



FINANCIAL STATEMENTS (TURNPIKE
REVENUE BOND RESOLUTION BASIS) AND
SUPPLEMENTARY INFORMATION

New Jersey Turnpike Authority
Year Ended December 31, 2008
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

New Jersey Turnpike Authority

Financial Statements

Year Ended December 31, 2008

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Report of Independent Auditors

To the Commissioners
New Jersey Turnpike Authority
New Brunswick, New Jersey

We have audited the accompanying bond resolution financial statements of the New Jersey Turnpike Authority (the Authority), a component unit of the State of New Jersey, as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared in accordance with the provisions of the Authority's 1991 Turnpike Revenue Bond Resolution as amended, restated and supplemented and the Authority's interpretation of such resolution, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the bond resolution basis financial statements do not present fairly the Authority's financial position and results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances and the cost of investment in facilities of the Authority as of December 31, 2008 and 2007, and its revenues and expenses and changes in fund balances and its net revenues for the year then ended on the basis of accounting described in Note 2.

Our audit was conducted for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. The supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the aforementioned financial statements. This additional information is the responsibility of the Authority's management. Such information, except for the portion marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the aforementioned financial statements taken as a whole.

Ernst + Young LLP

March 31, 2009

New Jersey Turnpike Authority

Statement of Net Revenue

	Year Ended December 31	
	2008	2007
Revenues		
Toll revenue	\$ 746,738,384	\$ 745,919,940
ETC Project Fees	53,646,677	50,339,219
Concession revenue	36,413,433	35,134,721
Earnings on investments (including interest transfers)	7,697,479	20,699,848
Miscellaneous revenue	8,509,680	7,905,657
Arts Center	3,451,386	3,271,253
Total revenues	856,457,039	863,270,638
Transfer from General Reserve Fund	38,237,835	-
Total revenues and transfer from General Reserve Fund	894,694,874	863,270,638
Operating expenses		
Executive office	2,009,054	2,196,118
ETC Dept.	3,233,699	3,179,803
Law	1,496,866	1,499,640
Finance and budgets	5,997,939	6,011,902
Human resources	2,779,107	3,155,415
Technology and administrative services	15,562,959	15,388,808
Purchasing	1,123,410	1,326,003
Operations	6,207,044	6,121,022
Patron services	1,409,278	1,251,749
Automotive services	1,041,062	375,880
State police	62,577,725	60,052,416
Toll collection	74,853,103	78,651,427
Maintenance	73,616,339	74,314,609
Engineering	4,205,907	4,320,573
Internal audit	1,261,297	1,280,585
Strategic planning	391,616	289,237
Art center	360,838	350,685
Non-departmental	19,595,157	18,894,298
Employee benefits	83,266,856	78,609,541
Utilities	19,908,213	17,602,978
Snow	6,822,001	6,021,335
ETC	92,906,062	90,506,692
Total operating expenses	480,625,532	471,400,717
Net revenue available for debt service	414,069,342	391,869,921
Debt Service		
Interest expense:	240,462,515	220,853,718
Transfer to Debt Service Fund	81,585,000	76,460,000
Total Debt Service	322,047,515	297,313,718
Net revenue after operating expenses and debt service	92,021,827	94,556,203
Interfund Transfers:		
To Charges Fund	(4,966,827)	(5,250,000)
To Maintenance Reserve Fund	(62,655,000)	(60,830,000)
To Special Project Reserve Fund	(24,400,000)	(26,000,000)
To General Reserve Fund	-	(2,476,203)
Net revenue after operating expenses, debt service and interfund transfers	\$ -	\$ -

See accompanying notes.

New Jersey Turnpike Authority

Statement of Operations

	Revenue		Construction		Maintenance		Special Project		General Reserve		2008 Subordinated		Charges		Debt Service		Year Ended																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
	Fund		Fund		Reserve Fund		Reserve Fund	Fund	Fund	Fund	Note Payment	Fund	Fund	Fund	Fund	2008	2007																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
Operating revenues:																			Toll revenue	\$	746,738,384	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	746,738,384	\$	745,919,940	ETC Project Fees		53,646,677		-		-		-		-		-		-		-		53,646,677		50,339,219	Concession revenue		36,413,433		-		-		-		-		-		-		-		36,413,433		35,134,721	Miscellaneous revenue		8,509,680		-		-		-		-		-		-		-		8,509,680		7,905,657	Arts Center		3,451,386		-		-		-		-		-		-		-		3,451,386		3,271,253	Total revenues		848,759,560		-		-		-		-		-		-		-		848,759,560		842,570,790	Operating expenses																					Maintenance of roadway, buildings and equipment		105,593,522		-		-		-		-		-		-		-		105,593,522		102,635,375	Toll collection		74,853,103		-		-		-		-		-		-		-		74,853,103		78,651,427	State police and traffic control		68,784,768		-		-		-		-		-		-		-		68,784,768		66,173,437	Administration and finance		138,488,077		-		-		-		-		-		-		-		138,488,077		133,433,785	ETC expenses		92,906,062		-		-		-		-		-		-		-		92,906,062		90,506,692	Cash operating expenses		480,625,532		-		-		-		-		-		-		-		480,625,532		471,400,717	Net operating revenue		368,134,028		-		-		-		-		-		-		-		368,134,028		371,170,073	Earnings on investments available to meet debt service		1,701,716		-		624,848		624,848		2,357,254		119,089		19,120		2,186,511		1,701,716		20,699,848	Interfund transfers of earnings on investments		5,995,763		-		(688,941)		(624,848)		(2,357,254)		(119,089)		(19,120)		(2,186,511)		5,995,763		-	Earnings on investments (including interest transfers)		7,697,479		-		-		-		-		-		-		-		7,697,479		-	Transfer from General Reserve Fund		38,237,835		-		-		(38,237,835)		(38,237,835)		-		-		-		38,237,835		20,699,848	Net revenue available for debt service		414,069,342		-		-		-		-		-		-		-		414,069,342		-	Debt Service																					Transfers Interest expense		(240,462,515)		(8,402,500)		-		-		8,402,500		-		-		240,462,515		(240,462,515)		(220,853,718)	Transfer for next sinking payment		(81,585,000)		-		-		-		-		-		-		81,585,000		(81,585,000)		-	Bond interest expense		-		-		-		-		-		-		-		(240,462,515)		(240,462,515)		(220,853,718)	Total Debt Service		(322,047,515)		(8,402,500)		-		-		8,402,500		-		-		81,585,000		(322,047,515)		(220,853,718)	Net revenue after operating expenses and debt service		92,021,827		(8,402,500)		-		-		(29,835,335)		-		-		81,585,000		92,021,827		171,016,203	Application of net revenue (interfund transfers):																					To charges fund		(4,966,827)		-		-		-		-		-		4,966,827		-		(4,966,827)		-	To Maintenance Reserve Fund		(62,655,000)		-		62,655,000		-		-		-		-		-		(62,655,000)		-	To Special Project Reserve Fund		(24,400,000)		-		-		24,400,000		-		-		-		-		(24,400,000)		-	Total		(92,021,827)		-		62,655,000		24,400,000		(29,835,335)		-		-		81,585,000		(92,021,827)		-	Other additions (deductions) to fund balance																					Interest income - Construction Fund		15,186,802		-		-		-		-		-		-		-		15,186,802		30,729,484	Accretion expense		(7,256,047)		-		-		-		-		-		-		-		(7,256,047)		(7,221,672)	Payment of other charges		(69,990)		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		(69,990)		(160,089,434)	Required payment to the State of New Jersey		-		-		-		-		(22,000,000)		-		-		-		-		(22,000,000)	Sinking fund payments		76,460,000		-		-		-		-		-		-		(76,460,000)		76,460,000		(22,000,000)	Net change in fund balance		75,918,265		-		(899,685)		(1,833,519)		(85,814,658)		-		(315,737)		5,125,000		75,918,265		12,434,581	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,80
Toll revenue	\$	746,738,384	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	746,738,384	\$	745,919,940																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
ETC Project Fees		53,646,677		-		-		-		-		-		-		-		53,646,677		50,339,219																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Concession revenue		36,413,433		-		-		-		-		-		-		-		36,413,433		35,134,721																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Miscellaneous revenue		8,509,680		-		-		-		-		-		-		-		8,509,680		7,905,657																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Arts Center		3,451,386		-		-		-		-		-		-		-		3,451,386		3,271,253																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Total revenues		848,759,560		-		-		-		-		-		-		-		848,759,560		842,570,790																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Operating expenses																					Maintenance of roadway, buildings and equipment		105,593,522		-		-		-		-		-		-		-		105,593,522		102,635,375	Toll collection		74,853,103		-		-		-		-		-		-		-		74,853,103		78,651,427	State police and traffic control		68,784,768		-		-		-		-		-		-		-		68,784,768		66,173,437	Administration and finance		138,488,077		-		-		-		-		-		-		-		138,488,077		133,433,785	ETC expenses		92,906,062		-		-		-		-		-		-		-		92,906,062		90,506,692	Cash operating expenses		480,625,532		-		-		-		-		-		-		-		480,625,532		471,400,717	Net operating revenue		368,134,028		-		-		-		-		-		-		-		368,134,028		371,170,073	Earnings on investments available to meet debt service		1,701,716		-		624,848		624,848		2,357,254		119,089		19,120		2,186,511		1,701,716		20,699,848	Interfund transfers of earnings on investments		5,995,763		-		(688,941)		(624,848)		(2,357,254)		(119,089)		(19,120)		(2,186,511)		5,995,763		-	Earnings on investments (including interest transfers)		7,697,479		-		-		-		-		-		-		-		7,697,479		-	Transfer from General Reserve Fund		38,237,835		-		-		(38,237,835)		(38,237,835)		-		-		-		38,237,835		20,699,848	Net revenue available for debt service		414,069,342		-		-		-		-		-		-		-		414,069,342		-	Debt Service																					Transfers Interest expense		(240,462,515)		(8,402,500)		-		-		8,402,500		-		-		240,462,515		(240,462,515)		(220,853,718)	Transfer for next sinking payment		(81,585,000)		-		-		-		-		-		-		81,585,000		(81,585,000)		-	Bond interest expense		-		-		-		-		-		-		-		(240,462,515)		(240,462,515)		(220,853,718)	Total Debt Service		(322,047,515)		(8,402,500)		-		-		8,402,500		-		-		81,585,000		(322,047,515)		(220,853,718)	Net revenue after operating expenses and debt service		92,021,827		(8,402,500)		-		-		(29,835,335)		-		-		81,585,000		92,021,827		171,016,203	Application of net revenue (interfund transfers):																					To charges fund		(4,966,827)		-		-		-		-		-		4,966,827		-		(4,966,827)		-	To Maintenance Reserve Fund		(62,655,000)		-		62,655,000		-		-		-		-		-		(62,655,000)		-	To Special Project Reserve Fund		(24,400,000)		-		-		24,400,000		-		-		-		-		(24,400,000)		-	Total		(92,021,827)		-		62,655,000		24,400,000		(29,835,335)		-		-		81,585,000		(92,021,827)		-	Other additions (deductions) to fund balance																					Interest income - Construction Fund		15,186,802		-		-		-		-		-		-		-		15,186,802		30,729,484	Accretion expense		(7,256,047)		-		-		-		-		-		-		-		(7,256,047)		(7,221,672)	Payment of other charges		(69,990)		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		(69,990)		(160,089,434)	Required payment to the State of New Jersey		-		-		-		-		(22,000,000)		-		-		-		-		(22,000,000)	Sinking fund payments		76,460,000		-		-		-		-		-		-		(76,460,000)		76,460,000		(22,000,000)	Net change in fund balance		75,918,265		-		(899,685)		(1,833,519)		(85,814,658)		-		(315,737)		5,125,000		75,918,265		12,434,581	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,802		30,729,484	Total		15,186,802		-		(63,554,685)		(26,233,519)		(33,979,323)		-		(5,282,564)		-		15,186,80																																																																																																																																																	
Maintenance of roadway, buildings and equipment		105,593,522		-		-		-		-		-		-		-		105,593,522		102,635,375																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Toll collection		74,853,103		-		-		-		-		-		-		-		74,853,103		78,651,427																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
State police and traffic control		68,784,768		-		-		-		-		-		-		-		68,784,768		66,173,437																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Administration and finance		138,488,077		-		-		-		-		-		-		-		138,488,077		133,433,785																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
ETC expenses		92,906,062		-		-		-		-		-		-		-		92,906,062		90,506,692																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Cash operating expenses		480,625,532		-		-		-		-		-		-		-		480,625,532		471,400,717																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Net operating revenue		368,134,028		-		-		-		-		-		-		-		368,134,028		371,170,073																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Earnings on investments available to meet debt service		1,701,716		-		624,848		624,848		2,357,254		119,089		19,120		2,186,511		1,701,716		20,699,848																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Interfund transfers of earnings on investments		5,995,763		-		(688,941)		(624,848)		(2,357,254)		(119,089)		(19,120)		(2,186,511)		5,995,763		-																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Earnings on investments (including interest transfers)		7,697,479		-		-		-		-		-		-		-		7,697,479		-																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Transfer from General Reserve Fund		38,237,835		-		-		(38,237,835)		(38,237,835)		-		-		-		38,237,835		20,699,848																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Net revenue available for debt service		414,069,342		-		-		-		-		-		-		-		414,069,342		-																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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New Jersey Turnpike Authority

