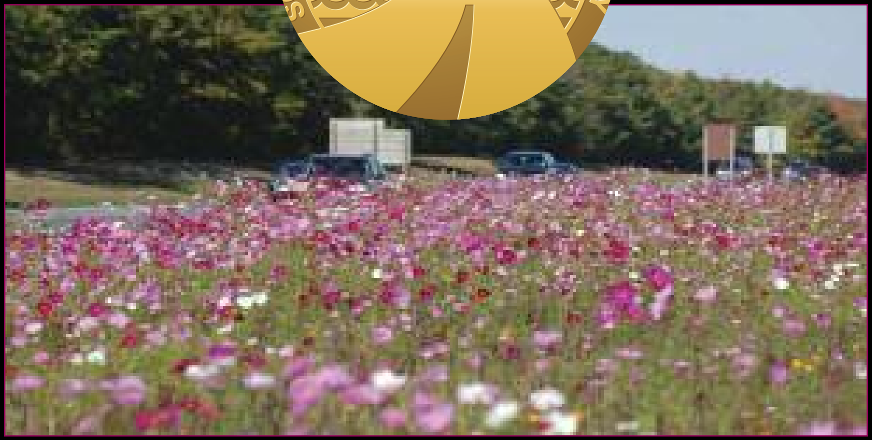

GETTING IT DONE

In the Air and On the Ground

South Jersey Transportation Authority 2009 Comprehensive Annual Report


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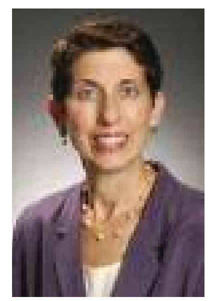

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Bart R. Mueller
Executive Director

SJTA Core Functions

Atlantic City Expressway

The AC Expressway provides safe and efficient travel to millions of motorists. Opened to traffic in 1964, it was connected directly into Atlantic City in 1965. The Expressway provides convenient access from Atlantic City, and travels northwest through the counties of Atlantic, Camden and Gloucester, ending at Route 42, approximately 10 miles east of Philadelphia. Emergency Service Patrol vehicles are available on the roadway as a courtesy service to Expressway motorists. In 2001, the forty-four and one-half mile Expressway was expanded to include the two-and-a-half mile Atlantic City Expressway Connector.

Atlantic City International Airport

The Airport conducts commercial and general aviation operations, offering air travel to support commerce, tourism and the general public. The Airport provides convenient air passenger service to the Atlantic City and Southern New Jersey shore region and outbound travel to a host of outer market destinations. The airport is located nine miles northwest of downtown Atlantic City and intersects with the Garden State Parkway.

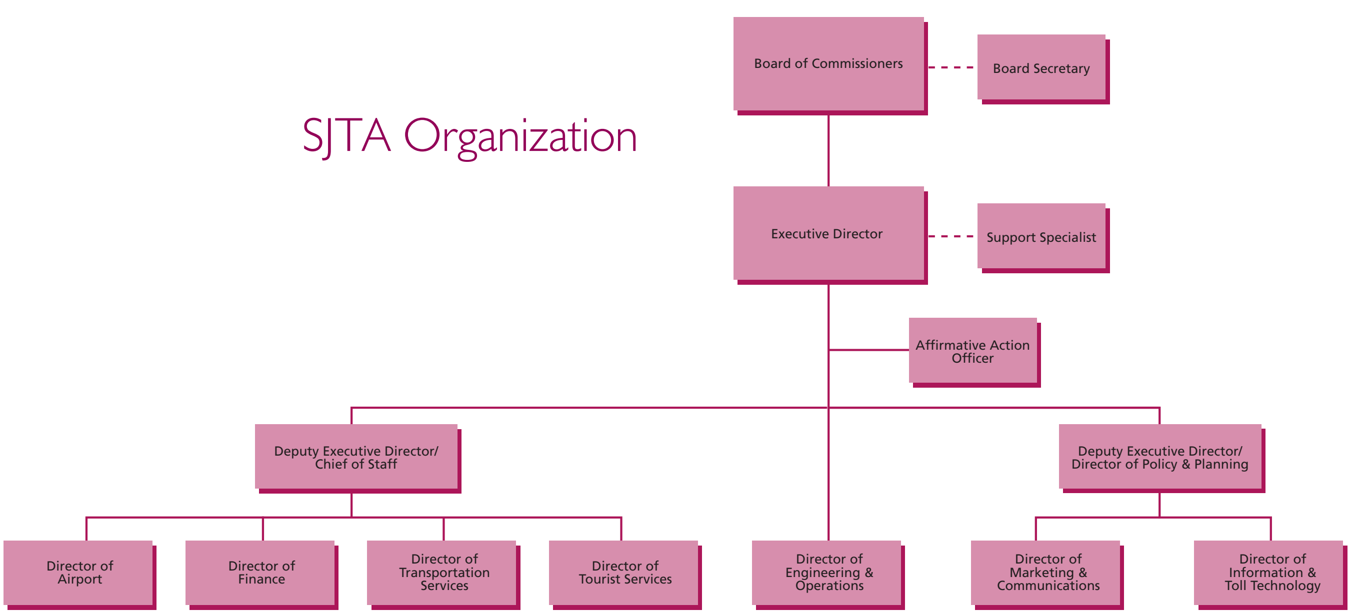
Transportation Services

SJTA provides Transportation Services through journey-to-work transit routes to increase accessibility to employment opportunities in areas under-served by transit. Transportation Services operates and manages all of the SJTA parking facilities and parking shuttles in various locations, including the Atlantic City International Airport. The Department also promulgates and enforces the rules and regulations regarding the Motorbus Industry in Atlantic County.

Economic Development

The SJTA is credited with economic stimulation and growth through the implementation of transportation projects and services that support economies in Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem Counties. SJTA projects support the six priority areas of growth under the Economic Growth Strategy for the State of New Jersey.

SJTA Organization



Letter from the Executive Director

Greetings! I am proud to present to you the South Jersey Transportation Authority's 2009 Annual Report. This year was one of the most impactful for the Authority, our travelers, workers and the surrounding communities in southern New Jersey. By introducing new projects, initiatives and advancements to our region, we are working towards raising the standard in transportation infrastructure improvements to better serve our patrons.

From the start of the year, we have worked hand-in-hand with Governor Corzine to stimulate the economy through construction projects and air service development to improve regional transportation and support economic development. His New Jersey Energy Master Plan, which reflects a commitment to energy conservation and reduction of environmental impacts, became inspiration for the Authority to develop its own comprehensive Five- Point Energy initiative. We unveiled the plan at our annual Earth Day, while visitors and onlookers listened in on how we will advance energy efficiencies and renewable energy alternatives for the region.

Throughout 2009, the SJTA kept the governor's initiatives in high priority with a strong desire to assist in playing a role in economic growth throughout the State. The governor-issued Atlantic City Regional Implementation Group for Housing and Transportation became a large undertaking by the Authority as they worked to ensure the implementation of such projects as the Atlantic City International Airport (ACY) Expansion, new rail connections to ACY and to local employers, Atlantic City Expressway improvements, and traffic management in and around Atlantic City.

We have taken on the challenge of the Governor's three initiatives: providing job access along the light rail extension to Glassboro; the Bus Rapid Transit route along Route 42 and Expressway to Williamstown; and an extension of improved service to ACY. The Authority has also partnered with the Casino Reinvestment Development Authority, Department of Transportation and other regional agencies in the Atlantic City Regional Transportation Study to develop a blueprint for continued growth of the regional economy.

Initiating the largest capital plan in SJTA history was not a simple undertaking for the Authority. With increased support and funding comes an even greater expectancy of leadership, responsibility and accountability. This means aggressively pursuing economic development that creates jobs and improves regional transportation infrastructure. Projects like the New Ramps at Interchange 17 and Route 50, the Berlin-Cross Keys Bridge Widening from four lanes to six, 30 miles of Expressway Resurfacing and the Expressway Third Lane Widening project are among the improvements that are employing hundreds of people throughout the region while positioning the Authority as a leader in safety and travel innovation.

As we unveiled the Atlantic City International Airport's new logo around the airport terminal, the roadways, and the Atlantic City Expressway this summer, it represented the excitement and promise that our air service development program holds. With the cooperation of two other State Authorities, the casino gaming industry and other local businesses, the airport acquired new carriers and services from Atlantic City. AirTran Airways, Spirit Airlines and Westjet now offer low-cost flights from ACY to Boston, Canada, Florida, the Caribbean and onto more than 50 worldwide destinations, our most ever.

With a Capital Plan bursting forth with new projects, improvements, and initiatives underway for the Atlantic City Expressway, the Atlantic City International Airport and economic development throughout the region, we are thrilled to take on the challenge of improving our economy while proving to be a leader in transportation.

Respectfully,

Bart R. Mueller
Executive Director,
South Jersey Transportation Authority

SJTA Core Values

Safety

The SJTA's emphasis of traveler safety is exemplified in the everyday work environment of its employees. All are trained and fully compliant with safety practices that optimize working conditions and minimize safety-related incidents. In 2009, The Engineering and Operations Safety Division along with SJTA Firefighters certified in CPR visited worksites to provide hands-on CPR and defibrillator training to SJTA employees. Also in 2009, the Emergency Service Patrol assisted more than 9,000 travelers with dead batteries, lock outs, flat tires and other emergencies along the Atlantic City Expressway, which left travelers raving about the Authority's practices that bring safety and convenience to its patrons.

Innovation

The Authority explored innovation throughout its entities in 2009. At the Airport, new digital displays and check-in kiosks are underway to expedite the flight scheduling and boarding process. Across the SJTA, a newly implemented Five-Point Energy Plan will reduce the carbon footprint and overall impact to the environment. In October, the Authority partnered with the Federal Aviation Administration to break ground on one of the region's most significant economic developments, the Next Generation Aviation Research and Technology Park.

Professionalism

The Authority takes a professional approach to every aspect of building transportation infrastructure, from customer service on the roadway to the timely delivery of information to the public. On October 15, 2009, several SJTA managers participated in a six month Authority-wide training initiative presented by the NJ State Department of Personnel to become Certified Public Managers. This nationally recognized management development program is designed to empower participants to become more efficient, effective fair and ethical organizational leaders.

Diversity

The Authority is committed to diversity in its workforce and increasing economic opportunities for minorities, women and small businesses. The Authority participated in the 2009 Fourth Annual New Jersey Competitive Purchasing Fair to support the Governor's new executive order that ensures minorities and women will benefit from state and federal economic stimulus dollars. The fair provided small businesses the opportunity to network with procurement professionals throughout the state as well as bid opportunities offered by various public agencies.

Excellence

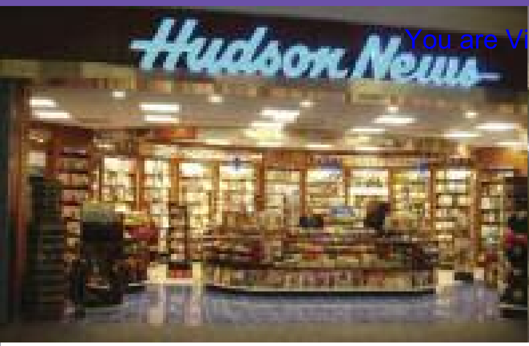
The SJTA's Core Values are incorporated into performance measures and a work ethic that is reflected by its management, administration, work force and, most importantly, is noticed by its patrons. SJTA was the recipient of the Construction Management Association of America's, Mid-Atlantic Chapter's Project of the Year Award for the Atlantic City International Airport Security and Interim Baggage Building & Terminal Improvements Project. This award was for public projects under 10 million and was presented on May 4th at the CMAA's Annual Awards banquet in Wilmington, Delaware.

SJTA Mission

The Mission of the South Jersey Transportation Authority is to provide the traveling public with safe and efficient transportation through the acquisition, construction, maintenance, operation and support of expressway, airport, transit, parking, other transportation projects and services that support the economies of Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem Counties. Five Core Values guide the activities of the SJTA: Safety, Innovation, Professionalism, Diversity and Excellence.

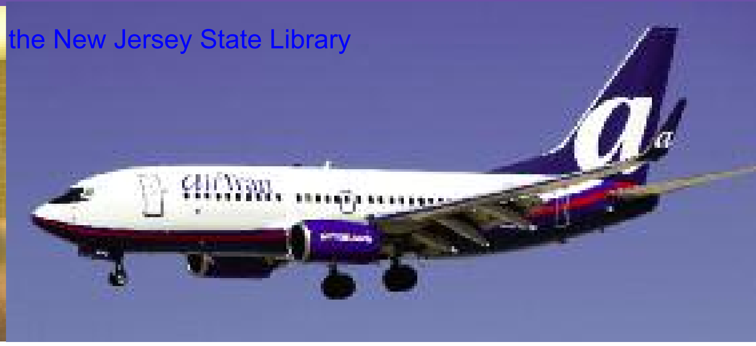
Atlantic City International Airport

ACY welcomed service from Canada's #1 low-cost carrier, WestJet, in October.



Hudson News offers travelers literature, last-minute gift ideas, souvenirs and more.

Innovative security portals ensure that travelers do not enter secure areas without security screening.



In March, AirTran Airways announced daily service from ACY to its Atlanta hub beginning in June 2009.

Ever-Expanding Air Service

2009 proved to be a high-flying year for Atlantic City International Airport as new carriers offered exciting new routes and destinations from Atlantic City. In March, AirTran Airways signed on with ACY to offer daily direct flights to its Atlanta hub, connecting to dozens of popular cities. In April, Spirit Airlines announced new daily service from ACY to Boston; and by October, Canada's #1 low-cost carrier WestJet joined the team to provide direct service to Toronto with connections to cities throughout Canada. The expanded services came shortly after the formation of a diverse air service coalition that includes leaders of Atlantic City's casino, convention and tourism communities and related governmental agencies.

With the addition of flights, seats and destinations, passenger flow held steady despite the economic downturn of the region and state in 2009. Each quarter showed a significant increase in scheduled service despite noted passenger declines at other airports in the region. More passengers chose ACY because of the significant savings of time and cost that the Airport offers. In fact, the Federal Bureau of Transportation Statistics found ACY to have the lowest average fares on domestic flights among the top 100 airports in the continental United States during 2009.

Expanded air service at ACY allows access to new inbound visitors traveling to Atlantic City for the gaming entertainment and convention business while stimulating economic activity, job creation and transportation choices for the existing outbound market. On July 24, 2009, AirTran Airways and Harrahs' executives joined the SJTA to further mark ACY's expanded services by presiding over the Opening Bell for the NASDAQ MarketSite in New York City's Times Square.

ACY Parking Garage

The Airport's six-story parking garage was warmly welcomed by travelers as nearly 135,000 vehicles filled its spaces in 2009. The garage provides access just steps from the terminal with a covered walkway. The airport's nationally known car rental agencies are housed in the garage's lobby area, along with rest rooms, elevators and parking kiosks.

The parking garage is set up with ultra convenient E-ZPass Plus among normal payment options.

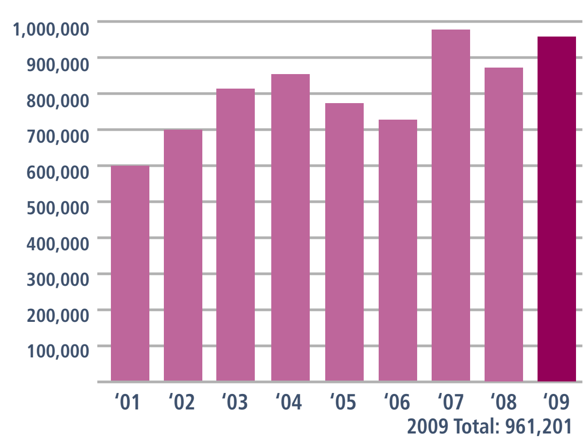
Services and Food Choices

National concessionaires including Samuel Adams Brew Pub and Hudson News offer an assortment of namesake brews and family-friendly menus, best-selling novels, literature and a selection of gift ideas and convenience items.

In 2010, ACY will welcome Euro Café, a new coffeeshop venue for travelers desiring to slow down and unwind before boarding their flight.

ACY is South Jersey's International Airport, with the lowest fares in the nation recorded in 2009.

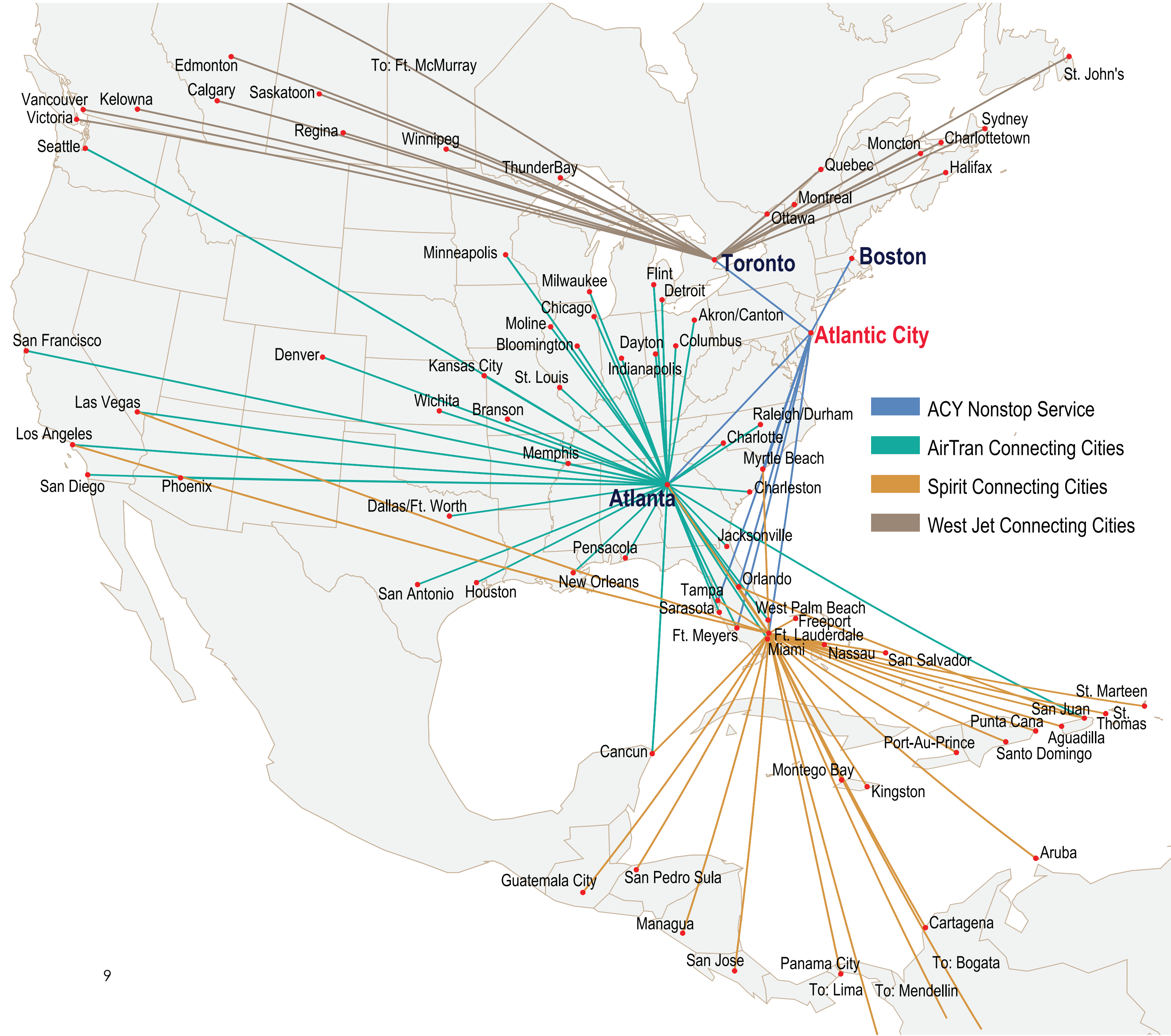
ACY Scheduled Service Passengers, 2001-2009



An exciting cast of playful characters arrived for AirTran's welcoming party in the airport terminal.

Executives from AirTran Airways and Harrahs joined SJTA to mark expanded services at ACY by ringing the Opening Bell for NASDAQ in July.

Earth, Wind & Fire joined ACY in celebrating the arrival of AirTran Airways.



Bart Mueller is interviewed by a rush of media in response to the expanded services at ACY.

Spirit's airplane is given a water-cannon salute to welcome its Boston service to ACY.

Westjet public relations manager Robert Palmer arrived on the inaugural flight to celebrate Westjet's new connection to Atlantic City.

What's Next for ACY

The SJTA has proposed and initiated the design of several major projects at ACY. A $32 million Regional Traffic Operations and Public Safety Command Center that includes an Airport Rescue and Firefighting Facility will provide enhanced security, improved emergency response and customer service, reduced traffic delays, and enhanced training. The construction of the command center is anticipated to be complete in December 2011.

An estimated $25 million terminal expansion and full-service Federal Inspections Station will allow ACY to accommodate international flights from anywhere in the world. A new Customs and Border Patrol Facility will occupy both levels of the terminal along with new concessions and restrooms to handle the increased capacity. The upgrades are scheduled to begin late spring 2010 and should be completed within 18 months.

The SJTA will play an important role in the coordination and implementation of the estimated $300 million NextGen Aviation Research and Technology Park, which is projected to be one of the most important economic initiatives in the region's history. The laboratory and research space will provide the opportunity for the Federal Aviation Administration's partners to perform research, development, testing, integration and verification of NextGen technologies, right next to the FAA William J. Hughes Technical Center and ACY. The research center broke ground on October 19, 2009 and is expected to create more than 2,000 new, high-skilled jobs.

The SJTA issued a request for proposals to construct a 135-room Airport hotel and conference center that is expected to attract commercial passengers as well as compliment development of the FAA’s Aviation Technology and Research Park. A contract for the highly anticipated project will be awarded in early 2010.

Safety - The Future is Now

The Airport thrives on its ability to get travelers moving in a fraction of the time that Philadelphia International or Newark Liberty airports can. The average wait time from processing to departing gate is a mere 11 minutes, with no compromise in traveler safety or security. In fact, ACY is a designated test site for emerging security technologies through a partnership with the U.S. Department of Homeland Security's Transportation Security Laboratory. The airport utilizes advanced TSA screening methods and unique security portals that prevent re-entry into the airport's sterile and secure area, making it unique from any other airport in the U.S.

In cooperation with the Federal Aviation Administration, the Airport is required to annually practice and maintain its Airport Emergency Plan, which provides blueprints for aircraft emergencies, natural disasters, mutual aid resources and other critical operating plans.

The airport conducted two table top reviews in 2009 to ensure key personnel are familiar with necessary procedures. The reviews are based on a large scale airport disaster and include Airport Management, Airport Fire Department, local municipal emergency responders, Atlantic County Office of Emergency Management, New Jersey State Police and Airport Operations participation.

Along with the table top exercises, the airport is required to conduct a full scale disaster exercise tri-annually. This fully simulated real-time exercise improves the Airport's ability to quickly respond to an emergency and minimize the loss of life and property. The next exercise is scheduled for spring 2010.

Atlantic City Expressway

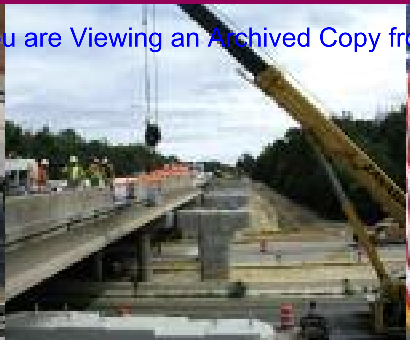
Wildflower plantings allowed SJTA workers to save an estimated 681 mowing hours while reducing the carbon footprint on the environment.

Going Green

SJTA took "green" initiative during the summer by adorning the Atlantic City Expressway with brilliantly colored wildflowers and breathtaking double blossom cherry trees. The plantings were an initiative to reward travelers supporting the roadway with a smooth, aesthetically pleasing trip.

The wildflowers were also a treat to the Authority and the environment. By covering the medians and shoulders with the flowers, SJTA mechanics and maintenance workers were saved an estimated 681 hours of cutting grass to focus on other roadway projects. They also benefitted from a decreased risk of safety-related incidents while operating heavy-duty equipment. Environmental-friendly advantages included a reduction in the use of fossil fuel (from mowing and other equipment) into the atmosphere and as run-off into streams, a reduced regional carbon footprint, and fewer pollutants from road runoff.

The wildflowers proved to have a warm reception from travelers as they flooded the Authority with emails, phone calls and other ATLANTIC CITY EXPRESSWAY - GOING GREEN feedback to express their enjoyment of the scenic landscape. Preliminary planning for increased wildflower plantings in 2010 is underway.



The new and improved interchange 17 will link travelers to the Expressway and Route 50.

(Left to right) Gloucester Twp. Mayor-Elect David Mayer, Senator Fred Madden, SJTA executive director Bart Mueller, and Stanbery leasing executive Charles Cristella at the Interchange 41 bridge re-opening ceremony.

An Extensive Capital Plan

The 2009 Capital Budget was the largest in SJTA history, brimming with major capital projects to meet travelers' needs for safety and convenience. Beside terminal upgrades and technological advancements at the airport, roadway projects were a large concentration of funding as the Authority planned repairs, rehabilitations, upgrades and improvements to the Atlantic City Expressway.

Funding was received from sources that share the SJTA's vision of bolstering the regional economy with construction projects that create jobs and improve transportation infrastructure.

Exit 17 Progress

Summer 2009 marked the construction phase of the $8 million Interchange 17 Improvements project. Upon completion, new eastbound and westbound entrance ramps will connect travelers to the Atlantic City Expressway and relieve congestion on Route 50.

As part of the project, various improvements to Route 50 will also be made, including widening, installation of traffic signals, resurfacing, guide rail and lighting improvements.

The new interchange has been designed and equipped with new E-ZPass-only technology, translating to improved traffic flow. Expect to see the completed interchange in full operation in summer 2010.

Atlantic City Expressway Toll Schedule

	E-ZPass	Frequent User Discount	E-ZPass Tourism Discount
Pleasantville			
Auto	$0.75	$0.51	$0.56
Limo	$1.50	$0.90	$1.13
Dual Tire	$1.50	$1.35	$1.13
Three Axle	$2.25	$2.03	$1.69
Four Axle	$3.00	$2.70	$2.25
Five Axle	$3.75	$3.38	N/A
Six Axle	$4.50	$4.05	N/A
Egg Harbor			
Auto	$3.00	$1.92	$2.25
Limo	$4.50	$2.70	$3.38
Dual Tire	$4.50	$4.05	$3.38
Three Axle	$6.75	$6.08	$5.06
Four Axle	$9.00	$8.10	$6.75
Five Axle	$11.25	$10.13	N/A
Six Axle	$13.50	$12.15	N/A
Pleasantville - Route 9 Ramp			
Auto	$0.75	$0.51*	
Truck/Bus	$0.75	$0.75*	
Pomona, Mays Landing, Hammonton, Winslow			
Auto	$0.75	$0.45*	
Truck/Bus	$0.75	$0.75*	
Williamstown, Berlin-Cross Keys			
Auto	$0.40	$0.24*	
Truck/Bus	$0.40	$0.40*	

*When two outer ramp tolls are used in the same direction during one trip (within one hour) only one toll is charged to the user's E-ZPass account.

Motorist Aids Handled by the E.S.P in 2009

Dead Battery	609
Flat Tire	2,535
Lock Out	69
Mechanical	1,563
Out of Gas	966
Overheat	467
Directions	330
Request for Tow Truck	1,594
Other	938
Total	**9,071**
Total Motorist Aid from June 1, 2003 - December 31, 2009	**79,219**

Atlantic City Expressway Annual Toll and Traffic Revenue

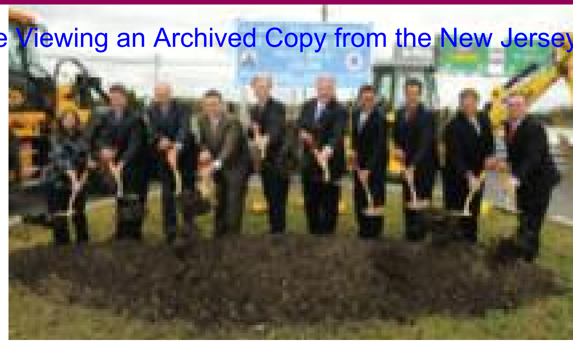
YEAR	EXPRESSWAY TOLL TRAFFIC	EXPRESSWAY TOLL REVENUE	AUTHORITY'S TOTAL REVENUES	PERCENT FROM EXPY TOLLS	CENTS PER TOLL
2009	58,432,437	$82,162,229	$109,632,566	74.9%	1.406
2008	67,657,100	$63,476,068	$91,605,689	69.3%	0.938
2007	66,728,789	$61,830,498	$89,416,482	69.1%	0.927
2006	66,820,291	$59,477,706	$83,676,217	71.1%	0.890
2005	64,594,708	$57,970,661	$82,007,410	70.7%	0.897
2004	62,986,400	$57,247,411	$78,771,768	72.7%	0.910
2003	60,332,338	$51,188,734	$59,488,734	86.0%	0.848
2002	59,000,044	$48,532,827	$56,373,284	86.1%	0.823
2001	54,490,349	$45,841,128	$58,712,782	78.1%	0.841
2000	50,619,351	$44,320,684	$56,594,079	78.3%	0.876
1999	48,050,179	$44,400,684	$57,923,324	76.7%	0.924
1998	50,855,587	$27,457,987	$35,321,293	77.7%	0.540
1997	49,290,846	$25,056,326	$31,958,892	78.4%	0.508
1996	46,243,612	$23,932,905	$30,498,288	78.5%	0.518
1995	47,602,146	$24,246,948	$31,458,000	77.1%	0.509
1994	48,023,048	$24,218,472	$30,713,109	78.9%	0.504
1993 (SJTA)	46,262,939	$23,429,336	(SJTA begins)	N/A	0.506
1992	44,901,487	$22,779,560	$25,935,604	87.8%	0.507
1991	43,113,761	$22,169,148	$26,645,446	83.2%	0.514
1990	45,035,072	$22,939,344	$28,154,882	81.5%	0.509
1989	43,905,047	$22,977,015	$28,209,445	81.5%	0.523
1988	42,278,412	$22,475,047	$26,769,121	84.0%	0.532
1987	39,836,484	$21,357,481	$24,964,708	85.6%	0.536
1986	37,037,486	$19,587,547	$23,145,985	84.6%	0.529
1985	35,665,732	$18,991,386	$22,848,165	83.1%	0.532
1984	35,253,091	$18,394,014	$21,843,003	84.2%	0.522
1983	30,286,240	$16,441,044	$19,425,417	84.6%	0.543
1982	26,650,882	$14,514,182	$18,142,563	80.0%	0.545
1981	23,894,730	$13,084,174	$16,016,950	81.7%	0.548
1980	19,988,359	$11,126,831	$12,550,393	88.7%	0.557
1979	15,383,322	$8,576,921	$9,778,716	87.7%	0.558
1978	12,245,975	$7,240,020	$8,088,050	89.5%	0.591
1977	9,826,579	$6,019,869	$6,640,053	90.7%	0.613
1976	8,843,662	$5,436,684	$6,017,630	90.3%	0.615
1975	7,986,995	$4,902,620	$5,530,087	88.7%	0.614
1974	7,585,840	$4,665,643	$5,274,390	88.5%	0.615
1973	8,732,426	$5,394,473	$5,963,060	90.5%	0.618
1972	8,161,724	$4,892,070	$5,434,518	90.0%	0.599
1971	8,032,007	$4,794,179	$5,224,866	91.8%	0.597
1970	7,764,570	$4,691,374	$5,084,273	92.3%	0.604
1969	7,270,137	$4,356,523	$4,688,596	92.9%	0.599
1968	6,773,838	$4,005,455	$4,279,961	93.6%	0.591
1967	6,380,080	$3,616,908	$3,842,863	94.1%	0.567
1966	6,096,547	$3,268,444	$3,416,512	95.7%	0.536

"NOTE: Formerly the New Jersey Expressway Authority. SJTA begins in late 1992. Expressway cash tolls doubled and E-ZPass discounts begin November 30, 1998."

Annual Traffic Increase or Decrease at Each Toll Area

YEAR	Pleasantville	New Road	Pomona	Mays Landing	Egg Harbor	Hammonton	Winslow	Williamstown	Cross Keys	Expressway Total
2009	-15.44%	-11.25%	-17.71%	-18.37%	--6.35%	-1.98%	-8.54%	-12.49%	17.53%	12.74%
2008	6.4%	6.0%	2.1%	-4.4%	-5.4%	-3.9%	-1.0%	-1.0%	-1.9%	0.4%
2007	-0.12%	9.66%	4.78%	-0.65%	-1.51%	-0.48%	-0.79%	-0.94%	1.29%	-0.14%
2006	3.7%	8.7%	6.3%	1.6%	2.2%	2.1%	4.7%	3.1%	7.9%	3.4%
2005	3.1%	7.5%	2.4%	1.8%	1.2%	0.0%	-1.9%	3.7%	5.1%	2.5%
2004	1.7%	17.5%	3.2%	4.3%	5.7%	6.6%	7.6%	6.7%	13.0%	4.4%
2003	-1.1%	58.2%	2.9%	4.0%	2.1%	1.5%	-61.6%	2.2%	170.7%	2.1%
2002	8.1%	N/A	2.0%	15.8%	6.6%	4.8%	-28.9%	4.6%	N/A	8.6%
2001	4.6%		4.6%	13.6%	5.3%	5.0%	68.0%	2.6%		7.5%
2000	0.0%		8.9%	9.2%	2.4%	10.9%	193.5%	11.4%		5.3%
1999	-6.1%		-11.3%	-9.9%	-5.6%	6.7%	2.1%	2.4%		-5.5%
1998	3.5%		2.7%	5.6%	2.6%	0.7%	5.5%	1.7%		3.2%
1997	1.5%		99.3%	13.4%	4.7%	4.5%	5.0%	6.5%		6.6%
1996	-7.6%		34.8%	-1.3%	0.1%	0.6%	1.2%	4.6%		-2.9%
1995	-2.8%		-5.2%	-0.8%	2.6%	-2.3%	-0.3%	-0.4%		-0.9%
1994	4.4%		4.7%	2.4%	2.9%	2.1%	6.2%	5.3%		3.8%
1993	4.0%		6.8%	-0.4%	3.1%	0.5%	4.1%	-1.1%		3.0%
1992	5.1%		8.2%	8.1%	1.6%	4.5%	3.0%	3.7%		4.1%
1991	-5.9%		-5.4%	-7.1%	-2.5%	-2.0%	-2.4%	3.6%		-4.3%
1990	3.2%		5.0%	5.3%	1.4%	-3.1%	2.6%	2.4%		2.6%

E-ZPass usage on Expressway jumped to an unprecedented 62%.



SJTA breaks ground on the first phase of the ACE Third Lane Widening Project.

The Berlin-Cross Keys Bridge was expanded from four lanes to six to ease congestion and improve safety for new economic developments in the Camden County region.

E-ZPass On the Go

E-ZPass On the Go is a simple and innovative way for travelers to purchase a ready-to-use E-ZPass tag at specified locations along the Atlantic City Expressway, the Atlantic City Boardwalk and now the Hamilton Mall. The SJTA desires to increase the number of E-ZPass users on the Atlantic City Expressway in order to mitigate congestion and back-ups at the barrier toll plazas, reduce the carbon footprint released into the environment and to keep motorists moving safely and efficiently.

Promotion of the E-ZPass On the Go program in 2009 resulted in nearly 10,000 tag sales, bringing the total amount of E-ZPass usage on the Atlantic City Expressway to 62%, up from 56% last year.

E-ZPass On the Go allows travelers to pick up a pre-paid, ready-to-use tag at several locations along the Expressway.

ACE Widening & More

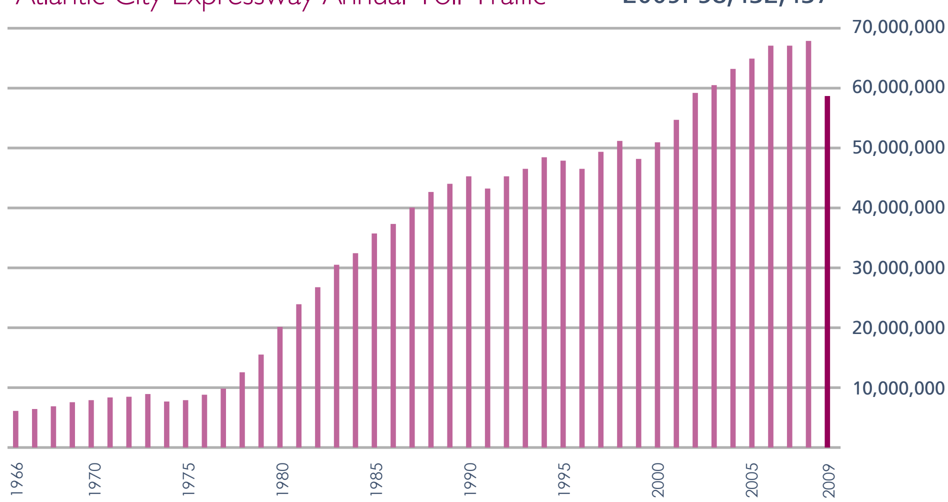
The SJTA is on the move with construction projects that benefit travelers who trust the Atlantic City Expressway to safely connect them to destinations throughout the region.

Travelers have already begun to enjoy the ease and reduced congestion of the widened Berlin-Cross Keys Bridge at Interchange 41. The Authority broke ground on the project in April 2009 to expand the bridge from four lanes to six and improve safety aspects of the ramps leading to the Expressway. The project was completed by December 2009, a month ahead of schedule.

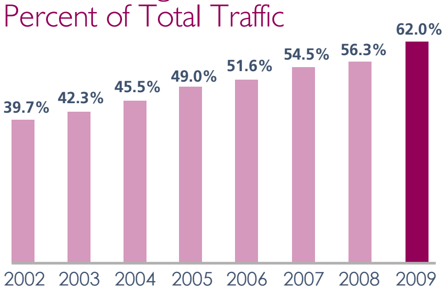
To meet the demand of growing amounts of travelers using the Atlantic City Expressway, the Authority broke ground on the $23.3 million first phase of the Westbound Third Lane Widening Project. This 24.1 mile expansion will involve the addition of a third westbound lane along the Expressway from the Garden State Parkway to Route 73.

Atlantic City Expressway Annual Toll Traffic

2009: 58,432,437



E-ZPass Usage as a Percent of Total Traffic



Transportation Services

The colorful ACY shuttle transports travelers safely and conveniently around the airport's campus.

The airport's six-story parking garage offers a covered walkway just steps from the terminal.

Overview

The South Jersey Transportation Authority's Transportation Services Division was established to oversee parking in Atlantic City and provide shuttle services for people otherwise unable to travel to where employment is available. Since its management of parking services at Atlantic City International Airport in 2005, Transportation Services operates the Airport's six-story parking garage while providing shuttle services to the terminal, making ACY a customer-friendly and cost efficient full service facility.

Transportation Services provides more than 630,000 trips for patrons annually, operating "journey to work" transit routes, shuttle services and special trip connections for communities underserved by transit.

In summer 2009, the SJTA launched the Camden Veterans Affairs Clinic Transportation, a shuttle service that helps to meet the needs of thousands of veterans in Camden and surrounding areas. The "Vet's Shuttle" provides service to the Philadelphia Veterans Affairs Medical Center outpatient annex at Cooper University Hospital, ensuring that thousands of veterans have access to health services.

In a collaborative effort by the SJTA, the Adventure Aquarium, the Battleship New Jersey and the Philadelphia Independence Visitor Center, a shuttle was introduced from June 24 through September 7, 2009 to "bridge the gap" between Philadelphia and the Camden Waterfront. More than 5,000 tourists took advantage of the $2.00 per person, round trip daily service, which made 30-minute stops at each location.

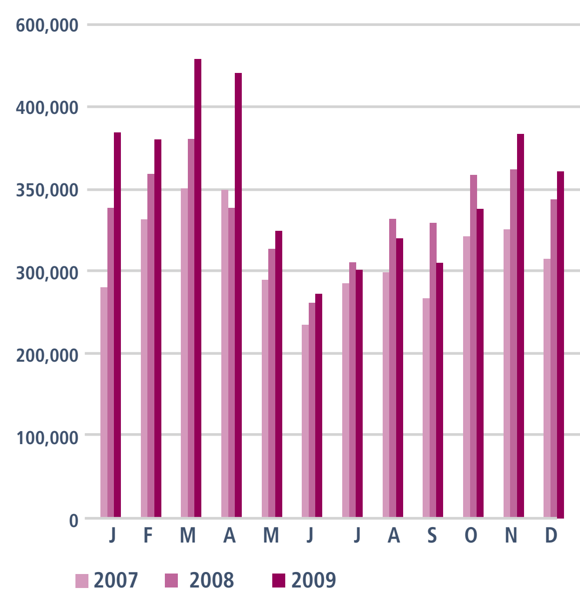
Travelers and tourists took advantage of the $2.00 round-trip shuttle program, which stopped at venues between Philadelphia and the Camden Waterfront.

E-ZPass Parking at ACY

Transportation Services implemented the use of E-ZPass Plus for Parking at the Airport parking garage. The program allows travelers to pay for parking with their existing E-ZPass account, making parking quicker and more convenient than ever. Parking garage revenue grossed $4.8 million in 2009.

ACY Parking Revenue, 2007-2009

Revenue Net of Sales Tax



Total Revenue:	**2007**	**$3,831,843**
	2008	**$4,491,664**
	2009	**$4,870,560**

The NextGen Aviation Research and Technology park groundbreaking draws a large crowd on the airport's campus. The Authority is a partner in the highly anticipated project.

FAA Administrator Randy Babbitt (pictured far right), his staff and Congress Members attend a presentation that outlines ACY and its unique campus.

Bart Mueller greets U.S. House of Representatives' Frank LoBiondo during the delegates' fact-finding visit to New Jersey.

Economic Development

Strengthening the Regional Economy

The SJTA has aligned its efforts with the Governor's Economic Growth Strategy to improve transportation infrastructure while progressing towards a healthier financial state. In 2009, with the largest capital budget in its history to validate, the Authority acknowledged the strategy's call to business development, workforce advancement, strategic infrastructure investment and investment in innovative technologies.

In October 2009, the SJTA demonstrated its support of innovation by partnering with the Federal Aviation Administration to break ground on the NextGen Aviation Research and Technology Park. The facility will include offices, laboratories and research facilities for the development, testing, integration and verification of NextGen technologies while providing more than 2,000 new engineering and aviation technology related jobs.

In October, the Authority participated in the Fourth Annual Tri-County Economic Development Summit. More than 400 attended the event, including economic development professionals and public officials from Gloucester, Burlington and Camden counties. The Authority uses such opportunities to raise awareness of its forthcoming projects, improvements, convenience of using the Atlantic City Expressway and Atlantic City International Airport.

Future projects at ACY include a $30 million Airport Rescue and Fire Fighting Station, $25 million terminal expansion, and expansion of the Federal Inspection Security Facility.

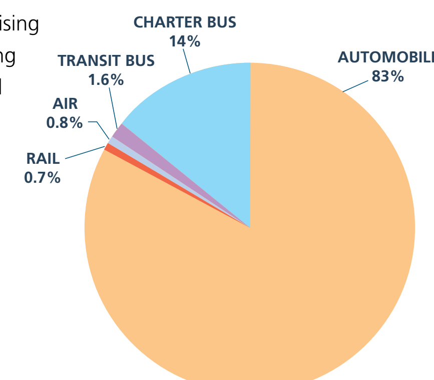
The SJTA has awarded contracts of a $30 million, 9.7-mile ACE westbound widening project, the rehabilitation of bridges on the Expressway and toll collection technology.

The SJTA continues to bolster tourism in a market that draws nearly 35 million visitors per year, generating $185 million for local businesses.

With the convenience of the Atlantic City Expressway and Atlantic City International Airport, travelers have come to recognize the Authority as the standard of transportation infrastructure. With such promising projects underway, the SJTA is making a lasting investment in regional economic growth and marking its own history with unprecedented business development, infrastructure investment, workforce advancement and innovation.

Hard hats and shovels mark another economic development underway!

Annual Visit/Trips to Atlantic City by Transportation Mode



SJTA's Capital Plan 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Bridge Assets	21,989,538	2,450,000	7,000,000	6,650,000	7,000,000	8,700,000	7,100,000	6,700,000	7,100,000	6,700,000	81,389,538
Road Assets	2,212,601	3,225,000	3,200,000	4,575,000	4,200,000	4,450,000	5,200,000	5,725,000	5,200,000	5,450,000	43,437,601
Highway Facility Assets	44,021,947	40,945,000	2,568,000	490,000	1,725,000	595,000	1,860,000	110,000	1,925,000	195,000	94,434,947
Safety Management Asssets	695,451	650,000	450,000	700,000	2,500,000	600,000	7,650,000	600,000	500,000	600,000	14,945,451
Congestion Relief	62,917,789	37,750,000		20,000,000				150,000,000			270,667,789
Capital Equipment	2,239,675	2,360,000	2,535,000	2,595,000	2,595,000	2,595,000	2,595,000	2,595,000	2,595,000	2,595,000	25,299,675
Total Expressway	**134,077,001**	**87,380,000**	**15,753,000**	**35,010,000**	**18,020,000**	**16,940,000**	**24,405,000**	**165,730,000**	**17,320,000**	**15,540,000**	**530,175,001**
Airport	**59,298,418**	**35,630,000**	**31,745,000**	**44,590,000**	**7,085,000**	**53,690,000**	**1,570,000**	**30,950,000**	**2,470,000**	**320,000**	**267,348,418**
Total	**193,375,418**	**123,010,000**	**47,498,000**	**79,600,000**	**25,105,000**	**70,630,000**	**25,975,000**	**196,680,000**	**19,790,000**	**15,860,000**	**797,523,418**

Key Dates in SJTA History

July 31, 1964: In noontime ceremonies presided over by state Sen. Frank S. "Hap" Farley, the legislator who made it happen, the Atlantic City Expressway opens between its western terminus in Camden County and the Garden State Parkway in Pleasantville. Construction had begun a year earlier and was completed a year ahead of schedule.

The service station at what became the Farley Service Center opens for business.

December 1964: The New Jersey Expressway Authority collected $741,668 in tolls during its first five months of operations (including $7,457 collected July 31st).

1965: The Expressway link to Atlantic City is completed. Toll collections rise to $2,283,966. The cost of building the Expressway is calculated to be $48,273,990.

Oct. 1, 1965: A cafeteria-style restaurant, the Holiday House at Elwood, opens at the Service Center.

June 22, 1966: The Farmers Market comes to the Service Center in temporary quarters. An Expressway beautification program is undertaken.

The first rise in tolls takes effect -- the Egg Harbor toll for passenger vehicles goes from 75 cents to $1. The Pleasantville remains 15 cents. Toll collections come to $3,268,444, nearly two thirds of that total was realized in the four summer-season months, June through September.

1967: The Authority installs state-of-the-art call boxes for motorists in need of help along the full length of the Expressway. The beautification program begins with landscaping selected sections of the highway. Planting in the median also serves safety by protecting drivers from headlight glare of oncoming vehicles. Toll collection reaches $3,616,908.

May 1968: Harness racing comes to the Atlantic City Race Course, increasing revenues at the new Interchange 12.

November 1968: A major nor'easter closes the White Horse and Black Horse Pikes near Atlantic City, but the Expressway stays open – largely due to its construction three feet higher than the older highways, nine feet above mean high tide.

Annual toll collections top $4 million for the first time.

1969: The Farm Market opens at the Service Center.

1970: The Expressway's impact on growth was demonstrated by the 9,000-unit development planned by Levitt & Sons near Exit 38 in Winslow Township, Camden County. South Jersey Gas Co. built its corporate headquarters in Folsom, Atlantic County, and McGregor-Werner Graphics opened a plant in Woodbine, Cape May County.

1973: Despite the "oil shock," toll collection crosses the $5 million mark for the first time – at $5,394,473 a 10.3-percent increase from 1972. Not surprisingly toll revenues shrank the next year to $4,665,643.

1976: The fuel crisis having abated, traffic volume rose 10.7 percent. Toll revenues also rebounded at $5,436,684 – up from $4,902,620 in 1975.

April 12, 1977: The Service Center is dedicated as the Frank S. Farley Plaza.

Traffic volume rises 11.1 percent, and toll collection crosses the $6-million mark.

1978: The arrival of casino gaming gives the Atlantic City Expressway a greatly enhanced mission. Traffic volume rises sharply in the seven months since the first casino, Resorts, opened – up 21 percent at Egg Harbor Toll Plaza and 49 percent at Pleasantville. Toll collection reflected the change – up 20 percent to $7,240,020!

1979: With Atlantic City's hotels making way for the advent of the casinos, the nature of the Atlantic City Expressway changed, too. As traffic volume soared, toll collections reached $8,576,921, up 18.5 percent and its largest dollar increase yet. Because of the second oil shock, gasoline had to be rationed at the Farley Plaza to $3 a customer – later raised to $5 to keep up with rising prices.

1980: With usage rising exponentially, the Authority completed paving 77 lane-miles of the Expressway's inside shoulder. Gas rationing at Farley Plaza is lifted. The crisis did not discourage drivers, as once again traffic volume set a record – at 29.9 percent growth! The new motorists were not all gamblers. Some were employees at the casinos, making the trip every working day. Toll collections hit an astonishing $11,126,831.

Autumn 1982: Work begins to expand and renovate Holiday House at Farley Plaza to meet contemporary tastes, transforming it from a cafeteria into a fast-food restaurant.

1985: The New Jersey Expressway Authority contributes $3,750,000 to the newly established Transportation Trust Fund, as did the New Jersey Turnpike and Garden State Parkway authorities.

July 31, 1989: The Expressway celebrates its 25th anniversary at the Egg Harbor Toll Plaza. During the boom years of 1985-88, a third eastbound lane was constructed starting at the Route 73 entrance through the Pleasantville Toll Plaza, which was expanded from eight to 12 lanes. Egg Harbor was widened to 13 lanes. Looking ahead, the Authority planned approaches to the proposed Atlantic City Convention Center and a new interchange to serve the burgeoning suburbs around Berlin-Cross Keys Road in Camden County.

By 1989, traffic volume was nearly 44 million, more than seven times the 6 million vehicles that rode the Expressway 25 years before. Toll collections had doubled since 1980, hitting $22,977,015.

June 1991: The Legislature creates the South Jersey Transportation Authority, serving six counties – Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem. It is a successor to the New Jersey Expressway Authority and Atlantic County Transportation Authority. The new body will assume operational responsibilities for the Atlantic City Expressway, Atlantic City International Airport terminal and parking facilities in Atlantic City in 1992.

1992: The new authority gets its financial house in order with a new bond issue. Toll revenues exceed $24 million.

1994: The Authority begins a project to nearly double the size of the terminal at Atlantic City International Airport by erecting a second story. It is part of a long-range, demand-driven master plan. A new 9,000-square-foot State Police barracks, complete with auto maintenance shop, opens at the Farley Service Plaza. The electronic toll collection system now known as E-ZPass wins federal funding, and the Authority's administration joins the computer age for payroll and financial record-keeping.

1995: For the first time, an entire year passed without a single traffic fatality on the Expressway. ACY was host to the Aircraft Owners and Pilots Association's convention, during which an Air France supersonic Concorde landed and took off for two charity flights plus a Mach II demonstration flight over the ocean. Midlantic Jet Aviation, Inc., begins operations at ACY and announces plans to build a $2-million maintenance shop.

Sept. 27, 1995: The bridge connecting the Expressway with Atlantic City streets is named for Dr. Joseph L. McGahn, a state senator and Absecon civic leader. Meanwhile, the bridge is expanded to five lanes.

April 1, 1996: With the expiration of a management use and occupancy agreement struck by the City of Atlantic City, the South Jersey Transportation Authority assumes full management control of Atlantic City International Airport.

May 7, 1996: Gov. Christine Todd Whitman cuts the ceremonial ribbon to open the expanded ACY terminal, which grew from 45,000 to 78,000 square feet under roof – and from three gates to seven, three of them elevated boarding bridges.

Sept. 17, 1996: A Deloitte & Touche management audit recommends consolidating Operations, Planning & Development, and Marketing into two departments – Expressway and Tourist Services. The Authority carries out the suggestion.

Nov. 13, 1996: Raytheon Aircraft Services signs a 25-year lease to build a $5.9-million, 50,000-square-foot facility, where it will house and maintain business aircraft.

1997: Design and legal groundwork is laid for the $330-million Atlantic City-Brigantine Connector, which also promotes $1-billion growth in the city's Marina District. Work continues on preparing for E-ZPass with several trial runs of the electronic toll collection system. Toll revenue tops $25 million.

July 14, 1997: Ground is broken for the Raytheon Aircraft Services facility.

March 10, 1998: The New Jersey Turnpike Authority, leading a consortium that includes the SJTA, signs an agreement with a contractor for delivery of an electronic toll collection system.

Nov. 4, 1998: Groundbreaking signals the end of three years of spadework and the start of real earth-turning for the 2.3-mile-long Atlantic City-Brigantine Connector. Its immediate payoff in the Marina District has almost doubled to $2 billion.

Nov. 11, 1998: The first E-ZPass customers are recorded on the Expressway tollcollection system, the first to go operational in New Jersey. A tag-holder from any EZPass system can pay a toll at any booth with an E-ZPass sign. By the end of the sixth week, E-ZPass accounts for 23.1 percent of the tolls collected at the Pleasantville Plaza.

Nov. 30, 1998: The South Jersey Transportation Authority collects its first $2 toll at the Egg Harbor Plaza. For the first time since 1969, the Authority has had to raise tolls on the Atlantic City Expressway. The proceeds will fund a $60-million capital improvements plan. Toll revenues top $27.4 million.

1998: A banner year at Atlantic City International Airport. For the first time, passenger traffic topped 1 million, up more than 15 percent year-over-year. The South Jersey Transportation Authority assumes full responsibility for airfield operations from the Federal Aviation Administration.

Sept. 29, 1999: With Gov. Whitman presiding, ground is broken for the Cross Keys Interchange. Serving Gloucester and Winslow Townships in Camden County and Washington Township in Gloucester County, it will be the first all-new interchange since the Expressway was completed in 1965.

1999: The first year under the new tolls regimen produces revenues of $44,434,942. E-ZPass usage grows to 28 percent of all transactions.

2000: SJTA completes and opens the Berlin-Cross Keys Interchange, serving over 100,000 Camden and Gloucester County trips per month.

The SJTA initiates the first major runway rehabilitation of the Atlantic City International Airport's 10,000-ft. runway.

The SJTA constructs and opens a new service station on the Atlantic City Expressway.

Reconstruction of the service station at the Farley Service Plaza takes place.

The SJTA designates 300 acres at the Airport to permanent conservation as open space.

July 31, 2001: The Atlantic City-Brigantine Connector opens to traffic after a ceremony presided over by acting Gov. Donald DiFrancesco.

Sept. 11, 2001: The impact on Atlantic City International Airport was immediate, as elsewhere, but the Authority developed a campaign to restore confidence in the traveling public that lessened the long-term effects. Visible security measures were taken immediately. ACY was among the first airports in the nation to reopen under the heightened security regimen. Meanwhile, the Authority completed its $12.5-million airport investment -- runway repaving, centerline lights and two Precision Approach Path Indicators, plus a cable arrester system for the Air National Guard.

Vehicular traffic picked up, as vacationers preferred to stick closer to home. Toll revenue reflected a three-month surge, reaching $45,853,899, up 3.5 percent from the year before.

Oct. 1, 2002: Delta Comair begins service between ACY and its Cincinnati hub, from which connections can be made to 115 destinations around the world. In its 11th year at ACY, Spirit Airlines expanded its schedule to include flights to Detroit, Denver, Las Vegas and Los Angeles.

Aug. 1, 2002: The Transportation Security Administration assumes responsibility for airport passenger screening. Other security enhancements include three miles of 10-foot fencing and closed circuit video cameras at remote-controlled gates to be controlled at the Operations Center.

2002: Visit trips to Atlantic City via the Expressway grow 5 percent to 24.68 million. The Authority opens its 350-space parking lot on Mississippi Avenue, bringing total spaces under SJTA management to 1,875. Toll revenue jumps to $48,532,827.

April 15, 2003: A Memorial Park, a circular garden at the Farley Travel Plaza, is dedicated to State Police and SJTA personnel who have lost their lives in the performance of their duties.

May 2003: HMS Host completes a $5-million, 15,000-square-foot building at Farley to house fast-food restaurants, a gift shop and a visitors' center.

October 2003: The Huron Avenue ramp is completed, opening access from the Connector to the Trump Marina Casino Hotel and the Borgata Casino and Spa. The Trump Organization paid half the costs.

2003: The Airport adds two new loading bridges at Gates 2 and 5. In November, the SJTA exercises its contractual option to assume control of airport parking and plans to build a parking garage. Passenger traffic rises on scheduled airlines by 17.2 percent year over year. Total count tops 1 million, the second largest number in ACY history.

Jan. 1, 2004: The Authority opens its Transportation Services Divison, which provides shuttle transportation to work. It also assumes direct responsibility for operating the New York Avenue parking garage in Atlantic City.

May 6, 2004: The first vehicle uses Express E-ZPass at the Pleasantville toll plaza, driving through the barrier-free lane at 45 mph. On the same day, the widening of the Expressway approach to Atlantic City was completed three lanes each way between the Pleasantville plaza and Interchange 1.

July 2004: SJTA celebrates the 40th Year Anniversary of the Atlantic City Expressway. October 2004: Construction work begins on Taxiway "P", a second route for aircraft between the runway and the terminal at Atlantic City International Airport. It is a necessary step for the airport development plan.

October 2004: Grading begins for a new parking lot, designed for nearly 1,000 long-term spaces plus employee parking.

2004: The year ends with more statistical evidence of strong growth in the region, and especially in Atlantic City. The city attracted 33,230,000 visits/trips, while the casinos recorded an average "win" per visit/trip reached $144.65, roughly 80 percent of the same measurement in Las Vegas. Atlantic City International Airport, meanwhile, drew 1.03 million travelers, topping one million for the second straight year. SJTA revenues jumped to $78.8 million. Tolls accounted for 72.7 percent of the total, a record low and continuing the SJTA's trend toward finding other revenue streams.

March 2005: The SJTA and its airport parking contractor settle year-long litigation with termination of the lease, remuneration to the contractor and the Authority's taking over. The agreement removes an obstacle to a long-planned parking garage.

April 1, 2005: SJTA parking lot operation begins at ACY with an expanded shuttle service to and from the terminal.

April 12, 2005: The Atlantic City Expressway is closed overnight while a crane installs a massive overhead walkway at the Pleasantville toll plaza. It enables toll collectors to cross the Express E-ZPass lanes safely, as well as automates the movement of cash. The tricky maneuver goes off without a hitch.

May 4, 2005: The Authority takes part in the initial First Wednesday, a promotion designed to attract visitors to Atlantic City's non-gaming retail and entertainment sites. The SJTA offers discounted parking and connections via "The Breeze," its Atlantic City shuttle.

Aug. 11, 2005: Funded by a state grant, SJTA's Transportation Services Division begins service to transport veterans in Camden and Gloucester counties to VA facilities and other medical providers.

Sept. 12, 2005: SJTA's Transportation Services Division begins TransIT Link, a shuttle to work sites between the Pleasantville bus terminal and Atlantic City International Airport.

Oct. 18, 2005: SJTA Commissioners shovel a ceremonial mound of soil at Atlantic City International Airport to inaugurate a project to house state-of-the-art baggage screening equipment and to improve passenger movement and security inside the terminal.

Nov. 10, 2005: The redesigned SJTA website goes online to the public.

October 17, 2006: SJTA Board of Commissioners and local officials used their golden shovels to break ground on a $24.5 million, six-story parking garage to be constructed just steps from the ACY terminal building.

July 2007: Final design completed for Exit 17

Began environmental permitting and design for Atlantic City Expressway widening project westbound from milepost 8.0 to milepost 31.0

August 2007: Began All Electronic Tolling (AET) Study. Atlantic City International Airport (ACY) completes 10,000 square foot major security baggage screening facility. ACY receives $5 million in federal funding to expand apron.

October 2007: SJTA breaks ground on new ACY parking garage ACY reports historic scheduled passenger growth ending the year with 34 percent increase over previous years.

SJTA adopts "Core Values" Authority-wide operating principles.

May 7, 2008: The Samuel Adams Brew Pub marks its Grand Opening on the second floor of the terminal at ACY.

June 2008: SJTA opens the $26.3 million, six-story ACY parking garage.

June 2008: $2.5 million terminal renovations begin at ACY.

July 2008: U.S. Dept. Homeland Security and SJTA sign unique Cooperative Research and Development Agreement to establish a test bed for emerging security technologies at ACY.

September 2008: The SJTA is awarded $682,520 in state homeland security funds to enhance radio interoperability communications in six South Jersey counties.

The SJTA/ACY is awarded the Distinguished Achievement Award from the Southern New Jersey Development Council for its significant contributions to the Economical Development of the South Jersey Region.

November 2008: SJTA begins construction of Atlantic City Expressway Interchange 17 to connect ACE to Route 50 in Hamilton Township.

December 2008: Spirit Airlines announces direct service to Boston from ACY.

A group of casinos, economic development officials and government leaders form a coalition to attract new airline carriers and increased service at ACY.

March 2009: AirTran Airway becomes newest transportation choice for ACY.

April 2009: A groundbreaking ceremony is held for Berlin-Cross Keys Bridge Widening project.

June 2009: ACY celebrates AirTran Airways' inaugural flight with a festive party in the terminal. Musical artists Earth, Wind & Fire gave a performance for fans.

August 2009: ACY hosts 2009 "Thunder Over the Boardwalk" Air Show with more than 750,000 fans in attendance.

October 2009: The NextGen Aviation Research and Technology Park groundbreaking takes place at Atlantic City International Airport.

October 2009: Westjet launches Toronto service from ACY, connecting travelers to Canadian cities.

October 2009: ACE Westbound Third Lane Widening groundbreaking ceremony takes place at the Visitor Welcome Center.

November 2009: The Federal Bureau of Transportation Statistics reports that ACY has the nation's least expensive airline tickets in the nation.

December 2009: SJTA celebrates completion of the Berlin-Cross Keys Bridge Widening Project, which is completed ahead of schedule.

Letter from the CFO

TO THE BOARD OF COMMISSIONERS SOUTH JERSEY TRANSPORTATION AUTHORITY:

The annual financial report to the South Jersey Transportation Authority (the Authority) for the year ended December 31, 2009, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Authority's enabling legislation as well as the Authority's Bond Resolution requires an annual audit of the Authority's financial statements by a firm of independent auditors. As a recipient of federal funds primarily from the Federal Aviation Administration for projects involving the Atlantic City International Airport, the Authority is required to have a single audit performed annually by an independent auditor in accordance with the Single Audit Act of 1984, as amended in 1996, and OMB Circular A-133. The purpose of the single audit is to determine the adequacy of the Authority's internal controls and compliance with applicable laws and regulations relating to the receipt of federal assistance. The Authority retains an independent auditor to satisfy these audit requirements. The report of the independent auditor on the combined financial statements of the Authority is included in the financial section of this report. The Authority's management is primarily and ultimately responsible for the content and presentation of the audited financial report.

Management of the Authority is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the resulting benefits; and (2) the analysis of costs and benefits requires estimates and judgments by management. As a receipt of federal financial assistance, the Authority is required to ensure that adequate internal controls are in place which ensures compliance with applicable laws and regulations relating to that assistance. These internal controls are subject to periodic evaluation by the management of the Authority.

The combined financial statements of the Authority are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States. The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The South Jersey Transportation Authority's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF GOVERNMENT:

The South Jersey Transportation Authority was created in 1991 by the South Jersey Transportation Authority Act ("Act"), Chapter 252 of the Laws of New Jersey. The Authority became the successor to the New Jersey Expressway Authority ("NJEA") and the Atlantic County Transportation Authority ("ACTA"). Pursuant to the Act, the Authority acquired the Civil Terminal Area of the Atlantic City International Airport as a transportation project. The purpose of the Authority is to coordinate South Jersey's transportation system in its regional jurisdiction of the counties of Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem, and deal particularly with the highway network, aviation facilities and the transportation problems of Atlantic County.

The Authority's responsibility is to maintain, repair and operate the 46.4-mile Atlantic City Expressway along with portions of Routes 30, 187, and 42. Other functions of the Authority include those assumed with the acquisition of ACTA as follows: operation of the New York Avenue Parking Garage and related office and commercial space in Atlantic City, New Jersey; bus management; automobile parking; traffic management; and transportation planning in Atlantic County. The Airport Division is responsible for operating and improving the Airport.

The Authority also functions as the administrative shell for the South Jersey Transportation Planning Organization ("SJTPO"). The SJTPO is a metropolitan planning organization whose function is to develop transportation programs for urbanized areas of the State in order to encourage and promote the development of intermodal transportation systems that maximize mobility and minimize air pollution. The New Jersey Department of Transportation Grant for Administration Staff Support for the SJTPO is designed to reimburse the Authority for its expenses incurred each year for the SJTPO. These expenses typically include salaries, fringe benefits and non-salary direct expenses.

Effective January 1, 2004, the Authority acquired and assumed the operation of the "Comprehensive Transportation System" in Camden and Gloucester Counties, previously operated by the Camden County Improvement Authority. The comprehensive Transportation System includes (i) the transportation needs of the Work Force New Jersey and Temporary Assistance To Needy Families (TANF") recipients, post-TANF recipients, welfare clients, low income individuals, and other transit dependents, Oil the operation of a Job Access/Reverse Commute Program in Camden County, (iii) a partnership with New Jersey Transit to provide local shuttle motor bus passenger service in and around Camden County, and (iv) transportation services for residents of Gloucester County to and from the Pureland Industrial Park from Westville and Woodbury, Gloucester County. Funding from the various state grants above are used to fund operating costs. Operating expenses incurred are offset by operating revenues from each respective grantor agency, as well as revenue from local private employers.

