SOUTH JERSEY TRANSPORTATION AUTHORITY

2011 COMPREHENSIVE ANNUAL REPORT

EXPANDING
IMPROVING


SOUTH JERSEY TRANSPORTATION AUTHORITY
2011
ATLANTIC CITY
Beautification
PROJECT
Compliments of NUCKY THOMPSON
BOARDWALK EMPIRE
9-25 AT 9PM
HBO
Spirit
Gate 4
NONSTOP SERVICE
Ground Transport
Parking/Payment/Car Rental

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LETTER OF TRANSMITTAL
FROM THE CHAIRMAN

The year 2011 presented many challenges for New Jersey residents and governments at all levels, including authorities. The South Jersey Transportation Authority worked to advance projects that help fuel economic growth while at the same time controlling expenses. The difficult choices we made and the priorities we set helped to lay the foundation for what Governor Chris Christie refers to as "The Jersey Comeback."

SJTA made great strides in 2011 to widen a segment of the westbound Atlantic City Expressway, easing travel for visitors as they head home from Atlantic City and other southern Jersey Shore destinations. In July, 2011, we completed the $23 million first phase of the project, which added a third travel lane between mile-markers 7.8 and 17.4. It included express E-ZPass lanes in each direction for customer convenience. We immediately began the second phase, a $16 million project that is adding a third lane from mile-marker 17.8 to mile-marker 25. We anticipate project completion in July 2012.

Atlantic City International Airport (ACY) is in the midst of a major expansion project that is adding three gates, 75,000 square feet of space and a Federal Inspection Station (FIS) to facilitate international service. The $27 million project entered construction in 2010 and is anticipated to be completed this summer. A new $14.3 million fire station is also under construction and is expected to be completed in the summer of 2013.

As the Chairman of the South Jersey Transportation Authority I am proud of these accomplishments and pledge the support of the New Jersey Department of Transportation to help keep the region moving forward.

James S. Simpson

JAMES S. SIMPSON

Chris Christie
Governor

Kim Guadagno
Lt. Governor

James S. Simpson
Chairman

Jeffery A. April, Esq.
Commissioner

Joseph W. Devine
Commissioner

Caren Franzini, EDA
Commissioner

Maurice B. Hill
Commissioner

C. Robert McDevitt
Commissioner

Joseph Ripa
Commissioner

Dianne Solomon
Commissioner
Appointed on
5/23/11

Mark Summerville
Vice-Chairman
Service Concluded
5/23/11

Louis Toscano
Commissioner

South Jersey Transportation Authority
Board Of Commissioners

Bart R. Mueller
Executive Director

Letter Of Transmittal
From the Executive Director

I am pleased to present the 2011 Annual Report of the South Jersey Transportation Authority. There are many noteworthy achievements to highlight this year.

On the Atlantic City Expressway, work was completed on the first phase of the Westbound Widening Project. The work was completed on time and on budget and work was started in late 2011 for phase two, which will extend the third lane to milepost 25.Express E-ZPass lanes were added to the Egg Harbor Toll Plaza, making travel easier for the motoring public. With Express E-ZPass, vehicles can now pass through the Toll Plaza without stopping, saving gasoline and time.

At the Atlantic City International Airport, the never ending work of the SJTA continues. Formal construction was begun on an addition to the Airport Terminal that includes a Federal Inspection Station for the Customs and Border Patrol. This will enable the airport to be a full time entry point for international travel and further the ability of the Airport to offer more services to airlines. Construction was begun on a much needed new firehouse, or ARFF (Airport Rescue Fire Fighting) facility that will provide our firefighters with a state of the art building. Work continues on terminal upgrades to enhance the appearance and functionality of the Airport for tenants and travelers alike.

Our Transportation Services Department continues to provide access for those in need of transportation. A shuttle to work program has proven to be successful in our region and includes, among others, Atlantic County, Camden County, Gloucester County, the City of Philadelphia and soon in Burlington County. Regular service also began from the Egg Harbor City train station to Stockton College, the FAA Technical Center in Egg Harbor Township and the Airport. Parking facilities in Atlantic City and the Airport are included in the functions of Transportation Services and are providing a needed service to the public.

The SJTA remains ready to serve the traveler by air or land in a professional, courteous manner.

Bart R. Mueller

BART R. MUELLER

SOUTH JERSEY **TRANSPORTATION AUTHORITY**

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.

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.

CORE **FUNCTIONS**

ATLANTIC CITY EXPRESSWAY

The Atlantic City Expressway (ACE) provides safe and efficient travel to millions of motorists. Opened to traffic in 1964, it was connected directly into Atlantic City in 1965. The 44.5 mile roadway extends from Atlantic City through Atlantic, Camden and Gloucester counties, ending at Route 42, approximately 10 miles east of Philadelphia. Emergency Service Patrol vehicles are available on the roadway as a courtesy to ACE motorists. In 2001, the Expressway was expanded to include the 2.5 mile Atlantic City Expressway Connector.

ATLANTIC CITY INTERNATIONAL AIRPORT

The Atlantic City International Airport (ACY) 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 a host of destinations while safely delivering hundreds of thousands of business and recreational travelers to Atlantic City and the Southern New Jersey shore region.

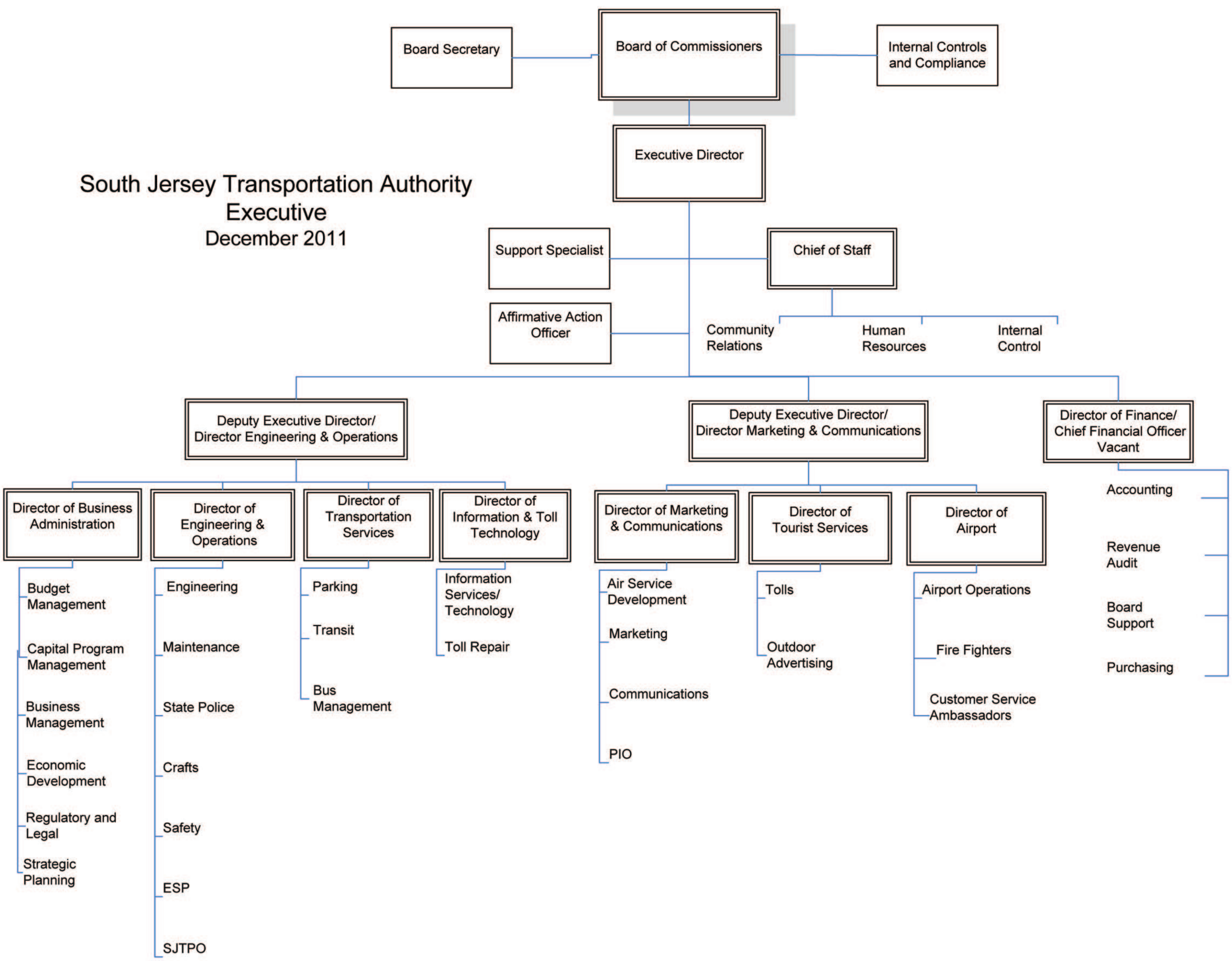
TRANSPORTATION SERVICES

The South Jersey Transportation Authority (SJTA) provides transportation services with transit routes that increase accessibility to employment opportunities in areas underserved by transit. The Transportation Services Department operates and manages all of the SJTA parking facilities and parking shuttles at locations in Camden, Atlantic City and at Atlantic City International Airport. In addition, the department promulgates and enforces the rules and regulations of the motorbus industry in Atlantic County.

ECONOMIC DEVELOPMENT

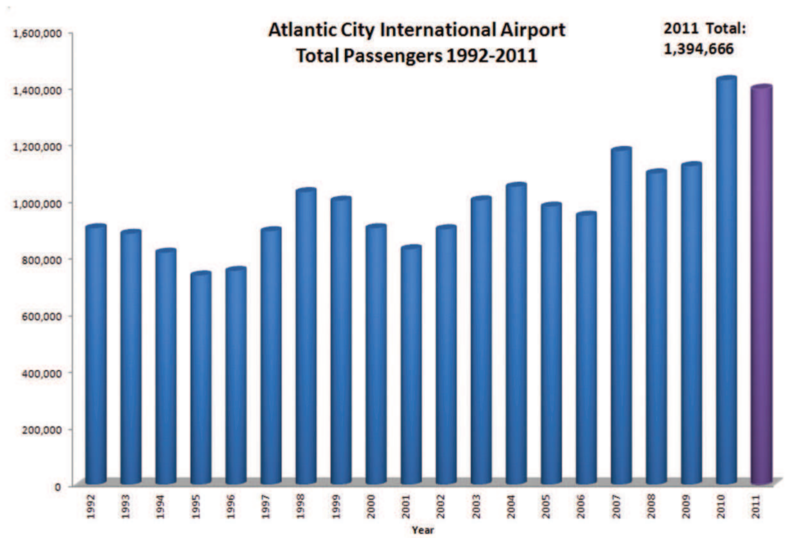
The SJTA is charged with promoting economic growth and development to support the economies in Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem counties. The Authority accomplishes this through the acquisition, maintenance, operation and support of expressway, airport, transit, parking, other transportation projects and services to safely move people and commerce.

SJTA ORGANIZATIONAL CHART



ATLANTIC CITY **INTERNATIONAL AIRPORT**

Atlantic City International Airport (ACY) is the airport to watch over the coming years. ACY experienced a 31.2 percent increase in passenger traffic at the close of the previous year—a record high for the airport. Work progresses on Phase I of the Federal Inspection Station and Terminal Expansion project, which will increase the number of loading bridges and gates and allow for processing of international flights. While the physical expansion remains on track, the airport completed a virtual expansion with technology upgrades that brings information to travelers on new flight information displays. The upgrades accompanied a major increase in passenger traffic throughout the year.



LOWEST FARES IN AMERICA **FLY OUT OF ATLANTIC CITY**

The U.S. Department of Transportation's Bureau of Transportation Statistics released a report that recognized Atlantic City International Airport for having the lowest domestic airfares in the country during the third quarter of 2011. ACY's fares averaged $167—that's $194 less than the national average. The news secured ACY's running title, since its had the lowest average fares among the nation's top 100 airports since 2008.

SJTA marketing officials encouraged travelers using nearby airports to "Drive a Little, Save a Lot" and enjoy ACY's low fares, low cost parking and convenience.

On March 4, Spirit added direct seasonal service to Chicago O'Hare airport. The route to the Midwest's largest city extended to Los Angeles in April with connecting service to Las Vegas.

In November, Spirit Airlines brought in four new A321 airbuses, which each seat 218 passengers. The new planes increased seating capacity over the former A319s and A320s, which seated 145 and 178, respectively.

SJTA BREAKS GROUND ON

AIRCRAFT RESCUE AND **FIRE FIGHTING STATION**

AT ATLANTIC CITY INTERNATIONAL AIRPORT

ACY Fire Department **At-A-Glance**

The Atlantic City International Airport Fire Department was formed in 1993 under the direction of the South Jersey Transportation Authority. The original department was formed collectively with the NJ Air National Guard Fire Department after services were taken over from the Federal Aviation Administration. This structure lasted a short period when fire protection services were split and the SJTA took full responsibility for fire protection of all civilian operations. The department was housed in the original FAA fire station which is still home to the airport fire department.

Everyday operations of the Airport Fire Department include providing emergency services to the entire airport complex and its tenants. The department responds to all structural fires, aircraft emergencies, motor vehicle collisions and medical emergencies. Along with its responsibilities onsite, the department is part of the Atlantic County mutual aid network that provides assistance to other communities in time of need. Personnel participate in daily training to keep the department's skill level sharp and ready to deploy to almost any array of emergency operations.

(Above) ARFF Rendering; The Airport Fire Department's infrastructure includes 21 Fire Personnel, 1 Fire Station, 5 Front Line Response Vehicles (Aircraft and Structural), and 5 Auxiliary Response Vehicles.

"With the new center, we will have the technological advances and new equipment necessary to respond to high-level threats."
-Bart R. Mueller, Executive Director

On October 28, 2011, officials gathered at Atlantic City International Airport to break ground on a new $14.3 million Aircraft Rescue and Firefighting Facility (ARFF). The 40,700 square foot, state-of-the-art building will feature multiple vehicle bays for fire trucks, administrative and staff living quarters, enhanced equipment and apparatus facilities and training areas.

The U.S. Department of Transportation supported ARFF with a $6.7M federal grant, which will allow more efficient emergency operations at other facilities on the Airport's campus including the 177th Air National Guard Fighter Wing and the William J. Hughes Federal Aviation Administration Technical Center.

The bi-level rescue station will be comprised of three main areas. Drive-through apparatus bays will permit vehicles to drive into the rear of the bay and be immediately poised to access the airport for any emergency. It is designed to be able to handle the possibility of larger more technologically advanced vehicles in the future.

Once ARFF is complete, in summer 2013, the old rescue station will be put to use for other purposes at the Airport.

TERMINAL EXPANSION/ FEDERAL INSPECTION STATION

Last December, SJTA broke ground on a $25 million project that would expand the terminal and equip the airport to provide 24/7 customs and border control service to accommodate international flights.









January 2011: Initial construction phasing of the project begins.

March 2011: Installation of centerline lights and final drainage work in process of being performed.

April 2011: First concrete pour; passenger loading bridge at Gate 6/7 and the East Terminal Stairwell close as a safety measure for duration of the expansion.

May 2011: Apron expansion on schedule for completion.

July 2011: Steel erection on schedule for completion.

The Terminal Expansion and Federal Inspection Station project at ACY is well underway with more loading bridges and gates, new technological upgrades, added retail space and improved check-in capabilities. Travelers can experience the new and improved ACY in summer 2012.








July 2011: Apron 1B is completed, including an upgraded drainage system, revision of the striping plan for airplane movement and parking and additional spacing to accommodate larger planes.

Coming soon: Phase 2 anticipated to launch in March 2012. This phase involves new flooring, new gate counters and displays, access to new baggage carousels and additional office space for Airport tenants.

July 2011: Steel erection is complete; Project remains on track for completion in May 2012.

Final phases are Phase 3, 4A & 4B which include seating, counters and equipment near the new gates. The final phase also includes Custom and Border Patrol Offices, flooring, lighting and electrical work.

ACY Featured In Publication **For Virtual Expansion**

Atlantic City International Airport was featured in Airport Improvement magazine for it's advanced technological upgrades to the terminal. The $3.5 million virtual expansion included an update to the airport's flight information display system (FIDS) and revenue management system, an airport operational database (AODB) and resource management system and digital signage program. The airport also launched pilot programs to explore the feasibility of computerized ticket counters and self-service kiosks.

Travelers can immediately notice the upgrades, which are in the form of ultra-thin video walls and more than 100 flat screen display units throughout the terminal.

The technology is expected to help the airport attract new air service alongside the terminal expansion, which should be complete by summer 2012. With the advancements, the airport is able to schedule and assign gates and ticket counters which translates to improved efficiencies and a better handle on heavy traffic through the airport.

The revenue management system captures important gate and ticket counter information and allows for more accurate updates of flight delays or diversions.

ACY's new digital signage program adds a new dimension of benefits to the terminal, including a source of revenue from advertising space on the FIDS. Airport officials will work with vendors to incorporate approved messages into the rotation of the high resolution monitors.

As a balance to the digital revolution, SJTA Marketing officials decked out the airport with Atlantic City themed memorabilia. As soon as travelers walk through the sliding doors of the entrance, they can experience historic Atlantic City through carefully placed displays and exhibits. On the first floor, once plain metal pillars are now wrapped with bold, eye-catching images of Atlantic City's most unforgettable moments, fascinating icons and breathtaking locations. A mural of Atlantic City's popular figureheads like Enoch "Nucky" Johnson stretch along the backdrop of the screening area. On the second floor, passengers can peruse the 17 foot high hanging banners and wall clings, neatly arranged with classic images and information, as they wait near any of the departing gates. As arriving passengers leave the second floor and head toward baggage claim, their escalator descent reveals images of a revitalized Atlantic City. Floor to ceiling wall decals feature bright colorful images of the city's casinos, popular restaurants and landmarks.

(Airport Improvement Magazine, July-August Issue) More than 100 flat screen display units share flight information, Airport guidance, slideshows and more.

What's Next **For ACY?**

In September, ACY began construction on a passenger checkpoint expansion that will increase the TSA screening area from three lanes to six. The project includes the addition of state-of-the-art full body scanners that enhance security and further speed the screening inspection process for passengers. The project will be complete by March 2012, just a few months ahead of the Terminal Expansion and Federal Inspection Station project.

