

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

Financial Statements
and
Supplementary Information

Year Ended December 31, 2003

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION
BRIDGE SYSTEM
Morrisville, Pennsylvania

We have audited the accompanying balance sheet of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** ("the Commission") as of December 31, 2003, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2004 on our consideration of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, bond resolutions, contracts, and compact. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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- PRIVATE COMPANIES PRACTICE SECTION
- SEC PRACTICE SECTION



INDEPENDENT AUDITORS' REPORT (CONTINUED)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 20 to 26 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note B to the accompanying financial statements, in 2003 the Commission adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures. Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the presentation of management's discussion and analysis. However, we did not audit the information and express no opinion on it.

Mucedini, P.C.

March 17, 2004

Management's Discussion and Analysis

As management of the Delaware River Joint Toll Bridge Commission – Bridge System (the “Commission”), we offer readers of the Commission’s financial statements this narrative overview and analysis of the financial activities of the Commission for the year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with the audited financial statements and supplemental information as a whole.

Year 2003 is the first year of the Commission’s implementation of the new financial reporting model (GASB Statement No. 34) and, thus, prior year information for comparison purposes is not available. In future years, when prior year information is available, a comparative analysis of the financial statements data will be presented. However, a comparative analysis of key elements of financial statements is provided in this overview.

Financial Highlights

- Toll revenue for the Commission totaled \$72,963,402 for the year ended December 31, 2003, an increase of 104% over the previous year. The significant change in toll revenue is the result of the toll increase, which took place December 1, 2002.
- Outstanding Bond Indebtedness totaled \$155,520,000, an increase of 107% as a result of the issuance of the Bridge System Revenue Bonds, Series 2003.
- Net Operating Revenues totaled \$33,613,025 and Change in Net Assets totaled \$29,118,205.

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 and the notes to the financial statements. This report also contains other supplementary information that includes schedules of:

- Cash and cash equivalent balances
- Investments
- Operating, administrative and toll supported bridge expenses
- Toll bridge 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 private-sector business.

The balance sheet presents information on the Commission's assets and liabilities at December 31, 2003, with the difference of the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. At December 31, 2003 the Commission's net assets equaled \$259,228,491, an increase of approximately 13% over the prior year. Net assets increase when revenues exceed expenses. Increases to assets, without a corresponding increase to liabilities results in increased net assets, which indicates an improved financial position.

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information listed above (see "Overview of the Financial Statements").

Financial Analysis

Cash and equivalent balances of approximately \$13.8 million comprise the largest portion of the Commission's current assets, and consist primarily of debt service funds held by the Commission in accordance with the bond resolution. Cash and equivalents and investment balances of approximately \$157.9 million included in non-current assets are also held in accordance with requirements of the bond resolution. The Commission's non-current assets also include capital assets of approximately \$251.0 million that consist of land, infrastructure and equipment with an original value of approximately \$389.0 million less accumulated depreciation of approximately \$138.0 million. The land and infrastructure consist of twenty bridge crossings and related access roads spread over a 140-mile long stretch of the Delaware River extending from Trenton New Jersey north to Milford Pennsylvania/Montague, New Jersey.

The Commission has current and non-current liabilities of approximately \$164.3 million related to its series 2003 bond issue. The purpose of the 2003 issue was for the current refunding of the 1992 series, refunding of the 2002 Bond Anticipation Notes, financing of the first portion of the Commission's ten-year capital program and related bond issuance costs.

The following table contains condensed financial information derived from the December 31, 2003 financial statements of the Commission:

Net Assets

Current and other assets	\$178,927,513
Capital assets	<u>251,019,428</u>
Total assets	<u>429,946,941</u>
Current liabilities	13,721,369
Non-current liabilities	<u>156,997,081</u>
Total liabilities	<u>170,718,450</u>
Net assets:	
Invested in capital assets, net of related debt	126,942,953
Restricted	128,270,198
Unrestricted	<u>4,015,340</u>
Total net assets	<u>\$259,228,491</u>

Changes in Net Assets

Operating revenues	\$72,963,402
Operating expenses	<u>(30,821,610)</u>
Net operating revenues, before depreciation	42,141,792
Depreciation	<u>(8,528,767)</u>
Net operating revenues	33,613,025
Non-operating revenues	2,995,713
Non-operating expenses	<u>(7,490,533)</u>
Net income	29,118,205
Net assets, beginning of year, restricted	<u>230,110,286</u>
Net assets, end of year	<u>\$259,228,491</u>

Significant Events

In December 2001, the Commission approved a plan that provides major bridge rehabilitation, bridge enhancement, installation of EZ Pass and other traffic management systems as well as state of the art bridge security and surveillance. A toll rate structure was approved by the Commissioners to fund a 10-year, \$526 million Capital Improvement Program for protection, preservation, management and enhancement of the twenty bridges DRJTBC maintains and operates.

