	-	(28,288,235)
Total accumulated depreciation	(261,717,466)	(24,606,795)	473,570	-	(285,850,691)
Total capital assets being depreciated, net	355,654,075	(24,111,941)	(1,998)	24,976,242	356,516,378
Total capital assets, net	$ 521,543,345	$ (8,612,343)	$ (1,998)	$ -	$ 512,929,004

	Balance Dec. 31, 2010	Additions	Deletions	Transfers	Balance Dec. 31, 2011
Capital assets not being depreciated:					
Land	$ 129,888,166	$ -	$ -	$ -	$ 129,888,166
Improvements in progress	46,195,927	53,464,473	-	(63,659,296)	36,001,104
Total capital assets not being depreciated	176,084,093	53,464,473	-	(63,659,296)	165,889,270
Capital assets being depreciated:					
Buildings	24,689,299	6,259	-	608,849	25,304,407
Infrastructure	496,011,035	729,714	-	62,845,264	559,586,013
Equipment	32,590,133	25,072	(339,267)	205,183	32,481,121
Total capital assets being depreciated	553,290,467	761,045	(339,267)	63,659,296	617,371,541
Less accumulated depreciation for:					
Buildings	(10,584,506)	(914,353)	-	-	(11,498,859)
Infrastructure	(199,777,449)	(23,024,499)	-	-	(222,801,948)
Equipment	(24,876,856)	(2,874,470)	334,667	-	(27,416,659)
Total accumulated depreciation	(235,238,811)	(26,813,322)	334,667	-	(261,717,466)
Total capital assets being depreciated, net	318,051,656	(26,052,277)	(4,600)	63,659,296	355,654,075
Total capital assets, net	$ 494,135,749	$ 27,412,196	$ (4,600)	$ -	$ 521,543,345

Note 3: DETAIL NOTES - ASSETS (CONT'D)

Toll Revenue

	For the Years Ended			
	December 31, 2012		December 31, 2011	
Toll Class	Vehicles	Revenue	Vehicles	Revenue
1	31,995,854	$ 31,995,854	32,029,005	$ 28,192,367
2	808,939	5,219,331	807,280	4,631,725
3	351,632	4,162,715	344,737	3,728,567
4	306,028	4,769,365	297,030	4,233,689
5	3,291,863	64,562,160	3,141,159	56,128,181
6	87,971	2,043,647	79,165	1,679,917
7	7,610	207,816	6,647	166,225
8	21	944	40	1,931
11	82,596	165,192	80,029	143,109
12	97,821	195,642	93,250	166,331
13	3,269	6,538	3,569	6,253
15	52	52	87	76
Extra axles *	1,032	3,995	1,390	4,713
Violations	665,087	4,231,218	982,705	6,348,381
	37,698,743	$ 117,564,469	37,864,703	$ 105,431,465
Discounts, violations, allowances and other adjustments		(1,295,456)		(2,437,171)
		$ 116,269,013		$ 102,994,294

* 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, 2012 and 2011 was $117,564,469 and $105,431,465, respectively, while the adjustments for uncollectible tolls, violations, and discounts were $1,295,456 and $2,437,171, 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, 2012 and 2011 is estimated at $1,940,073 and $2,056,195, 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, 2012 and 2011 is estimated at $216,194 and $263,740, respectively.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Pension Plans

Pennsylvania State Employees' Retirement System

Plan Description - Permanent full-time and part-time employees are eligible and required to participate in this cost-sharing multiple-employer defined benefit plan that provides pension, death and disability benefits. A member may retire after completing three years of service and after reaching normal retirement age (the age of 60, except police officers at age 50, or the age at which 35 years of service has been completed, whichever occurs first). Benefits vest after five years of service. If an employee terminates his or her employment after at least five years of service but before the normal retirement age, he or she may receive pension benefits immediately or defer pension benefits until reaching retirement age. Employees who retire after reaching the normal retirement age with at least three years of credited service are entitled to receive pension benefits equal to 2.50% of their final average compensation (average of the three highest years in earnings) times the number of years for which they were a participant in the plan. The pension benefits received by an employee who retires after five years of credited service but before normal retirement age are reduced for the number of years that person is under normal retirement age.

Pension provisions include death benefits, under which the surviving beneficiary may be entitled to receive the employee's accumulated contributions less the amount of pension payments that the employee received, the present value of the employee's account at retirement less the amount of pension benefits received by the employee, the same pension benefits formerly received by the employee, or one-half of the monthly pension payment formerly received by the employee. The maximum pension benefit to the employee previously described may be reduced depending on the benefits elected for the surviving beneficiary. The Pennsylvania State Employees' Retirement System issues a publicly available annual financial report, including financial statements, which may be obtained by writing to:

Pennsylvania State Employees' Retirement System
30 North Third Street
Harrisburg, Pennsylvania, 17108-1147

Funding Policy - The contribution requirements of plan members and the Commission are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% of their gross earnings to the plan. The Commission was required to, and did, contribute an actuarially determined amount to the plan, which averaged 10.53%, 5.55%, and 4.11% of covered payroll in 2012, 2011, and 2010, respectively. For the years ended December 31, 2012, 2011, and 2010, the Commission contributed $1,592,833, $1,047,306, and $706,512, respectively, to the plan, which represented 100% of the required contribution for the aforementioned years.

New Jersey Public Employees' Retirement System

Plan Description - The Commission contributes to a cost-sharing multiple-employer defined benefit pension plan, the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Pension Plans (Cont'd)

New Jersey Public Employees' Retirement System (Cont'd)

Funding Policy - The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.0% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Commission is billed annually for its normal contribution plus any accrued liability. These contributions, equal to 100% of the required contributions for the years ended December 31, 2012, 2011, and 2010, were $53,714, $48,908, and $37,780, respectively.

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Commission.

Postemployment Benefits

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, 2012, 2011, and 2010, were $10,000,000, $0 and $21,000,000, respectively. The Commission did not contribute during 2011 as a result of this pre-funding. 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%.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Postemployment Benefits (Cont'd)

Funding Policy (Cont'd) -

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 $6,550,462 at an unfunded discount rate of 6%. As stated above, the Commission has provided pre-funding to the cost of existing retirees in the total amount of $51,000,000.

Annual OPEB Cost and Net OPEB Obligation (Asset) - For 2012, the Commission's annual OPEB cost (expense) of $6,659,904 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 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Annual required contribution (arc)	$ 6,550,462	$ 7,290,910	$ 7,290,910
Interest on the net OPEB obligation	(519,135)	(968,871)	(137,502)
Adjustment to the arc	628,578	1,173,535	166,490
Annual OPEB cost	6,659,905	7,495,574	7,319,898
Contributions	(10,000,000)		(21,000,000)
Increase (decrease) in the net OPEB obligation	(3,340,095)	7,495,574	(13,680,102)
Net OPEB obligation (asset), January 1	(8,652,264)	(16,147,838)	(2,467,736)
Net OPEB obligation (asset), December 31	$ (11,992,359)	$ (8,652,264)	$ (16,147,838)
Percentage of annual OPEB cost contributed	150%	0%	287%

Funded Status and Funding Progress - As of January 1, 2012, the most recent actuarial valuation date, the Retiree Health Benefit Plan was 44% funded. The actuarial accrued liability for benefits was $86,706,576 and the actuarial value of assets was $37,771,605, resulting in an unfunded actuarial accrued liability (UAAL) of $48,934,971. The covered payroll (annual payroll of active employees covered by the plan) was $19,046,487, and the ratio of the UAAL to the covered payroll was 257%. 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.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Postemployment Benefits (Cont'd)

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

In the January 1, 2012 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 dollar amount over thirty (30) years on a closed basis. The remaining amortization period at December 31, 2012 was twenty-five (25) years.

