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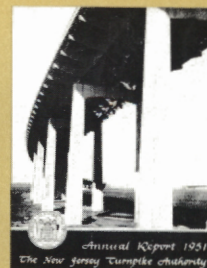
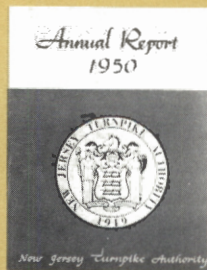
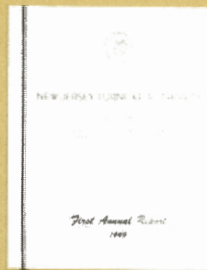
ANNUAL REPORT 1961

NEW JERSEY TURNPIKE AUTHORITY

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New Jersey Turnpike Authority

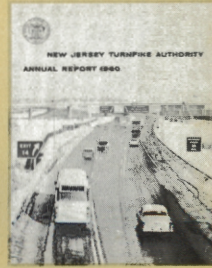
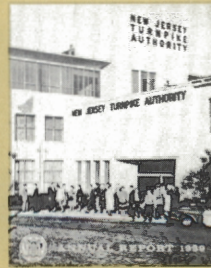
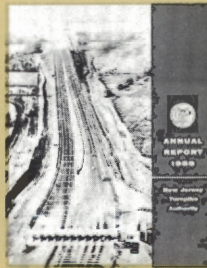
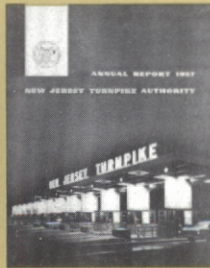
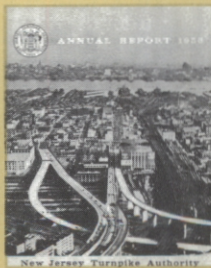
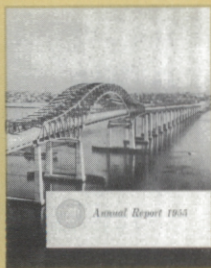
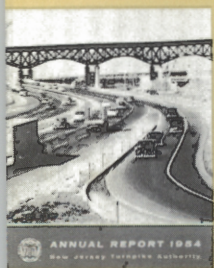


Joseph Morecraft, Jr.
Chairman

Angus M. Harris
Treasurer

William A. Sternkopf, Jr.

1961 Thirteenth Annual Report



LETTER OF TRANSMITTAL



JOSEPH MORECRAFT, JR., CHAIRMAN
ANGUS M. HARRIS, TREASURER
WILLIAM A. STERNKOPF, JR.

NEW JERSEY TURNPIKE AUTHORITY

NEW BRUNSWICK, N.J.

To the Honorable Richard J. Hughes, Governor
and Members of the Legislature
of the State of New Jersey

Herewith is the thirteenth annual report of the New Jersey Turnpike Authority which marked, during the last two months of 1961, the tenth anniversary of the opening to the public of all but 11 miles of New Jersey's first modern toll road.

During these ten years, more than 350 million cars, trucks and buses carried an estimated 900 million persons over 11 billion miles on the Turnpike. This massive movement of vehicles represented a traffic surge that increased steadily each year, producing revenues to cover all operating expenses and interest on bonds, while providing, well in advance, for the retirement of the Authority's bonded indebtedness.

By the end of 1961, a total of \$87,544,000 in bonds had been retired during the past six years. Of the original \$466,200,000 issue, \$378,656,000 were outstanding at year's end.

The objectives of the Authority, as set forth in the Turnpike Act of 1948, have been fulfilled. The Turnpike has hastened the development of new and expanded residential and industrial areas, reduced the burden on our public roads and highways and provided a convenient and expeditious facility, the safety of which we are constantly striving to perfect.

In 1961, for instance, the rate of fatal accidents (based on 100 million miles of travel) was the lowest in the Turnpike's 10 years of operation. Accidents involving personal injuries and property damage were somewhat greater, attributable,

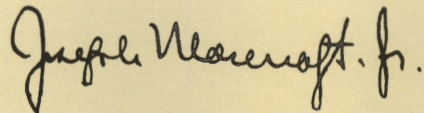
to a large extent, to the increased traffic. The measures we have taken to insure greater safety for our millions of patrons are listed in detail in this report.

Safety, however, is not our only concern. Studies we had made anticipate that the 43 miles north of New Brunswick will carry an average daily traffic of 185,000 vehicles by 1966, with a peak day of probably 265,000.

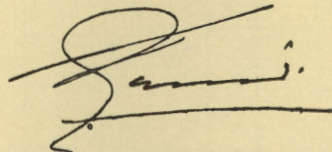
In the following pages of this Annual Report are mentioned the many improvements we have made, including major projects completed in 1961 and those scheduled for completion in 1962.

The Authority again wishes to express its gratitude to former Governor Robert B. Meyner, the Members of the Legislature, the State Highway Commissioner and officials and employees of the State, Counties and Municipalities for their cooperation and assistance during the past year.

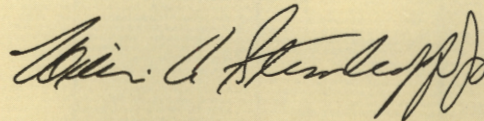
Respectfully submitted,



Joseph Morecraft, Jr., Chairman



Angus M. Harris, Treasurer



William A. Sternkopf, Jr.

January 22, 1962

Carteret interchange improvement to be completed in spring of 1962





NEW JERSEY TURNPIKE AUTHORITY

New Brunswick, New Jersey

COMMISSIONERS:

JOSEPH MORECRAFT, JR., *Chairman*
ANGUS M. HARRIS, *Treasurer*
WILLIAM A. STERNKOPF, JR.

STAFF:

W. W. Wanamaker, *Executive Director*
Lillian M. Schwartz, *Secretary — Assistant Treasurer*
Grover C. Richman, Jr., *Counsel*
Neville R. Ashcroft, *Comptroller*
J. P. Leshner, *Director of Tolls*
Howard S. Heydon, *Director of Maintenance*
Paul M. Weckesser, *Traffic Engineer*
Oliver K. Compton, Jr., *Assistant to the Executive Director*
Henry E. Rose, *Director of Information Services*
Thomas W. Stewart, *Director of Real Estate and Purchasing*

CONSULTING ENGINEERS:

Howard, Needles, Tammen and Bergendoff

AUDITORS:

Peat, Marwick, Mitchell & Co.

TRAFFIC AND REVENUE CONSULTANTS:

Coverdale and Colpitts

BOND COUNSEL:

Hawkins, Delafield and Wood

FINANCIAL ADVISOR:

Smith, Barney & Co.



A TRAFFIC SPECTACULAR

On November 5, 1951 the New Jersey Turnpike opened its toll lanes to the public for the first 53-mile section from Deepwater to Bordentown amid guarded optimism about the volume of traffic that would use this new facility — New Jersey's first toll road of modern times.

Uncertainty may have lingered for a while until the Turnpike continued north for another 38 miles to Woodbridge by November 30 and still another 16 miles to Newark on December 12. A month later, on January 15, 1952, the Turnpike had completed its 118-mile run to its northern terminus at the George Washington Bridge and all who had participated



Turnpike line striping machine in operation

TEN YEARS OF PROGRESS

in the planning and financing of the project observed encouraging signs almost immediately.

By 1961, after ten years of operation, the Turnpike had become solidly established as one of the most successful and safest toll roads in the nation. A decade of progress has witnessed a traffic "spectacular", something like 11 billion miles of travel by approximately 350 million vehicles of all types, paying about \$265 million in tolls — a prodigious traffic flow climaxed by an all-time high in 1961 of 51,737,682 vehicles.

On the basic 118-mile main stem the traffic volume during the ten years far surpassed

original estimates. For 1955, the year before the two extensions — the Newark Bay-Hudson County link and the Pennsylvania Turnpike connection — were completed, they had anticipated 11,100,000 vehicles. The actual number was 25,888,319 or 130 percent more. They had estimated the toll revenues at \$10,450,000. The Turnpike collected \$21,122,503.

The year 1961 produced new high levels all along the line, although two serious snowstorms during the first two months of the year had an adverse effect on traffic movements and revenues.

Significantly, bus and truck traffic continued



to increase at a rate even more rapidly than that of passenger cars. For trucks it was 11.4 percent higher than 1960, buses 12.4%, and passenger cars 4.4%.

The total vehicles of all kinds using the Turnpike in 1961 represented a rise of 5.4 percent over 1960. They paid a total of \$37,192,652 in tolls, for an increase of 4.5 percent.

The new daily high was scored on June 30, 1961 when 204,251 revenue vehicles paid \$158,957 in tolls.

And for the first time in Turnpike history, the five million mark was topped in a single month when 5,027,955 vehicles used the road in August, 1961. It produced \$3,780,218 in tolls.

Other statistical sidelights in 1961 traffic:

Average toll per vehicle was 71.9 cents, compared with 72.5 cents in 1960. For buses it was \$1.02, for trucks \$1.586. Passenger cars averaged 57.6 cents. It was 59.0 cents in 1960.

The daily average traffic increased from 134,107 in 1960 to 141,747. The average trip was for 28.4 miles as against 28.8 in 1960.

Overall revenues for 1961, including amounts received from tolls, concessions, investments and miscellaneous, totalled \$40,998,727. This was 3.8 percent more than the \$39,508,455 collected the year before.

An increase of 4.26 percent in revenue traffic on the Newark Bay-Hudson County Extension brought the total to about 63 percent of the number estimated for the project. These statistics, in themselves, may not present a fair picture because the Holland Tunnel and Bayonne Interchanges have become, respectively, our fourth and seventh busiest interchanges on the Turnpike. On the Pennsylvania Extension traffic was up 4.42 percent, equal to 101.05 percent of the engineer's estimate.