ATLANTIC CITY **EXPRESSWAY**

The Atlantic City Expressway makes travel quick and convenient for millions of travelers each year. Most people may not notice SJTA maintenance workers operating behind the scenes to keep the roadway smooth, clean and safe. Under the direction of the Director of Engineering and Operations, these men and women work year-round to:

- Make repairs, installations and improvements, such as pot hole repairs, resurfacing, wildlife barrier installation and utility work
- Help sidelined vehicles through the Emergency Services Patrol* (see chart below)
- Maintain the roadway with litter removal, tree trimming, tunnel cleaning and bridge bearing and beam repainting
- Conduct tests and inspections of roadway bridges and tunnels

The SJTA initiated several projects along the Expressway to further streamline travelers' experience and significantly reduce drive time during the heaviest traffic periods.

In accordance with Federal Highway Administration requirements, SJTA conducts bi-annual bridge inspections on the Atlantic City Expressway and Brigantine Connector.

Motorist Aids Handled by the ESP since 2008

	2008	2009	2010	2011
Dead Battery	604	609	597	570
Flat Tire	2,629	2,535	2,729	2,664
Lock Out	49	69	72	88
Mechanical	1,875	1,563	1,741	2,672
Out of Gas	1,049	966	930	931
Overheat	544	467	520	525
Directions	316	330	529	779
Request for Tow Truck	1,821	1,594	1,748	3,611
Other	1,076	938	919	1,269
Total	**9,963**	**9,071**	**9,785**	**13,109**

ATLANTIC CITY EXPRESSWAY
THIRD LANE WIDENING WESTBOUND

The third lane widening project involves adding a westbound lane to the Expressway from the Garden State Parkway to Route 73, a length of 24.1 miles—which is approximately half of the Expressway. The project broke ground in December 2009 and continues to proceed on schedule.

The widening occurs in three phases:

Phase I: Widening from milepost 7.7 of Garden State Parkway to Egg Harbor Toll Plaza. Intelligent Transportation System components, including Closed Circuit Television (CCTV) Cameras, E-ZPass Tag Readers, and overhead variables message signs are installed at each phase. Total miles: 9.8

June 2011: Phase I completed.

Phase II: Widening from Egg Harbor Toll Plaza to milepost 25. Total miles: 7.0

- May 31, 2011: Notice to Proceed issued.
- June - December, 2011: Little Mill Bridge Deck and Make Peace bridges widened, new concrete deck poured
- July 2011 - March 2012: Asphalt widening from milepost 17-20
- September 2011 - January 2012: Installation of Bio-Infiltration Basins at Frank S. Farley Service Plaza; widening of westbound entrance and exit ramps with new ramp lighting installed
- January 2012: Installation of subbase to prepare for first lift of asphalt from milepost 20 to 25 westbound.
- January 2012: Bridge 11A widening
- July 2012: Phase II scheduled completion.

Phase III: Anticipated completion of widening from 25 to 31 (Route 73). Total miles: 6

View Looking East @ Bridge Widening Activities for Structure Over Make Peace Stream @ MP 20.6

View Looking West @ Stage 1; 3rd Lane Widening @ Box Culvert No. 11C @ MP 18.5

View Looking West @ Stage 1; Pavement for 3rd Lane Widening from MP 18.9

EXPANDING
IMPROVING

SJTA
Overcomes Natural Obstacles...

Throughout the year, the Engineering and Operations Department met sizeable challenges against nature when storms passed through South Jersey.

A winter storm with accumulations of 10 to 20 inches provided the year's first test of the SJTA's ability to keep and maintain the Expressway. Workers successfully brined, salted and removed snow from not only the Expressway, but also Route 9 from Egg Harbor to New Gretna, sections of Route 30, and Route 42 to Creek Road. The battle against the elements lasted 13 days, with more then 4,600 tons of salt and over 7,500 gallons of liquid calcium used to keep snow and ice at bay. Crews, staff and workers worked over 5,500 hours to keep the Expressway open and available to travelers.

Hurricane Irene

Governor Christie issued an executive order that suspended tolls along the Atlantic City Expressway from Friday, August 26 to Sunday August 28, 2011 to hasten the evacuation of the South Jersey shore region.

The South Jersey Transportation Authority was among several authorities that were commended by Commissioner James Simpson, who said a coordinated fight by multiple agencies rescued hundreds of stranded motorists, assisted thousands of others and kept almost all roads passable throughout one of the ten worst storms in a century.

In August, those same workers faced off with Hurricane Irene as it blasted its way through the region. As the entire coastal area was mandated to evacuate, the SJTA worked alongside other agencies to escort travelers out of harm's way. Despite SJTA's efficient handling of the storm, the emergency came at a cost of $1.1 million in combined economic impact.

On May 9, 2011, a large truck crashed into the Route 50 overpass causing significant damage.

The bridge needed new beams and bearings and the Expressway needed to be repaved in the area of the accident. For about 12 weeks, the Authority was forced to reduce traffic to two lanes while redirecting traffic to Route 50 in both directions. Within four months, the overpass was completely restored and traffic flow returned to three lanes, thanks to quick and efficient engineering and due in part to the progress of the Third Lane Widening project.

...And Not So Natural Ones

On the day after Memorial Day, a passenger truck struck a toll gantry at Exit 9 westbound, causing a corner to collapse. Traffic was detoured, the damage addressed and the interchange reopened the same day.

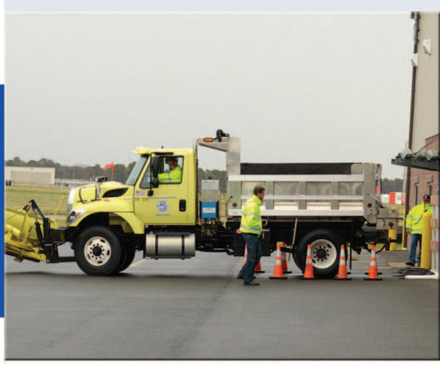
SJTA Teams up with HBO **To Promote Atlantic City**

In September, SJTA teamed with HBO's marketing team to commemorate season two of *Boardwalk Empire*. The award-winning cable television series centers around the life and times of Nucky Thompson, a key figurehead in Atlantic City during the Prohibition Era.

The components of the promotion included an HBO-sponsored beautification scene at the entrance to Atlantic City—complete with signage and freshly arranged foliage. (see picture). Atlantic City Expressway travelers received V.I.P. treatment with complimentary passage into the city at Pleasantville Toll Plaza from midnight on Friday Sept. 23 until 11:59 p.m. on Sunday, Sept. 25, "Compliments of Nucky Thompson."

2011 **Snow Plow Road-E-O**

- Each year, SJTA conducts a snow plow event in which drivers representing Maintenance, Crafts, Engineering and Fleet Divisions compete on an obstacle course for time and accuracy of operating the trucks.



Did You Know?

SJTA has become a demonstration entity for agencies in New Jersey— most recently Cinnaminson Township in Burlington County—on brine-making and snow-clearing techniques.

Express E-ZPass Installed At Egg Harbor Toll Plaza

For years, travelers have enjoyed the convenience of owning an E-ZPass transponder to traverse roadways like the Atlantic City Expressway. With E-ZPass, motorists save time, fuel and money while reducing vehicle emissions and traffic jams at toll plazas.

On February 24, 2011, SJTA broke ground on an initiative to further delight E-ZPass users just in time for two of the heaviest travel periods on the Expressway: Memorial Day weekend and the approaching summer season.

Four toll booths were demolished at Egg Harbor Toll Plaza to make way for separate, dedicated lanes with open road E-ZPass technology, called Express E-ZPass. These lanes allow transponder owners to move safely through the toll plaza without stopping or slowing down.

ACE-ACY Direct Connector Project

SJTA is beginning the final design phase of a $40 million project that will directly connect the Atlantic City Expressway travelers to Atlantic City International Airport's campus through a series of ramps, overpasses and roads.

The ACE-ACY Connector Project will help alleviate anticipated traffic volume increases that will accompany growth at the airport complex.

(Pictured Left) This preliminary drawing shows new ramps from the Atlantic City Expressway with two overpasses over the highway. The road then links to Amelia Earhart Boulevard with another overpass over Airport Circle connecting to Delilah Road by a traffic signal.

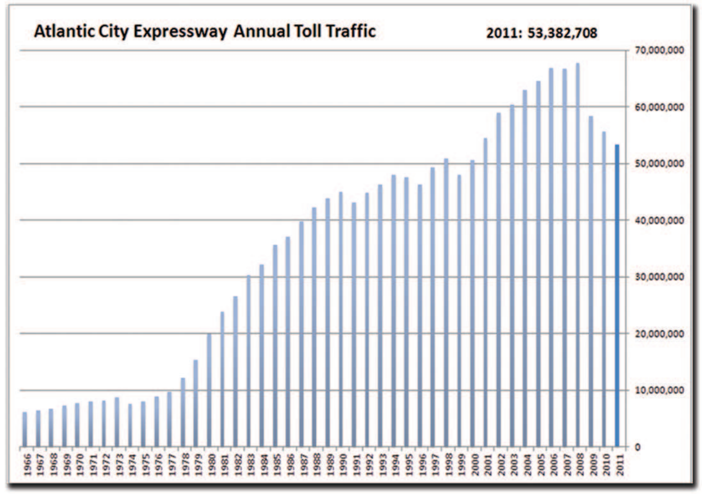
ATLANTIC CITY EXPRESSWAY ANNUAL CHARTS

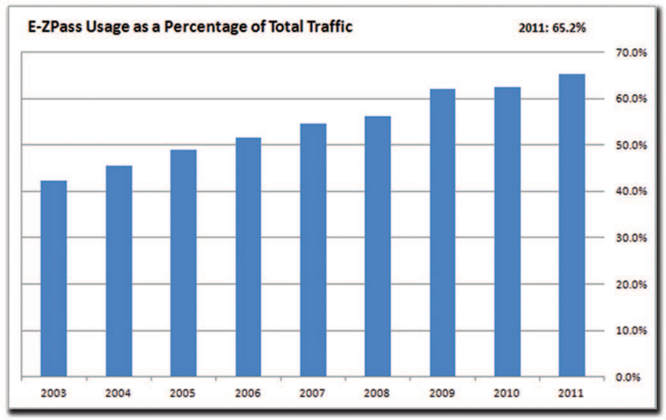
Atlantic City Expressway Annual Toll and Traffic Revenue						
YEAR		Expressway Toll Traffic	Expressway Toll Revenue	Authority's Total Revenues	Percent From Expressway Tolls	Cents Per Roll
2011		**53,382,708**	**$76,895,065**	**$106,046,142**	**72.5%**	**1.440**
2010		54,977,031	$78,914,150	$108,654,245	72.6%	1.440
2009		58,432,437	$82,162,229	$109,632,566	74.9%	1.406
2008		66,961,243	$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		63,036,743	$57,247,411	$78,771,768	72.7%	0.910
2003		60,332,338	$51,190,087	$59,488,734	86.0%	0.848
2002		59,000,044	$48,525,003	$56,373,284	86.1%	0.823
2001		54,415,354	$45,853,899	$58,712,782	78.1%	0.841
2000		50,619,351	$44,322,412	$56,594,079	78.3%	0.876
1999		48,050,179	$44,434,942	$57,923,324	76.7%	0.924
1998		50,855,587	$27,444,172	$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	$24,257,677	$31,458,000	77.1%	0.509
1994		48,023,048	$24,218,472	$30,713,109	78.9%	0.504
1993	(SJTA begins)	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		42,298,412	$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

Atlantic City Expressway **Toll Schedule**

	Current Rate	**E-ZPass** Frequent User Discount
Pleasantville		
Auto	$0.75	$0.51
Limo	$1.50	$0.90
Dual Tire	$1.50	$1.35
Three Axle	$2.25	$2.03
Four Axle	$3.00	$2.70
Five Axle	$3.75	$3.38
Six Axle	$4.50	$4.05
Egg Harbor		
Auto	$3.00	$1.92
Limo	$4.50	$2.70
Dual Tire	$4.50	$4.05
Three Axle	$6.75	$6.08
Four Axle	$9.00	$8.10
Five Axle	$11.25	$10.13
Six Axle	$13.50	$12.15
Route 50 Interchange		
Auto	$3.00	$1.92
Limo	$4.50	$2.70
Dual Tire	$4.50	$4.05
Three Axle	$6.75	$6.08
Four Axle	$9.00	$8.10
Five Axle	$11.25	$10.13
Six Axle	$13.50	$12.15
Pleasantville - Route 9 Ramp		
Auto	$0.75	$0.51*
Truck/Bus/Limo	$0.75	$0.75*
Pomona (AC Int'l Airport), Mays Landing, Hammonton, Winslow		
Auto	$0.75	$0.45*
Truck/Bus/Limo	$0.75	$0.75*
Williamstown, Berlin-Cross Keys		
Auto	$0.40	$0.24*
Truck/Bus/Limo	$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.





2011 ACE Traffic Increase or Decrease at Each Toll Area

YEAR	Pleasantville	New Road	Pomona	Mays Landing	Egg Harbor	Hammonton	Winslow	Williamstown	Cross Keys	Route 50	Expressway Total
2011	**-2.34%**	**-1.41%**	**-1.69%**	**-2.93%**	**-3.90%**	**0.05%**	**-2.20%**	**-7.46%**	**-0.38%**	**76.41%**	**-2.90%**
2010	-10.22%	-4.55%	-1.30%	-11.57%	-2.94%	-2.44%	1.96%	-2.64%	1.64%	-6.05%	-5.91%
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%	4.8%	-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%

TRANSPORTATION **SERVICES** SHUTTLE SERVICES

Transportation Services **Overview**

The Transportation Services Division operates a network of shuttles throughout Atlantic, Burlington, Camden and Gloucester counties. The Department offers a means of transit to areas underserved by conventional travel systems, with a primary focus on work related, training and Veteran Affairs transportation. These shuttles are funded by JARC (Job Access -Reverse Commute), CMAQ (Congestion Mitigation/Air Quality), county, local and private support. In addition to the transportation network, the division also operates shuttles at the Atlantic City International Airport. In December, 2011, the Transportation Services Division was awarded a two year agreement to operate Burlington County Fixed Route (BurLink) Services. The BurLink agreement is to begin January, 2012.

Shuttle-To-Work **Program**

SJTA's buses and shuttles are in constant operation with "shuttle to work" routes in Atlantic, Burlington, Camden, Gloucester, and Philadelphia counties. The program safely transports people to and from work in a safe and timely manner, gearing them for success. A second shuttle service brings veterans safely to and from their medical providers.

Transportations Services **Expands**

The South Jersey Transportation Authority entered into a contract to operate BurLink, a deviated fixed route service providing transportation to the residents, employees and visitors of Burlington County. The service connects with many NJ TRANSIT bus routes and the River Line at the Beverly Rail station.

In late December, the Authority began operating the BurLink's busiest routes: B1, which provides service from Delaware River to Pemberton Township and the B5, which travels from Florence light-rail station to the Haines Industrial Park.

Soon, the department will take on the remaining routes, which provide an easy, low-cost transportation alternative.

Bus Management

The South Jersey Transportation Authority, as successor to the Atlantic County Transportation Authority, is responsible for promulgating, adopting and enforcing rules and regulations regarding the Motorbus Industry in Atlantic County. 64,340 bus permits, 51 bus medallions, and 2 fleet medallions were sold in 2011. Over 50 site licenses were sold.

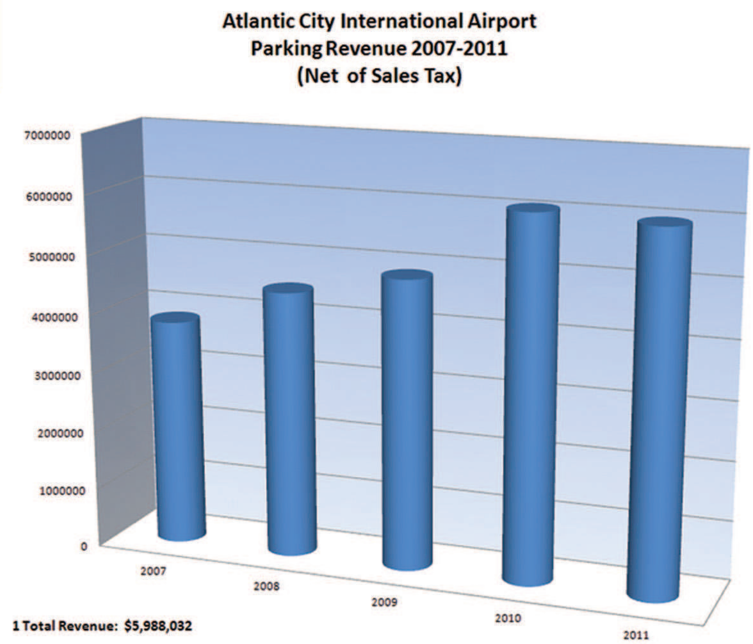
Now Boarding: • B1 Beverly - Pemberton (Pemberton to RiverLine • B2 Beverly-Willingboro - Edgewater Park - Westhampton • B5 Florence Rail Station to Haines Industrial Center • B8 Riverside Rail Station to Hartford Crossing/Delran • B9 Palmyra Rail Station - Cinnaminson - Moorestown - Moorestown Mall- East Gate • B10 Cinnaminson Rail Station - Taylor's Lane - Route 130 - Union Landing Road

TRANSPORTATION **SERVICES**

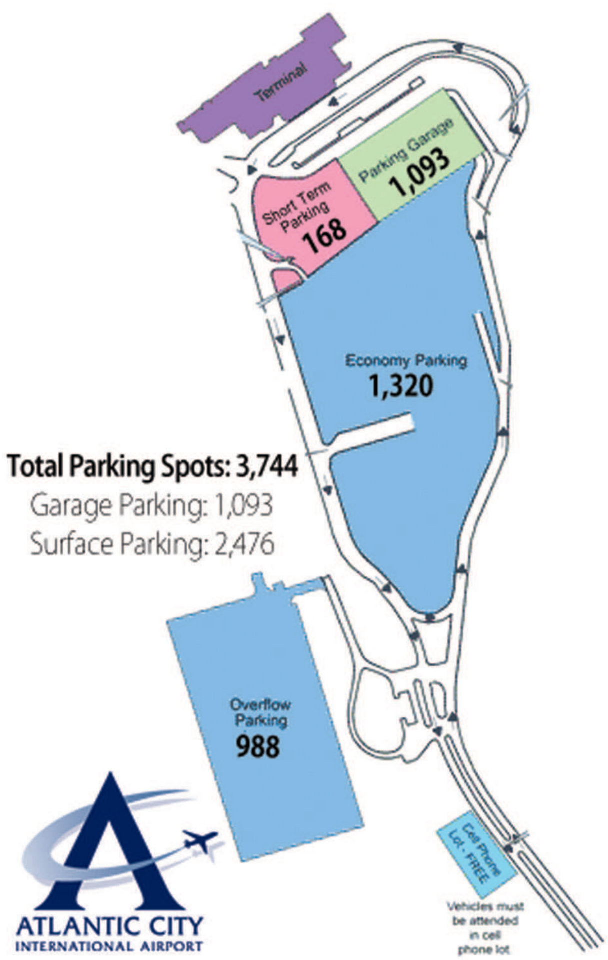
PARKING SERVICES

Atlantic City **Parking**

The Transportation Services Division operates one garage and two surface lots in Atlantic City. New York Avenue Garage has 825 spaces, Fairmount Avenue Lot has 425 spaces and Atlantic Avenue Lot has 299 spaces. Atlantic City Parking saw a 31.9% increase in parking revenue between 2010 and 2011. In 2011, the parking division began operating a park and ride from the intercept lot. Customers park and are shuttled via jitney to the special event location. The Dave Matthews Caravan and Atlantic City Airshow, which together drew more than 675,000 spectators, were the first of such special events.