The actuarial assumptions included the following:

- *Mortality*. The mortality table employed in the valuation was the RP 2000 Table for Males and Females projected to 2012.
- *Demographics*. Demographic assumptions used to project the data are the same as those used in the Pennsylvania State 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

	Male Years of Service				Female Years of Service			
Age	0	5	9	14	0	5	9	14
20	11.9%	N/A	N/A	N/A	11.2%	N/A	N/A	N/A
25	11.6%	2.0%	2.0%	N/A	10.2%	2.7%	2.1%	N/A
30	11.1%	2.0%	1.5%	1.5%	10.2%	2.7%	1.9%	2.0%
35	10.9%	1.8%	1.0%	1.1%	10.2%	2.2%	1.4%	1.6%
40	10.9%	1.3%	1.0%	1.1%	10.0%	2.2%	0.9%	0.6%
45	10.5%	1.3%	0.5%	0.6%	9.8%	2.0%	0.9%	0.6%
50	10.2%	1.1%	0.5%	0.6%	9.8%	2.0%	0.5%	0.6%
55	10.2%	1.5%	1.5%	1.5%	9.8%	1.7%	1.4%	1.6%

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Postemployment Benefits (Cont'd)

Actuarial Methods and Assumptions (Cont'd)

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

Rates of Retirement

Age	Male	Female
45-59	30.0%	30.0%
60-61	25.0%	25.0%
62	33.0%	33.0%
63-64	22.0%	22.0%
65	33.0%	33.0%
66-79	22.0%	22.0%
80	100.0%	100.0%

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

Assumed Salary Scale

Completed Years of Service	Annual Increase	Completed Years of Service	Annual Increase
1	16.90%	14	2.08%
2	8.30%	15	2.70%
3	5.90%	16	2.60%
4	4.60%	17	2.50%
5	4.20%	18	2.40%
6	3.80%	19	2.30%
7	3.50%	20	2.20%
8	3.20%	21	2.10%
9	3.20%	22	2.00%
10	3.10%	23	1.90%
11	3.00%	24	1.80%
12	2.90%	25	1.70%
13	2.80%	26+	1.60%

- *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.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Postemployment Benefits (Cont'd)

Actuarial Methods and Assumptions (Cont'd)

- *Healthcare claims (Cont'd)*. The following represents the premium costs:

	Claim Cost at Selected Ages				
Age	**Medical**	**Admin**	**Rx**	**Medicare Part B**	**Dental**
50	$ 6,304	$ 1,420	$ 2,185	-	$ 478
55	7,415	1,420	2,569	-	478
60	8,851	1,420	3,067	-	478
64	10,435	1,420	3,616	-	478
65	2,017	-	3,120	$ 1,199	478
70	2,338	-	2,616	1,199	478
75	2,645	-	4,091	1,199	478
80	2,290	-	4,512	1,199	478
Under 65 blended rate	9,610	1,420	3,330	-	478
Over 65 blended rate	2,140	-	3,310	1,199	478

- *Healthcare cost trend*. Healthcare costs are assumed to increase at the following rates: 9.00% grading down to 5.00% in year 2020 and thereafter.
- *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.

In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Commission will engage an actuarial consultant during 2013 to update its present analysis.

Bonded Indebtedness

At December 31, 2012 and 2011, the Commission had $405,809,155 and $420,604,334, respectively, in revenue and refunding revenue bonds outstanding. The bonds were issued in 2003, 2005, 2011, and 2012. These bonds were issued pursuant to the Trust Indenture dated January 1, 2003, as supplemented, between the Commission and the TD Bank / Pennsylvania, National Association as Trustee.

Series 2003 Bonds - In January 2003, the Commission issued $158,530,000 Bridge System Revenue Bonds, Series 2003. The purpose of the 2003 issue was for the current refunding of the 1992 series, refunding of the 2002 bond anticipation note, financing of the first portion of the Commission's ten year capital program, and related bond issuance cost.

In March 2005, the Commission partially refunded $32,165,000 of the Series 2003 outstanding bonds. In October 2012, the Commission refunded the remaining $76,775,000 of the Series 2003 bonds (see note 6).

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Bonded Indebtedness (Cont'd)

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 (see note 5), $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.

The $40,000,000 of new 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, 2012, 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 $7,391,906 and $13,430,542 was undistributed at December 31, 2012 and 2011, 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.

In 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.

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 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 (see note 5).

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 and $57,300,000 of the Series 2003 outstanding bonds(see note 5), $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.

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 (see note 5), $185,895 was used to pay cost of issuance, and the remaining $2,276 were additional proceeds.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Bonded Indebtedness (Cont'd)

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

	Year	Principal Amount	Interest	Total Debt Service
Series 2005A	2013	$ 1,210,000	$ 1,857,625	$ 3,067,625
	2014	5,000,000	1,689,875	6,689,875
	2015	5,220,000	1,408,825	6,628,825
	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		$ 34,435,000	$ 8,253,988	$ 42,688,988

	Year	Principal Amount	Interest	Total Debt Service
Series 2007A	2013	$ 1,660,000	$ 6,159,575	$ 7,819,575
	2014	1,450,000	6,088,050	7,538,050
	2015	1,920,000	6,003,800	7,923,800
	2016	1,760,000	5,911,800	7,671,800
	2017	2,000,000	5,817,800	7,817,800
	2018	2,010,000	5,717,550	7,727,550
	2019	2,135,000	5,613,925	7,748,925
	2020	2,275,000	5,503,675	7,778,675
	2021	2,260,000	5,390,300	7,650,300
	2022	2,400,000	5,273,800	7,673,800
	2023	2,490,000	5,151,550	7,641,550
	2024	2,640,000	5,023,300	7,663,300
	2025	2,710,000	4,889,550	7,599,550
	2026	2,855,000	4,750,425	7,605,425
	2027	2,925,000	4,605,925	7,530,925
	2028	3,050,000	4,456,550	7,506,550
	2029	3,200,000	4,300,300	7,500,300
	2030	3,375,000	4,135,925	7,510,925
	2031	3,475,000	3,964,675	7,439,675
	2032	3,595,000	3,787,925	7,382,925
	2033	14,000,000	3,348,050	17,348,050
	2034	14,700,000	2,630,550	17,330,550
	2035	15,435,000	1,877,175	17,312,175
	2036	16,205,000	1,126,688	17,331,688
	2037	16,935,000	381,038	17,316,038
Total Series 2007A		$ 127,460,000	$ 111,909,900	$ 239,369,900

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Bonded Indebtedness (Cont'd)

	Year	Principal Amount	Interest [1]	Total Debt Service
Series 2007B	2013	$ 4,200,000	$ 5,578,574	$ 9,778,574
	2014	4,350,000	5,400,872	9,750,872
	2015	4,450,000	5,216,823	9,666,823
	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	9,800,000	414,638	10,214,638
Total Series 2007B		$ 131,850,000	$ 66,824,414	$ 198,674,414

[1] Series 2007B are variable rate revenue bonds. The interest rate is adjusted daily as determined by the remarketing agent. The assumed interest rate for is 4.231%.