The accompanying charts list traffic, toll revenues, mileage, concession and total revenues for the first ten years of operation; the principal budget items for 1962 and 1961; and the month-to-month record of vehicles, revenue and mileage for 1961 and 1960.

OPERATIONS BUDGET 1961 - 1962

	1961 BUDGET	1962 BUDGET
<i>Administration — General</i>	\$ 318,000	\$ 327,100
<i>Accounting and Toll Audit</i>	373,300	385,000
<i>Traffic Control and Police</i>	1,200,100	1,268,000
<i>Toll Collection</i>	2,459,300	2,717,000
<i>Maintenance, Repair, Replacement and Reconstruction</i>	3,014,000	3,330,000
<i>Engineering</i>	53,000	76,900
<i>Real Estate, Insurance and Taxes</i>	292,000	344,000
<i>Professional and Fiduciary Fees</i>	147,200	169,000
<i>Retirement, Pension and Social Security</i>	377,300	392,200
<i>Provision for Salary and Wage increases</i>	335,800	153,800
	<u>\$8,570,000</u>	<u>\$9,163,000</u>



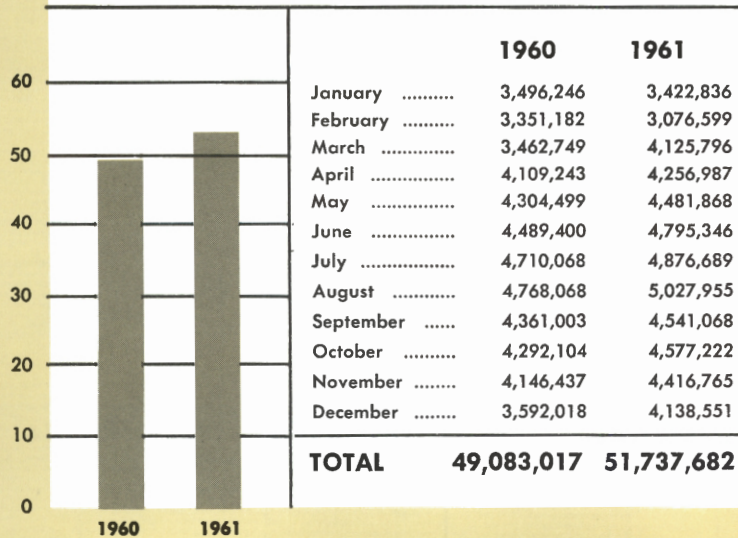
10 YEARS OF OPERATION

	REVENUE VEHICLES	TOLL REVENUE	REVENUE MILEAGE	CONCESSION REVENUES	TOTAL REVENUES
1951*	787,195	\$ 587,326	38,246,174	\$ 32,861	\$ 620,274
1952	17,948,325	16,241,267	765,807,780	1,523,038	17,829,635
1953	22,005,078	19,192,647	868,606,100	1,853,880	21,510,629
1954	24,555,441	20,756,344	927,393,967	1,826,777	23,217,762
1955	25,888,319	21,122,503	939,672,825	1,859,952	23,905,624
1956†	31,588,224	24,513,371	1,064,377,974	2,056,530	27,767,583
1957	39,269,643	29,022,910	1,200,254,680	2,370,516	32,840,440
1958	41,615,115	30,159,491	1,232,527,909	2,400,793	34,114,718
1959	46,199,339	33,317,927	1,343,847,970	2,602,998	37,317,332
1960	49,083,017	35,583,987	1,414,759,197	2,650,147	39,508,455
1961	51,737,682	37,192,652	1,471,802,723	2,649,106	40,998,727

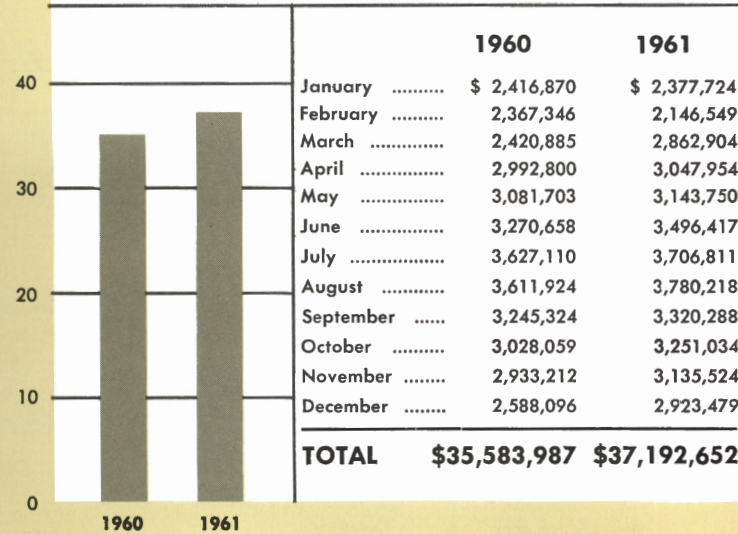
* Turnpike Opened November 5, 1951.

† Pennsylvania and Newark Bay - Hudson County Extensions Opened in 1956.

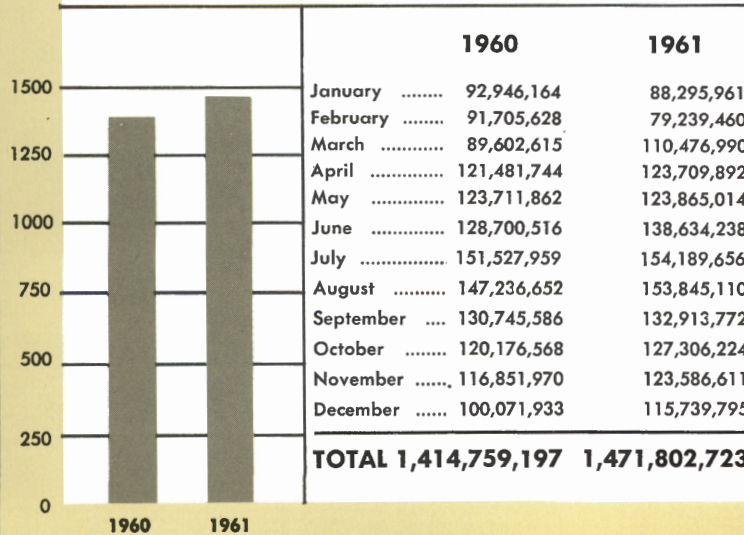
REVENUE VEHICLES



TOLL REVENUE



REVENUE MILEAGE



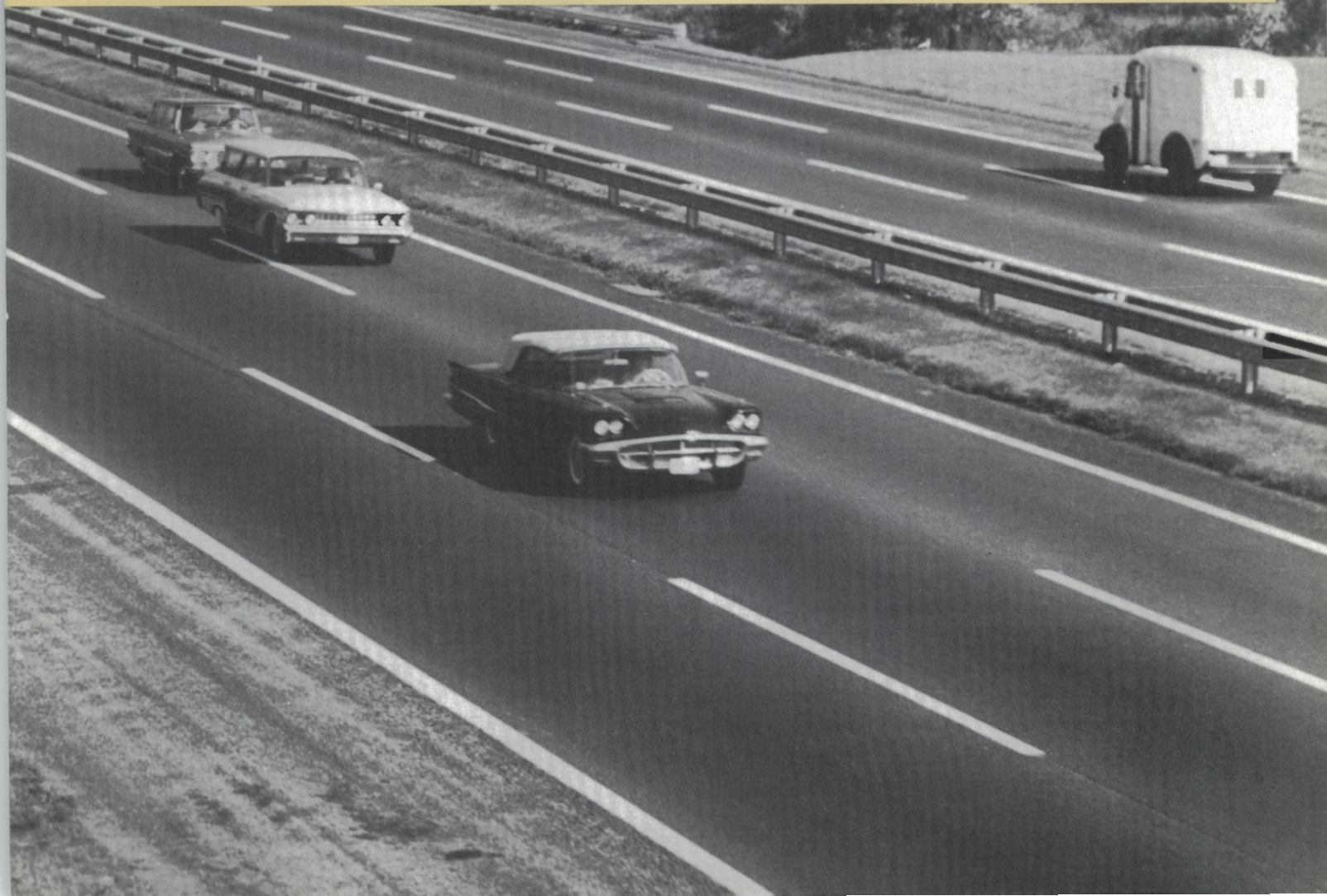
Traffic on Turnpike in southern area showing recently constructed median barrier