Through December 31, 2003, the Commission had approved more than \$66 million in contracts to study and improve various facilities and systems. As of December 31, 2003, the Commission had spent nearly \$48 million on the Capital Program.

The new rates were approved to take effect in conjunction with the availability of EZ Pass on December 1, 2002. Passenger vehicle toll rates increased between \$.25 and \$.50, depending on the bridge location. Commuters receive a 20% discount for using EZ Pass, and frequent commuters receive a 40% discount. Truck toll rates increased to \$2.25 per axle.

On November 1, 2003, the Commission reduced passenger tolls rates to \$.75 per vehicle on all toll bridges. Commuters continue to receive a 20% discount for using EZ Pass, and frequent commuters continue to receive a 40% discount.

On January 21, 2003, the Commission issued Bridge System Revenue Bonds, Series 2003 for \$158,530,000 for the purposes described in "Financial Analysis" above.

Summary of Cash Flows

Cash flows from operating activities	\$41,222,736
Cash flows used in investing activities	(95,898,966)
Cash flows from financing activities	<u>79,087,754</u>
Net increase in cash	<u>\$24,411,524</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

BALANCE SHEET

December 31, 2003

ASSETS

Current Assets

Unrestricted:

Cash and equivalents	\$ 1,729,246
Other assets	2,197,287
EZ Pass clearing account	2,947,252
Total unrestricted	<u>6,873,785</u>

Restricted:

Cash and equivalents	12,092,850
Accrued interest on investments	634,935
Bond issuance costs - current portion	57,477
Total Restricted	<u>12,785,262</u>
Total Current Assets	<u>19,659,047</u>

Non-Current Assets

Unrestricted:

Capital Assets	<u>1,574,623</u>
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Restricted:

Cash and equivalents	20,067,643
Investments	137,878,861
Bond issuance costs - long term portion	1,321,962
Capital Assets	<u>249,444,805</u>
Total Non-Current Restricted Assets	<u>408,713,271</u>
Total Non-Current Assets	<u>410,287,894</u>
Total Assets	<u>\$ 429,946,941</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued expenses	\$ 2,674,968
EZ Pass customer accounts	1,758,100
Accrued interest on bond indebtedness	3,913,900
Compensated Absences-current portion	120,000
Bridge system revenue bonds, series 2003 - current portion	4,330,000
Premium on bond - current portion	924,401
Total Current Liabilities	<u>13,721,369</u>

Non-Current Liabilities

Compensated Absences	1,842,165
Bridge system revenue bonds, series 2003	151,190,000
Premium on bond - long term portion	3,964,916
Total Noncurrent liabilities	<u>156,997,081</u>
Total Liabilities	<u>170,718,450</u>

Net Assets

Invested in Capital Assets, net of related debt	126,942,953
Restricted	128,270,198
Unrestricted	4,015,340
Total Net Assets	<u>259,228,491</u>
Total Liabilities and Net Assets	<u>\$ 429,946,941</u>

See accompanying notes to financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended December 31, 2003

Operating Revenues	
Toll bridge operations:	
Toll revenues, net	\$ 40,571,660
EZ Pass revenues, net	32,127,229
Miscellaneous revenues	264,513
Total toll revenues	<u>72,963,402</u>
Operating Expenses	
Toll bridges operating expenses:	
Operating and maintenance expenses	15,640,339
Administrative expenses	10,156,527
Toll supported bridges' expenses	5,024,744
Depreciation	8,528,767
Total operating expenses	<u>39,350,377</u>
Net operating revenues	<u>33,613,025</u>
Non-Operating Revenues (Expenses)	
Investment return	2,071,312
Interest on bond indebtedness	(7,433,056)
Amortization of bond premium	924,401
Amortization of bond issuance costs	(57,477)
Total non-operating expenses	<u>(4,494,820)</u>
Change in net assets	<u>29,118,205</u>
Net assets, beginning of year, as originally stated	100,452,918
Prior period adjustment	129,657,368
Net assets, beginning of year, restated	<u>230,110,286</u>
Net assets, end of year	<u>\$ 259,228,491</u>

See accompanying notes to financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