	Year	Principal Amount	Interest	Total Debt Service
Series 2012A	2013	$ 4,435,000	$ 3,137,275	$ 7,572,275
	2014	-	3,081,838	3,081,838
	2015	-	3,081,838	3,081,838
	2016	1,030,000	3,061,238	4,091,238
	2017	1,065,000	3,024,663	4,089,663
	2018	1,100,000	2,986,688	4,086,688
	2019	1,145,000	2,941,788	4,086,788
	2020	1,195,000	2,906,938	4,101,938
	2021	6,825,000	2,724,363	9,549,363
	2022	7,165,000	2,414,175	9,579,175
	2023	7,445,000	2,088,488	9,533,488
	2024	7,815,000	1,706,988	9,521,988
	2025	8,205,000	1,306,488	9,511,488
	2026	8,620,000	903,963	9,523,963
	2027	9,015,000	536,263	9,551,263
	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		$ 77,145,000	$ 36,214,570	$ 113,359,570

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Bonded Indebtedness (Cont'd)

	Year	Principal Amount	Interest	Total Debt Service
Series 2012B	2013	$ 3,430,000	$ 285,551	$ 3,715,551
	2014	3,360,000	258,327	3,618,327
	2015	3,385,000	219,441	3,604,441
	2016	3,440,000	169,763	3,609,763
	2017	3,490,000	109,893	3,599,893
	2018	3,560,000	38,875	3,598,875
Total Series 2012B		$ 20,665,000	$ 1,081,850	$ 21,746,850

Several may be redeemed in whole or in part prior to their respective maturities, subject to certain requirements, including prepayment premiums.

Derivative Instruments

In October of 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, 2012 and 2011, 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, 2012		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges:					
Pay-fixed interest rate swap	Deferred Outflow of Resources	$ 3,854,627	Debt	$ (16,339,520)	$ 65,925,000
Pay-fixed interest rate swap	Deferred Outflow of Resources	3,854,626	Debt	(16,339,520)	65,925,000

	Changes in Fair Value		Fair Value at December 31, 2011		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges:					
Pay-fixed interest rate swap	Deferred Outflow of Resources	$ (12,165,363)	Debt	$ (20,194,147)	$ 67,900,000
Pay-fixed interest rate swap	Deferred Outflow of Resources	(12,165,362)	Debt	(20,194,146)	67,900,000

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.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Derivative Instruments (Cont'd)

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 Commissions 2007B bonds. The following table displays the objective and terms of the Commission's hedging derivative instruments outstanding at December 31, 2012 and 2011, along with the credit rating of the associated counterparty.

Year Ended December 31, 2012

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay fixed interest rate swap	Hedge of changes in cash flows on the 2007 B-1 Series Bonds	$65,925,000	10/01/07	07/01/32	Pay fixed 4.231%; Receive SIFMA swap index	Baa2 / A-
Pay fixed interest rate swap	Hedge of changes in cash flows on the 2007 B-2 Series Bonds	65,925,000	10/01/07	07/01/32	Pay fixed 4.231%; Receive SIFMA swap index	Baa1 / A-

Year Ended December 31, 2011

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay fixed interest rate swap	Hedge of changes in cash flows on the 2007 B-1 Series Bonds	$67,900,000	10/01/07	07/01/32	Pay fixed 4.231%; Receive SIFMA swap index	Baa1 / A-
Pay fixed interest rate swap	Hedge of changes in cash flows on the 2007 B-1 Series Bonds	67,900,000	10/01/07	07/01/32	Pay fixed 4.231%; Receive SIFMA swap index	A2 / A-

Risks Related to Derivative Instruments

Credit risk - As of December 31, 2012 and 2011, 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 50 percent of the net exposure to credit risk. Merrill Lynch & Co is rated Baa2 by Moody's and A- by S&P. Morgan Stanley is rated Baa1 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.

Note 4: DETAIL NOTES - LIABILITIES (CONT'D)

Derivative Instruments (Cont'd)

Risks Related to Derivative Instruments (Cont'd)

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. As of December 31, 2012, the weighted-average interest rate on the Commission's hedged variable rate debt is 1.0% percent, while the SIFMA basis swap index rate is .1%.

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

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

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

	Principal Outstanding Jan. 1, 2012	Additions	Reductions	Principal Outstanding Dec. 31, 2012	Due Within One Year
Revenue bonds	$ 414,330,000	$ 97,810,000	$ (120,585,000)	$ 391,555,000	$ 14,935,000
Premium payment payable - derivative companion instrumen	524,939	-	(34,558)	490,381	34,496
Derivative instrument - interest rate swaps	40,388,293	-	(7,709,253.00)	32,679,040	
Compensated absences	2,319,936	-	(163,669)	2,156,267	110,160
Total long-term liabilities	$ 457,563,168	$ 97,810,000	$ (128,492,480)	$ 426,880,688	$ 15,079,656

	Principal Outstanding Jan. 1, 2011	Additions	Reductions	Principal Outstanding Dec. 31, 2011	Due Within One Year
Revenue bonds	$ 426,750,000	$ -	$ (12,420,000)	$ 414,330,000	$ 13,015,000
Premium payment payable - instrument	559,477	-	(34,538)	524,939	34,558
Derivative instrument - interest rate swaps	16,057,568	24,330,725		40,388,293	
Compensated absences	2,345,650	101,270	(126,984)	2,319,936	143,021
Total long-term liabilities	$ 445,712,695	$ 24,431,995	$ (12,581,522)	$ 457,563,168	$ 13,192,579

Note 5: DEFEASED DEBT

Series 2003 Bonds

In March of 2005, the Commission partially refunded $32,165,000 of the 2003 Series Bonds. The Commission issued $72,645,000 Bridge System Revenue Bonds of which $34,770,228 was used to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. At December 31, 2012 and 2011, $32,165,000 of Series 2003 Bonds is still outstanding and considered defeased.

Note 6: CURRENT YEAR REFUNDED DEBT

Series 2003 Bonds and Series 2005A Bonds

On October 24, 2012, the Commission refunded the remaining Bridge System Revenue Bonds, Series 2003 and a portion of 2005A. In order to finance the refunding, the Commission issued $77,145,000 of Bridge System Revenue Bonds, Series 2012A and $20,665,000 of Bridge System Revenue Bonds, 2012B. Upon issuance, a portion of the proceeds were placed into an escrow to pay the refunded bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $6,668,643. This difference, reported in the accompanying financial statements as a deferred outflow, is being charged to operations over the life of the refunding bonds. The refunding was undertaken to achieve a present value savings of $12,688,001. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. At December 31, 2012 $97,810,000 of the 2003 and 2005A are still outstanding and considered defeased.

Note 7: INTERFUND BALANCES

At December 31, 2012 and 2011, interfund balances in the amounts of $108,838 and $83,765, 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, 2013.

Note 8: AGREEMENTS

New Jersey State Police

The Commission and State of New Jersey, Department of Law and Public Safety, Division of State Police (NJSP), have entered into an agreement whereby the NJSP provide patrol and law enforcement services to the Commission. The NJSP officers operating under this agreement are designated as Public Safety Supervisors of the Commission and as a result are not limited to the territorial jurisdiction of the State of New Jersey. The NJSP officers are empowered to provide law enforcement services along all commission land, roads, and bridges both inside and outside of New Jersey.