Statement of Assets, Liabilities and Fund Balances

	Revenue Fund	Construction Fund	Maintenance Reserve Fund	Special Project Reserve		General Reserve Fund	2008 Subordinated Note Payment Fund	Charges Fund	Debit Service Fund	2007	
				Fund	Fund					2008	December 31
Assets											
Cash	\$ 75,316,021	\$ 18,084,257	\$ 3,538,383	\$ 5,313,675	\$ 17,024,846	\$ 2,586	\$ 760,999	\$ 57,432,688	\$ 177,473,455	\$ 140,428,757	
Investments	135,937,388	625,599,306	22,249,625	22,500,173	61,002,352	8,519,003	598,000	125,136,430	1,001,542,477	997,006,845	
Receivables	37,117,572	-	-	55,694	182,102	-	-	423,056	37,778,424	32,581,851	
Interfund accounts, net	(3,119,337)	1,879,006	(301,142)	(1,282,128)	4,735,721	(119,089)	(3,434)	(1,789,397)	-	-	
Inventory	20,820,930	-	-	-	-	-	-	-	-	-	
Deposits	1,354,160	6,000	-	-	225,000	-	-	-	20,820,930	24,556,270	
Prepaid expenses	5,221,947	-	-	-	2,032,082	-	-	-	1,585,160	1,326,714	
Cost of investment in facilities	-	8,027,382,646	-	-	-	-	-	-	7,274,029	3,391,578	
Total assets	\$ 272,648,681	\$ 8,672,951,215	\$ 25,486,866	\$ 26,587,414	\$ 85,222,103	\$ 8,402,500	\$ 1,355,565	\$ 181,202,777	\$ 8,027,382,646	\$ 7,776,377,873	
Liabilities and fund balances											
Liabilities:											
Accounts payable	\$ 9,476,409	\$ 11,685,402	\$ 2,769,749	\$ 484,003	\$ 371,625	\$ -	\$ -	\$ -	\$ 24,787,188	\$ 11,538,628	
Accrued expenses	49,210,042	16,077,721	2,429,817	1,627,447	624,144	-	658,433	-	70,627,604	69,640,856	
Withholdings from employees	1,230,085	-	-	-	-	-	-	-	1,230,085	1,262,960	
Accrued subordinated interest payable	-	-	-	-	-	6,350,418	-	-	6,350,418	-	
Accrued debt service payable	-	-	-	-	-	-	-	87,578,607	87,578,607	85,038,602	
Amounts retained from contractors and engineers	84,905	13,980,855	3,357,851	308,917	149,395	-	-	-	17,881,923	21,093,596	
Notes payable and premium	-	338,182,700	-	-	-	-	-	-	338,182,700	-	
Other liabilities	127,989,395	4,908,536	38,297	444,377	-	2,052,082	-	-	135,432,687	118,285,051	
Bond indebtedness:											
Turnpike Revenue Bonds, Series 1991 C	-	102,650,000	-	-	-	-	-	-	102,650,000	102,650,000	
Turnpike Revenue Bonds, Series 1991 D	-	371,000,000	-	-	-	-	-	-	371,000,000	371,000,000	
Turnpike Revenue Bonds, Series 1992 B	-	19,620,036	-	-	-	-	-	-	19,620,036	23,771,124	
Turnpike Revenue Bonds, Series 2000 A	-	310,005,000	-	-	-	-	-	-	310,005,000	336,815,000	
Turnpike Revenue Bonds, Series 2000 B - G	-	400,000,000	-	-	-	-	-	-	400,000,000	400,000,000	
Turnpike Revenue Bonds, Series 2003 A	-	788,815,000	-	-	-	-	-	-	788,815,000	788,815,000	
Turnpike Revenue Bonds, Series 2003 B	-	635,720,000	-	-	-	-	-	-	635,720,000	679,970,000	
Turnpike Revenue Bonds, Series 2003 C	-	500,000,000	-	-	-	-	-	-	500,000,000	500,000,000	
Turnpike Revenue Bonds, Series 2003 D	-	400,000,000	-	-	-	-	-	-	400,000,000	400,000,000	
Turnpike Revenue Bonds, Series 2004 A	-	154,000,000	-	-	-	-	-	-	154,000,000	154,000,000	
Turnpike Revenue Bonds, Series 2004 B	-	121,179,865	-	-	-	-	-	-	121,179,865	115,172,730	
Turnpike Revenue Bonds, Series 2004 C	-	287,120,000	-	-	-	-	-	-	287,120,000	287,120,000	
Turnpike Revenue Bonds, Series 2005 A	-	409,180,000	-	-	-	-	-	-	409,180,000	409,180,000	
Turnpike Revenue Bonds, Series 2005 B	-	32,500,000	-	-	-	-	-	-	32,500,000	32,500,000	
Turnpike Revenue Bonds, Series 2005 C	-	95,880,000	-	-	-	-	-	-	95,880,000	95,880,000	
Turnpike Revenue Bonds, Series 2005 D	-	208,735,000	-	-	-	-	-	-	208,735,000	208,735,000	
Total liabilities	187,990,836	5,221,240,115	8,595,714	2,864,744	1,145,164	8,402,500	658,433	87,578,607	5,518,476,113	5,212,468,546	
Fund balances	84,657,845	3,451,711,100	16,891,152	23,722,670	84,076,939	-	697,132	93,624,170	3,755,381,008	3,763,201,342	
Total liabilities and fund balances	\$ 272,648,681	\$ 8,672,951,215	\$ 25,486,866	\$ 26,587,414	\$ 85,222,103	\$ 8,402,500	\$ 1,355,565	\$ 181,202,777	\$ 9,273,857,121	\$ 8,975,669,888	

See accompanying notes.

New Jersey Turnpike Authority

Statement of Changes in Fund Balances

For the Year Ended December 31, 2008

	Revenue Fund	Construction Fund	Maintenance Reserve Fund	Special Project Reserve Fund	General Reserve Fund	2008 Subordinated Note Payment Fund	Charges Fund	Debt Service Fund	Total
Balance as of December 31, 2007	\$ 84,657,845	\$ 3,375,792,835	\$ 17,790,837	\$ 25,556,189	\$ 169,891,597	\$ -	\$ 1,012,869	\$ 88,499,170	\$ 3,763,201,342
Add (deduct):									
Total revenues and interfund transfers in excess of operating expenses before debt service	408,073,579	-	688,941	624,848	2,357,254	119,089	19,120	2,186,511	414,069,342
Interfund transfer of earnings on investments	5,995,763	-	(688,941)	(624,848)	(2,357,254)	(119,089)	(19,120)	(2,186,511)	-
Transfers to fund bond interest expense	(240,462,515)	-	-	-	-	-	-	240,462,515	-
Bond interest expense	-	-	-	-	-	-	-	(240,462,515)	(240,462,515)
Construction investment interest	-	15,186,802	-	-	-	-	-	-	15,186,802
Payment of other charges	-	(69,990)	(63,554,685)	(26,233,519)	(33,979,323)	-	(5,282,564)	-	(129,120,081)
Accretion expense	-	(7,256,047)	-	-	-	-	-	-	(7,256,047)
Revenue fund transfers	(92,021,827)	-	62,655,000	24,400,000	-	-	4,966,827	-	-
Other fund transfers	-	(8,402,500)	-	-	(29,835,335)	-	-	-	(38,237,835)
Sinking fund payment	-	76,460,000	-	-	-	-	-	(76,460,000)	-
Sinking fund transfers	(81,585,000)	-	-	-	-	-	-	81,585,000	-
Required payment to the State of New Jersey	-	-	-	-	(22,000,000)	-	-	-	(22,000,000)
Balance as of December 31, 2008	\$ 84,657,845	\$ 3,451,711,100	\$ 16,891,152	\$ 23,722,670	\$ 84,076,939	\$ -	\$ 697,132	\$ 93,624,170	\$ 3,755,381,008

See accompanying notes.

See accompanying notes.

New Jersey Turnpike Authority

Statement of Cost of Investment in Facilities

For the Year Ended December 31, 2008

	Original Turnpike Extensions and Additional Lanes	Revenues Invested in Facilities	1966 Turnpike Improvement	1971 Turnpike Improvement	1973 Improvement and Funding Program	1977 Turnpike System Revenue Bond Accounts	1984 Turnpike Revenue Bonds	Refunding of 1984 Bonds
Land	\$ 25,771,162	\$ 6,073,263	\$ 28,704,263	\$ 4,074,507	\$ 7,013,092	\$ -	\$ -	\$ -
Buildings and Sound Barriers	21,511,320	11,114,629	25,867,688	3,041,943	10,476,787	-	-	-
Road Surface	63,572,995	7,553,490	27,342,867	7,277,862	3,806,320	-	-	-
Road Bed	103,010,596	49,460,276	204,074,805	20,684,820	24,881,066	-	-	-
Bridges	191,117,115	13,261,252	168,090,449	84,540,355	7,592,182	-	-	-
Equipment	22,139,668	-	-	-	3,360,072	-	-	-
Construction-In-Progress	-	-	-	-	-	-	-	-
Financial	27,036,418	165,271	245,668,754	22,512,061	23,615,247	12,874,128	67,745,398	7,988,081
	<u>\$ 454,159,274</u>	<u>\$ 87,628,181</u>	<u>\$ 699,748,826</u>	<u>\$ 142,131,548</u>	<u>\$ 80,744,766</u>	<u>\$ 12,874,128</u>	<u>\$ 67,745,398</u>	<u>\$ 7,988,081</u>

1985-1990 Lending Project	Business Plan for the 90's	Former NJHA Construction	2000 Construction Fund	2003 Construction Fund	2004 Construction Fund	2005 Construction Fund	2008 Construction Fund	2008 Bond Acquisition Fund	Total
24,713,537	\$ 429,638,178	\$ 73,012,428	\$ 24,299,613	\$ -	\$ 245,755	\$ -	\$ -	\$ -	\$ 623,545,798
22,173,191	121,556,299	63,110,204	82,537,523	-	792,505	-	-	-	362,182,089
45,160,447	61,377,466	99,062,222	61,328,412	-	792,505	-	-	-	377,274,586
285,612,468	393,869,548	647,849,751	465,571,284	-	25,778,734	56,411	4,621,841	-	2,225,471,600
205,469,578	174,462,501	243,854,963	240,670,038	-	59,361,671	-	-	-	1,388,420,104
-	4,391,081	110,934,141	320,370,808	-	10,786,622	-	-	-	471,982,392
-	-	-	338,848,899	-	266,620,523	26,883,972	24,412,986	-	656,766,380
594,000,850	576,094,175	32,741,774	326,430,066	(4,978,224)	(16,788,670)	6,111,043	523,325	-	1,921,739,697
1,177,130,071	\$ 1,761,389,248	\$ 1,270,565,483	\$ 1,860,056,643	\$ (4,978,224)	\$ 347,589,645	\$ 33,051,426	\$ 29,558,152	\$ -	\$ 8,027,382,646

New Jersey Turnpike Authority

Notes to Financial Statements

Year Ended December 31, 2008

1. Organization and Function of the New Jersey Turnpike Authority

The New Jersey Turnpike Authority (the Authority) is a body corporate and politic created by the New Jersey Turnpike Authority Act of 1948, as amended and supplemented (the Act). The Act authorizes the Authority to construct, maintain, repair, and operate projects related to the New Jersey Turnpike Authority at locations established by law and to issue Turnpike revenue bonds or notes of the Authority, subject to prior approval in writing from the Governor and from either or both the State Treasurer and the Director of the Division of Budget and Accounting of the Department of the Treasury, payable solely from tolls and other revenues of the Authority. Under the provisions of the Act, the Turnpike bonds or notes and the interest thereon shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the State or any political subdivision.

On May 27, 2003, the Act was amended. The amendment empowered the Turnpike Authority, effective on the Transfer Date, to assume all powers, rights, obligations and duties of the New Jersey Highway Authority (the Highway Authority), which owned and operated the Garden State Parkway and PNC Bank Arts Center. The Transfer Date, which was the date of issuance and delivery of the Series 2003 Turnpike Revenue Bonds, was July 9, 2003. On that date, the Chairman of the Turnpike Authority and the Commissioner of the New Jersey Department of Transportation certified to the Governor of the State of New Jersey that (a) all bonds of the Highway Authority ceased to be outstanding within the meaning of the resolutions pursuant to which those bonds were issued and (b) that the Turnpike Authority had assumed all debts and statutory responsibilities and obligations of the Highway Authority.

The Authority is a component unit of the State of New Jersey and its financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP), are included in the State of New Jersey's (the State) Comprehensive Annual Financial Report (CAFR).