STATEMENT OF CASH FLOWS

Year Ended December 31, 2003

Cash Flows from Operating Activities	
Receipts from toll bridges	\$ 40,267,665
Receipts from EZ Pass	32,000,465
Payments to suppliers, employees, and others	(31,309,907)
Other receipts	264,513
Net cash provided by operating activities	<u>41,222,736</u>
Cash Flows from Investing Activities	
Purchases of investments, net	(76,563,392)
Investment return	2,617,707
Purchases of capital assets	(21,953,281)
Net cash used in investing activities	<u>(95,898,966)</u>
Cash Flows from Financing Activities	
Bond proceeds	160,409,317
Principal paid on bond and notes indebtedness	(74,960,000)
Interest paid on bond indebtedness	(4,982,124)
Bond issuance costs	(1,379,439)
Net cash provided by financing activities	<u>79,087,754</u>
Net increase in cash	24,411,524
Cash, beginning of year	9,478,215
Cash, end of year	<u>\$ 33,889,739</u>
Reconciliation of net operating revenues to net cash provided by operating activities	
Net operating revenues	\$ 33,613,025
Adjustment to reconcile net operating revenues to net cash provided by operating activities-depreciation	8,528,767
Changes in net assets and liabilities:	
Prepaid expenses and other assets	(1,685,748)
EZ Pass clearing account	(1,119,105)
Accounts payable and accrued expenses	(764,714)
Accrued refunds	(303,995)
EZ Pass customer accounts	992,341
Compensated absences	1,962,165
Net cash provided by operating activities	<u>\$ 41,222,736</u>
Non-cash financing activities	
Amortization of bond premium	\$ 924,401
Amortization of bond issuance costs	(57,477)
Total non-cash financing activities	<u>\$ 866,924</u>

See accompanying notes to financial statements.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

A. AUTHORIZING LEGISLATION AND NATURE OF ORGANIZATION

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

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

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

Effective with the issuance of the 1988 Bridge System and 1-78 Revenue Bonds, and pursuant to the respective bond resolutions, the financial activity of the 1-78 Bridge was previously reported separately from the Bridge System. Due to the insubstance defeasance of the 1988 Bridge System and 1-78 Revenue Bonds, effective with 1992 financial statements, the financial activity of the 1-78 Bridge is included with the Bridge System.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board (GASB) issued its Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended by Statements No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statements No. 21 and 34, and Statement No. 38, Certain Financial Statement Note Disclosures. These Statements establish new accounting and financial reporting requirements for state and local governments throughout the United States. The Statements provide guidance established for special purpose governments and require management to include a discussion and analysis of the financial activities of the organization in addition to the basic financial statements and other required supplementary information. The Commission implemented this new financial reporting model effective January 1, 2003. The changes are reflected in the accompanying financial statements, including notes to financial statements.

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

The Commission elected to report year 2003 (the first year of the new financial reporting model implementation) as a single year.

Revenues

Revenues consist primarily of toll and EZ Pass revenues. Toll revenues are recognized as received. EZ Pass revenues are recognized when cars with EZ Pass utilize the Commission's toll bridges. Proceeds received from the Commission's EZ Pass transactions are deferred and recognized as revenue as utilized at the Commission toll bridges. Investment income is recognized when earned.

Basis of Investments

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

Cash and Equivalents

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Groups

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

Construction Fund – Bonds proceeds for project costs.

Revenue Fund – All revenues received by the Commission are deposited in the Revenue Fund. Not 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 such 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.

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

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

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

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

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Groups (Continued)

- (a) To purchase or redeem Bonds;
- (b) To secure and pay the principal or redemption price of and any interest on any Subordinated Indebtness;
- (c) To make payments into the Construction Fund;
- (d) To fund improvements, extensions and replacements of the System;
- (e) As a self-insurance reserve; or
- (f) To further any corporate purpose.

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

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

Net Assets

Restricted

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

Unrestricted

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

Capital Assets

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

Infrastructure	15-50 years
Vehicles	3-7 years
Office furniture and equipment	7 years

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

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Bond Costs

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

Rounding

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

C. CASH AND EQUIVALENTS AND INVESTMENTS

General Information

The Commission's cash and equivalents and investments at December 31, 2003 are summarized as follows:

Cash and equivalents	\$ 33,889,739
Investments	137,878,861
Total	<u>\$ 171,768,600</u>

Deposits

At December 31, 2003, the bank balance of the Commission's deposits with financial institutions is categorized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Amount insured by the FDIC or collateralized with securities held by the Commission in its name.	\$ 1,531,034	\$ 2,838,987
Amount collateralized with securities held by the pledging financial institution's trust department in the Commission's name.	32,289,355	32,289,355
Uncategorized:		
Petty cash and collectors' change funds	69,350	-
	<u>\$33,889,739</u>	<u>\$35,128,342</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

C. CASH AND EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

Pursuant to the 2003 bond resolution, investments made by the Commission are summarized below. These investments, which are represented by specific identifiable investment securities, are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or security held by the Commission or its agent in the Commission's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commission's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commission's name. These items are covered by pledged assets which are pooled to secure deposits of public funds.