This agreement is ongoing and the period of the current agreement began July 1, 2008 and was to expire on June 30, 2011. However, the Commission voted on May 3, 2011 to extend the contract until June 30, 2013. Under this current agreement the NJSP will designate one (1) sergeant and twelve (12) troopers to act as Public Safety Supervisors of the Commission. The Commission must reimburse the NJSP for both salaries and patrol cars used by the officers.

Note 8: AGREEMENTS (CONT'D)

New Jersey State Police (Cont'd)

The following is the estimated rate for patrol services:

	Year 1	Year 2	Year 3	Year 4	Year 5
Troopers	$ 148,005	$ 151,000	$ 157,040	$ 142,000	$ 142,265
Sergeant	168,481	171,400	178,256	161,188	161,496
Telecommunicators	-	-	-	54,730	57,599

The total actual cost for salaries and vehicles under this agreement for the years ended December 31, 2012 and 2011 was $2,281,417 and $2,218,729, respectively.

Pennsylvania State Police

The Commission and the Commonwealth of Pennsylvania, Pennsylvania State Police (PSP) have entered into an agreement whereby the PSP provide patrol and law enforcement services to the Commission. The PSP officers operating under this agreement are designated as Public Safety Supervisors of the Commission and as a result are not limited to the territorial jurisdiction of the Commonwealth of Pennsylvania. The PSP officers are empowered to provide law enforcement services along all commission land, roads, and bridges both inside and outside of Pennsylvania.

This agreement is ongoing and the period of the current agreement began July 1, 2008 and was to expire on June 30, 2011. However, the Commission voted on May 3, 2011 to extend the contract until June 30, 2013. Under this current agreement the PSP will designate one (1) sergeant and twelve (12) troopers to act as Public Safety Supervisors of the Commission. The Commission must reimburse the PSP for both salaries and patrol cars used by the officers. For the purpose of this Agreement a general salary increase of 4% has been estimated for each of the five years of this agreement. These salary increases will be adjusted, if necessary, once the new PSP contract becomes effective. The benefits are estimated based on the Pennsylvania State Police 2008-2009 fiscal year budget request with an annual increase of 2% to the benefit rate. The benefit rates will be adjusted accordingly once the actual percentage is determined. The estimated rates are 52.59% for year 4 and 54.59% for year 5.

The following is the estimated rate for patrol services:

	Year 1	Year 2	Year 3	Year 4	Year 5
Troopers	$ 129,844	$ 136,774	$ 144,050	$ 137,830	$ 145,220
Sergeant	149,189	157,151	165,511	161,566	170,204
Additional hourly rates	93	98	103	99	104

The total actual cost for salaries and vehicles under this agreement for agreement for the years ended December 31, 2012 and 2011 was $1,942,094 and $1,933,298, respectively.

Note 9: 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 10: COMMITMENTS AND CONTINGENCIES

Commitments - The Commission had several outstanding or planned construction projects as of December 31, 2012. These projects are evidenced by contractual commitments with contractors and include:

Project	Awarded	Commitment Remaining
I78 Toll Bridge Parapet Upgrade/Paving Project	$ 14,634,441	$ 12,559,925

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: 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 12: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Governmental Accounting Standards Board Statement No. 63 - During the year ended December 31, 2012, the Commission implemented a required change in accounting principles as a result of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Governmental Accounting Standards Board Statement No. 65 - During the year ended December 31, 2012, the Commission opted for the early implementation GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Note 12: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES (CONT'D)

Governmental Accounting Standards Board Statement No. 65 (Cont'd) - As a result of the retroactive implementation of Statement No. 65, the statement of net position for the year ended December 31, 2011 was restated as follows:

Summary Statement of Net Position
as of December 31, 2011

	Previously Reported	Accounting Principle Change	Restated
ASSETS			
CURRENT ASSETS	$ 54,073,713	$ -	$ 54,073,713
NONCURRENT ASSETS:			
Unrestricted	118,802,540	-	118,802,540
Restricted			
Investments	115,992,991	-	115,992,991
Prepaid bond insurance	-	1,978,073	1,978,073
Capital assets	521,543,345		521,543,345
Debt Issue Costs	4,644,796	(4,644,796)	-
Total assets	815,057,385	(2,666,723)	812,390,662
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decrease in fair value of hedging derivatives	40,388,293	-	40,388,293
Deferred loss on refunding	-	552,485	552,485
Total deferred outflows of resources	40,388,293	552,485	40,940,778
LIABILITIES			
CURRENT LIABILITIES	35,074,158	-	35,074,158
NONCURRENT LIABILITIES:			
Compensated absences payable	2,176,915	-	2,176,915
Bridge system revenue bonds payable	406,225,656	1,363,678	407,589,334
Premium payment payable - derivative companion instrument	490,381	-	490,381
Derivative instrument - interest rate swaps	40,388,293	-	40,388,293
Total liabilities	484,355,403	1,363,678	485,719,081
NET POSITION			
Net invested in capital assets	222,109,156	(3,477,916)	218,631,240
Restricted	26,723,721	-	26,723,721
Unrestricted	122,257,398	-	122,257,398
Total net position	$ 371,090,275	$ (3,477,916)	$ 367,612,359

Note 12: CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES (CONT'D)

Governmental Accounting Standards Board Statement No. 65 (Cont'd) - As a result of the retroactive implementation of Statement No. 65, the statement of revenues, expenses and changes in net position for the year ended December 31, 2011 was restated as follows:

Summary of Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2011

	Previously Reported	Accounting Principle Change	Restated
OPERATING REVENUES	$ 104,195,106	$ -	$ 104,195,106
OPERATING EXPENSES	71,471,530	-	71,471,530
OPERATING INCOME	32,723,576	-	32,723,576
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,979,162	-	1,979,162
Gain on disposal of capital assets	90,551	-	90,551
Interest expense:			
Interest on bonds	(19,740,790)	-	(19,740,790)
Amortization of deferred loss on defeasance	(142,711)	53,662	(89,049)
Amortization of net premium on bonds	1,021,635	-	1,021,635
Amortization of debt issuance costs	(644,502)	644,502	
Amortization of prepaid bond insurance		(139,905)	(139,905)
Debt issuance costs		(264,843)	(264,843)
Compact authorized investment program	(5,643,227)	-	(5,643,227)
Total nonoperating revenues (expenses)	(23,079,882)	293,416	(22,786,466)
CHANGE IN NET POSITION	9,643,694	293,416	9,937,110
NET POSITION JANUARY 1	361,446,581	(3,771,332)	357,675,249
NET POSITION DECEMBER 31	$ 371,090,275	$ (3,477,916)	$ 367,612,359

REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/12	$ 37,771,605	$86,706,576	$48,934,971	44%	$19,046,487	257%
01/01/10	20,000,000	81,199,363	61,199,363	25%	17,328,360	353%
01/01/08	-	110,300,000	110,300,000	0%	18,000,000	613%

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Notes to Required Supplementary Information
For the Year Ended December 31, 2012

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, 2012
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Closed, Level Dollar Method
Remaining Amortization Period	25 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	9.0% grading to 5.0% over 8 years
Rate of Medical Inflation for Retirees over Age 65	7.5% grading to 5.0% over 8 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.

