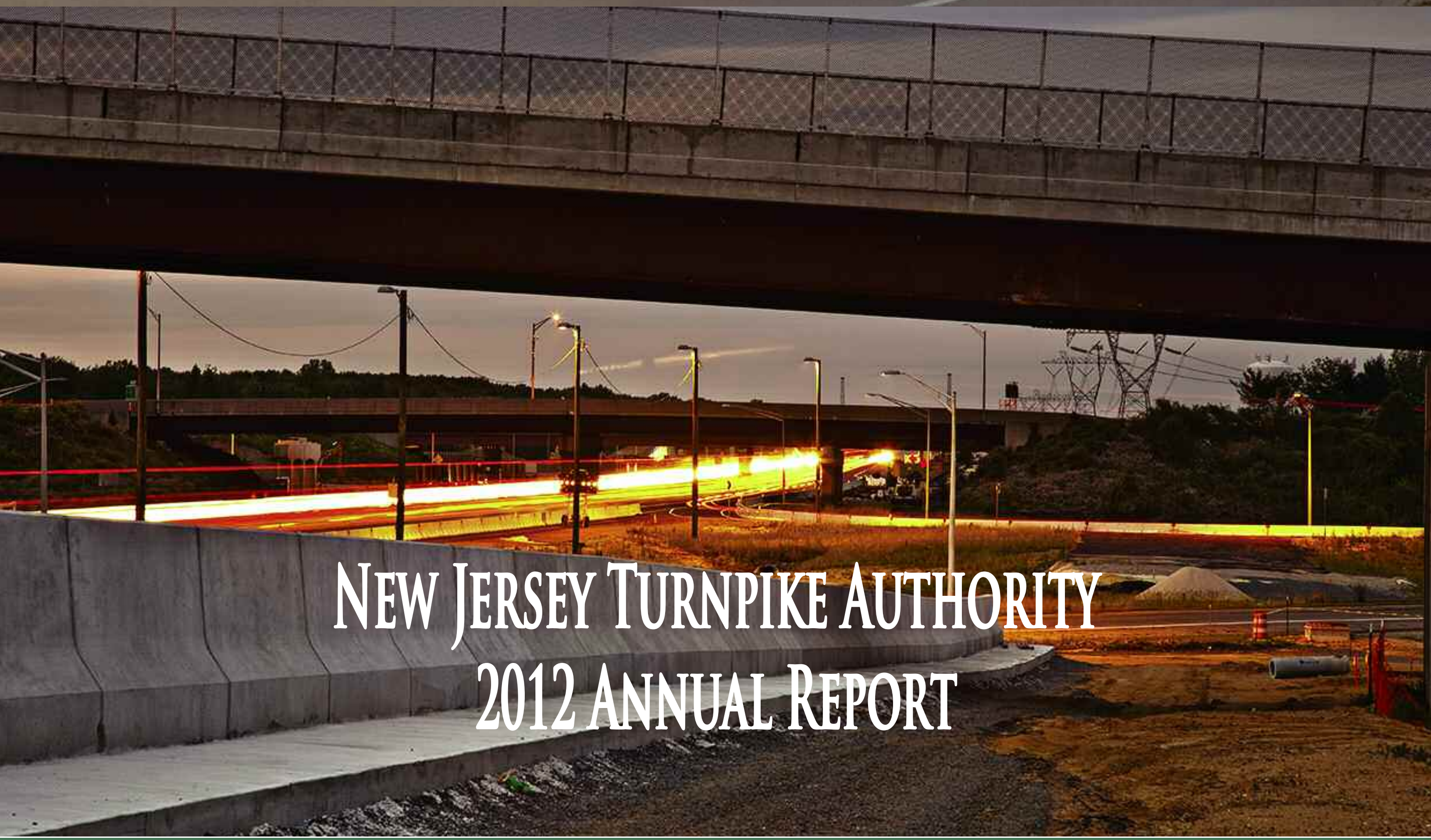
NEW JERSEY TURNPIKE AUTHORITY
THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776
1949



New Jersey Turnpike Authority
2012 Annual Report

Table of Contents

Letter of Transmittal 3
Governance 4
2012 Board of Commissioners 5
Executive Director and Senior Staff 6
Fast Facts 7
Weathering the Storm 8
A Look at 2012 Accomplishment by Department 13
Consultants and Revenues 24
2012 Contracts Awarded In Excess of $100,000 25
Report of Management 32
2012 Audited Financial Statements 34

Who We Are

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

New Jersey Turnpike Authority

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

CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LIEUTENANT GOVERNOR

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

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

Dear Governor Christie:

On behalf of the Commissioners and staff of the New Jersey Turnpike Authority I am honored to present to you the 2012 Annual Report.

After enduring Hurricane Irene in 2011 the State was once again challenged by Hurricane Sandy in October 2012. The flooding, winds and tidal surges we experienced during Hurricane Sandy were unprecedented but fortunate for the Turnpike Authority, there was no significant damage to the Authority's mainline roadway or toll plaza infrastructure which is a reflection of our state of good repair. Moreover, within 12 hours of Hurricane Sandy moving out of the region, the New Jersey Turnpike and Garden State Parkway were open and safe for motorists' passage which provided some small level of normalcy in a very devastating time.

Among the topics you will read about on the following pages are the Authority's preparedness efforts and response to Hurricane Sandy, the significant progress made in 2012 on the Authority's $7 billion capital program, departmental highlights such as the consolidation of the Authority's technology services and electronic toll collection departments into one fully integrated, service-driven technology department that serves both the in-house Authority community and the external motorist community, and Authority financial statements.

We are pleased with the Authority's success in 2012 and look forward to continued progress in 2013.

Sincerely,

James S. Simpson

James S. Simpson
Chairman

Governance

The New Jersey Turnpike Authority is governed by an eight-member Board of Commissioners. One seat is currently vacant. The Governor himself does not serve on the Board, but he appoints most of the members and designates the chairman. The Governor has the statutory authority to overturn an action of the Board by vetoing the minutes of the meeting at which the action was taken.

Chris Christie, Governor

Kim Guadagno, Lt. Governor

JAMES S. SIMPSON
Chairman

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

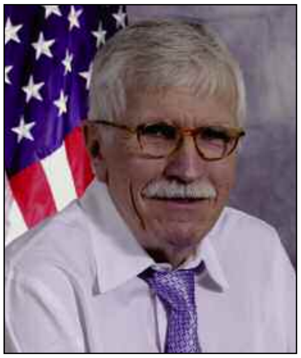
2012 Board of Commissioners

RONALD GRAVINO
Vice Chairman

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

MICHAEL R. DUPONT
Treasurer

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



HAROLD L. HODES
Commissioner

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

RAYMOND M. POCINO
Commissioner

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

ULISES E. DIAZ
Commissioner

Mr. Diaz is vice president for governmental affairs at Verizon New Jersey. He previously worked for several years at United Water New Jersey, where he was responsible for government and public affairs, communications and business development. He has a B.A. in business administration from Rutgers University. Mr. Diaz's term expired in February, and he is currently serving in a hold-over capacity. He is a resident of Rutherford, Bergen County

DANIEL F. BECHT
Commissioner

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

New Jersey Turnpike Authority Senior Staff

VERONIQUE ("RONNIE") HAKIM
Executive Director

Ms. Hakim was named Executive Director of the New Jersey Turnpike Authority in September 2010. Since joining the Turnpike Authority, Ms. Hakim has spear-headed necessary cost cutting initiatives while maintaining the agency's high performance levels. These savings and efficiencies include cutting $10M from NJTA's operating budget, negotiating unprecedented and significant savings with its toll collection unions, re-negotiating more favorable terms regarding electronic toll collection back office services, and bringing a higher level of transparency and accountability to the agency.

Previously, she worked for more than 23 years at the Metropolitan Transportation Authority (MTA) in New York City, first as special counsel and later as senior vice president and general counsel. She holds a B.A. in Political Science from the University of Rochester and a J.D. from the Pace University School of Law.

JOHN F. O'HERN
Chief Operating Officer & Deputy Executive Director

Mr. O'Hern has worked at the Turnpike Authority since January 2003. Mr. O'Hern was director of labor relations before his appointment as Deputy Executive Director (DED) in October 2008 and in 2012 was named DED & Chief Operating Officer of the NJTA. He holds a B.A. from Lafayette College, a J.D. from the Seton Hall University School of Law, and an M.P.A. from the John F. Kennedy School of Government at Harvard University.

Executive Staff

James Carone
Director of Internal Audit

Sheri Ann Czajkowski
Assistant Secretary to the Authority

Tom Feeney
Media Coordinator

Mary-Elizabeth Garrity
Director of Human Resources

Bruce A. Harris
General Counsel

Sean Hill
Director of Operations

Joe Lentini
Director of Maintenance

Donna Manuelli
Chief Financial Officer

Megan Mulcahy
Chief of Staff

Barry Pelleteri
Chief Information Officer

Robert Quirk
Director of Toll Collections

Richard Raczynski, P.E.
Chief Engineer

Dennis Switaj
Director of Electronic Toll Collection

Andrea Ward
Director of Procurement and Materials Management

Fast Facts

New Jersey Turnpike

- 148 miles (including extensions and spurs)
- 28 interchanges
- 366 toll lanes
- Opened in 1951
- Mainline through trip toll rate per mile (car): $0.114
- Toll rate for full ride (car, peak): $13.85
- E-ZPass market share in 2012: 79.2%
- Part of the I-95 corridor that connects many parts of New Jersey and the Northeastern U.S.

Garden State Parkway

- 173 miles long
- 236 toll lanes
- 359 exits and entrances
- Opened in 1954
- Mainline through trip toll rate per mile (car): $0.048
- Toll rate for full ride (car): $8.25
- E-ZPass market share in 2012: 76.0%
- Primary north-south route

Turnpike Authority met the many challenges presented by Superstorm Sandy

While the operations of the Turnpike Authority continued 24/7, and significant progress was made on the Authority's Capital Program during 2012, perhaps one of the most significant events of the year at the Authority and for the State was the arrival of Hurricane Sandy on October 29, 2012.

Preparing for a "weather event" is part of the routine work of the Turnpike Authority and the agency takes great pride in its preparedness efforts and swift response to events that affect the New Jersey Turnpike and Garden State Parkway. The force and destruction that Hurricane Sandy brought to bear on New Jersey was among the worst devastation the State has experienced however, as always, the Turnpike Authority was committed to proper preparation and provided tireless response to getting the Parkway and Turnpike roadways cleared and opened to motorists as quickly as possible following Sandy.

The Turnpike Operations Center is located at the John A. Cifelli Statewide Management Center in Woodbridge and houses operations personnel from the NJTA, New Jersey Department of Transportation, New Jersey Transit and the New Jersey State Police so that the agencies are able to discuss and coordinate efforts with one another as well as other state and regional transportation agencies in real-time.

Preparedness /Pre-Storm

Although no two weather events are exactly alike in their intensity and path, least of all hurricanes, the NJTA handled Hurricane Irene well in 2011 and drew upon that recent experience and knowledge in preparing for Hurricane Sandy.

In the several days leading up to the arrival of Hurricane Sandy the Authority's preparedness efforts touched every department and included routine senior staff conference calls and meetings to ensure proper coordination, planning and readiness amongst all of the departments based on the latest forecasts, weather models and surge predictions.

Turnpike leadership also participated on regularly scheduled interagency calls including those conducted by the NJ Office of Emergency Management and Transcom (a coalition of 16 transportation and public safety agencies in the metropolitan region intended to provide a cooperative, coordinated approach to regional transportation management) so preparedness and response activities would be coordinated.

While Turnpike Authority management was preparing and coordinating, the individual departmental personnel were carrying out their respective departmental responsibilities.

Turnpike Authority Maintenance crews:

- moved equipment to key locations including moving equipment out of maintenance yards in low lying areas that would likely flood based on forecasts.
- tested all generators to ensure they were in proper working order and had the necessary fuel;
- fully fueled all maintenance vehicles and equipment;
- cleared all drain tops; and
- prepared and adjusted maintenance yard staffing plans as the timing and path of storm became more certain.

The Turnpike Authority Operations team:

- notified wreckers that there may be a need for stand-by wreckers including for assistance with tree removal;
- noticed contractors that upcoming (planned or requested) lane closings may be cancelled due to weather and that all items that might become projectiles were to be off the roadway a full day prior to anticipated inclement weather and hurricane landfall;
- routinely monitored and distributed updated weather forecasts specific to Hurricane Sandy and possible scenarios for its potential impacts to NJ and latest tracking models; and
- conducted a Hydraulics call of NJTA senior leadership prior to the hurricane's arrival to discuss storm surge predictions and potential areas of vulnerability as it related to tidal issues.

With respect to Engineering:

- NJTA engineering personnel and contractors worked to secure all construction locations in advance of storm; and
- distributed a contact list for all personnel including on-call consultants and contractors for pre-storm, storm and post-storm needs which enabled us to have the necessary people and resources deployed to respond as quickly as possible to roadway and facility needs.

Patron Services was responsible for securing the service areas and Sunoco, the fuel service provider for Turnpike and Parkway service areas, started their fuel deliveries to the areas in order to have all pumps topped off prior to beginning of storm.

Communication – with one another and with our motorists – is one of the Authority's top priorities during weather events. With that in mind, the NJTA Integrated Technology Services team:

- prepared all necessary connectivity at the Cifelli Statewide Traffic Management Center to ensure it was ready for activation and had stand-by support;
- developed a plan for placement of techs at strategic locations on both roadways;
- contacted all contractors and vendors to prepare them to be on stand-by;
- ensured that the NJTA disaster recovery site was staffed in the event it was necessary to activate;
- conducted inspections of toll equipment, confirmed contractor staffing levels for the duration and verified procedures should any suspension of tolls be issued by the Executive Director; and
- configured and deployed laptops prior to the hurricane to the State Police Barracks in Cranbury in the event another back-up location was needed.

The Tolls management group made certain to secure all toll interchanges prior to the onset of inclement weather and reminded toll personnel of safety procedures including utilization of tunnels and need for adequate supply of necessary items including flashlights, food and first aid supplies.

All of the Authority's safety personnel were put on a rotating schedule to ensure coverage not only during the hurricane but also for pre-storm and recovery needs and the NJTA Human Resources group made sure that we were able to get information out to employees in the immediate hours and days following the hurricane and to respond to safety and health issues.

During the Storm

At 6 a.m. on Sunday, October 28th, the Turnpike Authority suspended toll collection on the Garden State Parkway northbound from the southern terminus to the Driscoll Bridge to assist with an effective evacuation of residents in the areas given order or encouragement to evacuate.

In the hours leading up to Hurricane Sandy making landfall, the weather began deteriorating and the Turnpike was actively monitoring both roadways and responding in real-time.

For example, by 9am Monday, October 29th, still hours away from landfall, Authority personnel identified flooding issues at the entry ramps of Exits 4, 13, and 29 on the Garden State Parkway and the decision was made at that point to close the Parkway in both directions at Exit 38 and immediately issue notice to the public regarding this closure. The Turnpike Authority actively monitored roadway conditions throughout the hurricane and made decisions to close certain areas of the Turnpike and Parkway that were not only flooded but that were awash with debris as deemed necessary.

Recovery

Once Hurricane Sandy had passed, NJTA transitioned immediately into recovery mode. Resources were mobilized to assess weather and infrastructure conditions in order to prioritize tasks, communicate with patrons the status of the roads and get back to normal operations as quickly as possible. Once the hurricane had moved out of the area, the Authority's engineering and maintenance crews immediately began their inspections and evaluations of roadways, structures, facilities, equipment, signs and downed trees.

Perhaps the most significant issue experienced in the storm's wake, was the discovery of 33 intermodal rail tote cars that had floated onto the northbound Turnpike outer roadway in the Carteret area. This posed unique "clean-up" challenges and required a thoughtful, coordinated approach including environmental considerations.

Unexpectedly, the Turnpike Authority's Service Areas became a lifeline to gas and food services for many people in those first several days following Hurricane Sandy. Thanks to the Authority's coordination with the Authority's fuel service provider Sunoco prior to the storm and continuing in those critical days following, the service areas were able to maintain gas fueling services when so many stations could not as result of not having any power.

One of the biggest challenges encountered was with the Authority's Variable Message Signs (VMS). With the massive power outages, that meant the Authority lost communication to many of its sign locations and while the data centers in Woodbridge and Hamilton stayed up during the storm, there was only power at approximately 25% of the VMS signs immediately following the hurricane. Immediately following the hurricane, the Turnpike Authority began examining potential remedies to this power issue including installation of generators at the signs where generator capability doesn't already exist or alternative sources of energy.

But, with the Authority's dedicated crews working through the night and early morning, within hours of Hurricane Sandy's departure out of the region, the Turnpike and Parkway were cleared, fully open and operational except for one ramp at Interchange 15W on the Turnpike that had washed out but was re-built and open later that same week.

In the immediate hours and days following the hurricane and as so many in our State were suffering with the devastating effects of Sandy, the Turnpike Authority was able to deliver a small sense of normalcy by being able to provide safe passage on the Parkway and Turnpike in the day following the storm.

Revenue Shortfall

The Turnpike Authority's infrastructure weathered the storm without significant impact. The top challenge for the Authority post Hurricane Sandy relates to the impacts to its toll revenue - both directly related to Sandy and recovery efforts, and longer term concerns about traffic trends going forward (and including an anticipated reduction in Jersey Shore traffic during summer 2013).

For the period October 28, 2012 through October, 31, 2012[1] - NJTA's toll revenue was approximately $9 million lower than the comparable days the week before the storm. In other words, NJTA took in about $2.3 million less per day than it had the previous week.

For the next ten day period – November 1, 2012 through November 10, 2012 - NJTA toll revenue was approximately $6 million less than the ten day period before Sandy, which is an average toll revenue loss of $600,000 per day. NJTA anticipates that the toll revenue loss continued through November 10, 2012 because: (a) the recovery continued during the prior week; (b) many schools in the state remained closed; (c) transportation into Manhattan remained limited; and (d) many businesses in lower Manhattan remained closed.

Prior to Sandy, NJTA's Traffic Engineering Consultant projected that between May 2013 and September 2013 the Garden State Parkway would generate an additional $28 million in toll revenue from summer shore traffic. Generally 33% of the additional $28 million of toll revenue is generated from Long Beach Island and south and 67% is generated from the shore areas north of Long Beach Island. Because the southern beach areas experienced less damage, the revenue generated from those areas is not expected to be at risk. This means that approximately $19 million of summer 2013 toll revenue could be at risk if the shore area recovery from Island Beach State Park Seaside to Sandy Hook is delayed[2].

__Footnotes__

[1] October 28th is the start date because it is the day NJTA began suspending tolls on the Garden State Parkway to aid in the evacuation of coastal areas and barrier islands. November 10, 2012 was the last day that the NJTA saw a decline in traffic as compared to pre-Hurricane Sandy levels.

[2] This analysis considers only the toll revenue generated during the summer months and does not include any toll revenue from year-round vacation/leisure travel.

A Look at 2012 Departmental Highlights

ENGINEERING

The Authority's continuing 10-year $7 billion Capital Program (the "Program") adopted by the Turnpike Authority Board of Commissioners in October 2008 represents a major investment in the transportation infrastructure of New Jersey, is a critical component of the regional transportation network and contributes to maintaining construction employment in the State.

According to certain job creation studies, 9,000 jobs are created or supported for every $1B in construction. Considering that the Authority averaged spending of $1 million/day on the Turnpike widening project alone in 2012, the Capital Program continues to promote, support and strengthen economic growth in the State.

Financed through bond proceeds, the Program reached its midway point having committed $3.5 billion of the $7 billion program into active projects with construction underway on various projects on both roadways. Specifically, there are over 100 active construction contracts awarded and more than 60 contracts in the design phase.

Between the widening of the Turnpike and Parkway and projects that expand interchanges, rehabilitate bridges and deploy new technologies, when the Program is complete, there will be approximately 235 additional, new miles of roadway.

The Authority's Capital Program is also creating opportunities for small businesses. On the Turnpike widening project alone 25 percent of design and construction contracts have been awarded to small businesses. Additionally, two Small Business Enterprises (SBE) became large companies as a result of their work on the widening. On the construction side, the contracting community is achieving the Authority's goal of 25% SBE participation.

One of the most significant projects in the Authority's $7 billion Capital Program is the Turnpike Interchange 6 to 9 Widening Program that dedicates $2.5 billion of the Program dollars to this widening project. This widening is the largest expansion of Turnpike capacity since the roadway opened in 1951 – adding an additional 170 lane miles – by providing three additional travel lanes in each direction between Interchanges 6 and 8A, and one additional lane in each direction between Interchanges 8A and 9. The project also includes the construction of a new toll plaza at Interchange 8.

The progress made is evident and completed sections are being utilized by motorists already. By the end of 2012, the Authority had opened the third lane in the northbound outer roadway between interchanges 8A and 9 and opened new ramps at interchanges 6, 7A and 8A. Additionally, seven (7) new bridges utilized to move local traffic over the Turnpike roadway have been constructed and are now open to the public, and the new I-195 westbound bridge was recently completed. These accomplishments benefit not only the Turnpike but also the local communities in and around those areas.

The widening remains on schedule for completion in the summer of 2014. To date the Authority has awarded 29 contracts for this widening project at a value of more than $1.2 billion with the final mainline roadway construction contract awarded in 2012.

As has been outlined and described in detail in previous Turnpike Authority Annual Reports, the Capital Program also includes significant funds to widen areas of the Garden State Parkway. Phase I of the Parkway widening cost a total of $180 million to complete and was finished and open to motorists in time for the start of the summer 2011 travel season. This first phase of the Parkway widening included the construction of one additional travel lane in each direction between milepost 63 in Stafford Township and milepost 80 in Toms River. The installation of Express E-ZPass at the Barnegat Toll Plaza was also included in this first phase of the widening.

Construction of Phase II of the Parkway widening began in October 2011 and is estimated to cost approximately $240 million. This phase is designed to add an additional travel lane in each direction between mileposts 48 and 63, includes grading and drainage improvements between Interchange 30 and 48 and rehabilitation of an existing span over the Mullica River. There are a total of four construction contracts associated with the Phase II improvements and it is anticipated that while motorists will benefit from the completion of the third travel lane in 2013, the overall project will be complete in early 2014.

The Authority anticipates that Phase III of the Parkway widening will occur in the future and will include construction of an additional travel lane between mileposts 35 and 43. Further, the Authority is currently studying traffic projections for the corridor between mileposts 30 and 35 to determine if future traffic demands support widening the Parkway in this area.

There are numerous bridges that carry the Turnpike and Parkway over local roads or waterways and are a critical part of the overall Authority transportation infrastructure therefore the Capital Program includes funds dedicated to address certain necessary improvements to these bridge structures such as repainting and cleaning structural steel on major and routine bridges, re-decking the highest priority mainline bridges, and providing security improvements to several bridges.

Specifically, in 2012 the Turnpike Authority awarded the following construction contracts related to bridge improvements on the Turnpike and Parkway:

- Bridge deck reconstruction, miscellaneous structural, roadway and lighting improvements between Turnpike mileposts N6.00 and N8.20; this is the first phase of the Newark Bay Hudson County Extension Zone 3 bridge deck reconstruction program. This work focuses on the westbound roadway and involves bridge deck reconstruction, parapet and median barrier replacement, deck joint replacement, structural steel repairs, as well as drainage and lighting repairs between the Holland Tunnel approach and Interchange 14C. This construction contract was awarded in September 2012 with construction commencing in early spring and continuing through 2015. Subsequent to completion of this contract, a future contract will be awarded to address the eastbound roadway; and

- Repainting of structural steel and miscellaneous improvements on the Alfred E. Driscoll Bridge.

As part of the Authority's efforts to maintain its infrastructure, and through the Authority's Maintenance Reserve Program, four bridge repair and resurfacing contracts were awarded in 2012 totaling approximately $35 million dollars. These "maintenance type" contracts typically address bridge deck repairs, resurfacing as well as various other miscellaneous structural repairs. A total of 23 bridges were repaired on the Parkway and 28 bridges were repaired on the Turnpike.

The preservation of the Authority's roadway system includes an annual pavement restoration and resurfacing effort for both roadways with an annual budget of $20 million - $10 million for each roadway. Typically, four resurfacing contracts are awarded – 2 for each roadway to resurface approximately 70 miles on each roadway.

In 2012 the Authority awarded the following resurfacing contracts:

- Resurfacing, Turnpike milepost 0 to 74;

- Resurfacing, Turnpike milepost 74 to 122; and

- Central Pavement Restoration and Miscellaneous Improvements, Parkway milepost 80 to 143.

In addition to the annual pavement restoration and resurfacing program, the Authority awarded contracts to address culvert repairs and rehabilitation of concrete median barrier in certain location on the Garden State Parkway.

In 2012 the Turnpike Authority made a significant investment in the safety of motorists on the Garden State Parkway by awarding four construction contracts worth $330.3 million for a project that will restore full-width shoulders and make other safety improvements on an accident-prone 16-mile section of the roadway in Ocean and Monmouth counties between mileposts 83.5 in Toms River and 99.5 in Wall Township. A 2007 highway safety assessment identified six high-priority areas on the Garden State Parkway; four of those six areas were in the 16-mile project zone. Between 2000 and 2007, there were more than 9,000 accidents in that area, including 63 fatal accidents. At that time, in response to the safety assessment, the speed limit in the area was lowered from 65 to 55 mph, a series of interim safety measures was adopted and preliminary engineering on the shoulder-widening project began.

During the past year construction on the Variable Message Signs (VMS) installation project continued and the Authority awarded six construction contracts to install 222 VMS signs on the Turnpike and the Parkway, including 41 signs within the Turnpike Interchange 6 to 9 Widening Project.

The Authority's Capital Program also includes approximately $1.17 billion to improvements at various interchanges on both the Turnpike and Parkway. Among the projects currently included in the interchange improvement budget are:

Interchange 88:

The construction contract for improvements at Garden State Parkway Interchange 88 was awarded in August 2012; construction began in October 2012 and is expected to be complete in May 2014. These improvements will complete the interchange by providing ramps to and from the south from Route 70.

Interchanges 9, 10 & 11:

The construction contract for this long-awaited Parkway project was awarded in December 2012 and is anticipated to be completed in November 2015. Once complete these improvements will help reduce congestion and improve safety by eliminating the three traffic signals at Interchanges 9, 10 & 11 in Cape May County. The project will replace the traffic signals with full interchanges and bridges will be built to carry the Parkway over Shell Bay Avenue (Interchange 9), Stone Harbor Boulevard (Interchange 10) and Crest Haven Road (Interchange 11). Ramps will provide continued full access between the Parkway and the local roads at all three interchanges. Drivers on the Garden State Parkway will no longer have to stop to let local traffic pass, and drivers on the local roads will no longer have to wait at a busy intersection to get to the other side of the Parkway.

Interchange 14A:

Approval to issue the Order for Professional Services (OPS) for final design and environmental permitting services for Turnpike Interchange 14A ramp network improvements was granted in September 2012. This project will include Toll Plaza improvements, as well as the reconstruction of the adjoining roadway network to improve operations and safety at Interchange 14A, located in the cities of Bayonne and Jersey City, New Jersey.

The Turnpike Authority's Capital Program dedicates $350 million in capital funds to a facilities program. These projects are designed to improve aging Authority facilities through the inspection, assessment and implementation of remedial measures as necessary to bring existing toll plaza buildings, maintenance buildings and State Police stations identified into compliance with current building codes and operational standards. Facilities improvement projects initiated in 2012 include four New Jersey State Police stations buildings that will be replaced at Moorestown and Newark on the Turnpike and Bass River and Bloomfield on the Parkway. When finished, these new stations will conform to current New Jersey State Police facilities as well as meeting current building codes.

FINANCE

The Authority's Finance Department is responsible for the management and oversight of all fiscal matters of the Authority including but not limited to, revenue, treasury, debt and swap management, financial analysis, budgets, disbursements, and payroll. 2012 was an active year with many notable achievements for the department. Among those activities are:

- Completed the $1.262 billion Series 2012B-G Turnpike Revenue Bond issuance. The Series 2012B-G bonds provided substantial debt service savings to the Authority through fixed rate bond refundings which allowed the Authority to reduce its bank credit exposure by issuing direct purchase floating rate notes, and eliminate basis risk on a portion of its Interest Rate Swap portfolio.

- Fully implemented the Automated Clearing House (ACH) payment option on all of the Authority's disbursement accounts, allowing vendors more timely payment through the ACH option as compared to paper check issuance. Currently 314 vendors have opted for ACH payments.

- Implemented the Peoplesoft E-settlements module, which allows vendors to enter their own invoices directly into the Authority's Peoplesoft system. Peoplesoft E-settlements not only allows more timely payment of invoices, but gives the vendor the ability to track the invoice through processing and payment. Currently 24 vendors have elected to use Peoplesoft E-Settlements.

- Implemented Peoplesoft Project Costing which allows the Authority to track and analyze its Capital Project Costs at a more detailed level. Use of Peoplesoft Project Costing also provides management with increased financial control, analytics and reporting as well as streamlines the asset capitalization process.

- Worked with the Board of Commissioners to adopt Financial Management Principles and Guidelines that are intended to serve as a management tool to enable the Authority to communicate its commitment to a sound financial decision making process, and affirm to investors and the credit rating agencies management's commitment to the long term financial viability of the Authority and repayment of its bonds.

- Successfully implemented the second phase of the toll increase that was previously approved in 2008. On January 1, 2012, tolls were increased 53 percent on the New Jersey Turnpike and 50 percent on the Garden State Parkway. The additional revenue from the two-phase toll increase is not used to pay operating costs but rather goes to funding the New Jersey Turnpike Authority's on-going 10-year, $7 billion capital program and other transportation projects.

- Obtained approval from the Governor, Treasurer and Board of Commissioners to issue up to $1.4 billion of Turnpike Revenue Bonds to provide funds to continue the Authority's $7 billion Capital Investment Program.

HUMAN RESOURCES HEALTH & SAFETY

Responding to the challenge of ramping up health and safety initiatives on all fronts in 2012, the Health and Safety Section of Human Resources Department engaged. During the year this group successfully consolidated the separate, functioning labor/management health and safety committees on the Turnpike and Parkway into one unified committee, which greatly enhanced the efficiency, economy, communications and effectiveness of the body. Additionally, a Health and Safety Summit was convened in the spring where top level managers discussed pathways and new initiatives to assist in providing a safe and healthful workplace for all employees. A follow-up summit in the fall provided opportunity to review the effectiveness of those initiatives and to establish goals moving forward.

Monthly health and safety posters that remind employees of key health and safety themes, were developed by health and safety staff and have been recognized by the state of New Jersey as a model for other authorities and municipal government entities to emulate.

Health and safety staff developed hazard assessment algorithms, which advise management, supervisors and line employees about expected hazards and specific personal protective measures and equipment to use, at a glance, for each Authority work task performed by the Maintenance Department. Finally, Hurricane Sandy tested our health and safety staff to effectively advise and protect employees from the hazards of a chlorine leak, unknown chemicals in railcars on the roadway, electrical, water, mold and carbon monoxide exposure hazards.

INTEGRATED TECHNOLOGY SERVICES

As part of the Authority's continuing effort to implement the most efficient methods for delivery of Authority services, the Authority consolidated all of its technology services into a singular, newly titled Integrated Technology Services (ITS) Department in 2012. This singular organization brought together the Authority's Electronic Toll Collection and Technology and Administrative Services Departments to create a fully integrated, service-driven technology department that serves both the in-house Authority community and the external motorist community. The ITS department is responsible for the Authority's overall information technology business strategy and services. Specifically, ITS manages the Authority's technology investments portfolio, data management services, software engineering services, infrastructure and communications services, electronic toll collections, and technology planning and administrative services.

The Authority recognizes the importance of technology in advancing both roadway safety and improving operating efficiency and thus initiated several programs this year that leverage new and innovative technologies. Among the programs underway are the implementation of new traffic management software for enhanced control of intelligent transportation devices, computing and networking infrastructure upgrades, and enhanced patron communication services including a mobile app and social media strategy.

LAW

The Authority's Law Department serves as the in-house counsel resource to the Authority working with all of the departments on issues specific to their department and handling various types of matters including but not limited to real estate transactions, insurance, litigation, and E-ZPass violation enforcement. 2012 was a busy year for the department.

The Law Department spearheaded the Authority's acquisition of over 50 parcels of real property, both fee simple acquisitions and easements, to facilitate construction projects in conjunction with the Authority's Capital Program, including the Turnpike Interchange 6-9 Widening Program, the Parkway Interchanges 88 and 89 Improvement Project and the Parkway Interchanges 9, 10 and 11 Improvement Project. In addition, the Law Department oversaw the declaration and sale of 5 parcels of real property as surplus to the Authority's needs, and drafted the Authority's Appraisal Waiver Policy to streamline and reduce costs arising out of the acquisition of small and uncomplicated real property interests.

Through a competitive procurement process the Authority hired Hanover Stone Partners ("Hanover Stone") as its risk management consultant, a new contract for the Authority, for the purpose of assisting the Authority in structuring a new approach to managing its risk. The goal is to take an "enterprise risk management" approach which would involve assessing and quantifying the sources of risk in all of the Authority's departments' endeavors and addressing such risks systematically. One of the first steps in this approach was a thorough review of the Authority's current insurance program by Hanover Stone who provided recommendations for changes to the insurance program, and enhancements to the current coverage. We have addressed many of those suggestions and are currently involved in implementing other changes to the program.

Specifically, the Authority has or is in the process of:

- Making changes to the procurement process for insurance from current method to a qualitative method for procurement of brokers;

- Reduced the number of brokers from seven (7) to two (2) to handle all the Authority's insurance;

- Restructuring the program into two parts - Property and Casualty - each part to be handled by one broker;

- Changing compensation method to an annual flat fee for each broker, resulting in savings to the Authority;

- Combining three (3) property policies into one comprehensive, cohesive policy for all Authority bridge and non-bridge property on both roadways (to be completed in early 2013);

- Transitioning Professional Liability program from Architects and Engineers Errors and Omissions (AEPL) to Owners Protective Professional Liability (OPPI), resulting in a savings to the Authority;

- Completed all annual renewals for 2012;

- Continuation of Authority's two (2) OCIP programs; and

- Establishment of a Risk Management Committee consisting of a representative from each department to address Enterprise Risk Management issues.

Each of the above actions has contributed to a new and more streamlined approach to risk management. Results from the above have included a reduction in cost of insurance premiums, a better understanding of the Authority's total cost of risk and a more comprehensive approach to insuring the Authority's risk

The Authority's law department was able to recover over $5.6 million in property damage to the Turnpike and Parkway roadways, including over $2.2 million for damage to the Lacey Road Bridge.

The EEO Compliance Officer received 47 workforce complaints and closed 34 complaints in 2012. Additionally, this office was responsible for preparation of an updated, online sexual harassment training program to be disseminated to Authority employees in 2013. The introduction of on-line training will provide a more effective way to train Authority employees. They will have the ability to sign-on and view the training video from computers at their work locations and the system will retain a record of who has and has not been trained.

The Law Department supervised the Authority's outside counsel firms in the handling of over 80 litigation matters, the majority of which related to personal injury claims. As a result of a more focused review of outside counsel invoices, the Law Department identified nearly $250,000 in excess billings made by one former outside counsel and entered into a settlement agreement with said counsel to repay the excess amount.

The Law Department handled 271 OPRA requests and 388 subpoenas during 2012.

Continuing its focus on stronger toll violation enforcement and ensuring that all drivers pay their fair share to use the New Jersey Turnpike and Garden State Parkway, the Authority commenced a new enforcement program in 2012 to suspend the vehicle registrations of companies and individuals each with thousands of dollars (a minimum of $1000 in toll violations) in unpaid tolls and administrative fees.

The registration suspensions provide the Authority with a tool to pursue payment from those chronic toll offenders. The New Jersey Turnpike Authority Act empowers the Chief Administrator of the Motor Vehicle Commission (MVC) to revoke, suspend or refuse to renew the motor vehicle registrations of anyone who has failed to pay the required tolls on the Turnpike or Parkway. Neither the Authority nor the former New Jersey Highway Authority had asked the MVC to exercise that authority in the past.

However, the Authority and MVC began working together in the fall of 2011 to develop procedures for suspending the registrations of toll violators. Simply, the Authority provides the MVC with the names, addresses and license plate numbers of toll violators along with the number of violations and the amount of tolls and administrative fees due. MVC mails the violators Scheduled Registration Suspension Notices to inform them that their registrations will be suspended in 25 days. If violators make arrangements with the Authority to pay their debts within the 25-day window, they will be able to avoid a registration suspension. If they fail to make arrangements to satisfy their outstanding debt, their registrations will be suspended after 25 days and will remain suspended until they have paid.

In other toll violation enforcement efforts, the Authority regularly turns the names of chronic toll offenders over to the New Jersey State Police for investigation and many of those offenders are ultimately charged with theft of services.

In 2012, the Law Department negotiated restitution agreements covering nearly $35,000 in unpaid tolls and $189,000 in administrative fees.

MAINTENANCE

The Turnpike Authority Maintenance department is responsible for the day-to-day and long-term routine, special and preventive maintenance and weather-related work on the Turnpike Roadway and Garden State Parkway, their facilities and equipment. The Maintenance Department is equally responsible for ensuring the safety, quality and operational efficiency of the Turnpike and Parkway roadways and facilities.

During 2012 the Maintenance Department began the process of replacing existing roadway lighting fixtures with light emitting diode (LED) fixtures starting with Interchange 15X on the Turnpike. The LED fixtures offer better color rendition on the roadway and the lights use a only a fraction of the energy required by the fixtures currently utilized – in some cases realizing an energy reduction savings between 55%-60% - and increasing the life of the fixture from 3-5 years to 10-20 years. The Authority believes that the energy savings and reduced maintenance efforts that could be realized by using LED fixtures will result in a noticeable reduction in operating costs due to less material, equipment and manpower maintenance required, as well as overall reduction in greenhouse gas emissions.

Over the spring and summer the Maintenance department implemented a vegetation management and wildflower pilot program at specific locations on the Turnpike and Parkway. The purpose of the pilot program was to manage vegetation within the Authority's right-of-way in a more efficient and environmentally friendly manner while preserving the natural beauty of the environment, promoting safety and protecting the roadway surface.

In the pilot program areas, maintenance crews limited the area of mowing to 16 feet from the edge of pavement and incorporated swaths of wildflowers in areas previously mowed. This pilot program demonstrated immediate and noticeable results including:

- 57% reduction in mowing acreage (2011 mowing acreage of pilot area is 453 acres; 2012 pilot program mowing acreage is 196 acres);

- hundreds of hours saved in manpower spent mowing thus enabling Maintenance management to reallocate that manpower to other maintenance activities along the roadway;

- significant reduction in fuel consumption (2011 fuel consumption – 1533 gallons; 2012 fuel consumption – 960 gallons) which benefits the Authority from a cost perspective and benefits the environment by reducing the carbon footprint and creating a habitat for migratory birds and butterflies; and

- outpouring of positive feedback from our motorists who enjoyed the beauty and aesthetics of the wildflowers.

OPERATIONS

The New Jersey Turnpike Authority's Operations Department, located in the Statewide Traffic Management Center in Woodbridge, is the 24/7 nerve center of the Authority and serves as the Authority's focal point for Inter-Departmental and Inter-Agency coordination. In addition to the departments' primary responsibilities of roadway operations and traffic management, the Authority's Operations staff must always be prepared to respond to incidents, accidents, weather, or events from the minor to the major like 2012's Hurricane Sandy.

The Operations Department manages the motorist aid calls received and dispatches the appropriate roadside assistance services. The Authority utilizes the on-call services of approximately 80 first aid squads and 80 fire departments that provide emergency services to patrons in need of assistance on the New Jersey Turnpike and the Garden State Parkway. For the year 2012, the standby fire departments responded to 553 aids on the Garden State Parkway and 540 aids on the Turnpike. Additionally, the standby first aid squads responded to 756 aids on the Garden State Parkway and 983 aids on the Turnpike.

In 2012, the Operations Department went live with a new on-line accident report vendor, Buycrash.com. This on-line system has allowed for more efficiency in accident report dissemination as well as a financial savings to the Authority.

Safety is paramount at the Authority and among the initiatives that the Operations department was able to implement in 2012 that relate to safety were to:

- utilize new speed limit and speed warning signs to post real time traffic information to motorists;
- use quick clearance techniques during major traffic incident, accidents and events;
- award several projects to study improvements to roadways including crash severity reduction and truck parking; and
- implement a new Construction Safety Video, safety training and outreach for contractors and/or their workers to enhance their knowledge of safely working on Authority roadways.

PROCUREMENT and MATERIALS MANAGEMENT (formerly NJTA "Purchasing Department")

In 2012 the Authority embarked on an exciting reorganization with respect to the procurement of the Authority's goods and services and the management of its inventory by consolidating these functions under one department, the newly titled Procurement and Materials Management (PMM) Department. The purpose of the consolidation was to enhance the Authority's procurement procedures as well as the management of inventory materials. The integration of these functions into one department has produced several benefits, including:

- the reduction of the total dollar value of all procurement contracts by approximately 18% (from 2011 to 2012); and

- increased efficiencies in the sourcing, service levels, and replenishment of inventory items to all user departments.

Additionally this year, the PMM department published an updated procurement manual designed to set forth the policies, procedures and standards that govern the lawful procurement of goods and services necessary for the Authority to fulfill its mission. The Manual is published on the Authority's website.

Wolff & Samson, P.C.
General Counsel

HNTB Corporation
General Consulting Engineer

CDM Smith
General Traffic Engineering Consultant

Langan Engineering
General Environmental Consultant

PMK Group
General Environmental Consultant

Sources of Revenues

FOR THE YEAR ENDED DECEMBER 31, 2012
(Bond Resolution Basis)

Operating Revenues

Toll Revenue	$	1,393,658,000
E-ZPass Fees	$	47,315,000
Concession Revenue	$	34,990,000
Miscellaneous Revenue	$	9,863,000
TOTAL OPERATING REVENUES	$	1,485,826,000

Non-Operating Revenues

Build America Bonds Subsidy	$	81,665,000
Income from Investments	$	11,818,000
Arts Center Revenue	$	3,118,000
TOTAL NON-OPERATING REVENUES	$	96,601,000
TOTAL REVENUES	$	1,582,427,000

2012 Contracts Awarded in Excess of $100,000

Board Approval Date	Vendor	Amount
01/31/2012	Arch Insurance Company	$369,408.00
01/31/2012	Joseph M. Sanzari, Inc.	$10,149,864.00
01/31/2012	Joseph M. Sanzari, Inc.	$7,449,656.00
01/31/2012	Schifano Construction Corporation	$6,995,911.00
01/31/2012	Northeast Remsco Construction Inc.	$6,145,182.50
01/31/2012	Agate Construction Company Inc.	$15,421,164.31
01/31/2012	TYLIN International Group	$11,850,000.00
01/31/2012	WSP-Sells	$1,940,000.00
01/31/2012	Johnson Mirmiran and Thompson	$790,000.00
01/31/2012	Gannett Fleming Inc.	$4,000,000.00
01/31/2012	Jacobs Engineering Group Inc.	$1,060,000.00
01/31/2012	Jacobs Engineering Group Inc.	$580,000.00
01/31/2012	New Jersey Department of Transportation	$440,000.00
01/31/2012	George Harms Construction Company Inc.	$1,250,000.00
01/31/2012	RCC Fabricators Inc.	$303,209.29
01/31/2012	G4S Technology LLC	$185,000.00
01/31/2012	South State Inc.	$500,000.00
01/31/2012	D'Annunzio and Sons Inc.	$492,618.87
01/31/2012	PKF Mark III Inc.	$668,412.00
01/31/2012	J. Fletcher Creamer & Sons Inc.	$659,285.45
01/31/2012	D'Annunzio and Sons Inc.	$111,778.90
01/31/2012	D'Annunzio and Sons Inc.	$909,002.49
01/31/2012	Allstate Power Vac Inc.	$251,557.00
01/31/2012	Innovative Municipal Products US Inc.	$224,000.00
01/31/2012	Clinton Business Products Inc.	$100,000.00
01/31/2012	H.A. DeHart & Son Inc.	$451,970.00
01/31/2012	ePlus Technology Inc.	$1,435,003.47
01/31/2012	NEC Corporation of America	$226,648.03
01/31/2012	Kapsch TrafficCom	$10,000,000.00
01/31/2012	TransCom	$258,291.00
01/31/2012	Ambulance Squads and Fire Departments	$580,000.00
02/28/2012	Gardner M. Bishop Inc.	$23,595,530.82
02/28/2012	C. J. Hesse Inc.	$7,970,560.00
02/28/2012	Tetra Tech Construction Inc.	$118,341,667.52
02/28/2012	Daktronics Inc.	$5,982,817.00
02/28/2012	Hardesty and Hanover LLP	$8,780,000.00
02/28/2012	LS Engineering Associates Corporation	$417,000.00
02/28/2012	Boswell Engineering	$2,675,000.00
02/28/2012	South State Inc.	$1,728,410.50
02/28/2012	Gardner M. Bishop Inc.	$343,117.94
02/28/2012	IEW Construction Group Inc.	$682,944.31
02/28/2012	Joseph M. Sanzari, Inc.	$462,184.95
02/28/2012	Joseph M. Sanzari, Inc.	$831,816.85
02/28/2012	PKF Mark III Inc.	$1,088,449.85

2012 Contracts Awarded in Excess of $100,000

02/28/2012	Ferreira Construction Co. Inc. and Crisdel Group Inc., a Joint Venture	$1,213,256.00
02/28/2012	Rutgers University	$200,000.00
02/28/2012	Tilcon NY, Trap Rock Industries, and Brick Wall Corp.	$308,220.00
02/28/2012	TestAmerica Laboratories Inc	$156,192.00
02/28/2012	Transaxle LLC	$100,000.00
02/28/2012	Ransome International LLC	$3,923,036.60
02/28/2012	Flemington Chevrolet Buick Pontiac GMC LLC	$107,190.00
02/28/2012	Agilence Inc.	$422,400.00
03/27/2012	Acquire Property from Various Owners	$235,300.00
03/27/2012	Stantec Consulting Service Inc.	$8,550,000.00
03/27/2012	Parsons Brinckerhoff, Inc. (PB Americas)	$6,995,000.00
03/27/2012	HNTB Corporation	$1,400,000.00
03/27/2012	The RBA Group Inc.	$880,000.00
03/27/2012	G4S Technology LLC	$1,500,000.00
03/27/2012	Crisdel Group Inc. and Sordoni Construction Co.	$169,356.63
03/27/2012	D'Annunzio and Sons Inc.	$458,569.88
03/27/2012	Ferreira Construction Co. Inc.	$308,000.00
03/27/2012	IEW Construction Group Inc.	$350,984.61
03/27/2012	Northeast Remsco Construction Inc.	$445,765.21
03/27/2012	Lehigh Fabrication LLC	$350,997.04
03/27/2012	Ferreira Construction Co. Inc. and Crisdel Group Inc., a Joint Venture	$576,614.69
03/27/2012	Union Paving and Construction Co. Inc.	$246,866.80
03/27/2012	Ferreira Construction Co. Inc.	$497,000.00
03/27/2012	South State Inc.	$180,000.00
03/27/2012	South State Inc.	$300,933.18
03/27/2012	Midlantic Construction Co. LLC	$454,867.15
03/27/2012	Alper Enterprises Inc.	$171,000.00
03/27/2012	J Fletcher Creamer and Son Inc.	$1,000,000.00
03/27/2012	Allstate Power Vac Inc.	$109,181.50
03/27/2012	Traffic Safety Service Inc.	$106,750.00
03/27/2012	Various Vendors	$280,900.00
03/27/2012	R.J. Sherman and Associates	$105,388.00
03/27/2012	Rodio Tractor Sales Inc	$289,360.00
03/27/2012	Jesco Inc.	$697,108.00
03/27/2012	Flemington Chevrolet Buick GMC Cadillac LLC	$348,560.00
03/27/2012	Flemington Chevrolet Buick GMC Cadilliac LLC	$236,943.00
03/27/2012	Jupiter Environmental Service Inc	$135,800.00
03/27/2012	American Association of State Highway and Transportation Officials	$224,000.00
03/27/2012	Hanover Stone Partners LLC	$230,000.00
03/27/2012	Michael Baker Jr Inc.	$1,000,000.00
03/27/2012	M and M Construction Company Inc.	$1,723,000.00
04/25/2012	Acquire Property from Various Owners	$399,196.00
04/25/2012	Zurich Insurance Company	$799,210.00
04/25/2012	Zurich Insurance Company	$261,500.00
04/25/2012	Crisdel Group Inc.	$7,584,491.00
04/25/2012	Dewberry-Goodkind Inc.	$8,250,000.00

2012 Contracts Awarded in Excess of $100,000

04/25/2012	Greenman-Pedersen Inc.	$4,200,000.00
04/25/2012	Gannett Fleming Inc.	$454,400.00
04/25/2012	HAKS Engineers, Architects and Land Surveyors PC	$3,065,000.00
04/25/2012	Verizon - New Jersey Inc.	$740,000.00
04/25/2012	Jersey Central Power and Light (JCP&L)	$800,000.00
04/25/2012	Jersey Central Power and Light (JCP&L)	$600,000.00
04/25/2012	Rencor Inc.	$125,705.19
04/25/2012	Phoenix Marine Co. Inc.	$836,806.98
04/25/2012	Union Paving and Construction Co. Inc.	$673,443.41
04/25/2012	South State Inc.	$1,500,000.00
04/25/2012	D'Annunzio and Sons Inc.	$413,526.84
04/25/2012	Midlantic Construction Co. LLC	$198,696.51
04/25/2012	IEW Construction Group Inc.	$237,256.82
04/25/2012	Union Paving and Construction Co. Inc.	$589,897.99
04/25/2012	IEW Construction Group Inc.	$143,015.78
04/25/2012	Gardner M. Bishop Inc.	$652,563.00
04/25/2012	Benjamin R. Harvey Company Inc.	$915,000.00
04/25/2012	Cimline Inc	$243,000.00
04/25/2012	Ennis Paint Inc	$119,830.00
04/25/2012	McGovern Environmental	$182,350.00
04/25/2012	Miller Ford Sales	$678,792.00
04/25/2012	Miller Ford Sales	$227,330.00
04/25/2012	Hewlett Packard Corporation	$130,435.75
04/25/2012	Industrial Controls Dist LLC	$130,000.00
04/25/2012	Downes Tree Service Inc	$250,000.00
04/25/2012	Promedia Technology Services Inc	$498,694.00
04/25/2012	ACS State and Local Solutions	$7,630,000.00
04/25/2012	Kapsch TrafficCom	$14,470,000.00
04/25/2012	ACS State and Local Solutions	$1,069,000.00
05/30/2012	Acquire Property from Various Owners	$522,260.00
05/30/2012	Gannett Fleming Inc.	$6,210,000.00
05/30/2012	Stantec Consulting Service Inc.	$4,000,000.00
05/30/2012	Hatch Mott MacDonald	$335,000.00
05/30/2012	TranSystems Corporation	$771,000.00
05/30/2012	Ferreira Construction Co. Inc.	$370,791.79
05/30/2012	George Harms Construction Company Inc.	$1,107,469.40
05/30/2012	Joseph M. Sanzari, Inc.	$175,000.00
05/30/2012	PKF Mark III Inc.	$999,963.88
05/30/2012	South State Inc.	$118,651.12
05/30/2012	Crisdel Group Inc.	$308,719.76
05/30/2012	Alna Construction Corportion	$876,500.00
05/30/2012	Mall Chevrolet	$481,431.50
05/30/2012	Garden State Bobcat Inc	$160,741.00
05/30/2012	Cherry Valley Tractor Sales	$194,758.55
05/30/2012	Cherry Valley Tractor Sales	$145,651.80
05/30/2012	Mall Chevrolet	$738,240.00
05/30/2012	Mall Chevrolet	$238,400.00
05/30/2012	ACS State and Local Solutions	$1,269,138.57
05/30/2012	State of New Jersey	$8,001,000.00

05/30/2012	J Fletcher Creamer and Son Inc.	$8,886,116.00
06/26/2012	A.E. Stone Inc.	$3,592,532.50
06/26/2012	Arora and Associates PC	$1,800,000.00
06/26/2012	City of Jersey City	$1,000,000.00
06/26/2012	Green Construction Inc.	$364,000.00
06/26/2012	IEW Construction Group Inc.	$150,752.49
06/26/2012	G & P Parlamas Inc.	$118,468.00
06/26/2012	T-Mobile Northeast LLC	$200,000.00
06/26/2012	Reilly Sweeping Inc.	$111,400.00
06/26/2012	Cimline Inc.	$164,132.00
06/26/2012	Dell Marketing Inc.	$349,481.12
06/26/2012	Chas S. Winner Inc.	$1,281,264.50
06/26/2012	Downs Ford and Rt. 23 Auto Mall	$530,000.00
06/26/2012	Day Chevrolet Inc.	$154,032.95
06/26/2012	Chas S. Winner Inc.	$105,978.76
06/26/2012	East Coast Emergency Lighting Inc.	$1,005,000.00
06/26/2012	Chas S. Winner Inc.	$117,508.45
06/26/2012	Oracle America	$631,922.86
06/26/2012	Acquire Property from Various Owners	$264,500.00
07/31/2012	Acquire Property from Various Owners	$268,193.50
07/31/2012	Various Insurance Companies	$1,448,270.25
07/31/2012	Allied Painting Inc.	$22,289,395.00
07/31/2012	IEW Construction Group Inc.	$2,937,472.26
07/31/2012	South State Inc.	$16,180,996.00
07/31/2012	McCormick Taylor Inc.	$1,550,000.00
07/31/2012	STV Incorporated	$2,475,000.00
07/31/2012	Michael Baker Jr. Inc.	$1,050,000.00
07/31/2012	Verizon - New Jersey Inc.	$545,000.00
07/31/2012	G4S Technology LLC	$6,250,000.00
07/31/2012	Verizon - New Jersey Inc.	$930,000.00
07/31/2012	Rencor Inc.	$314,096.64
07/31/2012	Railroad Construction Company, Inc.	$638,000.00
07/31/2012	PKF Mark III Inc.	$1,792,697.98
07/31/2012	IEW Construction Group Inc.	$178,837.42
07/31/2012	Conti Enterprises, Inc.	$340,471.74
07/31/2012	D'Annunzio and Sons Inc.	$1,194,786.00
07/31/2012	Breaker Electric Inc.	$119,332.50
07/31/2012	G4S Technology LLC	$264,000.00
07/31/2012	J Fletcher Creamer and Son Inc.	$1,000,000.00
07/31/2012	Jersey Shore Sprinkler Construction Co.	$222,212.00
07/31/2012	Garden State Bobcat Inc	$194,265.08
07/31/2012	Cooper Friedman Electric Supply Co.	$206,000.00
07/31/2012	Freehold Cartage and Grinnell Recycling	$451,220.00
07/31/2012	Jesco Inc.	$1,219,939.00
07/31/2012	Link Communications LTD	$181,902.00
07/31/2012	Uni-Select USA	$650,000.00
07/31/2012	CherryRoad Technologies Inc.	$655,000.00
08/14/2012	George Harms Construction Company Inc.	$84,262,835.93
08/14/2012	Midlantic Construction Co. LLC	$74,955,981.77

2012 Contracts Awarded in Excess of $100,000

08/14/2012	Northeast Remsco Construction Inc.	$100,971,697.05
08/14/2012	Earle Asphalt Company	$70,059,913.13
08/14/2012	C. Abbonizio Contractors Inc.	$7,048,461.52
08/14/2012	PKF Mark III Inc.	$599,315.00
08/14/2012	Hill International Inc.	$14,900,000.00
08/14/2012	Jacobs Engienering Group Inc.	$14,545,000.00
08/14/2012	Greenman-Pedersen Inc.	$14,940,000.00
08/14/2012	Greenman-Pedersen Inc.	$550,000.00
08/14/2012	Jersey Central Power and Light (JCP&L)	$1,740,000.00
08/14/2012	Jersey Central Power and Light (JCP&L)	$1,435,000.00
08/14/2012	Jersey Central Power and Light (JCP&L)	$2,500,000.00
08/14/2012	Verizon - New Jersey Inc.	$600,000.00
08/14/2012	New Jersey Department of Environmental Protection	$8,956,620.00
08/14/2012	Earle Asphalt Company	$238,302.46
08/14/2012	Public Service Electric and Gas (PSE&G)	$110,000.00
08/14/2012	Richard E. Pierson Construction Company Inc.	$765,392.78
08/14/2012	Taylor Wiseman and Taylor	$1,500,000.00
08/14/2012	Ransome International LLC	$549,189.00
08/14/2012	ePlus Technology Inc.	$1,347,969.37
08/14/2012	CapitalSoft Inc.	$300,000.00
08/14/2012	CapitalSoft Inc.	$100,000.00
08/14/2012	CherryRoad Technologies Inc.	$199,280.00
09/25/2012	Acquire Property from Various Owners	$427,900.39
09/25/2012	Acquire Property from Various Owners	$1,169,000.00
09/25/2012	Marsh and McLennan Agency	$175,000.00
09/25/2012	Willis of New Jersey Inc.	$130,000.00
09/25/2012	El Sol Contracting and Construction Corp.	$68,217,000.00
09/25/2012	Gardner M. Bishop Inc.	$27,683,283.90
09/25/2012	Gannett Fleming Inc.	$22,950,000.00
09/25/2012	Michael Baker Jr Inc.	$795,000.00
09/25/2012	Stone and Webster Inc.	$9,580,000.00
09/25/2012	Bowell Engineering	$3,290,000.00
09/25/2012	Greenman-Pedersen Inc.	$1,235,000.00
09/25/2012	The RBA Group Inc.	$1,305,000.00
09/25/2012	The Louis Berger Group Inc.	$900,000.00
09/25/2012	Greenman-Pedersen Inc.	$150,000.00
09/25/2012	Jersey Central Power and Light (JCP&L)	$1,950,000.00
09/25/2012	Verizon - New Jersey Inc.	$1,000,000.00
09/25/2012	Evergreen Environmental LLC	$1,320,000.00
09/25/2012	First Telecom Services	$170,000.00
09/25/2012	Ferreira Construction Co. Inc. and Crisdel Group Inc., a Joint Venture	$2,216,856.93
09/25/2012	Union Paving and Construction Co. Inc.	$1,792,040.50
09/25/2012	The Delaney Group Inc.	$2,849,266.64
09/25/2012	RCC Fabricators Inc.	$521,366.40
09/25/2012	IEW Construction Group Inc.	$1,350,612.58
09/25/2012	Ferreira Construction Co. Inc. and Crisdel Group Inc., a Joint Venture	$370,930.00

09/25/2012	J. Fletcher Creamer & Sons, Inc. & Joseph M. Sanzari, Inc. A Joint Venture	$416,725.67
09/25/2012	G4S Technology LLC	$135,868.49
09/25/2012	New Jersey Natural Gas	$185,000.00
09/25/2012	Cablevision of Monmouth	$200,000.00
09/25/2012	Phoenix Marine Co. Inc.	$226,932.22
09/25/2012	Premier Utility Services LLC	$918,080.00
09/25/2012	Garden State Highway Products Inc.	$100,681.30
09/25/2012	Billows Electric Supply Co Inc.	$561,484.93
09/25/2012	Graybar Electric Co Inc.	$1,630,332.35
09/25/2012	Silvi Concrete Products, Joseph M. Sanzari, Aero Snow Removal Corp and Tuckahoe Sand and Gravel Inc.	$1,020,340.00
09/25/2012	International Salt Co and Cargill Deicing Technology	$8,394,256.00
09/25/2012	National Fence Systems Inc.	$111,900.15
09/25/2012	Chemung Supply Corp.	$379,898.28
09/25/2012	Information Logistics	$330,000.00
09/25/2012	Applied Concepts Inc.	$106,449.00
09/25/2012	Ricciardi Brothers Inc., Sherwin Williams Co. and Morton Paint Center	$210,000.00
09/25/2012	Edwards Tire Co, Custom Bandag Inc. and F&S Tire Corp	$745,000.00
09/25/2012	ePlus Technology Inc.	$229,465.50
10/30/2012	D'Annunzio and Sons Inc.	$470,923.57
10/30/2012	Rencor Inc.	$215,572.19
10/30/2012	Adesta, LLC	$160,522.77
10/30/2012	IEW Construction Group Inc.	$250,028.46
10/30/2012	Verizon - New Jersey Inc.	$220,000.00
11/27/2012	Acquire Property from Various Owners	$1,800,000.00
11/27/2012	Gardner M. Bishop Inc.	$1,561,110.00
11/27/2012	Joseph A. Natoli Construction Corporation	$12,277,000.00
11/27/2012	Pravo Inc.	$2,534,552.38
11/27/2012	Greenman-Pedersen Inc.	$2,930,000.00
11/27/2012	Hatch Mott MacDonald	$1,065,000.00
11/27/2012	KS Engineers PC	$1,195,000.00
11/27/2012	HAKS Engineers, Architects and Land Surveyors PC	$1,720,000.00
11/27/2012	URS Corporation	$120,000.00
11/27/2012	Gannett Fleming Inc.	$254,000.00
11/27/2012	The Louis Berger Group Inc.	$2,600,000.00
11/27/2012	George Harms Construction Company Inc.	$278,954.12
11/27/2012	G4S Technology LLC	$900,000.00
11/27/2012	Public Service Electric and Gas (PSE&G)	$1,015,000.00
11/27/2012	Verizon - New Jersey Inc.	$345,000.00
11/27/2012	MTJ Industries Inc.	$102,175.00
11/27/2012	Bristol Donald Co Inc.	$101,470.96
11/27/2012	Billows Electric Supply Co Inc.	$234,067.50
11/27/2012	Cold Mix Manufacturing Corp.	$200,000.00
11/27/2012	International Business Machines	$5,307,000.00
11/27/2012	EnPointe Technologies Sales Inc.	$988,902.41
11/27/2012	Telvent DTN Inc.	$207,699.00
11/27/2012	Horizon Blue Cross Blue Shield	$1,050,000.00

2012 Contracts Awarded in Excess of $100,000

11/27/2012	Acquire Property from Various Owners	$2,805,000.00
11/27/2012	Authorization to Renew Insurance Policies	$1,190,320.25
11/27/2012	AECOM Technical Services Inc.	$1,529,950.00
11/27/2012	Parsons Brinckerhoff, Inc. (PB Americas)	$120,500.00
11/27/2012	Verizon - New Jersey Inc.	$550,000.00
11/27/2012	Atlantic City Electric	$2,900,000.00
11/27/2012	G4S Technology LLC	$550,000.00
11/27/2012	South Jersey Gas	$670,000.00
11/27/2012	Millstone River Wetland Services LLC	$102,070.00
11/27/2012	Evergreen Environmental LLC	$540,000.00
11/27/2012	Ferreira Construction Co., Inc. and Tutor Perini Corporation, a Joint Venture	$25,000,000.00
11/27/2012	Jersey Central Power and Light (JCP&L)	$435,000.00
11/27/2012	G4S Technology LLC	$175,000.00
11/27/2012	Benjamin R. Harvey Company Inc.	$100,874.00
11/27/2012	Union Paving and Construction Co Inc.	$464,941.67
11/27/2012	Northeast Remsco Construction Inc.	$218,125.53
11/27/2012	Agilence Inc.	$425,250.00
12/19/2012	Insurance General - Authorizations	$5,313,222.00
12/19/2012	Joseph M. Sanzari, Inc.	$6,999,076.00
12/19/2012	D'Annunzio and Sons Inc.	$11,707,000.00
12/19/2012	Richard E. Pierson Construction Company Inc.	$71,736,840.44
12/19/2012	Hall Building Corporation	$26,957,887.75
12/19/2012	Cornell and Company Inc.	$6,271,000.00
12/19/2012	STV-JMT a Joint Venture	$8,820,000.00
12/19/2012	TranSystems Corporation	$1,945,000.00
12/19/2012	HAKS Engineers, Architects and Land Surveyors PC	$1,234,000.00
12/19/2012	Michael Baker Jr Inc.	$6,500,000.00
12/19/2012	M and J Engineering PC	$2,875,000.00
12/19/2012	Stantec Consulting Service Inc.	$1,058,000.00
12/19/2012	Stone and Webster Inc.	$1,600,000.00
12/19/2012	HNTB Corporation	$2,300,000.00
12/19/2012	Gannett Fleming Inc.	$1,300,000.00
12/19/2012	New Jersey Department of Transportation	$25,000,000.00
12/19/2012	South State Inc.	$5,069,892.74
12/19/2012	D'Annunzio and Sons Inc.	$532,555.52
12/19/2012	Public Service Electric and Gas (PSE&G)	$415,000.00
12/19/2012	Conti Enterprises, Inc.	$132,636.44
12/19/2012	Day Chevrolet Inc.	$1,275,556.50
12/19/2012	WW Grainger Inc.	$350,000.00
12/19/2012	Eaton Corporation	$496,485.00
12/19/2012	Activu Corporation	$155,672.61
12/19/2012	CherryRoad Technologies Inc.	$922,800.00
12/19/2012	ACS State and Local Solutions	$991,833.00

REPORT OF MANAGEMENT

The New Jersey Turnpike Authority Act of 1948, as amended, restated and supplemented, the Turnpike Revenue Bond Resolution of 1991, as amended, restated and supplemented, as well as Executive Orders 122 (McGreevy, 2004) and 37 (Corzine, 2006), require an annual audit of the New Jersey Turnpike Authority's (the Authority) financial statements by a firm of independent auditors. In addition, as a recipient of funds from the Federal Highway Administration for certain capital improvement projects, the Authority is required to have a single audit performed annually by an independent auditor in accordance with the Single Audit Act of 1984, as amended in 1996, and OMB Circular A-133. The purpose of the single audit is to determine the adequacy of the Authority's internal controls and compliance with applicable laws and regulations relating to the receipt of federal funds. The Authority retains an independent auditor to satisfy these audit requirements. The report of the independent auditor on the financial statements of the Authority is included in the audited financial statements.

Consistent with Executive Order No. 122, (McGreevy, 2004) the Authority, through its Audit Committee, engages the independent auditors. The Audit Committee is comprised of individuals who are not employees of the Authority, and who meet certain standards of independence and financial expertise. The Audit Committee periodically meets with the independent auditors, and is responsible for assisting the Members of the Authority in overseeing the Authority's compliance with legal, regulatory and ethical requirements, as well as overseeing the integrity and quality of the Authority's financial statements. The independent auditors have unrestricted access to the Audit Committee.

Management of the Authority is responsible for the financial statements included in this Annual Report for the year ended December 31, 2012. 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. The financial statements have been prepaid in accordance with Generally Accepted Accounting Principles (GAAP) in the United States and consequently, they reflect certain amounts based upon the best estimates and judgment of management.

Management of the Authority is also responsible for establishing and maintaining a system of internal control designed to provide reasonable assuance that the assets of the Authority are protected from loss, theft or misuse, and that adequate accounting records are maintained to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the resulting benefits; and (2) the analysis of costs and benefits requires estimates and judgments by management. As a recipient of federal funds for certain capital projects, the Authority is required to ensure that adequate internal controls are in place which reasonably ensure compliance with applicable laws and regulations relating to the federal funding. The system of internal control of the Authority is subject to ongoing evaluation by management.

To the best of our knowledge and belief, the information provided to the external auditors in connection with the annual audit and contained in this annual report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included. The Authority's external auditors, KPMG, LLP, have completed their examination and have concluded that in their opinion, the financial statements for the year ended December 31, 2012 present fairly, in all material aspects, the financial position of the Authority as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with GAAP. The auditors did not note any significant deficiencies or material weakness in internal control over financial reporting, for the year ended December 31, 2012.

Veronique Hakim
Executive Director

Donna Manuelli
Chief Financial Officer

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

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

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

Table of Contents

		Page
Independent Auditors' Report		1
Management's Discussion and Analysis (Unaudited)		3
Basic Financial Statements:		
	Statements of Net Position as of December 31, 2012 and 2011	18
	Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2012 and 2011	19
	Statements of Cash Flows for the years ended December 31, 2012 and 2011	20
Notes to the Financial Statements		21
Schedules		
1	Required Supplementary Information (Unaudited) – Schedule of Funding Progress – Other Postemployment Benefits Plan as of December 31, 2012	65
2	Schedule of Net Position – Reconciliation of Bond Resolution to GAAP as of December 31, 2012	66
3	Schedule of Revenues, Expenses and Changes in Net Position – Reconciliation of Bond Resolution to GAAP as of December 31, 2012	67
4	Schedule of Cash Flows – Reconciliation of Bond Resolution to GAAP as of December 31, 2012	68
5	Schedule of Net Revenue Requirement for the years ended December 31, 2012 and 2011	69
6A	Schedule of Investments as of December 31, 2012	70
6B	Schedule of Investments as of December 31, 2012	71
7	Schedule of Depositories as of December 31, 2012 and 2011	72
8	Schedule of Cost of Investment in Facilities as of December 31, 2012	73
9A	Schedule of Bond Indebtedness as of December 31, 2012	74
9B	Schedule of Bond Indebtedness as of December 31, 2012	75
10A	Schedule of Toll Revenue (Unaudited) for the years ended December 31, 2012 and 2011	76
10B	Schedule of Toll Revenue (Unaudited) for the years ended December 31, 2012 and 2011	77

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Commissioners
New Jersey Turnpike Authority:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the New Jersey Turnpike Authority (the Authority), a component unit of the State of New Jersey, as of and for the years ended December 31, 2012 and 2011, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the respective statements of revenues, expenses, and changes in net position, and cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 17 and the schedule of funding progress – other postemployment benefits plan (schedule 1) on page 66 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Authority's basic financial statements. The supplemental information included on Schedules 2 through 10B are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 2 through 10B are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Schedules 2 through 9B have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole. Schedules 10A and 10B have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no such opinion on them.

KPMG LLP

March 26, 2013

The management of the New Jersey Turnpike Authority (the Authority) offers this narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2012 and 2011, which should be read in conjunction with the Authority's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to present an overview of the Authority's financial performance for the years ended December 31, 2012 and 2011. The Authority's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). This section is intended to provide an assessment of how the Authority's financial position has improved or deteriorated and identify the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for the financial statements included in this report.

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

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

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

The Notes to the Financial Statements provide:

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

The Required Supplementary Information included in Schedule 1 presents information regarding the Authority's progress in funding its obligation to provide postemployment benefits other than pensions to its employees.

The Other Supplementary Information included in Schedules 2 through 10B presents information regarding the Authority's accounting and compliance with its 1991 Turnpike Revenue Bond Resolution, as amended, restated and supplemented (the Resolution), and the Authority's interpretation of such Resolution.

The Authority's Business

The New Jersey Turnpike Authority (the Authority), is a body corporate and politic created by the New Jersey Turnpike Authority Act of 1948, as amended and supplemented (the Act). The Act authorizes the Authority to construct, maintain, repair, and operate the New Jersey Turnpike (the Turnpike System), to fix and establish tolls for the use of the Turnpike System and to issue Turnpike revenue bonds or notes of the Authority, subject to prior approval in writing from the Governor and from either or both the State Treasurer and the Director of the

Division of Budget and Accounting of the Department of the Treasury, payable solely from tolls and other revenues of the Authority. Under the provisions of the Act, the Turnpike bonds or notes and the interest thereon shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the State of New Jersey (the State) or any political subdivision thereof. The Act further provides that the powers conferred upon the Governor and the Treasurer of the State described shall be exercised with due regard for the rights of the holders of bonds of the Authority at any time outstanding, and nothing in, or done pursuant to, the Act shall in any way limit, restrict or alter the obligation or powers of the Authority or any representative or officer of the Authority to carry out and perform in every detail each and every covenant, agreement or contract at any time made or entered into by or on behalf of the Authority with respect to its bonds or for the benefit, protection or security of the holders thereof.

On May 27, 2003, the Act was amended. The amendment empowered the Turnpike Authority, effective on the Transfer Date, to assume all powers, rights, obligations and duties of the New Jersey Highway Authority (the Highway Authority), which owned and operated the Garden State Parkway (the Parkway) and PNC Bank Arts Center.

Condensed Summary of Net Position

	December 31		
	2012	**2011**	**2010**
Assets:			
Current assets	$ 1,062,032,121	874,000,723	909,146,204
Other noncurrent assets	787,796,640	1,771,996,185	2,751,678,348
Capital assets, net of accumulated depreciation	7,855,264,245	6,754,951,695	5,754,564,589
Total assets	$ 9,705,093,006	9,400,948,603	9,415,389,141
Deferred outflows:			
Interest rate swaps	$ 67,935,918	88,029,208	154,654,119
Total deferred outflows	$ 67,935,918	88,029,208	154,654,119
Liabilities:			
Current liabilities	$ 973,434,426	706,121,807	683,704,178
Noncurrent liabilities	8,439,895,281	8,752,228,704	8,770,604,726
Total liabilities	$ 9,413,329,707	9,458,350,511	9,454,308,904

		December 31		
		2012	**2011**	**2010**
Deferred inflows:				
Interest rate swaps	$	—	—	3,080,107
Total deferred inflows	$	—	—	3,080,107
Net position:				
Net investment in capital assets	$	195,334,414	(119,761,434)	(133,396,806)
Restricted		145,949,856	133,839,244	121,553,806
Unrestricted		18,414,947	16,549,490	124,497,249
Total net position	$	359,699,217	30,627,300	112,654,249

2012 – 2011

The Authority's total net assets are reported at $359,699,217 and $30,627,300 as of December 31, 2012 and 2011, respectively, representing an increase of $329,071,917, or 1074%, compared to 2011. The major factors causing this increase was an increase in operating revenue due to the toll increase that took place on January 1, 2012 which raised the tolls on the Turnpike by 53% and on the Parkway by 50%. In addition, total net assets increased as operating expenses declined due to the continued controls instituted by the Authority including headcount reductions and the investment loss decreased due to the absence of the GASB 53 accounting loss recorded in 2011 from the termination of the $371 million Series 1991D interest swap with AIG. The $371 million Series 1991D interest rate swap was terminated on January 7, 2011.

Capital assets increased by $1,100,312,550 offset by a decrease in other noncurrent assets of $984,199,545. This is a result of the ongoing capital improvement program and the utilization of bond proceeds as the projects progress.

2011 – 2010

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

Capital assets increased by $1,100,312,550 offset by a decrease in other noncurrent assets of $979,682,163. This is a result of the ongoing capital improvement program and the utilization of bond proceeds as the projects progress.

Capital Program Highlights

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

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

Project	Estimated cost
Turnpike interchange 6-9 widening	$ 2,330,000,000
Bridge repairs and improvements	1,913,000,000
Roadway improvements	685,000,000
Interchange improvements	1,177,000,000
Toll plaza and building improvements	350,000,000
Parkway Widening milepost 35-80	545,000,000
Total	$ 7,000,000,000

Parkway Widening: Ahead of schedule and in time for the summer shore-travel season, the first phase of the Parkway widening project that added an additional travel lane in each direction between milepost 63 in Stafford Township and milepost 80 in Toms River was completed and open for motorists in May 2011.

Due to the Authority's tight management of the Capital Improvement Program and scrutiny of every dollar being spent, the Authority was able to allocate money to fund the next phase of the Parkway widening without any increase to the overall cost of the Capital Improvement Program. The second phase of the widening, which will add an additional lane in each direction between mileposts 48 and 63 and provide necessary bridge improvements, is underway with construction contracts having been awarded in September 2011. The third phase of the Parkway widening is in the design phase and is intended to add an additional travel lane in each direction between mileposts 35 and 48.

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

Capital Assets, Net

	December 31		
	2012	**2011**	**2010**
Land	$ 758,866,562	751,747,274	718,214,302
Construction-in-progress	2,857,780,714	1,950,042,758	1,273,115,729
Road bed	1,934,832,029	1,942,347,777	1,913,293,938
Road surface	289,098,672	269,977,967	138,516,193
Bridges	1,261,154,835	1,119,660,621	1,029,422,865
Buildings and sound barriers	259,148,899	253,130,628	251,017,883
Equipment	494,382,534	468,044,670	430,983,679
Total capital assets, net of accumulated depreciation	$ 7,855,264,245	6,754,951,695	5,754,564,589

Capital assets consist of land, buildings, improvements, equipment, infrastructure and construction-in-progress. Infrastructure assets are typically items that are immoveable, such as highways and bridges.

2012 – 2011

The Authority's investment in capital assets as of December 31, 2012, was $10.3 billion of gross asset value with an accumulated depreciation of $2.5 billion, leaving a net book value of $7.8 billion. This investment represents 81% of the Authority's total assets.

Capital assets, net of accumulated depreciation, increased by $1.1 billion due to the continued spending on the Authority's $7 billion capital program. Major projects include the Turnpike Interchange 6-9 widening and the widening of the Garden State Parkway between mileposts 35-80. Land increased by $7.1 million in 2012 due to the continued acquisition of parcels needed for the Turnpike Interchange 6-9 widening. Construction-in-progress increased by $907.7 million in 2012 due to the continued spending on the $7 billion capital program. Road Bed decreased by a net of $7.5 million in 2012 due to an increase of $17.9 million primarily for the Garden State Parkway widening offset by an increase of $25.4 million in accumulated depreciation. Road Surface increased by $19.1 million in 2012 due to the Garden State Parkway widening and the continued planned spending on resurfacing on both roadways. Bridges increased by $141.5 million in 2012 due to the continued spending on bridge reconstruction and rehabilitations. Buildings and sound barriers increased by $6.0 million in 2012 due to toll plazas and facilities improvements along both roadways. Equipment increased by $26.3 million in 2012 primarily due to the installation of variable message signs and the acquisition of trucks and computer network upgrades.

The Authority has open commitments related to construction contracts totaling approximately $1.7 billion as of December 31, 2012. This work relates to the Authority's $7 billion capital program and will be completed over the next several years.

2011 – 2010

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

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

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

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

Superstorm Sandy

On October 29, 2012, Superstorm Sandy struck the Mid-Atlantic and Northeastern United States. While the Turnpike System was not officially closed, toll collection was suspended on the entire system. However, the Authority became fully operational within 12 hours and re-instituted toll collection within 24 hours of the storm making landfall. There was no major damage to its mainline roadways or toll plazas, reflecting the Turnpike System's state of good repair. While traffic was impacted following the storm, it rebounded in November and December allowing the Authority to reach forecasted traffic and revenues for 2012.

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

	Year ended December 31, 2012	2011	2010
Operating revenues	$ 1,486,313,348	1,033,292,029	1,033,743,174
Operating expenses, excluding OPEB and depreciation	(451,125,853)	(474,282,692)	(496,597,618)
Net operating revenue	1,035,187,495	559,009,337	537,145,556
OPEB expense	(72,689,635)	(78,937,100)	(68,071,400)
Depreciation expense	(159,578,078)	(141,692,812)	(119,412,401)
Operating income	802,919,782	338,379,425	349,661,755
Nonoperating revenues (expenses):			
Build America Bonds subsidy	81,665,325	81,665,325	37,723,673
Payments to the State of New Jersey	(361,001,000)	(142,301,000)	(102,301,000)
Interest expense, Turnpike Revenue Bonds	(192,576,110)	(205,720,940)	(211,202,397)
Other bond expenses	(3,985,180)	(4,245,084)	(4,238,054)
Investment loss	(1,068,843)	(152,868,452)	(7,570,710)
Arts Center	3,117,943	3,059,003	3,007,805
Garden State Arts Foundation	—	4,774	469,952
Total nonoperating revenues (expenses), net	(473,847,865)	(420,406,374)	(284,110,731)
Change in net position	329,071,917	(82,026,949)	65,551,024
Net position – beginning of year	30,627,300	112,654,249	47,103,225
Net position – end of year	$ 359,699,217	30,627,300	112,654,249

2012 – 2011

Operating revenues totaled $1,486,313,348 for the year ended December 31, 2012, representing an increase of $453,021,319, or more than 43.8%, from the year ended December 31, 2011. The principal source of revenue for the Authority is tolls. During 2012, toll revenues totaled $1,393,658,485 and constituted 93.8% of the Authority's operating revenues, as compared to $948,878,813, or 91.8%, in 2011. A toll increase of 53% on the New Jersey Turnpike and 50% on the Garden State Parkway took effect on January 1, 2012 and accounted for the increased revenue. On the Turnpike, passenger vehicle traffic decreased 4.5% while commercial traffic decreased by 3.0% resulting in an overall decrease of 4.3%. On the Parkway passenger cars decreased 3.1% while commercial traffic decreased 0.2%. Passenger cars constituted 98.7% of all Parkway toll transactions, therefore, changes in commercial traffic only have minimal impacts. The declines on both roadways is due to some diversion from the toll increase, the effects of Superstorm Sandy, and continued high unemployment and gas prices.

Electronic toll collection remains popular and overall usage rates continue to be strong. On the Turnpike, the E-ZPass usage rate for passenger car traffic was 78.1% and for commercial traffic was 86.5%, resulting in an overall usage rate of 79.2%. On the Parkway, the overall E-ZPass usage rate was up to 76.0% from 72.5% in 2011. During 2012, passenger car traffic had a usage rate of 75.8%, and commercial traffic had a usage rate of 86.3%.

E-ZPass fees totaled $47,314,572 and $39,695,690 for the years ended December 31, 2012 and 2011, respectively, representing an increase of $7,618,882, or 19.2%. E-ZPass fees consists of monthly membership fees, transponder sales, return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. The increase resulted from gains in membership fees and administrative fees. There are approximately 93,600 more NJ E-ZPass accounts at the end of 2012 as compared to 2011. The administrative fee charged for E-ZPass violations increased from $25 to $50 and the Authority began collecting administrative fees on automated coin machine lane violations in November 2011.

Concession revenues were $34,989,967 constituting 2.4% of total operating revenues. This represents an increase of $1,220,319 or 3.6% from $33,769,648 in 2011. The gain is due to increased revenue from both food and fuel sales along both roadways. Revenue from food sales increased 4.0% on the Turnpike and 3.3% on the Parkway. Revenue from fuel sales increased 1.9% on the Turnpike and 7.4% on the Parkway.

Miscellaneous revenue totaled $10,350,324 for the year ended December 31, 2012, representing a decrease of $597,554, or 5.5%, compared to the year ended December 31, 2011. Miscellaneous revenue includes rentals of cell tower sites, fiber optic lines, towing commissions, park and ride receipts and easements. The decrease in 2012 is largely due to lower revenues from advertising and a decline in the Garden State Arts Foundation.

General operating expenses for the year ended December 31, 2012 totaled $451,125,853, representing a decrease of $23,156,839, or 5%, from $474,282,692 for the year ended December 31, 2011. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)* (GASB Statement No. 45), the Authority recorded an expense of $72,689,635 representing the annual OPEB cost. This cost was approximately $6,000,000 lower than in 2011. Depreciation expense during 2012 totaled $159,578,078, which was an increase of approximately $18,000,000 from 2011. Despite this increase, total operating expenses declined due to the Authority's continued authorized headcount reduction and control of discretionary expenses.

Net nonoperating expenses increased by $53,441,491 from 2011 primarily due to an increase in payments to the State of New Jersey and offset by both a decrease in interest expense and an increase in investment income.

The Build America Bonds subsidy remained the same in 2012 as in 2011 at $81,665,325. The Build America Bonds subsidy represents a direct payment by the United States Treasury to the Authority representing 35% of the interest payable on the Series 2009F bonds and the Series 2010A bonds.

Payments to the State of New Jersey increased from $142,301,000 in 2011 to $361,001,000 in 2012. Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are $22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund

Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation projects. These payments total $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. The Authority also made annual payments to the state of $8,001,000 in 2011 and 2012 for feeder road maintenance provided by the New Jersey Department of Transportation. This agreement is expected to be renewed annually.

Investment loss decreased from $152,868,452 in 2011 to $1,068,843 in 2012. Interest income earned by the Authority in 2011 was $12,850,123 and dropped to $11,831,662 in 2012 as a result of lower invested balances due to spending of bond proceeds on construction projects and lower interest rates. The adoption of GASB Statement No. 53 in 2010 requires the recognition of certain of the Authority's interest rate swaps on investments. Accordingly, the fixed payments made on these interest rate swaps, the variable payments received and the changes in fair market value are required to be reported as investment income/(loss). In 2012 and 2011, the authority was required to report the $400 million nominal value of the interest rate swaps that hedge the Series 2000B-G bonds as investments. In 2012, the Authority recorded an investment loss of $14,658,895 representing the fixed interest payments on the Series 2000B-G swaps, net of the variable payments received. In addition, in 2012 the Authority recognized investment income of $1,756,376 representing the change in fair market value of the Series 2000B-G swaps. In 2011, the Authority recorded an investment loss on the Series 2000B-G swaps of $12,537,430 representing the fixed payments made net of variable payments received and a loss of $62,136,127 representing the change in fair market value. Also in 2011 the Authority was required to recognize a $101,813,040 loss on the termination of its Series 1991D interest rate swaps. The negative fair market value on the termination date of January 7, 2011 was recorded as a reduction in interest income under GASB Statement No. 53 as the interest rate swap was terminated and replaced without a corresponding refunding of the associated debt. The replacement interest rate swap was deemed to be an effective hedge and therefore its changes in fair market value do not impact interest income/(loss) in 2012.

Interest expense decreased by $13,144,830 in 2012 as compared to 2011, due primarily to higher deductions for GASB No.53 hybrid borrowings caused by the 2012 bond refunding and concurrent amendment of the interest rate swap agreements.

2011 – 2010

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

Electronic toll collection remains popular and overall penetration rates continue to be strong. On the Turnpike, the E-ZPass penetration rate for passenger car traffic was 75.5% and for commercial traffic was 83.0%, resulting in an overall penetration rate of 76.4%. On the Parkway, the overall E-ZPass penetration rate was up to 72.5% from 71.4% in 2010. During 2011, passenger car traffic had a penetration rate of 72.3%, and commercial traffic had a penetration rate of 85.0%.

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

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

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

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

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

The Build America Bonds subsidy increased by $43,941,652 or 116%, compared to 2010 due to the recognition of a full year of subsidy on the Series 2010 A bonds. The Build America Bonds subsidy represents a direct payment by the United States Treasury to the Authority representing 35% of the interest payable on the Series 2009 F bonds and the Series 2010 A bonds.

Payments to the State of New Jersey increased from $102,301,000 in 2010 to $142,301,000 in 2011. Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are $22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. On March 28, 2011, the Authority entered into an amendment to the second amendment to the State Agreement which provided for a $3.6 million one-time additional payment payable by June 30, 2011. Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation projects. These payments total $60 million in calendar 2011, $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. The Authority also made annual payments to the state of $8,001,000 in 2010 and 2011 for feeder road maintenance provided by the New Jersey Department of Transportation. This agreement is expected to be renewed annually.

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

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

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

(Continued)

Financial Management Principles and Guidelines

In December 2012, the Authority adopted its "Financial Management Principles and Guidelines" (the Guidelines). Among the policies established, the Authority will manage its toll rates, expense budget and debt issuance program to achieve minimum senior debt service coverage of 1.4x and a total requirement coverage of 1.2x. The Authority will also manage its cash flow and total expenditure levels such that it maintains average unrestricted cash balance in the General Reserve Fund equal to at least $75,000,000. The Guidelines were implemented at the option of the Authority and are not a legal covenant with Bondholders. Such Guidelines can be changed or eliminated at any time at the option of the Authority.

Debt Administration

The issuance of new bonds is conducted in accordance with the New Jersey Turnpike Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented and the Turnpike Revenue Bond Resolution adopted on August 20, 1991, as amended, restated and supplemented. The issuance of new bonds requires the approval of the Board of Commissioners and prior approval in writing from the Governor and from either of both the State Treasurer and the Director of the Division of Budget and Accounting of the Department of Treasury, payable solely from tolls and other revenues of the Authority.

2012 – 2011

On June 18, 2012, the Authority issued $141,255,000 of Series 2012 A Turnpike Revenue bonds. The bonds bear interest at fixed rates from 3.625% to 5.00% and mature from January 1, 2031 to January 1, 2035. The interest on the Series 2012A bonds is paid semi-annually. The purpose of the Series 2012A bonds was to refund in whole the Series 2004C-1 bonds. The total savings on the Series 2012A bonds was approximately $16,402,500 when compared to projected interest costs, liquidity facility costs and remarketing fees on the refunded bonds. The refunding resulted in a loss on defeasance of $1,066,850 in 2012, which is being amortized over the life of the new bonds.

On September 20, 2012, the Authority issued $804,435,000 of Series 2012B Turnpike Revenue bonds. The bonds bear interest at fixed rates from 3.50% to 5.00% and mature from January 1, 2019 to January 1, 2030. On the same date, the authority issued $71,000,000 of Series 2012C Floating Rate Bonds under a Direct Purchase Agreement with TD Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 94 basis points and mature on January 1, 2018. The Authority also issued $150,000,000 of Series 2012D Floating Rate Bonds under a Direct Purchase Agreement with JP Morgan. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 110 basis points and mature on January 1, 2018. The authority also issued $150,000,000 of Series 2012E Floating Rate Bonds under a Direct Purchase Agreement with Royal Bank of Canada. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 85 basis points and mature on January 1, 2018. The Authority also issued $43,750,000 of Series 2012F Floating Rate Bonds under a Direct Purchase Agreement with U.S. Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 91 basis points. The bonds mature on January 1, 2024 and have a mandatory tender at par value on September 21, 2015. Finally, the Authority issued $43,750,000 of Series 2012G Floating Rate Bonds under a Direct Purchase Agreement with U.S. Bank. The bonds bear interest at a floating rate equal to 75% of 1 month LIBOR plus 59 basis points. The bonds mature on January 1, 2024 and have a mandatory tender at par value on September 21, 2015. Interest on the Series 2012B bonds is paid semi-annually, while the interest on the Series 2012C-G bonds is paid monthly. The interest rate on the Series 2012C bonds resets monthly while the Series 2012D-G reset weekly.

The purpose of the Series 2012B-G was to refund in whole the Series 1991D, Series 2003A, 2009C and 2009D bonds and partially refund the Series 1991C and Series 2009E bonds. The total savings on the Series 2012B-G bonds was approximately $105,186,100 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the refunded bonds. The refunding resulted in a loss on defeasance of $43,354,659 in 2012, which is being amortized over the life of the new bonds. The existing Interest Rate Swap agreements from the Series 1991D, Series 2009C and Series 2009D bonds were amended to cover the Series 2012C-G bonds.

The Series 2012A and the Series 2012B-G bonds received a credit rating of A3/A+/A by Moody's, Standard & Poors and Fitch. Moody's raised the Authority's ratings outlook to "Stable" as of May 17, 2012 and it remains to date. Standard & Poors and Fitch also give the Authority a "Stable" outlook. In addition, the underlying credit rating on all Authority outstanding bonds remains at A3/A+/A.

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

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

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

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

The Series 2011A and Series 2011B bonds received a credit rating of A3/A+/A by Moody's, Standard & Poors and Fitch.

Debt Compliance

The Revenue Requirement under Section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year, Net Revenues shall at least equal the Net Revenue Requirement for such year. The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Special Project Reserve Payments and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period.

The net revenue requirement was met under test (i) and (ii) above for 2012 and 2011 as follows:

	2012	2011
(i)		
Net revenue available for Debt Service	$ 1,110,192,804	653,948,211
Less net revenue requirements computed under test: (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)	(707,254,420)	(521,582,247)
Excess net revenue	$ 402,938,384	132,365,964
(ii)		
Net revenue available for Debt Service	$ 1,110,192,804	653,948,211
Less net revenue requirements computed under test: (120% x aggregate debt service requirements of $597,140,974 and $413,629,886 in 2012 and 2011, respectively)	(716,569,169)	(496,355,863)
Excess net revenue	$ 393,623,635	157,592,348

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.86 and 1.58 in 2012 and 2011, respectively. Please refer to note 8 for more details.

Contacting Authority's Financial Management

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

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

Statements of Net Position

December 31, 2012 and 2011

Assets		**2012**	**2011**
Current assets:			
Cash	$	189,218,510	188,998,406
Restricted cash		63,516,755	14,515,050
Investments		363,981,943	247,090,108
Restricted investments		334,079,876	330,730,929
Receivables, net of allowance		62,541,422	47,890,099
Restricted receivables		75,000	75,000
Inventory		22,130,755	16,197,661
Due from State of New Jersey		687,501	3,638,603
Deposits		22,095,218	20,162,231
Prepaid expenses		3,705,141	4,702,636
Total current assets		1,062,032,121	874,000,723
Noncurrent assets:			
Investments		—	55,011,000
Restricted investments		627,703,387	1,579,686,898
Restricted receivables		148,511	217,165
Capital assets, net of accumulated depreciation		7,855,264,245	6,754,951,695
Deferred financing costs, net		159,944,742	137,081,122
Total noncurrent assets		8,643,060,885	8,526,947,880
Total assets	$	9,705,093,006	9,400,948,603
Deferred Outflows			
Deferred outflows:			
Interest rate swaps	$	67,935,918	88,029,208
Total deferred outflows	$	67,935,918	88,029,208
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	$	159,484,378	161,759,357
Funds held in trust		203,333,066	186,124,313
Due to State of New Jersey		2,813,203	2,977,211
Deposits		203,390	198,650
Accrued interest payable		193,647,547	208,887,966
Deferred revenue		41,341,472	3,967,650
Current portion of bonds payable		357,975,000	120,295,000
Current portion of hybrid instrument borrowing		6,724,380	11,664,331
Current portion of other long-term liabilities		7,911,990	10,247,329
Total current liabilities		973,434,426	706,121,807
Noncurrent liabilities:			
Bonds payable, net		7,857,971,691	8,230,257,500
Hybrid instrument borrowing		107,998,241	81,910,562
Other long-term liabilities		111,858,339	90,401,479
Other postemployment benefits liability		245,216,115	208,258,200
Interest rate swap liabilities		116,850,895	141,400,963
Total noncurrent liabilities		8,439,895,281	8,752,228,704
Total liabilities	$	9,413,329,707	9,458,350,511
Net Position			
Net position:			
Net investment in capital assets	$	195,334,414	(119,761,434)
Restricted for debt service and charges		145,949,856	133,839,244
Unrestricted		18,414,947	16,549,490
Total net position	$	359,699,217	30,627,300

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Years ended December 31, 2012 and 2011

	2012	2011
Operating revenues:		
Toll revenue	$ 1,393,658,485	948,878,813
E-ZPass fees	47,314,572	39,695,690
Concession revenue	34,989,967	33,769,648
Miscellaneous revenue	10,350,324	10,947,878
Total operating revenues	1,486,313,348	1,033,292,029
Operating expenses:		
Maintenance of roadway, buildings and equipment	120,619,100	123,939,665
Toll collection	150,183,293	160,215,369
State police and traffic control	66,593,568	69,706,228
Technology	14,016,631	15,363,375
Employee benefits	60,507,042	63,214,422
General administrative costs	39,206,219	41,843,633
Other postemployment benefits	72,689,635	78,937,100
Depreciation	159,578,078	141,692,812
Total operating expenses	683,393,566	694,912,604
Operating income	802,919,782	338,379,425
Nonoperating revenues (expenses):		
Build America Bonds subsidy	81,665,325	81,665,325
Payments to the State of New Jersey	(361,001,000)	(142,301,000)
Interest expense, Turnpike Revenue Bonds	(192,576,110)	(205,720,940)
Other bond expenses	(3,985,180)	(4,245,084)
Investment loss	(1,068,843)	(152,868,452)
Arts Center	3,117,943	3,063,777
Total nonoperating revenues (expenses), net	(473,847,865)	(420,406,374)
Change in net position	329,071,917	(82,026,949)
Net position – beginning of year	30,627,300	112,654,249
Net position – end of year	$ 359,699,217	30,627,300

See accompanying notes to basic financial statements.

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

Statements of Cash Flows

Years ended December 31, 2012 and 2011

		2012	2011
Cash flows from operating activities:			
Receipts from customers and patrons	$	1,472,299,948	1,035,088,080
Payments to suppliers		(201,865,020)	(289,451,309)
Payments to employees		(160,430,080)	(179,658,989)
Payments for self insured health benefit claims		(75,383,310)	(73,335,631)
Net cash provided by operating activities		1,034,621,538	492,642,151
Cash flows from noncapital financing activities:			
Payments to State of New Jersey		(361,001,000)	(142,301,000)
Proceeds from Arts Center		3,117,943	3,059,003
Operating gain from Garden State Arts Foundation		—	4,774
Net cash used in noncapital financing activities		(357,883,057)	(139,237,223)
Cash flows from capital and related financing activities:			
Proceeds received from debt issuances		1,507,740,326	275,000,000
Purchases of capital assets		(1,244,263,954)	(1,160,933,318)
Principal paid on outstanding debt		(1,632,370,000)	(383,830,000)
Build America Bonds subsidy		81,665,325	81,665,325
Interest paid on capital debt		(234,691,296)	(171,331,438)
Payments for bond expenses		(4,233,173)	(3,091,297)
Net cash used in capital and related financing activities		(1,526,152,772)	(1,362,520,728)
Cash flows from investing activities:			
Purchases of investments		(8,521,090,178)	(21,332,420,534)
Sales and maturities of investments		9,407,974,346	22,251,938,613
Interest received		11,751,932	109,380,342
Net cash provided by investing activities		898,636,100	1,028,898,421
Net increase in cash		49,221,809	19,782,621
Cash – beginning of year		203,513,456	183,730,835
Cash – end of year	$	252,735,265	203,513,456
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	802,919,782	338,379,425
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense		159,578,078	141,692,812
Changes in assets and liabilities:			
Receivables		(11,631,567)	(124,132)
Inventory		(5,933,094)	(39,233)
Other assets		997,495	7,682
Accounts payable and accrued expenses		(13,371,149)	(55,670,630)
Deferred revenue		37,373,822	323,537
Other liabilities		23,794,719	24,562,319
Other postemployment benefit liability		38,186,452	45,896,371
Pollution remediation liability		2,707,000	(2,386,000)
Net cash provided by operating activities	$	1,034,621,538	492,642,151

See accompanying notes to basic financial statements.

(1) Organization

The New Jersey Turnpike Authority (the Authority) is a body corporate and politic created by the New Jersey Turnpike Authority Act of 1948, as amended, restated and supplemented (the Act). The Act authorizes the Authority to construct, maintain, repair, and operate the New Jersey Turnpike (the Turnpike System) projects at locations established by law, to fix and establish tolls for the use of the Turnpike System, and to issue Turnpike revenue bonds or notes of the Authority, subject to prior approval in writing from the Governor and from either or both the State Treasurer and the Director of the Division of Budget and Accounting of the Department of the Treasury, payable solely from tolls and other revenues of the Authority. Under the provisions of the Act, the Turnpike bonds or notes and the interest thereon shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the State or any political subdivision thereof.

On May 27, 2003, the Act was amended. The amendment empowered the Turnpike Authority, effective at the Transfer Date, to assume all powers, rights, obligations and duties of the New Jersey Highway Authority (the Highway Authority), which owned and operated the Garden State Parkway and PNC Bank Arts Center.

The Authority has no stockholders or equity holders and all bond proceeds, revenues or other cash received must be applied for specific purposes in accordance with the provisions of the above Act and the Turnpike Revenue Bond Resolution of 1991 as amended, restated and supplemented (the Bond Resolution) for security of the bondholders. The Authority's board of commissioners is comprised of eight members, five appointed by the Governor with the advice and consent of the Senate, and two members appointed by the Governor, one upon the recommendation of the President of the Senate and one upon the recommendation of the Speaker of the General Assembly. The Commissioner of the New Jersey Department of Transportation serves ex officio. As of December 31, 2012 and 2011, one commission seat was vacant.

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

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

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

The Garden State Arts Foundation, Inc. (the Foundation) (see note 14) is included in the financial statements presented in accordance with accounting principles generally accepted in the United States of America as a blended component unit. Although legally separate from the Authority, the Foundation's members include the Commissioner's of the New Jersey Turnpike Authority, who represent a voting majority of the Foundation's members.

Additionally, the Authority is a component unit of the State of New Jersey, and its financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

(b) Basis of Accounting

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

The Authority follows the pronouncements of the GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which requires the Authority to follow the pronouncements of the GASB in its accounting and financial reporting. GASB Statement No. 62 superseded previous guidance contained in GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Funds Accounting*.

(c) Capital Assets

Capitalization Policy

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

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

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

Depreciation Policy

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

Road bed	100 years
Road surface	5 – 10 years
Major bridge repairs	20 years
Bridges:	
Bridges piers and abutments	75 years
Bridges deck	40 years
Bridge spans	40 years
Buildings and sound barriers	35 years
Equipment	3 – 15 years

(d) Investments

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

Authorized Investments

The investment policies of the Authority are established in conformity with the Bond Resolution, which defines investment securities to mean any of the following securities legal for investment of the Authority's funds at the time of the purchase thereof:

(i) Federal securities, which are (a) any direct and general obligations of, or any obligations guaranteed by, the United States of America, including but not limited to interest obligations of the Resolution Funding Corporation or any successor thereto, (b) any obligations of any state or political subdivision of a state (collectively Municipal Bonds) which Municipal Bonds are fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holders of the Municipal Bonds, and (c) certificates of ownership of the principal or interest of direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System;

(ii) Bonds, debentures, notes or other evidences of indebtedness issued by any agency or instrumentality of the United States to the extent such obligations are guaranteed by the United States or by another such agency the obligations (including guarantees) of which are guaranteed by the United States;

(iii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, FHLMC, FNMA, FHLB, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley

Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

(iv) Negotiable or nonnegotiable certificates of deposit issued by any bank, trust company or national banking association, which certificates of deposit shall be continuously secured or collateralized by obligations described in subparagraphs (i) or (ii) of this definition, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit;

(v) Uncollateralized negotiable or nonnegotiable certificates of deposit issued by any bank, trust company or national banking association, the unsecured obligations of which are rated in one of the two highest rating categories, without regard to rating sub-categories, by Moody's and S&P;

(vi) Repurchase agreements collateralized by obligations described in subparagraphs (i), (ii) or (iii) of this definition with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, which has an uninsured, unsecured and unguaranteed obligation rated Prime-1 or A3 or better by Moody's and A-1 or A or better by S&P, or any commercial bank with the above ratings, provided:

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

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

(c) a perfected first security interest under the Uniform Commerce Code, or book entry procedures prescribed at 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq. or a successor provision in such securities is created for the benefit of the Trustee,

(d) the repurchase agreement has a term of six months or less, or the Authority will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation,

(e) the repurchase agreement matures on or before a debt service payment date (or other appropriate liquidation period), and

(f) the fair market value of the securities in relation to the amount of the repurchase obligation is equal to at least 100%.

(vii) Banker's acceptances, Eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by subparagraphs (iv) and (v) above) of the domestic branches of foreign banks having a capital and surplus of $1,000,000,000 or more, or any bank or trust company organized under the laws of the United States of America or Canada, or any state or province thereof, having capital and surplus, in the amount of $1,000,000,000; provided that the aggregate maturity value of all such bankers acceptances and certificates of deposit held at any time as investments of funds under this Resolution with respect to any particular bank, trust company, or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by both Moody's and S&P;

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

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

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

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

(e) Inventories

Inventories are reported at average cost basis.

(f) Net Capitalized Interest

Net interest cost on funds borrowed to finance the construction or acquisition of certain capital assets, during the period of construction or acquisition, are capitalized and depreciated over the life of the related assets placed in service. The Authority capitalized net interest expense of $236,124,291 and $248,325,881 during the years ended December 31, 2012 and 2011, respectively.

(g) Bonds Payable

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

(h) Deferred Financing Costs

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

(i) Compensated Absences

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

(j) Funds Held in Trust

Included in the December 31, 2012 and 2011 statements of net position is approximately $34.9 million and $25.7 million, respectively, for amounts retained from contractors and engineers and $166.4 million and $158.3 million, respectively, received for E-ZPass tag deposits, prepayments, unallocated violations, and unearned tag revoke fees.

(k) Net Position

Net position are displayed in three components as follows:

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

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

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

(l) Toll Revenue

Revenues from tolls are recognized in the period earned. Pursuant to the provisions of the Bond Resolution, the Authority has covenanted to charge and collect such tolls as are required in order that in each calendar year net revenue shall at least equal the net revenue requirement under the aforementioned resolution. The Act authorizes the Authority to set tolls subject to prior approval in writing from the Governor and from either or both the State Treasurer and the Director of Budget and Accounting of the Department of the Treasury. The Act further provides that the powers conferred upon the Governor and the Treasurer of the State described shall be exercised with due regard for the rights of the holders of bonds of the Authority at any time outstanding, and nothing in, or done pursuant to, the Act shall in any way limit, restrict or alter the obligation or powers of the

Authority or officer of the Authority to carry out and perform in every detail each and every covenant, agreement or contract at any time made or entered into by or on behalf of the Authority with respect to its bonds or for the benefit, protection or security of the holders thereof.

E-ZPass Fees

E-ZPass fees consists of the Authority's share of fees and charges generated from the operation of the New Jersey E-ZPass Customer Service Center. This Customer Service Center is currently operated on behalf of the New Jersey Turnpike Authority, South Jersey Transportation Authority, and Delaware River Port Authority, Delaware River Bay Authority and the Burlington County Bridge Commission by Xerox State and Local Solutions, Inc. These fees and charges consist primarily of the $1 monthly membership fee charged to New Jersey E-ZPass account holders, and the $50 administrative fee collected from toll evaders, as well as parking fees, and credit card equity payments. In addition, other fees are charged to E-ZPass account holders for such items as lost and stolen transponders, bounced checks, and monthly statement delivery. Revenue is also generated from agreements with other agencies and leasing of the Authority's fiber optic network. For financial reporting purposes, fees and charges are recognized when earned for all but administrative fees which are recognized when received from the patrons.

(m) Classification of Revenues over Expenses

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

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

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

(n) Income Taxes

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

(o) Use of Estimates

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

(Continued)

(p) Reclassification

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

(3) Deposits and Investments

The New Jersey Turnpike Authority is authorized to engage in investment activity pursuant to the Turnpike Revenue Bond Resolution adopted on August 20, 1991. Investment policies are set forth in certain sections of the Resolution and these guidelines are adhered to by the Authority's Finance Department when making day-to-day investment decisions. The Authority principally invests in securities of United States agencies, highly rated commercial paper, demand accounts, certificates of deposit, and repurchase agreements. According to management, the Authority is not in violation of any provisions of the Resolution's investment policies.

(a) Deposits

The consolidated cash balance as of December 31, 2012 and 2011 includes a book balance of $252,735,265 and $203,513,456, respectively. The actual amount of cash on deposit in all bank accounts as of December 31, 2012 and 2011 was $240,104,545 and $154,267,963, respectively. New Jersey Turnpike Authority accounts had a book balance as of December 31, 2012 and 2011 of $252,064,530 and $202,609,718, respectively, actual cash on deposit of $239,425,090 and $153,364,225, respectively, and are collateralized by pledged securities totaling $312,008,486 and $227,308,218, respectively, held in the Authority's name by the Authority's financial institutions or its agents. The Foundation's cash balance as of December 31, 2012 and 2011 includes a book balance of $670,735 and $903,738, respectively. The actual amount of cash on deposit in the Foundation's bank accounts as of December 31, 2012 and 2011 was $679,455 and $903,738, respectively, of which $250,000 and $151,020, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC) and $429,455 and $752,718, respectively, held in a money market account, which was not insured or collateralized.

(b) Investments

All securities, other than securities held by the respective trustees for the benefit of the bondholders, are held by the Authority. All investment transactions are recorded on a transaction date basis. As of December 31, 2012 and 2011, the Authority had the following investments:

December 31, 2012

Investment type	Fair value	Investment maturities: Less than 1 year	Investment maturities: 1 – 5 years	Investment maturities: Over 5 years
Investments:				
Certificates of deposit	$ 265,462	—	265,462	—
Commercial paper	268,288,396	268,288,396	—	—
Repurchase agreements	51,250,729	51,250,729	—	—
Federal Home Loan Bank (FHLB)	29,177,601	29,177,601	—	—
Federal Home Loan Mortgage Corporation (FHLMC)	3,899,926	3,899,926	—	—
Federal National Mortgage Association (FNMA)	11,099,829	11,099,829	—	—
Total investments	363,981,943	363,716,481	265,462	—
Restricted investments held by trustee:				
Certificates of deposit	409,742,838	—	409,742,838	—
Commercial paper	63,733,636	63,733,636	—	—
New Jersey cash management fund	124,547,375	124,547,375	—	—
FHLB	106,541,970	94,666,756	11,875,214	—
FNMA	39,256,894	39,256,894	—	—
Total restricted investments held by trustee	743,822,713	322,204,661	421,618,052	—

December 31, 2012

Investment type	Fair value	Investment maturities: Less than 1 year	1 – 5 years	Over 5 years
Restricted investments held by Authority:				
Certificates of Deposit	$ 99,379,195	99,379,195	—	—
Commercial Paper	139,895,356	139,895,356	—	—
Federal Farm Credit Bank (FFCB)	25,014,044	25,014,044	—	—
FHLMC	19,999,289	19,999,289	—	—
FHLB	50,237,999	50,237,999	—	—
Total restricted investments held by Authority	334,525,883	334,525,883	—	—
Restricted investment derivative instruments	(116,565,333)	—	—	(116,565,333)
Total investments	$ 1,325,765,206	1,020,447,025	421,883,514	(116,565,333)

Note: Table includes $4,369,459 of accrued interest, $157,158 unamortized premium and discount on investments for the year ended December 31, 2012.

December 31, 2011

Investment type	Fair value	Investment maturities: Less than 1 year	1 – 5 years	Over 5 years
Investments:				
Commercial paper	$ 145,195,293	145,195,293	—	—
Repurchase agreements	98,251,594	98,251,594	—	—
FHLB	35,060,472	—	35,060,472	—
FHLMC	3,580,832	3,580,832	—	—
FNMA	20,012,917	—	20,012,917	—
Total investments	302,101,108	247,027,719	55,073,389	—

December 31, 2011

Investment type	Fair value	Investment maturities: Less than 1 year	1 – 5 years	Over 5 years
Restricted investments held by trustee:				
Certificates of deposit	$ 409,764,187	—	409,764,187	—
Commercial paper	129,686,072	129,686,072	—	—
New Jersey cash management fund	126,423,316	126,423,316	—	—
FHLB	84,951,542	72,791,731	12,159,811	—
FHLMC	1,400,000	1,400,000	—	—
FNMA	237,999	237,999	—	—
Total restricted investments held by trustee	752,463,116	330,539,118	421,923,998	—
Restricted investments held by Authority:				
Certificates of deposit	628,087,799	628,087,799	—	—
Commercial Paper	93,285,661	93,285,661	—	—
Repurchase Agreements	160,757,534	160,757,534	—	—
New Jersey cash management fund	165,102,227	165,102,227	—	—
Variable rate demand bonds	28,413,644	18,412,754	—	10,000,890
FNMA	160,651,650	97,000	160,554,650	—
FFCB	39,977,905	39,977,905	—	—
Total restricted investments held by Authority	1,276,276,420	1,105,720,880	160,554,650	10,000,890
Restricted investment derivative instruments	(118,321,709)	—	—	(118,321,709)
Total investments	$ 2,212,518,935	1,683,287,717	637,552,037	(108,320,819)

Note: Table includes $5,307,761 of accrued interest, $345,250 unamortized premium and discount on investments for the year ended December 31, 2011.

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

Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, and collateral requirements that vary according to the type of investment as defined in the Authority's Bond Resolution. The New Jersey cash management fund is a common trust fund administered by the State of New Jersey Department of the Treasury, Division of Investment and is an unrated investment. As of December 31, 2012 and 2011, the Authority's investment quality ratings as rated by Standard & Poor's and Moody's were as follows:

December 31, 2012

	Standard & Poor's/Moody's ratings				
	A1/P-1	**A-1+/P-1**	**AA+/AAA**	**A-1/P-2**	**Totals**
Commercial paper	$ 275,639,808	196,277,580	—	—	471,917,388
Repurchase agreements	—	—	—	51,250,729	51,250,729
FFCB	—	—	25,014,044	—	25,014,044
FHLB	—	—	185,957,570	—	185,957,570
FHLMC	—	—	23,899,215	—	23,899,215
FNMA	—	—	50,356,723	—	50,356,723
	$ 275,639,808	196,277,580	285,227,552	51,250,729	808,395,669

December 31, 2011

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

Custodial credit risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Authority.

The Authority manages custodial credit risk by limiting its investments to highly rated institutions, having its investments registered in its name, and requiring high quality collateral be held by the counterparty in the name of the Authority for certain investment securities. As of December 31, 2012 and 2011, the Authority was not exposed to custodial credit risk on its investment securities.

All moneys held under the Bond Resolution, except amounts held by the Trustee or amounts which constitute investment securities, shall be continuously and fully secured by pledging, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a fair value not less than the amount of such moneys.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer that exceeds 5% or more of its total investments. The Authority does not place a formal limit on the amount that it may invest in any one issuer. More than 5% of the Authority's investments are concentrated in the following issuers as of December 31, 2012 and 2011, respectively:

	December 31	
Issuer	**2012**	**2011**
U.S. Bank	30.9%	18.5%
Federal National Mortgage Association	N/A	8.2
General Electric Credit Corporation	13.9	7.6
JPMorgan Chase Bank	N/A	7.1
Federal Home Loan Bank	14.0	5.4
Bank Of Tokyo	9.0	N/A
Deutsche Bank	5.1	N/A

(4) Capital Assets

A summary of changes in the capital assets as of December 31, 2012 and 2011 is as follows:

Classification	December 31, 2011	Additions	Retirements/ transfers	December 31, 2012
Nondepreciable capital assets:				
Land	$ 751,747,274	7,119,288	—	758,866,562
Construction-in-progress	1,950,042,758	1,252,771,343	(345,033,387)	2,857,780,714
Total nondepreciable capital assets	2,701,790,032	1,259,890,631	(345,033,387)	3,616,647,276
Depreciable capital assets:				
Road bed	2,556,616,353	17,939,352	—	2,574,555,705
Road surface	637,880,037	52,361,653	—	690,241,690
Bridges	1,950,729,364	182,948,201	—	2,133,677,565
Buildings and sound barriers	500,229,934	19,343,343	—	519,573,277
Equipment	721,010,130	72,440,835	—	793,450,965
Total depreciable capital assets	6,366,465,818	345,033,384	—	6,711,499,202
Total capital assets	9,068,255,850	1,604,924,015	(345,033,387)	10,328,146,478
Less accumulated depreciation:				
Road bed	(614,268,576)	(25,455,100)	—	(639,723,676)
Road surface	(367,902,070)	(33,240,948)	—	(401,143,018)
Bridges	(831,068,743)	(41,453,987)	—	(872,522,730)
Buildings and sound barriers	(247,099,306)	(13,325,072)	—	(260,424,378)
Equipment	(252,965,460)	(46,102,971)	—	(299,068,431)
Total accumulated depreciation	(2,313,304,155)	(159,578,078)	—	(2,472,882,233)
Capital assets, net	$ 6,754,951,695	1,445,345,937	(345,033,387)	7,855,264,245

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

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of December 31, 2012 and 2011:

	December 31	
	2012	2011
Vendors	$ 29,439,903	37,545,600
Vendors – capital related	119,040,878	111,021,946
Accrued salaries and benefits	9,338,957	11,618,660
Other accrued expenses	1,664,640	1,573,151
Total	$ 159,484,378	161,759,357

(6) Bond Indebtedness

As of December 31, 2012 and 2011, bond indebtedness consisted of the following:

	Interest rate	Maturity	December 31, 2012	December 31, 2011
Turnpike revenue bonds:				
Series 1991 C, subject to mandatory redemption Jan. 1, 2016	6.50%	Jan. 1, 2016	$ 67,160,000	102,650,000
Series 1991 D, subject to mandatory redemption Jan. 1, 2017 and Jan. 1, 2018 and optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	Variable 1.85% at Dec. 31, 2011	Jan. 1, 2018	—	371,000,000
Series 1992 B, Capital appreciation bonds, not subject to redemption prior to maturity	6.70%	Jan. 1, 2011 through 2012	—	5,400,000
Series 2000 A, subject to optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	5.10% to 6.00%	Jan. 1, 2013	17,275,000	21,125,000
Series 2000 B-G, subject to mandatory redemption Jan. 1, 2021 and Jan. 1, 2030 and optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	Variable rate not to exceed 10.00% (0.23% to 0.51% at Dec. 31, 2012); (0.18% to 0.44% at Dec. 31, 2011)	Jan. 1, 2030	400,000,000	400,000,000
Series 2003 A, subject to optional redemption prior to maturity on/after July 1, 2013 in whole or part at redemption price of 100% plus accrued interest	4.759% to 5.0%	Jan. 1, 2019 through Jan. 1, 2030	—	788,815,000
Series 2003 B (Federally Taxable), not subject to redemption	1.15% to 3.14%	Jan. 1, 2004 through Jan. 1, 2016	498,475,000	609,520,000
Series 2003 C, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions Jan. 1, 2022 and Jan. 1, 2023	Variable 0.32% at Dec. 31, 2012 0.29% at Dec. 31, 2011	Jan. 1, 2024	225,000,000	225,000,000
Series 2004 B, Capital appreciation bonds, Growth and income securities term bond with sinking fund redemption Jan. 1, 2031 through Jan. 1, 2035, subject to optional redemption on/after Jan. 1, 2017 equal to 100% of accreted value plus accrued interest	5.15%	Jan. 1, 2035	148,512,160	141,149,119

	Interest rate	Maturity	December 31, 2012	December 31, 2011
Series 2004 C-1, subject to optional redemption prior to maturity Jan. 1, 2010 or any day thereafter, at par plus accrued interest	4.50%	Jan. 1, 2035	$ —	154,270,000
Series 2004 C-2, not subject to redemption	5.50%	Jan. 1, 2025	132,850,000	132,850,000
Turnpike revenue bonds, continued:				
Series 2005 A, subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price plus of 100% plus accrued interest	5.00%	Jan. 1, 2019 through Jan. 1, 2025	235,530,000	235,530,000
Not subject to optional redemption prior to maturity	5.25%	Jan. 1, 2026 through Jan. 1, 2030	173,650,000	173,650,000
Series 2005 B (Federally Taxable), not subject to optional redemption prior to maturity	4.81%	Jan. 1, 2019	32,500,000	32,500,000
Series 2005 C, subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price of 100% plus accrued interest, subject to mandatory redemptions between Jan. 1, 2026 and Jan. 1, 2030	5.00%	Jan. 1, 2030	47,845,000	47,845,000
Subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price of 100% of accrued interest, subject to mandatory redemptions between Jan. 1, 2031 and Jan. 1, 2035	5.00%	Jan. 1, 2035	48,035,000	48,035,000
Series 2005 D1-D4, (Federally Taxable Converting to Tax-Exempt) convertible to tax-exempt on Jan. 1, 2009 through Jan. 1, 2013, not subject to optional redemption	5.25%	Jan. 1, 2026	208,735,000	208,735,000
Series 2009 A, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable 0.13% at Dec. 31, 2012 0.09% at Dec. 31, 2011	Jan. 1, 2024	92,500,000	92,500,000

	Interest rate	Maturity	December 31, 2012	December 31, 2011
Series 2009 B, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable 0.11% at Dec. 31, 2012 0.06% at Dec. 31, 2011	Jan. 1, 2024	$ 50,000,000	50,000,000
Series 2009 C, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable 0.05% at Dec. 31, 2011	Jan. 1, 2024	—	43,750,000
Series 2009 D, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable 0.05% at Dec. 31, 2011	Jan. 1, 2024	—	43,750,000
Series 2009 E, subject to optional redemption prior to maturity on/after Jan. 1, 2014 in whole or in part	5.00%	Jan. 1, 2028	—	75,000,000
Subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or in part	5.25%	Jan. 1, 2040	300,000,000	300,000,000
Series 2009 F, Term Bond, Federally Taxable – Issuer Subsidy – Build America Bonds, subject to redemption prior to maturity at make-whole redemption price, subject to mandatory redemption on Jan. 1, 2037 through Jan. 1, 2040	7.41%	Jan. 1, 2040	1,375,000,000	1,375,000,000
Series 2009 G, not subject to redemption prior to maturity	5.00%	Jan. 1, 2017 and Jan. 1, 2018	34,770,000	34,770,000
Series 2009 H, subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or part at redemption price plus 100% accrued interest	5.00% and 4.25%	Jan. 1, 2020 through Jan. 1, 2024 and Jan. 1, 2036	306,170,000	306,170,000
Series 2009 I, subject to optional redemption prior to maturity on/after Jan. 1, 2020 in whole or part at redemption price plus 100% accrued interest	5.00%	Jan. 1, 2031	32,215,000	32,215,000

	Interest rate	Maturity	December 31, 2012	December 31, 2011
Subject to optional redemption prior to maturity on/after Jan. 1, 2020 in whole or part at redemption price plus 100% accrued interest, subject to mandatory redemption on Jan. 1, 2032 through Jan. 1, 2035	5.00%	Jan. 1, 2035	$ 145,790,000	145,790,000
Series 2010 A, Federally Taxable – Issuer Subsidy Build America Bonds, subject to optional redemption prior to maturity at make-whole redemption price. Subject to mandatory redemption on Jan. 1, 2035 through Jan. 1, 2041	7.10%	Jan. 1, 2041	1,850,000,000	1,850,000,000
Series 2011A, subject to mandatory tender Dec 22, 2014 and mandatory redemption Jan 1 2022 and Jan 1, 2023	Variable 0.88% at Dec,31, 2012 0.85% at Dec,31,2011	Jan. 1, 2024	225,000,000	225,000,000
Series 2011B, subject to mandatory tender Dec 22, 2014 and mandatory redemption Jan 1 2022 and Jan 1, 2023	Variable 0.88% at Dec,31, 2012 0.85% at Dec,31,2011	Jan. 1, 2024	50,000,000	50,000,000
Series 2012A,subject to optional redemption prior to maturity on/after Jan. 1, 2022 in whole or in part	3.62% to 5.00%	Jan. 1, 2031 through Jan. 1, 2033	80,740,000	—
Subject to mandatory redemption on Jan. 1, 2034 and 2035	5.00%	Jan. 1, 2035	60,515,000	—
Series 2012B, not subject to optional redemption prior to Jan 1,2023	5.00%	Jan. 1, 2019 through Jan. 1, 2023	329,250,000	—
subject to optional Maturing on/after Jan. 1, 2024	3.50% to 5.00%	Jan. 1, 2024 through Jan. 1, 2030	475,185,000	—
Series 2012C, Federally Taxable subject to mandatory redemption Jan 1, 2017 and Jan 1, 2018	Variable 1.15% at Dec 31, 2012	Jan. 1, 2018	71,000,000	—
Series 2012D, Federally Taxable subject to mandatory redemption Jan 1, 2017 and Jan 1, 2018	Variable 1.31% at Dec 31, 2012	Jan. 1, 2018	150,000,000	—
Series 2012E, Federally Taxable subject to mandatory redemption Jan 1, 2017 and Jan 1, 2018	Variable 1.06% at Dec 31, 2012	Jan. 1, 2018	150,000,000	—

	Interest rate	Maturity	December 31, 2012	December 31, 2011
Series 2012F,Federally Taxable subject to mandatory tender Sept 21, 2015, subject to redemption Jan 1, 2020 to Jan 1, 2024	Variable 1.12% at Dec 31, 2012	Jan. 1, 2024	$ 43,750,000	—
Series 2012G, subject to mandatory tender Sept 21, 2015, subject to redemption Jan 1, 2020 to Jan 1, 2024	Variable 0.75% at Dec 31, 2012	Jan. 1, 2024	43,750,000	—
			8,101,202,160	8,322,019,119
Additions and deductions for unamortized:				
Bond premium			205,730,544	81,502,659
Bond discount			(10,350,319)	(13,243,573)
Deferred bond refunding costs			(80,635,694)	(39,725,705)
			114,744,531	28,533,381
			$ 8,215,946,691	8,350,552,500

On June 18, 2012, the Authority issued $141,255,000 of Series 2012A turnpike revenue bonds. The bonds bear interest at fixed rates from 3.625% to 5.00% and mature from January 1, 2031 to January 1, 2035. The interest on the Series 2012A bonds is paid semi-annually. The purpose of the Series 2012A bonds was to refund in whole the Series 2004C-1 bonds. The total savings on the Series 2012A bonds was approximately $16,402,496 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the refunded bonds. The refunding resulted in a loss on defeasance of $1,066,852 in 2012, which is being amortized over the life of the new bonds.

On September 20, 2012, the Authority issued $804,435,000 of Series 2012B turnpike revenue bonds. The bonds bear interest at fixed rates from 3.50% to 5.00% and mature from January 1, 2019 to January 1, 2030. On the same date, the Authority issued $71,000,000 of Series 2012C Floating Rate Bonds under a Direct Purchase Agreement with TD Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 94 basis points and mature on January 1, 2018. The Authority also issued $150,000,000 of Series 2012D Floating Rate Bonds under a Direct Purchase Agreement with JP Morgan. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 110 basis points and mature on January 1, 2018. The Authority also issued $150,000,000 of Series 2012E Floating Rate Bonds under a Direct Purchase Agreement with Royal Bank of Canada. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 85 basis points and mature on January 1, 2018. The Authority also issued $43,750,000 of Series 2012F Floating Rate Bonds under a Direct Purchase Agreement with U.S. Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 91 basis points. The bonds mature on January 1, 2024 and have a mandatory tender at par value on September 21, 2015. Finally, the Authority issued $43,750,000 of Series 2012G Floating Rate Bonds under a Direct Purchase Agreement with U.S. Bank. The bonds bear interest at a floating rate equal to 75% of 1 month LIBOR plus 59 basis points. The bonds mature on January 1, 2024 and have a mandatory tender at par value on September 21, 2015. Interest on the Series 2012B bonds is paid semi-annually, while the interest on the Series 2012C-G bonds is paid monthly. The interest rate on the Series 2012C bonds resets monthly while the Series 2012D-G reset weekly.

The purpose of the Series 2012B-G bonds was to refund in whole the Series 1991D, Series 2003A, Series 2009C and Series 2009D bonds and partially refund the Series 1991C and Series 2009E bonds. The total savings on the Series 2012B-G bonds was approximately $105,186,100 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the refunded bonds. The refunding resulted in a loss on defeasance of $43,354,659 in 2012, which is being amortized over the life of the new bonds. The existing Interest Rate Swap agreements from the Series 1991D, Series 2009C and Series 2009D bonds were amended to cover the Series 2012C-G bonds (see note 7).

(a) Bond Insurance

For the Series Series 2000A (other than the January 1, 2027 maturity), Series 2000B-G, Series 2003B-C, Series 2004B-C and Series 2005A-D principal and interest payments are insured on the stated maturity and interest payment dates through municipal bond insurance which totaled $1,988,324,755 and $3,056,888,132 as of December 31, 2012 and 2011, respectively.

In accordance with the Bond Resolution, the Authority, to meet the Debt Reserve Requirement may maintain a surety bond or insurance policy payable to the Trustee in lieu of required deposits in the Debt Reserve Fund. As of December 31, 2012 and 2011, the Authority maintained debt reserve insurance policies to meet this requirement with a payment limit of $348,903,213 respectively. The Authority also maintains investments with a fair market value of $406,168,240 as of December 31, 2012 and 2011, respectively, to meet the Debt Reserve Requirement.

(b) Interest Payments – Fixed Rate Debt

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

(c) Interest payments – Capital Appreciation Bonds

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

The Series 2004B bonds, which are capital appreciation bonds, were originally issued in the amount of $101,279,755, and are reported at their accreted value of $148,512,160 and $141,149,119 as of December 31, 2012 and 2011, respectively. The Series 2004B bonds are subject to mandatory redemption on January 1, 2031 through January 1, 2035 at 100% of the principal amount plus accrued interest.

(d) Interest Payments – Variable Rate Debt

Interest rates on variable rate debt, except for the Auction Rate Securities (see below) are reset weekly. Interest is paid monthly.

(e) Auction Rate Bond Interest

The Series 2000B-G bonds were issued as auction rate bonds with interest rates not to exceed 10%. The auction date for the Series 2000B-G bonds generally occurs every seven or thirty-five days. Interest on the auction rate bonds accrues for each auction interest period and is payable in arrears on each succeeding interest payment date. An interest auction period begins on, and includes, an interest payment date and ends on (but excludes) the next succeeding interest payment date. The final interest payment date on the Series 2000B-G bonds is January 1, 2030.

(f) Build America Bonds

The Series 2009F bonds are designated as Federally Taxable, Issuer Subsidy Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009. The Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These cash payments constitute pledged revenues under the Authority's bond resolution. The Series 2009F bonds are subject to redemption prior to maturity at the make-whole redemption price which is equal to the greater of (i) 100% of the principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 50 basis points, plus accrued and unpaid interest. The bonds are also subject to redemption prior to their maturity at the option of the Authority upon a material adverse change to Section 54AA or 6431 of the Internal Revenue Code of 1986 pursuant to which the Authority's 35% cash subsidy payment is reduced or eliminated. In this case the redemption price is equal to the greater of (i) 100% of principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 100 basis points, plus accrued and unpaid interest. The Series 2009F bonds are subject to mandatory redemption on January 1, 2037 through January 1, 2040 at 100% of the principal amount plus accrued interest.

The Series 2010A bonds are designated as Federally Taxable, Issuer Subsidy Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009. The Authority receives a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These cash payments constitute Pledged Revenues under the Authority's bond resolution. The Series 2010A bonds are subject to redemption prior to maturity at the make-whole redemption price which is equal to the greater of (i) 100% of the principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 40 basis points, plus accrued and unpaid interest. The bonds are also subject to redemption prior to their maturity at the option of the Authority upon a material adverse change to Section 54AA or 6431 of the Internal Revenue Code of 1986 pursuant to which the Authority's 35% cash subsidy payment is reduced or eliminated. In this case the redemption price is equal to the greater of (i) 100% of principal amount of the bonds to be redeemed plus accrued and unpaid interest and (ii) the sum of the present value of the remaining scheduled payments of principal and interest, discounted to the date on which the bonds are to be redeemed on a semi-annual basis, assuming a 360 day year consisting of twelve 30 day months, at the adjusted Treasury Rate plus 100 basis points, plus accrued and unpaid interest. The Series 2010A bonds are subject to mandatory redemption on January 1, 2035 through January 1, 2041 at 100% of the principal amount plus accrued interest. Refer to Footnote 18 about the potential effects of Federal Sequestration on the Build America Bond Subsidy payments.

(g) Floating Rate Notes

The following table summarizes the terms of the Authority's floating rate notes as of December 31, 2012:

Series of bonds (1)	Tax exempt or federally taxable	Final maturity date	Par amount	Floating rate	Interest rate reset	Mandatory tender date
2011 A	Tax-Exempt	1/1/2024	225,000,000	SIFMA + 75 bp	Weekly	12/22/2014
2011 B	Tax-Exempt	1/1/2024	50,000,000	SIFMA + 75 bp	Weekly	12/22/2014
2012 C	Federally Taxable	1/1/2018	71,000,000	1-month LIBOR + 94 bp	Weekly	n/a
2012 D	Federally Taxable	1/1/2018	150,000,000	1-month LIBOR + 110 bp	Weekly	n/a
2012 E	Federally Taxable	1/1/2018	150,000,000	1-month LIBOR + 85 bp	Weekly	n/a
2012 F	Federally Taxable	1/1/2024	43,750,000	1-month LIBOR + 91 bp	Weekly	9/21/2015
2012 G	Tax-Exempt	1/1/2024	43,750,000	75% of 1-month LIBOR + 59 bp	Weekly	9/21/2015

(1) All of the above Series of Bonds are Direct Placements of Floating Rate Notes

Pursuant to the terms of each Series of the above-described Bonds, in addition to being subject to mandatory tender for purchase on the Mandatory Tender Date set forth in the chart above, upon the occurrence of certain enumerated extraordinary mandatory purchase events, the respective Series of Bonds may also be subject to mandatory tender for purchase at the option of the applicable bank that is the holder of such Series of Bonds prior to the occurrence of such Mandatory Tender Date. In the event that the Authority cannot pay the purchase price for all or a portion of such Series of Bonds on the Mandatory Tender Date or any such extraordinary mandatory purchase date, (i) 50% of the principal amount of any unpurchased Bonds will be subject to mandatory redemption on the date that is one year after such Mandatory Tender Date or extraordinary mandatory purchase date, at a Redemption Price equal to 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the redemption date, and (ii) the entire remaining aggregate principal amount of such unpurchased Bonds will be subject to mandatory redemption on the date that is two years after such Mandatory Tender Date or extraordinary mandatory purchase date, at a Redemption Price equal to 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the redemption date.

(h) Security

All bonds outstanding under the Bond Resolution, together with amounts owed under the interest rate swap agreements, are secured on a parity by a pledge of net revenues of the Authority senior in priority to any other Authority obligations secured by such net revenues.

(i) Future Payments of Debt Service

The following table sets forth as of December 31, 2012, payments of principal (through sinking fund installments) and interest to be made to the Debt Service Fund from the Revenue Fund on all outstanding bonds of the Authority for the next five years and thereafter. Interest on variable-rate debt and interest rate swaps in the following table is based upon the variable-rates as of December 31, 2012.

		Principal	Interest**	Interest rate swaps, net	Total
December 31:					
2013 *	$	357,975,000	384,308,781	62,966,146	805,249,927
2014		148,565,000	387,673,119	62,966,146	599,204,265
2015		164,205,000	381,417,097	62,966,146	608,588,243
2016		137,165,000	383,120,320	62,966,146	583,251,466
2017		192,645,000	375,778,306	62,966,146	631,389,452
2018 – 2022		1,140,415,000	1,817,083,528	211,769,451	3,169,267,979
2023 – 2027		1,242,810,000	1,653,312,115	76,722,833	2,972,844,948
2028 – 2032		719,319,334	1,469,250,986	12,570,558	2,201,140,878
2033 – 2037		1,488,439,421	1,296,379,642	—	2,784,819,063
2038 – 2041		2,509,663,405	450,197,314	—	2,959,860,719
	$	8,101,202,160	8,598,521,208	615,893,572	17,315,616,940

* – Principal payments include $225,000,000 of the Series 2003C-1 bonds that have been classified as a current liability due to the exercising of the early termination option on the associated liquidity facility (see note 18).

**- Although the 2003C-1 bonds have been reclassified as a current liability, future interest expense on the bonds has been included in the table through 1/1/2024 as these bonds are expected to be refinanced in 2013.

(j) Interest Expense

Interest expense was comprised of the following:

		Year ended December 31	
		2012	**2011**
Turnpike Revenue Bonds, Series 1991 C	$	6,031,291	6,672,250
Turnpike Revenue Bonds, Series 1991 D		16,771,390	18,383,677
Turnpike Revenue Bonds, Series 1992 B		—	344,410
Turnpike Revenue Bonds, Series 2000 A		1,010,950	1,207,300
Turnpike Revenue Bonds, Series 2000 B – G		16,346,493	14,357,507
Turnpike Revenue Bonds, Series 2003 A		28,219,174	39,223,563
Turnpike Revenue Bonds, Series 2003 B		21,195,157	25,916,790
Turnpike Revenue Bonds, Series 2003 C		7,869,012	19,836,488
Turnpike Revenue Bonds, Series 2004 B		7,363,041	6,997,082
Turnpike Revenue Bonds, Series 2004 C		10,820,360	14,880,100
Turnpike Revenue Bonds, Series 2005 A		20,893,125	20,893,125
Turnpike Revenue Bonds, Series 2005 B		1,563,250	1,563,250
Turnpike Revenue Bonds, Series 2005 C		4,794,000	4,794,000
Turnpike Revenue Bonds, Series 2005 D		10,774,181	10,578,139
Turnpike Revenue Bonds, Series 2009 A		2,729,744	2,731,056
Turnpike Revenue Bonds, Series 2009 B		1,645,465	1,646,143
Turnpike Revenue Bonds, Series 2009 C		1,028,069	1,440,396
Turnpike Revenue Bonds, Series 2009 D		1,028,097	1,440,390
Turnpike Revenue Bonds, Series 2009 E (1)		18,447,917	19,500,000
Turnpike Revenue Bonds, Series 2009 F (1)		101,942,500	101,942,500
Turnpike Revenue Bonds, Series 2009 G		1,738,500	1,738,500
Turnpike Revenue Bonds, Series 2009 H		15,193,375	15,193,375
Turnpike Revenue Bonds, Series 2009 I		8,900,250	8,900,250
Turnpike Revenue Bonds, Series 2010 A (1)		131,387,000	131,387,000
Turnpike Revenue Bonds, Series 2011 A		9,098,882	223,579
Turnpike Revenue Bonds, Series 2011 B		2,021,966	49,684
Turnpike Revenue Bonds, Series 2012 A		3,695,950	—
Turnpike Revenue Bonds, Series 2012 B		11,158,185	—
Turnpike Revenue Bonds, Series 2012 C		1,298,790	—
Turnpike Revenue Bonds, Series 2012 D		2,815,606	—
Turnpike Revenue Bonds, Series 2012 E		2,724,332	—
Turnpike Revenue Bonds, Series 2012 F		531,705	—
Turnpike Revenue Bonds, Series 2012 G		491,258	—
		471,529,015	471,840,554

		2012	2011
Less GASB Statement No. 53 interest expense adjustment (2)	$	(39,672,205)	(14,332,492)
Less interest expense capitalized to projects		(239,280,700)	(251,787,122)
Net interest expense	$	192,576,110	205,720,940

(1) Includes capitalized interest expense paid from bond proceeds of $0 in 2012 and $171,164,175 in 2011

(2) In 2012 GASB Statement No. 53 interest expense adjustment pertains to for Series 1991D, Series 2000B-G, Series 2009A-D, Series 2011A, and Series 2011B. In 2011 the adjustment pertains to Series 2000B-G and Series 2009A-D.

(k) Defeased Bonds

As of December 31, 2012 and 2011, the Authority has approximately $2,154,305,000 and $1,375,855,000, respectively, of bonds outstanding which have been previously defeased in substance and are secured by investments held by various escrow agents. The escrow accounts are invested in obligations of U.S. Government agencies and are not controlled by the Authority. The bonds are considered extinguished and accordingly, the assets and obligations are not reflected on the financial statements of the Authority.

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2012 and 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the accompanying financial statements are as follows (amounts in thousands; debit (credit)):

	Changes in fair value for year ended December 31, 2012			Fair value as of December 31, 2012			
	Classification		Amount	Classification		Amount	Notional
Cash flow hedges:							
Pay-fixed, receive-variable interest rate swaps [(1)]	Deferred outflow	$	21,008	Interest rate swap liabilities	$	(116,850)	1,096,000
Investment derivatives:							
Pay-fixed, receive-variable interest rate swaps	Investment loss (gain)	$	(1,757)	Restricted investments	$	(116,565)	400,000

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

(1) Includes fair value of at-the-market interest rate swaps from hybrid instruments

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Objective and Terms of Derivative Instruments

The following tables display the objective and terms of the Authority's derivative instruments outstanding as of December 31, 2012 and 2011, along with the credit rating of the associated counterparty (amounts in thousands):

December 31, 2012

Type	Objective	Notional amount	Effective date	Maturity date	Terms	Counterparty credit rating
Hedging derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2003 C-1 bonds	$ 225,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 A bonds	87,500	Feb. 12, 2009	Jan. 1, 2024	Pay 3.114%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Baa1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	A2/A+/A

December 31, 2012						
Type	**Objective**	**Notional amount**	**Effective date**	**Maturity date**	**Terms**	**Counterparty credit rating**
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011 A bonds	$ 225,000	Dec. 22, 2011	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	Baa1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011 B bonds	50,000	Dec. 22, 2011	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of	A3/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2012C bonds	71,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.5616%, receive from 9/20/2012 to but excluding 4/04/2013 USD-LIBOR-BBA; thereafter, 75% of USD-LIBOR-BBA	A2/A+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2012D bonds	150,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.5642%, receive from 9/20/2012 to but excluding 4/04/2013 USD-Libor-BBA; thereafter, 74% of USD-LIBOR-BBA	A2/A+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2012E bonds	150,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.6089%, receive from 9/20/2012 to but excluding 4/04/2013 USD-LIBOR-BBA; thereafter, USD-SIFMA Municipal Swap Index	A2/A+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2012F bonds	43,750	Feb.11, 2009	Jan. 1, 2024	Pay 3.4035%, receive from 9/20/2012 to but excluding 4/04/2013 USD-LIBOR-BBA; from 04/04/13 to but excluding the termination date 75% of USD-LIBOR-BBA	A2/A+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2012G bonds	43,750	Feb.11, 2009	Jan. 1, 2024	Pay 3.3999%, receive from 9/20/2012 to but excluding termination date 75% of USD-LIBOR-BBA	A2/A+/A
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	240,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Baa1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	160,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	A2/A/A

December 31, 2011						
Type	**Objective**	**Notional amount**	**Effective date**	**Maturity date**	**Terms**	**Counterparty credit rating**
Hedging derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 1991 D bonds	$ 371,000	Mar. 10, 2011	Jan. 1, 2018	Pay 5.6526%, receive 63% of LIBOR plus 20bp LIBOR <3.5%; receive 74% of LIBOR if LIBOR > 3.5%	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2003 C-1 bonds	225,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	Aa3/A+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 A bonds	87,500	Feb. 12, 2009	Jan. 1, 2024	Pay 3.114%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 C bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009 D bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011 A bonds	225,000	Dec. 22, 2011	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011 B bonds	50,000	Dec. 22, 2011	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A1/A+/A+
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	240,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	160,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa3/A+/A

On September 19, 2012 the Authority refunded in whole the Series 1991D, Series 2003A, Series 2009C, and Series 2009D bonds, and partially refunded the Series 1991C and 2009E bonds with proceeds from the Series 2012B-G bonds. The Authority also entered into amendments on its existing Interest Rate Swap agreements which hedged the Series 1991D, Series 2009C, and Series 2009D bonds. The amendment provides that the Series 1991D swaps will now hedge the Series 2012C-E bonds. The Series 2009C swaps will now hedge the Series 2012F and the Series 2009D swaps will now hedge the Series 2012G bonds. The fixed and floating rates changed all other terms and conditions of the Interest Rate Swap agreement were unchanged. On the Series 2012C swap, however, the fixed rate is 5.5616%, and the floating rate from September 20, 2012 to but excluding April 4, 2013 is USD-LIBOR-BBA; thereafter it is 75% of USD-LIBOR-BBA. On the Series 2012D swap, the fixed rate is 5.5642%, and the floating rate from September 20, 2012 to but excluding April 4, 2013 is USD-LIBOR-BBA; thereafter it is 74% of USD-LIBOR-BBA. On the Series 2012E swap, the fixed rate is 5.6089%, and the floating rate from September 20, 2012 to but excluding April 4, 2013 is USD-LIBOR-BBA; thereafter it is USD-SIFMA Municipal Swap Index. On the Series 2012F swap, the fixed rate is 3.4035%, and the floating rate from September 20, 2012 to but excluding April 4, 2013 is USD-LIBOR-BBA; thereafter, from April 4, 2013 to but excluding the termination date it is 75% of USD-LIBOR-BBA. On the Series 2012G swap, the fixed rate is 3.3999%, and the floating rate from September 20, 2012 to but excluding the termination date is 75% of USD-LIBOR-BBA.

(a) Risks

Credit risk: The Authority is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Authority's policy to require counterparty collateral posting provisions in its derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below BBB-as issued by Standard & Poor's or Baa3 as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. All of the Authority's derivative investments provide for the netting of the value of asset and liability positions with the same counterparty upon termination. There were no derivative instruments in asset positions as of December 31, 2012 and December 31, 2011. There were no derivative instruments in asset position as of December 31, 2012 and 2011, respectively.

Basis risk: The Authority is exposed to basis risk on its pay-fixed, receive-variable interest rate swaps that hedge its Series 2000B-G, 2003C-1, 2009A-B, 2011A-B, and 2012C-F bonds because the variable-rate payments received by the Authority on these hedging derivative instruments generally are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is remarketed every 7 days, or in the case of its Auction Rate Securities, every 7 or 35 days. As of December 31, 2012 and 2011, the weighted average interest rate on the Authority's hedged variable-rate debt is 0.67% and 0.75%, respectively, while 63% of LIBOR plus 20 basis points is 0.33% and 0.39%, respectively, 64.459% of LIBOR is 0.57% and 0.82%, respectively, while 1 month LIBOR is 0.21%, and 75% of 1 month LIBOR is 0.16% as of December 31, 2012.

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

(b) Contingencies

All of the Authority's derivative instruments, except for the $225,000,000, $225,000,000 and $50,000,000 notional value swaps that hedge the Series 2003C-1, Series 2011A and Series 2011B bonds, respectively, include provisions that require the Authority to post collateral in the event its credit rating falls below BBB as issued by Standard & Poor's or Baa2 as issued by Moody's Investors Service. With respect to the Series 2003C Swap Agreement only, the rating on the Series 2003C Bonds (without taking into account any bond insurance or other credit enhancement for such Bonds) would have to drop below A2 from Moody's, below A from S&P and below A from Fitch for any collateral posting requirements to be imposed upon the Authority under such agreement. With respect to the Series 2011 Swap Agreements only, the rating on the respective Series of Series 2011 Bonds would have to drop below A2 from Moody's, below A from S&P and below A from Fitch for any collateral posting requirements to be imposed upon the Authority under such agreements. The collateral posted is to be in the form of U.S. Treasury securities in the amount of the fair value of derivative instruments in liability positions. If the Authority does not post collateral, the derivative instrument may be terminated by the counterparty. As of December 31, 2012 and 2011, the aggregate fair value of all derivative instruments with these collateral posting provisions, based on their stated fixed rates, is approximately $343,347,922 and $347,308,600, respectively. If the collateral posting requirements were triggered as of December 31, 2012 and 2011, the Authority would be required to post $343,347,922 and $347,308,600, respectively, in collateral to its counterparties. The Authority's credit rating is A+/A3; therefore, no collateral has been posted as December 31, 2012 or 2011, respectively.

(c) Hybrid Instrument Borrowings

The interest rate swaps hedging the series noted below include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings with an aggregate original amount of $117,770,651 and 96,928,748 as of December 31, 2012 and 2011, respectively, reflecting the difference between the fair value of the instrument at its execution and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the year ended December 31, 2012 and 2011 was as follows:

	December 31, 2011	Additions	Reductions	December 31, 2012	Current portion
Hybrid Instrument Borrowings:					
Series 2009 A	$ 7,415,755	—	648,065	6,767,690	664,762
Series 2009 B	4,988,685	—	432,655	4,556,030	444,523
Series 2009 C	4,377,185	—	4,377,185	—	—
Series 2009 D	4,383,267	—	4,383,267	—	—
Series 1991 D	72,410,001	—	72,410,001	—	—
Series 2012 C	—	16,706,024	—	16,706,024	969,893
Series 2012 D	—	35,610,207	—	35,610,207	2,074,057
Series 2012 E	—	35,610,207	—	35,610,207	2,074,057
Series 2012 F	—	7,731,746	—	7,731,746	248,400
Series 2012 G	—	7,740,715	—	7,740,715	248,688
	$ 93,574,893	103,398,899	82,251,173	114,722,619	6,724,380

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

The following table sets forth as of December 31, 2012, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

		Principal	Interest	Total
December 31:				
2013	$	6,724,380	515,957	7,240,337
2014		20,996,490	994,652	21,991,142
2015		21,167,700	823,441	21,991,141
2016		21,340,745	650,396	21,991,141
2017		21,515,654	475,488	21,991,142
2018 – 2022		22,146,239	697,814	22,844,053
2023 – 2024		831,413	19,772	851,185
	$	114,722,621	4,177,520	118,900,141

(8) Debt Compliance

The Revenue Requirement under Section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year, Net Revenues shall at least equal the Net Revenue Requirement for such year. Under Section 101 of said Resolution, Net Revenues are defined as "…for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Special Project Reserve Payments and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for the purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

The net revenue requirement was met under test (i) and (ii) above for 2012 and 2011 as follows:

		2012	2011
(i)			
Net revenue available for Debt Service	$	1,110,192,804	653,948,211
Less net revenue requirements computed under test: (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)		(707,254,420)	(521,582,247)
Excess net revenue	$	402,938,384	132,365,964
(ii)			
Net revenue available for Debt Service	$	1,110,192,804	653,948,211
Less net revenue requirements computed under test: (120% x aggregate debt service requirements of $597,140,974 and $413,629,886 in 2012 and 2011, respectively)		(716,569,169)	(496,355,863)
Excess net revenue	$	393,623,635	157,592,348

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.86 and 1.58 in 2012 and 2011, respectively.

(9) Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2012 and 2011 was as follows:

		December 31, 2011	Additions	Reductions	December 31, 2012	Current portion
Bonds payable, net	$	8,350,552,500	1,503,954,627	(1,638,560,436)	8,215,946,691	132,975,000
Pollution remediation liability		31,090,000	5,458,808	(2,751,808)	33,797,000	3,818,000
Self insurance		29,945,872	6,842,888	(8,763,210)	28,025,550	—
Arbitrage liability		3,589,396	12,422	—	3,601,818	—
Reserve for E-Zpass tag swap		14,000,000	11,500,000	(3,729,867)	21,770,133	—
Reserve for National Interoperability Toll Costs		—	10,500,000	—	10,500,000	—
Other liabilities		2,928,741	—	(40,378)	2,888,363	—
Compensated absences		19,094,799	19,661,833	(19,569,167)	19,187,465	4,093,990
Total	$	8,451,201,308	1,557,930,578	(1,673,414,866)	8,335,717,020	140,886,990

	December 31, 2010	Additions	Reductions	December 31, 2011	Current portion
Bonds payable, net	$ 8,457,922,981	282,341,494	(389,711,975)	8,350,552,500	120,295,000
Pollution remediation liability	33,476,000	644,000	(3,030,000)	31,090,000	6,540,000
Self insurance	29,086,335	10,919,961	(10,060,424)	29,945,872	—
Arbitrage liability	3,409,532	179,864	—	3,589,396	—
Reserve for E-Zpass tag swap	—	14,000,000	—	14,000,000	—
Reserve for National Toll Interoperability Costs	—	—	—	—	—
Other liabilities	2,052,871	3,254,975	(2,379,105)	2,928,741	—
Compensated absences	24,814,553	20,652,174	(26,371,928)	19,094,799	3,707,329
Total	$ 8,550,762,272	331,992,468	(431,553,432)	8,451,201,308	130,542,329

(10) Pollution Remediation Obligations

The Authority accounts for its pollution remediation obligations (PRO) in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. As a result, the Authority has recorded in the statements of net position a PRO liability in the amount of $33,797,000 and $31,090,000 as of December 31, 2012 and 2011, respectively. The Authority's PRO liability is measured based on the expected costs of future activities, estimating a reasonable range of potential outlays and multiplying those outlays by their probability of occurring. The estimate of the liability does not include cost components that are not yet reasonably measurable.

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

	PRO at December 31	
	2012	2011
Maintenance districts	$ 700,000	794,500
Toll facilities	590,000	652,000
Service areas	15,437,000	17,271,000
Other facilities	17,070,000	12,372,500
Liability for pollution obligations remediation	$ 33,797,000	31,090,000

(11) Pension and Deferred Compensation

Permanent full-time employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey (PERS), a cost sharing, multiple employer public retirement system. The payroll subject to pension for the Authority's employees covered by PERS was approximately $135,000,000 and

$147,000,000 for the years ended December 31, 2012 and 2011, respectively. The Authority's total payroll for the years ended December 31, 2012 and 2011 was approximately $160,500,000 and $180,000,000, respectively.

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

Covered Authority employees are required by PERS to contribute a percentage of their salary. The Authority is required by State statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the Authority's contribution is certified each year by PERS on the recommendation of the actuary who makes an annual actuarial valuation. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

The combined contribution requirements for the years ended December 31, 2012, 2011 and 2010 were $27,282,318, $26,328,926 and $23,320,700, respectively. This consisted of employees' contributions of $8,887,231, $8,406,417 and $9,151,700 and employer's contributions of $18,395,087, $17,922,509 and $14,169,000 for the years ended December 31, 2012, 2011 and 2010, respectively. The percentage of employee's contribution rate as a percentage of covered payroll was 6.57% and 5.7% for 2012 and 2011, respectively.

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

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

Or by visiting the State's website at https://www.nj.gov/treasury/pensions/financial-rpts-home.shtml.

Individual retiree benefits vary based upon class of employment, age, years of service, and the applicable collective bargaining agreement in effect at the time of retirement.

In 1980, the Authority established the Employees Deferred Compensation Plan. All permanent employees are eligible to participate in the plan, which permits participants to defer annually a portion of their salary. The Authority does not make any contributions to the plan.

(12) Other Postemployment Benefits

The Authority provides medical, prescription drug, vision, dental and Medicare Part B reimbursement to retirees and their covered dependents, in accordance with the terms of the applicable collective bargaining agreements. The Authority maintains a single-employer, self-funded health plan administered by third party claims administrators. All active employees who retire from the New Jersey Turnpike Authority and meet the eligibility criteria will receive these benefits. The plan does not issue a stand-alone report.

The Authority currently funds the cost to provide postemployment benefits on a pay-as-you-go basis. For the years ending December 31, 2012 and 2011, approximately 160 and 174 retirees, respectively, contributed to their healthcare cost, in accordance with the provisions of agreements in effect at the time of their retirement.

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

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

The following table shows the components of the Authority's annual OPEB cost as of December 31, 2012 and 2011:

	December 31	
	2012	**2011**
	(In thousands)	
Annual required contribution (ARC)	$ 72,647	78,895
Interest on net OPEB obligation	6,445	6,445
Adjustment to annual required contribution	(6,403)	(6,403)
Total annual OPEB cost (AOC)	72,689	78,937
Contributions made	35,731	31,812
Increase in net OPEB obligation	36,958	47,125
Net OPEB obligation, beginning of year	208,258	161,133
Net OPEB obligation, end of year	$ 245,216	208,258

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (NOO) the for years ending December 31, 2012, 2011 and 2010, respectively, were as follows:

Year ending	**Annual OPEB cost**	**Percentage of annual OPEB cost contributed***	**Net OPEB obligation**
	(In thousands)		(In thousands)
December 31, 2012	$ 72,689	49.2%	$ 245,216
December 31, 2011	78,937	40.3	208,258
December 31, 2010	68,071	40.2	161,133

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

At January 1, 2011, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately $1.2 billion, based on certain actuarial methods and assumptions. Since this liability has not been pre-funded as of the valuation date, the unfunded actuarial accrued liability (UAAL) was $1.2 billion. The AAL represents approximately 77% of the present value of all projected benefits.

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

The actuarial valuation date is January 1, 2011. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

For the most recent actuarial valuation dated January 1, 2011, the projected unit credit cost method was used as the actuarial cost method. The actuarial assumptions included a 4% discount rate and an annual healthcare cost trend rate of 9% medical and grading down to an ultimate rate of 5% after 8 years. For prescription drug benefits, the initial trend rate is 10.0%, decreasing to a 5.0% long-term trend rate after ten years. For Medicare Part B reimbursement, the trend rate is 5.0% and for dental benefits the trend is 5.0%. The amortization method used was the level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 3% per year.

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

(13) Risk Management and Self-Insurance

The New Jersey Turnpike Authority maintains a comprehensive insurance program, which affords various coverage's including but not limited to, umbrella liability (automobile, professional, and general), workers compensation, excess workers compensation, major bridge/property insurance, employee medical benefits, public officials liability, employment practices liability, crime insurance, and owner controlled insurance programs (OCIP). The following table presents the amount of deductible and/or self-insurance retention amounts and frequency in 2012 and 2011:

Type of insurance coverage	Deductible/retention
Umbrella Liability (general automobile and police professional)	$ 2,000,000 per occurrence
Umbrella Liability (general aggregate)	3,000,000 annually
Major Bridge/Property (NJ Turnpike)	2,000,000 per occurrence
Major Bridge/Property (Garden State Parkway)	2,000,000 per occurrence
Employee Medical Benefits	350,000 per claim
Workers Compensation	Not applicable – self funded
Excess Workers Compensation	750,000 per occurrence
OCIP (Interchange 6-9 Widening Project – general and workers compensation)	500,000 per occurrence
OCIP (other construction projects – general and workers compensation)	500,000 per occurrence

The umbrella, major bridge/property, and excess workers compensation insurance programs affords limits of liability and amounts of insurance in excess of such self-insured retentions and/or deductibles to protect the Authority against losses resulting from third-party liability, workers compensation, employers liability and direct damage claims.

Coverages for public officials liability, employment practices liability, and crime insurance all contain proportional ranges of self-insured retentions and/or deductibles. The OCIPs also provide other insurance coverage for the benefit of the Authority and its contractors, subcontractors, consultants and subconsultants at proportional ranges of self-insured retentions and/or deductibles. Both OCIPs afford limits of liability and amounts of insurance in excess of such self-insured retentions and/or deductibles to protect the Authority against losses resulting from claims related to the various construction contracts.

(Continued)

Claim liabilities are recorded when it is probable that a loss occurred and the amount of that loss can be reasonably estimated. The liabilities include a provision for case reserves as well as incurred but not reported and future development of known cases. The following tables present the changes in claims liabilities for the years ended December 31, 2012 and 2011:

	December 31, 2011	Change in estimate	Payments	December 31, 2012
General liability	$ 3,416,591	(868,899)	(384,405)	2,163,287
Auto liability	1,087,204	1,965,321	(2,249,262)	803,263
Workers' compensation	25,442,077	5,746,466	(6,129,543)	25,059,000
Total	$ 29,945,872	6,842,888	(8,763,210)	28,025,550

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

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

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

Prior to 2012, the Foundation transferred funds annually to the Garden State Cultural Center (GSCC) Fund of the Authority to administer the free programming and festivals produced at the PNC Bank Arts Center facility as well as several locations throughout the State of New Jersey. On May 24, 2011, the GSCC Fund was dissolved by board action of the Commissioners of the New Jersey Turnpike Authority and as such, the Foundation is now directly funding and producing the free programming and festivals.

The condensed statements of net position and statements of revenues, expenses, and changes in net position of the Foundation as of and for the years ended December 31, 2012 and 2011 are as follows:

Statements of Net Position

Assets		**2012**	**2011**
Current assets	$	1,011,197	978,738
Noncurrent assets		148,511	217,165
Total assets	$	1,159,708	1,195,903
Liabilities			
Liabilities:	$	—	6,000
Total liabilities	$	—	6,000
Net Position			
Net position:			
Expendable – restricted by donor agreements	$	223,511	292,165
Unrestricted		936,197	897,738
Total net position	$	1,159,708	1,189,903

Statements of Revenues, Expenses, and Changes in Net Position

		2012	**2011**
Operating revenues	$	487,503	857,140
Operating expenses		519,713	607,252
Operating (loss) income		(32,210)	249,888
Nonoperating revenues		2,015	5,151
(Decrease) increase in net position		(30,195)	255,039
Net position as of beginning of year		1,189,903	934,864
Net position as of end of year	$	1,159,708	1,189,903

(15) Litigation

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

The Authority is a defendant in several lawsuits arising from its operations and is contract with the New Jersey State Police for provision of police services on the Turnpike. The contract includes an indemnification provision requiring the Authority to defend and indemnify State troopers, the State Police and the State under certain circumstances. The Authority, under the indemnification provisions of the contract, may be responsible for a State trooper's liability for negligent acts, but not for intentional wrongful acts beyond the scope of employment. The Authority believes, if any, not covered by insurance, would not materially affect the financial condition of the Authority.

In May 2005, the New Jersey Department of Environmental Protection (NJDEP) instituted litigation against three firms which had generated chromium ore processing residue. The Authority was not named as a defendant in such litigation by the NJDEP. In March 2006, the Authority was named as a third party defendant by one of the firms as a result of the Authority's ownership of certain parcels impacted by the residue. The Authority is working with the NJDEP to remediate conditions at three affected sites with the understanding that, by doing so, it will not have any responsibility for additional sites. Although the Authority cannot predict the ultimate cost of this remedial work, it does not believe that the cost of such remedial work will have a materially adverse effect on the operations or finances of the Authority. The Authority has recorded an estimate of the PRO liability in the statement of net position for the three sites of approximately $17,070,000 at December 31, 2012 (see note 10). The estimate does not include cost components that are not yet reasonably measurable.

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

(16) Commitments and Contingent Liabilities

The Authority has open commitments related to construction contracts totaling approximately $1,704,529,837 and $1,672,191,400 as of December 31, 2012 and 2011, respectively. This work relates to the Authority's $7 billion Capital Improvement Program and will be completed over the next several years.

Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are $22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. On March 28, 2011, the Authority entered into an amendment to the second amendment to the State Agreement which provided for a $3.6 million one-time additional payment payable by June 30, 2011.

Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation purposes. These payments total $331 million in calendar 2012, $324 million in calendar

2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution.

The Authority also made annual payments to the state of $8,001,000 in 2011 and 2012 for feeder road maintenance provided by the New Jersey Department of Transportation. The current agreement expires on June 30, 2013 and is expected to be renewed annually.

(17) Liquidity Facilities

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

Series of Bonds	Final maturity date	Facility amount	Provider of credit/liquidity facility	Facility expiration date
Series 2003 C-1	01/01/2024	$ 225,000,000	Portigon AG	07/08/2013 [1]
Series 2009 A	01/01/2024	93,533,973	JPMorgan Chase Bank, N.A.	02/10/2015
Series 2009 B	01/01/2024	50,821,918	PNC Bank, National Association	02/10/2015
Total		$ 369,355,891		

[1] Formerly known as West LB AG. Grandfathered agreement contains guaranty of German government. Although the stated expiration date is 12/15/15, on March 8, 2013 the Authority received notice from Portigon AG that it will be exercising its option of early termination (see subsequent events footnote 18).

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

(18) Subsequent Events

On February 26, 2013, the Authority's Board of Commissioners (the Board) approved the Amended and Restated Series 2013 Turnpike Revenue Bond Resolution (Series 2013 Resolution). The Series 2013 Resolution authorizes the issuance of up to $1.4 billion of new money bonds which will provide continued funding for the Authority's $7 billion Capital Investment Program. In addition, the 2013 Resolution authorizes, if in the best interest of the Authority: (a) the issuance of up to $1.35 billion of refunding bonds, to include the potential refunding of the Series 2003C-1 bonds, the Series 2005A bonds, the Series 2005C bonds, the Series 2011A bonds, the Series 2011B bonds, the Series 2012C-G bonds and any Series 2013 bonds which refunded the Series 2012C-F bonds; and (b) the amendment, termination, or replacement of the Series 2003C-1, Series 2011A, Series 2011B, Series 2012C-G and Series 2013 Interest Rate Swap Agreements. The 2013 Resolution provides potential debt service savings through refinancing of fixed rate debt, the conversion or refinancing of higher priced variable rate debt by eliminating the need for bond insurance and debt service savings and/or more favorable terms through the issuance of public floating rate notes.

A series of automatic federal deficit reduction spending cuts known as "sequestration" took effect on March 1, 2013. Sequestration will affect the federal subsidy payable to the Authority with respect to its outstanding Build America Bonds. The Authority currently has $3,225,000,000 in principal amount of Build America Bonds outstanding, and is entitled to receive approximately $81,665,300 in federal subsidy annually through 2034 eventually declining to a final payment receivable in 2040 of $16,898,609 with respect to such Build America Bonds. Based on currently available information, as a result of sequestration, the federal subsidy payable to the Authority with respect to its Build America Bonds will be reduced by approximately 8.7% or $3,552,441 for the balance of federal fiscal year 2013, which ends September 30, 2013. There can be no assurance that additional sequestration measures will not be enacted which will further reduce the amount of the subsidy the Authority receives. Such reduction in the amount of the federal subsidy the Authority receives on its Build America Bonds will require the Authority to use other funds to offset the loss of this subsidy.

On March 7, 2013, the Authority received notice from Portigon AG (formerly West LB AG), that it was exercising its early termination option on the liquidity facility for the Series 2003C-1 bonds, effective July 8, 2013. As a result, the outstanding debt of $225,000,000 has been reported as a current liability on the statement of net position at December 31, 2012 in accordance with generally accepted accounting principles. As noted above, the Authority has received authorization from its Board of Commissioners to either obtain a replacement liquidity facility or refund the 2003C-1 bonds to eliminate the need for a liquidity facility. The Authority expects to take actions as authorized prior to July 8, 2013.

On March 20, 2013 the Authority sold $1.4 billion of Series 2013 tax-exempt fixed rate bonds which were authorized under the Series 2013 Resolution noted above. The bonds will mature on various dates through January 1, 2043 and carry interest rates ranging from 3% to 5%. The all-in true interest costs on the bonds is 4.159% and will produce net proceeds of $1,310,731,111 to be used to fund costs of construction for the Authority's $7 billion capital program, after deducting underwriter's discount, cost of issuance, bond insurance costs and deposit to the Authority's Debt Reserve Fund. The bonds are expected to close on April 4, 2013.

Schedule 1

NEW JERSEY TURNPIKE AUTHORITY

(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedule of Funding Progress – Other Postemployment Benefits Plan

December 31, 2012

Valuation date	**Actuarial value of assets (in thousands) (a)**	**Actuarial accrued liability – projected unit credit (in thousands) (b)**	**Unfunded actuarial accrued liability (in thousands) (b)–(a)**	**Funded ratio (a)/(b)**	**Covered payroll (in thousands) (c)**	**Unfunded actuarial accrued liability as a percentage of covered payroll (b) – (a)/(c)**
01/01/2007	$ —	866,029	866,029	—	134,993	642%
01/01/2009	—	982,555	982,555	—	134,589	730
01/01/2011	—	1,218,806	1,218,806	—	157,396	774

See accompanying independent auditors' report.

Schedule 2

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

Schedule of Net Position – Reconciliation of Bond Resolution to GAAP

December 31, 2012
(With comparative financial information as of December 31, 2011)

Assets	**Revenue**	**Construction**	**Maintenance reserve**	**Special project reserve**	**General reserve**	**Charges**	**Debt service**	**Debt reserve**	**Total bond resolution**	**Garden State Arts Foundation**	**GAAP Adjustments**	**Total 2012 GAAP Financials**	**Total 2011 GAAP Financials**
Current assets:													
Cash	$ 172,529,409	—	919,638	7,340,752	7,757,976	—	—	—	188,547,775	670,735	—	189,218,510	188,998,406
Restricted cash	—	58,305,305	—	—	—	58,349	5,153,101	—	63,516,755	—	—	63,516,755	14,515,050
Investments	146,250,324	—	29,299,676	33,697,552	154,468,929	—	—	—	363,716,481	265,462	—	363,981,943	247,090,108
Restricted investments	—	—	—	—	—	595,999	333,483,877	—	334,079,876	—	—	334,079,876	330,730,929
Receivables, net of allowance	62,162,226	—	—	—	379,196	—	—	—	62,541,422	—	—	62,541,422	47,890,099
Restricted receivables	—	—	—	—	—	—	—	—	—	75,000	—	75,000	75,000
Inventory	22,130,755	—	—	—	—	—	—	—	22,130,755	—	—	22,130,755	16,197,661
Due from State of New Jersey	—	—	—	—	687,501	—	—	—	687,501	—	—	687,501	3,638,603
Deposits	1,357,975	8,895,099	—	—	11,842,144	—	—	—	22,095,218	—	—	22,095,218	20,162,231
Prepaid expenses	3,705,141	—	—	—	—	—	—	—	3,705,141	—	—	3,705,141	4,702,636
Interfund	(79,336,768)	(3,459,059)	(996,598)	(5,951,975)	93,236,432	(168)	82,734	(3,574,598)	—	—	—	—	—
Total current assets	328,799,062	63,741,345	29,222,716	35,086,329	268,372,178	654,180	338,719,712	(3,574,598)	1,061,020,924	1,011,197	—	1,062,032,121	874,000,723
Noncurrent assets:													
Investments	—	—	—	—	—	—	—	—	—	—	—	—	55,011,000
Restricted investments	—	334,525,882	—	—	—	—	—	409,742,838	744,268,720	—	(116,565,333)	627,703,387	1,579,686,898
Restricted receivables	—	—	—	—	—	—	—	—	—	148,511	—	148,511	217,165
Capital assets, net of accumulated depreciation	—	7,480,804,809	175,961,179	45,208,647	153,289,610	—	—	—	7,855,264,245	—	—	7,855,264,245	6,754,951,695
Deferred financing costs, net	—	48,284,975	—	—	510,472	—	—	—	48,795,447	—	111,149,295	159,944,742	137,081,122
Total noncurrent assets	—	7,863,615,666	175,961,179	45,208,647	153,800,082	—	—	409,742,838	8,648,328,412	148,511	(5,416,038)	8,643,060,885	8,526,947,880
Total assets	$ 328,799,062	7,927,357,011	205,183,895	80,294,976	422,172,260	654,180	338,719,712	406,168,240	9,709,349,336	1,159,708	(5,416,038)	9,705,093,006	9,400,948,603
Deferred Outflows													
Deferred outflows:													
Interest rate swaps	$ —	—	—	—	—	—	—	—	—	—	67,935,918	67,935,918	88,029,208
Total deferred outflows	$ —	—	—	—	—	—	—	—	—	—	67,935,918	67,935,918	88,029,208
Liabilities													
Current liabilities:													
Accounts payable and accrued expenses	$ 40,443,500	101,692,536	5,629,146	4,107,407	7,611,789	—	—	—	159,484,378	—	—	159,484,378	161,759,357
Funds held in trust	166,502,769	33,930,451	1,875,873	514,950	509,023	—	—	—	203,333,066	—	—	203,333,066	186,124,313
Due to State of New Jersey	2,813,203	—	—	—	—	—	—	—	2,813,203	—	—	2,813,203	2,977,211
Deposits	203,390	—	—	—	—	—	—	—	203,390	—	—	203,390	198,650
Accrued interest payable	—	—	—	—	—	—	193,647,547	—	193,647,547	—	—	193,647,547	208,887,966
Deferred revenue	4,158,222	—	—	—	37,183,250	—	—	—	41,341,472	—	—	41,341,472	3,967,650
Current portion of bonds payable	—	357,975,000	—	—	—	—	—	—	357,975,000	—	—	357,975,000	120,295,000
Current portion of hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	6,724,380	6,724,380	11,664,331
Current portion of other long-term liabilities	—	—	—	—	1,000,000	—	—	—	1,000,000	—	6,911,990	7,911,990	10,247,329
Total current liabilities	214,121,084	493,597,987	7,505,019	4,622,357	46,304,062	—	193,647,547	—	959,798,056	—	13,636,370	973,434,426	706,121,807
Noncurrent liabilities:													
Bonds payable, net	—	7,857,971,691	—	—	—	—	—	—	7,857,971,691	—	—	7,857,971,691	8,230,257,500
Hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	107,998,241	107,998,241	81,910,562
Other long-term obligations	22,520,133	—	—	—	31,536,518	—	—	—	54,056,651	—	57,801,688	111,858,339	90,401,479
Other postemployment benefit liability	7,500,000	—	—	—	—	—	—	—	7,500,000	—	237,716,115	245,216,115	208,258,200
Interest rate swaps liabilities	—	—	—	—	—	—	—	—	—	—	116,850,895	116,850,895	141,400,963
Total noncurrent liabilities	30,020,133	7,857,971,691	—	—	31,536,518	—	—	—	7,919,528,342	—	520,366,939	8,439,895,281	8,752,228,704
Total liabilities	$ 244,141,217	8,351,569,678	7,505,019	4,622,357	77,840,580	—	193,647,547	—	8,879,326,398	—	534,003,309	9,413,329,707	9,458,350,511
Net Position													
Net position:													
Net nvestment in capital assets	$ —	(424,212,667)	—	—	—	—	—	406,168,240	(18,044,427)	—	213,378,841	195,334,414	(119,761,434)
Restricted for debt service and charges	—	—	—	—	—	654,180	145,072,165	—	145,726,345	223,511	—	145,949,856	133,839,244
Unrestricted	84,657,845	—	197,678,876	75,672,619	344,331,680	—	—	—	702,341,020	936,197	(684,862,270)	18,414,947	16,549,490
Total net position	$ 84,657,845	(424,212,667)	197,678,876	75,672,619	344,331,680	654,180	145,072,165	406,168,240	830,022,938	1,159,708	(471,483,429)	359,699,217	30,627,300

See accompanying independent auditors’ report.

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

Schedule of Revenues, Expenses, and Changes in Net Position – Reconciliation of Bond Resolution to GAAP

Year ended December 31, 2012
(With comparative financial information for the year ended December 31, 2011)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP Adjustments	Total 2012 GAAP Financials	Total 2011 GAAP Financials
Operating revenues:													
Toll revenue	$ 1,393,658,485	—	—	—	—	—	—	—	1,393,658,485	—	—	1,393,658,485	948,878,813
E-ZPass fees	47,314,572	—	—	—	—	—	—	—	47,314,572	—	—	47,314,572	39,695,690
Concession revenue	34,989,967	—	—	—	—	—	—	—	34,989,967	—	—	34,989,967	33,769,648
Miscellaneous revenue	9,862,821	—	—	—	—	—	—	—	9,862,821	487,503	—	10,350,324	10,947,878
Total operating revenues	1,485,825,845	—	—	—	—	—	—	—	1,485,825,845	487,503	—	1,486,313,348	1,033,292,029
Operating expenses:													
Maintenance of roadway, buildings and equipment	101,447,138	—	—	17,671,602	15,632,729	—	—	—	134,751,469	—	(14,132,369)	120,619,100	123,939,665
Toll collection	150,499,171	—	—	26,134	—	—	—	—	150,525,305	—	(342,012)	150,183,293	160,215,369
State police and traffic control	65,999,065	—	—	590,732	388	—	—	—	66,590,185	—	3,383	66,593,568	69,706,228
Technology	13,373,513	—	—	568,448	—	—	—	—	13,941,961	—	74,670	14,016,631	15,363,375
Employee benefits	95,010,223	—	—	—	—	—	—	—	95,010,223	—	(34,503,181)	60,507,042	63,214,422
General administrative costs	38,405,422	(2,000,706)	—	487,482	(162,371)	—	—	—	36,729,827	519,713	1,956,679	39,206,219	41,843,633
Other postemployment benefits	7,500,000	—	—	—	—	—	—	—	7,500,000	—	65,189,635	72,689,635	78,937,100
Depreciation	—	137,258,613	8,180,964	4,870,003	9,268,498	—	—	—	159,578,078	—	—	159,578,078	141,692,812
Total operating expenses	472,234,532	135,257,907	8,180,964	24,214,401	24,739,244	—	—	—	664,627,048	519,713	18,246,805	683,393,566	694,912,604
Operating income (loss)	1,013,591,313	(135,257,907)	(8,180,964)	(24,214,401)	(24,739,244)	—	—	—	821,198,797	(32,210)	(18,246,805)	802,919,782	338,379,425
Nonoperating revenues (expenses):													
Build America Bonds subsidy	81,665,325	—	—	—	—	—	—	—	81,665,325	—	—	81,665,325	81,665,325
Payments to the State of New Jersey	—	—	—	—	(361,001,000)	—	—	—	(361,001,000)	—	—	(361,001,000)	(142,301,000)
Interest expense, Turnpike Revenue Bonds	—	(7,363,041)	—	—	—	—	(464,165,974)	—	(471,529,015)	—	278,952,905	(192,576,110)	(205,720,940)
Other bond expenses	—	—	—	—	—	(3,985,180)	—	—	(3,985,180)	—	—	(3,985,180)	(4,245,084)
Investment income (loss)	58,931	13,439	22,384	55,229	375,235	317	91,603	11,214,524	11,831,662	2,015	(12,902,520)	(1,068,843)	(152,868,452)
Arts Center	3,117,943	—	—	—	—	—	—	—	3,117,943	—	—	3,117,943	3,063,777
Total nonoperating revenues (expenses), net	84,842,199	(7,349,602)	22,384	55,229	(360,625,765)	(3,984,863)	(464,074,371)	11,214,524	(739,900,265)	2,015	266,050,385	(473,847,865)	(420,406,374)
Income before interfund transfers	1,098,433,512	(142,607,509)	(8,158,580)	(24,159,172)	(385,365,009)	(3,984,863)	(464,074,371)	11,214,524	81,298,532	(30,195)	247,803,580	329,071,917	(82,026,949)
Interfund transfers	(1,098,433,512)	364,181,812	70,496,616	35,909,771	398,102,039	3,629,129	476,609,371	(11,214,524)	239,280,702	—	(239,280,702)	—	—
Net change in fund balance/change in net position	—	221,574,303	62,338,036	11,750,599	12,737,030	(355,734)	12,535,000	—	320,579,234	(30,195)	8,522,878	329,071,917	(82,026,949)
Net position – beginning of year	84,657,845	(645,786,970)	135,340,840	63,922,020	331,594,650	1,009,914	132,537,165	406,168,240	509,443,704	1,189,903	(480,006,307)	30,627,300	112,654,249
Net position – end of year	$ 84,657,845	(424,212,667)	197,678,876	75,672,619	344,331,680	654,180	145,072,165	406,168,240	830,022,938	1,159,708	(471,483,429)	359,699,217	30,627,300

See accompanying independent auditors' report.

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

Schedule of Cash Flows – Reconciliation of Bond Resolution to GAAP

Year ended December 31, 2012
(With comparative financial information for the year ended December 31, 2011)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP Adjustments	Total 2012 GAAP Financials	Total 2011 GAAP Financials
Cash flows from operating activities:													
Receipts from customers and patrons	$ 1,471,744,290	—	—	—	—	—	—	—	1,471,744,290	555,658	—	1,472,299,948	1,035,088,080
Payments to suppliers	(229,307,739)	2,000,706	—	(21,284,500)	50,939,824	—	—	—	(197,651,709)	(525,214)	(3,688,097)	(201,865,020)	(289,451,309)
Payments to employees	(160,430,080)	—	—	—	—	—	—	—	(160,430,080)	—	—	(160,430,080)	(179,658,989)
Payments for self insured health benefits claim	(75,383,310)	—	—	—	—	—	—	—	(75,383,310)	—	—	(75,383,310)	(73,335,631)
Net cash provided by (used in) operating activities	1,006,623,161	2,000,706	—	(21,284,500)	50,939,824	—	—	—	1,038,279,191	30,444	(3,688,097)	1,034,621,538	492,642,151
Cash flows from noncapital financing activities:													
Payments to State of New Jersey	—	—	—	—	(361,001,000)	—	—	—	(361,001,000)	—	—	(361,001,000)	(142,301,000)
Proceeds from Arts Center	3,117,943	—	—	—	—	—	—	—	3,117,943	—	—	3,117,943	3,059,003
Operating gain from Garden State Arts Foundatio	—	—	—	—	—	—	—	—	—	—	—	—	4,774
Net cash provided by (used in) noncapital financing activities	3,117,943	—	—	—	(361,001,000)	—	—	—	(357,883,057)	—	—	(357,883,057)	(139,237,223)
Cash flows from capital and related financing activities:													
Proceeds acquired from debt issuances	—	1,507,740,326	—	—	—	—	—	—	1,507,740,326	—	—	1,507,740,326	276,153,716
Purchases of capital assets	—	(1,140,484,019)	(72,655,135)	(13,507,568)	(17,617,232)	—	—	—	(1,244,263,954)	—	—	(1,244,263,954)	(1,160,933,318)
Principal paid on outstanding debt	—	(1,632,370,000)	—	—	—	—	—	—	(1,632,370,000)	—	—	(1,632,370,000)	(383,830,000)
Proceeds from Build America Bonds subsidy	81,665,325	—	—	—	—	—	—	—	81,665,325	—	—	81,665,325	81,665,325
Interest paid on capital debt	—	—	—	—	—	—	(479,406,393)	—	(479,406,393)	—	244,715,097	(234,691,296)	(171,331,438)
Payments for bond expenses	—	—	—	—	—	(4,233,173)	—	—	(4,233,173)	—	—	(4,233,173)	(4,245,013)
Interfund transfers related to capital and related financing activiti	(1,041,594,791)	365,784,468	71,207,669	41,609,746	334,053,258	3,629,124	475,827,101	(11,235,873)	239,280,702	—	(239,280,702)	—	—
Net cash provided by (used in) capital and related financing activities	(959,929,466)	(899,329,225)	(1,447,466)	28,102,178	316,436,026	(604,049)	(3,579,292)	(11,235,873)	(1,531,587,167)	—	5,434,395	(1,526,152,772)	(1,362,520,728)
Cash flows from investing activities:													
Purchases of investments	(2,347,776,424)	(1,145,539,672)	(280,482,807)	(274,885,957)	(1,823,447,915)	(13,366,956)	(2,635,325,447)	—	(8,520,825,178)	(265,000)	—	(8,521,090,178)	(21,332,420,534)
Sales and maturities of investment	2,299,777,362	2,085,948,225	282,381,466	269,187,239	1,813,572,542	14,027,778	2,643,079,734	—	9,407,974,346	—	—	9,407,974,346	22,251,938,613
Interest received	58,778	1,394,039	22,398	54,689	435,036	304	295,560	11,235,873	13,496,677	1,553	(1,746,298)	11,751,932	109,380,342
Net cash provided by (used in) investing activities	(47,940,284)	941,802,592	1,921,057	(5,644,029)	(9,440,337)	661,126	8,049,847	11,235,873	900,645,845	(263,447)	(1,746,298)	898,636,100	1,028,898,421
Net increase (decrease) in cash	1,871,354	44,474,073	473,591	1,173,649	(3,065,487)	57,077	4,470,555	—	49,454,812	(233,003)	—	49,221,809	19,782,621
Cash – beginning of year	170,658,055	13,831,232	446,047	6,167,103	10,823,463	1,272	682,546	—	202,609,718	903,738	—	203,513,456	183,730,835
Cash – end of year	$ 172,529,409	58,305,305	919,638	7,340,752	7,757,976	58,349	5,153,101	—	252,064,530	670,735	—	252,735,265	203,513,456
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities													
Operating income	$ 1,013,591,313	(135,257,907)	(8,180,964)	(24,214,401)	(24,739,244)	—	—	—	821,198,797	(32,210)	(18,246,805)	802,919,782	338,379,425
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities													
Depreciation expense	—	137,258,613	8,180,964	4,870,003	9,268,498	—	—	—	159,578,078	—	—	159,578,078	141,692,812
Changes in assets and liabilities													
Receivables	(14,272,127)	—	—	—	2,571,906	—	—	—	(11,700,221)	68,654	—	(11,631,567)	(124,132)
Inventory	(5,933,094)	—	—	—	—	—	—	—	(5,933,094)	—	—	(5,933,094)	(39,233)
Other assets	997,495	—	—	—	—	—	—	—	997,495	—	—	997,495	7,682
Accounts payable and accrued expenses	(10,039,918)	—	—	(2,078,206)	(1,247,025)	—	—	—	(13,365,149)	(6,000)	—	(13,371,149)	(55,670,630)
Deferred revenue	190,572	—	—	—	37,183,250	—	—	—	37,373,822	—	—	37,373,822	323,537
Other liabilities	14,588,920	—	—	138,104	10,902,439	—	—	—	25,629,463	—	(1,834,744)	23,794,719	24,562,319
Other postemployment benefit liability	7,500,000	—	—	—	—	—	—	—	7,500,000	—	30,686,452	38,186,452	45,896,371
Pollution remediation liability	—	—	—	—	17,000,000	—	—	—	17,000,000	—	(14,293,000)	2,707,000	(2,386,000)
Net cash provided by (used in) operating activities	$ 1,006,623,161	2,000,706	—	(21,284,500)	50,939,824	—	—	—	1,038,279,191	30,444	(3,688,097)	1,034,621,538	492,642,151

See accompanying independent auditors' report.

Schedule 5

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

Schedule of Net Revenue Requirement

Years ended December 31, 2012 and 2011

	2012	2011
Test 1:		
Total operating revenues	$ 1,485,825,845	1,032,434,889
Build America Bonds subsidy	81,665,325	81,665,325
Total investment income	11,831,662	12,272,123
Less earnings on construction investments	(13,439)	(47,535)
Arts Center	3,117,943	3,059,003
Total pledged revenues	1,582,427,336	1,129,383,805
Less revenue operating expenses	(472,234,532)	(475,435,594)
Net revenue available for debt service	1,110,192,804	653,948,211
Less net revenue requirements:		
Interest expense – debt service	(464,165,974)	(293,334,886)
Principal payment – debt service	(132,975,000)	(120,295,000)
Revenue transfer to charges	(3,629,446)	(4,570,361)
Revenue transfer to maintenance reserve	(70,519,000)	(68,465,000)
Revenue transfer to special project reserve	(35,965,000)	(34,917,000)
Excess net revenues	$ 402,938,384	132,365,964
Test 2:		
Total operating revenues	$ 1,485,825,845	1,032,434,889
Build America Bonds subsidy	81,665,325	81,665,325
Total investment income	11,831,662	12,272,123
Less earnings on construction investments	(13,439)	(47,535)
Arts Center	3,117,943	3,059,003
Total pledged revenues	1,582,427,336	1,129,383,805
Less revenue operating expenses	(472,234,532)	(475,435,594)
Net revenue available for debt service	1,110,192,804	653,948,211
Less 1.2 times aggregate debt service	(716,569,169)	(496,355,863)
Excess net revenues	$ 393,623,635	157,592,348
Debt service coverage ratio	1.86	1.58

See accompanying independent auditors' report.

Schedule 6A

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

Schedule of Investments

December 31, 2012

	Interest rate	**Maturity**	**Par value**	**Carrying value**
Revenue:				
Repurchase agreements	0.03% – 0.07%	1/3/13 – 6/6/13	$ 51,250,000	51,250,729
Federal Home Loan Bank (FHLB)	0.01% – 0.01%	1/4/2013	13,000,000	12,999,989
Commercial paper	0.01% – 0.16%	1/4/2013	82,000,126	81,999,606
			146,250,126	146,250,324
Construction:				
Commercial paper	0.10% – 0.75%	1/4/13 – 4/3/13	139,943,871	139,895,356
Certificates of deposit	0.25% – 0.52%	1/24/13 – 3/11/13	99,180,660	99,379,195
FHLMC	0.16%	1/9/2013	20,000,000	19,999,289
Federal agency investments	0.15%	2/6/2013	25,000,000	25,014,043
Investment with coupon interest – FNMA	1.00%	3/27/2013	50,000,000	50,237,999
			334,124,531	334,525,882
Maintenance Reserve:				
Commercial paper	0.04%	1/29/2013	1,700,086	1,700,033
FHLB	0.00% – 0.05%	1/3/13 – 2/8/13	12,600,000	12,599,888
FHLMC	0.04% – 0.07%	1/7/13 – 1/25/13	3,900,000	3,899,926
FNMA	0.01% – 0.08%	1/9/12 – 2/1/13	11,100,000	11,099,829
			29,300,086	29,299,676
Special Project Reserve:				
Commercial paper	0.05% – 0.13%	1/3/13 – 2/15/13	33,700,000	33,697,552
			33,700,000	33,697,552
General Reserve:				
Commercial paper	0.11% – 0.35%	1/7/13 – 3/25/13	150,923,000	150,891,205
Investment with coupon interest – FHLB, FNMA	0.80%	4/26/2013	3,565,000	3,577,724
			154,488,000	154,468,929
Charges:				
Commercial paper	0.03%	1/2/13	146,000	146,000
FHLB	0.04% – 0.06%	1/2/13	298,000	297,999
FNMA	0.09%	1/2/13	152,000	152,000
			596,000	595,999
Debt Service:				
Commercial paper	0.01% – 0.30%	1/2/13	63,587,966	63,587,636
FHLB	0.04% – 0.15%	1/2/13	94,369,000	94,368,757
FNMA	0.04% – 0.14%	1/2/13	39,105,000	39,104,895
Investment with coupon interest – FHLB	1.63%	6/14/13	11,745,000	11,875,214
New Jersey cash management fund	0.08%	1/1/13	124,547,103	124,547,375
			333,354,069	333,483,877
Debt Reserve:				
Certificates of deposit	2.26% – 3.23%	4/29/14 – 1/13/15	406,168,240	409,742,838
			406,168,240	409,742,838
Total			$ 1,437,981,052	1,442,065,077

Above is the detail of investments listed on the Schedule of Net Position – Reconciliation of Bond Resolution to GAAP (Schedule 2) for Total Bond Resolution. This table does not include the Garden State Arts Foundation investments.

See accompanying independent auditors' report.

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

Schedule of Investments

December 31, 2011

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

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

See accompanying independent auditors' report.

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

Schedule of Depositories

December 31, 2012 and 2011

	2012				2011			
	Book balance	**Bank balance**	**Market value of securities pledged to secure deposits**		**Book balance**	**Bank balance**	**Market value of securities pledged to secure deposits**	
JP Morgan Chase:								
Revenue	$ 147,702,218	133,238,645			138,878,640	105,630,782		
Construction	57,968,858	64,448,386			13,391,418	400,002		
Maintenance reserve	919,638	1,286,570			446,047	1,063,841		
	206,590,714	198,973,601	259,835,097		152,716,105	107,094,625	163,370,639	
Bank of America:								
Revenue	14,686,258	20,415,193			20,812,277	21,071,606		
Construction	25,478	186,520			349,749	420,819		
	14,711,736	20,601,713	30,717,523		21,162,026	21,492,425	40,086,739	
Wells Fargo:								
Revenue	8,703,175	4,987,050			10,250,797	8,319,988		
Special project reserve	7,340,752	26,000			6,167,103	26,000		
General reserve	7,705,600	8,012,896			10,640,086	14,812,142		
	23,749,527	13,025,946	19,700,033		27,057,986	23,158,130	22,034,746	
Citibank:								
Revenue	—	—			86,000	91,085		
	—	—	—		86,000	91,085	—	
Bank of New York Mellon:								
Revenue	866,285	277,159			137,209	706,823		
	866,285	277,159	256,463	(1)	137,209	706,823	304,784	(1)
TD Bank, NA:								
Revenue	250,527	377,955			200,036	503,831		
	250,527	377,955	1,499,370		200,036	503,831	1,511,310	
Total Subject to Pledged Securities	246,168,789	233,256,374	$ 312,008,486		201,359,362	153,046,919	$ 227,308,218	
Bank of New York Mellon:								
Construction:	310,969	310,969			90,065	90,065	(2)	
General reserve	52,376	52,376			183,377	215,877	(2)	
Charges	58,349	63,144			1,272	1,272	(2)	
Debt service	5,153,101	5,742,227			682,546	10,092	(2)	
	5,574,795	6,168,716			957,260	317,306		
Toll Collection and Other Imprest Funds:								
Revenue	320,946	—			293,096	—		
	320,946	—			293,096	—		
Total Subject to Bond Resolution	252,064,530	239,425,090			202,609,718	153,364,225		
TD Bank, NA:								
Garden State Arts Center Foundation	670,735	679,455			903,738	903,738		
	$ 252,735,265	240,104,545			$ 203,513,456	154,267,963		

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

(1) In December 2012 interest transfers from this account were delayed causing the account to not have enough pledged securities. This was corrected in early 2013. The Bank of New York Mellon's Pledged Securities at December 31, 2011 did not cover the bank balance. On January 3, 2012 the bank balance was $210,766, as the error was corrected.

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

See accompanying independent auditors' report.

Schedule 8

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

Schedule of Cost of Investment in Facilities

December 31, 2012
(With comparative financial information for the year ended December 31, 2011

		Completed construction funds	2008/2009 Bond anticipation note	Ten year capital program	Maintenance reserve	Special project reserve	General reserve	2012 Total	2011 Total
Land	$	663,199,913	2,599,049	84,821,507	—	117,707	8,128,386	758,866,562	751,747,274
Buildings and sound barriers		438,222,582	19,762,780	26,266,218	—	9,952,717	25,368,980	519,573,277	500,229,934
Road surface		418,256,398	43,307,384	137,350,185	78,060,691	913,100	12,353,932	690,241,690	637,880,037
Road bed		2,456,698,631	56,174,038	59,737,089	—	—	1,945,946	2,574,555,704	2,556,616,353
Bridges		1,767,348,867	13,985,202	210,156,734	110,009,158	—	32,177,604	2,133,677,565	1,950,729,364
Equipment		513,968,634	47,172,021	90,664,806	—	56,482,911	85,162,597	793,450,969	721,010,130
Construction-in-progress		214,737,432	59,095,081	2,564,270,271	—	3,269,522	16,408,408	2,857,780,714	1,950,042,758
Cost of investment in facilities		6,472,432,457	242,095,555	3,173,266,810	188,069,849	70,735,957	181,545,853	10,328,146,481	9,068,255,850
Accumulated depreciation		(2,359,994,399)	(19,579,706)	(27,415,908)	(12,108,670)	(25,527,310)	(28,256,243)	(2,472,882,236)	(2,313,304,156)
Capital assets, net of accumulated depreciation		4,112,438,058	222,515,849	3,145,850,902	175,961,179	45,208,647	153,289,610	7,855,264,245	6,754,951,694
Bond cost of issuance		1,982,334,527	1,063,379	33,389,907	—	—	544,924	2,017,332,737	2,028,223,141
Accumulated amortization		(1,963,686,989)	(1,063,379)	(3,752,470)	—	—	(34,452)	(1,968,537,290)	(1,964,275,153)
Deferred financing costs, net		18,647,538	—	29,637,437	—	—	510,472	48,795,447	63,947,988
	$	4,131,085,596	222,515,849	3,175,488,339	175,961,179	45,208,647	153,800,082	7,904,059,692	6,818,899,682

Completed construction funds:		
Original turnpike extensions and additional lanes	$	64,602,320
Revenues invested in facilities		43,792,112
1966 Turnpike Improvement		179,708,966
1971 Turnpike Improvement		25,415,181
1973 Improvement and Funding Program		29,930,767
1977 Turnpike System Revenue Bond Accounts		—
1984 Turnpike Revenue Bonds		—
Refunding of 1984 Bonds		—
1985-1990 Widening Project		349,658,012
Business Plan for the 90's		811,040,906
Former NJHA Construction		587,798,889
2000 Construction Fund		1,462,440,626
2003 Construction Fund		20,905,439
2004 Construction Fund		458,327,883
2005 Construction Fund		97,464,495
2008 Acquisition Payment Fund		—
	$	4,131,085,596

See accompanying independent auditors' report.

Schedule 9A

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

Schedule of Bond Indebtedness

December 31, 2012

		Amount outstanding December 31, 2011	Refunded or acquired and canceled in prior year	Mandatory redemption/ sinking fund installments	Debt issuance	Accretion of capital appreciation bonds	Amortization of premiums, discounts and deferred gain or loss	Amount outstanding December 31, 2012
Turnpike revenue bonds:								
Series 1991 C	$	102,650,000	(35,490,000)	—	—	—	—	67,160,000
Series 1991 D		371,000,000	(371,000,000)	—	—	—	—	—
Series 1992 B		5,400,000	—	(5,400,000)	—	—	—	—
Series 2000 A		21,125,000	—	(3,850,000)	—	—	—	17,275,000
Series 2000 B-G		400,000,000	—	—	—	—	—	400,000,000
Series 2003 A		788,815,000	(788,815,000)	—	—	—	—	—
Series 2003 B		609,520,000	—	(111,045,000)	—	—	—	498,475,000
Series 2003 C		225,000,000	—	—	—	—	—	225,000,000
Series 2004 B		141,149,119	—	—	—	7,363,041	—	148,512,160
Series 2004 C-1		154,270,000	(154,270,000)	—	—	—	—	—
Series 2004 C-2		132,850,000	—	—	—	—	—	132,850,000
Series 2005 A		409,180,000	—	—	—	—	—	409,180,000
Series 2005 B		32,500,000	—	—	—	—	—	32,500,000
Series 2005 C		95,880,000	—	—	—	—	—	95,880,000
Series 2005 D1-D4		208,735,000	—	—	—	—	—	208,735,000
Series 2009 A		92,500,000	—	—	—	—	—	92,500,000
Series 2009 B		50,000,000	—	—	—	—	—	50,000,000
Series 2009 C		43,750,000	(43,750,000)	—	—	—	—	—
Series 2009 D		43,750,000	(43,750,000)	—	—	—	—	—
Series 2009 E		375,000,000	(75,000,000)	—	—	—	—	300,000,000
Series 2009 F		1,375,000,000	—	—	—	—	—	1,375,000,000
Series 2009 G		34,770,000	—	—	—	—	—	34,770,000
Series 2009 H		306,170,000	—	—	—	—	—	306,170,000
Series 2009 I		178,005,000	—	—	—	—	—	178,005,000
Series 2010 A		1,850,000,000	—	—	—	—	—	1,850,000,000
Series 2011 A		225,000,000	—	—	—	—	—	225,000,000
Series 2011 B		50,000,000	—	—	—	—	—	50,000,000
Series 2012 A		—	—	—	141,255,000	—	—	141,255,000
Series 2012 B		—	—	—	804,435,000	—	—	804,435,000
Series 2012 C		—	—	—	71,000,000	—	—	71,000,000
Series 2012 D		—	—	—	150,000,000	—	—	150,000,000
Series 2012 E		—	—	—	150,000,000	—	—	150,000,000
Series 2012 F		—	—	—	43,750,000	—	—	43,750,000
Series 2012 G		—	—	—	43,750,000	—	—	43,750,000
Premiums, discounts and deferred gain or loss		83,302,910	—	—	92,401,586	—	—	175,704,496
		8,405,322,029	(1,512,075,000)	(120,295,000)	1,496,591,586	7,363,041	—	8,276,906,656
Less amortization		(54,769,529)	—	—	—	—	(6,190,436)	(60,959,965)
	$	8,350,552,500	(1,512,075,000)	(120,295,000)	1,496,591,586	7,363,041	(6,190,436)	8,215,946,691

See accompanying independent auditors' report.

Schedule 9B

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

Schedule of Bond Indebtedness

December 31, 2012
(With comparative financial information as of December 31, 2011)

Note:

As of December 31, 2012 and 2011, refunded bond and note indebtedness which is still outstanding in fully collateralized escrow accounts is as follows:

Refunded series		**Refunded amount**	**Matured/ redeemed**	**2012 outstanding**	**2011 outstanding**
Turnpike system revenue bonds:					
First series, 6.00% (refunding issue), maturing January 1, 2014	$	202,415,000	—	202,415,000	202,415,000
First series, 5.70% (1973 issue), maturing May 1, 2013		210,000,000	—	210,000,000	210,000,000
Parkway Revenue Bonds:					
Series 2001, Serial bonds 5.00% to 5.50% maturing January 1, 2006 through January 1, 2019		243,080,000	(121,545,000)	121,535,000	189,775,000
Turnpike Revenue Bonds:					
Series 1991 C, 4.80% to 6.50%, maturing January 1, 1994 through 2011, January 1, 2013 and January 1, 2016		1,162,185,000	(545,420,000)	616,765,000	581,275,000
Series 2000 A, 4.80% to 6.00%, maturing January 1, 2001 through January 1, 2020		1,051,520,000	(943,745,000)	107,775,000	160,390,000
Series 2003 B (Federally Taxable) 1.15% to 3.14% maturing January 1, 2004 through January 1, 2016		32,000,000	—	32,000,000	32,000,000
Series 1991D Turnpike Revenue Bonds, var. rate, Redemption 10/22/12		371,000,000	(371,000,000)	—	—
Series 2009C Turnpike Revenue Bonds, var. rate, Redemption 10/22/12		43,750,000	(43,750,000)	—	—
Series 2009D Turnpike Revenue Bonds, var. rate, Redemption 10/22/12		43,750,000	(43,750,000)	—	—
Series 2009E Turnpike Revenue Bonds, Redemption January 1, 2014		75,000,000	—	75,000,000	—
Series 2003A Turnpike Revenue Bonds, redemption July 1, 2013		788,815,000	—	788,815,000	—
Total	$	4,223,515,000	(2,069,210,000)	2,154,305,000	1,375,855,000

See accompanying independent auditors’ report.

Schedule 10A

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

NEW JERSEY TURNPIKE

Schedule of Toll Revenue

Years ended December 31, 2012 and 2011

(Unaudited)

		2012		2011	
Class	**Description**	**Toll revenue**	**Number of vehicles**	**Toll revenue**	**Number of vehicles**
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 675,675,862	194,507,978	451,948,436	203,625,501
2	Vehicles having two axles other than type described under Class 1	53,318,605	7,334,674	35,883,204	7,433,809
3	Vehicle (vehicles), single or in combination, having three axles	23,987,133	3,103,958	16,293,504	3,198,339
4	Vehicle (vehicles), single or in combination, having four axles	28,669,609	2,419,132	19,080,432	2,429,844
5	Vehicle (vehicles), single or in combination, having five axles	206,595,728	13,823,820	146,810,404	14,558,394
6	Vehicle (vehicles), single or in combination, having six or more axles	4,684,411	272,493	3,286,885	276,972
7	Buses having two axles	1,955,485	384,413	1,419,171	410,018
8	Buses having three axles	12,980,923	1,294,039	8,770,903	1,295,569
	Nonrevenue vehicles	—	1,437,341	—	1,416,619
		1,007,867,756	224,577,848	683,492,939	234,645,065
	Toll adjustments and discounts	(2,199,054)		(2,294,277)	
	Net violations*	(13,648,190)		(8,048,679)	
		$ 992,020,512		673,149,983	

* During the year ended December 31, 2000, the Authority implemented the electronic toll collection system on the New Jersey Turnpike and accordingly the amounts of violations assessed are reported on this line. As a result of violation activities, some portion of unpaid tolls will be collected in subsequent years.

See accompanying independent auditors’ report.

Schedule 10B

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

GARDEN STATE PARKWAY

Schedule of Toll Revenue

Years ended December 31, 2012 and 2011

(Unaudited)

		2012		2011	
Class	**Description**	**Toll revenue**	**Number of vehicles**	**Toll revenue**	**Number of vehicles**
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 394,250,084	361,332,796	273,961,235	373,057,618
2	Vehicles having two axles other than type described under Class 1	2,354,974	1,003,678	1,341,190	939,152
3	Vehicle (vehicles), single or in combination, having three axles	2,998,354	995,125	1,751,507	973,466
4	Vehicle (vehicles), single or in combination, having four axles	2,797,239	666,441	1,643,918	658,180
5	Vehicle (vehicles), single or in combination, having five axles	2,543,099	531,302	1,579,437	540,096
6	Vehicle (vehicles), single or in combination, having six or more axles	110,150	18,789	66,091	21,901
7	Buses having two axles	1,402,150	599,598	827,259	607,405
8	Buses having three axles	2,543,809	1,009,114	1,815,306	1,093,024
	Nonrevenue vehicles	—	1,296,652	—	1,113,468
		408,999,859	367,453,495	282,985,943	379,004,310
	Toll adjustments and discounts	(521,468)		(566,476)	
	Net violations*	(6,840,418)		(6,690,637)	
		$ 401,637,973		275,728,830	

* During the year ended December 31, 1999, the Authority implemented the electronic toll collection system on the Garden State Parkway and accordingly the amounts of violations assessed are reported on this line. As a result of violation activities, some portion of unpaid tolls will be collected in subsequent years.

See accompanying independent auditors' report.