In 2011, business increased at all four facilities, bringing in a record amount of parking revenue for the Authority.



ATLANTIC CITY
INTERNATIONAL AIRPORT

Atlantic City Int'l Airport **Parking**

Atlantic City International Airport offers several convenient options for parking. The six-story parking garage located steps from the terminal contains 1,093 parking spaces for patrons while 175 are reserved for rental cars. The Economy and Short Term parking lots are also steps away, with parking for up to 1,320 vehicles. A climb into the Airport Shuttle makes it quick and easy to get to and from the Overflow Lot, which offers an additional 988 parking spaces.

EXPANDING
IMPROVING

ECONOMIC **DEVELOPMENT**

AN AGGRESSIVE CAPITAL PLAN **FOR THE YEARS TO COME**

The South Jersey Transportation Authority's key mandate is to stimulate the economic development of six southern New Jersey counties: Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem Counties. The Authority often goes beyond the boundaries of this mandate to enrich the lives of hundreds of thousands of New Jersey residents to foster growth and financial stability throughout the state.

In 2011, the Authority progressed on $102.2 million in capital projects that will improve the flow of people and commerce in the region. This investment translates into bridge, road and tunnel improvements, such as wide scale bi-annual tunnel and bridge testing and repairs; added lanes, new ramps and entry points to the Atlantic City Expressway by way of the ACE-ACY Direct Connector and Third Lane Widening Westbound project; apron and terminal expansions at the Atlantic City International Airport and much more.

The implementation of these capital investments results in hundreds of well paying jobs for hard working individuals each month.

SJTA's Capital Plan 2012 - 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total 10 Year Plan
Bridge Assets	1,550,000	700,000	1,350,000	700,000	9,900,000	5,200,000	1,100,000	700,000	1,100,000	750,000	23,050,000
Road Assets	1,850,000	3,075,000	2,700,000	3,325,000	2,700,000	2,225,000	1,700,000	2,825,000	2,700,000	3,725,000	26,825,000
Highway Facility Assets	2,548,280	8,467,414	40,644,041	880,422	4,396,831	283,267	599,733	386,227	302,752	739,307	59,248,274
Safety Management Assets	480,000	700,000	500,000	600,000	650,000	4,250,000	500,000	750,000	525,000	625,000	9,580,000
Congestion Relief	44,207,001	90,000,000	9,000,000	-	-	10,000,000	70,000,000	70,000,000	-	-	293,207,001
Roadway Capital Equipment	1,646,420	2,570,000	2,620,000	2,600,000	2,925,000	2,825,000	2,825,000	2,825,000	2,825,000	2,825,000	26,486,420
Total Expressway	**52,281,701**	**105,512,414**	**56,814,041**	**8,105,422**	**20,571,831**	**24,783,267**	**76,724,733**	**77,486,227**	**7,452,752**	**8,664,307**	**438,396,695**
Airport	**11,312,022**	**32,267,766**	**89,914,341**	**19,786,948**	**88,158,586**	**16,310,258**	**3,286,963**	**6,783,703**	**37,071,477**	**1,247,287**	**306,139,351**
Total Expressway & Airport	**63,593,723**	**137,780,180**	**146,728,382**	**27,892,370**	**108,730,417**	**41,093,525**	**80,011,696**	**84,269,930**	**44,524,229**	**9,911,594**	**744,536,046**

ECONOMIC IMPACT STUDY REVEALS SJTA'S **IMPORTANT CONTRIBUTION TO THE REGION**

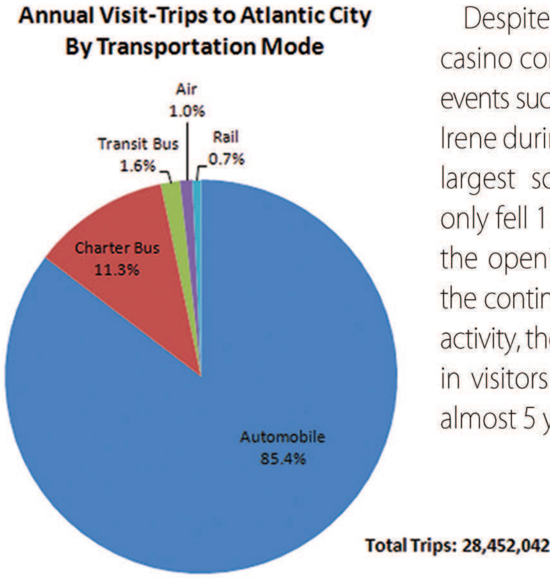
The Center for Regional and Business Research at Atlantic Cape Community College released an update of the Atlantic City International Airport Economic Impact Analysis. The report demonstrates the benefits of public investment and spending to the region, while providing taxpayers and decision-makers with tangible measurements of the projects undertaken by the public sector. A summary of the results revealed that the airport helped create more than 850 jobs while spurring a significant increase in economic activity in the region.

SJTA RECEIVES **ECONOMIC IMPACT AWARD**

In September, SJTA received the Southern New Jersey Business People's Economic Impact Award, which honored the Authority for keeping visitors flowing to Atlantic City by way of the Atlantic City Expressway and Atlantic City International Airport. It cited 36 million cars on the Expressway and more than 1 million visitors through Atlantic City International

SJTA Annual Trip Visit Report

Based upon statistics compiled by the SJTA, the total Visit-Trips to Atlantic City, NJ declined 3 percent, to 28.5 million in 2011. This decline continues a trend that began in 2007 when casinos began opening in neighboring states and became more pronounced as the economy slid into a recession. However, there is reason to believe that the decline has leveled off and the market is poised to start improving.



Despite the maturation of regional casino competition and historic weather events such as two blizzards and Hurricane Irene during the peak season in 2011, the largest source of visitors (automobile) only fell 1.6 percent, to 24.3 million. With the opening of Revel early in 2012 and the continued slow increase in economic activity, the possibility for regional increase in visitors is greater than it has been in almost 5 years.

SJTA Supports Tourism Initiatives

ATLANTIC CITY
INTERNATIONAL AIRPORT
Host Airport

In pursuit of helping to promote tourism for the South Jersey shore, SJTA officials exhibited at the annual Governor's Conference on Tourism and attended many other statewide events and expos

SJTA partnered with Atlantic City officials for a three day festival that featured food, music and a myriad of performing artists at Bader Field. More than 75,000 concertgoers camped out to enjoy the event.

SJTA welcomed Grace Hanlon, Executive Director of the New Jersey Division of Travel and Tourism, to the Atlantic City International Airport for a firsthand look at the expanding terminal.

In August, ACY played host to two very special events for the region. It was the host airport for the 9th Annual Thunder Over the Boardwalk Airshow in Atlantic City, where a record 600,000 people turned out to watch the event. Among the air show fans were members of the Northeast Chapter of the American Association of Airline Executives (NEC-AAAE), who convened in and around Atlantic City for their 53rd Annual Convention, which focused on the "Next Generation" of Airport technology.

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: 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! 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.

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. 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.

Key Dates: July 31, 1964 - **2011**

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.

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 toll-collection system, the first to go operational in New Jersey. 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.

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. 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: 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.

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. 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.

October 2004: Construction work begins on Taxiway "P" a second route for aircraft between the runway and the terminal at Atlantic City International Airport.

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

2004: Atlantic City International Airport 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.

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 generates between the Pleasantville bus terminal and Atlantic City International Airport.

South Jersey Transportation Authority Key Dates (Continued.)

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

October 17, 2006: SJTA Board of Commissioners and local officials 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 security baggage screening facility

August 2007: 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.

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.

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 plays a major role as host airport for the 7th Annual "Thunder Over the Boardwalk" Airshow on August 19.

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.

June 2010: A ribbon cutting ceremony is held on June 18 for the opening of Interchange 17, providing convenient access between the Expressway and Route 50.

July 2010: Following direct efforts of the Authority, The Northeast Chapter of the American Association of Airline Executives commits to hold their annual conference in Atlantic City in August 2011.

August 25, 2010: ACY hosts the 8th Annual "Thunder Over the Boardwalk" Airshow.

October 2010: Full operation of new flat screen monitors are installed in the ACY terminal as part of the Multi-Use Flight Information Display project.

November 2010: Restaurant/Bookstore combination Euro Cafe officially opens to travelers on the second floor of the Airport Terminal.

December 2010: The Authority holds a groundbreaking ceremony on December 7 for a $25 million Federal Inspection Station and terminal

Express E-ZPass lanes officially at the Egg Harbor Toll Plaza officially open to the public.

August 2011: The Northeast Chapter of the American Association of Airport Executives (AAAE) holds its 53rd Annual Conference in Atlantic City, where SJTA and ACY play an integral role in hosting the event.

ACY is host airport for the 9th Annual "Thunder Over the Boardwalk" Airshow in Atlantic City,

September 2011: The SJTA receives the Southern NJ Business People's Economic Impact Award which honored the Authority for keeping visitors flowing to Atlantic City by way of the Atlantic City Expressway and Atlantic City International Airport

October 28, 2011: The SJTA breaks ground on a new Airport Rescue and Fire Fighting Station at Atlantic City International Airport. The facility will meet the demands and space requirements for a state-of-the-art rescue and firefighting facility and is expected to be completed in May 2013.

October 18, 2011: ACY officially opens a new "Cell Phone Lot" which provides safe access for motorists who are picking up arriving passengers at the airport and reduces congestion around the terminal.

SOUTH JERSEY TRANSPORTATION AUTHORITY
REPORT OF AUDIT

FOR YEAR ENDED DECEMBER 31, 2011

SOUTH JERSEY TRANSPORTATION AUTHORITY

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Chris Christie
Governor

Kim Guadagno
Lt. Governor

James S. Simpson
Chairman

Bart R. Mueller
Executive Director

Executive Order No. 37 (2006)

Certification of Annual Audit

For Year Ending 2011

In accordance with Executive Order No. 37 (2006) and Executive Order No. 122 (2004), we certify that, to the best of our knowledge, the information provided to the auditor in connection with this annual audit and contained in the attached report is accurate, and to the best of our knowledge, fairly represents the financial condition of the South Jersey Transportation Authority for year ending December 31, 2011.

Frank F. Frankowski
Chief Financial Officer/Treasurer/Director of Finance

Bart R. Mueller
Executive Director

REPORT OF MANAGEMENT

Management of the South Jersey Transportation Authority is responsible for the financial statements included in this Annual Report for the year ended December 31, 2011. Management is responsible for both the accuracy of the financial information presented, the completeness of the report, and the fairness of the presentation, including all disclosures. We believe the enclosed financial information fairly presents the financial condition of the South Jersey Transportation Authority and its results of operations for the year ended December 31, 2011 in all material respects. We believe that all the disclosures necessary for the reader to gain an understanding of the Authority's financial activities have been included.

The enabling legislation creating the South Jersey Transportation Authority, and our bond resolutions, require an annual audit of the Authority's financial statements by a firm of independent auditors. In addition, 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 act 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 requirements. The report of the independent auditor on the combined financial statements of the Authority is included in this report. Management remains primarily responsible for the information contained in the financial statements and the presentation of the financial information.

Management of the Authority is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the Authority are safeguarded from loss, theft or misuse, and to ensure that adequate accounting records are maintained to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The system of internal controls is 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 recipient 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 financial assistance. The system of internal control of the Authority is subject to ongoing evaluation by management.

Bart Mueller
Executive Director

Frank F. Frankowski
Director of Finance

South Jersey Transportation Authority

Financial Statements
and Supplementary Information

For the Year Ended December 31, 2011

with

Independent Auditor's Reports

South Jersey Transportation Authority

Financial Statements

For the Year Ended December 31, 2011

Contents

Hutchins, Farrell, Meyer & Allison, P.A.
Certified Public Accountants • Business & Financial Advisors

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Eugene M. Farrell, CPA, RMA, CFP
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Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Thomas L. Stetson, CPA
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INDEPENDENT AUDITOR'S REPORT

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

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, 2011, 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. The prior year comparative information presented in the financial statements as of and for the year ended December 31, 2010 is included for additional analysis only.

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. 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 financial position of the Authority as of December 31, 2011 and the changes in its net assets and cash flows 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 19, 2012 on our consideration of the Authority's internal control 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 an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Authority. The accompanying financial information listed as Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hutchins, Farrell, Meyer & Allison, P.A.

Toms River, New Jersey
March 19, 2012

Hutchins, Farrell, Meyer & Allison, P.A.
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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 financial statements of South Jersey Transportation Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 19, 2012. 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 South Jersey Transportation 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 South Jersey Transportation 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 and Other Matters

As part of obtaining reasonable assurance about whether South Jersey Transportation 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 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 management of South Jersey Transportation Authority in a separate letter dated March 19, 2012.

This report is intended solely for the information and use of management, the Audit 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.

Hutchins, Farrell, Meyer & Allison, P.A.

Toms River, New Jersey
March 19, 2012

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2011. Please read it in conjunction with the Authority's financial statements that begin on Page 15.

Financial Highlights

- <u>**NET OPERATING REVENUE**</u> Traffic on the Atlantic City Expressway (ACE) was down 2.8% in 2011 compared with 2010, the Atlantic City International Airport (ACY) recorded a total of 1.39 million passengers a decline of 2.25% from 2010. The parking facilities at the airport also generated $5.9 million of revenue, compared to the $6.0 million of revenue recognized in 2010.

  Additionally, in August 2011, Hurricane Irene hit the northeast and severely impacted commuting and recreational travel throughout the region costing the Authority $935,000 in lost revenue. The Authority maintained its operating margins by closely monitoring spending and making significant expense cuts in the following areas to offset the reduction in anticipated revenue and the increased expense due to the emergency conditions.

  This resulted in actual operating expenses excluding depreciation totaling $63.9 million, $6.5 million less than the 2011 budgeted operating expenses.

- <u>**AIRTRAN AIRWAYS RISK ABATEMENT**</u> 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 operates 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.

  On February 3, 2011 the Authority and AirTran agreed to extend this agreement for one year. Under the terms of this extension AirTran agreed to operate jet service until September 7, 2011 and the Authority agreed to guarantee gross passenger revenues of $4,872 plus appropriate fuel adjustments per block hour for the ATL-ACY. However, in no event shall the cumulative Block Hour Shortfall exceed $1,400,000 for the additional one year term of the agreement.

  Total amount of airline risk abatement expense for AirTran for 2011 and 2010 was $494,237 and $1,531,126, respectively. As of January 6, 2012, AirTran has ceased operations at ACY.

  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.

Financial Highlights (Continued)

- **<u>INVESTMENT IN INFRASTRUCTURE AT ACY</u>** On December 7th, 2011, the Authority broke ground on the Airport's highly anticipated Federal Inspection Station. The project includes a 75,000 square-foot expansion of the airport that will provide the space and facilities for processing international flights and allow officials to pursue international air carriers and air service routes. The $25 million project also includes a Customs and Border Patrol Facility, an expanded baggage claim area with space to process international passengers, apron reconstruction, installation of new passenger boarding bridges, additional concessions and restrooms and more. Completion of the project is anticipated by summer of 2012.

  On October 28, 2011, the Authority broke ground on the $14.3 million Airport Rescue and Firefighting Facility at Atlantic City International Airport. The 40,700 square foot facility will replace the existing decades-old station which has been leased from the FAA Technical Center located in the airport complex. Coinciding with the expiration of the lease, the development of a new facility will better meet the demands and space requirements for a state-of-the-art rescue and firefighting facility at the airport. Funding is being provided through a grant obtained from the Federal Aviation Administration ("FAA"). Project completion is expected in May 2013 with an aggressive 18 months construction schedule.

- **<u>INVESTMENT IN INFRASTRUCTURE ON THE ATLANTIC CITY EXPRESSWAY</u>**

  Construction is currently underway to add a third lane to the Westbound-side of the Atlantic City Expressway from Exit 7 (Garden State Parkway) to Exit 31 (Route 73). This is a length of 24.1 miles, approximately half the length of the Expressway. The work under the widening project includes bridge widening, box culvert extensions, installation of overhead sign structures and installation of highway lighting at interchanges. The widening is broken into three phases. The first phase widening from milepost 7.8 to 17.4 was completed in the beginning of 2012 at a cost of $25 million. The $15 million second phase from milepost 17.7 to 25 is currently under construction and scheduled to be completed by July 2012. The construction schedule for the final phase, milepost 25 to milepost 31, is still in discussion.

- **<u>INCREASE IN OTHER POST-EMPLOYMENT BENEFIT LIABILITY</u>** In 2007, the Authority had 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 expenses have been funded on a pay-as-you-go basis and have been reported in the 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.

Financial Highlights (Continued)

In 2007, the Authority decided to record the entire unfunded actuarial accrued liability in addition to the annual required contribution obligation in the financial statements. This was to ensure that the OPEB liability associated with the Atlantic City Expressway (ACE) assets was transferred with the ACE assets to the New Jersey Turnpike Authority or successor entity at the transfer date if and when legislation that was pending at that time was passed.

The Authority's total unfunded actuarial accrued liability at December 31, 2011 was $76 million. At December 31, 2011 the liability had increased by $5.1 million from $70.9 million at December 31, 2010.

Since 2008, the Authority has implemented a funding plan for the OPEB liability. $2 million annually is contributed to an OPEB account which is recorded as a restricted asset on the Statement of Net Assets. At December 31, 2011 the estimated market value of the account was $8 million. The OPEB assets are not in a third party trust.

- **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. However, the subsidy has been increasing 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.

  The airport subsidy was slightly higher than the previous year. The airport subsidy, net of depreciation and debt service was $3,529,630 for the year ended December 31, 2011 compared with $3,195,491 in 2010, an increase of 10.4%.

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 15-19) 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 20.

Using this Financial Report (Continued)

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 91-101. 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

Financial Statements of the Authority (Continued)

- 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 assets decreased by $35.9 million in 2011 due to ongoing construction projects. Restricted cash balances increased in the amount of $19.9 million and investment balances decreased by $53.7 million. Capital assets, net of accumulated depreciation, increased by a net of $27.3 million. The Expressway's Capital Assets, net of depreciation, increased by $12.5 million, while the Airport capital assets, net of depreciation, increased by $14.8 million.

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

EXPRESSWAY

Project		Amount
Third Lane Widening	$	16.8 million
Bridge Painting, Redecking and Repairs		2.7 million
Road Overlay Delineation		2.6 million
Equipment		2.1 million
Facility Improvements		1.6 million
Guide Rails/Fixed Hazard Protection		0.8 million
Tunnel Equipment		0.5 million
Weather Stations		0.3 million
CMP Culvert Restoration		0.2 million
Mississippi Ave Two-Way		0.2 million
Business Continuity Systems		0.2 million
Sign Improvements/Rehab/Inspections		0.2 million
Roadway Rehabilitation and Crash Cushions		0.2 million
Change in Accumulated Depreciation		(15.9) million
Total Expressway Increase	$	12.5 million

AIRPORT

Project		Amount
Airport Expansion Phase 1B	$	8.6 million
Common Use Technology		4.5 million
Arm/Disarm Pads on Runway		4.0 million
Terminal Improvements		0.9 million
Master Plan Update		0.8 million
Environmental Mitigation		0.7 million
Various Other Improvements		0.6 million
Terminal Apron Expansion		0.5 million
Jet Bridge Reinforcement/Rehabilitation		0.5 million
Capital Rehabilitation		0.4 million
Change in Accumulated Depreciation		(6.7) million
Total Airport Increase	$	14.8 million

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

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.

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%.

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

In 2011 the Authority made $7.4 million in bond and note principal payments and $24,816,756 in interest expense.

Current liabilities payable from unrestricted assets decreased by $1.8 million, primarily from a decrease in accounts payable in the amount of $1.5 million.

Current liabilities payable from restricted assets decreased by $2.3 million primarily from $1.9 million decrease in accounts payable and a $1.0 million decrease in the reserve for self-insurance. Additional changes can be explained by the following other factors: a $1.6 million increase in Passenger Facility Charges Advance, a $.7 million increase in construction retainages payable, a $.9 decrease in due to other government agencies, a $.4 million decrease in unamortized swap premiums being amortized during the year, and a decrease in the current portion of bonds payable in the amount of $.4 million.

Long term debt and other noncurrent liabilities increased by $12.0 million. This large increase was due mostly to the increase of the recording of derivative liabilities in the amount of $14 million related to a GASB 53 reporting requirement, an increase in the OPEB obligation in the amount of $6.0 million and a reduction in non-current bonds and notes payable in the amount of $7.0 million.

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
December 31, 2011
With Comparative Totals as of December 31, 2010

	2011	2010
Unrestricted Current and Other Assets	$ 46,753,865	$ 48,991,591
Restricted Current and Other Assets	196,723,854	232,663,070
Capital Assets (net)	632,339,307	605,023,549
Other Noncurrent Assets	42,444,416	29,421,769
Total Assets	918,261,442	916,099,979
OPEB Liability	76,058,431	70,924,600
Other Unrestricted Liabilities	9,095,643	10,963,529
Other Restricted Liabilities	36,969,474	39,282,677
Other Noncurrent Liabilities	510,075,297	503,239,369
Total Liabilities	632,198,845	624,410,175
Net Assets:		
Invested in Capital Assets, Net of Related Debt	259,092,994	268,337,119
Restricted	64,396,196	58,308,452
Unrestricted	30,631,838	29,968,833
Unfunded OPEB/(Deficit)	(76,058,431)	(70,924,600)
Funded OPEB Obligation	8,000,000	6,000,000
Total Net Assets	$ 286,062,597	$ 291,689,804

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

Expressway Revenue and Expense:

Expressway operating revenues decreased by $2.1 million as a result of the following:

- A $2.0 million decrease in toll revenue partially due to major snowstorms and a summer hurricane that resulted in closure of the expressway for a period of 72 hours in August that had an impact on the number of vehicles using the expressway. Additionally, the opening of table games at various Pennsylvania gaming halls reduced the number of visitors to Atlantic City.
- A $.1 million decrease in concession revenue.
- A $.2 million increase in Atlantic City Surface and Garage parking revenue.
- A $.2 million decrease in rental income.

Expressway operating expenses, net of depreciation, decreased by $3.4 million. This is due in part to health insurance expense decreasing by $3.4 million, a $.7 million decrease in maintenance expense, a $.3 million increase in police expense, $.2 million decrease in tourist services division expenses, a $.2 million decrease in electronic toll collection expense as well as a $.2 million decrease in Transportation Services Division expenses, a $.5 million increase in pension expense, a $.4 million increase in other legal costs and a $.1 million increase in non-airport parking expense.

Airport Revenue & Expense:

Airport revenue decreased by $.5 million primarily due to a $.2 million decrease in automobile parking revenue, a $.2 million decrease in FEMA snow removal reimbursements and an decrease in all other revenues totaling $.1 million.

Operating expenses decreased by $.3 million from $15.2 million in 2010 to $14.9 million in 2011. This decrease is in part attributable to a decrease in snow removal costs in the amount of $.7 million, fire administration salary costs increased by $.2 million, health insurance costs decreased by $.2 million, advertising expenses increased by $.1 million, state police expenses increased by $.3 million.

Capital Contributions:

Capital Contributions received during the year decreased by $6.8 million. These contributions were primarily attributed to a decrease in PFC grant revenue in the amount of $4.2 million, a decrease in grants received from the New Jersey Air National Guard in the amount of $2.8 million, an increase in the contributed capital received from the Casino Reinvestment Development Authority (CRDA) in the amount of $1.4 million, a decrease in funds received from the New Jersey State Department of Transportation for the Exit 17 construction in the amount of $.8 million, a $.3 million decrease in Federal Emergency Management Grants, a $.3 million increase in Federal Aviation grants and a $.4 million decrease in various other funding sources.

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

	2011	2010
Operating revenues	$ 106,046,142	$ 108,654,245
Operating expenses	87,333,989	88,601,926
Operating Income	18,712,153	20,052,319
Net Non-Operating Revenues (Expenses)		
Interest revenue	5,049,214	3,121,681
Interest on bonds	(24,805,414)	(26,155,205)
(Increase)/Reduction in OPEB liability	(5,133,831)	(18,238,256)
Other non-operating revenues (expenses)	(4,500,584)	(5,053,294)
Income (Loss) before Capital Contributions	(10,678,462)	(26,272,755)
Capital Contributions	5,051,255	11,871,384
Change in Net Assets	(5,627,207)	(14,401,371)
Total Net Assets -- Beginning	291,689,804	306,091,175
Total Net Assets -- Ending	$ 286,062,597	$ 291,689,804

Financial Analysis of the Authority's Statement of Cash Flows

The increase in cash and cash equivalents in 2011 was related to the following:

- The Authority spent $8.4 million less on capital acquisitions in 2011 than in 2010 (See increase/decrease in capital asset section for details of Authority capital asset acquisitions during 2011), $1.1 million less was disbursed during the year for interest on capital debt, a $.6 million reduction in payments to employees for payroll, and a $.3 million increase in loan repayments.

- Capital Contributions received were $.5 million more than what was received in 2010. Major components of this change were recognized when the Authority received $3 million more from the New Jersey Air National Guard, $1.1 million less from the Department of Transportation, $.4 million less from the Federal Aviation Administration , $.2 million less from the Casino Reinvestment Development Authority, $.5 million less from land sales, $.1 million less from Homeland Security and a $.2 million decrease in other miscellaneous sources.

- Cash provided by investing activities increased by $12.0 million because the Authority decreased its purchase of investments by $67.8 million, the proceeds from the sale of investments decreased by $57.9 million, and interest and dividends on investments increased by $2.0 million.

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

SOUTH JERSEY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2011
With Comparative Totals as of December 31, 2010

	2011	2010
Cash Flows Provided by/(Used in):		
Operating activities	$ 40,458,743	$ 41,110,866
Noncapital financing activities	(2,900,000)	(10,500,000)
Capital and related financing activities	(77,573,164)	(90,329,597)
Investing activities	55,865,120	43,873,062
Net increase (decrease) in cash and cash equivalents	15,850,699	(15,845,669)
Cash and cash equivalents - beginning of the year	93,920,429	109,766,098
Cash and cash equivalents - end of the year	$ 109,771,128	$ 93,920,429

Non-cash Capital Financing Activities:

Assets with a cost of $5,051,255 were acquired through contributions from governmental agencies or 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, 2011

With Comparative Totals as of December 31, 2010

	2011	2010
ASSETS		
Unrestricted Current Assets:		
Cash and Cash Equivalents	$ 34,001,273	$ 38,061,595
Investments	5,599,723	2,655,222
Change Funds	52,141	49,045
Interest and Dividend Receivable	74,548	14,034
Accounts Receivable (net of allowance for uncollectibles)	3,944,436	4,021,420
Grants Receivable	1,055,031	1,864,746
Prepaid Expenses	1,794,222	1,867,805
Security Deposits	110,030	115,698
Inventory	122,461	342,026
Total Unrestricted Current Assets	46,753,865	48,991,591
Restricted Current Assets:		
Cash and Cash Equivalents	75,717,714	55,809,789
Investments	102,533,058	156,283,129
Accounts Receivable	17,290,746	16,498,882
Grants Receivable	840,417	3,658,499
Interest Receivable	341,919	412,771
Total Restricted Current Assets	196,723,854	232,663,070
Noncurrent assets:		
Capital assets:		
Non-Infrastructure Capital Assets:		
Land and Improvements	146,921,642	146,921,642
Electronic Toll Equipment	8,950,268	8,917,935
Buildings and Equipment	118,523,618	113,648,916
Less Accumulated Depreciation	(57,331,598)	(52,348,691)
Total Non-Infrastructure Capital Assets	217,063,930	217,139,802
Infrastructure Capital Assets:		
Infrastructure - Equipment	18,223,750	12,774,391
Infrastructure	518,249,264	438,722,491
Less Accumulated Depreciation	(155,683,921)	(138,022,673)
Total Infrastructure Capital Assets	380,789,093	313,474,209
Construction in Progress	34,486,284	74,409,538
Total Capital Assets	632,339,307	605,023,549
Bond Issuance Costs	11,927,275	11,902,275
Less Accumulated Amortization	(3,852,147)	(3,325,685)
Total Non-current Non-capital Assets	8,075,128	8,576,590
Deferred Outflow- Interest Rate Swaps	34,369,288	20,845,179
Total Noncurrent Assets	674,783,723	634,445,318
TOTAL ASSETS	$ 918,261,442	$ 916,099,979

See Independent Auditor's Report and Accompanying Notes to Financial Statements

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2011

With Comparative Totals as of December 31, 2010

		2011		2010
LIABILITIES AND NET ASSETS				
Current Liabilities Payable From Unrestricted Assets:				
Accounts Payable	$	6,953,310	$	8,459,328
Deferred Income		448,794		508,025
Escrow Deposits		129,429		117,031
Accrued Expenses		1,564,110		1,879,145
Total Current Liabilities Payable From Unrestricted Assets		9,095,643		10,963,529
Current Liabilities Payable From Restricted Assets:				
Accrued Interest		3,791,919		3,836,794
Accounts Payable		5,549,942		7,473,336
Unamortized SWAP Premium		7,076,998		7,493,293
Retainages Payable		3,401,265		2,637,172
Due to Other Governmental Agencies		208,333		1,138,389
PFC Advanced		4,914,561		3,247,336
CFC Advanced		108,923		-
Reserve for Self-Insurance		4,176,400		5,190,901
Economic Recovery Funds Advanced		-		104,662
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($278,867)		7,741,133		8,160,794
Total Current Liabilities Payable From Restricted Assets		36,969,474		39,282,677
Noncurrent Liabilities:				
Accrued Expenses		17,500		-
Other Postemployment Benefits Other than Pensions		76,058,431		70,924,600
Arbitrage Rebate Payable		141,374		107,843
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($3,313,054)		475,547,134		482,286,347
Derivative Instrument Liability-Interest Rate Swaps		34,369,288		20,845,179
Total Noncurrent Liabilities		586,133,728		574,163,969
TOTAL LIABILITIES	$	632,198,845	$	624,410,175

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

December 31, 2011

With Comparative Totals as of December 31, 2010

		2011		2010
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	$	259,092,994	$	268,337,119
Restricted for:				
Debt Service		15,510,666		15,226,224
Rehabilitation and Repair		6,317,218		6,315,954
Debt Service Reserve		34,718,284		33,100,491
State Payment		92		90
Capital Projects		4,761,871		2,154,680
Arbitrage Rebate		40		104,501
Subordinated Debt Fund		3,088,025		1,406,512
Unrestricted for:				
Unrestricted Net Assets		30,631,838		29,968,833
Unfunded OPEB/(Deficit)		(76,058,431)		(70,924,600)
Funded OPEB Obligation		8,000,000		6,000,000
Total Net Assets		286,062,597		291,689,804
TOTAL LIABILITIES AND NET ASSETS	$	918,261,442	$	916,099,979

See Independent Auditor's Report and Accompanying Notes to Financial Statements

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Twleve months ended December 31, 2011

With Comparative Totals as of December 31, 2010

	2011	2010
Operating Revenues:		
Tolls	$ 76,895,065	$ 78,914,150
Concessions	1,737,549	1,922,597
ETC Administrative Revenue	2,629,791	2,571,164
Garage Parking	1,090,199	847,494
Marina Parking Revenue	2,828,727	2,788,965
Intercept Parking	26,841	3,974
Bus Permits	320,519	329,268
Rentals	4,251,872	4,435,596
Directional Signage Program	-	49,837
Naming Rights	108,298	-
FEMA Snow Reimbursement Revenue	208,338	374,581
SJTPO Programs	2,278,226	2,315,918
Transportation services	1,473,447	1,530,611
Other	499,874	379,742
Airport	11,697,396	12,190,348
Total Operating Revenues	106,046,142	108,654,245
Operating Expenses		
Executive	1,014,918	1,001,769
Business Administration	456,144	568,450
Policy and Planning	-	1,951
Engineering	3,177,857	3,258,398
Finance	1,363,339	1,373,225
Central Accounts	10,201,353	13,140,753
Other Post-Employment Benefits	1,621,171	1,211,744
Marketing and Communications	431,360	345,996
Tourist Services	5,687,080	5,907,768
Maintenance	6,699,448	7,369,272
Police	7,199,184	6,861,680
Emergency Service Patrol	796,411	712,429
Electronic Toll Collection Expense	3,888,590	4,124,385
Parking - (Non Airport)	835,121	739,067
Information Services	1,700,943	1,674,492
SJTPO Programs	2,278,226	2,315,918
Airport	14,983,850	15,204,077
Transportation Services	1,649,509	1,820,794
Depreciation	23,349,485	20,969,758
Total Operating Expenses	87,333,989	88,601,926
Operating Income	18,712,153	20,052,319
Non-Operating Revenues (Expenses)		
Interest, Dividends and Market Value Adjustments	5,049,214	3,121,681
Gain on Acquisition of Marketable Securities	6,072	43,666
Gain/(Loss) on Disposal of Assets	91,423	(54,761)
(Increase) in OPEB Liability	(5,133,831)	(18,238,256)
Air Service Development/Feeder Rd. Expense	(1,194,227)	(2,231,116)
Amortization Expense	(526,463)	(545,711)
Amortization of Bond Premium	22,611	234,628
Interest on Bonds	(24,805,414)	(26,155,205)
State Payment	(2,900,000)	(2,499,999)
Total of Non-Operating Revenue (Expenses)	(29,390,615)	(46,325,073)
Income (Loss) before Capital Contributions	(10,678,462)	(26,272,754)
Capital Contributions	5,051,255	11,871,383
Change in Net Assets	(5,627,207)	(14,401,371)
Total Net Assets -- Beginning	291,689,804	306,091,175
Total Net Assets -- Ending	$ 286,062,597	$ 291,689,804

See Independent Auditor's Report and Accompanying Notes to Financial Statements

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF CASH FLOWS

Twleve months ended December 31, 2011

With Comparative Totals as of December 31, 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and users	$ 106,897,984	$ 107,177,864
Payments to suppliers	(42,952,570)	(41,973,518)
Payments to employees	(23,486,671)	(24,093,480)
Net cash provided by operating activities	40,458,743	41,110,866
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payment of State Payment Obligation	(2,900,000)	(10,500,000)
Net cash (used) by noncapital financing activities	(2,900,000)	(10,500,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital contributions	8,115,245	7,628,467
Loan repayments	(930,055)	(2,914,893)
Proceeds from the sale of land	91,423	-
Deferred Income-SWAP Premium	(416,294)	(416,294)
Payments for capital acquisitions	(51,146,732)	(59,505,539)
AirTran Risk Abatement/ NJDOT Feeder Road	(1,749,995)	(2,059,495)
Principal paid on capital debt	(7,445,000)	(7,105,000)
Loans payments received	725,000	-
Interest paid on capital debt	(24,816,756)	(25,956,843)
Net cash (used) by capital and related financing activities	(77,573,164)	(90,329,597)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(20,446,158)	(88,232,799)
Proceeds from sales and maturities of investments	71,192,216	129,060,287
Acquisition of marketable securities	59,512	(15,847)
Interest and dividends	5,059,550	3,061,422
Net cash provided by investing activities	55,865,120	43,873,063
Net increase/(decrease) in cash and cash equivalents	15,850,699	(15,845,668)
Balances - beginning of the year	93,920,429	109,766,098
Balances - end of the year	$ 109,771,128	$ 93,920,430
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 18,712,153	$ 20,052,319
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	23,349,485	20,969,758
Change in assets and liabilities:		
Receivables, net	76,986	(1,157,197)
Grants receivable	823,090	(274,120)
Prepaid expenses	73,585	39,805
Security Deposits	5,668	(1,530)
Inventories	219,565	(84,076)
Accounts and other payables	(1,425,417)	188,897
Deferred income	(59,231)	(46,626)
Escrow deposits and reserves	1,670	6,860
Accrued expenses	(1,318,811)	1,416,776
Net cash provided by operating activities	$ 40,458,743	$ 41,110,866

Noncash capital financing activities:

Capital assets of $5,051,255 were acquired through contributions from governmental agencies and private developers.