SUPPLEMENTARY SCHEDULES

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue - Cash
For the Year Ended December 31, 2012

			Trenton-Morrisville		New Hope-Lambertville		Interstate 78		Easton-Phillipsburg	
Class	Description	Rate	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile	$ 1.00	2,973,131	$ 2,973,131	460,683	$ 460,683	3,119,187	$ 3,119,187	1,757,641	$ 1,757,641
11	Auto with 1-Axle Trailer	2.00	3,488	6,976	1,406	2,812	14,879	29,758	4,364	8,728
12	Auto with 2-Axle Trailer	2.00	5,691	11,382	3,343	6,686	25,950	51,900	5,941	11,882
13	Auto with 3-Axle Trailer	2.00	472	944	89	178	1,330	2,660	141	282
	Automobile subtotal		2,982,782	2,992,433	465,521	470,359	3,161,346	3,203,505	1,768,087	1,778,533
02	Comm'l 2-Axle Peak	6.50	39,396	256,074	14,110	91,715	60,276	391,794	31,361	203,847
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	6,273	75,276	2,516	30,192	15,313	183,756	6,111	73,332
03	Comm'l 3-Axle Off Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	2,163	34,608	1,071	17,136	11,930	190,880	2,919	46,704
04	Comm'l 4-Axle Off Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	18,705	374,100	6,384	127,680	424,842	8,496,840	34,504	690,080
05	Comm'l 5-Axle Off Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	232	5,568	129	3,096	3,162	75,888	460	11,040
06	Comm'l 6-Axle Off Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	10	280	10	280	338	9,464	18	504
07	Comm'l 7-Axle Off Peak	25.20	-	-	-	-	-	-	-	-
08	Comm'l Permit		-	-	-	-	6	301	3	-
	Commercial subtotal		66,779	745,906	24,220	270,099	515,867	9,348,923	75,376	1,025,507
	Extra axles subtotal *		2	8	-	-	317	1,224	13	52
	Non-revenue *		5,149	-	1,930	-	8,240	-	3,160	-
	Gross cash tolls		3,049,561	3,738,347	489,741	740,458	3,677,213	12,553,652	1,843,463	2,804,092
Discounts, allowances and other adjustments				842		523		(7,540)		(1,758)
Net cash revenue				$ 3,739,189		$ 740,981		$ 12,546,112		$ 2,802,334

*Note: Extra axles and non-revenue not included in total volume amount.

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue - Cash
For the Year Ended December 31, 2012

			Portland-Columbia		Delaware Water Gap		Milford-Montage		Totals	
Class	Description	Rate	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue	Cash Volume	Cash Revenue
01	Automobile	$1.00	524,890	$ 524,890	3,122,008	$ 3,122,008	491,361	$ 491,361	12,448,901	$ 12,448,901
11	Auto with 1-Axle Trailer	2.00	2,240	4,480	11,767	23,534	2,880	5,760	41,024	82,048
12	Auto with 2-Axle Trailer	2.00	2,642	5,284	14,313	28,626	2,639	5,278	60,519	121,038
13	Auto with 3-Axle Trailer	2.00	49	98	735	1,470	28	56	2,844	5,688
	Automobile subtotal		529,821	534,752	3,148,823	3,175,638	496,908	502,455	12,553,288	12,657,675
02	Comm'l 2-Axle Peak	6.50	7,485	48,653	42,347	275,256	5,536	35,984	200,511	1,303,323
02	Comm'l 2-Axle Off-Peak	5.85	-	-	-	-	-	-	-	-
03	Comm'l 3-Axle Peak	12.00	1,945	23,340	11,453	137,436	1,203	14,436	44,814	537,768
03	Comm'l 3-Axle Off Peak	10.80	-	-	-	-	-	-	-	-
04	Comm'l 4-Axle Peak	16.00	1,016	16,256	6,794	108,704	431	6,896	26,324	421,184
04	Comm'l 4-Axle Off Peak	14.40	-	-	-	-	-	-	-	-
05	Comm'l 5-Axle Peak	20.00	5,261	105,220	246,799	4,935,980	1,740	34,800	738,235	14,764,700
05	Comm'l 5-Axle Off Peak	18.00	-	-	-	-	-	-	-	-
06	Comm'l 6-Axle Peak	24.00	60	1,440	2,971	71,304	24	576	7,038	168,912
06	Comm'l 6-Axle Off Peak	21.60	-	-	-	-	-	-	-	-
07	Comm'l 7-Axle Peak	28.00	-	-	334	9,352	1	28	711	19,908
07	Comm'l 7-Axle Off Peak	25.20	-	-	-	-	-	-	-	-
08	Comm'l Permit		-	-	12	643	-	-	21	944
	Commercial subtotal		15,767	194,909	310,710	5,538,674	8,935	92,720	1,017,654	17,216,738
	Extra axles subtotal *		-	-	368	1,456	-	-	700	2,740
	Non-revenue *		1,138	-	9,706	-	3,333	-	32,656	-
	Gross cash tolls		545,588	729,661	3,459,533	8,715,768	505,843	595,175	13,570,942	29,877,153
Discounts, allowances and other adjustments				(100)		7,041		128		(864)
Net cash revenue				$ 729,561		$ 8,722,809		$ 595,303		$ 29,876,289

*Note: Extra axles and non-revenue not included in total volume amount.

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Schedule of Toll Revenue - Electronic Toll Collection
For the Year Ended December 31, 2012

Class	Description	Rate	Trenton-Morrisville ETC Volume	Trenton-Morrisville ETC Revenue	New Hope-Lambertville ETC Volume	New Hope-Lambertville ETC Revenue	Interstate 78 ETC Volume	Interstate 78 ETC Revenue	Easton-Phillipsburg ETC Volume	Easton-Phillipsburg ETC Revenue
01	Automobile	$ 1.00	4,310,746	$ 4,310,746	1,272,354	$ 1,272,354	5,031,624	$ 5,031,624	3,142,529	$ 3,142,529
11	Auto with 1-Axle Trailer	2.00	5,222	10,444	2,051	4,102	12,056	24,112	4,807	9,614
12	Auto with 2-Axle Trailer	2.00	5,288	10,576	3,457	6,914	11,526	23,052	5,308	10,616
13	Auto with 3-Axle Trailer	2.00	147	294	49	98	48	96	67	134
15	Default		5	5	2	2	5	5	17	17
	Automobile subtotal		4,321,408	4,332,065	1,277,913	1,283,470	5,055,259	5,078,889	3,152,728	3,162,910
02	Comm'l 2-Axle Peak	6.50	148,050	962,325	39,350	255,775	152,048	988,312	94,677	615,401
02	Comm'l 2-Axle Off-Peak	5.85	12,357	72,288	2,547	14,900	22,053	129,010	7,655	44,782
03	Comm'l 3-Axle Peak	12.00	53,191	638,292	14,487	173,844	86,329	1,035,948	28,179	338,148
03	Comm'l 3-Axle Off Peak	10.80	3,910	42,228	1,299	14,029	21,151	228,431	5,121	55,307
04	Comm'l 4-Axle Peak	16.00	46,411	742,576	4,953	79,248	79,535	1,272,560	23,046	368,736
04	Comm'l 4-Axle Off Peak	14.40	9,520	137,088	2,198	31,651	43,397	624,917	5,389	77,602
05	Comm'l 5-Axle Peak	20.00	130,002	2,600,040	17,259	345,180	1,128,333	22,566,660	71,500	1,430,000
05	Comm'l 5-Axle Off Peak	18.00	31,296	563,328	4,571	82,278	392,971	7,073,478	21,989	395,802
06	Comm'l 6-Axle Peak	24.00	1,336	32,064	369	8,856	33,015	792,360	695	16,680
06	Comm'l 6-Axle Off Peak	21.60	370	7,992	39	842	19,725	426,060	257	5,551
07	Comm'l 7-Axle Peak	28.00	22	616	32	896	4,158	116,424	15	420
07	Comm'l 7-Axle Off Peak	25.20	2	50	3	76	1,473	37,120	3	76
	Commercial subtotal		436,467	5,798,888	87,107	1,007,575	1,984,188	35,291,279	258,526	3,348,503
	Exit violations		97,872	466,795	23,410	74,123	298,393	2,070,531	67,135	435,096
	Extra axles subtotal *		4	4	18	55	184	736	8	12
	Gross ETC tolls		4,855,747	10,597,752	1,388,430	2,365,223	7,337,840	42,441,435	3,478,389	6,946,521
Commuter discounts				(215,848)		(65,710)		(247,509)		(170,847)
Violations, allowances and other adjustments				(414,858)		(82,909)		(1,435,912)		(433,658)
Penalties on violations				502,032		121,930		1,278,677		365,674
Commission vehicles				(11,438)		(11,749)		(11,193)		(9,898)
Net ETC revenue				$ 10,457,640		$ 2,326,785		$ 42,025,498		$ 6,697,792