2. Summary of Significant Accounting Policies

Nature of Funds

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. Resources are allocated to and accounted for in the individual funds based upon the provisions of the Turnpike Revenue Bond Resolution, adopted August 21, 1991 as amended, restated and supplemented (the Bond Resolution). The various funds are as follows:

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

- Revenue Fund – the Revenue Fund is the general operating fund of the Authority. It is used to account for all of the operating pledged revenues and expenses.
- Construction Fund – the Construction Fund is used to account for the accumulation of financial resources to be used for the cost of investment in facilities. Included in this fund are the proceeds from the issuance of Turnpike Revenue Bonds in 2000, 2003, 2004 and 2005 (see Note 6), and proceeds from the 2008 Subordinated Bond Anticipation Notes (see Note 7), unexpended moneys related to projects authorized by previous bond issues and amounts transferred in as a result of the acquisition of the Highway Authority.
- Maintenance Reserve Fund – amounts in this fund may be applied to the cost of major resurfacing, replacement, repairs, renewals, or reconstruction of the Turnpike System.
- Special Project Reserve Fund – amounts in this fund may be applied to the cost of one or more special projects or additional projects. On an annual basis, the Special Project Reserve Fund is replenished up to the amount of the Special Project Reserve Requirement of \$50,000,000. The required funding is determined by projecting the ending fund balance and comparing it to the Special Project Reserve Requirement. The difference is funded in 12 equal installments over the next fiscal year.
- General Reserve Fund – amounts in the General Reserve Fund are to be used to make required state payments and to make up deficiencies in the Revenue Fund, the Debt Service Fund, the Debt Reserve Fund, the Charges Fund, the Maintenance Reserve Fund, and the Special Project Reserve Fund. Subject to certain terms, amounts in this fund which are not required to remedy any such deficiency may be applied to (a) the purchase or redemption of any bonds and expenses in connection therewith; (b) payment of principal and interest due upon redemption of variable rate debt, commercial paper and subordinated indebtedness, if any; (c) payments into the Construction Fund; (d) improvements, extensions, betterments, renewals, and replacements of the Turnpike System or the provisions of reserves for these purposes; (e) payments into the Revenue Fund; and (f) any other corporate purpose, including but not limited to, additional required State payments, if any.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

- Charges Fund – this fund is used to pay (a) fees and charges paid to a financial institution under a letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement, or similar agreement; (b) fees and charges paid to the remarketing agent; (c) fees and charges paid to the tender agent; and (d) fees and charges paid to the broker/dealer but only to the extent that the Authority determines the foregoing amounts shall not be paid as operating expenses.
- Debt Service Fund – this fund accumulates the amounts required for (a) payment of interest and maturing principal amounts on all outstanding Turnpike revenue bonds when due; (b) payment of the redemption price and accrued interest on the bonds to be redeemed; and (c) payment of the purchase price of bonds purchased through application of moneys accumulated in this fund by reason of the payment of any sinking fund installment.
- Debt Reserve Fund – amounts in this fund are to be applied to make up any deficiency in the Debt Service Fund. The Bond Resolution provides that as a condition to the issuance of each series of bonds there shall be deposited in the Debt Reserve Fund the amount, if any, necessary so that the amount in such fund equals the Debt Reserve Requirement calculated immediately after the issuance of such series of bonds. The Debt Reserve Requirement is equal to the greatest amount of interest accruing on the outstanding bond indebtedness in any one year, subject to certain provisions set forth in the Bond Resolution (see Note 6).
- Subordinated Note Payment Fund – amounts in this fund represent an amount equal to the principal or redemption price of and interest on the Subordinated Bond Anticipation Notes coming due on specific payment dates. If sufficient funds do not exist in this fund prior to the payment date, the Authority shall withdraw funds from the General Reserve Fund as necessary to comply with these requirements.
- Whenever the moneys and investment securities on deposit in the Debt Reserve Fund, together with the amount in the Debt Service Fund, are sufficient to pay in full all outstanding bonds in accordance with their terms, the funds on deposit in the Debt Reserve Fund are to be transferred to the Debt Service Fund.

New Jersey Turnpike Authority
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

- The Authority may deposit a surety bond, insurance policy, or letter of credit payable to the Trustees of the bonds in an amount equal to the difference between the Debt Reserve Requirement and amounts deposited in the Debt Reserve Fund, subject to conditions provided for in the Bond Resolution (see Note 6).

Basis of Presentation

Accounts of the Authority are maintained in accordance with the practices set forth herein, which are based on the provisions of the Bond Resolution and the Authority's interpretation of the Bond Resolution. The significant practices, some of which differ in material respects from GAAP, are as follows:

- Depreciation of the Turnpike System and related facilities is not included as an operating expense or otherwise provided, as required by GAAP.
- Operating expenses are generally recorded as incurred. This includes reserves for general liability insurance claims for which the Authority is self-insured, unemployment insurance premiums withheld from employees, and certain other reasonable and necessary operating expenses which do not recur annually.
- Costs related to investment in facilities are capitalized as incurred. Capitalized items consist principally of the following:
 - expenditures to acquire rights-of-way;
 - expenditures to construct, place in operation and improve the Turnpike System;
 - costs of certain real estate in excess of right-of-way requirements which may be sold and the proceeds applied as a reduction of construction costs;
 - administrative, legal, and certain insurance expenses incurred during the construction period.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

- Capital assets retired or disposed of are not recorded as a reduction in the cost of investment in facilities. GAAP requires that all assets retired or disposed of be written off.
- Costs of issuing and refunding bonds are capitalized and included as part of the cost of investment in facilities and are not recorded as unamortized bond issuance costs as required by GAAP.
- Amortization of expenses associated with the offering, selling and issuance of bonds and notes; discounts or premiums on the sale of notes; and costs of issuing and refunding bonds is not included as an operating expense, or otherwise provided, as required by GAAP.
- Income on unexpended construction funds is recorded in the Construction Fund when earned.
- Inventory is recorded at cost and valued on a weighted-average basis.
- Toll revenues are generally recorded when earned, including toll revenues received under the post paid commercial EZPass program and EZPass revenue due from other participating Authorities.
- Bonds are recorded at par value as bond indebtedness in the Statement of Assets, Liabilities and Fund Balances. Bond discounts, premiums and accretion are recorded as part of the cost of investment in facilities in the Statement of Assets, Liabilities and Fund Balances and not offset against bond indebtedness as required by GAAP.
- Income on investments is recorded when earned. Investments are stated at amortized cost, plus accrued interest. GAAP requires such investments to be recorded at fair value.
- Income from concessions and other income and receipts, from whatever source derived, are recorded as revenue when earned.
- Interest on bond indebtedness is recorded as incurred.
- Postemployment benefits other than pensions are recorded on a pay-as-you-go basis.

New Jersey Turnpike Authority
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

- Costs for repairs, replacements, or maintenance items of a type not recurring annually or at shorter intervals and costs for resurfacing, repairs, renewals, or reconstruction of the Turnpike System are recorded when incurred. Such costs are included in payment of other charges in the accompanying Statement of Changes in Fund Balances.
- The Authority enters into various interest rate swaps in order to manage risks associated with interest on its bond portfolio. As currently allowed under GAAP and the Bond Resolution, the Authority does not record the fair market value or changes in the fair market value on the face of the financial statements. See Note 9 for the relevant disclosure.
- Total columns contain the totals of the similar accounts of the various funds. Since the assets of the funds are restricted, the combination of the accounts, including the assets therein, is for comparison only and does not indicate that the combined assets are available in any manner other than that provided for in the Bond Resolution.

Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

3. Split Costs

Snow removal costs at December 31, 2008, as reported in the Statement of Net Revenue, amounted to \$6,822,000. In accordance with the Authority's policy, snow removal costs that are considered extraordinary snow costs are charged to the General Reserve Fund during the year. Snow removal costs charged to the General Reserve Fund in 2008 amounted to \$2,000,000. The Authority's total snow removal costs amounted to \$8,822,000 for the year ended December 31, 2008, compared to total snow removal costs of \$12,784,700 for the year ended December 31, 2007.

4. Cash and Investments

The New Jersey Turnpike Authority is authorized to engage in investment activity pursuant to the Turnpike Revenue Bond Resolution adopted on August 20, 1991. Investment policies are set forth in certain sections of the Resolution and these guidelines are adhered to by the Authority's

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Finance Department when making day-to-day investment decisions. The Authority principally invests in securities of United States agencies, highly rated commercial paper, demand accounts, certificates of deposit, and repurchase agreements. The Authority did not enter into any reverse repurchase agreements during the years ended December 31, 2008 and December 31, 2007. According to management, the Authority is not in violation of any provisions of the Resolution's investment policies.

During 2008, the Authority purchased its own Auction Rate Securities (ARS) as an investment with proceeds of the 2008 Subordinated Bond Anticipation Notes in accordance with the provisions of the 2008 Subordinated Bond Anticipation Note Resolution. The Authority was allowed to purchase its own ARS as the SEC released ARS guidance in March 2008 which allowed issuers to bid on their own ARS through December 31, 2009 without triggering SEC enforcement action for securities law violations. The SEC's release outlined the steps that issuers should take and disclosures that should be made in order to bid on their own securities. It is management's opinion that the Authority has complied with these guidelines in all material respects. At December 31, 2008, the Authority held as an investment \$38,125,000 of its 2003D-3 Bonds, \$34,875,000 of its 2003D-4 Bonds, \$34,075,000 of its 2003D-7 Bonds and \$33,000,000 of its 2003D-8 Bonds.

All securities, other than securities held by the respective trustees for the benefit of the bondholders and those held under the 2008 Subordinated Bond Anticipation Note Resolution, are held by the Authority. All investment transactions are recorded on a transaction date basis. As of December 31, 2008 and December 31, 2007, the Authority had the following cash and investments:

Investment Type	Carrying Value	Cash Account	Investment Maturities	
	December 31, 2008	December 31, 2008	Less than 1 Year	1-5 Years
Commercial Paper	\$ 160,556,137	\$ -	\$ 160,556,137	\$ -
Auction Rate Securities	140,082,362	-	140,082,362	-
Certificates of Deposit	25,043,825	-	25,043,825	-
Demand Deposit	177,473,455	177,473,455	-	-
Time Deposit	207	-	207	-
Repurchase Agreements	230,134,647	-	230,134,647	-
U.S. Treasury - State and Local Government Series	12,279,051	-	-	12,279,051
FFCB	7,499,998	-	7,499,998	-
FHLB	396,746,784	-	396,746,784	-
FHLMC	11,102,611	-	11,102,611	-
FNMA	18,096,855	-	18,096,855	-
Total	\$ 1,179,015,932	\$177,473,455	\$ 989,263,426	\$ 12,279,051

New Jersey Turnpike Authority
Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Investment Type	Carrying Value	Cash Account	Investment Maturities	
	December 31, 2007	December 31, 2007	Less than 1 Year	1-5 Years
Commercial Paper	\$ 117,233,832	\$ -	\$ 117,233,832	\$ -
Certificates of Deposit	13,184,556	-	13,184,556	-
Demand Deposit	140,428,757	140,428,757	-	-
Time Deposit	895	-	895	-
Repurchase Agreements	223,948,071	-	223,948,071	-
U.S. Treasury - State and Local Government Series	12,277,718	-	-	12,277,718
FFCB	10,585,711	-	10,585,711	-
FHLB	334,544,516	-	329,319,075	5,225,441
FHLMC	31,218,640	-	27,912,232	3,306,408
FNMA	254,012,906	-	244,531,162	9,481,744
Total	\$ 1,137,435,602	\$ 140,428,757	\$ 966,715,534	\$ 30,291,311

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's Bond Resolution sets maximum maturity limits for investments and requires that investment maturities are matched to the Authority's liquidity needs.

Credit Risk: The Authority's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, and collateral requirements that vary according to the type of investment as defined in the Authority's Bond Resolution. As of December 31, 2008, the Authority held investments in debt instruments of the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), and Federal Farm Credit Bank (FFCB), all of which were rated in the highest long-term or short-term ratings category (as applicable) by Standard & Poor's and/or Moody's Investors Service. These ratings were AAA and A-1+ by Standard & Poor's and AAA and P-1 by Moody's for long-term or short-term instruments, respectively. Certificates of Deposit are issued by banks which are rated in one of the two highest rating categories by Moody's and Standard & Poor's. Repurchase Agreements are collateralized obligations rated P-1 or A3 or better by Moody's and A-1 or A or better by Standard & Poor's. Investment securities in the form of commercial paper were rated in the highest long-term and short-term category by at least two major rating agencies, A-1+ by Standard and Poor's and P-1 by Moody's.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Authority.

The Authority manages custodial credit risk by limiting its investments to highly rated institutions, having its investments registered in its name, and requiring high quality collateral be held by the counterparty in the name of the Authority for certain investment securities. At December 31, 2008, the Authority was not exposed to custodial credit risk on its investment securities.

All moneys held under the Bond Resolution, except amounts held by the Trustee or amounts which constitute Investment Securities, shall be continuously and fully secured by pledging, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such moneys. The Authority's total bank balances were \$177,473,455 at December 31, 2008, all of which were insured by the Federal Deposit Insurance Corporation (FDIC) or collateral held in the Authority's name by the Authority's financial institutions or its agents. In 2008, the FDIC developed the Transaction Account Guarantee Program (TAGP), which is part of the FDIC's Temporary Liquidity Guarantee Program. The TAGP program provides an unlimited U.S. Government-backed guarantee on all dollars in non-interest bearing deposit transaction accounts held in U.S. offices of FDIC-insured institutions. This coverage will last through December 31, 2009.