Description	1	2	3	Cost	Market Value
FHDN	\$ 17,787,417	\$ -	\$ -	\$ 17,787,417	\$ 17,833,900
FMCDN	16,827,384	-	-	16,827,384	16,866,000
FNDN	20,914,005	-	-	20,914,005	20,940,000
FNMA	29,201,098	-	-	29,201,098	29,254,520
FHLB	22,219,206	-	-	22,219,206	22,374,880
FHLMC	24,158,817	-	-	24,158,817	24,083,150
FFCB	5,483,750	-	-	5,483,750	5,505,330
PA INVEST	1,000,000	-	-	1,000,000	1,021,081
	<u>\$ 137,591,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,591,677</u>	<u>\$ 137,878,861</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

D. CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2003 were as follows:

	December 31, 2002	Additions	Reductions	December 31, 2003
Non-Depreciable Assets:				
Land	\$ 129,035,535	\$ 568,839	\$ -	\$ 129,604,374
Infrastructure in Progress	26,287,592	21,641,899	(14,243,928)	33,685,563
Depreciable Assets:				
Bridges/road network	206,065,566	13,675,089	-	219,740,655
Equipment	5,451,803	1,167,629	(611,844)	6,007,589
Total at historical cost	366,840,497	37,053,456	(14,855,772)	389,038,181
Less accumulated depreciation for:				
Bridges/road network	125,592,679	7,993,108	-	133,585,787
Equipment	4,509,151	535,659	(611,844)	4,432,966
Total accumulated depreciation	130,101,830	8,528,767	(611,844)	138,018,753
Total Capital Assets	\$ 236,738,667	\$ 28,524,689	\$ (14,243,928)	\$ 251,019,428

Depreciation expense was as follows:

Bridge/road networks	\$ 7,993,108
Equipment	535,659
Total depreciation expense	\$ 8,528,767

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

E. BONDS PAYABLE

The following is a summary of bonds payable:

	Maturity Dates	Interest Rate	Bonds Outstanding (in thousands)		Reductions	Bonds Outstanding (in thousands) December 31, 2003	Amounts due within one year
			December 31, 2002	Additions			
Bonds							
1992 Serial Revenue Bonds	2003	Various	\$ 45,335	\$ -	\$ 45,335	\$ -	\$ -
2003 Serial Revenue Bonds	2003 - 2024	3.00%-5.25%	-	129,140	3,010	126,130	4,330
2003 Term Revenue Bonds	2025 - 2028	5.00%	-	29,390	-	29,390	-
Total Bonds Payable			<u>\$ 45,335</u>	<u>\$ 158,530</u>	<u>\$ 48,345</u>	<u>\$ 155,520</u>	<u>\$ 4,330</u>

Debt service requirements on bonds outstanding at December 31, 2003, are as follows (in thousands):

	Principal	Interest	Total
2004	\$ 4,330	\$ 7,763	\$ 12,093
2005	4,455	7,608	12,063
2006	4,635	7,403	12,038
2007	4,865	7,166	12,031
2008	5,115	6,917	12,032
2009-2013	29,760	30,258	60,018
2014-2018	38,400	21,367	59,767
2019-2023	28,075	12,647	40,722
2024-2028	35,885	6,777	42,662
	<u>\$ 155,520</u>	<u>\$ 107,906</u>	<u>\$ 263,426</u>

Bond Anticipation Notes, Series 2002 issued to pay the principal on the Bond Anticipation Notes, Series 2001 of total principal amount of \$29,625,000 matured on April 30, 2003.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

F. PENSION PLAN

Plan Description

The Commission contributes to the Commonwealth of Pennsylvania State Employees' Retirement System ("the System"). The System is the administrator of a cost-sharing multiple-employer defined benefit retirement system. The System was established by the Commonwealth of Pennsylvania (the "Commonwealth") to provide retirement, death, and disability benefits for employees of state government and certain independent agencies. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly. Article II of the Commonwealth's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. The System issues a publicly available financial report that includes financial statements and required supplementary information for the retirement plan. That report may be obtained by writing to the Commonwealth of Pennsylvania State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, PA 17108-1147 or by calling 1-717-787-9657. Employees of the Commission are required to pay 5% - 6.25% of their salary into the System and the Commission is required to contribute at an actuarially determined rate. The rate is computed based upon actuarial valuations on the System's fiscal year end of December 31, and applied to the Commonwealth based on its fiscal year end of June 30. Therefore, the employer contribution rate in effect for the System's year end of December 31 reflects a blended average of calculated rates. The contribution requirements of plan members and the Commission are established and may be amended by the System's Board of Trustees.