The Authority operates under a Board of Commissioners. There are nine Commissioners, comprised of the State Commissioner of Transportation who currently serves as Chairman, the CEO and Governors Office of Economic Growth Commission, and seven members appointed by the Governor with Senate approval. The Board of Commissioners establishes policy and plans for the operations of the Authority. Serving under the Authority's Commissioners is the Executive Director who implements policy and manages the daily operations of the Authority. The Executive Director is supported by two Deputy Executive Directors, a Chief of Staff, and various Department Directors.

The Authority prepares both operating and capital budgets annually. The annual operating budget is a financial planning tool for the associated fiscal year. Each of the Authority's Department Directors contributes to the development of a preliminary operating budget based on the expected staffing and funding levels necessary to operate the Authority's facilities in an efficient manner. The individual departmental budgets are reviewed at budget meetings conducted by the budget review committee. The budget review committee consists of the Chief of Staff, Director of Finance Treasurer, Budget Manager, Deputy Executive Director and other staff. Once the review process is complete, a proposed operating budget is presented by the Executive Director to the Board of Commissioners for its review and approval. Any subsequent addition to funds to the total operating budget requires the approval of the Board of Commissioners. Expenditures are monitored continuously throughout the year by the Budget Division to ensure that each department is in compliance with the approved operating budget. Additionally, the accounting system does not permit expenditures to exceed amounts budgeted without a line item transfer. All line item transfers are approved in writing by the Executive Director.

A capital budget is also prepared annually. The budget is prepared by a Capital Program Committee which is chaired by the Deputy Executive Director and comprised of four additional members of senior leadership. The capital budget is prepared by the Capital Program Committee in a similar process to the operating budget and submitted to the Board of Commissioners for approval. The capital budget is a planning document identifying the Authority's potential commitments. The approval of the capital budget does not in itself authorize any specific project. Specific approval by the Board of Commissioners is required before any contracts above the current SJTA bidding threshold involving a capital project may commence.

The capital budget process balances investment among highway, transit and air transportation. A ten year planning document is also produced in coordination with the State of New Jersey Transportation Capital Investment Strategies and the regional transportation planning efforts of southern New Jersey's two Metropolitan Planning Organizations: the South Jersey Transportation Planning Organization and the Delaware Valley Regional Planning Commission. An Airport Improvement Plan, detailing all capital projects that have elements of federal funds, is prepared by the Authority and submitted to the FAA on an annual basis. Any adjustments to the capital budget required after the FAA approval has been received are approved by the Board of Commissioners via-board resolution.

FACTORS AFFECTING FINANCIAL CONDITION:

Investment Management

Investments of the Authority are purchased in accordance with the Authority's 1999, 2003, 2004 and 2006 and 2009 Bond Resolutions. Cash available during the year is generally invested in money market funds, repurchase agreements (collateralized by obligation of the US Treasury), obligations of the United States Treasury, obligations of federal government agencies or their instrumentalities, obligations of public agencies or municipalities or certificates of deposits rated in either of the two highest rating categories by Standard and Poor's Corporation or Moody's Investors Service, and commercial paper rated A-I by Standard and Poor's Corporation. The Authority's Investment policy is to match the maturities of its investments with the present and anticipated needs of the Authority, thereby maximizing the return on available funds. In addition, the Authority is required to maintain certain invested amounts as reserves for its debt obligations.

Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omission, injury to employees, professional liability, airport liability, environmental and natural disasters. The Authority purchased commercial insurance to manage all of these risks except for workers compensation, general liability and auto. Settled claims have not exceeded this coverage in any of the past three years.
The Authority established a Self-Insurance fund program for certain risk areas. The Authority's per occurrence self insurance retention levels are $350,000 for worker's compensation, $200,000 for auto liability, and $200,000 for general liability. An allocation of these retention levels has been made to the Airport based on the number of employees currently employed at the Airport. The Authority has an umbrella excess liability policy over those self-insurance retention levels of $15,000,000 per occurrence and $30,000,000 annual aggregate. Additional information can be found in Note 14 of the financial statements.

Pension Plans

All full-time Authority employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions and Benefits ("Division") within the Treasury Department of the State of New Jersey is the administrator of the funds and charges the employee and employer annually for their respective contributions. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plans. PERS and PFRS bill the Authority annually at an actuarially determined rate for its required contribution. The current rate is 5.5% for PERS and 8.5% for PFRS of annual covered payroll. Additional information can be found in Note 13 of the financial statements.

Other Post-employment Benefits

The Authority has implemented GASB Statement No. 45 "Accounting and Financial Reporting for Employers for Post-employment Benefits Other than Pensions" ("GASB 45"). This Statement establishes the standards for the measurement, recognition, and display of Other Post-employment Benefits ("OPEB") expense and related liabilities, note disclosures, and if applicable, required supplementary information ("RSI") in the financial reports of state and local governmental employers.

Post-employment benefits are part of an exchange of salaries and benefits for employee services rendered. Most OPEB have been funded on a pay-as-you-go basis and have been reported in financial statements when the promised benefits are paid. GASB 45 requires state and local government's financial reports to reflect systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with the OPEB and whether and to what extent progress is being made in funding the plan.

In 2007, the Authority recorded its entire OPEB obligation, $100 million, as a result of the required bi-annual actuarial valuation that was completed in 2006. The Authority decided to record the entire unfunded liability in the financial statements to ensure that the OPEB obligation associated with the Atlantic City Expressway (ACE) assets would be transferred with the ACE assets to the New Jersey Turnpike or successor entity at the transfer date if the legislation that had been proposed in 2007 concerning this potential transfer had been passed.

In 2008, the OPEB obligation was reduced by $45 million primarily due to plan redesign, which included renegotiated medi-gap benefits for retirees over 65. This reduction is reflected in the non-operating revenue section in the accompanying statement of revenues, expenses and changes in net assets.

The Authority's total unfunded actuarial accrued liability at December 31, 2009 is $52,686,344. $44,607,669 is related to the Expressway and $8,078,675 is related to the Airport. This liability is reflected in Non-current Liabilities on the accompanying Statement of Net Assets.

In 2008, the Authority also established an account by resolution, the purpose of which was to begin to make contributions to fund the Authority's unfunded OPEB obligation. The resolution authorized up to $2 million annually to be deposited in the restricted account to fund the OPEB Obligations. The Authority made a $2 million contribution in both 2008 and 2009. This $4,000,000 contribution is reflected in restricted cash and the net assets restricted for funded OPEB obligation in the accompanying statement of net assets.

ACKNOWLEDGEMENT:

The preparation of this report would not have been possible without the dedication and efficiency of the entire staff of both the Finance and Marketing and Communications Departments. I would especially like to express my appreciation to the members of these Departments who contributed to the preparation of this report. Special thanks must also be given to the Chairman, Vice-Chairman, Executive Director, Deputy Executive Directors, Chief of Staff and the Finance and Audit Committees of the Board for maintaining the highest standards in the management of the South Jersey Transportation Authority's finances.

Respectfully submitted:

Kathleen M. Sharman

Kathleen M. Sharman
Director of Finance/Treasurer

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Chris Christie
Governor

Kim Guadagno
Lt. Governor

James S. Simpson
Chairman

Bart R. Mueller
Executive Director

Executive Order No. 37 (2009)
Certification of Annual Audit

For Year Ending 2009

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 to the best of our knowledge, fairly represents the financial condition of the South Jersey Transportation Authority for year ending December 31, 2009.

Kathleen M. Sharman, Director of Finance

Kathleen M. Sharman, Director of Finance

Bart R. Mueller, Executive Director

Atlantic City Expressway • Atlantic City International Airport • Transportation Services • Regional Economic Development

South Jersey Transportation Authority

Report of Audit

For the Year Ended December 31, 2009

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FORD - SCOTT
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Chairman and Commissioners of the
South Jersey Transportation Authority
Hammonton, New Jersey

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying basic financial statements of the South Jersey Transportation Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2009, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2009, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated March 24, 2010 on our consideration of the Authority's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying financial information listed as Other Supplementary Information is not a required part of the basic financial statements, but is presented as additional analytical data. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Ford, Scott, & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Certified Public Accountant

March 24, 2010

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

Chairman and Commissioners of the
South Jersey Transportation Authority
Hammonton, New Jersey

We have audited the basic financial statements of the South Jersey Transportation Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

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

We noted certain matters that we reported to the Authority's management in a separate letter dated March 24, 2010.

This report is intended solely for the information and use of management, the Finance Committee, others within the organization and for filing with the State Treasurer, and is not intended to be and should not be used by anyone other than these specified parties.

Ford, Scott & Associates, L.L.C.

FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Certified Public Accountant

March 24, 2010

REQUIRED SUPPLEMENTARY INFORMATION

Our discussion and analysis of the South Jersey Transportation Authority's (SJTA) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2009. Please read it in conjunction with the Authority's financial statements that begin on Page 14.

Financial Highlights

- **ISSUANCE OF TRANSPORTATION SYSTEM REVENUE BONDS** On August 4, 2009, the South Jersey Transportation Authority (the Authority) completed a $304 million financing to fund various needed projects at the Atlantic City Expressway and the Atlantic City International Airport. Most notable among the projects that were financed is the expansion of the Expressway from two lanes to three on the eastbound portion from the Garden State Parkway to the exit for Route 73. The financing also included the expansion of Exit 17 (Mays Landing) to a full interchange, various bridge renovations, and expansions and improvements to the Main Terminal for ACY.

  This financing was important and valuable for multiple reasons, in addition to the funding of needed capital improvements.

  The SJTA was able to issue bonds for a significant portion of its capital program at relatively low long term rates. This eliminates the risk of needing to borrow for these projects at higher rates if long term rates rise in the next few years. The SJTA was also able to utilize "Build America Bonds", part of President Obama's American Recovery and Reinvestment Act of 2009, for $96 million of this borrowing. As Build America Bonds, the SJTA issued this debt as taxable bonds (rather than the normal tax-exempt status) and will receive rebates from the US Treasury for 35% of the interest on the bonds.

  The SJTA has previously existing "swaptions" for which it needed to issue variable rate bonds to properly hedge. The SJTA issued a portion of these bonds as variable rate to hedge the swaps while maintaining the opportunity to refund other bonds for savings in the future.

  The SJTA made amendments to its bond resolution that will allow the Authority to utilize Federal TIFIA financing and have greater flexibility with borrowed funds for projects at the Airport and the Expressway including the ability to re-designate all or a portion of a series of bonds originally issued to pay for the cost of a pledged project as airport bonds under certain conditions.

  The SJTA also incorporated a refinancing of existing debt to produce savings of approximately $3 million.

- **AIRTRAN AIRWAYS RISK ABATEMENT** On March 20, 2009, the Authority entered into a Transportation Services Agreement with AirTran Airways, Inc. ("AirTran"). Under the terms of the agreement, effective June 11, 2009, AirTran will operate daily scheduled round-trip jet service between Atlantic City ("ACY") and Atlanta ("ATL").

  As an inducement to AirTran to provide jet service, the Authority guarantees to AirTran gross passenger revenues of $4,496 plus appropriate fuel adjustments per block hour for the ATL-ACY service. According to the terms of the agreement with AirTran, in no event shall the cumulative Block Hour Shortfall exceed $3,100,000. The amounts payable under this agreement are payable solely from revenues received by the Authority for operating, maintaining or repairing the Transportation System, other than airport revenues and deposited in the General Reserve Fund as defined in the Authority's Bond Resolution.

  As of December 31, 2009, the Authority has paid AirTran the amount of $2,090,490 and has recorded a payable as of the year ending December 31, 2009 in the amount of $384,147.

- **STATE PAYMENT:** Pursuant to an agreement dated November 17, 1983 ("State Contract"), between the Authority (as successor to the New Jersey Expressway Authority) and the New Jersey Department of Transportation ("NJDOT"), the Authority is obligated to pay to the NJDOT, annually during the term of the State Contract, a guaranteed minimum sum of $2,500,000 ("State Payment").

  On May 19, 2009, the State Contract was amended to provide for a reduction in the amount of the State Payment by the amount of the NJDOT's Payment Obligation (as hereinafter defined) to the extent such NJDOT's Payment Obligation is unpaid in any Fiscal Year. See note 27; ("South Inlet Transportation Improvements Project") regarding the Authority's issuance of the 2009 Subordinated Bonds.

  On June 30, 2009, the parties to the State Contract agreed that the Authority would pay to NJDOT for State Fiscal Year 2010 additional State Payment of Eight Million Dollars ($8,000,000) ("Additional State Payment"). This Additional Payment is payable in addition to the State Payment and was subject to adoption of an amended Annual Budget of the Authority for the Authority's Fiscal Year (as defined in the State Contract) ending December 31, 2009 by the Board of Commissioners of the Authority. The Authority intended to fund this Additional Payment from available funds generated in 2009 as a result of a windfall received generated from the fact that the 50% toll increase was effective November 2008 and the associated bonds were not issued until August 2009. On November 17, 2009, the Authority amended the 2009 Operating Budget to provide for the Additional State Payment. At December 31, 2009, the Authority has accrued $8,208,334 which represents one month of the State Payment Obligation and the $8,000,000 Additional State Payment Obligation.

- **AIRPORT SUBSIDY:** The Authority's enabling legislation created the South Jersey Transportation Authority to deal with regional transportation issues. Included in the legislation were the powers to acquire and operate the Atlantic City International Airport. (ACY). The available surplus, net revenue generated by the Atlantic City Expressway project, has historically been available to subsidize the airport operations as was anticipated in the legislation and clearly presented in the original documents adopted by the Authority. The airport project is considered a general project under the Authority's General Bond Resolution and payment of any airport subsidy (excess of airport expenses over airport revenues) is subordinate to payments to bond holders under the Authority's General Bond Resolution and payable from the general reserve fund. Prior to September 11, 2001, the airport subsidy was steadily decreasing; in fact for the year ended December 31, 2000, the airport generated a small operating surplus. The subsidy has increased since the events of September 11, 2001 due to revenue losses resulting from declines in the airline industry and expense increases resulting from additional requirements including fulltime police presence, and increased insurance costs. In an effort to generate additional airport revenues, in March 2009, the Authority entered into a risk assurance agreement with Air-Tran Airways for two flights daily to Atlanta.

  The airport subsidy was $4,787,364 for the year ended December 31, 2009. In 2009 and 2008, the Authority allocated additional administrative costs to airport operations, which included both state required pension contributions as well as health insurance premiums.

Using this Financial Report

This financial report consists of a series of financial statements, notes to the financial statements and supplementary information. The Basic Financial Statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets ("Operating Statement") and the Statement of Cash Flows (on Pages 14 – 18) that provide information about the activities of the Authority as a single enterprise Fund. An enterprise fund uses proprietary fund reporting that focuses on the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. Proprietary Fund financial statements for the Authority's two main funds start on Page 19. These financial statements report the Authority's operations in more detail than the Basic Financial Statements by providing information about the Authority's most significant funds. The Authority's two major operating entities, which are being reported separately in the Proprietary Fund financial statements, are the Atlantic

City Expressway ("Expressway") and the Atlantic City International Airport ("Airport"). Common costs for these two major operating entities are generally assigned to the Expressway. Fund financial statements are also included in the Other Supplementary Information on Pages 68 - 76. Fund financial statements report the Authority's operations, in detail, for all of the funds of the Authority. Some funds are required to be established by bond covenants, while the Authority establishes many other funds to help it control and manage money for particular purposes. Resources are accounted for in individual funds based upon the purpose for which they are to be spent and the restrictions, if any, on the spending activities.

Financial Statements of the Authority

All of the Authority's financial statements are prepared based on an accrual basis in accordance with accounting principles generally accepted in the United States of America. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Capital assets are capitalized and, (except land and construction in progress), are depreciated over their useful lives. Amounts are restricted for rehabilitation and repair, debt service and, where applicable, capital projects.

The statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information on all Authority assets, liabilities, revenues and expenses in a manner similar to that used by most private-sector companies. These two statements also report the Authority's *net assets* and changes in them. One can think of the Authority's net assets – the difference between assets and liabilities- as one way to measure the Authority's financial health, or *financial position*.

Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. Net assets increase both when revenues exceed expenses and when the Authority's assets increase without a corresponding increase in the Authority's liabilities. It is important to note, however, depreciation's negative impact on net assets. Depreciation decreases the Authority's net assets even though it is a non-cash expense and may represent a write off against a contributed capital item paid for by a federal grant or private source.

The Statement of Cash Flows presents information about the Authority's relevant sources and uses of cash for the year. It is prepared in a manner that summarizes (1) cash flows from operations, (2) non-capital financing activities, (3) capital and related financing activities and (4) investing activities. Additionally, non-cash transactions that have an effect on the Authority's financial position are also presented in the Statement of Cash Flows. Specifically, the Statement of Cash Flows, together with related disclosures and information on other financial statements, can be useful in assessing the following:

- Ability of an entity to generate future cash flows
- Ability of an entity to pay its debt as the debt matures
- Need to seek outside financing
- Reasons for differences between cash flows from operations and operating income
- Effect on an entity's financial position of cash and non-cash transactions from investing, capital and financing activities

Financial Analysis of the Authority's Statement of Net Assets

Restricted current and other assets increased by $194 million in 2009 due to ongoing construction projects. Restricted cash balances increased in the amount of $27.6 million while investment balances increased by $147.3 million.

Capital assets, net of accumulated depreciation, increased by a net of $26.5 million. The Expressway's Capital Assets, net of depreciation, increased by $15.9 million, while the Airport capital assets, net of depreciation, increased by $10.6 million.

The charts below detail the Expressway's decrease in capital assets, net of accumulated depreciation, and the Airports increase in capital assets, net of depreciation

Financial Analysis of the Authority's Statement of Net Assets (Continued)

EXPRESSWAY

Project		Amount
Road Overlay Programs	$	2.5 million
Weatherstations		0.3 million
Stair Replacement New York Ave. Garage		0.4 million
Guide Rails/Fixed Hazard Protection		0.3 million
Atlantic City One-Way		1.1 million
Exit 17 Improvements		5.5 million
New York Avenue Garage Stairs Rehabilitation		0.4 million
Third Lane Widening		5.3 million
Equipment		2.1 million
E-ZPass Electronic Tolls		0.7 million
Farley Lot Improvements		1.2 million
Farley Well Redevelopment		0.2 million
Facility Improvements and Roof Rehabilitation		2.5 million
Bridge Repairs and Inspections		2.9 million
Berlin Cross-Keys Road		5.0 million
Change in Accumulated Depreciation		(14.5) million
Total Expressway Increase	$	15.9 million

AIRPORT

Project		Amount
Security PG-1 Escalator	$	10.4 million
Interior Terminal Improvements		3.0 million
Security Camera Upgrades		0.5 million
Capital Rehabilitation		0.1 million
Other Facility and Equipment Costs		2.0 million
Change in Accumulated Depreciation		(5.4) million
Total Airport Increase	$	10.6 million

The Authority's outstanding long-term debt includes five separate series of transportation system revenue bonds; each of which include serial bonds and some that include both serial and term bond components and are net of discounts, premiums, and a deferred loss on refunding.

During 2009, the Authority issued (i) $62,015,000 Transportation System Revenue Bonds, 2009 Series A-1 ("2009 A-1 Senior Bonds"), $38,995,000 Transportation System Revenue Bonds, 2009 Series A-2 ("2009 A-2 Senior Bonds"), and $96,260,000 Transportation System Revenue Bonds, 2009 Series A-5 (Federally Taxable – Issuer Subsidy – Build America Bonds ("2009 Taxable Senior Bonds" and together with the 2009 A-1 Senior Bonds and the 2009 A-2 Senior Bonds, the "2009 Fixed Rate Senior Bonds") and (ii) $19,085,000 Subordinated Bonds, 2009 Series A ("2009 Subordinated Bonds" and together with the 2009 A-1 Senior Bonds and the 2009 A-2 Senior Bonds, the "2009 Tax-Exempt Fixed Rate Bonds". Simultaneously with the issuance and delivery of the 2009 Fixed Rate Bonds, the Authority issued its $44,000,000 Variable Rate Transportation System Revenue Bonds, 2009 Series A-3 ("2009 A-3 Senior Bonds") and $43,795,000 Variable Rate Transportation System Revenue Bonds, 2009 Series A-4 ("2009 A-4 Senior Bonds" and together with the 2009 A-3 Senior Bonds, the "2009 Variable Rate Senior Bonds"), which are a letter of credit supported variable rate bonds.

Financial Analysis of the Authority's Statement of Net Assets (Continued)

The 2006 Series A Transportation System Revenue Bonds (term bond) of $50,365,000 carries an interest rate of 4.50% and mature on November 1, 2035. The 2006 Series A Bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount thereof being redeemed, without premium, plus accrued interest to the redemption date. Proceeds of the 2006 Series A Transportation System Revenue Bonds were used to finance ((1) the construction of a multi-level parking garage containing approximately 1,400 parking spaces located in front of the passenger terminal at the Atlantic City International Airport, including the construction of a fare collection system capable of accepting E-ZPass as a method of payment; (2) the redemption of the Authority's $10,400,000 Subordinated Notes, Series 2005, dated March 30, 2005 and due March 29, 2006 including interest thereon; (3) the amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement; (4) a portion of the interest on the 2006 Series A Bonds for approximately twenty-four months; and (5) pay certain costs of issuing the 2006 Series A Bonds.

The 2004 Series A Transportation System Revenue Bonds of $22,235,000 have interest rates ranging from 2.25% to 5.15% and mature in various increments November 1, 2004 through November 1, 2033.

The 2003 Series Transportation System Revenue Refunding Bonds (serial bonds) of $15,790,000 have interest rates ranging from 2.0% to 5.25% and mature in various increments November 1, 2004 through November 1, 2012. Proceeds of the 2003 Series Refunding Bonds were used to: (1) defease and refund a portion of the $15,455,000 Transportation System Revenue Bonds, 1992 Series B (tax exempt), and (2) pay certain costs of issuance of the 2003 Bonds.

The 1999 Series serial bonds mature in various increments from November 1, 2000 through November 1, 2019, while the 1999 Series term bonds mature November 1, 2022 and 2029. Interest rates on these bonds range from 3.20% to 5.125%.

In 2009, the Authority made $99.91 million in bond and note principal payments. This includes: (1) defeasance of $61.6 million of the 1999 Series bonds; (2) repayment of $22.39 million of 2007 Taxable Subordinated Notes; and (3) repayment of $10 million of 2009 Subordinated Notes. The Authority paid $13.1 million in bond interest payments.

Current liabilities payable from unrestricted assets increased by $1.7 million, primarily from an increase in accounts payable and accrued expenses in the amount of $1.5 million, a decrease in escrow deposits in the amount of $.2 million and an increase in payables to other government agencies in the amount of $.4 million

Current liabilities payable from restricted assets increased by $22.5 million, primarily from the increase in Passenger Facility Charges Advanced in the amount of $1.6 million and the increase in accounts payable in airport related expense accruals in the amount of $.3 million. Additional changes can be explained by the following other factors: an increase in the state payment in the amount of $8.0 million, an increase in expressway accounts payable in the amount of $1.6 million, a decrease in retainage payable related to airport construction projects in the amount of $.6 million, an decrease in Customer Facility Charges Advanced in the amount of $.6 million, an increase in the current portion of bonds payable of $1.3 million, an increase in the unamortized swap premium due to the receipt of a swap exercise fee in the amount of $2.0 million, an increase is the reserve for self-insurance in the amount of $.8 million, an increase in loans due to other governmental agencies in the amount of $3.8 million and construction related payables increased by $4.3 million.

Long term debt and other obligations outstanding increased by $209 million. This large increase was due mostly to the issuance of the 2009 Transportation System Revenue Bonds in the amount of $304.1 million and the subsequent refunding of $61.6 million, repayment of $10 million of the 2009 Subordinated Note, repayment of $22.3 million of the 2007 Subordinated Note, $.6 million transferred to the current portion of Bonds Payable, and a decrease in the OPEB obligation in the amount of $1.8 million.

Financial Analysis of the Authority's Statement of Net Assets (Continued)

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
December 31, 2009
With Comparative Totals as of December 31, 2008

	2009	2008
Unrestricted Current and Other Assets	$ 53,787,597	$ 35,408,649
Restricted Current and Other Assets	282,026,349	88,111,500
Capital Assets (net)	565,037,189	538,555,277
Other Noncurrent Assets	9,116,277	6,574,587
Total Assets	909,967,412	668,650,013
Long-term debt outstanding	542,415,850	333,865,453
Other Unrestricted Liabilities	12,522,790	10,895,754
Other Restricted Liabilities	48,843,292	25,918,746
Other Noncurrent Liabilities	94,305	55,417
Total Liabilities	603,876,237	370,735,370
Net Assets:		
Invested in Capital Assets, Net of Related Debt	148,940,298	265,793,486
Restricted	174,979,258	51,739,358
Unfunded OPEB/(Deficit)	(47,073,242)	(45,344,707)
Funded OPEB Obligation	4,000,000	2,000,000
Unrestricted	25,244,861	23,726,506
Total Net Assets	$ 306,091,175	$ 297,914,643

Financial Analysis of the Authority's Statement of Revenues, Expenses and Changes in Net Assets

Expressway Revenue and Expense:

Expressway operating revenues increased by $17.6 million as a result of the following:

- A $18.6 million increase in toll revenue partially due to a 50% toll rate increase effective November 18, 2008.
- A $.2 million decrease in SJTPO revenue and a $.3 million decrease in concession and marina parking revenues.
- A $.5 million decrease in garage and surface parking lot revenues in Atlantic City.

Expressway operating expenses, net of depreciation remained constant. This is due in part to a health insurance expense increasing by $1.6 million, information technology expenses decreased by $.4 million, a decrease in the current year post-retirement benefit obligation in the amount of $.7 million, police expense increased by $.4 million, maintenance expense decreased by $.7 million and transportation services expenses decreased by $.2 million.

Financial Analysis of the Authority's Statement of Revenues, Expenses and Changes in Net Assets (Continued)

Airport Revenue & Expense:

Airport revenue increased by $.4 million primarily due to an increase in automobile parking revenue.

Operating expenses increased by $1.7 million from $12.6 million in 2008 to $14.3 million in 2009. This increase is in part attributable to an increase in airport management costs provided by an outside vendor in the amount of $.3 million, an increase in snow removal costs in the amount of $.3 million, authority required pension contributions increased by $.1 million, additional marketing expenses increase by $.8 million, building contract maintenance costs increased by $.1 million and police costs increased by $.1 million

Capital Contributions:

Capital Contributions received during the year decreased by $1.7 million. These contributions were primarily attributed to grants received from the New Jersey Department of Transportation, in the amount of $3.3 million, in addition, the overall decrease is also attributable to a decrease in FAA Airport Improvement grants in the amount of $3.9 million, a decrease in PFC grant revenue in the amount of $3.5 million, a decrease in Economic Recovery Fund revenue in the amount of $.6 million, an increase in Customer Facility Charges in the amount of $.9 million, an increase in Homeland Security grants in the amount of $.6 million, an increase in CRDA funds in the amount of $1.3 million and miscellaneous contributions in the amount of $.2 million.

	2009	2008
Operating revenues	$ 109,632,566	$ 91,605,689
Operating expenses	85,299,391	81,879,482
Operating Income	24,333,175	9,726,207
Net Non-Operating Revenues (Expenses)		
Interest revenue	2,099,762	4,678,195
Interest on bonds	(17,040,616)	(14,584,777)
Reduction in OPEB liability	1,809,764	45,521,892
Other non-operating revenues (expenses)	(13,823,721)	(2,928,077)
Income (Loss) before Capital Contributions	(2,621,636)	42,413,440
Capital Contributions	10,798,168	12,497,179
Change in Net Assets	8,176,532	54,910,619
Total Net Assets -- Beginning	297,914,643	243,004,024
Total Net Assets -- Ending	$ 306,091,175	$ 297,914,643

Financial Analysis of the Authority's Statement of Cash Flows

The increase in cash used provided by capital and related financing activities related to the following:

- The Authority spent $9.4 million more on capital acquisitions (See increase/decrease in capital asset section for details of Authority capital asset acquisitions during 2009).

Capital Contributions received were $1.7 million less than what was received in 2008. The Authority received a total of $3.4 million and $7.3 million from the Federal Aviation Administration for the years ended December 31, 2009 and 2008, respectively, a total of $.8 million and $4.3 million from passenger facility charges for the years ended December 31, 2009 and 2008, respectively, and increases of (1) $3.4 million from the New Jersey Department of Transportation, (2) $1.3 million from the Casino Reinvestment Development Authority, and (3) $1.0 million from Customer Facility Charges.

- Cash used by investing activities decreased by $157.2 million because the Authority increased its purchase of investments by $143.0 million, decreased the sale of investments by $11.0 million, and interest on investments decreased by $3.2 million.

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2009
With Comparative Totals as of December 31, 2008

	2009	2008
Cash Flows Provided by (Used in):		
Operating activities	$ 45,739,012	$ 29,926,275
Noncapital financing activities	(2,500,000)	(2,500,000)
Capital and related financing activities	148,865,628	(44,540,364)
Investing activities	(137,809,757)	19,436,366
Net increase in cash and cash equivalents	54,294,883	2,322,277
Cash and cash equivalents - beginning of the year	55,471,215	53,148,938
Cash and cash equivalents - end of the year	$ 109,766,098	$ 55,471,215

Non-cash Capital Financing Activities:

No capital assets were acquired through contributions from governmental agencies and private developers.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Supplementary Information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's fund financial statements, bonds and other debt, toll revenue and vehicle count.

Contacting the Authority's Financial Management

This financial report is designed to provide our commissioners, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at the South Jersey Transportation Authority, Farley Service Plaza, Administration Building, P.O. Box 351, Hammonton, NJ 08037.

BASIC FINANCIAL STATEMENTS

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2009

With Comparative Totals as of December 31, 2008

	2009	2008
ASSETS		
Unrestricted Assets:		
Cash and Cash Equivalents	$ 44,754,093	$ 18,023,202
Investments	2,589,144	10,075,525
Change Funds	54,902	50,999
Interest Receivable	6,831	21,782
Accounts Receivable (net of allowance for uncollectibles)	2,864,221	3,044,225
Grants Receivable	1,238,677	1,851,873
Prepaid Expenses	1,907,611	2,044,396
Security Deposits	114,168	114,168
Inventory	257,950	182,479
Total Unrestricted Assets	53,787,597	35,408,649
Restricted Assets:		
Cash and Cash Equivalents	64,957,103	37,397,015
Investments	197,117,182	49,842,006
Accounts Receivable	18,206,605	-
Grants Receivable	1,385,745	648,438
Interest Receivable	359,714	224,041
Total Restricted Assets	282,026,349	88,111,500
Noncurrent assets:		
Capital assets:		
Non-Infrastructure Capital Assets:		
Land and Improvements	146,921,642	147,351,642
Electronic Toll Equipment	8,917,935	8,917,935
Buildings and Equipment (See Note 30)	101,751,293	96,057,417
Less Accumulated Depreciation (See Note 30)	(49,360,579)	(45,344,849)
Total Non-Infrastructure Capital Assets	208,230,291	206,982,145
Infrastructure Capital Assets:		
Infrastructure - Equipment	23,555,903	10,576,627
Infrastructure	424,864,360	400,103,204
Less Accumulated Depreciation	(122,206,190)	(107,203,960)
Total Infrastructure Capital Assets	326,214,073	303,475,871
Construction in Progress	30,592,825	28,097,261
Total Capital Assets	565,037,189	538,555,277
Bond Issuance Costs	11,389,610	9,858,378
Less Accumulated Amortization	(2,273,333)	(3,283,792)
Total Non-current Non-capital Assets	9,116,277	6,574,586
Total Noncurrent Assets	574,153,466	545,129,863
TOTAL ASSETS	$ 909,967,412	$ 668,650,012

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2009

With Comparative Totals as of December 31, 2008

	2009	2008
LIABILITIES AND NET ASSETS		
Current Liabilities Payable From Unrestricted Assets:		
Accounts Payable	$ 8,241,483	$ 7,509,521
Due to Other Governmental Agencies	349,995	-
Deferred Income	554,652	564,637
Escrow Deposits	110,251	334,585
Accrued Expenses	3,266,409	2,487,011
Total Current Liabilities Payable From Unrestricted Assets	12,522,790	10,895,754
Current Liabilities Payable From Restricted Assets:		
Accrued Interest	3,651,969	2,779,456
Accounts Payable	7,961,168	3,608,983
Unamortized SWAP Premium	7,909,587	6,126,552
Retainages Payable	1,370,230	752,578
Due to Other Governmental Agencies	12,053,282	208,334
PFC Advanced	5,863,275	4,271,725
CFC Advanced	-	697,169
Reserve for Self-Insurance	2,389,314	1,592,454
Economic Recovery Funds Advanced	104,662	104,662
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($275,195)	7,539,805	5,776,833
Total Current Liabilities Payable From Restricted Assets	48,843,292	25,918,746
Noncurrent Liabilities:		
Other Postemployment Benefits other than Pensions	52,686,344	54,496,108
Arbitrage Rebate Payable	94,305	55,417
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($3,865,494)	489,729,506	279,369,345
Total Noncurrent Liabilities	542,510,155	333,920,870
TOTAL LIABILITIES	$ 603,876,237	$ 370,735,370

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2009

With Comparative Totals as of December 31, 2008

	2009	2008
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 148,940,298	$ 265,793,486
Restricted for:		
Debt Service	15,653,439	11,136,459
Rehabilitation and Repair	6,313,712	6,308,181
Debt Service Reserve	32,228,922	19,350,366
State Payment	91	121
Capital Projects	120,659,659	14,944,231
Arbitrage Rebate	117,641	156,198
Subordinated Debt Fund	5,794	-
Unfunded OPEB/(Deficit)	(47,073,242)	(45,344,707)
Funded OPEB Obligation	4,000,000	2,000,000
Unrestricted	25,244,861	23,570,307
Total Net Assets	306,091,175	297,914,642
TOTAL LIABILITIES AND NET ASSETS	$ 909,967,412	$ 668,650,012

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Twelve months ended December 31, 2009

With Comparative Totals as of December 31, 2008

	2009	2008
Operating Revenues:		
Tolls	$ 82,162,229	$ 63,476,068
Concessions	1,914,142	1,961,787
ETC Administrative Revenue	2,313,100	2,374,981
Garage Parking	928,839	1,514,516
Marina Parking Revenue	2,941,184	3,049,461
Intercept Parking	339,071	371,540
Bus Permits	383,401	482,697
Rentals	4,360,381	4,536,859
SJTPO Programs	1,822,778	2,000,516
Transportation services	2,106,283	2,186,568
Other	833,087	508,338
Airport	9,528,071	9,142,358
Total Operating Revenues	109,632,566	91,605,689
Operating Expenses		
Executive	2,207,394	1,979,608
Policy and Planning	495,542	449,001
Engineering	3,333,800	3,490,024
Finance	1,600,396	1,495,735
Central Accounts	10,864,209	8,700,976
Other Post-Employment Benefits	993,764	1,566,892
Marketing and Communications	336,801	655,411
Tourist Services	6,229,920	6,226,498
Maintenance	6,522,283	7,275,244
Police	7,800,907	7,385,593
Emergency Service Patrol	694,876	932,738
Electronic Toll Collection Expense	3,811,498	3,711,438
Directional Signage Program	-	1,370
Parking - (Non Airport)	728,272	876,251
Information Services	1,663,670	2,076,179
SJTPO Programs	1,822,778	2,000,516
Airport	14,166,369	12,603,490
Transportation Services	2,115,810	2,344,252
Depreciation	19,911,102	18,108,265
Total Operating Expenses	85,299,391	81,879,481
Operating Income (Loss)	24,333,175	9,726,208
Non-Operating Revenues (Expenses)		
Interest Revenue	2,099,762	4,678,195
Gain on Sale of Assets	42,442	50
Reduction in OPEB Liability	1,809,764	45,521,892
AirTran Risk Abatement/NJDOT Feeder Road	(2,824,632)	(2,571)
Amortization Expense	(788,952)	(481,111)
Amortization of Bond Premium	247,421	55,551
Interest on Bonds	(17,040,614)	(14,584,774)
State Payment	(10,500,000)	(2,500,000)
Total of Non-Operating Revenue (Expenses)	(26,954,809)	32,687,232
Income (Loss) before Capital Contributions	(2,621,634)	42,413,440
Capital Contributions	10,798,167	12,497,179
Change in Net Assets	8,176,533	54,910,619
Total Net Assets -- Beginning	297,914,642	243,004,024
Total Net Assets -- Ending	$ 306,091,175	$ 297,914,643

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF CASH FLOWS

Twelve months ended December 31, 2009

With Comparative Totals as of December 31, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 109,319,351	$ 90,401,112
Payments to suppliers	(39,074,877)	(36,050,172)
Payments to employees	(24,505,462)	(24,424,665)
Net cash provided by operating activities	45,739,012	29,926,275
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payment of State Payment Obligation	(2,500,000)	(2,500,000)
Net cash (used) by noncapital financing activities	(2,500,000)	(2,500,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions	10,798,167	12,436,538
Advances/loans for capital acquisitions	3,844,948	-
Proceeds from the sale of land	542,442	50
Payment of Arbitrage Rebate obligation	-	(352,460)
Deferred Income-SWAP Premium	1,783,034	-
Payments for capital acquisitions	(45,778,070)	(36,382,506)
AirTran Risk Abatement/NJDOT Feeder Road	(2,090,490)	-
Principal paid on capital debt	(99,910,000)	(5,655,000)
Loans issued	(17,000,000)	-
Proceeds from bonds and notes Issued	312,804,803	-
Interest paid on capital debt	(16,129,206)	(14,586,986)
Net cash (used) by capital and related financing activities	148,865,628	(44,540,364)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(170,954,676)	(27,887,897)
Proceeds from sales and maturities of investments	31,165,881	42,212,902
Interest and dividends	1,979,038	5,111,361
Net cash provided by investing activities	(137,809,757)	19,436,366
Net increase in cash and cash equivalents	54,294,883	2,322,277
Balances - beginning of the year	55,471,215	53,148,939
Balances - end of the year	$ 109,766,098	$ 55,471,216
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	$ 24,333,174	$ 9,726,205
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	19,911,102	18,108,267
Change in assets and liabilities:		
Receivables, net	(1,026,601)	(358,942)
Grants receivable	(124,111)	(935,534)
Prepaid expenses	136,783	(55,891)
Security Deposits	-	(114,168)
Inventories	(75,471)	(47,038)
Accounts and other payables	347,815	1,922,742
PFC & CFC Advanced	894,381	-
Deferred income	(9,985)	89,157
Escrow deposits and reserves	(224,267)	185,179
Accrued expenses	1,576,192	1,406,298
Net cash provided by operating activities	$ 45,739,012	$ 29,926,275

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2009

With Comparative Totals as of December 31, 2008

	Expressway	Airport	Consolidation Eliminations	Totals 2009	Totals 2008
ASSETS					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 43,074,274	$ 1,679,819		$ 44,754,093	$ 18,023,202
Investments	2,589,144			2,589,144	10,075,525
Change Funds	44,835	10,067		54,902	50,999
Interest Receivable	6,483	348		6,831	21,782
Accounts Receivable	2,115,112	749,109		2,864,221	3,044,225
Grants Receivable	1,238,677	-		1,238,677	1,851,873
Prepaid Expenses	1,574,235	333,376		1,907,611	2,044,396
Security Deposits	114,168			114,168	114,168
Inventory	257,950			257,950	182,479
Interfunds Receivable	21,172,274	179,762	$ (21,352,036)	-	
Total Unrestricted Assets	72,187,152	2,952,481	(21,352,036)	53,787,597	35,408,649
Restricted Assets:					
Cash and Cash Equivalents	35,684,108	29,272,995		64,957,103	37,397,015
Investments	170,418,128	26,699,054		197,117,182	49,842,006
Accounts Receivable	18,206,605			18,206,605	
Grants Receivable	919,416	466,329		1,385,745	648,438
Interfunds Receivable	9,113,499		(9,113,499)	-	0
Interest Receivable	359,714			359,714	224,041
Total Restricted Assets	234,701,470	56,438,378	(9,113,499)	282,026,349	88,111,500
Noncurrent assets:					
Capital assets:					
Non-Infrastructure Capital Assets:					
Land and Improvements	131,302,085	15,619,557		146,921,642	147,351,642
Electronic Toll Equipment	8,917,935	-		8,917,935	8,917,935
Buildings and Equipment	36,329,698	65,421,595		101,751,293	96,057,417
Less Accumulated Depreciation	(33,274,589)	(16,085,990)		(49,360,579)	(45,344,849)
Total Non-Infrastructure Capital Assets	143,275,129	64,955,162	-	208,230,291	206,982,145
Infrastructure Capital Assets:					
Infrastructure - Equipment	2,746,375	20,809,528		23,555,903	10,576,623
Infrastructure	355,897,641	68,966,719		424,864,360	400,103,204
Less Accumulated Depreciation	(103,311,533)	(18,894,657)		(122,206,190)	(107,203,960)
Total Infrastructure Capital Assets	255,332,483	70,881,590	-	326,214,073	303,475,867
Construction in Progress	22,722,189	7,870,635		30,592,825	28,097,261
Total Capital Assets	421,329,802	143,707,388	-	565,037,189	538,555,273
Bond Issuance Costs	9,984,407	1,405,203		11,389,610	9,858,378
Less Accumulated Amortization	(2,024,127)	(249,206)		(2,273,333)	(3,283,792)
Total Non-current Non-capital Assets	7,960,280	1,155,997	-	9,116,277	6,574,586
Total Noncurrent Assets	429,290,082	144,863,383	-	574,153,466	545,129,859
TOTAL ASSETS	$ 736,178,705	$ 204,254,243	$ (30,465,535)	$ 909,967,412	$ 668,650,008

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2009

With Comparative Totals as of December 31, 2008

	Expressway	Airport	Consolidation Eliminations	Totals 2009	Totals 2008
LIABILITIES AND NET ASSETS					
Current Liabilities Payable From Unrestricted Assets:					
Accounts Payable	$ 5,684,885	$ 2,556,598		$ 8,241,483	$ 7,509,521
Due to Other Governmental Agencies	349,995			349,995	-
Deferred Income	511,375	43,277		554,652	564,637
Escrow Deposits and Reserves	47,623	62,628		110,251	334,585
Accrued Expenses	2,977,903	288,506		3,266,409	2,487,011
Interfunds Payable		21,352,036	$ (21,352,036)	-	-
Total Current Liabilities Payable From Unrestricted Assets	9,571,781	24,303,045	(21,352,036)	12,522,790	10,895,754
Current Liabilities Payable From Restricted Assets:					
Accrued Interest	2,967,831	684,138		3,651,969	2,779,455
Accounts Payable	6,423,746	1,537,422		7,961,168	3,608,983
Deferred Revenue	-	-		-	-
Unamortized SWAP Premium	7,909,587	-		7,909,587	6,126,552
Retainages Payable	1,167,354	202,876		1,370,230	752,578
Due to Other Governmental Agencies	12,053,282	-		12,053,282	208,334
PFC Advanced		5,863,275		5,863,275	4,271,725
CFC Advanced		-		-	697,169
Reserve for Self-Insurance	1,623,515	765,800		2,389,315	1,592,454
Economic Recovery Funds Advanced	-	104,662		104,662	104,662
Interfunds Payable		9,113,499	(9,113,499)	-	-
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($275,195)	7,539,805	-		7,539,805	- 5,776,833
Total Current Liabilities Payable From Restricted Assets	39,685,120	18,271,671	(9,113,499)	48,843,292	25,918,745
Noncurrent Liabilities:					
Other Postemployment Benefits other than Pensions	44,607,669	8,078,675		52,686,344	54,496,108
Arbitrage Rebate Payable	94,305			94,305	55,417
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($3,865,494)	401,280,569	88,448,937		489,729,506	- 279,369,345
Total Noncurrent Liabilities	445,982,543	96,527,612	-	542,510,155	333,920,870
TOTAL LIABILITIES	$ 495,239,445	$ 139,102,329	$ (30,465,535)	$ 603,876,237	$ 370,735,369

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2009

With Comparative Totals as of December 31, 2008

	Expressway	Airport	Consolidation Eliminations	Totals 2009	Totals 2008
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 74,423,411	$ 74,516,886	$	$ 148,940,297	$ 265,793,486
Restricted for:					
Debt Service	14,956,268	697,171		15,653,439	11,136,459
Rehabilitation and Repair	6,313,712	-		6,313,712	6,308,181
Debt Service Reserve	30,261,221	1,967,701		32,228,922	19,350,366
State Payment	91	-		91	121
Capital Projects	102,132,293	18,527,366		120,659,659	14,944,231
Arbitrage Rebate	117,641	-		117,641	-
Subordinated Debt Fund	5,794	-		5,794	-
Unfunded OPEB/(Deficit)	(40,710,438)	(6,362,804)		(47,073,242)	(45,344,707)
Funded OPEB Obligation	3,405,951	594,049		4,000,000	2,000,000
Unrestricted	50,033,316	(24,788,455)		25,244,861	23,726,504
Total Net Assets	240,939,261	65,151,914	-	306,091,175	297,914,641
TOTAL LIABILITIES AND NET ASSETS	$ 736,178,704	$ 204,254,243	$ (30,465,535)	$ 909,967,412	$ 668,650,010

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

Twelve months ended December 31, 2009

With Comparative Totals as of December 31, 2008

	Expressway	Airport	Consolidation Eliminations	Totals 2009	Totals 2008
Operating Revenues:					
Tolls	$ 82,162,229		$	$ 82,162,229	$ 63,476,068
Concessions	1,914,142			1,914,142	1,961,787
ETC Administrative Revenue	2,313,100			2,313,100	2,374,981
Garage Parking	928,839			928,839	1,514,516
Marina Parking Revenue	2,941,184			2,941,184	3,049,461
Intercept Parking	339,071			339,071	371,540
Bus Permits	383,401			383,401	482,697
Rentals	4,360,381			4,360,381	4,536,859
SJTPO Programs	1,822,778			1,822,778	2,000,516
Transportation Services	2,106,283			2,106,283	2,186,568
Other	833,087			833,087	508,338
Airport		$ 9,528,071		9,528,071	9,142,358
Total Operating Revenues	100,104,495	9,528,071	-	109,632,566	91,605,689
Operating Expenses					
Executive	2,207,394			2,207,394	1,979,608
Policy and Planning	495,542			495,542	449,001
Engineering	3,333,800			3,333,800	3,490,024
Finance	1,600,396			1,600,396	1,495,735
Central Accounts	10,864,209			10,864,209	8,700,976
Other Post-Employment Benefits	844,699	149,065		993,764	1,566,892
Marketing and Communications	336,801			336,801	655,411
Tourist Services	6,229,920			6,229,920	6,226,498
Maintenance	6,522,283			6,522,283	7,275,244
Police	7,800,907			7,800,907	7,385,593
Emergency Service Patrol	694,876			694,876	932,738
Electronic Toll Collection Expense	3,811,498			3,811,498	3,711,438
Directional Signage Program	-			-	1,370
Parking-(Non Airport)	728,272			728,272	876,251
Information Services	1,663,670			1,663,670	2,076,179
SJTPO Programs	1,822,778			1,822,778	2,000,516
Airport		14,166,369		14,166,369	12,603,490
Transportation Services	2,115,810			2,115,810	2,344,252
Depreciation	14,458,280	5,452,822		19,911,102	18,108,266
Total Operating Expenses	65,531,135	19,768,256	-	85,299,391	81,879,482
Operating Income (Loss)	34,573,360	(10,240,185)	-	24,333,175	9,726,207
Non-Operating Revenues (Expenses)					
Interest Revenue	2,063,905	35,857		2,099,762	4,678,195
Gain on Sale of Assets	42,442	-		42,442	50
Reduction in OPEB Liability	1,538,299	271,465		1,809,764	45,521,892
AirTran Risk Abatement/NJDOT Feeder Road	(2,824,632)	-		(2,824,632)	(2,571)
Amortization Expense	(714,499)	(74,453)		(788,952)	(481,111)
Amortization of Bond Premium	247,421	-		247,421	55,551
Interest on Bonds	(14,017,532)	(3,023,082)		(17,040,614)	(14,584,772)
State Payment	(10,500,000)	-		(10,500,000)	(2,500,000)
Total of Non-Operating Revenue (Expenses)	(24,164,596)	(2,790,213)	-	(26,954,809)	32,687,234
Income (Loss) before Contributions and Transfers	10,408,764	(13,030,398)	-	(2,621,634)	42,413,441
Capital Contributions	-	10,798,167		10,798,167	12,497,177
Transfers In	-	141,959	(141,959)	-	-
Transfers Out	(141,959)		141,959	-	-
Change in Net Assets before Prior Period Adjustment	10,266,805	(2,090,272)	-	8,176,533	54,910,618
Total Net Assets -- Beginning	230,672,456	67,242,186		297,914,642	243,004,024
Cumulative Effect of Accounting Change	-	-		-	-
Total Net Asset Balance -- Beginning as adjusted	230,672,456	67,242,186	-	297,914,642	243,004,024
Total Net Assets -- Ending	$ 240,939,261	$ 65,151,914	$ -	$ 306,091,175	$ 297,914,642

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Twelve months ended December 31, 2009

With Comparative Totals as of December 31, 2008

	Expressway	Airport	Totals 2009	Totals 2008
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers, users and grants	$ 99,026,337	$ 10,293,014	$ 109,319,351	$ 90,401,112
Payments to suppliers	(28,373,792)	(10,701,085)	(39,074,877)	(36,050,172)
Payments to employees	(21,569,020)	(2,936,442)	(24,505,462)	(24,424,665)
Net cash provided by operating activities	49,083,525	(3,344,513)	45,739,012	29,926,275
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Payment of State Payment Obligation	(2,500,000)	-	(2,500,000)	(2,500,000)
Operating subsidies and transfers to other funds	(4,290,934)	4,290,934	-	
Net cash provided (used) by noncapital financing activities	(6,790,934)	4,290,934	(2,500,000)	(2,500,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	3,466,080	7,332,087	10,798,167	12,436,538
Advances/loans for capital acquisitions	-	3,844,948	3,844,948	-
Proceeds from the sale of fixed assets	542,442	-	542,442	50
Payment of Arbitrage Rebate obligation	-	-	-	(352,460)
Deferred Income-SWAP Premium	1,783,034	-	1,783,034	
Payments for capital acquisitions	(31,653,397)	(14,124,673)	(45,778,070)	(36,382,506)
Fund Expenses	(2,090,490)	-	(2,090,490)	-
Principal paid on capital debt	(97,648,538)	(2,261,462)	(99,910,000)	(5,655,000)
Loans issued	(17,000,000)		(17,000,000)	-
Proceeds from Bonds and Notes Issued	273,817,508	38,987,295	312,804,803	-
Interest paid on capital debt	(13,106,119)	(3,023,087)	(16,129,206)	(14,586,986)
Net cash provided (used) by capital and related financing activities	118,110,519	30,755,108	148,865,628	(44,540,364)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(151,315,212)	(19,639,465)	(170,954,676)	(27,887,897)
Proceeds from sales and maturities of investments	31,165,881	-	31,165,881	42,212,902
Interest and dividends	1,871,804	107,235	1,979,040	5,111,360
Net cash provided (used) by investing activities	(118,277,526)	(19,532,230)	(137,809,756)	19,436,365
Net increase in cash and cash equivalents	42,125,584	12,169,299	54,294,883	2,322,276
Balances - beginning of the year	36,677,633	18,793,582	55,471,215	53,148,939
Balances - end of the year	$ 78,803,217	$ 30,962,881	$ 109,766,098	$ 55,471,216
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 34,573,360	$ (10,240,186)	$ 24,333,174	$ 9,726,205
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	14,458,280	5,452,822	19,911,102	18,108,267
Change in assets and liabilities:				
Receivables, net	(884,646)	(141,955)	(1,026,601)	(358,942)
Grants receivable	(124,111)	-	(124,111)	(935,534)
Prepaid expenses	70,794	65,989	136,783	(55,891)
Security Deposits	-		-	(114,168)
Inventories	(75,471)	-	(75,471)	(47,038)
Accounts and other payables	(190,315)	538,130	347,815	1,922,742
PFC & CFC Advanced	-	894,381	894,381	-
Deferred income	(22,502)	12,518	(9,985)	89,157
Escrow deposits and reserves	(46,833)	(177,434)	(224,267)	185,179
Accrued expenses	1,324,969	251,223	1,576,192	1,406,298
Net cash provided by operating activities	$ 49,083,525	$ (3,344,513)	$ 45,739,012	$ 29,926,275

Noncash capital financing activities:
Capital assets of $0 were acquired through contributions from governmental agencies and private developers.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The South Jersey Transportation Authority ("Authority") was created in 1991 by the South Jersey Transportation Authority Act ("Act"), Chapter 252 of the Laws of New Jersey. The Authority became the successor to the New Jersey Expressway Authority ("NJEA") and the Atlantic County Transportation Authority ("ACTA"). Pursuant to the Act, the Authority acquired the Civil Terminal Area of the Atlantic City International Airport as a transportation project. The purpose of the Authority is to coordinate South Jersey's transportation system in its regional jurisdiction of the counties of Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem, and deal particularly with the highway network, aviation facilities and the transportation problems of Atlantic County.

The Authority's responsibility is to maintain, repair and operate the 46.4-mile Atlantic City Expressway along with portions of Routes 30, 187, and 42. Other functions of the Authority include those assumed with the acquisition of ACTA as follows: operation of the New York Avenue Parking Garage and related office and commercial space in Atlantic City, New Jersey; bus management; bus and automobile parking; traffic management; and transportation planning in Atlantic County. The Airport Division is responsible for operating and improving the Airport.

The Authority operates under a Board of Commissioners. There are nine Commissioners, comprised of the State Commissioner of Transportation, the CEO and Secretary of the New Jersey Commerce and Economic Growth Commission, and seven members appointed by the Governor with Senate approval. Serving under the Authority's Commissioners is the Executive Director, supported by two Deputy Directors a Chief of Staff and various Department Directors.

The financial statements of the Authority include all funds controlled by or dependent on the Authority Commissioners in accordance with accounting principles generally accepted in the United States of America.

The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report.

B. Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which are similar to those for private business enterprises. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

The assets, liabilities, and net assets of the Authority are reported in a self-balancing set of accounts, which include restricted and unrestricted resources, representing funds available for support of the Authority's operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (Continued)

All funds of the Authority follow Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board ("GASB") pronouncements.

The Authority has implemented GASB Statement No. 45 "Accounting and Financial Reporting for Employers for Post-employment Benefits Other than Pensions" ("GASB 45"). This Statement establishes the standards for the measurement, recognition, and display of Other Post-employment Benefits ("OPEB") expense and related liabilities, note disclosures, and if applicable, required supplementary information ("RSI") in the financial reports of state and local governmental employers.

Post-employment benefits are part of an exchange of salaries and benefits for employee services rendered. Most OPEB have been funded on a pay-as-you-go basis and have been reported in financial statements when the promised benefits are paid. GASB 45 requires state and local government's financial reports to reflect systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with the OPEB and whether and to what extent progress is being made in funding the plan.

C. Operating Revenues and Expenses

The Authority's operating revenues and expenses consist of revenues earned and expenses incurred relating to the operation and maintenance of its Transportation System, which specifically includes the operations of the Atlantic City Expressway and the Atlantic City International Airport. Grant revenues and expenses are included in operations of the Atlantic City Expressway. All other revenues and expenses are reported as non-operating revenues and expenses. The Authority has allocated certain direct costs to Airport operations. Among the direct cost allocations made included expenses for health insurance coverage for eligible employees, self-insurance reserve requirements for the Authority's self-insurance program which includes, coverage for worker's compensation insurance, auto liability and general liability coverage. Additional direct cost allocations were made pertaining to Other Post-employment Benefits (OPEB) as required by GASB Statement No. 45 "Accounting for Other Post-employment Benefits Other than Pensions" ("GASB 45") Costs such as allocation of administrative staff time and other indirect costs remain in the expressway fund.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, demand deposit accounts, short term treasuries with commercial banks and cash invested in commercial money market funds (including restricted assets) are considered cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

Investments consist of restricted investments, and are carried at fair value as determined in an active market.

F. Accounts Receivable

Accounts receivable for the Authority is reflected net of allowance for doubtful accounts. The allowance account is adjusted at the end of every year for estimated bad debt expense. The estimate is based on the age of the receivable and the likelihood of its collection.

G. Restricted Assets

Restricted assets of the Authority represent bond proceeds designated for construction, and other monies and assets required to be restricted for debt service, the state payment, arbitrage rebate, rehabilitation and repair, subordinated debt, capital projects, self-insurance reserves and the funded portion of the OPEB liability.

H. Basis of Organization: Description of Funds

The accounts of the Authority are organized on the basis of funds, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, net assets, revenue, and expenses. Resources are accounted for in individual funds based upon the purpose for which they are to be spent and the restrictions, if any, on the spending activities. The accrual basis of accounting in accordance with generally accepted accounting principles is used for all of the aforementioned funds, which are consolidated and reported as Proprietary Funds in the accompanying financial statements.

The Authority is subject to the provisions and restrictions of the third amended and restated resolution authorizing revenue bonds and other obligations adopted May 19, 2009. A summary of the activities of each Fund created by the Bond Resolution is covered below.

Revenue Fund – accounts for resources and expenditures for Authority operations of a general nature. The Revenue fund contains two sub-funds; one relating to revenue and expenses of the SJTPO and one relating to revenue and expenses of Transportation Services Program (see footnotes 17 and 23 for further details).

Construction Fund – accounts for the receipt and disbursement of funds for the acquisition and construction of capital projects. Included in this Fund are proceeds from the issuance of Transportation System Revenue Bonds in 1999, 2004, 2006 and 2009, as well as receipt of federal, state grants and other contributed capital.

Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Basis of Organization: Description of Funds

Debt Service Reserve Fund – must maintain an amount equal to the Debt Service requirement. The monies in this fund are utilized to make up any deficiency in the Debt Service Fund. In accordance with the Bond Resolution, the Authority may maintain a surety bond or an insurance policy payable to the trustee in lieu of required cash deposit in the Debt Service Reserve. As of December 31, 2009**,** the Authority maintained a Municipal Bond Debt Service Reserve Insurance Policy with Financial Security Assurance with a payment limit of $2,289,600 and cash and investments of $30,573,272. The total of which exceeds the Debt Service Reserve requirement of $32,521,826.

Rehabilitation and Repair Fund – accounts for monies that shall be applied to pay the costs of major resurfacing, repairs, renewals or reconstruction of each Pledged Project or any part thereof, whether buildings, improvements, fixtures, or equipment as determined in writing by the Authority and filed with the Trustee. The Authority is required to maintain a minimum balance of $6,000,000 at December 31, 2009.

State Payment Fund – accounts for the accumulation of resources for, and the payment of, the Authority's State payment obligation.

Rebate Fund – established for the purpose of paying to the United States Treasury, the Rebatable Arbitrage or the penalty amount in lieu of rebate and, if elected, any amount required to terminate such penalty.

Subordinated Debt Fund – During 2009, the Authority issued 2009 Subordinated Bonds. This issue is secured by amounts on deposit from the Subordinated Debt Fund or the General Reserve Fund.

General Reserve Fund – makes up deficiencies in payments to the other funds to cover operating expenses of any general project or for any other corporate purpose of the Authority permitted by the Act.

Airport Revenue Fund – accounts for the resources and expenditures of the Atlantic City International Airport.

I. Interest Income on Funds

Pursuant to Article I of the Bond Resolution, all earnings on the investment of monies in other funds are eligible to be included as revenues in the Revenue Fund subject to Section 5.14 of the Bond Resolution which restricts the transfer of earnings on investments in the General Reserve Fund to first being applied to other funds to meet any deficiencies in funding requirements. Earnings on the Debt Service, Debt Service Reserve (after all required transfers have been made to the Construction Fund), Rehabilitation and Repairs and State Payment Funds shall be transferred to the Revenue Fund if such Funds are at their requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interest Income on Funds (Continued)

Earnings in the Construction Fund shall remain there until the project to which such earnings relate has been substantially completed at which time any excess funds may be transferred to other accounts established in the Construction Fund or, if no other account is so specified, (1) the Debt Service Reserve Fund if such fund shall be below the Debt Service Requirement, and (2) the Rehabilitation Fund, to the extent of any remaining balances of such monies.

J. Inability to Meet Debt Service Requirements

If amounts held in the Debt Service Fund are insufficient to pay the Debt Service Requirement coming due on bonds, the Trustee shall transfer from the following funds an amount sufficient to eliminate such deficiency: the Debt Service Reserve Fund, the State Payment Fund, the Rehabilitation and Repair Fund, the Subordinated Debt Fund, and the General Reserve Fund.

K. Pledged and General Projects

Pledged Projects are the projects for which the Bonds were issued (except for the project constituting the acquisition of the New York Avenue Parking Garage Facility and Airport facilities) and, in addition to those projects, a project

(a) which generates revenues sufficient to pay the operating expenses and Rehabilitation and Repair Requirement associated with such project in the fiscal year in which such project becomes operational or is designated a Pledged Project by the Authority; and

(b) which is reasonably projected by the Authority to generate revenues sufficient to pay such project's associated operating expenses and rehabilitation and repair requirement for each of the five fiscal years following the year in which such project becomes operational or is designated a Pledged Project by the Authority.

General Projects are projects that do not generate revenues sufficient to fully pay associated operating expenses and rehabilitation and repair requirements. General Projects may become Pledged Projects if they meet certain net revenue tests. The Airport and the New York Avenue Parking Garage are General Projects. Since the Airport Parking Garage Project is related to the Airport, such projects are considered General Projects under the Resolution.

L. Budgetary Information

In accordance with Section 7.06 of the Bond Resolution, on or before the fifteenth day of each year, the Authority adopts by resolution an Annual Operating Budget for such year. All operating appropriations lapse at the end of such year. As with all resolutions of the Authority, the budget resolution is subject to a fifteen-day Governor's veto period. The resolution comes into full force and effect if no veto is exercised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Budgetary Information (Continued)

The Budget is prepared at the Department Division level. All Division Managers are responsible for maintaining expenditures below budget. The Department Directors may make line-item transfers of appropriations within their departments. All line-item transfers must be approved in writing by the Executive Director. The accounting system will not allow charges to accounts where the budget is expended.

M. Inventory

Inventory consists of fuel for the Authority's vehicles valued at cost of the most recent purchases. During 2009, the Authority maintained a small supply of "E-ZPass On the Go" tags to be sold at various locations on the expressway.

	2009	2008
Fuel	$ 254,200	$ 182,479
E-Z Pass tags	3,750	-
	$ 257,950	$ 182,479

N. Capital Assets

Cost Basis – All capital assets are recorded at historical cost. The cost of property and equipment includes costs for infrastructure assets, right-of-way, land and improvements, electronic toll equipment, buildings, and equipment (including software). Costs for infrastructure assets include construction costs, design and engineering fees, legal and administrative expenses paid from construction monies, and bond interest expense, net of bond interest income, incurred during the period of construction**.** Idle assets, if any, are carried at original cost until they are disposed of.

Capitalization Policy – Costs to construct or acquire additional capital assets, which in some cases replace existing assets or otherwise prolong their useful lives, are capitalized for buildings and improvements, electronic toll equipment, and other equipment (including software). Under the Authority's policy of accounting for infrastructure assets pursuant to the "depreciation method of accounting," property costs represent a historical accumulation of costs expended to acquire rights-of-way and to construct, improve, and place in operation the various projects and related facilities. The authority has established that capital expenditures with an original unit cost of at least $5,000, with a useful life of three years or greater are required to be capitalized.

Construction in Progress – Costs related to the construction of capital assets that have been classified as ongoing projects, and are not being used for their intended purpose have been reported as Construction in Progress. These assets are not being depreciated until the Authority has determined that they are substantially completed and are being utilized for their intended purpose. At that time, the costs will be re-classified to their respective asset class and depreciated in accordance with the depreciation policy noted below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Capital Assets (Continued)

Depreciation Policy – The Authority depreciates its assets using the straight-line method over the estimated useful lives of the assets as follows:

Infrastructure	30 years
Infrastructure- Equipment	10 years
Buildings	30 years
Building Improvements	5 to 10 years
Electronic Tolls	10 years
Vehicles and Equipment	5 years
Heavy Duty Fire Truck	20 years
Road Overlay	10 years

O. Bond Discount, Premium and Amortization of Issuance Costs

Bond discounts are presented as a reduction of the face amount of revenue bonds payable, whereas issuance costs are recorded as other assets. Bond discounts, premiums and issuance costs are associated with the issuance of bonds and are amortized using the bonds outstanding method.

P. Restricted Net Assets

Restricted net assets are comprised of amounts reserved for debt service, debt service reserve, arbitrage rebate, rehabilitation and repair, capital projects, state payment fund and the funded and unfunded OPEB obligations.

Q. Recent Accounting Pronouncements

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* The Authority is therefore unable to disclose the impact GASB Statement No. 51 will have on its financial position results of operations, and cash flows when such statement is adopted. This statement amends GASB Statement 34, paragraphs 19-21, and GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, paragraphs 9e, 16, and 18 and relates to the recognition and recording of intangible assets as capital assets in the statement of net assets. The requirements of this Statement are for financial statements for periods beginning after June 15, 2009.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Recent Accounting Pronouncements (Continued)

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Authority is therefore unable to disclose the impact GASB Statement No. 53 will have on its financial position results of operations, and cash flows when such statement is adopted. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments, and addresses hedge accounting requirements. This statement is effective for financial statements for periods beginning after June 15, 2009.