*Note: Extra axles and non-revenue not included in total volume amount.

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Toll Revenue - Electronic Toll Collection
For the Year Ended December 31, 2012

			Portland-Columbia		Delaware Water Gap		Milford-Montage		Totals	
Class	Description	Rate	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue	ETC Volume	ETC Revenue
01	Automobile	$ 1.00	661,882	$ 661,882	4,468,333	$ 4,468,333	659,485	$ 659,485	19,546,953	$ 19,546,953
11	Auto with 1-Axle Trailer	2.00	2,054	4,108	12,655	25,310	2,727	5,454	41,572	83,144
12	Auto with 2-Axle Trailer	2.00	1,866	3,732	8,019	16,038	1,838	3,676	37,302	74,604
13	Auto with 3-Axle Trailer	2.00	17	34	80	160	17	34	425	850
15	Default		16	16	5	5	2	2	52	52
	Automobile subtotal		665,835	669,772	4,489,092	4,509,846	664,069	668,651	19,626,304	19,705,603
02	Comm'l 2-Axle Peak	6.50	17,852	116,038	83,350	541,775	13,450	87,425	548,777	3,567,051
02	Comm'l 2-Axle Off-Peak	5.85	824	4,820	13,386	78,308	829	4,850	59,651	348,958
03	Comm'l 3-Axle Peak	12.00	12,022	144,264	63,307	759,684	1,913	22,956	259,428	3,113,136
03	Comm'l 3-Axle Off Peak	10.80	681	7,355	15,085	162,918	143	1,544	47,390	511,811
04	Comm'l 4-Axle Peak	16.00	8,252	132,032	36,997	591,952	1,083	17,328	200,277	3,204,432
04	Comm'l 4-Axle Off Peak	14.40	281	4,046	18,362	264,413	280	4,032	79,427	1,143,749
05	Comm'l 5-Axle Peak	20.00	21,110	422,200	543,481	10,869,620	4,393	87,860	1,916,078	38,321,560
05	Comm'l 5-Axle Off Peak	18.00	2,515	45,270	183,514	3,303,252	694	12,492	637,550	11,475,900
06	Comm'l 6-Axle Peak	24.00	585	14,040	16,716	401,184	27	648	52,743	1,265,832
06	Comm'l 6-Axle Off Peak	21.60	10	216	7,779	168,026	10	216	28,190	608,903
07	Comm'l 7-Axle Peak	28.00	-	-	787	22,036	5	140	5,019	140,532
07	Comm'l 7-Axle Off Peak	25.20	-	-	390	9,828	9	227	1,880	47,376
	Commercial subtotal		64,132	890,282	983,154	17,172,996	22,836	239,717	3,836,410	63,749,241
	Exit violations		14,042	160,632	153,125	987,773	11,110	36,268	665,087	4,231,218
	Extra axles subtotal *		-	-	118	448	-	-	332	1,255
	Gross ETC tolls		744,009	1,720,686	5,625,371	22,671,063	698,015	944,636	24,127,801	87,687,316
Commuter discounts				(36,041)		(224,610)		(35,045)		(995,610)
Violations, allowances and other adjustments				(135,224)		(809,678)		(40,011)		(3,352,250)
Penalties on violations				72,414		718,248		71,500		3,130,475
Commission vehicles				(12,024)		(12,657)		(8,248)		(77,207)
Net ETC revenue				$ 1,609,811		$ 22,342,366		$ 932,832		$ 86,392,724

*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, 2012

Description	Total Year Ended December 31, 2011	Total Year Ended December 31, 2012	Trenton-Morrisville	New-Hope-Lambertville	I-78	Easton-Phillipsburg
Salaries and wages	$ 18,852,340	$ 18,189,803	$ 1,699,586	$ 1,036,088	$ 2,212,848	$ 1,749,804
Employee benefits	9,389,178	10,134,034	935,060	598,483	1,287,127	917,852
Other postemployment benefits:						
Current costs	-	2,995,389	276,382	176,898	380,445	271,296
Amortization of prior year costs	-	3,664,515	338,122	216,414	465,431	331,900
Future costs	-	3,340,096	308,188	197,255	424,227	302,517
	28,241,518	38,323,837	3,557,338	2,225,138	4,770,078	3,573,369
Heat, light, and power	862,318	736,574	131,699	136,626	116,791	98,949
Office expense	139,988	124,425	2,722	1,285	5,218	3,846
Information technology and communications	783,090	770,492	56,242	48,125	39,668	57,211
Travel, meetings, and education expense	120,612	127,710	1,927	809	1,792	1,396
E-ZPass operating and maintenance	4,190,776	4,901,416	913,871	344,009	1,323,991	746,450
State police bridge security	4,152,027	4,223,512	600,496	114,394	674,122	409,032
Operating and maintenance expenses	2,541,243	2,422,018	195,166	184,110	224,223	154,187
Insurance	2,410,179	2,438,954	251,574	185,772	430,890	181,913
Professional service fees	1,178,663	1,070,383	-	-	-	-
Advertising and marketing	37,794	44,321	-	-	-	-
Depreciation	26,813,322	24,606,795	3,194,977	1,611,781	6,934,177	635,754
	43,230,012	41,466,600	5,348,674	2,626,911	9,750,872	2,288,738
Total operation expenses	$ 71,471,530	$ 79,790,437	$ 8,906,012	$ 4,852,049	$ 14,520,950	$ 5,862,107

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Operating Expenses
For the Year Ended December 31, 2012

