2016 Annual Report

New Jersey Turnpike Authority

New Jersey Turnpike Authority
PO Box 5042
Woodbridge, NJ 07095-5042
www.state.nj.us/turnpike

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A Note about Text in this Report

The term "NJTA" in all instances in this report refers to the New Jersey Turnpike Authority. The term "Turnpike" refers to the New Jersey Turnpike, and the term "Parkway" refers to the Garden State Parkway.

Vision

To provide a safe, reliable, modern toll road system that offers a top-quality travel experience for customers and to be regarded as a premier public agency in the operation and management of that system.

Core Values

- *Safety*
- *Customer Service*
- *Integrity*
- *Innovation*
- *Sustainability*

Mission

The New Jersey Turnpike Authority is dedicated to the safe and efficient movement of people and goods over two of the busiest toll roads in the United States — the New Jersey Turnpike and the Garden State Parkway.

The New Jersey Turnpike Authority operates two of North America's busiest toll roads, the New Jersey Turnpike and the Garden State Parkway.

2016 Revenue Vehicles

255,493,000

2016 Toll Revenue

$1,144,558,000

The New Jersey Turnpike is a limited-access toll road that serves as part of the I-95 Corridor linking the major economic centers of the East Coast. Its connections to major seaports in Newark and Elizabeth and a major airport in Newark make it an important route for commercial and passenger vehicles. Including the Eastern and Western Spurs and the Pearl Harbor Memorial and Newark Bay-Hudson County Extensions, the Turnpike is as many as 14 lanes wide and 148 miles long. There are 28 interchanges with 142 entry lanes and 222 exit lanes. The 122-mile mainline connects the Delaware Memorial Bridge in the south to the George Washington Bridge in the north. The 8.3-mile Newark Bay-Hudson County Extension connects the mainline to the Holland Tunnel plaza in Jersey City. The 6.6-mile Pearl Harbor Memorial Extension connects the mainline to the Pennsylvania Turnpike.

2016 Revenue Vehicles

389,610,000

2016 Toll Revenue

$426,104,000

The Garden State Parkway is a 173-mile limited-access toll road running from Cape May in the south to the New York State Thruway in the north. The Parkway is heavily used by commuters and serves as the main route to points along the Jersey Shore. There are 365 exits and entrances. Tolls are collected at 49 locations, including 11 plazas on the main roadway and 38 on entrance or exit ramps. The Parkway is four lanes (two in each direction) between the southern terminus and milepost 40 in Port Republic; six lanes (three in each direction) to milepost 91 in Brick Township; eight lanes to milepost 102 in Tinton Falls; 10 lanes to milepost 117 in Holmdel; 12 lanes to milepost 127 in Woodbridge; 10 lanes to milepost 140 in Union; eight lanes to milepost 145 in Newark; six lanes to milepost 168 in Hillsdale; and four lanes to the northern terminus at the New York border.

Located on the Garden State Parkway in Holmdel, the PNC Bank Arts Center is one of New Jersey's leading concert venues.

The PNC Bank Arts Center, which is accessible only from the Garden State Parkway, features a circular, eight-column, open-sided amphitheater with under-cover seating for 7,000 people. The structure is surrounded by a grassy hill that provides lawn seating for an additional 10,500.

The facility was designed by architect Edward Durell Stone, who also designed Radio City Music Hall, the Museum of Modern Art, and the John F. Kennedy Center for Performing Arts. Construction of the Arts Center began in 1966. The venue opened in 1968 with a performance by the Philadelphia Orchestra and piano soloist Van Cliburn.

The Arts Center is owned by the New Jersey Turnpike Authority and leased to a private operator, Live Nation Worldwide Inc. Live Nation stages performances by major touring acts during the concert season.

The lease agreement between the NJTA and Live Nation expires on Dec. 31, 2017. A separate naming and marketing rights agreement between the NJTA and PNC Bank, N.A., expires on Dec. 31, 2017.

Live Nation sold more than 416,883 tickets to 38 events at the Arts Center in 2016. The gross revenue earned by the NJTA was $4,079,000.

The Arts Center also plays host every year to a series of free concerts for school children, senior citizens and families underwritten by the Garden State Arts Foundation. The Foundation is legally separate from the New Jersey Turnpike Authority, but the Foundation's board is comprised of NJTA Commissioners. The Foundation hosted two evening shows and six daytime shows at the Arts Center in 2016. It also sponsored eight children's shows.

Service Areas

The New Jersey Turnpike Authority owns 12 Service Areas on the New Jersey Turnpike and 9 on the Garden State Parkway. The facilities, operated by contractors, provide food, fuel and other essential services to travelers.

The 12 Turnpike service areas are named for famous New Jerseyans — colonist John Fenwick, American Red Cross founder Clara Barton, poet Walt Whitman, writer James Fenimore Cooper, President Woodrow Wilson, Declaration of Independence signer Richard Stockton, Revolutionary War heroine Molly Pitcher, poet Joyce Kilmer, President Grover Cleveland, inventor Thomas Edison, Founding Father Alexander Hamilton, and football coach Vince Lombardi.

The nine Parkway service areas are named for the towns or counties in which they are located — Oceanview, Atlantic, Forked River, Monmouth, Cheesequake, Vauxhall, Brookdale (North and South), and Montvale.

All of the Turnpike service areas sell both food and fuel. The food concession is operated by HMS Host, Inc., the fuel concession by Sunoco.

Seven of the Parkway service areas sell food and fuel. The food concession is operated by HMS Host, Inc., at five Parkway service areas and by McDonald's Corp. at two others. Host discontinued food service at the Oceanview Service Area in Cape May County in 2009 because of low demand. Food sales at Oceanview resumed in mid-2014 when Sunoco opened an A-Plus convenience market at that location.

Sunoco has a contract to operate the fuel concession at all nine NJTA service areas on the Parkway. Under the contracts with Host, McDonald's and Sunoco, the NJTA is paid a portion of the sales of food, fuel and other goods and services.

2016 Service Area Gross Revenues

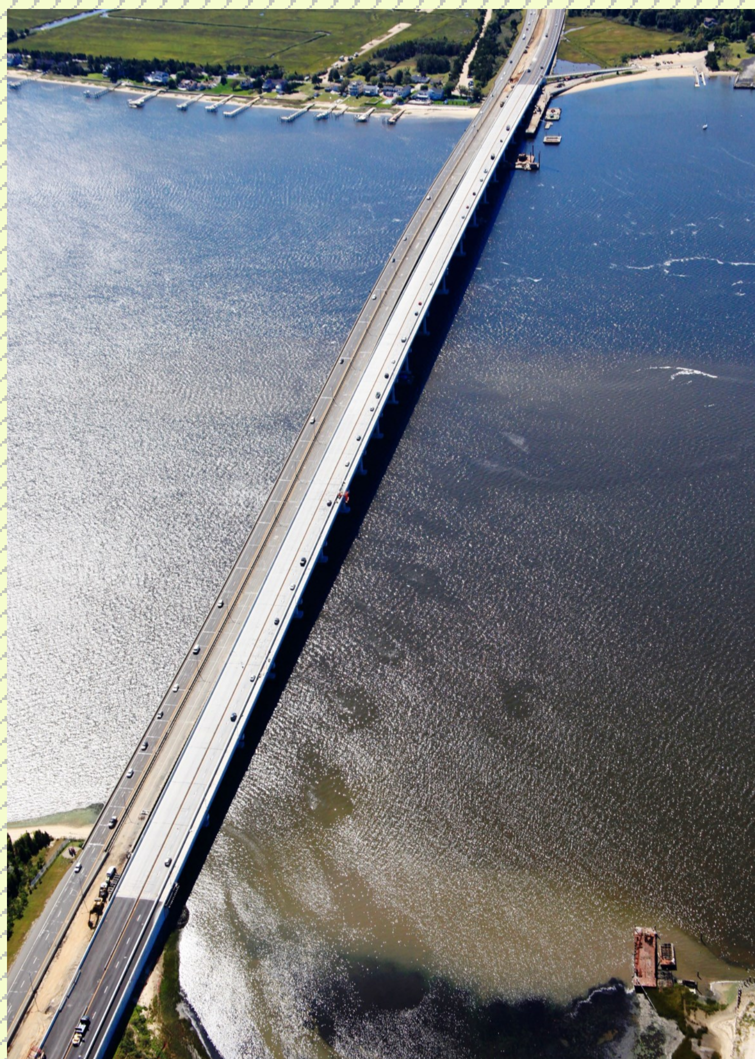
$38,192,000

Work finished on new Great Egg Harbor bridge, central warehouse facility, and other improvements as $7 billion capital program enters 9th year

Some important components of the ambitious 10-year, $7 billion Capital Improvement Program adopted by the NJTA Board of Commissioners in late 2008 were completed in 2016.

The largest of those was the new southbound Great Egg Harbor Bridge on the Garden State Parkway. The project included the construction of two structures — a 3,840-foot span over Great Egg Harbor and an 800-foot span over nearby Drag Channel.

Work on the $141.9 million project began in 2013. The Drag Channel portion of the bridge opened in the spring, the Great Egg portion in the late summer.



The new southbound span of the Great Egg Harbor Bridge appears on the right. A contract to rehabilitate the existing northbound span got has been underway since the fall of 2016. The old southbound span is scheduled to be demolished.

Before the new bridge opened, traffic on the Parkway crossed Great Egg Harbor on two spans, a southbound span built in the early 1950s, and a northbound span built in the early 1970s. As construction on the new bridge was nearing completion, the Authority awarded a contract for the rehabilitation of the northbound span and the demolition of the original southbound span. That work began in late 2016. The new bridge will carry two lanes of traffic in each direction until the rehabilitation of the northbound span is complete in 2019.

Construction was wrapped up on two other capital projects near the southern end of the Garden State Parkway in 2016:

* **Exit 0**. The southern terminus, where the Parkway connects to Route 109 in Middle Township. The improvements, which had a construction cost of $7.4 million, were designed to address safety issues and accommodate current and future traffic volumes. Work on that contract started in 2015.

* **Interchanges 9, 10 and 11**. The only three at-grade intersections on the Parkway were removed when structures were built to carry the Parkway over local roads. The work was substantially compete before the end of 2015, but the final paving and landscaping took place in the spring. The construction cost was $82.5 million.

On the New Jersey Turnpike, a $71.2 million bridge deck replacement was completed on the westbound Newark Bay-Hudson County Extension between Jersey Av-

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enue in Jersey City and Interchange 14C. Work on the project began in 2012.

Work continued in 2016 on the third and final phase of the Garden State Parkway Widening, which is adding a third travel lane and full-width shoulders in each direction between milepost 35 in Egg Harbor Township and milepost 80 in South Toms River.

Ongoing capital program work

The Capital Improvement Program was about 92 percent complete at the end of 2016. The projects that remain to be completed include:

* Parkway widening and related improvements at interchanges 36, 37 and 38

* Rehabilitation of existing northbound Great Egg Harbor Bridge

* Improvements at Parkway Interchanges 105, 109, 125, 145, and 163

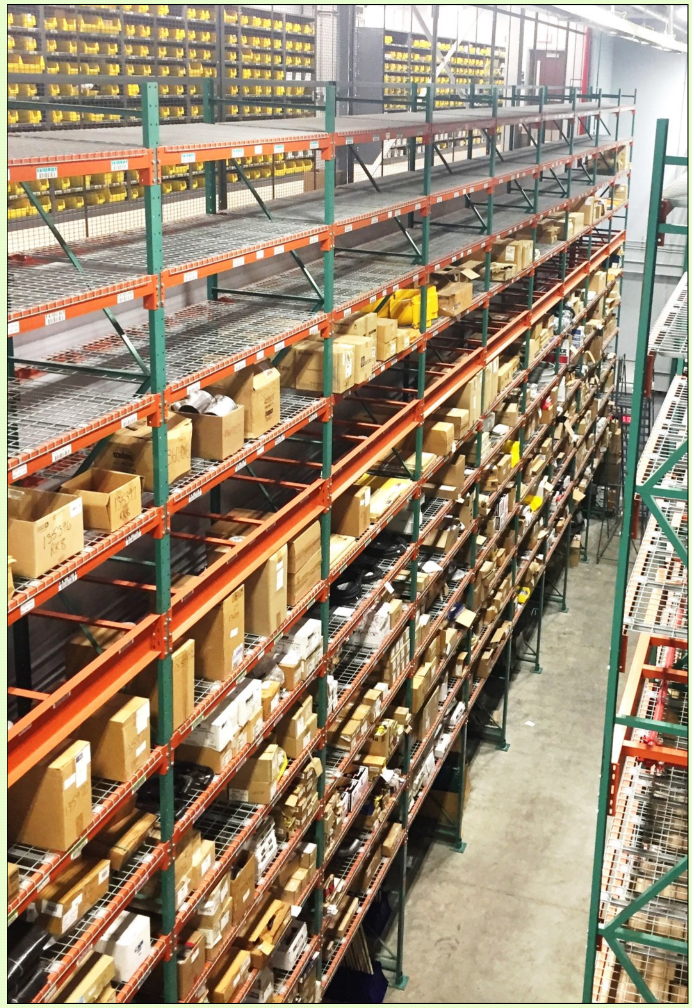
* Bridge deck replacement and other improvements under two contracts on the Newark Bay-Hudson County Extension of the Turnpike

*Improvements at Turnpike Interchange 14A

* Construction of a new NJSP Newark Station, along with new multi-use buildings at several maintenance yards

The first phase, which went from around milepost 63 in Stafford Township to milepost 80 in South Toms River, was opened to traffic in May 2011, and the second phase, from milepost 48 in Port Republic to milepost 63, opened to traffic in May 2015. The third phase, which includes the additional lane and full-width shoulders plus significant improvements at interchanges 36, 37, and 38, is scheduled to be completed in 2018. The portion of the third phase between mileposts 40 and 48 has been open to traffic since 2015.

The $900 million Parkway widening and a $2.3 billion Turnpike widening were the centerpieces of the CIP. The Turnpike program added three lanes in each direction between Interchanges 6 and 8A and one lane in each direction between Interchanges 8A and 9. It has improved safety and relieved congestion at the worst bottleneck in the Turnpike system since it opened to traffic in the fall of 2014. Between them, the Turnpike and Parkway widening programs have added about 250 lane miles to NJTA's roadways.



The 40,000-square-foot warehouse inside the new NJTA Central Services Facility in Woodbridge.

Construction was also completed in 2016 on some new NJTA facilities, including the Central Services Facility in Woodbridge. Central Services is a centralized purchasing, receiving, and distribution facility located near both the NJTA headquarters and the junction of the Parkway and Turnpike. Central Services includes 40,000 square feet of warehouse space, 11 working garage bays, and office space for 125 employees. There is also an outdoor storage with racking, a salt shed, and a fueling station on the property.

The Central Services Facility is one of many projects in the CIP intended to replace deteriorated or inadequate NJTA or New Jersey State Police facilities. In all, 42 new buildings will be constructed and 18 others will be rehabilitated under the CIP. The new and rehabbed structures include salt sheds, multi-use maintenance facilities, state police stations, and toll buildings.

The new NJTA headquarters is located in the former Hess Building near the intersection of Mutton Hollow Drive and Route 9 in Woodbridge. The first monthly Board of Commissioners meeting to take place in the new location was held in December 2016.

NJTA staff consolidates under one roof as Authority relocates its headquarters to a familiar Woodbridge office building

The New Jersey Turnpike Authority moved its administrative offices into the 180,000-square-foot Woodbridge building that once served as the headquarters of the Hess Corp.

NJTA's administrative employees were divided among two locations, both in Woodbridge — a Mack-Cali-owned office building on Main Street, where the Authority leased about 100,000 square feet of office space, and the 75,000-square-foot former headquarters of the New Jersey Highway Authority on King George's Road. (The Highway Authority was consolidated with the Turnpike Authority in 2003.)

The NJTA began searching for a new headquarters because its lease at the Mack-Cali building was due to expire and the former Highway Authority headquarters was in need of significant repairs.

With the assistance of a commercial real estate consultant, the NJTA conducted an eight-month review and assessment designed to find the most cost-effective way to provide office space for the 450-person administrative staff. The assessment revealed that the 30-year cost for the lease/purchase of the former Hess building would be about $100 million lower than the second-lowest-cost alternative.

The Hess building had several attractive qualities. More than $65 million in capital improvements had been made to the building in 2011 and 2012. The building had met the standards for LEED certification, which meant lesser impact on the environment and lower utility costs. And the property had enough generators to power the entire building in the event of an outage.

The NJTA Board of Commissioners approved the lease/purchase agreement in September 2015. The NJTA staff moved in by department over several weeks in late 2016.

The move marks the first time the NJTA has had its administrative staff under one roof since the consolidation with the Highway Authority 13 years ago.

E-ZPass usage on Turnpike and Parkway increases for 17th straight year since E-ZPass was introduced in NJ

Enhanced customer support planned as NJ E-ZPass awards new contract to Xerox

The string of consecutive years of increased E-ZPass usage on the New Jersey Turnpike and Garden State Parkway remains unbroken.

Some 83.8 percent of all toll transactions on the Turnpike were paid with E-ZPass in 2016, up from 82.6 percent the year before. And 81.0 percent of all Parkway tolls were paid with E-ZPass, up from 79.6 percent.

That marks 17 consecutive years that usage on the New Jersey toll roads has climbed over the previous year, a string that reaches back to 1999, the year E-ZPass was introduced in New Jersey.

In other E-ZPass news in 2016, the New Jersey E-ZPass Group awarded a new eight-year contract to Xerox to provide back-office financial services, violations processing, and customer service for the six toll agencies in the group, including NJTA. Xerox has provided those services in New Jersey since 2010, which it acquired the company that had been under contract to the New Jersey E-ZPass Group since 2002, Affiliated Computer Services.

The high-speed E-ZPass lanes at the Raritan Toll Plaza on the Garden State Parkway

The contract with Xerox features a series of customer service enhancements, including a mobile app and a redesigned website with online chat functions.

Updated version of traffic app SafeTripNJ is released

An updated version of the SafeTripNJ smartphone app was released in 2016 with enhanced features for tracking traffic conditions on the New Jersey Turnpike, the Garden State Parkway, and other New Jersey highways.

Since it was launched by the NJTA in 2013, SafeTripNJ has offered users real-time traffic information on their iPhone or Android devices without requiring that they take their eyes off the road or their hands off the wheel.

The app uses a phone's built-in GPS and the vast data in the New Jersey 511 travel information system to determine when a driver is approaching some sort of traffic disruption — a crash, construction, or some other type of delay. When there is an incident nearby, SafeTrip broadcasts an advisory on the phone. There is nothing for a driver to read, click, or scroll through.

The 2016 enhancements include new features for use by drivers who have not yet hit the road. It is now possible to access nearly 150 cameras on the Turnpike and Parkway from the app.

The enhancements also include a traffic map, information about toll rates, and links to the Turnpike and Parkway Twitter feeds.

It is also now possible in the app to dial State Police, roadside assistance, or the New Jersey E-ZPass Customer Service Center with the touch of a single button.

Board of Commissioners

The NJTA is governed by an eight-member Board of Commissioners. The Commissioner of the New Jersey Department of Transportation serves *ex officio*. Five members are appointed by the Governor. One is appointed on the recommendation of the Senate President and one on the recommendation of the Speaker of the General Assembly. One seat was vacant at the end of 2016.

Richard T. Hammer
Chairman

Ronald Gravino
Vice Chairman

Michael R. DuPont
Treasurer

Raymond M. Pocino
Commissioner

Ulises E. Diaz
Commissioner

Daniel F. Becht
Commissioner

John D. Minella
Commissioner

Executive Leadership

Joseph W. Mrozek
Executive Director

John F. O'Hern
Chief Operating Officer &
Deputy Executive Director

Bruce A. Harris
General Counsel

Donna Manuelli
Chief Financial Officer

Barry Pelletteri
Chief Information Officer

Robert J. Fischer
Chief Engineer

James Carone
Director, Internal Audit

Henry Eibel
Director, Operations

Mary Elizabeth Garrity
Director, Human Resources

Kenneth McGoldrick
Director, Maintenance

Robert Quirk
Director, Tolls

Andrea Ward
Director, Procurement
& Materials Management

2016 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
01/26/2016	Halmar International LLC	$7,384,919
01/26/2016	Ferreira Construction Co. Inc.	$4,917,559
01/26/2016	Crisdel Group, Inc.	$6,287,740
01/26/2016	HAKS Engineers, Architects and Land Surveyors, PC	$1,785,000
01/26/2016	HAKS Engineers, Architects and Land Surveyors, PC	$1,435,000
01/26/2016	Dewberry Engineers Inc.	$1,565,000
01/26/2016	JCP&L	$900,000
01/26/2016	G4S Secure Integration	$1,100,000
01/26/2016	Gannett Fleming, Inc.	$2,000,000
01/26/2016	Vermeer North Atlantic Sales and Service	$239,712
01/26/2016	Mid-Atlantic Truck Centre, Inc	$299,667
01/26/2016	The Sherwin-Williams Co.	$72,991
01/26/2016	Permadur Industries, Inc., dba SISSCO Material Handling	$833,715
01/26/2016	Route 23 Auto Mall, LLC	$410,184
01/26/2016	SHI International Corp.	$249,775
01/26/2016	Edwards Tire Company, Inc.	$525,000
01/26/2016	Jewel Electric Supply Co., Inc.	$500,000
01/26/2016	CapEx Manager Maintenance and License Renewal CapitalSoft, Inc.	$100,000
01/26/2016	Inservco Insurance Services, Inc.	$686,190
01/26/2016	CherryRoad Technologies, Inc.	$118,200
02/23/2016	Stavola Contracting Co., Inc.	$7,168,000
02/23/2016	Greenman-Pedersen, Inc. Engineering Services	$7,080,000
02/23/2016	Township of Chesterfield (Sanitary Sewer)	$350,000
02/23/2016	New Jersey Turnpike Integrity Roofing, Inc.	$265,340
02/23/2016	New Jersey Turnpike ACP Contracting, Inc.	$2,176,000
02/23/2016	Cooper Power Systems	$335,520
02/23/2016	Hertrich Fleet Services, Inc.	$161,991
02/23/2016	Winner Ford	$458,115
02/23/2016	SHI International Corp.	$139,926
02/23/2016	Storr Tractor Company	$160,098
02/23/2016	Dover Industries, Inc., dba Rotary Lift	$1,135,929
02/23/2016	Waste Management of New Jersey, TriState Carting, Gold Metal Environmental	$1,855,000
02/23/2016	Hanover Stone Partners, LLC	$450,000
02/23/2016	Multimedia Solutions Corp., Inc.	$236,000
02/23/2016	Horizon Blue Cross/Blue Shield, Delta Dental, Express Scripts, Davis Vision	$1,500,000
02/23/2016	Oracle America, Inc.	$212,369
03/29/2016	Earle Asphalt Company	$8,991,313
03/29/2016	Churchill Consulting Engineers	$1,100,000
03/29/2016	Middlesex Water Company	$650,000
03/29/2016	Joseph M. Sanzari, Inc.	$4,000,000
03/29/2016	Gaudelli Bros., Inc.	$3,000,000
03/29/2016	Mount Construction Co., Inc.,	$5,174,250
03/29/2016	Michael Baker International, Inc.	$2,000,000
03/29/2016	Information Logistics, Inc.	$264,000
03/29/2016	Storr Tractor Company	$531,882
03/29/2016	Modern Group Power Systems	$1,302,000
03/29/2016	Trius, Inc.	$86,823
03/29/2016	Brown's Hunterdon International, LLC / Hunter Truck Sales and Service, Inc.	$600,000
03/29/2016	Miller Ford Lincoln Sales	$512,994
03/29/2016	Mall Chevrolet, Inc.	$450,880
03/29/2016	Valk Manufacturing Co.	$111,000
03/29/2016	Neteon Technologies, Inc.	$101,680
03/29/2016	SHI International Corp.	$237,653
03/29/2016	Train's Towers, Inc.	$173,812
03/29/2016	Day Chevrolet, Inc.	$1,712,397
03/29/2016	Hertrich Fleet Services	$234,054
03/29/2016	Hertrich Fleet Services	$329,471
03/29/2016	Hertrich Fleet Services	$127,578
03/29/2016	Tyco Integrated Security, LLC	$750,000

2016 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
03/29/2016	W.W. Grainger, Inc.	$750,000
03/29/2016	CherryRoad Technologies, Inc.	$3,500,000
03/29/2016	Sansi North America, LLC	$187,600
04/26/2016	A Servidone, Inc. & B. Anthony Construction Corp., A Joint Venture	$72,391,524
04/26/2016	HNTB Corporation	$8,950,000
04/26/2016	Earle Asphalt Company	$589,413
04/26/2016	Just-Rite Equipment	$256,725
04/26/2016	Clean Rental Services, Inc.	$145,755
04/26/2016	Air Purifiers, Inc.	$694,660
04/26/2016	Highlander Equipment Co., Inc.	$153,360
04/26/2016	Air Systems Maintenance, Inc.	$978,000
04/26/2016	The Revenue Markets, Inc.	$197,450
04/26/2016	Mall Chevrolet, Inc.	$369,650
04/26/2016	Mall Chevrolet, Inc.	$103,050
04/26/2016	Mall Chevrolet, Inc.	$506,960
04/26/2016	Energetix Corporation	$140,000
04/26/2016	Dell Marketing, LP	$1,259,337
04/26/2016	SHI International Corp.	$1,498,066
04/26/2016	ePlus Technology, Inc.	$237,645
04/26/2016	Xerox State and Local Solutions	$3,895,000
05/24/2016	J. Fletcher Creamer & Son, Inc. & Joseph M. Sanzari, Inc., A Joint Venture	$55,726,255
05/24/2016	CB&I Environmental & Infrastructure, Inc.	$7,355,000
05/24/2016	WHL Enterprises, Inc., T/A Bill Leary AC & Heating	$1,708,300
05/24/2016	USA General Contractors Corp.	$552,000
05/24/2016	Municipal Equipment Enterprises, LLC	$130,140
05/24/2016	Advanced Electronics Design, Inc.	$423,080
05/24/2016	Mobile Vision, Inc.	$402,695
05/24/2016	SHI International Corp.	$150,402
05/24/2016	ePlus Technology, Inc.	$124,845
05/24/2016	PCMG, Inc.	$331,521
05/24/2016	ePlus Technology, Inc.	$2,616,685
05/24/2016	SHI International Corp.	$479,605
05/24/2016	Princeton Chevrolet, Inc.	$150,000
05/24/2016	Consolidated Steel & Aluminum Fence Co., Inc.	$100,000
05/24/2016	East Coast Emergency Lighting, Inc.	$335,000
05/24/2016	LINK Communications, Ltd.	$136,212
05/24/2016	Oracle America, Inc.	$756,674
06/28/2016	First Environment, Inc.	$832,155
06/28/2016	A.M.E., Inc.	$2,000,000
06/28/2016	Heidelberg USA, Inc.	$478,814
06/28/2016	McGovern Environmental, LLC .00	$170,797
06/28/2016	Dover Industries, Inc., dba Rotary Lift	$1,615,914
06/28/2016	Imtech Corporation dba Activu Corp.	$383,484
06/28/2016	Z&Z Supply, Inc. dba Johnstone Supply, Inc.	$255,000
07/26/2016	Richard E. Pierson Construction Co., Inc.	$49,768,162
07/26/2016	Stantec Consulting Services, Inc.	$5,880,000
07/26/2016	Stantec Consulting Services, Inc	$452,000
07/26/2016	Parsons Brinckerhoff, Inc.	$7,880,000
07/26/2016	Multiple vendors (snow removal and salting services both roadways)	$6,903,500
07/26/2016	Multiple vendors (snow removal and salting services at toll plazas, service areas and NJSP facilities)	$2,188,500
07/26/2016	Multiple vendors (snow removal and salting services at park and ride lots)	$604,500
07/26/2016	Billows Electric Supply Co, Inc.	$267,182
07/26/2016	EMR Power Systems, Inc.	$404,800
07/26/2016	Custom Environmental Management Co., Inc.	$176,400
07/26/2016	IBM Corporation	$672,435
07/26/2016	SHI International Corp.	$297,053
07/26/2016	Dell Marketing, LP	$152,159
07/26/2016	Multiple firms (administration of NJTA self-funded health benefits program)	$5,440,000
08/30/2016	Joseph M. Sanzari, Inc.	$3,000,000

2016 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
08/30/2016	CDM Smith, Inc.	$2,745,896
08/30/2016	Joseph M. Sanzari, Inc.	$339,000
08/30/2016	Longford Landscapes & Excavation, Inc.	$121,500
08/30/2016	ePlus Technology, Inc.	$323,513
08/30/2016	Garden State Highway Products, Inc.	$196,576
08/30/2016	First Southwest, a Division of Hilltop Securities, Inc.	$1,827,000
09/27/2016	Mott MacDonald LLC	$880,000
09/27/2016	Freehold Cartage, Inc.	$248,399
09/27/2016	Kencor, Inc.	$119,040
09/27/2016	Hunter Truck Sales and Service, Inc.	$4,381,641
09/27/2016	Multiple vendors (auto parts for heavy duty vehicles)	$190,000
09/27/2016	Willis Towers Watson	$260,000
09/27/2016	Daktronics, Inc.	$515,000
10/25/2016	Rencor, Inc.	$4,375,565
10/25/2016	LS Engineering Associates Corporation	$771,704
10/25/2016	Boswell Engineering	$890,000
10/25/2016	Gannett Fleming, Inc.	$1,200,000
10/25/2016	Kevin Downes Tree Service Co., Inc. Rich Tree Service, Inc	$512,525
10/25/2016	Some’s Uniforms, Inc.	$169,972
10/25/2016	Princeton Chevrolet, Inc.	$285,000
10/25/2016	Dell Marketing, LP	$107,037
10/25/2016	SHI International Corp.	$147,836
10/25/2016	SHI International Corp.	$244,629
10/25/2016	Morphotrak, LLC	$190,217
11/22/2016	Jacobs Engineering Group, Inc.	$985,000
11/22/2016	Greenman-Pedersen, Inc.	$1,700,000
11/22/2016	Michael Baker International, Inc.	$1,500,000
11/22/2016	Arora and Associates, P.C.	$1,365,000
11/22/2016	HAKS Engineers, Architects and Land Surveyors, P.C.	$1,487,000
11/22/2016	InterClean Equipment, Inc.	$1,074,500
11/22/2016	Carbtrol Corporation	$740,000
11/22/2016	Set-Rite Corporation	$151,080
11/22/2016	Spruce Industries, Inc.	$143,947
11/22/2016	Tyco Integrated Security, LLC	$1,539,089
11/22/2016	Imtech Corporation dba Activu Corp.	$6,797,819
11/22/2016	CapitalSoft, Inc.	$100,000
12/20/2016	Ferreira Construction Co. Inc.	$7,787,000
12/20/2016	Joseph M. Sanzari, Inc.	$7,998,085
12/20/2016	South State, Inc.	$6,439,442
12/20/2016	North American Pipeline Services LLC	$416,450
12/20/2016	Cherry, Weber and Associates, P.C.	$1,050,000
12/20/2016	TranSystems Corporation, P.C.	$940,000
12/20/2016	Dewberry Engineers Inc.	$1,719,000
12/20/2016	CB&I Environmental & Infrastructure, Inc.	$1,960,000
12/20/2016	KS Engineers, P.C.	$1,485,000
12/20/2016	D.J.L. Construction Corp. dba Penta Communications	$6,831,900
12/20/2016	Millstone River Wetland Service, LLC	$461,500
12/20/2016	Hunter Truck Sales and Service, Inc.	$309,532
12/20/2016	Mid-Atlantic Truck Centre, Inc.	$101,748
12/20/2016	Hunter Truck Sales and Service, Inc.	$263,066
12/20/2016	Mid-Atlantic Truck Centre, Inc.	$315,821

The contracts in this section are listed by the date of the Board of Commissioners meeting at which they were approved. Additional information about all of these contracts can be found in the minutes of the board meetings, which can be accessed online at www.state.nj.us/turnpike/commission-meetings.html

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New Jersey Turnpike Authority

(A Component Unit of the State of New Jersey)

Financial Statements

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

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, 2016 and 2015, 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, 2016 and 2015, 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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 40, the schedule of funding progress – other postemployment benefits plan (schedule 1) on page 97 and Schedule of Proportionate Share, Employer Contributions and Notes (schedule 2) on page 98 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.

Other Supplemental Information

Our audits for the year ended December 31, 2016 and 2015 were 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 3 through 11B as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information, except for those schedules and portions of schedules marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 2016 and 2015 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 supplementary information included in Schedules 3 through 11B is fairly stated in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

May 23, 2017

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, 2016 and 2015, 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, 2016 and 2015. 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), as well as the deferred outflows and inflows of resources, with the difference between these amounts reported as net position.

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 Required Supplementary Information included in Schedule 2 presents information regarding the Authority's proportionate share, employer contributions and notes related to the State of New Jersey Public Employees' Retirement System (PERS).

The Other Supplementary Information included in Schedules 3 through 11B 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, notes, and interest thereon shall not be deemed to constitute a debt, liability or 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 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.

Highlights

- Moody's Investors Service upgraded the Authority's Turnpike Revenue Bonds rating to A2 with a stable outlook from A3 in July 2016. The upgrade is based on the Authority's performance and Moody's expectation that the Authority will continue to deliver the $7 Billion Capital Improvement Program (CIP) projects on time and within budget.
- The Series 2016A Bonds were issued in January 2016 to refund the Series 2004B Bonds for savings. The refunding resulted in net present value savings of approximately $29,000 when compared to the future interest costs on the refunded bonds, or a savings of 17.3% of the par value of the refunded bonds.
- The Series 2016B, 2016C and 2016D bonds were issued in December 2016 to refund the Series 2013D-2, 2013E-2 and 2014B-2 Bonds to meet the mandatory tender date of those bonds and avoid interest rate escalation. The Series 2016B, 2016C and 2016D Bonds have a mandatory tender date equal to the maturity date on the bonds, eliminating roll-over risk on the bonds.
- The Authority's $7 Billion (CIP) continued, and as of December 31, 2016, nearly 92% of the overall budget has been spent or committed on projects. The Authority spent over $661,000 on CIP projects in 2016.
- The Great Egg Harbor Bridge on the Garden State Parkway was opened to the public in August 2016. The construction began in 2013 on the southbound lanes, and was completed in the summer of 2016. The new span will have better clearance for marine traffic and includes a multi-use path for pedestrians and cyclists between Upper Township and Somers Point. Construction has begun to improve the northbound lanes of the bridge.

- The Authority completed a new 65,000 square foot Central Service facility under the $7 Billion CIP in late 2016. The facility provides space for centralized purchasing, receiving and distribution. It is located in Woodbridge, near the crossroads of the Turnpike and Parkway. The facility includes an inventory storage area, loading docks, ITS offices, a motor pool garage, and a maintenance department work bay.

- The Authority substantially completed the New Jersey Turnpike Interchanges 9 and 10 improvements in 2016. These projects were designed to improve safety, increase interchange capacity and decrease travel times.
- The Authority completed Phase I of the bridge deck reconstruction of the Newark Bay-Hudson County Extension in 2016. Phase II of the project will begin upon the reopening of the Pulaski Skyway project by the New Jersey Department of Transportation (NJDOT), which is scheduled for the fourth quarter of 2017.
- The Authority resurfaced 158 lane miles on both roadways and re-decked 67 bridges on both roadways in 2016 as part of the Authority's scheduled maintenance program.
- The Authority completed the consolidation of its administrative offices into one building located at 1 Turnpike Plaza, Woodbridge, New Jersey in late 2016.
- Toll revenue in 2016 was $1,570,662, which was $16,976, or 1.09%, above projections. In 2016, traffic on the Turnpike increased by 3.6% compared to 2015, while toll transactions on the Parkway increased by 2.7%. Traffic and revenue increased due to favorable weather conditions from April through December 2016, an improving economy, lower gas prices, and the widening of both roadways. This was the fifth consecutive year that the Authority exceeded its toll revenue projections.

- The Authority's net position increased by $260,019, or 39.5%, from $658,290 in 2015 to $918,309 in 2016. Net position increased as the Authority's operating income exceeded its net non-operating expenses, due to the continued growth in toll revenue coupled with the control of operating expenses.

- For the second consecutive year, the Authority was a recipient of the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for the submission of its 2016 Annual Budget. The GFOA established the Distinguished Budget Presentation Awards Program in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality.

- For the second consecutive year, the Authority was a recipient of the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the submission of its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2015. The program was established by the GFOA in 1945 to assist state and local governments in preparing financial reports that evidence the spirit of transparency and full disclosure.

(Dollars shown in thousands)

Implementation of GASB 72

During 2016, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* (GASB 72). The statement addresses accounting and financial reporting issues related to fair value measurements of assets and liabilities. The implementation of GASB 72 only impacted the notes to the financial statements.

Condensed Summary of Net Position

		2016	2015	2014
Assets:				
Current assets	$	1,743,233	1,552,246	1,468,866
Other noncurrent assets		468,291	1,190,230	1,164,147
Capital assets, net of accumulated depreciation		11,455,725	10,801,091	10,033,353
Total assets	$	13,667,249	13,543,567	12,666,366
Deferred outflows:				
Accumulated decrease in fair value of hedging derivatives	$	—	4,807	6,067
Deferred amount on refunding		132,231	149,697	162,311
Deferred amount relating to pension		156,574	65,426	19,849
Total deferred outflows	$	288,805	219,930	188,227
Liabilities:				
Current liabilities	$	938,644	903,179	888,748
Noncurrent liabilities		12,084,993	12,188,373	11,401,854
Total liabilities	$	13,023,637	13,091,552	12,290,602
Deferred inflows:				
Accumulated increase in fair value of hedging derivatives	$	2,035	—	—
Deferred amount relating to pension		12,073	13,655	26,376
Total deferred inflows	$	14,108	13,655	26,376
Net position:				
Net investment in capital assets	$	1,064,121	866,813	710,972
Restricted under trust agreements		221,811	164,511	183,764
Unrestricted		(367,623)	(373,034)	(357,121)
Total net position	$	918,309	658,290	537,615

Discussion of Condensed Summary of Net Position 2016, 2015, 2014

2016 – 2015

The Authority's total net position is reported at $918,309 and $658,290 as of December 31, 2016 and 2015, respectively, representing an increase of $260,019 or 39.5%, compared to 2015. The major factors causing this increase were additional toll revenue, as traffic on both the Turnpike and the Parkway was higher in 2016 than in 2015, and lower operating and non-operating expenses. Capital assets increased by $654,634, or 6.1%, and other noncurrent assets decreased by $721,939, or 60.7%. Capital assets increased while other noncurrent assets decreased as a result of the continued spending of the proceeds from the Series 2015E Turnpike Revenue Bonds on the ongoing

(Dollars shown in thousands)

$7 Billion CIP. Noncurrent liabilities decreased by $103,380, or 0.8%, primarily due to the January 1, 2016 principal payments made on the Series 1991C and Series 2003B Turnpike Revenue Bonds.

2015 – 2014

The Authority's total net position is reported at $658,290 and $537,615 as of December 31, 2015 and 2014, respectively, representing an increase of $120,675, or 22.4%, compared to 2014. The major factor causing this increase was additional toll revenue, as traffic on both the Turnpike and the Parkway was higher in 2015 than in 2014. Capital assets increased by $767,738, or 7.7%, and other noncurrent assets increased by $26,083, or 2.2%. Capital assets increased as a result of spending on the ongoing $7 Billion CIP while the other noncurrent assets increased due to an increase in restricted investments representing the unspent proceeds of the Series 2015E Turnpike Revenue Bonds. Noncurrent liabilities increased by $786,519, or 6.9%, primarily due to the issuance of the $750,000 new capital debt Series 2015E Turnpike Revenue Bonds in October 2015 and increase in the net pension liability.

Adjusted net position

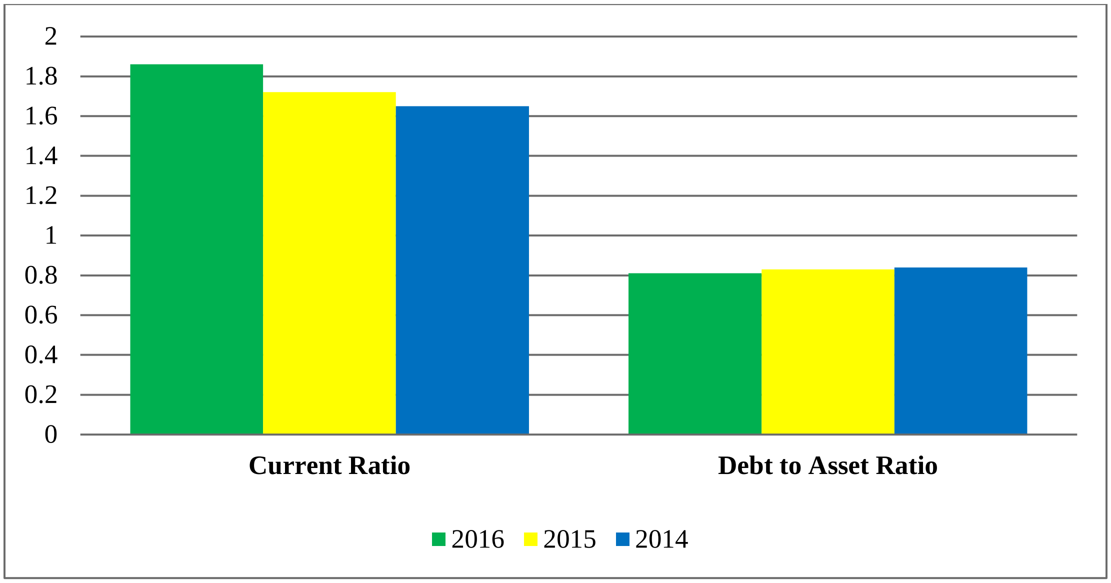
		2016	2015	2014
Net position as per GAAP Financials	$	918,309	658,290	537,615
Unfunded non cash adjustment:				
Other postemployment benefit liability		358,720	315,039	286,581
Interest rate swaps liabilities		29,190	40,199	45,366
Net pension liability		561,453	435,015	366,300
Accounts payable and accrued expenses		24,753	24,482	24,482
Other long-term obligations		71,820	92,009	64,202
Hybrid instrument borrowing		89,302	111,526	130,181
Accumulated increase in fair value of hedging derivatives		2,035	—	—
Deferred amount relating to pensions		12,073	13,655	26,376
Accumulated decrease in fair value of hedging derivatives		—	(4,807)	(6,067)
Deferred amount on refunding		(87,002)	(105,726)	(113,762)
Deferred amount relating to pensions		(156,574)	(65,426)	(19,849)
Restricted investments		79,937	93,175	96,895
Capital assets, net of accumulated depreciation		(15,719)	(29,398)	—
Total non cash adjustments	$	969,988	919,743	900,705
Garden State Arts Foundation	$	(798)	(737)	(975)
Net Position as per Bond Resolution	$	1,887,499	1,577,296	1,437,345

Shown above is the Authority's adjusted net position calculated as per the Authority's Bond Resolution. Net position as per the Bond Resolution has been calculated after adjusting for GASB 45 - Other Post-employment Benefits Liability, GASB 53 - Derivative Instruments and GASB 68 - Net Pension Liability. Net position as per the Bond Resolution also does not include other long-term liabilities such as pollution remediation liability, sick and accrued vacation liability, owner-controlled insurance program (OCIP) claims liabilities and GAAP reserves which are all non-cash liabilities. Over the past several years, the implementation of new GASB pronouncements has resulted in significant non-cash accounting reductions in the Authority's net position. Management believes that the net position as per the Bond Resolution provides an alternate view of the strength of the Authority's operations and its financial position.

(Dollars shown in thousands)

Net Position Ratio Analysis - GAAP Basis

Ratio	2016	2015	2014	Explanation
Current Ratio	1.86	1.72	1.65	The current ratio is calculated as the Authority's current assets divided by current liabilities. A strong current ratio is over 1.0, and indicates an organization's ability to meet their short-term obligations. The Authority's current ratio has continues to improve each year, with the average over the three year period being 1.74. The Authority has nearly two times the amount of current assets as compared with current liabilities. Further, year over year the Authority's current ratio has increased, reflecting the positive cash flow generated from operations.
Debt to Asset Ratio	0.81	0.83	0.84	The debt to assets ratio is calculated by dividing total debt by total assets. The debt to asset ratio continues to decline, decreasing to 0.81 in 2016 from 0.84 in 2014, as a portion of capital assets are paid for through excess revenues.

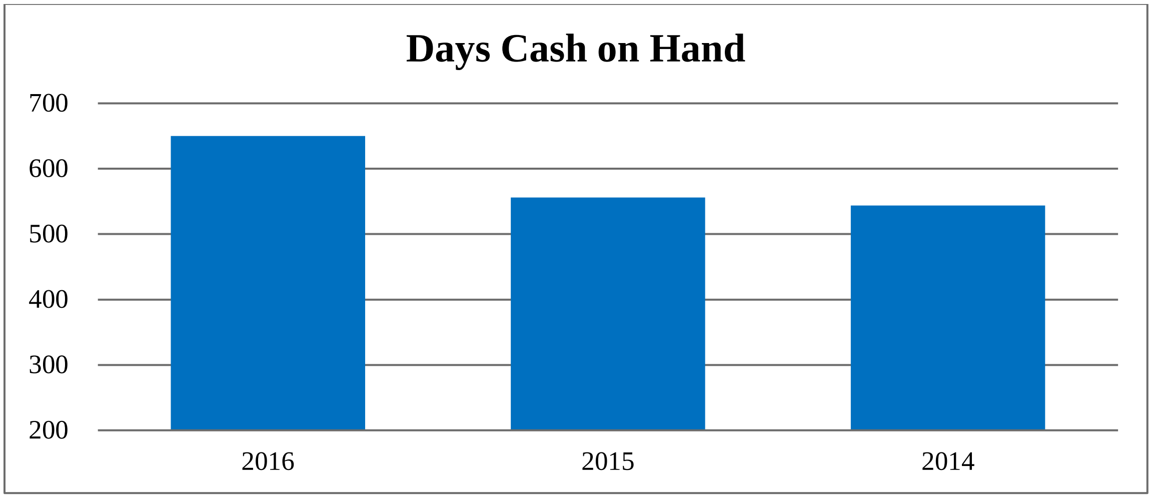


(Dollars shown in thousands)

Key Performance Metric - Net Position

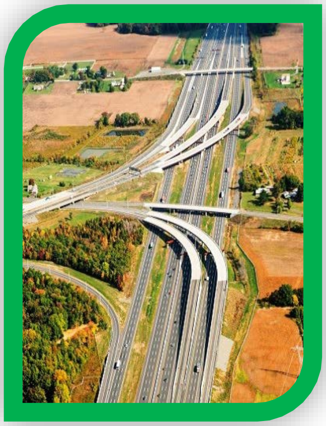
Days Cash on Hand – Days cash on hand is calculated by combining unrestricted cash and unrestricted investments and dividing by daily operating expenses (from the Revenue Fund). This calculation shows how long (in days) the Authority would be able to pay its operating expenses without the generation of revenue. As a result, a larger number of days cash on hand is desirable. As shown in the graph, the days cash on hand has consistently increased each year. Based on this calculation, in 2016, the Authority could go 650 days without generating any revenue and still pay its operating expenses. Days cash on hand has improved due to the positive cash flow generated from operations.

		2016	2015	2014
Unrestricted Cash & Investments	$	876,311	767,022	705,125
Daily Operating Expenses (Revenue Fund)	$	1,348	1,379	1,295
Days cash on hand		650	556	544



Capital Improvement Program (CIP)

- The Authority is in the midst of a $7 Billion CIP that includes large scale projects such as widening stretches of both the Turnpike and Parkway and smaller projects that improve interchanges, rehabilitate bridges, and deploy new technologies. The $7 Billion CIP overall is on time and on budget, or even ahead of schedule and under budget on some projects. The only exception to the original schedule is the second phase of the Newark Bay Hudson County Extension bridge re-decking project which cannot begin until the Pulaski Skyway project is completed by the NJ DOT. The Pulaski Skyway's completion date is now targeted for the fourth quarter of 2017 compared to its original date of the fourth quarter of 2016. Nearly eight years into the program, the Authority has spent or committed 92%, or $6,433,000, of its original $7,000,000 budget with minimal impact to traffic.



- Bond proceeds are deposited in the Construction Fund to support the $7 Billion CIP. Total expenditures in the Construction Fund for the twelve months ended December 31, 2016 were approximately $661,000. Spending included approximately $212,400 for the Authority Phase I Facilities Improvements Program, approximately $80,900 for the Turnpike Interchange 14A Reconstruction Project, approximately $70,400 for the Authority Phase II Facilities Improvements Program, approximately $58,700 for the Parkway Widening Phase III (from milepost 35 to 63), and approximately $48,200 for the Great Egg Harbor Bridge Project. In addition to these expenditures, there are open contracts and commitments totaling approximately $742,000.

(Dollars shown in thousands)

- As a part of the $7 Billion CIP, the Authority has taken great measures to increase mobility and reduce commuting times for its patrons on both the Parkway and Turnpike. One of the main projects that was successfully completed and open to the public in late 2014 was the widening between Interchanges 6 and 9 on the Turnpike. The Authority has seen increased volumes as patrons have diverted from heavily congested local routes, and the widening has eliminated the bottleneck of traffic seen during weekday rush hour and weekends. Phase 1 of the Parkway widening (milepost 63 to 80) was completed in 2011, with Phase 2 of the Parkway Widening (milepost 48 to 63) completed in 2015. Work on Phase 3 of the Parkway Widening (milepost 35 to 48) will continue through 2017, with milepost 41 to 48 completed in 2016. The Parkway shoulder restoration project was also completed between mileposts 80 and 100. With the combination of the widening and shoulder restoration projects, approximately one-third of the total lane miles on the Parkway have been resurfaced. The Authority has also undertaken additional projects beyond the Turnpike and the Parkway widenings to improve the safety and mobility of the traffic on both the roadways. As a part of the Bridge Improvements Project the Authority has expanded and rejuvenated major bridges on both the roadways. As part of the $7 Billion CIP, four of the six major bridges on the Parkway will be rehabilitated, with three of these major bridge rehabilitations already completed. Since the program began, more than a dozen interchanges have been re-built, expanded or improved as a part of the $7 Billion CIP to provide better access to and from both the roadways. Now starting the ninth year of the program, the Authority continues to enhance the safety and improve the mobility on the Turnpike and the Parkway.

The Projects currently included in the $7 Billion CIP are the following:

Project		Current Budget	Amount Spent or Committed to Date	Percent Spent & Committed to Date
Turnpike Widening (Interchange 6-9)	$	2,231,400	2,140,569	96%
Bridge Improvements		1,682,762	1,370,972	81%
Roadway Improvements		816,783	798,387	98%
Interchange Improvements		1,026,430	938,679	91%
Facilities Improvements		652,625	627,233	96%
Parkway Widening (Milepost 35-80)		590,000	557,248	94%
	$	**7,000,000**	**6,433,088**	**92%**

Turnpike Widening: The Turnpike Interchanges 6 to 9 Widening Program, which was completed on schedule and under budget, was opened to traffic in November 2014. The Turnpike Widening provides three additional travel lanes in each direction between Interchanges 6 and 8A, and one additional lane in each direction between Interchanges 8A and 9, adding a total of 170 new lane miles to this critical section of roadway. The program also added a new toll plaza at Interchange 8. Program close-out is in progress.

Bridge Improvements: Bridge improvements in the $7 Billion CIP include re-decking, seismic retrofitting, security measures, cleaning and repainting of structural steel, substructure repairs and other improvements to the 16 major Turnpike and Parkway bridges and other high-priority structures. In 2016 the construction on the new southbound span over Great Egg Harbor and Drag Channel Bridge was completed. The work on the Delaware River Bridge and Newark Bay Hudson County Extension Bridge on the Turnpike will continue in 2017 and is scheduled to complete in early 2018.

Roadway Improvements: Roadway improvements include widening and strengthening roadway shoulders, replacing deteriorated guide rail, improving drainage, repairing median barriers, installing variable message signs, replacing weathered and outdated guide signs, and making other investments to improve the safety and operation of the Turnpike and Parkway. In 2016, many overhead and ground mounted signs were installed on both roadways as a part of this project.

Interchange Improvements: The $7 Billion CIP also includes approximately $1,000,000 for interchange improvements on both roadways. The major projects on which design or construction has started and continued in 2016 are Interchange 9, 10 and 14A on the Turnpike and Interchanges 36, 37, 38, 91, 105, 125, and 163 on the Parkway. The new ramp from the Atlantic City Expressway eastbound to the Parkway southbound was opened in May 2016, removing the weave that existed with Parkway traffic exiting at Interchange 37. The mainline at Interchange 163 was shifted over to its new alignment in June 2016. Now all exits at this interchange are on the right side.

Facility Improvements: The Facilities Improvements Program in the $7 Billion CIP includes projects to replace four deteriorating facilities for Troop D of the New Jersey State Police, to rehabilitate 16 Turnpike and Parkway maintenance district facilities to bring them into compliance with current building codes and operational standards, and to make life safety and operational improvements at all Turnpike toll plaza buildings. The facilities improvements also include a new Central Services Facility which was opened for use in December of 2016. In total, under the Facilities Improvement Program, the Authority will construct 42 new buildings and rehabilitate 18 others. The Facilities Improvement Program will be completed in late 2018 or early 2019. To date, three State Police Stations, three Maintenance Districts and all Turnpike toll plaza building operational improvements have been completed.

Garden State Parkway Widening: The Parkway widening project will add a third travel lane and full-width shoulders between Mileposts 35 and 80 and will be completed as follows:

Phase I – Milepost 63 to 80 – Construction completed and open to motorists in May 2011.

Phase II – Milepost 48 to 63 –The widening between Milepost 52-63 was opened in the summer of 2013, with the remaining widening of this section to Milepost 48 opened in May 2015 upon the completion of the rehabilitation of the Bass River Bridge.

Phase III – Milepost 35 to 48 – The first construction contract for this section was awarded in June 2014 and construction began in July 2014. The widening between Milepost 48 to 41 was opened in June 2016 and the remainder is expected to be completed in the spring of 2018.

(Dollars shown in thousands)

Total budgeted costs for the Parkway Mileposts 35 to 80 Widening Program are approximately $690,000; however, $100,000 of those costs were financed from the proceeds of bond anticipation notes prior to the issuance of the first series of bonds for the financing of the $7 Billion CIP.

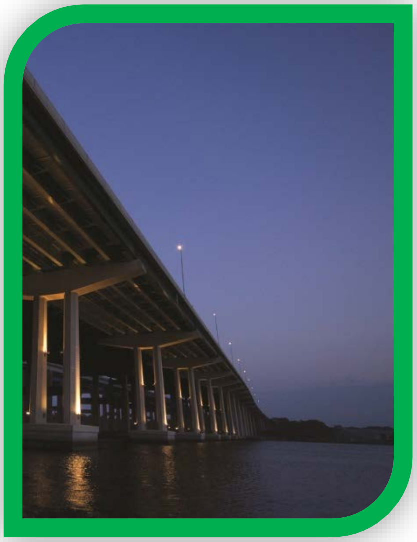
Capital Assets

		December 31		
		2016	2015	2014
Land	$	830,612	824,797	797,313
Construction-in-progress		1,258,316	2,521,406	1,582,797
Roadways		4,181,281	3,211,595	3,319,841
Bridges		3,808,491	3,237,642	3,279,488
Buildings		495,102	249,716	254,719
Equipment		881,923	755,935	799,195
Total capital assets, net of accumulated depreciation	$	11,455,725	10,801,091	10,033,353

Capital assets consist of land, construction in progress, infrastructure, buildings, and equipment. Infrastructure assets are typically items that are immoveable, such as highways and bridges. Detailed information on capital asset activity can be found in note 4.

2016 – 2015

The Authority's capital assets as of December 31, 2016 were $14,921,007 of gross asset value with an accumulated depreciation of $3,465,282, leaving a net book value of $11,455,725. This represents 83.8% of the Authority's total assets.



Capital assets, net of accumulated depreciation, increased by $654,634 in 2016 primarily due to the continued spending on the Authority's $7 Billion CIP. Major projects include the widening of the Turnpike and the Parkway, facility and interchange improvement and bridge improvements. Land increased by $5,815 in 2016 due to the continued acquisition of parcels needed for the Parkway Interchange 125 Improvement Project, Turnpike Interchange 14A Improvement Project and the Parkway Milepost 35 to 63 Widening Project as well as other various improvement projects along the Authority's right-of-way. Constructions in progress decreased by $1,263,090 in 2016 as a result of the addition of assets into their final fixed asset categories, as many construction projects were substantially complete and opened to the public in 2016. Roadways increased by $969,686, or 30.2%, in 2016 due to the substantial completion of the Parkway Mainline Shoulder Improvement and the Parkway Widening (Phase II) project. Bridges increased by $570,849, or 17.6%, in 2016 due to the substantial completion of the Great Egg Harbor Bridge, the Bass River Bridge, and several bridges on the Turnpike which were included in the Bridge Deck Reconstruction Project.

Buildings increased by $245,386, or 98.3%, in 2016 due to the substantial completion of facility improvement project which includes State Police barracks along the roadways, three maintenance district buildings, salt storage facilities, and a central warehouse facility. Equipment increased by $125,988, or 16.7%, in 2016 due to the addition of sign structures and safety devices after substantial completion of the Sign Replacement Project.

The Authority had open commitments related to construction contracts totaling $742,000 as of December 31, 2016. These construction contracts include work related to the Authority's $7 Billion CIP and will be completed over the next few years.

2015 – 2014

The Authority's capital assets as of December 31, 2015 were $13,965,253 of gross asset value with an accumulated depreciation of $3,164,162 leaving a net book value of $10,801,091. This represents 79.8% of the Authority's total assets.

Capital assets, net of accumulated depreciation, increased by $767,738 in 2015 due to the continued spending on the Authority's $7 Billion CIP. Major projects include the widening of the Parkway between Mileposts 35 and 63 Turnpike and Parkway Interchange improvement projects. Land increased by $27,484 in year-ended 2015 due to the continued acquisition of parcels needed for the Turnpike Interchange 14A Improvement Project, the Parkway Milepost 35 to 63 Widening Project, and Parkway Interchange 105 Improvement project as well as other various improvement projects along the Authority's right-of-way. Construction in progress increased by $938,609 in 2015 due to the continued spending on the Authority's $7 Billion CIP. This increase is mainly the result of continued spending for the Facilities Improvements Phase I & II, Turnpike Interchange 14A Reconstruction, and Parkway Milepost 35 to 63 Widening Project. Roadways decreased by $108,246, or 3.3%, in 2015 due to depreciation of the assets. Bridges decreased by $41,846 in 2015 due to depreciation. Buildings decreased by $5,003, or 2.0%, due to depreciation. Equipment decreased by $43,260 in 2015 due to depreciation.

The Authority had open commitments related to construction contracts totaling $1,175,668 as of December 31, 2015. This work relates to the Authority's $7 Billion CIP and will be completed over the next few years.

(Dollars shown in thousands)

Condensed Summary of Revenue, Expenses and Changes in Net Position

		2016	2015	2014
Operating revenues:	$			
Toll revenue		1,570,662	1,523,133	1,445,748
E-ZPass fees		62,579	56,262	52,773
Concession revenue		38,192	38,993	36,842
Miscellaneous revenue		17,920	13,635	14,377
Total operating revenues		1,689,353	1,632,023	1,549,740
Operating expenses, excluding depreciation (1)		(615,469)	(609,550)	(564,925)
Net operating revenue		1,073,884	1,022,473	984,815
Depreciation expense		(301,120)	(316,377)	(201,001)
Operating income		772,764	706,096	783,814
Nonoperating revenues (expenses):				
Nonoperating revenues		101,654	81,943	79,275
Nonoperating expenses		(614,399)	(667,364)	(601,009)
Total nonoperating revenues (expenses), net		(512,745)	(585,421)	(521,734)
Change in net position		260,019	120,675	262,080
Net position – Beginning of period		658,290	537,615	275,535
Net position – End of period	$	918,309	658,290	537,615

(1) Operating expenses include both the funded and the non-cash portion of the annual OPEB cost.