Concentration of Credit Risk: The Authority does not place a formal limit on the amount that it may invest in any one issuer. At December 31, 2008, 34%, or \$396,746,784, and 12% or \$140,082,362, of the Authority's investments were in FHLB and New Jersey Turnpike Authority ARS, respectively.

The investment policies of the Authority are established in conformity with the Bond Resolution, which defines Investment Securities to mean any of the following securities legal for investment of the Authority's funds at the time of the purchase thereof:

New Jersey Turnpike Authority
Notes to Financial Statements (continued)

4. Cash and Investments (continued)

- (i) Federal Securities, which are (a) any direct and general obligations of, or any obligations guaranteed by, the United States of America, including but not limited to interest obligations of the Resolution Funding Corporation or any successor thereto, (b) any obligations of any state or political subdivision of a state (collectively Municipal Bonds) which Municipal Bonds are fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Municipal Bonds, and (c) certificates of ownership of the principal or interest of direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System.
- (ii) Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency the obligations (including guarantees) of which are guaranteed by the United States;
- (iii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;
- (iv) Negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association, which certificates of deposit shall be continuously secured or collateralized by obligations described in subparagraphs (i) or (ii) of this definition, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

- (v) Uncollateralized negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association, the unsecured obligations of which are rated in one of the two highest rating categories, without regard to rating sub-categories, by Moody's and S&P;
- (vi) Repurchase agreements collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated Prime-1 or A3 or better by Moody's and A-1 or A or better by S&P, or any commercial bank with the above ratings, provided:
 - (a) a master repurchase agreement or specific written repurchase agreement governs the transaction, which characterizes the transaction as a purchase and sale of securities,
 - (b) the securities are held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than \$75,000,000, or (iii) a bank approved in writing for such purpose by each Credit Issuer, if any, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee,
 - (c) a perfected first security interest under the Uniform Commerce Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. or a successor provision in such securities is created for the benefit of the Trustee,
 - (d) the repurchase agreement has a term of six months or less, or the Authority will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation,

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

4. Cash and Investments (continued)

- (e) the repurchase agreement matures on or before a debt service payment date (or other appropriate liquidation period), and
 - (f) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%,
- (vii) Banker's acceptances, Eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by subparagraphs (iv) and (v) above) of the domestic branches of foreign banks having a capital and surplus of \$1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of \$1,000,000,000; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under this Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by both Moody's and S&P;
- (viii) Other obligations of the United States of America or any agency thereof which may then be purchased with funds belonging to the State of New Jersey or which are legal investments for savings banks in the State of New Jersey;
- (ix) Deposits in the New Jersey Cash Management Fund;
- (x) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof or any agency or instrumentality of such a state, commonwealth, possession or political subdivision, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories by both Moody's and S&P; and
- (xi) Commercial paper with a maturity date not in excess of 270 days rated A-1+ by S&P and P-1 by Moody's at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

5. Other Liabilities

Other liabilities, as shown in the accompanying Statement of Assets, Liabilities and Fund Balances, are comprised of the following:

- Funds to satisfy general and auto liability insurance claims and the workers' compensation reserve for which the Authority is self-insured of \$1.6 million at December 31, 2008 and \$2.6 million at December 31, 2007.
- Funds which are designated to satisfy unemployment insurance claims of \$4.2 million at December 31, 2008 and \$5 million at December 31, 2007.
- Funds designated for ETC tag deposits and prepayments of \$115.7 million at December 31, 2008 and \$95.4 million at December 31, 2007.
- Funds set aside for other obligations of the Authority totaling \$7 million at December 31, 2008 and \$10.4 million at December 31, 2007.
- Other liabilities in the Construction Fund consist of funds set aside for the rebate of potential arbitrage. This amounted to \$4.9 million at December 31, 2008 and \$4.8 million at December 31, 2007.
- Funds representing prepaid 2008 subordinated debt interest payable of \$2 million at December 31, 2008 are recorded in the 2008 Subordinated Note Payment Fund.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

6. Bond Indebtedness

As of December 31, 2008 and December 31, 2007, bond indebtedness consists of the following:

	December 31 2007	Increase	Decrease	December 31 2008
Turnpike Revenue Bonds:				
Series 1991 C, due 1/1/2016 with interest at 6.50%	\$ 102,650,000			\$ 102,650,000
Series 1991 D, due 1/1/2018 with interest at 6.19% (under an interest rate swap agreement)	371,000,000			371,000,000
Series 1992 B, due 1/1/2004 to 2012 with yields to maturity at 6.10% to 6.70% (see below)	23,771,124	\$ 1,248,912	\$ 5,400,000	19,620,036
Series 2000 A, due 1/1/2030 with interest rates at 4.80% to 6.0%	336,815,000		26,810,000	310,005,000
Series 2000 B-G (auction rate bonds), due 1/1/2023 with interest at variable rates not to exceed 10%	400,000,000			400,000,000
Series 2003 A, 4.75% to 5.0% maturing 1/1/2019 through 1/1/2030	788,815,000			788,815,000
Series 2003 B (Federally taxable) 1.15% to 4.252% maturing 1/1/2004 through 1/1/2016	679,970,000		44,250,000	635,720,000
Series 2003 C, 3.4486% (under interest swap agreement) maturing 1/1/2024	500,000,000			500,000,000
Series 2003 D, 3.034% (under interest swap agreement) maturing 1/1/2024	400,000,000			400,000,000
Series 2004 A, 3.150%, maturing January 1, 2035, mandatory tender of January 1, 2010	154,000,000			154,000,000
Series 2004 B, 5.150%, Growth and Income Securities	115,172,730	6,007,135		121,179,865
Series 2004 C-1, 4.50%, maturing January 1, 2031	154,270,000			154,270,000
Series 2004, C-2, 5.50%, maturing January 2, 2025	132,850,000			132,850,000
Series 2005 A, 5.0%, maturing 1/1/2019 through 1/1/2030	409,180,000			409,180,000
Series 2005 B, 4.81%, maturing 1/1/2019	32,500,000			32,500,000
Series 2005 C, 5.0%, maturing 1/1/2030 and 1/1/2035	95,880,000			95,880,000
Series 2005 D, 5.25%, maturing 1/1/2026	208,735,000			208,735,000
	<u>\$ 4,905,608,854</u>	<u>\$ 7,256,047</u>	<u>\$ 76,460,000</u>	<u>\$ 4,836,404,901</u>

As of December 31, 2008 and December 31, 2007, the Authority has approximately \$2,627,466,700 and \$2,975,481,500, respectively, of bonds outstanding which have been previously defeased in substance and are secured by investments held by various escrow agents. The escrow accounts are invested in obligations of U.S. Government agencies and are not controlled by the Authority. The bonds are considered extinguished and accordingly, the assets and obligations are not reflected on the financial statements of the Authority.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

6. Bond Indebtedness (continued)

For the Series 1991 D Bonds maturing in 2018, the Series 1992 B Bonds, the Series 2000A (other than the January 1, 2027 maturity), the Series 2000 B-G, the Series 2003 A-D, the Series 2004 A-C and the Series 2005 A-D, principal and interest payments are insured on the stated maturity and interest payment dates through municipal bond insurance which totaled \$4,215,188,168 and \$4,290,669,256 at December 31, 2008 and December 31, 2007, respectively.

Interest on all outstanding bond indebtedness, except for capital appreciation bonds, auction rate bonds (see below) and the 2003C variable rate bonds is payable semiannually on each January 1 and July 1. Unless converted to a fixed interest rate, the Series 1991 D Bonds pay interest semiannually to bondholders computed at a variable weekly interest rate (4.0% as of December 31, 2008 and 3.4% as of December 31, 2007) subject to a maximum rate of 12 %. Regardless of whether the Series 1991 D bondholders are paid a variable rate or a fixed rate, under an interest rate swap agreement with a financial institution, the Authority will pay interest at a fixed rate of 6.19% for the entire term of the Series 1991 D Bonds. The Authority has also entered into an Interest Rate Exchange Agreement on the Series 1991D Bonds, in which the Authority pays a floating rate equal to the USD-BMP Municipal 5-year Swap Index, reset weekly, which is intended to approximate the interest payable on the Series 1991D Bonds, and receives a floating interest rate equal to 86.815% of the USD-BMA Swap Rate.

Series 1991 C Bonds in the principal amount of \$102,650,000 at December 31, 2008 and December 31, 2007, are subject to mandatory redemption on January 1, 2012 through January 1, 2016 at 100% of the principal amount plus accrued interest. The Series 1992 B Bonds are not subject to mandatory or optional redemption prior to maturity. If converted to a fixed interest rate, the Series 1991 D Bonds are subject to mandatory redemption on January 1, 2017 and January 1, 2018 at 100% of the principal amount plus accrued interest. The Series 1991 D Bonds are also subject to optional redemption prior to maturity in whole or in part of a redemption price of 100% plus accrued interest.

The Series 1991D Bonds include a Liquidity Facility in the form of a Letter of Credit provided by Societe Generale. The Letter of Credit is in the face amount of \$393,381,640 and an available balance of \$315,922,388 at December 31, 2008, expiring on January 1, 2018. The Authority has entered into a Reimbursement Agreement with Societe Generale which provides that in the event of a draw on the Letter of Credit facility, the Authority will reimburse Societe Generale for the amount of the draw plus interest.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

6. Bond Indebtedness (continued)

The Series 1992 B Bonds, which are capital appreciation bonds, were originally issued in the amount of \$30,016,972, and are reported at their accreted value of \$19,620,036 as of December 31, 2008 and \$23,771,124 as of December 31, 2007 and mature annually from January 1, 2000 through January 1, 2012 at accreted values aggregating \$70,200,159.

The Series 2000 A Bonds maturing after January 1, 2014 are subject to redemption prior to maturity on or after January 1, 2010 at the option of the Authority in whole or in part at any time and from time to time. The redemption price is 100% plus accrued interest. The bonds are also subject to mandatory redemption on January 1, 2021 through January 1, 2030 at 100% of the principal amount plus accrued interest.

The Series 2000 B-G bonds were issued as auction rate bonds with interest rates not to exceed 10%. The auction date for the Series 2000 B-G Bonds generally occurs every seven days. Interest on the auction rate bonds accrues for each auction interest period and is payable in arrears on each succeeding interest payment date. An interest auction period begins on, and includes, an interest payment date and ends on (but excludes) the next succeeding interest payment date. The final interest payment date on the Series B-G Bonds is January 1, 2030. These auction rate bonds of each Series are subject to redemption prior to maturity at the option of the Authority in whole or in part at redemption price of 100%, plus accrued interest. The bonds are also subject to mandatory redemption on January 1, 2021 through January 1, 2030 at 100% of the principal amount plus accrued interest. The Authority pays a fixed rate of 4.3120% under an interest rate swap agreement, and receives 64.459% of 5-year LIBOR.

The Series 2003 A Bonds are subject to redemption prior to maturity on and after July 1, 2013 at the option of the Authority in whole or in part at any time and from time to time. The redemption price is 100% plus accrued interest.

The Series 2003 B Bonds are not subject to optional redemption prior to maturity.

The Series 2003 C Bonds, while bearing interest at a Weekly Interest Rate, are subject to redemption prior to maturity on any Interest Payment Date at the option of the Authority in whole or in part at any time and from time to time. The redemption price is 100% plus accrued interest. The Series 2003 C-1 Bonds are covered by a Liquidity Facility of \$225,000,000 provided by West LB AG which expires December 15, 2015. The Series 2003 C-2 and C-3 Bonds are covered by a Liquidity Facility of \$275,000,000 provided by Dexia Credit which expires July 9, 2013. The Authority has entered into Reimbursement Agreements with each liquidity provider, agreeing to repay any draws on the Liquidity Facility, plus interest.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

6. Bond Indebtedness (continued)

The Series 2003 D Bonds, while bearing interest at an Auction Rate, are subject to redemption prior to maturity on any Interest Payment Date of the option of the Authority in whole or in part at any time and from time to time. The redemption price is 100% plus accrued interest.

The 2003 Series C and D Adjustable Rate Bonds, in the amount of \$500,000,000 and \$400,000,000, respectively, at December 31, 2008 and December 31, 2007 were issued in connection with swap agreements. Under those agreements the Authority has agreed to pay each counterparty up to and including January 1, 2016, a fixed rate of interest equal to 3.4486% for Series C and 3.034% for Series D. In exchange, the counterparty pays the lesser of (a) 63% of LIBOR plus 0.20% and (b) the actual rate of interest on the Hedged Series 2003 bonds. After January 1, 2016, the floating rate payable by each counterparty is 63% of LIBOR plus 0.20%. The swap agreements terminate on January 1, 2024, unless terminated sooner in accordance with their respective terms.

The Series 2004 A Bonds are subject to redemption prior to maturity on and after July 1, 2013 at the option of the Authority in whole or in part at any time and from time to time. The redemption price is 100% plus accrued interest. The bonds are also subject to mandatory redemption on January 1, 2026 through January 1, 2030 at 100% of the principal amount plus accrued interest.

The Series 2004 B Bonds, which are capital appreciation bonds, were originally issued in the amount of \$101,279,755, and are reported at their accreted value of \$121,179,865 at December 31, 2008 and \$115,172,730 at December 31, 2007. The Series 2004 B Bonds are subject to mandatory redemption on January 1, 2012 through January 1, 2016 at 100% of the principal amount plus accrued interest. The bonds are not subject to optional redemption prior to maturity.

