



NEW JERSEY
TURNPIKE AUTHORITY

2010 Annual Report



Turnpike Widening - Connection to Pearl Harbor Memorial Turnpike Extension



Parkway Widening - Improvements at Interchange 67



New Jersey Turnpike Authority

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CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LIEUTENANT GOVERNOR

JAMES SIMPSON, Chairman
MICHAEL R. DuPONT, Treasurer
HAROLD L. HODES, Commissioner
RAYMOND M. POCINO, Commissioner
DAVID G. EVANS, Commissioner
TROY SINGLETON, Commissioner
ULISES E. DIAZ, Commissioner
VERONIQUE HAKIM, Executive Director

The Honorable Chris Christie
Governor, State of New Jersey
PO Box 001
Trenton, NJ 08625

Dear Governor Christie:

On behalf of the Commissioners and staff of the New Jersey Turnpike Authority, I am honored to present to you the 2010 Annual Report.

In these pages, you will read about some of the major accomplishments of this agency. You will read about the progress we have made on the widening of the New Jersey Turnpike between Interchanges 6 and 9 – the most ambitious widening in the 59-year history of the Turnpike. You will read, too, about the continued progress on the Garden State Parkway widening in Ocean, Burlington and Atlantic counties. We expect to have the first phase complete and a new lane open in each direction between Toms River and Stafford Township in time for the 2011 summer season at the Jersey Shore.

The widening programs are part of an ambitious 10-year, \$7 billion capital program that will improve safety, increase capacity and maintain a state of good repair up and down the Turnpike and Parkway. To help fund the capital program, the Authority sold \$1.85 billion in bonds in 2010. That bond sale is another success you will read about in these pages. By taking advantage of the Build America Bonds program, the Authority was able to borrow the money at a net interest cost of 4.62 percent. What's more, by generating greater competition for our business among underwriters, the Authority was able to keep the cost of issuance for the December 2010 sale to \$8.2 million – about half of what it paid in fees for an even smaller bond sale in 2009.

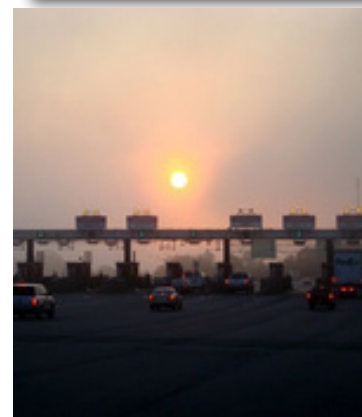
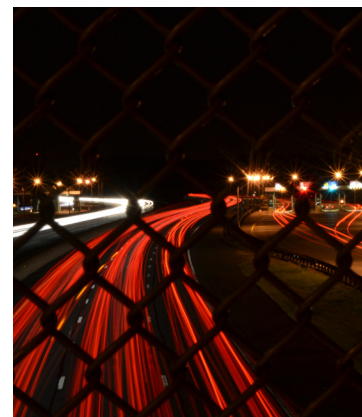
We are proud of what we accomplished in 2010, and we look forward to even better things in 2011.

Sincerely,

James S. Simpson
Chairman

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Who We Are

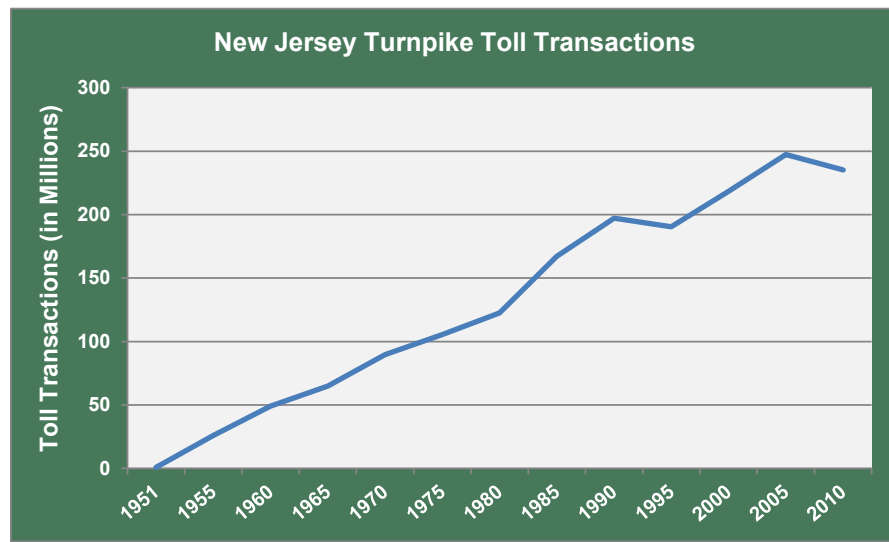
The New Jersey Turnpike Authority is dedicated to the safe, efficient movement of people and goods over two of the busiest toll roads in America, the New Jersey Turnpike and the Garden State Parkway. Our highways provide critical links in the transportation network of the Northeastern United States and offer the safest, quickest and most convenient route for hundreds of thousands of commuters, truckers and recreational travelers every day.



Our Roads

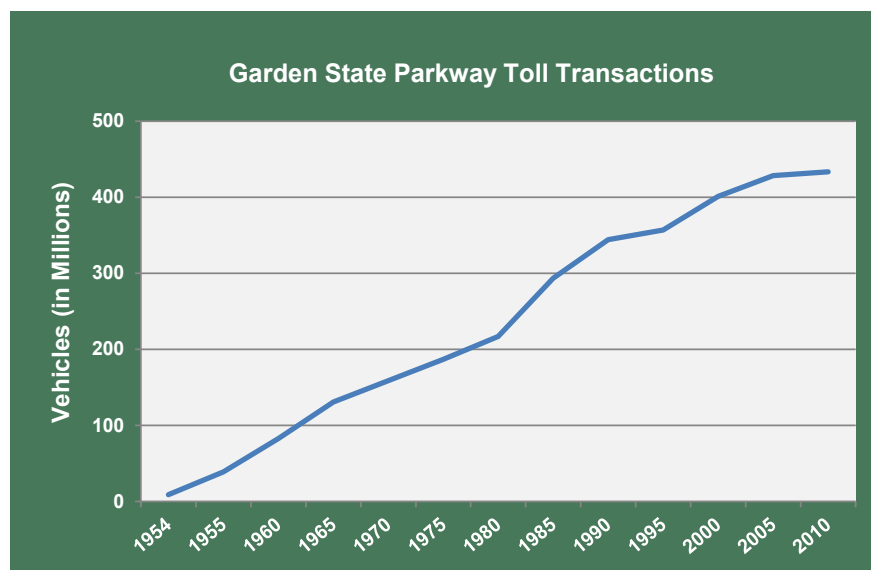
New Jersey Turnpike

The Turnpike was the first toll road in New Jersey and the third in the nation when it opened in 1951. It has grown over time from 118 miles to 148 with the addition of the Newark Bay-Hudson County Extension (1956), the Pearl Harbor Memorial Turnpike Extension (1956), the Western Spur (1970) and the I-95 Extension (1992). The road has grown wider over the years, too. Originally four lanes for its full length, it is now as wide as 14 lanes in some areas.



Garden State Parkway

The Parkway, which opened to traffic in 1954, passes through 50 municipalities in 10 counties between the Cape May-Lewes Ferry in Cape May and the New York State line at Montvale. The highway is still at its original four lanes south of milepost 63 in Ocean County and north of milepost 168 in Bergen County, but it has grown much wider in between. It is now 12 lanes at its widest point in Monmouth and Middlesex counties. The Parkway maintains a total of 359 exits and entrances. Tolls are collected at 50 locations, including 11 plazas on the main roadway and 39 on entrance or exit ramps.



2010 Board of Commissioners



James S. Simpson, Chairman

Commissioner Simpson serves on the Turnpike board by virtue of his position as the New Jersey Commissioner of Transportation. He was appointed to that post by Governor Chris Christie in January 2010. Commissioner Simpson is the former administrator of the Federal Transit Administration and a former commissioner of the Metropolitan Transportation Authority in New York City. He began his career in transportation as a tractor-trailer driver. He is a magna cum laude graduate of St. John's University. Commissioner Simpson resides in Princeton, Mercer County.



Michael R. DuPont, Treasurer

Mr. DuPont is a partner in the law firm McKenna, DuPont, Higgins & Stone. He resides in Red Bank, Monmouth County, where he serves on the Borough Council. He also serves as president of the Garden State Arts Foundation. Mr. DuPont has a B.A. in political science and business administration from Loyola University and a J.D. from the John Marshall School of Law.



Harold L. Hodes, Commissioner

Mr. Hodes is a senior partner of Public Strategies Impact LLC. He has worked previously as the chief of staff to Governor Brendan Byrne and was the first president of the New Jersey Devils of the National Hockey League. He teaches a course on political campaigning at the Eagleton Institute of Politics at Rutgers. He resides in West End, Monmouth County.



Raymond M. Pocino, Commissioner

Mr. Pocino is a 50-year member of the Laborers International Union of North America and is president emeritus of Construction & General Laborers Local 172. He serves on the boards of the New Jersey AFL-CIO and the Port Authority of New York & New Jersey. He is serving his fifth term on the Turnpike Authority. Mr. Pocino resides in Lawrenceville, Mercer County.

2010 Board of Commissioners

David G. Evans, Commissioner

Bishop Evans is the pastor/teacher of Bethany Baptist Church in Lindenwold and Prelate of the Abundant Harvest Fellowship of Churches. He graduated from Lincoln University with a degree in economics and education. He has served as vice president for a commercial lending company and has owned a commercial cleaning company. He resides in Sicklerville, Camden County.



Troy Singleton, Commissioner

Mr. Singleton is president of the New Jersey Carpenter-Contractor Trust. He previously served as the deputy executive director of both the New Jersey General Assembly Majority Office and the New Jersey Democratic State Committee. Mr. Singleton has a B.S. in business administration from Rowan University. He lives in Palmyra, Burlington County.



Ulises E. Diaz, Commissioner

Mr. Diaz is vice president for governmental affairs at Verizon New Jersey. He previously worked for several years at United Water New Jersey, where he was responsible for government and public affairs, communications and business development.

He has a B.A. in business administration from Rutgers University. Mr. Diaz is currently serving in a hold-over capacity. He is a resident of Rutherford, Bergen County.



Executive Director & Staff



Veronique ("Ronnie") Hakim, Executive Director

Ms. Hakim was named executive director of the Turnpike Authority in September 2010. Previously, she worked for more than 23 years at the Metropolitan Transportation Authority (MTA) in New York City, first as special counsel, later as senior vice president and general counsel. She holds a B.A. in political science from the University of Rochester and a J.D. from the Pace University School of Law.



John F. O'Hern, Deputy Executive Director

Mr. O'Hern has worked at the Turnpike Authority since January 2003. He was director of labor relations before his appointment as deputy executive director in October 2008. He holds a B.A. from Lafayette College, a J.D. from the Seton Hall University School of Law, and an M.P.A. from the John F. Kennedy School of Government at Harvard University.

Executive Staff

Richard Raczynski, P.E.
Chief Engineer

Donna Manuelli
Chief Financial Officer

Linda Lordi Cavanaugh
Acting Director of Law

Megan Mulcahy
Chief of Staff

James Carone
Director of Internal Audit

Robert Quirk
Director of Toll Collection

John Cifelli
Director of Maintenance

Wayne Bruzek
Acting Director of Technology
& Administrative Services

Tom Feeney
Media Coordinator

Dennis Switaj
Director of Electronic Toll Collection

Mary-Elizabeth Garrity
Director of Human Resources

Andrea Ward
Director of Purchasing

Sean Hill, P.E.
Director of Operations

Driving The State's Economy

The Turnpike Widening Program Enters The Fourth Year

The Authority's signature capital improvement project, the \$2.5 billion widening of the Turnpike between Interchanges 6 and 9, will add 170 lane miles to the Turnpike system. Six lanes will be added to the existing six-lane roadway between the Pearl Harbor Memorial Turnpike Extension and Interchange 8A, and two lanes will be added to the ten-lane roadway between Interchanges 8A and 9. The Widening Program will extend the Turnpike's unique dual-dual configuration south to the Pearl Harbor Memorial Turnpike Extension. It will also eliminate the bottleneck south of Interchange 8A where southbound traffic now funnels from four lanes into three.

Other benefits of the program include:

- Supporting the Turnpike's regional economic role.
- Addressing future traffic demands and improving operational performance by increasing capacity.
- Improving maintenance capabilities.
- Enhancing the efficiency of a major mass evacuation route.

After a thorough preliminary engineering and environmental analysis, the program entered the final design stage in 2007. During that year, the Authority assembled a team consisting of the design program manager, environmental consultant, general counsel, constructability consultant and eight major engineering consultants to carry the program into construction.

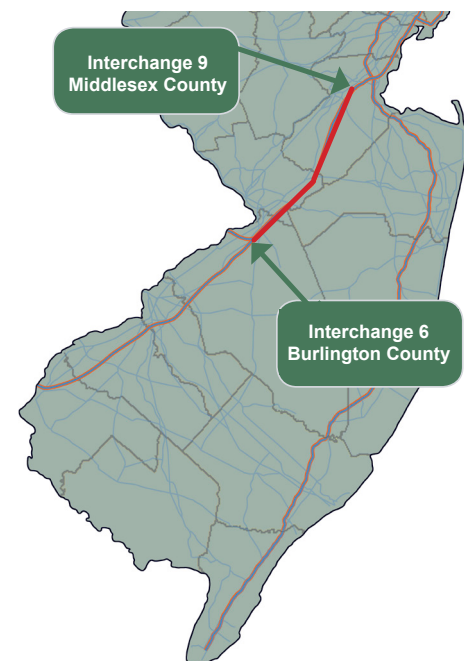
By the end of 2010, the widening program was in its 48th month, and construction was in full stride. Twenty-six contracts were in progress. Those included contracts for the construction of two mitigation sites and for the fabrication of sign structures. During this year, the Authority's Board of Commissioners awarded 18 construction contracts totaling \$903 million. As measured by the earned value of all construction-related activities, the widening program was 15 percent complete by the end of the year. To widen the Turnpike, the Authority had to acquire all or part of 308 parcels. The acquisition process was 70 percent complete by the end of the year with title acquired for 214 parcels at a cost of \$61 million.

In April 2009, two milestones were reached: The New Jersey Department of Environmental Protection issued the Freshwater Individual and the Flood Hazard Area permits, and the Authority awarded the professional services contract for a construction manager.

Construction kicked off in July 2009 with a ground-breaking ceremony in East Windsor Township. By the beginning of 2010, the Authority had awarded six construction contracts and two fabrication contracts worth \$147.5 million.

One significant element of the widening program involved the relocation of a high-pressure natural gas line and two petroleum pipelines at a cost of more than \$120 million. This work was nearly complete by the end of 2010. Other utility work involved relocating fiber optic cable along the program's 34-mile length and relocating numerous public utilities at its 96 local crossings. The work was in various stages of completion at the end of 2010. Utility orders to accomplish the work totaled \$46 million.

The widening program is expected to be completed in 2014.



Turnpike Widening

Driving The State's Economy

New Jersey Turnpike Authority 10 Year Capital Plan

Project	Budget	Amount Spent or Committed Through 12/31/2010
Turnpike Widening (Interchange 6-9)	\$2,500,000,000	\$1,553,000,000
Bridge Improvements	\$1,775,000,000	\$406,300,000
Interchange Improvements	\$1,260,000,000	\$70,400,000
Roadway Improvements	\$990,000,000	\$124,000,000
Facility Improvements	\$275,000,000	\$15,800,000
Parkway Widening *	\$200,000,000	\$131,000,000
10-YEAR PLAN TOTAL	\$7,000,000,000	\$2,300,500,000

The \$7 billion that will be spent on the Turnpike Authority's capital program will create 76,000 jobs, based on a job-creation formula used by the Council of Economic Advisors.

* Total costs of Parkway Widening are \$300,000,000, however, \$100,000,000 of those costs were financed from the proceeds of bond anticipation notes prior to the issuance of the first Series of Bonds for the Capital Improvement Program.



Parkway Widening - Birch Street Underpass Replacement

Driving The State's Economy

The Widening of the Garden State Parkway

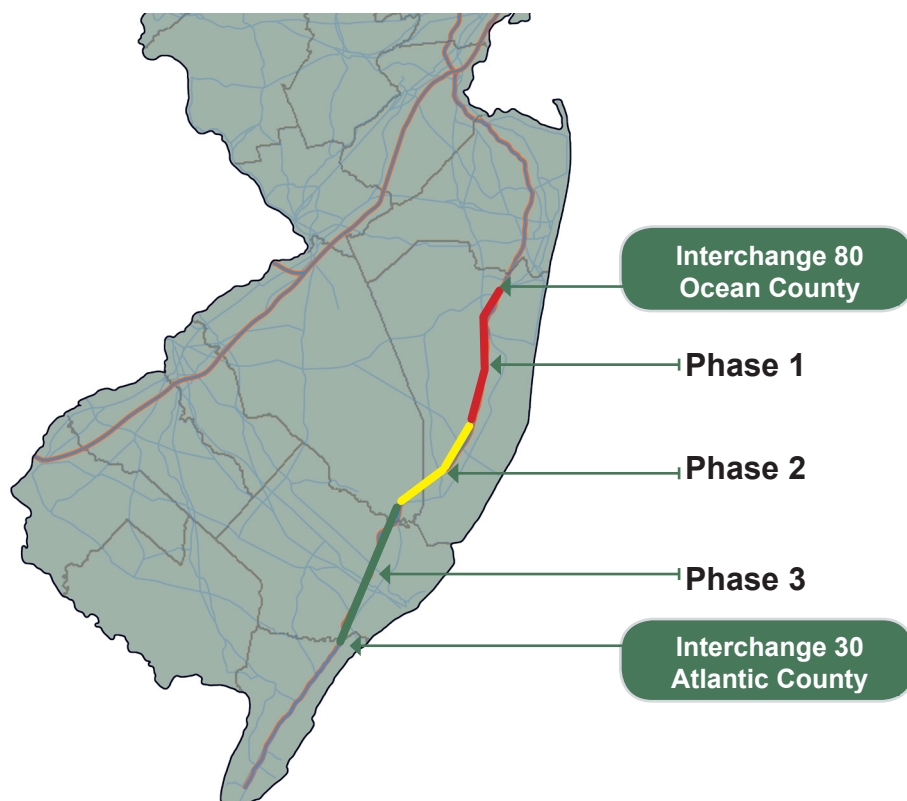
The Parkway – the most heavily traveled toll road in the U.S. – will be enlarged by 100 new lane miles over a 50-mile section between Somers Point in Atlantic County and Toms River in Ocean County. The project area covers 14 municipalities and three counties in South and Central Jersey.

That section of the Parkway is critical to the economic health of towns along the Jersey Shore. It serves as a major intra-county traffic corridor for commuters in the area, and it provides access to and from shore towns for drivers who visit the area for recreational purposes. The economic vitality of the area depends heavily on the tourism and travel industry, which provides 45 percent of the jobs in Atlantic County and 34 percent in Ocean County.

The capacity of the original Parkway, which was two lanes in each direction over the full length of the project area, was inadequate to meet current and future demands. The 13 miles at the northern end of the project area are already in capacity failure, a designation applied to a road when traffic moves below the posted speed limit for an hour or more every day. By 2019, the entire 50-mile project area would be in failure if the road were not widened.

Under the widening program, 100 lane miles will be added to the Parkway and 200 lane miles will be resurfaced. When the project is complete, the Parkway will have three lanes and full-width shoulders in both directions between Interchanges 30 and 80. Because nearly all of the land for the new lanes will be taken from the median, the widening will be accomplished almost entirely inside the footprint of the existing Parkway.

Twenty-three new structures will be built and 51 existing structures modified during the project. A new building will be erected and Express E-ZPass installed at the Barnegat Toll Plaza. Sixty-four sign structures will be installed in the project area. The estimated cost of the project is \$900 million. Construction costs will account for \$690 million of that total. There will be 13 construction contracts awarded during the first two phases of the three-phase project. Five contracts worth \$192 million have been awarded so far.