The Commission also has four employees of the Bridge System who participate in the State of New Jersey Public Employees' Retirement System. Public Employees' Retirement System of New Jersey (the "PERS") is a part of the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit, and accordingly, the actuarial data for the employees of the Commission who are members of the plan is not available.

The Commission's pension contribution for the year ended December 31, 2003 was \$41,710, equal to the required contribution.

G. SELF INSURANCE

The Commission self insures the risk for health insurance claims. Coverage for claims in excess of \$125,000 per person is carried with an insurance company.

H. POSTEMPLOYMENT BENEFITS

The Commission provides certain postemployment life and health insurance benefits to its employees if they retire while working for the Commission. In accordance with the provisions of Statement No. 12 of the Governmental Accounting Standards Board, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers," expenditures for postemployment life and health insurance benefits are recognized on a pay-as-you-go basis and were approximately \$1,074,681 in 2003. Effective April 1, 1995 the Commission has suspended postemployment life and health insurance benefits for all new hires.

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

NOTES TO FINANCIAL STATEMENTS

H. POSTEMPLOYMENT BENEFITS (CONTINUED)

As of December 31, 2003, ninety-six retired employees were eligible for both life and health insurance benefits. An additional sixty-two retired employees were eligible for life insurance benefit only, in a range \$2,000 - \$4,000 per person.

I. COMMITMENTS AND CONTINGENCIES

After the implementation of the toll rates increase on November 30, 2003 the Trucker Toll Increase case has been filed in the United States District Court for the Eastern District of Pennsylvania by the American Trucking Associations, Inc., PA Motor Truck Association, NJ Motor Truck Association and Roadway Express. A disposition of this matter adverse to the Commission might materially adversely affect future toll revenues. In the opinion of management, the Commission should prevail in this litigation.

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

In 2001 the Commission approved a 10 year, \$526 million dollar Capital Improvement Program for protection, preservation, management and enhancement of the 20 bridges it maintains and operates. As part of this program, the Commission has entered into various contracts for the initial portion of this program. At December 31, 2003, the Commission had approved contracts that had not yet been completed or paid totaling approximately \$18 million.

J. ARBITRAGE RULES

The Commission is subject to certain arbitrage rules pursuant to current Federal Income Tax Law and in accordance with the Trust Indenture. Under these rules, interest earnings on certain investments of proceeds of the Commission's bonds are subject to the limitations imposed by the arbitrage provisions of the Internal Revenue Code. The Commission is required to rebate certain arbitrage profits on nonpurpose investments at least once every five years. At December 31, 2003 there were no material arbitrage profits subject to rebate.

K. PRIOR PERIOD ADJUSTMENT

The cumulative effect of applying GASB No. 34 has been reported as a restatement of beginning net assets. A prior period adjustment of \$129,657,368 related to capitalization and depreciation of the capital assets has been recorded resulting in an increase in net assets.

SUPPLEMENTARY INFORMATION

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF CASH AND EQUIVALENT BALANCES

December 31, 2003

	Total	Revenue Fund	Operating Fund	Clearing Fund	Construction Fund	Debt Service Fund	Debt Service Reserve Fund	General Reserve Fund
Commerce Bank	\$ 32,289,355	\$ -	\$ 87,591	\$ 41,271	\$ 6,679,631	\$ 4,034,456	\$ 12,244,195	\$ 9,202,211
Fleet Bank	246,198	-	246,198	-	-	-	-	-
Wachovia Bank	1,284,836	1,234,751	50,085	-	-	-	-	-
Petty cash and collectors' change funds	69,350	-	69,350	-	-	-	-	-
Total Cash and Equivalent Balances	\$ 33,889,739	\$ 1,234,751	\$ 453,224	\$ 41,271	\$ 6,679,631	\$ 4,034,456	\$ 12,244,195	\$ 9,202,211

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF INVESTMENTS

December 31, 2003

Construction Fund						
<u>Security Description</u>	<u>Investment Description</u>			<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
	<u>Face Value</u>	<u>Rate</u>	<u>Yield</u>			
FHDN	9,000,000	0.000%	1.33%	08-30-04	\$ 8,912,250	\$ 8,933,400
FHDN	4,000,000	0.000%	1.44%	11-24-04	3,944,778	3,956,000
FHDN	5,000,000	0.000%	1.44%	11-26-04	4,930,389	4,944,500
FMCDN	6,000,000	0.000%	1.08%	01-27-04	5,990,283	5,995,800
FMCDN	5,000,000	0.000%	1.52%	12-02-04	4,925,431	4,940,506
FMCDN	6,000,000	0.000%	1.50%	12-02-04	5,911,670	5,929,694
FNDN	12,000,000	0.000%	1.10%	03-03-04	11,967,240	11,979,600
FNDN	9,000,000	0.000%	1.20%	06-02-04	8,946,765	8,960,400
FNMA	5,000,000	1.630%	1.63%	12-15-04	5,000,000	5,001,550
TOTAL CONSTRUCTION FUND					\$ 60,528,806	\$ 60,641,450