1960

1961

CLASS	DESCRIPTION	1960			1961				
		NO. OF VEHICLES	PERCENT OF TOTAL REVENUE VEHICLES	REVENUE	PERCENT OF TOTAL INDICATED TOLL REVENUE	NO. OF VEHICLES	PERCENT OF TOTAL REVENUE VEHICLES	REVENUE	PERCENT OF TOTAL INDICATED TOLL REVENUE
1	Passenger car, motorcycle, taxi, hearse, 2-axle single tire truck, 2-axle tractor without semi-trailer	41,896,767	85.4	\$24,699,925	69.4	43,719,846	84.5	\$25,179,679	67.7
2	Passenger car with trailer 2-axle single tire truck with trailer, 3-axle tractor without semi-trailer	118,532	.2	182,230	.5	118,388	.2	174,941	.5
3	2-axle dual tire truck	1,962,429	4.0	1,839,994	5.2	2,125,235	4.1	1,995,257	5.3
4	3-axle single unit truck	201,485	.4	221,694	.6	396,680	.8	319,955	.9
5	3-axle semi-trailer combination	1,029,244	2.1	1,636,527	4.6	1,015,622	2.0	1,596,930	4.3
6	Four or more axle semi-trailer combination truck and full trailer combination	2,774,768	5.7	5,901,857	16.6	3,126,150	6.0	6,670,143	17.9
7	Buses	1,099,792	2.2	1,105,839	3.1	1,235,761	2.4	1,260,068	3.4
	Sub Total	49,083,017	100.0	\$35,588,066	100.0	51,737,682	100.0	\$37,196,973	100.0
9	Non Revenue**	265,949				275,881			
	Sub Total	49,348,966		\$35,588,066		52,013,563		\$37,196,973	
	Less Toll Adjustments			4,079				4,321	
	Total	49,348,966		\$35,583,987		52,013,563		\$37,192,652	
Daily Average Revenue Vehicles		134,107				141,747			
Daily Average Toll Revenue				\$97,224				\$101,898	

**Vehicle Class 9 non-revenue vehicles, represents traffic of members, officers and employees of the Authority actually in the performance of their duties or traveling to or from such duties, members of the New Jersey State Police Force, members of Fire Departments or local Police Departments actually in the performance of their duties, ambulances, rescue squads or necessary vehicles of concessionaires, and vehicles of contractors used in construction of the turnpike and its buildings.





Section of State Police Headquarters in New Brunswick



SAFETY AND POLICING

Safety has been the keynote of the Turnpike during its first 10 years of operation. Constant attention to the problem culminated in 1961 with the lowest fatality rate on record of 1.42, a considerable drop from the 6.11 in 1952, the first full year of the road's existence.

This safety would not have been possible had

it not been for the stepped-up law enforcement of the State Police troop patrolling the Turnpike, the cooperation of a more alert public and the continuing series of safety measures taken by the Authority over the years. Of those measures, the following were the most notable:

Extensive use of radar equipment for the

apprehension of speeders. Erection, starting in 1953, of new neon warning signs, posted about every five miles, to alert motorists of unusual or hazardous road conditions.

Installation of additional lighting at Elizabeth and across the Hackensack and Passaic River bridges, during the same year.

Application of continuous road striping in the same period as an aid to motorists at night and during adverse weather conditions.

Experiments, beginning in 1954, with various devices, including lights and dispersal equipment, to combat fog. Later, special toll tickets were issued during foggy or inclement weather.

An improved marking of deceleration lanes and points of exit.

In 1957, the installation of signs at entrance to toll booths advising patrons of road and weather conditions confronting them on the Turnpike.

Supplying all state police cars, in 1958, with inhalators for immediate first aid use.

Strengthening of the law enforcement functions, in 1960, with these improvements in the State Police techniques: Organization of a special six-man Truck and Bus Safety Unit in Troop "D" to check on equipment and other possible violations involving those vehicles. In that connection, the office of the Turnpike's Traffic Engineer, set up the same year a revised system to record the violations among the 4,000 truck companies and 62 intrastate and interstate bus firms using the Turnpike following through with written notices in increasing severity to the companies of motor vehicle offenses committed by their drivers.

Augmenting the State Police force from time to time to keep pace with mounting traffic—with the troop's strength rising from a mere handful in 1951 to a total of 98 uniformed troopers and six detectives.

Additional portable radar equipment and a streamlined speed enforcement program were introduced in 1961.

Heightening its accident prevention program, the installation by the Authority of a guard rail around all bridge piers and abutments and a new barrier along the center line of the 118-mile

main stem, amounting to approximately 2,000,000 feet of guard rail.

Erection of more "Keep Awake" signs in selected areas.

THE MEDIAN BARRIER

In 1961, some 75 miles of guard rail were installed, providing full protection with this type of barrier for all but $9\frac{1}{2}$ miles at Woodbridge; there the grass median is 90 feet wide, obviating the need for a guard rail. The Newark Bay-Hudson County Extension has a center barrier while the median on the direct connection to the Pennsylvania Turnpike is considered wide enough and adequate.

The median barrier for the length of the road "paid off" in one year. There were no cross-median fatalities. In the previous year, before the guard rail was completed, two persons died in such accidents.

OTHER SAFETY ADVANCES-STATE POLICE

In the 1960 Annual Report mention was made of the six-man State Police squad to check buses and trucks. The results of this unit's operations during the first year were impressive. Working in three two-man teams, they checked 17,995 vehicles, issued 2,538 summonses and 1,552 warnings to 22 percent of all vehicles inspected. They also ordered off the road 1,345 vehicles considered unsafe or in violation and impounded 963 more until their defects were corrected.

In law enforcement generally, members of Troop "D" issued a total of 34,716 summonses in 1961.

"KEEP AWAKE" SIGNS

The three new signs in the "Keep Awake" series carry four messages each and are illuminated at night. They are located at Mileposts 23.1 and 40.5 in the southern section and at Milepost 97.4 in the north. The first such sign was placed at Milepost 75 in 1959.

ROAD WORK

Pavement repairs in 1961 on bridges in the north and elsewhere on the highway required the closing of certain lanes as a safety-measure during construction. This, naturally,

temporarily slowed down traffic, and complete protection was provided in the form of traffic cones, barricades, signs and lights. The delays during those periods were minimal.

RADIO SYSTEM

In 1961 the major part of modernization and enlargement of the radio communications system was completed and generally in operation. By early 1962 it is expected that the new system for radio operation of the 67 emergency speed warning signs will have been completed, and numerous speed limit signs shortly thereafter.

THE SAFETY PICTURE

The end result of all the measures taken to promote safety has been encouraging, but even greater efforts will be made to reduce the toll of death and injury.

Twenty-one persons died in 16 fatal accidents

in 1961, while 23 lost their lives in 22 accidents during 1960. The fatality rate (based on 100 million miles of travel) fell from 1.62 to 1.42 — a significant reduction when one considers that Turnpike traffic in 1961 surpassed the previous year by 2,654,665 vehicles and 57,043,526 miles.

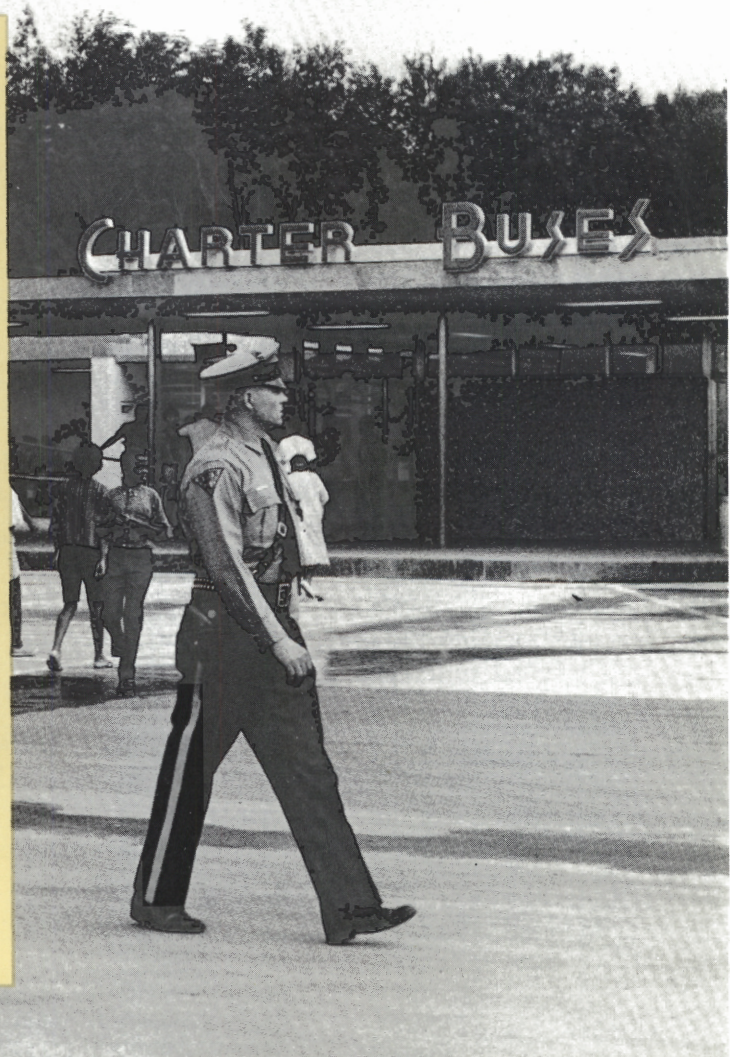
An analysis of the record discloses that 11 of 1961's fatalities occurred in rear-end accidents, pointing up the fact for the most part the collisions were caused by inattentive or careless driving.

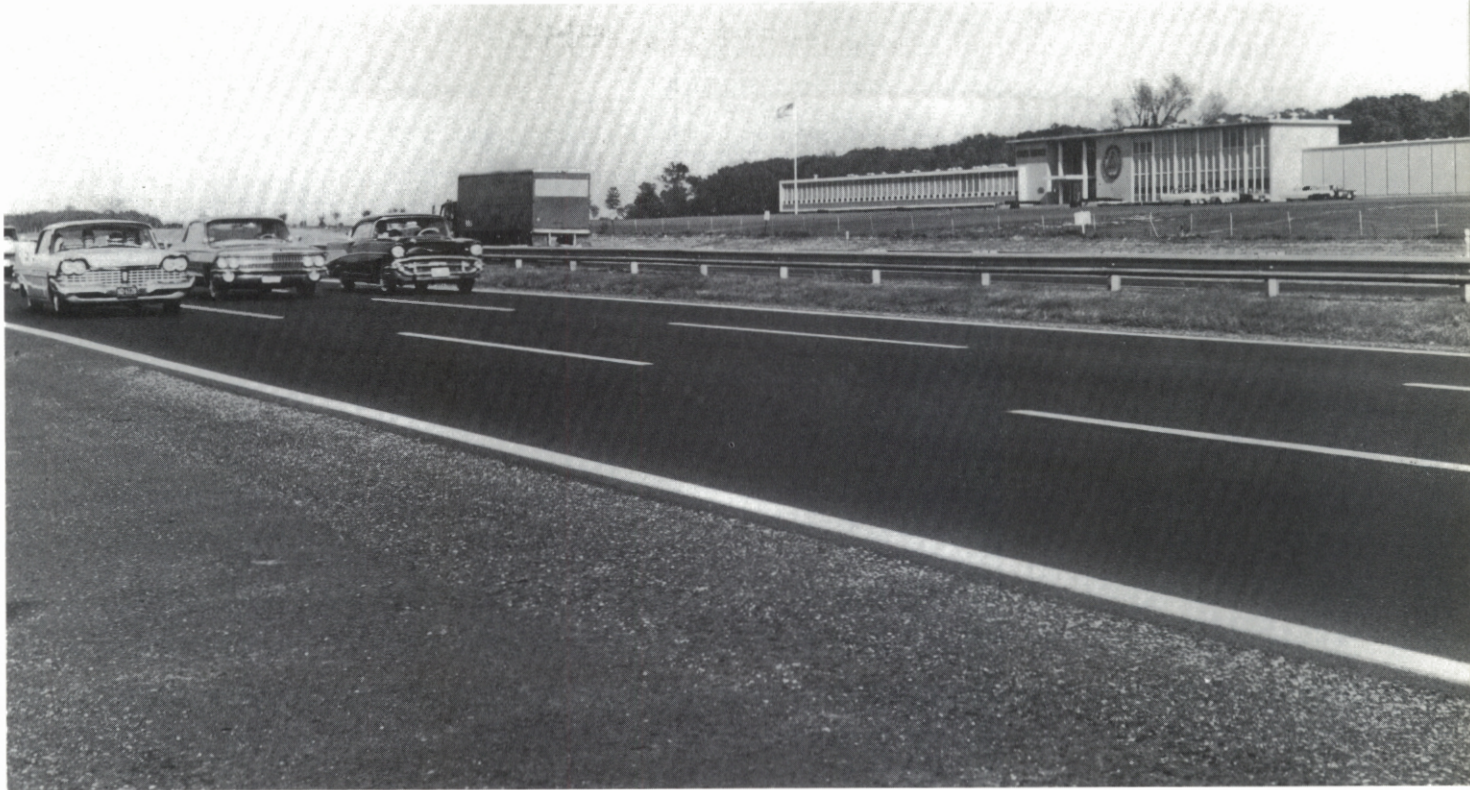
It is the aim of the Authority to somehow reach that small minority of the motoring public whose disregard of safe-driving procedures makes necessary the exertion of further sustained efforts to protect the millions of patrons who find in the Turnpike a vital means of travel.

Recently completed charter bus stop at Cranbury

TURNPIKE SAFETY RECORD

ACCIDENTS	1960	1961
Accidents	1,020	1,320
Accident Rate ...	71.8	89.3
Personal Injuries .	749	989
Injury Rate	52.7	66.9
Fatal Accidents ..	22	16
Fatalities	23	21
Fatality Rate	1.62	1.42
AIDS TO MOTORISTS		
Mechanical	21,978	23,732
Gasoline	9,253	9,863
Flat Tires	13,117	14,502
Overheat	2,683	2,991
Other	9,507	11,132
Total Aids	56,538	62,220
Aids per Mile of Travel	1 per 25,139 miles	1 per 23,761 miles
Aids per Day ..	154	171
ENFORCEMENT		
Speeding Arrests	19,331	19,601
Other Traffic Arrests	12,849	14,747
Criminal Arrests .	1,120	564
Total Arrests ...	33,300	34,912
Enforcement Index (Ratio of moving violations to per- sonal injury and fatal ac- cidents)	60.1	51.8
TOTAL MOTOR VEHICLE SUMMONSES ISSUED:		
	31,995	34,716





Turnpike in Middlesex County showing industrial development



IMPROVEMENTS AND ENLARGEMENTS

Further improvements and enlargements in Turnpike facilities were made in 1961, with others in the process of completion and still others pending.

One of the major changes is the conversion of the Carteret Interchange into a four-way north-south facility served by one toll plaza, instead of the limited northbound entry and southbound exit afforded by two separate interchanges.

The project is expected to be completed about May of 1962, when the ramps to and from the south are scheduled to be in operation. On December 1, 1961, ramps to and from the north were opened to the public.

The new interchange (No. 12) involved the construction of ramps to and from the Turnpike, as well as over the highway and the tracks of a railroad company to make for safe and uninterrupted driving. The new toll plaza is situated about 1,000 feet east of the Turnpike and slightly north of Roosevelt Avenue.

The year 1961 also saw the completion of the addition to the Authority's Administration Building at East Brunswick.

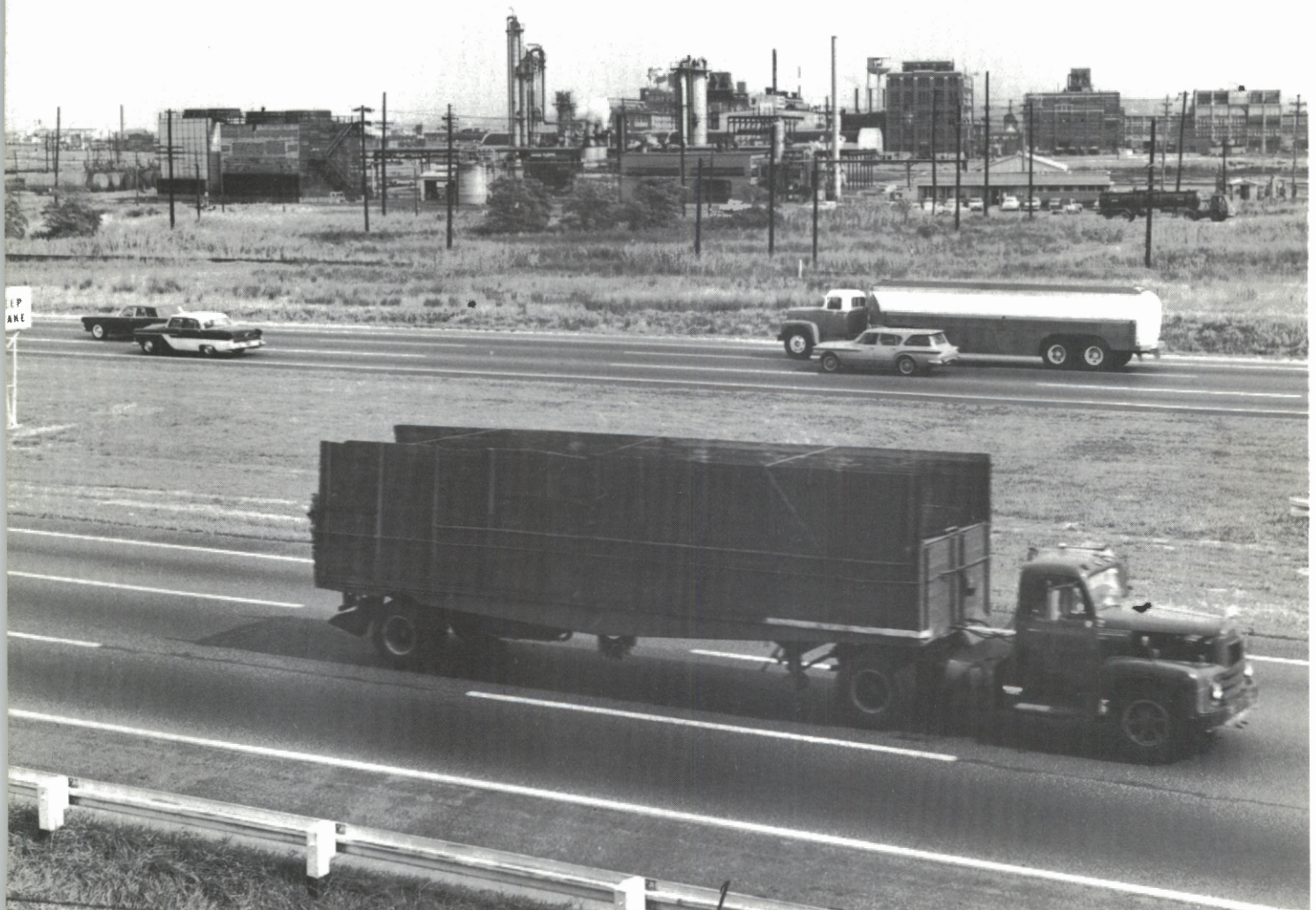
Needed repairs were made to the Hackensack and Passaic River bridges, the Belleville Turnpike overpass and the bridge over the Oak Island yard of the Pennsylvania Railroad, the Newark Bay-Hudson County Extension, all in

the northern section. Certain sections of the highway pavement were resurfaced to restore it to its original profile and provide a smooth riding surface.

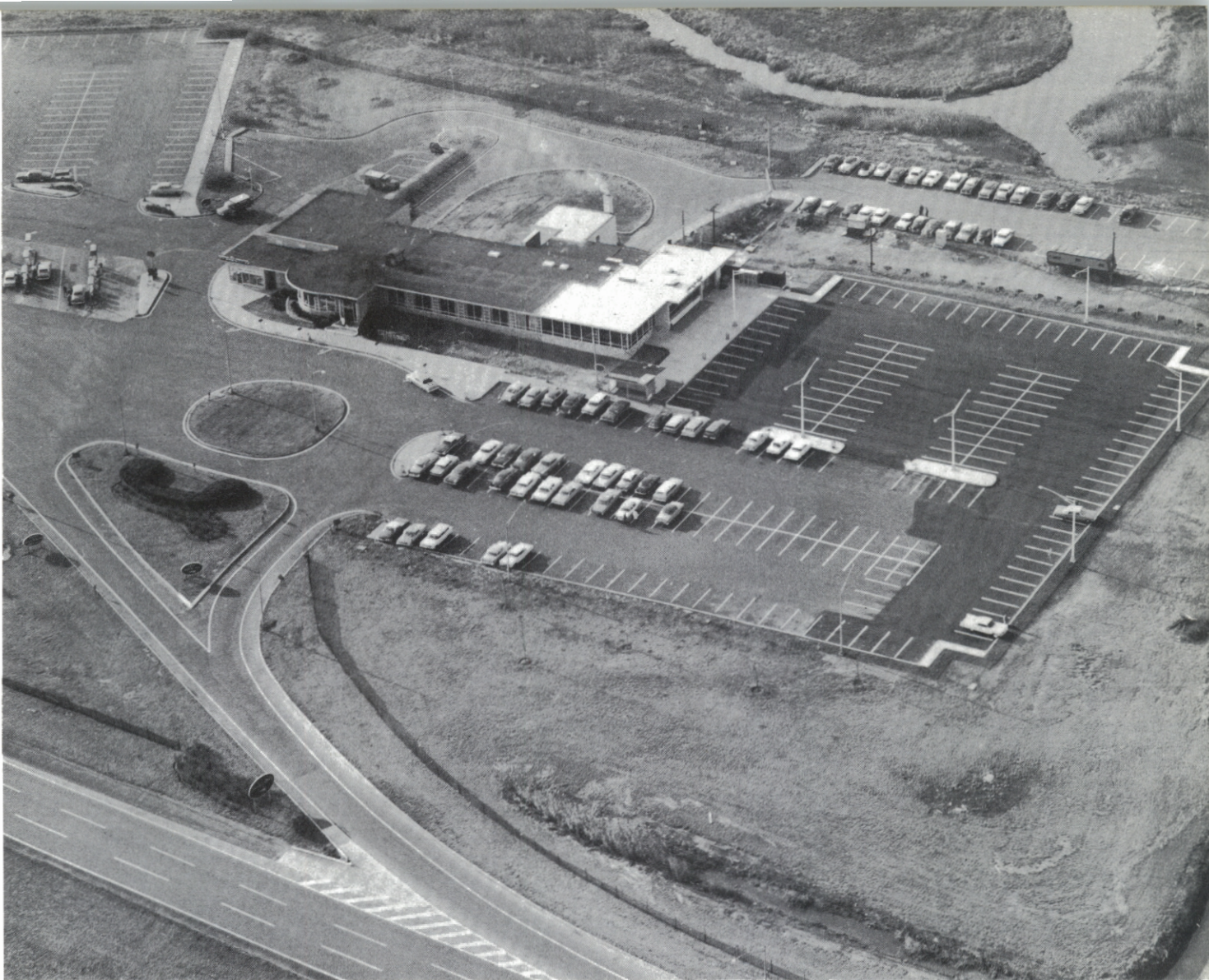
In addition to these major projects, a number of new signs were erected, changes were made in the water and sewage systems at Cranbury, some structures were painted and miscellaneous work done in various categories, including drainage.



Pavement sweeper in operation



Section of Turnpike in industrialized area of Union County



Enlarged restaurant and parking facilities in Woodbridge Service Area



RESTAURANTS AND SERVICE STATIONS

A highlight in 1961 was the opening on September 1, of the Charter Bus Stop, a project that had been under consideration by the Authority for several years. The stop, the first of its kind on an American toll road, was opened in the Cranbury Service Area. Access to the area is available from both the northbound and the southbound travel lanes. Currently, in the off season for this kind of bus travel, it is being



FINANCE

In the fiscal year 1961 the Authority retired through Sinking Fund operations in open market purchasing General Bonds of a par value of \$5,524,000 at average cost of \$98.795 per \$100 and Second Series Bonds of a par value of \$14,041,000 at average cost of \$98.166 per \$100. Total retirement to date, as per Schedule 3 of this report is \$87,544,000 at an average cost of \$96.712 per \$100. This retirement has proceeded as follows:

<i>Issue</i>	<i>Year</i>	<i>Par Value</i>	<i>Average Cost</i>
General			
Bonds	1958	\$ 2,113,000	\$95.143
	1959	6,328,000	95.662
	1960	5,854,000	97.069
	1961	5,524,000	98.795
Total		<u>19,819,000</u>	<u>96.895</u>
Second Series			
Bonds	1956	3,481,000	94.728
	1957	13,480,000	94.813
	1958	12,949,000	98.917
	1959	11,751,000	93.802
	1960	12,023,000	97.885
	1961	14,041,000	98.166
Total		<u>\$67,725,000</u>	<u>\$96.658</u>

During this period the call prices of the bonds for sinking fund purposes were:

General Bonds	\$100
Second Series Bonds:	
Prior to July 1, 1958	\$103
After July 1, 1958	\$102½

Retirement now represents 18.8 percent of the total issue of \$466,200,000.

The sinking fund requirement for the 1950 Issue of General Bonds for the 12 month period ending November 15, 1962 is \$5,997,000

of which \$2,665,000 had been retired at December 31, 1961 and \$121,000 were under firm purchase contract but not then delivered.

During the year, in accordance with the provisions of the Bond Resolution, completion of construction was certified to the Trustee, in connection with which excess construction moneys in the amounts stated below were turned over to the Trustee to be treated as is the Revenues, excepting for the amount allocated to the General Reserve Fund, and the amounts shown below were retained to meet estimated charges still to be paid:

	<i>Paid to Trustee</i>	<i>Transferred to General Reserve Fund</i>	<i>Total</i>	<i>Retained</i>
Original Turnpike	\$396,543	\$662,433	\$1,058,976	\$ 35,000
Pennsylvania Extension	5,772,626	—	5,772,626	300,000
Additional Lanes and Service Areas	1,688,407	—	1,688,407	405,000
	<u>\$7,857,576</u>	<u>\$662,433</u>	<u>\$8,520,009</u>	<u>\$740,000</u>

These amounts were allocated by the Trustee to the various Funds as follows:

Interest Funds	\$3,314,695
Sinking Funds	3,191,376
General Reserve Fund	662,433
Second Series Maintenance Fund	1,351,505
Total	<u>\$8,520,009</u>

Due to an unsettled real estate matter, the Authority is not yet in a position to certify completion of construction of the Newark Bay-Hudson County Extension.

During 1961 the average gross daily revenue was \$112,325 compared to \$107,947 in 1960.



Toll audit section showing electronic computer at headquarters

The daily average required to pay the interest on all bonds during 1961, actual operating expenses for the year, and the General Bond sinking fund requirement for the 12 month period ending November 15, 1961 was \$72,443. Interest coverage in 1961 and in 1960 was as follows:

	1961	1960
Before extraordinary charges	2.58	2.41
After extraordinary charges	2.49	2.29

Moneys allocated in 1961 for investment in facilities and for extraordinary repairs, replacements, etc. from the Funds listed below totaled as follows:

For Improvements and Betterments:	
From the General Reserve Fund	\$725,510
From the Second Series Maintenance Fund	\$7,690,000
For Repairs and Replacements:	
From the Second Series Maintenance Fund	\$1,643,133

Allocations from the Second Series Maintenance Fund include \$1,616,224 not yet actually disbursed, lying in our capital project bank accounts either in cash or invested.

There was restored to the Second Series

Maintenance Fund in 1961 from the revenues \$8,154,670; from surplus construction funds \$1,351,505 and from other sources \$322,800. These restorations included the deficiency in the Fund at December 31, 1960 of \$633,539. The deficiency in this Fund at December 31, 1961 was \$44,110 which will be made good from the revenues in 1962. The requirements of all other reserves were fully met at the year end.

Schedule I lists the investments of the Authority at December 31, 1961 at par value and at cost. Market value of these investments, confined to direct obligations of the United States of America as required by the Bond Resolution is approximately \$421,000 below cost at that date. No capital loss is anticipated as maturity dates have been timed to coincide with likely cash requirements.