The Series 2004 C-1 Bonds are subject to mandatory redemption prior to maturity at the option of the Authority on January 1, 2010 or any date thereafter, at a price of par plus accrued interest to the date of redemption.

The Series 2004 C-2 Bonds are not subject to redemption prior to maturity.

The Series 2005 A Bonds maturing on January 1 in the years 2026 through 2030 are not subject to optional redemption prior to maturity. The bonds maturing in 2019 through 2025 are subject to redemption prior to maturity on or after January 1, 2015, at the option of the Authority, at the redemption price of 100% plus accrued interest.

New Jersey Turnpike Authority
Notes to Financial Statements (continued)

6. Bond Indebtedness (continued)

The Series 2005 B Bonds are not subject to optional redemption prior to maturity.

The Series 2005 C Bonds are subject to redemption prior to maturity on and after January 1, 2015, at the option of the Authority, at a redemption price of 100%, plus accrued interest. The Series 2005 C Bonds maturing on January 1, 2030 and 2035, respectively, are subject to mandatory redemption prior to maturity, at a redemption price of 100% plus accrued interest.

The Series 2005 D Bonds are not subject to optional redemption prior to maturity.

All bonds outstanding under the Bond Resolution, together with amounts owed under the interest rate swap agreements, are secured on a parity by a pledge of net revenues of the Authority senior in priority to any other Authority obligations secured by such net revenues. The off-balance sheet risk associated with the interest rate swap agreements are termination payments. These payments, which under certain circumstances could be substantial amounts, would be required to be made by the Authority, if the Authority opted to cancel any of the agreements. These termination payments are not included in the accompanying statement of assets, liabilities and fund balances as of December 31, 2008 or December 31, 2007 as the Authority does not intend to terminate any of the agreements at this time, except as noted in Note 15.

In accordance with the Bond Resolution, the Authority, to meet the Debt Reserve Requirement (see Note 2), may maintain a surety bond or insurance policy payable to the Trustee in lieu of required deposits in the Debt Reserve Fund. As of December 31, 2008 and December 31, 2007 the Authority maintained debt reserve insurance policies to meet this requirement with a payment limit of \$348,903,213.

The following table sets forth as of December 31, 2008, payments of principal (through sinking fund installments) and interest to be made to the Debt Service Fund from the Revenue Fund on all outstanding bonds of the Authority for the next five years and thereafter. The table excludes the funds deposited in 2008 and 2007 to the Debt Service Fund to provide the January 1, 2009 and January 1, 2008 sinking fund payments amounting to \$81,585,000 and \$76,460,000, respectively.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

6. Bond Indebtedness (continued)

As of December 31, 2008

	Principal	Interest	Total
2009	\$ 104,195,012	\$ 214,505,342	\$ 318,700,354
2010	108,170,012	211,905,523	320,075,535
2011	119,635,012	205,750,979	325,385,991
2012	132,975,000	200,373,054	333,348,054
2013	148,565,000	194,557,979	343,122,979
2014-2018	981,825,000	882,473,394	1,864,298,394
2019-2023	1,415,100,000	612,414,690	2,027,514,690
2024-2028	1,120,175,110	310,571,903	1,430,747,013
2029-2033	524,644,295	162,849,178	687,493,473
2034	99,535,460	20,635,090	120,170,550
	<u>\$ 4,754,819,901</u>	<u>\$ 3,016,037,132</u>	<u>\$ 7,770,857,033</u>

As of December 31, 2007

	Principal	Interest	Total
2008	\$ 80,336,088	\$ 218,528,587	\$ 298,864,675
2009	104,195,012	214,505,342	318,700,354
2010	108,170,012	211,905,523	320,075,535
2011	119,635,012	205,750,979	325,385,991
2012	132,975,000	200,373,054	333,348,054
2013-2017	906,327,975	921,706,529	1,828,034,504
2018-2022	1,348,330,000	666,836,205	2,015,166,205
2023-2027	1,246,535,000	369,348,927	1,615,883,927
2028-2032	587,759,839	179,542,326	767,302,165
2033-2034	194,884,916	46,068,246	240,953,162
	<u>\$ 4,829,148,854</u>	<u>\$ 3,234,565,718</u>	<u>\$ 8,063,714,572</u>

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

6. Bond Indebtedness (continued)

Interest expense was comprised of the following:

	Year Ended December 31	
	2008	2007
Turnpike Revenue Bonds, Series 1991 C	\$ 6,672,250	\$ 6,672,250
Turnpike Revenue Bonds, Series 1991 D	29,674,516	22,964,900
Turnpike Revenue Bonds, Series 2000 A	17,889,422	19,303,213
Turnpike Revenue Bonds, Series 2000 B - G	22,671,041	17,723,000
Turnpike Revenue Bonds, Series 2003 A	39,223,563	39,223,563
Turnpike Revenue Bonds, Series 2003 B	26,739,470	27,996,170
Turnpike Revenue Bonds, Series 2003 C	20,821,878	17,524,857
Turnpike Revenue Bonds, Series 2003 D	19,611,298	12,286,688
Turnpike Revenue Bonds, Series 2004 A	4,851,000	4,851,000
Turnpike Revenue Bonds, Series 2004 C	14,880,100	14,880,100
Turnpike Revenue Bonds, Series 2005 A	20,893,125	20,893,125
Turnpike Revenue Bonds, Series 2005 B	1,563,250	1,563,250
Turnpike Revenue Bonds, Series 2005 C	4,794,000	4,794,000
Turnpike Revenue Bonds, Series 2005 D	10,177,602	10,177,602
	\$ 240,462,515	\$ 220,853,718

During 2008, the Authority paid interest expense on the 1991D, 2000B-G, 2003C and 2003D bonds which exceeded the fixed rate on the corresponding swaps. As municipal bond insurers were downgraded, the insured ratings on these bonds also were downgraded. This perceived increase in risk caused the variable bond rates on these issues to increase, while LIBOR and other market rates did not. Because the counterparties pay the Authority based upon the lesser of adjusted LIBOR or the variable bond rate (see Note 9), the payments made by the counterparties to the Authority were at adjusted LIBOR, which was lower than the bond rate and so the payments to the Authority were not sufficient to pay bondholder interest. Therefore, the Authority had to pay the difference between the swap counterparty payment and the interest owed to bondholders, causing total interest expense for the Authority to be above the fixed swap rates.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

7. Subordinated Bond Anticipation Notes

As of December 31, 2008 and 2007, the Authority had the following Bond Anticipation Notes (BANs) payable:

	December 31	
	2008	2007
Subordinated Turnpike Bond Anticipation Notes:		
Series 2008A, due May 1, 2009		
with interest at 3.0%	\$ 160,000,000	\$ -
Series 2008B, due February 1, 2009		
with interest at 3.0 %	175,000,000	-
	<u>\$ 335,000,000</u>	<u>\$ -</u>

The Series 2008A Subordinated BANs are non-callable, and were issued to interim finance the costs of various projects relating to the Turnpike System, fund capitalized interest, and pay the cost of issuance of the notes. The Series 2008B Subordinated BANs are non-callable, and were issued to purchase the Authority's Series 2003 D-3, D-4, D-7 and D-8 ARS at their applicable future auction dates and to pay capitalized interest. The Subordinated BAN's were issued under the Subordinated Turnpike Revenue Bond Anticipation Note Resolution adopted by the Turnpike Authority on April 8, 2008 as amended and supplemented and constitute Subordinated Indebtedness under the Turnpike General Bond Resolution. The Subordinated BANs are payable from and secured by a lien on all amounts in the 2008 Construction Fund, the Bond Redemption Fund and the Subordinated Bond Payment Fund established under the Subordinated Resolution, as well as amounts on deposit in the General Reserve Fund. Please refer to Footnote 4 concerning the investment in the Authority's Series 2003 D-3, D-4, D-7 and D-8 Auction Rate Securities, which was done to reduce the interest costs on the ARS, and Footnote 15 for details on the refinancing on the Series 2008B Subordinated Bond Anticipation Notes.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

8. Debt Compliance

The Revenue Requirement under Section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year, Net Revenues shall at least equal the Net Revenue Requirement for such year. Under Section 101 of said Resolution, Net Revenues are defined as "...for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Special Project Reserve Payments and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for the purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

The net revenue requirement was met under test (i) and (ii) above for 2008 and 2007, as follows:

(i)	2008	2007
Net revenue available for Debt Service	\$ 414,069,342	\$ 391,869,921
Less net revenue requirements computed under test: (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)	(414,069,342)	(389,393,718)
Excess net revenue	\$ -	\$ 2,476,203
(ii)		
Net revenue available for Debt Service	\$ 414,069,342	\$ 391,869,921
Less net revenue requirements computed under test: (120% x aggregate debt service requirements of \$322,047,515 and \$297,313,718, respectively)	(386,457,018)	(356,776,462)
Excess net revenue	\$ 27,612,324	\$ 35,093,459

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.29 in 2008 and 1.32 in 2007.

9. Interest Rate Exchange Contracts (SWAPS)

The Authority records interest rate exchange contracts pursuant to the settlement method of accounting whereby cash paid or received under the terms of the swap is charged or credited to the related interest expense account for the purpose of managing interest rate exposure. Each swap transaction involves the exchange of fixed and variable rate interest payment obligations with respect to an agreed upon nominal principal amount called a notional amount.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

9. Interest Rate Exchange Contracts (SWAPS) (continued)

The Authority entered into fifteen pay-fixed, receive-variable interest rate swaps on a forward basis and one floating rate interest rate exchange agreement in order to protect against the potential of rising interest rates between the execution date and the effective date and to preserve the net present value savings of the bond refunding associated with each swap transaction. The notional amount of the swaps matches the principal amount of the associated debt. The Authority's swap agreements contain scheduled reductions to outstanding notional amounts to approximately follow scheduled reductions of the associated debt. The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2008 are as follows:

Swap Agreement	Associated Debt	Notional Amount	Execution/Trade Date	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value as of December 31, 2008	Swap Termination Date	Counterparty	Counterparty Credit Ratings (a)
1991 D	\$371,000,000	\$371,000,000	11/22/1991	12/18/1991	6.1900%	(b)	(\$139,111,415)	1/1/2018	AIG Financial Products Corp.	A-/Aa2/A
2003 C-1	\$225,000,000	\$225,000,000	5/9/2003	7/9/2003	3.4486%	(c)	(\$40,359,183)	1/1/2024	UBS AG	A+/Aa2/A+
2003 C-2	\$225,000,000	\$225,000,000	5/9/2003	7/9/2003	3.4486%	(c)	(\$40,047,882)	1/1/2024	Morgan Stanley Capital Services	A/Aa3/A
2003 C-3	\$50,000,000	\$50,000,000	5/9/2003	7/9/2003	3.4486%	(c)	(\$8,991,536)	1/1/2024	Citibank, N.A.	A+/AAA/A+
2003 D-1	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,286,363)	1/1/2024	Morgan Stanley Capital Services	A/Aa3/A
2003 D-2	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,286,602)	1/1/2024	Morgan Stanley Capital Services	A/Aa3/A
2003 D-3	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,286,885)	1/1/2024	Morgan Stanley Capital Services	A/Aa3/A
2003 D-4	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,286,498)	1/1/2024	Morgan Stanley Capital Services	A/Aa3/A
2003 D-5	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,312,360)	1/1/2024	UBS AG	A+/Aa2/A+
2003 D-6	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,346,368)	1/1/2024	UBS AG	A+/Aa2/A+
2003 D-7	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,312,477)	1/1/2024	UBS AG	A+/Aa2/A+
2003 D-8	\$43,750,000	\$43,750,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$5,312,240)	1/1/2024	UBS AG	A+/Aa2/A+
2003 D-9	\$50,000,000	\$50,000,000	6/13/2003	7/9/2003	3.0340%	(c)	(\$6,139,800)	1/1/2024	Citibank, N.A.	A+/AAA/A+
2000 B-G	\$240,000,000	\$240,000,000	7/21/2004	1/1/2007	4.3120%	(d)	(\$74,103,046)	1/1/2030	Morgan Stanley Capital Services	A/Aa3/A
2000 B-G	\$160,000,000	\$160,000,000	7/21/2004	1/1/2007	4.3120%	(d)	(\$48,236,446)	1/1/2030	UBS AG	A+/Aa2/A+
1991D	\$371,000,000	\$371,000,000	8/24/2006	1/1/2007	(e)	(f)	\$6,904,911	1/1/2018	Morgan Stanley Capital Services	A/Aa3/A

(a) Ratings supplied by Standard & Poor's/Moody's/Fitch Ratings.

(b) Bond Rate as determined by remarketing agent thru 2/19/08. From 2/20/08 forward, Alternative Floating Rate (65% of 30 day LIBOR) due to downgrade of bond insurer.

(c) From Effective Date to 1/1/2016, lesser of weighted average 63% USD-LIBOR-BBA plus 20 bps. or weighted average Bond Rate; after 1/1/2016, weighted average 63% USD-LIBOR-BBA plus 20 bps.

(d) Weighted average 70% USD-LIBOR-BBA.