Discussion of Condensed Summary of Revenue, Expenses and Changes in Net Position

2016 – 2015

Operating Revenues

Operating revenues totaled $1,689,353 for the year ended December 31, 2016, representing an increase of $57,330 or 3.5% from the year ended December 31, 2015. The principal source of revenue for the Authority is tolls. During 2016, toll revenue totaled $1,570,662 and constituted 93.0% of the Authority's operating revenues, as compared to $1,523,133, or 93.3%, in 2015. On the Turnpike, passenger car traffic increased 3.8% while commercial vehicle traffic increased by 2.0% resulting in an overall increase of 3.6%. On the Parkway, passenger car toll transactions increased by 2.8% while commercial vehicle toll transactions decreased by 3.2% resulting in an overall increase by 2.7%. The increases on both roadways as compared to 2015 reflect favorable weather conditions, an improving economy, comparatively lower gas prices and an extra leap year day in 2016. In addition, toll revenue increased due to the positive impacts on traffic from the widening of both roadways.

Electronic toll collection remains popular and overall usage rates continue to be strong. On the Turnpike, the E-Z Pass usage rate for passenger cars was 81.4% and for commercial vehicles was 90.8%, resulting in an overall usage rate of 82.6% in 2016, an increase from 81.7% in 2015. On the Parkway, the overall E-Z Pass usage rate increased to 79.6% from 78.7% in 2015. During 2016, passenger cars had a usage rate of 79.5% and commercial vehicles had a usage rate of 89.0%.

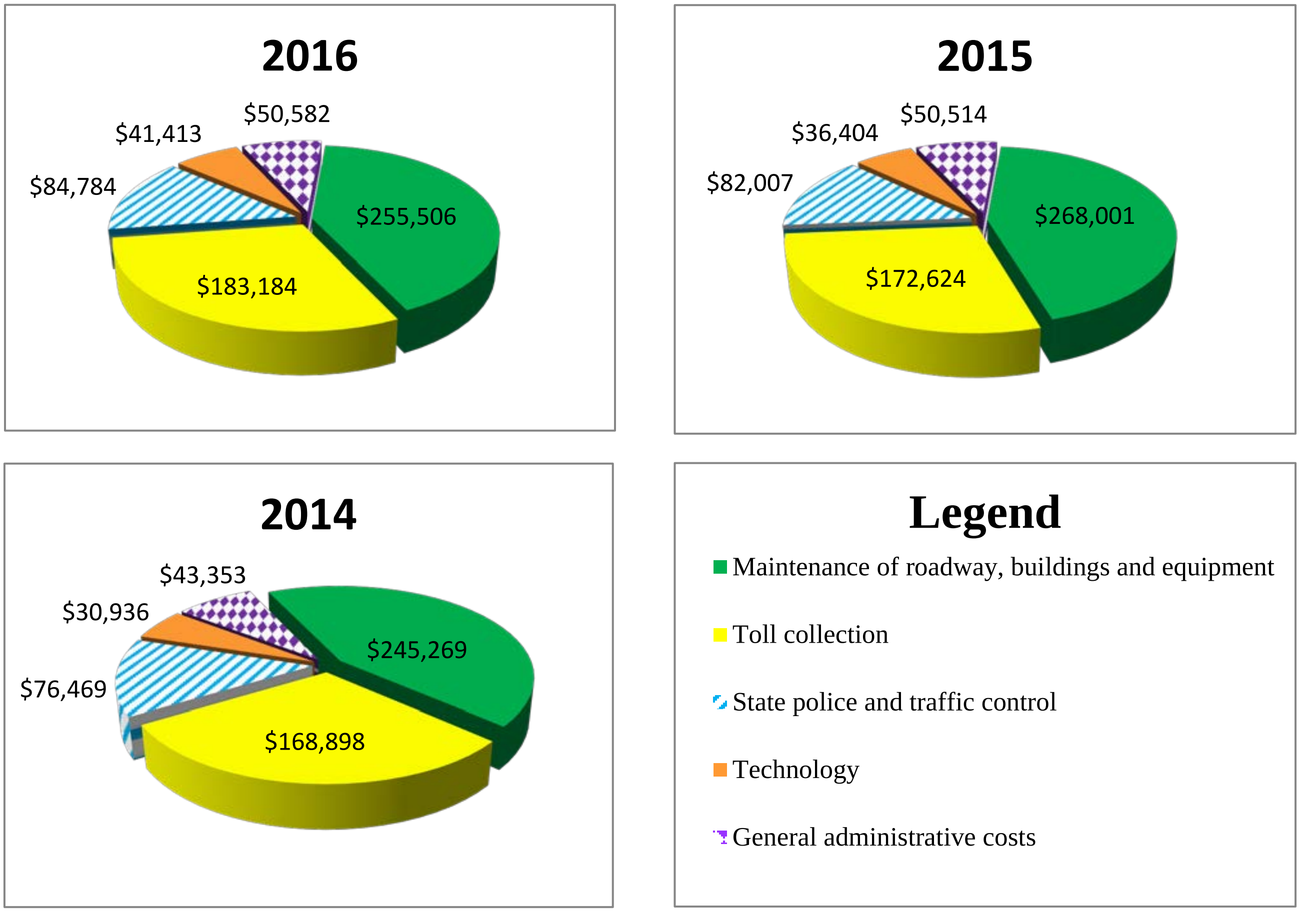
E-Z Pass fees totaled $62,579 and $56,262 for the years ended December 31, 2016 and 2015, respectively, representing an increase of $6,317 or 11.2%. E-Z Pass fees consist of monthly membership fees, transponder sales, returned check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. The increase primarily resulted from higher administrative fees collected from toll violators, increases in membership and statement fees, as well as higher lost or damaged tag fees. Administrative fee collections increased due to enhanced enforcement and collection efforts, including New Jersey Motor Vehicle Commission registration holds for repeat violators. There are approximately 139,000 more NJ E-Z Pass accounts at the end of 2016 as compared to 2015, accounting for the increase in membership and statement fees while lost or damaged tag fees increased due to fees assessed for transponders not retuned as part of the tag swap program.

Concession revenues were $38,192 in 2016. This represents a decrease of $801 or 2.1% from $38,993 in 2015. The decrease is due to a decrease in revenue from the gross profit margin on diesel fuel sales as compared to 2015. The Authority receives 50% of the gross profit margin on all diesel fuel sold. The fuel sales on Turnpike decreased by 5.7% in 2016 as compared to 2015. Turnpike food and convenience store sales increased 5.0%, and 11.7%, respectively, compared to last year. The increase in food and convenience store sales was in part due to the reopening of the Grover Cleveland Service Area on the Turnpike on November 23, 2015 after a three-year closure due to the effects of Superstorm Sandy. On the Parkway, fuel sales increased 2.0% and convenience store sales increased 3.6%. Parkway food sales only increased 0.2% due to the closure of the food service facility at Vauxhall Service Area for maintenance from October 2, 2015 to May 3, 2016.

Miscellaneous revenue totaled $17,920 for the year ended December 31, 2016, representing an increase of $4,285, or 31.4%, compared to $13,635 for the year ended December 31, 2015. Miscellaneous revenue includes rentals of cell tower sites, fiber optic lines, towing commissions, park and ride receipts and easements. Miscellaneous revenue increased primarily due to the receipt of a non-recurring insurance settlement and a non-recurring Financial Industry Regulatory Authority (FINRA) arbitration settlement.

Operating Expenses

Operating expenses by category for the last three years are shown below:



General operating expenses, excluding depreciation, totaled $615,469 for the year ended December 31, 2016, representing an increase of $5,919, or 1.0%, from $609,550 for the year ended December 31, 2015. The higher costs are entirely the result of an increase in the non-cash portion of Pension Expense, which increased by $23,562 to $33,979 from $10,417, for the years ended December 31, 2016 and 2015, respectively. Maintenance expenses decreased by $12,495 to $255,506 for the year ended December 31, 2016 from $268,001 for the year ended December 31, 2015, primarily due to lower snow and severe weather-related costs and utility expenses in 2016 as compared to 2015. Toll collection costs increased by $10,560 to $183,184 for the year ended December 31, 2016 from $172,624 for the year ended December 31, 2015. The main reason for this increase is the non-cash portion of Pension Expense, higher credit card fees due to increased toll revenue processed through electronic toll collection, higher electronic toll collection transaction processing costs due to the overall increase in electronic toll transactions, and higher violation collection expenses, as administrative fee collections also increased due to enhanced collection efforts. State police and traffic control costs increased by $2,777 to $84,784 for the year ended December 31, 2016 from $82,007 for the year ended December 31, 2015. The primary reason for this increase is due to a higher number of state troopers assigned to the roadways, resulting in higher salary and benefit costs paid to the New Jersey Division of State Police, as well as an increase in state police vehicles purchased. Technology costs increased by $5,009 to $41,413 for the year ended December 31, 2016 from $36,404 for the year ended December 31, 2015. This increase is due to the non-cash portion of Pension Expense, higher software license and equipment maintenance fees resulting from the various technology improvement projects initiated by the Authority. General administrative expenses increased by $68 to $50,582 for the year ended December 31, 2016 from $50,514 for the year ended December 31, 2015. Overall, due to the increase of the non-cash portion of Pension Expense, general administrative expenses slightly increased. However, there is a decrease in insurance claims and premiums, lower property taxes paid on surplus real estate, and lower bond-related expenses. Finally, depreciation expense in 2016 totaled $301,120 on the gross depreciable capital asset base of $12,832,079.

Nonoperating Revenues (Expenses)

Net non-operating expenses decreased by $72,676 to $512,745 for the year ended December 31, 2016 from $585,421 for the year ended December 31, 2015 primarily due to the contractual reduction in the payments to the State of New Jersey under the new State Transportation Projects Funding Agreement (2016-2021) as compared to the prior agreement. The decrease in the payments to the State of New Jersey was partially offset by the increase in interest expense on the Turnpike Revenue Bonds in 2016 as compared to the interest expense in 2015.

The Build America Bonds subsidy represents a direct payment by the United States Treasury to the Authority originally equal to 35% of the interest payable on the Series 2009F bonds and the Series 2010A bonds. The Build America Bonds subsidy in 2016 was $76,071, an increase of $163 from $75,908 in 2015 due to a decline in the automatic Federal deficit reduction spending cuts. The subsidy payment received in June 2016 was reduced by 6.8% and the subsidy payment received in December 2016 was reduced by 6.9%, while in 2015 the comparable payments were reduced by 7.3% and 6.8%, respectively.

Payments to the State of New Jersey decreased by $60,001 in 2016 to $294,000 from $354,001 in 2015. The payments to the State include an annual payment of $22,000 in 2016 and 2015 to assist in transportation purposes. Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011 and as amended on June 28, 2016, the Authority made an annual payment of $264,000 in 2016 and $354,000 in 2015. The Authority also made annual payments to the State totaling $8,000 in 2016 and $8,001 in 2015 as per the Feeder Road Maintenance and Cost Sharing Agreement, as amended on July 1, 2016, for feeder road maintenance provided by the New Jersey Department of Transportation. These 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 (see note 16).

Investment earnings were a gain of $12,217 in 2016 as compared to a gain of $2,403 in 2015. Interest income earned by the Authority on investments was $12,777 in 2016, slightly higher than the $11,683 earned in 2015. The adoption of GASB Statement No. 53 in 2010 requires the recognition of certain of the Authority's interest rate swaps as 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 2016 and 2015, the

Authority was required to report the mark-to-market value of the interest rate swaps that hedge the Series 2000B-G bonds as investments. In 2016, the Authority recorded an investment loss of $13,801 representing the fixed interest payments on the Series 2000B-G swaps, net of the variable payments received, compared to an investment loss of $13,005 in 2015. In 2016, the Authority recognized an investment gain of $13,238, representing the change in fair market value of the Series 2000B-G swaps as compared to an investment gain of $3,720 in 2015. In addition, in 2016 and 2015, the Authority recorded capitalized interest income of $2,514 and $2,290, respectively.

Interest expense increased by $8,829 in 2016 as compared to 2015, primarily due to a full year of interest expense on the Series 2015E Bonds, which were issued in October 2015. The increased interest expense on these bonds was partially offset by an increase in interest expense capitalized to projects, again related to a full year of interest costs on the Series 2015E Bonds.

2015 – 2014

Operating Revenues

Operating revenues totaled $1,632,023 for the year ended December 31, 2015, representing an increase of $82,283 or 5.3% from the year ended December 31, 2014. The principal source of revenue for the Authority is tolls. During 2015, toll revenue totaled $1,523,133 and constituted 93.3% of the Authority's operating revenues, as compared to $1,445,748, or 93.3%, in 2014. On the Turnpike, passenger car traffic increased 6.4% while commercial vehicle traffic increased by 4.5% resulting in an overall increase of 6.2%. On the Parkway, passenger car toll transactions increased 2.4% while commercial vehicle toll transactions increased 3.6%. The increases on both roadways as compared to 2014 reflect declining gas prices in 2015, an improving economy, and favorable weather conditions from April through December 2015. In addition, toll revenue increased due to the positive impacts on traffic from the widening of both roadways.

Electronic toll collection remains popular and overall usage rates continue to be strong. On the Turnpike, the E-Z Pass usage rate for passenger cars was 80.5% and for commercial vehicles was 89.9%, resulting in an overall usage rate of 81.7%. On the Parkway, the overall E-Z Pass usage rate increased to 78.7% from 78.1% in 2014. During 2015, passenger cars had a usage rate of 78.7% and commercial vehicles had a usage rate of 88.8%.

E-Z Pass fees totaled $56,262 and $52,773 for the years ended December 31, 2015 and 2014, respectively, representing an increase of $3,489 or 6.6%. E-Z Pass fees consist of monthly membership fees, transponder sales, returned 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 126,000 more NJ E-Z Pass accounts at the end of 2015 as compared to 2014. Administrative fee collections increased due to enhanced enforcement and collection efforts, including New Jersey Motor Vehicle Commission registration holds for repeat violators.

Concession revenues were $38,993, constituting 2.4% of total operating revenues. This represents an increase of $2,151 or 5.8% from $36,842 in 2014. The increase is due to the higher than expected commissions received on diesel fuel sales on the Turnpike. Overall, revenue from fuel sales on the Turnpike increased 16.3% and decreased 6.3% on the Parkway. Revenue from food sales on the

Turnpike increased 4.6% and decreased 2.7% on the Parkway. The increase in food and fuel sales was partly due to the reopening of the Grover Cleveland Service Area on November 23, 2015 after three years of closure due to the effects of Superstorm Sandy.

Miscellaneous revenue totaled $13,635 for the year ended December 31, 2015, representing a decrease of $742, or 5.2%, compared to the year ended December 31, 2014. Miscellaneous revenue includes rentals of cell tower sites, fiber optic lines, towing commissions, park and ride receipts and easements. Miscellaneous revenue decreased primarily due to lower amounts received in 2015 from the Federal Emergency Management Agency (FEMA) for previously declared weather events.

Operating Expenses

General operating expenses, excluding depreciation, totaled $609,550 for the year ended December 31, 2015, representing an increase of $44,625 or 7.9% from $564,925 for the year ended December 31, 2014. The higher costs are primarily the result of an increase of approximately $25,000 in the non-cash portion of the OPEB expense and an increase of $10,417 in the non-cash portion of the pension expense. In accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB) (GASB 45), the Authority recorded an expense of $100,182 representing the annual OPEB cost. The increase is due to increase in normal cost as compared to prior valuation period, increase in amortization of the unfunded actuarial accrued liability (UAAL) and additional adjustments for timing differences between cash and accrual accounting, and to prevent double counting of OPEB plan costs. The annual OPEB cost, including the non-cash portion, is included in Operating Expenses and is allocated to each functional expense category based upon the number of active full time employees in each category. Maintenance expenses increased by $22,732 primarily due to the non-cash increase in the annual OPEB cost allocated to maintenance of $8,600, additional maintenance work for roadway and related repairs of $7,600 and an increase in snow and severe weather costs of $2,800. In 2015, the Authority spent a record amount on snow and severe weather totaling $46,731. State police and traffic control costs increased by $5,538 due primarily to a planned increase in the number of State Troopers patrolling the roadways, as well as higher fringe benefit costs. General and Administrative expenses increased by $7,161. Toll collection costs increased by $3,726. The increase in General and Administrative and Toll Collection expenses is primarily due to an increase in the OPEB expense and pension expense allocated to these areas. Depreciation expense during 2015 totaled $316,377, which was an increase of $115,376 from 2014 due to the increase in capital assets generated from the $7 Billion CIP.

Nonoperating Revenues (Expenses)

Net non-operating expenses increased by $63,687 from 2014 primarily due to increase in interest expense on the Turnpike Revenue Bonds. The increase in interest expense was partially offset by the increase in investment income in 2015 as compared to an investment loss in 2014.

The Build America Bonds subsidy represents a direct payment by the United States Treasury to the Authority originally equal to 35% of the interest payable on the Series 2009F bonds and the Series 2010A bonds. The Build America Bonds subsidy in 2015 was $75,908, an increase of $163 from 2014 due to increase in 2015 interest expenses and a change in the automatic Federal deficit reduction spending cuts. The subsidy payment received in June 2015 was reduced by 7.3%, and the payment received in December 2015 was reduced by 6.8%, while in 2014 the comparable payments were reduced by 7.2% and 7.3%.

(Dollars shown in thousands)

Payments to the State include an annual payment of $22,000 in 2015 and 2014 to assist in transportation purposes. Under the terms of a State Transportation Projects Funding Agreement, dated September 30, 2011, the Authority made an annual payment of $324,000 in 2015 and 2014. The Authority also made annual payments to the State totaling $8,001 in 2015 and 2014 as per the Feeder Road Maintenance and Cost Sharing Agreement with the State for feeder road maintenance provided by the New Jersey Department of Transportation. These 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.

Investment earnings were a gain of $2,403 in 2015 as compared to loss of $32,312 in 2014. Interest income earned by the Authority on investments was $11,683 in 2015, slightly decreasing from $12,541 in 2014. The adoption of GASB Statement No. 53 in 2010 requires the recognition of certain of the Authority's interest rate swaps as 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 2015 and 2014, the Authority was required to report the mark-to-market value of the interest rate swaps that hedge the Series 2000B G bonds as investments. In 2015, the Authority recorded an investment loss of $13,005 representing the fixed interest payments on the Series 2000B G swaps, net of the variable payments received, compared to an investment loss of $12,678 in 2014. In 2015, the Authority recognized an investment gain of $3,720, representing the change in fair market value of the Series 2000B G swaps as compared to an investment loss of $32,178 in 2014. In addition, in 2015 and 2014, the Authority recorded capitalized interest income of $2,290 and $2,577, respectively.

Interest expense increased by $105,168 in 2015 as compared to 2014, due to less interest capitalization in 2015 as work in progress for which interest can be capitalized during the construction period, decreased in 2015. Work in progress decreased due to the completion of the Turnpike Interchange 6 to 9 widening project in November 2014.

Adjusted Revenue, Expenses and Change in Net Position

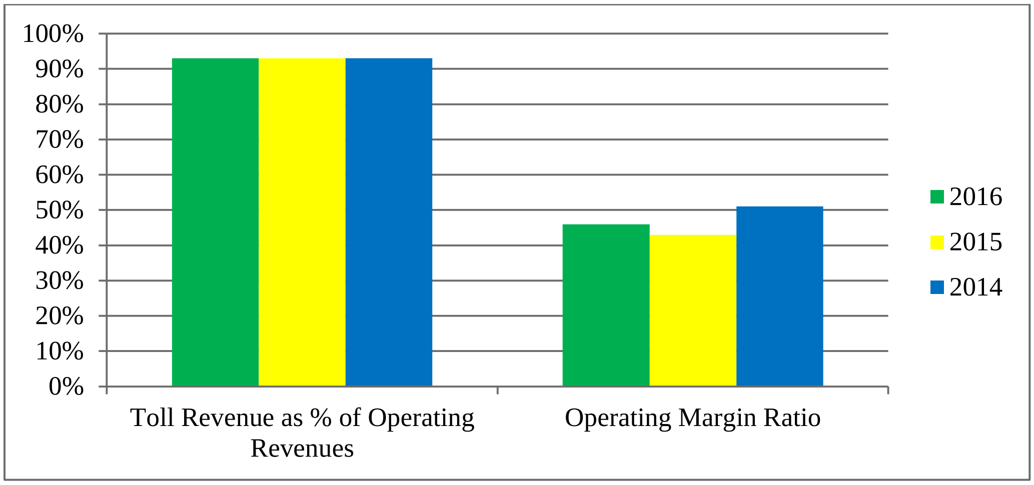
		2016	2015	2014
Change in Net Position as per GAAP Financials	$	260,019	120,675	262,080
Unfunded non cash adjustments:				
Total operating expenses - GAAP adjustments		71,149	37,285	30,120
Interest expense, Turnpike Revenue Bonds		(235,676)	(226,702)	(316,837)
Investment income (loss)		3,078	11,574	47,432
Interfund transfers		211,694	196,880	306,629
Total Non Cash Adjustment	$	50,245	19,037	67,344
Garden State Arts Foundation		(61)	238	139
Change in net position as per Bond Resolution	$	310,203	139,950	329,563
Add other Non cash expenses				
Depreciation		301,120	316,377	201,001
Amortization		(39,812)	(35,382)	(28,722)
Change in Net Position - Non-GAAP	$	571,511	420,945	501,842

Shown above is the change in Net Position as per the Bond Resolution and has been calculated by adjusting the change in Net Position as per GAAP for non-cash expenses such as the non-cash portion of the Annual OPEB expense, GASB 68 Pension Expenses, and interest expense and investment income or loss due to the effects of GASB 53. The Change in Net Position – Non-GAAP is calculated by adding back the non-cash expenses such as depreciation and amortization of discounts and premium to the Adjusted Change in Net Position – Bond Resolution. Management believes that the Adjusted Change in Net Position above, which eliminates the more significant GAAP basis non-cash line items, presents an alternate view of the strength of the Authority's financial results.

(Dollars shown in thousands)

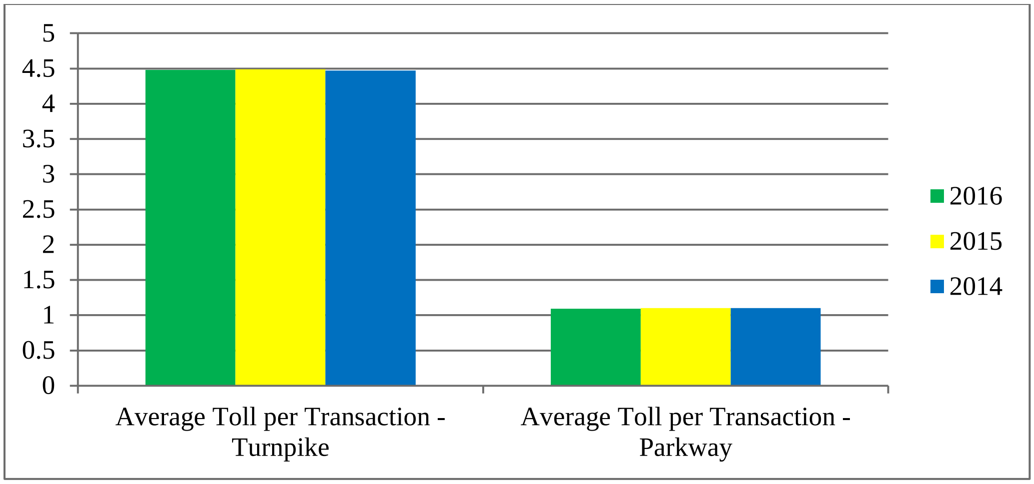
Revenue and Expense Ratio Analysis - GAAP Basis

Ratio	2016	2015	2014	Explanation
Toll Revenue as % of Operating Revenue	93%	93%	93%	Toll revenue as percentage of operating revenue is calculated by dividing toll revenue by operating revenue. This percentage has remained consistent over the three years at 93%, indicating that almost all of the Authority's revenue is earned from toll collection. It also indicates that as a whole, all revenue sources have increased at approximately the same percentage over the past three years.
Operating Margin Ratio Percentage	46%	43%	51%	The operating margin ratio percentage is calculated by dividing operating income by total operating revenue. This ratio has increased to 46% in 2016 as compared to 43% in 2015, due to relatively lower operating expenses and higher operating revenue. The decrease in this ratio in 2015 as compared to 2014 is attributable to an increase in the OPEB and pension expenses as well as higher depreciation expense.



(Dollars shown in thousands)

Ratio	2016	2015	2014	Explanation
Average Toll per Transaction - Turnpike	4.48	4.49	4.47	Average toll per transaction is calculated by dividing toll revenue by the number of toll transactions. With no change in the toll rates the slight decline in the average toll per transaction in 2016 indicates that the average trip lengths per transaction decreased marginally in 2016 as compared to 2015. Overall there is no significant change in the average toll per transaction from 2014 to 2016.
Average Toll per Transaction - Parkway	1.09	1.10	1.10	The average toll per transaction on the Parkway remained essentially unchanged over the three year period with a slight decrease in 2016. Accordingly, on average, the composition of toll transactions by barrier and class remained constant over the three year period.



Toll Revenue Schedules

New Jersey Turnpike
Schedule of Toll Revenue
For the Twelve Months Ended December 31, 2016, 2015 and 2014

(all amounts in thousands)

Class	Description	2016 Toll revenue	2016 Number of vehicles (unaudited)	2015 Toll revenue	2015 Number of vehicles (unaudited)	2014 Toll revenue	2014 Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 789,477	223,634	756,561	215,358	704,436	202,347
2	Vehicles having two axles other than type described under Class 1	63,453	8,489	61,429	8,233	58,764	7,946
3	Vehicle (vehicles), single or in combination, having three axles	28,942	3,532	27,479	3,374	25,474	3,162
4	Vehicle (vehicles), single or in combination, having four axles	34,626	2,763	33,465	2,679	30,384	2,492
5	Vehicle (vehicles), single or in combination, having five axles	230,812	15,034	227,615	14,909	215,957	14,274
6	Vehicle (vehicles), single or in combination, having six or more axles	6,671	352	6,392	335	5,864	316
7	Buses having two axles	2,224	428	2,156	413	2,069	405
8	Buses having three axles	13,753	1,261	13,849	1,296	13,723	1,300
	Nonrevenue vehicles	—	1,571	—	1,558	—	1,517
		1,169,958	257,064	1,128,946	248,155	1,056,671	233,759
	Nonrevenue vehicles	—	(1,571)	—	(1,558)	—	(1,517)
	Toll Adjustments and Discounts	(6,090)	—	(5,106)	—	(4,001)	—
	Net Violations	(19,310)	—	(17,572)	—	(14,926)	—
		$ 1,144,558	255,493	1,106,268	246,597	1,037,744	232,242

Garden State Parkway
Schedule of Toll Revenue
For the Twelve Months Ended December 31, 2016, 2015 and 2014

(all amounts in thousands)

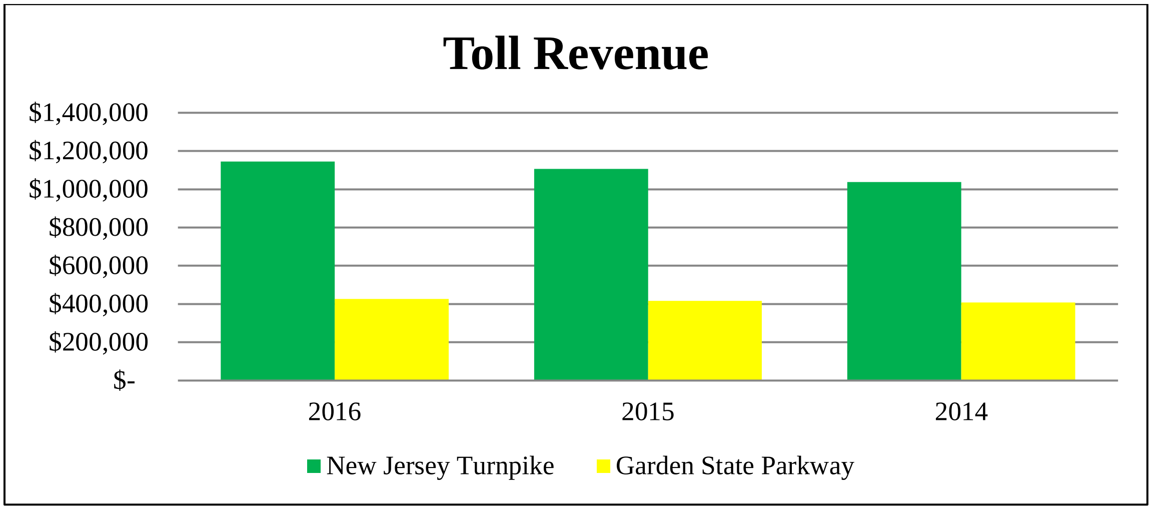
Class	Description	2016 Toll revenue	2016 Number of vehicles (unaudited)	2015 Toll revenue	2015 Number of vehicles (unaudited)	2014 Toll revenue	2014 Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 416,990	384,586	407,254	374,092	398,210	365,337
2	Vehicles having two axles other than type described under Class 1	2,202	925	2,674	1,124	2,472	1,081
3	Vehicle (vehicles), single or in combination, having three axles	3,376	1,106	3,476	1,142	3,199	1,046
4	Vehicle (vehicles), single or in combination, having four axles	3,502	817	3,511	815	3,266	772
5	Vehicle (vehicles), single or in combination, having five axles	2,692	564	2,584	532	2,496	520
6	Vehicle (vehicles), single or in combination, having six or more axles	130	22	138	25	140	25
7	Buses having two axles	1,638	634	1,589	605	1,521	570
8	Buses having three axles	2,588	956	2,589	949	2,748	998
	Nonrevenue vehicles	—	1,458	—	1,476	—	1,497
		433,118	391,068	423,815	380,760	414,052	371,846
	Nonrevenue vehicles	—	(1,458)	—	(1,476)	—	(1,497)
	Toll Adjustments and Discounts	(505)	—	(474)	—	(393)	—
	Net Violations	(6,509)	—	(6,476)	—	(5,655)	—
		$ 426,104	389,610	416,865	379,284	408,004	370,349

(Dollars shown in thousands)

Key Performance Metrics - Revenue and Expenses

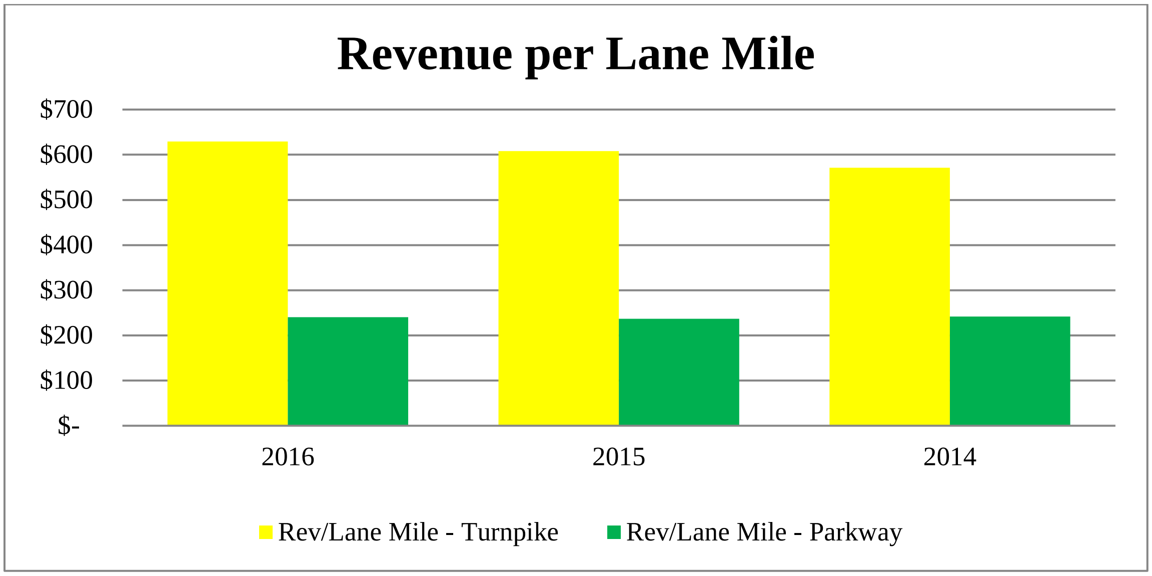
Toll Revenue – Toll revenue has increased consistently from 2014 to 2016. When comparing 2015 to 2016, there is an increase in toll revenue of 3.1% overall for both the Turnpike and Parkway. The greatest increase in toll revenue can be seen from 2015 to 2016 on the Turnpike, with an increase of 3.5%, due to milder weather conditions and favorable gas prices in 2016. Toll revenue from 2014 to 2015 also increased for both the Turnpike and Parkway, for an overall increase of 5.4%. The substantial increase of 6.6% for the Turnpike can be attributed to the opening of the Turnpike widening between Interchanges 6 and 9 in late 2014.

		Turnpike	Parkway	Total
2016	$	$1,144,558	426,104	1,570,662
2015	$	$1,106,268	416,865	1,523,133
2014	$	$1,037,744	408,004	1,445,748
% change from 2015 to 2016		3.5%	2.2%	3.1%
% change from 2014 to 2015		6.6%	2.2%	5.4%



(Dollars shown in thousands)

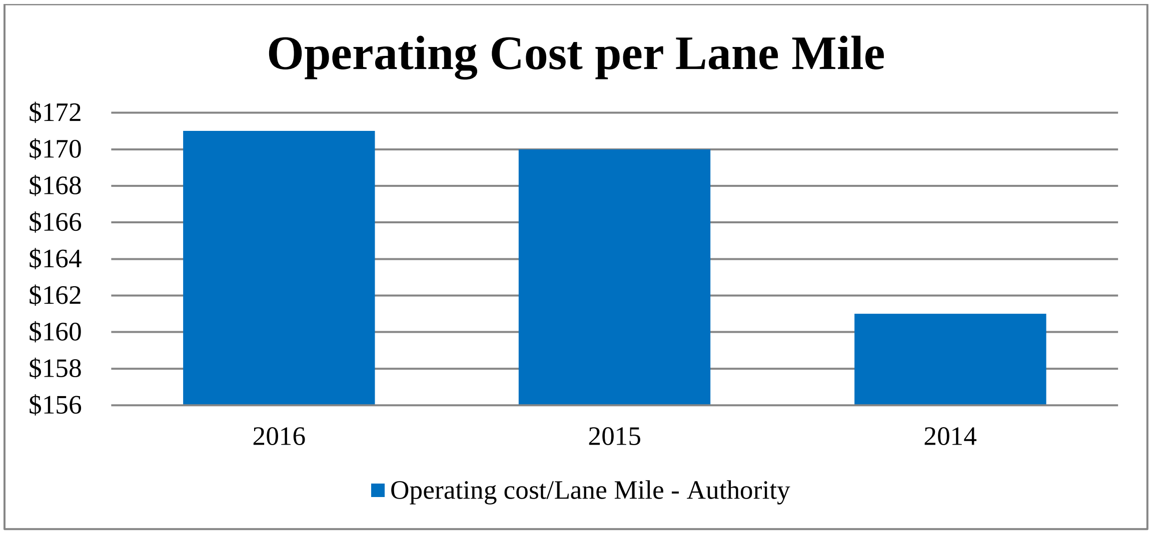
Revenue per Lane Mile – Revenue has increased each year (from 2014 to 2015 and from 2015 to 2016) on both the Turnpike and Parkway. From 2015 to 2016, lane miles on the Turnpike remained unchanged; therefore the increase in revenue per lane mile was attributable to the increase in Turnpike toll revenue due to the additional traffic from the mild weather, lower gas prices and the extra leap year day in 2016. From 2015 to 2016, despite a slight increase in the lane miles, the revenue per lane mile increased on the Parkway due to higher toll revenue in 2016, again due to mild weather, lower gas prices and an extra leap year day in 2016. The revenue per lane mile on the Parkway decreased slightly in 2015 from 2014, as additional lane miles were added mid-year and consequently did not have a full year revenue impact, negatively impacting the calculation.



		2016	2015	2014
Toll Revenue - Turnpike	$	1,144,558	1,106,268	1,037,744
Toll Revenue - Parkway		426,104	416,865	408,004
Total Toll Revenue	$	1,570,662	1,523,133	1,445,748
Lane Miles (actual) - Turnpike		1,819	1,819	1,819
Lane Miles (actual) - Parkway		1,778	1,757	1,687
Total Lane Miles (actual)		3,597	3,576	3,506
Revenue per Lane Mile - Turnpike	$	629	608	571
Revenue per Lane Mile - Parkway	$	240	237	242
Revenue per Lane Mile - Authority	$	437	426	412

(Dollars shown in thousands)

Operating Cost per Lane Mile – Operating expenses shown below include maintenance, toll collection, state police and traffic control, technology and general administrative expenses, but excludes depreciation. From 2015 to 2016, there was an increase in the operating cost per lane mile which can be attributed to an increase in Pension Expenses (see page no. 19 for further breakout of operating costs). From 2014 to 2015, operating cost per lane mile increased due to relatively higher operating expenses in 2015 as compared to 2014 due to a significant increase in the snow and severe weather costs.

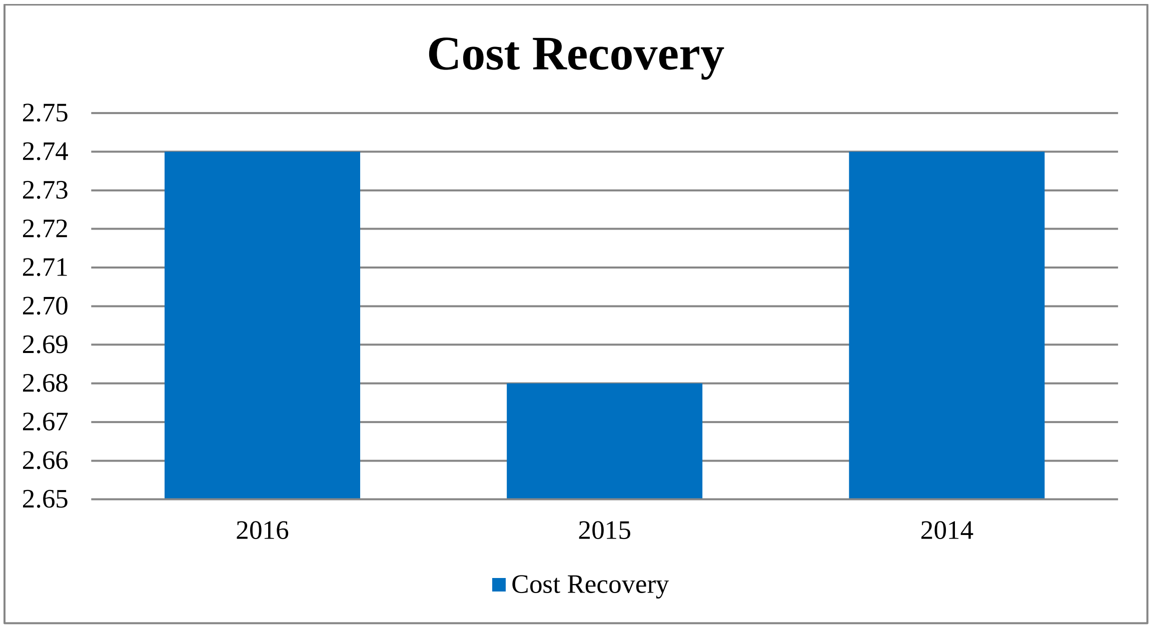


		2016	2015	2014
Total operating expenses	$	615,469	609,550	564,925
Lane Miles (actual) - Turnpike		1,819	1,819	1,819
Lane Miles (actual) - Parkway		1,778	1,757	1,687
Total Lane Miles		3,597	3,576	3,506
Operating cost Excluding Depreciation/Lane Mile - Authority	$	171	170	161

(Dollars shown in thousands)

Cost Recovery – The cost recovery ratio is calculated by dividing operating revenues by operating expenses. Therefore, a ratio 1.0 or above is a positive sign as it indicates operating expenses are being fully recouped by operating revenues. The cost recovery ratio was over 2.0 in each of the years 2014 – 2016, which is a strong indicator of the Authority's ability to meet its operating expenses with its operating revenues. From 2015 to 2016, the cost recovery ratio significantly increased due to comparatively higher operating revenue and lower operating expenses. In 2016 operating revenue was nearly three times higher than operating expenses. From 2014 to 2015, the ratio declined slightly as operating expenses increased due to a significant increase in snow and severe weather costs in 2015.

		2016	**2015**	**2014**
Operating Revenue	$	1,689,353	1,632,023	1,549,740
Operating Expenses (excluding depreciation)	$	615,469	609,550	564,925
Cost Recovery		2.74	2.68	2.74



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 1.40x and total requirement coverage of 1.20x. 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. The Guidelines were amended in November 2015 to increase the minimum unrestricted cash balance in the General Reserve Fund to $100,000. In January 2017, the Authority once again amended its Guidelines with respect to the minimum General Reserve Fund Balance requirement. The amended Guidelines increase the unrestricted cash balance in the General Reserve fund as follows:

(1) a minimum balance of $125,000 at 12/31/17;
(2) a minimum balance of $150,000 at 12/31/18;
(3) a minimum balance of $175,000 at 12/31/19;
(4) beginning in 2020, by December 31st of each year, a minimum balance equal to 10% of that year's budgeted total annual revenue.

The Guidelines are implemented at the discretion of the Authority and are not a legal covenant with bondholders. Such Guidelines can be changed or eliminated at any time at the discretion of the Authority. As specified in the Guidelines, the Authority also adopted an Interest Rate Swap Management Plan in April 2013 which was amended in November 2015, an Investment Policy in September 2013, and a Debt Management Policy in January 2014. These documents may be found on the Authority's website at http://www.state.nj.us/turnpike/investor-relations.html.

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 or 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. Bonds payable are shown below:

(Dollars shown in thousands)

Series		2016	2015	2014
1991 Series (C)	$	—	67,160	67,160
2000 Series (B-G)		400,000	400,000	400,000
2003 Series (B)		—	70,005	234,210
2004 Series (B, C2)		132,850	301,496	297,261
2005 Series (A-B, D1-D4)		414,885	414,885	414,885
2009 Series (A-B, E-I)		2,193,945	2,193,945	2,336,445
2010 Series (A)		1,850,000	1,850,000	1,850,000
2012 Series (A-B, G)		945,690	945,690	989,440
2013 Series (A-G)		1,986,305	2,116,295	2,280,630
2014 Series (A, B1-3, C)		1,251,860	1,301,860	1,326,860
2015 Series (A-H)		1,125,585	1,125,585	—
2016 Series (A-D)		325,035	—	—
Premium and discount, net		444,966	464,242	428,080
Total outstanding bonds	$	11,071,121	11,251,163	10,624,971

2016 – 2015

In accordance with its refunding plan, on February 2, 2016, the Authority issued $149,995 of Series 2016A Turnpike Revenue Bonds. The bonds bear interest at fixed rates ranging from 3.13% to 5.00%, and mature from January 1, 2031 to January 1, 2035. The interest on the Series 2016A Bonds is paid semi-annually. The proceeds of the Series 2016A Bonds were used to fully refund and defease the Series 2004B Bonds.

On December 21, 2016, the Authority issued $175,040 of Series 2016B, 2016C and 2016D Floating Rate Bonds. The Series 2016B, 2016C and 2016D Floating Rate Bonds bear interest at 70% of one month LIBOR, plus a certain spread for each Series. The interest on the Series 2016B, 2016C and 2016D Floating Rate Bonds is paid monthly. The Series 2016B, 2016C and 2016D Floating Rate Bonds are direct purchase transactions. The Series 2016B and 2016C Bonds mature on January 1, 2023 and the Series 2016D Bonds mature January 1, 2024. The Authority issued the Series 2016B, 2016C and 2016D Floating Rate Bonds and used the proceeds to fully refund the Series 2013D-2, 2013E-2 and 2014B-2 Bonds, respectively.

The Series 2016A Bonds were issued to achieve debt service savings. The aggregate savings on the Series 2016A bonds was approximately $41,688 with a net present value savings of $29,239 when compared to the future interest costs on the refunded bonds. The refunding resulted in a loss on defeasance of $6,134 in 2016, which is being amortized over the life of the new bonds. The Series 2016B, Series 2016C and Series 2016D Turnpike Revenue Bonds were issued to meet the mandatory tender dates on the bonds being refunded and avoid interest rate escalation costs. The refunding resulted in an additional cost of $741 over the life of the bonds when comparing the credit spread on the Series 2016B, 2016C, and 2016D Bonds to the credit spread on the refunded bonds. The Series 2016B, 2016C, and 2016D Bonds do not have roll-over risk, as the mandatory tender date on each bond is the maturity date of the bonds.

The rating agencies assigned the following ratings to the Series 2016 Turnpike Revenue Bonds: Moody's A2, S&P A+ and Fitch A.

2015 – 2014

In accordance with its refunding plan, on January 29, 2015, the Authority issued $142,500 of Series 2015A and 2015B Turnpike Revenue Bonds with a floating rate. The Series 2015A Turnpike Revenue Bonds bear interest at 67% of LIBOR plus 78 basis points (bp), and the Series 2015B Turnpike Revenue Bonds bear interest at 75% of LIBOR plus 45 bp. The interest on the Series 2015A and B Turnpike Revenue Bonds is paid monthly. The Series 2015A and 2015B Turnpike Revenue Bonds are direct purchase transactions and mature on January 1, 2024. The Authority issued the Series 2015A and 2015B Turnpike Revenue Bonds to fully refund the Series 2009A and 2009B Turnpike Revenue Bonds, respectively, in order to eliminate the need for letters of credit, which were expiring in February 2015. The existing interest rate swaps on the Series 2009A and 2009B Turnpike Revenue Bonds were re-identified to the Series 2015A and Series 2015B Turnpike Revenue Bonds.

On September 18, 2015, the Authority issued $87,500 of Series 2015C and 2015D Turnpike Revenue Bonds with a floating rate. The Series 2015C Turnpike Revenue Bonds bear interest at 67% if LIBOR plus 70 bp, and the Series 2015D Floating Rate Bonds bear interest at 67% of LIBOR plus 70 bp. The interest on the Series 2015C and 2015D Turnpike Revenue Bonds is paid monthly. The Series 2015C and 2015D Turnpike Revenue Bonds are direct purchase transactions and mature on January 1, 2024. The Authority issued the Series 2015C and 2015D Turnpike Revenue Bonds to fully refund and avoid the mandatory tender date on the Series 2012G and 2013G Turnpike Revenue Bonds, respectively. The existing interest rate swaps on the Series 2012G and Series 2013G Turnpike Revenue Bonds were re-identified to the Series 2015C and Series 2015D Turnpike Revenue Bonds.

On October 22, 2015, the Authority issued $750,000 of Series 2015E Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.375% to 5.0%, and mature from January 1, 2031 to January 1, 2045. The interest on the Series 2015E bonds is paid semi-annually. The purpose of the Series 2015E Turnpike Revenue Bonds was to (i) continue to fund projects under the $7 Billion CIP, (ii) make a deposit to the Debt Reserve Fund, and (iii) pay the costs of issuance of the Series 2015E Turnpike Revenue Bonds.

On December 23, 2015, the Authority issued $145,585 of Series 2015F, 2015G and 2015H Turnpike Revenue Bonds with a floating rate. The Series 2015F Turnpike Revenue Bonds bear interest at 75% of LIBOR plus 59.5 bp. The Series 2015G Turnpike Revenue Bonds bear interest at 69.75% of LIBOR plus 60 bp. The Series 2015H Turnpike Revenue Bonds bear interest at 67% of LIBOR plus 74 bp. The interest on the Series 2015F, 2015G and 2015H Floating Rate Bonds is paid monthly. The Series 2015F, 2015G and 2015H Turnpike Revenue Bonds are direct purchase transactions. The Series 2015F and 2015H Turnpike Revenue Bonds mature on January 1, 2022 and the Series 2015G Turnpike Revenue Bonds mature January 1, 2024. The Authority issued the Series 2015F, 2015G and 2015H Turnpike Revenue Bonds to fully refund and avoid the mandatory tender date on the Series 2013D-1, Series 2014B-1 and Series 2013E-1 Turnpike Revenue Bonds, respectively. The existing interest rate swaps on the Series 2013D-1, Series 2014B-1 and Series 2013E-1 Turnpike Revenue Bonds were re-identified to the Series 2015F, Series 2015G and Series 2015H Turnpike Revenue Bonds.

The Authority did not refund any fixed rate bonds in 2015. The Series 2015A and Series 2015B Turnpike Revenue Bonds were issued to reduce bank credit risk by eliminating the need for a letter of credit. The Series 2015C, Series 2015D, Series 2015F, Series 2015G and Series 2015H Turnpike Revenue Bonds were issued to meet the mandatory tender dates on the bonds being refunded and avoid interest rate escalation costs.

The rating agencies assigned the following ratings to the Series 2015 Turnpike Revenue Bonds: Moody's A3, S&P A+ and Fitch A.

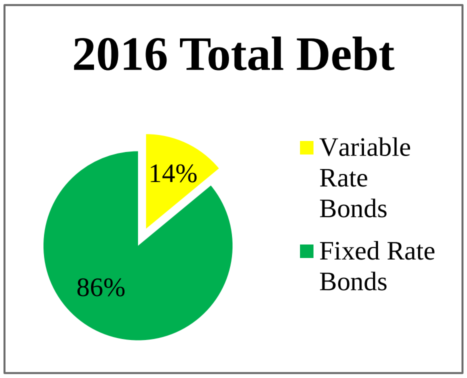
Build America Bond Subsidy Payments

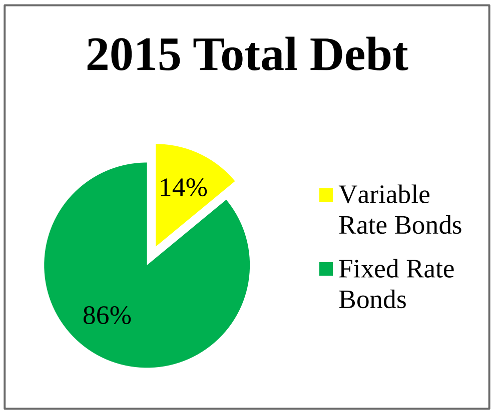
The Authority's Series 2009F and Series 2010A Turnpike Revenue Bonds were issued as Build America Bonds (BAB). The BAB program was authorized by the American Recovery and Reinvestment act enacted in February 2009 to encourage local spending on new construction. Under the program, the U.S. Treasury makes a direct payment to the Authority originally equal to 35% of the interest expense for eligible bonds.

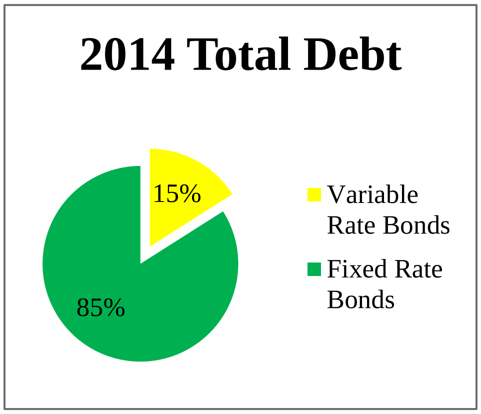
The Budget Control Act of 2011 reduced the amount of the subsidy paid by the Federal Government through automatic federal spending cuts commonly known as sequestration. The payment to the Authority received in June 2014 (for July 1, 2014 interest payment) was reduced by 7.2%, or $2,940. The payment received in June 2015 (for July 1, 2015) was reduced by $2,980 or 7.3%, the payment received in December 2015 (for January 1, 2016) was reduced by $2,777 or 6.8%, the payment received in June 2016 (for July 1, 2016) was reduced by $2,777 or 6.8%, and the payment received in December 2016 (for Jan 1, 2017) was reduced by $2,817 or 6.9%. The Internal Revenue Service has reported that the Authority's payment due on July 1, 2017 will also have a 6.9% reduction. There is uncertainty as to whether or not the Federal Government will make further cuts to the program.

Debt Portfolio

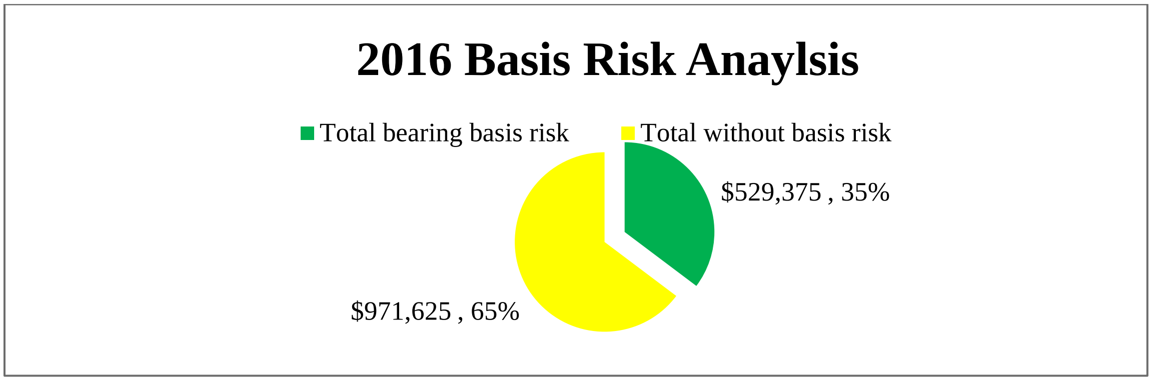
The Authority's bond portfolio at December 31, 2016 had a par value outstanding of $10,626,155 as compared to $10,786,921 at December 31, 2015 and $10,196,891 at December 31, 2014. The par value of bonds has been increasing due to the continued issuance of Turnpike Revenue Bonds to finance the $7 Billion CIP, partially offset by scheduled principle payments. While the overall total debt outstanding has increased since 2014, the percentage of fixed rate versus variable rate bonds has declined, as the Authority has solely issued fixed rate debt to finance the $7 Billion CIP to avoid the risks associated with variable rate debt. As of December 31, 2016, total debt includes 86% of fixed rate bonds and only 14% of variable rate bonds, as compared to 85% of fixed rate bonds and 15% of variable rate bonds as of December 31, 2014. These percentages are within the Authority's Guidelines, which limit variable rate bonds to 20% of total bonds outstanding.

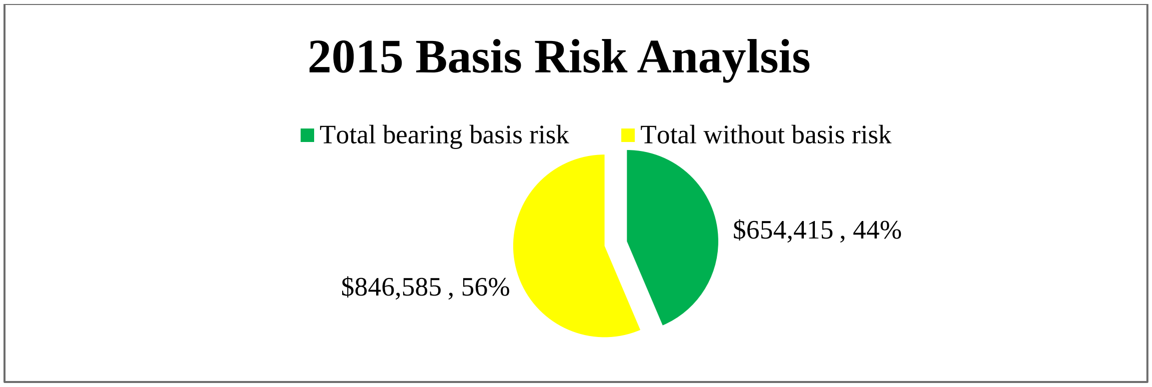


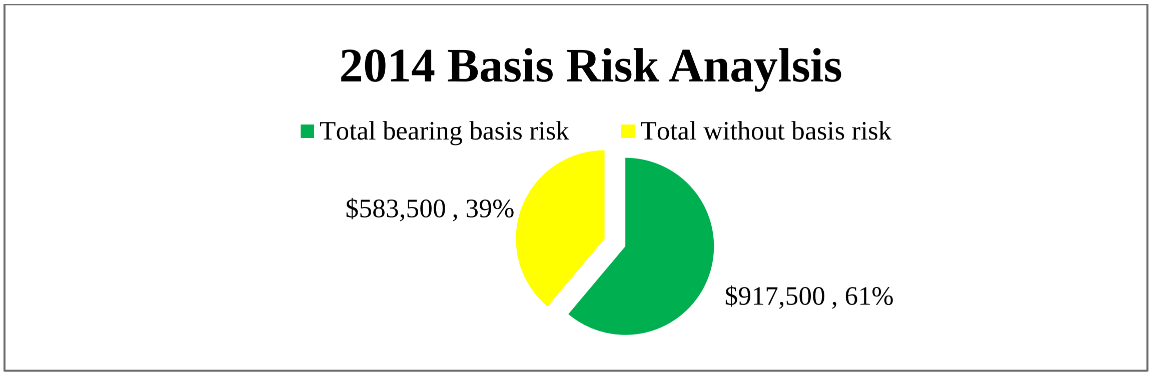




The Authority is actively reducing the basis risk on its interest rate swap portfolio when possible. Basis risk includes those variable rate bonds which have an interest rate index (either SIFMA or LIBOR) used to determine interest payments on the bonds which is different from the interest rate index (either SIFMA or LIBOR) used to calculate the variable payment received on the associated Interest Rate Swap. At December 31, 2016 the percentage of variable rate bonds bearing basis risk was reduced to 35% from 44% at December 31, 2015. At December 31, 2015, the percentage of variable rate bonds bearing basis risk was reduced to 44% from 61% at December 31, 2014.





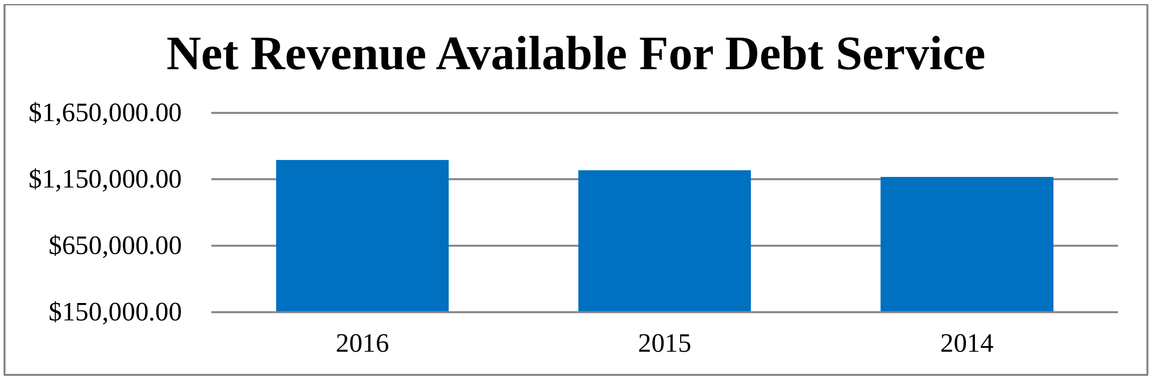


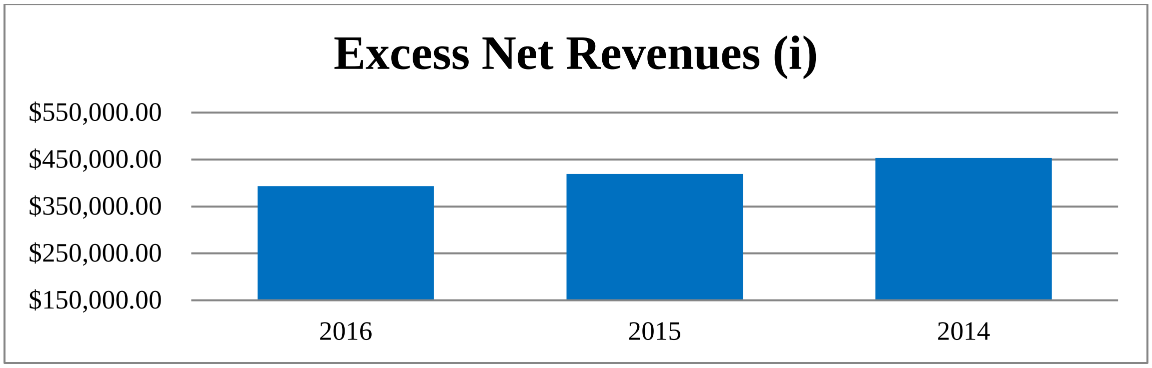
(Dollars shown in thousands)

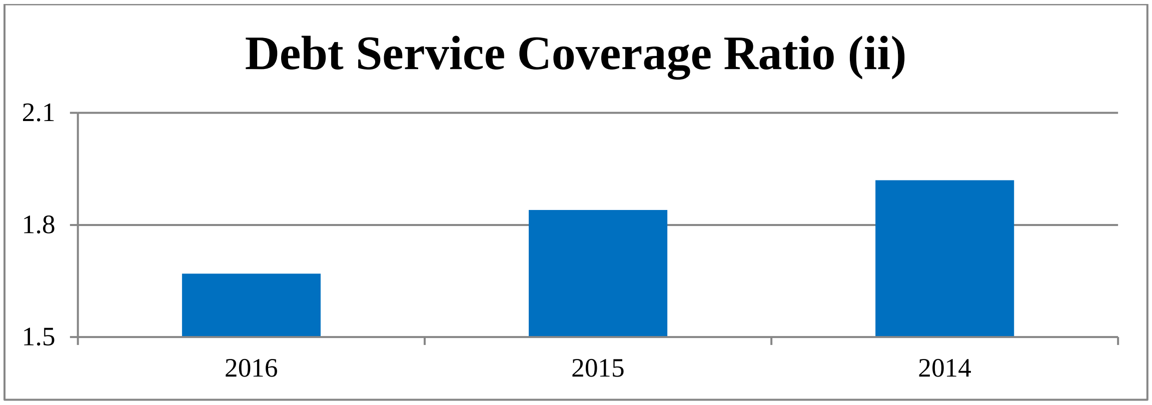
Debt Service Coverage

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."

		2016	2015	2014
(i)				
Net revenue available for debt service	$	1,294,591	1,218,845	1,166,909
Less net revenue requirements (the sum of aggregate debt service, maintenance reserve, special project reserve and charges funds payments)		(901,460)	(799,320)	(713,660)
Excess net revenues	$	393,131	419,525	453,249
(ii)				
Net revenue available for debt service	$	1,294,591	1,218,845	1,166,909
Less net revenue requirements computed under test (120% of aggregate debt service requirements)		(927,694)	(793,711)	(730,675)
Excess net revenues	$	366,897	425,134	436,234
Net revenue available for debt service	$	1,294,591	1,218,845	1,166,909
Debt service requirements	$	773,078	661,426	608,896
Debt service coverage ratio		1.67	1.84	1.92





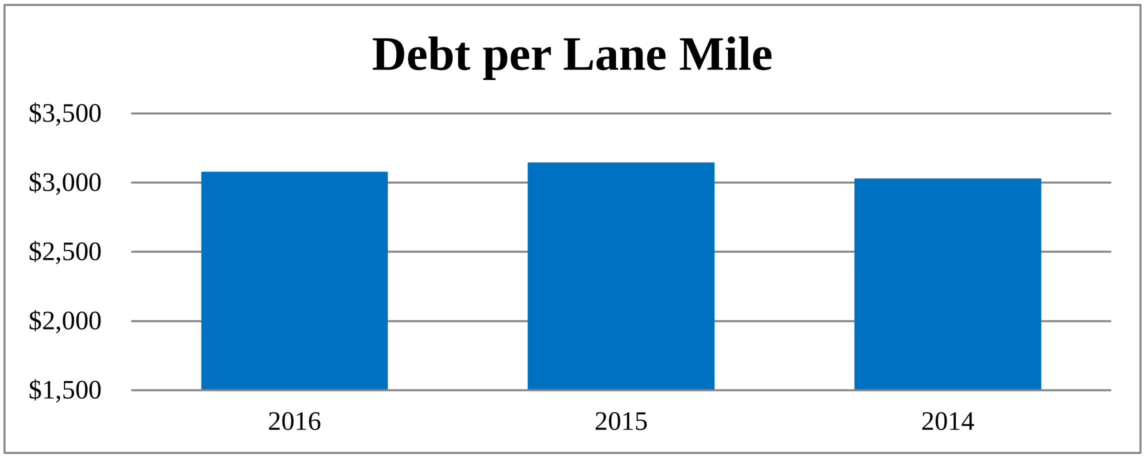


Net revenue available for debt service has increased each year since 2014, increasing to $1,294,591 in 2016 from $1,218,845 in 2015 and from $1,166,909 in 2014. Net revenue available for debt service continues to increase primarily due to the growth in toll revenue and the control of operating expenses. Excess net revenue and the debt service coverage ratio have gone down slightly in 2016 as compared to 2015, due to an expected increase in the debt service requirements as a result of the higher interest costs from the continued financing of the Authority's $7 Billion CIP. The slight decrease in the debt service coverage ratio had been projected, and the debt service coverage ratio in each of the three years 2014 – 2016 remains well above the 1.20x requirement of the Bond Resolution and the 1.40x target of the Guidelines.

(Dollars shown in thousands)

Debt per Lane Mile – Debt per lane mile decreased by $68 to $3,078 in 2016 from $3,146 in 2015. This decrease is due to the principle payments made on the Series 1991C, Series 2003B and Series 2013A Turnpike Revenue Bonds in January 2016. The debt per lane mile increased in 2015 to $3,146 from $3,031 in 2014 due to the issuance of the $750,000 Series 2015E Turnpike Revenue Bonds in November 2015 used to partially fund the $7 Billion CIP.

		2016	2015	2014
Bond indebtedness, net	$	11,071,121	11,251,163	10,624,971
Lane Miles (actual) – Turnpike		1,819	1,819	1,819
Lane Miles (actual) – Parkway		1,778	1,757	1,687
Total Lane Miles (actual)		3,597	3,576	3,506
Debt per Lane Mile – Authority	$	3,078	3,146	3,031



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 or via email at info@turnpike.state.nj.us.

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

Statements of Net Position

December 31, 2016 and 2015

(In thousands)

Assets		**2016**	**2015**
Current assets:			
Cash	$	202,305	175,889
Restricted cash		117,334	161,231
Investments		674,006	591,133
Restricted investments		617,873	489,802
Receivables, net of allowance		73,736	82,289
Inventory		22,692	20,105
Due from State of New Jersey		448	560
Restricted deposits		30,189	27,160
Prepaid expenses		4,650	4,077
Total current assets		1,743,233	1,552,246
Noncurrent assets:			
Restricted investments		468,291	1,190,230
Capital assets, net of accumulated depreciation		11,455,725	10,801,091
Total noncurrent assets		11,924,016	11,991,321
Total assets	$	13,667,249	13,543,567
Deferred Outflows			
Deferred outflows:			
Accumulated decrease in fair value of hedging derivatives	$	—	4,807
Deferred amount on refunding		132,231	149,697
Deferred amount relating to pensions		156,574	65,426
Total deferred outflows	$	288,805	219,930
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	$	172,155	187,261
Funds held in trust		239,720	240,202
Due to State of New Jersey		2,758	2,683
Accrued interest payable		268,050	260,102
Unearned revenue		30,466	42,347
Current portion of bonds payable		197,740	142,115
Current portion of hybrid instrument borrowing		21,546	19,012
Current portion of other long-term liabilities		6,209	9,457
Total current liabilities		938,644	903,179
Noncurrent liabilities:			
Bonds payable, net		10,873,381	11,109,048
Hybrid instrument borrowing		67,756	92,514
Other long-term liabilities		120,668	135,733
Other postemployment benefits liability		432,545	375,864
Interest rate swap liabilities		29,190	40,199
Net pension liability		561,453	435,015
Total noncurrent liabilities		12,084,993	12,188,373
Total liabilities	$	13,023,637	13,091,552
Deferred Inflows			
Deferred inflows:			
Accumulated increase in fair value of hedging derivatives	$	2,035	—
Deferred amount relating to pensions		12,073	13,655
Total deferred inflows	$	14,108	13,655
Net Position			
Net position:			
Net investment in capital assets	$	1,064,121	866,813
Restricted under trust agreements		221,811	164,511
Unrestricted		(367,623)	(373,034)
Total net position	$	918,309	658,290

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, 2016 and 2015

(In thousands)

		2016	2015
Operating revenues:			
Toll revenue	$	1,570,662	1,523,133
E-ZPass fees		62,579	56,262
Concession revenue		38,192	38,993
Miscellaneous revenue		17,920	13,635
Total operating revenues		1,689,353	1,632,023
Operating expenses:			
Maintenance of roadway, buildings, and equipment		255,506	268,001
Toll collection		183,184	172,624
State police and traffic control		84,784	82,007
Technology		41,413	36,404
General administrative costs		50,582	50,514
Depreciation		301,120	316,377
Total operating expenses		916,589	925,927
Operating income		772,764	706,096
Nonoperating revenues (expenses):			
Build America Bonds subsidy		76,071	75,908
Federal and State reimbursements		9,287	—
Payments to the State of New Jersey		(294,000)	(354,001)
Interest expense, Turnpike Revenue Bonds		(319,192)	(310,363)
Other bond expenses		(1,043)	(2,752)
Loss on disposal of capital assets		(164)	(248)
Investment income		12,217	2,403
Arts Center		4,079	3,632
Total nonoperating revenues (expenses), net		(512,745)	(585,421)
Change in net position		260,019	120,675
Net position – beginning of year		658,290	537,615
Net position – end of year	$	918,309	658,290

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, 2016 and 2015

(In thousands)

		2016	2015
Cash flows from operating activities:			
Receipts from customers and patrons	$	1,685,584	1,618,021
Payments to suppliers		(257,332)	(274,264)
Payments to employees		(157,809)	(162,012)
Payments for self-insured health benefit claims		(92,536)	(88,620)
Net cash provided by operating activities		1,177,907	1,093,125
Cash flows from noncapital financing activities:			
Receipts from Federal and State reimbursements		9,287	—
Payments to State of New Jersey		(294,000)	(354,001)
Proceeds from Arts Center		4,079	3,632
Net cash used in noncapital financing activities		(280,634)	(350,369)
Cash flows from capital and related financing activities:			
Proceeds acquired from new capital debt		344,312	1,201,708
Purchases and sales of capital assets, net		(801,089)	(849,657)
Principal paid on capital debt		(142,115)	(164,205)
Refunded capital debt		(343,686)	(375,585)
Proceeds from Build America Bonds subsidy		76,071	75,908
Interest paid on capital debt		(586,732)	(588,432)
Payments for bond expenses		(1,043)	(2,752)
Net cash used in capital and related financing activities		(1,454,282)	(703,015)
Cash flows from investing activities:			
Purchases of investments		(9,458,263)	(8,367,022)
Sales and maturities of investments		9,983,087	8,332,854
Interest received		14,704	41,815
Net cash provided by investing activities		539,528	7,647
Net (decrease) increase in cash		(17,481)	47,388
Cash and restricted cash – beginning of year		337,120	289,732
Cash and restricted cash – end of year	$	319,639	337,120
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	772,764	706,096
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense		301,120	316,377
Changes in assets and liabilities:			
Receivables		8,665	(26,085)
Inventory		(2,587)	370
Prepaid expenses		(573)	(135)
Accounts payable and accrued expenses		19,407	2,945
Unearned revenue		(11,881)	(8,120)
Other liabilities		3,509	36,863
Other postemployment benefit liability		56,681	55,958
Net pension liability		126,438	68,714
Deferred outflows of resources related to pension		(91,148)	(45,575)
Deferred inflows of resources related to pension		(1,582)	(12,722)
Pollution remediation liability		(2,906)	(1,561)
Net cash provided by operating activities	$	1,177,907	1,093,125

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 Authority, effective at the Transfer Date, which was July 9, 2003, 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 the 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 as follows: the Commissioner of the New Jersey Department of Transportation, ex officio, or his designee; five members 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. As of December 31, 2016 and 2015, one 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

Commissioners of the Authority, who represent a voting majority of the Foundation's members. The Authority can impose its will upon the Foundation by virtue of the fact that the entirety of the Foundation's Board is comprised solely of Authority Board 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 accounting principles generally accepted in the United States of America as prescribed by GASB.

(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 and includes equipment valued over $50 or any purchase related to a capital project whose project value exceeds $50.

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.

(Dollars shown in thousands)

Depreciation Policy

The Authority performed a study of the useful lives and revised the useful lives of certain asset categories on a prospective basis. Capital assets are depreciated using straight-line method over their estimated useful lives as follows:

Roadways:	
Road Bed	100 yrs
Road Surface	10 yrs
Sound Barriers	35 yrs
Retaining Walls	75 yrs
Concrete Surfaces and Barrier Curb	40 yrs
Bridges:	
Piers and Abutments	75 yrs
Deck	40-50 yrs
Spans	40-50 yrs
Major Bridge Repairs	20 yrs
Buildings	35-50 yrs
Equipment	3-50 yrs

(d) Investments

Investments are reported at fair value based on quoted market prices or other fair value measurement methods allowed by GASB Statement No. 72, *Fair Value Measurements and Application* (GASB 72), except for time deposits, which are reported at cost plus accrued interest. All investment income, including changes in the fair value of investments, is reported as non-operating revenue. For interest rate swap agreements which are considered ineffective under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53) and classified as investments, investment income (loss) includes the fixed interest rate swap payments made to the counterparties, net of the variable payment received, and includes the changes in the fair value of the interest rate swap agreements.

Investment Objectives

All investment decisions will meet the following requirements:

1. Safeguard and preserve the principal amount of invested funds.
2. Manage and maintain adequate liquidity to meet cash flow requirements, including bond payments.
3. Maintain demand bank balances at minimum levels consistent with sound operations.
4. Maximize the total rate of return on invested funds.

Authorized Investments – Investment Policy

The investment policies of the Authority are established in conformity with the Investment Policy adopted by the Board of Commissioners on September 24, 2013, 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:

(a) Federal securities, which are (i) any direct and general obligations of, or any obligations guaranteed by, the United States of America, including but not limited to interest obligations of the Resolution Funding Corporation or any successor thereto, (ii) any obligations of any state or political subdivision of a state which 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 bonds, (iii) certificates of ownership of the principal or interest of direct and general obligations of, or obligations guaranteed by, the United States of America, which obligations are held in trust by a commercial bank which is a member of the Federal Reserve System,

(b) 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,

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies:

- Government National Mortgage Association (GNMA)
- Federal Home Loan Mortgage Corporation (FHLMC)
- Federal National Mortgage Association (FNMA)
- Federal Home Loan Banks (FHLB)
- Federal Land Banks
- Federal Intermediate Credit Banks
- Banks for Cooperatives
- Tennessee Valley Authority
- United States Postal Service
- Farmers Home Administration
- Export-Import Bank
- Federal Financing Bank
- Student Loan Marketing Association (SLMA);

(d) Negotiable or non-negotiable 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 (a), (b), and (c) above, 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.

(e) Uncollateralized negotiable or non-negotiable 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 Investors Service (Moody's) and Standard & Poor's (S&P).

(f) Repurchase agreements collateralized by obligations described in subparagraphs (a), (b), and (c) above 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:

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

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

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

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

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

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

(g) Banker's acceptances, Eurodollar deposits and certificates of deposit (in addition to the certificates of deposit provided for by subparagraphs (d) and (e) above) of the domestic branches of foreign banks having a capital and surplus of $1,000,000, 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; provided that the aggregate maturity value of all such banker's acceptances and certificates of deposit held at an times as investment of funds under the Bond Resolution with respect to any particular bank, trust company or national association shall not exceed 5% of its capital and surplus; and provided further that any such bank, trust company, or national association shall be rated in one of the two highest rating categories, without regard to rating sub-categories, by both Moody's and S&P.

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

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

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

(k) Commercial paper with a maturity date not in excess of 270 days rated A1+ 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) Accounts Receivable

Accounts receivable consist of various tolls, Federal Emergency Management Agency (FEMA) recovery, charges and amounts due from individuals, commercial companies and other agencies and concession revenues receivable from operators of food and fuel concessions at the service plazas. Toll accounts receivable from E-ZPass postpaid customers are collateralized by a surety bond or cash. Reserves for uncollectible accounts receivable are established based on specific identification and historical experience. Toll accounts receivable from other agencies are guaranteed under an Interagency Group Reciprocity Agreement.

(Dollars shown in thousands)

Accounts receivable and allowance for doubtful accounts consist of the following as of December 31, 2016 and 2015:

		December 31	
		2016	**2015**
E-ZPass Group Agencies	$	36,610	39,578
FEMA recovery		6,491	-
New Jersey E-Zpass		3,212	3,025
Other Government Receivables		-	12,000
Total Government Receivables	$	46,313	54,603
NJ E-Zpass Customers (1)	$	29,706	29,180
Postpaid E-Zpass Customers (2)		7,276	6,440
Property Damage Claims		647	1,239
Accounts Receivable - Other		3,197	2,419
Allowance for Doubtful Accounts		(13,403)	(11,592)
Total Non-Governmental Receivables, Net		27,423	27,686
Total Accounts Receivables, Net	$	73,736	82,289

(1) NJ E-Zpass customer accounts receivable are collateralized by cash deposits totaling $10,096 at December 31, 2016 and $9,213 at December 31, 2015.

(2) Postpaid E-ZPass customer accounts receivable are collateralized by cash and/or surety bonds totalling $22,349 at December 31, 2016 and $20,329 at December 31, 2015.

(f) Supplies Inventory

Inventories are reported at average cost basis. Inventories consist of rock salt/calcium chloride, operating supplies (include materials to maintain the roadway and vehicles), E-ZPass transponders, and fuel (gas and diesel).

Inventory consists of the following as of December 31, 2016 and 2015:

		December 31	
		2016	**2015**
Rock Salt - Calcium Chloride	$	10,883	8,495
Inventory - Operating Supplies		8,058	9,735
Inventory - E-ZPass Transponders		3,286	1,415
Inventory - Fuel		465	460
	$	22,692	20,105

(g) Deposits

Deposits consist mainly of collateral deposits for owner controlled insurance programs for general liability and workers compensation claims related to the Authority's $7 Billion Capital Improvement Program, deposits for various land acquisitions under eminent domain, and deposits for the Authority's self-funded health insurance.

(h) Net Capitalized Interest

Net Interest Costs 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 $211,694 and $196,880 during the years ended December 31, 2016 and 2015, respectively.

(i) Bonds Payable

Bonds payable consist of the total amount of outstanding bonds plus unamortized premiums and less unamortized discounts.

(j) 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.

(k) Funds Held in Trust

Included in the December 31, 2016 and 2015 statements of net position is approximately $26,795 and $31,466, respectively, for amounts retained from contractors and engineers and approximately $210,300 and $205,200, respectively, received primarily from New Jersey E-ZPass Customer Service Center customers for E-ZPass tag deposits and toll prepayments.

(l) Unearned Revenue

The New Jersey Turnpike Authority recognizes revenue when earned. Amounts received in advance of the periods in which related services are rendered are recorded as a liability. Unearned revenue includes advance payments from the Pennsylvania Turnpike Commission for its share of maintenance work on a jointly owned facility, and prepayment of rent by customers for the use of the Authority's fiber optic lines and communication towers.

(m) Deferred Outflows and Deferred Inflows of Resources

Deferred outflows include change in fair value of hedging derivatives, deferred amount on refunding and deferred amount relating to pensions. Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period.

Deferred inflows include change in fair value of hedging derivatives and deferred amount relating to pensions. Deferred inflows of resources are an increase in net position that is applicable to a future reporting period.

Accumulated decrease in fair value of hedging derivatives is resulting from the change due to deferred gain or loss and amortization of deferred gain or loss on interest rate swaps. Deferred amount on refunding is resulting from a loss in refinancing of debts due to a difference between the reacquisition price and the net carrying amount of the old debt and is amortized over the life of the related debt. Deferred outflows and deferred inflows of resources are reported for differences between expected or projected results compared to actual results related to the Authority's proportionate share in the cost sharing pension plan as well as changes in the Authority's proportion of the plan from the prior period.

(n) Net Position

Net position is displayed in three components as follows:

Net investment in capital assets – 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 under trust agreements – 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."

(o) Toll Revenue

Revenues from tolls are recognized in the period earned except for tolls collected through the violation enforcement process which are recognized when received. 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.

(p) E-ZPass Fees

E-ZPass fees consist 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, Delaware River Port Authority, Delaware River Bay Authority, the Burlington County Bridge Commission and the Delaware River Joint Toll Bridge Commission by Conduent Inc., (formerly known as Xerox State and Local Solutions, Inc.). The fees and charges consist primarily of the monthly membership fee charged to New Jersey E-ZPass account holders and the administrative fee collected from toll evaders. In addition, other fees are charged to E-ZPass account holders for such items as monthly statement delivery, transponders sales, lost and stolen transponders and returned checks. Revenue is also generated from leasing of the Authority's fiber optic network, allowing certain parking lots to accept E-ZPass as payment and interest on prepaid and tag deposit account balances. For financial reporting purposes, fees and charges are recognized when earned for all but administrative fees which are recognized when received from the patrons.

(q) Classification of Revenues over Expenses

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

Operating revenues include activities that have the characteristics of exchange transactions including tolls, E-Z Pass fees, rental fees received from concessionaires, and miscellaneous operating revenues. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as the Build America Bonds subsidy and investment income.

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

(r) 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.

(s) Pension and Other Postemployment Benefits

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), establishes standards for the measurement and reporting of the proportionate share of the net pension liability and pension expense. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (note 11).

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), establishes standards for the measurement, recognition, and display of OPEB and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan (note 12).

(t) 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.

(u) Reclassification

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

(v) Adoption of Accounting Pronouncement

In 2016, the Authority adopted GASB 72. The statement addresses accounting and financial reporting issues related to fair value measurements of assets and liabilities. GASB 72 identifies various approaches to measuring fair value and levels of inputs based on the objectivity of the data used to measure fair value. It provides additional fair value application guidance and requires enhanced disclosures about fair value measurements. The implementation of GASB 72 only impacted the notes to the financial statements.

(3) Cash and Investments

The New Jersey Turnpike Authority is authorized to engage in investment activity pursuant to the Act, and the Bond Resolution. Specific investment policies and practices are set forth in certain sections of the Authority's Investment Policy adopted on September 24, 2013. 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 its Investment Policy.

(a) Cash

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.

The total cash carrying amount as of December 31, 2016 and 2015 is $319,639 and $337,120, respectively. The actual amount of cash on deposit in all bank accounts as of December 31, 2016 and 2015 was $302,880 and $328,050, respectively. Authority accounts had a book balance as of December 31, 2016 and 2015 of $318,839 and $336,381, respectively, actual cash on deposit of $302,065 and $327,300, respectively, and are collateralized by pledged securities totaling $312,567 and $304,394, 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, 2016 and 2015 includes a book balance of $800 and $739, respectively. The actual amount of cash on deposit in the Foundation's bank accounts as of December 31, 2016 and 2015 was $815 and $750, respectively, of which $610 and $549, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC) and $205 and $201, respectively, 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.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date
- Level 2 – quoted prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for an asset or liability

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Certificates of deposit - The fair value of certificates of deposits and repurchase agreements are based on matrix pricing based on the securities' relationship to benchmark quoted prices.
- Commercial paper - The fair value of commercial paper is based on model-derived pricing based on the securities' purchase cost and date.
- Federal agency notes and U.S. Treasury bills – The fair value of federal agency notes and U.S. treasury bills are based on quoted prices for identical securities in markets that are not active or quoted prices for similar securities in active markets.
- Derivative instruments - The Authority's interest rate swaps are recorded at fair value and are classified as Level 2 of the fair value hierarchy. The swaps are valued using a market approach which calculates the discounted future net settlement payments based on current forward rates implied by the yield curve on the valuation date. The fair values of the swaps reflect the effect of nonperformance risk which includes, but may not be limited to the Authority's own credit risk.

(Dollars shown in thousands)

The Authority's investments as of December 31, 2016 and 2015 are summarized in the following tables by their fair value hierarchy:

December 31, 2016		Total	Level 1	Level 2
Investments measured at fair value:				
Certificates of deposit	$	490,778	—	490,778
Commercial paper		301,988	—	301,988
Federal agency notes		869,573	158,300	711,273
U.S. Treasury bills		177,768	177,768	—
Derivative instrument		(79,937)	—	(79,937)
Total investments	$	1,760,170	336,068	1,424,102

December 31, 2015		Total	Level 1	Level 2
Investments measured at fair value:				
Certificates of deposit	$	585,704	—	585,704
Commercial paper		686,869	—	686,869
Federal agency notes		1,064,815	15,859	1,048,956
U.S. Treasury bills		26,952	26,952	—
Derivative instrument		(93,175)	—	(93,175)
Total investments	$	2,271,165	42,811	2,228,354

Investment Maturity

The Authority's Investment Policy specifies maximum maturity limits by Bond Resolution Fund and by type of investment. At the time of purchase, the maturity of each security in the portfolio may not exceed the following maximum timeframes for the respective fund in which the investment is made. The maximum maturity will take into account any call, put, prepayment or other features that may impact maturity. All investments mature no later than necessary to provide moneys when needed for payments to be made from such funds.

- Revenue Funds – 1 year (by Bond Resolution)
- Construction Funds – 5 years (by Authority Policy)
- Maintenance Reserve Fund – 2 years (by Bond Resolution)
- Special Projects Reserve Fund – 2 years (by Bond Resolution)
- General Reserve Fund – 3 years (by Bond Resolution)
- Debt Service Fund – 1 year (by Authority Policy)
- Charges Fund – 3 months (by Authority Policy)
- Debt Reserve Fund – 5 years (by Bond Resolution)

The Authority's Investment Policy limits the maturity of commercial paper investments to 270 days. There is no other specific maturity limit for other types of Investment Securities; however the maturities are limited by Bond Resolution Fund as noted above.

(Dollars shown in thousands)

Investments are generally purchased with the intent of holding to maturity, but the Chief Financial Officer, or designee, has the flexibility to restructure and rebalance portfolio holdings to manage risk and take advantage of market opportunities.

As of December 31, 2016 and 2015 the Authority had the following investments by their maturity date range:

	December 31, 2016			
		Investment maturities		
Investment type	**Fair value**	**Less than 1 year**	**1–5 years**	**Over 5 years**
Investments:				
Commercial paper	$ 150,909	150,909	—	—
Certificates of deposit	80,313	80,313	—	—
Federal agency notes	277,011	277,011	—	—
U.S. Treasury bills	165,773	165,773	—	—
Total investments	674,006	674,006	—	—
Restricted investments held by trustee:				
Certificates of deposit	335,361	27,539	307,822	—
Commercial paper	151,079	151,079	—	—
Federal agency notes	571,567	466,793	104,774	—
Total restricted investments held by trustee	1,058,007	645,411	412,596	—
Restricted investments held by Authority:				
Certificates of deposit	75,104	75,104	—	—
Federal agency notes	20,995	20,995	—	—
U.S. Treasury bills	11,995	11,995	—	—
Total restricted investments held by Authority	108,094	108,094	—	—
Restricted investments:				
Derivative instruments	(79,937)	—	—	(79,937)
Total investments	$ 1,760,170	1,427,511	412,596	(79,937)

Note: Table includes $3,112 of accrued interest, and $0.4 of unamortized premium and discount on investments for the year ended December 31, 2016. Federal agency notes include $347 in unrealized loss for the year ended December 31, 2016.

(1) Included in investments above at December 31, 2016 is $32,288 the Authority has designated as reserved for national toll interoperability requirements under Federal Law P.L. 112-131, the Moving Ahead for Progress in the 21st Century Act (Map-21) ($10,500), the $7 billion capital program ($20,000) and emergency maintenance work ($1,788). In 2016 the Grover Cleveland Service Area project was completed, resulting in a reduction in investments by $5,075.

(Dollars shown in thousands)

Investment type		December 31, 2015			
			Investment maturities		
		Fair value	Less than 1 year	1–5 years	Over 5 years
Investments:					
Commercial paper	$	262,464	262,464	—	—
Certificates of deposit		50,194	50,194	—	—
Federal agency notes		276,475	276,475	—	—
U.S. Treasury bills		2,000	2,000	—	—
Total investments		591,133	591,133	—	—
Restricted investments held by trustee:					
Certificates of deposit		335,361	—	335,361	—
Commercial paper		224,795	224,795	—	—
Federal agency notes		369,366	265,007	104,359	—
Total restricted investments held by trustee		929,522	489,802	439,720	—
Restricted investments held by Authority:					
Certificates of deposit		200,149	200,149	—	—
Commercial paper		199,610	199,610	—	—
Federal agency notes		418,974	418,974	—	—
U.S. Treasury bills		24,952	24,952	—	—
Total restricted investments held by Authority		843,685	843,685	—	—
Restricted investments:					
Derivative instruments		(93,175)	—	—	(93,175)
Total investments	$	2,271,165	1,924,620	439,720	(93,175)

Note: Table includes $2,811 of accrued interest, and $124 of unamortized premium and discount on investments for the year ended December 31, 2015. Federal agency notes include $761 in unrealized loss for the year ended December 31, 2015.

(1) Included in investments above at December 31, 2015 is $37,363 the Authority has designated as reserved for national toll interoperability requirements under Federal Law P.L. 112-131, the Moving Ahead for Progress in the 21st Century Act (Map-21) ($10,500), reconstruction of the Grover Cleveland Service Area ($5,075), the $7 billion capital program ($20,000) and emergency maintenance work ($1,788).
In 2015, there were reductions in investments for Emergency Maintenance by $5,712 and Grover Cleveland Service Area by $3,684, for a total of $ 9,396.

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 Investment Policy sets maximum maturity limits for investments and requires that investment maturities are matched to the Authority's liquidity needs. At the time of purchase, the maturity of each security in the portfolio may not exceed the following maximum timeframes for the respective fund in which the investment is made in accordance with the Bond Resolution or Authority policy.

(Dollars shown in thousands)

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 Investment Policy. The Authority's Investment Policy states that all investments ratings shall be based on security ratings at the time of purchase. In the event of a downgrade in rating, the Chief Financial Officer, or designee, will determine whether to sell or hold the investment. The Authority will not make an investment in an issuer who has a negative outlook associated with their credit rating, except for US Treasury or Federal Agencies. The portfolio's average credit quality should be rated Aa3/AA- or better by Moody's/S&P. In addition, certain investment securities require collateral posting requirements as outlined in note 2.

As of December 31, 2016 and 2015, the Authority's investment quality ratings as rated by Standard & Poor's and Moody's were as follows:

	December 31, 2016		
	Standard and Poor's/Moody's ratings		
	A-1+/P-1	AA+/Aaa	Totals
Commercial paper	$ 301,988	—	301,988
Federal agency notes	764,800	104,773	869,573
U.S. Treasury bills	177,768	—	177,768
	$ 1,244,556	104,773	1,349,329

	December 31, 2015			
	Standard and Poor's/Moody's ratings			
	A1/P-1	A-1+/P-1	AA+/Aaa	Totals
Commercial paper	$ 364,311	322,558	—	686,869
Federal agency notes	—	960,331	105,121	1,065,452
U.S. Treasury bills	—	26,952	—	26,952
	$ 364,311	1,309,841	105,121	1,779,273

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, 2016 and 2015, the Authority was not exposed to custodial credit risk on its investment securities.

(Dollars shown in thousands)

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. Concentrations limits are established in the Authority's Investment Policy as follows:

There are no limitations on investments carrying the full faith and credit of the United States Government, including repurchase agreements collateralized by such investments;

(a) Investments in any single Federal Agency not carrying the full faith and credit of the United States Government are limited to 40% of the portfolio;

(b) Investments in Certificates of Deposit are limited to 30% of the portfolio;

(c) Investments made in Commercial Paper are limited to 30% of the total portfolio;

(d) Investments in Municipal securities are limited to 30% of the total portfolio;

(e) Investments in any one single issuer (excluding US Treasury and Federal Agency securities) are limited to 5% of the portfolio.

The Investment Policy authorizes the management to deviate from the policy if it is in the general best interest of the Authority. At December 31, 2016, the Authority exceeded its concentration limits for a single issuer with U.S. Bank, Toyota Motor Credit Corp. and Toronto Dominion Bank N.A. due to a scarcity of highly rated investments available in current market conditions. At December 31, 2015, the Authority exceeded its concentration limits for a single issuer with U.S. Bank and Toyota Motor Credit Corp. due to a scarcity of highly rated investments available in current market conditions. More than 5% of the Authority's investments are concentrated in the following issuers as of December 31, 2016 and 2015, respectively:

	December 31	
Issuer	**2016**	**2015**
U.S. Bank	11.6%	9.0%
Federal National Mortgage Association	6.4	9.8
Federal Home Loan Mortgage Corp	10.2	6.2
Federal Home Loan Bank	32.8	30.9
Toyota Motor Credit Corp.	8.8	7.6
U.S. Treasury	10.1	N/A
Toronto Dominion Bank N.A.	5.9	N/A

(Dollars shown in thousands)

(4) Capital Assets

A summary of changes in the capital assets as of December 31, 2016 and 2015 is as follows:

Classification	December 31, 2015	Additions	Retirements/ transfers	December 31, 2016
Nondepreciable capital assets:				
Land	$ 824,797	5,979	(164)	830,612
Construction-in-progress	2,521,406	949,939	(2,213,029)	1,258,316
Total nondepreciable capital assets	3,346,203	955,918	(2,213,193)	2,088,928
Depreciable capital assets:				
Roadways	4,578,349	1,090,646	—	5,668,995
Bridges	4,297,766	670,064	—	4,967,830
Buildings	504,279	256,725	—	761,004
Equipment	1,238,656	195,594	—	1,434,250
Total depreciable capital assets	10,619,050	2,213,029	—	12,832,079
Total capital assets	13,965,253	3,168,947	(2,213,193)	14,921,007
Less accumulated depreciation:				
Roadways	(1,366,754)	(120,960)	—	(1,487,714)
Bridges	(1,060,124)	(99,215)	—	(1,159,339)
Buildings	(254,563)	(11,339)	—	(265,902)
Equipment	(482,721)	(69,606)	—	(552,327)
Total accumulated depreciation	(3,164,162)	(301,120)	—	(3,465,282)
Capital assets, net	$ 10,801,091	2,867,827	(2,213,193)	11,455,725

Classification	December 31, 2014	Additions	Retirements/ transfers	December 31, 2015
Nondepreciable capital assets:				
Land	$ 797,313	29,266	(1,782)	824,797
Construction-in-progress	1,582,797	1,056,631	(118,022)	2,521,406
Total nondepreciable capital assets	2,380,110	1,085,897	(119,804)	3,346,203
Depreciable capital assets:				
Roadways	4,549,956	28,393	—	4,578,349
Bridges	4,251,077	46,689	—	4,297,766
Buildings	496,362	7,917	—	504,279
Equipment	1,203,633	35,023	—	1,238,656
Total depreciable capital assets	10,501,028	118,022	—	10,619,050
Total capital assets	12,881,138	1,203,919	(119,804)	13,965,253
Less accumulated depreciation:				
Roadways	(1,230,115)	(136,639)	—	(1,366,754)
Bridges	(971,589)	(88,535)	—	(1,060,124)
Buildings	(241,643)	(12,920)	—	(254,563)
Equipment	(404,438)	(78,283)	—	(482,721)
Total accumulated depreciation	(2,847,785)	(316,377)	—	(3,164,162)
Capital assets, net	$ 10,033,353	887,542	(119,804)	10,801,091

(Dollars shown in thousands)

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist primarily of amounts owed to vendors for goods and services related to the Authority's operating expenses, amounts owed to vendors under construction contracts and orders for professional services related to work performed and materials supplied for capital projects, accrued pension expenses and other accrued expenses. A summary of the accounts payable and accrued expenses as of December 31, 2016 and 2015 is as follows:

		December 31	
		2016	**2015**
Vendors	$	53,979	39,765
Vendors – capital related		81,625	114,208
Accounts payable – pension related		24,753	24,482
Accrued salaries and benefits		9,998	7,282
Other accrued expenses		1,800	1,524
Total	$	172,155	187,261

(Dollars shown in thousands)

(6) Bond Indebtedness

As of December 31, 2016 and 2015, bond indebtedness consisted of the following:

	Interest rate	Maturity	December 31 2016	December 31 2015
Turnpike revenue bonds:				
Series 1991C, subject to mandatory redemption Jan. 1, 2016	6.50%	Jan. 1, 2016	$ —	67,160
Series 2000B-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% (1.26% to 1.49% at Dec. 31, 2016); (0.42% to 0.45% at Dec. 31, 2015);	Jan. 1, 2030	400,000	400,000
Series 2003B (Federally Taxable), not subject to redemption	1.15% to 3.14%	Jan. 1, 2004 through Jan. 1, 2016	—	70,005
Series 2004B, 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	—	168,646
Series 2004C-2, not subject to optional redemption prior to maturity	5.50%	Jan. 1, 2025	132,850	132,850
Series 2005A, not subject to optional redemption prior to maturity	5.25%	Jan. 1, 2026 through Jan. 1, 2030	173,650	173,650
Series 2005B (Federally Taxable), not subject to optional redemption prior to maturity	4.81%	Jan. 1, 2019	32,500	32,500
Series 2005D1-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	208,735
Series 2009E, subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or in part	5.25%	Jan. 1, 2040	300,000	300,000

(Dollars shown in thousands)

	Interest rate	Maturity	December 31 2016	December 31 2015
Series 2009F, 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	1,375,000
Series 2009G, not subject to redemption prior to maturity	5.00%	Jan. 1, 2017 and Jan. 1, 2018	34,770	34,770
Series 2009H, 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	306,170
Series 2009I, 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	32,215
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	145,790
Series 2010A, 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	1,850,000
Series 2012A, subject to optional redemption prior to maturity on/after Jan. 1, 2022 in whole or in part	3.63% to 5.00%	Jan. 1, 2031 through Jan. 1, 2033	80,740	80,740
Subject to mandatory redemption on Jan. 1, 2034 and 2035	5.00%	Jan. 1, 2035	60,515	60,515
Series 2012B, not subject to optional redemption prior to Jan. 1, 2023	5.00%	Jan. 1, 2019 through Jan. 1, 2023	329,250	329,250
Subject to optional redemption in whole or in part on any date on/after Jan. 1, 2023	3.50% to 5.00%	Jan. 1, 2024 through Jan. 1, 2030	475,185	475,185

(Dollars shown in thousands)

	Interest rate	Maturity	December 31 2016	December 31 2015
Series 2013A, not subject to optional redemption prior to Jan. 1,2023	3.00% to 5.00%	Jan. 1, 2016 through Jan. 1, 2023	$ 73,365	78,315
Maturing on/after Jan. 1, 2024 subject to optional redemption on/after Jul. 1, 2022	3.00% to 5.00%	Jan. 1, 2024 through Jan. 1, 2043	1,321,685	1,321,685
Series 2013B, not subject to optional redemption prior to maturity	Variable 1.06% at Dec 31, 2016 0.74% at Dec 31, 2015	Jan. 1, 2018	100,000	100,000
Series 2013C, not subject to optional redemption prior to maturity	Variable 1.20% at Dec 31, 2016 0.49% at Dec 31, 2015	Jan. 1, 2017	129,500	129,500
	1.27% at Dec 31, 2016 0.56% at Dec 31, 2015	Jan. 1, 2018	141,500	141,500
Series 2013D2-3, subject to optional redemption Jul. 1, 2016 and mandatory tender Jan. 1, 2017	Variable 0.63% at Dec 31, 2015	Jan. 1, 2023	—	75,025
Subject to optional redemption Jul. 1, 2017 and mandatory tender Jan. 1, 2018	Variable 1.40% at Dec 31, 2016 0.69% at Dec 31, 2015	Jan. 1, 2024	77,625	77,625
Series 2013E2-3, subject to optional redemption Jul. 1, 2016 and mandatory tender Jan. 1, 2017	Variable 0.63% at Dec 31, 2015	Jan. 1, 2023	—	50,015
Subject to optional redemption Jul. 1, 2017 and mandatory tender Jan. 1, 2018	Variable 1.40% at Dec 31, 2016 0.69% at Dec 31, 2015	Jan. 1, 2024	51,750	51,750
Series 2013F, subject to optional redemption prior to maturity on/after Jan. 1, 2023 in whole or part	3.00% to 5.00%	Jan. 1, 2026 through Jan. 1, 2035	90,880	90,880
Series 2014A, subject to optional redemption prior to maturity on/after July. 1, 2024 in whole or part	4.00% to 5.00%	Jan. 1, 2027 through Jan. 1, 2035	1,000,000	1,000,000
Series 2014B-2, subject to optional redemption Jul. 1, 2016 and mandatory tender Jan. 1, 2017 mandatory redemption 2022, 2023, 2024	Variable 0.58% at Dec 31, 2015	Jan. 1, 2024	—	50,000
Series 2014B-3, subject to optional redemption Jul. 1, 2017 and mandatory tender Jan. 1, 2018 mandatory redemption 2022, 2023, 2024	Variable 0.98% at Dec 31, 2016 0.73% at Dec 31, 2015	Jan. 1, 2024	50,000	50,000
Series 2014C, not subject to optional redemption prior to maturity	5.00%	Jan. 1, 2019 through Jan. 1, 2025	201,860	201,860

(Dollars shown in thousands)

	Interest rate	Maturity	December 31 2016	December 31 2015
Series 2015A, subject to optional redemption in whole or part, on/after Jan. 1, 2016	Variable 1.19 at Dec. 31, 2016 0.94 at Dec. 31, 2015	Jan. 1, 2024	$ 92,500	92,500
Series 2015B, subject to optional redemption in whole or part, on/after Feb. 1, 2017, mandatory tender Jan. 1, 2020	Variable 0.91% at Dec. 31, 2016 0.63% at Dec. 31, 2015	Jan. 1, 2024	50,000	50,000
Series 2015C, subject to optional redemption in whole or part, on/after Jan. 1, 2017	Variable 1.11% at Dec 31, 2016 0.86% at Dec 31, 2015	Jan. 1, 2024	43,750	43,750
Series 2015D, subject to optional redemption in whole or part, on/after Jan. 1, 2017	Variable 1.11% at Dec 31, 2016 0.86% at Dec 31, 2015	Jan. 1, 2024	43,750	43,750
Series 2015E, subject to optional redemption prior to maturity on/after Jan. 1, 2025 in whole or part	3.375% to 5.00%	Jan. 1, 2031 through Jan. 1, 2045	750,000	750,000
Series 2015F, subject to optional redemption in whole or part, on/after Jan. 1, 2017	Variable 1.17% at Dec 31, 2016 0.91% at Dec 31, 2015	Jan. 1, 2022	72,350	72,350
Series 2015G, subject to optional redemption in whole or part, on/after Jan. 1, 2017	Variable 1.14% at Dec 31, 2016 0.89% at Dec 31, 2015	Jan. 1, 2024	25,000	25,000
Series 2015H, subject to optional redemption in whole or part, on/after Jan. 1, 2017	Variable 1.15% at Dec 31, 2016 1.02% at Dec 31, 2015	Jan. 1, 2022	48,235	48,235
Series 2016A, subject to optional redemption in whole or part, on/after Jan. 1, 2026	3.13% to 5.00%	Jan. 1, 2031 through Jan. 1, 2035	149,995	—
Series 2016B, subject to optional redemption in whole or part, on/after Jan. 1, 2018	Variable 1.17% at Dec 31, 2016	Jan. 1, 2023	75,025	—
Series 2016C, subject to optional redemption in whole or part, on/after Jan. 1, 2018	Variable 1.17% at Dec 31, 2016	Jan. 1, 2023	50,015	—
Series 2016D, subject to optional redemption in whole or part, on/after Jan. 1, 2018	Variable 1.18% at Dec 31, 2016	Jan. 1, 2024	50,000	—
			10,626,155	10,786,921
Bond premium-Net			455,066	474,721
Bond discount-Net			(10,100)	(10,479)
			444,966	464,242
			$ 11,071,121	11,251,163

In accordance with its refunding plan, on February 2, 2016 the Authority issued $149,995 of Series 2016A Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.13% to 5.00%, and mature from January 1, 2031 to January 1, 2035. The interest on the Series 2016A Bonds is paid semi-annually. The Authority issued the Series 2016A Turnpike Bonds and used the proceeds to fully refund and defease the Series 2004B Bonds.

The aggregate savings on the Series 2016A bonds was approximately $41,688 with a net present value of $29,239 when compared to the future interest costs on the refunded bonds. The refunding resulted in a loss on defeasance of $6,134 in 2016, which is being amortized over the life of the new bonds.

On December 21, 2016, the Authority issued $175,040 of Series 2016B, 2016C and 2016D Floating Rate Bonds. The Series 2016B, 2016C and 2016D Floating Rate Bonds bear interest at 70% of one month LIBOR, plus a certain spread for each Series. The interest on the Series 2016B, 2016C and 2016D Floating Rate Bonds is paid monthly. The Series 2016B, 2016C and 2016D Floating Rate Bonds are direct purchase transactions. The Series 2016B and 2016C Bonds mature on January 1, 2023 and the Series 2016D Bonds mature January 1, 2024. The Authority issued the Series 2016B, 2016C and 2016D Floating Rate Bonds and used the proceeds to fully refund the Series 2013D-2, 2013E-2 and 2014B-2 Bonds, respectively, in order to meet the mandatory tender date on the refunded bonds to avoid interest rate escalations. The refunding resulted in an additional cost of $741 over the life of the bonds when comparing the credit spread on the Series 2016B, 2016C, and 2016D Bonds to the credit spread on the refunded bonds. The Series 2016B, 2016C, and 2016D Bonds do not have roll-over risk, as the mandatory tender date on each bond is the maturity date of the bonds.

(a) Bond Insurance

For the Series 2000B-G, Series 2004C and Series 2005A-D Bonds, principal and interest payments are insured on the stated maturity and interest payment dates through municipal bond insurance which totaled $947,735 and $1,119,020 as of December 31, 2016 and 2015, respectively.

In order to meet the Debt Reserve Requirement under the Bond Resolution, the Authority must deposit cash and investments in the Debt Reserve Fund. In lieu of cash and investments, the Authority may maintain a surety bond or insurance policy payable to the Trustee. The Debt Reserve Requirement of $588,991 as of December 31, 2016 was met through investments in the Debt Reserve Fund with a fair market value of $591,214 and insurance policies payable to the Trustee with a payment limit of $322,019. The Debt Reserve Requirement of $589,672 as of December 31, 2015 was met through investments in the Debt Reserve Fund with a fair market value of $590,782, and insurance policies payable to the Trustee with a payment limit of $322,019. Although the insurance policies are still in effect at December 31, 2016, according to the terms of the insurance policies, cash and investments in the Debt Reserve Fund must be drawn upon first to satisfy any payments required from the Debt Reserve Fund. As of December 31, 2016 and December 31, 2015, the fair market value of the cash and investments in the Debt Reserve Fund meets the Debt Reserve Requirement in its entirety.

(b) Interest Payments – Fixed Rate Debt

Interest payments on all fixed rate debt are payable semi-annually on July 1 and January 1 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 capital appreciation bonds were originally issued in the amount of $101,280 and are reported at their accreted value of $168,646 as of December 31, 2015. The Authority issued the Series 2016A Turnpike Revenue Bonds on February 2, 2016 and used the proceeds to fully refund and defease the Series 2004B Bonds.

(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 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 originally equal to 35% of the interest payable on the bonds. The Budget Control Act of 2011 reduced the amount of the subsidy paid by the Federal Government through automatic federal spending cuts commonly known as sequestration. The payment to the Authority received for the July 1, 2016 interest payment was reduced by 6.8%, and the payment received in December 2016 (for January 1, 2017 interest payment) was reduced by 6.9%. The Internal Revenue Service has reported that the Authority's payment due on July 1, 2017 will also have a 6.9% reduction. There can be no certainty the Federal Government will not make further cuts to the program. 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 originally equal to 35% of the interest payable on the bonds. The Budget Control Act of 2011 reduced the amount of the subsidy paid by the Federal Government through automatic federal spending cuts commonly known as sequestration. The payment to the Authority received for the July 1, 2016 interest payment was reduced by 6.8%, and the payment received in December 2016 (for January 1, 2017 interest payment) was reduced by 6.9%. The Internal Revenue Service has reported that the Authority's payment due on July 1, 2017 will also have a 6.9% reduction. There can be no certainty the Federal Government will not make further cuts to the program. 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.

(Dollars shown in thousands)

(g) Floating Rate Bonds and SIFMA Index Bonds

The following table summarizes the terms of the Authority's direct placement of Floating Rate Bonds, SIFMA Index Bonds, and publicly offered Floating Rate Bonds as of December 31, 2016:

Series of bonds	Tax exempt or federally taxable	Final maturity date	Par amount	Floating rate	Interest rate reset	Mandatory tender date
2013B	Tax-Exempt	1/1/2018	$ 100,000	75% of the sum of 1-month LIBOR + 79bp	Weekly	-
						-
2013C1	Tax-Exempt	1/1/2017	129,500	SIFMA + 48 bp	Weekly	-
2013C2	Tax-Exempt	1/1/2018	141,500	SIFMA + 55 bp	Weekly	-
2013D3	Tax-Exempt	1/1/2024	77,625	SIFMA + 68 bp	Weekly	1/1/2018
2013E3	Tax-Exempt	1/1/2024	51,750	SIFMA + 68 bp	Weekly	1/1/2018
2014B3	Tax-Exempt	1/1/2024	50,000	67% LIBOR + 57 bp	Weekly	1/1/2018
2015A	Tax-Exempt	1/1/2024	92,500	67% 1 month LIBOR + 78 bp	Weekly	-
2015B	Tax-Exempt	1/1/2024	50,000	75% 1 month LIBOR + 45 bp	Weekly	1/1/2020
2015C	Tax-Exempt	1/1/2024	43,750	67% 1 month LIBOR + 70 bp	Weekly	-
2015D	Tax-Exempt	1/1/2024	43,750	67% 1 month LIBOR + 70 bp	Weekly	-
2015F	Tax-Exempt	1/1/2022	72,350	75% 1 month LIBOR + 59.5 bp	Weekly	-
2015G	Tax-Exempt	1/1/2024	25,000	69.75% 1 month LIBOR + 60 bp	Weekly	-
2015H	Tax-Exempt	1/1/2022	48,235	67% 1 month LIBOR + 74 bp	Weekly	-
2016B	Tax-Exempt	1/1/2023	75,025	70% 1 month LIBOR + 63 bp	Weekly	-
2016C	Tax-Exempt	1/1/2023	50,015	70% 1 month LIBOR + 63 bp	Weekly	-
2016D	Tax-Exempt	1/1/2024	50,000	70% 1 month LIBOR + 64 bp	Weekly	-

The Series 2013B, Series 2015A, Series 2015B, Series 2015C, Series 2015D, Series 2015F, Series 2015G, Series 2015H, Series 2016B, Series 2016C and Series 2016D Bonds are direct placements of Floating Rate Bonds. The Series 2013C1-C2, Series 2013D-3 and Series 2013E-3 are publically offered SIFMA Index Bonds and Series 2014B-3 are publically offered Floating Rate Bonds. Pursuant to the terms of the Series 2013B, Series 2015A, Series 2015B, Series 2015C, Series 2015D, Series 2015F, Series 2015G, Series 2015H, Series 2016B, Series 2016C and Series 2016D Bonds, in addition to being subject to mandatory tender for purchase on the Mandatory Tender Date or maturity 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.

(Dollars shown in thousands)

(i) Future Payments of Debt Service

The following table sets forth as of December 31, 2016, 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, 2016.

	Principal	Interest	Interest rate swaps, net	Total
December 31:				
2017	$ 197,740	507,077	69,397	774,214
2018	218,475	524,371	58,933	801,779
2019	199,685	523,147	46,785	769,617
2020	247,420	513,251	46,785	807,456
2021	274,375	504,510	44,001	822,886
2022–2026	1,686,900	2,428,077	111,929	4,226,906
2027–2031	1,671,990	2,105,096	20,592	3,797,678
2032–2036	2,162,860	1,688,797	—	3,851,657
2037–2041	3,396,020	861,662	—	4,257,682
2042–2045	570,690	61,376	—	632,066
	$ 10,626,155	9,717,364	398,422	20,741,941

(Dollars shown in thousands)

(j) Interest Expense

Interest expense was comprised of the following:

		Year ended December 31	
		2016	2015
Turnpike Revenue Bonds, Series 1991C	$	—	4,365
Turnpike Revenue Bonds, Series 2000B – G		17,098	13,774
Turnpike Revenue Bonds, Series 2003B		—	2,977
Turnpike Revenue Bonds, Series 2004B		1,447	12,920
Turnpike Revenue Bonds, Series 2004C		7,307	7,307
Turnpike Revenue Bonds, Series 2005A		9,117	9,117
Turnpike Revenue Bonds, Series 2005B		1,563	1,563
Turnpike Revenue Bonds, Series 2005D		10,959	10,959
Turnpike Revenue Bonds, Series 2009A		—	203
Turnpike Revenue Bonds, Series 2009B		—	121
Turnpike Revenue Bonds, Series 2009E		15,750	15,750
Turnpike Revenue Bonds, Series 2009F		101,943	101,943
Turnpike Revenue Bonds, Series 2009G		1,739	1,739
Turnpike Revenue Bonds, Series 2009H		15,193	15,193
Turnpike Revenue Bonds, Series 2009I		8,900	8,900
Turnpike Revenue Bonds, Series 2010A		131,387	131,387
Turnpike Revenue Bonds, Series 2012A		6,894	6,894
Turnpike Revenue Bonds, Series 2012B		39,772	39,772
Turnpike Revenue Bonds, Series 2012G		—	1,252
Turnpike Revenue Bonds, Series 2013A		67,821	67,969
Turnpike Revenue Bonds, Series 2013B–F		37,214	41,697
Turnpike Revenue Bonds, Series 2013G		—	1,253
Turnpike Revenue Bonds, Series 2014A(1)		48,890	48,890
Turnpike Revenue Bonds, Series 2014B		3,787	4,759
Turnpike Revenue Bonds, Series 2014C		10,093	10,090
Turnpike Revenue Bonds, Series 2015A		3,340	3,077
Turnpike Revenue Bonds, Series 2015B		1,893	1,746
Turnpike Revenue Bonds, Series 2015C		1,728	494
Turnpike Revenue Bonds, Series 2015D		1,729	495
Turnpike Revenue Bonds, Series 2015E		36,413	5,765
Turnpike Revenue Bonds, Series 2015F		2,911	15
Turnpike Revenue Bonds, Series 2015G		976	5
Turnpike Revenue Bonds, Series 2015H		1,939	55
Turnpike Revenue Bonds, Series 2016A		6,683	—
Turnpike Revenue Bonds, Series 2016B		84	—
Turnpike Revenue Bonds, Series 2016C		55	—
Turnpike Revenue Bonds, Series 2016D		56	—
		594,681	572,446
Less amortization of bond premium and discount		(25,587)	(21,747)
Less GASB Statement No. 53 interest expense adjustment (2)		(35,693)	(41,166)
Less interest expense capitalized to projects		(214,209)	(199,170)
Net interest expense	$	319,192	310,363

(1) Includes $19,199 and $48,890 in capitalized interest expense paid from bond proceeds in 2016 and 2015, respectively.

(2) For the Series 2000B-G, 2009A-B, 2012G, 2013B-D, 2013G, 2015A-D and 2015F Bonds

(Dollars shown in thousands)

(k) Defeased Bonds

As of December 31, 2016 and 2015, the Authority has approximately $204 and $144, 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, 2016 and 2015, 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:

	Changes in fair value for year ended December 31, 2016		Fair value as of December 31, 2016		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedges:					
Pay-fixed, receive-variable interest rate swaps [(1)]	Deferred inflow	$ 11,009	Interest rate swap liabilities	$ (29,190)	1,096,000
Investment derivatives:					
Pay-fixed, receive-variable interest rate swaps	Investment income	13,238	Restricted investments	(79,937)	400,000

	Changes in fair value for year ended December 31, 2015		Fair value as of December 31, 2015		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedges:					
Pay-fixed, receive-variable interest rate swaps [(1)]	Deferred outflow	$ (3,680)	Interest rate swap liabilities	$ (40,199)	1,096,000
Investment derivatives:					
Pay-fixed, receive-variable interest rate swaps	Investment income	3,720	Restricted investments	(93,175)	400,000

(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, 2016 and 2015, along with the credit rating of the associated counterparty (amounts in thousands):

	December 31, 2016					
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 2013B bonds	$ 100,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.5728%, receive 75% of 1 month USD-LIBOR-BBA	A1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013C1 bonds	121,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.6346%, receive USD-SIFMA Municipal Swap Index	A1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013C2 bonds	150,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.6089%, receive USD-SIFMA Municipal Swap Index	A1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013D bonds	77,625	May. 21, 2013	Jan. 1, 2024	Pay 3.4486%, receive 73.2% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013E bonds	51,750	Sep. 1, 2015	Jan. 1, 2024	Pay 3.4486%, receive 63% of 1 month plus 20bp USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2014B3 bonds	50,000	Aug. 4, 2014	Jan. 1, 2024	Pay 3.35%, receive 67% of 1 month USD-LIBOR-BBA	A1/A+/A+
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015A bonds	87,500	Apr. 1, 2016	Jan. 1, 2024	Pay 2.98%, receive 67% of 1 month USD-LIBOR-BBA	A1/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.331%, receive 75% of 1 month USD-LIBOR-BBA	A1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015C bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.2488%, receive 67% of 1 month USD-LIBOR-BBA	A1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015D bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.2525%, receive 67% of 1 month USD-LIBOR-BBA	A1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015F bonds	72,350	May. 21, 2013	Jan. 1, 2022	Pay 3.4486%, receive until 73.2% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA

(Dollars shown in thousands)

	December 31, 2016					
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 2015G bonds	25,000	Sep. 1, 2015	Jan. 1, 2024	Pay 3.35%, receive 67% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015H bonds	48,235	Sep. 1, 2015	Jan. 1, 2022	Pay 3.305%, receive 67% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2016B bonds	75,025	May. 21, 2013	Jan. 1, 2023	Pay 3.4486%, receive 73.2% of 1 month of USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2016C bonds	50,015	Sep. 1, 2015	Jan. 1, 2023	Pay 3.4486%, receive 63% of 1 month plus 20bp USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2016D bonds	50,000	Sep. 1, 2015	Jan. 1, 2024	Pay 3.35%, receive 67% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	$ 240,000	Sep. 1, 2015	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	160,000	May. 21, 2013	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa2/AA-/AA

	December 31, 2015					
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 2013B bonds	$ 100,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.5728%, receive 75% of 1 month USD-LIBOR-BBA	A2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013C1 bonds	121,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.6346%, receive USD-SIFMA Municipal Swap Index	A2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013C2 bonds	150,000	Mar. 14, 2011	Jan. 1, 2018	Pay 5.6089%, receive USD-SIFMA Municipal Swap Index	A2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013D bonds	152,650	May. 21, 2013	Jan. 1, 2024	Pay 3.4486%, receive 73.2% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013E bonds	101,765	Sep. 1, 2015	Jan. 1, 2024	Pay 3.4486%, receive 63% of 1 month plus 20bp USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2014B2 bonds	50,000	Sep. 1, 2015	Jan. 1, 2024	Pay 3.35%, receive 67% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2014B3 bonds	50,000	Aug. 4, 2014	Jan. 1, 2024	Pay 3.35%, receive 67% of 1 month USD-LIBOR-BBA	A1/A/A+

(Dollars shown in thousands)

	December 31, 2015					
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 2015A bonds	87,500	Jan. 29, 2015	Jan. 1, 2024	Pay 2.98%, receive 67% of 1 month USD-LIBOR-BBA	A3/BBB+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.331%, receive 75% of 1 month USD-LIBOR-BBA	A2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015C bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.2488%, receive 67% of 1 month USD-LIBOR-BBA	A2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015D bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.2525%, receive 67% of 1 month USD-LIBOR-BBA	A2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015F bonds	72,350	May. 21, 2013	Jan. 1, 2022	Pay 3.4486%, receive until 73.2% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015G bonds	25,000	Sep. 1, 2015	Jan. 1, 2024	Pay 3.35%, receive 67% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2015H bonds	48,235	Sep. 1, 2015	Jan. 1, 2022	Pay 3.305%, receive 67% of 1 month USD-LIBOR-BBA	Aa2/AA-/AA
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	$ 240,000	Sep. 1, 2015	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa2/AA-/AA
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	160,000	May. 21, 2013	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Aa2/AA-/AA

As of April 1, 2016, the Authority novated its interest rate swap agreement that hedges the Series 2015A Bonds from Morgan Stanley Capital Services, LLC to U.S. Bank.

On December 21, 2016, the Authority issued Series 2016B Bonds, Series 2016C Bonds and Series 2016D Bonds, in accordance with its refunding plan. The interest rate swap agreement relating to the Series 2013D-2 Bonds with Wells Fargo Bank, N.A. was re-identified to the Series 2016B Bonds, the interest rate swap agreement relating to the Series 2013E-2 Bonds with Wells Fargo Bank, N.A. was re-identified to the Series 2016C Bonds and the interest rate swap agreement relating to the Series 2014B-2 Bonds with Wells Fargo Bank, N.A. was re-identified to the Series 2016D Bonds.

(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, 2016 and 2015, 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, 2013D, 2013E and 2015F 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. As of December 31, 2016 and 2015, the weighted average interest rate on the Authority's hedged variable-rate debt is 1.37% and 0.53%, respectively, while 64.459% of USD five-year LIBOR is 1.24% and 1.05%, respectively, 73.2% of one-month LIBOR is 0.51% and 0.25%, respectively, and 63% of one-month LIBOR plus 20 basis points is 0.64% and 0.46%, respectively.

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

(b) Contingencies

All of the Authority's derivative instruments, except for the $51,750, $50,000, $25,000, $48,235, $50,015 and $50,000 notional value swaps that hedge the Series 2013E, 2014B, 2015G, 2015H, 2016C and 2016D 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. For the Series 2013E, 2014B, 2015G, 2015H, 2016C and 2016D Swap Agreements only, the rating on the respective Series 2013E, 2014B, 2015G, 2015H, 2016C and 2016D 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, 2016 and 2015, the aggregate fair value of all derivative instruments in liability positions with these collateral posting provisions, based on their stated fixed rates, is approximately $166,582 and $220,118, respectively. If the collateral posting requirements were triggered as of December 31, 2016 and 2015, the Authority would be required to post $166,582 and $220,118, respectively, in collateral to its counterparties. The Authority's credit rating is A2 Moody's, A+ S&P and A Fitch; therefore, no collateral has been posted as of December 31, 2016 or 2015, respectively.

(Dollars shown in thousands)

(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 or current hedging relationship. For financial reporting purposes these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings with an aggregate original amount of $134,179 and $138,508 as of December 31, 2016 and 2015, respectively, reflecting the difference between the fair value of the instrument at 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 years ended December 31, 2016 and 2015 was as follows:

	December 31, 2015	Additions	Reductions	December 31, 2016	Current portion
Hybrid instrument borrowings:					
Series 2013 B	$ 13,601	—	4,511	9,090	4,534
Series 2013 C1	16,594	—	5,506	11,088	5,531
Series 2013 C2	20,588	—	6,830	13,758	6,862
Series 2013D	22,192	—	12,236	9,956	38
Series 2015A	10,654	—	1,048	9,606	866
Series 2015B	6,621	—	655	5,966	718
Series 2015C	5,306	—	177	5,129	620
Series 2015D	5,314	—	177	5,137	620
Series 2015F	10,656	—	38	10,618	1,717
Series 2016B	—	8,954	—	8,954	40
	$ 111,526	8,954	31,178	89,302	21,546

	December 31, 2014	Additions	Reductions	December 31, 2015	Current portion
Hybrid instrument borrowings:					
Series 2009 A	$ 5,421	—	5,421	—	—
Series 2009 B	3,654	—	3,654	—	—
Series 2012 G	6,611	—	6,611	—	—
Series 2013 B	18,089	—	4,488	13,601	4,511
Series 2013 C1	22,075	—	5,481	16,594	5,506
Series 2013 C2	27,385	—	6,797	20,588	6,830
Series 2013 D	40,113	—	17,921	22,192	58
Series 2013 G	6,833	—	6,833	—	—
Series 2015A	—	10,654	—	10,654	1,060
Series 2015B	—	6,621	—	6,621	655
Series 2015C	—	5,306	—	5,306	177
Series 2015D	—	5,314	—	5,314	177
Series 2015F	—	10,656	—	10,656	38
	$ 130,181	38,551	57,206	111,526	19,012

The following table sets forth as of December 31, 2016, 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 or current hedging relationship.

(Dollars shown in thousands)

		Principal	Interest	Total
December 31:				
2017	$	21,546	531	22,077
2018		24,724	696	25,420
2019		7,810	521	8,331
2020		7,905	426	8,331
2021		8,001	330	8,331
2022–2024		19,316	420	19,736
	$	89,302	2,924	92,226

(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 2016 and 2015 as follows:

		2016	2015
(i):			
Net revenue available for Debt Service	$	1,294,591	1,218,845
Less net revenue requirements computed under test (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)		(901,460)	(799,320)
Excess net revenue	$	393,131	419,525
(ii):			
Net revenue available for Debt Service	$	1,294,591	1,218,845
Less net revenue requirements computed under test (120% x aggregate debt service requirements of $773,078 and $661,426 in 2016 and 2015, respectively)		(927,694)	(793,711)
Excess net revenue	$	366,897	425,134

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.67 and 1.84 in 2016 and 2015, respectively.

(Dollars shown in thousands)

(9) Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2016 and 2015 was as follows:

	December 31, 2015	Additions	Reductions	December 31, 2016	Current portion
Bonds payable, net	$ 11,251,163	350,446	(530,488)	11,071,121	197,740
Hybrid instrument borrowing	111,526	8,954	(31,178)	89,302	21,546
Other long-term obligations:					
Pollution remediation liability	28,696	1,106	(4,012)	25,790	2,790
Self-insurance	59,345	23,208	(40,037)	42,516	—
Arbitrage liability	—	12	—	12	—
Reserve for E-ZPass tag swap	21,099	5,500	(6,564)	20,035	—
Other liabilities	2,786	3	(47)	2,742	—
Reserves	14,576	4,491	(1,504)	17,563	—
Compensated absences	18,688	17,776	(18,245)	18,219	3,419
Other postemployment benefits	375,864	56,681	—	432,545	—
Interest rate swap liabilities	40,199	11,961	(22,970)	29,190	—
Net pension liability	435,015	126,438	—	561,453	—
Total	$ 12,358,957	606,576	(655,045)	12,310,488	225,495

	December 31, 2014	Additions	Reductions	December 31, 2015	Current portion
Bonds payable, net	$ 10,624,971	1,205,931	(579,739)	11,251,163	142,115
Hybrid instrument borrowing	130,181	38,551	(57,206)	111,526	19,012
Other long-term obligations:					
Pollution remediation liability	30,257	809	(2,370)	28,696	5,512
Self-insurance	29,947	63,870	(34,472)	59,345	—
Arbitrage liability	3,616	—	(3,616)	—	—
Reserve for E-ZPass tag swap	16,999	4,100	—	21,099	—
Other liabilities	2,839	—	(53)	2,786	—
Reserves	7,623	9,143	(2,190)	14,576	—
Compensated absences	19,134	18,165	(18,611)	18,688	3,945
Other postemployment benefits	319,906	55,958	—	375,864	—
Interest rate swap liabilities	45,366	19,486	(24,653)	40,199	—
Net pension liability	366,300	68,715	—	435,015	—
Total	$ 11,597,139	1,484,728	(722,910)	12,358,957	170,584

(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 $25,790 and $28,696 as of December 31, 2016 and 2015, 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

(Dollars shown in thousands)

Authority owned facilities. The following table summarizes the Authority's expected outlays and payments:

		PRO at December 31	
		2016	2015
Right of Way	$	13,350	13,400
Service areas		10,725	13,796
Maintenance districts		890	974
Toll facilities		675	430
Other facilities		150	96
Liability for pollution obligations remediation	$	25,790	28,696

(11) Pension and Deferred Compensation

1) Plan description

Permanent full-time employees of the Authority are covered by the State of New Jersey Public Employees' Retirement System (PERS), a plan that has been characterized for financial accounting purposes as a cost-sharing multiple-employer defined benefit pension plan. PERS is a contributory defined-benefit plan established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not a member of another State administered retired system. Membership is mandatory and vesting occurs after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The risks of participating in a cost-sharing multiple-employer plan are different from those of participating in a single-employer plan in the following aspects:

- Assets contributed to the multiple-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating entity stops contributing to the multiple-employer plan, the unfunded obligations of the plan may be borne by the remaining participating entities.
- If an entity petitions to stop participating in the multiple-employer plan, the entity may be required to pay the plan a withdrawal liability based on the funded status of the plan.

These aspects of cost-sharing multiple-employer plan participation are consistent with the manner of administration of the PERS. These aspects are not required by law but are part of the PERS administrative practices. Neither the financial accounting treatment of the PERS, nor their administrative practices, nor this note shall be deemed a representation that the PERS are subject to any laws that require the multiple-employer plan attributes that are set forth above.

(Dollars shown in thousands)

2) Benefits provided

A summary of the PERS eligibility requirements is as follows:

	TIER 1 (Enrolled before July 1, 2007)	TIER 2 (Eligible for enrollment on or after July 1, 2007 and before November 2, 2008)	TIER 3 (Eligible for enrollment on or after November 2, 2008 and on or before May 22, 2010)	TIER 4 (Eligible for enrollment after May 22, 2010 and before June 28, 2011)	TIER 5 (Eligible for enrollment on or after June 28, 2011)
ELIGIBILITY	Minimum base salary of $1,500 required for PERS Tier 1 enrollment. IRS Annual Compensation Limit on maximum salary generally apply ($265 for 2014, $255 for 2013, $250 for 2012; $245 for 2011, 2010, and 2009; $230 for 2008).	Minimum base salary of $2 required for PERS Tier 2 enrollment. PERS salary limited to Social Security maximum wage ($117 for 2014, $114 for 2013; $110 for 2012; $107 for 2011, 2010, and 2009; $102 for 2008). PERS members are eligible for participation in the Defined Contribution Retirement Program (DCRP) for salary over the maximum wage limit.	Minimum base salary required for PERS Tier 3 enrollment. ($8 for 2014, $8 for 2013; $8 for 2012; $8 for 2011 and 2010; $8 for 2009 and 2008; subject to adjustment in future years.) Employees with base salary between $5,000 and current minimum PERS Tier 3 salary are eligible for participation in the Defined Contribution Retirement Program (DCRP). PERS salary limited to Social Security maximum wage ($117 for 2014, $114 for 2013; $110 for 2012; $107 for 2011, 2010, and 2009; $102 for 2008). PERS members are eligible for participation in the DCRP for salary over the maximum wage limit.	PERS Tier 4 enrollment requires a minimum of 35 hours per week for State Employees, or 32 hours per week for Local Government or Local Education Employees. No minimum salary requirement. Employees who do not work the minimum required hours but who earn base salary of at least $5 are eligible for participation in the Defined Contribution Retirement Program (DCRP). PERS salary limited to Social Security maximum wage ($117 for 2014, $114 for 2013; $110 for 2012, $107 for 2011, 2010, and 2009; $102 for 2008). PERS members are eligible for participation in the DCRP for salary over the maximum wage limit.	PERS Tier 5 enrollment requires a minimum of 35 hours per week for State Employees, or 32 hours per week for Local Government or Local Education Employees. No minimum salary requirement. Employees who do not work the minimum required hours but who earn base salary of at least $5 are eligible for participation in the Defined Contribution Retirement Program (DCRP). PERS salary limited to Social Security maximum wage ($117 for 2014, $114 for 2013; $110 for 2012, $107 for 2011, 2010, and 2009; $102 for 2008). PERS members are eligible for participation in the DCRP for salary over the maximum wage limit.
SERVICE RETIREMENT	Minimum age of 60, no minimum service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Minimum age of 60, no minimum service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Minimum age of 62, no minimum service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Minimum age of 62, no minimum service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary.	Minimum age of 65, no minimum service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary.
DEFERRED RETIREMENT	Collectible at age 60, at least 10 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary	Collectible at age 60, at least 10 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Collectible at age 62, at least 10 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Collectible at age 62, at least 10 years of service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary.	Collectible at age 65, at least 10 years of service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary.
EARLY RETIREMENT	At least 25 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary. No minimum age; however, if under age of 55, the benefit is reduced 3 percent per year (1/4 of 1 percent per month) for each year under age 55.	At least 25 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary. No minimum age; however, if under age of 60, the benefit is reduced 1 percent per year (1/12 of 1 percent per month) for each year under age 60 but over age 55; and 3 percent per year (1/4 of 1 percent per month) for each year under age 55	At least 25 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary. No minimum age; however, if under age of 62, the benefit is reduced 1 percent per year (1/12 of 1 percent per month) for each year under age 62 but over age 55; and 3 percent per year (1/4 of 1 percent per month) for each year under age 55	At least 25 years of service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary. No minimum age; however, if under age of 62, the benefit is reduced 1 percent per year (1/12 of 1 percent per month) for each year under age 62 but over age 55; and 3 percent per year (1/4 of 1 percent per month) for each year under age 55.	At least 30 years of service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary. No minimum age; however, if under age of 65, the benefit is reduced 3 percent per year (1/4 of 1 percent per month) for each year under age 65.
VETERAN RETIREMENT	At least 25 years of service at age 55 or older; or at least 20 years of service at age 60 or older. Annual Benefit = 54.5 percent X last year or highest 12 months of salary; or At least 35 years of service at age 55 or older. Annual Benefit = Years of Service ÷ 55 X Highest 12 Months of Salary.	At least 25 years of service at age 55 or older; or at least 20 years of service at age 60 or older. Annual Benefit = 54.5 percent X last year or highest 12 months of salary; or At least 35 years of service at age 55 or older. Annual Benefit = Years of Service ÷ 55 X Highest 12 Months of Salary.	At least 25 years of service at age 55 or older; or at least 20 years of service at age 60 or older. Annual Benefit = 54.5 percent X last year or highest 12 months of salary; or At least 35 years of service at age 55 or older. Annual Benefit = Years of Service ÷ 55 X Highest 12 Months of Salary.	At least 25 years of service at age 55 or older; or at least 20 years of service at age 60 or older. Annual Benefit = 54.5 percent X last year or highest 12 months of salary; or At least 35 years of service at age 55 or older. Annual Benefit = Years of Service ÷ 55 X Highest 12 Months of Salary.	At least 25 years of service at age 55 or older; or at least 20 years of service at age 60 or older. Annual Benefit = 54.5 percent X last year or highest 12 months of salary; or At least 35 years of service at age 55 or older. Annual Benefit = Years of Service ÷ 55 X Highest 12 Months of Salary.
ORDINARY DISABILITY RETIREMENT	If approved: Annual benefit = 43.6 percent X Final Average (3 yrs.) Salary.	If approved: Annual benefit = 43.6 percent X Final Average (3 yrs.) Salary.	If approved: Annual benefit = 43.6 percent X Final Average (3 yrs.) Salary.	PERS Tier 4 members may be eligible for Disability Insurance Coverage.	PERS Tier 5 members may be eligible for Disability Insurance Coverage.
ACCIDENTAL DISABILITY RETIREMENT	If approved: Annual Benefit = 72.7 percent X Annual Salary at time of accident.	If approved: Annual Benefit = 72.7 percent X Annual Salary at time of accident.	If approved: Annual Benefit = 72.7 percent X Annual Salary at time of accident.	Not Applicable	Not Applicable

3) Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016 and 2015, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Covered Authority employees are required to contribute a percentage of their salary toward their pension benefits. P.L. 2011, c78, effective June 28, 2011, increased the active member contribution rate from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law. Employee contributions were $9,271 and $9,089 for the years ended December 31, 2016 and 2015, respectively. The percentage of employee's contribution rate as a percentage of covered payroll for 2016 and 2015 was 7.13%, and 7.0%, respectively. The payroll subject to pension for the Authority's employees covered by PERS was approximately $130,000 for both the years ended December 31, 2016 and 2015. The Authority's total payroll for the years ended December 31, 2016 and 2015 was approximately $158,000 and $162,000, respectively.

The Authority is required by statute to contribute to the employee's pension benefits based on an annual actuarial calculation. The valuation is a determination of the financial condition of the retirement system. The PERS employer pension contribution rates were 12.46% and 11.92% for the years ended December 31, 2016 and 2015, respectively. The Authority's required annual contributions to the PERS were $16,841 and $16,660 for the years ended December 31, 2016 and 2015, respectively. The percentage of employer's contribution rate as a percentage of covered payroll for 2016 and 2015 was 10.66% and 10.28%, respectively. The Authority's required annual contributions represent less than 2% of total contributions by municipalities and local groups to the PERS.

Pension expense recognized in accordance with the requirements of GASB 68 was $50,639 and $27,077 at December 31, 2016 and 2015, respectively.

(Dollars shown in thousands)

4) Net Pension Liability and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, the Authority reported a liability of $561,453 and $435,015, respectively, for its proportionate share of the collective PERS net pension liability. The net pension liability was measured as of June 30, 2016 and June 30, 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and July 1, 2014, respectively with amounts rolled forward to the measurement date using update procedures. For purposes of measuring the net pension liability, the plan's fiduciary net position has been determined on the same basis as they are reported for PERS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value. At June 30, 2016, the Authority's proportion of the total plan was 1.32%, which was a decrease of 0.22% from 1.54% which was the Authority's proportion measured as of June 30, 2015. The employer allocation percentages are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period. At December 31, 2016 and 2015, respectively, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2016		2015	
	Deferred outflows of resources	**Deferred inflows of resources**	**Deferred outflows of resources**	**Deferred inflows of resources**
Differences between expected and actual experience	$ 10,441	—	10,378	—
Net difference between projected and actual earnings on pension plan investments	21,409	—	—	6,994
Changes in employer proportion	—	12,073	—	6,661
Changes in assumptions	116,303	—	46,717	—
Employer contribution made subsequent to the measurement date	8,421	—	8,331	—
Total	$ 156,574	12,073	65,426	13,655

Included in deferred outflows of resources related to pensions at December 31, 2016 and 2015 is $8,421 and $8,331, respectively, from contributions made by the Authority subsequent to the respective measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Dollars shown in thousands)

		2016
Year ended June 30:		
2017		30,272
2018		30,272
2019		35,560
2020		30,229
2021		9,747
Total	$	136,080

5) Significant Assumptions and Other Inputs Used to Measure Total Pension Liability

The total pension liability for the June 30, 2016 and 2015 measurement date was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively, which was rolled forward to June 30, 2016 and 2015, respectively, using update procedures. The respective actuarial valuations used the following actuarial assumptions.

	2016	2015
Inflation rate	3.08%	3.04%
Salary increases:		
Through 2026	1.65–4.15% based on age	—
2012–2021	—	2.15–4.40% based on age
Thereafter	2.65–5.15% based on age	3.15–5.40% based on age
Investment rate of return	7.65%	7.90%

For the July 1, 2015 valuation, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on the future financial statements.

(Dollars shown in thousands)

For the July 1, 2014 valuation, mortality rates were based on the RP 2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2013 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. For the July 1, 2013 valuation, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger is the impact on future financial statements.

(a) *Long-Term Expected Rate of Return*

In accordance with State statute, the long term expected rate of return on plan investments (7.65% and 7.90%, at June 30, 2016 and 2015, respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 and 2015 are summarized in the following table:

	2016		**2015**	
Asset class	**Target allocation**	**Long-term expected real rate of return**	**Target allocation**	**Long-term expected real rate of return**
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50	1.74	1.75	1.64
Investment Grade Credit	8.00	1.79	10.00	1.79
Mortgages	2.00	1.67	2.10	1.62
High Yield Bonds	2.00	4.56	2.00	4.03
Inflation-Indexed Bonds	1.50	3.44	1.50	3.25
Broad U.S. Equities	26.00	8.53	27.25	8.52
Developed Foreign Equities	13.25	6.83	12.00	6.88
Emerging Market Equities	6.50	9.95	6.40	10.00
Private Equity	9.00	12.40	9.25	12.41
Hedge Funds/Absolute Return	12.50	4.68	12.00	4.72
Real Estate (Property)	2.00	6.91	2.00	6.83
Commodities	0.50	5.45	1.00	5.32
Global Debt ex US	5.00	(0.25)	3.50	(0.40)
REIT	5.25	5.63	4.25	5.12

(Dollars shown in thousands)

(b) *Discount Rate*

2016

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributes. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

2015

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(c) *Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Authority's proportionate share of the net pension liability of the participating employers as of June 30, 2016 and 2015, respectively, calculated using the discount rate as disclosed above as well as what the proportionate net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current discount rate	1% Increase
2016 (2.98%, 3.98%, and 4.98%)	687,995	561,453	456,982
2015 (3.90%, 4.90%, and 5.90%)	540,670	435,015	346,434

PERS issues a stand-alone financial report that is available to the public. The report may be accessed via the State of New Jersey's website at: http://www.state.nj.us/treasury/pensions/pdf/financial/gasb68-pers16.pdf

Deferred Compensation Plan

The Authority adopted the New Jersey Turnpike Authority Employees' Deferred Compensation Plan (Deferred Compensation Plan) effective as of January 1, 1999, in accordance with the provisions of Section 27:23-1, et seq., of the New Jersey Revised Statutes and as provided in Section 457 of the Internal Revenue Code of 1986, as amended (Code). The Deferred Compensation Plan was amended and restated effective as of January 1, 2011. 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. Employees of the South Jersey Transportation Authority and the Burlington County Bridge Commission are also eligible to participate in the plan. All amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to these amounts, property, or rights are solely the property of the employees.

(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 or Authority personnel policies for non-bargaining unit members. The Authority maintains single-employer, self-funded health plans 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 ended December 31, 2016 and 2015, approximately 213 and 202 retirees, respectively, contributed to their healthcare cost, in accordance with the provisions of agreements in effect at the time of their retirement and P.L. 2011, c.78, effective June 28, 2011.

The Authority establishes and has the power to amend benefits and contribution obligations, subject to collective negotiations agreements to the extent they do not conflict with P.L. 2012, c. 78 mandated by the State of New Jersey.

As required by the accounting standards of GASB 45, 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 unfunded actuarial accrued liability is amortized using a level percentage of payroll for a period of 30 years with assumed payroll increases of 3% per year.

(Dollars shown in thousands)

The following table shows the components of the Authority's annual OPEB cost as of December 31, 2016 and 2015:

		December 31 2016	December 31 2015
Annual required contribution (ARC)	$	100,099	100,099
Interest on net OPEB obligation		12,796	12,796
Adjustment to annual required contribution		(12,713)	(12,713)
Total annual OPEB cost (AOC)		100,182	100,182
Contributions made		43,501	44,224
Increase in net OPEB obligation		56,681	55,958
Net OPEB obligation, beginning of year		375,864	319,906
Net OPEB obligation, end of year	$	432,545	375,864

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, 2016, 2015 and 2014, respectively, were as follows:

Year ending		Annual OPEB cost	Percentage of annual OPEB cost contributed*		Net OPEB obligation
December 31, 2016	$	100,182	43.4%	$	432,545
December 31, 2015		100,182	44.1		375,864
December 31, 2014		75,636	51.0		319,906

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

The covered payroll (annual payroll of active employees covered by the plan) was $128,816, and the ratio of the UAAL to covered payroll was 1106%.

At January 1, 2015, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately $1,425,000, 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 $1,425,000. The AAL represents approximately 75% of the present value of all projected benefits.

The actuarial valuation date is January 1, 2015. 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, 2015, the projected unit credit cost method was used as the actuarial cost method. The actuarial assumptions included an investment rate of return of 4% (inclusive of an inherent inflation rate of 2%), and an annual healthcare cost trend rate of 9.5% medical and grading down to an ultimate rate of 5% after 9 years. For prescription drug benefits, the initial trend rate is 10.5%, decreasing to a 5.0% long-term trend rate after 11 years. For Medicare Part B reimbursement, the trend rate is 5.0% and for dental benefits the trend is 3.0%. 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 unfunded actuarial accrued liability (UAAL) as of January 1, 2015 is $1,425,271, an increase of $334,109 from the prior valuation UAAL of $1,091,162. This increase is due to the demographic changes since last valuation, changes in premium rates on which the retiree contributions are based, changes in demographic assumptions, and changes in per capita claims and trends reflecting more recent claims experience and future expectations.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information as of January 1, 2015 and whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

At the January 28, 2014 Board of Commissioners Meeting, the Authority approved a plan to establish an Internal Revenue Code (IRC) Section 115 Trust to hold employer contributions for other post-retirement benefits (OPEB) obligations. The plan approved by the Board of Commissioners includes (1) the establishment of an OPEB Committee comprised of Authority personnel, (2) the issuance of Request For Proposals for an institutional trustee and an investment manager/advisor for the plan assets, (3) the development of an OPEB Trust agreement with outside counsel, (4) obtaining a private letter ruling from the Internal Revenue Service, and (5) obtaining all necessary legal opinions from outside general counsel and bond counsel. As of December 31, 2016, the trust has not been established.

(Dollars shown in thousands)

(13) Risk Management and Self-Insurance

The New Jersey Turnpike Authority maintains a comprehensive insurance program, which affords various coverages including but not limited to, excess liability (general, automobile, and police professional), excess workers compensation, property insurance (including bridge and non-bridge properties and business interruption insurance), employee medical benefits, public officials liability, employment practices, commercial crime, cyber liability, and owner controlled insurance programs (OCIPs). The following chart provides additional information as to risks insured for the protection of the Authority, general limits of coverage and applicable deductibles/self-insured retentions. Certain defined risks are subject to sub-limits and more specific deductibles/self-insured retentions and all insurances are subject to terms and conditions as set forth in the policies

Type of insurance coverage		Deductible/retention	
Excess Liability (general liability)	$	2,000	per occurrence ($3,000 aggregate)
Excess Liability (automobile liability)		5,000	per occurrence (2015 and 2016)
Excess Liability (State police)		2,000	per occurrence
Bridge and Property (1)		2,000	per occurrence
Commercial Crime		50	per occurrence
Cyber Insurance		250	per occurrence
Employee Medical Benefits		350	per claimant
Public Official and Employment Practices Liability		500	per occurrence
Professional Liability Insurance Architects & Engineers		100	for project values up to $500,000 and
		250	for project values greater than $500,000
Excess Workers Compensation		1,250	per occurrence
OCIP (Interchange 6–9 Widening Project – general and workers compensation)		500	per occurrence
OCIP (other construction projects – general and workers compensation)		500	per occurrence

(1) Bridge and property insurance includes business interruption insurance which is subject to a two day waiting period with respect to approximately 42% of the pro-rata share of the primary policy insurers and a five day waiting period with respect to approximately 58% of the pro rata share of the primary policy insurers. In the event a covered loss continues beyond the respective waiting periods, coverage starts from the first day of the loss, subject to the $2,000 deductible.

The OCIPs also provide other insurance coverage for the benefit of the Authority and its contractors, subcontractors, consultants and sub-consultants for claims related to various construction contracts at customary ranges of coverage limits and self-insured retentions and/or deductibles.

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, 2016 and 2015:

		December 31, 2015	Change in estimate	Payments	December 31, 2016
General liability	$	3,356	874	(169)	4,061
Auto liability		777	860	(546)	1,091
Workers' compensation		25,814	858	(5,027)	21,645
Owner controlled insurance program (OCIP)		29,398	20,616	(34,295)	15,719
Total	$	59,345	23,208	(40,037)	42,516

(Dollars shown in thousands)

		December 31, 2014	Change in estimate	Payments	December 31, 2015
General liability	$	3,356	523	(523)	3,356
Auto liability		777	57	(57)	777
Workers' compensation		25,814	5,722	(5,722)	25,814
Owner controlled insurance program (OCIP)		—	57,568	(28,170)	29,398
Total	$	29,947	63,870	(34,472)	59,345

(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.

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, 2016 and 2015 are as follows:

Summary of Net Position

Assets		2016	2015
Current assets	$	805	739
Total assets	$	805	739
Liabilities			
Current liabilities	$	7	2
Total liabilities	$	7	2
Net Position			
Net position:			
Unrestricted	$	798	737
Total net position	$	798	737

(Dollars shown in thousands)

Summary of Revenues, Expenses, and Changes in Net Position

		2016	2015
Operating revenues	$	627	531
Operating expenses		571	774
Operating income (loss)		56	(243)
Nonoperating revenues		5	5
Increase (decrease) in net position		61	(238)
Net position as of beginning of year		737	975
Net position as of end of year	$	798	737

(15) Litigation

The Authority is a party to various legal actions and regulatory reviews arising in the ordinary course of its operations which includes investigation, remediation of existing and projected action level environmental conditions. The Authority is contingently liable under pending lawsuits and claims, relating principally to construction programs and personal injury claims, in which the Authority is named a defendant. The Authority is also subject to regulatory directives or environmental claims by third parties to investigate and/or remediate suspected or known contamination that is claimed to be the Authority's responsibility. The Authority believes the aggregate liability of the Authority under such actions, even if adversely determined, would not have a material adverse effect on the financial position of the Authority; and sufficient funds are expected to be available to satisfy any payments required in connection therewith.