2. DEPOSITS AND INVESTMENTS

Pursuant to Article VI, Sections 6.02(a) and (b) and Section 6.03 of the Authority's Bond Resolution, all monies held by any depository may be placed on demand or time deposit, as directed by the Authority, provided that such deposits shall permit the monies so held to be available for use when needed. All monies held by the Trustee, or any other fiduciary, or any depository shall be insured by the Federal Deposit Insurance Corporation and to the extent not so insured, shall be continuously and fully secured either by federal securities having a market value of not less than the amount of such monies or in such other manner as may then be required by applicable federal or state laws and regulations to provide security for the deposit of public funds.

All investments shall be made in "investment securities" as defined by Article I, Section 1.01 of the Bond Resolution and shall mature or become subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates the invested amounts are reasonably expected to be needed.

Article I, Section 1.01 of the Authority's Bond Resolution provides a list of investment securities that may be purchased by the Authority. The investment securities, as defined by the Bond Resolution, consist of the following:

(a) Federal securities;

(b) Bonds, debentures, notes or other evidence 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;

(c) Bonds, debentures, notes or other evidence of indebtedness issued by any corporation chartered by the United States, including but not limited to: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Resolution Funding Corporation, Export-Import Bank, Federal Financing Bank, and Student Loan Marketing Association;

2. DEPOSITS AND INVESTMENTS (CONTINUED)

(d) Negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) issued by any bank, trust company or national banking association, including a Fiduciary, which certificates of deposit shall be continuously secured or collateralized by obligations described in subparagraphs (a) or (b) above, which shall have a market value 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;

(e) Uncollateralized negotiable or non-negotiable certificates of deposit (or other time deposit arrangements) 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 sub-categories, by Moody's and Standard & Poor's ("S&P");

(f) Repurchase agreements collateralized by obligations described in subparagraphs (a), (b) or (c) with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rate of "Prime-1" or "A-3" or better by Moody's, and "A-1" or "A" or better by S&P, or any commercial bank with the above ratings, provided:

(i) a master repurchase agreement or specific written repurchase agreement governs the transaction which characterizes the transaction as a purchase and sale of securities;

(ii) the securities are held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus, and undivided profits of not less than $75,000,000, or (iii) a bank approved in writing for such purpose by each credit issuer, if any, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee;

(iii) a perfected first security interest under the Uniform Commercial 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;

(iv) 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;

(v) the repurchase agreement matures on or before a debt service payment date (or, if held in a fund other than the Debt Service Fund, Debt Service Reserve Fund or Subordinated Debt Fund, other appropriate liquidation period); and

2. DEPOSITS AND INVESTMENTS (CONTINUED)

(vi) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to the collateral levels established by a rating agency for the ratings assigned by the rating agency to the seller.

(g) Banker's acceptances, Eurodollar deposits and certificates of deposit, in addition to the certificates of deposit provided for by subparagraphs (d) and (e) above of the domestic branches of foreign banks having a capital and surplus of $1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of $1,000,000,000, provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at any time as investments of funds under the Bond 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 Moody's and S&P;

(h) 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;

(i) Deposits in the New Jersey Cash Management Fund;

(j) Obligations of any state, commonwealth or possession of the United States or a political subdivision thereof of 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;

(k) Commercial paper with a maturity date not in excess of 270 days rated by the rating agencies at least equal to the rating assigned by the rating agencies to the applicable series of bonds and in no event lower than the "A" category established by a rating agency (which may include sub-categories indicated by plus or minus or by numbers) at the time of such investment, issued by an entity incorporated under the laws of the United States or any state thereof;

(l) Shares of diversified open-end management investment company as defined in the Investment Company Act of 1940, which is a money-market fund which is then rated in any of the three highest rating categories by any nationally recognized bond rating agency which is then rating the bonds or money-market accounts of the Trustee or any bank or trust company organized under the laws of the United States or any state thereof which has a combined capital and surplus of not less than $50,000,000;

(m) Investment contracts

(n) any other investments permitted by State and Federal law.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

(i) providing for the future purchase of securities of the type described in (a), (b), (c), (h) and (k) above, which contacts have been approved for sale by a national securities exchange and all regulatory authorities having jurisdiction; or

(ii) the obligor under which or the guarantor thereof shall have a credit rating such that its long-term debt is rated at least “A+” by S&P if the bonds are then rated by such rating agency and at least “A-1" by Moody’s if the bonds are then rated by such rating agency.

"Federal Securities" shall mean (i) 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, (ii) any obligations of any state or political subdivision of a state ("Refunded Bonds") which 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 Refunded Bonds, and (iii) 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.

All monies held under the Bond Resolution shall be continuously and fully secured by lodging, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a market value not less than the amount of such monies. The Authority’s total book (cash) balances were $309,472,424 at December 31, 2009. The Authority’s total bank (cash) balances were $313,422,247 at December 31, 2009. The difference between bank balance and book balance is due primarily to the timing of deposits and outstanding checks.

In accordance with GASB 40 the Authority is also required to disclose custodial credit risk, concentration of credit risk, and interest rate risk of its investments.

Concentration of Credit Risk:

Concentration of credit risk is the inability to recover the value of deposit, investment, or collateral securities in the possession of an outside party caused by a lack of diversification. The Authority’s Investment Policy does not limit the amount of funds that can be in invested with any one financial institution or issuer. However, the Authority mitigates concentration of credit risk by depositing cash and purchasing investments among several financial institutions. The following schedule lists the allocation of cash and investments by financial institution.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

Institution/Issuer		Amount	% of Portfolio
Federal National Mortgage Association	$	17,736,934	5.7%
U.S.Treasury Bill		11,690,448	3.8%
Federal Home Loan Mortgage Discount Note		26,187,992	8.5%
Societe Generale		14,354,904	4.6%
FSA Capital Management		2,025,332	0.7%
Wachovia Bank, NA		33,819,712	10.9%
Bank of New York		88,214,371	28.5%
NJ Cash Management Fund		114,844,208	37.1%
TD Bank		473,482	0.2%
Citibank NA		70,140	0.0%
Change Funds		54,901	0.0%
	$	309,472,424	100.0%

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty to a transaction, the Authority will not be able to recover the value of its investment. The Authority mitigates this risk by depositing or investing the majority of its funds available for investment in insured or collateralized investments or in pooled investments of US government securities from time to time as of December 31, 2009 as well as investing in high rated uncollateralized financial instruments. The Authority had no uncollateralized and uninsured investments at December 31, 2009.

Insured	$	820,140
Collaterialized:		
Collateral held by pledging bank in Authority's Name		49,949,948
Pooled Investments		203,032,061
Government Securities		55,615,374
Change Funds		54,901
	$	309,472,424

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk:

Interest rate risk is the possibility that an interest rate change could adversely affect an investment's fair value. The Authority manages interest rate risk on its short-term investments by keeping the weighted average maturity (WAM) of its short term investments below one year. The weighted average maturity is calculated taking into consideration the maturity dates of the securities in the consolidated portfolio. On December 31, 2009, the Authority's weighted average maturity on its short-term investments was as follows:

		Fair Value 12/31/09	Weighted Average Maturity (Years)
United States Treasury Note	$	11,690,448	0.17
Federal National Mortgage Association Note		17,736,934	0.01
Federal Home Loan Bank Debentures		7,936,484	0.21
Federal Home Loan Bank Debentures		7,966,434	0.23
Federal Home Loan Bank Debentures		3,917,578	0.26
Federal Home Loan Bank		3,898,656	0.28
Federal Home Loan Mortgage Corporation		2,468,839	1.00
	$	55,615,373	

The Authority's long term investments are all related to amounts on deposit in the debt service reserve fund. The Authority mitigates interest rate risk on its long term investments by trying to match the life of these investments to the life of the debt related to these investments through the use of guaranteed investment contracts and long-term treasury obligations.

Interest Rate Risk:

The Authority is a party to three guaranteed investment contracts totaling $16,190,917. The first one, which relates to the 2003 Refunding Bonds, has a year-end carrying value of $2,025,332, a fixed interest rate of 4.13% and matures on 10/30/12 at a value of $2,289,600. This investment was awarded based on the provider who required the lowest cash deposit to yield a value of $2,289,600 on 10/30/2012. The proceeds of this investment at maturity will be deposited in the debt service reserve fund to replace a debt service surety bond currently in place which expires on 10/31/12. The second contract, which relates to the 1999 Transportation System Revenue Bonds, has a year-end carrying value of $12,885,763, a fixed rate of 5.905% and matures on 11/1/29. This investment is restricted to the bond yield of 5.2059%. The excess earnings on this investment are rebated to the IRS every five years in accordance with IRS arbitrage regulations. The third contract, which relates to the 2004 Transportation System Revenue Bonds, has a year end carrying value of $1,469,141, a fixed rate of 4.14% and matures on 11/1/33. The yield on this investment is less that the bond yield of 5.044%.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The Authority also has an investment in a Federal Home Loan Mortgage Corporation Discount Note in the face amount of $2,282,000. This investment relates to the 2006A Transportation System Revenue Bonds. The investment matures on 11/17/2015. Earnings on this investment are restricted to the bond yield of 4.783034%. This investment is timed to mature within 30 days of the optional redemption date of the 2006A Transportation System Revenue Bonds of November 1, 2015.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of user fees and other amounts from private entities. The following provides a summary of the amounts of accounts and other receivables:

Unrestricted:	2009	2008
Airport user fees	$ 749,109	$ 607,154
Transportation services user fees	135,697	120,917
EZ-Pass toll revenue receivables	971,377	1,103,126
Casino Reinvestment Development Authority	381,285	455,710
Billboard lease receivable	361,405	580,505
Other expressway user fees	419,627	284,878
Gross receivables	3,018,500	3,152,290
Less: Allowance for Uncollectibles	(154,279)	(108,066)
Net total receivables	$ 2,864,221	$ 3,044,224

Restricted:	2009	2008
New Jersey Department of Transportation	$ 17,563,433	$ -
New Jersey Department of Homeland Security	143,172	-
Land Sale	500,000	-
	$ 18,206,605	$ -

The receivable from the New Jersey Department of Transportation represents $17,000,000 borrowed from the Authority for the South Inlet Transportation Improvements Program (See Footnote #27 for additional information) and $563,433 for various transportation construction projects.

4. CAPITAL ASSETS

Capital assets for the year ended December 31, 2009, were as follows:

	December 31, 2008	Additions	Deletions	December 31, 2009
Capital Assets not being Depreciated:				
Land	$ 147,351,642	$ 70,000	$ (500,000)	$ 146,921,642
Construction in Progress	28,097,261	2,495,564		30,592,825
Total Capital Assets not being Depreciated	175,448,903	2,565,564	(500,000)	177,514,467
Non-Infrastructure Capital Assets:				
Electronic Toll Equipment	8,917,935			8,917,935
Buildings and Equipment	96,057,417	6,624,740	(930,864)	101,751,293
Total Non-Infrastructure Capital Assets	104,975,352	6,624,740	(930,864)	110,669,228
Infrastructure Capital Assets:				
Infrastructure Equipment	10,576,627	12,979,276		23,555,903
Infrastructure	400,103,204	24,761,156		424,864,360
	410,679,831	37,740,432	-	448,420,263
Less: Accumulated Depreciation	(152,548,809)	(19,911,103)	893,143	(171,566,769)
Total Capital Assets	$ 538,555,277	$ 27,019,633	$ (537,721)	$ 565,037,189

5. CAPITAL CONTRIBUTIONS

The Authority received Capital Contributions totaling $10,798,167 in 2009. These contributions are detailed as follows:

Source	2009	2008
Federal Aviation Administration	$ 3,428,754	$ 7,323,920
Passenger Facility Charges (PFC's)	869,316	4,366,362
New Jersey Air National Guard	-	149,814
Economery Recovery Fund	-	591,270
Customer Facility Charges (CFC's)	934,016	-
New Jersey Department of Homeland Security	682,520	-
Casino Reinvestment Development Authority	1,368,676	-
New Jersey Department of Transportation	3,391,331	-
Miscellaneous	123,554	65,811
	$ 10,798,167	$ 12,497,177

The capital funding the Authority receives from the United States Department of Transportation Federal Aviation Administration ("FAA") and the New Jersey Economic Development Authority and the State of New Jersey Transportation Trust Fund, as well as other local funds received, are designated and utilized towards the development and improvement of the Atlantic City International Airport and other expressway projects.

The Authority has been approved by the Federal Aviation Administration ("FAA") to impose a Passenger Facility Charge ("PFC") of $4.50 on passengers enplaned at the Atlantic City International Airport. PFC collections, including any interest earned after such collections, may be used only to finance the allowable costs of approved projects at the Airport. PFC collections are classified as PFC Advanced until allowable costs are incurred. The Authority collected $2,441,561 in PFC fees during 2009. The balance of PFC Advance at December 31, 2009 was $5,863,275. At the time costs are incurred, the associated PFC revenues are recognized as Capital Contributions. The Authority recognized $869,316 in PFC Capital Contributions in 2009. The Authority has pledged all PFC's received after July 1, 2009 to CRDA for repayment of a $5.2M loan, the proceeds of which were used to partially fund the $13.1 million Apron Expansion (See Footnote #30 for details).

As part of the Airport Development Plan, the Authority desired to relocate the car rental operations at Atlantic City International Airport ('Airport") into the parking garage subject to the private use limitations set forth in the indenture related to the financing of the construction of the parking garage. These improvements in the construction of the parking garage will directly benefit the rental car companies.

5. CAPITAL CONTRIBUTIONS (CONTINUED)

During 2007, the Authority executed an agreement with rental car companies at the Airport increasing the Customer Facility Charge ("CFC") from $1.50 per vehicle, per day, to $3.00 per vehicle, per day. These charges, along with any interest earned on cash balances, will be dedicated to the improvements in the construction of the parking garage associated with rental cars. CFC collections are classified as CFC Advanced until allowable costs are incurred. At the time costs are incurred, the associated CFC revenues are recognized as Capital Contributions. The Authority collected CFC fees in the amounts of $236,847 and $233,553 during 2009 and 2008, respectively. All CFC's collected through December 31, 2009 have been recognized as revenue in the amount of $934,016. At the time costs are incurred, the associated CFC revenues are recognized as Capital Contributions.

6. COMMITMENTS AND CONTINGENCIES

A. The Authority recognizes expenses when they are incurred. Commitments do not constitute expenses or liabilities; they relate to unperformed contracts for goods or services. As of December 31, 2009, commitments for projects in progress were $98,167,315.

B. The Authority is the subject of, or a party to, various pending or threatened legal actions. The Authority believes that any ultimate liability arising from these legal actions should not have a material effect on its financial position or operations. Public liability claim exposures are self-insured by the Authority. The Authority self-insures the initial retention limit of $200,000, per occurrence, after which, exists $15,000,000 of excess liability insurance per occurrence to respond to any large losses exceeding the retention. The Authority is a defendant in a number of claims and suits resulting from motor vehicle accidents on Authority roadways. The Authority plans to vigorously defend these claims. Two (2) cases that have been assessed where losses could be reasonably possible are described below:

- A motor vehicle accident, that if 100% liability is found against the Authority, the damages of which may approach the claim retention limit of $200,000.
- A multi-vehicle accident, that if liability is found against the Authority it could also result in damages to the Authority that would be up to the retention limit of our current insurance policy

C. The Authority receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2009, the Authority estimates that no material liabilities will result from such audit.

7. ACCOUNTS PAYABLE

Accounts payable consists of unrestricted liabilities and restricted liabilities. The following provides a summary of the amounts of accounts payable at December 31, 2009:

	2009	2008
Unrestricted:		
Electronic toll collection expense	$ 410,026	$ 917,093
State and local police expenses	4,153,574	3,484,158
Payroll liabilities	334,341	146,111
Airport	2,556,598	2,018,468
SJTPO	25,627	113,327
Expressway operating expenses	761,317	830,364
	$ 8,241,483	$ 7,509,521
Restricted:		
Airport- Interim baggage building	$	$ 49,119
Airport parking garage		93,100
Apron expansion	560,993	1,554,554
Exit 17 Construction	494,167	
Third Lane Widening	1,259,630	
Various expressway improvements	2,089,806	1,753,914
Road Overlay	2,554,239	
Other airport terminal improvements	1,002,333	158,296
	$ 7,961,168	$ 3,608,983

8. BONDS AND NOTES PAYABLE

As of December 31, 2009, unamortized bond discounts in the amount of $3,166,621, unamortized loss on refunding in the amount of $2,385,334, and unamortized bond premium of $1,411,266, have been offset against the outstanding bonds.

Transportation System Revenue Bonds 2009:

On August 4, 2009, the Authority issued (i) $62,015,000 Transportation System Revenue Bonds, 2009 Series A-1 ("2009 A-1 Senior Bonds"), $38,995,000 Transportation System Revenue Bonds, 2009 Series A-2 ("2009 A-2 Senior Bonds"), and $96,260,000 Transportation System Revenue Bonds, 2009 Series A-5 (Federally Taxable – Issuer Subsidy – Build America Bonds ("2009 Taxable Senior Bonds" and together with the 2009 A-1 Senior Bonds and the 2009 A-2 Senior Bonds, the "2009 Fixed Rate Senior Bonds") and (ii) $19,085,000 Subordinated Bonds, 2009 Series A ("2009 Subordinated Bonds" and together with the 2009 A-1 Senior Bonds and the 2009 A-2 Senior Bonds, the "2009 Tax-Exempt Fixed Rate Bonds". Simultaneously with the issuance and delivery of the 2009 Fixed Rate Bonds, the Authority issued its $44,000,000 Variable Rate Transportation System Revenue Bonds, 2009 Series A-3 ("2009 A-3 Senior Bonds") and $43,795,000 Variable Rate Transportation System Revenue Bonds, 2009 Series A-4 ("2009 A-4 Senior Bonds" and together with the 2009 A-3 Senior Bonds, the "2009 Variable Rate Senior Bonds"), which are a letter of credit supported variable rate bonds.

8. BONDS AND NOTES PAYABLE (CONTINUED)

The proceeds of the 2009 Senior Bonds, together with other available Authority funds, will be used to finance (i) certain Expressway Projects ("Pledged Projects") and Airport Projects ("General Projects") contained in the Authority's ten-year Capital Program; (ii) the funding of an amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement; (iii) the current refunding of all of the Authority's outstanding 2007 Taxable Notes and 2009 Notes (each as hereinafter defined); (iv) the current refunding of a portion of the Authority's Outstanding 1999 Bonds; and (v) the payment of certain costs of issuing the 2009 Senior Bonds. The proceeds of the 2009 Subordinated Bonds will be used to finance (i) a portion of the Costs of the South Inlet Transportation Improvements Project; (ii) the funding of an amount required to increase the amount on deposit in the Subordinated Bonds Debt Service Reserve Fund to the Subordinated Bonds Debt Service Reserve Requirement; and (iii) the payment of certain costs of issuing the 2009 Subordinated Bonds. The Authority has elected to issue the 2009 Taxable Senior Bonds as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 and to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2009 Taxable Senior Bonds.

Transportation System Revenue Bonds, Series 2009 A-1

On August 4, 2009, the Authority issued (i) $62,015,000 of Transportation System Revenue Bonds. The proceeds of the 2009 A-1 Senior Bonds will be used to (i) current refund a portion of the Outstanding 1999 Bonds maturing on November 1 in the years 2011 through and including 2019 in the aggregate principal amount of $61,625,000; and (ii) pay certain costs of issuing the 2009 A-1 Senior Bonds. The Senior Bonds bear interest at rates between 3.0% and 5.0%. Interest is payable semi-annually on May 1 and November 1 of each year until maturity.

Optional Redemption

The 2009 A-1 Senior Bonds are not subject to optional redemption prior to maturity.

Transportation System Revenue Bonds, Series 2009 A-2

On August 4, 2009, the Authority issued $38,995,000 of Transportation System Revenue Bonds. The proceeds of the 2009 A-2 Senior Bonds will be used to (i) pay the costs of the 2009 Airport Project consisting of, among other things, Federal Inspection Service Facility expansion, Airport terminal and apron expansion, and design and construction of an Airport Rescue and Fire Fighting Station and Traffic Operations Public Safety Command Center; (ii) current refund the portion of the 2009 Notes which financed the Airport Rescue and Fire Fighting Station for the Airport's emergency personnel; (iii) fund the amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirements and; (iv) pay certain costs of issuing the 2009 A-2 Senior Bonds. The 2009 A-2 Senior Bonds bear interest at rates between 3.0% and 5.125%. Interest is payable semi-annually on May 1 and November 1 of each year until maturity.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Optional Redemption

The 2009 A-2 Senior Bonds maturing prior to November 1, 2020 are not subject to optional redemption prior to maturity. The 2009 A-2 Senior Bonds maturing on or after November 1, 2020 are subject to redemption prior to maturity on or after November 1, 2019, at the option of the Authority, in whole or in part at any time or from time to time at 100% of the principal amount thereof, together with accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The 2009 A-2 Senior Bonds maturing on November 1, 2033 shall be subject to mandatory sinking fund redemption as hereinafter described, at a redemption price equal to 100% of the principal amount to be redeemed, plus interest accrued to the redemption date. The mandatory sinking fund redemption payments shall be sufficient to redeem the principal amount of the 2009 A-2 Senior Bonds on November 1 in each of the years and in the principal amounts as follows:

Year November 1	Interest Rate	Principal Amount
2030	5.50%	$ 5,405,000
2031	5.50%	5,680,000
2032	5.50%	5,960,000
2033 *	5.50%	865,000

* Final Maturity

Transportation System Revenue Bonds, Series 2009 A-5

Federally Taxable – Issuer Subsidy- Build America Bonds

On August 4, 2009, the Authority issued $96,260,000 of Transportation System Revenue Bonds, 2009 Series A-5, Federally Taxable – Issuer Subsidy- Build America Bonds. The proceeds of the 2009 A-5 Taxable Senior Bonds will be used to (i) pay a portion of the costs of the 2009 Expressway Project consisting of, among other things, westbound third lane widening, bridge rehabilitation and repair, electronic toll collection upgrades, and pavement overlay; (ii) fund the amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirements and; (iii) pay certain costs of issuing the 2009 A-5 Taxable Senior Bonds. The 2009 Taxable Senior Bonds have been issued as taxable, Build America Bonds as authorized by The American Recovery and Reinvestment Act of 2009 signed into law by President Obama on February 17, 2009 ("Recovery Act"). Pursuant to the Recovery Act, the Authority will receive cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2009 Taxable Senior Bonds. The cash subsidy payments received are treated as an offset to interest expense pursuant to the Third Amended and Restated Resolution.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Redemption – 2009 Taxable Senior Bonds

Make Whole Redemption

The 2009 Taxable Senior Bonds are subject to redemption prior to maturity by written direction of the Authority, in whole or in part, on any Business Day the “Make-Whole Redemption Price”. The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of the 2009 Taxable Senior Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2009 Taxable Senior Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2009 Taxable Senior Bonds are to be redeemed, discounted to the date on which the 2009 Taxable Senior Bonds are to be redeemed on a semi-annual basis, at the adjusted “Treasury Rate” plus 40 basis points, plus, in each case, accrued and unpaid interest on the 2009 Taxable Senior Bonds to be redeemed on the redemption date.

The “Treasury Rate” is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity that has become publicly available at least two (2) Business Days prior to the redemption date most clearly equal to the period from the redemption date to the maturity date of the 2009 Taxable Senior Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one (1) year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one (1) year will be used.

Extraordinary Optional Redemption

The 2009 Taxable Senior Bonds are subject to redemption prior to maturity at the option of the Authority, in whole or in part upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of: (1) 100% of the principal amount of the 2009 Taxable Senior Bonds to be redeemed; and (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2009 Taxable Senior Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2009 Taxable Senior Bonds are to be redeemed, discounted to the date on which the 2009 Taxable Senior Bonds are to be redeemed on a semi-annual basis, at the Treasury Rate, plus 100 basis points; plus, in each case, accrued interest on the 2009 Taxable Senior Bonds to be redeemed at the redemption date. An “Extraordinary Event” will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Code pursuant to which the Authority’s 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Mandatory Sinking Fund Redemption

The 2009 Taxable Senior Bonds maturing on November 1, 2038 shall be subject to mandatory sinking fund redemption as hereinafter described, at a redemption price equal to 100% of the principal amount to be redeemed, plus interest accrued to the redemption date. The mandatory sinking fund redemption payments shall be sufficient to redeem the principal amount of the 2009 Taxable Senior Bonds on November 1 in each of the years and in the principal amounts as follows:

Year November 1		Principal Amount
2030	$	5,460,000
2031		5,725,000
2032		6,020,000
2033		11,710,000
2034		12,775,000
2035		13,375,000
2036		19,555,000
2037		19,725,000
2038 *		1,915,000

* Final Maturity

2009 Subordinated Bonds, Series A

On August 4, 2009, the Authority issued 2009 Subordinated Bonds in the principal amount of $19,085,000. The proceeds were used to finance (i) the payment of New Jersey Department of Transportation's ("NJDOT") share in the amount of $17,000,000 of the costs of construction of certain road improvements ("NJDOT's Construction Portion") to be undertaken on certain "feeder roads" located in Atlantic City that will maintain, operate and support Expressway Projects of the Authority, (collectively, the "South Inlet Transportation Improvements Project"); (ii) the funding of an amount required to increase the amount on deposit in the Subordinated Bonds Debt Service Reserve Fund to the Subordinated Bonds Debt Service Reserve Requirements; and (iii) the payment of costs of issuing the 2009 Subordinated Bonds.

Interest on the 2009 Subordinated Bonds, Series A will be payable on May 1 and November 1 of each year until maturity or earlier redemption.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Redemption

Optional Redemption.

The 2009 Subordinated Bonds maturing prior to November 1, 2020 are not subject to optional redemption prior to maturity. The 2009 Subordinated Bonds maturing on or after November 1, 2020 are subject to redemption prior to maturity on or after November 1, 2019, at the option of the Authority, in whole or in part (and if in part, by lot) at any time or from time to time at 100% of the principal amount thereof, together with accrued interest to the date of redemption or acceleration thereof, commencing November 1, 2009.

Variable Rate Transportation System Revenue Bonds, 2009 Series A-3

2009 Variable Rate Senior Bonds

The proceeds of the 2009 Variable Rate Senior Bonds will be used to (i) finance a portion of the costs of the 2009 Expressway Project consisting of, among other things, westbound third lane widening, bridge rehabilitation and repair, electronic toll collection upgrades, and pavement overlay; (ii) current refund all of the 2007 Taxable Notes and the portion of the 2009 Notes which financed certain Expressway Projects, together with interest due thereon (iii) fund the amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement; and (iv) pay certain costs of issuing the 2009 Variable Rate Senior Bonds.

Letters of Credit

2009 A-3 Senior Bonds

The principal of, Redemption Price, if any, and interest on, the 2009 Series A-3 Senior Bonds tendered for purchase and not otherwise remarketed, when due, are payable from an irrevocable direct-pay Letter of Credit ("2009 A-3 Senior Bonds Letter of Credit") issued by Bank of America, N.A. ("2009 A-3 Senior Bonds Credit Issuer"). The 2009 A-3 Senior Bonds Letter of Credit will terminate on August 4, 2011 ("2009 A-3 Senior Bonds Stated Expiration Date"), unless terminated earlier or extended in accordance with its terms. The 2009 A-3 Senior Bonds Letter of Credit is issued pursuant to a Reimbursement Agreement, dated as of August 1, 2009 ("2009 A-3 Senior Bonds Reimbursement Agreement"), between the Authority and the 2009 A-3 Senior Bonds Credit Issuer. The 2009 A-3 Senior Bonds Letter of Credit is the initial Credit Facility for the 2009 A-3 Senior Bonds. All payment and reimbursement obligations of the Authority under the 2009 A-3 Senior Bonds Reimbursement Agreement in connection with drawings under the 2009 A-3 Senior Bonds Letter of Credit constitute Credit Facility Reimbursement Obligations for purposes of the Senior Resolution.

8. BONDS AND NOTES PAYABLE (CONTINUED)

The 2009 A-3 Senior Bonds Letter of Credit obligates the 2009 A-3 Senior Bonds Credit Issuer to pay to the Trustee, upon drawings by the Trustee pursuant to the terms and conditions thereof, up to (a) an amount equal to the outstanding principal amount of the 2009 A-3 Senior Bonds to pay (i) the principal amount of the 2009 A-3 Senior Bonds when due at maturity, upon redemption, a purchase in lieu of redemption or acceleration, and (ii) the portion of the Purchase Price of 2009 A-3 Senior Bonds tendered by the owners thereof and not remarketed equal to the principal amount of such 2009 A-3 Senior Bonds, plus (b) an amount equal to 44 days interest on the 2009 A-3 Senior Bonds at the Maximum Rate of 15.0% per annum (calculated on the basis of a 365 day year) to pay (i) interest on the 2009 A-3 Senior Bonds when due, and (ii) the portion of the Purchase Price of 2009 A-3 Senior Bonds tendered by the owners thereof and not remarketed equal to the accrued interest on such 2009 A-3 Senior Bonds.

2009 A-4 Senior Bonds

The principal of, Redemption Price, if any, and interest on, the 2009 Series A-4 Senior Bonds tendered for purchase and not otherwise remarketed, when due, are payable from an irrevocable direct-pay Letter of Credit ("2009 A-4 Senior Bonds Letter of Credit"; and together with the 2009 A-3 Senior Bonds Letter of Credit, the "Letters of Credit") issued by Wachovia Bank, National Association ("2009 A-4 Senior Bonds Credit Issuer"; and together with the 2009 A-3 Senior Bonds Credit Issuer, the "Credit Issuers"), in favor of the Trustee. The 2009 A-4 Senior Bonds Letter of Credit will terminate on August 4, 2011 ("2009 A-4 Senior Bonds Stated Expiration Date"; and together with the 2009 A-3 Senior Bonds Stated Expiration Date, the "Stated Expiration Dates"), unless terminated earlier or extended in accordance with its terms. The 2009 A-4 Senior Bonds Letter of Credit is issued pursuant to a Reimbursement Agreement, dated as of August 1, 2009 ("2009 A-4 Senior Bonds Reimbursement Agreement"; and together with the 2009 A-3 Senior Bonds Reimbursement Agreement, the "Reimbursement Agreements"), between the Authority and the 2009 A-4 Senior Bonds Credit Issuer. The 2009 A-4 Senior Bonds Letter of Credit is the initial Credit Facility for the 2009 A-4 Senior Bonds. All payment and reimbursement obligations of the Authority under the 2009 A-4 Senior Bonds Reimbursement Agreement in connection with drawings under the 2009 A-4 Senior Bonds Letter of Credit constitute Credit Facility Reimbursement Obligations for purposes of the Senior Resolution.

The 2009 A-4 Senior Bonds Letter of Credit obligates the 2009 A-4 Senior Bonds Credit Issuer to pay to the Trustee, upon drawings by the Trustee pursuant to the terms and conditions thereof, up to (a) an amount equal to the outstanding principal amount of the 2009 A-4 Senior Bonds to pay (i) the principal amount of the 2009 A-4 Senior Bonds when due at maturity, upon redemption, a purchase in lieu of redemption or acceleration, and (ii) the portion of the Purchase Price of 2009 A-4 Senior Bonds tendered by the owners thereof and not remarketed equal to the principal amount of such 2009 A-4 Senior Bonds, plus (b) an amount equal to 44 days interest on the 2009 A-4 Senior Bonds at the Maximum Rate of 15.0% per annum (calculated on the basis of a 365 day year) to pay (i) interest on the 2009 A-4 Senior Bonds when due, and (ii) the portion of the Purchase Price of 2009 A-4 Senior Bonds tendered by the owners thereof and not remarketed equal to the accrued interest on such 2009 A-4 Senior Bonds.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Remarketing Agreements

The initial Remarketing Agent for the 2009 A-3 Senior Bonds will be Merrill Lynch, Pierce, Fenner & Smith Incorporated, and the initial Remarketing Agent for the 2009 A-4 Senior Bonds will be Wachovia Bank, National Association.

The 2009 Variable Rate Senior Bonds

While in the Weekly Mode, interest on the 2009 Variable Rate Senior Bonds shall be payable on (i) a monthly basis on the first Business Day of each month commencing on September 1, 2009, (ii) any Mode Change Date, and (iii) the respective Maturity Dates of each Series of the 2009 Variable Rate Senior Bonds. At the option of the Authority and, upon satisfaction of certain conditions set forth in the Senior Resolution, each Series of the 2009 Variable Rate Senior Bonds may be (a) converted or reconverted to or from the Daily Mode, Commercial Paper Mode, Weekly Mode, R-FLOATs Mode or Term Rate Mode, or (b) converted to the Fixed Rate Mode, Indexed Mode or Stepped Coupon Mode.

Redemption Provisions

The 2009 Variable Rate Senior Bonds are subject to redemption and purchase in lieu of redemption as set forth below. All redemptions should be in integral multiples of the Authorized Denominations.

Optional Redemption of 2009 Variable Rate Senior Bonds in the Daily Mode or the Weekly Mode.