Description	Portland-Columbia	Delaware Water Gap	Milford-Montague	Toll Supported Bridges	Administrative Expenses
Salaries and Wages	$ 745,293	$ 2,451,289	$ 791,702	$ 3,329,747	$ 4,173,446
Employee Benefits	419,262	1,377,790	436,062	2,012,859	2,149,539
Other postemployment benefits:					
Current costs	123,924	407,243	128,890	594,955	635,356
Amortization of prior year costs	151,607	498,215	157,682	727,860	777,284
Future costs	138,185	454,108	143,723	663,422	708,471
	1,578,271	5,188,645	1,658,059	7,328,843	8,444,096
Heat, light, and power	42,218	75,901	47,666	86,724	
Office expense	2,489	6,613	3,153	892	98,207
Information technology and communications	32,699	38,850	24,779	14,668	458,250
Travel, meetings, and education expense	1,331	2,464	1,369	1,978	114,644
E-ZPass operating and maintenance	200,501	1,096,138	204,391		72,065
State police bridge security	86,534	580,834	69,649	1,688,451	
Operating and maintenance expenses	100,115	174,478	95,767	114,123	1,179,849
Insurance	113,743	333,470	78,257	740,068	123,267
Professional service fees	-	-	-	-	1,070,383
Advertising and marketing	-	-	-	-	44,321
Depreciation	304,991	2,257,548	1,550,447	5,668,721	2,448,399
	884,621	4,566,296	2,075,478	8,315,625	5,609,385
Total operation expenses	$ 2,462,892	$ 9,754,941	$ 3,733,537	$ 15,644,468	$ 14,053,481

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Analysis of E-ZPass and Violations Receivable
For the Year Ended December 31, 2012

Balance January 1, 2012		$ 8,365,159
Increased by:		
Gross E-ZPass tolls	$ 87,687,316	
Delaware River Joint Toll Bridge Commission vehicles	(77,207)	
Commuter discounts	(995,610)	
Toll violations, allowances and charge-offs	(221,775)	
		86,392,724
		94,757,883
Decreased by:		
Cash received from other agencies	77,867,067	
Cash received from violations	2,198,380	
Transfers from customer deposits	5,884,561	
		85,950,008
Balance December 31, 2012		$ 8,807,875
Analysis of Balance:		
E-ZPass - due from other agencies		$ 7,001,033
Toll violations receivable		5,874,574
Allowance for uncollectibles		(4,067,732)
		$ 8,807,875

Schedule 4

Analysis of E-ZPass Customer Deposits
For the Year Ended December 31, 2012

Balance January 1, 2012		$ 4,210,585
Increased by:		
Receipts		23,665,437
		27,876,022
Decreased by:		
Toll revenue earned	$ 5,884,561	
E-ZPass account fees	66,292	
E-ZPass maintenance fees	816,601	
Transfers to other agencies	17,024,519	
		23,791,973
Balance December 31, 2012		$ 4,084,049

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Analysis of Improvements in Progress
For the Year Ended December 31, 2012

Balance January 1, 2012		$ 36,001,104
Increased by:		
Disbursements	$ 14,851,407	
Capitalized interest on bonds	648,191	
		15,499,598
		51,500,702
Decreased by:		
Transferred to capital assets - completed		24,976,242
Balance December 31, 2012		$ 26,524,460

Schedule 6

Analysis of Capital Assets - Completed
For the Year Ended December 31, 2012

	January 1, 2012	Additions	Deletions	December 31, 2012
Land	$ 129,888,166	$ -	$ -	$ 129,888,166
Buildings	25,304,407	79,601	-	25,384,008
Infrastructure	559,586,013	24,753,153	-	584,339,166
Equipment	32,481,121	638,342	475,568	32,643,895
	747,259,707	25,471,096	475,568	772,255,235
Less: accumulated depreciation	261,717,466	24,606,795	473,570	285,850,691
	$ 485,542,241	$ 864,301	$ 1,998	$ 486,404,544

Transferred from improvements in progress	$ 24,976,242
Disbursements	494,854
	$ 25,471,096

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Proprietary Fund

Schedule of Investments

As of December 31, 2012

Face	Description	Coupon Rate	Date of Maturity	Amortized Cost	Fair Market Value	Rating S & P
U.S. Federal Agency Notes and Bonds:						
$ 3,920,000	Federal Home Loan Bank	1.500%	01/16/13	$ 3,974,253	$ 3,922,156	AA+
6,000,000	Federal National Mortgage Association	4.375%	03/15/13	6,108,720	6,052,080	AA+
6,895,000	Federal Home Loan Bank	1.625%	03/20/13	7,033,521	6,917,891	AA+
3,500,000	Federal National Mortgage Association	1.750%	05/07/13	3,523,590	3,519,495	AA+
5,000,000	Federal Home Loan Bank	3.625%	05/29/13	5,109,750	5,072,050	AA+
12,650,000	Federal Home Loan Bank	1.875%	06/21/13	12,909,958	12,755,122	AA+
4,840,000	Federal Home Loan Bank	1.875%	06/21/13	4,960,516	4,880,220	AA+
3,980,000	Federal Home Loan Bank	0.500%	08/28/13	3,990,189	3,989,035	AA+
3,230,000	Federal Home Loan Bank	4.500%	09/16/13	3,473,251	3,328,935	AA+
5,230,000	Federal National Mortgage Association	0.750%	12/18/13	5,239,205	5,261,380	AA+
1,975,000	Federal Home Loan Bank	0.875%	12/27/13	1,990,761	1,989,003	AA+
3,945,000	Federal Home Loan Bank	0.875%	12/27/13	3,980,268	3,974,190	AA+
1,880,000	Federal Home Loan Bank	0.875%	12/27/13	1,895,002	1,892,109	AA+
1,085,000	Federal Home Loan Bank	0.875%	12/27/13	1,093,658	1,092,693	AA+
3,310,000	Federal National Mortgage Association	2.750%	03/13/14	3,479,836	3,411,584	AA+
3,810,000	Federal National Mortgage Association	2.500%	05/15/14	3,988,194	3,929,405	AA+
4,500,000	Federal National Mortgage Association	0.875%	08/28/14	4,555,710	4,547,205	AA+
1,780,000	Federal National Mortgage Association	2.625%	11/20/14	1,882,101	1,859,232	AA+
2,800,000	Federal National Mortgage Association	2.625%	11/20/14	2,963,380	2,927,372	AA+
4,500,000	Federal National Mortgage Association	0.750%	12/19/14	4,540,995	4,542,165	AA+
1,445,000	Federal National Mortgage Association	0.750%	12/19/14	1,452,268	1,458,540	AA+
5,780,000	Federal National Mortgage Association	0.750%	12/19/14	5,809,073	5,834,159	AA+
3,485,000	Federal National Mortgage Association	5.000%	04/15/15	3,983,982	3,857,093	AA+
2,845,000	Federal National Mortgage Association	0.500%	09/28/15	2,855,470	2,855,925	AA+
Total U.S. Federal Agency Notes and Bonds				$ 100,793,651	$ 99,869,038	
U.S. Government Treasuries:						
$ 4,865,000	U.S. Treasury Notes	2.875%	01/31/13	$ 4,969,521	$ 4,876,433	AA+
4,890,000	U.S. Treasury Notes	2.500%	03/31/13	4,997,733	4,943,554	AA+
3,910,000	U.S. Treasury Notes	2.500%	03/31/13	3,987,742	3,944,512	AA+
6,000,000	U.S. Treasury Notes	2.500%	03/31/13	6,066,797	6,001,029	AA+
3,940,000	U.S. Treasury Notes	1.750%	04/15/13	3,994,791	3,959,109	AA+
3,420,000	U.S. Treasury Notes	3.125%	04/30/13	3,550,655	3,454,337	AA+
10,000,000	U.S. Treasury Notes	3.500%	05/31/13	10,212,500	10,140,700	AA+
1,875,000	U.S. Treasury Notes	1.500%	12/31/13	1,909,717	1,899,694	AA+
935,000	U.S. Treasury Notes	1.500%	12/31/13	952,312	947,314	AA+
4,955,000	U.S. Treasury Notes	0.750%	06/15/14	4,996,808	4,994,293	AA+
1,485,000	U.S. Treasury Notes	0.750%	06/15/14	1,497,530	1,496,776	AA+
5,750,000	U.S. Treasury Notes	0.750%	06/15/14	5,798,516	5,795,598	AA+
11,283,084	U.S. Treasury Notes	0.250%	06/30/14	11,283,084	11,286,204	AA+
3,500,000	U.S. Treasury Notes	0.250%	12/15/14	3,499,453	3,500,560	AA+
6,000,000	U.S. Treasury Notes	1.875%	06/30/15	6,261,563	6,233,460	AA+
Total U.S. Government Treasuries				$ 73,978,720	$ 73,473,573	