Net construction assets of the Authority remaining from proceeds of the sale of bonds was \$3,740,794 at the year end. This includes \$3,210,435 relative to the Newark Bay-Hudson County Extension and the balance of moneys retained at time of certification of completion of the other projects.

There follow the Financial Statements and supporting schedules as reported on by Peat, Marwick, Mitchell & Co.

Authority Administration Building in New Brunswick
showing newly completed annex and median barrier on highway





FINANCIAL STATEMENTS

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND - COMMERCE BUILDING

NEWARK 2, N. J.

ACCOUNTANTS' REPORT

New Jersey Turnpike Authority
New Brunswick, New Jersey

We have examined the statement of financial condition of the New Jersey Turnpike Authority as of December 31, 1961, the related statements of revenues and operating expenses and application of net revenues after interest and extraordinary charges for the year then ended, and the statement of cost of investment in facilities to December 31, 1961. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial condition of the New Jersey Turnpike Authority as of December 31, 1961, the revenues resulting from its operations and the application thereof for the year then ended, and the cost of investment in facilities to December 31, 1961, in conformity with accounting principles set forth in note 1 of Notes to Financial Statements, applied on a basis consistent with that of the preceding year. Also, in our opinion, the accompanying schedules are stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

Peat, Marwick, Mitchell & Co.

Newark, N. J.
January 22, 1962



NEW JERSEY TURNPIKE AUTHORITY

Statement of Financial Condition - December 31, 1961

ASSETS

Operating accounts:

Cash	\$ 203,185	
Investments—at cost (Schedule 1)	395,459	
Accounts receivable	449,532	
Accrued income on investments	290,237	
Prepaid and deferred items	217,419	
	<u>1,555,832</u>	

Funds allocated from reserve to provide for major improvements, repairs, replacements, maintenance, etc.:

Cash	228,718	
Investments—at cost (Schedule 1)	1,387,506	
Cost of studies for proposed projects	24,827	
	<u>1,641,051</u>	

Other funds (Schedule 2):

Revenue fund	3,325,836	
Interest funds	101,772	
Reserve funds	30,918,754	
Sinking funds	125,171	
	<u>34,471,533</u>	\$ 37,668,416

General reserve accounts:

Cash	183,997	
Investments—at cost (Schedule 1)	1,779,014	
Cost of studies relating to approved projects	122,849	2,085,860
	<u>2,085,860</u>	

Construction accounts (Schedule 4):

Cash, investments and other assets	4,092,598
--	-----------

Cost of investment in facilities	<u>463,920,247</u>
	<u>\$507,767,121</u>

See accompanying notes to financial statements.

LIABILITIES

Operating accounts:

Accounts payable	\$	316,030	
Accrued expenses		351,216	
Toll revenues received in advance		43,581	
Other liabilities		1,250	
		712,077	

Funds allocated from reserve to provide for major improvements, repairs, replacements, maintenance, etc.:

Accounts payable	370,384	
Amounts retained from contractors and engineers	459,245	
	829,629	

\$ 1,541,706

General reserve accounts:

Accounts payable	386,489	
Amounts retained from contractors	52,794	
	439,283	

439,283

Construction accounts (Schedule 4):

Accounts payable	179,867	
Amounts retained from contractors and engineers	171,937	
	351,804	

351,804

Bond indebtedness (Schedule 3):

General revenue bonds	235,181,000	
Second series revenue bonds	143,475,000	
	378,656,000	

378,656,000

Bond indebtedness retired from revenues

80,812,940

Revenues retained in funds and other accounts

45,965,388
\$507,767,121



NEW JERSEY TURNPIKE AUTHORITY

Statement of Cost of Investment in Facilities to December 31, 1961

	Total	Original Turnpike	Newark Bay- Hudson County Extension	Pennsylvania Extension	Additional Traffic Lanes and Service Areas	Improvements, Enlargements and Betterments (See Note)	
						From General Reserve Fund	From Second Series Maintenance Fund
Engineering and architectural	\$ 29,645,319	17,566,813	6,674,927	1,466,790	2,339,937	735,077	861,775
Land, easements and rights-of-way	27,859,581	20,912,501	5,890,488	835,411	15,062	—	206,119
Construction	381,586,670	228,370,072	91,394,430	18,195,207	27,779,214	7,617,390	8,230,357
Maintenance organiza- tion, including mis- cellaneous construc- tion work	2,543,069	1,949,191	306,250	86,430	44,485	113,508	43,205
Toll collection and toll audit organization ..	589,525	413,631	80,144	17,755	—	21,873	56,122
Other costs, including administration	1,946,960	1,368,487	392,937	72,014	50,724	31,723	31,075
Financial	26,991,998	8,439,871	13,968,428	2,006,272	2,577,427	—	—
	<u>471,163,122</u>	<u>279,020,566</u>	<u>118,707,604</u>	<u>22,679,879</u>	<u>32,806,849</u>	<u>8,519,571</u>	<u>9,428,653</u>
Less income from interim investment of con- struction funds, etc.	7,242,875	1,093,951	3,893,499	1,539,098	716,327	—	—
	<u>\$463,920,247</u>	<u>277,926,615</u>	<u>114,814,105</u>	<u>21,140,781</u>	<u>32,090,522</u>	<u>8,519,571</u>	<u>9,428,653</u>

Note—Includes \$15,878,519 provided from retained revenues.

See accompanying notes to financial statements.

Statement of Revenues and Operating Expenses Year Ended December 31, 1961

Revenues:

Toll revenue (Schedule 5)		\$37,192,652
Concession revenue		2,649,106
Income from investments		1,103,782
Miscellaneous		53,187
		<u>40,998,727</u>

Budgeted operating expenses:

Administration:		
General	\$ 307,675	
Toll audit	245,981	
Accounting	120,455	
Operation:		
Traffic control and police	1,161,947	
Toll collection	2,583,357	
Maintenance, repair, replacement and reconstruction	2,960,683	
Engineering	41,057	
Real estate	22,407	
Insurance	265,483	
Professional fees and compensation	86,723	
Expense and compensation of fiduciaries	91,303	
Pension and retirement	375,036	
Taxes	13,638	
		<u>8,275,745</u>
Net revenues		<u>32,722,982</u>

Interest on bonds:

General revenue bonds	7,728,353	
Second series revenue bonds	4,949,708	
		<u>12,678,061</u>
Net revenues after interest		<u>20,044,921</u>

Extraordinary charges:

Repairs, replacements and maintenance items of a type not recurring annually or at short intervals		1,178,029
Net revenues after interest and extraordinary charges (see accompanying statement)		<u>\$18,866,892</u>



NEW JERSEY TURNPIKE AUTHORITY

Statement of Application of Net Revenues After Interest and Extraordinary

	Combined Total	Revenue Fund	Interest Funds	Reserve	
				General Reserve Fund	General Bond Reserve Fund
Balance at December 31, 1960	\$115,273,737	2,947,872	60,844	3,946,598	7,944,626
Add:					
Net revenues after interest and extraordinary charges for year ended December 31, 1961	18,866,892	413,305	(3,340,557)	—	—
Discount (net) on bonds retired	324,114	—	—	—	—
Transfer of excess reserve requirements	—	—	—	(90,350)	(185,510)
Transfers from second series maintenance fund	—	—	—	—	—
Transfers of funds from construction accounts resulting from certification of completion of Original Turn- pike, Pennsylvania Extension and Additional Traffic Lanes and Service Areas	8,520,009	—	3,314,695	—	—
Proceeds from sale of property and income on con- struction funds after certification of completion	280,756	—	66,790	—	—
Revenues invested in facilities during year	—	—	—	—	—
Change in net assets of other operating accounts	—	(35,341)	—	—	—
	<u>143,265,509</u>	<u>3,325,836</u>	<u>101,772</u>	<u>3,856,248</u>	<u>7,759,116</u>
Less:					
Principal amount of bonds retired, including \$6,731,060 from construction moneys and \$12,833,940 from revenues	6,731,060	—	—	—	—
Funds from construction accounts invested in facilities after certification of completion of original facility..	<u>2,069,705</u>	—	—	—	—
	<u>8,800,765</u>	—	—	—	—
Balance at December 31, 1961	<u>\$134,464,744</u>	<u>3,325,836</u>	<u>101,772</u>	<u>3,856,248</u>	<u>7,759,116</u>
Comprised as follows:					
Proceeds from sale of bonds	7,686,416	—	—	162,500	7,023,916
Bond indebtedness retired from revenues	80,812,940	—	—	—	—
Revenues retained	<u>45,965,388</u>	<u>3,325,836</u>	<u>101,772</u>	<u>3,693,748</u>	<u>735,200</u>
	<u>\$134,464,744</u>	<u>3,325,836</u>	<u>101,772</u>	<u>3,856,248</u>	<u>7,759,116</u>

See accompanying notes to financial statements.