(e) NJTA pays floating rate equal to USD-BMA Municipal Swap Index, not fixed rate.

(f) From Effective Date to 1/1/09 the greater of 86.815% of USD-BMA-Swap Rate and USD BMA Municipal Swap Index in either case with a 5 year maturity; after 1/1/09 86.815% of USD-BMA-Swap Rate with a 5 year maturity.

Note: AIG Fair Value based on AIG's choice of 65% USD-LIBOR-BBA or 92% BMA Index.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

9. Interest Rate Exchange Contracts (SWAPS) (continued)

Fair Value

Because interest rates have declined since the execution date of certain swap agreements, fifteen swaps had a negative fair value as of December 31, 2008, while one had a positive fair value. As of December 31, 2007, seven had a negative fair value and nine had a positive fair value. The negative fair values may be countered by reductions in total interest payments under the variable rate obligations, creating lower synthetic interest rates. Because interest rates on the swaps are reset either on a weekly or 35 day basis, thereby reflecting market interest rates, the obligations do not have corresponding fair value increases. The fair values of the swaps were 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 anticipates 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.

Credit Risk

As of December 31, 2008, the Authority was exposed to credit risk on those swaps with positive fair values totaling \$6,904,911. It is not exposed to credit risk on those outstanding swaps which had a negative fair value. However, should interest rates change and the fair values of the swaps become positive, the Authority would be exposed to credit risk in the amount of the swap's fair value.

All of the swap agreements provide each party the right to set-off, counterclaim, or withhold payment upon and during the continuation of an event of default by the other party until the event of default is remedied, and, in addition, an early termination date may be designated if an event of default occurs. The Authority's sixteen swap transactions currently outstanding are with four different counterparties. These counterparties were rated A-/Aa2/A to A+/AAA/A+ at December 31, 2008. During 2008, all counterparties had their ratings lowered by at least one of the major rating agencies.

Basis Risk

The Authority's interest payments on the associated debt are equivalent to the weekly or 35 day variable market rates set by the remarketing agent or the auction agent. The Authority receives a variable rate payment based on an index other than the weekly or 35 day market or auction rates

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

9. Interest Rate Exchange Contracts (SWAPS) (continued)

on each swap and would be exposed to basis risk should the relationship between the actual rate and the swap rate index differ. To the degree these rates differ, expected cost savings may not be realized. As of December 31, 2008, the variable market rates were and corresponding swap indexes are shown below:

Basis Risk					
Swap Agreement	Reset	Bond Rate as of 12/31/08	LIBOR Swap Rate Index as of 12/31/08	Adjusted LIBOR Swap Rate Index as of 12/31/08	Basis Risk Variable Rate Received
1991 D	7-Day	4.0000%	1.4308%	0.9300%	0.9300%
2003 C-1	7-Day	3.5000%	0.4713%	0.4969%	0.4969%
2003 C-2	7-Day	3.5000%	0.4713%	0.4969%	0.4969%
2003 C-3	7-Day	3.5000%	0.4713%	0.4969%	0.4969%
2003 D-1	7-Day	0.7630%	0.4713%	0.4969%	0.4969%
2003 D-2	35-Day	1.8200%	0.4713%	0.4969%	0.4969%
2003 D-3	7-Day	0.8240%	0.4713%	0.4969%	0.4969%
2003 D-4	35-Day	0.8240%	0.4713%	0.4969%	0.4969%
2003 D-5	7-Day	0.7840%	0.4713%	0.4969%	0.4969%
2003 D-6	35-Day	0.8240%	0.4713%	0.4969%	0.4969%
2003 D-7	7-Day	0.3060%	0.4713%	0.4969%	0.4969%
2003 D-8	35-Day	0.8070%	0.4713%	0.4969%	0.4969%
2003 D-9	35-Day	1.0170%	0.4713%	0.4969%	0.4969%
2000B	7-Day	2.1880%	2.1560%	1.3897%	1.3897%
2000C	7-Day	2.1880%	2.1560%	1.3897%	1.3897%
2000D	7-Day	2.1880%	2.1560%	1.3897%	1.3897%
2000E	7-Day	1.9080%	2.1560%	1.3897%	1.3897%
2000F	7-Day	1.9080%	2.1560%	1.3897%	1.3897%
2000G	7-Day	1.9080%	2.1560%	1.3897%	1.3897%

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

9. Interest Rate Exchange Contracts (SWAPS) (continued)

As shown on the previous schedule, at December 31, 2008 the variable rate received on all but one swap agreement was less than the bond rate paid. Details on the additional interest expense incurred by the Authority above the fixed swap rate in 2008 can be found in Footnote 6.

Termination Risk

The Authority or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement. If any of the swaps are terminated, the associated variable rate debt will no longer carry synthetic fixed interest rates. Also, if at the time of termination the counterparty suffers a loss, the Authority would be liable to the counterparty for a payment calculated pursuant to the agreement with respect to such loss. Please refer to Footnote 15 for changes to the Authority's existing Swap Agreements.

10. Pension and Deferred Compensation

Permanent full-time employees of the Authority are covered by the Public Employee's Retirement System of the State of New Jersey (PERS), a cost sharing, multiple employer public retirement system. The payroll subject to pension for the Authority's employees covered by PERS was \$161,925,200, \$161,818,300 and \$157,442,200 for the years ended December 31, 2008, 2007 and 2006. The Authority's total payroll for the years ended December 31, 2008, 2007 and 2006 was \$190,225,500, \$193,468,500 and \$191,050,900 respectively.

All Authority permanent full-time employees are required as a condition of employment to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service requirement must be established. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries (excluding overtime) received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the largest benefit. Benefits fully vest on reaching 10 years of service. Employees with 25 years of service may retire at or after age 55 with full retirement benefits. The system also provides death and disability benefits. Benefits are established by State statute.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

10. Pension and Deferred Compensation (continued)

Covered Authority employees are required by PERS to contribute a percentage of their salary. The Authority is required by State statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by PERS on the recommendation of the actuary who makes an annual actuarial valuation. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

The combined contribution requirement for the year ended December 31, 2008, was \$18,598,800. This consisted of employees' contributions of \$8,905,900 and employer's contribution of \$9,692,900. The combined contribution requirement for the year ended December 31, 2007 was \$13,987,700 consisting of employees' contributions of \$8,500,100 and employer's contributions of \$5,487,600. Effective July 1, 2007, the percentage of employee's contribution rate as a percentage of covered payroll increased from 5% to 5.5%. This rate was effective all of 2008.

Individual retiree benefits vary based upon class of employment, age, years of service, and the applicable collective bargaining agreement in effect at the time of retirement.

The Authority provides medical, prescription drug, vision, dental and Medicare Part B reimbursement to retirees and their covered dependents, in accordance with the terms of the applicable collective bargaining agreements. The Authority maintains a self-funded health plan administered by third-party claims administrators. All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits.

The Authority currently funds and records the expense for the cost to provide postemployment benefits on a pay-as-you-go basis.

The estimated cost of health care benefits for the year ended December 31, 2008 was \$55,227,900 compared to \$53,101,000 in 2007 and \$49,371,500 in 2006. These costs covered 1,719 retirees and 2,313 active employees in 2008, 1,701 retirees and 2,400 active employees in 2007 and 1,736 retirees and 2,408 active employees in 2006. Beginning in 2008 all active employees who participate in the health benefits plan contribute to their health benefits.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

10. Pension and Deferred Compensation (continued)

In 1980, the Authority established the Employees Deferred Compensation Plan. All permanent employees are eligible to participate in the plan, which permits participants to defer annually a portion of their salary. The Authority does not make any contributions to the plan.

11. Commitments and Contingent Liabilities

Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are \$22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments under all outstanding bonds.

The Authority is committed under Construction Fund contracts to complete over the next several years projects totaling approximately \$272,574,800 as of December 31, 2008. An additional \$130,095,000 in contracts have been awarded contingent upon funding in future bond issues.

12. Litigation

In addition to commitments in the normal course of business (which includes investigation and remediation of existing and projected action level environmental conditions), the Authority is contingently liable under pending lawsuits and claims, relating principally to construction programs, in which the Authority is named a defendant. The Authority believes the aggregate liability of the Authority in such actions, if adversely determined, would not materially adversely affect the financial position of the Authority and sufficient funds are expected to be available to satisfy any payments required in connection therewith.

In a number of actions against the State, officials of the State, individual rank and file troopers and the Authority, plaintiffs allege that the defendants either engaged in or condoned a pattern and practice of racial profiling by New Jersey state troopers on the Turnpike and, therefore, have violated provisions of the United States Constitution, the New Jersey State Constitution, the Civil Rights Act and the New Jersey Law Against Discrimination. The parties also claim that the Authority is liable for the alleged unlawful acts of New Jersey state troopers under the doctrine of respondeat superior. Further, the plaintiffs allege, among other things, liability of the Authority based upon claims of negligent hiring, screening and retention of state troopers who

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

12. Litigation (continued)

are alleged to have engaged in racial profiling activities. Based upon these claims, the parties seek monetary damages in addition to injunctive relief. In certain of the actions, the plaintiffs have sought certification of such actions as a class action. The Authority does not directly employ the New Jersey state troopers; however, under the Authority's contract with the State for provision of police services on the Turnpike and Parkway, there is an indemnification provision requiring the Authority to defend and indemnify state troopers, the State Police and the State under certain circumstances. The Authority, under the indemnification provisions of the contract, may be responsible for a state trooper's liability for negligent acts, but not for intentional wrongful acts that are beyond the scope of employment. The Authority is defending each case vigorously and has asserted that it has no liability. In the event the Authority is found ultimately to be liable, the Authority believes that it will be covered by insurance policies for a significant portion of such liability and that any amounts payable in regard to such portions that are not covered by insurance would not materially adversely affect the operations or finances of the Authority.

The Authority is a defendant in several lawsuits arising from its operations. Such liabilities, if any, not covered by insurance, would not materially affect the financial condition of the Authority.

13. Garden State Arts Center

One of the results of consolidation with the Highway Authority was the acquisition of the PNC Bank Arts Center, an outdoor amphitheater and entertainment facility located in Holmdel, New Jersey. Prior to December 21, 2004, the Arts Center was not part of the Turnpike system, and as such, revenues were not pledged revenues under the Bond Resolution; similarly, expenses were not operating expenses for the purposes of the Resolution. Effective December 21, 2004, the Arts Center became a part of the Turnpike System for purposes of the Resolution, the revenues thereafter received by the Turnpike Authority from the Arts Center (other than revenues received pursuant to the Naming Agreement) are Pledged Revenues under the Resolution, and the expense, if any, incurred by the Turnpike Authority in connection with the operations of the Art Center are operating expenses of the Turnpike System for purposes of the Resolution. The facility generates revenue in the form of naming and marketing rights (from PNC Bank) and in the form of lease payments from the facility tenant (Clear Channel Entertainment). These amounts, and the expenses incurred in the generation of same, are included in the Turnpike's financial statements.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

14. Self-Insurance

The New Jersey Turnpike Authority maintains a comprehensive insurance program, which affords various coverages including but not limited to, Umbrella Liability, Excess Workers Compensation, and Major Bridge/Property Insurance. Each coverage is subject to self-insured retentions or deductibles ranging from \$25,000 to \$2,000,000 per occurrence or claim as applicable. Employee medical benefits are self-insured with claims administration by Horizon Blue Cross/Blue Shield of New Jersey and CIGNA Healthcare. The Authority retains Stop Loss coverage for all self-funded medical plans, administered by Horizon BCBSNJ and CIGNA Healthcare. The coverage is "specific stop loss coverage", which means that the coverage applies to each claim individually. The attachment point for each claim is \$300,000 per benefit year. Employee Workers' Compensation coverage is self-insured with claims administration by Inservco Insurance Services. The Authority's Excess Workers' Compensation Insurance Policy provides additional coverage.

The Umbrella Liability Insurance includes a self-insured retention of \$2,000,000 per occurrence whereas the Excess Workers Compensation Insurance is subject to a \$750,000 self-insured retention per occurrence. The Major Bridge/Property Insurance coverages provide insurance for the Turnpike's operations and are subject to a deductible of \$2,000,000 per occurrence with lower sub-deductibles on Other Property and Time Element coverages. The Garden State Parkway Bridge Program includes a \$2,000,000 deductible per occurrence on its bridges and similar sub-deductibles on the all other property non-bridge program and coverages. Each of these programs affords limits of liability and amounts of insurance in excess of such self-insured retentions and/or deductibles to protect the Authority against losses resulting from Third Party Liability, Workers Compensation and Employers Liability and direct damage claims.

Other coverages such as Public Officials Liability, Employment Practice Liability, Crime Insurance, and Owner Controlled Insurance Programs for constructions projects all contain similar self-insured retention and/or deductibles.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

15. Subsequent Events

Issuance of 2009 Subordinated Bond Anticipation Notes

On January 30, 2009 the Authority issued \$275,000,000 of Series 2009 Subordinated Bond Anticipation Notes (BANs) under the Subordinated Turnpike Revenue Bond Anticipation Note Resolution (Subordinated Note Resolution) dated April 8, 2008, as amended and supplemented. The proceeds of the 2009 BANs were used to refund \$175,000,000 of the Authority's Series 2008B Subordinated BANs due February 1, 2009, fund capitalized interest, purchase any portion of the Authority's outstanding bonds, including the Series 1991D, Series 2000B-g, Series 2003C and Series 2003D bonds, temporarily fund the costs of construction of various projects and pay the costs of issuance of the BANs. The Series 2009 Subordinated BANs have an interest rate of 2.25%, are non-callable and are due on 12/31/09. The Series 2009 Subordinated BANs are subordinate to the lien and pledge created by the General Bond Resolution, and are secured by all amounts on deposit in the Construction Fund, the Series 2009 Note Payment Fund and the Acquisition Fund created and established under the Subordinated Note Resolution as well as amounts on deposit in the General Reserve Fund.