Each Series of the 2009 Variable Rate Senior Bonds while in the Daily Mode or the Weekly Mode are subject to redemption prior to their respective stated Maturity Dates, at the option of the Authority and with the consent of the 2009 A-3 Senior Bonds Credit Issuer or the 2009 A-4 Senior Bonds Credit Issuer, as applicable, in whole on any date or in part on any Interest Payment Date at a Redemption Price equal to the principal amount of 2009 Variable Rate Senior Bonds called for redemption, without premium, plus accrued interest to the date of redemption, *provided, however*, if the Authority optionally redeems 2009 Variable Rate Senior Bonds as a result of all or a substantial portion of the Project being damaged or destroyed by fire or other casualty, or as a result of condemnation or taking for any public or quasi-public use by any governmental entity exercising or threatening the exercise of the power of eminent domain, the 2009 Variable Rate Senior Bonds may only be redeemed with the proceeds of the insurance or condemnation or as otherwise provided under the Senior Resolution and not with the proceeds of a Redemption Drawing.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Mandatory Sinking Fund Redemption.

The 2009 Variable Rate Senior Bonds A-3 and A-4 are also subject to mandatory sinking fund redemption prior to their stated Maturity Date, in part, from Mandatory Sinking Account Payments on November 1 of each of the years set forth below, at a redemption price equal to 100% of the principal amounts to be redeemed as set forth below, together with interest accrued thereon to the date fixed for redemption, without premium as follows:

2009 A-3 Senior Bonds

Year November 1	Principal Amount	Year November 1	Principal Amount
2010	$ 125,000	2025	$ 685,000
2011	-	2026	715,000
2012	150,000	2027	750,000
2013	175,000	2028	785,000
2014	225,000	2029	825,000
2015	425,000	2030	865,000
2016	445,000	2031	905,000
2017	470,000	2032	950,000
2018	490,000	2033	995,000
2019	515,000	2034	1,235,000
2020	540,000	2035	1,285,000
2021	565,000	2036	1,540,000
2022	595,000	2037	1,800,000
2023	620,000	2038	11,085,000
2024	650,000	2039	13,590,000

8. BONDS AND NOTES PAYABLE (CONTINUED)

2009 A-4 Senior Bonds

Year November 1		Principal Amount	Year November 1		Principal Amount
2010	$	125,000	2025	$	680,000
2011			2026		715,000
2012		150,000	2027		750,000
2013		175,000	2028		785,000
2014		225,000	2029		820,000
2015		420,000	2030		860,000
2016		445,000	2031		905,000
2017		465,000	2032		945,000
2018		490,000	2033		995,000
2019		510,000	2034		1,230,000
2020		535,000	2035		1,275,000
2021		565,000	2036		1,530,000
2022		590,000	2037		1,795,000
2023		620,000	2038		11,030,000
2024		650,000	2039		13,515,000

The Authority may purchase, at a price not to exceed par plus accrued interest, any 2009 Variable Rate Senior Bonds subject to redemption from Mandatory Sinking Account Payments and tender such 2009 Variable Rate Senior Bonds to the Trustee in satisfaction of the required Mandatory Sinking Account Payments referred to in the table above.

Purchase in Lieu of Redemption

Whenever 2009 Variable Rate Senior Bonds are subject to redemption, they may instead be purchased at the option of the Authority (with the consent of the Credit Issuer, if applicable) at a purchase price equal to the Redemption Price. The Authority shall give written notice thereof and of the 2009 Variable Rate Senior Bonds of the maturity to be so purchased to the Trustee. Promptly thereafter, the Trustee shall give notice of the purchase of such 2009 Variable Rate Senior Bonds at the times and in the manner as for giving notice of redemption. The Trustee shall not give such notice unless prior to the date such notice is given the Authority has caused to be delivered to the Trustee the written consent to such purchase of the Authority. All such purchases may be subject to conditions to the Authority's obligation to purchase such 2009 Variable Rate Senior Bonds and shall be subject to the condition that money for the payment of the purchase price therefor is available on the date set for such purchase. If sufficient money to pay the purchase price of such 2009 Variable Rate Senior Bonds is held by the Trustee, the purchase price of the 2009 Variable Rate Senior Bonds or portions thereof so called for purchase shall become due and payable on the date set for purchase, upon presentation and surrender of such 2009 Variable Rate Senior Bonds (other than Book Entry 2009 Variable Rate

8. BONDS AND NOTES PAYABLE (CONTINUED)

Senior Bonds) to be purchased at the office or offices specified in such notice, and, in the case of 2009 Variable Rate Senior Bonds presented by other than the Owner, together with a written instrument of transfer duly executed by the Owner or his duly authorized attorney. Payment of the purchase price of such 2009 Variable Rate Senior Bonds shall be made, upon the request of the Owner of one million dollars ($1,000,000) or more in principal amount of 2009 Variable Rate Senior Bonds to be so purchased, by wire transfer to such Owner at the wire transfer address in the continental United States to which such Owner has prior to the purchase date directed in writing the Trustee to wire such purchase price. No purchased 2009 Variable Rate Senior Bond shall be considered to be no longer Outstanding by virtue of its purchase and each such purchased 2009 Variable Rate Senior Bond that is not a Book Entry 2009 Variable Rate Senior Bond shall be registered in the name or at the direction of the Authority.

Selection of 2009 Variable Rate Senior Bonds for Redemption.

Whenever provision is made in the 2009 Series Resolution for the redemption of less than all of the 2009 Variable Rate Senior Bonds of a Series or any given portion thereof, subject to Section 4.01 thereof, the Trustee shall select the 2009 Variable Rate Senior Bonds of such Series to be redeemed, in the authorized denominations specified in Section 3.02 thereof, by lot, in any manner which the Trustee in its sole discretion shall deem appropriate and fair; provided, however, that Liquidity Facility 2009 Variable Rate Senior Bonds of such Series shall be redeemed prior to any other 2009 Variable Rate Senior Bonds of such Series. The Trustee shall promptly notify the Authority and the Authority in writing of any redemption of the 2009 Variable Rate Senior Bonds or portions thereof so selected for redemption. The selection of 2009 Variable Rate Senior Bonds shall be at such time as determined by the Trustee.

Notice of Redemption.

Notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, to the Liquidity Facility Provider (if any), the Credit Issuer (if any), the Remarketing Agent, the Rating Agencies then rating the 2009 Variable Rate Senior Bonds and to the respective Holders of any 2009 Variable Rate Senior Bonds designated for redemption at their addresses appearing on the 2009 Variable Rate Senior Bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery and Series designation of the 2009 Variable Rate Senior Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the 2009 Variable Rate Senior Bonds, to be redeemed and, in the case of 2009 Variable Rate Senior Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Each such notice shall also state that on said date there will become due and payable on each of said 2009 Variable Rate Senior Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2009 Variable Rate Senior Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date, interest on such 2009 Variable Rate Senior Bond shall cease to accrue, and shall require that such 2009 Variable Rate Senior Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Subordinated Notes, Series 2009

On February 12, 2009, the Authority issued Subordinated Notes, Series 2009, in the principal amount of $10,000,000. Proceeds of the Series 2009 Note were used for the purpose of funding a project (collectively, "the Project") consisting of: (i) the interim funding of certain capital improvements of the Authority for which contracts have previously been competitively bid; and (ii) the payment of certain costs of issuing the Notes. The Notes constituted Subordinated Indebtedness incurred for the purposes of the Bond Resolution. On August 4, 2009, the Authority issued 2009 Series A-2, Fixed Rate Airport Bonds in the amount of $38,995,000. A portion of the proceeds was used to refund $2,275,113 of the outstanding $10,000,000 note. Also on August 4, 2009, the Authority issued 2009 Series A-3, Senior Bonds in the amount of $44,000,000. A portion of the proceeds was used to refund $7,724,887 of the $10,000,000 note.

Taxable Subordinated Notes, Series 2007

On July 5, 2007, the Authority issued Taxable Subordinated Notes, Series 2007, in the principal amount of $22,390,000. Proceeds of the 2007 Notes were used to finance: (i) the design of (a) a westbound third lane widening on the Atlantic City Expressway, and (b) an Express EZ-Pass at the Egg Harbor Toll Plaza on the Expressway; (ii) the construction of a full interchange at the intersection of the Expressway and New Jersey State Route 50; (iii) other capital improvements to the Expressway Project as shall be included in the Authority's 2007-2011 capital plan, as the same may be amended; (iv) the payment of capitalized interest on a portion of the 2007 Notes; and (v) the payment of certain costs of issuance of the 2007 Notes.

The 2007 Notes bear interest at a rate of 5.50% per year. Interest on the 2007 Notes is payable on January 1, 2008 and semi-annually thereafter on July 1 and January 1 until maturity or earlier redemption. The principal of the 2007 Notes will be payable in full on January 1, 2010, unless the 2007 Notes become due and payable earlier upon redemption or acceleration prior to maturity.

Redemption

The 2007 Note was subject to redemption at the option of the Authority, in whole but not part, at any time on or after January 1, 2008, at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Pledge Effected by the 2007 Subordinated Note Resolution

The 2007 Notes are special, limited obligations of the Authority payable solely from the following sources: (i) from the proceeds of a Series of Bonds, if any, issued to refinance the 2007 Notes; (ii) from the moneys and securities from time to time transferred from the Project Fund to the Subordinated Debt Fund, and (iii) from the moneys and securities from time to time on deposit in the Subordinated Debt Fund and the General Reserve Fund pursuant to the terms of the Resolution and subject to Section 5.12 (a) of the Resolution.

On August 4, 2009, the Authority issued 2009 Series A-3 Senior Bonds in the amount of $44,000,000. A portion of the proceeds were used to refund the $22,390,000 Series 2007, Subordinated Note.

2006 Series A Transportation System Revenue Bonds

On January 12, 2006, the Authority issued Transportation System Revenue Bonds, 2006 Series A, in the principal amount of $50,365,000. Proceeds of the 2006 Series A Bonds were used to finance (i) the construction of a multi-level parking garage containing approximately 1,400 parking spaces located in front of the passenger terminal at the Atlantic City International Airport, including the construction of a fare collection system capable of accepting E-ZPass as a method of payment; (ii) the redemption of the Authority's $10,400,000 Subordinated Notes, Series 2005, dated March 30, 2005 and due March 29, 2006 including interest thereon; (iii) the amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement; (iv) a portion of the interest on the 2006 Series A Bonds for approximately twenty-four months; and (v) certain costs of issuing the 2006 Series A Bonds. The 2005 Subordinate Notes along with interest expense were repaid on February 16, 2006.

Optional Redemption

The 2006 Series A Bonds will be subject to redemption prior to their stated maturity date at the option of the Authority, on any date on or after November 1, 2015, either in whole or in part by lot, at a redemption price of one hundred percent (100%) of the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption. In the event of any optional redemption of the 2006 Series A Bonds in part, the amount of 2006 Series A Bonds redeemed shall be credited against the remaining Sinking Fund Installments thereafter to become due in such years and amounts as shall be determined by the Authority in its discretion.

Mandatory Sinking Fund Redemption

The 2006 Series A Bonds are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount thereof being redeemed, without premium, plus accrued interest to the redemption date, on the following dates in the respective principal amounts set forth opposite such dates:

8. BONDS AND NOTES PAYABLE (CONTINUED)

Mandatory Sinking Fund Redemption

Year Due (November 1)	Principal Amount	Year Due (November 1)	Principal Amount
2030	$7,065,000	2033	$8,055,000
2031	7,380,000	2034	9,855,000
2032	7,710,000	2035	10,300,000

2004 Series A Transportation System Revenue Bonds

The 2004 Series A Transportation System Revenue Bonds (serial bonds) of $10,300,000 have interest rates ranging from 2.25% to 5% and mature in various increments November 1, 2004 through November 1, 2022. The 2004 Series A term bond of $11,935,000 matures November 1, 2033, and has an interest rate of 5.15%.

Proceeds of the 2004 Series A Bonds were used to; (i) fund improvements to a 425- space surface parking lot located at Fairmount Avenue and Mississippi Avenue in the City of Atlantic City, Atlantic County, New Jersey; (ii) fund the implementation of express E-ZPass on the Atlantic City Expressway; (iii) fund improvements to the surface parking lot located on Atlantic Avenue between Missouri Avenue (Christopher Columbus Drive) and Mississippi Avenue, in Atlantic City as part of the Expressway Project; (iv) fund other improvements to the Expressway Project included in the Authority's capital plan for 2004 through 2008; (v) finance the amount required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement; and (vi) pay certain costs of issuing the 2004 Series A Bonds.

The 2004 Series A Bonds maturing on or before November 1, 2014 will not be subject to redemption prior to their stated maturity dates. The 2004 Series A Bonds maturing on or after November 1, 2015 will be subject to redemption prior to their stated maturity dates at the option of the Authority, on any date on or after November 1, 2014, either in whole or in part by lot within a maturity from maturities selected by the Authority, at a redemption price of one hundred percent (100%) of the principal amount thereof, without premium, plus accrued interest thereon to the date fixed for redemption.

The 2004 Series A Bonds maturing on November 1, 2033 are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount thereof being redeemed, without premium, plus interest accrued to the redemption date, on the following dates in the respective principal amounts set forth opposite such dates:

8. BONDS AND NOTES PAYABLE (CONTINUED)

Year Due November 1,	Principal Amount
2023	$840,000
2024	880,000
2025	925,000
2026	975,000
2027	1,020,000
2028	1,075,000
2029	1,125,000
2030	1,180,000
2031	1,240,000
2032	1,305,000
2033	1,370,000

1999 Series Transportation System Revenue Bonds

The 1999 Series Transportation System Revenue Bonds (serial bonds) original issue of $87,435,000 have interest rates ranging from 3.2% to 5.25% and mature in various increments November 1, 2002 through November 1, 2019. The 1999 Series term bonds of $29,290,000 and 87,795,000 mature November 1, 2022 and 2029, respectively and have interest rates of 5.125% and 5%, respectively.

1999 Series Transportation System Revenue Bonds

Proceeds of the 1999 Series Bonds were used to: (i) fund certain road improvement projects, (ii) prepay the Authority's Subordinated Bond Anticipation Notes, Series 1998, (iii) advance refund a portion of certain maturities of the Authority's Transportation System Revenue Bonds, 1992 Series B (Tax Exempt), (iv) fund a portion of the interest on the 1999 Bonds to May 1, 2001, (v) make a deposit to the Debt Service Reserve Fund and (vi) pay certain costs of issuing the 1999 Bonds.

The 1999 Bonds maturing on or before November 1, 2009, are not subject to redemption prior to maturity. The 1999 Bonds maturing on or after November 1, 2010, are subject to redemption, at the option of the Authority, at any time in whole or in part selected by lot within a maturity from maturities selected by the Authority, on and after November 1, 2009, at the redemption prices (expressed as percentages of the principal amount being redeemed) set forth below, plus accrued interest to the redemption date:

Redemption Period of the Bonds (both dates inclusive)	Redemption Price
November 1, 2009 to October 31, 2010	101%
November 1, 2010 to October 31, 2011	100 ½%
November 1, 2011 and thereafter	100%

8. BONDS AND NOTES PAYABLE (CONTINUED)

Mandatory Sinking Fund Redemption Provision – 1999 Bonds Maturing 11/1/2022

The Bonds shall be subject to redemption prior to maturity by application of Sinking Fund Installments on November 1 in each of the following years in the respective principal amount set opposite each such year:

2020	$ 9,280,000
2021	9,755,000
2022	10,255,000

1999 Series Transportation System Revenue Bonds

Mandatory Sinking Fund Redemption Provisions – 1999 Bonds Maturing 11/1/2029

The Bonds shall be subject to redemption prior to maturity by application of Sinking Fund Installments on November 1 in each of the following years in the respective principal amount set opposite each such year:

Year Due	Principal Amount
2023	$ 10,785,000
2024	11,320,000
2025	11,890,000
2026	12,485,000
2027	13,105,000
2028	13,760,000
2029	14,450,000

Schedule of Annual Debt Service for Principal and Interest for Long Term Debt Issued and Outstanding:

Bonds Payable:

Calendar Year	Principal	Interest	Total
2010	$ 7,105,000	$ 26,472,133	$ 33,577,133
2011	7,445,000	22,119,777	29,564,777
2012	8,020,000	21,646,827	29,666,827
2013	9,180,000	21,095,982	30,275,982
2014	9,900,000	20,412,029	30,312,029
2015-2019	58,885,000	90,211,949	149,096,949
2020-2024	73,315,000	70,590,903	143,905,903
2025-2029	89,600,000	50,996,329	140,596,329
2030-2034	114,645,000	30,090,805	144,735,805
2035-2039	123,315,000	6,111,684	129,426,684
	$ 501,410,000	$ 359,748,418	$ 861,158,418

8. BONDS AND NOTES PAYABLE (CONTINUED)

Swaptions

In May 2005, the Authority adopted a swap management policy, the purpose of which was to set forth the parameters in which interest rate swaps and other derivative financial instruments would be used to better manage its assets and liabilities.

SWAPS/SWAPTIONS

Objective of the Swaps/Swaptions – The South Jersey Transportation Authority (the "Authority") intends to execute interest rate swaps if the transaction can be expected to result in the following:

- Hedging to reduce exposure to changes in interest rates on a particular financial transaction.
- Reduction in interest rate risk in order to better manage the Authority's overall asset/liability balance.
- Obtain a lower net cost of borrowing with respect to the Authority's debt.
- Manage variable interest rate exposure consistent with prudent debt practices.
- Manage exposure to changing market conditions in advance of anticipated bond issues (through the use of anticipatory hedging instruments).
- Achieve more flexibility in meeting overall financial objectives than could be achieved in conventional markets.
- Generate cash flow through synthetic fixed rate transactions to advance fund capital projects, which will ultimately be funded through Federal, State or other Grants.

The Authority will not enter into interest rate swaps for speculative purposes. The Authority will enter into interest rate swaps only in connection with a specified bond issue.

In June of 2005, the Authority entered into two (2) Swaptions with two (2) Counterparties that provided the Authority with an upfront payment of $4,552,500 from Bank of America, N.A. and $3,035,000 from Wachovia, N.A. (collectively, the "Premium"), net of issue costs of $160,000. As a synthetic refunding of its 1999 Transportation System Revenue Bonds, the Premium represents the present value savings as of June 2005, of a refunding on November 1, 2009, without issuing refunding bonds as of June 2005. The proceeds of the synthetic refunding (the Premium) were used to establish a capital project revolving fund. This fund is used to advance fund capital projects, which the Authority has a reasonable expectation that it will be reimbursed with Federal, State or Other Grants. The Swaptions give Bank of America, N.A. and Wachovia Bank, N.A. (collectively, the "Counterparties") the option to enter into an interest rate swap whereby they would receive fixed amounts and pay variable amounts. It was originally anticipated that if the options were exercised; the Authority would then issue variable-rate refunding bonds.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Terms – The Counterparties had the one-time option of exercising the agreements on July 1, 2009. If the options were exercised, the underlying swaps would be effective as of November 1, 2009 and mature on November 1, 2029. The swaps were priced at a fixed rate of 4.70% based on an amortizing notional schedule with a combined $87,795,000 initial notional amount. If the swaps are executed, the Authority would pay a fixed rate of 4.70% and receive a variable payment computed as 75 percent of the London Interbank Offered Rate (LIBOR). Furthermore, the Authority would also receive an exercise fee of $1,319,597.52 from Bank of America, N.A. and $879,731 from Wachovia Bank, N.A. simultaneously with the issuance of the related bonds, but not later than November 1, 2009.

On July 1, 2009, each Swaption Provider exercised its respective option on the respective Swaption. As a result of such exercise, commencing on November 1, 2009, the Authority pays the Swaption Providers a fixed rate of 4.70% and receives a variable rate equal to 75% of USD-LIBOR-BBA with a designated maturity of one month on the amortizing notional amount of the Swaptions in the combined original amount of $87,795,000.

During 2009, the Authority decided to issue new money variable rate Senior Bonds rather than calling the outstanding Series 1999 bond as was originally anticipated at the time the Swaption agreement was executed. This decision allows the Authority to maintain the existing interest rate on the Series 1999 Bonds and preserves that call provision for a time when interest rate may be more favorable for an advance refunding.

On August 4, 2009, the Authority issued the 2009 Series A-3 and A-4 Variable Rate Senior Bonds, the Authority designated these Bonds as Related Bonds (as defined in the Swaptions) for purposes of the Third Amended and Restated Resolution. On the same date pursuant to the terms of the Swaption Agreements the Authority also received the exercise payments totaling $2,199,328.52.

The Swaptions will terminate on November 1, 2029, unless terminated sooner in whole or in part in accordance with their terms. In the event that any Swaption terminates prior to its stated termination date, either the Authority or the applicable Swaption Provider may be required to make a termination payment to the other party. The party required to make such payment and the amount thereof will be determined by market conditions at the time of such early termination.

Counterparty Ratings

The current ratings of the counterparties are as follows as of December 31, 2009.

Counterparty	S&P	Moody's	Fitch
Bank of America	A+	Aa3	A+
Wachovia/Wells Fargo	AA-	A1	AA-

8. BONDS AND NOTES PAYABLE (CONTINUED)

The following table sets forth the notional amount and the outstanding principal amount as of December 31, 2009 for the swaps compared with the notional amount of the outstanding principal amount of the associated bonds.

Counterparty	Associated Bond Issue	Notional Amount	% of Total Notional Amount
Bank of America	SJTA Transportation System Revenue Bonds Series A-3	$ 44,000,000	$ 52,675,000
Wachovia/Wells Fargo	SJTA Transportation System Revenue Bonds Series A-4	$ 43,795,000	$ 35,120,000

Risks Associated with the Swap Agreements

From SJTA's perspective, the following risks are generally associated with swap agreements:

Credit Risk – The counterparty becomes insolvent or is otherwise not be able to perform its financial obligations. In the event of deterioration in the credit ratings of the counterparty or SJTA and the swap agreement may require that collateral be posted to secure the party's obligations under the swap agreement. See "*Collateralization*" below. Further, ratings deterioration by either party below levels agreed to in each transaction could result in a termination event requiring a cash settlement of the future value of the transaction. See "Termination Risk" below.

Termination Risk – The swap agreement will be terminated and SJTA will be required to make a termination payment to the counterparty.

Interest Rate Risk – The risk that changes in interest rates will adversely affect the future value of the swap.

Basis Risk – The variable interest rate paid by the counterparty under the swap and the variable interest rate paid by SJTA on the associated bonds may not be the same. If the counterparty's rate under the swap is lower than the bond interest rate, then the counterparty's payment under the swap agreement does not fully reimburse SJTA for its interest payment on the associated bonds. Conversely, if the bond interest rate is lower than the counterparty's rate on the swap, there is a net benefit to SJTA.

Market Access Risk – The risk that the SJTA will be able to enter the credit markets at a future date.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Rollover Risk – The notional amount under the swap agreement terminates prior to the final maturity of the associated bonds on a variable rate bond issuance, and SJTA may be exposed to then market rates and cease to receive the benefit of the synthetic fixed rate for the duration of the bond issue.

Credit Risk – The following table shows, as of December 31, 2009, the diversification, by percentage of notional amount, among the two different counterparties that have entered into ISDA Master Agreements with SJTA. The notional amount totals below include both swaps in connection with the SJTA Variable Rate Bonds Series A-3 and A-4. The counterparties have the ratings set forth above.

Counterparty		Notional Amount	% of Total Notional Amount
Bank of America	$	52,675,000	60%
Wachovia/Wells Fargo		35,120,000	40%
Total	$	87,795,000	100%

Under the terms of these agreements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Collateralization. Both of the Authority's derivative instruments contain obligations on the part of the Swaps Providers and the Authority to post collateral, if requested, in certain circumstances. If there are certain changes in the credit rating of either a Swap Provider or the Authority, such party will be required to post moneys or certain designated securities as collateral for its obligations. Failure to post collateral, if requested, constitutes an event of default under the terms of the derivative instruments. If the credit-risk-related contingency features are triggered by the Authority, the maximum exposure by the Authority shall be the amount of the Termination Payments then due under the derivative instruments. (See *Fair Value* below)

Fair Value. The fair market value of SJTA's interest rate swaps changes daily primarily as a result of capital markets changes. Factors that influence LIBOR are local interest rates, banks expectations of future rate movements, liquidity in the capital markets or changes in the value of the dollar. The Authority has obtained a market evaluation of its swap transactions from the respective Counterparties. These fair value estimates were estimated using the Counterparty's proprietary pricing methods. These models take into consideration probabilities, volatilities, time and underlying prices. On a current mark-to-market basis, the net present value of the swaps would require the Authority to make an estimated termination payment if both swaps were terminated at December 31, 2009 of approximately $16,335,590.

Interest Rate Risk. The actual savings/cost ultimately recognized by the transactions will be affected by the relationship between the interest rates including cost of liquidity facility of the variable rate bonds versus the variable rate payments on the swaps (75 percent of LIBOR) over the life of the swap. See *Swap payments and Associated Debt* below.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Termination Risk. Under the SJTA bond resolution, the payments relating to debt service on the swaps are parity obligations with all other senior bonds issued under the Third Amended and Restated Bond Resolution, but all other payments, including the termination payments, are subordinate to the payment of debt service on the swap and all bonds issued under that bond resolution. In order to further mitigate termination risk, the Authority maintains the Capital Project Revolving Fund that was established with the proceeds received from the upfront premiums and exercise payments. This Fund is used to advance fund projects that the Authority reasonably expects to be reimbursed with Federal, State and other Grants. On August 4, 2009, the exercise payment of $2,199,328 was deposited in the account in the Revolving Fund. This deposit combined with the original swap premium of $7,587,500 provides a total of $9,786,828 that would ultimately be available to make a termination payment if required under the terms of the swap agreement. See *Fair Value* above for discussion of termination liability at December 31, 2009.

Basis Risk. Under the terms of the swaps, the variable rate paid by the Counterparties is 75% of one month LIBOR, while the interest rate paid on the related bonds approximates the tax exempt municipal bond index know as SFMA plus the cost of the liquidity facility. The historic relationship between SFMA and 1 month LIBOR is 67%. The Authority has mitigated basis risk by entering into the swaps at 75% of LIBOR vs. 67%.

When the swaptions were executed in June 2005, the cost of obtaining liquidity for the related variable rate bonds was estimated at approximately 25 basis points. Since the credit crisis in the fall of 2008 the ability for obtaining letter of credits was extremely difficult and when letter of credits finally became available in 2009 the costs had risen to between 100 and 200 basis points. On August 4, 2009, the Authority was able to procure a 2-year Direct Pay Letter of Credit to provided liquidity for the variable rate debt for 165 basis points. The cost of which is included as interest expense in accordance with the Bond Resolution. See *Swap payments and Associated Debt* below. The Authority continues to monitor the capital markets to look for opportunities to lower the cost of the letter of credit or terminate the swap and convert its existing variable rate to fixed rate debt.

Market Access Risk. The market access risk to the Authority is that an underlying Letter of Credit could not be obtained for the Variable Rate Bonds when the current letter of credit expires. In this case the Authority would issue fixed rate bonds and either have to unwind the swaps and pay a termination payment, or the Authority will make net swap payments as required by the terms of the swap agreements.

Rollover Risk. The Authority is exposed to rollover risk as the swap expires by its terms on November 1, 2029 and the final maturity on the associated variable rate bonds is November 1, 2039. Assuming the Authority does no more borrowing between now and November 1, 2020, at November 1, 2029 the unamortized variable-rate bonds outstanding will be $68,330,000 and the Authority's total outstanding bonds will be $237,960,000. Consequently the un-hedged variable-rate debt will be 28.7% of the Authority's total outstanding bonds.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Swap payments and Associated Debt. The following tables contain the aggregate amount of estimated variable-rate bond debt service and swap payments. The Authority entered into the swaps to protect against the potential of rising interest rates; achieve a lower net cost of borrowing; reduce exposure to changing interest rates on a related bond issue; and achieve upfront net present value of debt service savings through a synthetic fixed rate transaction. As rates vary, variable-rate bond interest payments and swap payments will vary. Using the assumptions noted below, debt service of SJTA's outstanding variable-rate debt and net swap payments are estimated to be as follows:

Variable Rate Series 2009 A-3 and A-4

Year(s)	Principal	Fixed Rate Interest Payments (Swap Rate 4.7%) (1)	Letter of Credit Fees (5)	Variable Rate Interest Payments (2)(4)	Variable Rate Swap receipts (3)	Total
2009	$ -	$ 687,728	$ 614,505	$ 80,572	$ (25,949)	$ 1,356,855
2010	250,000	4,126,365	1,448,618	193,149	(151,446)	5,866,685
2011	-	4,114,615	1,444,493	192,599	(151,446)	5,600,260
2012	300,000	4,114,615	1,444,493	192,599	(151,446)	5,900,260
2013	350,000	4,100,515	1,439,543	191,939	(151,446)	5,930,550
2014-2018	4,100,000	20,420,325	7,168,838	955,845	(757,232)	31,887,776
2019-2023	5,655,000	19,456,825	6,830,588	910,745	(757,232)	32,095,926
2024-2028	7,165,000	18,127,900	6,364,050	848,540	(664,211)	31,841,279
2029-2033	9,065,000	16,444,125	5,772,938	769,725	(24,926)	32,026,861
2034-2039	60,910,000	17,176,620	6,030,090	804,012		84,920,722

(1) Swap payments began November 1, 2009	
(2) Based on actual average rate paid for 2009. 2010 thereafter based on average rate for 2009	0.0022
(3) Based on actual receipts for 2009. 2010 thereafter assumed 75% of 1 mo. LIBOR at 12/31/2009	0.001725
(4) Debt Service Payments began August 4, 2009	
(5) Letter of Credit fee estimated at current rate	0.0165
100% of 1 month USD-LIBOR Rate at 12/31/2009	0.0023

At December 31, 2009, the total of the unamortized Swap Premium and unamortized exercise payment was $7,909,587. During the year, $416,294 was amortized to interest income.

9. ARBITRAGE REBATE PAYABLE

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liabilities on issuers of tax-exempt debt. This Act requires the remittance to the IRS of 90% of the cumulative rebatable arbitrage within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The estimated amount of arbitrage payable represents the excess of amounts earned on “taxable” investments over the interest cost of the tax-exempt borrowing, plus income attributable to the excess. The arbitrage rebate liability related to the Transportation System Revenue Bonds Series 2003, at December 31, 2009, was $94,305.

10. DEBT DEFEASANCE

In 1999, the Authority defeased a portion of certain maturities of its outstanding 1992 Series B Bonds with a portion of the proceeds of the 1999 Bonds to achieve a reduction in Debt Service. Proceeds from the 1999 Bonds were used to purchase U.S. Government Securities that were placed in an irrevocable trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Authority’s balance sheet. The amount of defeased debt outstanding but removed from the balance sheet was $20,670,000. The proceeds from the 1999 Bonds placed in the Trust Fund were used to refund serial bonds with interest rates ranging from 5.7% to 5.9% and a par value of $7,880,000 and term bonds with an interest rate of 6% and a par value of $12,790,000. The total par value of the refunded debt is $20,670,000, and was called on November 1, 2002 at a redemption price of 102% of the par amount, plus accrued interest to the redemption date.

As a result of the 1999 defeasance, the Authority reduced its total debt service requirements by $1,368,894, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,024,436.

In 2003, the Authority current refunded an additional portion of certain maturities of its outstanding 1992 Series B Bonds by issuing $15,790,000 of Series 2003 Bonds to achieve a reduction in Debt Service. Proceeds from the 2003 Bonds were used to purchase U.S. Government Securities that were placed in an escrow account. The investments and fixed earnings from the investments were sufficient to fully service the defeased debt until the debt was called. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the Authority’s balance sheet. The amount of defeased debt removed from the balance sheet was $15,455,000. The proceeds from the 2003 Bonds placed in the escrow account were used to refund serial bonds with interest rates ranging from 5.7% to 5.9% and a par value of $5,900,000 and term bonds with an interest rate of 6% and a par value of $9,555,000. The total par value of the refunded debt is $15,455,000 and was called on May 9, 2003 at a redemption price of 102% of the par amount, plus accrued interest to the redemption date. As a result of the defeasance, the Authority reduced its total debt service requirements by $1,333,961.39, which resulted in an economic gain (difference between the preset value of the debt service payments on the old and new debt) $1,284,158.48.

10. DEBT DEFEASANCE (CONTINUED)

In 2009, the Authority current refunded a portion of certain maturities of its outstanding 1999 Series Bonds by issuing $62,015,000 of Series 2009 Bonds to achieve a reduction in Debt Service. Proceeds from the 2009 Bonds were used to purchase U.S. Government Securities that were placed in an escrow account. The investments and fixed earnings from the investments were sufficient to fully service the defeased debt until the debt was called. For financial reporting purposes, the debt has been considered defeased and therefore, removed as a liability from the Authority's balance sheet. The amount of defeased debt removed from the balance sheet was $61,625,000. The proceeds from the 2009 Bonds placed in the escrow account were used to refund serial bonds with interest rates ranging from 5.0% to 5.25% and a par value of $61,625,000 that were called on November 1, 2009 at a redemption price of 101% of the par amount, plus accrued interest to the redemption date. As a result of the defeasance, the Authority reduced its total debt service requirements by $4,443,075, which resulted in an economic gain (difference between the preset value of the debt service payments on the old and new debt) $3,772,001.

11. CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are defined as certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not part of the issuer's financial reporting entity.

The Authority issued and sold Special Revenue Bonds to Mirage Resorts, Incorporated in 1999, 2000, and 2001 to provide funds to pay a portion of Mirage's share of the cost of the Atlantic City Expressway Connector Project ("Connector"). The Special Revenue Bonds will be payable solely from amounts received by the Authority from CRDA pursuant to the Pledge Agreement, dated October 10, 1997 between the Authority and CRDA.

The Authority has no other responsibility for the payment of this debt. The amounts payable by CRDA under the CRDA Pledge Agreement are Governmental Grants, which do not constitute Revenues under the Bond Resolution, and the Special Revenue Bonds are not payable from or secured by such Revenues. The total amount of this outstanding conduit debt as of December 31, 2009 is as follows:

Year Issued	Amount Issued	Accreted Value at 12/31/09	Maturity Value
1999	$ 20,003,710	$ 24,425,000	$ 24,425,000
2000	24,999,328	30,075,000	30,075,000
2001	9,996,322	11,390,000	11,390,000
	$ 54,999,360	$ 65,890,000	$ 65,890,000

All of the Special Revenue Bonds mature on October 1, 2037 and have interest rates ranging from 3.5% to 4.05%.

11. CONDUIT DEBT OBLIGATIONS (CONTINUED)

In 2007, the Authority began receiving payments pursuant to the CRDA Pledge Agreement described above. For the year ended December 31, 2009, the Authority received $3,536,375. As of December 31, 2009, the Authority has cumulatively received $10,748,919. This amount was applied to outstanding interest payable proportionally to all series and remitted to the bondholders by the trustee in accordance with the terms of the indenture.

12. RATES AND CHARGES

Section 7.08 of the Bond Resolution states as follows:

(a) (1) The Authority shall at all times fix, impose, charge and collect tolls, fares, fees and other charges for the use of the Transportation System as shall be required in order that, in each fiscal year, net revenues and net revenues available for debt service shall at least equal the net revenue requirements for such year; and

(2) The Authority shall at all times fix, impose, charge and collect tolls, fares, fees and other charges for the use of the Transportation System as shall be required in order that, in each fiscal year, current revenues and airport revenue available for debt service shall at least equal the Operating Expenses for Pledged Projects for such fiscal year and the debt service on all outstanding bonds (net of capitalized interest) and subordinated indebtedness for such fiscal year and any required deposits to the Debt Service Reserve Fund and the Rehabilitation and Repair Fund, if any such deposits are required.

The net revenue requirement means an amount of net revenue for the period under consideration equal to the greater of:

120% of the debt service payable on all outstanding bonds (net of capitalized interest available for the purpose); or

100% the aggregate of debt service payable on all outstanding bonds (net of available capitalized interest as aforesaid), Rehabilitation and Repair Requirements, State Payment Requirement, debt service payable during the period on subordinated indebtedness, operating expenses of general projects, and other required deposits to funds, including the Debt Service Reserve Fund and Rebate Fund.

12. RATES AND CHARGES (CONTINUED)

	Section 7.08 (a)(1) 120.00%	Section 7.08 (a)(1) 100.00%	Section 7.08 (a)(2) 100.00%
Operating Revenue	$ 109,632,566	$ 109,632,566	$ 109,632,566
Interest Revenue	817,219	817,219	817,219
Interest Revenue-Airport	7,535	7,535	7,535
Interest Revenue Transferred from Restricted Funds	758,791	758,791	758,791
Interest Revenue-General Reserve Fund	37,183	37,183	37,183
Total Revenue	111,253,294	111,253,294	111,253,294
Less:			
Grant Revenue	3,929,061	3,929,061	3,929,061
Airport Revenue	9,528,071	9,528,071	9,528,071
Airport Interest	7,535	7,535	7,535
Total Available Revenue	97,788,627	97,788,627	97,788,627
Pledged Project Expenses	46,782,250	46,782,250	46,782,250
Net Revenues	$ 51,006,377	$ 51,006,377	$ 51,006,377
Airport Revenues Available for Debt Service (ARAFDS)	$ 2,729,603	$ 2,729,603	$ 2,729,603
Net Revenue plus ARAFDS	53,735,980	53,735,980	53,735,980
Total Available Revenue plus ARAFDS			100,518,230
Senior Debt Service	21,051,029	21,051,029	21,051,029
Subordinated Debt Service		191,006	
Rehabilitation & Repair Requirement			
State Payment Requirement		10,500,000	
Other Required Deposits		2,824,632	
General Project Operating Expenses		7,870,975	
Total Debt Service & Other Obligations	$ 21,051,029	$ 42,437,642	N/A
Total Pledged Projects and Debt Service	N/A	N/A	$ 67,833,279
Coverage Ratio	255.27%	126.62%	148.18%
Required Coverage	120.00%	100.00%	100.00%
Excess Coverage	135.27%	26.62%	48.18%

13. PENSION PLAN

All full-time Authority employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions and Benefits ("Division") within the Treasury Department of the State of New Jersey is the administrator of the funds and charges the employee and employer annually for their respective contributions. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

The Division of Pensions and Benefits issues publicly available financial reports that include the financial reports for each of the Plans that includes financial statement and required supplementary information. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plans. PERS and PFRS bill the Authority annually at an actuarially determined rate for its required contribution. The current rate is 5.5% for PERS and 8.5% for PFRS of annual covered payroll.

The contribution requirements of Plan members and the Authority are established and may be amended by the Board of Trustees of the respective Plans. The employees' contribution to the PERS Plan was $1,035,207 and $1,025,463 for the years ending December 31, 2009 and 2008 respectively. The allocation of Employees' contributions for 2009 is summarized below:

Employee Contributions

	Expressway	Airport	Total
Public Employees Retirement System (PERS)	$ 1,006,037	$ 29,170	$ 1,035,207
Police and Fire Retirement System (PFRS)	-	93,717	93,717
	$ 1,006,037	$ 122,887	$ 1,128,924

In 2009, the Authority continued to allocate their required contribution to the PERS and PFRS Plans between Expressway operations and Airport operations. The allocation of Authority contributions are summarized below:

13. PENSION PLAN (CONTINUED)

Authority Contributions

	Expressway	Airport	Total
Public Employees Retirement System (PERS)	$ 1,425,697	$ 156,893	$ 1,582,590
Police and Fire Retirement System (PFRS)	-	244,363	244,363
	$ 1,425,697	$ 401,256	$ 1,826,953

14. RISK MANAGEMENT AND HEALTH INSURANCE

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omission, injury to employees, professional liability, airport liability, environmental and natural disasters. The Authority purchased commercial insurance to manage all of these risks except for workers compensation, general liability and auto. Settled claims have not exceeded this coverage in any of the past three years.

Risk Management

Expressway

Effective September 1, 2005, the Authority established a Self-Insurance fund program for certain risk areas. The Authority's per occurrence self insurance retention levels are $350,000 for worker's compensation, $200,000 for auto liability, and $200,000 for general liability. Based on estimates provided by an independent actuary, the Authority has recorded accrued expenses of $823,258, which represents estimated claims relating to the period ended December 31, 2009. The Reserve for Insurance Claims balance at December 31, 2009 is $1,436,930. During the year, claim expense in the amount of $710,796 was charged to the reserve.

Airport

During 2007, the Authority established a Self-Insurance Reserve for certain risk areas related to Airport activity. The Authority's per occurrence self insurance retention levels are $350,000 for worker's compensation, $200,000 for auto liability, and $200,000 for general liability. An allocation of these retention levels have been made based on the number of employees currently employed at the Airport. The Authority has recorded accrued expenses of $96,000, which represents estimated claims relating to the period ended December 31, 2009. Charges have been made to the reserve in the amount of $4,258 as of December 31, 2009. The reserve balance as of December 31, 2009 is $359,728.

The Authority has an umbrella excess liability policy over those self-insurance retention levels of $15,000,000 per occurrence and $30,000,000 annual aggregate.

14. RISK MANAGEMENT AND HEALTH INSURANCE (CONTINUED)

Health Insurance

Expressway

During 2009, the Authority established a self-insurance reserve in the Expressway Fund for health insurance by setting aside reserves in the amount of $5,563,076. Health insurance costs were charged to the reserve during the year in the amount of $4,122,436. The reserve balance as of December 31, 2009 is $1,440,640.

Airport

During 2009, the Authority established a self-insurance reserve in the Airport Fund for health insurance by setting aside reserves in the amount of $870,806. Health insurance costs were charged to the reserve during the year in the amount of $464,735. The reserve balance as of December 31, 2009 is $406,071.

15. AUTHORITY RETIREMENT MEDICAL BENEFITS

In accordance with the Authority's Personnel Policies Manual adopted by the Board in January, 1993 (Resolution 1993-02), the Authority offers certain health-care benefits to its retired employees. Employees of the Authority are eligible if, at retirement, they have met the following requirements:

A. Non-Union Employees

Employees are eligible to continue coverage for themselves and any covered eligible family member in any of the plans upon the accumulation of at least fifteen (15) years of service credit in a New Jersey Public Employees' Retirement System ("PERS") qualified position and have begun receiving pension payments under PERS.

B. Union Employees

Local 196 and 193 employees are eligible to continue coverage for themselves and any covered eligible family member if they have accumulated at least twenty (20) years of full time service with the SJTA or a predecessor authority or have twenty-five (25) years or more service credited under the New Jersey Public Employees' Retirement System ("PERS") and have begun receiving pension payments under PERS.

Local S-18 (Fire Fighters) are eligible to continue coverage for themselves and any covered eligible family member in any of the plans upon the accumulation of twenty-five (25) years or more service with the SJTA or a predecessor authority.

15. AUTHORITY RETIREMENT MEDICAL BENEFITS (CONTINUED)

The Authority funds the benefits on a pay-as-you-go basis. The cost of providing these benefits for ninety-seven (97) retirees for the year ended December 31, 2009 was $993,764.

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During 2009, the Authority allocated the expense related to employees whose salary's were charged to the Airport immediately prior to their retirement.

16. COMPENSATED ABSENCES

A. Non-Union Employees

Full-time, non-union employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. If an employee is hired prior to February 2005, the Authority compensates them for unused sick leave upon retirement or upon resignation if the employee vests in the pension system until retirement age has been reached.

For employees hired after February 2005, the Authority only compensates them for unused sick leave upon retirement or upon resignation if the employee is eligible to immediately retire under the pension system.

The current policy entitles an employee to receive a maximum payout of $17,500 that is paid at the employee's rate of pay at retirement. A full year's vacation entitlement may be carried to the next calendar year. Any carried-over vacation time must be taken during the subsequent year or it is lost.

Part-time employees are not entitled to compensated absences.

Compensatory time for full-time employees cannot accrue beyond eighty hours and must be taken within twelve months of being earned. The use of compensatory time must be approved by a department Director. The Authority may, at its discretion, purchase back compensatory time at the employee's rate of pay when the compensatory time was earned.

B. Union Employees

Vacation Time

In accordance with the union contract in effect in 2007, members of the International Federation of Professional and Technical Engineers, Local 196, Chapter 2 and Local 193, Chapter A, states that ten vacation days may be carried to the next calendar year for Local 196 and Local 193. Any carried-over vacation time must be taken during the subsequent year or it is lost.

16. COMPENSATED ABSENCES (CONTINUED)

Members of the Atlantic City International Airport Fire Fighters, Local S-18 of the International Association of Fire Fighters, AFL-CIO, CLC may carry up to one year's vacation allotment. Any carried over vacation time must be taken during the subsequent year or it is lost.

Sick Time

Members of the International Federation of Professional and Technical Engineers, Local 196, Chapter 2 and Local 193, Chapter A, are entitled to accumulate sick time up to $17,500. The following percentages apply:

(a) For employees who resign in good standing, or retire, but are not eligible to receive pension payments under PERS:

- 50% of present salary for the first 150 days of accumulated sick days up to a maximum of $17,500;
- 100% of present salary for accumulated sick leave in excess of 150 days.

(b) For employees who retire and are immediately eligible to receive payments under PERS:

- 75% of present salary for the first 150 days of accumulated sick days up to a maximum of $17,500;

100% of present salary for accumulated sick leave in excess of 150 days.

Local S-18 members are entitled to accumulate sick leave up to $17,500 at the employees' rate of pay at retirement. Unused sick time earned will not be paid upon resignation, termination or layoff.

Compensatory Time

Under the contract for Local 196, Chapter 2, compensatory time can be accrued up to a maximum of forty hours per contract year but can re-accumulate up to forty hours as the time is used.

Under the contract for S-18, compensatory time can be accrued up to a maximum of two hundred and forty (240) hours per contract year. Compensatory time must be taken within twelve (12) months of being earned, otherwise payment of unused time will be paid in the first pay of December.

16. COMPENSATED ABSENCES (CONTINUED)

C. Accrued Expense

The Authority has both operating and non-operating accrued expenses. The operating accrued expense pertains to compensated absences as described below. The Authority's accrued liability for compensated absences, including additional amounts accrued for Social Security, Medicare and pension plan contributions as of December 31, 2009 is as follows:

	Expressway	Airport	Total
Sick Time	$ 1,122,221	$ 132,869	$ 1,255,090
Vacation Time	475,994	98,742	574,736
Compensatory Time	95,125	54,362	149,487
	$ 1,693,340	$ 285,973	$ 1,979,313

17. SOUTH JERSEY TRANSPORTATION PLANNING ORGANIZATION

The South Jersey Transportation Planning Organization ("SJTPO") is a metropolitan planning organization whose function is to develop transportation programs for urbanized areas of the State in order to encourage and promote the development of intermodel transportation systems that maximize mobility and minimize air pollution. The New Jersey Department of Transportation Grant for Administration Staff Support for the SJTPO is designed to reimburse the Authority for its expenses incurred each year for the SJTPO. These expenses typically include salaries, fringe benefits and non-salary direct expenses.

18. AIRPORT MANAGEMENT

Pursuant to N.J.S.A. 27:25A-24, the Authority established a transportation project known as the Atlantic City International Airport ("ACY"). Effective April 1, 1996, pursuant to Authority Resolution #1996-06, the Authority entered into an operating and maintenance agreement with Johnson Controls World Services ("JCWS") for operations, maintenance and support service at ACY. Under this arrangement, the Authority is entitled to receive all of the revenue and must pay all the expenses associated with the operation of ACY terminal operations. JCWS was sold to American Port Services ("AvPorts") during 1997. AvPorts assumed all rights and obligations of the existing contract between the Authority and JCWS. Until July 1, 2008, the Authority and AvPorts have been operating under a five-year extension of the operating and maintenance agreement, which was provided for in the original contract. Effective July 1, 2008, the Authority entered into a new operating and maintenance agreement with AvPorts that will expire on June 30, 2013.

18. AIRPORT MANAGEMENT (CONTINUED)

Effective April 15, 1998, the Authority assumed control of the runways and taxiways at ACY pursuant to Resolution 1998-14. The Authority executed a lease and cooperative agreement with the William J. Hughes Technical Center for certain lands, facilities and equipment for the Atlantic City International Airport. The execution of this agreement requires the Authority to maintain the airfield at ACY, but it also allows for the collection of landing fees.

Pursuant to the Act, the Authority has the power to set rates and charges at ACY. The Authority has adopted a compensatory rates and charges methodology. Rates and charges are subject to review and adjustment every two years. Currently, the Authority is operating under the Rates and Charges Resolution adopted June 25, 2002.

19. STATE PAYMENT

Pursuant to an agreement dated November 17, 1983 ("State Contract"), between the Authority (as successor to the New Jersey Expressway Authority) and the New Jersey Department of Transportation ("NJDOT"), the Authority is obligated to pay to the NJDOT, annually during the term of the State Contract, a guaranteed minimum sum of $2,500,000 ("State Payment"). The State Payment is payable in equal monthly installments on or before the twenty-first day of each month for deposit into the State Payment Fund. Subject to the pledge of the Third Amended and Restated Resolution, the Authority has pledged, pursuant to the terms of the State Contract, all revenues for the payment of the State Payment, which pledge is subordinate in rank and right of payment to that of Subordinated Indebtedness issued pursuant to the Third Amended and Restated Resolution.

On May 19, 2009, the State Contract was amended to provide for a reduction in the amount of the State Payment by the amount of the NJDOT's Payment Obligation (as hereinafter defined) to the extent such NJDOT's Payment Obligation is unpaid in any Fiscal Year. See note 27; "South Inlet Transportation Improvements Project") regarding the Authority's issuance of the 2009 Subordinated Bonds.

On June 30, 2009, the parties to the State Contract agreed that the Authority would pay to NJDOT for State Fiscal Year 2010 an additional State Payment of Eight Million Dollars ($8,000,000) ("Additional State Payment"). This Additional Payment is payable in addition to the State Payment and was subject to adoption of an amended Annual Operating Budget ending December 31, 2009 by the Board of Commissioners of the Authority. The Authority intended to fund this Additional Payment from available funds generated in 2009. On November 17, 2009, the Authority amended the 2009 Operating Budget to provide for the Additional State Payment. At December 31, 2009, the Authority has accrued $8,208,334 which represents one month of the State Payment Obligation and the $8,000,000 Additional State Payment Obligation.

20. ELECTRONIC TOLL COLLECTION

In May 1995, the Authority entered into an agreement with MFS Network Technologies, Inc. for the design and implementation of an Electronic Toll Collection and Traffic Management System (the "ACE ETTM System"). The system became operational for certain buses in July 1997.

In December, 1996, the Authority, along with the New Jersey Turnpike Authority (the "Turnpike Authority"), the New Jersey Highway Authority (the "Highway Authority"), The Port Authority of New York and New Jersey, and the State of Delaware, Acting By and Through Its Department of Transportation (each a "Participating Agency" and, collectively, the "Participating Agencies") established a Consortium (the "Consortium") for the purpose of implementing an E-ZPass® electronic toll collection system (the "Electronic Toll Collection System" or the "ETC System") for the toll roadways operated by the Participating Agencies. In March, 1998, the Turnpike Authority, as lead agency for the Consortium, entered into a contract with MFS Network Technologies, Inc. (the "ETC Project Agreement"), pursuant to which MFS Network Technologies, Inc. ("MFS") and its successors provided services to the Consortium in connection with: (i) the design, installation and implementation of the ETC System, (ii) the design, installation, marketing, operation and maintenance of a fiber optic system along the toll roads operated by the Participating Agencies, and (iii) the design, installation, implementation, maintenance and operation of a customer service center and violations processing center for the ETC System and the ACE ETTM System, all as more fully described in the ETC Project Agreement (collectively, the "ETC Project"). Subsequent to the execution of the ETC Project Agreement, Worldcom, Inc. ("Worldcom") became the eventual successor in interest to all of the rights, duties and obligations of MFS under the ETC Project Agreement.

The Authority's participation in this Consortium resulted from its desire to provide E-ZPass® as a method of payment to its patrons. Consequently, the Authority's participation in the Consortium was limited to the implementation and operation of the Customer Service Center/Violations Processing Center (the "CSC/VPC") and the fiber optic system portions of the ETC Project.

E-ZPass® became available as method of payment on the Expressway on November 11, 1998 in connection with the opening of the Consortium Customer Service Center. In July 2002, the Turnpike Authority, acting as lead agency for the Consortium, gave notice to Worldcom of the early termination of the ETC Project Agreement by the Consortium in accordance with the terms of the ETC Project Agreement. Subsequently, the Authority, the Turnpike Authority and the Highway Authority (collectively, the "NJ Agencies") entered into a Professional Services Agreement, effective as of August 2, 2002 (the "ACS Agreement"), with ACS State & Local Solutions, Inc. ("ACS") pursuant to which ACS agreed to provide certain remediation services for the ETC System for the Turnpike and Highway Authorities and to operate and maintain the ETC System for the Turnpike and Highway Authorities, as well as to operate and maintain the customer service center and the violations processing center, for the toll roadways operated by the NJ Agencies until July 31, 2012, unless the ACS Agreement is earlier terminated in accordance with its terms.

20. ELECTRONIC TOLL COLLECTION (CONTINUED)

Payments that the Authority may be required to make under the ACS Agreement and prior agreements relating to the E-ZPass® project constitute Pledged Project Operating Expenses payable from Revenues prior to Debt Service on the Bonds.

ACS began operating and maintaining the E-ZPass® CSC and VPC for the toll roads operated by the NJ Agencies on or about March 25, 2003 and because the Authority participates in the CSC/VPC portion of the contract only; pursuant to the ACS Agreement, ACS shall invoice the Authority on a monthly basis for 3.6% of all amounts due with regard to those services (the "CSC Services") pertaining to establishment, operation and maintenance of the Customer Service Center (the "CSC"), including the portion of the CSC to be used for the processing of toll collection violations (the "VPC"). Payments to be made by the Authority under the ACS Agreement constitute Operating Expenses of the Expressway Project.

21. INTERFUNDS AND AIRPORT SUBSIDY

The total interfund payable from the Airport Fund to the Expressway Fund at December 31, 2009 is $30,465,535, which consists of $21,352,036 payable from unrestricted funds and $9,113,499 payable from restricted funds.

Pursuant to the third amended and restated resolution authorizing bonds and other obligations, Section 5.02(I) establishes an Airport Fund.

Accordingly, the Airport Fund is maintained separately from the Expressway Fund and the financial results are separately presented in the accompanying Proprietary Fund Financial Statements. Any excess direct operating expense incurred over revenue earned at the Airport is subsidized by the Expressway Fund and is a liability of the Airport Fund to the Expressway Fund. The Authority periodically transfers amounts from the Expressway Fund to the Airport Fund to subsidize Airport operations. When such transfers are made, the Authority establishes a loan receivable from the Airport Fund to the Expressway Fund for the amount transferred. The loan is payable to the Expressway Fund from unrestricted funds of the Airport Fund when the monies are used on Airport operating expenses, and the loan is payable from restricted funds of the Airport Fund when the monies are used on Airport capital expenditures. These loans are payable to the Expressway Fund when Airport revenue exceeds Airport direct operating expense in any given year, but in no event later than ten years from the date of the loan. Any amounts not repaid by the end of the term due will be written off at the end of the ten-year period.

22. CRDA PARKING FEE AGREEMENT

On October 10, 1997, in connection with the Atlantic City Expressway Connector Project, the Authority entered into a Parking Fee Agreement with the Casino Reinvestment Development Authority ("CRDA").

Pursuant to the Agreement, a portion of certain statutory parking fees ("Marina Parking Fees") receivable by CRDA from marina parking facilities used in conjunction with any new licensed casino hotel construction and located on land in the Marina District (also commonly known as the H-Tract) will be payable to the Authority. These parking fees pertain to the minimum charge per day for each motor vehicle parked, garaged or stored in a parking space in the parking facility, other than for motor vehicles owned or leased by the owner or operator of such facility or by an employee of the casino hotel which owns or leases such facility. The maximum amount payable by CRDA under the Parking Fee Agreement is an amount sufficient to amortize $65 million in Authority bonds issued to finance the Atlantic City Expressway Connector Project and certain allocated costs of issuance. CRDA's payment obligations under the Parking Fee Agreement, as amended by the First, Second and Third Amendments dated June 15, September 20, 2001, and March 2005 respectively are subordinate to the prior lien on the Marina Parking Fees of certain parking revenue bonds of CRDA, plus liens associated with two additional issuances CRDA parking revenue bonds. During 2009, the Authority recognized revenue of $2,941,184 versus $3,049,461 in 2008. Through December 31, 2009, CRDA has paid the Authority a total of $19,246,511. Because of the subordination provisions described above, there are no assurances that the amount of Marina Parking Fees available to enable CRDA to repay the Authority will be sufficient for such purposes.

23. TRANSPORTATION SERVICES

Effective January 1, 2004, the Authority acquired and assumed the operation of the "Comprehensive Transportation System" in Camden and Gloucester Counties, previously operated by the Camden County Improvement Authority. The Comprehensive Transportation System includes (i) the transportation needs of the Work Force New Jersey and Temporary Assistance To Needy Families ('TANF") recipients, post-TANF recipients, welfare clients, low income individuals, and other transit dependents, (ii) the operation of a Job Access/Reverse Commute Program in Camden County, (iii) a partnership with New Jersey Transit to provide local shuttle motor bus passenger service in and around Camden County, and (iv) transportation services for residents of Gloucester County to and from the Pureland Industrial Park from Westville and Woodbury, Gloucester County. Funding from the various state grants above are used to fund operating costs. Operating expenses incurred are offset by operating revenues from each respective grantor agency, as well as revenue from local private employers. Services continued to be provided between the Authority and the Home Port Alliance, to provide transportation to the Battleship New Jersey. The Authority also continued to provide shuttle services at the airport for passenger's convenience to and from the surface parking lots, as well as transportation services for Salem Interagency Council in and around Camden and Salem Counties, and at the Richard Stockton State College to provide for shuttle bus services to the College.

24. RELATED PARTY

As of June 30, 2005, a board member was appointed to the Authority Board of Commissioners. This individual is the brother of one of the partners in a law firm that provided representation and received compensation from the Authority during 2009. During 2009, this firm billed the Authority $406,356 for services rendered. At December 31, 2009, $69,703 was payable and due to the firm. As of the date of this report, all outstanding amounts for the year ending December 31, 2009 have been paid. This commissioner does not direct legal work to any law firms on behalf of the Authority and additionally, abstains from voting when legal invoices are presented to the Board of Commissioners for approval.

25. OPERATING LEASES

The Authority currently has a lease agreement with a private company to provide office space for the SJTPO office in Vineland, New Jersey. This lease expires in 2010. In October of 2008, the Authority entered into a sublease agreement with a private company to lease office space in Camden, New Jersey. The term of this Sublease shall be for a period of three (3) years, commencing on June 17, 2008. The term of the Sublease shall expire on June 16, 2011, unless sub-lessee has exercised its renewal options. The Authority has the option to renew the Sublease Agreement, for two (2) additional terms of one (1) year. Lease expenses incurred for 2009 and 2008 were $114,752 and $130,244, respectively.

26. OTHER POST EMPLOYMENT BENEFITS

The Authority has implemented GASB Statement No. 45 “Accounting and Financial Reporting for Employers for Post-employment Benefits Other than Pensions” (“GASB 45”). This Statement establishes the standards for the measurement, recognition, and display of Other Post-employment Benefits (“OPEB”) expense and related liabilities, note disclosures, and if applicable, required supplementary information (“RSI”) in the financial reports of state and local governmental employers.

Post-employment benefits are part of an exchange of salaries and benefits for employee services rendered. Most OPEB have been funded on a pay-as-you-go basis and have been reported in financial statements when the promised benefits are paid. GASB 45 requires state and local government’s financial reports to reflect systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and provides information about actuarial accrued liabilities associated with the OPEB and whether and to what extent progress is being made in funding the plan.

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Plan Description

Pursuant to N.J.S.A. 27:25 A-1 et seq, and certain board resolutions, the South Jersey Transportation Authority provides group health care, prescription drugs, dental, vision benefits and Medicare Part B premium reimbursements for active and retired employees (and for eligible dependents and survivors of active and retired employees). Collectively, these covered individuals are referred to as participants. Group health and prescription drug benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. Dental benefits are paid through a plan under which benefits are paid by the service provider on behalf of the Authority. Vision and Medicare Part B premium reimbursements are paid directly by the Authority. The actuarial valuation report was based on 299 total participants including 96 retirees. As of December 31, 2009, there were no funding contributions required from any of the participants. The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost represents the accrued cost for post-employment benefits under GASB 45. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation, included on the balance sheet. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events far into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the January 1, 2009 actuarial valuation, the projected unit credit cost method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 6.25%, an annual medical healthcare and prescription drug cost trend rate of 11.0% in 2009, with a gradual decline of .5% per year until an ultimate health care cost trend rate is reached in 2018 of 6.0%. Medicare Part B premiums are assumed to increase by 5.0% each year. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years and is calculated assuming a level percentage of projected payroll.

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Plan Changes Since Prior Evaluation

The Authority changed its post-employment plan design in late 2008. Effective January 1, 2009, the Authority changed the pre 65 retiree post-employment health plan to the fully insured New Jersey Turnpike Authority (NJTA) Direct Access and CIGNA HMO Plans. The post 65 retiree post-employment health plans changed to the fully insured AARP Indemnity and Horizon Prescription Drug plans.

In the January 1, 2009 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2009 was projected as follows:

	Expressway	Airport	Total
Normal Cost	$ 1,654,100	$ 291,900	$ 1,946,000
Interest on Normal Cost	103,700	18,300	122,000
Amortization	(5,032,000)	(888,000)	(5,920,000)
Interest on Amortization	(314,500)	(55,500)	(370,000)
	$ (3,588,700)	$ (633,300)	$ (4,222,000)

Other Post-employment Benefit Costs and Obligations

The following reflects the components of the 2009 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the January 1, 2009 actuarial valuation and actual OPEB payments made or accrued during 2009:

	Expressway	Airport	Total
Net OPEB Obligation - Beginning of Year	$46,145,968	$8,350,140	$54,496,108
Annual Required Contribution	(3,588,700)	(633,300)	(4,222,000)
Interest on Net OPEB Obligation	2,895,100	510,900	3,406,000
Adjustment to ARC			-
Annual OPEB Cost	(693,600)	(122,400)	(816,000)
Employer Contributions	(844,699)	(149,065)	(993,764)
Decrease in Net OPEB Obligation	(1,538,299)	(271,465)	(1,809,764)
Net OPEB Obligation - End of Year	44,607,669	8,078,675	52,686,344
Percentage of OPEB Cost Contributed	-121.78%	-121.79%	-121.78%

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Required Supplementary Information:

	Expressway	Airport	Total
Actuarial Value of Plan Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	41,289,600	7,286,400	48,576,000
Total Unfunded AAL (UAAL)	41,289,600	7,286,400	48,576,000
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll	18,995,918	2,458,815	21,454,733
UAAL as a % of Covered Payroll	217.36%	296.34%	226.41%

During 2008, the Authority established an account for OPEB contributions and authorized contributions up to $2 million per year. During 2009, the Authority contributed $2 million to this account. Had this contribution been made to Trust administered by a third-party, the actuarial value of the plan assets as well as other significant plan data would be as follows:

	Expressway	Airport	Total
Actuarial Value of Plan Assets	$ 3,405,951	$ 594,049	$ 4,000,000
Actuarial Accrued Liability (AAL)	41,289,600	7,286,400	48,576,000
Total Unfunded AAL (UAAL)	37,883,649	6,692,351	44,576,000
Funded Ratio	8.25%	8.15%	8.23%
Covered Payroll	18,995,918	2,458,815	21,454,733
UAAL as a % of Covered Payroll	199.43%	272.18%	207.77%

27. SOUTH INLET TRANSPORTATION IMPROVEMENTS PROJECT

Pursuant to a tri-party agreement, dated as of May 18, 2009, by and among the Casino Reinvestment Development Authority ("CRDA"), New Jersey Department of Transportation ("NJDOT") and the Authority ("South Inlet Funding Agreement"), CRDA has agreed to undertake the construction of the South Inlet Transportation Improvements Project. The Authority has agreed to finance the NJDOT's construction portion of the costs of the South Inlet Transportation Improvements Project, in the amount of $17,000,000 through the issuance of the 2009 Subordinated Bonds pursuant to the Subordinated Resolution. See footnote #8 for more information regarding the 2009 Subordinated Bonds.

27. SOUTH INLET TRANSPORTATION IMPROVEMENTS PROJECT (CONTINUED)

Pursuant to the terms of the South Inlet Funding Agreement, the NJDOT has agreed to pay the Authority, subject to State Legislative appropriations and the availability of funds therefore, in each State Fiscal Year for a period not to exceed twenty (20) years, an amount equal to debt service on the 2009 Subordinated Bonds, plus all costs, liabilities and administrative expenses incurred by the Authority in connection therewith (collectively, "NJDOT's Payment Obligation"), which aggregate amount shall not exceed $2,500,000 in each year. The amount received by the Authority from the NJDOT for NJDOT's Payment Obligation payable under the South Inlet Funding Agreement constitutes revenues under the Third Amended and Restated Bond Resolution.

On August 4, 2009, the Authority issued $19,085,000 of Subordinated Bonds, $17,000,000 of which was transferred to the CRDA on behalf of the NJDOT in accordance with the terms of the South Inlet Funding Agreement. NJDOT is scheduled to repay the Authority based on the schedule outlined below:

Year		Amount	Year		Amount
Initial Payment	$	1,691,376	2019	$	1,503,619
2010		1,501,169	2020		1,501,957
2011		1,504,419	2021		1,502,331
2012		1,504,419	2022		1,499,425
2013		1,504,019	2023		1,503,125
2014		1,504,019	2024		1,499,350
2015		1,499,819	2025		1,503,325
2016		1,500,419	2026		1,501,338
2017		1,499,619	2027		1,501,500
2018		1,502,419			

28. AIRTRAN AIRWAYS RISK ABATEMENT

On March 20, 2009, the Authority entered into a Transportation Services Agreement with AirTran Airways, Inc. ("AirTran"). Under the terms of the agreement, effective June 11, 2009, AirTran will operate daily scheduled round-trip jet service between Atlantic City ("ACY") and Atlanta ("ATL").

AirTran has identified and set the frequency of flights and flight times in the identified city pair markets. All flights will be operated with AirTran's normal passenger in-flight services. AirTran has determined the fare levels and inventory allocations by fare level for all jet services. AirTran is responsible for all operating expenses related to the jet service provided including, but not limited to aircraft, crew, maintenance, insurance, fuel, ground services, reservations and normal distribution.

As an inducement to AirTran to provide jet service, the Authority guarantees to AirTran gross passenger revenues of $4,496 plus appropriate fuel adjustments per block hour for the ATL-ACY service, as such amount may be adjusted from time to time in accordance with the terms of the agreement. AirTran has set a proposed block hour time for the jet service between ACY and ATL. The Authority agrees that AirTran's determination of the actual block hour times will

28. AIRTRAN AIRWAYS RISK ABATEMENT (CONTINUED)

be the basis for the "Block Hour Guarantee". AirTran will determine on a monthly basis whether its gross passenger revenues fall below the Block Hour Guarantee ("Block Hour Shortfall"). In the event a Block Hour Shortfall occurs, AirTran will prepare and submit a Block Hour Shortfall billing to the Authority. According to the terms of the agreement with AirTran, in no event shall the cumulative Block Hour Shortfall exceed $3,100,000. The amounts payable under this agreement are payable solely from revenues received by the Authority for operating, maintaining or repairing the Transportation System, other than airport revenues and deposited in the General Reserve Fund as defined in the Authority's Bond Resolution.

As of December 31, 2009, the Authority has paid AirTran the amount of $2,090,490 and has recorded a payable as of the year ending December 31, 2009 in the amount of $384,147.

29. POLLUTION REMEDIATION COST

Effective 2008, pollution remediation costs are required to be charged in accordance with the provisions of GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The Statement establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. An operating expense and corresponding liability, measured at its current value using the expected cash flow method, should be recognized for certain pollution remediation obligations that are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations, which are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations, occur when any one of the following obligating events take place:

- An imminent threat to public health due to pollution exists.
- The Authority is in violation of a pollution prevention-related permit or license.
- The Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation.
- The Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities, or
- The Authority voluntarily commences or legally obligates itself to commence remediation efforts.

As of December 31, 2009, the Authority has determined that it is not required to recognize any operating expense or record a corresponding liability for any pollution remediation obligation.

30. LOAN AGREEMENT WITH THE CASINO REINVESTMENT DEVELOPMENT AUTHORITY

On March 16, 2009, the Authority entered into a Loan and Security Agreement ("Loan") with the Casino Reinvestment Development Authority ("CRDA") in the amount of $5,200,000. The proceeds of this loan are being used to partially fund the construction of a $13.1 million Apron Expansion at the Atlantic City International Airport. Improvements to the apron were necessary to accommodate the planned expansion of the main terminal and effectuate safety upgrades. The safety upgrades will improve the grade of the existing apron area to meet Federal Aviation Administration (FAA) standards, provide for the separation of airplane traffic and ground vehicle traffic, and increase the area for remote overnight parking of aircraft to allow for greater aircraft movement.

This Loan is secured solely from Passenger Facility Charges ("PFC's") collected by the Authority, and accordingly repayments of the Loan are made from PFC' s collected by the Authority in the month following receipt. Interest is accruing on the outstanding balance of the Loan at the rate of 4.132% per year during the term of the Loan. The Loan shall mature upon the expiration of five (5) years from the date of the Note. During 2009, the Authority received a total of $4,658,267 in Loan Proceeds from CRDA, and has repaid principal and interest in the amount of $813,319 and $41,414 respectively. The outstanding loan payable balance at December 31, 2009 is $3,844,948.

31. PRIOR PERIOD ADJUSTMENT

Correction of year-end balances at December 31, 2008

The ending balances at December 31, 2008 for Buildings and Equipment and the Accumulated Depreciation for Non-Infrastructure Capital Assets were reported incorrectly. A year-end adjusting entry was unintentionally duplicated resulting in incorrect balances. Below are the correct balances that will be reflected in the Statement of Net Assets for the period ending December 31, 2008.

	As Originally Reported	Adjustments	Corrected Balances
Noncurrent assets:			
Capital assets:			
Non-Infrastructure Capital Assets:			
Buildings and Equipment	$ 95,133,262	$ 924,155	$ 96,057,417
Less: Accumulated Depreciation	(44,420,694)	(924,155)	(45,344,849)

OTHER SUPPLEMENTARY INFORMATION

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

FUND FINANCIAL STATEMENTS

December 31, 2009

With Comparative Totals as of December 31, 2008

	Unrestricted Accounts			Restricted Accounts								Totals	
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	2009	2008
ASSETS													
Unrestricted Assets													
Cash and Cash Equivalents	$ 16,071,688	$ 1,679,819	$ 27,002,586									$ 44,754,093	$ 18,023,202
Investments			2,589,144									2,589,144	10,075,525
Change Funds	44,835	10,067										54,902	50,999
Interest Receivable	1,599	348	4,885									6,831	21,782
Accounts Receivable, net of allowance for uncollected accounts of $108,066	2,115,112	749,109										2,864,221	3,044,225
Grants Receivable	1,238,677	-										1,238,677	1,851,873
Prepaid Expenses	1,574,235	333,376										1,907,611	2,044,396
Security Deposits	114,168											114,168	114,168
Inventory	257,950											257,950	182,479
Interfunds Receivable	10,776,010	179,762	24,114,058								$ (35,069,830)	-	
Total Unrestricted Assets	32,194,273	2,952,481	53,710,672					-			(35,069,830)	53,787,597	35,408,649
Restricted Assets													
Cash and Cash Equivalents	3,838,419			$ 3,743,477	$ 5,286,186	$ 63	$ 6,748,104	$ 189,984	$ 266,215	$ 44,884,654		64,957,103	37,397,015
Investments	1,014,970			-	827,981		23,825,167	-	1,401,697	170,047,367		197,117,182	49,842,006
Accounts Receivable									17,000,000	1,206,605		18,206,605	
Grants Receivable										1,385,745		1,385,745	648,438
Interfunds Receivable				16,133,752	1,608,036	8,208,334	1,506,251	181,447	1,476,867	10,446,025	(39,560,713)	-	
Interest Receivable				598	930	28	149,399	33	191,006	17,720		359,714	224,041
Total Restricted Assets	4,853,389	-	-	19,877,828	7,723,133	8,208,425	32,228,922	371,464	20,335,785	227,988,115	(39,560,713)	282,026,349	88,111,500
Noncurrent Assets													
Capital assets:													
Non-Infrastructure Capital Assets:													
Land and Improvements	-									146,921,642		146,921,642	147,351,642
Electronic Toll Equipment	-									8,917,935		8,917,935	8,917,935
Buildings and Equipment	-									101,751,293		101,751,293	96,057,417
Less Accumulated Depreciation	-									(49,360,579)		(49,360,579)	(45,344,849)
Total Non-Infrastructure Capital Assets	-	-	-	-	-	-	-	-	-	208,230,292	-	208,230,291	206,982,145
Infrastructure Capital Assets:													
Infrastructure - Equipment	-									23,555,903		23,555,903	10,576,623
Infrastructure	-									424,864,360		424,864,360	400,103,204
Less Accumulated Depreciation	-									(122,206,190)		(122,206,190)	(107,203,960)
Total Infrastructure Capital Assets	-	-	-	-	-	-	-	-	-	326,214,072	-	326,214,073	303,475,867
Construction in Progress										30,592,825		30,592,825	28,097,261
Total Capital Assets	-	-	-	-	-	-	-	-	-	565,037,189	-	565,037,189	538,555,273
Bond Issuance Costs									641,053	10,748,557		11,389,610	9,858,378
Less Accumulated Amortization										(2,273,333)		(2,273,333)	(3,283,792)
Total Non-current Non-capital Assets	-	-	-	-	-	-	-	-	641,053	8,475,224	-	9,116,277	6,574,586
Total Non-Current Assets	-	-	-	-	-	-	-	-	641,053	573,512,413	-	574,153,466	545,129,859
TOTAL ASSETS	$ 37,047,662	$ 2,952,481	$ 53,710,672	$ 19,877,828	$ 7,723,133	$ 8,208,425	$ 32,228,922	$ 371,464	$ 20,976,838	$ 801,500,528	$ (74,630,543)	$ 909,967,412	$ 668,650,008

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

FUND FINANCIAL STATEMENTS

December 31, 2009

With Comparative Totals as of December 31, 2008

	Unrestricted Accounts			Restricted Accounts								Totals	
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	2009	2008
LIABILITIES AND NET ASSETS													
Current Liabilities Payable From													
Unrestricted Assets:													
Accounts Payable	$ 5,300,738	$ 2,556,598	$ 384,147									$ 8,241,483	$ 7,509,521
Due to Other Governmental Agencies			349,995									349,995	
Deferred Income	511,375	43,277										554,652	564,637
Deferred Interest Revenue	-											-	-
Escrow Deposits and Reserves	47,623	62,628										110,251	334,585
Accrued Expenses	2,977,903	285,973								$ 2,533		3,266,409	2,487,011
Interfunds Payable	14,591,236	21,352,036	8,000,011								$ (43,943,283)	-	-
Total Current Liabilities Payable From Unrestricted Assets	23,428,875	24,300,512	8,734,152	-	-	-	-	-	-	2,533	(43,943,283)	12,522,790	10,895,754
Current Liabilities Payable From													
Restricted Assets:													
Accrued Expenses			-									-	-
Accrued Interest				$ 3,517,874					$ 134,095	-		3,651,969	2,779,455
Accounts Payable									13	7,961,155		7,961,168	3,608,983
Deferred Income										-		-	-
Unamortized SWAP Premium										7,909,587		7,909,587	6,126,552
Retainages Payable										1,370,231		1,370,231	752,578
Due to Other Government Agencies	-					$ 8,208,334				3,844,948		12,053,282	208,334
PFC Advanced										5,863,275		5,863,275	4,271,725
CFC Advanced										-		-	697,169
Reserve for Self-Insurance	1,623,515	765,800										2,389,314	1,592,454
Economic Recovery Funds Advanced										104,662		104,662	104,662
Elevated U-Turn Payable										-		-	-
Interfunds Payable				706,515	$ 1,409,421	-	$ -	$ 159,519	1,687,141	26,724,664	(30,687,260)	-	-
Bonds and Notes Payable Net of Discount, Premium and and Loss on Defeasance ($275,195)									715,794	6,824,011		7,539,805	5,776,833
Total Current Liabilities Payable From Restricted Assets	1,623,515	765,800	-	4,224,389	1,409,421	8,208,334	-	159,519	2,537,043	60,602,533	(30,687,260)	48,843,293	25,918,745
Noncurrent Liabilities:													
Other Postemployment Benefits other than Pensions	44,607,669	8,078,675										52,686,344	54,496,108
Arbitrage Rebate Payable								94,305				94,305	55,417
Bonds and Notes Payable Net of Discount, Premium and and Loss on Defeasance ($3,865,494)									18,434,001	471,295,505	-	489,729,506	279,369,345
Total Noncurrent Liabilities	44,607,669	8,078,675	-	-	-	-	-	94,305	18,434,001	471,295,505	-	542,510,155	333,920,870
TOTAL LIABILITIES	$ 69,660,059	$ 33,144,987	$ 8,734,152	$ 4,224,389	$ 1,409,421	$ 8,208,334	$ -	$ 253,824	$ 20,971,044	$ 531,900,571	$ (74,630,543)	$ 603,876,238	$ 370,735,369

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

FUND FINANCIAL STATEMENTS

December 31, 2009

With Comparative Totals as of December 31, 2008

	Unrestricted Accounts			Restricted Accounts								Totals	
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	2009	2008
NET ASSETS													
Invested in Capital Assets, Net of Related Debt										$ 148,940,297		$ 148,940,297	$ 265,793,486
Restricted for:													
Debt Service				$ 15,653,439								15,653,439	11,136,459
Rehabilitation and Repair					$ 6,313,712							6,313,712	6,308,181
Debt Service Reserve							$ 32,228,922					32,228,922	19,350,366
State Payment						$ 91						91	121
Capital Projects										120,659,660		120,659,660	14,944,231
Arbitrage Rebate								$ 117,641				117,641	-
Subordinated Debt Fund									$ 5,794			5,794	-
Unfunded OPEB/(Deficit)	$ (40,710,438)	$ (6,362,804)										(47,073,242)	(45,344,707)
Funded OPEB Obligation	3,405,951	594,049										4,000,000	2,000,000
Unrestricted	4,692,091	(24,423,750)	$ 44,976,520						-	-		25,244,861	23,726,504
Total Net Assets	(32,612,396)	(30,192,505)	44,976,520	15,653,439	6,313,712	91	32,228,922	117,641	5,794	269,599,957	-	306,091,175	297,914,641
TOTAL LIABILITIES AND NET ASSETS	$ 37,047,663	$ 2,952,482	$ 53,710,672	$ 19,877,828	$ 7,723,133	$ 8,208,425	$ 32,228,922	$ 371,465	$ 20,976,838	$ 801,500,528	$ (74,630,543)	$ 909,967,413	$ 668,650,010

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FUND FINANCIAL STATEMENTS

Twelve months ended December 31, 2009

With Comparative Totals as of december 31, 2008

	Unrestricted Accounts		Restricted Accounts									Totals	
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	2009	2008
Operating Revenues:													
Tolls	$ 82,162,229											$ 82,162,229	$ 63,476,068
Concessions	1,914,142											1,914,142	1,961,787
ETC Administration Revenue	2,313,100											2,313,100	2,374,981
Garage Parking	928,839											928,839	1,514,516
Marina Parking Revenue	2,941,184											2,941,184	3,049,461
Intercept Parking	339,071											339,071	371,540
Bus Permits	383,401											383,401	482,697
Rentals	4,360,381											4,360,381	4,536,859
SJTPO Programs	1,822,778											1,822,778	2,000,516
Transportation Services	2,106,283											2,106,283	2,186,568
Other	833,087		-									833,087	508,338
Airport	-	$ 9,528,071										9,528,071	9,142,358
Total Operating Revenues	100,104,495	9,528,071	-	-	-	-	-	-	-	-	-	109,632,566	91,605,689
Operating Expenses:													
Executive	2,207,394											2,207,394	1,979,608
Policy and Planning	495,542											495,542	449,001
Engineering	3,333,800											3,333,800	3,490,024
Finance	1,600,396											1,600,396	1,495,735
Central Accounts	10,864,209											10,864,209	8,700,976
Other Post-Employment Benefit	844,699	149,065										993,764	1,566,892
Marketing and Communications	336,801											336,801	655,411
Tourist Services	6,229,920											6,229,920	6,226,498
Maintenance	6,522,283											6,522,283	7,275,244
Police	7,800,907											7,800,907	7,385,593
Emergency Service Patrol	694,876											694,876	932,738
Electronic Toll Collection Expense	3,811,498											3,811,498	3,711,438
Directional Signage Program	-											-	1,370
Parking-(Non Airport)	728,272											728,272	876,251
Information and Toll Technology	1,663,670											1,663,670	2,076,179
SJTPO Programs	1,822,778											1,822,778	2,000,516
Miscellaneous-Payment of Claim	-											-	-
Transportation Services	2,115,810											2,115,810	2,344,252
Airport	-	14,166,369										14,166,369	12,603,490
Depreciation	-									$ 19,911,102		19,911,102	18,108,266
Total Operating Expenses	51,072,855	14,315,434	-	-	-	-	-	-	-	19,911,102	-	85,299,391	81,879,482
Operating Income (Loss)	49,031,640	(4,787,363)	-	-	-	-	-	-	-	(19,911,102)	-	24,333,175	9,726,207

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FUND FINANCIAL STATEMENTS

Twelve months ended December 31, 2009

With Comparative Totals as of december 31, 2008

	Unrestricted Accounts			Restricted Accounts									
	Revenue Fund	Airport Fund	General Reserve Fund	Debt Service Fund	Rehabilitation and Repair Fund	State Payment Fund	Debt Service Reserve Fund	Rebate Fund	Subordinated Debt Fund	Construction Fund	Consolidation Eliminations	Totals 2009	Totals 2008
Non-Operating Income(Expenses)													
Interest Revenue	$ 817,219	$ 7,535	$ 37,183	$ 13,669	$ 15,545	$ 236	$ 178,553	$ 331	$ 191,006	$ 838,485	$	$ 2,099,762	$ 4,678,195
Gain on Sale of Assets	42,442									-		42,442	50
Reduction in OPEB Liability	1,538,299	271,465										1,809,764	45,521,892
AirTran Risk Abatement/NJDOT Feeder Rd.	-		(2,824,632)	-	-					-		(2,824,632)	(2,571)
Amortization Expense									(10,117)	(778,835)		(788,952)	(481,111)
Amortization of Bond Premium									5,794	241,627		247,421	55,551
Interest on Bonds				(16,087,497)				(38,888)	(325,101)	(589,124)		(17,040,609)	(14,584,772)
State Payment						(10,500,000)						(10,500,000)	(2,500,000)
Total of Non-Operating Income/(Expenses)	2,397,960	279,000	(2,787,449)	(16,073,828)	15,545	(10,499,764)	178,553	(38,557)	(138,418)	(287,847)	-	(26,954,804)	32,687,234
Income (Loss) before Contributions and Transfers	51,429,600	(4,508,363)	(2,787,449)	(16,073,828)	15,545	(10,499,764)	178,553	(38,557)	(138,418)	(20,198,949)	-	(2,621,629)	42,413,441
Capital Contributions - Grants										10,798,167	(10,798,167)	-	-
Capital Contributions - Other Sources										-	-	-	-
Total Capital Contributions											10,798,167	10,798,167	12,497,177
Interest Revenue Transferred From Restricted Funds	758,791										(758,791)	-	
Interest Revenue Transferred To Operating Account					(10,014)	(274)	(59,594)			-	758,791	688,909	529,442
Bonds Principal Payment Transfer										-		-	-
Transfers (To)/From Unrestricted Funds	11,119,302	-	32,259,428	20,287,279	-	10,500,008	12,759,597			(1,736,976)	(85,188,638)	-	
Transfers (To)/From Restricted Funds	(68,018,989)	-	(18,306,299)	303,529					144,212	-	85,188,638	(688,909)	(529,441)
Change in Net Assets before Cumulative Effect of Accounting Change	(4,711,296)	(4,508,363)	11,165,680	4,516,980	5,531	(30)	12,878,557	(38,557)	5,794	(11,137,759)	-	8,176,538	54,910,619
Total Net Asset Balance -- Beginning	(27,901,101)	(25,684,141)	33,810,840	11,136,459	6,308,181	121	19,350,365	156,198	-	280,737,715		297,914,643	243,004,024
Cumulative Effect of Accounting Change	-											-	-
Total Net Asset Balance -- Beginning as adjusted	(27,901,101)	(25,684,141)	33,810,840	11,136,459	6,308,181	121	19,350,365	156,198	-	280,737,715	-	297,914,637	243,004,024
Total Net Assets -- Ending	$ (32,612,397)	$ (30,192,504)	$ 44,976,520	$ 15,653,439	$ 6,313,712	$ 91	$ 32,228,922	$ 117,641	$ 5,794	$ 269,599,956	$ -	$ 306,091,175	$ 297,914,643

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
Transportation System Revenue Bonds,	4/15/2003	$ 15,790,000	4.00%	11/01/09	$ 1,910,000	$	$ 1,910,000	$ -
2003 Series			3.25%	11/01/10	1,985,000			1,985,000
(Tax Exempt)			5.00%	11/01/11	2,050,000			2,050,000
Original Issue Amount $44,100,000			5.25%	11/01/12	2,155,000			2,155,000
					8,100,000	-	1,910,000.00	6,190,000
Transportation System Revenue Bonds,	06/02/99	204,520,000	4.500%	11/01/09	3,530,000		3,530,000	-
1999 Series			5.250%	11/01/10	3,685,000			3,685,000
(Tax Exempt)			5.250%	11/01/11	3,880,000		3,880,000	-
Original Issue Amount $204,520,000			5.250%	11/01/12	4,080,000		4,080,000	-
			5.250%	11/01/13	6,565,000		6,565,000	-
			5.250%	11/01/14	6,910,000		6,910,000	-
			5.000%	11/01/15	7,275,000		7,275,000	-
			5.000%	11/01/16	7,635,000		7,635,000	-
			5.000%	11/01/17	8,020,000		8,020,000	-
			5.000%	11/01/18	8,420,000		8,420,000	-
			5.000%	11/01/19	8,840,000		8,840,000	-
			5.125%	11/01/20	9,280,000			9,280,000
			5.125%	11/01/21	9,755,000			9,755,000
			5.125%	11/01/22	10,255,000			10,255,000
			5.000%	11/01/23	10,785,000			10,785,000
			5.000%	11/01/24	11,320,000			11,320,000
			5.000%	11/01/25	11,890,000			11,890,000
			5.000%	11/01/26	12,485,000			12,485,000
			5.000%	11/01/27	13,105,000			13,105,000
			5.000%	11/01/28	13,760,000			13,760,000
			5.000%	11/01/29	14,450,000			14,450,000
					185,925,000		65,155,000	120,770,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
Transportation System Revenue Bonds,	06/24/2004 $	22,235,000	3.750%	11/01/09	$ 455,000	$	$ 455,000	$ -
2004 Series A			3.875%	11/01/10	475,000			475,000
(Tax Exempt)			4.000%	11/01/11	490,000			490,000
Original Issue Amount $22,235,000			4.125%	11/01/12	510,000			510,000
			4.250%	11/01/13	530,000			530,000
			4.250%	11/01/14	555,000			555,000
			4.125%	11/01/15	580,000			580,000
			4.250%	11/01/16	600,000			600,000
			5.000%	11/01/17	625,000			625,000
			5.000%	11/01/18	660,000			660,000
			5.000%	11/01/19	690,000			690,000
			5.000%	11/01/20	725,000			725,000
			5.000%	11/01/21	760,000			760,000
			5.000%	11/01/22	800,000			800,000
			5.150%	11/01/23	840,000			840,000
			5.150%	11/01/24	880,000			880,000
			5.150%	11/01/25	925,000			925,000
			5.150%	11/01/26	975,000			975,000
			5.150%	11/01/27	1,020,000			1,020,000
			5.150%	11/01/28	1,075,000			1,075,000
			5.150%	11/01/29	1,125,000			1,125,000
			5.150%	11/01/30	1,180,000			1,180,000
			5.150%	11/01/31	1,240,000			1,240,000
			5.150%	11/01/32	1,305,000			1,305,000
			5.150%	11/01/33	1,370,000			1,370,000
					20,390,000	-	455,000	19,935,000
Transportation System Revenue Bonds,	01/12/06	50,365,000	4.50%	11/01/2030	7,065,000			7,065,000
2006 Series A			4.50%	11/01/2031	7,380,000			7,380,000
(Tax Exempt)			4.50%	11/01/2032	7,710,000			7,710,000
Original Issue Amount $50,365,000			4.50%	11/01/2033	8,055,000			8,055,000
			4.50%	11/01/2034	9,855,000			9,855,000
			4.50%	11/01/2035	10,300,000			10,300,000
					50,365,000	-	-	50,365,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
Taxable Subordinated Notes,								
Series 2009								
Original Issue Amount $10,000,000	02/12/09	$ 10,000,000			$ -	$ 10,000,000	$ 10,000,000	$ -
					-	10,000,000	10,000,000	-
Taxable Subordinated Notes,								
Series 2007								
Original Issue Amount $22,390,000	07/05/07	22,390,000	5.50%	01/01/2010	22,390,000		22,390,000	-
					22,390,000	-	22,390,000	-
Transportation System Revenue Bonds,	08/04/09	$ 62,015,000	3.000%	11/01/11		4,180,000	-	4,180,000
2009 Series A-1			4.000%	11/01/12		4,305,000		4,305,000
(Tax Exempt)			4.000%	11/01/13		6,745,000		6,745,000
Original Issue Amount $62,015,000			4.000%	11/01/14		7,015,000		7,015,000
			4.000%	11/01/15		7,300,000		7,300,000
			5.000%	11/01/16		7,590,000		7,590,000
			4.000%	11/01/17		7,970,000		7,970,000
			4.000%	11/01/18		8,290,000		8,290,000
			4.000%	11/01/19		8,620,000		8,620,000
					-	62,015,000	-	62,015,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
Transportation System Revenue Bonds,	08/04/09	$ 38,995,000	3.000%	11/01/13	$	$ 775,000	$ -	$ 775,000
2009 Series A-2			3.250%	11/01/14		1,080,000		1,080,000
(Tax Exempt)			3.500%	11/01/15		1,135,000		1,135,000
Original Issue Amount $38,995,000			3.750%	11/01/16		1,320,000		1,320,000
			4.000%	11/01/17		1,390,000		1,390,000
			4.000%	11/01/18		1,445,000		1,445,000
			4.250%	11/01/19		1,510,000		1,510,000
			5.000%	11/01/20		1,250,000		1,250,000
			4.500%	11/01/21		1,290,000		1,290,000
			4.625%	11/01/22		1,310,000		1,310,000
			5.000%	11/01/23		1,320,000		1,320,000
			4.750%	11/01/24		1,325,000		1,325,000
			4.875%	11/01/25		650,000		650,000
			5.000%	11/01/25		650,000		650,000
			4.875%	11/01/26		725,000		725,000
			5.000%	11/01/26		535,000		535,000
			5.000%	11/01/27		1,210,000		1,210,000
			5.000%	11/01/28		1,130,000		1,130,000
			5.125%	11/01/29		1,035,000		1,035,000
			5.500%	11/01/30		5,405,000		5,405,000
			5.500%	11/01/31		5,680,000		5,680,000
			5.500%	11/01/32		5,960,000		5,960,000
			5.500%	11/01/33		865,000		865,000
					-	38,995,000	-	38,995,000
Transportation System Revenue Bonds,	08/04/09	96,260,000	7.000%	11/01/30		5,460,000	-	5,460,000
2009 Series A-5			7.000%	11/01/31		5,725,000		5,725,000
Federally Taxable- Issuer Subsidy- Build America Bonds			7.000%	11/01/32		6,020,000		6,020,000
Original Issue Amount $96,260,000			7.000%	11/01/33		11,710,000		11,710,000
			7.000%	11/01/34		12,775,000		12,775,000
			7.000%	11/01/35		13,375,000		13,375,000
			7.000%	11/01/36		19,555,000		19,555,000
			7.000%	11/01/37		19,725,000		19,725,000
			7.000%	11/01/38		1,915,000		1,915,000
					-	96,260,000	-	96,260,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
Subordinated Serial Bonds	08/04/09	$ 19,085,000	2.000%	11/01/10	$	$ 710,000	$ -	$ 710,000
2009 Series A			3.000%	11/01/11		725,000		725,000
(Tax Exempt)			4.000%	11/01/12		750,000		750,000
Original Issue Amount $19,085,000			3.000%	11/01/13		780,000		780,000
			3.500%	11/01/14		800,000		800,000
			4.000%	11/01/15		830,000		830,000
			4.000%	11/01/16		860,000		860,000
			4.000%	11/01/17		895,000		895,000
			4.000%	11/01/18		930,000		930,000
			4.000%	11/01/19		970,000		970,000
			4.125%	11/01/20		1,010,000		1,010,000
			4.250%	11/01/21		1,050,000		1,050,000
			4.375%	11/01/22		1,095,000		1,095,000
			4.500%	11/01/23		1,140,000		1,140,000
			4.500%	11/01/24		1,195,000		1,195,000
			4.500%	11/01/25		1,245,000		1,245,000
			4.750%	11/01/26		1,305,000		1,305,000
			4.750%	11/01/27		1,365,000		1,365,000
			5.000%	11/01/28		1,430,000		1,430,000
					-	19,085,000	-	19,085,000
Variable Rate Transportation System Revenue Bonds	08/04/09	44,000,000	4.700%	11/01/10		125,000	-	125,000
2009 Series A-3			4.700%	11/01/12		150,000		150,000
(Tax Exempt)			4.700%	11/01/13		175,000		175,000
Original Issue Amount $44,000,000			4.700%	11/01/14		225,000		225,000
			4.700%	11/01/15		425,000		425,000
			4.700%	11/01/16		445,000		445,000
			4.700%	11/01/17		470,000		470,000
			4.700%	11/01/18		490,000		490,000
			4.700%	11/01/19		515,000		515,000
			4.700%	11/01/20		540,000		540,000
			4.700%	11/01/21		565,000		565,000
			4.700%	11/01/22		595,000		595,000
			4.700%	11/01/23		620,000		620,000
			4.700%	11/01/24		650,000		650,000
			4.700%	11/01/25		685,000		685,000
			4.700%	11/01/26		715,000		715,000
			4.700%	11/01/27		750,000		750,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
		$	4.700%	11/01/28	$	$ 785,000	$	$ 785,000
			4.700%	11/01/29		825,000		825,000
			4.700%	11/01/30		865,000		865,000
			4.700%	11/01/31		905,000		905,000
			4.700%	11/01/32		950,000		950,000
			4.700%	11/01/33		995,000		995,000
			4.700%	11/01/34		1,235,000		1,235,000
			4.700%	11/01/35		1,285,000		1,285,000
			4.700%	11/01/36		1,540,000		1,540,000
			4.700%	11/01/37		1,800,000		1,800,000
			4.700%	11/01/38		11,085,000		11,085,000
			4.700%	11/01/39		13,590,000		13,590,000
					-	44,000,000	-	44,000,000
Variable Rate Transportation System Revenue Bonds	08/04/09	43,795,000	4.700%	11/01/10		125,000	-	125,000
2009 Series A-4			4.700%	11/01/12		150,000		150,000
(Tax Exempt)			4.700%	11/01/13		175,000		175,000
Original Issue Amount $43,795,000			4.700%	11/01/14		225,000		225,000
			4.700%	11/01/15		420,000		420,000
			4.700%	11/01/16		445,000		445,000
			4.700%	11/01/17		465,000		465,000
			4.700%	11/01/18		490,000		490,000
			4.700%	11/01/19		510,000		510,000
			4.700%	11/01/20		535,000		535,000
			4.700%	11/01/21		565,000		565,000
			4.700%	11/01/22		590,000		590,000
			4.700%	11/01/23		620,000		620,000
			4.700%	11/01/24		650,000		650,000
			4.700%	11/01/25		680,000		680,000
			4.700%	11/01/26		715,000		715,000
			4.700%	11/01/27		750,000		750,000
			4.700%	11/01/28		785,000		785,000
			4.700%	11/01/29		820,000		820,000
			4.700%	11/01/30		860,000		860,000
			4.700%	11/01/31		905,000		905,000
			4.700%	11/01/32		945,000		945,000
			4.700%	11/01/33		995,000		995,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2009

Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2008	Issued	Refunded/ Paid	Balance December 31, 2009
	$	4.700%	11/01/34	$	$ 1,230,000	$	$ 1,230,000
		4.700%	11/01/35		1,275,000		1,275,000
		4.700%	11/01/36		1,530,000		1,530,000
		4.700%	11/01/37		1,795,000		1,795,000
		4.700%	11/01/38		11,030,000		11,030,000
		4.700%	11/01/39		13,515,000		13,515,000
				-	43,795,000	-	43,795,000
	$ 619,450,000			$ 287,170,000	$ 314,150,000	$ 99,910,000	$ 501,410,000

South Jersey Transportation Authority
Schedule of Toll Revenue
Period Ending December 31, 2009

Interchange:	Toll Revenue	Vehicle Count
Pleasantville	$ 19,182,980	23,970,673
Exit 5, Route 9	871,200	1,218,577
Mays Landing	3,140,314	4,255,320
Egg Harbor	52,098,696	16,796,827
Hammonton	1,243,108	1,637,513
Winslow	607,807	787,743
Williamstown	1,764,976	4,133,986
Pomona	2,069,071	2,828,041
Berlin Crosskeys	1,184,077	2,803,757
Unusual and Toll Free		731,765
	$ 82,162,229	59,164,202

Unusual vehicles include vehicles with special transit permits, fire equipment, ambulance, and patrons without funds.

Toll-free vehicles include employees, emergency vehicles, vendors servicing the Expressway System, and others whom the Authority deems to be necessary and convenient to the operation of the Expressway System.

SJTA VISION

A Leader in Transportation, Safely Moving People and Commerce, to stimulate the Economy Now and into the Future.

CORE VALUES

SAFETY

Maintain high standards in safety and security for our employees and the traveling public.

INNOVATION

Translate new ideas into solutions and improvements through technology and human resources.

PROFESSIONALISM

Conduct ourselves ethically and with integrity worthy of the public trust.

DIVERSITY

Provide a multicultural workforce, access to procurement opportunities and transportation services.

EXCELLENCE

Commit to the highest standards of customer service delivery.

South Jersey Transportation Authority
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