Garden State Parkway Widening

Driving The State's Economy

Adding one lane in each direction over 50 miles of highway is a massive undertaking that will require Turnpike Authority contractors to lay 890,000 tons of hot mix asphalt and move 3.5 million cubic yards of earth.

The first phase, between Interchanges 63 and 80, is scheduled to be completed by 2011. Three construction contracts totaling \$129,250,000 are underway. Nearly \$92.9 million has been spent on the program so far.

The second phase between Interchanges 48 and 63 will commence in 2011 and is scheduled to be completed in 2014.

The third phase, between Interchanges 30 and 48, is not yet scheduled; it will be completed as funding permits.

Included in the first phase of the Parkway project is the widening and rehabilitation of the Mullica River Bridge. The bridge is located at milepost 49.0 on the Parkway. The bridge, which was built in 1954, is structurally

deficient and functionally obsolete. Its deck is deteriorating; its steel superstructure needs to be rehabilitated; and the shoulders on both sides of the structure are insufficient. Without widening, the bridge would have suffered capacity failure by 2012. A new structure is being built alongside the existing structure. The existing structure will be rehabilitated. When the project is complete, the bridge will carry three lanes and full-width shoulders in each direction.

The widening and rehabilitation of the bridge will cost \$95 million. The first of two contracts - for the construction of a new parallel span - was awarded in 2009. The project was nearly complete by the end of 2010.

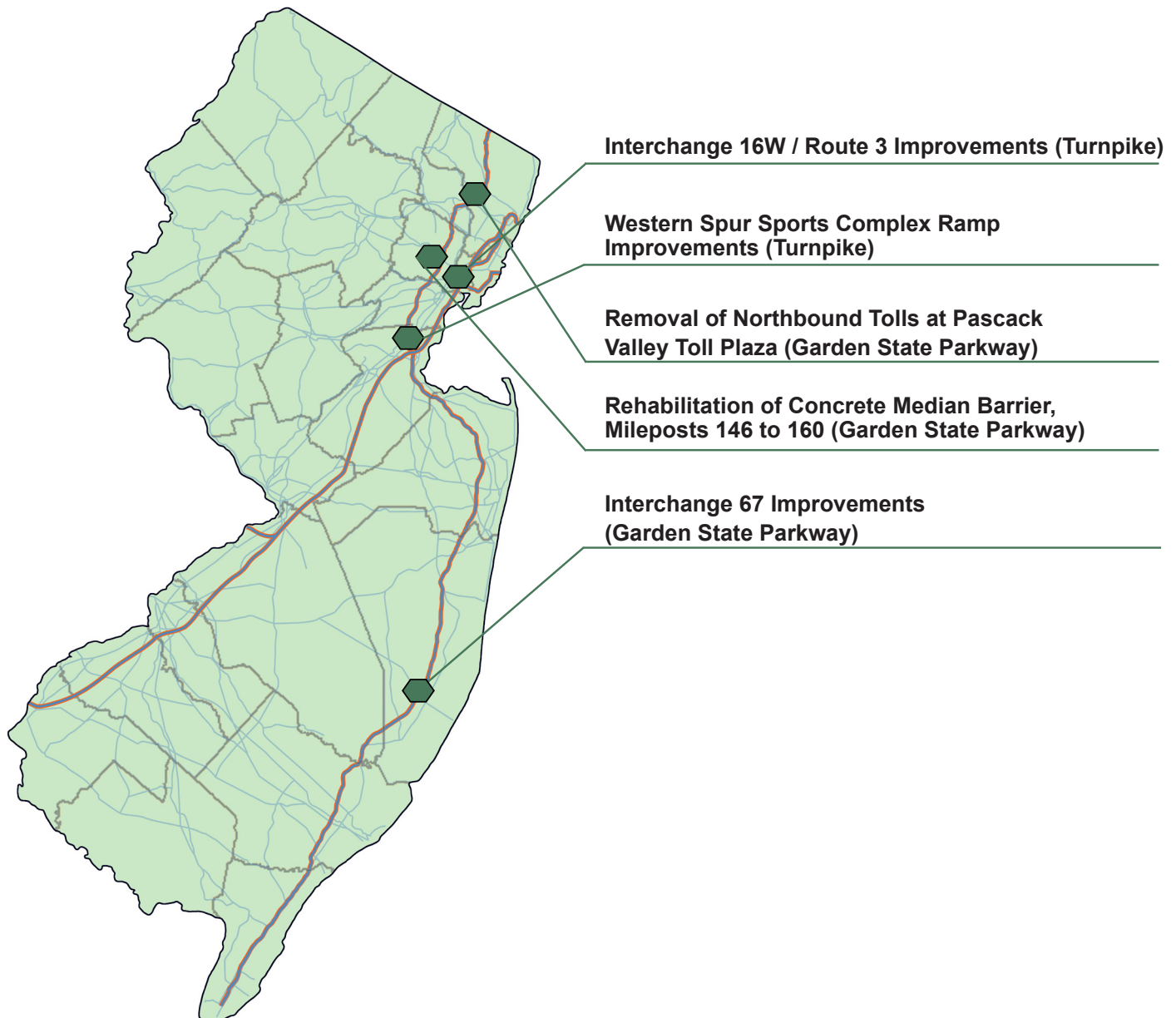
The rehabilitation of the existing span will be done under a separate contract. That work will begin once the new span is open to traffic, scheduled to be in April 2011.



Parkway Widening - Mullica River Bridge

Building Better Roadways

Major Capital Projects



Interchange 16W/Route 3 Improvements

Major improvements were made to the original roadway network connecting the Turnpike Interchange 16W Toll Plaza and Route 3. The original one-lane loop ramp from Interchange 16W to Route 3 westbound was widened to two lanes and realigned as a flyover ramp merging with Route 3 west of its original location. The improvement eliminated an undesirable weave. The flyover separated Route 3 traffic from Sports

Complex traffic, increasing the capacity of the lane to the Sports Complex. The improvements provide free flow movements to the toll plaza from Route 3 in both directions and improve the geometry of the ramp to the toll plaza from Route 3 westbound. The project provides new signs and a widened North Service Road. Three new structures were built and two existing structures were widened. The improvements were open to traffic in 2010.

Building Better Roadways

Western Spur Sports Complex Ramp Improvements

Safety improvements were made to the ramp leading from the southbound Western Spur of the Turnpike into the Sports Complex. The original ramp did not include a deceleration lane for exiting traffic. Two deceleration lanes were built along with a physical barrier separating exiting and through traffic. Variable message signs were installed along the roadway and ramp to provide information to motorists regarding incidents and congestion. Work on this project was completed in 2010.

Removal of Northbound Tolls at Pascack Valley Toll Plaza

Pascack Valley became the 10th barrier toll plaza on the Garden State Parkway to be converted to one-way tolling. Tolls were eliminated for northbound traffic and doubled for southbound traffic. The change saves money for the Authority by reducing toll-collection costs and saves time for drivers by eliminating a location at which they must stop or slow down to pay a toll. Toms River is the only barrier plaza at which tolls are collected in both directions.

Rehabilitation of Concrete Median Barrier, Mileposts 146 to 160

Approximately 35,000 linear feet of damaged, misaligned and deteriorated concrete median barrier was replaced between Mileposts 146 and 160 on the Parkway in Essex, Passaic and Bergen counties.

Interchange 67 Improvements

Interchange 67 was modified to improve access between the Parkway and Barnegat Township, Ocean County. New southbound entrance and exit ramps provide direct access between the Parkway and Lighthouse Drive. A new northbound exit ramp and modifications to the existing northbound entrance and southbound exit ramps provide access between the Parkway and West Bay Avenue (County Route 554). Existing bridges that carried West Bay Avenue over the Parkway were replaced as part of the Parkway Widening Program.



Garden State Parkway Widening - Bridge over Jake's Branch

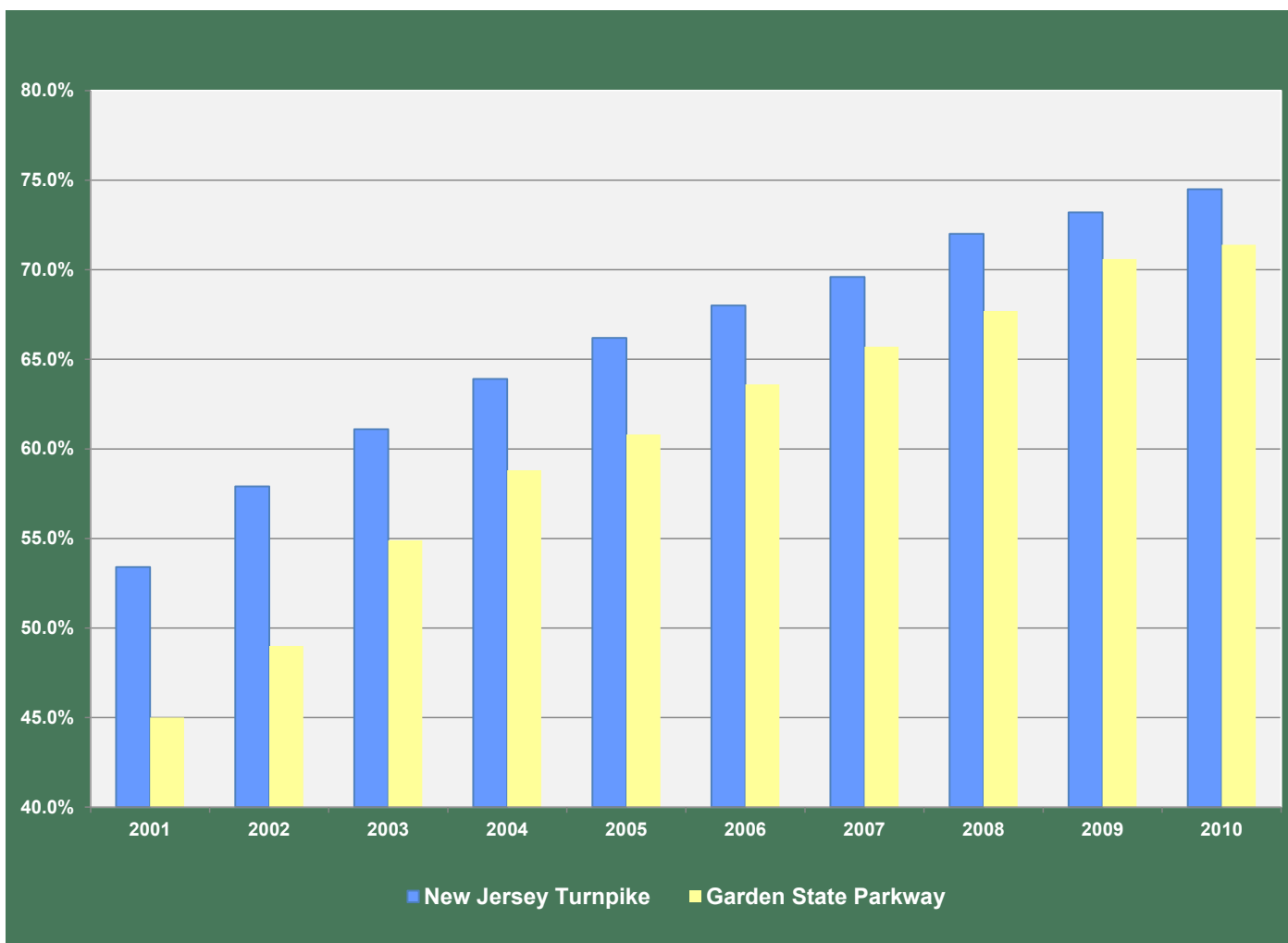
E-ZPass Growth

Drivers Embrace Electronic Toll Collection



The proportion of Turnpike and Parkway drivers who chose to save time and money by using E-ZPass grew again in 2010. On the Turnpike, 74.4 percent of all toll transactions in 2010 involved E-ZPass, up from 73.1 percent in 2009.

On the Parkway, E-ZPass transactions grew in 2010 to 71.3 percent from 70.5 percent the year before. The proportion of tolls paid electronically has increased every year since E-ZPass was introduced in New Jersey in 1999.



Bond Sale

The 2010 Bond Sale

The Authority took another step toward financing its 10-year, \$7 billion capital program with the successful sale of \$1.85 billion in Series 2010A bonds in December. The sale was popular with investors and was quickly oversubscribed. More than \$3 billion in orders were placed by 120 domestic and international investors. The spread to the U.S. Treasury 30-year bonds was more than 100 basis points lower on the Series 2010A bonds than it was on the \$1.375 billion in Build American Bonds sold by the Authority in April 2008.

The Authority took advantage of the federal Build America Bonds program for the second time. Build America Bonds, or BABs, were created under the American Recovery and Reinvestment Act of 2009.

They are taxable bonds that pay 7.65 percent interest to investors and a cash subsidy to issuers. The subsidy, equal to 35 percent of the coupon interest paid to bondholders over the full term of the borrowing, reduced the Authority's borrowing costs to 4.62 percent. The Build America Bonds program expired at the end of 2010.

Between the 2009 and 2010 bond sales, the Authority has so far borrowed \$2.75 billion toward the \$7 billion necessary to complete the 10-year capital program it adopted in 2008.

NEW ISSUE – Book-Entry Only

See “RATINGS” herein

Interest on the Series 2010 A Bonds is included in gross income for Federal income tax purposes. Bond Counsel is of the opinion that, under existing laws of the State of New Jersey, interest on the Series 2010 A Bonds and any gain realized on the sale of the Series 2010 A Bonds are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See “TAX MATTERS” herein.



\$1,850,000,000
NEW JERSEY TURNPIKE AUTHORITY
Turnpike Revenue Bonds, Series 2010 A
(Federally Taxable – Issuer Subsidy – Build America Bonds)



Dated: Date of Delivery

Due: January 1, as shown on the inside front cover

This Official Statement has been prepared to provide information relating to the issuance by the New Jersey Turnpike Authority (the “Authority”) of its \$1,850,000,000 aggregate principal amount of Turnpike Revenue Bonds, Series 2010 A (Federally Taxable – Issuer Subsidy – Build America Bonds) (the “Series 2010 A Bonds”). The Bank of New York Mellon, Woodland Park, New Jersey, will serve as the Trustee, Paying Agent and Registrar for the Series 2010 A Bonds.

The Series 2010 A Bonds will be issued in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2010 A Bonds, as more fully described herein. Individual purchases of the Series 2010 A Bonds will be made in book-entry form only in denominations of \$1,000 or any integral multiples thereof for the Series 2010 A Bonds. Purchasers

Financial Data

Consultants

Wilentz, Goldman & Spitzer, P.A.
General Counsel

DeCotis, Fitzpatrick & Cole, LLP
Co-General Counsel

HNTB Corporation
General Consulting Engineer

Wilbur Smith Associates
General Traffic Engineering Consultant

Langan Engineering and Environmental Services, Inc.
General Environmental Consultant

PMK Group
General Environmental Consultant

Sources of Revenues

FOR THE YEAR ENDED DECEMBER 31, 2010

Operating Revenues

Toll Revenue.....	\$ 952,166,438
E-ZPass Fees.....	\$ 38,701,145
Concession Revenue.....	\$ 33,804,710
Miscellaneous Revenue.....	\$ 9,070,881
TOTAL OPERATING REVENUES.....	\$1,033,743,174

Non-operating Revenues

Build America Bond Subsidy.....	\$ 37,723,673
Income from Investments.....	\$ 12,640,515
Arts Center.....	\$ 3,007,805
TOTAL NON-OPERATING REVENUES.....	\$ 53,371,993

TOTAL AUTHORITY REVENUES **\$1,087,115,167**

Contracts Awarded

Commission Approval Date	Vendor	Amount
1/26/2010	Adesta, LLC	\$1,350,000.00
1/26/2010	Allied Painting, Inc.	\$5,550,607.00
1/26/2010	Arch Insurance Company	\$550,008.00
1/26/2010	Arora and Associates, P.C.	\$4,190,000.00
1/26/2010	Central Jersey Landscaping, Inc.	\$797,230.66
1/26/2010	Chartis-National Union Fire Ins. Co.	\$4,680,549.00
1/26/2010	D'Annunzio & Sons	\$7,618,700.00
1/26/2010	D'Annunzio & Sons	\$14,397,000.00
1/26/2010	Gannett Fleming, Inc.	\$350,000.00
1/26/2010	Greenman-Pedersen, Inc.	\$1,142,000.00
1/26/2010	Greenman-Pedersen, Inc.	\$1,205,000.00
1/26/2010	IEW Construction Group, Inc.	\$24,835,079.91
1/26/2010	Jacobs Engineering Group, Inc.	\$1,084,000.00
1/26/2010	Joseph M. Sanzari, Inc.	\$5,570,118.80
1/26/2010	Medina Consultants	\$5,295,000.00
1/26/2010	STV, Inc.	\$911,419.00
1/26/2010	The Louis Berger Group, Inc.	\$5,525,000.00
1/26/2010	Verizon, Inc.	\$2,050,000.00
1/26/2010	Westchester Fire Insurance Co.	\$249,230.00
1/26/2010	Wilbur Smith Associates	\$1,594,000.00
2/23/2010	Birdsall Engineering, Inc.	\$661,600.00
2/23/2010	Evergreen Environmental, LLC	\$1,000,000.00
2/23/2010	Evergreen Environmental, LLC	\$2,400,000.00
2/23/2010	G&P Parlamas, Inc.	\$1,676,793.00
2/23/2010	Global Snow Plowing Contract - Multiple Vendors	\$7,000,000.00
2/23/2010	Greenman-Pedersen, Inc.	\$625,000.00
2/23/2010	Hatch Mott MacDonald	\$338,750.00
2/23/2010	Highway Safety Systems, Inc.	\$421,000.00
2/23/2010	HNTB Corporation	\$200,000.00
2/23/2010	JCP&L	\$605,500.00
2/23/2010	LS Engineering Associates Corporation	\$178,600.00
2/23/2010	M.L. Ruberton Construction Co., Inc.	\$1,986,458.60
2/23/2010	Medina Consultants	\$1,700,000.00
2/23/2010	PKF-Mark III, Inc.	\$10,875,942.60
2/23/2010	PSE&G	\$565,000.00
2/23/2010	Stavola Contracting Co., Inc.	\$6,368,810.00
2/23/2010	The Louis Berger Group, Inc.	\$1,896,000.00
3/30/2010	Breaker Electric, Inc.	\$394,200.50
3/30/2010	Dewberry-Goodkind, Inc.	\$7,700,000.00
3/30/2010	Geroge Harms Construction Co., Inc.	\$111,064,242.49
3/30/2010	HAKS Engineers	\$1,495,000.00
3/30/2010	JCP&L	\$976,000.00
3/30/2010	Joseph M. Sanzari, Inc.	\$5,195,060.00
3/30/2010	KS Engineers, P.C.	\$401,890.00
3/30/2010	LS Engineering Associates Corporation	\$468,000.00
3/30/2010	MTJ Industries	\$130,000.00
3/30/2010	New Jersey Analytical Laboratories, Inc.	\$230,000.00

Contracts Awarded

Commission Approval Date	Vendor	Amount
3/30/2010	PSE&G	\$965,000.00
3/30/2010	Rencor, Inc.	\$38,885,144.25
3/30/2010	Stantec Consulting Services, Inc.	\$4,354,000.00
3/30/2010	Storr Tractor Company	\$110,000.00
3/30/2010	Transystems Corporation	\$982,000.00
3/30/2010	Verizon, Inc.	\$5,112,000.00
4/27/2010	A. Servidone Inc./B. Anthony Construction Corp. JV	\$4,757,151.30
4/27/2010	ACE/Westchester Fire Insurance	\$879,221.00
4/27/2010	ACS	\$3,500,000.00
4/27/2010	Allvision, LLC	\$575,000.00
4/27/2010	Ammann & Whitney Consulting Engineers	\$9,895,000.00
4/27/2010	Arch Insurance Company	\$233,775.00
4/27/2010	Arora and Associates, P.C.	\$3,250,000.00
4/27/2010	Ferreira Construction Co. & Tutor Perini Corp. JV	\$93,419,000.00
4/27/2010	Inservco Insurance	\$777,375.00
4/27/2010	Integrated Building Controls, Inc.	\$412,500.00
4/27/2010	International Salt Co., Inc.	\$3,200,000.00
4/27/2010	Mount Construction Co., Inc.	\$4,994,280.00
4/27/2010	Pinnacle Wireless	\$6,120,168.25
4/27/2010	Sulzer Pump	\$200,000.00
5/5/2010	Churchill Consulting Engineers	\$2,190,000.00
5/5/2010	Dresdner Robin Environmental Management, Inc.	\$575,000.00
5/5/2010	Hatch Mott MacDonald	\$505,000.00
5/5/2010	Hill International, Inc.	\$905,000.00
5/5/2010	JCP&L	\$1,615,000.00
5/5/2010	Verizon, Inc.	\$1,500,000.00
5/26/2010	Atlantic City Electric, a PHI Company	\$1,300,000.00
5/26/2010	Custom Environment Management Co., Inc.	\$700,000.00
5/26/2010	D'Annunzio & Sons	\$33,487,000.00
5/26/2010	Dresdner Robin Environmental Management, Inc.	\$635,000.00
5/26/2010	J. Fletcher Creamer & Son, Inc.	\$5,287,474.00
5/26/2010	Lehigh Fabrication, LLC	\$1,719,949.00
5/26/2010	The Louis Berger Group, Inc.	\$6,300,000.00
6/29/2010	Adesta, LLC	\$400,000.00
6/29/2010	AECOM	\$4,600,000.00
6/29/2010	AutoZone Northeast, Inc.	\$250,000.00
6/29/2010	Beyer Bros. Corp.	\$150,000.00
6/29/2010	Crisdel Group, Inc.	\$9,896,022.80
6/29/2010	Dewberry-Goodkind, Inc.	\$519,600.00
6/29/2010	Ferreira Construction Co. & Crisdel Group, Inc. JV	\$45,740,341.00
6/29/2010	Ferreira Construction Co. & Crisdel Group, Inc. JV	\$35,247,350.00
6/29/2010	Handex Consulting & Remediation - NE, LLC	\$950,000.00
6/29/2010	Hatch Mott MacDonald	\$805,000.00
6/29/2010	Hatch Mott MacDonald	\$950,000.00
6/29/2010	HNTB Corporation	\$5,190,000.00
6/29/2010	IBM Corporation	\$114,000.00
6/29/2010	LS Engineering Associates Corporation	\$207,000.00

Contracts Awarded

Commission Approval Date	Vendor	Amount
6/29/2010	Michael Baker Jr., Inc.	\$2,810,000.00
6/29/2010	New Price Concrete Construction Co., Inc.	\$648,406.84
6/29/2010	PSE&G	\$590,000.00
6/29/2010	PSE&G	\$245,000.00
6/29/2010	The RBA Group, Inc.	\$299,000.00
6/29/2010	Urban Engineers, Inc.	\$575,000.00
7/27/2010	AECOM USA, Inc.	\$546,000.00
7/27/2010	Agilence, Inc.	\$1,650,000.00
7/27/2010	Birdsall Engineering, Inc.	\$2,051,000.00
7/27/2010	Cammps Hardware & Lawn Products	\$160,000.00
7/27/2010	Consolidated Steel & Aluminum Fence Co., Inc.	\$1,959,580.00
7/27/2010	ePlus Technoloby, Inc.	\$445,600.00
7/27/2010	Freedom International Truck, Inc.	\$547,143.99
7/27/2010	Gardner M. Bishop, Inc.	\$3,455,500.00
7/27/2010	Hall Building Corp.	\$530,800.00
7/27/2010	IEW Construction Group, Inc.	\$52,678,787.30
7/27/2010	J. Fletcher Creamer & Son, Inc.	\$576,014.00
7/27/2010	McCormick Taylor, Inc.	\$5,045,000.00
7/27/2010	Pinnacle Wireless	\$137,850.00
7/27/2010	Pinnacle Wireless	\$651,354.50
7/27/2010	Pinnacle Wireless	\$175,689.00
7/27/2010	Union Paving and Construction Co., Inc.	\$96,233,263.50
8/31/2010	AMC Industries, Inc.	\$250,400.00
8/31/2010	Beyer Bros. Corp.	\$327,370.00
8/31/2010	Capitalsoft, Inc.	\$320,000.00
8/31/2010	Cherry Valley Tractor Sales	\$336,531.36
8/31/2010	Crisdel Group, Inc. & Sordoni Construction Co. JV	\$7,169,065.71
8/31/2010	Dewberry-Goodkind, Inc.	\$3,650,000.00
8/31/2010	Eagle Paving Corporation	\$180,200.00
8/31/2010	Eagle Paving Corporation	\$300,000.00
8/31/2010	Freedom International Truck, Inc.	\$4,062,008.10
8/31/2010	Gannett Fleming, Inc.	\$470,000.00
8/31/2010	Greenman-Pedersen, Inc.	\$7,755,000.00
8/31/2010	Hewlett Packard	\$482,471.82
8/31/2010	HNTB Corporation	\$167,648.34
8/31/2010	Jacobs Engineering Group, Inc.	\$8,985,000.00
8/31/2010	Jacobs Engineering Group, Inc.	\$768,800.00
8/31/2010	Jewel Electric Supply Co.	\$405,300.00
8/31/2010	Joseph M. Sanzari, Inc.	\$155,600.00
8/31/2010	Link Communications LTD	\$708,100.00
8/31/2010	Mall Chevrolet	\$153,495.00
8/31/2010	McCormick Taylor, Inc.	\$419,000.00
8/31/2010	Michael Baker Jr., Inc.	\$8,795,000.00
8/31/2010	Nacirema Industries, Inc.	\$261,600.00
8/31/2010	NEC Corporation of America	\$141,044.53
8/31/2010	PB Americas, Inc.	\$555,000.00
8/31/2010	PKF-Mark III, Inc.	\$111,999,291.14

Contracts Awarded

Commission Approval Date	Vendor	Amount
8/31/2010	Rodio Tractor Sales, Inc.	\$141,000.00
8/31/2010	Silvi of Englishtown	\$480,000.00
8/31/2010	Tarheel Enterprises	\$105,800.00
8/31/2010	Tuckahoe Sand and Gravel, Inc.	\$531,200.00
8/31/2010	Verizon, Inc.	\$850,000.00
9/28/2010	Arch-Concept Construction, Inc.	\$344,000.00
9/28/2010	B & H Contacting, Inc.	\$360,100.00
9/28/2010	Breaker Electric, Inc.	\$456,288.00
9/28/2010	Cherry Valley Tractor Sales	\$250,000.00
9/28/2010	Computer Aid, Inc.	\$168,000.00
9/28/2010	Edwards Tire Company, Inc.	\$450,000.00
9/28/2010	En Pointe Technologies Sales, Inc.	\$652,440.00
9/28/2010	Equiptech, LLC	\$106,095.61
9/28/2010	Farm Rite, Inc.	\$250,000.00
9/28/2010	G & M Eastern Contracting, Inc.	\$266,625.00
9/28/2010	Gannett Fleming, Inc.	\$462,000.00
9/28/2010	Garden State Highway Products	\$151,950.00
9/28/2010	Garden State Highway Products	\$387,689.80
9/28/2010	International Salt Co., Inc.	\$6,235,188.00
9/28/2010	Jacobs Engineering Group, Inc.	\$1,575,000.00
9/28/2010	Jesco, Inc.	\$472,620.00
9/28/2010	Jesco, Inc.	\$1,227,555.00
9/28/2010	KPMG (3yr totals)	\$742,500.00
9/28/2010	McCauley Construction Co., Inc.	\$1,392,900.00
9/28/2010	Motorola Communications & Electronics, Inc.	\$256,920.00
9/28/2010	Peach Country Ford Tractor	\$100,000.00
9/28/2010	PKF-Mark III, Inc.	\$110,496,508.58
9/28/2010	Rodio Tractor Sales, Inc.	\$150,000.00
9/28/2010	Transaxle	\$225,000.00
9/28/2010	Trico Equipment Services	\$150,000.00
10/26/2010	CDW Government, Inc.	\$215,000.00
10/26/2010	Chartis-National Union Fire Ins. Co.	\$100,000.00
10/26/2010	Gannett Fleming, Inc.	\$4,528,000.00
10/26/2010	Greenman-Pedersen, Inc.	\$1,250,000.00
10/26/2010	Hall Building Corp.	\$800,000.00
10/26/2010	Hatch Mott MacDonald	\$645,000.00
10/26/2010	Hoffman International, Inc.	\$105,900.00
10/26/2010	Hoffman Services	\$1,523,800.00
10/26/2010	J. Fletcher Creamer & Son, Inc.	\$3,000,000.00
10/26/2010	KS Engineers, P.C.	\$690,000.00
10/26/2010	Lehigh Fabrication, LLC	\$3,689,393.00
10/26/2010	Palmer West Associates, Inc.	\$1,316,470.00
10/26/2010	PB Americas, Inc.	\$2,200,000.00
10/26/2010	Pinnacle Wireless	\$247,752.70
10/26/2010	South State, Inc.	\$144,139,490.97
10/26/2010	Stantec Consulting Services, Inc.	\$3,575,000.00
10/26/2010	The Delaney Group, Inc.	\$5,933,809.00

Contracts Awarded

Commission Approval Date	Vendor	Amount
10/26/2010	The RBA Group, Inc.	\$3,390,000.00
10/26/2010	Transsystems Corporation	\$618,000.00
10/26/2010	WSP Sells	\$955,000.00
10/26/2010	WW Grainger, Inc.	\$225,000.00
12/15/2010	Adesta, LLC	\$500,000.00
12/15/2010	Cherry, Weber & Associates	\$1,716,000.00
12/15/2010	Comcast of South Jersey	\$625,000.00
12/15/2010	Dell Marketing	\$593,234.88
12/15/2010	Dell Marketing	\$213,831.29
12/15/2010	Gannett Fleming, Inc.	\$1,725,000.00
12/15/2010	Gardner M. Bishop, Inc.	\$5,482,275.00
12/15/2010	Hewlett Packard	\$168,581.00
12/15/2010	Hewlett Packard	\$2,370,434.55
12/15/2010	HNTB Corporation	\$17,000,000.00
12/15/2010	HNTB Corporation	\$11,800,000.00
12/15/2010	Hoover Truck Centers	\$200,000.00
12/15/2010	Joseph M. Sanzari, Inc.	\$11,999,644.00
12/15/2010	KS Engineers, P.C.	\$668,000.00
12/15/2010	M.L. Ruberton Construction Co., Inc.	\$324,255.00
12/15/2010	Midlantic Construction, Inc.	\$16,820,346.82
12/15/2010	Oracle Corporation	\$952,862.91
12/15/2010	PB Americas, Inc.	\$11,655,000.00
12/15/2010	Ransome International	\$200,000.00
12/15/2010	Stone & Webster, Inc.	\$2,545,000.00
12/15/2010	The Delaney Group, Inc.	\$59,718,281.57
12/15/2010	Transsystems Corporation	\$600,000.00
12/15/2010	Verizon, Inc.	\$1,050,000.00
12/15/2010	Verizon, Inc.	\$725,000.00

2010 Audited Financial Statements



New Jersey Turnpike Authority

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CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LIEUTENANT GOVERNOR

JAMES S. SIMPSON, *Chairman*
RONALD GRAVINO, *Vice Chairman*
MICHAEL R. DUPONT, *Treasurer*
HAROLD L. HODES, *Commissioner*
RAYMOND M. POCINO, *Commissioner*
ULISES E. DIAZ, *Commissioner*
DANIEL F. BECHT, *Commissioner*
VERONIQUE HAKIM, *Executive Director*

Certification of Annual Audit For Year Ending December 31, 2010

In accordance with Executive Order No. 37 (2006) and Executive Order No. 122 (2004), we certify that, to the best of our knowledge, the information provided to the auditor in connection with this annual audit and contained in the attached report is accurate and fairly represents the financial condition of the New Jersey Turnpike Authority for the year ending December 31, 2010.

A blue ink signature of Veronique Hakim, written in a cursive style.

Veronique Hakim
Executive Director

A blue ink signature of Donna Manuelli, written in a cursive style.

Donna Manuelli
Chief Financial Officer



NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Financial Statements

December 31, 2010

(With Independent Auditors' Report Thereon)

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

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KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

Independent Auditors' Report

The Commissioners
New Jersey Turnpike Authority:

We have audited the accompanying basic financial statements of the New Jersey Turnpike Authority (the Authority), a component unit of the State of New Jersey, as of and for the year ended December 31, 2010, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis on pages 3 through 9 and the schedule of funding progress – other postemployment benefits plan (schedule 1) on page 48 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in note 2 (q) to the accompanying financial statements of the Authority, net assets as of December 31, 2009 have been restated to correct a misstatement from the Authority's previously issued financial statements, which were audited by other auditors.

As discussed in note 2 (q) to the financial statements, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of January 1, 2010.



Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. Schedules 2 through 10B are presented for purposes of additional analysis and are not a required part of the basic financial statements. Schedules 2 through 9A have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole. Schedules 10A and 10B have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

April 8, 2011

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

December 31, 2010

(Unaudited)

Introduction

This report from the New Jersey Turnpike Authority (the Authority) consists of five parts: Management's Discussion and Analysis, Financial Statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), Notes to the Financial Statements, Required Supplementary Information, and Other Supplementary Information.

Overview of the Financial Statements

This section of the Authority's financial statements, Management's Discussion and Analysis (MD&A), presents an overview of the Authority's financial performance for the year ended December 31, 2010. It provides an assessment of how the Authority's financial position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the financial statements described above.

The Statement of Net Assets provides information about the nature and amount of investments in resources (assets) and the obligations to Authority creditors (liabilities).

The Statement of Revenues, Expenses, and Changes in Net Assets, which accounts for all of the current year's revenues and expenses, measures the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, investing and financing activities.

The Notes to the Financial Statements provide:

- Information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies.
- Details of contractual obligations, future commitments and contingencies of the Authority.
- Other events or developing situations that could materially affect the Authority's financial position.

The Required Supplementary Information presents information regarding the Authority's progress in funding its obligation to provide postemployment benefits other than pensions to its employees.

The Other Supplementary Information presents information regarding the Authority's accounting and compliance with its 1991 Turnpike Revenue Bond Resolution, as amended, restated and supplemented (the Resolution), and the Authority's interpretation of such Resolution.

The Authority's Business

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 the New Jersey Turnpike (the Turnpike System) and to issue Turnpike

NEW JERSEY TURNPIKE AUTHORITY
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Management's Discussion and Analysis

December 31, 2010

(Unaudited)

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 of New Jersey (the State) or any political subdivision thereof.

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 (the Parkway) and PNC Bank Arts Center.

Capital Program Highlights

The Authority continues to progress on an extensive 10-year capital improvement program (the Capital Improvement Program) for the Turnpike System. The Capital Improvement Program currently provides for the expenditure by the Authority of an estimated aggregate amount of approximately \$7,000,000,000 through the end of calendar year 2018 to fund the Costs of Construction of various Projects involving capital improvements to the Turnpike System, including, without limitation, the widening of certain sections of both the Turnpike and the Parkway. The estimated total cost of the Capital Improvement Program and the estimated cost of each individual Project included in the Capital Improvement Program are subject to change based upon varying economic conditions and other factors which may occur during the 10-year term of the Capital Improvement Program. In addition, the Projects included in the Capital Improvement Program are also subject to change at the discretion of the Authority.

The Projects currently included in the Capital Improvement Program are the following:

Project	Estimated cost
Turnpike Interchange 6-9 Widening	\$ 2,500,000,000
Bridge Improvements	1,775,000,000
Roadway Improvements	990,000,000
Interchange Improvements	960,000,000
Toll Plaza and Building Improvements	575,000,000
Phase I Widening of Parkway Interchange 63-80	200,000,000
Total	\$ <u>7,000,000,000</u>

Construction continued on a project to widen the Parkway to six lanes and to add full-width shoulders from Interchange 63 in Manahawkin Township to Interchange 80 in South Toms River. The project is designed to relieve heavy traffic congestion and to improve motorist safety. The first construction contract was awarded in March 2009. This project is expected to be open by Memorial Day 2011.

Construction also continued on widening the Turnpike from south of Interchange 6 (Mansfield Township, Burlington County) to Interchange 9 (East Brunswick Township, Middlesex County), a linear distance of

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

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December 31, 2010

(Unaudited)

35 miles. The project is designed to relieve heavy and recurring congestion on this section of the highway and to provide for increased demand for capacity in the future. The construction will add 170 lane miles to the roadway by widening it from six to 12 lanes from two miles south of Interchange 6 to Interchange 8A (South Brunswick Township, Middlesex County), a distance of approximately 25 miles, and from 10 lanes to 12 lanes between Interchange 8A and Interchange 9, a distance of 10 miles. The project will create a dual/dual roadway between Interchange 6 and Interchange 8A and expand the outer roadway in each direction between Interchange 8A and Interchange 9. The work will include improvements at Interchange 7A and the construction of a new toll plaza at Interchange 8. The program cost is \$2.5 billion. The projected completion date is 2014.

The following tables provide a condensed summary of the Authority's financial position and changes that occurred as of and for the year ended December 31, 2010 with comparative amounts for the year ended December 31, 2009. For more detailed information, please refer to the financial statements included with this annual report.

Condensed Summary of Net Assets

	December 31 2010	December 31 2009
Assets:		
Current assets	\$ 909,146,204	927,925,112
Other noncurrent assets	2,751,678,348	1,536,397,070
Capital assets, net of accumulated depreciation	5,754,564,589	4,990,111,462
Total assets	\$ 9,415,389,141	7,454,433,644
Deferred outflows:		
Interest rate swaps	154,654,119	137,002,036
Total deferred outflows	\$ 154,654,119	137,002,036
Liabilities:		
Current liabilities	\$ 683,704,178	574,372,503
Noncurrent liabilities	8,770,604,726	6,956,652,293
Total liabilities	\$ 9,454,308,904	7,531,024,796
Deferred inflows:		
Interest rate swaps	3,080,107	13,307,659
Total deferred inflows	\$ 3,080,107	13,307,659
Net assets:		
Invested in capital assets, net of related debt	\$ (110,436,851)	(42,299,662)
Restricted	121,553,806	119,678,860
Unrestricted	101,537,294	(30,275,973)
Total net assets	\$ 112,654,249	47,103,225

NEW JERSEY TURNPIKE AUTHORITY
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Management's Discussion and Analysis

December 31, 2010

(Unaudited)

The Authority's current assets consist mainly of cash and investments of \$183,730,835 and \$632,876,743, respectively, in 2010 as compared to \$221,443,451 and \$620,641,564, respectively in 2009. A majority of the Authority's overall current assets are shown as investments, which represent approximately 70% of the total current assets in 2010 as compared to 67% in 2009. Total assets increased by \$1,960,955,497, or 26%, from 2009 to 2010. Capital assets increased by \$764,453,127, or 15%, from 2009 to 2010.

Total liabilities increased by \$1,923,284,108, or 26%, compared to 2009. The increase in 2010 is mainly attributable to an increase in bonds payable, due to the issuance of the Series 2010 A Turnpike Revenue Bonds, which totaled \$1,850,000,000.

The Authority's total net assets are reported at \$112,654,249 and \$47,103,225 as of December 31, 2010 and 2009, respectively, representing an increase of \$65,551,024, or 139%, compared to 2009. This increase is the result of \$349,661,755 in current year operating income offset by \$284,110,731 in net nonoperating expenses.

Condensed Summary of Revenues, Expenses, and Changes in Net Assets

	Year ended December 31,	
	2010	2009
Operating revenues	\$ 1,033,743,174	1,036,924,389
Operating expenses, excluding OPEB and depreciation	(496,597,618)	(582,799,889)
Net operating revenue	537,145,556	454,124,500
OPEB expense	(68,071,400)	(68,071,400)
Depreciation expense	(119,412,401)	(109,129,290)
Operating income	349,661,755	276,923,810
Nonoperating revenues (expenses):		
Build America Bonds subsidy	37,723,673	24,083,916
Contributions to State of New Jersey	(102,301,000)	(147,850,587)
Interest expense, Turnpike Revenue Bonds	(211,202,397)	(166,487,729)
Other bond expenses	(4,238,054)	(5,828,303)
Change in fair value of investments	(9,075,781)	(28,625,321)
Investment income	1,505,071	11,435,051
Arts Center	3,007,805	2,957,611
Garden State Arts Foundation	469,952	(30,586)
Total nonoperating revenues (expenses), net	(284,110,731)	(310,345,948)
Change in net assets	65,551,024	(33,422,138)
Net assets – beginning of year, as restated	47,103,225	80,525,363
Net assets – end of year	\$ 112,654,249	47,103,225

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

December 31, 2010

(Unaudited)

Operating revenues totaled \$1,033,743,174 for the year ended December 31, 2010, representing a decrease of \$3,181,215, or 0.3%, from the year ended December 31, 2009. The principal source of revenue for the Authority is tolls. During 2010, toll revenues totaled \$952,166,438 and constituted 92.1% of the Authority's operating revenues, as compared to \$952,419,068, or 91.9%, in 2009. Traffic on the Turnpike increased by 0.4%. Passenger cars increased 0.2% while commercial traffic increased by 2.3%. Toll transactions on the Parkway decreased by 3.5%. Passenger cars decreased 3.5% while commercial traffic decreased 5.4%. 98.8% of all traffic on the Parkway is passenger car traffic, therefore, changes in commercial traffic only have minimal impacts. The implementation of one-way tolling at Pascack Valley was the primary reason for the decrease in traffic along the Parkway. When adjusting for the one-way tolling, the overall traffic decrease was approximately 0.2%.

Electronic toll collection remains popular and overall penetration rates continue to be strong. On the Turnpike, the E-ZPass penetration rate for passenger car traffic was 73.5% and for commercial traffic was 81.8%, resulting in an overall penetration rate of 74.5%. On the Parkway, the overall E-ZPass penetration rate was up to 71.4% from 70.6% in 2009. During 2010, passenger car traffic had a penetration rate of 71.3%, and commercial traffic had a penetration rate of 83.1%.

E-ZPass fees totaled \$38,701,145 and \$39,567,868 for the years ended December 31, 2010 and 2009, respectively, representing a decrease of \$866,723, or 2.2%. E-ZPass fees consists of monthly membership fees, transponder sales, return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. The decrease is a result of lower earnings on invested prepaid balances, fewer collections of violation administrative fees, and lower fees from returned transponders, which were partially offset by a gain in membership fees. There are approximately 84,000 more NJ E-ZPass accounts at the end of 2010 as compared to 2009.

Concession revenues decreased \$1,440,311, or 4.1%, to \$33,804,710 and constituted 3.3% of total operating revenues. The decrease is primarily due to decreased revenue from diesel fuel sales. Revenue from diesel fuel sales along the Turnpike decreased 34.2% in 2010. Revenues from other fuel sales decreased 1.3% on the Turnpike and food sales revenues decreased 1.3%, offset by an increase in convenience store sales revenues of 2.0% from 2009 to 2010. On the Parkway, revenue from food sales, fuel sales and convenience store sales decreased 2.9%, 0.9% and 2.7% respectively, from 2009 to 2010.

Miscellaneous revenue totaled \$9,070,881 for the year ended December 31, 2010, representing a decrease of \$621,551, or 6.4%, compared to the year ended December 31, 2009. Miscellaneous revenue includes rentals of cell tower sites, fiber optic lines, towing commissions, park and ride receipts and easements. The decrease from 2009 to 2010 is attributable to a decrease in revenue generated on cell tower sites and Parkway fiber optic leases, which was partially offset by an increase in surplus property sales.

Total operating expenses for the year ended December 31, 2010 totaled \$684,081,419, representing a decrease of \$75,919,160, or 10%, from \$760,000,579 for the year ended December 31, 2009. Expenses for general operating expenses, such as maintenance of roadway, buildings and equipment, toll collection, state police and traffic control, and administrative costs totaled \$496,597,618. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, the Authority recorded an expense of \$68,071,400 representing the annual OPEB cost. Depreciation expense during 2010 totaled \$119,412,401.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

December 31, 2010

(Unaudited)

Net nonoperating expenses decreased by \$26,235,217 from 2009. Build America Bonds subsidy increased by \$13,639,757, or 56.6%, compared to 2009. The Build America Bonds subsidy represents a direct payment by the United States Treasury to the Authority representing 35% of the interest payable on the Series 2009 F bonds and the Series 2010 A bonds. Change in fair value of investments of \$9,075,781 in 2010 represents a depreciation in the fair value of investments, including investment derivative instruments, from 2009. Interest expense increased \$44,714,668, offset by a decrease in Contributions to the State of New Jersey of \$45,549,587 from 2009 to 2010.

Capital Assets

		December 31	
		2010	2009 (as restated)
Land	\$	718,214,302	681,315,198
Construction-in-progress		1,273,115,729	662,412,230
Road Bed		1,913,293,938	1,843,772,900
Road Surface		138,516,193	87,497,994
Bridges		1,029,422,865	1,027,043,455
Buildings and sound barriers		251,017,883	257,127,808
Equipment		430,983,679	430,941,877
Total capital assets, net of accumulated depreciation		<u>\$ 5,754,564,589</u>	<u>4,990,111,462</u>

The Authority identified a cumulative error in the estimated useful life applied to its road bed capital assets as a result of a system conversion in a prior year. The error resulted in an overstatement of accumulated depreciation in previously issued financial statements. As a result, the net assets as of December 31, 2009 were restated by \$191,181,771.

The Authority's investment in capital assets as of December 31, 2010, was \$7.9 billion of gross asset value with an accumulated depreciation of \$2.1 billion, leaving a net book value of \$5.8 billion. This investment represents 61% of the Authority's total assets. Capital assets consist of land, buildings, improvements, equipment, infrastructure and construction-in-progress. Infrastructure assets are typically items that are immoveable, such as highways and bridges.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

December 31, 2010

(Unaudited)

The Authority has open commitments related to construction contracts totaling approximately \$1.6 billion as of December 31, 2010. This work relates to the Authority's \$7 billion capital program and will be completed over the next several years.

During 2010, the Authority recognized \$236 million in completed or substantially completed construction projects. Construction-in-progress increased by approximately \$847 million during 2010 which is consistent with the Authority's commitment to maintain and enhance the Turnpike System.

Debt Administration

The issuance of new bonds is conducted in accordance with the New Jersey Turnpike Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented and the Turnpike Revenue Bond Resolution adopted on August 20, 1991, as amended, restated and supplemented and approval of the Board of Commissioners.

During 2010, the Authority issued \$1.85 billion in new debt through the Series 2010 A Build America Bond issue. These bonds are designated as Federally Taxable, Issuer Subsidy Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009. The Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds.

On October 25, 2010, Standard & Poor's downgraded the credit rating of Assured Guaranty Municipal Corporation from AAA to AA+. Accordingly the Standard & Poor's ratings on the Authority's 2003C, 2005A, 2005B, 2005C and 2005D bonds were downgraded as well. These bonds are now rated Aa3/AA+/NR by Moody's Investor Services, Standard & Poor's and Fitch based upon the credit rating of the bond insurer. The Authority's 2009A, 2009C and 2009D bonds are rated Aa1/VMIG-1 and AA-1/A-1+ by Moody's Investor Services and Standard & Poor's, while the 2009B bonds are rated Aa3/VMIG-1 and AA-1/A-1+, all based upon the credit rating of the Letter of Credit provider. The underlying credit rating on all Authority outstanding bonds is A3/A+/A. On December 1, 2010, Moody's changed the Authority's rating outlook from stable to negative.

The above paragraphs describe the changes in capital assets and debt administration occurring during the fiscal year. Please refer to the capital assets and bonds payable sections in the notes to the financial statements for more detailed schedules of capital assets and long-term debt activity.

Contacting Authority's Financial Management

The purpose of this narrative and the attached exhibits was to assist the readers in obtaining a general overview of the Authority's business and finances. If you should have any questions about this report or need clarification on its contents, please contact the Chief Financial Officer of the New Jersey Turnpike Authority, P.O. Box 5042, Woodbridge, New Jersey 07095-5042.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Statement of Net Assets

December 31, 2010

ASSETS:

Current assets:

Cash	\$ 177,736,432
Restricted cash	5,994,403
Investments	365,718,443
Restricted investments	267,158,300
Receivables, net of allowance	49,853,751
Restricted receivables	105,800
Inventory	16,158,428
Due from State of New Jersey	1,741,958
Deposits	19,968,371
Prepaid expenses	4,710,318
Total current assets	<u>909,146,204</u>

Noncurrent assets:

Restricted investments	2,656,472,327
Capital assets, net of accumulated depreciation	5,754,564,589
Deferred financing costs, net	92,125,914
Interest rate swap assets	3,080,107
Total noncurrent assets	<u>8,506,242,937</u>

TOTAL ASSETS

9,415,389,141

DEFERRED OUTFLOWS:

Interest rate swaps	<u>154,654,119</u>
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TOTAL DEFERRED OUTFLOWS

154,654,119

LIABILITIES:

Current liabilities:

Accounts payable and accrued expenses	231,300,577
Funds held in trust	175,912,261
Due to State of New Jersey	3,439,322
Deposits	1,318,047
Accrued interest payable	149,184,948
Deferred revenue	3,644,113
Current portion of hybrid instrument borrowing	1,795,063
Current portion of other long-term liabilities	8,279,847
Current portion of bonds payable	108,830,000
Total current liabilities	<u>683,704,178</u>

Noncurrent liabilities:

Bonds payable, net	8,349,092,981
Hybrid instrument borrowing	21,164,892
Other long-term liabilities	84,559,444
Other postemployment benefits liability	161,133,290
Interest rate swap liabilities	154,654,119
Total noncurrent liabilities	<u>8,770,604,726</u>

TOTAL LIABILITIES

9,454,308,904

DEFERRED INFLOWS:

Interest rate swaps	<u>3,080,107</u>
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TOTAL DEFERRED INFLOWS

3,080,107

NET ASSETS:

Invested in capital assets, net of related debt	(110,436,851)
Restricted for debt service and charges	121,553,806
Unrestricted	101,537,294

TOTAL NET ASSETS

\$ 112,654,249

See accompanying notes to basic financial statements.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended December 31, 2010

Operating revenues:	
Toll revenue	\$ 952,166,438
E-ZPass fees	38,701,145
Concession revenue	33,804,710
Miscellaneous revenue	9,070,881
Total operating revenues	<u>1,033,743,174</u>
Operating expenses:	
Maintenance of roadway, buildings and equipment	146,724,621
Toll collection	164,475,253
State police and traffic control	74,208,126
Technology	19,845,555
Employee benefits	65,877,136
General administrative costs	25,466,927
Other postemployment benefits	68,071,400
Depreciation	119,412,401
Total operating expenses	<u>684,081,419</u>
Operating income	<u>349,661,755</u>
Nonoperating revenues (expenses):	
Build America Bonds subsidy	37,723,673
Contributions to the State of New Jersey	(102,301,000)
Interest expense, Turnpike Revenue Bonds	(211,202,397)
Other bond expenses	(4,238,054)
Change in fair value of investments	(9,075,781)
Investment income	1,505,071
Arts Center	3,007,805
Garden State Arts Foundation	469,952
Total nonoperating revenues (expenses), net	<u>(284,110,731)</u>
Change in net assets	65,551,024
Net assets – beginning of year, as restated (note 2 (q))	<u>47,103,225</u>
Net assets – end of year	<u><u>\$ 112,654,249</u></u>

See accompanying notes to basic financial statements.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Statement of Cash Flows

Year ended December 31, 2010

Cash flows from operating activities:	
Receipts from customers and patrons	\$ 1,017,190,892
Payments to suppliers	(251,465,785)
Payments to employees	(195,944,383)
Payments for self insured claims	(72,573,551)
Net cash provided by operating activities	<u>497,207,173</u>
Cash flows from noncapital financing activities:	
Contributions to State of New Jersey	(50,001,000)
Proceeds from Arts Center	3,007,805
Operating gain from Garden State Arts Foundation	469,952
Net cash used in noncapital financing activities	<u>(46,523,243)</u>
Cash flows from capital and related financing activities:	
Proceeds acquired from new capital debt	1,850,000,000
Purchases of capital assets	(844,074,964)
Principal paid on capital debt	(104,855,000)
Build America Bonds subsidy	37,723,673
Interest paid on capital debt	(202,736,684)
Payments for bond expenses	(16,655,397)
Net cash provided by capital and related financing activities	<u>719,401,628</u>
Cash flows from investing activities:	
Purchases of investments	(99,320,551,479)
Sales and maturities of investments	98,100,151,713
Interest received	12,601,592
Net cash used in investing activities	<u>(1,207,798,174)</u>
Net decrease in cash	(37,712,616)
Cash – beginning of year	<u>221,443,451</u>
Cash – end of year	<u>\$ 183,730,835</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 349,661,755
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	119,412,401
Changes in assets and liabilities:	
Receivables	(18,294,084)
Inventory	2,325,538
Other assets	373,231
Accounts payable and accrued expenses	(10,287,143)
Deferred revenue	1,148,954
Other liabilities	3,339,513
Other postemployment benefit liability	40,707,508
Pollution remediation liability	8,819,500
Net cash provided by operating activities	<u>\$ 497,207,173</u>

See accompanying notes to basic financial statements.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2010

(1) Organization

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, restated and supplemented (the Act). The Act authorizes the Authority to construct, maintain, repair, and operate the New Jersey Turnpike (the Turnpike System) projects 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 thereof.

On May 27, 2003, the Act was amended. The amendment empowered the Turnpike Authority, effective at 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 Authority has no stockholders or equity holders and all bond proceeds, revenues or other cash received must be applied for specific purposes in accordance with the provisions of the above Act and the Turnpike Revenue Bond Resolution of 1991 as amended, restated and supplemented (the Bond Resolution) for security of the bondholders. The Authority's board of commissioners is comprised of seven members, five appointed by the Governor with the advice and consent of the Senate, and two members appointed by the Governor, one upon the recommendation of the President of the Senate and one upon the recommendation of the Speaker of the General Assembly. The Commissioner of the New Jersey Department of Transportation serves ex officio. As of December 31, 2010 one commission seat was vacant.

The Act provides that the Governor shall have the right to veto any action of the Authority, and that the prior written approval of the Governor and either the State Treasurer or the Director of the Division of Budget and Accounting in the Department of the Treasury shall be obtained prior to adoption of any bond resolution or revision of tolls.

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes the criteria used in determining which organizations should be included in these financial statements. The GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, requires the inclusion of government organizations for which the Authority is financially accountable. Financial accountability is defined as 1) appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or 2) fiscal dependency on the primary government.

Based upon the application of these criteria, the Garden State Arts Foundation, Inc. (the Foundation) (see note 14) is included in the financial statements presented in accordance with accounting

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

December 31, 2010

principles generally accepted in the United States of America as a blended component unit. Additionally, the Authority is a component unit of the State of New Jersey, and its financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

(b) Basis of Accounting

The Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net assets, revenues and expenses are accounted for as an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

In its accounting and financial reporting, the Authority follows the pronouncements of the GASB. In addition, the Authority follows the pronouncements of all applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

(c) Capital Assets

Capitalization Policy

The cost to construct, acquire or replace an existing asset (or otherwise prolong the useful life of an existing asset) is capitalized under the Authority's capitalization policy. The capitalization threshold is \$50,000 and includes equipment valued over \$50,000 or any purchase related to a capital project whose project value exceeds \$50,000.

Capital assets are reported at cost, including all ancillary charges necessary to place the assets in their intended location and condition for use. If land is purchased, the capitalized amount includes the purchase price plus costs such as legal fees, filling, and excavation costs incurred to put the land in condition for its intended use. The capitalized amounts for building include both acquisition and capital improvement costs and net construction period interest.

An asset is deemed substantially complete when the structure or project is ready for the purpose for which it was constructed.

Depreciation Policy

Capital assets are depreciated using straight-line method over their estimated useful lives as follows:

Road bed	100 years
Road surface	5 – 10 years
Bridges:	
Bridges piers and abutments	75 years
Bridges deck	40 years
Bridge spans	40 years
Buildings and sound barriers	35 years
Equipment	3 – 15 years

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Notes to Financial Statements

December 31, 2010

(d) Investments

Investments are reported at fair value based on quoted market prices, except for time deposits and certificates of deposit, which are reported at cost plus accrued interest. All investment income, including changes in the fair value of investments, is reported as revenue, either as investment income or change in fair value of investments.

Authorized Investments

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:

- (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, FHLMC, FNMA, FHLB, 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 nonnegotiable 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;
- (v) Uncollateralized negotiable or nonnegotiable certificates of deposit issued by any bank, trust company or national banking association, the unsecured obligations of which are rated in one

NEW JERSEY TURNPIKE AUTHORITY
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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) 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 FDIC 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,
 - (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;

NEW JERSEY TURNPIKE AUTHORITY
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- (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.

(e) Inventories

Inventories are reported at average cost basis.

(f) Net Capitalized Interest

Net interest cost on funds borrowed to finance the construction or acquisition of certain capital assets, during the period of construction or acquisition, are capitalized and depreciated over the life of the related assets placed in service. The Authority capitalized net interest expense of \$128,252,890 during the year ended December 31, 2010.

(g) Bonds Payable

Bonds payable consist of the total amount of outstanding bonds less unamortized premiums, discounts and deferred gain (loss) on refunding.

(h) Deferred Financing Costs

Underwriters' premiums/discounts and bond issuance costs are deferred and amortized over the life of the debt in the accompanying financial statements using the bonds outstanding method.

(i) Compensated Absences

The Authority accrues employees' unused sick leave and vacation time to be used at a later date or paid in cash upon termination or retirement from the Authority. The liability for sick leave is based on application dates and limits vary based upon the employee's specific contract and effective dates. The liability for unused vacation is calculated based on years of service, and the terms of the relevant labor agreement. The liability for both amounts is calculated based on the pay and salary rates in effect at the statement of net assets date.

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(j) Funds Held in Trust

Included in the December 31, 2010 statement of net assets is approximately \$29.7 million for amounts retained from contractors and engineers and \$142.5 million received for E-ZPass tag deposits, prepayments, unallocated violations, and unearned tag revoke fees.

(k) Net Assets

Net assets are displayed in three components as follows:

Invested in capital assets, net of related debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, and then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(l) Toll Revenue

Revenues from tolls are recognized in the period earned. A schedule of tolls may not be finally adopted by the Authority without the prior written approval of the Governor and either the State Treasurer or the Director of the Division of Budget and Accounting in the Department of the Treasury. Pursuant to the provisions of the Bond Resolution, the Authority has covenanted to charge and collect such tolls as are required in order that in each calendar year net revenue shall at least equal the net revenue requirement under the aforementioned resolution.

(m) E-ZPass Fees

E-ZPass fees consists of the Authority's share of fees and charges generated from the operation of the New Jersey E-ZPass Customer Service Center. This Customer Service Center is currently operated on behalf of the New Jersey Turnpike Authority, South Jersey Transportation Authority, and Delaware River Port Authority by ACS State and Local Solutions, Inc. These fees and charges consist primarily of the \$1 monthly membership fee charged to New Jersey E-ZPass account holders, and the \$25 administrative fee collected from toll evaders, as well as parking fees, and credit card equity payments. In addition, other fees are charged to E-ZPass account holders for such items as lost and stolen transponders, bounced checks, and monthly statement delivery. Revenue is also generated from agreements with other agencies and leasing of the Authority's fiber optic network. For financial reporting purposes, fees and charges are recognized when earned for all but administrative fees which are recognized when received from the patrons.

(n) Classification of Revenues Over Expenses

The Authority has classified its revenues and expenses as either operating or nonoperating.

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December 31, 2010

Operating revenues include activities that have the characteristics of exchange transactions including tolls, E-ZPass fees, rental fees received from concessionaires, and miscellaneous operating revenues. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as the Build America Bonds subsidy.

Operating expenses include the costs of operating the toll roads, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition, including interest expense, are reported as nonoperating expenses.

(o) *Income Taxes*

The Authority is exempt from federal income taxes under the Internal Revenue Code Section 115 and from state income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for federal and state income taxes.

(p) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) *Restatement and Adoption of New Accounting Standard*

Restatement

During the 2010 audit, the Authority identified a cumulative error in the estimated useful life applied to its road bed capital assets as a result of a system conversion in a prior year. The error resulted in an overstatement of accumulated depreciation in previously issued financial statements. As a result, the net assets as of December 31, 2009 were restated by \$191,181,771. In addition, footnote 4 has been restated to correct for the error identified above as well.

Adoption of New Accounting Standard

The Authority adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of January 1, 2010, which provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. This adoption resulted in an adjustment to the Authority's opening net assets as included in the table below.

NEW JERSEY TURNPIKE AUTHORITY
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Notes to Financial Statements

December 31, 2010

Reconciliation of Net Assets:

	<u>Total net assets</u>
Net assets at December 31, 2009, as previously reported	\$ (115,559,236)
Adjustments:	
Restatement of accumulated depreciation	191,181,771
Adoption of new accounting standard	<u>(28,519,310)</u>
Total adjustments	<u>162,662,461</u>
Net assets at December 31, 2009, as restated and adjusted for new accounting standard	\$ <u>47,103,225</u>

(3) Deposits 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 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. According to management, the Authority is not in violation of any provisions of the Resolution's investment policies.

Deposits

The Authority's cash balance as of December 31, 2010 includes a book balance of \$183,730,835. The actual amount of cash on deposit in the Authority's bank accounts as of December 31, 2010 was \$159,153,875, of which \$158,651,233 was 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; and \$502,642 held by the Foundation, not subject to the provisions of the Bond Resolution, is uncollateralized.

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Investments

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Authority. All investment transactions are recorded on a transaction date basis. As of December 31, 2010, the Authority had the following cash and investments:

Investment type	Fair value	Investment maturities		
		Less than 1 year	1 -- 5 years	Over 5 years
Investments:				
Commercial paper	\$ 25,834,477	25,834,477	—	—
Repurchase agreements	156,255,349	156,255,349	—	—
Federal Home Loan Bank (FHLB)	183,628,617	183,628,617	—	—
Total investments	365,718,443	365,718,443	—	—
Investments held by trustee:				
Certificates of Deposit	\$ 407,726,221	—	407,726,221	—
New Jersey cash management fund	60,802,268	60,802,268	—	—
U.S. Treasury -- state and local Government Series	12,279,327	12,279,327	—	—
FHLB	91,694,829	91,694,829	—	—
Federal Home Loan Mortgage Corporation (FHLMC)	102,281,153	102,281,153	—	—
Federal National Mortgage Association (FNMA)	100,999	100,999	—	—
Total investments held by trustee	674,884,797	267,158,576	407,726,221	—
Investments held by Authority:				
Certificates of Deposit	\$ 24,496,352	24,496,352	—	—
Commercial Paper	72,399,185	72,399,185	—	—
Repurchase Agreements	665,527,221	665,527,221	—	—
New Jersey cash management fund	155,707,560	155,707,560	—	—
Variable rate demand bonds	91,191,840	6,921,840	18,400,000	65,870,000
U.S. Treasury -- state and local Government Series	1,067,866,941	1,067,866,941	—	—
FHLB	108,812,814	108,812,814	—	—
FHLMC	100,294,375	100,294,375	—	—
Total investments held by Authority	2,286,296,288	2,202,026,288	18,400,000	65,870,000
Investment derivative instruments	(37,550,458)	—	—	(37,550,458)
Total investments	\$ 3,289,349,070	2,834,903,307	426,126,221	28,319,542

Note: Table includes \$1,999,910 of accrued interest on investments for the year ended December 31, 2010.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's Bond Resolution sets maximum maturity limits for investments and requires that investment maturities are matched to the Authority's liquidity needs.

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Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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. The New Jersey cash management fund is a common trust fund administered by the State of New Jersey Department of the Treasury, Division of Investment and is an unrated investment. As of December 31, 2010, the Authority's investment quality ratings as rated by Standard & Poor's and Moody's were as follows:

		Standard & Poor's/Moody's ratings								Totals
		AAA/AAA	AAA/Aaa	AAA/Aa1	AA/Aa2	A/Aa3	A/A3	A1/P-1	A/A2	
Commercial	\$	—	—	—	—	—	—	98,233,662	—	98,233,662
Paper										
Repurchase		—	—	—	—	—	821,782,570	—	—	821,782,570
Agreements										
Variable rate										
demand bonds		—	6,636,840	5,655,000	35,300,000	21,600,000	—	—	22,000,000	91,191,840
U.S. Treasury –										
state and local										
Government										
Series		1,080,146,268	—	—	—	—	—	—	—	1,080,146,268
FHLB		384,136,260	—	—	—	—	—	—	—	384,136,260
FHLMC		202,575,528	—	—	—	—	—	—	—	202,575,528
FNMA		100,999	—	—	—	—	—	—	—	100,999
	\$	<u>1,666,959,055</u>	<u>6,636,840</u>	<u>5,655,000</u>	<u>35,300,000</u>	<u>21,600,000</u>	<u>821,782,570</u>	<u>98,233,662</u>	<u>22,000,000</u>	<u>2,678,167,127</u>

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. As of December 31, 2010, 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 fair value not less than the amount of such moneys.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer that exceeds 5% or more of its total investments. The Authority does not place a formal limit on the amount that it may invest in any one issuer. More than 5% of the Authority's investments are in FHLB, FHLMC and repurchase agreements. These investments are 12%, 6% and 25% respectively, of the Authority's total investments.

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Restricted Investments

The following summarizes restricted cash and investments as of December 31, 2010 by the Bond Resolution:

	<u>Amount</u>
Construction	\$ 2,291,723,011
Charges	932,617
Debt Service	266,793,363
Debt Reserve	407,726,221
Total	<u>\$ 2,967,175,212</u>

(4) Capital Assets

A summary of changes in the capital assets is as follows:

<u>Classification</u>	<u>December 31, 2009 (as restated)</u>	<u>Additions</u>	<u>Retirements/ transfers</u>	<u>December 31, 2010</u>
Nondepreciable capital assets:				
Land	\$ 681,315,198	36,899,104	—	718,214,302
Construction-in-progress	662,412,230	846,966,427	(236,262,928)	1,273,115,729
Total nondepreciable capital assets	<u>1,343,727,428</u>	<u>883,865,531</u>	<u>(236,262,928)</u>	<u>1,991,330,031</u>
Depreciable capital assets:				
Road bed	2,408,676,422	93,633,588	—	2,502,310,010
Road surface	420,486,589	62,607,165	—	483,093,754
Bridges	1,782,376,881	38,812,136	—	1,821,189,017
Buildings and sound barriers	478,272,712	6,690,705	—	484,963,417
Equipment	608,770,372	34,519,331	—	643,289,703
Total depreciable capital assets	<u>5,698,582,976</u>	<u>236,262,925</u>	<u>—</u>	<u>5,934,845,901</u>
Total capital assets	<u>7,042,310,404</u>	<u>1,120,128,456</u>	<u>(236,262,928)</u>	<u>7,926,175,932</u>
Less accumulated depreciation:				
Road bed	(564,903,522)	(24,112,550)	—	(589,016,072)
Road surface	(332,988,595)	(11,588,966)	—	(344,577,561)
Bridges	(755,333,426)	(36,432,726)	—	(791,766,152)
Buildings and sound barriers	(221,144,904)	(12,800,630)	—	(233,945,534)
Equipment	(177,828,495)	(34,477,529)	—	(212,306,024)
Total accumulated depreciation	<u>(2,052,198,942)</u>	<u>(119,412,401)</u>	<u>—</u>	<u>(2,171,611,343)</u>
Capital assets, net	<u>\$ 4,990,111,462</u>	<u>1,000,716,055</u>	<u>(236,262,928)</u>	<u>5,754,564,589</u>

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(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of December 31, 2010:

Vendors	\$ 217,146,162
Accrued salaries and benefits	12,728,808
Other accrued expenses	1,425,607
Total	\$ 231,300,577

(6) Bond Indebtedness

As of December 31, 2010, bond indebtedness consisted of the following:

	Interest rate	Maturity	December 31, 2010
Turnpike Revenue Bonds:			
Series 1991 C, subject to mandatory redemption Jan. 1, 2016	6.50%	Jan. 1, 2016	\$ 102,650,000
Series 1991 D, subject to mandatory redemption Jan. 1, 2017 and Jan. 1, 2018 and optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	Variable (0.33% at Dec. 31, 2010)	Jan. 1, 2018	371,000,000
Series 1992 B, Capital appreciation bonds, not subject to redemption prior to maturity	6.70%	Jan. 1, 2011 through 2012	10,455,588
Series 2000 A, subject to optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	5.10% to 6.00%	Jan. 1, 2013	124,555,000
Series 2000 B-G, subject to mandatory redemption Jan. 1, 2021 and Jan. 1, 2030 and optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	Variable rate not to exceed 10.00% (0.595% to 0.84% at Dec. 31, 2010)	Jan. 1, 2030	400,000,000
Series 2003 A, subject to optional redemption prior to maturity on/after July 1, 2013 in whole or part at redemption price of 100% plus accrued interest	4.759% to 5.0%	Jan. 1, 2019 through Jan. 1, 2030	788,815,000
Series 2003 B (Federally Taxable), not subject to redemption	1.15% to 3.14%	Jan. 1, 2004 through Jan. 1, 2016	609,520,000
Series 2003 C, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions Jan. 1, 2022 and Jan. 1, 2023	Variable (0.39% at Dec. 31, 2010)	Jan. 1, 2024	500,000,000
Series 2004 B, Growth and Income Securities term bond with sinking fund redemption Jan. 1, 2031 through Jan. 1, 2035, subject to optional redemption on/after Jan. 1, 2017 equal to 100% of accreted value plus accrued interest	5.15%	Jan. 1, 2035	134,152,038
Series 2004 C-1, subject to optional redemption prior to maturity Jan. 1, 2010 or any day thereafter, at par plus accrued interest	4.50%	Jan. 1, 2035	154,270,000

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	Interest rate	Maturity	December 31, 2010
Turnpike Revenue Bonds, continued:			
Series 2004 C-2, not subject to redemption	5.50%	Jan. 1, 2025	\$ 132,850,000
Series 2005 A, subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price plus of 100% plus accrued interest	5.00%	Jan. 1, 2019 through Jan. 1, 2025	
Not subject to optional redemption prior to maturity	5.25%	Jan. 1, 2026 through Jan. 1, 2030	409,180,000
Series 2005 B (Federally Taxable), not subject to optional redemption prior to maturity	4.81%	Jan. 1, 2019	32,500,000
Series 2005 C, subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price of 100% plus accrued interest, subject to mandatory redemptions between Jan. 1, 2026 and Jan. 1, 2030	5.00%	Jan. 1, 2030	
Subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price of 100% of accrued interest, subject to mandatory redemptions between Jan. 1, 2031 and Jan. 1, 2035	5.00%	Jan. 1, 2035	95,880,000
Series 2005 D1-D4, (Federally Taxable Converting to Tax-Exempt) convertible to tax-exempt on Jan. 1, 2009 through Jan. 1, 2013, not subject to optional redemption	5.25%	Jan. 1, 2026	208,735,000
Series 2009 A, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable (0.34% at Dec. 31, 2010)	Jan. 1, 2024	92,500,000
Series 2009 B, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable (0.27% at Dec. 31, 2010)	Jan. 1, 2024	50,000,000
Series 2009 C, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable (0.31% at Dec. 31, 2010)	Jan. 1, 2024	43,750,000
Series 2009 D, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable (0.27% at Dec. 31, 2010)	Jan. 1, 2024	43,750,000

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	Interest rate	Maturity	December 31, 2010
Turnpike Revenue Bonds, continued:			
Series 2009 E, subject to optional redemption prior to maturity on/after Jan. 1, 2014 in whole or in part	5.00%	Jan. 1, 2028	
Subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or in part	5.25%	Jan. 1, 2040	\$ 375,000,000
Series 2009 F, Term Bond, Federally Taxable – Issuer Subsidy – Build America Bonds, subject to redemption prior to maturity at make-whole redemption price, subject to mandatory redemption on Jan. 1, 2037 through Jan. 1, 2040	7.414%	Jan. 1, 2040	1,375,000,000
Series 2009 G, not subject to redemption prior to maturity	5.00%	Jan. 1, 2017 and Jan. 1, 2018	34,770,000
Series 2009 H, subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or part at redemption price plus 100% accrued interest	5.00% and 4.25%	Jan. 1, 2020 through Jan. 1, 2024 and Jan. 1, 2036	306,170,000
Series 2009 I, subject to optional redemption prior to maturity on/after Jan. 1, 2020 in whole or part at redemption price plus 100% accrued interest			
Subject to optional redemption prior to maturity on/after Jan. 1, 2020 in whole or part at redemption price plus 100% accrued interest, subject to mandatory redemption on Jan. 1, 2032 through Jan. 1, 2035	5.00%	Jan. 1, 2031	
	5.00%	Jan. 1, 2035	178,005,000
Series 2010 A, Federally Taxable – Issuer Subsidy Build America Bonds, subject to optional redemption prior to maturity at make-whole redemption price. Subject to mandatory redemption on Jan. 1, 2035 through Jan. 1, 2041	7.102%	Jan. 1, 2041	1,850,000,000
			<u>8,423,507,626</u>
Additions and deductions for unamortized:			
Bond premium			88,839,794
Bond discount			(15,210,828)
Deferred bond refunding costs			(39,213,611)
			<u>34,415,355</u>
			<u>\$ 8,457,922,981</u>

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Bond Insurance

For the Series 1991 D bonds maturing in 2018, Series 1992 B bonds, Series 2000 A (other than the January 1, 2027 maturity), Series 2000 B-G, Series 2003 A-C, Series 2004 B-C and Series 2005 A-D principal and interest payments are insured on the stated maturity and interest payment dates through municipal bond insurance which totaled \$3,470,338,168 as of December 31, 2010.

In accordance with the Bond Resolution, the Authority, to meet the Debt Reserve Requirement 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, 2010 the Authority maintained debt reserve insurance policies to meet this requirement with a payment limit of \$348,903,213. The Authority also maintains investments with a fair market value of \$406,168,240 as of December 31, 2010 to meet the Debt Reserve Requirement.

Capital Appreciation Bonds

The Series 1992 B bonds, which are capital appreciation bonds, were originally issued in the amount of \$30,016,972, and are reported, net of repayments, at their accreted value of \$10,455,588 as of December 31, 2010 and mature annually from January 1, 2000 through January 1, 2012 at accreted values aggregating \$70,200,159.

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 \$134,152,038 as of December 31, 2010. The Series 2004 B bonds are subject to mandatory redemption on January 1, 2031 through January 1, 2035 at 100% of the principal amount plus accrued interest. The bonds are not subject to optional redemption prior to maturity.

Series 2000 B-G 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 or thirty-five 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 2000 B-G bonds is January 1, 2030.

Build America Bonds

The Series 2009 F bonds are designated as Federally Taxable, Issuer Subsidy Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009. The Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These cash payments constitute pledged revenues under the Authority's bond resolution. The Series 2009 F bonds are subject to redemption prior to maturity at the make-whole redemption price which is equal to the greater of (i) 100% of the principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 50 basis points, plus accrued and unpaid interest. The

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bonds are also subject to redemption prior to their maturity at the option of the Authority upon a material adverse change to Section 54AA or 6431 of the Internal Revenue Code of 1986 pursuant to which the Authority's 35% cash subsidy payment is reduced or eliminated. In this case the redemption price is equal to the greater of (i) 100% of principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 100 basis points, plus accrued and unpaid interest. The Series 2009 F bonds are subject to mandatory redemption on January 1, 2037 through January 1, 2040 at 100% of the principal amount plus accrued interest.

The Series 2010 A bonds are designated as Federally Taxable, Issuer Subsidy Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009. The Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These cash payments constitute Pledged Revenues under the Authority's bond resolution. The Series 2010 A bonds are subject to redemption prior to maturity at the make-whole redemption price which is equal to the greater of (i) 100% of the principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 40 basis points, plus accrued and unpaid interest. The bonds are also subject to redemption prior to their maturity at the option of the Authority upon a material adverse change to Section 54AA or 6431 of the Internal Revenue Code of 1986 pursuant to which the Authority's 35% cash subsidy payment is reduced or eliminated. In this case the redemption price is equal to the greater of (i) 100% of principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 100 basis points, plus accrued and unpaid interest. The Series 2010 A bonds are subject to mandatory redemption on January 1, 2035 through January 1, 2041 at 100% of the principal amount plus accrued interest.

Security

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.

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Future Payments of Debt Service

The following table sets forth as of December 31, 2010, 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. Interest on variable-rate debt and interest rate swaps in the following table is based upon the variable-rate as of December 31, 2010.

	<u>Principal</u>	<u>Interest</u>	<u>Hedging interest rate swaps, net</u>	<u>Total</u>
December 31, 2010:				
2011	\$ 108,830,000	412,030,679	44,175,798	565,036,477
2012	119,950,588	406,652,754	44,175,798	570,779,140
2013	132,975,000	400,841,682	44,175,798	577,992,480
2014	148,565,000	394,585,660	44,175,798	587,326,458
2015	164,205,000	396,288,883	44,175,798	604,669,681
2016 – 2020	1,077,905,000	1,889,619,145	141,289,791	3,108,813,936
2021 – 2025	1,474,380,000	1,715,842,546	34,805,470	3,225,028,016
2026 – 2030	1,026,065,000	1,495,437,042	—	2,521,502,042
2031 – 2035	704,250,038	1,378,033,052	—	2,082,283,090
2036 – 2040	3,466,382,000	660,589,379	—	4,126,971,379
	<u>\$ 8,423,507,626</u>	<u>9,149,920,822</u>	<u>396,974,251</u>	<u>17,970,402,699</u>

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Interest Expense

Interest expense was comprised of the following:

	Year ended December 31, 2010
Turnpike Revenue Bonds, Series 1991 C	\$ 6,672,250
Turnpike Revenue Bonds, Series 1991 D	23,364,154
Turnpike Revenue Bonds, Series 1992B	666,846
Turnpike Revenue Bonds, Series 2000 A	7,413,100
Turnpike Revenue Bonds, Series 2000 B – G	2,340,576
Turnpike Revenue Bonds, Series 2003 A	39,223,563
Turnpike Revenue Bonds, Series 2003 B	25,916,790
Turnpike Revenue Bonds, Series 2003 C	17,171,592
Turnpike Revenue Bonds, Series 2004B	6,651,359
Turnpike Revenue Bonds, Series 2004 C	14,880,100
Turnpike Revenue Bonds, Series 2005 A	20,893,125
Turnpike Revenue Bonds, Series 2005 B	1,563,250
Turnpike Revenue Bonds, Series 2005 C	4,794,000
Turnpike Revenue Bonds, Series 2005 D	10,526,882
Turnpike Revenue Bonds, Series 2009 A	2,177,668
Turnpike Revenue Bonds, Series 2009 B	1,275,564
Turnpike Revenue Bonds, Series 2009 C	1,113,948
Turnpike Revenue Bonds, Series 2009 D	1,113,185
Turnpike Revenue Bonds, Series 2009 E	19,500,000
Turnpike Revenue Bonds, Series 2009 F	101,942,500
Turnpike Revenue Bonds, Series 2009 G	1,738,500
Turnpike Revenue Bonds, Series 2009 H	15,193,375
Turnpike Revenue Bonds, Series 2009 I	8,900,250
Turnpike Revenue Bonds, Series 2010 A	5,839,422
	<u>340,871,999</u>
Less interest expense capitalized to projects	<u>(129,669,602)</u>
Net interest expense	<u>\$ 211,202,397</u>

During 2010, the Authority paid interest expense on the 1991 D bonds which exceeded the fixed rate on the corresponding swaps. As municipal bond insurers were downgraded in 2008, 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 7), 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. The variable

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payments made by the counterparties for the 2000 B-G, the 2003 C 1-3 and the 2009 A-D bonds were at or above the amounts paid to bondholders in 2010.

Defeased Bonds

As of December 31, 2010, the Authority has approximately \$1,313,004,400 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.

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2010 financial statements are as follows (amounts in thousands; debit (credit)):

	Changes in Fair Value for year ended December 31, 2010		Fair Value as of December 31, 2010		Notional
	Classification	Amount	Classification	Amount	
Cash flow hedges:					
Pay-fixed, receive-variable interest rate swaps	Deferred outflow	\$ 17,652	Interest rate swap liabilities	\$ (154,654)	871,000
Pay-fixed receive-variable interest rate swaps ⁽¹⁾	Deferred inflow	\$ 10,228	Interest rate swap assets	\$ 3,080	225,000
Investment derivatives:					
Pay-fixed, receive-variable interest rate swaps	Change in fair value of investments	\$ 13,127	Restricted investments	\$ (56,186)	400,000
Interest rate basis swap	Change in fair value of investments	\$ (4,096)	Restricted investments	\$ 18,635	371,000

⁽¹⁾ Represents the fair value of at-the-market interest rate swaps from hybrid instruments (see page 35).

The fair values of the interest rate 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 anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

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Objective and Terms of Derivative Instruments

The following table displays the objective and terms of the Authority's derivative instruments outstanding as of December 31, 2010, along with the credit rating of the associated counterparty (amounts in thousands):

Type	Objective	Notional amount	Effective date	Maturity date	Terms	Counterparty credit rating
Hedging derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 1991 Series D bonds	\$ 371,000	Dec. 18, 1991	Jan. 1, 2018	Pay 6.19%, receive 65% of LIBOR	A3/BBB/A-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2003 Series C-1 bonds	225,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	Aa3/A+/A+
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2003 Series C-2 bonds	225,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2003 Series C-3 bonds	50,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A1/A+/A+
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2009 Series A bonds	87,500	Feb. 12, 2009	Jan. 1, 2024	Pay 3.114%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2009 Series B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Aa3/AA-/AA-

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Type	Objective	Notional amount	Effective date	Maturity date	Terms	Counterparty credit rating
Hedging derivative instruments, continued:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2009 Series C bonds	\$ 43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2009 Series D bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Aa3/AA-/AA-
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2000 Series B-G bonds	240,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the 2000 Series B-G bonds	160,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa3/A+/A+
Interest rate basis swap	Manage cash flows with changes in interest rates	371,000	Jan. 1, 2007	Jan. 1, 2018	Pay SIFMA, receive 86.815% BMA CMS	A2/A/A

Risks

Credit risk: The Authority is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Authority's policy to require counterparty collateral posting provisions in its derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below BBB- as issued by Standard & Poor's or Baa3 as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. All of the Authority's derivative investments provide for the netting of the value of asset and liability positions with the same counterparty upon termination.

The aggregate fair value of derivative instruments in asset positions, excluding the fair value of at-the-market interest rate swaps from hybrid instruments, as of December 31, 2010, was \$18,635,125. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. This loss assumes, however, that collateral was not posted at the time the counterparties failed to perform and does not consider the effect of netting provisions. The Authority has no net credit risk exposure after consideration of collateral posted and netting arrangements.

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Although the Authority executes derivative instruments with various counterparties, one contract, comprising 100 percent of the net exposure to credit risk, is held with one counterparty. That counterparty is rated A2/A/A.

Basis risk: The Authority is exposed to basis risk on its pay-fixed, receive-variable interest rate swaps because the variable-rate payments received by the Authority on these hedging derivative instruments generally are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is remarketed every 7 days, or in the case of its Auction Rate Securities, every 7 or 35 days. As of December 31, 2010, the weighted-average interest rate on the Authority's hedged variable-rate debt is .35 percent, while 63 percent of LIBOR plus 20 basis points is .36 percent and 65 percent of LIBOR is .17 percent.

Termination risk: The Authority or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. If at the time of termination, a hedging derivative instrument is in a liability position, the Authority would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Contingencies

All of the Authority's derivative instruments include provisions that require the Authority to post collateral in the event its credit rating falls below BBB as issued by Standard & Poor's or Baa2 as issued by Moody's Investors Service. The \$500,000,000 notional value swaps that hedge the 2003C bonds require collateral posting only if the insured bonds rating falls below A as issued by Standard & Poor's or A2 by Moody's. The collateral posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions. If the Authority does not post collateral, the derivative instrument may be terminated by the counterparty. At December 31, 2010, the aggregate fair value of all derivative instruments with these collateral posting provisions, excluding the fair value of at-the-market interest rate swaps from hybrid instruments, is approximately \$211,389,000. If the collateral posting requirements were triggered at December 31, 2010, the Authority would be required to post \$230,024,000 in collateral to its counterparties. The Authority's credit rating is A+/A3; therefore, no collateral has been posted at December 31, 2010.

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Hybrid Instrument Borrowings

The interest rate swaps hedging the Series 2009A, B, C, and D bonds include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings with an aggregate original amount of \$24,518,748 reflecting the fair value of the instrument at its execution and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the year ended December 31, 2010 was as follows:

	December 31, 2009	Additions	Reductions	December 31, 2010	Current portion
Hybrid Instrument Borrowings:					
Series 2009 A	\$ 8,596,560	—	549,017	8,047,543	631,788
Series 2009 B	5,775,192	—	365,404	5,409,788	421,103
Series 2009 C	5,069,471	—	321,709	4,747,762	370,577
Series 2009 D	5,077,525	—	322,663	4,754,862	371,595
	<u>\$ 24,518,748</u>	<u>—</u>	<u>1,558,793</u>	<u>22,959,955</u>	<u>1,795,063</u>

The following table sets forth as of December 31, 2010, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

	Principal	Interest	Total
December 31, 2010:			
2011	\$ 1,795,063	610,187	2,405,250
2012	1,842,765	562,485	2,405,250
2013	1,891,736	513,515	2,405,251
2014	1,942,009	463,242	2,405,251
2015	1,993,617	411,633	2,405,250
2016 – 2020	10,791,554	1,234,693	12,026,247
2021 – 2025	2,703,211	123,459	2,826,670
	<u>\$ 22,959,955</u>	<u>3,919,214</u>	<u>26,879,169</u>

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(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 2010 as follows:

	<u>2010</u>
(i)	
Net revenue available for Debt Service	\$ 605,942,997
Less net revenue requirements computed under test: (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)	<u>(460,780,088)</u>
Excess net revenue	<u>\$ 145,162,909</u>
(ii)	
Net revenue available for Debt Service	\$ 605,942,997
Less net revenue requirements computed under test: (120% x aggregate debt service requirements of \$365,947,087)	<u>(439,136,506)</u>
Excess net revenue	<u>\$ 166,806,491</u>

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.66 in 2010.

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(9) Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	December 31, 2009	Additions	Reductions	December 31, 2010	Current portion
Bonds payable, net	\$ 6,714,382,096	1,857,318,205	(113,777,320)	8,457,922,981	108,830,000
Pollution remediation liability	24,656,500	12,294,000	(3,474,500)	33,476,000	3,396,000
Self insurance	38,603,000	—	(9,516,665)	29,086,335	—
Arbitrage liability	6,698,622	—	(3,289,090)	3,409,532	—
Other liabilities	2,121,077	—	(68,206)	2,052,871	—
Compensated absences	25,706,115	24,389,178	(25,280,740)	24,814,553	4,883,847
Total	<u>\$ 6,812,167,410</u>	<u>1,894,001,383</u>	<u>(155,406,521)</u>	<u>8,550,762,272</u>	<u>117,109,847</u>

(10) Pollution Remediation Obligations

The Authority accounts for its pollution remediation obligations (PRO) in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. As a result, the Authority has recorded in the statement of net assets a PRO liability in the amount of \$33,476,000 as of December 31, 2010. The Authority's PRO liability is measured based on the expected costs of future activities, estimating a reasonable range of potential outlays and multiplying those outlays by their probability of occurring. The estimate of the liability does not include cost components that are not yet reasonably measurable.

The Authority owns numerous properties with environmental issues that meet the criteria for "obligating events" and disclosure under GASB Statement No. 49. The matters relate to soil and groundwater contamination at various facilities along the New Jersey Turnpike and Garden State Parkway including maintenance districts, toll facilities, service areas and other Authority owned facilities. The following table summarizes the Authority's expected outlays and payments:

	PRO at December 31, 2010
Maintenance districts	\$ 565,000
Toll facilities	205,000
Service areas	20,373,000
Other facilities	<u>12,333,000</u>
Liability for pollution obligations remediation	<u>\$ 33,476,000</u>

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(11) Pension and Deferred Compensation

Permanent full-time employees of the Authority are covered by the Public Employees' 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 approximately \$166,000,000 for the year ended December 31, 2010. The Authority's total payroll for the year ended December 31, 2010 was approximately \$196,000,000.

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.

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 requirements for the years ended December 31, 2010, 2009 and 2008 were \$23,320,700, \$22,059,100 and \$18,598,800, respectively. This consisted of employees' contributions of \$9,151,700, \$9,068,500 and \$8,905,900 and employer's contributions of \$14,169,000, \$12,990,600 and \$9,692,900 for the years ended December 31, 2010, 2009 and 2008, respectively. The percentage of employee's contribution rate as a percentage of covered payroll was 5.5% for 2010.

The Division of Pensions and Benefits issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to:

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

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.

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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.

(12) Other Postemployment Benefits

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 single-employer, self-funded health plan administered by third party claims administrators. All active employees who retire from the New Jersey Turnpike Authority and meet the eligibility criteria will receive these benefits. The plan does not issue a stand-alone report.

The Authority currently funds the cost to provide postemployment benefits on a pay-as-you-go basis. For the fiscal year ending December 31, 2010, approximately 174 retirees contributed to their healthcare cost into the Authority's Indemnity program, in accordance with the provisions of agreements in effect at the time of their retirement.

The Authority establishes and has the power to amend benefits and contribution obligations, subject to collective bargaining agreements.

As required by the accounting standards of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, the Authority must report costs associated with "other postemployment benefits" (OPEB). OPEB costs are actuarially calculated based on benefits that current and retired employees have accrued as a result of years of service. The Standard sets the method for determining the Authority's postemployment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and an amortizing of the unfunded actuarial accrued liability over a period not to exceed thirty years. The amortization costs for the initial unfunded actuarial accrued liability is a level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 3% per year.

The following table shows the components of the Authority's annual OPEB cost as of December 31, 2010:

	Amount (In thousands)
Annual required contribution (ARC)	\$ 68,071
Interest on net OPEB obligation	4,840
Adjustment to annual required contribution	(4,840)
Total annual OPEB cost (AOC)	68,071
Contributions made	27,363
Increase in net OPEB obligation	40,708
Net OPEB obligation, beginning of year	120,425
Net OPEB obligation, end of year	<u><u>\$ 161,133</u></u>

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The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (NOO) for fiscal years ending December 31, 2010, 2009 and 2008, respectively, were as follows:

<u>Fiscal year ending</u>	<u>Annual OPEB cost (In thousands)</u>	<u>Percentage of annual OPEB cost contributed*</u>	<u>Net OPEB obligation (In thousands)</u>
December 31, 2010	\$ 68,071	40.2%	\$ 161,133
December 31, 2009	68,071	35.8	120,425
December 31, 2008	61,937	38.1	76,730

* Based on expected benefit payments plus Retiree Drug Subsidy for the applicable fiscal year end.

At January 1, 2009, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately \$983 million, based on certain actuarial methods and assumptions. Since this liability has not been pre-funded as of the valuation date, the unfunded actuarial accrued liability (UAAL) was \$983 million. The AAL represents approximately 76% of the present value of all projected benefits.

The covered payroll (annual payroll of active employees covered by the plan) was \$134.6 million, and the ratio of the UAAL to covered payroll was 730%.

The actuarial valuation date is January 1, 2009. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the most recent actuarial valuation dated January 1, 2009, the projected unit credit cost method was used as the actuarial cost method. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 13% medical and grading down to an ultimate rate of 5% effective 2020 and thereafter. The amortization method used was the level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 3% per year.

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The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information as of January 1, 2009 and whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Healthcare reform was enacted in March 2010. The actuarial liability included in the most recent actuarial valuation does not include the impact of healthcare reform on the Authority's OPEB plan, which is estimated to be an increase in the AAL of approximately \$100 million

(13) Risk Management and 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-funded 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. The Authority self-funds its workers' compensation program and contracts with a TPA (third party administrator), currently Inservco Insurance Services, for claims administration. The Authority also maintains Excess Workers' Compensation coverage, with the current carrier, Arch Insurance Company, which insures and provides for reimbursement to the Authority of all statutory expenses incurred in excess of the SIR (self-insured retention level) of \$750,000 per occurrence.

The Umbrella Liability Insurance includes a self-insured retention of \$2,000,000 per occurrence for automobile liability and police professional liability and \$3,000,000 General Aggregate annually for general liability occurrences. The New Jersey Turnpike's Major Bridge/Property Insurance coverages provide insurance for its operations and are subject to a deductible of \$2,000,000 per occurrence for bridge property 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 lower sub-deductibles on All Other property 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 and Employment Practices Liability, Crime Insurance, and Owner Controlled Insurance Programs for constructions projects all contain proportional ranges of self-insured retentions and/or deductibles.

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The Authority also has awarded two (2) Owner Controlled Insurance Programs (OCIPs). One OCIP provides various coverages for the Authority and outside contractors, subcontractors, consultants and subconsultants in connection with the Authority's Turnpike Interchange 6-9 Widening Program. The other OCIP provides various coverages for the Authority and outside contractors, subcontractors, consultants and subconsultants in connection with other construction projects on the Turnpike and Garden State Parkway. The deductible or self insured retention for the general liability and workers compensation coverages for each program is \$500,000. The OCIPs also provide other insurance coverage for the benefit of the Authority and its contractors, subcontractors, consultants and subconsultants. Both OCIPs afford 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 claims related to the various construction contracts.

Claim liabilities are recorded when it is probable that a loss occurred and the amount of that loss can be reasonably estimated. The liabilities include a provision for case reserves as well as incurred but not reported and future development of known cases. The following tables present the changes in claims liabilities for the years ended December 31, 2010 and 2009:

	December 31, 2009	Change in estimate	Payments	December 31, 2010
General liability	\$ 6,880,000	(3,126,914)	(504,338)	3,248,748
Auto liability	1,353,000	(161,207)	(89,640)	1,102,153
Workers' compensation	30,370,000	317,218	(5,951,784)	24,735,434
Total	\$ 38,603,000	(2,970,903)	(6,545,762)	29,086,335

	December 31, 2008	Change in estimate	Payments	December 31, 2009
General liability	\$ 5,986,000	898,852	(4,852)	6,880,000
Auto liability	881,000	569,905	(97,905)	1,353,000
Workers' compensation	23,473,000	11,717,772	(4,820,772)	30,370,000
Total	\$ 30,340,000	13,186,529	(4,923,529)	38,603,000

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(14) Blended Component Unit – Garden State Arts Foundation, Inc.

The Garden State Arts Foundation, Inc. (formerly known as the Garden State Arts Center Foundation) was established in 1984 pursuant to the provisions of Title 15A, Corporations-Non-Profit, of the New Jersey State Statutes. The purpose of the Foundation is to receive contributions from the public or other entities, engage in such fundraising activities as the Trustees deem appropriate, fund and administer an annual scholarship program to provide scholarships to students pursuing an undergraduate degree with a performing arts concentration at four-year New Jersey colleges and universities, support the study of performing arts in New Jersey and support the educational and charitable activities of the Garden State Cultural Center (the GSCC) of the New Jersey Turnpike Authority. The GSCC provides free entertainment at the Authority's Art Center and various outreach locations throughout the State of New Jersey for New Jersey's senior citizens, school children, and other deserving residents. The Foundation's trustees include the Commissioners of the New Jersey Turnpike Authority. The Foundation is qualified as a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code.

The condensed statement of net assets and statement of revenues, expenses, and changes in net assets of the Foundation for the year ended December 31, 2010 is as follows:

Statement of Net Assets	
Assets	December 31, 2010
Current assets:	
Cash	\$ 830,511
Accounts receivable	105,800
Total assets	<u>936,311</u>
Liabilities	
Liabilities:	
Accounts payable and accrued expenses	1,447
Total liabilities	<u>1,447</u>
Net Assets	
Net assets:	
Unrestricted	934,864
Total net assets	<u>\$ 934,864</u>

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Statement of Revenues, Expenses, and Changes in Net Assets

	<u>Year ended December 31, 2010</u>
Operating revenues:	
Contributions	\$ 445,025
Fund raising events (net of direct benefits costs of \$23,144)	<u>50,292</u>
Total operating revenues	<u>495,317</u>
Operating expenses:	
Thomas H. Kean Scholarship Fund	25,000
Other operating expenses	<u>1,547</u>
Total operating expenses	<u>26,547</u>
Operating income	468,770
Nonoperating revenues (expenses):	
Interest income	1,182
Payments to the Authority	<u>(460,000)</u>
Change in net assets	9,952
Net assets, beginning of year	<u>924,912</u>
Net assets, end of year	<u>\$ 934,864</u>

(15) Litigation

The Authority is a party to various legal actions and regulatory reviews arising in the ordinary course of its operations (including investigations and remediation of existing and projected action level environmental conditions). While it is not feasible to predict the ultimate outcome of these actions and reviews, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the Authority's financial statements and sufficient funds are expected to be available to satisfy any payments required in connection therewith.

The Authority is a defendant in several lawsuits arising from its operations and is contract with the New Jersey State Police for provision of police services on the Turnpike. The contract includes 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 beyond the scope of employment. The Authority believes, if any, not covered by insurance, would not materially affect the financial condition of the Authority.

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In May 2005, the New Jersey Department of Environmental Protection (NJDEP) instituted litigation against three firms which had generated chromium ore processing residue. The Authority was not named as a defendant in such litigation by the NJDEP. In March 2006, the Authority was named as a third party defendant by one of the firms as a result of the Authority's ownership of certain parcels impacted by the residue. The Authority is working with the NJDEP to remediate conditions at three affected sites with the understanding that, by doing so, it will not have any responsibility for additional sites. Although the Authority cannot predict the ultimate cost of this remedial work, it does not believe that the cost of such remedial work will have a materially adverse effect on the operations or finances of the Authority. The Authority has recorded an estimate of the PRO liability in the statement of net assets for the three sites of \$12,000,000 (see note 10). The estimate does not include cost components that are not yet reasonably measurable.

Soil and/or groundwater contamination found on off-site properties that resulted from or is inferred to be the result of operations conducted at Parkway facilities may lead to litigation by others against the Authority. Claims for reimbursement of remediation costs filed by the parties undertaking remediation activities at these properties may be forthcoming. As a result, it may be necessary to undertake, fund or reimburse others for remediation activities at properties where the contamination has been discovered. The ultimate cost, if any, of these potential liabilities is unknown at this time.

(16) 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. On October 26, 2010, the Authority's Board of Commissioners approved an amendment to the State Agreement to increase the annual payments to be made by the Authority from \$22,000,000 to \$25,600,000, commencing in the calendar year 2010.

The Authority has open commitments related to construction contracts totaling approximately \$1,608,468,000 as of December 31, 2010. This work relates to the Authority's \$7 billion capital program and will be completed over the next several years.

The Authority has entered into an agreement, dated November 24, 2009, with New Jersey Transit Corporation (NJ Transit) pursuant to which the Authority is obligated to contribute up to \$1.25 billion towards the costs of a project undertaken by NJ Transit in cooperation with the Port Authority of New York & New Jersey and known as "Access to the Region's Core" (the ARC Project). The ARC Tunnel Agreement provides that the Authority will pay its share of the costs of the ARC Project in annual installments of \$195,000,000 in each of the calendar years 2012 through 2017, inclusive, and a final installment of \$80,000,000 in calendar year 2018 (collectively the ARC Tunnel Payments). The obligation of the Authority to make the ARC Tunnel Payments is limited to the amounts on deposit in the General Reserve Fund which are legally available to be used by the Authority for such purposes and is subject and subordinate in all respects to the repledge created under the Authority's Bond Resolution.

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On October 27, 2010, the Governor cancelled the State's participation in the ARC Project and instructed NJ Transit to orderly wind down and close the ARC Project. Although the ARC Tunnel Agreement remains in full force and effect, the Authority is assuming for budgeting purposes that the ARC Tunnel Agreement will be terminated or amended in the future and that the ARC Tunnel Payments will become available for other non-Turnpike System purposes. As of the date hereof, no final decisions have been made with respect to the termination or amendment of the ARC Tunnel Agreement or the availability of ARC Tunnel Payments for other non-Turnpike System purposes (see note 17).

Liquidity Facilities

The Series 1991 D 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 \$393,422,959, which represents the available balance as of December 31, 2010, 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.

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.

The Series 2009 A bonds are covered by an irrevocable direct pay Letter of Credit and Reimbursement Agreement with JPMorgan Chase Bank, N.A. which expires February 10, 2012. The Letter of Credit is for a maximum amount of \$93,533,973 which is equal to the aggregate outstanding principal amount of the Series 2009 A bonds, plus 34 days interest at the rate of 12% per annum.

The Series 2009 B bonds are covered by an irrevocable direct pay Letter of Credit and Reimbursement Agreement with PNC Bank National Association which expires February 10, 2012. The Letter of Credit is for a maximum amount of \$50,821,918 which is equal to the aggregate outstanding principal amount of the Series 2009 B bonds, plus 50 days interest at the rate of 12% per annum.

The Series 2009 C and 2009 D bonds are covered by an irrevocable direct pay Letter of Credit and Reimbursement Agreement with The Bank of Nova Scotia which expires February 11, 2011. The Letter of Credit is for a maximum amount of \$88,880,822 which is equal to the aggregate outstanding principal amount of the Series 2009 C and D bonds, plus 48 days interest at the rate of 12% per annum.

On or prior to the expiration date of the credit and/or liquidity facility relating to each Series of Bonds described above (other than the Series 1991 D Bonds), the Authority will be required to (i) renew the existing credit and/or liquidity facility relating to such Series of Bonds, (ii) procure a replacement credit and/or liquidity facility for such Series of Bonds, or (iii) issue Refunding Bonds to refund and refinance such Series of Bonds. The failure of the Authority to renew existing credit and/or liquidity facilities or obtain replacement credit and/or liquidity facilities for one or more Series of such Bonds could require the Authority to issue Refunding Bonds at substantially higher rates of interest than the Authority currently pays on such Bonds. Additionally, the failure of the Authority to renew or procure new credit facilities for one or more Series of such Bonds could result in an acceleration of the maturity of such Bonds.

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(17) Subsequent Events

On January 6, 2011, the Governor proposed a new Transportation Capital Plan (the TCP). The TCP includes the sixth successive reauthorization of the Transportation Trust Fund, and cash contributions from the Authority which were previously committed to the ARC Tunnel Project (see note 16), among other things. The TCP also includes cash contributions from the Authority equal to \$100,000,000 per year for five years. These payments were previously made by the Authority to the State as feeder road capital payments. Certain items in the TCP require approval by the State Legislature, which as of the date of this report has not occurred.

On January 7, 2011, the Authority entered into a termination agreement for the \$371,000,000 Series 1991 D Interest Rate Swap with AIG. Under the terms of the agreement, AIG provided a 12.5% discount from the market termination value of the swap, allowed the Authority to choose any date to establish the termination value of the agreement prior to February 28, 2011 and gave the Authority until March 15, 2011 to make the termination payment. On January 14, 2011, the Authority set the termination value with AIG at \$101.6 million, resulting in a net termination payment to be made of \$88.9 million. The savings to the Authority was \$12.7 million. The payment to AIG was made on March 14, 2011.

On January 26, 2011, the Authority entered into a First Amendment to the Reimbursement Agreement with the Bank of Nova Scotia. Under the terms of the Amendment, the expiration date of the Direct Pay Letter of Credit for the Series 2009 C and Series 2009 D bonds was extended until February 11, 2013.

On February 3, 2011, the Authority terminated the \$371,000,000 Interest Rate Exchange Agreement with Morgan Stanley. On February 4, 2011, the Authority received a termination payment of \$16,460,000 from Morgan Stanley.

On February 17, 2011, the New Jersey Senate approved bill S2636 which directs the Authority to adopt a resolution to reduce tolls in the cumulative amount of \$1.25 billion to be collected over time which are no longer required for payment of the ARC Tunnel Project. The bill has not yet been approved by the Assembly and is subject to the veto of the Governor. In addition, the proposed toll rollback would have to be approved by the Authority's Board of Commissioners.

On March 14, 2011 the Authority entered into a replacement Interest Rate Swap with Barclays Bank for the \$371,000,000 Series 1991 D bonds. Under the terms of the replacement swap, the Authority will make fixed interest payments of 5.6526%. The Authority will receive floating rate payments equal to 63% of LIBOR plus 0.20% when LIBOR is less than 3.5% and 74% of LIBOR when LIBOR is equal to or greater than 3.5%. The Interest Rate Swap will terminate on January 1, 2018. Barclays will make an upfront payment of \$72,410,000 on March 14, 2011. The Authority will use this payment, along with the \$16,460,000 payment received from the termination of the Morgan Stanley agreement to make the termination payment to AIG.

NEW JERSEY TURNPIKE AUTHORITY
 (A Component Unit of the State of New Jersey)
 Required Supplementary Information (Unaudited)
 Schedule of Funding Progress – Other Postemployment Benefits Plan
 December 31, 2010

Valuation date	Actuarial value of assets (Sthousands) (a)	Actuarial accrued liability – projected unit credit (Sthousands) (b)	Unfunded actuarial accrued liability (Sthousands) (b)–(a)	Funded ratio (a)/(b)	Covered payroll (Sthousands) (c)	Unfunded actuarial accrued liability as a percentage of covered payroll (b) – (a)/(c)
01/01/2007	\$ —	866,029	866,029	—	134,993	642%
01/01/2009	—	982,555	982,555	—	134,589	730

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)
Schedule of Net Assets - Reconciliation of Bond Resolution to GAAP
December 31, 2010

	Revenue	Construction	Maintenance Reserve	Special Project Reserve	General Reserve	Charges	Debt Service	Debt Reserve	Total Bond Resolution	Garden State Cultural Center	Garden State Arts Foundation	GAAP Adjustments	Total 2010 GAAP Financials
ASSETS													
Current assets:													
Cash	\$ 155,338,366	—	4,064,304	6,823,045	10,679,384	—	—	—	176,905,099	822	830,511	—	177,736,432
Investments	—	5,426,723	19,600,041	20,000,117	245,582,645	2,620	565,060	—	5,994,403	—	—	—	5,994,403
Restricted cash	80,535,640	—	—	—	—	—	—	—	365,718,443	—	—	—	365,718,443
Restricted investments	—	—	—	—	—	—	266,228,303	—	267,158,300	—	—	—	267,158,300
Receivables, net of allowance	47,811,793	—	—	—	2,041,958	—	—	—	49,853,751	—	—	—	49,853,751
Restricted receivables	—	—	—	—	—	—	—	—	—	—	105,800	—	105,800
Inventory	16,158,428	—	—	—	—	—	—	—	16,158,428	—	—	—	16,158,428
Due from State of New Jersey	1,741,958	—	—	—	—	—	—	—	1,741,958	—	—	—	1,741,958
Deposits	1,357,975	10,281,824	—	—	8,328,572	—	—	—	19,968,371	—	—	—	19,968,371
Prepaid expenses	4,710,318	—	—	—	—	—	—	—	4,710,318	—	—	—	4,710,318
Liabilities	(11,146,939)	(10,342,493)	(222,350)	(278,754)	20,287,821	(59)	3,260,755	(1,557,981)	—	—	—	—	—
Total current assets	296,507,539	5,366,054	23,441,995	26,544,408	286,920,380	932,558	270,054,118	(1,557,981)	908,209,071	822	956,311	—	909,165,204
Noncurrent assets:													
Restricted investments	—	2,286,296,288	—	—	—	—	—	—	2,694,022,509	—	—	(37,550,182)	2,656,472,327
Capital assets, net of accumulated depreciation	—	7,222,670,139	56,790,337	55,903,854	142,740,460	—	—	407,726,221	7,478,104,770	—	—	(1,723,540,181)	5,754,564,589
Deferred financing costs, net	—	2,030,275,658	—	—	—	—	—	—	2,030,275,658	—	—	(1,938,149,744)	92,125,914
Interest rate swaps assets	—	—	—	—	—	—	—	—	—	—	—	3,080,107	3,080,107
Total noncurrent assets	—	11,539,242,085	56,790,337	55,903,854	142,740,460	—	—	407,726,221	12,902,402,937	—	—	(3,696,160,000)	8,506,242,937
TOTAL ASSETS	296,507,539	11,544,608,139	80,232,332	82,448,242	429,660,840	932,558	270,054,118	406,168,240	13,110,612,008	822	956,311	(3,696,160,000)	9,415,389,141
DEFERRED OUTFLOWS:													
Interest Rate Swaps	—	—	—	—	—	—	—	—	—	—	—	154,654,119	154,654,119
TOTAL DEFERRED OUTFLOWS	—	—	—	—	—	—	—	—	—	—	—	154,654,119	154,654,119
LIABILITIES													
Current liabilities:													
Accounts payable and accrued expenses	58,538,690	101,915,094	7,928,312	3,810,938	58,858,174	247,922	—	—	231,299,130	—	1,447	—	231,300,577
Funds held in trust	143,120,463	30,572,819	1,500,475	365,620	552,884	—	—	—	175,912,261	—	—	—	175,912,261
Due to State of New Jersey	3,439,322	—	—	—	—	—	—	—	3,439,322	—	—	—	3,439,322
Deposits	1,318,047	—	—	—	—	—	—	—	1,318,047	—	—	—	1,318,047
Accrued interest payable	—	—	—	—	—	—	149,184,948	—	149,184,948	—	—	—	149,184,948
Deferred revenue	3,644,113	—	—	—	—	—	—	—	3,644,113	—	—	—	3,644,113
Current portion of hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	—	1,795,063	1,795,063
Current portion of other long-term liabilities	—	—	—	—	—	—	—	—	—	—	—	8,279,847	8,279,847
Current portion of bonds payable	—	108,830,000	—	—	—	—	—	—	108,830,000	—	—	—	108,830,000
Total current liabilities	210,060,635	241,117,913	9,428,787	4,176,558	59,411,058	247,922	149,184,948	—	675,627,821	—	1,447	10,074,910	683,704,178
Noncurrent liabilities:													
Bonds payable, net	—	8,400,705,346	—	—	—	—	—	—	8,400,705,346	—	—	(51,612,365)	8,349,092,981
Hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	—	21,164,892	21,164,892
Other long-term obligations	1,789,059	—	—	—	3,409,532	—	—	—	5,198,591	—	—	79,360,855	84,559,444
Other postemployment benefit liability	—	—	—	—	—	—	—	—	—	—	—	161,133,290	161,133,290
Interest rate swaps liabilities	—	—	—	—	—	—	—	—	—	—	—	154,654,119	154,654,119
Total noncurrent liabilities	1,789,059	8,400,705,346	—	—	3,409,532	—	—	—	8,405,903,937	—	—	364,700,789	8,770,604,726
TOTAL LIABILITIES	211,849,694	8,641,823,259	9,428,787	4,176,558	62,820,590	247,922	149,184,948	—	9,079,531,758	—	1,447	374,775,699	9,454,308,904
DEFERRED INFLOWS:													
Interest Rate Swaps	—	—	—	—	—	—	—	—	—	—	—	3,080,107	3,080,107
TOTAL DEFERRED INFLOWS	—	—	—	—	—	—	—	—	—	—	—	3,080,107	3,080,107
NET ASSETS													
Invested in capital assets, net of related debt	—	2,902,784,380	—	—	—	—	—	—	3,208,943,120	—	—	(3,419,389,971)	(110,436,851)
Restricted for debt service and charges	—	—	70,803,545	78,271,684	366,840,250	—	120,869,170	—	121,533,806	—	—	—	121,533,806
Unrestricted	84,657,845	—	—	—	—	—	—	—	600,573,524	822	954,864	(499,971,716)	101,537,294
TOTAL NET ASSETS	84,657,845	2,902,784,380	70,803,545	78,271,684	366,840,250	684,656	120,869,170	406,168,240	4,031,080,250	822	954,864	(3,919,361,687)	112,654,249

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Schedule of Revenues, Expenses, and Changes in Net Assets - Reconciliation of Bond Resolution to GAAP

December 31, 2010

	Revenue	Construction	Maintenance Reserve	Special Project Reserve	General Reserve	Charges	Debit Service	Debit Reserve	Total Bond Resolution	Garden State Cultural Center	Garden State Arts Foundation	GAAP Adjustments	Total 2010 GAAP Financials
Operating revenues:													
Toll revenue	\$ 952,166,438	—	—	—	—	—	—	—	952,166,438	—	—	—	952,166,438
E-ZPass fees	38,701,145	—	—	—	—	—	—	—	38,701,145	—	—	—	38,701,145
Concession revenue	33,804,710	—	—	—	—	—	—	—	33,804,710	—	—	—	33,804,710
Miscellaneous revenue	9,070,881	—	—	—	—	—	—	—	9,070,881	—	—	—	9,070,881
Total operating revenues	1,033,743,174	—	—	—	—	—	—	—	1,033,743,174	—	—	—	1,033,743,174
Operating expenses:													
Maintenance of roadway, buildings and equipment	100,901,844	—	—	16,502,861	23,602,299	—	—	—	141,007,004	—	—	5,716,617	146,724,621
Toll collection	164,129,098	—	—	422,978	—	—	—	—	164,552,076	—	—	(76,823)	164,475,253
State police and traffic control	68,873,092	—	—	5,282,052	—	—	—	—	74,155,144	—	—	52,982	74,208,126
Technology	18,545,354	—	—	1,455,587	20,321	—	—	—	20,025,262	—	—	(179,707)	19,845,555
Employee benefits	93,241,028	—	—	—	—	—	—	—	93,241,028	—	—	(27,363,892)	65,877,136
General administrative costs	35,481,754	—	—	523,588	(2,443,345)	—	—	—	33,561,997	491,141	—	(8,586,211)	23,466,927
Other postemployment benefits	—	—	—	—	—	—	—	—	—	—	—	68,071,400	68,071,400
Depreciation	—	—	—	—	—	—	—	—	—	—	—	119,412,401	119,412,401
Total operating expenses	481,172,170	—	—	24,191,066	21,179,275	—	—	—	526,542,511	491,141	—	157,047,767	684,081,419
Operating income (loss)	552,571,004	—	—	(24,191,066)	(21,179,275)	—	—	—	507,200,663	(491,141)	—	(157,047,767)	349,661,755
Nonoperating revenues (expenses):													
Build America Bonds subsidy	37,723,673	—	—	—	—	—	—	—	37,723,673	—	—	—	37,723,673
Contributions to State of New Jersey	—	(20,000,000)	—	—	(82,301,000)	—	—	—	(102,301,000)	—	—	—	(102,301,000)
Interest expense, Turnpike Revenue Bonds	—	(89,568,950)	—	—	—	—	(257,117,088)	—	(346,686,038)	—	—	135,483,641	(211,202,397)
Other bond expenses	—	(7,318,205)	—	—	—	(4,238,054)	—	—	(11,556,259)	—	—	7,318,205	(4,238,054)
Change in fair value of investments	—	—	—	—	—	—	—	—	—	—	—	(9,075,781)	(9,075,781)
Investment income	4,695,118	1,854,502	27,779	24,811	253,876	643	698,700	6,961,588	14,495,017	219	—	(12,990,165)	1,505,071
Arts Center	3,007,805	—	—	—	—	—	—	—	3,007,805	—	—	—	3,007,805
Garden State Arts Foundation	—	—	—	—	—	—	—	—	—	—	469,952	—	469,952
Total nonoperating revenues (expenses), net	45,424,596	(115,032,653)	27,779	24,811	(82,067,124)	(4,237,411)	(256,418,388)	6,961,588	(405,316,802)	219	469,952	120,735,900	(284,110,731)
Income before other revenues and expenses:	(597,995,600)	(78,140,000)	58,472,221	32,090,189	144,929,033	4,217,357	258,388,388	178,038,412	—	(460,000)	(460,000)	—	—
Interfund transfers	—	—	—	—	—	—	—	—	—	—	—	—	—
Net change in fund balance/change in net assets	—	(193,172,653)	58,500,000	7,921,934	41,682,634	(20,054)	1,970,000	185,000,000	101,893,861	(30,922)	9,952	(36,311,867)	65,551,024
Net assets - beginning of year, as restated	84,657,845	3,095,957,533	12,303,545	70,347,750	525,157,616	704,690	118,899,170	221,168,240	3,925,196,389	31,744	924,912	(3,883,049,820)	47,103,225
Net assets - end of year	84,657,845	2,902,784,880	70,803,545	78,271,684	566,840,250	684,636	120,869,170	406,168,240	4,031,080,250	822	934,864	(3,919,561,687)	112,654,249

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)
Schedule of Cash Flows - Reconciliation of Bond Resolutions to GAAP
December 31, 2010

	Revenue	Construction	Maintenance Reserves	Special Project Reserve	General Reserve	Charges	Debt Service	Debt Reserve	Total Bond Resolutions	Garden State Cultural Center	Garden State Arts Foundation	GAAP Adjustments	Total 2010 Financial
Cash flows from operating activities:													
Receipts from customers and patrons	1,017,190,892	—	—	—	—	—	—	—	1,017,190,892	—	—	—	1,017,190,892
Payments to suppliers	(203,414,435)	—	—	(28,721,706)	(23,311,345)	—	—	—	(255,447,486)	(502,141)	—	4,483,842	(21,463,785)
Payments to employees	(198,944,383)	—	—	—	—	—	—	—	(198,944,383)	—	—	—	(198,944,383)
Payments for self-insured claims	(72,577,551)	—	—	—	—	—	—	—	(72,577,551)	—	—	—	(72,577,551)
Interest received	—	—	—	—	—	—	—	—	—	—	446,827	(446,827)	—
Interest received on capital debt	—	—	—	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	545,258,523	—	—	(28,721,706)	(23,311,345)	—	—	—	493,225,472	(502,141)	446,827	4,037,015	497,207,171
Cash flows from noncapital financing activities:													
Contributions to State of New Jersey	1,007,805	(20,000,000)	—	—	(30,001,000)	—	—	—	(50,001,000)	—	—	—	(50,001,000)
Proceeds from Arts Center	3,697,865	—	—	—	—	—	—	—	3,697,865	—	—	469,952	3,697,865
Operating gain from Garden State Arts Foundation	—	(20,000,000)	—	—	(30,001,000)	—	—	—	(646,991,951)	—	—	469,952	(646,521,949)
Cash flows from capital and related financing activities:													
Proceeds received from new capital debt	—	1,850,000,000	—	—	—	—	—	—	1,850,000,000	—	—	—	1,850,000,000
Principal paid on capital debt	—	(104,855,000)	(62,493,320)	(3,444,693)	(15,598,693)	—	—	—	(176,891,706)	—	—	(127,561,418)	(844,074,864)
Proceeds from Bond Anticipation Bonds subparty	37,723,673	—	—	—	—	—	—	—	(104,855,000)	—	—	—	(104,855,000)
Interest paid on capital debt	—	(89,568,950)	—	—	—	—	(242,837,338)	—	(332,406,288)	—	—	129,669,604	(723,637)
Payments for bond expenses	(8,159,484)	—	—	—	—	(3,990,123)	—	—	(12,149,607)	—	—	(4,505,781)	(20,655,391)
Interest received related to capital and related financing activities	(758,211,205)	—	57,884,599	31,437,648	140,804,904	2,363,940	246,205,114	178,491,260	(12,149,607)	490,000	(490,000)	—	(16,655,197)
Net cash provided by (used in) capital and related financing activities	(746,487,529)	939,403,373	(4,608,721)	27,891,045	125,205,211	(1,626,193)	3,367,776	178,491,260	721,739,223	490,000	(490,000)	(2,337,493)	719,401,638
Cash flows from investing activities:													
Purchases of investments	(9,080,896,099)	(96,074,563,700)	(457,857,979)	(381,554,632)	(1,394,454,589)	(47,728,074)	(1,663,390,015)	(220,106,493)	(99,320,551,479)	—	(691,000)	481,002	(99,320,551,479)
Sales and maturities of investments	9,130,995,970	85,056,794,382	461,257,811	384,554,632	1,322,898,188	49,090,122	1,659,444,212	35,106,493	98,100,151,713	—	1,245,000	(1,242,000)	98,100,151,713
Interest received	4,709,629	1,850,148	27,750	24,719	209,666	583	686,553	6,508,740	14,018,588	219	1,659	(1,438,374)	15,601,522
Net cash provided by (used in) investing activities	54,719,700	(10,016,009,167)	3,427,682	3,624,719	(71,346,735)	3,352,531	(3,659,250)	(178,491,260)	(1,286,381,880)	219	752,659	(2,169,172)	(1,287,798,174)
Cash - beginning of year	56,498,499	(96,605,794)	(1,181,039)	2,296,098	547,131	(273,561)	308,526	(178,491,260)	(38,410,180)	(11,922)	709,486	—	(37,712,616)
Cash - end of year	98,819,867	102,072,517	5,245,343	4,526,887	10,132,253	276,181	256,534	—	221,369,682	12,744	121,025	—	221,443,651
Reconciliation of operating income to net cash provided by (used in) operating activities:													
Operating income	\$ 552,571,004	—	—	(24,191,066)	(21,179,275)	—	—	—	507,206,663	(491,141)	468,770	(157,516,577)	346,661,755
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:													
Depreciation expense	—	—	—	—	—	—	—	—	—	—	—	—	—
Changes in assets and liabilities:													
Receivables	(17,701,236)	—	—	—	—	—	—	—	(17,701,236)	—	—	—	(17,701,236)
Accounts payable and accrued expenses	1,448,954	—	—	32,222	(590,690)	—	—	—	(1,448,954)	(1,000)	(23,390)	—	(1,473,344)
Other assets	373,231	—	—	—	—	—	—	—	373,231	—	—	—	373,231
Deferred revenue	(7,541,093)	—	—	(4,390,309)	1,643,622	—	—	—	(10,291,780)	—	1,447	—	(10,290,333)
Other liabilities	14,082,935	—	—	(172,553)	(3,185,012)	—	—	—	13,725,370	—	—	(7,385,857)	6,339,513
Other postemployment benefit liability	—	—	—	—	—	—	—	—	—	—	—	—	—
Pollution remediation liability	—	—	—	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	\$ 545,258,523	—	—	(28,721,706)	(23,311,345)	—	—	—	493,225,472	(502,141)	446,827	4,037,015	497,207,171

See accompanying independent auditors' report.

Schedule 5

NEW JERSEY TURNPIKE AUTHORITY
 (A Component Unit of the State of New Jersey)

Schedule of Net Revenue Requirement

December 31, 2010

Test 1:

Total operating revenues	\$ 1,033,743,174
Build America Bonds subsidy	37,723,673
Total investment income	14,495,017
Less earnings on construction investments	(1,854,502)
Arts Center	<u>3,007,805</u>
Total pledged revenues	1,087,115,167
Less Revenue operating expenses	<u>(481,172,170)</u>
Net revenue available for debt service	605,942,997
Less net revenue requirements:	
Interest expense – debt service	(257,117,088)
Principal payment – debt service	(108,830,000)
Revenue transfer to charges	(4,218,000)
Revenue transfer to maintenance reserve	(58,500,000)
Revenue transfer to special project reserve	<u>(32,115,000)</u>
Excess net revenues	\$ <u><u>145,162,909</u></u>

Test 2:

Total operating revenues	\$ 1,033,743,174
Build America Bonds subsidy	37,723,673
Total investment income	14,495,017
Less earnings on construction investments	(1,854,502)
Arts Center	<u>3,007,805</u>
Total pledged revenues	1,087,115,167
Less Revenue operating expenses	<u>(481,172,170)</u>
Net revenue available for debt service	605,942,997
Less 1.2 times aggregate debt service (257,117,088 + 108,830,000) x 1.2	<u>(439,136,506)</u>
Excess net revenues	\$ <u><u>166,806,491</u></u>

Debt service coverage ratio 1.66

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Schedule of Investments

December 31, 2010

	Interest rate	Maturity	Par value	Carrying value
Revenue:				
Federal Home Loan Bank (FHLB)	0.01% – 0.12%	1/5/2011	\$ 33,550,000	33,549,943
Repurchase agreements	0.10% – 0.12%	1/5/11 - 1/5/11	34,251,392	34,250,892
Commercial paper	0.01% – 0.12%	1/5/11 - 1/26/11	12,735,061	12,734,805
			<u>80,536,453</u>	<u>80,535,640</u>
Construction:				
FHLB	0.01% – 0.10%	1/5/11 - 3/23/11	108,826,000	108,812,814
Federal Home Loan Mortgage Corporation (FHLMC)	0.02% – 0.15%	1/3/11 - 4/18/11	100,339,000	100,294,376
Repurchase agreements	0.15%	1/3/11	665,524,448	665,527,221
Commercial paper	0.15% – 0.20%	1/6/11 - 1/26/11	72,402,916	72,399,185
Certificates of deposit	0.20%	2/14/11	24,489,957	24,496,352
U.S. Treasury	0.04% – 0.06%	1/3/11 - 1/13/11	1,067,881,000	1,067,866,940
New Jersey cash management fund	0.22% – 0.23%	1/3/11	155,685,797	155,707,560
Variable rate demand bonds	0.23% – 1.21%	8/1/11 - 10/1/41	91,170,000	91,191,840
			<u>2,286,319,118</u>	<u>2,286,296,288</u>
Maintenance Reserve:				
Commercial paper	0.07%	1/7/11	13,100,203	13,100,050
FHLB	0.01%	1/6/11	6,500,000	6,499,991
			<u>19,600,203</u>	<u>19,600,041</u>
Special Project Reserve:				
Repurchase agreements	0.12%	1/6/11 - 1/7/11	20,000,350	20,000,117
			<u>20,000,350</u>	<u>20,000,117</u>
General Reserve:				
FHLB	0.06% – 0.12%	1/7/11 - 5/25/11	143,595,917	143,578,305
Repurchase agreements	0.09% – 0.50%	1/3/11 - 3/21/11	102,000,427	102,004,340
			<u>245,596,344</u>	<u>245,582,645</u>
Charges:				
FHLB	0.01% – 0.01%	1/3/11	144,000	144,000
FHLMC	0.01% – 0.10%	1/3/11	685,000	684,998
Federal National Mortgage Association (FNMA)	0.10% – 0.10%	1/3/11	101,000	100,999
			<u>930,000</u>	<u>929,997</u>
Debt Service:				
FHLB	0.00% – 0.06%	1/3/11	91,551,000	91,550,830
FHLMC	0.01% – 0.21%	1/3/11	101,597,000	101,596,155
U.S. Treasury	3.99%	1/3/11	12,039,170	12,279,051
New Jersey cash management fund	0.22%	1/3/11	60,790,986	60,802,267
			<u>265,978,156</u>	<u>266,228,303</u>
Debt Reserve:				
Certificates of deposit	2.26% – 3.23%	4/29/14 - 1/13/15	406,168,240	407,726,221
			<u>406,168,240</u>	<u>407,726,221</u>
Total			<u>\$ 3,325,128,864</u>	<u>3,326,899,252</u>

Above is the detail of investments listed on the Schedule of Net Assets – Reconciliation of Bond Resolution to GAAP (Schedule 2) for Total Bond Resolution.

See accompanying independent auditors' report.

Schedule 7

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Schedule of Depositories

December 31, 2010

	<u>Cash balance</u>	<u>Market value of securities pledged to secure deposits</u>
Revenue:		
JP Morgan Chase (1)	\$ 126,335,226	110,441,587
Bank of America	24,383,879	42,960,106
Wachovia	3,508,349	29,518,857
Citibank	394,000	—
Bank of New York Mellon	224,829	425,292
TD Bank, NA	200,987	1,499,985
Toll Collection and Other Imprest Funds	291,096	—
	<u>155,338,366</u>	<u>\$ 184,845,827</u>
Construction:		
Bank of America	362,124	
JP Morgan Chase	5,001,144	
Bank of New York Mellon	63,455	
	<u>5,426,723</u>	Included in above
Maintenance reserve:		
JP Morgan Chase	4,064,304	Included in above
Special project reserve:		
Wachovia	6,823,045	Included in above
General reserve:		
Wachovia	10,679,384	Included in above
Charges:		
Bank of New York Mellon	2,620	(2)
Debt service:		
Bank of New York Mellon	565,060	(2)
Total	<u>\$ 182,899,502</u>	

Above is the detail of cash listed on the Schedule of Net Assets – Reconciliation of Bond Resolution to GAAP (Schedule 2) for Total Bond Resolution.

(1) Includes \$20,000,000 that is an overnight repurchase agreement and exempt from collateral requirements.

(2) Funds held by Trustee and are exempt from collateral requirements.

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Schedule of Cost of Investment in Facilities
December 31, 2010

	Completed construction funds	2000 Construction	2004 Construction	2005 Construction	2008/2009 Bond anticipation note	Ten year capital program	Maintenance reserve	Special project reserve	General reserve	Total
Land	\$ 599,000,430	57,273,804	3,019,463	3,906,217	2,003,395	44,764,901	—	117,707	8,128,385	718,214,302
Buildings and sound barriers	278,832,061	127,755,524	14,671,159	—	13,262,763	—	—	9,938,615	22,242,688	466,722,810
Road surface	315,153,669	73,870,844	16,243,348	3,767,536	28,264,474	—	21,763,770	913,100	12,353,932	472,330,673
Road bed	1,729,443,329	477,392,579	145,388,109	28,376,086	41,642,302	—	—	—	1,945,946	2,424,188,351
Bridges	1,088,388,395	399,076,739	208,002,025	—	2,271,365	—	35,026,567	—	33,177,832	1,765,942,923
Equipment	140,824,962	343,221,065	13,155,768	2,971,839	22,998,910	—	—	43,975,065	59,662,692	626,810,301
Construction-in-progress	—	109,434,302	16,835,834	43,450,339	84,001,280	743,985,323	—	959,347	5,228,985	1,003,895,410
Cost of investment in facilities	4,151,662,846	1,588,024,857	417,315,706	82,472,017	194,444,489	788,750,224	56,790,337	55,903,834	142,740,460	7,478,104,770
Bond cost of issuance	1,646,710,622	329,304,419	8,735,213	13,467,486	1,063,379	30,994,539	—	—	—	2,030,275,658
	<u>\$ 5,798,373,468</u>	<u>1,917,329,276</u>	<u>426,050,919</u>	<u>95,939,503</u>	<u>195,507,868</u>	<u>819,744,763</u>	<u>56,790,337</u>	<u>55,903,834</u>	<u>142,740,460</u>	<u>9,508,380,428</u>
Completed construction funds:										
Original turnpike extensions and additional lanes	\$	454,159,274								
Revenues invested in facilities		87,628,181								
1966 Turnpike Improvement		699,748,826								
1971 Turnpike Improvement		142,131,548								
1973 Improvement and Funding Program		80,744,766								
1977 Turnpike System Revenue Bond Accounts		12,874,128								
Refunding of 1984 Bonds		67,745,398								
1985-1990 Widening Project		1,177,130,071								
Business Plan for the 90's		1,753,580,198								
Former NJHA Construction		1,277,107,953								
2003 Construction Fund		37,535,044								
	<u>\$ 5,798,373,468</u>									

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Schedule of Bond Indebtedness

December 31, 2010

Turnpike revenue bonds:	Amount outstanding December 31, 2009	Refunded or acquired and canceled in prior year	Mandatory redemption/ sinking fund installments	Debt issuance	Accretion of capital appreciation bonds	Amount outstanding December 31, 2010
Series 1991 C, 6.50%, maturing January 1, 2016	\$ 102,650,000	—	—	—	—	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 B, capital appreciation bonds, maturing January 1, 2011 through 2012 with an interest rate at 6.70%	15,188,742	—	(5,400,000)	—	—	10,455,538
Series 2000 A, 5.10% to 6.00%, maturing January 1, 2013	224,010,000	—	(99,455,000)	—	666,846	124,555,000
Series 2000 B-G, at variable rate not to exceed 10.00%, maturing January 1, 2030	400,000,000	—	—	—	—	400,000,000
Series 2003 A, 4.75% to 5.0% maturing January 1, 2019 through January 1, 2030	788,815,000	—	—	—	—	788,815,000
Series 2003 B (Federally Taxable) 1.15% to 3.14% maturing January 1, 2004 through January 1, 2016	609,520,000	—	—	—	—	609,520,000
Series 2003 C, 3.4488% (under interest swap agreements) maturing January 1, 2024, with mandatory redemptions 2022 and 2023	500,000,000	—	—	—	—	500,000,000
Series 2004 B, 3.15% Growth and Income Securities term bond with sinking fund redemption January 1, 2031 through January 1, 2035	127,506,679	—	—	—	6,651,359	134,152,038
Series 2004 C-1, 4.50%, maturing January 1, 2025, subject to redemption prior to maturity after January 1, 2010	154,270,000	—	—	—	—	154,270,000
Series 2004 C-2, 5.50%, maturing January 1, 2025 not subject to redemption prior to maturity	132,850,000	—	—	—	—	132,850,000
Series 2005 A, 5.00% maturing January 1, 2019 through January 1, 2025, callable on January 1, 2015 and 5.25% noncallable, maturing January 1, 2026 through January 1, 2030	409,180,000	—	—	—	—	409,180,000
Series 2005 B (Federally Taxable) 4.81%, maturing January 1, 2019	32,500,000	—	—	—	—	32,500,000
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	95,880,000	—	—	—	—	95,880,000
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	208,735,000	—	—	—	—	208,735,000
Series 2009 A, \$87.5M at 3.114% (under interest rate swap agreement) and \$5.0M at variable rate, reset weekly, maturing on January 1, 2024	92,500,000	—	—	—	—	92,500,000
Series 2009 B, 3.294% (under interest rate swap agreement) maturing on January 1, 2024	50,000,000	—	—	—	—	50,000,000
Series 2009 C, 3.294% (under interest rate swap agreement) maturing on January 1, 2024	43,750,000	—	—	—	—	43,750,000
Series 2009 D, 3.294% (under interest rate swap agreement) maturing on January 1, 2024	43,750,000	—	—	—	—	43,750,000
Series 2009 E, 5.00% maturing January 1, 2028 and subject to redemption prior to maturity after January 1, 2014 and 5.25% maturing January 1, 2040 subject to redemption after January 1, 2019	375,000,000	—	—	—	—	375,000,000
Series 2009 F, 7.414% Term Bond, Federally Taxable - Issuer Subsidy - Build America Bond, matures January 1, 2040, subject to redemption prior to maturity	1,375,000,000	—	—	—	—	1,375,000,000
Series 2009 G, 5.00% maturing January 1, 2017 and January 1, 2018 not subject to redemption prior to maturity	34,770,000	—	—	—	—	34,770,000
Series 2009 H, 5.00% and 4.25% maturing January 1, 2020, 2021, 2022, 2023, 2024 and 2036, subject to redemption prior to maturity after January 1, 2019	306,170,000	—	—	—	—	306,170,000
Series 2009 I, 5.00%, maturing January 1, 2031, subject to redemption prior to maturity	178,005,000	—	—	—	—	178,005,000
Series 2010 A, (Federally Taxable) 7.102%, maturing January 1, 2041, subject to redemption prior to maturity	—	—	—	1,850,000,000	—	1,850,000,000
Premiums, discounts and deferred gain or loss	86,027,720	—	—	—	—	86,027,720
	<u>\$ 6,757,072,141</u>	<u>—</u>	<u>(104,855,000)</u>	<u>1,850,000,000</u>	<u>7,318,205</u>	<u>8,509,535,346</u>

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

Schedule of Bond Indebtedness

December 31, 2010

Note:

As of December 31, 2010, refunded bond and note indebtedness which is still outstanding in fully collateralized escrow accounts is as follows:

Refunded series	Refunded amount	Matured/ redeemed	Current outstanding
Turnpike system revenue bonds:			
First series, 6.00% (refunding issue), maturing January 1, 2014	\$ 202,415,000	—	202,415,000
Turnpike revenue bonds:			
1984 Series, 6.75% to 12.00%, maturing January 1, 2003 through 2014	501,825,000	(439,940,600)	61,884,400
Parkway Revenue Bonds:			
Series 1992, Term bonds 5.75% to 6.25% maturing January 1, 2010 through January 1, 2019	73,390,000	(73,390,000)	—
Series 1999, Serial bonds 4.30% to 5.75% maturing January 1, 2003 through January 1, 2019	76,070,000	(76,070,000)	—
Series 1999, Term bonds 5.625%, maturing January 1, 2030	43,445,000	(43,445,000)	—
Series 2001, Serial bonds 5.00% to 5.50% maturing January 1, 2006 through January 1, 2019	243,080,000	(22,105,000)	220,975,000
Turnpike Revenue Bonds:			
Series 1991 C, 4.80% to 6.50%, maturing January 1, 1994 through 2011, January 1, 2013 and January 1, 2016	1,126,695,000	(545,420,000)	581,275,000
Series 2000 A, 4.80% to 6.00%, maturing January 1, 2001 through January 1, 2020	1,051,520,000	(837,065,000)	214,455,000
Series 2003 B (Federally Taxable) 1.15% to 3.14% maturing January 1, 2004 through January 1, 2016	32,000,000	—	32,000,000
Series 2004 A mandatory tender January 1, 2010	154,000,000	(154,000,000)	—
Total	\$ 3,504,440,000	(2,191,435,600)	1,313,004,400

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

NEW JERSEY TURNPIKE

Schedule of Toll Revenue

December 31, 2010

(Unaudited)

Class	Description	Toll revenue	Number of vehicles
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 450,084,764	205,687,081
2	Vehicles having two axles other than type described under Class 1	36,045,037	7,363,575
3	Vehicle (vehicles), single or in combination, having three axles	16,373,081	3,151,403
4	Vehicle (vehicles), single or in combination, having four axles	19,275,518	2,371,585
5	Vehicle (vehicles), single or in combination, having five axles	148,795,086	14,615,505
6	Vehicle (vehicles), single or in combination, having six or more axles	3,154,942	260,717
7	Buses having two axles	1,578,432	422,706
8	Buses having three axles	8,057,791	1,209,994
	Nonrevenue vehicles	—	1,770,658
		<u>683,364,651</u>	<u>\$ 236,853,224</u>
	Toll Adjustments and Discounts	(1,826,509)	
	Net Violations*	<u>(7,645,166)</u>	
		\$ 673,892,976	

* During the year ended December 31, 2000, the Authority implemented the electronic toll collection system on the New Jersey Turnpike 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.

See accompanying independent auditors' report.

NEW JERSEY TURNPIKE AUTHORITY
(A Component Unit of the State of New Jersey)

GARDEN STATE PARKWAY

Schedule of Toll Revenue

December 31, 2010

(Unaudited)

Class	Description	Toll revenue	Number of vehicles
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 274,953,529	377,718,200
2	Vehicles having two axles other than type described under Class 1	1,420,200	946,493
3	Vehicle (vehicles), single or in combination, having three axles	1,767,929	925,025
4	Vehicle (vehicles), single or in combination, having four axles	1,643,518	619,975
5	Vehicle (vehicles), single or in combination, having five axles	1,664,875	525,947
6	Vehicle (vehicles), single or in combination, having six or more axles	65,852	22,646
7	Buses having two axles	1,009,277	601,237
8	Buses having three axles	2,098,826	1,116,307
	Nonrevenue vehicles	—	1,638,125
		<u>284,624,006</u>	<u>\$ 384,113,955</u>
	Toll Adjustments and Discounts	68,356	
	Net Violations*	<u>(6,418,900)</u>	
		<u>\$ 278,273,462</u>	

* During the year ended December 31, 1999, the Authority implemented the electronic toll collection system on the Garden State Parkway 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.

See accompanying independent auditors' report.

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