Issuance of Series 2009A-D Bonds

On February 12, 2009 the Authority issued \$230,000,000 Series 2009A-D Turnpike Revenue Bonds under the 1991 General Bond Resolution. The bonds bear interest at a variable rate that is reset weekly, with interest payable monthly. The bonds have a final maturity of January 1, 2024, with mandatory redemptions at 100% of par value plus accrued interest from January 1, 2020 through January 1, 2024. The bonds are secured by Pledged Revenues as defined in the 1991 General Bond Resolution, as amended and supplemented, and are further secured by direct pay Letters of Credit issued to the Trustee, Bank of New York Mellon. For the Series 2009A Bonds, JPMorgan Chase has issued a \$93,533,973 Letter of Credit which matures on February 10, 2012. For the Series 2009B Bonds, PNC Bank has issued a \$50,821,918 Letter of Credit which matures on February 10, 2012. For the Series 2009C Bonds, Bank of Nova Scotia has issued a \$44,450,000 Letter of Credit which matures on February 10, 2011. For the Series 2009D Bonds, Bank of Nova Scotia has issued a \$44,450,000 Letter of Credit which matures on February 10, 2011. The Authority has entered into Reimbursement Agreements with each of the Letter of Credit providers in which the Authority has agreed to reimburse the providers for any draws on the Letter of Credit plus interest.

New Jersey Turnpike Authority

Notes to Financial Statements (continued)

15. Subsequent Events (continued)

The proceeds of the Series 2009 Bonds were used to refund the Series 2003 D-1, D-2, D-5, D-6 and D-9 bonds and pay the cost of issuance of the Series 2009 Bonds. The Series 2009 Bonds were given the of Aa1/VMIG1 by Moody's and AA-/A1+ by Standard & Poor's. The Authority expects that the new Bonds will trade at lower interest rates than the refunded bonds given the high credit rating.

Changes to Swap Agreements

Concurrently with the issuance of the Series 2009 Bonds and the refunding of the Series 2003 D1-,D2, D-5, D-6 and D-9 Bonds, the Authority amended its 2003 Swap Agreement with Morgan Stanley, which covered the Series 2003D-1 and D-2 Bonds to now cover the 2009A Bonds in the notional amount of \$87,500,000 in total. The fixed rate payable by the Authority was increased to 3.114% from 3.034% to reflect the cancellation of the bond insurance policy which covered the Series 2003D-1 and D-2 bonds. All other terms and conditions of the existing Swap Agreement with Morgan Stanley are unchanged. There were no termination payments or additional fees for this amendment. At the same time, the Authority terminated the 2003 Swap Agreement with UBS and Citibank on the Series 2003 D-5, D-6 and D-9 Bonds and replaced them with a new 2009 Swap Agreement with Barclay's Bank PLC in the notional amount of \$137,500,000. Under the Swap Agreements, UBS received a termination payment of \$7,516,000 and Citibank received a termination payment of \$4,335,000. All termination payments were made by Barclay's Bank PLC pursuant to the 2009 Swap Agreement. Under the 2009 Swap Agreement, the Authority will pay Barclays Bank PLC a fixed interest rate of 3.294% and will receive a floating interest rate equal to the lesser of (a) 63% of LIBOR plus 0.20%, and (b) the actual rate of interest on the Series 2009 B-D Bonds. After January 1, 2016 the floating interest rate payable by the counterparty will change to 63% of LIBOR plus .20%. The agreement with Barclays Bank, PLC expires on January 1, 2024.

Additional Debt

On March 18, 2009, the Authority's Board of Commissioners approved the issuance of up to \$1 billion of Turnpike Revenue Bonds, expected to close on or before May 1, 2009. The bonds will refund the Authority's \$160,000,000 Series 2008A Subordinated Bond Anticipation Notes due May 1, 2009, as well as provide new money to begin to fund the Authority's \$7 billion 10-year capital plan which was approved by the Board of Commissioners on October 10, 2008. The Authority will undertake additional financings as necessary to fund the remainder of the 10-year capital plan over the course of the next several years.

Supplemental Information

New Jersey Turnpike Authority

Schedule of Investments

December 31, 2008

	Interest Rate	Maturity	Par Value	Carrying Value
Revenue Fund:				
Federal Agency Discount Notes	0.10 – 0.30%	1/2/09 – 1/15/09	\$ 25,871,000	\$ 25,870,933
Commercial Paper	0.01 – 2.25	1/5/09 – 5/12/09	24,000,000	23,931,055
Certificates of Deposit	0.75 – 2.25%	1/6/09 – 6/24/09	25,000,000	25,000,000
Repurchase Agreements	0.01 – 0.20%	1/5/09 – 1/15/09	61,066,909	61,066,909
Cash Balance in investment account			207	207
Accrued Interest			–	68,484
			<u>135,938,116</u>	<u>135,937,588</u>
Construction Fund:				
Federal Agency Discount Notes	0.00 – 2.50%	1/2/09 – 2/18/09	250,272,968	249,918,796
Federal Agency Notes (Coupons)	3.00 – 5.75%	1/15/09 – 4/15/09	17,788,000	17,788,000
Repurchase Agreements	0.01 – 1.91%	1/2/09 – 2/2/09	110,549,000	110,549,000
Tax Exempt Bonds	0.31 – 0.82%	1/5/09 – 2/3/09	140,075,000	140,075,000
Commercial Paper	0.01 – 1.90%	1/5/09 – 2/6/09	106,654,000	106,633,627
Premium/Discount on Notes			–	12,377
Accrued Interest			–	622,506
			<u>625,338,968</u>	<u>625,599,306</u>
Maintenance Reserve Fund:				
Commercial Paper	0.01%	1/5/09	7,250,000	7,249,972
Federal Agency Discount Notes	0.08%	1/12/2009	15,000,000	14,999,600
Accrued Interest			–	53
			<u>22,250,000</u>	<u>22,249,625</u>
Special Project Reserve Fund:				
Repurchase Agreements	0.02 – 0.05%	1/6/09 – 1/30/09	22,500,000	22,500,000
Accrued Interest			–	173
			<u>22,500,000</u>	<u>22,500,173</u>
General Reserve Fund:				
Federal Agency Discount Notes	1.60%	5/18/2009	10,103,000	10,021,727
Repurchase Agreements	0.02 – 0.05%	1/7/09 – 1/30/09	36,000,000	36,000,000
Commercial Paper	2.00%	2/17/09	15,000,000	14,930,833
Accrued Interest			–	49,792
			<u>61,103,000</u>	<u>61,002,352</u>
2008 Subordinated Note Payment Fund:				
Federal Agency Discount Notes	2.10 – 2.20%	1/30/09 – 5/1/09	8,560,000	8,401,153
Accrued Interest			–	117,850
			<u>8,560,000</u>	<u>8,519,003</u>
Charges Fund:				
Federal Agency Discount Notes	0.00%	1/2/2009	598,000	597,999
Accrued Interest			–	1
			<u>598,000</u>	<u>598,000</u>
Debt Service Fund:				
Federal Agency Discount Notes	0.00 – 2.62%	1/2/09 – 1/15/09	112,863,000	112,229,029
Federal Agency Notes (Coupons)	3.99%	1/3/2011	12,039,170	12,039,170
Accrued Interest			–	868,231
			<u>124,902,170</u>	<u>125,136,430</u>
Total Investments			<u>\$ 1,001,190,254</u>	<u>\$ 1,001,542,477</u>

New Jersey Turnpike Authority

Schedule of Cash Receipts and Disbursements

For the Year Ended December 31, 2008

	Revenue Fund	Construction Fund	Maintenance Reserve Fund	Special Project Reserve Fund	General Reserve Fund	Subordinated Note Payment Fund	Charges Fund	Debt Service Fund	Total
Beginning cash - December 31, 2007	\$ 64,660,157	\$ 30,142,017	\$ 1,816,084	\$ 4,761,301	\$ 38,935,112	\$ -	\$ 1,689	\$ 112,397	\$ 140,428,757
Revenues	850,461,276	-	688,941	624,848	2,357,254	119,089	19,120	2,186,511	856,457,039
Construction investment interest	-	15,186,802	-	-	-	-	-	-	15,186,802
Transfers from Revenue Fund	(53,783,992)	-	62,655,000	24,400,000	(38,237,835)	-	4,966,827	-	-
Net change in investments	(9,403,383)	(112,877,279)	9,251,138	2,506,997	63,073,916	(8,519,003)	506,908	50,925,074	(4,535,632)
Net change in receivables	(11,124,570)	5,642,043	-	(55,694)	764,704	-	-	(423,056)	(5,196,573)
Net change in cost of investment in facilities	-	(251,004,773)	-	-	-	-	-	-	(251,004,773)
Net change in inventory	3,735,340	-	-	-	-	-	-	-	3,735,340
Net change in other assets	(1,857,815)	(6,000)	-	-	-	-	-	-	(1,863,815)
Transfers of funds, net	(13,785,433)	(13,538,763)	(1,241,005)	923,234	(2,277,082)	119,089	3,218	(846,732)	(4,140,897)
Interfund transfer of earnings on investments	5,995,763	(76,460,000)	(688,941)	(624,848)	(2,357,254)	(119,089)	(19,120)	(2,186,511)	(76,460,000)
Current year retired debt	-	-	-	-	-	-	-	-	-
Operating disbursements	(480,625,532)	(69,990)	(63,554,685)	(26,233,519)	(33,979,323)	-	(5,282,564)	-	(609,745,613)
Sinking fund payment	-	76,460,000	-	-	-	-	-	-	76,460,000
Sinking fund transfer	(81,585,000)	-	-	-	-	-	-	81,585,000	-
Transfers to fund bond interest expense	(240,462,515)	-	-	-	-	-	-	240,462,515	-
Bond interest expense	-	-	-	-	-	-	-	(240,462,515)	(240,462,515)
Required payment to the State of New Jersey	43,091,725	344,610,200	(5,388,149)	(988,644)	(22,000,000)	8,402,500	564,921	2,540,005	(22,000,000)
Net change in current liabilities	10,655,864	(12,057,760)	1,722,299	552,374	(17,621,038)	2,586	759,310	57,320,291	375,211,520
Ending cash - December 31, 2008	\$ 75,316,021	\$ 18,084,257	\$ 3,538,383	\$ 5,313,675	\$ 17,024,846	\$ 2,586	\$ 760,999	\$ 57,432,688	\$ 177,473,455

	Cash Balance	Market Value of Securities Pledged to Secure Deposits
Cash Balances	\$ 277,671	\$ -
Toll Collection and Other Imprest Funds	20,917,819	45,358,199
Bank of America	30,716,717	30,841,155
Wachovia	60,302,463	546,458
The Bank of New York Mellon *	64,664,687	62,738,967
JP Morgan Chase	200,098	1,499,115
TD Bank	394,000	-
Citibank	\$ 177,473,455	\$ 140,983,894**

* Of the amount shown, \$57,432,688 was held by the Trustee and exempt from the collateral requirements.

** Under the Transaction Account Guarantee Program (TAGP), which is part of the FDIC's Temporary Liquidity Guaranty Program, provides an unlimited U.S. Government-backed guarantee on all dollars in non-interest bearing deposit transaction accounts held in U.S. offices of FDIC-insured institutions. This coverage will last through December 31, 2009.