Operating Fund						
<u>Security Description</u>	<u>Investment Description</u>			<u>Maturity Date</u>	<u>Cost</u>	<u>Market Value</u>
	<u>Face Value</u>	<u>Rate</u>	<u>Yield</u>			
FHLB	2,000,000	5.250%	5.10%	02-13-04	\$ 2,076,280	\$ 2,009,380
FHLMC	1,000,000	3.500%	2.01%	04-19-04	999,063	1,007,190
TOTAL OPERATING FUND					\$ 3,075,343	\$ 3,016,570

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2003

General Reserve Fund							
Security Description	Investment Description			Maturity	Market		
	Face Value	Rate	Yield	Date	Cost	Value	
PA INVEST	1,000,000.00	1.630%	1.24%	01-15-04	\$ 1,000,000	\$ 1,021,081	
FFCB	1,500,000.00	2.100%	2.10%	08-25-05	1,500,000	1,506,570	
FFCB	4,000,000.00	2.100%	2.27%	02-06-06	3,983,750	3,998,760	
FHLB	3,000,000.00	4.000%	3.83%	02-15-05	3,006,600	3,085,320	
FHLB	2,100,000.00	5.375%	4.95%	02-15-06	2,171,326	2,241,750	
FHLB	2,000,000.00	2.540%	2.54%	02-27-06	2,000,000	2,014,380	
FHLB	4,000,000.00	2.070%	2.59%	07-28-06	3,965,000	3,986,240	
FHLB	4,000,000.00	2.285%	3.10%	08-18-06	4,000,000	4,008,760	
FHLB	2,000,000.00	3.100%	2.80%	10-16-06	2,000,000	2,005,620	
FHLB	3,000,000.00	2.800%	3.22%	12-29-06	3,000,000	3,023,430	
FHLMC	4,000,000.00	3.215%	4.83%	01-15-04	4,116,240	4,005,000	
FHLMC	1,000,000.00	5.000%	5.85%	07-15-04	1,043,514	1,027,190	
FHLMC	2,000,000.00	6.250%	2.07%	08-26-05	2,000,000	2,009,380	
FHLMC	2,000,000.00	2.050%	2.05%	10-14-05	2,000,000	2,004,380	
FHLMC	2,000,000.00	2.000%	2.00%	10-21-05	2,000,000	2,005,000	
FHLMC	3,000,000.00	2.070%	2.07%	10-28-05	3,000,000	3,006,570	
FHLMC	2,000,000.00	2.250%	2.25%	12-15-05	2,000,000	2,000,620	
FHLMC	3,000,000.00	2.500%	2.05%	12-15-05	3,000,000	2,989,680	
FHLMC	2,000,000.00	3.100%	3.10%	08-25-06	2,000,000	2,021,260	
FHLMC	2,000,000.00	2.650%	2.65%	10-12-06	2,000,000	2,006,880	
FNMA	4,500,000.00	1.530%	1.53%	05-26-05	4,500,191	4,497,210	
FNMA	2,000,000.00	2.040%	2.04%	10-20-05	2,000,000	2,004,380	
FNMA	3,000,000.00	2.600%	2.60%	12-29-05	3,000,000	3,007,500	
FNMA	2,000,000.00	2.520%	2.52%	02-27-06	2,000,000	2,004,380	
FNMA	2,000,000.00	2.400%	2.50%	02-27-06	1,995,000	2,013,760	
FNMA	4,500,000.00	2.560%	2.56%	03-24-06	4,500,000	4,514,085	
FNMA	4,500,000.00	2.250%	1.99%	05-26-06	4,505,906	4,508,460	
FNMA	1,700,000.00	2.550%	2.55%	06-01-06	1,700,000	1,703,195	
TOTAL GENERAL RESERVE FUND					\$ 73,987,527	\$ 74,220,841	
TOTAL INVESTMENTS					\$ 137,591,676	\$ 137,878,861	