See Independent Auditor's Report and Accompanying Notes to Financial Statements

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2011

With Comparative Totals as of December 31, 2010

	Expressway	Airport	Consolidation Eliminations	Totals 2011	Totals 2010
ASSETS					
Unrestricted Current Assets:					
Cash and Cash Equivalents	$ 30,940,828	$ 3,060,445		$ 34,001,273	$ 38,061,595
Investments	5,599,723			5,599,723	2,655,222
Change Funds	43,156	8,985		52,141	49,045
Interest and Dividends Receivable	74,211	337		74,548	14,034
Accounts Receivable	3,025,388	919,048		3,944,436	4,021,420
Grants Receivable	1,055,031	-		1,055,031	1,864,746
Prepaid Expenses	1,457,202	337,020		1,794,222	1,867,805
Security Deposits	110,030			110,030	115,698
Inventory	122,461			122,461	342,026
Interfunds Receivable	26,138,851	791,595	$ (26,930,446)	-	
Total Unrestricted Current Assets	68,566,881	5,117,430	(26,930,446)	46,753,865	48,991,591
Restricted Current Assets:					
Cash and Cash Equivalents	40,305,087	35,412,627		75,717,714	55,809,789
Investments	87,071,784	15,461,274		102,533,058	156,283,129
Accounts Receivable	17,290,746			17,290,746	16,498,882
Grants Receivable	14,676	825,741		840,417	3,658,499
Interest Receivable	341,919			341,919	412,771
Total Restricted Current Assets	145,024,212	51,699,642	-	196,723,854	232,663,070
Noncurrent assets:					
Capital assets:					
Non-Infrastructure Capital Assets:					
Land and Improvements	131,302,085	15,619,557		146,921,642	146,921,642
Electronic Toll Equipment	8,950,268	-		8,950,268	8,917,935
Buildings and Equipment	40,871,014	77,652,604		118,523,618	113,648,916
Less Accumulated Depreciation	(35,795,044)	(21,536,554)		(57,331,598)	(52,348,691)
Total Non-Infrastructure Capital Assets	145,328,323	71,735,606	-	217,063,930	217,139,802
Infrastructure Capital Assets:					
Infrastructure - Equipment	3,468,398	14,755,352		18,223,750	12,774,391
Infrastructure	432,345,817	85,903,447		518,249,264	438,722,491
Less Accumulated Depreciation	(129,384,882)	(26,299,039)		(155,683,921)	(138,022,673)
Total Infrastructure Capital Assets	306,429,333	74,359,760	-	380,789,093	313,474,209
Construction in Progress	8,831,921	25,654,363		34,486,284	74,409,538
Total Capital Assets	460,589,577	171,749,729	-	632,339,307	605,023,549
Bond Issuance Costs	10,522,072	1,405,203		11,927,275	11,902,275
Less Accumulated Amortization	(3,602,941)	(249,206)		(3,852,147)	(3,325,685)
Total Non-current Non-capital Assets	6,919,131	1,155,997	-	8,075,128	8,576,590
Deferred Outflow- Interest Rate Swaps	27,052,785	7,316,503		34,369,288	20,845,179
Total Noncurrent Assets	494,561,494	180,222,228	-	674,783,723	634,445,318
TOTAL ASSETS	$ 708,152,587	$ 237,039,301	$ (26,930,446)	$ 918,261,442	$ 916,099,979

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2011

With Comparative Totals as of December 31, 2010

	Expressway	Airport	Consolidation Eliminations	Totals 2011	Totals 2010
LIABILITIES AND NET ASSETS					
Current Liabilities Payable From Unrestricted Assets:					
Accounts Payable	$ 4,835,157	$ 2,118,153		$ 6,953,310	$ 8,459,328
Deferred Income	406,301	42,493		448,794	508,025
Escrow Deposits and Reserves	61,716	67,713		129,429	117,031
Accrued Expenses	1,274,673	289,437		1,564,110	1,879,145
Interfunds Payable		26,930,446	$ (26,930,446)	-	-
Total Current Liabilities Payable From Unrestricted Assets	6,577,847	29,448,242	(26,930,446)	9,095,643	10,963,529
Current Liabilities Payable From Restricted Assets:					
Accrued Interest	2,976,692	815,227		3,791,919	3,836,794
Accounts Payable	2,690,005	2,859,937		5,549,942	7,473,336
Unamortized SWAP Premium	7,076,998	-		7,076,998	7,493,293
Retainages Payable	1,956,748	1,444,517		3,401,265	2,637,172
Due to Other Governmental Agencies	208,333	-		208,333	1,138,388
PFC Advanced		4,914,561		4,914,561	3,247,336
CFC Advanced		108,923		108,923	-
Reserve for Self-Insurance	3,067,009	1,109,391		4,176,400	5,190,902
Economic Recovery Funds Advanced	-	-		-	104,662
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($278,867)	7,741,133	-		7,741,133	8,160,794
Total Current Liabilities Payable From Restricted Assets	25,716,917	11,252,557	-	36,969,474	39,282,677
Noncurrent Liabilities:					
Accrued Expenses	17,500	-		17,500	-
Other Postemployment Benefits Other than Pensions	64,473,943	11,584,488		76,058,431	70,924,600
Arbitrage Rebate Payable	141,374			141,374	107,843
Bonds and Notes Payable, Net of Discount, Premium and Loss on Defeasance ($3,313,054)	376,496,063	99,051,071		475,547,134	482,286,347
Derivative Instrument Liability-Interest Rate Swaps	27,052,785	7,316,504		34,369,289	20,845,179
Total Noncurrent Liabilities	468,181,665	117,952,063	-	586,133,728	574,163,969
TOTAL LIABILITIES	$ 500,476,429	$ 158,652,862	$ (26,930,446)	$ 632,198,845	$ 624,410,175

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2011

With Comparative Totals as of December 31, 2010

	Expressway	Airport	Consolidation Eliminations	Totals 2011	Totals 2010
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 157,256,689	$ 101,836,305	$	$ 259,092,994	$ 268,337,119
Restricted for:					
Debt Service	14,813,494	697,172		15,510,666	15,226,224
Rehabilitation and Repair	6,317,218	-		6,317,218	6,315,954
Debt Service Reserve	32,750,583	1,967,701		34,718,284	33,100,491
State Payment	92	-		92	90
Capital Projects	(6,298,017)	11,059,888		4,761,871	2,154,680
Arbitrage Rebate	40	-		40	104,501
Subordinated Debt Fund	3,088,025	-		3,088,025	1,406,512
Unrestricted for:					
Unrestricted Net Assets	57,416,026	(26,784,188)		30,631,838	29,968,833
Unfunded OPEB/(Deficit)	(64,473,943)	(11,584,488)		(76,058,431)	(70,924,600)
Funded OPEB Obligation	6,805,951	1,194,049		8,000,000	6,000,000
Total Net Assets	207,676,158	78,386,439	-	286,062,597	291,689,804
TOTAL LIABILITIES AND NET ASSETS	$ 708,152,586	$ 237,039,301	$ (26,930,446)	$ 918,261,442	$ 916,099,979

See Independent Auditor's Report and Accompanying Notes to Financial Statements

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

Twleve months ended December 31, 2011

With Comparative Totals as of December 31, 2010

	Expressway	Airport	Consolidation Eliminations	Totals 2011	Totals 2010
Operating Revenues:					
Tolls	$ 76,895,065		$	$ 76,895,065	$ 78,914,150
Concessions	1,737,549			1,737,549	1,922,597
ETC Administrative Revenue	2,629,791			2,629,791	2,571,164
Garage Parking	1,090,199			1,090,199	847,494
Marina Parking Revenue	2,828,727			2,828,727	2,788,965
Intercept Parking	26,841			26,841	3,974
Bus Permits	320,519			320,519	329,268
Rentals	4,251,872			4,251,872	4,435,596
Directional Signage Program				-	49,837
Naming Rights	108,298			108,298	-
FEMA Snow Reimbursement Revenue	208,338			208,338	374,581
SJTPO Programs	2,278,226			2,278,226	2,315,918
Transportation Services	1,473,447			1,473,447	1,530,611
Other	499,874			499,874	379,742
Airport		$ 11,697,396		11,697,396	12,190,348
Total Operating Revenues	94,348,746	11,697,396	-	106,046,142	108,654,245
Operating Expenses					
Executive	1,014,918			1,014,918	1,001,769
Business Administration	456,144			456,144	568,450
Policy and Planning	-			-	1,951
Engineering	3,177,857			3,177,857	3,258,398
Finance	1,363,339			1,363,339	1,373,225
Central Accounts	10,201,353			10,201,353	13,140,753
Other Post-Employment Benefits	1,377,995	243,176		1,621,171	1,211,744
Marketing and Communications	431,360			431,360	345,996
Tourist Services	5,687,080			5,687,080	5,907,768
Maintenance	6,699,448			6,699,448	7,369,272
Police	7,199,184			7,199,184	6,861,680
Emergency Service Patrol	796,411			796,411	712,429
Electronic Toll Collection Expense	3,888,590			3,888,590	4,124,385
Parking-(Non Airport)	835,121			835,121	739,067
Information Services	1,700,943			1,700,943	1,674,492
SJTPO Programs	2,278,226			2,278,226	2,315,918
Airport		14,983,850		14,983,850	15,204,077
Transportation Services	1,649,509			1,649,509	1,820,794
Depreciation	16,608,968	6,740,517		23,349,485	20,969,758
Total Operating Expenses	65,366,446	21,967,543	-	87,333,989	88,601,926
Operating Income (Loss)	28,982,300	(10,270,147)	-	18,712,153	20,052,319
Non-Operating Revenues (Expenses)					
Interest, Dividends and Market Value Adj's	5,031,717	17,499		5,049,216	3,121,681
Gain on Acquisition of Marketable Securities	6,072	-		6,072	43,666
Gain/(Loss) on Disposal of Assets	91,423	-		91,423	(54,761)
(Increase) in OPEB Liability	(4,363,756)	(770,075)		(5,133,831)	(18,238,256)
Air Service Development/Feeder Rd. Expense	(1,194,227)	-		(1,194,227)	(2,231,116)
Amortization Expense	(317,168)	(209,295)		(526,463)	(545,711)
Amortization of Bond Premium	22,611	-		22,611	234,627
Interest on Bonds	(19,945,480)	(4,859,934)		(24,805,414)	(26,155,205)
State Payment	(2,900,000)	-		(2,900,000)	(2,499,999)
Total of Non-Operating Revenue (Expenses)	(23,568,808)	(5,821,805)	-	(29,390,613)	(46,325,074)
Income (Loss) before Contributions and Transfers	5,413,492	(16,091,952)	-	(10,678,460)	(26,272,755)
Capital Contributions	37,343	5,013,912		5,051,255	11,871,384
Transfers In	-	16,871,285	(16,871,285)	-	-
Transfers Out	(16,871,285)		16,871,285	-	-
Change in Net Assets	(11,420,451)	5,793,245	-	(5,627,206)	(14,401,371)
Total Net Assets -- Beginning	219,096,609	72,593,194		291,689,804	306,091,175
Total Net Assets -- Ending	$ 207,676,158	$ 78,386,439	$ -	$ 286,062,597	$ 291,689,804

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Twleve months ended December 31, 2011

With Comparative Totals as of December 31, 2010

	Expressway	Airport	Totals 2011	Totals 2010
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers, users and grants	$ 93,055,026	$ 13,842,957	$ 106,897,984	$ 107,177,864
Payments to suppliers	(30,597,696)	(12,354,874)	(42,952,570)	(41,973,518)
Payments to employees	(20,334,269)	(3,152,402)	(23,486,671)	(24,093,480)
Net cash provided/(used) by operating activities	42,123,062	(1,664,319)	40,458,743	41,110,866
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Payment of State Payment Obligation	(2,900,000)	-	(2,900,000)	(10,500,000)
Operating subsidies and transfers to other funds	(3,476,748)	3,476,748	-	-
Net cash provided (used) by noncapital financing activities	(6,376,748)	3,476,748	(2,900,000)	(10,500,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	632,392	7,482,853	8,115,245	7,628,467
Loan repayments	-	(930,055)	(930,055)	(2,914,893)
Proceeds from the sale of fixed assets	91,423	-	91,423	-
Deferred Income-SWAP Premium	(416,294)	-	(416,294)	(416,294)
Payments for capital acquisitions	(46,285,225)	(4,861,507)	(51,146,732)	(59,505,539)
Air Service Development/feeder Road Expense	(1,749,995)	-	(1,749,995)	(2,059,495)
Principal paid on capital debt	(7,445,000)	-	(7,445,000)	(7,105,000)
Loan payments received	725,000	-	725,000	-
Interest paid on capital debt	(20,515,676)	(4,301,081)	(24,816,756)	(25,956,843)
Net cash provided (used) by capital and related financing activities	(74,963,375)	(2,609,790)	(77,573,164)	(90,329,597)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	(20,446,157)	-	(20,446,157)	(88,232,799)
Proceeds from sales and maturities of investments	59,455,755	11,736,460	71,192,216	129,060,287
Acquisition of marketable securities	59,512	-	59,512	(15,847)
Interest and dividends	3,711,052	1,348,498	5,059,550	3,061,422
Net cash provided by investing activities	42,780,163	13,084,958	55,865,121	43,873,063
Net increase/(decrease) in cash and cash equivalents	3,563,102	12,287,597	15,850,701	(15,845,668)
Balances - beginning of the year	67,725,969	26,194,460	93,920,429	109,766,098
Balances - end of the year	$ 71,289,071	$ 38,482,057	$ 109,771,128	$ 93,920,430
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 28,982,300	$ (10,270,147)	$ 18,712,154	$ 20,052,319
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	16,608,968	6,740,517	23,349,485	20,969,758
Change in assets and liabilities:				
Receivables, net	(263,458)	340,444	76,986	(1,157,197)
Grants receivable	823,090	-	823,090	(274,120)
Prepaid expenses	105,183	(31,599)	73,584	39,805
Security Deposits	5,668	-	5,668	(1,530)
Inventories	219,565	-	219,565	(84,076)
Accounts and other payables	(1,075,444)	(349,973)	(1,425,417)	188,897
PFC & CFC Advanced	(1,776,148)	1,776,148	-	-
Deferred income	(88,200)	28,969	(59,231)	(46,626)
Escrow deposits and reserves	270	1,400	1,670	6,860
Accrued expenses	(1,418,733)	99,922	(1,318,811)	1,416,776
Net cash provided/(used) by operating activities	$ 42,123,062	$ (1,664,319)	$ 40,458,743	$ 41,110,866

Noncash capital financing activities:
Capital assets of $5,051,255 were acquired through contributions from governmental agencies and private developers.

See Independent Auditor's Report and Accompanying Notes to Financial Statements

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, who also currently serves as the Chairman, 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 Financial Officer, 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.

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 for SJTPO and Transportation Services (see Footnotes 17 and 23, respectively) 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 statement 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.

E. Investments

Investments consist of both unrestricted and 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 grants, 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.

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, 2011, 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 in the Senior Debt Service Reserve of $34,538,040. The total of which exceeds the maximum annual debt on all Authority Bonds outstanding. The Debt Service Reserve requirement is $34,881,477, which include Letter of Credit fees ("LOC") fees on outstanding variable rate debt estimated at the rate of 124 basis points. LOC facility fees are permitted to be treated as interest expense under the resolution.

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, 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Basis of Organization: Description of Funds (Continued)

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 5.15 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2011, the Authority maintained a small supply of "E-ZPass On the Go" tags to be sold at various locations on the expressway.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Inventory (Continued)

		2011		2010
Fuel	$	115,161	$	337,651
E-Z Pass tags		7,300		4,375
	$	122,461	$	342,026

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 yet 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and state payment fund.

Q. Recent Accounting Pronouncements

The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* 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. The Authority has determined that GASB 51 will have no impact on its financial statement position, results of operations and cash flows and therefore is not applicable at this time.

The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* 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. As a result the Authority is reporting deferred outflows from interest rate swap and a derivative instrument liability- interest rate swap in the amount of $34,369,288 at December 31, 2011.

The Authority has completed the process of evaluating GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies the definitions for governmental fund types. The Authority has determined that GASB No. 54 will have no impact on its financial position, results of operations, and cash flows and therefore it is not applicable to its operation. This statement is effective for financial statements for periods beginning after June 15, 2010.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Recent Accounting Pronouncements (Continued)

The Authority has completed the process of evaluating the impact that would result from implementing GASB Statement No. 60, *Accounting and Financial Reporting for Concession Arrangements (SCA)*. The requirement of this statement is to improve financial reporting by establishing recognition, measurement and disclosure requirements for SCA's for both transferors and governmental operators, requiring governments to account for and report SCA's in the same manner, which improves the comparability of financial statements.

This Statement is effective for financial statements prepared by state and local governments for periods beginning after December 15, 2011. The Authority has determined that GASB 60 will have no impact on its financial statement position, results of operations and cash flows and therefore is not applicable at this time.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This statement is effective for financial statements for periods beginning after December 15, 2011.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions.* This Statement establishes accounting and financial reporting standards for all governments that report governmental funds. The requirements of this Statement will improve financial reporting by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement is effective for financial statements for the period beginning after June 15, 2011.

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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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;

(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;

2. DEPOSITS AND INVESTMENTS (CONTINUED)

(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

(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;

2. DEPOSITS AND INVESTMENTS (CONTINUED

(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.

(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.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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 $217,903,909 at December 31, 2011. The Authority's total bank (cash) balances were $222,562,538 at December 31, 2011. 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 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.

Concentration of Credit Risk:

Institution/Issuer		Amount	% of Portfolio
U.S. Treasury Bill	$	11,690,448	5.4%
Federal Home Loan Mortgage Discount Note		26,275,495	12.1%
Societe Generale		9,170,458	4.2%
Bank of America		1,439,206	0.7%
FSA Capital Management		2,197,798	1.0%
Wells Fargo		38,662,642	17.7%
Bank of New York		109,327,090	50.2%
NJ Cash Management Fund		18,608,885	8.5%
TD Bank		473,550	0.2%
Citibank NA		6,196	0.0%
Change Funds - Uninsured		52,141	0.0%
	$	217,903,909	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, 2011 as well as investing in high rated uncollateralized financial instruments.

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Insured:	$	1,006,197
Collaterialized:		
Collateral held by pledging bank in Authority's Name		44,104,039
Pooled Investments		127,909,525
Government Securities		44,832,007
Uninsured:		
Change Funds		52,141
	$	217,903,909

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, 2011, the Authority did not have any short-term investments.

The Authority's long term investments are all related to amounts on deposit in the debt service reserve fund, revenue fund, subordinated debt fund and capital programs 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.

The Authority is a party to three guaranteed investment contracts totaling $12,640,091. The first one, which relates to the 2003 Refunding Bonds, has a year-end carrying value of $2,197,798, 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 $9,003,086, 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 $1,439,207, 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:

		2011		2010
Unrestricted:				
Airport user fees	$	919,048	$	1,259,492
Transportation services user fees		175,468		159,251
EZ-Pass toll revenue receivables		1,159,433		1,165,277
Casino Reinvestment Development Authority		1,195,429		386,777
Billboard lease receivable		349,591		611,716
Other expressway user fees		247,030		665,280
Gross receivables		4,045,999		4,247,793
Less: Allowance for Uncollectibles		(101,563)		(226,373)
Net total receivables	$	3,944,436	$	4,021,420

		2011		2010
Restricted:				
New Jersey DOT-South Inlet Project	$	15,565,000	$	16,290,000
New Jersey Department of Transportation - Other				103,013
Casino Reinvestment Development Authority		1,725,746		105,869
	$	17,290,746	$	16,498,882

The receivable from the New Jersey Department of Transportation represents the unpaid principal portion of the $17,000,000 originally borrowed from the Authority for the South Inlet Transportation Improvements Program (See Footnote #27 for additional information).

4. CAPITAL ASSETS

Capital assets for the year ended December 31, 2011, were as follows:

	December 31, 2010	Additions	Completed/ Deletions	December 31, 2011
Capital Assets not being Depreciated:				
Land	$ 146,921,642	$	$	$ 146,921,642
Construction in Progress	74,409,538	21,673,762	(61,597,016)	34,486,284
Total Capital Assets not being Depreciated	221,331,180	21,673,762	(61,597,016)	181,407,926
Non-Infrastructure Capital Assets:				
Electronic Toll Equipment	8,917,935	32,333		8,950,268
Buildings and Equipment	113,648,916	5,582,816	(708,114)	118,523,618
Total Non-Infrastructure Capital Assets	122,566,851	5,615,149	(708,114)	127,473,886
Infrastructure Capital Assets:				
Infrastructure Equipment	12,774,391	5,449,359		18,223,750
Infrastructure	438,722,491	79,526,773		518,249,264
	451,496,882	84,976,132	-	536,473,014
Less: Accumulated Depreciation	(190,371,364)	(23,349,486)	705,331	(213,015,519)
Total Capital Assets	$ 605,023,549	$ 88,915,557	$ (61,599,799)	$ 632,339,307

5. CAPITAL CONTRIBUTIONS

The Authority received Capital Contributions totaling $5,051,255 in 2011. These contributions are detailed as follows:

Source	2011	2010
Federal Aviation Administration	$ 997,419	$ 657,729
Passenger Facility Charges (PFC's)	1,441,577	5,666,917
New Jersey Air National Guard	518,739	3,400,192
FEMA Grant Reimbursement	13,375	351,948
Customer Facility Charges (CFC's)	238,134	315,014
Casino Reinvestment Development Authority	1,740,248	354,538
New Jersey Department of Transportation	-	770,682
Miscellaneous	101,763	354,363
	$ 5,051,255	$ 11,871,383

The capital funding the Authority receives from the United States Department of Transportation Federal Aviation Administration ("FAA") 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 $3,478,874 in PFC fees during 2011. The balance of PFC Advance at December 31, 2011 was $4,914,561. At the time costs are incurred, the associated PFC revenues are recognized as Capital Contributions. The Authority recognized $1,441,577 in PFC Capital Contributions in 2011.

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, are 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 $129,211 and $315,014 during 2011 and 2010, respectively. During 2011, the Authority recognized revenue of $238,134 versus $315,014 in 2010. Through December 31, 2011, the authority has recognized CFC revenue in the amount of $1,487,164.

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, 2011, commitments for projects in progress was $62,021,778.

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 the 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, 2011, the Authority estimates that no material liabilities will result from such audit.

7. ACCOUNTS PAYABLE

Accounts payable consists of liabilities payable from unrestricted and restricted assets. The following provides a summary of the amounts of accounts payable at December 31, 2011:

		2011		2010
Unrestricted:				
Electronic Toll Collection Expense	$	336,348	$	822,149
State and Local Police Expense		1,972,708		2,194,753
Payroll Liabilities		169,307		198,707
Airport		2,118,153		2,468,126
SJTPO		191,239		186,970
Expressway Operating Expenses		2,165,555		2,588,623
	$	6,953,310	$	8,459,328
Restricted:				
Apron Expansion	$	316,836	$	997,049
Exit 17 Construction		-		277,654
Third Lane Widening		1,571,711		2,133,935
Various Expressway Improvements		327,101		2,103,367
Road Overlay		-		631,363
Letter of Credit Fees		283,098		-
Airport Rescue and Firefighting Station (ARFF)		1,033,283		-
Other Airport Improvements		2,017,913		1,329,968
	$	5,549,942	$	7,473,336

8. BONDS AND NOTES PAYABLE

As of December 31, 2011, the outstanding bonds payable balance has been offset with unamortized bond discounts in the amount of $2,893,397, unamortized loss on refunding in the amount of $1,633,866, and increased by the unamortized bond premium of $955,528.

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 were 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 were 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; (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 were 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. During 2011, the Authority received $2,538,370 versus $2,358,371 in 2010. Through December 31, 2011, the Authority has received a total of $5,466,680 in cash subsidy payments from the United States Treasury.

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 at 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)

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.

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 Wells Fargo Bank, N.A., effective April 1, 2011. The 2009 Series A-3 Senior Bonds were originally secured by a direct-pay Letter of Credit issued by Bank of America, N.A. that had a stated expiration date of August 4, 2011. The 2009 A-3 Senior Bonds Letter of Credit will terminate on April 1, 2013, 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 April 1, 2011 ("2009 A-3 Senior Bonds Letter of Credit Reimbursement Agreement"), between the Authority and Wells Fargo Bank, N.A. All payment and reimbursement obligations of the Authority under the 2009 A-3 Senior Bonds Letter of Credit 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. On April 1, 2011, prior to the August 4, 2011 termination date, the Authority negotiated with Wachovia Bank, NA/Wells Fargo for an extension of the existing 2009 A-4 Senior Bonds Letter of Credit. This 2009 A-4 Senior Bond Letter of Credit will terminate on April 1, 2013 ("2009 A-4 Senior Bonds Stated Expiration Date"). 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 Remarketing Agent for the 2009 A-3 Senior Bonds was Merrill Lynch, Pierce, Fenner & Smith Incorporated, and the Remarketing Agent for the 2009 A-4 Senior Bonds was 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 Variable Rate Senior Bonds A-3

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

* Final Maturity

8. BONDS AND NOTES PAYABLE (CONTINUED)

2009 Variable Rate Senior Bonds A-4

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

* Final Maturity

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.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Purchase in Lieu of Redemption (Continued)

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 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 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.

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.

8. BONDS AND NOTES PAYABLE (CONTINUED)

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:

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

2003 Transportation System Revenue Refunding Bonds

The 2003 Series Transportation System Revenue Refunding Bonds (serial bonds) original issue 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 Bonds were used to: (i) defease and refund a portion of the Authority's Transportation System Revenue Bonds, 1992 Series B (Tax Exempt), (ii) finance the amount, if any, required to increase the amount on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Requirement and (iii) pay certain costs of issuing the 2003 Bonds. The remaining principal payment on the 2003 Bonds is shown below:

Year Due November 1,	Principal Amount
2012	$2,155,000

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.

8. BONDS AND NOTES PAYABLE (CONTINUED)

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, 2010 to October 31, 2011	100 ½%
November 1, 2011 and thereafter	100%

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

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

8. BONDS AND NOTES PAYABLE (CONTINUED)

Sources of Payment and Security for Bonds and Subordinated Indebtedness

The Bond Resolution provides that, subject only to the rights of the Authority to apply amounts for Operating Expenses of Pledged Projects, the Revenues of the Transportation System (excluding Airport Revenues), all Scheduled Counterparty Payments, all Government Direct Subsidies and any moneys, other than the foregoing, received by the Authority from any other source for operating, maintaining, or repairing the Transportation System are pledged on a senior lien basis to secure the payment of Bonds issued under the Resolution, Qualified Swap Obligations, if any, and Credit Facility Reimbursement Obligations, if any.

In addition to the foregoing, the 2006 Bonds and the 2009 A-2 Senior Bonds are also payable from and secured by a lien on and pledge of the Authority's Airport Revenues.

Subordinated Indebtedness issued pursuant to the provisions of the Resolution are not Bonds within the meaning of the Resolution, and are secured solely by amounts in the Subordinated Debt Fund or the General Reserve Fund, subject to the provisions of the Resolution requiring prior application of amounts in such Funds to other purposes, including, but not limited to, the payment of Debt Service on Bonds issued under the Resolution, Qualified Swap Obligations, if any, and Credit Facility Reimbursement Obligations.

Re-designation of Projects

The Third Amended and Restated Resolution permits the Authority to re-designate all or a portion of a Series of Bonds, originally issued to pay all or a portion of the Costs of a Pledged Project pursuant to Section 2.05 of the Third Amended and Restated Resolution, as "Airport Bonds" (which are additionally secured by Airport Revenues) pursuant to Section 2.12 of the Third Amended and Restated Resolution and to use the proceeds of such re-designated Airport Bonds to pay Costs relating to an Airport Project (such Costs being Costs of a General Project for all purposes of the Third Amended and Restated Resolution) upon satisfaction of, among other matters, certain financial tests set forth in Section 2.06 of the Third Amended and Restated Resolution with respect to the issuance of Additional Bonds for a General Project.

On December 7, 2010, the Authority re-designated a portion of the 2009 A-3 and A-4 Senior Bonds as Airport Bonds pursuant to, and in compliance with, Section 2.12 of the Third Amended and Restated Resolution. The following table sets forth the respective annual Debt Service Requirements, following the re-designation, for (i) all senior lien Outstanding Bonds (excluding Airport Bonds); and (ii) all senior lien Airport Bonds of the Authority.

8. BONDS AND NOTES PAYABLE (CONTINUED)

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

Bonds Payable:

Calendar Year	Non-Airport Principal	Non-Airport Interest *	Airport Principal	Airport Interest *	Total
2012	$ 7,980,000	19,894,925	40,000	4,301,081	$ 32,216,006
2013	8,365,000	19,539,924	815,000	4,300,658	33,020,582
2014	8,770,000	19,200,730	1,130,000	4,278,651	33,379,381
2015	9,455,000	18,832,164	1,235,000	4,251,355	33,773,519
2016	9,830,000	18,428,773	1,430,000	4,212,239	33,901,012
2017-2021	56,755,000	84,909,695	7,505,000	20,220,507	169,390,202
2022-2026	72,875,000	69,172,796	7,295,000	18,676,593	168,019,389
2027-2031	68,185,000	49,181,127	29,905,000	16,586,238	163,857,365
2032-2036	76,640,000	33,701,409	44,195,000	5,305,910	159,842,319
2037-2039	68,120,000	8,052,374	6,335,000	1,219,769	83,727,143
	$ 386,975,000	$ 340,913,917	$ 99,885,000	$ 83,353,001	$ 911,126,918

* - Interest on the variable rate portion of the bonds listed above is estimated at the swap rate of 4.70% plus the letter of Credit (LOC) facility fee rate of 1.24% basis points, the current rate at December 31, 2011

Below is a schedule reconciling the Outstanding Bond Principal to the Bonds Payable, net of Discount, Premium and Loss on Defeasance:

	2011	2010
Prinicipal on Expressway Bonds	$ 386,975,000	$ 394,420,000
Principal on Airport Bonds	99,885,000	99,885,000
Discount on Bonds Payable	(2,893,397)	(3,029,700)
Loss on Defeasance	(1,633,864)	(2,004,800)
Premium on Bonds Payable	955,528	1,176,641
	$ 483,288,267	$ 490,447,141
Short Term portion of Bonds Payable	$ 3,620,794	$ 8,160,794
Long Term portion of Bonds Payable	479,667,473	482,286,347
	$ 483,288,267	$ 490,447,141

8. BONDS AND NOTES PAYABLE (CONTINUED)

Below is a schedule that details the outstanding bonds payable net of unamortized loss on defeasance, discount on bonds payable and premium on bonds payable.

Issue	Principal Balance	Unamortized Loss on Defeasance	Unamortized Bond Discount	Unamortized Bond Premium	Bonds net of defeasance, discount and premium
1999	$ 117,085,000		$ (335,009)		$ 116,749,991
2003	2,155,000			$ 3,299	2,158,299
2004	18,970,000		(89,983)		18,880,017
2006A	50,365,000		(827,695)		49,537,305
2009 A-1	57,835,000	$ (1,633,864)		898,806	57,099,942
2009 A-2	38,995,000		(6,234)		38,988,766
2009 A-5	96,260,000		(1,634,476)		94,625,524
2009 Sub	17,650,000			53,423	17,703,423
2009 A-3	43,875,000				43,875,000
2009 A-4	43,670,000				43,670,000
	$ 486,860,000	$ (1,633,864)	$ (2,893,397)	$ 955,528	$ 483,288,267

Derivative and Hedging Activities

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. 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. 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.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Derivative and Hedging Activities (Continued)

The Authority uses derivative instruments in connection with its variable and fixed rate debt and/or existing derivative instruments. The derivative instruments utilized are comprised of interest rate swaps. On the date the derivative contract is entered into, the Authority designates the derivative as a hedge of a forecasted transaction or the variability of cash flows. The Authority implemented GASB Statement 53 of the Governmental Accounting Standards Board during the year ended December 31, 2010. Under GASB 53, the Authority reports derivative instruments on the Statement of Net Assets at fair value with changes in fair value presented as deferred inflows or deferred outflows on the Statement of Net Assets. If the derivative agreement is terminated prior to expected conclusion or if the hedge is no longer considered effective, the accumulated gains or losses will be reported on the Statement of Revenues, Expenses and Changes in Net Assets. As of December 31, 2011, the Authority's interest rate swaps passed one of the established GASB 53 hedge effectiveness testing methods (dollar-offset method) and therefore are considered hedging derivatives for the year ended December 31, 2011.

The total fair value balances and notional amounts of the hedging derivative instruments outstanding as of December 31, 2011 and reported as such in the 2011 financial statements are as follows:

	Changes in Fair Value		Fair Value at December 31, 2011		
	Classification	Amount	Classification	Amount	Notional
Governmental activities:					
Cash flow hedges:					
Pay-fixed interest rate swaps	Deferred outflow	$13,524,109	Debt	$ (34,369,288)	$ 87,795,000

8. BONDS AND NOTES PAYABLE (CONTINUED)

Objective and Terms of Hedging Derivative Instruments

The Authority is a party to two debt-related derivative instruments described as pay-fixed interest rate swaps. As per GASB 53, the interest rate swaps ("Swaps") are considered a hedging derivative instrument. The following table presents the objective, terms and fair value of the Authority's hedging derivative instruments outstanding at December 31, 2011:

Type	Objective	Notional Amount	Effective Date	Termination Date	Cash (Paid) Received *	Terms	Fair Value at 12/31/2011
Pay-fixed interest rate swap	Hedge changes in cash flows on Seies 2009 A-3 and A-4 Bonds	$52,675,000	11/1/09	11/1/29	$5,872,000	Pay 4.70% Receive 1M LIBOR x 75%	($20,620,894)
Pay-fixed interest rate swap	Hedge changes in cash flows on Seies 2009 A-3 and A-4 Bonds	$35,120,000	11/1/09	11/1/29	$3,914,000	Receive 1M LIBOR x 75%	($13,748,394)

* Amount represents upfront premium paid by counterparty to Authority upon execution of swaption and fee paid by counterparty to Authority as a result of swaption exercise.

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 had given the Bank of America, N.A. and Wachovia Bank, N.A. (collectively, the "Counterparties") the option to enter into a 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)

Objective and Terms of Hedging Derivative Instruments (Continued)

On July 1, 2009 the Counterparties exercised their one-time option to put the Authority into the Swap ("2009 Swaps"). The 2009 Swaps were effective as of November 1, 2009 and mature on November 1, 2029. As a result of the exercise of the Swaptions, the Authority received an exercise fee of $1,319,597.52 from Bank of America, N.A. and $879,731 from Wachovia Bank, N.A. The terms of the 2009 Swaps require the Authority to pay a fixed rate of 4.70% and receive a variable payment computed as 75 percent of the London Interbank Offered Rate (LIBOR) with a designated maturity of one month on the amortizing notional 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 2009 Swaps will terminate on November 1, 2029, unless terminated sooner in whole or in part in accordance with their terms. In the event that either of the 2009 Swaps terminate prior to its stated termination date, either the Authority or the applicable Swap 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, 2011:

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

The following table sets forth the notional amount and the outstanding principal amount as of December 31, 2011 for the swaps compared with the outstanding principal amount of the associated bonds.

8. BONDS AND NOTES PAYABLE (CONTINUED)

Counterparty	Associated Bond Issue		Outstanding Principal		Notional Amount
Bank of America	SJTA Transportation System Revenue Bonds Series A-3	$	43,875,000	$	52,675,000
Wachovia/Wells Fargo	SJTA Transportation System Revenue Bonds Series A-4		43,670,000		35,120,000
	Totals	$	87,545,000	$	87,795,000

Risks Associated with the 2009 Swaps

From the Authority's perspective, the following risks are associated with 2009 Swaps:

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 the Authority 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.

The following table shows, as of December 31, 2011, the diversification, by percentage of notional amount, among the two different counterparties that have entered into ISDA Master Agreements with the Authority. The notional amount totals below include both Swaps in connection with the Authority's 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.

8. BONDS AND NOTES PAYABLE (CONTINUED)

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)

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

Under the Authority's bond resolution, the payments relating to debt service on the 2009 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, 2011.

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

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 2009 Swaps (75 percent of LIBOR) over the life of the 2009 Swaps. See *Swap payments and Associated Debt* below.

Basis Risk – The variable interest rate paid by the counterparty under the Swap and the variable interest rate paid by the Authority 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 the Authority 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 the Authority.

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 known as SFMA plus the cost of the liquidity facility. The historic relationship between SFMA and 1 month LIBOR is approximately 67%. The Authority has mitigated basis risk by entering into the swaps at a higher percentage equal to 75% of one month LIBOR versus the approximate historical average of 67%.

8. BONDS AND NOTES PAYABLE (CONTINUED)

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

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.

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 provide 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 2009 Swaps and convert its existing variable rate to fixed rate debt.

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 the Authority 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.

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 $220,050,000. Consequently the un-hedged variable-rate debt will be 31% of the Authority's total outstanding bonds.

Fair Value-The fair market value of the Authority'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 2009 Swaps from an independent derivative valuation specialist. These fair value estimates were estimated using the independent derivative valuation specialist's proprietary pricing models that take into consideration probabilities, volatilities, time and underlying prices. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the 2009 Swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds, due on the date of each future net settlement of the Swap. As of December 31, 2011, the 2009 Swaps had a negative fair value of $34,369,288 indicating the estimated amount that the Authority would have been required to pay in total if both of the 2009 Swaps were terminated. However, as of that date, no event of termination had occurred.

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 the Authority's outstanding variable-rate debt and net swap payments are estimated to be as follows:

Variable Rate Series 2009 A-3 and A-4

Years	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	Principal Balance
2012	300,000	4,114,615	1,085,558	192,599	(151,446)	5,541,326	87,245,000
2013	350,000	4,100,515	1,081,838	191,939	(151,446)	5,572,846	86,895,000
2014	450,000	4,084,065	1,077,498	191,169	(151,015)	5,651,717	86,445,000
2015	845,000	4,062,915	1,071,918	190,179	(151,015)	6,018,997	85,600,000
2016-2020	4,905,000	20,420,325	5,387,490	955,845	(757,232)	30,911,428	80,695,000
2021-2025	6,220,000	18,963,325	5,359,590	887,645	(757,232)	30,673,328	74,475,000
2026-2030	7,870,000	17,501,625	5,307,200	819,225	(664,211)	30,833,839	66,605,000
2031-2035	10,720,000	15,652,175	5,003,090	732,655	(124,631)	31,983,289	55,885,000
2036-2039	55,885,000	10,506,380	4,617,450	491,788	(99,705)	71,400,913	-

(1) Swap payments began November 1, 2009	
(2) Based on actual average rate paid for 2011 2012 thereafter based on rate at December 31, 2011	0.0022
(3) Based on actual receipts for 2011 2011 thereafter assumed 75% of 1 mo. LIBOR at 12/31/2011	0.001725
(4) Debt Service Payments began August 4, 2009	
(5) Letter of Credit fee estimated at current rate	0.0124
100% of 1 month USD-LIBOR rate at 12/31/2011	0.0023

At December 31, 2011, the total of the unamortized Swap Premium and unamortized exercise payment was $7,076,998. 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, 2011, was $141,375.

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 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 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, 2011 is as follows:

Year Issued	Amount Issued	Accreted Value at 12/31/11	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, 2011, the Authority received $3,208,382. As of December 31, 2011, the Authority has cumulatively received $17,225,357. 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	$ 106,046,142	$ 106,046,142	$ 106,046,142
Interest Revenue	1,357,452	1,357,452	1,357,452
Interest Revenue-Airport	8,874	8,874	8,874
Interest Revenue Transferred from Restricted Funds	531,632	531,632	531,632
Interest Revenue-General Reserve Fund	27,398	27,398	27,398
Total Revenue	107,971,498	107,971,498	107,971,498
Less:			
Grant Revenue	3,751,673	3,751,673	3,751,673
Airport Revenue	11,697,396	11,697,396	11,697,396
Airport Interest	8,874	8,874	8,874
Total Available Revenue	92,513,555	92,513,555	92,513,555
Pledged Project Expenses	44,624,948	44,624,948	44,624,948
Net Revenues	$ 47,888,607	$ 47,888,607	$ 47,888,607
Airport Revenues Available for Debt Service (ARAFDS)	$ 4,851,363	$ 4,851,363	$ 4,851,363
Net Revenue plus ARAFDS	52,739,970	52,739,970	52,739,970
Total Available Revenue plus ARAFDS			97,364,918
Senior Debt Service	30,131,579	30,131,579	30,131,579
Subordinated Debt Service		1,497,544	
Rehabilitation & Repair Requirement		-	
State Payment Requirement		2,900,000	
Other Required Deposits		1,194,227	
General Project Operating Expenses		8,752,975	
Total Debt Service & Other Obligations	$ 30,131,579	$ 44,476,325	N/A
Total Pledged Projects and Debt Service	N/A	N/A	$ 74,756,527
Coverage Ratio	175.03%	118.58%	130.24%
Required Coverage	120.00%	100.00%	100.00%
Excess Coverage	55.03%	18.58%	30.24%

13. PENSION PLAN

All full-time Authority employees participate in the Public Employees' Retirement System ("PERS" or "System") and the Police and Firemen's Retirement System ("PFRS") which has been established by state statue. 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. According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries and are considered cost-sharing multiple-employer plans. The payroll subject to pension for the Authority's employees covered by PERS and PFRS was approximately $18,954,386 for the year ended December 31, 2011. The Authority's total payroll for the year ended December 31, 2011 was $21,717,128.

The Public Employees' Retirement System was established in January 1955 and was significantly amended on May 21, 2010 to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. The 2010 legislation implemented the "tiered" system whereby employees are eligible for benefits based on their date of hire, number of weekly hours worked and annual salary. Vesting for pension benefits occurs after 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 for Tier 1 and Tier 2 employees and at age 62 for Tier 3 and Tier 4 employees with an annual benefit generally determined to be 1/55th of the final average salary multiplied by the years of service for Tier 1, 2 and 3 employees and 1/60th of the final average salary multiplied by the years of service for Tier 4 employees. Early retirement is available to those under normal retirement age with 25 or more years of credited service, but at a reduced rate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for each of the plans. As of June 30, 2011, the aggregate funded ratio and unfunded accrued liability for local PERS obligations was 77.3% and $5.436 billion, respectively. 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. As of October 1, 2011, the PERS contribution rate was increased from 5.5% to 6.5% and from 8.5% to 10.0% for PFRS of annual covered payroll. PERS and PFRS bill the Authority annually at an actuarially determined rate for its required contribution.

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 $1,037,583 and $1,057,472 for the years ending December 31, 2011 and 2010 respectively. The allocation of Employees' contributions for 2011 is summarized below:

13. PENSION PLAN (CONTINUED)

Employee Contributions

	Expressway	Airport	Total
Public Employees Retirement System (PERS)	$ 1,003,349	$ 34,234	$ 1,037,583
Police and Fire Retirement System (PFRS)	-	108,490	108,490
	$ 1,003,349	$ 142,724	$ 1,146,073

In 2011, 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:

Authority Contributions

	Expressway	Airport	Total
Public Employees Retirement System (PERS)	$ 2,043,540	$ 130,439	$ 2,173,979
Police and Fire Retirement System (PFRS)	-	288,101	288,101
	$ 2,043,540	$ 418,540	$ 2,462,080

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 $300,000 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 $989,309 which represents estimated claims relating to the period ended December 31, 2011. The Reserve for Insurance Claims balance at December 31, 2011 is $676,979. During the year, claim expense in the amount of $1,129,417 was charged to the reserve.

14. RISK MANAGEMENT AND HEALTH INSURANCE (CONTINUED)

Risk Management-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 $300,000 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 employee's 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, 2011. Charges have been made to the reserve in the amount of $6,600 as of December 31, 2011. The reserve balance as of December 31, 2011 is $524,086.

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.

The Authority is party to various legal actions and disputes. Although the ultimate effect, if any, of these matters is not presently determinable, management believes that collectively they will not have a material effect on the results of operations or the financial position of the Authority. None of these cases are anticipated to exceed the insurance limits described above.

Health Insurance

Expressway

In 2009, the Authority established a Self-Insurance Reserve in the Expressway Fund for health insurance. During 2011, health insurance costs were charged to the reserve in the amount of $5,101,846. The reserve balance as of December 31, 2011 is $2,259,647.

Airport

In 2009, the Authority established a Self-Insurance Reserve in the Airport Fund for health insurance. During 2011 health insurance costs were charged to the reserve during the year in the amount of $566,872. The reserve balance as of December 31, 2011 is $585,305.

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.

15. AUTHORITY RETIREMENT MEDICAL BENEFITS (CONTINUED)

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 and have begun receiving pension payments under PFRS.

The Authority funds the benefits on a pay-as-you-go basis. The cost of providing these benefits for one-hundred nineteen (119) retirees for the year ended December 31, 2011 was $1,104,177.

During 2011, the Authority allocated the expense related to employees whose salaries 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 was 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.

Effective November 18, 2010, the maximum payout to an employee at retirement is $15,000 at the employee's current rate of pay. Any employee having a balance of $17,500 or over on the effective date will be eligible to cash out at the higher rate. Additionally, if the employee's balance falls below the $17,500 prior to retirement they are no longer eligible to cash out at the higher rate. 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.

16. COMPENSATED ABSENCES (CONTINUED)

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.

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 cash out 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.
- 100% of present salary for accumulated sick leave in excess of 150 days.
- Maximum of $17,500

(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.
- 100% of present salary for accumulated sick leave in excess of 150 days.
- Maximum of $17,500

Local S-18 members are entitled to cash out 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.

16. COMPENSATED ABSENCES (CONTINUED)

Compensatory Time (Continued)

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.

C. Accrued Expense

The Authority's liability for compensated absences is included in Current Liabilities Payable from Unrestricted Assets-Accounts Payable in the accompanying Statement of Net Assets. The Authority's accrued liability for compensated absences, including additional amounts accrued for Social Security, Medicare and pension plan contributions as of December 31, 2011 is as follows:

	Expressway	Airport	Total
Sick Time	$ 924,234	$ 133,229	$ 1,057,463
Vacation Time	424,275	105,835	530,110
Compensatory Time	56,546	50,373	106,919
	$ 1,405,055	$ 289,437	$ 1,694,492

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 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.

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. During 2011, the NJDOT requested an additional $400,000 be remitted, thus increasing the Authority's payments to a total of $2,900,000 in 2011.

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.

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.

20. ELECTRONIC TOLL COLLECTION (CONTINUED)

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.

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/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, 2011 is $26,930,446, which is payable from unrestricted funds.

Pursuant to the third amended and restated resolution authorizing bonds and other obligations, Section 5.02(l) 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. During 2011, $613,183 was written off.

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 of CRDA parking revenue bonds. During 2011, the Authority recognized revenue of $2,828,727 versus $2,788,965 in 2010.

22. CRDA PARKING FEE AGREEMENT (CONTINUED)

Through December 31, 2011, CRDA has paid the Authority a total of $24,864,203. 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 2011. During 2011, this firm billed the Authority $47,949 for services rendered. At December 31, 2011, $8,989 was payable and due to the firm. As of the date of this report, all outstanding amounts for the year ending December 31, 2011 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 expired in 2010 but was renewed on August 25, 2010 for a new five (5) year lease term expiring on August 24, 2015. Lease expenses incurred for 2011 and 2010 were $67,885 and $71,274 respectively.

At December 31, 2011, the future minimum lease payments are as follows:

		Operating
2012	$	67,860
2013		67,860
2014		67,860
2015		45,240
	$	248,820

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. On May 15, 2011, the Authority extended the lease for an additional two (2) years expiring on April 30, 2013. Lease expenses incurred for 2011 and 2010 were $41,979 and $40,016, respectively.

At December 31, 2011, the future minimum lease payments are as follows:

		Operating
2012	$	35,560
2013		12,192
		47,752

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.

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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.

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 for participants age 65 and under are provided through insurance companies whose premiums are based on the benefits paid during the year. Group health, prescription drug and vision benefits for participants over age 65 and dental benefits for all participants are paid through a plan under which benefits are paid by the service provider on behalf of the Authority. Vision benefits for participants age 65 and older and Medicare Part B premium reimbursements are paid directly by the Authority. The actuarial valuation report was based on 393 total participants including 155 retirees. As of December 31, 2011, there were no funding contributions required from the retired employees.

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, 2011 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 4.50%, an annual medical healthcare and prescription drug cost trend rate of 10.0% in 2011, with a gradual decline of .5% per year until an ultimate health care cost trend rate is reached in 2021 of 5.0%. Medicare Part B premiums are assumed to increase by 5.0% each year. Dental and Vision costs are also assumed to increase by 5.0% annually.

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

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 payrolls.

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 self 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 February 2012 actuarial valuation, the Annual Required Contribution (ARC) for the year ending December 31, 2011 was projected as follows:

	Expressway	Airport	Total
Normal Cost with Interest	$ 2,409,750	$ 425,250	$ 2,835,000
Amortization of Unfunded Actuarial Accrued Liability	618,800	109,200	728,000
	$ 3,028,550	$ 534,450	$ 3,563,000

Other Post-employment Benefit Costs and Obligations

The following reflects the components of the 2011 annual OPEB Costs, amounts paid, and changes to the net accrued OPEB obligation based on the February 2012 actuarial valuation and actual OPEB payments made or accrued during 2011:

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Other Post-employment Benefit Costs and Obligations (Continued)

	Expressway	Airport	Total
Net OPEB Obligation - Beginning of Year	$60,110,187	$10,814,413	$70,924,600
Annual Required Contribution	3,028,550	534,450	3,563,000
Interest on Net OPEB Obligation	2,713,200	478,800	3,192,000
Annual OPEB Cost	5,741,750	1,013,250	6,755,000
Employer Contributions	(1,377,995)	(243,176)	(1,621,171)
Increase in Net OPEB Obligation	4,363,755	770,074	5,133,829
Net OPEB Obligation - End of Year	64,473,942	11,584,487	76,058,429
Percentage of OPEB Cost Contributed	24.00%	24.00%	24.00%

Required Supplementary Information:

	Expressway	Airport	Total
Actuarial Value of Plan Assets	$ -	$ -	$ -
Actuarial Accrued Liability (AAL)	60,903,350	10,747,650	71,651,000
Total Unfunded AAL (UAAL)	60,903,350	10,747,650	71,651,000
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll	17,906,484	2,936,724	20,843,208
UAAL as a % of Covered Payroll	340.12%	365.97%	343.76%

26. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

During 2008, the Authority established an account for OPEB contributions and authorized contributions up to $2 million per year. During 2011, the Authority contributed $2 million to this account. The balance in this account at December 31, 2011 was $8,000,000. 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	$ 6,805,951	$ 1,194,049	$ 8,000,000
Actuarial Accrued Liability (AAL)	60,903,350	10,747,650	71,651,000
Total Unfunded AAL (UAAL)	54,097,399	9,553,601	63,651,000
Funded Ratio	11.18%	11.11%	11.17%
Covered Payroll	17,906,484	2,936,724	20,843,208
UAAL as a % of Covered Payroll	302.11%	325.31%	305.38%

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.

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:

27. SOUTH INLET TRANSPORTATION IMPROVEMENTS PROJECT (CONTINUED)

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

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 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. On February 3, 2011 the Authority and AirTran agreed to extend this agreement for one year.

28. AIRTRAN AIRWAYS RISK ABATEMENT (CONTINUED)

Under the terms of this extension AirTran agreed to operate jet service until September 7, 2011 and the Authority agreed to guarantee gross passenger revenues of $4,872 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 however, in no event shall the cumulative Block Hour Shortfall exceed $1,400,000 for the additional one year term of the agreement.

Total amount of airline risk abatement expense for AirTran for 2011 and 2010 was $494,237 and $1,531,126, respectively. As of January 6, 2012, AirTran has ceased operations at ACY.

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, 2011, 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 2011, the Authority received a total of $105,817 in Loan Proceeds from CRDA, and has repaid principal and interest in the amount of $1,035,872 and $238,049 respectively. There is no outstanding loan payable at December 31, 2011.

31. ATLANTIC CITY INTERNATIONAL AIRPORT

Below are detailed schedules of Atlantic City International Airport's ("ACY") operating revenues and expenses. These schedules are presented to provide additional detail of the single-line item entitled "Airport" presented in the Statement of Revenues, Expenses and Changes in Net Assets on pages 18, 23 and 93, in the accompanying financial statements.

	2011	2010
Revenues:		
Non-Aeronautical:		
Airside	$ 35,654	$ 35,654
Landside	789,263	817,359
Parking	5,988,032	6,075,003
Terminal	1,727,129	1,985,333
Aeronautical:		
Airfield/Airside	2,922,384	3,054,326
Landside	24,000	24,000
Terminal	210,934	198,673
	$ 11,697,396	$ 12,190,348

31. ATLANTIC CITY INTERNATIONAL AIRPORT (CONTINUED)

		2011		2010
Expenses:				
Central Accounts	$	1,074,112	$	1,364,954
Marketing		787,368		698,817
SJTA Administration		838,530		798,788
ACY Customer Service		55,788		70,111
Firefighter Administration		1,909,341		1,713,617
Operations - Airside		36,440		34,547
Operations - Landside		42,988		40,797
Operations - Terminal		2,348,690		2,318,119
NJ State Police LEO ACY		3,073,416		2,837,755
Maintenance - Airside		1,012,745		1,319,954
Maintenance - Landside		75,218		233,069
Maintenace - Terminal		2,338,292		2,183,678
Parking		1,109,775		1,285,283
ACY Shuttle		227,248		217,622
Information Technology		53,900		86,963
	$	14,983,850	$	15,204,077

32. RECLASSIFICATION OF PRIOR YEAR OPERATING EXPENSES

During the year the Authority made the decision to charge legal expenses to a Central expense category. In the prior year, these costs were reported in the Executive organization. In order to present comparative financial statements, the Authority has reclassified the prior year operating expenses in both the Executive and Central accounts to reflect this change and provide a more comparable presentation of expenses between 2010 and 2011. Below is a schedule that provides this detail:

		December 31, 2010 Total as Originally Reported		Reclassifications	December 31, 2010 Balance as Reclassified
Operating Expenses:					
Executive	$	2,060,434	$	(1,058,665)	1,001,769
Central Accounts		12,082,088		1,058,665	13,140,753

33. SUBSEQUENT EVENTS

Privatization of Toll Collection

The Authority has determined a need for the retention of a Contractor for the purpose of providing Toll Services on the Atlantic City Expressway, including, Toll Plaza Supervisor, Count Room Supervisor, Toll Attendant, Count Room Staff and Toll Clerical Functions. On August 29, and 30, 2011, the Authority issued a request for proposals (RFP) from qualified firms for the provision of Toll Services to the Authority. On September 15, 2011 four proposals were received. Faneuil, Inc., of Hampton, Virginia was determined to have submitted the best proposal to the Authority. Faneuil, Inc. proposes to provide first-class, expert, professional Toll Services to the Authority on the Expressway as well as provide innovation and creativity to maximize the customer experience creating a relationship that will be strategic, collaborative and long-term. On January 2, 2012, Faneuil, Inc has begun providing Toll Services on the Atlantic City Expressway.