New Jersey Turnpike Authority

Schedule of Bond Indebtedness

December 31, 2008

	Original Amount Authorized and Issued	Refunded or Acquired and Canceled in Prior Year(s)	Mandatory Redemption/ Sinking Fund Installments	Accretion of Capital Appreciation Bonds	Amount Outstanding December 31, 2008
\$	179,000,000	\$ (179,000,000)	\$ -	\$ -	\$ -
	75,000,000	(75,000,000)	-	-	-
	125,000,000	(125,000,000)	-	-	-
	60,000,000	(60,000,000)	-	-	-
	40,000,000	(40,000,000)	-	-	-
	137,000,000	(137,000,000)	-	-	-
	155,100,000	(155,100,000)	-	-	-
	771,100,000	(771,100,000)	-	-	-
	210,000,000	(210,000,000)	-	-	-
	220,000,000	(220,000,000)	-	-	-
	35,000,000	(35,000,000)	-	-	-
	255,000,000	(255,000,000)	-	-	-
	211,200,000	(211,200,000)	-	-	-
	125,500,000	(125,500,000)	-	-	-
	202,415,000	(202,415,000)	-	-	-
	501,825,000	(501,825,000)	-	-	-
	2,000,000,000	(2,000,000,000)	-	-	-
	1,000,000	(1,000,000)	-	-	-
	2,001,000,000	(2,001,000,000)	-	-	-
	2,000,000,000	(2,000,000,000)	-	-	-
	35,435,000	(35,435,000)	-	-	-
	32,445,000	(32,445,000)	-	-	-
	73,390,000	(73,390,000)	-	-	-
	47,115,000	(47,115,000)	-	-	-
	76,070,000	(76,070,000)	-	-	-
	43,445,000	(43,445,000)	-	-	-
	243,080,000	(243,080,000)	-	-	-
	115,000,000	(115,000,000)	-	-	-
\$	6,944,020,000	\$ (6,944,020,000)	\$ -	\$ -	\$ -

Turnpike revenue bonds:

- Series A, 4.75% (1966 issue), maturing January 1, 2006
- Series A, 5.12% (1968 issue), maturing January 1, 2008
- Series C, 5.20% (1968 issue), maturing January 1, 2008
- Series D, 5.75% (1969 issue), maturing January 1, 2008
- Series E, 5.87% (1969 issue), maturing January 1, 2008
- Series F, 7.00% (1969 issue), maturing January 1, 2009
- Series G, 5.75% (1972 issue), maturing January 1, 2009

Turnpike improvement revenue bonds:

- First series, 5.70% (1973 issue), maturing May 1, 2013

General revenue bonds:

- Turnpike revenue bonds (1950 issue), 3.25%, matured January 1, 1985
- Turnpike revenue bonds (1951 issue), 3.20%, matured January 1, 1986

Second series revenue bonds

Turnpike notes:

- Series A, 4.62% (1971 issue), matured January 1, 1975
- Turnpike system revenue bonds:
- First series, 6.00% (refunding issue), maturing January 1, 2014
- Turnpike revenue bonds:
- 1984 Series, 6.75% to 12%, maturing January 1, 2003 through 2014
- Turnpike revenue bonds:
- 1985 series, bi-modal multi-term format (BMTF):
- Mode I (tender dates ranging from one week to July 2, 1990)
- Mode A (tender dates ranging from one week to January 1, 2018)

- 1985 series, Mode A, 7.20% maturing January 1, 2018

Parkway revenue bonds:

- Series 1986, Term bonds 5.50% maturing January 1, 2015 through January 1, 2016
- Series 1992, Serial bonds 5.70% to 6.15% maturing January 1, 2003 through January 1, 2007
- Series 1992, Term bonds 5.75% to 6.25% maturing January 1, 2010 through January 1, 2019
- Series 1993, Serial bonds 4.60% to 5.20% maturing January 1, 2003 through January 1, 2009
- Series 1999, Serial bonds 4.30% to 5.75% maturing January 1, 2003 through January 1, 2019
- Series 1999, Term bonds 5.625% maturing January 1, 2030
- Series 2001, Serial bonds 5.00% to 5.50% maturing January 1, 2006 through January 1, 2019
- Series 2003, Subordinated Revenue Bonds Serial Bonds at variable rates, maturing January 1, 2019 through January 1, 2024

New Jersey Turnpike Authority

Schedule of Bond Indebtedness (continued)

December 31, 2008

	Original Amount Authorized and Issued	Refunded or Acquired and Canceled in Prior Year(s)	Mandatory Redemption/Sinking Fund Installments	Accretion of Capital Appreciation Bonds	Amount Outstanding December 31, 2008
Turnpike revenue bonds:					
Series 1991 A, 5.25% to 6.90%, maturing January 1, 1994 through 2003, January 1, 2008 and January 1, 2014	\$ 423,205,000	\$ (175,260,000)	\$ (247,945,000)	\$ -	\$ -
Series 1991 B, 4.45% to 5.25%, maturing January 1, 1994 and January 1, 1995	79,340,000	-	(79,340,000)	-	-
Series 1991 C, 4.80% to 6.50%, maturing January 1, 1994 through 2011, January 1, 2013 and January 1, 2016.	1,247,850,000	(1,126,695,000)	(18,505,000)	-	102,650,000
Series 1991 D, (interest at 6.19% under an interest rate swap agreement) maturing January 1, 2018	371,000,000	-	-	-	371,000,000
Series 1992 A, 4.80% to 6.20%, maturing January 1, 1996 through 2006, January 2012 and January 1, 2018	741,110,000	(468,430,000)	(272,680,000)	-	-
Series 1992 B, capital appreciation bonds, maturing January 1, 2000 through 2012 with yields to maturity at 6.10% to 6.70%	30,016,972	-	(48,600,159)	38,203,223	19,620,036
Series 2000 A, 4.80% to 6.00%, maturing January 1, 2001 through January 1, 2020	1,467,375,000	(1,015,510,000)	(141,860,000)	-	310,005,000
Series 2000 B-G, at variable rates not to exceed 10.00%, maturing January 1, 2001 through January 1, 2025	400,000,000	-	-	-	400,000,000
Series 2003 A, Subordinated Revenue Bonds Serial Bonds at variable rates, maturing January 1, 2019 through January 1, 2025	70,000,000	(70,000,000)	-	-	-
Series 2003 B, 4.759% to 5.0% maturing January 1, 2019 through January 1, 2025	788,815,000	-	-	-	788,815,000
Series 2003 B (Federally Taxable) 1.15% to 3.14% maturing January 1, 2004 through January 1, 2016	740,175,000	(32,000,000)	(72,455,000)	-	635,720,000
Series 2003 C, 3.4486% (under interest swap agreement) maturing January 1, 2024, with mandatory redemptions 2022 and 2023	500,000,000	-	-	-	500,000,000
Series 2003 D, 3.034% (under interest swap agreement) maturing January 1, 2024, with mandatory redemptions 2020 through 2023	-	-	-	-	-
Series 2004 A, 3.150%, maturing January 1, 2035, with mandatory tender date of January 1, 2010	400,000,000	-	-	-	400,000,000
Series 2004 B, 5.150%, Growth and Income Securities term bond with sinking fund redemption	154,000,000	-	-	-	154,000,000
Series 2004 C-1, 4.50%, maturing January 1, 2031, subject to redemption prior to maturity after January 1, 2010	101,279,755	-	-	19,900,110	121,179,865
Series 2004 C-2, 5.50%, maturing January 1, 2025 not subject to redemption prior to maturity	154,270,000	-	-	-	154,270,000
Series 2005 A, 5.00% maturing January 1, 2019 through January 1, 2025, callable on January 1, 2015 and 5.25% non-callable, maturing January 1, 2026 through January 1, 2030	132,850,000	-	-	-	132,850,000
Series 2005 B (Federally Taxable) 4.81%, maturing January 1, 2019	409,180,000	-	-	-	409,180,000
Series 2005 C, 5.00%, maturing January 1, 2030 and January 1, 2035, with mandatory sinking fund redemption from January 1, 2026 through January 1, 2030 and January 1, 2031 through January 1, 2035	32,500,000	-	-	-	32,500,000
Series 2005 D1-D4, (Federally Taxable Converting to Tax-Exempt) 5.25%, due January 1, 2026, convertible on January 1, 2009 through January 1, 2013	95,880,000	-	-	-	95,880,000
	208,735,000	-	-	-	208,735,000
	8,547,581,727	(2,887,895,000)	(881,385,159)	58,103,333	4,836,404,901
	\$ 15,491,601,727	\$ (9,831,915,000)	\$ (881,385,159)	\$ 58,103,333	\$ 4,836,404,901

See accompanying note.

New Jersey Turnpike Authority

Schedule of Bond Indebtedness (continued)

December 31, 2008

Note:
As of December 31, 2008, bond and note indebtedness totaling \$9,831,915,000 had been defeased or retired from the following sources:
Revenues

Excess construction funds, bond proceeds and miscellaneous receipts allocated to revenues	\$ 557,840,082
Issuance of Series G (refunding issue) Turnpike Revenue Bonds to refund Series F bonds for redemption on January 1, 1979	20,037,918
Portion of proceeds of the 1973 Turnpike Improvement Revenue Bonds used to retire Turnpike notes, Series A	137,000,000
Issuance of Turnpike System Revenue Bonds, first series (refunding) to refund the 5.70% Turnpike Improvement Revenue Bonds, first series, for retirement in accordance with sinking fund installment established at the time of their issuance	125,500,000
Issuance of Turnpike Revenue Bonds, 1984 Series to refund the Turnpike Revenue Bonds Series A through E and Series G and the Turnpike System Revenue Bonds, First Series (refunding), for retirement in accordance with sinking fund installments established at the time of their issuance	210,000,000
Issuance of Turnpike Revenue Bonds, 1985 Series, Mode A	724,837,000
Retirement of Turnpike Revenue Bonds, 1985 Series, Mode A used to retire 1985 Series bi-modal, multi-term format Mode I Bonds	2,000,000,000
Issuance of Turnpike Revenue Bonds, 1985 Series, Mode A	1,000,000
Redemption and retirement of Turnpike Revenue Bonds, 1985 Series from moneys in the Construction Fund	2,085,460,000
Issuance of Turnpike Revenue Bonds, Series 1991 A through D to refund Turnpike Revenue Bonds, 1984 Series and a portion of Revenue Bonds, 1985 Series	416,365,000
Issuance of Turnpike Revenue Bonds, Series 2000 A to refund a portion of Turnpike Revenue Bonds, Series 1991 A, Series 1991 C and Series 1992 A	867,760,000
Issuance of Turnpike Revenue Bonds, Series 2003 A through D to refund all Parkway Revenue and all Parkway Service and Subordinated Revenue Bonds, Turnpike Revenue Bonds Series 1991 A, Series 1992 A, Turnpike 2003 A Subordinated Revenue Bonds, and a portion of Turnpike Revenue Bonds, Series 1991 C and of Series A	1,915,330,000
Issuance of Turnpike Revenue Bonds, Series 2004 C, to refund a portion of the Turnpike Revenue Bonds, Series 2000 A	138,370,000
Issuance of Turnpike Revenue Bonds, Series 2005 A, to refund a portion of the Turnpike Revenue Bonds, Series 1991C and Series 2000A	415,345,000
Issuance of Turnpike Revenue Bonds, Series 2005B, to refund a portion of the Turnpike Revenue Bonds, Series 2003B	32,000,000
Issuance of Turnpike Revenue Bonds, Series 2005D1-D4, to refund a portion of the Turnpike Revenue Bonds, Series 2000A	185,070,000
	<u>\$ 9,831,915,000</u>

New Jersey Turnpike Authority
New Jersey Turnpike

Schedule of Toll Revenue

For the Year Ended December 31, 2008 and 2007

Class	Description	2008		2007	
		Toll revenue	Vehicles	Toll Revenue	Vehicles
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 348,928,700	210,925,588	\$ 355,512,583	216,625,608
2	Vehicles having two axles other than type described under Class 1	29,502,944	7,914,847	29,076,724	8,347,106
3	Vehicle (vehicles), single or in combination, having three axles	14,416,778	3,503,602	13,942,093	3,622,684
4	Vehicle (vehicles), single or in combination, having four axles	16,589,292	2,600,676	15,755,385	2,653,438
5	Vehicle (vehicles), single or in combination, having five axles	127,928,668	15,947,350	125,161,146	16,595,864
6	Vehicle (vehicles), single or in combination, having six or more axles	2,673,455	283,312	2,703,378	298,988
7	Buses having two axles	1,418,717	398,934	1,390,087	392,088
8	Buses having three axles	7,765,870	1,294,290	7,268,735	1,252,344
	Nonrevenue vehicles	-	1,743,848	-	1,839,414
		<u>549,224,424</u>	<u>244,612,447</u>	<u>550,810,131</u>	<u>251,627,534</u>
	Toll Adjustments and Discounts			(1,048,787)	
	Net Violations*			(8,469,567)	
		<u>\$ 540,682,104</u>		<u>\$ 541,291,777</u>	

* During the year ended December 31, 2000, the Authority implemented the electronic toll collection system and accordingly the amounts of violations assessed are reported on this line. As a result of violation activities, some portion of unpaid tolls will be collected in subsequent years.

New Jersey Turnpike Authority
Garden State Parkway

Schedule of Toll Revenue

For the Year Ended December 31, 2008 and 2007

Class	Description	2008		2007	
		Toll Revenue	Toll Transactions	Toll Revenue	Toll Transactions
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 198,537,068	402,413,219	\$ 201,206,936	412,936,357
2	Vehicles having two axles other than type described under Class 1	730,013	1,081,644	597,885	1,232,128
3	Vehicle (vehicles), single or in combination, having three axles	199,697	183,484	53,659	110,581
4	Vehicle (vehicles), single or in combination, having four axles	1,247,163	995,657	477,775	984,602
5	Vehicle (vehicles), single or in combination, having five axles	1,484,076	853,826	598,017	1,232,398
6	Vehicle (vehicles), single or in combination, having six or more axles	30,289	14,777	12,204	25,151
7	Buses having two axles	86,590	121,045	74,033	152,632
8	Buses having three axles	1,975,622	1,368,879	386,473	790,632
	Nonrevenue vehicles	-	1,617,419	-	1,718,651
	Other adjustments	204,290,518*	408,649,950	203,406,982*	419,183,132
		1,765,762		1,221,181	
		<u>\$ 206,056,280</u>		<u>\$ 204,628,163</u>	

* Reported revenue is net of discounts and violations.

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