Charges to December 31, 1961

Other Fund Accounts

Other Fund Accounts		Sinking Funds			Funds for Major Improvements, Repairs, Replacements, Maintenance, etc.	Net Assets of other Operating Accounts	General Reserve Accounts	Revenues Invested in Facilities	Bond Indebtedness Retired from Revenues
Second Series Interest Reserve Fund	Second Series Maintenance Fund	General Bonds	Second Series Bonds	Total (Schedule 2)					
15,751,600	4,460,048	31,943	791	35,144,322	(156,158)	808,414	1,380,380	10,117,780	67,979,000
—	8,154,670	3,616,586	11,200,917	20,044,921	(1,178,029)	—	—	—	—
—	—	66,589	257,525	324,114	—	—	—	—	—
(1,404,100)	237,855	—	1,166,245	(275,860)	—	—	275,860	—	—
—	(9,303,955)	—	—	(9,303,955)	9,303,955	—	—	—	—
—	1,351,505	1,929,003	1,262,373	7,857,576	—	—	662,433	—	—
—	55,767	3,837	154,362	280,756	—	—	—	—	—
—	—	—	—	—	(5,751,075)	—	(9,664)	5,760,739	—
—	—	—	—	(35,341)	—	35,341	—	—	—
<u>14,347,500</u>	<u>4,955,890</u>	<u>5,647,958</u>	<u>14,042,213</u>	<u>54,036,533</u>	<u>2,218,693</u>	<u>843,755</u>	<u>2,309,009</u>	<u>15,878,519</u>	<u>67,979,000</u>
—	—	5,524,000	14,041,000	19,565,000	—	—	—	—	(12,833,940)
—	—	—	—	—	1,407,272	—	662,433	—	—
—	—	5,524,000	14,041,000	19,565,000	1,407,272	—	662,433	—	(12,833,940)
<u>14,347,500</u>	<u>4,955,890</u>	<u>123,958</u>	<u>1,213</u>	<u>34,471,533</u>	<u>811,421</u>	<u>843,755</u>	<u>1,646,576</u>	<u>15,878,519</u>	<u>80,812,940</u>
—	—	—	—	7,186,416	—	500,000	—	—	—
<u>14,347,500</u>	<u>4,955,890</u>	<u>123,958</u>	<u>1,213</u>	<u>27,285,117</u>	<u>811,421</u>	<u>343,755</u>	<u>1,646,576</u>	<u>15,878,519</u>	<u>80,812,940</u>
<u>14,347,500</u>	<u>4,955,890</u>	<u>123,958</u>	<u>1,213</u>	<u>34,471,533</u>	<u>811,421</u>	<u>843,755</u>	<u>1,646,576</u>	<u>15,878,519</u>	<u>80,812,940</u>



NEW JERSEY TURNPIKE AUTHORITY

Investments — December 31, 1961

Schedule 1

	Interest Rate	Maturity	Par Value	Cost
Operating accounts:				
Operating fund:				
United States Treasury bills	—%	Jan. 4, 1962	\$ 400,000	395,459
Other funds:				
Reserve funds:				
General interest reserve fund:				
United States Treasury bills	—	May 17, 1962	250,000	246,563
United States Treasury notes	3¼	Nov. 15, 1962	500,000	500,000
United States Treasury notes	2½	Feb. 15, 1963	744,000	744,000
United States Treasury bonds	2½	Feb. 15, 1965	2,350,000	2,350,000
			<u>3,844,000</u>	<u>3,840,563</u>
General bond reserve fund:				
United States Treasury bills	—	May 10, 1962	100,000	98,709
United States Treasury notes	3¼	Nov. 15, 1962	500,000	500,000
United States Treasury notes	2½	Feb. 15, 1963	1,020,000	1,020,000
United States Treasury notes	3¼	Feb. 15, 1963	200,000	200,000
United States Treasury notes	3¼	May 15, 1964	1,700,000	1,700,000
United States Treasury notes	3¼	Aug. 15, 1964	1,000,000	1,000,000
United States Treasury bonds	2½	Feb. 15, 1965	3,200,000	3,200,000
			<u>7,720,000</u>	<u>7,718,709</u>
Second series bonds (Series B) interest reserve fund:				
United States Treasury notes	3¼	Feb. 15, 1962	3,150,000	3,150,000
United States Treasury bonds	2¼	June 15, 1962	2,150,000	2,131,523
United States Treasury notes	3¼	Nov. 15, 1962	1,350,000	1,350,000
United States Treasury notes	2½	Feb. 15, 1963	1,000,000	1,000,000
United States Treasury bonds	3	Feb. 15, 1964	3,600,000	3,600,000
United States Treasury bonds	2½	Feb. 15, 1965	3,100,000	3,100,000
			<u>14,350,000</u>	<u>14,331,523</u>
Second series bonds (Series B) maintenance fund (Note 2):				
United States Treasury bills	—	Feb. 23, 1962	250,000	247,198
United States Treasury bills	—	Mar. 8, 1962	300,000	297,027
United States Treasury bills	—	Mar. 29, 1962	200,000	197,660
United States Treasury bills	—	Apr. 12, 1962	300,000	296,719
United States Treasury bills	—	Apr. 26, 1962	300,000	296,381
United States Treasury bills	—	May 3, 1962	200,000	197,507
United States Treasury bills	—	May 17, 1962	300,000	295,876
United States Treasury notes	2½	Feb. 15, 1963	628,000	622,000
United States Treasury bonds	2½	Feb. 15, 1965	2,350,000	2,287,984
			<u>4,828,000</u>	<u>4,738,352</u>
Total other funds			<u>\$30,742,000</u>	<u>30,629,147</u>

	Interest Rate	Maturity	Par Value	Cost
Total operating fund and other funds — brought forward			\$31,142,000	31,024,606
Funds allocated from reserve to provide for major improvements, repairs, replacements, maintenance, etc.				
United States Treasury bills	—%	Jan. 11, 1962	200,000	198,942
United States Treasury bills	—	Jan. 18, 1962	50,000	49,761
United States Treasury bills	—	Jan. 25, 1962	150,000	148,693
United States Treasury bills	—	Feb. 8, 1962	500,000	493,385
United States Treasury bills	—	Mar. 8, 1962	200,000	198,705
United States Treasury bills	—	Mar. 29, 1962	300,000	298,020
			<u>1,400,000</u>	<u>1,387,506</u>
Total operating accounts			32,542,000	32,412,112
General reserve accounts:				
United States Treasury bills	—	Jan. 11, 1962	400,000	394,916
United States Treasury bills	—	Mar. 29, 1962	300,000	295,908
United States Treasury bills	—	Apr. 12, 1962	200,000	197,300
United States Treasury bills	—	Apr. 26, 1962	200,000	197,262
United States Treasury bills	—	May 24, 1962	200,000	197,258
United States Treasury bills	—	June 7, 1962	250,000	246,370
United States Treasury notes	3¼	Nov. 15, 1962	250,000	250,000
			<u>1,800,000</u>	<u>1,779,014</u>
Construction accounts:				
Second series proceeds fund (Series B-1953):				
United States Treasury bills	—	June 7, 1962	50,000	49,275
United States Treasury notes	3¼	Nov. 15, 1962	2,900,000	2,900,000
			<u>2,950,000</u>	<u>2,949,275</u>
Second series proceeds fund (Series B-1954):				
United States Treasury bills	—	Mar. 22, 1962	50,000	49,322
United States Treasury bills	—	June 7, 1962	200,000	197,101
			<u>250,000</u>	<u>246,423</u>
Second series proceeds fund (Series B-1955):				
United States Treasury bills	—	Mar. 15, 1962	250,000	246,613
Total construction accounts			3,450,000	3,442,311
Total investments			\$37,792,000	37,633,437

Notes:

- (1) As of December 31, 1961 the aggregate market value of the investments was approximately \$421,000 less than total cost.
- (2) Includes \$800,000 par value of 2½% notes and bonds which were transferred from the General Reserve Fund and are carried at \$731,985, the market value at date of transfer. Original cost to the Authority was par value. The excess of original cost over market value at date of transfer, \$68,015, has been included in prepaid and deferred items in the statement of financial condition.



NEW JERSEY TURNPIKE AUTHORITY

Other Funds — December 31, 1961

Schedule 2

	Total	Cash on deposit with Trustee, Special Trustee and Sinking Fund Agent	Investments in United States Government obligations — at cost (Schedule 1)
Revenue fund	\$ 3,325,836	3,325,836	—
Interest funds:			
General bonds	2,725	2,725	—
Second series bonds (Series B)	99,047	99,047	—
	<u>101,772</u>	<u>101,772</u>	—
Reserve funds:			
General interest reserve fund	3,856,248	15,685	3,840,563
General bond reserve fund	7,759,116	40,407	7,718,709
Second series bonds (Series B) interest reserve fund	14,347,500	15,977	14,331,523
Second series bonds (Series B) maintenance fund	4,955,890	217,538	4,738,352
	<u>30,918,754</u>	<u>289,607</u>	<u>30,629,147</u>
Sinking funds:			
General sinking fund (see note):			
3¼% — 1950 issue	123,958	123,958	—
Second series bonds (Series B):			
sinking fund:			
3¾% — 1953 issue	206	206	—
3% — 1954 issue	915	915	—
2.80% — 1955 issue	92	92	—
	<u>1,213</u>	<u>1,213</u>	—
	<u>125,171</u>	<u>125,171</u>	—
	<u>\$34,471,533</u>	<u>3,842,386</u>	<u>30,629,147</u>

Note—Approximately \$119,900 had been committed on firm orders to purchase General Bonds (1950 issue) which were delivered subsequent to December 31, 1961.

Bond Indebtedness — December 31, 1961

Schedule 3

	Original amount authorized and issued	Acquired and cancelled in prior years	Amount outstanding Dec. 31, 1960	Acquired by Sinking Fund and cancelled during 1961	Amount outstanding Dec. 31, 1961
General revenue bonds:					
Turnpike revenue bonds (1950 issue), 3¼%, maturing January 1, 1985	\$220,000,000	14,295,000	205,705,000	5,524,000	200,181,000
Turnpike revenue bonds (1951 issue), 3.20%, maturing January 1, 1986	35,000,000	—	35,000,000	—	35,000,000
	<u>255,000,000</u>	<u>14,295,000</u>	<u>240,705,000</u>	<u>5,524,000</u>	<u>235,181,000</u>
Second series revenue bonds, maturing July 1, 1988:					
Series B, 3% % (1953 issue) . .	150,000,000	38,253,000	111,747,000	10,013,000	101,734,000
Series B, 3 % (1954 issue) . .	27,200,000	6,903,000	20,297,000	1,795,000	18,502,000
Series B, 2.80% (1955 issue) . .	34,000,000	8,528,000	25,472,000	2,233,000	23,239,000
	<u>211,200,000</u>	<u>53,684,000</u>	<u>157,516,000</u>	<u>14,041,000</u>	<u>143,475,000</u>
	<u>\$466,200,000</u>	<u>67,979,000</u>	<u>398,221,000</u>	<u>19,565,000</u>	<u>378,656,000</u>

Note—To December 31, 1961 bond indebtedness totaling \$87,544,000 had been retired; \$80,812,940 of which had been retired from revenues and \$6,731,060 from excess construction funds.

Schedule 4

Summary of Construction Accounts — December 31, 1961

	Total	Original Turnpike	Newark Bay- Hudson County extension	Pennsylvania extension	Additional traffic lanes and service areas
ASSETS					
Cash	\$ 620,857	33,482	432,229	36,272	118,874
Interim investments of construction funds—at cost (Schedule 1)	3,442,311	—	2,949,275	246,423	246,613
Accrued income on investments . . .	20,630	—	17,823	778	2,029
Account receivable	8,800	—	8,800	—	—
	<u>4,092,598</u>	<u>33,482</u>	<u>3,408,127</u>	<u>283,473</u>	<u>367,516</u>
LIABILITIES					
Accounts payable	179,867	676	174,742	261	4,188
Amounts retained from contractors and engineers	171,937	—	22,950	—	148,987
	<u>\$ 351,804</u>	<u>676</u>	<u>197,692</u>	<u>261</u>	<u>153,175</u>



NEW JERSEY TURNPIKE AUTHORITY

Toll Revenue — Year Ended December 31, 1961 Schedule 5

Class	Description	Toll revenue	Revenue miles traveled by vehicles	Vehicles
1	Passenger car, motorcycle, taxi or hearse, two-axle single-tire truck	\$25,179,679	1,228,641,927	43,719,846
2	Passenger car with trailer, two-axle single-tire truck with trailer	174,941	6,718,421	118,388
3	Two-axle dual-tire truck, two-axle tractor without semi-trailer	1,995,257	44,442,570	2,125,235
4	Three-axle single-unit truck, three-axle tractor without semi-trailer	319,955	6,885,327	396,680
5	Three-axle semi-trailer combination, two-axle dual-tire truck with single-axle trailer	1,596,930	30,588,651	1,015,622
6	Four-axle single-unit truck, any dual-tire truck and trailer with four or more axles	6,670,143	122,024,805	3,126,150
7	Bus	1,260,068	32,501,022	1,235,761
9	Non-revenue vehicles*	—	—	275,881
		<u>37,196,973</u>	<u>1,471,802,723</u>	<u>52,013,563</u>
	Deduct toll adjustments	4,321		
		<u>\$37,192,652</u>		

*Vehicle Class 9, non-revenue vehicles, represents traffic of members, officers and employees of the Authority actually in the performance of their duties or traveling to or from such duties, members of the New Jersey State Police Force, members of Fire Departments or local Police Departments actually in the performance of their duties, ambulances, rescue squads or necessary vehicles of concessionaires, and vehicles of contractors used in construction of the turnpike and its buildings.

Notes to Financial Statements

(1) ACCOUNTING PRINCIPLES:

- (a) **Authorizing Legislation**—The New Jersey Turnpike Authority is a body corporate and politic created by the New Jersey Turnpike Authority Act of 1948 as amended and supplemented, authorized and empowered to construct, maintain, repair and operate turnpike projects at such locations as shall be established by law, and to issue turnpike revenue bonds of the Authority, payable solely from tolls and other revenues of the Authority. Under the provisions of the Act, turnpike revenue bonds and the interest thereon shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the State or any political subdivision thereof. The Authority has no stockholders nor equity holders and all revenues of the turnpike are required to be deposited by the Authority with, or in the name of, a special trustee to be applied in accordance with the provisions of the bond resolutions. Accounts of the Authority are maintained in accordance with (1) generally accepted accounting principles and (2) the principles set forth in this note which are based on the provisions of the bond resolutions and on the Authority's interpretation of said resolutions.
- (b) **Investment in Facilities**—Consists primarily of amounts expended to acquire right-of-way, construct and place in operation the turnpike, its extensions and related facilities. In accordance with the bond resolutions there have been included in construction costs expenses in connection with the offering, selling and issuance of bonds; discount on the sale of bonds; commitment fees under bond purchase agreements; cost of certain real estate in excess of right-of-way requirements which may be sold and the proceeds applied in reduction of construction costs; and interest on bonds (less income earned on unexpended construction funds) and administrative and legal expenses during the construction period. This amount also includes the cost of improvements, enlargements and betterments to the original facility.
- (c) **Interest**—Interest on bond indebtedness is payable semi-annually on January 1, and July 1, of each year. Interest due on January 1, 1962 of \$6,131,803 had been deposited with the paying agent prior to December 31, 1961 (as in the previous year) and, accordingly, there is no liability shown in the accounts for such interest at that date.
- (d) **Operations**—The accompanying financial statements have been prepared on the accrual basis. The bond resolutions state that operating expenses shall not include any allowance for depreciation or amortization and accordingly no provision for depreciation has been included in the accounts or in the accompanying financial statements. In the absence of a provision for depreciation, effective recovery of construction costs will be accomplished through the required transfer of surplus revenues to the respective sinking funds for retirement of the related bond indebtedness. During 1961 \$19,333,323 was made available for the retirement of bonds; \$12,602,263 of which was from revenues and reserves and \$6,731,060 from surplus construction moneys. Budgeted operating expenses of \$8,275,745, as reported in the Statement of Revenues and Operating Expenses, include adjustment for prepaid and accrued expenses and accounts payable at the beginning and end of the year. Funds to pay operating expenses of the turnpike are allocated to the Authority by the Special Trustee on the basis of monthly cash requirements as set forth in the Annual Budget of the Authority which is prepared on a cash disbursements basis. The Annual Budget of Operating Expenses as filed for the year 1961 amounted to \$8,570,000 as compared with cash disbursements during 1961 for operating expenses of \$8,374,405. The Authority, with the approval of the Consulting Engineer, may direct the Trustee to transfer funds from the Second Series Maintenance Fund to special accounts to pay the cost of repairs, replacements or maintenance items of a type not recurring annually or at short intervals and for which moneys were not provided in the budgeted operating expenses. Transfers may also include funds for major improvements and certain studies. During the year ended December 31, 1961

transfers for such purposes amounted to \$9,303,955, including \$1,407,123 provided from construction accounts. From funds so provided during the current and preceding year, expenditures were made and liabilities incurred for major improvements in the amount of \$7,158,347 which has been added to the cost of investment in facilities and \$1,178,029 for repairs, replacements and maintenance items which has been reflected as an extraordinary charge in the accompanying Statement of Revenues and Operating Expenses.

(2) AGREEMENT WITH BOND HOLDERS:

To provide funds for the construction of the turnpike and extensions, the Authority authorized on February 10, 1950 an issue of \$220,000,000 Turnpike Revenue Bonds (1950 issue); on September 19, 1951 an issue of \$35,000,000 Turnpike Revenue Bonds (1951 issue), both referred to as General Bonds; on November 18, 1952 an issue of \$32,024,000 Second Series Bonds (Series A) of which \$30,000,000 was issued; on October 14, 1953, an issue of \$150,000,000 Second Series Bonds (Series B) of which \$30,000,000 has been used to retire the Second Series Bonds (Series A); on April 14, 1954, an issue of \$27,200,000 Second Series Bonds (Series B), and on March 17, 1955, an issue of \$34,000,000 Second Series Bonds (Series B). The bond resolution covering the Second Series Bonds authorizes the issuance of additional bonds of this series under certain conditions. Minimum annual sinking fund payments sufficient to retire the General Bonds by maturity are required in increasing amounts commencing with the annual period ended November 15, 1959 in respect of the 1950 bonds which mature January 1, 1985, and the annual period ending November 15, 1968 in respect of the 1951 bonds which mature January 1, 1986. The minimum sinking fund requirement applicable to the 1950 issue of General Bonds for the annual period ended November 15, 1961 has been satisfied. The requirement for the annual period ending November 15, 1962 is \$5,997,000. No minimum annual sinking fund payments are required for the Second Series Bonds (Series B) which mature July 1, 1988; however, all remaining Surplus Revenues, after satisfying the requirements of all other funds provided for in the bond resolutions are allocated to the Second Series Sinking Fund. During the year 1961 the remaining surplus revenues, excess reserve requirements and excess construction moneys applicable to Second Series Bonds of \$13,783,897 were transferred to the Second Series Sinking Fund and allocated to sub-sinking funds as follows:

Series B, 3 3/8 % (1953 Issue)	\$ 9,939,840
Series B, 3 % (1954 Issue)	1,727,015
Series B, 2.80% (1955 Issue)	2,117,042
	<u>\$13,783,897</u>

In addition \$5,549,426 was transferred to the General Sinking Fund (1950 issue) satisfying in full the remaining amount due for the annual period ended November 15, 1961 and including \$2,749,613 in partial payment on the amount due for the annual period ending November 15, 1962. General Bonds and Second Series Bonds, at the election of the Authority, may be redeemed at varying premium rates other than by operation of the respective sinking funds, as set forth in the bond resolutions.

(3) GENERAL RESERVE FUND:

All funds accumulated in the General Reserve Fund to date have been allocated as permitted by the Bond Resolution, to Special Funds for studies relating to extensions, other turnpikes, the Turnpike or improvements, enlargements and betterments thereto and for the cost of such improvements, enlargements and betterments. During 1961 \$275,860 of excess reserves in the General Interest Reserve and General Bond Reserve Funds became available to the General Reserve Fund due to lower requirements resulting from General Bond retirements. In addition, excess construction funds of \$662,433 were transferred to the General Reserve Fund. These amounts have been allocated for the cost of improvements, enlargements and betterments.