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF OPERATIONS

Year Ended December 31, 2003

	Total	Trenton-Morrisville Bridge	New Hope-Lambertville Bridge	I-78 Bridge	Easton-Phillipsburg Bridge	Portland-Columbia Bridge	Delaware Water Gap Bridge	Milford-Montague Bridge
Toll revenues	\$ 40,720,725	\$ 4,271,694	\$ 974,442	\$ 15,893,642	\$ 4,752,368	\$ 921,436	\$ 13,042,069	\$ 865,074
Tickets, tokens refund	(189,242)	(189,242)	-	-	-	-	-	-
Toll (shortage) overage	40,177	11,473	(3,199)	14,884	(1,900)	1,511	16,439	969
EZ Pass revenues	32,942,153	4,056,197	928,922	13,060,813	3,931,046	780,499	9,487,916	696,760
EZ Pass discounts and allowances	(814,924)	(170,708)	(70,304)	(152,131)	(129,208)	(41,721)	(206,939)	(43,913)
Miscellaneous revenues	264,513	182	-	261,157	64	-	-	3,110
Total Toll Revenues	72,963,402	7,979,596	1,829,861	29,078,365	8,552,370	1,661,725	22,339,485	1,522,000
Operating and Maintenance Expenses								
Salaries and wages								
Toll								
Maintenance	3,559,483	563,010	288,576	768,675	483,799	190,512	1,008,484	256,427
Clerical	2,717,707	364,813	279,546	665,041	448,633	185,514	594,672	179,488
Supervision	861,574	124,590	104,789	166,059	114,838	76,369	195,605	79,334
	2,480,002	417,205	200,765	541,548	471,480	132,666	520,764	195,574
	9,618,766	1,469,618	873,676	2,141,323	1,518,740	585,061	2,319,525	710,823
Social security taxes	730,327	110,666	65,949	162,363	113,926	44,460	174,442	58,521
Pension contribution	34,452	1,571	920	4,795	6,370	615	17,311	2,870
Group insurance	2,225,795	364,204	206,944	491,262	348,559	151,702	500,430	162,694
Heat, light and power	446,396	111,776	62,435	83,981	84,292	31,648	45,726	26,538
Office expense	77,018	4,268	14,573	11,479	14,591	6,852	12,324	12,931
Operating supplies and expense	166,079	29,000	15,070	24,026	32,246	17,815	30,523	17,399
Education, conference and communication expense	111,117	45,035	11,024	10,807	12,393	10,050	12,679	9,129
Uniforms	29,467	10,740	4,462	4,109	3,407	2,093	3,479	1,177
Maintenance supplies and expense								
Automotive	122,818	25,728	11,829	33,979	10,241	10,651	25,625	4,765
Buildings and grounds	219,942	90,027	21,706	40,710	33,638	7,660	15,480	10,721
Toll collecting equipment	98,621	13,360	7,430	25,256	12,891	9,808	19,557	10,319
Roadways, sidewalks and approaches	149,527	39,794	16,861	83,501	6,627	(53,393)	66,493	(10,356)
Insurance	1,610,014	246,980	199,963	467,164	193,108	116,094	303,653	83,052
Total Operating and Maintenance Expenses	15,640,339	2,562,767	1,512,842	3,584,755	2,391,029	941,116	3,547,247	1,100,583
Net revenues from Toll Bridges - Before Administrative expenses and toll supported bridges expenses	\$ 57,323,063	\$ 5,416,829	\$ 317,019	\$ 25,493,610	\$ 6,161,341	\$ 720,609	\$ 18,792,238	\$ 421,417
Administrative expenses	10,156,527							
Toll supported bridges' expenses	5,024,744							
	15,181,271							
Net operating revenues before depreciation	42,141,792							
Depreciation	8,528,767							
Net operating revenues	\$ 33,613,025							

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF ADMINISTRATIVE EXPENSES

Year Ended December 31, 2003

Salaries and wages	\$ 3,180,845
Social security taxes	219,731
Trustee and paying agents' fees	18,246
Pension contribution	3,352
Group insurance	499,610
Retirees' cost	1,096,106
Unemployment compensation	15,503
Heat, light and power	2,279
Office expenses	285,835
EZ Pass operating expenses	561,036
Operating supplies and expenses	126,752
Travel and meeting expenses	19,198
Educational and conference expenses	104,242
Automotive repairs and expenses	157
Professional services and legal expenses	3,509,648
Advertising	225,707
Insurance	288,280
	<u>\$10,156,527</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF TOLL SUPPORTED BRIDGE EXPENSES

Year Ended December 31, 2003

	Total	Southern Division Bridges	Northern Division Bridges
Salaries and wages	\$ 2,985,453	\$ 1,605,002	\$ 1,380,451
Social security taxes	224,285	120,805	103,480
Pension contribution	3,906	1,699	2,207
Group insurance	729,046	392,668	336,378
Heat, light and power	73,438	49,893	23,545
Office expense	18,024	10,587	7,437
Operating supplies and expense	78,678	38,600	40,078
Education and conference expenses	498	468	30
Uniforms	7,173	7,997	(824)
Maintenance supplies and expenses			
Automotive	7,479	3,471	4,008
Buildings and grounds	5,523	4,200	1,323
Roadways, sidewalks and approaches	48,169	25,138	23,031
Insurance	828,072	541,410	286,662
Civil claim	15,000	15,000	-
	<u>\$ 5,024,744</u>	<u>\$ 2,816,938</u>	<u>\$ 2,207,806</u>

DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM

SCHEDULE OF TOLL BRIDGE TRAFFIC AND REVENUES

Year Ended December 31, 2003

VEHICLE CLASSIFICATION

Number of Vehicles Crossing Toll Bridges:

Class	Trenton- Morrisville Bridge	New Hope- Lambertville Bridge	I-78 Bridge	Easton- Phillipsburg Bridge	Portland- Columbia Bridge	Delaware Water Gap Bridge	Milford- Montague Bridge
Passenger Cars, Vans and Pickups	5,774,654	1,418,465	6,518,607	5,004,027	1,083,030	8,066,666	1,231,491
Two Axle Trucks, Buses and Tractors	145,020	39,377	199,840	154,235	27,528	143,521	21,418
Three Axle Trucks, Buses, Tractor and Trailer	60,411	21,936	102,434	62,981	9,413	87,427	5,139
Four Axle Trucks, Tractor and Trailer	47,223	7,097	115,586	41,555	5,795	52,233	2,145
Five Axle Trucks, Tractor and Trailer	165,579	26,497	1,891,300	259,050	28,508	1,108,058	10,626
Six Axle Trucks, Tractor and Trailer	1,404	799	30,728	3,841	226	19,127	119
Vehicles Requiring Special Permit	61	1	797	72	9	780	7
Local Buses	-	-	12	100	1	-	-
Seven or More Axle Trucks, Tractor and Trailer	122	42	1,101	108	5	992	41
	<u>6,194,474</u>	<u>1,514,214</u>	<u>8,860,405</u>	<u>5,525,969</u>	<u>1,154,515</u>	<u>9,478,804</u>	<u>1,270,986</u>
	33,999,367						

Toll Revenues of Vehicles Crossing Toll Bridges:

Class	Trenton- Morrisville Bridge	New Hope- Lambertville Bridge	I-78 Bridge	Easton- Phillipsburg Bridge	Portland- Columbia Bridge	Delaware Water Gap Bridge	Milford- Montague Bridge
Passenger Cars, Vans and Pickups	\$ 5,089,738	\$ 1,232,909	\$ 5,789,847	\$ 4,377,320	\$ 1,154,204	\$ 8,669,465	\$ 1,315,250
Two Axle Trucks, Buses and Tractors	628,926	171,544	873,224	671,591	119,588	626,943	93,435
Three Axle Trucks, Buses, Tractor and Trailer	390,347	141,861	657,797	406,506	61,743	558,943	33,405
Four Axle Trucks, Tractor and Trailer	404,788	60,215	968,231	353,256	50,233	439,246	18,626
Five Axle Trucks, Tractor and Trailer	1,766,169	285,667	20,416,120	2,805,406	308,871	11,987,396	114,599
Six Axle Trucks, Tractor and Trailer	18,115	10,269	387,561	48,961	3,004	247,292	1,561
Vehicles Requiring Special Permit	1,120	18	14,383	1,452	133	18,525	103
Local Buses	-	-	715	1,775	220	-	-
Seven or More Axle Trucks, Tractor and Trailer	2,390	671	23,134	2,393	117	19,131	709
Total Toll Revenue Vehicles	<u>8,301,591</u>	<u>1,903,154</u>	<u>29,131,013</u>	<u>8,668,659</u>	<u>1,698,114</u>	<u>22,566,942</u>	<u>1,577,687</u>
	73,847,160						
EZ Pass discounts and allowances and other adjustments	(321,995)	(73,293)	(52,648)	(116,289)	(36,389)	(227,457)	(55,687)
Total Toll Revenues	<u>\$ 72,963,402</u>	<u>\$ 1,829,861</u>	<u>\$ 29,078,365</u>	<u>\$ 8,552,370</u>	<u>\$ 1,661,725</u>	<u>\$ 22,339,485</u>	<u>\$ 1,522,000</u>

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

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

We have audited the financial statements of **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM** as of and for the year ended December 31, 2003, and have issued our report thereon dated March 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION - BRIDGE SYSTEM'S** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we provided certain recommendations regarding internal control strengthening in a separate letter addressed to Delaware River Joint Toll Bridge Commission-Bridge System Commissioners dated March 17, 2004.

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

Mercadien, P.C.

March 17, 2004

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