Subsequent Review by Management

Management has evaluated events occurring after December 31, 2011 for possible adjustment to or disclosure in the financial statements through March 19, 2012, the date on which the financial statements were available to be issued. No additional subsequent events requiring recognition or disclosure in the financial statements were identified by management.

OTHER SUPPLEMENTARY INFORMATION

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

FUND FINANCIAL STATEMENTS

December 31, 2011

With Comparative Totals as of December 31, 2010

	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	2011	2010
ASSETS													
Unrestricted Assets													
Cash and Cash Equivalents	$ 16,338,568	$ 3,060,445	$ 14,602,260									$ 34,001,273	$ 38,061,595
Investments	-		5,599,723									5,599,723	2,655,222
Change Funds	43,156	8,985										52,141	49,045
Interest and Dividends Receivable	72,699	337	1,512									74,548	14,034
Accounts Receivable, net of allowance for uncollected accounts of $108,066	3,025,388	919,048										3,944,436	4,021,420
Grants Receivable	1,055,031	-										1,055,031	1,864,746
Prepaid Expenses	1,457,202	337,020										1,794,222	1,867,805
Security Deposits	108,500	1,530										110,030	115,698
Inventory	122,461											122,461	342,026
Interfunds Receivable	26,267,229	791,595	32,721,824								$ (59,780,648)	-	
Total Unrestricted Assets	48,490,233	5,118,960	52,925,319					-			(59,780,648)	46,753,865	48,991,591
Restricted Assets													
Cash and Cash Equivalents	3,127,778			$ 3,782,424	$ 2,286,183	$ 79	$ 2,413,427	$ 107,963	$ 226,780	$ 63,773,080		75,717,714	55,809,789
Investments	7,384,713			-	3,827,838		30,476,201	-	1,575,046	59,269,261		102,533,058	156,283,129
Accounts Receivable									15,565,000	1,725,746		17,290,746	16,498,882
Grants Receivable										840,417		840,417	3,658,499
Interfunds Receivable				16,100,601	1,608,036	208,334	1,507,322	192,958	4,669,411	18,204,968	(42,491,630)	-	
Interest Receivable				337	243	12	321,334	12	15,459	4,522		341,919	412,771
Total Restricted Assets	10,512,491	-	-	19,883,363	7,722,300	208,425	34,718,284	300,933	22,051,697	143,817,993	(42,491,630)	196,723,854	232,663,070
Noncurrent Assets													
Capital assets:													
Non-Infrastructure Capital Assets:													
Land and Improvements	-									146,921,642		146,921,642	146,921,642
Electronic Toll Equipment	-									8,950,268		8,950,268	8,917,935
Buildings and Equipment	-									118,523,618		118,523,618	113,648,916
Less Accumulated Depreciation	-									(57,331,598)		(57,331,598)	(52,348,691)
Total Non-Infrastructure Capital Assets	-	-	-	-	-	-	-	-	-	217,063,930	-	217,063,930	217,139,802
Infrastructure Capital Assets:													
Infrastructure - Equipment	-									18,223,750		18,223,750	12,774,391
Infrastructure	-									518,249,264		518,249,264	438,722,491
Less Accumulated Depreciation	-									(155,683,921)		(155,683,921)	(138,022,673)
Total Infrastructure Capital Assets	-	-	-	-	-	-	-	-	-	380,789,094	-	380,789,093	313,474,209
Construction in Progress										34,486,284		34,486,284	74,409,538
Total Capital Assets	-	-	-	-	-	-	-	-	-	632,339,308	-	632,339,307	605,023,549
Bond Issuance Costs									651,170	11,276,105		11,927,275	11,902,275
Less Accumulated Amortization									(30,409)	(3,821,739)		(3,852,148)	(3,325,685)
Total Non-current Non-capital Assets	-	-	-	-	-	-	-	-	620,761	7,454,366	-	8,075,127	8,576,590
Deferred Outflow- Interest Rate Swaps										34,369,288		34,369,288	20,845,179
Total Non-Current Assets	-	-	-	-	-	-	-	-	620,761	674,162,962	-	674,783,722	634,445,318
TOTAL ASSETS	$ 59,002,724	$ 5,118,960	$ 52,925,319	$ 19,883,363	$ 7,722,300	$ 208,425	$ 34,718,284	$ 300,933	$ 22,672,458	$ 817,980,956	$ (102,272,278)	$ 918,261,441	$ 916,099,979

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

FUND FINANCIAL STATEMENTS

December 31, 2011

With Comparative Totals as of December 31, 2010

	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	2011	2010
LIABILITIES AND NET ASSETS													
Current Liabilities Payable From													
Unrestricted Assets:													
Accounts Payable	$ 4,485,162	$ 2,118,153	$ 349,995									$ 6,953,310	$ 8,459,328
Deferred Income	406,301	42,493										448,794	508,025
Escrow Deposits and Reserves	61,716	67,713										129,429	117,031
Accrued Expenses	1,274,673	289,437								$ -		1,564,110	1,879,145
Interfunds Payable	37,833,656	26,930,446	361,517								$ (65,125,619)	-	-
Total Current Liabilities Payable From Unrestricted Assets	44,061,508	29,448,242	711,512	-	-	-	-	-	-	-	(65,125,619)	9,095,643	10,963,529
Current Liabilities Payable From													
Restricted Assets:													
Accrued Interest				$ 3,666,183					$ 125,736.46	-		3,791,919	3,836,794
Accounts Payable				0					13	5,549,929		5,549,942	7,473,336
Unamortized SWAP Premium										7,076,998		7,076,998	7,493,293
Retainages Payable										3,401,265		3,401,265	2,637,172
Due to Other Government Agencies	-					$ 208,333				-		208,333	1,138,368
PFC Advanced										4,914,561		4,914,561	3,247,336
CFC Advanced										108,923		108,923	
Reserve for Self-Insurance	3,067,009	1,109,391										4,176,400	5,190,902
Economic Recovery Funds Advanced										-		-	104,662
Interfunds Payable				706,515	$ 1,405,082	-	$ -	$ 159,519	1,755,260	33,120,282	(37,146,658)	-	-
Bonds and Notes Payable													
Net of Discount, Premium and													
and Loss on Defeasance ($278,867)									755,358	6,985,775		7,741,133	8,160,794
Total Current Liabilities Payable From Restricted Assets	3,067,009	1,109,391	-	4,372,697	1,405,082	208,333	-	159,519	2,636,367	61,157,733	(37,146,658)	36,969,474	39,282,677
Noncurrent Liabilities:													
Accrued Expenses	17,500											17,500	-
Other Postemployment Benefits other than Pensions	64,473,943	11,584,488										76,058,431	70,924,600
Arbitrage Rebate Payable								141,374				141,374	107,843
Bonds and Notes Payable													
Net of Discount, Premium and													
and Loss on Defeasance ($3,313,054)									16,948,065	458,599,069	-	475,547,134	482,286,347
Derivative Instrument Liability- Interest Rate Swaps										34,369,288		34,369,288	20,845,179
Total Noncurrent Liabilities	64,491,443	11,584,488	-	-	-	-	-	141,374	16,948,065	492,968,357	-	586,133,727	574,163,969
TOTAL LIABILITIES	$ 111,619,960	$ 42,142,121	$ 711,512	$ 4,372,697	$ 1,405,082	$ 208,333	$ -	$ 300,893	$ 19,584,432	$ 554,126,090	$ (102,272,277)	$ 632,198,844	$ 624,410,175

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS

FUND FINANCIAL STATEMENTS

December 31, 2011

With Comparative Totals as of December 31, 2010

	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	2011	2010
NET ASSETS													
Invested in Capital Assets, Net of Related Debt										$ 259,092,994		$ 259,092,994	$ 268,337,119
Restricted for:													
Debt Service				$ 15,510,666								15,510,666	15,228,224
Rehabilitation and Repair					$ 6,317,218							6,317,218	6,315,954
Debt Service Reserve							$ 34,718,284					34,718,284	33,100,491
State Payment						$ 92						92	90
Capital Projects										4,761,872		4,761,872	2,154,678
Arbitrage Rebate								$ 40				40	104,501
Subordinated Debt Fund									$ 3,088,025			3,088,025	1,406,512
Unrestricted for:													
Unrestricted Net Assets	$ 5,050,756	$ (26,632,722)	$ 52,213,807							-		30,631,837	29,968,835
Unfunded OPEB/(Deficit)	(64,473,943)	(11,584,488)										(76,058,431)	(70,924,600)
Funded OPEB Obligation	6,805,951	1,194,049										8,000,000	6,000,000
Total Net Assets	(52,617,236)	(37,023,161)	52,213,807	15,510,666	6,317,218	92	34,718,284	40	3,088,025	263,854,866	-	286,062,597	291,689,804
TOTAL LIABILITIES AND NET ASSETS	$ 59,002,724	$ 5,118,960	$ 52,925,319	$ 19,883,363	$ 7,722,300	$ 208,425	$ 34,718,284	$ 300,933	$ 22,672,457	$ 817,980,958	$ (102,272,277)	$ 918,281,441	$ 916,099,979

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

FUND FINANCIAL STATEMENTS

Twleve months ended December 31, 2011

With Comparative Totals as of December 31, 2010

	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	2011	2010
Operating Revenues:													
Tolls	$ 76,895,065											$ 76,895,065	$ 78,914,150
Concessions	1,737,549											1,737,549	1,922,597
ETC Administration Revenue	2,629,791											2,629,791	2,571,164
Garage Parking	1,090,199											1,090,199	847,494
Marina Parking Revenue	2,828,727											2,828,727	2,788,965
Intercept Parking	26,841											26,841	3,974
Bus Permits	320,519											320,519	329,268
Rentals	4,251,872											4,251,872	4,435,596
Directional Signage Program	-											-	49,837
Naming Rights	108,298											108,298	-
FEMA Snow Reimbursement Revenue	208,338											208,338	374,581
SJTPO Programs	2,278,226											2,278,226	2,315,918
Transportation Services	1,473,447											1,473,447	1,530,611
Other	499,874		-									499,874	379,742
Airport	-	$ 11,697,396										11,697,396	12,190,348
Total Operating Revenues	94,348,746	11,697,396	-	-	-	-	-	-	-	-	-	106,046,142	108,654,245
Operating Expenses:													
Executive	1,014,918											1,014,918	1,001,769
Business Administration	456,144											456,144	568,450
Policy and Planning	-											-	1,951
Engineering	3,177,857											3,177,857	3,258,398
Finance	1,363,339											1,363,339	1,373,225
Central Accounts	10,201,353											10,201,353	13,140,753
Other Post-Employment Benefits	1,377,995	243,176										1,621,171	1,211,744
Marketing and Communications	431,360											431,360	345,996
Tourist Services	5,687,080											5,687,080	5,907,768
Maintenance	6,699,448											6,699,448	7,369,272
Police	7,199,184											7,199,184	6,861,680
Emergency Service Patrol	796,411											796,411	712,429
Electronic Toll Collection Expense	3,888,590											3,888,590	4,124,385
Parking-(Non Airport)	835,121											835,121	739,067
Information and Toll Technology	1,700,943											1,700,943	1,674,492
SJTPO Programs	2,278,226											2,278,226	2,315,918
Transportation Services	1,649,509											1,649,509	1,820,794
Airport	-	14,983,850										14,983,850	15,204,077
Depreciation	-									$ 23,349,485		23,349,485	20,969,758
Total Operating Expenses	48,757,477	15,227,026	-	-	-	-	-	-	-	23,349,485	-	87,333,989	88,601,926
Operating Income (Loss)	45,591,270	(3,529,630)	-	-	-	-	-	-	-	(23,349,485)	-	18,712,153	20,052,319

SOUTH JERSEY TRANSPORTATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

FUND FINANCIAL STATEMENTS

Twleve months ended December 31, 2011

With Comparative Totals as of December 31, 2010

	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 2011	Totals 2010
Non-Operating Income(Expenses)													
Interest and Dividend Revenue	$ 1,357,452	$ 8,873	$ 27,398	$ 13,211	$ 8,349	$ 202	$ 1,827,298	$ 289	$ 961,637	$ 844,508	$	$ 5,049,214	$ 3,121,681
Gain on Acquisition of Marketable Securities	6,072											6,072	43,666
Gain/(Loss) on Disposal of Assets	91,423									-		91,423	(54,761)
(Increase) in OPEB Liability	(4,363,756)	(770,075)										(5,133,831)	(18,238,256)
AirTran Risk Abatement/NJDOT Feeder Rd.	-		(1,194,227)	-	-					-		(1,194,227)	(2,231,116)
Amortization Expense									(10,115)	(516,348)		(526,463)	(545,711)
Amortization of Bond Premium									5,578	17,032		22,611	234,626
Interest on Bonds				(22,198,725)				(33,532)	(772,544)	(1,800,613)		(24,805,414)	(26,155,205)
State Payment						(2,900,000)						(2,900,000)	(2,499,999)
Total of Non-Operating Income/(Expenses)	(2,908,809)	(761,202)	(1,166,829)	(22,185,514)	8,349	(2,899,798)	1,827,298	(33,243)	184,557	(1,455,421)	-	(29,390,615)	(46,325,075)
Income (Loss) before Contributions and Transfers	42,682,461	(4,290,832)	(1,166,829)	(22,185,514)	8,349	(2,899,798)	1,827,298	(33,243)	184,557	(24,804,906)	-	(10,678,462)	(26,272,756)
Capital Contributions	13,375									5,037,880	(5,051,255)	-	11,871,385
Total Capital Contributions											5,051,255	5,051,255	
Interest Revenue Transferred From Restricted Funds	531,632										(531,632)	-	
Interest Revenue Transferred To Operating Account											531,632	531,632	
Transfers (To)/From Unrestricted Funds	2,357,136	591,203	13,438,649	22,353,473	(7,085)	2,899,800	(209,505)	(71,218)	1,496,957	13,130,094	(56,044,155)	(64,652)	
Transfers (To)/From Restricted Funds	(47,691,041)	-	(8,936,577)	116,483			-		-	-	56,044,155	(466,980)	
Change in Net Assets	(2,106,437)	(3,699,629)	3,335,243	284,442	1,264	2	1,617,793	(104,461)	1,681,514	(6,636,933)	-	(5,627,207)	(14,401,371)
Total Net Asset Balance -- Beginning	(50,510,798)	(33,323,532)	48,878,564	15,226,224	6,315,953	90	33,100,491	104,501	1,406,512	270,491,799		291,689,804	306,091,175
Total Net Assets -- Ending	$ (52,617,235)	$ (37,023,161)	$ 52,213,807	$ 15,510,666	$ 6,317,217	$ 92	$ 34,718,284	$ 40	$ 3,088,026	$ 263,854,866	$ -	$ 286,062,597	$ 291,689,804

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2011

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2010	Issued	Paid	Balance December 31, 2011
Transportation System Revenue Bonds,	4/15/2003	$ 15,790,000	5.00%	11/01/11	$ 2,050,000	$	$ 2,050,000	$ -
2003 Series, (Tax Exempt)			5.25%	11/01/12	2,155,000			2,155,000
Original Issue Amount $44,100,000								
					4,205,000	-	2,050,000	2,155,000
Transportation System Revenue Bonds,	06/02/99	204,520,000	5.125%	11/01/20	9,280,000			9,280,000
1999 Series			5.125%	11/01/21	9,755,000			9,755,000
(Tax Exempt)			5.125%	11/01/22	10,255,000			10,255,000
Original Issue Amount $204,520,000			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
					117,085,000		-	117,085,000
Transportation System Revenue Bonds,	06/24/2004	$ 22,235,000	4.000%	11/01/11	$ 490,000	$	$ 490,000	$ -
2004 Series A			4.125%	11/01/12	510,000			510,000
(Tax Exempt)			4.250%	11/01/13	530,000			530,000
Original Issue Amount $22,235,000			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
					19,460,000	-	490,000	18,970,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2011

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2010	Issued	Paid	Balance December 31, 2011
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
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	-	4,180,000	57,835,000
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

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2011

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2010	Issued	Paid	Balance December 31, 2011
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
Subordinated Serial Bonds	08/04/09	$ 19,085,000	3.000%	11/01/11	725,000		725,000	-
2009 Series A			4.000%	11/01/12	750,000			750,000
(Tax Exempt)			3.000%	11/01/13	780,000			780,000
Original Issue Amount $19,085,000			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
					18,375,000	-	725,000	17,650,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2011

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2010	Issued	Paid	Balance December 31, 2011
Variable Rate Transportation System Revenue Bonds	08/04/09	44,000,000	4.700%	11/01/12	150,000			150,000
2009 Series A-3			4.700%	11/01/13	175,000			175,000
(Tax Exempt)			4.700%	11/01/14	225,000			225,000
Original Issue Amount $44,000,000			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
			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
					43,875,000	-	-	43,875,000

SOUTH JERSEY TRANSPORTATION AUTHORITY

SCHEDULE OF BONDS, NOTES AND OTHER DEBT

Period Ending December 31, 2011

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance December 31, 2010	Issued	Paid	Balance December 31, 2011
Variable Rate Transportation System Revenue Bonds	08/04/09	43,795,000	4.700%	11/01/12	150,000			150,000
2009 Series A-4			4.700%	11/01/13	175,000			175,000
(Tax Exempt)			4.700%	11/01/14	225,000			225,000
Original Issue Amount $43,795,000			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
Variable Rate Transportation System Revenue Bonds	08/04/09	43,795,000	4.700%	11/01/32	945,000			945,000
2009 Series A-4			4.700%	11/01/33	995,000			995,000
(Tax Exempt)			4.700%	11/01/34	1,230,000			1,230,000
Original Issue Amount $43,795,000			4.700%	11/01/35	1,275,000			1,275,000
(Continued)			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
					43,670,000	-	-	43,670,000
		$ 597,060,000			$ 494,305,000	$ -	$ 7,445,000	$ 486,860,000

South Jersey Transportation Authority
Schedule of Toll Revenue
Period Ending December 31, 2011

Interchange:	Toll Revenue	Vehicle Count
Pleasantville	$ 17,307,479	21,016,509
Exit 5, Route 9	831,745	1,146,703
Mays Landing	2,755,731	3,652,853
Egg Harbor	48,793,728	15,652,373
Hammonton	1,282,087	1,678,248
Winslow	593,638	785,556
Williamstown	1,606,248	3,724,433
Pomona	2,021,398	2,744,170
Berlin Crosskeys	1,223,556	2,839,021
Route 50	479,455	142,842
Unusual and Toll Free		674,295
	$ 76,895,065	54,057,003

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.