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Proprietary Fund
Schedule of Investments
As of December 31, 2012

Face	Description	Coupon Rate	Date of Maturity	Amortized Cost	Fair Market Value	Rating S & P
Municipal & State Obligations and Funds:						
$ 5,072,812	Pennsylvania Treasurer's INVEST Program	0.073%	Demand	$ 5,072,812	$ 5,072,812	AAAm
Total Municipal & State Obligations and Funds				$ 5,072,812	$ 5,072,812	
Commercial Paper:						
$ 3,000,000	GE Cap Corp	0.000%	02/28/13	$ 2,998,238	$ 2,998,238	A-1+
5,000,000	JPM Chase CP	0.250%	05/06/13	4,994,722	4,994,722	A-1
3,000,000	Toyota Motor Credit	0.000%	02/28/13	2,998,238	2,998,238	A-1+
4,795,000	US Bank National	0.000%	01/31/13	4,782,973	4,782,973	A-1+
Total Commercial Paper				$ 15,774,170	$ 15,774,170	
Total Investments				$ 195,619,352	$ 194,189,592	

Recapitulation of Balance

Unrestricted investments	$ 114,059,453
Restricted investments	80,130,139
Balance December 31, 2012	$ 194,189,592

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2012

Series	Date of Issue	Original Issue	Maturities Date	Maturities Amount	Rate	Balance Jan. 1, 2012	Issued	Decreased	Balance Dec. 31, 2012
Series 2003	01/21/03	$ 158,530,000				$ 83,020,000	-	$ 83,020,000	
Series 2005A	03/23/05	72,645,000	07/01/13	$ 1,210,000	5.00%				
			07/01/14	5,000,000	5.50%				
			07/01/15	5,220,000	5.50%				
			07/01/16	4,125,000	5.50%				
			07/01/17	4,350,000	5.50%				
			07/01/18	4,590,000	5.50%				
			07/01/19	4,835,000	5.50%				
			07/01/20	5,105,000	5.50%	66,380,000	-	31,945,000	$ 34,435,000
Series 2007A	07/19/07	134,170,000	07/01/13	1,660,000	4.25%				
			07/01/14	1,450,000	5.00%				
			07/01/15	1,920,000	5.00%				
			07/01/16	1,760,000	5.00%				
			07/01/17	2,000,000	5.00%				
			07/01/18	2,010,000	5.00%				
			07/01/19	2,135,000	5.00%				
			07/01/20	2,275,000	5.00%				
			07/01/21	2,260,000	5.00%				
			07/01/22	2,400,000	5.00%				
			07/01/23	2,490,000	5.00%				
			07/01/24	2,640,000	5.00%				
			07/01/25	2,710,000	5.00%				
			07/01/26	2,855,000	5.00%				
			07/01/27	2,925,000	5.00%				
			07/01/28	3,050,000	5.00%				
			07/01/29	3,200,000	5.00%				
			07/01/30	3,375,000	5.00%				
			07/01/31	3,475,000	5.00%				
			07/01/32	3,595,000	5.00%				
			07/01/33	14,000,000	5.00%				

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2012

Series	Date of Issue	Original Issue	Maturities Date	Maturities Amount	Rate	Balance Jan. 1, 2012	Issued	Decreased	Balance Dec. 31, 2012
Series 2007A (Cont'd)	07/19/07	$ 134,170,000	07/01/34	$ 14,700,000	5.00%				
			07/01/35	15,435,000	5.00%				
			07/01/36	16,205,000	4.50%				
			07/01/37	16,935,000	4.50%	$ 129,130,000	-	$ 1,670,000	$ 127,460,000
Series 2007B (reissuance)	05/18/11	139,650,000	07/01/13	4,200,000	Variable				
			07/01/14	4,350,000	Variable				
			07/01/15	4,450,000	Variable				
			07/01/16	4,800,000	Variable				
			07/01/17	4,950,000	Variable				
			07/01/18	5,250,000	Variable				
			07/01/19	5,450,000	Variable				
			07/01/20	5,650,000	Variable				
			07/01/21	5,950,000	Variable				
			07/01/22	6,250,000	Variable				
			07/01/23	6,550,000	Variable				
			07/01/24	6,800,000	Variable				
			07/01/25	7,150,000	Variable				
			07/01/26	7,450,000	Variable				
			07/01/27	7,800,000	Variable				
			07/01/28	8,200,000	Variable				
			07/01/29	8,550,000	Variable				
			07/01/30	8,900,000	Variable				
			07/01/31	9,350,000	Variable				
			07/01/32	9,800,000	Variable	135,800,000	-	3,950,000	131,850,000

(Continued)

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Revenue Bonds
For the Year Ended December 31, 2012

Series	Date of Issue	Original Issue	Maturities Date	Maturities Amount	Rate	Balance Jan. 1, 2012	Issued	Decreased	Balance Dec. 31, 2012
Series 2012A	10/24/12	$ 77,145,000	07/01/13	$ 4,435,000	2.50%				
			07/01/16	1,030,000	4.00%				
			07/01/17	1,065,000	3.00%				
			07/01/18	1,100,000	4.00%				
			07/01/19	1,145,000	4.00%				
			07/01/20	1,195,000	2.00%				
			07/01/21	6,825,000	5.00%				
			07/01/22	4,000,000	5.00%				
			07/01/22	3,165,000	2.50%				
			07/01/23	7,445,000	5.00%				
			07/01/24	7,815,000	5.00%				
			07/01/25	8,205,000	5.00%				
			07/01/26	5,000,000	5.00%				
			07/01/26	3,620,000	4.00%				
			07/01/27	7,015,000	4.00%				
			07/01/27	2,000,000	3.00%				
			07/01/28	9,355,000	3.00%				
			07/01/29	1,345,000	3.125%				
			07/01/30	1,385,000	3.125%		$ 77,145,000		$ 77,145,000
Series 2012B	10/24/12	20,665,000	07/01/13	3,430,000	0.600%				
			07/01/14	3,360,000	1.008%				
			07/01/15	3,385,000	1.297%				
			07/01/16	3,440,000	1.612%				
			07/01/17	3,490,000	1.842%				
			07/01/18	3,560,000	2.184%		20,665,000		20,665,000
						414,330,000	$ 97,810,000	$ 120,585,000	391,555,000
Principal payments								$ 13,015,000	
Refunding							$ 97,810,000	107,570,000	
Net premium on bonds						6,274,334			14,254,155
						$ 420,604,334	$ 97,810,000	$ 120,585,000	$ 405,809,155

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

PART II

FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2012

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Schedule of Findings and Recommendations
For the Year Ended December 31, 2012

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None.

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the officials of the Delaware River Joint Toll Bridge Commission during the course of the audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants