NEW JERSEY
TURNPIKE AUTHORITY

2011
Annual Report

System Expansion: Widening the Garden State Parkway to three lanes in Ocean County

System Preservation: Replacing the deck of the Turnpike's Vincent R. Casciano Memorial Bridge in Essex and Hudson Counties

Turnpike Widening: New Toll Plaza and Ramp Connections at Interchange 8 in East Windsor Township, Mercer County

New Jersey Turnpike Authority

ADMINISTRATION BUILDING - 581 MAIN STREET
P.O. BOX 5042 - WOODBRIDGE, NEW JERSEY 07095
TELEPHONE (732) 750-5300

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 2011 Annual Report.

Despite the significant challenges presented by Hurricane Irene and several major snowstorms, the year of the Turnpike's 60th anniversary will be remembered as a year of major accomplishments.

The first phase of the Garden State Parkway widening was opened, providing an additional travel lane in each direction between Stafford Township and Toms River. The new lanes opened just before Memorial Day weekend and greatly improved access to Long Beach Island, Seaside Heights and other Jersey Shore destinations in time for the unofficial start of the summer season. The Authority's other major expansion project, the widening of the Turnpike between Interchanges 6 and 9, continued to be under budget and on pace for completion in 2014. The Turnpike widening, which will add 170 lane miles through Central Jersey, is the largest widening in the history of the Turnpike.

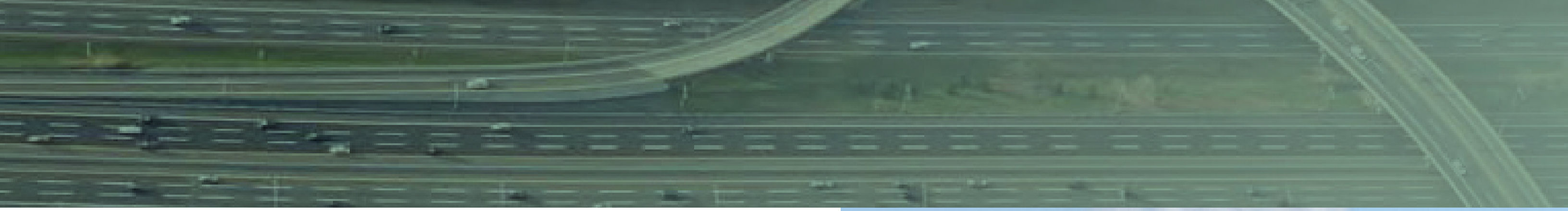
Bridge, interchange, roadway, technology and facilities improvements were being made up and down both roadways in connection with the Authority's 10-year, $7 billion capital program. You'll read about those accomplishments and others in the pages of this report.

We look forward to even better things in 2012.

Sincerely,

James S. Simpson

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.

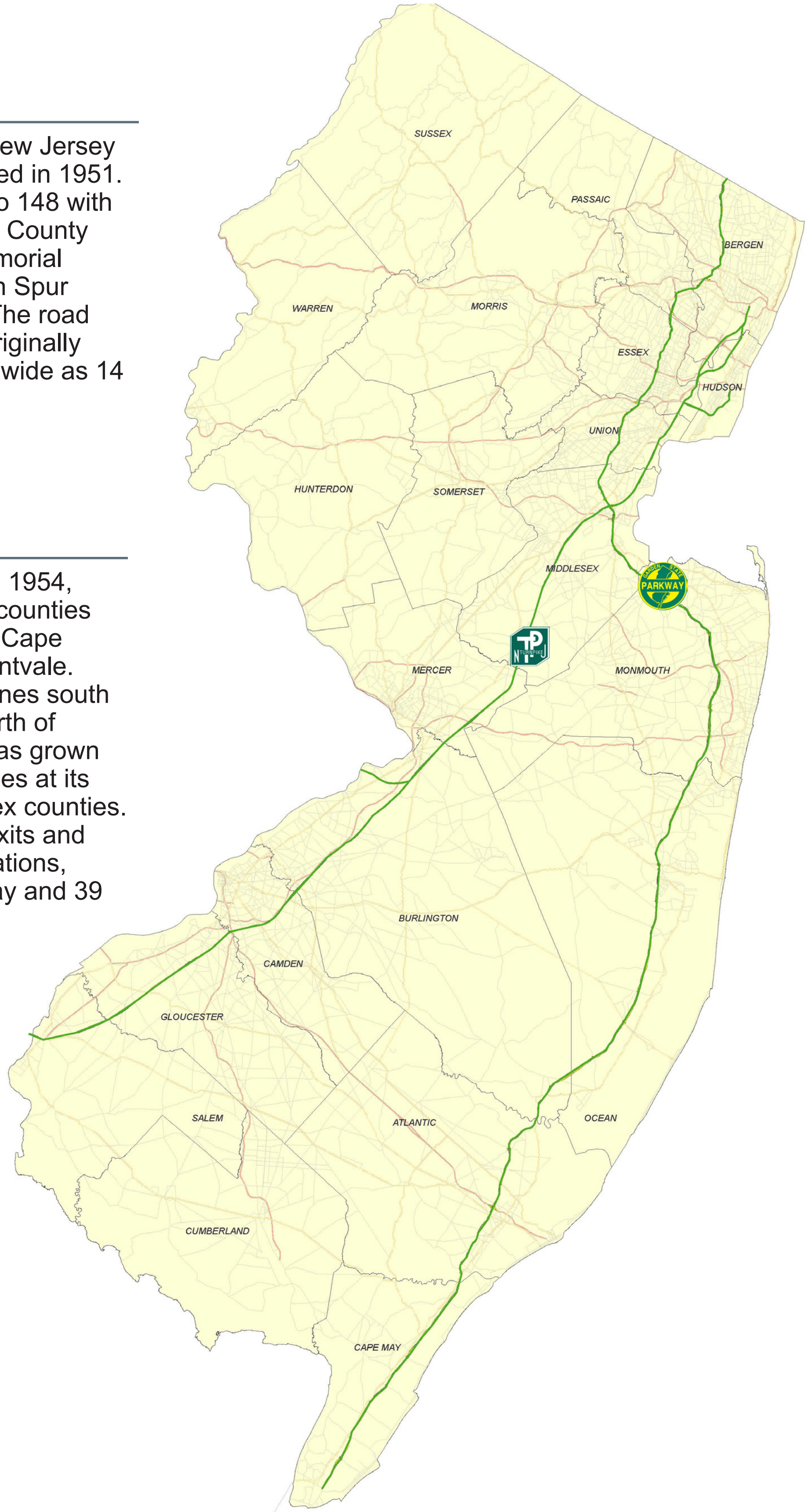
Our Roads

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.



2011 Board of Commissioners

James 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.

Ronald Gravino, Vice Chairman

Mr. Gravino is VP for finance and human resources at Invidi Technologies Corp. in Princeton, which he joined after many years as a financial/turnaround consultant. He serves as chairman of the Newark Liberty International Airport Advisory Board and on the boards of the Transportation Finance Review Commission and the Garden State Arts Foundation. He served for six years as a commissioner of the former New Jersey Highway Authority, including a term as chairman. Mr. Gravino lives in Middlesex 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. He 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.

2011 Board of Commissioners

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. Mr. Pocino resides in Lawrenceville, Mercer 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. Mr. Singleton resigned his seat on the Board of Commissioners in November when he was elected to the New Jersey General Assembly.

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 a resident of Rutherford, Bergen County.

Daniel F. Becht, Commissioner

Mr. Becht is executive director of the Jersey City Municipal Utilities Authority and counsel to the Newark Planning Board. He previously served as vice chairman of the New Jersey Lottery, chairman of the Passaic Valley Sewerage Authority and as a commissioner on the New Jersey Law Revision Commission and the New Jersey Public Broadcasting Authority. Mr. Becht resides with his wife and three children in Wall Township, Monmouth 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

John Cifelli
Director of Maintenance

Tom Feeney
Media Coordinator

Mary-Elizabeth Garrity
Director of Human Resources

Sean Hill, P.E.
Director of Operations

Donna Manuelli
Chief Financial Officer

Megan Mulcahy
Chief of Staff

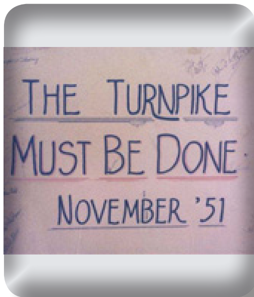
Wayne Bruzek
Acting Director of Technology and Administrative Services

Robert Quirk
Director of Toll Collection

Dennis Switaj
Director of Electronic Toll Collection

Andrea Ward
Director of Purchasing

James Carone
Director of Internal Audit



The Turnpike Turns 60

The first toll on the New Jersey Turnpike was paid at Interchange 2 at 8:10 a.m. on November 5, 1951. After that date, the highway grew quickly. It was only the southern stretch from the Delaware Memorial Bridge to Interchange 7 in Bordentown that opened on November 5th. The next section, covering the 40 miles from Bordentown to Woodbridge, opened on November 30th. The 16 miles from Woodbridge to Newark opened on December 12th. And the final nine miles from Newark to the northern terminus in Ridgefield Park opened on January 15, 1952.

The volume of toll-paying traffic grew quickly, too. By the end of 1951, 787,000 vehicles had followed that first toll payer through the toll booths. The number more than doubled to 17.9 million in 1952. The Turnpike planners projected that by 1975 some 22 million toll-paying vehicles would use the road every year. They were off by more than two decades; that 22-million figure was eclipsed in the first year of the Eisenhower administration.

All told, in the first 60 years of the Turnpike's history, 8.5 billion vehicles have used the road. Together, those vehicles have traveled 207 billion miles, enough to go back and forth to the sun 1,113 times.

Photos on this page: At top, from left, (1) The Turnpike Authority's first chairman, Paul Troast, hung this "Turnpike must be done" sign on the door of his Statehouse office; today it hangs in a frame in the chairman's office on the Fourth Floor of the Mack-Cali Building; (2) Heeding Mr. Troast's call to get the Turnpike done was this group of ironworkers, who rode a steam shovel down from the growing structure over the Hackensack River in early 1951; (3) Governor Driscoll at a microphone on a raised platform near a Turnpike interchange, 1951; at bottom, from left, (4) a sign points visitors toward the Administration Building in East Brunswick for a ceremony marking the opening of the second section of the Turnpike (5) a sign heralds the opening of the Turnpike.

60 Years Later, Still Solving Problems

After World War II, the population of New Jersey spread out from the cities thanks to the GI Bill and the growing mobility of the middle-class. The state's network of pre-war highways was overwhelmed with traffic, and the Highway Department did not have the resources to build a fix. The Turnpike was planned and built as a solution to that problem.

Built in only two years at no cost to taxpayers, the road was a modern marvel that allowed traffic to travel both faster and safer than it could on other roads. The lanes were wider than normal, so were the shoulders. There were no sharp curves, no steep hills, no cross traffic. Guard rails were installed at every spot where the road was high enough above the surrounding terrain to pose a hazard to a vehicle out of control. At service areas and interchanges, the deceleration lanes were a quarter-mile long. The Saturday Evening Post called it, "The most spectacular piece of highway ever built."

But the reason the Turnpike remains a marvel 60 years after the first car pulled through the first toll booth is that it has never stopped solving problems. Every successive generation has placed new demands on the road. The talented people who have worked here over the years have responded to those challenges. As a result, the Turnpike has remained integral to life in New Jersey.

"The most spectacular piece of highway ever built"

- Saturday Evening Post, December 1951

Photos on this page: From top, (1) Traffic approaches the Ford Avenue overpass in Woodbridge in 1952; (2) Recent photo of traffic approaching Interchange 14, Newark Airport; (3) A surveyor takes measurements during construction of the Turnpike.

Growing to Meet Demand

Turnpike Widening Nears Halfway Mark

The largest widening project in the history of the New Jersey Turnpike Authority remained on time and on budget at the end of 2011 despite a year of challenging weather. Construction on the $2.5 billion widening program began in mid-2009 and is scheduled to be completed by mid-2014. Twenty-seven of the 32 widening contracts had been awarded by the end of the year, and 47 percent of the construction bid value was complete. Work was underway on contracts with a value of more than $1 billion.

The widening program will add 170 lane miles to the Turnpike system – six lanes to the existing six-lane roadway between the Pearl Harbor Memorial Turnpike Extension and Interchange 8A, and two lanes to the 10-lane roadway between Interchanges 8A and 9 (see map, page 14). The program will extend the unique 12-lane dual-dual configuration of the Turnpike by 34 miles from Interchange 9 south to near Interchange 6. The dual-dual roadway has two independent sets of lanes in each direction, one set open to all traffic, one set open only to passenger vehicles. When the widening program is complete, the dual-dual roadway will extend from the Pearl Harbor Memorial Turnpike Extension near Interchange 6 to the Southern Mixing Bowl near Interchange 14 in Newark, a distance of more than 55 miles.

The widening is creating thousands of jobs today and promises many benefits for motorists in the near future. The added lanes will eliminate the bottleneck near Interchange 8A where southbound traffic currently funnels from five lanes into three. The capacity added by the widening will relieve congestion on the roadway and enable the Turnpike to meet future traffic demands. By continuing the dual-dual design south to near Interchange 6, the widening program will extend the benefits of that design feature, enhancing safety and improving maintenance capabilities.

Turnpike Widening - Connections at Interchange 7

Investing in the Parkway along the Jersey Shore

The New Jersey Turnpike Authority is investing hundreds of millions of dollars in restoring, preserving and expanding the Garden State Parkway in Ocean, Burlington and Atlantic counties. Those investments in added lanes, new bridges and improved interchanges will enable the Parkway to continue to play a critical role in the economic vitality of the communities along the Jersey Shore for generations to come.

Residents and visitors to the Jersey Shore enjoyed the first fruits of these investments in 2011 when the roadway was expanded from two to three lanes in each direction between mile post 80 in Toms River and mile post 63 in Stafford Township (the interchange at mile post 63 connects the Parkway to NJ Route 72, the only road onto Long Beach Island). Construction on the new lanes in the first phase began in 2009. The work was completed and the new lanes open to traffic in time for Memorial Day Weekend, the unofficial start of the summer season at the Shore.

During the first quarter of the year, trees were cleared on 250 acres along the Garden State Parkway between mile posts 64 and 48. The purpose of the tree-clearing was two-fold: to improve safety

Growing to Meet Demand

Parkway Widening-Phase 1 Opened to Traffic

on the Parkway by creating a wide clear-zone and to prepare for the second phase of the Parkway Widening Program. The clear-zone improvements paid immediate safety dividends as the number of accidents involving vehicles leaving the roadway and crashing into trees dropped sharply. The work also enabled the Turnpike Authority to begin the second phase of the widening shortly after Governor Chris Christie announced in April that funds were available.

The second phase includes a third lane in each direction between mileposts 63 and 48, in addition to grading and drainage improvements from mile post 48 to mile post 30 in Somers Point. Four contracts worth $158 million were awarded in August, and the work was underway by early fall. The second phase is scheduled to be completed in 2014. The new lanes from milepost 63 to milepost 52 will open to traffic in 2013. The opening of the new lanes between mileposts 52 and 48 will be delayed until the completion of the Bass River Bridge widening and rehabilitation in 2015.

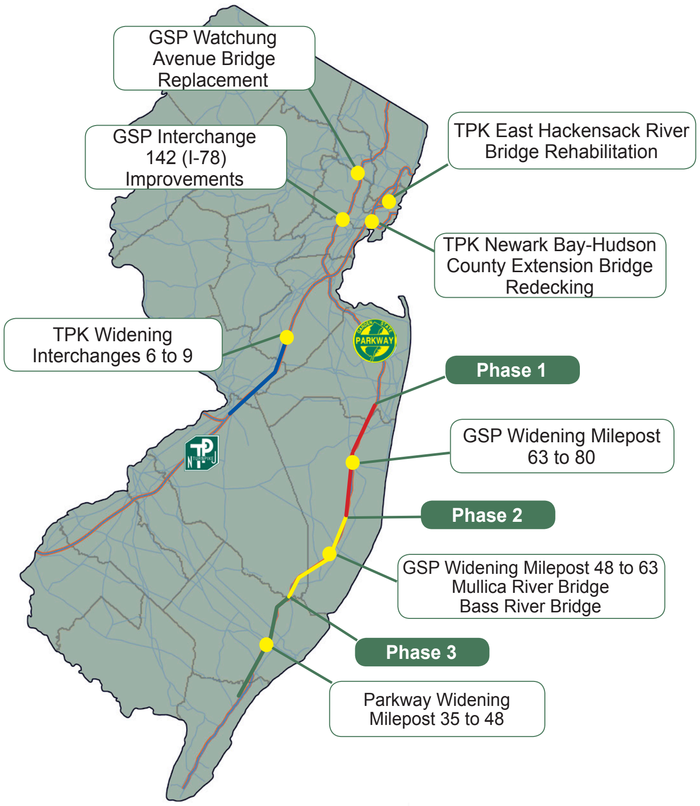
A third lane will be added in each direction between mile posts 48 and 35 during the third phase of the project, which is not yet scheduled. The Authority will conduct a study to determine if future traffic demand supports extending the new lanes south to mile post 30. Other work being done in the widening corridor includes the widening and rehabilitation of both the Bass and Mullica River bridges (both are described in more detail in the next section of this report), the installation of express E-ZPass lanes at the Barnegat Toll Plaza (completed and opened to traffic in May of this year) and improvements to the interchanges at mile posts 44, 41, 38, 37 and 36.

Tree Clearing in Phase 2

"Part of protecting the public's money is making sure that capital funds are spent on projects that make the most sense and here we have a project that makes sense. One new lane in each direction on this congested part of the Parkway will mean less time sitting in traffic for the residents who depend on the road every day. It will mean a smoother trip for families from other parts of our New Jersey whose regular visits to the Shore are vital to the regional economy. And it will mean expanded capacity on a road that would serve as a critical evacuation route in the event of a coastal storm or other emergency." - Governor Chris Christie

Other Capital Investments

The Turnpike Authority adopted a 10-year, $7 billion Capital Improvement Program in 2008. The program includes not only the widenings described on the previous pages but dozens of other bridge, interchange, roadway and facilities improvements designed to assure that the Turnpike and Parkway continue to meet the challenge of providing for the safe and efficient movement of people and goods through New Jersey. Some of these other capital projects are described on the pages that follow.



Turnpike Authority's 10-Year Capital Improvement Program

Category	Current Budget	Amount Spent or Committed through 2011
Turnpike Widening	$2,330,000,000	$1,975,300,000
Parkway Widening	$545,000,000	$336,000,000
Bridge Improvements	$1,913,000,000	$754,500,000
Interchange Improvements	$1,127,000,000	$106,200,000
Roadway Improvements	$685,000,000	$283,100,000
Facility Improvements	$400,000,000	$36,800,000
Total	**$7,000,000,000**	**$3,491,900,000**

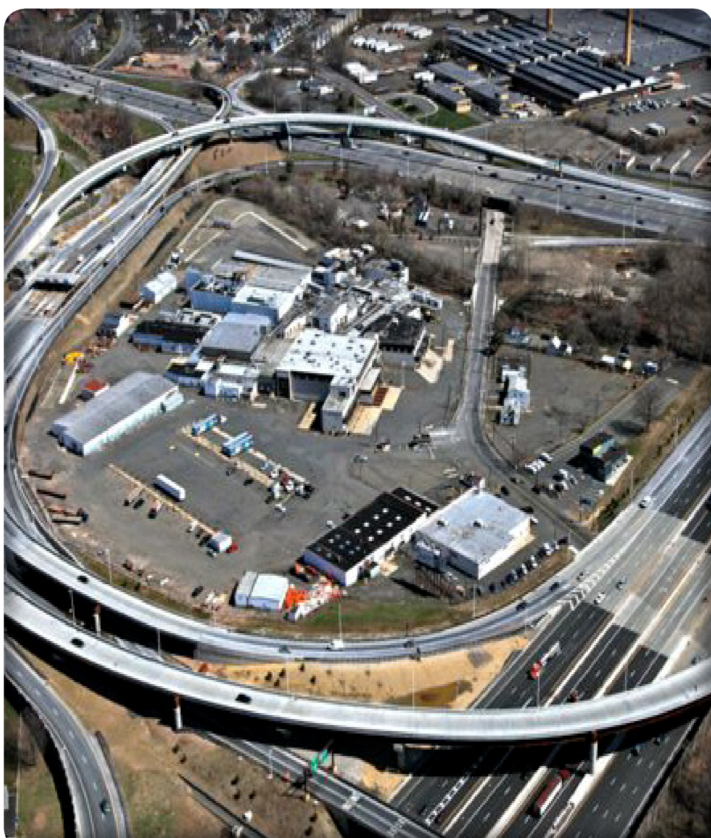
During 2011 the Authority spent $749 million on the Capital Program, nearly as much as had been spent during the previous two years after the initiation of the program.

Interchange 142 (Parkway)

This project improved the partial Interchange 142 to provide full access between the Parkway and Interstate 78 in Hillside, Union County. Before the project was completed, there was no direct connection for northbound Parkway drivers onto I-78 west or for southbound Parkway drivers onto I-78 east. Drivers who wanted to make those movements had to leave the highways and use local streets and bridges to turn around, which added time to their trips and increased congestion on the local streets and bridges.

The connection from the Parkway north to I-78 west opened to traffic in September 2009, and the connection from the Parkway south onto I-78 opened to traffic at the end of 2010. The Interchange 142 project was completed in April of this year.

The Turnpike Authority shared the cost of the $189 million project with the New Jersey Department of Transportation and the Federal Highway Administration. The NJTA's share was $70.1 million. Under a cost-sharing arrangement signed in 2007, the Turnpike Authority agreed to pay its share in four annual installments.



Newark Bay-Hudson County Extension Bridge (Turnpike)

The 8.5-mile Newark Bay-Hudson County Extension connects the main line of the Turnpike to Hudson County. The Turnpike Authority is reconstructing the decks of several bridges on the extension, including the Vincent R. Casciano Memorial Bridge over Newark Bay, one of seven major bridges on the Turnpike. The work includes structural steel and substructure repairs, security improvements and repainting. The construction contract, valued at $98.6 million, is about 40 percent complete. The project is scheduled to be completed in November 2013.

Mullica River Bridge (Parkway)

The construction of a new span over the Mullica River on the Garden State Parkway was essentially complete by the end of the year. The new span will serve as the northbound lanes when Phase 2 of the Parkway widening is complete. For now, all traffic will use the new span while the original span undergoes rehabilitation.

Watchung Avenue Bridge (Parkway)

Work began this year on the replacement of the two bridges that carry Watchung Avenue over the Garden State Parkway in Bloomfield, Essex County. The total contract cost is about $14 million.

The new bridges will comprise two- span continuous steel girders at 276 feet in length with a cast-in-place, high performance concrete deck on a reinforced concrete substructure. The project includes widening and realigning the existing northbound and southbound ramps at Watchung Avenue and replacing four existing traffic signals and roadway lighting along Watchung Avenue.

Once completed, the bridges will carry two 11-foot travel lanes, a three-foot shoulder and a sidewalk in each direction. Construction was 50 percent complete at the end of the year and on target for a November 2012 completion.

Easterly Hackensack River Bridge (Turnpike)

Final design was completed and construction begun this year on the $165 million rehabilitation of the Hackensack Easterly Bridge, which carries six lanes of traffic on the Eastern Spur of the Turnpike over the Hackensack River in Secaucus, Hudson County.

The bridge is 5,620-feet long and is composed of three main spans, 21 approach spans to the south and 14 approach spans to the north. The project includes redecking, repainting, seismic retrofit and miscellaneous structural, roadway and lighting improvements. The new bridge deck will be about two feet wider than the existing bridge deck to accommodate staged construction.

The construction contract was awarded in May, and the project was about 10 percent complete by the end of the year. It is scheduled to be completed in 2015.

The Hackensack Easterly Bridge, one of the seven major bridges on the Turnpike, is formally known as the Lewandowski Memorial Bridge in honor of Alexander, Walter and William Lewandowski, three brothers from Lyndhurst, New Jersey, who were killed in battle during World War II.

Bass River Bridge (Parkway)

Construction began this year on a new three-lane span across the Bass River on the Garden State Parkway in Bass River Township, Burlington County, and Port Republic, Atlantic County. The span is being built to the east of the existing span in connection with the Garden State Parkway Widening Program. All traffic will be shifted onto the new span once construction is complete so that the existing span can be rehabilitated.

The new bridge will be composed of a two-span continuous unit, a three-span continuous unit and a simple span unit. The deck will be made of high-performance concrete, and the foundations will be supported on reinforced concrete substructures.

The continuous superstructure units will be pre-stressed, precast, spliced and post-tensioned concrete girders, while the simple span unit will be precast concrete girders. The new bridge deck will have three 12-foot travel lanes, a five-foot left shoulder and a 12-foot right shoulder.

The new bridge is scheduled to be completed in 2013. The rehabilitation of the existing span, which will include redecking, repainting, seismic retrofit and steel repairs, will be completed in 2015. The total project cost is $65 million.

New Tools for Communicating with Drivers

The rollout of the next generation of technology for communicating with drivers and gathering information about roadway conditions continued in 2011 as the Turnpike Authority introduced new Intelligent Transportation System (ITS) sites on the Turnpike and the Parkway. The Authority began deploying the equipment on its roadways in 2010. By the end of 2011, nearly three dozen of the sites had been commissioned. By the time the program is complete in 2014, the ITS system will be deployed at 147 sites on the Turnpike and 79 sites on the Parkway.

The Turnpike Authority has a rich history of innovation in roadway technology. The Turnpike was in only its second full year of operation in 1953 when installation began on a series of neon "emergency warning signs" that advised drivers to "slow down" because of one of four dangerous conditions on the road ahead: fog, snow, ice or accident. A subsequent generation of those signs remains in use on the Turnpike today. The current version cautions drivers to "reduce speed" instead of "slow down" and lists six dangerous conditions -- the four from the original signs plus congestion and construction.

The new ITS system will replace the Automatic Traffic Surveillance and Control System (ATSCS), which was introduced on the Turnpike in 1976. The ATSCS used a series of loops embedded in the pavement to measure traffic volume, occupancy and speed. A computer monitored the information collected by the system and automatically changed the messages on the neon emergency warning signs to direct drivers to slow down as they approached trouble spots. The ATSCS is obsolete. The loop detectors have reached the end of their service lives. The neon signs are difficult and expensive to maintain and severely limit communication with drivers by restricting messages to one of just six different warnings.

Each new ITS site on the Turnpike and Parkway features a high-resolution, full color variable message sign, a variable speed limit sign, a closed-circuit camera and a wireless traffic detection system. The signs are supported by structures that allow maintenance to be performed safely and without disruption to the traffic below.

The new system allows for far more sophisticated communication with drivers. Advanced Traffic Management Software will use data gathered by the wireless traffic detection system to evaluate traffic conditions. The VMS signs will be able to display more than a simple warning about an accident or some other incident ahead. They will be able to identify the exact location of the incident, direct drivers to the inner or outer roadways to balance demand, and when necessary suggest alternate routes. In the absence of a roadway incident, the signs are capable of displaying amber alerts or silver alerts, conveying information about scheduled lane closures, and providing important safety messages. The closed circuit cameras, combined with the cameras already deployed on the roadways, will provide operators at the John A. Cifelli Statewide Traffic Management Center in Woodbridge with a view of nearly every location on the Parkway and Turnpike.

When this technology was introduced on the Authority's roads during the latter part of 2010 and early 2011, the Authority was one of only a handful of transportation agencies in the country that employed ITS of this functionality, complexity and sophistication.

Technology Reduces Toll Evasion in Parkway Coin Lanes

The technology that once made the coin lanes on the Garden State Parkway less popular with drivers is now helping to make toll collection in those coin lanes more efficient.

Year after year over the early decades of the Parkway's history, more than half of all tolls were paid in the exact-change lanes. But when E-ZPass arrived in 1999, many drivers embraced the convenience of electronic tolling and stopped using the coin lanes. By 2010, when E-ZPass penetration topped 71 percent, less than 14 percent of Parkway toll revenue was collected through the 84 coin machines in service at barrier and ramp plazas on the road.

Although the share of revenue collected in the coin lanes has fallen sharply, it remained at $38.1 million in 2010, and the $4 million lost to toll violators in those lanes every year remained a significant concern. To reduce the amount of revenue lost and to assure motorists that drivers using those lanes are paying their fair share, the Turnpike Authority turned to the same technology used to enforce toll collection in E-ZPass lanes.

Enforcement in the coin lanes had always depended largely on the honor system. Drivers who found themselves in an exact change lane without the proper change were asked to take an envelope and mail it back with the toll money they owed. A small number of toll enforcement officers were employed to discourage violations.

The officers would hide in the toll booths and record the license plate numbers of violators. Drivers caught using the lanes without paying would receive a summons in the mail.

A large number of drivers ignored the envelopes and avoided detection by the toll enforcement officers. Of the $4 million in lost revenue in the exact change lanes in 2010, only about $28,000 was returned in the envelopes. The violation rate in the exact change lanes was about 9.5 percent in 2010, far higher than the 1.36 percent violation rate in the E-ZPass lanes.

The Board of Commissioners voted to change the Turnpike Authority's regulations to eliminate the envelope system. On October 17, 2011, the Authority began using the E-ZPass cameras to enforce toll collection in the exact change lanes. If a driver goes through a coin lane without paying, the camera captures an image of their license plate. Instead of a summons with an order to appear in court, a violator now receives a violation notice demanding payment of the toll and an administrative fee.

The new system proved to be a significant improvement. The violation rate in the exact-change lanes dropped by more than half to 4.6 percent immediately after camera enforcement began.

Consultants and Revenues

Consultants

Wolf & Sampson, P.C.
General Counsel

HNTB Corporation
General Consulting Engineer

CDM Smith
General Traffic Engineering Consultant

Langan Engineering
General Environmental Consultant

PMK Group
General Environmental Consultant

Sources of Revenues

FOR THE YEAR ENDED DECEMBER 31, 2011

Operating Revenues		
Toll Revenue	$	948,878,813
E-ZPass Fees	$	39,695,690
Concession Revenue	$	33,769,648
Miscellaneous Revenue	$	10,090,738
TOTAL OPERATING REVENUES	$	1,032,434,889
Non-operating Revenues		
Build America Bond Subsidy	$	81,665,325
Income from Investments	$	12,224,587
Arts Center	$	3,059,003
TOTAL NON-OPERATING REVENUES	$	96,948,915
TOTAL AUTHORITY REVENUES	**$**	**1,129,383,804**

Contracts Awarded

Commission Approval Date	Vendor	Amount
1/25/2011	ACS State and Local Solutions, Inc.	$1,100,000.00
1/25/2011	Air Systems Maintenance, Inc.	$224,556.00
1/25/2011	Clean Rental Services, Inc.	$230,230.00
1/25/2011	Dewberry-Goodkind, Inc.	$1,607,000.00
1/25/2011	E Plus Technologies	$3,564,339.02
1/25/2011	Gardner M. Bishop, Inc.	$8,774,245.00
1/25/2011	Greelco, Inc.	$550,000.00
1/25/2011	H2M Associates	$290,000.00
1/25/2011	Handex Consulting & Remediation-NE, LLC	$673,100.00
1/25/2011	IBM	$130,706.49
1/25/2011	Jacobs Engineering Group, Inc.	$940,000.00
1/25/2011	Madison Plumbing Supply	$100,000.00
1/25/2011	Multiple Vendors (Emergency Snow Removal Contracts)	$2,500,000.00
1/25/2011	NEC Corporation of America	$213,434.75
1/25/2011	Northeast Remsco Construction	$55,814,955.25
1/25/2011	Railroad Construction Co., Inc.	$6,954,008.50
1/25/2011	Rocon Contracting, Inc.	$203,697.00
1/25/2011	The Sherwin Williams Co.	$208,000.00
1/25/2011	Union Paving and Construction Co.	$10,688,775.05
1/25/2011	WSP-Sells	$1,055,000.00
2/23/2011	Accumark, Inc.	$425,760.00
2/23/2011	ACS State and Local Solutions, Inc.	$8,000,000.00
2/23/2011	Adesta Communications, LLC	$726,000.00
2/23/2011	Boswell Engineering	$1,148,000.00
2/23/2011	Cherry Road Technologies	$1,991,068.00
2/23/2011	Edwards & Kelcey, Inc.	$4,710,000.00
2/23/2011	Gannett Fleming, Inc.	$2,990,000.00
2/23/2011	Hatch Mott McDonald	$376,720.00
2/23/2011	Horizon Blue Cross Blue Shield, NJ	$6,939,443.00
2/23/2011	Intercounty Paving Associates, LLC	$10,212,323.23
2/23/2011	International Salt Co., LLC.	$7,000,000.00
2/23/2011	Joseph M. Sanzari, Inc.	$6,980,350.00
2/23/2011	LS Engineering Associates	$343,000.00
2/23/2011	Roof Maintenance Systems	$620,001.00
2/23/2011	Silvi Concrete, Inc.	$100,000.00
2/23/2011	Snow Plow Umbrella Contract	$4,000,000.00
2/23/2011	T.Y. Lin International/Medina	$550,000.00
2/23/2011	WSP-Sells	$2,150,000.00
3/29/2011	Crisdel Group, Inc.	$5,286,000.00
3/29/2011	Dell Computer Corp.	$101,060.00
3/29/2011	Dewberry-Goodkind, Inc.	$180,000.00
3/29/2011	Eplus Technology	$339,348.40
3/29/2011	Flagpoles, Inc.	$118,835.00
3/29/2011	Fords National Automart, Inc.	$250,000.00
3/29/2011	HNTB Corp.	$670,000.00
3/29/2011	Horizon Blue Cross Blue Shield, NJ	$195,000.00
3/29/2011	Johnson, Mirmiran & Thompson, Inc.	$1,275,300.00

Contracts Awarded

Commission Approval Date	Vendor	Amount
3/29/2011	ProLine Collision, Inc.	$180,000.00
3/29/2011	Snow Plow Umbrella Contract	$840,595.00
3/29/2011	Waste Management of NJ	$977,800.00
4/27/2011	Crisdel Group, Inc.	$5,476,000.00
4/27/2011	Day Chevrolet, Inc.	$204,397.34
4/27/2011	Ditschman Flemington Ford	$109,804.00
4/27/2011	E-Plus Technology, Inc.	$884,824.40
4/27/2011	Greenman-Pederson, Inc.	$2,638,000.00
4/27/2011	Jewel Electric Supply Co.	$600,000.00
4/27/2011	Magnetic Ticket and Label Corp.	$532,200.00
4/27/2011	Mall Chevrolet, Inc.	$438,985.00
4/27/2011	Mall Chevrolet, Inc.	$809,445.27
4/27/2011	NEC Corporation of America	$204,113.03
4/27/2011	PKF Mark III	$12,689,317.50
4/27/2011	Ransome International	$3,791,207.56
4/27/2011	Traffic Lines, Inc.	$926,270.00
4/27/2011	URS Corp.	$150,000.00
5/24/2011	Beyer Brothers, Inc.	$478,935.00
5/24/2011	Bowco Laboratories, Inc.	$250,000.00
5/24/2011	Burlington Preservation Partners, LLC	$6,966,148.00
5/24/2011	Cimline, Inc.	$234,474.00
5/24/2011	Conti Enterprises, Inc.	$143,577,143.00
5/24/2011	Dewberry-Goodkind, Inc.	$1,762,500.00
5/24/2011	Edwards Tire Co., Inc.	$500,000.00
5/24/2011	Green Construction Co.	$2,983,821.38
5/24/2011	J. Fletcher Creamer & Son	$11,150,908.70
5/24/2011	Jacobs Engineering Group, Inc.	$17,390,000.00
5/24/2011	Jersey Central Power & Light Co.	$560,000.00
5/24/2011	Phoenix Marine Co., Inc.	$8,219,545.00
5/24/2011	STV Incorporated	$1,284,000.00
5/24/2011	Traffic Safety Service, LLC	$123,795.00
5/24/2011	Transpo Industries, Inc.	$151,500.00
6/28/2011	AECOM	$1,525,000.00
6/28/2011	AECOM	$876,000.00
6/28/2011	Campbell Foundry Company	$100,000.00
6/28/2011	Churchill Consulting Engineers	$835,000.00
6/28/2011	Earle Asphalt Co.	$4,077,813.13
6/28/2011	GreenVest, LLC	$7,669,952.00
6/28/2011	H.A. DeHart & Son, Inc.	$1,129,925.00
6/28/2011	Hertrich Fleet Services, Inc.	$1,258,245.50
6/28/2011	HNTB Corp.	$1,200,000.00
6/28/2011	Jacobs Engineering Group, Inc.	$3,500,000.00
6/28/2011	Mall Chevrolet, Inc.	$699,145.00
6/28/2011	P Square Solutions, LLC	$1,447,754.00
6/28/2011	TransSystems Corp.	$5,900,000.00
6/28/2011	Uni-Select USA	$300,000.00
6/28/2011	URS Corp.	$4,000,000.00
7/26/2011	Ahern Painting Contractors, Inc.	$780,030.97
7/26/2011	Allied Painting, Inc.	$169,566.89

Contracts Awarded

Commission Approval Date	Vendor	Amount
7/26/2011	CapitalSoft, Inc.	$100,000.00
7/26/2011	Cherry Valley Ford Tractor Sales	$336,749.04
7/26/2011	Dell Marketing LP	$219,502.80
7/26/2011	DFFLM, LLC	$107,940.00
7/26/2011	E-Plus Technology, Inc.	$102,187.00
7/26/2011	Gannett Fleming, Inc.	$400,000.00
7/26/2011	GMH Associates of America, Inc.	$152,500.00
7/26/2011	Greenman-Pederson, Inc.	$3,760,000.00
7/26/2011	Gregory Industries/Chemung Supply	$370,656.30
7/26/2011	Hewlett Packard	$132,621.32
7/26/2011	IBM	$606,709.00
7/26/2011	Multiple Vendors (Landscaping Materials)	$100,000.00
7/26/2011	PB Americas, Inc.	$3,110,000.00
7/26/2011	The RBA Group	$4,995,000.00
7/26/2011	Tilcon New York, Inc.	$938,291.00
7/26/2011	TY LIN International	$200,000.00
7/26/2011	Union Paving and Construction Co.	$34,460,317.73
9/7/2011	AECOM	$1,450,000.00
9/7/2011	Andy Matt Inc./Downes Tree Service	$1,500,000.00
9/7/2011	CapitalSoft, Inc.	$315,267.75
9/7/2011	Dewberry-Goodkind, Inc.	$4,322,000.00
9/7/2011	Dueco, Inc.	$186,938.00
9/7/2011	Earle Asphalt Co.	$52,063,413.13
9/7/2011	East Coast Emergency Lighting	$110,000.00
9/7/2011	Gannett Fleming, Inc.	$312,000.00
9/7/2011	Hertrich Fleet Services, Inc.	$199,997.00
9/7/2011	Jacobs Engineering Group, Inc.	$16,280,000.00
9/7/2011	Jesco, Inc.	$486,405.00
9/7/2011	Joseph M. Sanzari/Si Kemp Concrete	$161,000.00
9/7/2011	Link Communications	$428,294.00
9/7/2011	Mall Chevrolet, Inc.	$279,180.00
9/7/2011	Midlantic Construction, LLC	$50,617,232.44
9/7/2011	Midlantic Construction, LLC	$8,713,399.00
9/7/2011	National Fence Systems, Inc.	$750,000.00
9/7/2011	NEC Corporation of America	$142,266.56
9/7/2011	RCC Fabricators, Inc.	$4,681,219.00
9/7/2011	Richard E. Pierson Construction Co.	$46,657,170.60
9/7/2011	Rutgers University	$300,000.00
9/7/2011	Woodbury Cement Products, Inc.	$107,000.00
9/27/2011	American Hose and Hydraulics	$100,000.00
9/27/2011	Chas A Winner	$215,295.20
9/27/2011	D'Annunzio & Sons, Inc.	$330,751.87
9/27/2011	David Weber Oil Co.	$204,085.20
9/27/2011	Garda CL Atlantis/Wells Fargo Bank NA	$8,500,000.00
9/27/2011	George Harms Cosntruction Co., Inc.	$1,000,000.00
9/27/2011	Henderson Products/HA DeHart & Son	$235,930.01
9/27/2011	Multiple Vendors (Snow Plowing Services)	$564,400.00
9/27/2011	Norfolk-Southern Corp.	$240,000.00
9/27/2011	Tishman Construction Corp. of NJ	$79,225,000.00

Contracts Awarded

Commission Approval Date	Vendor	Amount
9/27/2011	Transcontinental Gas Pipe Line Co.	$515,000.00
9/27/2011	WW Grainger/Fastenal/MSC Industrial Supply	$750,000.00
10/25/2011	Greenman-Pederson, Inc.	$2,488,000.00
11/29/2011	A.E. Stone, Inc.	$2,531,202.00
11/29/2011	Atkins North America, Inc.	$6,900,000.00
11/29/2011	East Coast Emergency Lighting	$100,000.00
11/29/2011	IBM	$153,663.41
11/29/2011	IH Engineers, P.C.	$545,000.00
11/29/2011	Industrial Motor Supply, Inc.	$102,641.19
11/29/2011	M&J Engineering, PC	$2,360,000.00
11/29/2011	Michael Baker Jr., Inc.	$345,000.00
11/29/2011	PKF Mark III	$21,653,620.80
11/29/2011	PKF Mark III	$9,985,679.22
11/29/2011	South State, Inc.	$3,846,897.97
11/29/2011	Stone & Webster, Inc.	$365,000.00
12/14/2011	Arora and Associates	$1,530,000.00
12/14/2011	Capitol Supply, Inc.	$230,000.00
12/14/2011	Cherry Weber & Associates, P.C.	$1,851,000.00
12/14/2011	Churchill Consulting Engineers	$1,300,000.00
12/14/2011	Clean Rental Services, Inc.	$179,467.60
12/14/2011	D'Annunzio & Sons, Inc.	$12,117,000.00
12/14/2011	Defino Contracting Co.	$4,747,000.00
12/14/2011	Dewberry-Goodkind, Inc.	$6,720,000.00
12/14/2011	Electronic Data Magnetics	$535,500.00
12/14/2011	Gannett Fleming, Inc.	$1,638,500.00
12/14/2011	HNTB Corp.	$3,000,000.00
12/14/2011	IEW Constructin Group, Inc.	$6,260,053.02
12/14/2011	J. Fletcher Creamer & Son and Joseph M. Sanzari (JV)	$8,529,005.50
12/14/2011	Jacobs Engineering Group, Inc.	$139,700.00
12/14/2011	PB Americas, Inc.	$1,850,000.00
12/14/2011	Stone & Webster, Inc.	$1,630,000.00
12/14/2011	Tilcon New York, Inc.	$1,978,582.00

New Jersey Turnpike Authority

ADMINISTRATION BUILDING - 581 MAIN STREET
P.O. BOX 5042 - WOODBRIDGE, NEW JERSEY 07095
TELEPHONE (732) 750-5300

Certification of Annual Audit

For Year Ending December 31, 2011

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, 2011.

Veronique Hakim
Executive Director

Donna Manuelli
Chief Financial Officer

KPMG

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

Financial Statements

December 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

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

Table of Contents

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 years ended December 31, 2011 and 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide 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, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis on pages 3 through 14 and the schedule of funding progress – other postemployment benefits plan (schedule 1) on page 57 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.

Our audits were 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 9B 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

March 27, 2012

The management of the New Jersey Turnpike Authority (the Authority) offers this narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2011 and 2010, which should be read in conjunction with the Authority's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to present an overview of the Authority's financial performance for the years ended December 31, 2011 and 2010. The Authority's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). This section is intended to provide an assessment of how the Authority's financial position has improved or deteriorated and identify 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 the financial statements included in this report.

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 included in Schedule 1 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 included in Schedules 2 through 10B 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 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.

Condensed Summary of Net Assets

		December 31, 2011	December 31, 2010	December 31, 2009
Assets:				
Current assets	$	874,000,723	909,146,204	927,925,112
Other noncurrent assets		1,771,996,185	2,751,678,348	1,536,397,070
Capital assets, net of accumulated depreciation		6,754,951,695	5,754,564,589	4,990,111,462
Total assets	$	9,400,948,603	9,415,389,141	7,454,433,644
Deferred outflows:				
Interest rate swaps	$	88,029,208	154,654,119	137,002,036
Total deferred outflows	$	88,029,208	154,654,119	137,002,036
Liabilities:				
Current liabilities	$	706,121,807	683,704,178	574,372,503
Noncurrent liabilities		8,752,228,704	8,770,604,726	6,956,652,293
Total liabilities	$	9,458,350,511	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	$	(119,761,434)	(133,396,806)	(66,818,410)
Restricted		133,839,244	121,553,806	119,678,860
Unrestricted		16,549,490	124,497,249	(5,757,225)
Total net assets	$	30,627,300	112,654,249	47,103,225

2011 – 2010

The Authority's total net assets are reported at $30,627,300 and $112,654,249 as of December 31, 2011 and 2010, respectively, representing a decrease of $82,026,949, or 73%, compared to 2010. The major factors causing this decrease were the termination of the $371 million Series 1991 D interest rate swap with AIG, the termination of the $371 million Series 1991 D Interest Rate Exchange Agreement with Morgan Stanley, and a reduction in the fair market value of the $400 million Series 2000 B-G interest rate swaps which are classified as investment derivative instruments under Governmental Accounting Standards Board (GASB) Statement No. 53. The $371 million Series 1991 D interest rate swap with AIG was terminated on January 7, 2011 at a termination value of $101.6 million. AIG provided the Authority with a 12.5% discount from the termination value, resulting in a net termination payment to AIG of $88.9 million, which was funded through a replacement interest rate swap agreement with Barclays Bank, PLC and the $16.5 million proceeds from the termination of the $371 million Series 1991 D interest rate exchange agreement with Morgan Stanley. The Morgan Stanley agreement was terminated on February 3, 2011. See note 7 for further details. The fair market values of the $400 million Series 2000 B-G swaps decreased by $49.1 million during the year due to the continued decline in market interest rates, as current swap rates are well below the fixed rates paid by the Authority.

Capital assets increased by $1,000,387,106 offset by a decrease in other noncurrent assets of $979,682,163. This is a result of the ongoing capital improvement program and the utilization of bond proceeds as the projects progress.

2010 – 2009

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.

Capital Assets

		December 31		
		2011	**2010**	**2009**
Land	$	751,747,274	718,214,302	681,315,198
Construction-in-progress		1,950,042,758	1,273,115,729	662,412,230
Road Bed		1,942,347,777	1,913,293,938	1,843,772,900
Road Surface		269,977,967	138,516,193	87,497,994
Bridges		1,119,660,621	1,029,422,865	1,027,043,455
Buildings and sound barriers		253,130,628	251,017,883	257,127,808
Equipment		468,044,670	430,983,679	430,941,877
Total capital assets, net of accumulated depreciation	$	6,754,951,695	5,754,564,589	4,990,111,462

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.

2011 – 2010

The Authority's investment in capital assets as of December 31, 2011, was $9.1 billion of gross asset value with an accumulated depreciation of $2.3 billion, leaving a net book value of $6.8 billion. This investment represents 72% of the Authority's total assets.

Capital assets, net of accumulated depreciation, increased by $1 billion due to the continued spending on the Authority's $7 billion capital program. Major projects completed in 2011 include the widening of the Garden State Parkway between mileposts 63-80 and the Mullica River Bridge on the Garden State Parkway. Land increased by $33.5 million in 2011 due to the continued acquisition of parcels needed for the Turnpike Interchange 6-9 widening. Construction-in-progress increased by $676.9 million in 2011 due to the continued spending on the $7 billion capital program. Road Bed increased by $29.1 million in 2011 due primarily to the Garden State Parkway widening. Road Surface increased by $131.5 million in 2011 due to the Garden State Parkway widening and the continued planned spending on resurfacing on both roadways. Bridges increased by $90.2 million in 2011 due to completion of the Mullica River Bridge. Buildings and sound barriers increased by $2.1 million in 2011 due to the completion of the Herbertsville bus and truck inspection facility on the Garden State Parkway and the construction of new salt domes. Equipment increased by $37.1 million in 2011 primarily due to the acquisition of dump trucks and computer network upgrades.

The Authority has open commitments related to construction contracts totaling approximately $1.7 billion as of December 31, 2011. This work relates to the Authority's $7 billion capital program and will be completed over the next several years.

2010 – 2009

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.

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.

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.

The above paragraphs describe the changes in capital assets occurring during the year. Please refer to note 4 in the notes to the financial statements for a summary of changes in capital assets.

Capital Program Highlights

The Authority is in the midst of a $7 billion Capital Improvement Program that includes large scale projects including widening stretches of both the Turnpike and Parkway and smaller projects that improve interchanges, rehabilitate bridges, and deploy new technologies. The Capital Improvement Program continues to be on-time and on-budget or even ahead of schedule and under budget on some projects.

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

Project		Estimated cost
Turnpike Interchange 6-9 Widening	$	2,330,000,000
Bridge Repairs and Improvements		1,776,000,000
Roadway Improvements		683,000,000
Interchange Improvements		1,131,000,000
Toll Plaza and Building Improvements		400,000,000
Phase I Widening of Parkway Interchange 63-80		680,000,000
Total	$	7,000,000,000

Parkway Widening: Ahead of schedule and in time for the summer shore-travel season, the first phase of the Parkway widening project that added an additional travel lane in each direction between milepost 63 in Stafford Township and milepost 80 in Toms River was completed and open for motorists.

(Continued)

Due to the Authority's tight management of the Capital Improvement Program and scrutiny of every dollar being spent, the Authority was able to allocate money to fund the next phase of the Parkway widening without any increase to the overall cost of the Capital Improvement Program. The second phase of the widening, which will add an additional lane in each direction between mileposts 48 and 63 and provide necessary bridge improvements, is underway with construction contracts having been awarded in September 2011. The third phase of the Parkway widening is intended to add an additional travel lane in each direction between mileposts 30 and 48.

Turnpike Widening: The 6-to-9 Widening Program due to be completed in 2014 is currently under budget and ahead of schedule and will relieve one of the worst bottlenecks in the state. The Turnpike widening will provide three additional travel lanes in each direction between Interchanges 6 and 8A, and one additional lane in each direction between Interchanges 8A and 9 as well as a new toll plaza at Interchange 8.

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

		Year ended December 31,		
		2011	**2010**	**2009**
Operating revenues	$	1,033,292,029	1,033,743,174	1,036,924,389
Operating expenses, excluding OPEB and depreciation		(474,282,692)	(496,597,618)	(582,799,889)
Net operating revenue		559,009,337	537,145,556	454,124,500
OPEB expense		(78,937,100)	(68,071,400)	(68,071,400)
Depreciation expense		(141,692,812)	(119,412,401)	(109,129,290)
Operating income		338,379,425	349,661,755	276,923,810
Nonoperating revenues (expenses):				
Build America Bonds subsidy		81,665,325	37,723,673	24,083,916
Payments to the State of New Jersey		(142,301,000)	(102,301,000)	(147,850,587)
Interest expense, Turnpike Revenue Bonds		(205,720,940)	(211,202,397)	(166,487,729)
Other bond expenses		(4,245,084)	(4,238,054)	(5,828,303)
Investment loss		(152,868,452)	(7,570,710)	(17,190,270)
Arts Center		3,059,003	3,007,805	2,957,611
Garden State Arts Foundation		4,774	469,952	(30,586)
Total nonoperating revenues (expenses), net		(420,406,374)	(284,110,731)	(310,345,948)
Change in net assets		(82,026,949)	65,551,024	(33,422,138)
Net assets – beginning of year		112,654,249	47,103,225	80,525,363
Net assets – end of year	$	30,627,300	112,654,249	47,103,225

(Continued)

2011 – 2010

Operating revenues totaled $1,033,292,029 for the year ended December 31, 2011, representing a decrease of $451,145, or less than 0.1%, from the year ended December 31, 2010. The principal source of revenue for the Authority is tolls. During 2011, toll revenues totaled $948,878,813 and constituted 91.8% of the Authority's operating revenues, as compared to $952,166,438, or 92.1%, in 2010. On the Turnpike, passenger vehicle traffic decreased 1.0% while commercial traffic increased by 0.7% resulting in an overall decrease of 0.8%. On the Parkway passenger cars decreased 1.2% while commercial traffic increased 1.6%. Passenger cars constituted 98.7% of all Parkway toll transactions, therefore, changes in commercial traffic only have minimal impacts. The declines on both roadways is largely due to four major winter storms and Hurricane Irene all impacting the State in 2011, continued high unemployment and gas prices.

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 75.5% and for commercial traffic was 83.0%, resulting in an overall penetration rate of 76.4%. On the Parkway, the overall E-ZPass penetration rate was up to 72.5% from 71.4% in 2010. During 2011, passenger car traffic had a penetration rate of 72.3%, and commercial traffic had a penetration rate of 85.0%.

E-ZPass fees totaled $39,695,690 and $38,701,145 for the years ended December 31, 2011 and 2010, respectively, representing an increase of $994,545, or 2.6%. 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 increase resulted from gains in membership fees, tag sales and higher earnings on invested prepaid balances. There are approximately 146,500 more NJ E-ZPass accounts at the end of 2011 as compared to 2010, including the approximate 42,500 accounts received from the Delaware River & Bay Authority in June 2011.

Concession revenues were $33,769,648 constituting 3.3% of total operating revenues. This represents a decrease of $35,062 or 0.1% from $33,804,710 in 2010. The decrease is due to decreased revenue from food sales along both roadways partially offset by gains in fuel and convenience store sales. Revenue from food sales declined 2.6% on the Turnpike and 2.1% on the Parkway. This decline was largely offset by gains in revenues from fuel sales of 0.8% and 4.4% on the Turnpike and Parkway, respectively. Revenues from convenience store sales also increased on the Turnpike by 1.8% and on the Parkway by 0.5%.

Miscellaneous revenue totaled $10,947,878 for the year ended December 31, 2011, representing an increase of $1,876,997, or 20.7%, compared to the year ended December 31, 2010. Miscellaneous revenue includes rentals of cell tower sites, fiber optic lines, towing commissions, park and ride receipts and easements. The change from 2010 to 2011 is attributable to increases in revenue generated on cell tower sites and surplus property sales.

(Continued)

General operating expenses for the year ended December 31, 2011 totaled $474,282,692, representing a decrease of $22,314,926, or 5%, from $496,597,618 for the year ended December 31, 2010. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)* (GASB Statement No. 45), the Authority recorded an expense of $78,937,100 representing the annual OPEB cost. This cost was approximately $10,000,000 higher than in 2010. Depreciation expense during 2011 totaled $141,692,812, which was an increase of approximately $22,000,000 from 2010. Despite these increases, total operating expenses declined due to the Authority's continued authorized headcount reduction and control of discretionary expenses.

Net nonoperating expenses increased by $136,295,643 from 2010 primarily due to an increase in the Build America Bond subsidy and a decrease in interest expense offset by an increase in payments to the State of New Jersey and a decrease in investment income.

The Build America Bonds subsidy increased by $43,941,652 or 116%, compared to 2010 due to the recognition of a full year of subsidy on the Series 2010 A bonds. 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.

Payments to the State of New Jersey increased from $102,301,000 in 2010 to $142,301,000 in 2011. 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 on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. On March 28, 2011, the Authority entered into an amendment to the second amendment to the State Agreement which provided for a $3.6 million one-time additional payment payable by June 30, 2011.

Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation projects. These payments total $60 million in calendar 2011, $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution.

The Authority also made annual payments to the state of $8,001,000 in 2010 and 2011 for feeder road maintenance provided by the New Jersey Department of Transportation. This agreement is expected to be renewed annually.

In addition, the Authority made payments of $50,500,000 in 2010 and 2011 to support various state transportation projects including Route 495, Route 1 and 9 / Paterson Plank Bridge, Route 46 Hackensack River Bridge, and various interchange improvements. In 2010, a $20,000,000 payment was made for St. Paul's Viaduct improvements. No further payments are anticipated to be made by the Authority for these projects.

Investment loss increased from $7,570,710 in 2010 to $152,868,452 in 2011. Interest income earned by the Authority in 2010 was $14,495,017 and dropped to $12,850,123 in 2011 as a result of lower interest rates and the utilization of bond proceeds for construction projects. The adoption of GASB Statement No. 53 in 2010 requires the recognition of fair market value changes related to some of the Authority's swap agreements as investment income The impact in 2010 was a decrease in investment income of $22,065,946, and in 2011 was a decrease of $165,718,957. This decrease in 2011 relates to the change in fair market value of the Series 2000 B-G swaps that were deemed to be ineffective hedges of $62,136,127, as well as the termination of the Series 1991 D AIG swap, whereby the negative fair market value on the termination date was recorded as a reduction in interest income under GASB Statement No. 53.

Interest expense declined by $5,481,457 in 2011 as compared to 2010, due primarily to the replacement of the Series 1991 D Interest Rate Swap Agreement with AIG with a new Interest Rate Swap Agreement with Barclays Bank PLC. The Barclays agreement has a lower fixed interest rate (5.6526% compared to 6.19%) that is paid by the Authority. In addition, in 2010, the Authority paid interest expense on the Series 1991 D bonds which exceeded the fixed rate on the corresponding swap.

2010 – 2009

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, the Authority recorded an expense of $68,071,400 representing the annual OPEB cost. Depreciation expense during 2010 totaled $119,412,401.

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.

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.

2011 – 2010

On December 22, 2011, the Authority issued $225,000,000 of Series 2011A and $50,000,000 of Series 2011 B Floating Rate Bonds under a Direct Purchase Agreement with Citibank, N.A. The bonds bear interest at a floating rate equal to SIFMA plus 75 basis points, reset weekly. Interest on the bonds is paid monthly. The purpose of the 2011 A and 2011 B bonds was to refund in whole the Series 2003 C-2 and Series 2003 C-3 bonds. The bonds mature on January 1, 2024 and have a mandatory tender at par value on December 22, 2014. The total savings on the new bonds is approximately $16,002,000 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the Series 2003 C-2 and Series 2003 C-3 bonds. The refunding resulted in a deferred loss of $2,724,810 which is being amortized over the life of the new bonds. The existing Interest Rate

Swap agreements from the Series 2003 C-2 and Series 2003 C-3 bonds were amended to cover the Series 2011 A and Series 2011 B bonds.

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 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 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 made an upfront payment of $72,410,000 on March 14, 2011. The Authority used 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.

The Series 2011 A and Series 2011 B bonds received a credit rating of A3/A+/A by Moody's, Standard & Poors and Fitch. In addition, the underlying credit rating on all Authority outstanding bonds remains at A3/A+/A. The Authority continues to have a negative ratings outlook from Moody's since December 1, 2010.

2010 - 2009

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 2003 C, 2005 A, 2005 B, 2005 C and 2005 D 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 2009 A, 2009 C and 2009 D bonds are rated Aa1/VMIG-1 and AA-1/A-1+ by Moody's Investor

(Continued)

Services and Standard & Poor's, while the 2009 B 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 debt administration occurring during the year. Please refer to note 6 and note 7 in the notes to the financial statements for more detailed schedules of long-term debt and derivative instrument activity.

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. 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.

The net revenue requirement was met under test (i) and (ii) above for 2011 and 2010 as follows:

		2011	2010
(i)			
Net revenue available for Debt Service	$	653,948,211	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)		(521,582,247)	(460,780,088)
Excess net revenue	$	132,365,964	145,162,909
(ii)			
Net revenue available for Debt Service	$	653,948,211	605,942,997
Less net revenue requirements computed under test:			
(120% x aggregate debt service requirements of $413,629,886 and $365,947,087 in 2011 and 2010, respectively)		(496,355,863)	(439,136,506)
Excess net revenue	$	157,592,348	166,806,491

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.58 and 1.66 in 2011 and 2010, respectively. Please refer to note 8 for more details.

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)
Statements of Net Assets
December 31, 2011 and 2010

	2011	2010
ASSETS:		
Current assets:		
Cash	$ 188,998,406	177,736,432
Restricted cash	14,515,050	5,994,403
Investments	247,090,108	365,718,443
Restricted investments	330,730,929	267,158,300
Receivables, net of allowance	47,890,099	49,853,751
Restricted receivables	75,000	105,800
Inventory	16,197,661	16,158,428
Due from State of New Jersey	3,638,603	1,741,958
Deposits	20,162,231	19,968,371
Prepaid expenses	4,702,636	4,710,318
Total current assets	874,000,723	909,146,204
Noncurrent assets:		
Investments	55,011,000	—
Restricted investments	1,579,686,898	2,656,472,327
Restricted receivables	217,165	—
Capital assets, net of accumulated depreciation	6,754,951,695	5,754,564,589
Deferred financing costs, net	137,081,122	92,125,914
Interest rate swap assets	—	3,080,107
Total noncurrent assets	8,526,947,880	8,506,242,937
TOTAL ASSETS	9,400,948,603	9,415,389,141
DEFERRED OUTFLOWS		
Interest rate swaps	88,029,208	154,654,119
TOTAL DEFERRED OUTFLOWS	88,029,208	154,654,119
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	161,759,357	231,300,577
Funds held in trust	186,124,313	175,912,261
Due to State of New Jersey	2,977,211	3,439,322
Deposits	198,650	1,318,047
Accrued interest payable	208,887,966	149,184,948
Deferred revenue	3,967,650	3,644,113
Current portion of hybrid instrument borrowing	11,664,331	1,795,063
Current portion of other long-term liabilities	10,247,329	8,279,847
Current portion of bonds payable	120,295,000	108,830,000
Total current liabilities	706,121,807	683,704,178
Noncurrent liabilities:		
Bonds payable, net	8,230,257,500	8,349,092,981
Hybrid instrument borrowing	81,910,562	21,164,892
Other long-term liabilities	90,401,479	84,559,444
Other postemployment benefits liability	208,258,200	161,133,290
Interest rate swap liabilities	141,400,963	154,654,119
Total noncurrent liabilities	8,752,228,704	8,770,604,726
TOTAL LIABILITIES	9,458,350,511	9,454,308,904
DEFERRED INFLOWS:		
Interest rate swaps	—	3,080,107
TOTAL DEFERRED INFLOWS	—	3,080,107
NET ASSETS:		
Invested in capital assets, net of related debt	(119,761,434)	(133,396,806)
Restricted for debt service and charges	133,839,244	121,553,806
Unrestricted	16,549,490	124,497,249
TOTAL NET ASSETS	$ 30,627,300	112,654,249

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Assets

Years ended December 31, 2011 and 2010

	2011	2010
Operating revenues:		
Toll revenue	$ 948,878,813	952,166,438
E-ZPass fees	39,695,690	38,701,145
Concession revenue	33,769,648	33,804,710
Miscellaneous revenue	10,947,878	9,070,881
Total operating revenues	1,033,292,029	1,033,743,174
Operating expenses:		
Maintenance of roadway, buildings and equipment	123,939,665	146,724,621
Toll collection	160,215,369	164,475,253
State police and traffic control	69,706,228	74,208,126
Technology	15,363,375	19,845,555
Employee benefits	63,214,422	65,877,136
General administrative costs	41,843,633	25,466,927
Other postemployment benefits	78,937,100	68,071,400
Depreciation	141,692,812	119,412,401
Total operating expenses	694,912,604	684,081,419
Operating income	338,379,425	349,661,755
Nonoperating revenues (expenses):		
Build America Bonds subsidy	81,665,325	37,723,673
Payments to the State of New Jersey	(142,301,000)	(102,301,000)
Interest expense, Turnpike Revenue Bonds	(205,720,940)	(211,202,397)
Other bond expenses	(4,245,084)	(4,238,054)
Investment loss	(152,868,452)	(7,570,710)
Arts Center	3,059,003	3,007,805
Garden State Arts Foundation	4,774	469,952
Total nonoperating revenues (expenses), net	(420,406,374)	(284,110,731)
Change in net assets	(82,026,949)	65,551,024
Net assets – beginning of year	112,654,249	47,103,225
Net assets – end of year	$ 30,627,300	112,654,249

See accompanying notes to basic financial statements.

NEW JERSEY TURNPIKE AUTHORITY

(A Component Unit of the State of New Jersey)

Statements of Cash Flows

Years ended December 31, 2011 and 2010

		2011	2010
Cash flows from operating activities:			
Receipts from customers and patrons	$	1,035,088,080	1,017,190,892
Payments to suppliers		(289,451,309)	(251,465,785)
Payments to employees		(179,658,989)	(195,944,383)
Payments for self insured claims		(73,335,631)	(72,573,551)
Net cash provided by operating activities		492,642,151	497,207,173
Cash flows from noncapital financing activities:			
Payments to State of New Jersey		(142,301,000)	(50,001,000)
Proceeds from Arts Center		3,059,003	3,007,805
Operating gain from Garden State Arts Foundation		4,774	469,952
Net cash used in noncapital financing activities		(139,237,223)	(46,523,243)
Cash flows from capital and related financing activities:			
Proceeds received from new capital debt		275,000,000	1,850,000,000
Purchases of capital assets		(1,160,933,318)	(844,074,964)
Principal paid on capital debt		(108,830,000)	(104,855,000)
Principal paid on defeased capital debt		(275,000,000)	—
Build America Bonds subsidy		81,665,325	37,723,673
Interest paid on capital debt		(171,331,438)	(202,736,684)
Payments for bond expenses		(3,091,297)	(16,655,397)
Net cash (used in) provided by capital and related financing activities		(1,362,520,728)	719,401,628
Cash flows from investing activities:			
Purchases of investments		(147,381,793,988)	(99,320,551,479)
Sales and maturities of investments		148,301,312,067	98,100,151,713
Interest received		109,380,342	12,601,592
Net cash provided by (used in) investing activities		1,028,898,421	(1,207,798,174)
Net increase (decrease) in cash		19,782,621	(37,712,616)
Cash – beginning of year		183,730,835	221,443,451
Cash – end of year	$	203,513,456	183,730,835
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	338,379,425	349,661,755
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense		141,692,812	119,412,401
Changes in assets and liabilities:			
Receivables		(124,132)	(18,294,084)
Inventory		(39,233)	2,325,538
Other assets		7,682	373,231
Accounts payable and accrued expenses		(55,670,630)	(10,287,143)
Deferred revenue		323,537	1,148,954
Other liabilities		24,562,319	3,339,513
Other postemployment benefit liability		45,896,371	40,707,508
Pollution remediation liability		(2,386,000)	8,819,500
Net cash provided by operating activities	$	492,642,151	497,207,173

See accompanying notes to basic financial statements.

(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 eight 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, 2011 and 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.

The Garden State Arts Foundation, Inc. (the Foundation) (see note 14) is included in the financial statements presented in accordance with accounting principles generally accepted in the United

States of America as a blended component unit. Although legally separate from the Authority, the Foundation's members include the Commissioner's of the New Jersey Turnpike Authority, who represent a voting majority of the Foundation's members.

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
Major Bridge Repairs	20 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

(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.

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 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 bankers acceptances and certificates of deposit held at any time as investments of funds under this Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by both Moody's and S&P;

(viii) Other obligations of the United States of America or any agency thereof which may then be purchased with funds belonging to the State of New Jersey or which are legal investments for savings banks in the State of New Jersey;

(ix) Deposits in the New Jersey cash management fund;

(x) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof or any agency or instrumentality of such a state, commonwealth, possession or political subdivision, provided that at the time of their purchase such obligations are rated in either of the two highest rating categories by both Moody's and S&P; and

(xi) Commercial paper with a maturity date not in excess of 270 days rated A-1+ by S&P and P-1 by Moody's at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof.

(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 $248,325,881 and $128,252,890 during the years ended December 31, 2011 and 2010, respectively.

(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.

(j) Funds Held in Trust

Included in the December 31, 2011 and 2010 statements of net assets is approximately \$25.7 million and \$29.7 million, respectively, for amounts retained from contractors and engineers and \$158.3 million and \$142.5 million, respectively, 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, Delaware River Bay Authority and the Burlington County Bridge Commission 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 $50 administrative fee collected from toll evaders in 2011 ($25 in 2010), 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.

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) Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation.

(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, 2011 and 2010 includes a book balance of $203,513,456 and $183,730,835, respectively. The actual amount of cash on deposit in all bank accounts as of December 31, 2011 and 2010 was $154,267,963 and $159,157,197, respectively. New Jersey Turnpike Authority accounts had a book balance as of December 31, 2011 and 2010 of $202,609,718 and $182,900,324, respectively, actual cash on deposit of $153,364,225 and $158,324,186, respectively, and are collateralized by pledged securities totalling $227,308,218 and $184,845,827, respectively, held in the Authority's name by the Authority's financial institutions or its agents. The Foundation's cash balance as of December 31, 2011 and 2010 includes a book balance of $903,738 and $830,511, respectively. The actual amount of cash on deposit in the Foundation's bank accounts as of December 31, 2011 and 2010 was $903,738 and $833,011, respectively, of which $151,020 and $80,369, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC) and $752,718 and $752,642, respectively, held in a money market account, which was not insured or collateralized.

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, 2011 and 2010, the Authority had the following investments:

December 31, 2011

Investment type		Fair value	Investment maturities: Less than 1 year	1 – 5 years	Over 5 years
Investments:					
Commercial paper	$	145,195,293	145,195,293	—	—
Repurchase agreements		98,251,594	98,251,594	—	—
Federal Home Loan Bank (FHLB)		35,060,472	—	35,060,472	—
Federal Home Loan Mortgage (FHLMC)		3,580,832	3,580,832	—	—
Federal National Mortgage Assn (FNMA)		20,012,917	—	20,012,917	—
Total investments		302,101,108	247,027,719	55,073,389	—
Restricted investments held by trustee:					
Certificates of Deposit	$	409,764,187	—	409,764,187	—
Commercial paper		129,686,072	129,686,072	—	—
New Jersey cash management fund		126,423,316	126,423,316	—	—
FHLB		84,951,542	72,791,731	12,159,811	—
FHLMC		1,400,000	1,400,000	—	—
FNMA		237,999	237,999	—	—
Total restricted investments held by trustee		752,463,116	330,539,118	421,923,998	—
Restricted investments held by Authority:					
Certificates of Deposit	$	628,087,799	628,087,799	—	—
Commercial Paper		93,285,661	93,285,661	—	—
Repurchase Agreements		160,757,534	160,757,534	—	—
New Jersey cash management fund		165,102,227	165,102,227	—	—
Variable rate demand bonds		28,413,644	18,412,754	—	10,000,890
FNMA		160,651,650	97,000	160,554,650	—
Federal Farm Credit Bank (FFCB)		39,977,905	39,977,905	—	—
Total restricted investments held by Authority		1,276,276,420	1,105,720,880	160,554,650	10,000,890
Restricted investment derivative instruments		(118,321,709)	—	—	(118,321,709)
Total investments	$	2,212,518,935	1,683,287,717	637,552,037	(108,320,819)

Note: Table includes $5,307,761 of accrued interest on investments for the year ended December 31, 2011.

December 31, 2010

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	—	—
Restricted 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 restricted investments held by trustee		674,884,797	267,158,576	407,726,221	—
Restricted 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 restricted investments held by Authority		2,286,296,288	2,202,026,288	18,400,000	65,870,000
Restricted 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.

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, 2011 and 2010, the Authority's investment quality ratings as rated by Standard & Poor's and Moody's were as follows:

	December 31, 2011 Standard & Poor's/Moody's ratings						
	AA+/Aaa	A-1+/P-1	AA/P-1	AA/Aa2	A-2/Aa2	A1/P-1	Totals
Commercial Paper	$ —	254,158,773	—	—	—	114,008,253	368,167,026
Repurchase Agreements	—	—	65,000,559	—	—	194,008,569	259,009,128
Variable rate demand bonds	—	—	—	10,000,890	18,412,754	—	28,413,644
FFCB	—	39,977,905	—	—	—	—	39,977,905
FHLB	47,220,283	72,791,731	—	—	—	—	120,012,014
FHLMC	—	4,980,832	—	—	—	—	4,980,832
FNMA	180,567,567	334,999	—	—	—	—	180,902,566
	$ 227,787,850	372,244,240	65,000,559	10,000,890	18,412,754	308,016,822	1,001,463,115

	December 31, 2010 Standard & Poor's/Moody's ratings								
	AAA/AAA	AAA/Aaa	AAA/Aa1	AA/Aa2	A/Aa3	A/A3	A1/P-1	A/A2	Totals
Commercial Paper	$ —	—	—	—	—	—	98,233,662	—	98,233,662
Repurchase Agreements	—	—	—	—	—	821,782,570	—	—	821,782,570
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
	$ 1,666,959,055	6,636,840	5,655,000	35,300,000	21,600,000	821,782,570	98,233,662	22,000,000	2,678,167,127

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, 2011 and 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 concentrated in the following issuers as of December 31, 2011 and 2010, respectively:

	December 31,	
Issuer	**2011**	**2010**
U.S. Bank	18.5%	12.4%
Federal National Mortgage Association	8.2%	— %
General Electric Credit Corporation	7.6%	— %
JPMorgan Chase Bank	7.1%	20.2%
Federal Home Loan Bank	5.4%	11.7%
Federal Home Loan Mortgage Corporation	— %	6.2%

(4) Capital Assets

A summary of changes in the capital assets as of December 31, 2011 and 2010 is as follows:

Classification	December 31, 2010	Additions	Retirements/ transfers	December 31, 2011
Nondepreciable capital assets:				
Land	$ 718,214,302	33,532,972	—	751,747,274
Construction-in-progress	1,273,115,729	1,108,546,946	(431,619,917)	1,950,042,758
Total nondepreciable capital assets	1,991,330,031	1,142,079,918	(431,619,917)	2,701,790,032
Depreciable capital assets:				
Road bed	2,502,310,010	54,306,343	—	2,556,616,353
Road surface	483,093,754	154,786,283	—	637,880,037
Bridges	1,821,189,017	129,540,347	—	1,950,729,364
Buildings and sound barriers	484,963,417	15,266,517	—	500,229,934
Equipment	643,289,703	77,720,427	—	721,010,130
Total depreciable capital assets	5,934,845,901	431,619,917	—	6,366,465,818
Total capital assets	7,926,175,932	1,573,699,835	(431,619,917)	9,068,255,850
Less accumulated depreciation:				
Road bed	(589,016,072)	(25,252,504)	—	(614,268,576)
Road surface	(344,577,561)	(23,324,509)	—	(367,902,070)
Bridges	(791,766,152)	(39,302,591)	—	(831,068,743)
Buildings and sound barriers	(233,945,534)	(13,153,772)	—	(247,099,306)
Equipment	(212,306,024)	(40,659,436)	—	(252,965,460)
Total accumulated depreciation	(2,171,611,343)	(141,692,812)	—	(2,313,304,155)
Capital assets, net	$ 5,754,564,589	1,432,007,023	(431,619,917)	6,754,951,695

(Continued)

Classification		December 31, 2009	Additions	Retirements/ transfers	December 31, 2010
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		1,343,727,428	883,865,531	(236,262,928)	1,991,330,031
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		5,698,582,976	236,262,925	—	5,934,845,901
Total capital assets		7,042,310,404	1,120,128,456	(236,262,928)	7,926,175,932
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		(2,052,198,942)	(119,412,401)	—	(2,171,611,343)
Capital assets, net	$	4,990,111,462	1,000,716,055	(236,262,928)	5,754,564,589

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of December 31, 2011 and 2010:

		December 31, 2011	December 31, 2010
Vendors	$	148,567,546	217,146,162
Accrued salaries and benefits		11,618,660	12,728,808
Other accrued expenses		1,573,151	1,425,607
Total	$	161,759,357	231,300,577

(6) Bond Indebtedness

As of December 31, 2011 and 2010, bond indebtedness consisted of the following:

	Interest rate	Maturity		December 31, 2011	December 31, 2010
Turnpike revenue bonds:					
Series 1991 C, subject to mandatory redemption Jan. 1, 2016	6.50%	Jan. 1, 2016	$	102,650,000	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 (1.85% at Dec. 31, 2011; 0.33% at Dec. 31, 2010)	Jan. 1, 2018		371,000,000	371,000,000
Series 1992 B, Capital appreciation bonds, not subject to redemption prior to maturity	6.70%	Jan. 1, 2011 through 2012		5,400,000	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		21,125,000	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% (0.175% to 0.438% at Dec. 31, 2011; 0.595% to 0.840% at Dec. 31, 2010)	Jan. 1, 2030		400,000,000	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	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	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 (0.29% at Dec. 31, 2011; 0.39% at Dec. 31, 2010)	Jan. 1, 2024		225,000,000	500,000,000
Series 2004 B, Capital appreciation bonds, 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		141,149,119	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	154,270,000
Series 2004 C-2, not subject to redemption	5.50%	Jan. 1, 2025		132,850,000	132,850,000

(Continued)

	Interest rate	Maturity		December 31, 2011	December 31, 2010
Turnpike revenue bonds, continued:					
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	$	235,530,000	235,530,000
Not subject to optional redemption prior to maturity	5.25%	Jan. 1, 2026 through Jan. 1, 2030		173,650,000	173,650,000
Series 2005 B (Federally Taxable), not subject to optional redemption prior to maturity	4.81%	Jan. 1, 2019		32,500,000	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		47,845,000	47,845,000
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		48,035,000	48,035,000
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	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 (0.09% at Dec. 31, 2011; 0.34% at Dec. 31, 2010)	Jan. 1, 2024		92,500,000	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 (0.06% at Dec. 31, 2011; 0.27% at Dec. 31, 2010)	Jan. 1, 2024		50,000,000	50,000,000
Series 2009 C, subject to optional redemption prior to maturity on any interest payment date in whole or part part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable (0.05% at Dec. 31, 2011; 0.31% at Dec. 31, 2010)	Jan. 1, 2024		43,750,000	43,750,000
Series 2009 D, subject to optional redemption prior to maturity on any interest payment date in whole or part part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable (0.05% at Dec. 31, 2011; 0.27% at Dec. 31, 2010)	Jan. 1, 2024		43,750,000	43,750,000
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		75,000,000	75,000,000
Subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or in part	5.25%	Jan. 1, 2040		300,000,000	300,000,000

	Interest rate	Maturity	December 31, 2011	December 31, 2010
Turnpike revenue bonds, continued:				
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	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	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	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	5.00%	Jan. 1, 2031	32,215,000	32,215,000
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, 2035	145,790,000	145,790,000
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	1,850,000,000
Series 2011 A, 3.4486% with mandatory redemptions Jan. 1, 2022 and Jan 1, 2023	Variable (0.85% at Dec. 31, 2011)	Jan. 1, 2024	225,000,000	—
Series 2011 B, 3.4486% with mandatory redemptions Jan. 1, 2022 and Jan 1, 2023	Variable (0.85% at Dec. 31, 2011)	Jan. 1, 2024	50,000,000	—
			8,322,019,119	8,423,507,626
Additions and deductions for unamortized:				
Bond premium			81,502,659	88,839,794
Bond discount			(13,243,573)	(15,210,828)
Deferred bond refunding costs			(39,725,705)	(39,213,611)
			28,533,381	34,415,355
			$ 8,350,552,500	8,457,922,981

On December 22, 2011, the Authority issued $225,000,000 of Series 2011 A and $50,000,000 of Series 2011 B Floating Rate Bonds under a Direct Purchase Agreement with Citibank, N.A. The bonds bear interest at a floating rate equal to SIFMA plus 75 basis points, reset weekly. Interest on the bonds is paid monthly. The purpose of the Series 2011 A and Series 2011 B bonds was to refund in whole the Series 2003 C-2 and Series 2003 C-3 bonds. The bonds mature on January 1, 2024 and have a mandatory tender at par value on December 22, 2014. The total savings on the new bonds was approximately $16,002,000 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the Series 2003 C-2 and Series 2003 C-3 bonds. The refunding resulted in a loss on defeasance of $2,724,810 in 2011, which is being amortized over the life of the new bonds. The existing Interest Rate Swap agreements from the Series 2003 C-2 and Series 2003 C-3 bonds were amended to cover the Series 2011 A and Series 2011 B bonds (see note 7).

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 $3,056,888,132 and $3,470,338,168 as of December 31, 2011 and 2010, respectively.

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, 2011 and 2010, the Authority maintained debt reserve insurance policies to meet this requirement with a payment limit of $348,903,213, respectively. The Authority also maintains investments with a fair market value of $406,168,240 as of December 31, 2011 and 2010, respectively, to meet the Debt Reserve Requirement.

Interest Payments – Fixed Rate Debt

Interest payments on all fixed rate debt are payable semi-annually on July 1st and January 1st except for Capital Appreciation Bonds.

Interest payments – Capital Appreciation Bonds

Interest on Capital Appreciation Bonds is not paid as current interest, but rather added to the face value of the bond and paid at maturity.

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 $5,400,000 and $10,455,588 as of December 31, 2011 and 2010, respectively, 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 $141,149,119 and $134,152,038 as of December 31, 2011 and 2010, respectively. 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.

Interest Payments – Variable Rate Debt

Interest rates on variable rate debt, except for the Auction Rate Securities (see below) are reset weekly. Interest is paid monthly, except for the Series 1991 D bonds which pay interest semi-annually on July 1st and January 1st.

Auction Rate Bond 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 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.

Future Payments of Debt Service

The following table sets forth as of December 31, 2011, 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-rates as of December 31, 2011.

		Principal	Interest	Hedging interest rate swaps, net	Total
December 31,					
2012	$	120,295,000	406,573,137	41,220,254	568,088,391
2013		132,975,000	401,688,054	41,221,254	575,884,308
2014		148,565,000	395,876,982	41,221,254	585,663,236
2015		164,205,000	389,620,960	41,221,254	595,047,214
2016		172,655,000	391,324,183	41,221,254	605,200,437
2017 – 2021		1,177,920,000	1,845,347,188	136,256,998	3,159,524,186
2022 – 2026		1,533,625,000	1,690,635,762	34,557,985	3,258,818,747
2027 – 2031		781,364,737	1,493,494,805	—	2,274,859,542
2032 – 2036		1,110,154,382	1,378,033,052	—	2,488,187,434
2037 – 2041		2,980,260,000	660,589,379	—	3,640,849,379
	$	8,322,019,119	9,053,183,502	376,920,253	17,752,122,874

(Continued)

Interest Expense

Interest expense was comprised of the following:

		Year ended December 31,	
		2011	2010
Turnpike Revenue Bonds, Series 1991 C	$	6,672,250	6,672,250
Turnpike Revenue Bonds, Series 1991 D		18,383,677	23,364,154
Turnpike Revenue Bonds, Series 1992 B		344,410	666,846
Turnpike Revenue Bonds, Series 2000 A		1,207,300	7,413,100
Turnpike Revenue Bonds, Series 2000 B – G		14,357,507	2,340,576
Turnpike Revenue Bonds, Series 2003 A		39,223,563	39,223,563
Turnpike Revenue Bonds, Series 2003 B		25,916,790	25,916,790
Turnpike Revenue Bonds, Series 2003 C		19,836,488	17,171,592
Turnpike Revenue Bonds, Series 2004 B		6,997,082	6,651,359
Turnpike Revenue Bonds, Series 2004 C		14,880,100	14,880,100
Turnpike Revenue Bonds, Series 2005 A		20,893,125	20,893,125
Turnpike Revenue Bonds, Series 2005 B		1,563,250	1,563,250
Turnpike Revenue Bonds, Series 2005 C		4,794,000	4,794,000
Turnpike Revenue Bonds, Series 2005 D		10,578,139	10,526,882
Turnpike Revenue Bonds, Series 2009 A		2,731,056	2,177,668
Turnpike Revenue Bonds, Series 2009 B		1,646,143	1,275,564
Turnpike Revenue Bonds, Series 2009 C		1,440,396	1,113,948
Turnpike Revenue Bonds, Series 2009 D		1,440,390	1,113,185
Turnpike Revenue Bonds, Series 2009 E (1)		19,500,000	19,500,000
Turnpike Revenue Bonds, Series 2009 F (1)		101,942,500	101,942,500
Turnpike Revenue Bonds, Series 2009 G		1,738,500	1,738,500
Turnpike Revenue Bonds, Series 2009 H		15,193,375	15,193,375
Turnpike Revenue Bonds, Series 2009 I		8,900,250	8,900,250
Turnpike Revenue Bonds, Series 2010 A (1)		131,387,000	5,839,422
Turnpike Revenue Bonds, Series 2011 A		223,579	—
Turnpike Revenue Bonds, Series 2011 B		49,684	—
		471,840,554	340,871,999
Less GASB Statement No. 53 interest expense adjustment for Series 2009 A-D and Series 2000 B-G		(14,332,492)	—
Less interest expense capitalized to projects		(251,787,122)	(129,669,602)
Net interest expense	$	205,720,940	211,202,397

(1) Includes capitalized interest expense paid from bond proceeds

Defeased Bonds

As of December 31, 2011 and 2010, the Authority has approximately $1,216,662,200 and $1,313,004,400, respectively, of bonds outstanding which have been previously defeased in substance and are secured by investments held by various escrow agents. The escrow accounts are invested in obligations of U.S. Government agencies and are not controlled by the Authority. The bonds are considered extinguished and accordingly, the assets and obligations are not reflected on the financial statements of the Authority.

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2011 and 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the accompanying financial statements are as follows (amounts in thousands; debit (credit)):

	Changes in Fair Value for year ended December 31, 2011			Fair Value as of December 31, 2011			
	Classification		Amount	Classification		Amount	Notional
Cash flow hedges:							
Pay-fixed, receive-variable interest rate swaps [1]	Deferred outflow	$	91,635	Interest rate swap liabilities	$	(141,401)	1,096,000
Pay-fixed, receive-variable interest rate swaps	Investment income	$	(12,940)	Interest rate swap liabilities	$	—	—
Investment derivatives:							
Pay-fixed, receive-variable interest rate swaps	Investment loss	$	62,136	Restricted investments	$	(118,322)	400,000
Interest rate basis swap	Investment loss	$	2,175	Restricted investments	$	—	—

	Changes in Fair Value for year ended December 31, 2010			Fair Value as of December 31, 2010			
	Classification		Amount	Classification		Amount	Notional
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	Investment loss	$	13,127	Restricted investments	$	(56,186)	400,000
Interest rate basis swap	Investment income	$	(4,096)	Restricted investments	$	18,635	371,000

[1] Includes the fair value of at-the-market interest rate swaps from hybrid instruments (see page 44).

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.

Objective and Terms of Derivative Instruments

The following tables display the objective and terms of the Authority's derivative instruments outstanding as of December 31, 2011 and 2010, along with the credit rating of the associated counterparty (amounts in thousands):

December 31, 2011

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 Series 1991 D bonds	$ 371,000	Mar. 10, 2011	Jan. 1, 2018	Pay 5.6526%, receive 63% of LIBOR plus 20bp LIBOR <3.5%; receive 74% of LIBOR if LIBOR > 3.5%	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2003 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 Series 2009 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 Series 2009 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-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 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 Series 2009 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-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011 A bonds	225,000	Dec. 22, 2011	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 Series 2011 B bonds	50,000	Dec. 22, 2011	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+
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 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 Series 2000 B-G bonds	160,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa3/A+/A

(Continued)

December 31, 2010

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 Series 1991 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 Series 2003 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 Series 2003 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 Series 2003 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 Series 2009 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 Series 2009 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-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 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 Series 2009 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 Series 2000 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 Series 2000 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

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 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 $16.5 million from Morgan Stanley.

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% or 74% of LIBOR when LIBOR is equal to or greater than 3.5%. The Interest Rate Swap will terminate on January 1, 2018. Barclays made an upfront payment of $72.4 million on March 14, 2011. The Authority used this payment, along with the $16.5 million payment received from the termination of the Morgan Stanley agreement to make the termination payment to AIG.

On December 22, 2011 the Authority refunded the Series 2003 C-2 and Series 2003 C-3 bonds with proceeds from the Series 2011 A and Series 2011 B bonds (see note 6). The Authority also entered into amendments on its existing Interest Rate Swap agreements which hedged the Series 2003 C-2 and Series 2003 C-3 bonds. The amendment provides that the Series 2003 C-2 bonds will now hedge the Series 2011 A bonds, and the Series 2003 C-3 bonds will now hedge the Series 2011 B bonds. All other terms and conditions of the Interest Rate Swap agreement were unchanged. No termination payments were required.

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.

There were no derivative instruments in asset positions as of December 31, 2011 and therefore no net credit risk exposure. 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.

Although the Authority executes derivative instruments with various counterparties, one contract, comprising 100 percent of the net exposure to credit risk as of December 31, 2010, 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, 2011 and 2010, the weighted-average interest rate on the Authority's hedged variable-rate debt is 0.75 percent and 0.35 percent, respectively, while 63 percent of LIBOR plus 20 basis points is 0.39 percent and 0.36 percent, respectively, and 64.459 percent of LIBOR is 0.82 percent and 0.17 percent, respectively.

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 $225,000,000, $225,000,000, and $50,000,000 notional value swaps that hedge the Series 2003 C1, Series 2011 A, and Series 2011 B bonds, respectively, 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. As of December 31, 2011 and 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 $347,308,600 and $211,389,000, respectively. If the collateral posting requirements were triggered as of December 31, 2011 and 2010, the Authority would be required to post $347,308,600 and $230,024,000, respectively, in collateral to its counterparties. The Authority's credit rating is A+/A3; therefore, no collateral has been posted as December 31, 2011 or 2010.

Hybrid Instrument Borrowings

The interest rate swaps hedging the Series 1991 D and Series 2009 A, 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 $96,928,748 reflecting the difference between 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, 2011 and 2010 was as follows:

	December 31, 2010	Additions	Reductions	December 31, 2011	Current portion
Hybrid Instrument Borrowings:					
Series 2009 A	$ 8,047,543	—	631,788	7,415,755	648,065
Series 2009 B	5,409,788	—	421,103	4,988,685	432,655
Series 2009 C	4,747,762	—	370,577	4,377,185	380,547
Series 2009 D	4,754,862	—	371,595	4,383,267	381,498
Series 1991 D	—	72,410,001	—	72,410,001	9,821,566
	$ 22,959,955	72,410,001	1,795,063	93,574,893	11,664,331

	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
	$ 24,518,748	—	1,558,793	22,959,955	1,795,063

The following table sets forth as of December 31, 2011, 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,			
2012	$ 11,664,331	1,950,255	13,614,586
2013	14,447,584	2,018,159	16,465,743
2014	14,799,703	1,666,039	16,465,742
2015	15,160,414	1,305,328	16,465,742
2016	15,529,930	935,812	16,465,742
2017 – 2021	20,827,824	1,283,253	22,111,077
2022 – 2024	1,145,107	51,614	1,196,721
	$ 93,574,893	9,210,460	102,785,353

(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 2011 and 2010 as follows:

		2011	2010
(i)			
Net revenue available for Debt Service	$	653,948,211	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)		(521,582,247)	(460,780,088)
Excess net revenue	$	132,365,964	145,162,909
(ii)			
Net revenue available for Debt Service	$	653,948,211	605,942,997
Less net revenue requirements computed under test:			
(120% x aggregate debt service requirements of '$413,629,886 and $365,947,087 in 2011 and 2010, respectively)		(496,355,863)	(439,136,506)
Excess net revenue	$	157,592,348	166,806,491

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.58 and 1.66 in 2011 and 2010, respectively.

(9) Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2011 and 2010 was as follows:

		December 31, 2010	Additions	Reductions	December 31, 2011	Current portion
Bonds payable, net	$	8,457,922,981	282,341,494	(389,711,975)	8,350,552,500	120,295,000
Pollution remediation liability		33,476,000	644,000	(3,030,000)	31,090,000	6,540,000
Self insurance		29,086,335	10,919,961	(10,060,424)	29,945,872	—
Arbitrage liability		3,409,532	179,864	—	3,589,396	—
Other liabilities		2,052,871	17,254,975	(2,379,105)	16,928,741	—
Compensated absences		24,814,553	20,652,174	(26,371,928)	19,094,799	3,707,329
Total	$	8,550,762,272	331,992,468	(431,553,432)	8,451,201,308	130,542,329

(Continued)

		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	$	6,812,167,410	1,894,001,383	(155,406,521)	8,550,762,272	117,109,847

(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 statements of net assets a PRO liability in the amount of $31,090,000 and $33,476,000 as of December 31, 2011 and 2010, respectively. 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,	
		2011	2010
Maintenance districts	$	794,500	565,000
Toll facilities		652,000	205,000
Service areas		17,271,000	20,373,000
Other facilities		12,372,500	12,333,000
Liability for pollution obligations remediation	$	31,090,000	33,476,000

(Continued)

(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 $147,000,000 and $166,000,000 for the years ended December 31, 2011 and 2010, respectively. The Authority's total payroll for the years ended December 31, 2011 and 2010 was approximately $180,000,000 and $196,000,000, respectively.

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

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, 2011, 2010 and 2009 were $26,328,926, $23,320,700 and $22,059,100, respectively. This consisted of employees' contributions of $8,406,417, $9,151,700 and $9,068,500 and employer's contributions of $17,922,509, $14,169,000 and $12,990,600 for the years ended December 31, 2011, 2010 and 2009, respectively. The percentage of employee's contribution rate as a percentage of covered payroll was 5.7% and 5.5% for 2011 and 2010, respectively.

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.

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 years ending December 31, 2011 and 2010, approximately 160 and 174 retirees, respectively, 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, 2011 and 2010:

	December 31, 2011	December 31, 2010
	(In thousands)	
Annual required contribution (ARC)	$ 78,895	$ 68,071
Interest on net OPEB obligation	6,445	4,840
Adjustment to annual required contribution	(6,403)	(4,840)
Total annual OPEB cost (AOC)	78,937	68,071
Contributions made	31,812	27,363
Increase in net OPEB obligation	47,125	40,708
Net OPEB obligation, beginning of year	161,133	120,425
Net OPEB obligation, end of year	$ 208,258	$ 161,133

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (NOO) the for years ending December 31, 2011, 2010 and 2009, respectively, were as follows:

Year ending	Annual OPEB cost (In thousands)	Percentage of annual OPEB cost contributed*	Net OPEB obligation (In thousands)
December 31, 2011	$ 78,937	40.3%	$ 208,258
December 31, 2010	68,071	40.2	161,133
December 31, 2009	68,071	35.8	120,425

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

At January 1, 2011, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately $1.2 billion, 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 $1.2 billion. The AAL represents approximately 77% of the present value of all projected benefits.

The covered payroll (annual payroll of active employees covered by the plan) was $157.4 million, and the ratio of the UAAL to covered payroll was 774%.

The actuarial valuation date is January 1, 2011. 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

(Continued)

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, 2011, 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 9% medical and grading down to an ultimate rate of 5% after 8 years. For prescription drug benefits, the initial trend rate is 10.0%, decreasing to a 5.0% long-term trend rate after ten years. For Medicare Part B reimbursement, the trend rate is 5.0% and for dental benefits the trend is 5.0%. 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.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information as of January 1, 2011 and whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(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 (automobile, professional, and general), workers compensation, excess workers compensation, major bridge/property insurance, employee medical benefits, public officials liability, employment practices liability, crime insurance, and owner controlled insurance programs (OCIP). The following table presents the amount of deductible and/or self-insurance retention amounts and frequency in 2011 and 2010:

Type of Insurance Coverage	Deductible/Retention
Umbrella Liability (automobile and police professional)	$2,000,000 per occurrence
Umbrella Liability (general aggregate)	$3,000,000 annually
Major Bridge/Property (NJ Turnpike Authority)	$2,000,000 per occurrence
Major Bridge/Property (Garden State Parkway)	$2,000,000 per occurrence
Employee Medical Benefits	$300,000 per claim
Workers Compensation	Not applicable – self funded
Excess Workers Compensation	$750,000 per occurrence
OCIP (Interchange 6-9 Widening Project – general and workers compensation)	$500,000 per occurrence
OCIP (other construction projects – general and workers compensation)	$500,000 per occurrence

The umbrella, major bridge/property, and excess workers compensation insurance 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, employers liability and direct damage claims.

Coverages for public officials liability, employment practices liability, and crime insurance all contain proportional ranges of self-insured retentions and/or deductibles. The OCIPs also provide other insurance coverage for the benefit of the Authority and its contractors, subcontractors, consultants and subconsultants at proportional ranges of self-insured retentions and/or deductibles. 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, 2011 and 2010:

		December 31, 2010	Change in estimate	Payments	December 31, 2011
General liability	$	3,248,748	3,005,576	(2,837,733)	3,416,591
Auto liability		1,102,153	35,922	(50,871)	1,087,204
Workers' compensation		24,735,434	7,878,463	(7,171,820)	25,442,077
Total	$	29,086,335	10,919,961	(10,060,424)	29,945,872

		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

(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 members 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 educational and charitable activities. The Foundation provides free entertainment at the PNC Bank Arts 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 members 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.

Prior to 2011, the Foundation transferred funds annually to the Garden State Cultural Center (GSCC) Fund of the Authority to administer the free programming and festivals produced at the PNC Bank Arts Center facility as well as several locations throughout the State of New Jersey. On May 24, 2011, the GSCC Fund was dissolved by board action of the Commissioners of the New Jersey Turnpike Authority and as such, the Foundation is now directly funding and producing the free programming and festivals.

The condensed statement of net assets and statement of revenues, expenses, and changes in net assets of the Foundation as of and for the year ended December 31, 2011 is as follows:

Statement of Net Assets

Assets	
Current assets:	
Cash	$ 903,738
Contributions receivable - restricted	75,000
Total current assets	978,738
Noncurrent assets:	
Contributions receivable - restricted	217,165
Total assets	1,195,903
Liabilities	
Liabilities:	
Accounts payable and accrued expenses	6,000
Total liabilities	6,000
Net Assets	
Net assets:	
Expendable - restricted by donor agreements	292,165
Unrestricted	897,738
Total net assets	$ 1,189,903

Statement of Revenues, Expenses, and Changes in Net Assets

Operating revenues:		
Contributions	$	853,140
Advertising revenue		4,000
Total operating revenues		857,140
Operating expenses:		
Thomas H. Kean Scholarship Fund		25,000
Other operating expenses		582,252
Total operating expenses		607,252
Operating income		249,888
Nonoperating revenues (expenses):		
Interest income		377
Transfer from Garden State Cultural Center Fund		827
Prior year recoveries		3,947
Total nonoperating revenues		5,151
Change in net assets		255,039
Net assets, beginning of year		934,864
Net assets, end of year	$	1,189,903

(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

The Authority has open commitments related to construction contracts totaling approximately $1,672,191,400 and $1,608,468,000 as of December 31, 2011 and 2010, respectively. This work relates to the Authority's $7 billion Capital Improvement Program and will be completed over the next several years.

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 on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. On March 28, 2011, the Authority entered into an amendment to the second amendment to the State Agreement which provided for a $3.6 million one-time additional payment payable by June 30, 2011.

The Authority had entered into an agreement, dated November 24, 2009, with New Jersey Transit Corporation (NJ Transit) pursuant to which the Authority was 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). 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. On November 30, 2011 the Authority and NJ Transit entered into a formal termination of the November 24, 2009 agreement.

Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation projects. These payments total $60 million in calendar 2011, $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution.

Liquidity Facilities

The following Series of the Authority's Outstanding Bonds bear interest at a variable rate and currently have a credit and/or liquidity facility associated with them:

Series of Bonds	Final Maturity Date		Facility Amount	Provider of Credit/Liquidity Facility	Facility Expiration Date
Series 1991 D	01/01/2018	$	393,422,959	Societe Generale	01/01/2018
Series 2003 C-1	01/01/2024		225,000,000	West LB AG	12/15/2015 [1]
Series 2009 A	01/01/2024		93,533,973	JPMorgan Chase Bank, N.A.	02/10/2012 [2]
Series 2009 B	01/01/2024		50,821,918	PNC Bank, National Association	02/10/2012 [2]
Series 2009 C	01/01/2024		88,880,822	The Bank of Nova Scotia	02/11/2013
Series 2009 D	01/01/2024		88,880,822	The Bank of Nova Scotia	02/11/2013
Total		$	940,540,494		

(1) Grandfathered agreement.
(2) JPMorgan Chase Bank and PNC Bank, National Association have extended the maturity of their respective letters of credit to 2/10/2015 (see note 17).

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.

(17) Subsequent Events

On January 1, 2012, the Authority entered into a First Amendment to the Reimbursement Agreement with JPMorgan Chase. Under the terms of the Amendment, the expiration date of the Direct Pay Letter of Credit for the Series 2009 A bonds was extended until February 10, 2015.

On January 25, 2012, the Authority entered into a First Amendment to the Reimbursement Agreement with PNC Bank, National Association. Under the terms of the Amendment, the expiration date of the Direct Pay Letter of Credit for the Series 2009 B bonds was extended until February 10, 2015.

On March 27, 2012, the Authority's commissioners approved the Series 2012 Turnpike Revenue Bond Resolution (2012 Resolution). The 2012 Resolution authorizes the issuance of up to $1,250,000,000 of refunding bonds if in the best interest of the Authority. The Series 2003 A bonds, Series 2004 C-1 bonds, Series 2005 C bonds and Series 2009 E bonds are fixed rate bonds, portions which have the opportunity to produce present value savings in excess of 3% under current market rates. The 2012 Resolution also authorizes the Authority to reduce its total costs on the Series 1991 D variable rate bonds by either obtaining a bank letter of credit to support these bonds, refund these bonds and issue alternate form variable rate debt, convert these bonds to another interest rate mode which does not require a liquidity facility, terminate, amend or replace the existing Interest Rate Swap Agreements on these bonds, or issue fixed rate debt. Finally, the liquidity provider on the Series 2009 C and Series 2009 D variable rate bonds is exiting the business and is not expected to extend the maturity date on the letter of credit beyond the current maturity date of February 11, 2013. The 2012 Resolution authorizes the Authority to obtain a bank letter of credit to support the Series 2009 C and Series 2009 D variable rate bonds.

Schedule 1

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, 2011

Valuation date	Actuarial value of assets (in thousands) (a)	Actuarial accrued liability – projected unit credit (in thousands) (b)	Unfunded actuarial accrued liability (in thousands) (b)–(a)	Funded ratio (a)/(b)	Covered payroll (in thousands) (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%
01/01/2011	—	1,218,806	1,218,806	—	157,396	774%

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, 2011
(With comparative financial information as of 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 2011 GAAP Financials	Total 2010 GAAP Financials
ASSETS														
Current assets:														
Cash	$ 170,658,055	—	446,047	6,167,103	10,823,463	—	—	—	188,094,668	—	903,738	—	188,998,406	177,736,432
Restricted cash	—	13,831,232	—	—	—	1,272	682,546	—	14,515,050	—	—	—	14,515,050	5,994,403
Investments	98,251,109	—	31,198,348	27,998,294	89,642,357	—	—	—	247,090,108	—	—	—	247,090,108	365,718,443
Restricted investments	—	—	—	—	—	1,256,808	329,474,121	—	330,730,929	—	—	—	330,730,929	267,158,300
Receivables, net of allowance	47,890,099	—	—	—	—	—	—	—	47,890,099	—	—	—	47,890,099	49,853,751
Restricted receivables	—	—	—	—	—	—	—	—	—	—	75,000	—	75,000	105,800
Inventory	16,197,661	—	—	—	—	—	—	—	16,197,661	—	—	—	16,197,661	16,158,428
Due from State of New Jersey	—	—	—	—	3,638,603	—	—	—	3,638,603	—	—	—	3,638,603	1,741,958
Deposits	1,357,975	8,718,895	—	—	10,085,361	—	—	—	20,162,231	—	—	—	20,162,231	19,968,371
Prepaid expenses	4,702,636	—	—	—	—	—	—	—	4,702,636	—	—	—	4,702,636	4,710,318
Interfund	(22,498,047)	(1,856,403)	(285,545)	(252,000)	29,187,651	(173)	(699,536)	(3,595,947)	—	—	—	—	—	—
Total current assets	316,559,488	20,693,724	31,358,850	33,913,397	143,377,435	1,257,907	329,457,131	(3,595,947)	873,021,985	—	978,738	—	874,000,723	909,146,204
Noncurrent assets:														
Investments	—	—	—	—	55,011,000	—	—	—	55,011,000	—	—	—	55,011,000	—
Restricted investments	—	1,276,276,420	—	—	—	—	11,968,000	409,764,187	1,698,008,607	—	—	(118,321,709)	1,579,686,898	2,656,472,327
Restricted receivables	—	—	—	—	—	—	—	—	—	—	217,165	—	217,165	—
Capital assets, net of accumulated depreciation	—	6,462,031,316	109,427,101	36,571,082	146,922,196	—	—	—	6,754,951,695	—	—	—	6,754,951,695	5,754,564,589
Deferred financing costs, net	—	63,662,053	—	—	285,935	—	—	—	63,947,988	—	—	73,133,134	137,081,122	92,125,914
Interest rate swaps assets	—	—	—	—	—	—	—	—	—	—	—	—	—	3,080,107
Total noncurrent assets	—	7,801,969,789	109,427,101	36,571,082	202,219,131	—	11,968,000	409,764,187	8,571,919,290	—	217,165	(45,188,575)	8,526,947,880	8,506,242,937
TOTAL ASSETS	316,559,488	7,822,663,513	140,785,951	70,484,479	345,596,566	1,257,907	341,425,131	406,168,240	9,444,941,275	—	1,195,903	(45,188,575)	9,400,948,603	9,415,389,141
DEFERRED OUTFLOWS														
Interest Rate Swaps	—	—	—	—	—	—	—	—	—	—	—	88,029,208	88,029,208	154,654,119
TOTAL DEFERRED OUTFLOWS	—	—	—	—	—	—	—	—	—	—	—	88,029,208	88,029,208	154,654,119
LIABILITIES														
Current liabilities:														
Accounts payable and accrued expenses	50,483,418	91,883,870	4,093,649	6,185,613	8,858,814	247,993	—	—	161,753,357	—	6,000	—	161,759,357	231,300,577
Funds held in trust	158,296,175	26,014,113	1,351,462	376,846	85,717	—	—	—	186,124,313	—	—	—	186,124,313	175,912,261
Due to State of New Jersey	2,977,211	—	—	—	—	—	—	—	2,977,211	—	—	—	2,977,211	3,439,322
Deposits	198,650	—	—	—	—	—	—	—	198,650	—	—	—	198,650	1,318,047
Accrued interest payable	—	—	—	—	—	—	208,887,966	—	208,887,966	—	—	—	208,887,966	149,184,948
Deferred revenue	3,967,650	—	—	—	—	—	—	—	3,967,650	—	—	—	3,967,650	3,644,113
Current portion of hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	—	11,664,331	11,664,331	1,795,063
Current portion of other long-term liabilities	—	—	—	—	—	—	—	—	—	—	—	10,247,329	10,247,329	8,279,847
Current portion of bonds payable	—	120,295,000	—	—	—	—	—	—	120,295,000	—	—	—	120,295,000	108,830,000
Total current liabilities	215,923,104	238,192,983	5,445,111	6,562,459	8,944,531	247,993	208,887,966	—	684,204,147	—	6,000	21,911,660	706,121,807	683,704,178
Noncurrent liabilities:														
Bonds payable, net	—	8,230,257,500	—	—	—	—	—	—	8,230,257,500	—	—	—	8,230,257,500	8,349,092,981
Hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	—	81,910,562	81,910,562	21,164,892
Other long-term obligations	14,750,000	—	—	—	5,057,385	—	—	—	19,807,385	—	—	70,594,094	90,401,479	84,559,444
Other postemployment benefit liability	1,228,539	—	—	—	—	—	—	—	1,228,539	—	—	207,029,661	208,258,200	161,133,290
Interest rate swaps liabilities	—	—	—	—	—	—	—	—	—	—	—	141,400,963	141,400,963	154,654,119
Total noncurrent liabilities	15,978,539	8,230,257,500	—	—	5,057,385	—	—	—	8,251,293,424	—	—	500,935,280	8,752,228,704	8,770,604,726
TOTAL LIABILITIES	231,901,643	8,468,450,483	5,445,111	6,562,459	14,001,916	247,993	208,887,966	—	8,935,497,571	—	6,000	522,846,940	9,458,350,511	9,454,308,904
DEFERRED INFLOWS:														
Interest Rate Swaps	—	—	—	—	—	—	—	—	—	—	—	—	—	3,080,107
TOTAL DEFERRED INFLOWS	—	—	—	—	—	—	—	—	—	—	—	—	—	3,080,107
NET ASSETS														
Invested in capital assets, net of related debt	—	(645,786,970)	—	—	—	—	—	406,168,240	(239,618,730)	—	—	119,857,296	(119,761,434)	(133,396,806)
Restricted for debt service and charges	—	—	—	—	—	1,009,914	132,537,165	—	133,547,079	—	292,165	—	133,839,244	121,553,806
Unrestricted	84,657,845	—	135,340,840	63,922,020	331,594,650	—	—	—	615,515,355	—	897,738	(599,863,603)	16,549,490	124,497,249
TOTAL NET ASSETS	$ 84,657,845	(645,786,970)	135,340,840	63,922,020	331,594,650	1,009,914	132,537,165	406,168,240	509,443,704	—	1,189,903	(480,006,307)	30,627,300	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

Year ended December 31, 2011
(With comparative financial information for the year ended 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 2011 GAAP Financials	Total 2010 GAAP Financials
Operating revenues:														
Toll revenue	$ 948,878,813	—	—	—	—	—	—	—	948,878,813	—	—	—	948,878,813	952,166,438
E-ZPass fees	39,695,690	—	—	—	—	—	—	—	39,695,690	—	—	—	39,695,690	38,701,145
Concession revenue	33,769,648	—	—	—	—	—	—	—	33,769,648	—	—	—	33,769,648	33,804,710
Miscellaneous revenue	10,090,738	—	—	—	—	—	—	—	10,090,738	—	857,140	—	10,947,878	9,070,881
Total operating revenues	1,032,434,889	—	—	—	—	—	—	—	1,032,434,889	—	857,140	—	1,033,292,029	1,033,743,174
Operating expenses:														
Maintenance of roadway, buildings and equipment	100,920,568	—	—	21,541,456	6,391,845	—	—	—	128,853,869	—	—	(4,914,204)	123,939,665	146,724,621
Toll collection	162,031,511	—	—	196,754	—	—	—	—	162,228,265	—	—	(2,012,896)	160,215,369	164,475,253
State police and traffic control	65,909,012	—	—	4,085,907	—	—	—	—	69,994,919	—	—	(288,691)	69,706,228	74,208,126
Technology	14,857,705	—	—	1,150,800	(8,908)	—	—	—	15,999,597	—	—	(636,222)	15,363,375	19,845,555
Employee benefits	96,255,151	—	—	—	—	—	—	—	96,255,151	—	—	(33,040,729)	63,214,422	65,877,136
General administrative costs	35,461,647	1,539,422	—	1,634,439	(119,483)	—	—	—	38,516,025	827	607,252	2,719,529	41,843,633	25,466,927
Other postemployment benefits	—	—	—	—	—	—	—	—	—	—	—	78,937,100	78,937,100	68,071,400
Depreciation	—	127,669,015	3,927,705	3,540,541	6,555,551	—	—	—	141,692,812	—	—	—	141,692,812	119,412,401
Total operating expenses	475,435,594	129,208,437	3,927,705	32,149,897	12,819,005	—	—	—	653,540,638	827	607,252	40,763,887	694,912,604	684,081,419
Operating income (loss)	556,999,295	(129,208,437)	(3,927,705)	(32,149,897)	(12,819,005)	—	—	—	378,894,251	(827)	249,888	(40,763,887)	338,379,425	349,661,755
Nonoperating revenues (expenses):														
Build America Bonds subsidy	81,665,325	—	—	—	—	—	—	—	81,665,325	—	—	—	81,665,325	37,723,673
Payments to the State of New Jersey	—	—	—	—	(142,301,000)	—	—	—	(142,301,000)	—	—	—	(142,301,000)	(102,301,000)
Interest expense, Turnpike Revenue Bonds	—	(14,520,443)	—	—	—	—	(293,334,886)	—	(307,855,329)	—	—	102,134,389	(205,720,940)	(211,202,397)
Other bond expenses	—	—	—	—	—	(4,245,084)	—	—	(4,245,084)	—	—	—	(4,245,084)	(4,238,054)
Investment income (loss)	78,438	391,535	25,479	27,173	654,595	459	448,310	11,224,134	12,850,123	5	377	(165,718,957)	(152,868,452)	(7,570,710)
Arts Center	3,059,003	—	—	—	—	—	—	—	3,059,003	—	—	—	3,059,003	3,007,805
Garden State Arts Foundation	—	—	—	—	—	—	—	—	—	—	4,774	—	4,774	469,952
Total nonoperating revenues (expenses), net	84,802,766	(14,128,908)	25,479	27,173	(141,646,405)	(4,244,625)	(292,886,576)	11,224,134	(356,826,962)	5	5,151	(63,584,568)	(420,406,374)	(284,110,731)
Income before other revenues and expenses:														
Interfund transfers	(641,802,061)	196,722,267	68,439,521	34,889,827	131,652,003	4,569,903	304,554,571	(11,224,134)	87,801,897	—	—	(87,801,897)	—	—
Net change in fund balance/change in net assets	—	53,384,922	64,537,295	2,767,103	(22,813,407)	325,278	11,667,995	—	109,869,186	(822)	255,039	(192,150,352)	(82,026,949)	65,551,024
Net assets – beginning of year (1)	84,657,845	(699,171,892)	70,803,545	61,154,917	354,408,057	684,636	120,869,170	406,168,240	399,574,518	822	934,864	(287,855,955)	112,654,249	47,103,225
Net assets – end of year	$ 84,657,845	(645,786,970)	135,340,840	63,922,020	331,594,650	1,009,914	132,537,165	406,168,240	509,443,704	—	1,189,903	(480,006,307)	30,627,300	112,654,249

(1) Net assets - beginning of the year had a reallocation between the GAAP adjustment fund and the Special Project Reserve and General Reserve funds in an amount equal to accumulated depreciation through December 31, 2010, and between the GAAP adjustment fund and the Construction Fund for accumulated depreciation and accumulated amortization through December 31, 2010.

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 Resolution to GAAP
Year ended December 31, 2011
(With comparative financial information for the year ended 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 2011 GAAP Financials	Total 2010 GAAP Financials
Cash flows from operating activities:														
Receipts from customers and patrons	$ 1,034,422,078	—	—	—	—	—	—	—	1,034,422,078	—	666,002	—	1,035,088,080	1,017,190,892
Payments to suppliers	(202,744,113)	(1,539,422)	—	(26,223,455)	(56,678,773)	—	—	—	(287,185,763)	(827)	(597,926)	(1,666,793)	(289,451,309)	(251,465,785)
Payments to employees	(179,658,989)	—	—	—	—	—	—	—	(179,658,989)	—	—	—	(179,658,989)	(195,944,383)
Payments for self insured claims	(73,335,631)	—	—	—	—	—	—	—	(73,335,631)	—	—	—	(73,335,631)	(72,573,551)
Interfund transfers related to operating activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net cash provided by (used in) operating activities	578,683,345	(1,539,422)	—	(26,223,455)	(56,678,773)	—	—	—	494,241,695	(827)	68,076	(1,666,793)	492,642,151	497,207,173
Cash flows from noncapital financing activities:														
Payments to State of New Jersey	—	—	—	—	(142,301,000)	—	—	—	(142,301,000)	—	—	—	(142,301,000)	(50,001,000)
Proceeds from Arts Center	3,059,003	—	—	—	—	—	—	—	3,059,003	—	—	—	3,059,003	3,007,805
Operating gain from Garden State Arts Foundation	—	—	—	—	—	—	—	—	—	—	4,774	—	4,774	469,952
Net cash provided by (used in) noncapital financing activities	3,059,003	—	—	—	(142,301,000)	—	—	—	(139,241,997)	—	4,774	—	(139,237,223)	(46,523,243)
Cash flows from capital and related financing activities:														
Proceeds acquired from new capital debt	—	275,000,000	—	—	—	—	—	—	275,000,000	—	—	—	275,000,000	1,850,000,000
Purchases of capital assets	—	(1,073,848,413)	(60,548,145)	(1,324,555)	(25,212,205)	—	—	—	(1,160,933,318)	—	—	—	(1,160,933,318)	(844,074,964)
Principal paid on capital debt	—	(108,830,000)	—	—	—	—	—	—	(108,830,000)	—	—	—	(108,830,000)	(104,855,000)
Principal paid on defeased capital debt	—	(275,000,000)	—	—	—	—	—	—	(275,000,000)	—	—	—	(275,000,000)	—
Proceeds from Build America Bonds subsidy	81,665,325	—	—	—	—	—	—	—	81,665,325	—	—	—	81,665,325	37,723,673
Interest paid on capital debt	—	(7,178,950)	—	—	—	—	(233,631,868)	—	(240,810,818)	—	—	69,479,380	(171,331,438)	(202,736,684)
Payments for bond expenses	—	1,153,716	—	—	—	(4,245,013)	—	—	(3,091,297)	—	—	—	(3,091,297)	(16,655,397)
Interfund transfers related to capital and related financing activities	(630,450,953)	188,236,177	68,502,716	34,863,073	122,752,173	4,570,017	308,514,862	(9,186,168)	87,801,897	—	—	(87,801,897)	—	—
Net cash provided by (used in) capital and related financing activities	(548,785,628)	(1,000,467,470)	7,954,571	33,538,518	97,539,968	325,004	74,882,994	(9,186,168)	(1,344,198,211)	—	—	(18,322,517)	(1,362,520,728)	719,401,628
Cash flows from investing activities:														
Purchases of investments	(2,744,300,545)	(138,844,697,447)	(454,685,096)	(404,078,676)	(2,409,753,636)	(20,445,930)	(2,441,696,531)	—	(147,319,657,861)	—	—	(62,136,127)	(147,381,793,988)	(99,320,551,479)
Sales and maturities of investments	2,726,585,806	139,856,698,779	443,087,616	396,082,385	2,510,736,945	20,119,077	2,366,636,584	—	148,319,947,192	—	—	(18,635,125)	148,301,312,067	98,100,151,713
Interest received	77,708	(1,589,931)	24,652	25,286	600,575	501	294,439	9,186,168	8,619,398	5	377	100,760,562	109,380,342	12,601,592
Net cash provided by (used in) investing activities	(17,637,031)	1,010,411,401	(11,572,828)	(7,971,005)	101,583,884	(326,352)	(74,765,508)	9,186,168	1,008,908,729	5	377	19,989,310	1,028,898,421	(1,207,798,174)
Net increase (decrease) in cash	15,319,689	8,404,509	(3,618,257)	(655,942)	144,079	(1,348)	117,486	—	19,710,216	(822)	73,227	—	19,782,621	(37,712,616)
Cash – beginning of year	155,338,366	5,426,723	4,064,304	6,823,045	10,679,384	2,620	565,060	—	182,899,502	822	830,511	—	183,730,835	221,443,451
Cash – end of year	$ 170,658,055	13,831,232	446,047	6,167,103	10,823,463	1,272	682,546	—	202,609,718	—	903,738	—	203,513,456	183,730,835
Reconciliation of operating income to net cash provided by (used in) operating activities:														
Operating income	$ 556,999,295	(129,208,437)	(3,927,705)	(32,149,897)	(12,819,005)	—	—	—	378,894,251	(827)	249,888	(40,763,887)	338,379,425	349,661,755
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:														
Depreciation expense	—	127,669,015	3,927,705	3,540,541	6,555,551	—	—	—	141,692,812	—	—	—	141,692,812	119,412,401
Changes in assets and liabilities:														
Receivables	1,663,652	—	—	—	(1,596,645)	—	—	—	67,007	—	(191,139)	—	(124,132)	(18,294,084)
Inventory	(39,233)	—	—	—	—	—	—	—	(39,233)	—	—	—	(39,233)	2,325,538
Other assets	7,682	—	—	—	—	—	—	—	7,682	—	—	—	7,682	373,231
Accounts payable and accrued expenses	(8,055,272)	—	—	2,374,675	(49,999,360)	—	—	—	(55,679,957)	—	9,327	—	(55,670,630)	(10,287,143)
Deferred revenue	323,537	—	—	—	—	—	—	—	323,537	—	—	—	323,537	1,148,954
Other liabilities	27,783,684	—	—	11,226	1,180,686	—	—	—	28,975,596	—	—	(4,413,277)	24,562,319	3,339,513
Other postemployment benefit liability	—	—	—	—	—	—	—	—	—	—	—	45,896,371	45,896,371	40,707,508
Pollution remediation liability	—	—	—	—	—	—	—	—	—	—	—	(2,386,000)	(2,386,000)	8,819,500
Net cash provided by (used in) operating activities	$ 578,683,345	(1,539,422)	—	(26,223,455)	(56,678,773)	—	—	—	494,241,695	(827)	68,076	(1,666,793)	492,642,151	497,207,173

See accompanying independent auditors' report.

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

Schedule of Net Revenue Requirement

Years ended December 31, 2011 and 2010

	2011	2010
Test 1:		
Total operating revenues	$ 1,032,434,889	1,033,743,174
Build America Bonds subsidy	81,665,325	37,723,673
Total investment income	12,272,123	14,495,017
Less earnings on construction investments	(47,535)	(1,854,502)
Arts Center	3,059,003	3,007,805
Total pledged revenues	1,129,383,805	1,087,115,167
Less Revenue operating expenses	(475,435,594)	(481,172,170)
Net revenue available for debt service	653,948,211	605,942,997
Less net revenue requirements:		
Interest expense - debt service	(293,334,886)	(257,117,088)
Principal payment – debt service	(120,295,000)	(108,830,000)
Revenue transfer to charges	(4,570,361)	(4,218,000)
Revenue transfer to maintenance reserve	(68,465,000)	(58,500,000)
Revenue transfer to special project reserve	(34,917,000)	(32,115,000)
Excess net revenues	$ 132,365,964	145,162,909
Test 2:		
Total operating revenues	$ 1,032,434,889	1,033,743,174
Build America Bonds subsidy	81,665,325	37,723,673
Total investment income	12,272,123	14,495,017
Less earnings on construction investments	(47,535)	(1,854,502)
Arts Center	3,059,003	3,007,805
Total pledged revenues	1,129,383,805	1,087,115,167
Less Revenue operating expenses	(475,435,594)	(481,172,170)
Net revenue available for debt service	653,948,211	605,942,997
Less 1.2 times aggregate debt service	(496,355,863)	(439,136,506)
Excess net revenues	$ 157,592,348	166,806,491
Debt service coverage ratio	1.58	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, 2011

	Interest rate	Maturity	Par value	Carrying value
Revenue:				
Repurchase agreements	0.02% – 0.05%	1/4/12 - 1/24/12	$ 59,250,000	59,251,346
Commercial paper	0.01% – 0.55%	1/4/2012	39,000,133	38,999,763
			98,250,133	98,251,109
Construction:				
Repurchase agreements	0.03% – 0.10%	1/3/12 - 1/5/12	160,756,655	160,757,534
Commercial paper	0.01% – 0.75%	1/5/12 - 8/10/12	93,280,527	93,285,661
Certificates of deposit	0.39% – 1.00%	3/14/12 - 11/15/12	626,740,259	628,087,799
Federal National Mortgage Association (FNMA)	0.00%	1/3/2012	97,000	97,000
Federal agency investments	0.12% – 0.50%	2/2/12 - 10/30/12	67,074,000	67,165,836
Investment with coupon interest - FNMA	0.38% – 0.63%	9/24/12 - 12/28/12	132,839,000	133,022,717
New Jersey cash management fund	0.03%	1/3/12	165,097,394	165,102,227
Variable rate demand bonds	0.06% – 1.60%	8/1/12 - 10/1/41	28,400,000	28,413,644
			1,274,284,835	1,275,932,418
Maintenance Reserve:				
Commercial paper	0.01% – 0.65%	1/3/12 - 2/3/12	31,200,374	31,198,348
			31,200,374	31,198,348
Special Project Reserve:				
Repurchase agreements	0.04% – 0.05%	1/6/12 - 2/7/12	9,000,000	9,000,173
Commercial paper	0.14% – 0.22%	1/3/12 - 2/7/12	19,000,000	18,998,121
			28,000,000	27,998,294
General Reserve:				
Repurchase agreements	0.03%	1/3/12 - 1/5/12	30,000,000	30,000,075
Commercial paper	0.10% – 0.15%	1/3/12 - 1/10/12	56,000,000	55,999,061
Federal Home Loan Mortgage Corporation (FHLMC)	0.18%	5/1/12	3,583,000	3,580,832
Investment with coupon interest - FHLB, FNMA	0.50% – 0.70%	5/3/13 - 9/26/13	55,000,000	55,062,389
			144,583,000	144,642,357
Charges:				
Commercial paper	0.01% – 0.15%	1/3/12	1,256,813	1,256,808
			1,256,813	1,256,808
Debt Service:				
Commercial paper	0.01% – 0.15%	1/3/12	128,429,810	128,429,264
Federal Home Loan Bank (FHLB)	0.05% – 0.09%	1/3/12	72,792,000	72,791,731
FHLMC	0.00%	1/3/12	1,400,000	1,400,000
FNMA	0.00% – 0.13%	1/3/12	238,000	237,999
Investment with coupon interest - FHLB	1.63%	6/14/13	11,745,000	11,936,811
New Jersey cash management fund	0.03% – 0.30%	1/3/12	126,421,515	126,423,316
			341,026,325	341,219,121
Debt Reserve:				
Certificates of deposit	2.26% – 3.23%	4/29/14 - 1/13/15	406,168,240	409,764,187
			406,168,240	409,764,187
Total			$ 2,324,769,720	2,330,262,642

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 6B

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
			80,536,453	80,535,640
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
			2,286,319,118	2,286,296,288
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
			19,600,203	19,600,041
Special Project Reserve:				
Repurchase agreements	0.12%	1/6/11 - 1/7/11	20,000,350	20,000,117
			20,000,350	20,000,117
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
			245,596,344	245,582,645
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
			930,000	929,997
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
			265,978,156	266,228,303
Debt Reserve:				
Certificates of deposit	2.26% – 3.23%	4/29/14 - 1/13/15	406,168,240	407,726,221
			406,168,240	407,726,221
Total			$ 3,325,128,864	3,326,899,252

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.

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

Schedule of Depositories

December 31, 2011 and 2010

	2011			2010		
	Book balance	Bank balance	Market value of securities pledged to secure deposits	Book balance	Bank balance	Market value of securities pledged to secure deposits
JP Morgan Chase:						
Revenue	$ 138,878,640	105,630,782		126,335,226	102,312,634	
Construction	13,391,418	400,002		5,001,144	500,003	
Maintenance reserve	446,047	1,063,841		4,064,304	4,467,919	
	152,716,105	107,094,625	163,370,639	135,400,674	107,280,556	110,441,587
Bank of America:						
Revenue	20,812,277	21,071,606		24,383,879	30,472,484	
Construction	349,749	420,819		362,124	1,063,961	
	21,162,026	21,492,425	40,086,739	24,746,003	31,536,445	42,960,106
Wells Fargo:						
Revenue	10,250,797	8,319,988		3,508,349	2,783,505	
Special project reserve	6,167,103	26,000		6,823,045	26,747	
General reserve	10,640,086	14,812,142		10,679,384	14,932,237	
	27,057,986	23,158,130	22,034,746	21,010,778	17,742,489	29,518,857
Citibank:						
Revenue	86,000	91,085		394,000	381,983	
	86,000	91,085	—	394,000	381,983	—
Bank of New York Mellon:						
Revenue	137,209	706,823		224,829	274,456	
	137,209	706,823	304,784 (1)	224,829	274,456	425,292
TD Bank, NA:						
Revenue	200,036	503,831		200,987	500,977	
	200,036	503,831	1,511,310	200,987	500,977	1,499,985
Total Subject to Pledged Securities	201,359,362	153,046,919	$ 227,308,218	181,977,271	157,716,906	$ 184,845,827
Bank of New York Mellon:						
Construction:	90,065	90,065	(2)	63,455	88,454	(2)
General reserve	183,377	215,877	(2)	—	—	
Charges	1,272	1,272	(2)	2,620	2,621	(2)
Debt service	682,546	10,092	(2)	565,060	515,383	(2)
	957,260	317,306		631,135	606,458	
Toll Collection and Other Imprest Funds:						
Revenue	293,096	—		291,096	—	
	293,096	—		291,096	—	
Total Subject to Bond Resolution	$ 202,609,718	153,364,225		$ 182,899,502	158,323,364	
TD Bank, NA:						
Garden State Cultural Center	—	—		822	822	
Garden State Arts Center Foundation	903,738	903,738		830,511	830,511	
	$ 203,513,456	154,267,963		$ 183,730,835	159,154,697	

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

(1) The Bank of New York Mellon's Pledged Securities at December 31, 2011 did not cover the bank balance due to a bank error. On January 3, 2012 the bank balance was $210,766, as the error was corrected.

(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, 2011
(With comparative financial information for the year ended December 31, 2010)

	Completed construction funds	2008/2009 Bond anticipation note	Ten year capital program	Maintenance reserve	Special project reserve	General reserve	2011 Total	2010 Total
Land	$ 663,199,913	2,082,926	78,218,342	—	117,707	8,128,386	751,747,274	718,214,302
Buildings and sound barriers	438,222,582	18,582,479	11,229,469	—	9,952,717	22,242,687	500,229,934	466,722,810
Road surface	418,256,398	43,128,864	112,963,259	50,264,484	913,100	12,353,932	637,880,037	472,330,673
Road bed	2,456,698,631	55,759,478	42,212,298	—	—	1,945,946	2,556,616,353	2,424,188,351
Bridges	1,767,348,867	13,916,506	74,038,150	63,090,322	—	32,335,519	1,950,729,364	1,765,942,923
Equipment	513,968,634	26,541,477	51,050,264	—	45,135,640	84,314,115	721,010,130	626,810,301
Construction-in-progress	214,737,431	63,522,872	1,666,083,874	—	1,109,225	4,589,356	1,950,042,758	1,003,895,410
Cost of investment in facilities	6,472,432,456	223,534,602	2,035,795,656	113,354,806	57,228,389	165,909,941	9,068,255,850	7,478,104,770
Accumulated depreciation	(2,250,003,074)	(10,687,321)	(9,041,004)	(3,927,705)	(20,657,307)	(18,987,745)	(2,313,304,156)	(1,723,540,181)
Capital assets, net of accumulated depreciation	4,222,429,382	212,847,281	2,026,754,652	109,427,101	36,571,082	146,922,196	6,754,951,694	5,754,564,589
Bond cost of issuance	1,995,583,285	1,063,379	31,289,890	—	—	286,587	2,028,223,141	2,030,275,658
Accumulated amortization	(1,960,649,111)	(1,063,379)	(2,562,011)	—	—	(652)	(1,964,275,153)	(1,938,149,744)
Deferred financing costs, net	34,934,174	—	28,727,879	—	—	285,935	63,947,988	92,125,914
	$ 4,257,363,556	212,847,281	2,055,482,531	109,427,101	36,571,082	147,208,131	6,818,899,682	5,846,690,503

Completed construction funds:	
Original turnpike extensions and additional lanes	$ 65,591,566
Revenues invested in facilities	44,877,366
1966 Turnpike Improvement	185,119,833
1971 Turnpike Improvement	27,722,217
1973 Improvement and Funding Program	30,710,933
1977 Turnpike System Revenue Bond Accounts	—
1984 Turnpike Revenue Bonds	—
Refunding of 1984 Bonds	—
1985-1990 Widening Project	357,625,205
Business Plan for the 90's	823,840,319
Former NJHA Construction	610,855,547
2000 Construction Fund	1,508,315,251
2003 Construction Fund	32,402,959
2004 Construction Fund	471,301,345
2005 Construction Fund	99,001,015
2008 Acquisition Payment Fund	—
	$ 4,257,363,556

See accompanying independent auditors' report.

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

Schedule of Bond Indebtedness

December 31, 2011

	Amount outstanding December 31, 2010	Refunded or acquired and canceled in prior year	Mandatory redemption/ sinking fund installments	Debt issuance	Accretion of capital appreciation bonds	Amortization of premiums, discounts and deferred gain or loss	Amount outstanding December 31, 2011
Turnpike revenue bonds:							
Series 1991 C	$ 102,650,000	—	—	—	—	—	102,650,000
Series 1991 D	371,000,000	—	—	—	—	—	371,000,000
Series 1992 B	10,455,588	—	(5,400,000)	—	344,412	—	5,400,000
Series 2000 A	124,555,000	—	(103,430,000)	—	—	—	21,125,000
Series 2000 B-G	400,000,000	—	—	—	—	—	400,000,000
Series 2003 A	788,815,000	—	—	—	—	—	788,815,000
Series 2003 B	609,520,000	—	—	—	—	—	609,520,000
Series 2003 C	500,000,000	(275,000,000)	—	—	—	—	225,000,000
Series 2004 B	134,152,038	—	—	—	6,997,081	—	141,149,119
Series 2004 C-1	154,270,000	—	—	—	—	—	154,270,000
Series 2004 C-2	132,850,000	—	—	—	—	—	132,850,000
Series 2005 A	409,180,000	—	—	—	—	—	409,180,000
Series 2005 B	32,500,000	—	—	—	—	—	32,500,000
Series 2005 C	95,880,000	—	—	—	—	—	95,880,000
Series 2005 D1-D4	208,735,000	—	—	—	—	—	208,735,000
Series 2009 A	92,500,000	—	—	—	—	—	92,500,000
Series 2009 B	50,000,000	—	—	—	—	—	50,000,000
Series 2009 C	43,750,000	—	—	—	—	—	43,750,000
Series 2009 D	43,750,000	—	—	—	—	—	43,750,000
Series 2009 E	375,000,000	—	—	—	—	—	375,000,000
Series 2009 F	1,375,000,000	—	—	—	—	—	1,375,000,000
Series 2009 G	34,770,000	—	—	—	—	—	34,770,000
Series 2009 H	306,170,000	—	—	—	—	—	306,170,000
Series 2009 I	178,005,000	—	—	—	—	—	178,005,000
Series 2010 A	1,850,000,000	—	—	—	—	—	1,850,000,000
Series 2011 A	—	—	—	225,000,000	—	—	225,000,000
Series 2011 B	—	—	—	50,000,000	—	—	50,000,000
Premiums, discounts and deferred gain or loss	86,027,720	—	—	(2,724,810)	—	—	83,302,910
	8,509,535,346	(275,000,000)	(108,830,000)	272,275,190	7,341,493	—	8,405,322,029
Less amortization	(51,612,365)	—	—	—	—	(3,157,164)	(54,769,529)
	$ 8,457,922,981	(275,000,000)	(108,830,000)	272,275,190	7,341,493	(3,157,164)	8,350,552,500

See accompanying independent auditors' report.

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

Schedule of Bond Indebtedness

December 31, 2011
(With comparative financial information as of December 31, 2010)

Note:

As of December 31, 2011 and 2010, refunded bond and note indebtedness which is still outstanding in fully collateralized escrow accounts is as follows:

Refunded series	Refunded amount	Matured/ redeemed	2011 outstanding	2010 outstanding
Turnpike system revenue bonds:				
First series, 6.00% (refunding issue), maturing January 1, 2014	$ 202,415,000	—	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	(451,017,800)	50,807,200	61,884,400
Parkway Revenue Bonds:				
Series 2001, Serial bonds 5.00% to 5.50% maturing January 1, 2006 through January 1, 2019	243,080,000	(53,305,000)	189,775,000	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	581,275,000
Series 2000 A, 4.80% to 6.00%, maturing January 1, 2001 through January 1, 2020	1,051,520,000	(891,130,000)	160,390,000	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	32,000,000
Series 2004 A mandatory tender January 1, 2010	154,000,000	(154,000,000)	—	—
Total	$ 3,311,535,000	(2,094,872,800)	1,216,662,200	1,313,004,400

See accompanying independent auditors' report.

Schedule 10A

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

NEW JERSEY TURNPIKE

Schedule of Toll Revenue

Years ended December 31, 2011 and 2010

(Unaudited)

Class	Description	2011 Toll revenue	2011 Number of vehicles	2010 Toll revenue	2010 Number of vehicles
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 451,948,436	203,625,501	450,084,764	205,687,081
2	Vehicles having two axles other than type described under Class 1	35,883,204	7,433,809	36,045,037	7,363,575
3	Vehicle (vehicles), single or in combination, having three axles	16,293,504	3,198,339	16,373,081	3,151,403
4	Vehicle (vehicles), single or in combination, having four axles	19,080,432	2,429,844	19,275,518	2,371,585
5	Vehicle (vehicles), single or in combination, having five axles	146,810,404	14,558,394	148,795,086	14,615,505
6	Vehicle (vehicles), single or in combination, having six or more axles	3,286,885	276,972	3,154,942	260,717
7	Buses having two axles	1,419,171	410,018	1,578,432	422,706
8	Buses having three axles	8,770,903	1,295,569	8,057,791	1,209,994
	Nonrevenue vehicles	—	1,416,619	—	1,770,658
		683,492,939	234,645,065	683,364,651	236,853,224
	Toll Adjustments and Discounts	(2,294,277)		(1,826,509)	
	Net Violations*	(8,048,679)		(7,645,166)	
		$ 673,149,983		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.

Schedule 10B

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

GARDEN STATE PARKWAY

Schedule of Toll Revenue

Years ended December 31, 2011 and 2010

(Unaudited)

		2011		2010	
Class	**Description**	**Toll revenue**	**Number of vehicles**	**Toll revenue**	**Number of vehicles**
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 273,961,235	373,057,618	274,953,529	377,718,200
2	Vehicles having two axles other than type described under Class 1	1,341,190	939,152	1,420,200	946,493
3	Vehicle (vehicles), single or in combination, having three axles	1,751,507	973,466	1,767,929	925,025
4	Vehicle (vehicles), single or in combination, having four axles	1,643,918	658,180	1,643,518	619,975
5	Vehicle (vehicles), single or in combination, having five axles	1,579,437	540,096	1,664,875	525,947
6	Vehicle (vehicles), single or in combination, having six or more axles	66,091	21,901	65,852	22,646
7	Buses having two axles	827,259	607,405	1,009,277	601,237
8	Buses having three axles	1,815,306	1,093,024	2,098,826	1,116,307
	Nonrevenue vehicles	—	1,113,468	—	1,638,125
		282,985,943	379,004,310	284,624,006	384,113,955
	Toll Adjustments and Discounts	(566,476)		68,356	
	Net Violations*	(6,690,637)		(6,418,900)	
		$ 275,728,830		278,273,462	

* 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.

NEW JERSEY TURNPIKE AUTHORITY
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