The Authority is also defending several lawsuits arising from its operations of the State Police assigned to provide police services on the Turnpike and Garden State Parkway pursuant to the Authority's contract with the New Jersey State Police, which includes an indemnification provision requiring the Authority to defend and indemnify the State troopers individually as well as the State Police and the State against claims related to their conduct in the course of their duties. 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 or acts beyond the scope of employment. The Authority believes the aggregate liability of the Authority under such actions, even if adversely determined, would not have a material adverse effect on the financial position of the Authority and sufficient funds are expected to be available to satisfy any payments required in connection therewith.

Soil and/or groundwater contamination found on off-site properties and waterway contamination that resulted from or is inferred to be the result of operations conducted at roadway facilities has led to litigation by others against the Authority and may lead to additional litigation in the future. Claims for reimbursement of remediation costs filed by the parties undertaking remediation activities at these properties may be forthcoming. In some cases the Authority may be required 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.

(Dollars shown in thousands)

(16) Related Parties

Under the regular course of Authority's operations, the Authority enters into various agreements with the State of New Jersey (the State). A summary of transactions with the State in 2016 and 2015 is as follows:

		December 31	
		2016	2015
Due from the State - Project reimbursements	$	448	560
Due to the State - Unclaimed unemployment claims	$	2,758	2,683
Payments to the State - Operating expenses			
State police services	$	62,825	63,303
PERS payments		16,841	16,660
Payments to the State - Nonoperating expenses			
Transportation Trust Fund Agreement	$	22,000	22,000
State Transportation Projects Funding Agreement (2011-2016)		162,000	324,000
State Transportation Projects Funding Agreement (2016-2021)		102,000	—
Feeder Road Maintenance Agreement		8,000	8,001
Total payments to the State - Nonoperating expenses	$	294,000	354,001

From time to time the Authority enters into various memorandums of agreement with the State of New Jersey that cover cost-sharing or cost-reimbursement work, including a pass-through of Federal funding, for various construction projects. These agreements require the Authority to invoice the State for its share of the construction or engineering work performed under the agreements.

The Authority is a participating employer in the State's Unemployment Insurance program and reimburses the State for unemployment claims made by its eligible former employees.

The Authority has an agreement with the State of New Jersey department of Law and Public Safety (State Police) to patrol the Turnpike and the Parkway. As per this agreement the Authority makes payments for the State Police services received. These payments include but are not limited to – the salaries and overtime expenses, travel expenses, training costs, health benefit costs, fringe benefits and other indirect costs.

The Authority is a participating employer in the State's Public Employees Retirement System (PERS) and annually contributes the employer's portion as billed by the State (note 11).

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 $22,000 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 purposes. These payments totaled $324,000 in 2015 and $162,000 in 2016. The agreement terminated on June 30, 2016.

On June 28, 2016, the Authority entered into a new State Transportation Funding Agreement with the Treasurer of the State of New Jersey. Under this new Funding Agreement, the Authority will make payments to the State of New Jersey to be used for statewide transportation purposes for a five year period beginning on July 1, 2016 and ending June 30, 2021. The Authority will make annual payments, payable quarterly, of $204,000 per year in the State fiscal years June 30, 2017 and 2018, and $129,000 per year in the State fiscal years 2019, 2020, and 2021. The total payments over five-year period will be $795,000. The new payments totaled $102,000 in calendar year 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 totaling $8,000 in 2016 and $8,001 in 2015 for feeder road maintenance provided by the New Jersey Department of Transportation. The current agreement expired on June 30, 2016. The Authority entered into a Feeder Road Maintenance and Cost Sharing Agreement with the State for the period July 1, 2016 through June 30, 2023, a term of seven years. Under the terms of the new Feeder Road Agreement, the State will continue to reconstruct, maintain and repair 280 miles of feeder roads leading to 20 interchanges on the New Jersey Turnpike and 36 interchanges on the Garden State Parkway. The Authority will reimburse the State on an annual basis, payable quarterly, $8,000 in the State fiscal year 2017, $5,000 in the State fiscal year 2018, $4,000 in the State fiscal year 2019, $2,750 in the State fiscal year 2020, and $2,500 in State fiscal year 2021, 2022 and 2023, for a total of $27,250 over the seven year term.

(17) Commitments

The Authority has open commitments related to construction contracts totaling approximately $742,045 and $1,175,668 as of December 31, 2016 and 2015, respectively. This work relates to the Authority's $7 Billion Capital Improvement Program and will be completed over the next several years.

On September 23, 2015, the Authority entered into a lease agreement (with an option to purchase) with O&R Woodbridge Office, LLC for a new administrative building located at 1 Turnpike Plaza (formerly 1 Hess Plaza) Woodbridge, New Jersey. By entering into this lease agreement, the Authority is able to consolidate its entire administrative staff into one location. The Authority began renting the property on January 1, 2016, with lease payments commencing on February 1, 2017. Under the terms of the agreement, the Authority may purchase the property any time after January 31, 2019. On February 17, 2017, the Authority notified the lessor of its intention to exercise the purchase option under the agreement on February 1, 2019, and made a $1,350 deposit pursuant to the agreement terms.

(18) Subsequent Events

On April 11, 2017, the Authority issued $600,000 of Series 2017A Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.50% to 5.00% and mature from January 1, 2027 to January 1, 2036. The interest on the Series 2017A bonds is paid semi-annually. The purpose of the Series 2017A Turnpike Revenue Bonds is to (i) continue to fund projects under the $7 Billion CIP, (ii) make a deposit to the Debt Reserve Fund, and (iii) pay the costs of issuance of the Series 2017A Turnpike Revenue Bonds.

On January 20, 2017, the Delaware River Turnpike Bridge between New Jersey and Pennsylvania, which permits traffic on the Authority's Pearl Harbor Memorial Turnpike Extension to connect with the Pennsylvania Turnpike, was fully closed for emergency repairs. After the completion of certain repairs and extensive examination and testing, the bridge was fully reopened to traffic on March 9, 2017. The Authority estimates that its 50% share of the costs of the repair, examination and testing of the bridge will be approximately $10,000 which will be paid by the Authority from available moneys currently on hand in the Maintenance Reserve Fund. The Authority's Traffic Engineer has projected that the closure of the bridge resulted in the Authority incurring a loss of toll revenue on the Turnpike of approximately $8,000. As described in Note 13, the Authority maintains Bridge and Property Insurance, including business interruption insurance, with an aggregate limit of $800,000 per occurrence, subject to a $2,000 deductible per occurrence. The Authority has notified its insurance carriers that it intends to file a claim under its Bridge and Property Insurance policy for all costs, lost profits and extra expenses related to the damage and subsequent closure of the Delaware River Turnpike Bridge.

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, 2016

(In thousands)

Valuation date		Actuarial value of assets (a)	Actuarial accrued liability – projected unit credit (b)	Unfunded actuarial accrued liability (b)–(a)	Funded ratio (a)/(b)	Covered payroll (c)	Unfunded actuarial accrued liability as a percentage of covered payroll ((b) – (a))/(c)
01/01/2011	$	—	1,218,806	1,218,806	—	157,396	774%
01/01/2013		—	1,091,162	1,091,162	—	110,791	985
01/01/2015		—	1,425,271	1,425,271	—	128,816	1,106

See accompanying independent auditors' report.

Schedule 2

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

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share, Employer Contributions and Notes

State of New Jersey Public Employees' Retirement System

December 31, 2016

(In thousands)

Schedule of Proportionate Share of Net Pension Liability at June 30 (measurement date)

		2016	2015	2014	2013
Proportion of net pension liability – Local Group		1.8957%	1.9379%	1.9564%	1.9846%
Proportion of net pension liability – Total Plan		1.3225	1.5352	1.6194	1.4164
Proportionate share of net pension liability	$	561,453	435,015	366,300	379,299
Covered-employee payroll (approximate)		130,000	130,000	132,600	134,600
Proportionate share of net pension liability as a percentage of covered-employee payroll		431.89%	334.63%	276.24%	281.80%
Plan fiduciary net position as a percentage of total pension liability		31.20%	38.21%	42.74%	40.71%

Schedule of Employer Contributions

		2016	2015	2014	2013
Contractually required contributions	$	16,841	16,660	16,129	14,954
Contributions in relation to the contractually required contributions		16,841	16,660	16,129	14,954
Contribution deficiency (excess)	$	—	—	—	—
Covered-employee payroll (approximate)		130,000	130,000	132,600	134,600
Contributions as a percentage of covered-employee payroll		12.95%	12.82%	12.16%	11.11%

Notes

Changes in benefit terms – There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.
Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate as follows:

July 1, 2015: 3.98%
July 1, 2014: 4.90%
July 1, 2013: 5.39%

See accompanying independent auditors' report.

Schedule 3

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, 2016
(With summarized comparative financial information as of December 31, 2015)

(In thousands)

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 2016 GAAP Financials	Total 2015 GAAP Financials
Current assets:													
Cash	$ 170,150	—	4,084	11,815	15,456	—	—	—	201,505	800	—	202,305	175,889
Restricted cash	—	117,194	—	—	—	—	140	—	117,334	—	—	117,334	161,231
Investments (1)	245,109	—	39,780	55,980	333,137	—	—	—	674,006	—	—	674,006	591,133
Restricted investments	—	—	—	—	—	63	466,730	151,080	617,873	—	—	617,873	489,802
Receivables, net of allowance	73,550	—	—	—	181	—	—	—	73,731	5	—	73,736	82,289
Inventory	22,692	—	—	—	—	—	—	—	22,692	—	—	22,692	20,105
Due from State of New Jersey	—	—	—	—	448	—	—	—	448	—	—	448	560
Restricted deposits	2,422	3,698	—	—	24,069	—	—	—	30,189	—	—	30,189	27,160
Prepaid expenses	4,650	—	—	—	—	—	—	—	4,650	—	—	4,650	4,077
Interfund	(150,763)	11,032	618	(315)	142,458	(61)	(1,080)	(1,889)	—	—	—	—	—
Total current assets	367,810	131,924	44,482	67,480	515,749	2	465,790	149,191	1,742,428	805	—	1,743,233	1,552,246
Noncurrent assets:													
Restricted investments	—	108,094	—	—	—	—	—	440,134	548,228	—	(79,937)	468,291	1,190,230
Capital assets, net of accumulated depreciation	—	10,833,892	376,978	79,088	150,048	—	—	—	11,440,006	—	15,719	11,455,725	10,801,091
Total noncurrent assets	—	10,941,986	376,978	79,088	150,048	—	—	440,134	11,988,234	—	(64,218)	11,924,016	11,991,321
Total assets	$ 367,810	11,073,910	421,460	146,568	665,797	2	465,790	589,325	13,730,662	805	(64,218)	13,667,249	13,543,567
Deferred Outflows													
Deferred outflows:													
Accumulated decrease in fair value of hedging derivatives	$ —	—	—	—	—	—	—	—	—	—	—	—	4,807
Deferred amount on refunding	—	45,229	—	—	—	—	—	—	45,229	—	87,002	132,231	149,697
Deferred amount relating to pensions	—	—	—	—	—	—	—	—	—	—	156,574	156,574	65,426
Total deferred outflows	$ —	45,229	—	—	—	—	—	—	45,229	—	243,576	288,805	219,930
Liabilities													
Current liabilities:													
Accounts payable and accrued expenses	$ 65,770	64,243	6,855	4,682	5,845	—	—	—	147,395	7	24,753	172,155	187,261
Funds held in trust	210,851	25,791	1,427	1,202	449	—	—	—	239,720	—	—	239,720	240,202
Due to State of New Jersey	2,758	—	—	—	—	—	—	—	2,758	—	—	2,758	2,683
Accrued interest payable	—	—	—	—	—	—	268,050	—	268,050	—	—	268,050	260,102
Unearned revenue	4,705	—	—	—	25,761	—	—	—	30,466	—	—	30,466	42,347
Current portion of bonds payable	—	197,740	—	—	—	—	—	—	197,740	—	—	197,740	142,115
Current portion of hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	21,546	21,546	19,012
Current portion of other long-term liabilities	—	—	—	—	100	—	—	—	100	—	6,109	6,209	9,457
Total current liabilities	284,084	287,774	8,282	5,884	32,155	—	268,050	—	886,229	7	52,408	938,644	903,179
Noncurrent liabilities:													
Bonds payable, net	—	10,873,381	—	—	—	—	—	—	10,873,381	—	—	10,873,381	11,109,048
Hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	67,756	67,756	92,514
Other long-term obligations	30,850	—	—	—	24,107	—	—	—	54,957	—	65,711	120,668	135,733
Other postemployment benefit liability	—	—	—	—	73,825	—	—	—	73,825	—	358,720	432,545	375,864
Interest rate swaps liabilities	—	—	—	—	—	—	—	—	—	—	29,190	29,190	40,199
Net pension liability	—	—	—	—	—	—	—	—	—	—	561,453	561,453	435,015
Total noncurrent liabilities	30,850	10,873,381	—	—	97,932	—	—	—	11,002,163	—	1,082,830	12,084,993	12,188,373
Total liabilities	$ 314,934	11,161,155	8,282	5,884	130,087	—	268,050	—	11,888,392	7	1,135,238	13,023,637	13,091,552
Deferred Inflows													
Deferred inflows:													
Accumulated increase in fair value of hedging derivatives	$ —	—	—	—	—	—	—	—	—	—	2,035	2,035	—
Deferred amount relating to pensions	—	—	—	—	—	—	—	—	—	—	12,073	12,073	13,655
Total deferred inflows	$ —	—	—	—	—	—	—	—	—	—	14,108	14,108	13,655
Net Position													
Net position:													
Net investment in capital assets	$ —	(42,016)	376,978	79,088	150,048	—	—	589,325	1,153,423	—	(89,302)	1,064,121	866,813
Restricted under trust agreements	—	—	—	—	24,069	2	197,740	—	221,811	—	—	221,811	164,511
Unrestricted	52,876	—	36,200	61,596	361,593	—	—	—	512,265	798	(880,686)	(367,623)	(373,034)
Total net position	$ 52,876	(42,016)	413,178	140,684	535,710	2	197,740	589,325	1,887,499	798	(969,988)	918,309	658,290

(1) Included in investments above at December 31, 2016 is $32,288 the Authority has designated as reserved for national toll interoperability requirements under Federal Law P.L. 112-131, the Moving Ahead for Progress in the 21st Century Act (Map-21) ($10,500), reconstruction of the Grover Cleveland Service Area ($20,000), and emergency maintenance work ($1,788). In 2016 the Grover Cleveland Service Area project was completed, resulting in a reduction in investments by $5,075.

See accompanying independent auditors' report.

Schedule 4

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, 2016
(With summarized comparative financial information for the year ended December 31, 2015)

(In thousands)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP Adjustments	Total 2016 GAAP Financials	Total 2015 GAAP Financials
Operating revenues:													
Toll revenue	$ 1,570,662	—	—	—	—	—	—	—	1,570,662	—	—	1,570,662	1,523,133
E-ZPass fees	62,579	—	—	—	—	—	—	—	62,579	—	—	62,579	56,262
Concession revenue	38,192	—	—	—	—	—	—	—	38,192	—	—	38,192	38,993
Miscellaneous revenue	17,293	—	—	—	—	—	—	—	17,293	627	—	17,920	13,635
Total operating revenues	1,688,726	—	—	—	—	—	—	—	1,688,726	627	—	1,689,353	1,632,023
Operating expenses:													
Maintenance of roadway, buildings and equipment	185,361	—	7,792	9,616	18,304	—	—	—	221,073	—	34,433	255,506	268,001
Toll collection	160,485	—	—	328	3,059	—	—	—	163,872	—	19,312	183,184	172,624
State police and traffic control	79,799	—	—	795	763	—	—	—	81,357	—	3,427	84,784	82,007
Technology	28,755	—	—	4,323	1,286	—	—	—	34,364	—	7,049	41,413	36,404
General administrative costs	38,825	—	—	26	4,232	—	—	—	43,083	571	6,928	50,582	50,514
Depreciation	—	252,256	27,737	8,652	12,475	—	—	—	301,120	—	—	301,120	316,377
Total operating expenses	493,225	252,256	35,529	23,740	40,119	—	—	—	844,869	571	71,149	916,589	925,927
Operating income (loss)	1,195,501	(252,256)	(35,529)	(23,740)	(40,119)	—	—	—	843,857	56	(71,149)	772,764	706,096
Nonoperating revenues (expenses):													
Build America Bonds subsidy	76,071	—	—	—	—	—	—	—	76,071	—	—	76,071	75,908
Federal and State reimbursements	6,578	2,709	—	—	—	—	—	—	9,287	—	—	9,287	—
Payments to the State of New Jersey	—	—	—	—	(294,000)	—	—	—	(294,000)	—	—	(294,000)	(354,001)
Interest expense, Turnpike Revenue Bonds	—	20,470	—	—	—	—	(575,338)	—	(554,868)	—	235,676	(319,192)	(310,363)
Other bond expenses	—	(573)	—	—	(295)	(175)	—	—	(1,043)	—	—	(1,043)	(2,752)
Loss on disposal of capital assets	—	(46)	—	(118)	—	—	—	—	(164)	—	—	(164)	(248)
Investment income	443	2,514	121	218	1,217	—	1,018	9,759	15,290	5	(3,078)	12,217	2,403
Arts Center	4,079	—	—	—	—	—	—	—	4,079	—	—	4,079	3,632
Total nonoperating revenues (expenses), net	87,171	25,074	121	100	(293,078)	(175)	(574,320)	9,759	(745,348)	5	232,598	(512,745)	(585,421)
Income before interfund transfers	1,282,672	(227,182)	(35,408)	(23,640)	(333,197)	(175)	(574,320)	9,759	98,509	61	161,449	260,019	120,675
Interfund transfers	(1,314,454)	353,809	89,249	38,700	423,696	94	629,945	(9,345)	211,694	—	(211,694)	—	—
Net change in fund balance/change in net position	(31,782)	126,627	53,841	15,060	90,499	(81)	55,625	414	310,203	61	(50,245)	260,019	120,675
Net position (deficit) – beginning of year	84,658	(168,643)	359,337	125,624	445,211	83	142,115	588,911	1,577,296	737	(919,743)	658,290	537,615
Net position (deficit) – end of year	$ 52,876	(42,016)	413,178	140,684	535,710	2	197,740	589,325	1,887,499	798	(969,988)	918,309	658,290

See accompanying independent auditors’ report.

Schedule 5

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, 2016
(With summarized comparative financial information for the year ended December 31, 2015)

(In thousands)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP Adjustments	Total 2016 GAAP Financials	Total 2015 GAAP Financials
Cash flows from operating activities:													
Receipts from customers and patrons	$ 1,684,963	—	—	—	—	—	—	—	1,684,963	621	—	1,685,584	1,618,021
Payments to suppliers	(224,323)	—	(7,792)	(15,400)	(9,251)	—	—	—	(256,766)	(566)	—	(257,332)	(274,264)
Payments to employees	(157,809)	—	—	—	—	—	—	—	(157,809)	—	—	(157,809)	(162,012)
Payments for self insured health benefits claims	(92,536)	—	—	—	—	—	—	—	(92,536)	—	—	(92,536)	(88,620)
Net cash provided by (used in) operating activities	1,210,295	—	(7,792)	(15,400)	(9,251)	—	—	—	1,177,852	55	—	1,177,907	1,093,125
Cash flows from noncapital financing activities:													
Receipts from Federal and State reimbursements	6,578	2,709	—	—	—	—	—	—	9,287	—	—	9,287	—
Payments to State of New Jersey	—	—	—	—	(294,000)	—	—	—	(294,000)	—	—	(294,000)	(354,001)
Proceeds from Arts Center	4,079	—	—	—	—	—	—	—	4,079	—	—	4,079	3,632
Net cash provided by (used in) noncapital financing activities	10,657	2,709	—	—	(294,000)	—	—	—	(280,634)	—	—	(280,634)	(350,369)
Cash flows from capital and related financing activities:													
Proceeds acquired from new capital debt	—	344,312	—	—	—	—	—	—	344,312	—	—	344,312	1,201,708
Purchases and sales of capital assets, net	—	(912,492)	(66,995)	(13,142)	(20,154)	—	—	—	(1,012,783)	—	211,694	(801,089)	(849,657)
Principal paid on capital debt	—	(142,115)	—	—	—	—	—	—	(142,115)	—	—	(142,115)	(164,205)
Principal paid on defeased capital debt	—	(343,686)	—	—	—	—	—	—	(343,686)	—	—	(343,686)	(375,585)
Proceeds from Build America Bonds subsidy	76,071	—	—	—	—	—	—	—	76,071	—	—	76,071	75,908
Interest paid on capital debt	—	(19,342)	—	—	—	—	(567,390)	—	(586,732)	—	—	(586,732)	(588,432)
Payments for bond expenses	—	(573)	—	—	(295)	(175)	—	—	(1,043)	—	—	(1,043)	(2,752)
Interfund Transfers related to capital and related financing activities	(1,304,261)	353,012	88,703	39,048	413,745	155	630,620	(9,328)	211,694	—	(211,694)	—	—
Net cash (used in) provided by capital and related financing activities	(1,228,190)	(720,884)	21,708	25,906	393,296	(20)	63,230	(9,328)	(1,454,282)	—	—	(1,454,282)	(703,015)
Cash flows from investing activities:													
Purchases of investments	(3,121,550)	(757,379)	(257,849)	(368,973)	(3,428,428)	(5,726)	(1,067,279)	(451,079)	(9,458,263)	—	—	(9,458,263)	(8,367,022)
Sales and maturities of investments	3,134,690	1,492,637	242,363	367,400	3,349,624	5,663	939,631	451,079	9,983,087	—	—	9,983,087	8,332,854
Interest received	468	2,846	111	200	1,070	—	675	9,328	14,698	6	—	14,704	41,815
Net cash provided by (used in) investing activities	13,608	738,104	(15,375)	(1,373)	(77,734)	(63)	(126,973)	9,328	539,522	6	—	539,528	7,647
Net increase (decrease) in cash	6,370	19,929	(1,459)	9,133	12,311	(83)	(63,743)	—	(17,542)	61	—	(17,481)	47,388
Cash and restricted cash – beginning of year	163,780	97,265	5,543	2,682	3,145	83	63,883	—	336,381	739	—	337,120	289,732
Cash and restricted cash – end of year	$ 170,150	117,194	4,084	11,815	15,456	—	140	—	318,839	800	—	319,639	337,120
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:													
Operating income (loss)	$ 1,195,501	(252,256)	(35,529)	(23,740)	(40,119)	—	—	—	843,857	56	(71,149)	772,764	706,096
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:													
Depreciation expense	—	252,256	27,737	8,652	12,475	—	—	—	301,120	—	—	301,120	316,377
Changes in assets and liabilities:													
Receivables	(3,665)	—	—	—	12,335	—	—	—	8,670	(5)	—	8,665	(26,085)
Inventory	(2,587)	—	—	—	—	—	—	—	(2,587)	—	—	(2,587)	370
Prepaid expenses	(573)	—	—	—	—	—	—	—	(573)	—	—	(573)	(135)
Accounts payable and accrued expenses	17,200	—	—	(644)	2,576	—	—	—	19,132	4	271	19,407	2,945
Unearned revenue	(96)	—	—	—	(11,785)	—	—	—	(11,881)	—	—	(11,881)	(8,120)
Other liabilities	4,515	—	—	332	2,317	—	—	—	7,164	—	(3,655)	3,509	36,863
Other postemployment benefit liability	—	—	—	—	13,000	—	—	—	13,000	—	43,681	56,681	55,958
Net pension liability	—	—	—	—	—	—	—	—	—	—	126,438	126,438	68,714
Deferred outflows of resources related to pension	—	—	—	—	—	—	—	—	—	—	(91,148)	(91,148)	(45,575)
Deferred inflows of resources related to pension	—	—	—	—	—	—	—	—	—	—	(1,582)	(1,582)	(12,722)
Pollution remediation liability	—	—	—	—	(50)	—	—	—	(50)	—	(2,856)	(2,906)	(1,561)
Net cash provided by (used in) operating activities	$ 1,210,295	—	(7,792)	(15,400)	(9,251)	—	—	—	1,177,852	55	—	1,177,907	1,093,125

See accompanying independent auditors' report.

Schedule 6

NEW JERSEY TURNPIKE AUTHORITY

(A Component Unit of the State of New Jersey)

Schedule of Net Revenue Requirement

Years ended December 31, 2016 and 2015

(In thousands)

		2016	2015
Test 1:			
Total operating revenues - bond resolution	$	1,688,726	1,631,492
Build America Bonds subsidy		76,071	75,908
Federal and State reimbursements		9,287	—
Less Federal and State reimbursement - construction fund		(2,709)	—
Total investment income - bond resolution		15,290	13,972
Less earnings on construction investments		(2,514)	(2,290)
Fair market value adjustments		(414)	(416)
Arts center		4,079	3,632
Total pledged revenues		1,787,816	1,722,298
Less revenue operating expenses - revenue fund		(493,225)	(503,453)
Net revenue available for debt service		1,294,591	1,218,845
Less net revenue requirements:			
Interest expense – debt service		(575,338)	(519,311)
Principal payment – debt service		(197,740)	(142,115)
Revenue transfer to charges		(94)	(535)
Revenue transfer to maintenance reserve		(89,370)	(87,058)
Revenue transfer to special project reserve		(38,918)	(50,301)
Excess net revenues	$	393,131	419,525
Test 2:			
Total operating revenues - bond resolution	$	1,688,726	1,631,492
Build America Bonds subsidy		76,071	75,908
Federal and State reimbursements		9,287	—
Less Federal and State reimbursement - construction fund		(2,709)	—
Total investment income - bond resolution		15,290	13,972
Less earnings on construction investments		(2,514)	(2,290)
Fair market value adjustments		(414)	(416)
Arts center		4,079	3,632
Total pledged revenues		1,787,816	1,722,298
Less revenue operating expenses - revenue fund		(493,225)	(503,453)
Net revenue available for debt service		1,294,591	1,218,845
Less 1.2 times aggregate debt service		(927,694)	(793,711)
Excess net revenues	$	366,897	425,134
Debt service coverage ratio		1.67	1.84

See accompanying independent auditors' report.

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

Schedule of Investments

December 31, 2016

(In thousands)

	Interest rate	Maturity		Par value	Carrying value
Revenue:					
Certificate of deposit	1.15%–1.21%	3/24/17–7/28/17	$	80,000	80,313
Commercial paper	0.43–0.65	1/5/2017		5,000	5,000
Federal agency note	0.27–0.45	1/5/17–2/17/17		39,775	39,770
U.S. Treasury bill	0.20–0.42	1/5/17–2/16/17		120,043	120,026
				244,818	245,109
Construction:					
Certificate of deposit	0.63%–0.86%	1/4/17–1/18/17		75,000	75,104
Federal agency note	0.35–0.41	1/23/2017		21,000	20,995
U.S. Treasury bill	0.43	2/2/2017		12,000	11,995
				108,000	108,094
Maintenance reserve:					
Commercial paper	0.50%	2/3/2017		2,002	2,001
Federal agency note	0.23–0.47	1/3/17–2/21/17		35,788	35,780
U.S. Treasury bill	0.39	2/16/2017		2,000	1,999
				39,790	39,780
Special project reserve:					
Commercial paper	0.40%–0.80%	1/3/17–2/28/17		32,000	31,981
Federal agency note	0.25–0.43	1/10/17–3/2/17		14,000	13,995
U.S. Treasury bill	0.34–0.50	1/26/17–2/16/17		10,000	10,004
				56,000	55,980
General reserve:					
Commercial paper	0.60%–1.05%	1/13/17–3/10/17		112,000	111,927
Federal agency note	0.32–0.55	1/5/17–6/20/17		187,660	187,466
U.S. Treasury bill	0.25–0.50	1/5/17–3/9/17		33,746	33,744
				333,406	333,137
Charges:					
Federal agency note	0.40%	1/3/2017		63	63
				63	63
Debt service:					
Federal agency note	0.15%–0.60%	1/3/2017		466,737	466,730
				466,737	466,730
Debt reserve:					
Certificate of deposit	1.11%–2.00%	11/10/17 – 12/15/20		334,754	335,361
Commercial paper	1.44	1/1/2017		149,999	151,079
Federal agency note	1.05	4/25/2018		104,919	104,774
				589,672	591,214
Total			$	1,838,486	1,840,107

Above is the detail of investments listed on the Schedule of Net Position – Reconciliation of Bond Resolution to GAAP (Schedule 3) for Total Bond Resolution.

See accompanying independent auditors' report.

Schedule 7B

NEW JERSEY TURNPIKE AUTHORITY

(A Component Unit of the State of New Jersey)

Schedule of Investments

December 31, 2015

(In thousands)

	Interest rate	Maturity		Par value	Carrying value
Revenue:					
Certificate of deposit	0.73%	6/22/2016	$	50,000	50,194
Commercial paper	0.18–0.58	1/5/16–2/19/16		159,837	159,822
Federal agency note	0.04–2.13	1/5/16–6/10/16		48,115	48,258
				257,952	258,274
Construction:					
Certificate of deposit	0.32%–0.69%	2/16/16–8/3/16		200,000	200,149
Commercial paper	0.43–0.52	4/4/16–7/12/16		200,000	199,610
Federal agency note	0.08–0.34	1/6/16–9/12/16		419,300	418,974
U.S. Treasury bill	0.30	8/18/2016		25,000	24,952
				844,300	843,685
Maintenance reserve:					
Commercial paper	0.08%–0.42%	1/5/16–2/9/16		8,288	8,286
Federal agency note	0.10–0.31	1/12/16–2/5/16		14,000	13,998
U.S. Treasury bill	0.10	2/11/2016		2,000	2,000
				24,288	24,284
Special project reserve:					
Commercial paper	0.25%–0.70%	1/5/16–2/12/16		48,400	48,389
Federal agency note	0.10–0.21	1/8/16–1/22/16		6,000	6,000
				54,400	54,389
General reserve:					
Commercial paper	0.33%–0.45%	1/5/16–3/30/16		46,000	45,967
Federal agency note	0.11–0.32	1/20/16–3/30/16		208,288	208,219
				254,288	254,186
Debt service:					
Commercial paper	0.27%–0.28%	1/4/2016		73,734	73,732
Federal agency note	0.03–0.21	1/4/2016		265,009	265,007
				338,743	338,739
Debt reserve:					
Certificate of deposit	1.11%–2.00%	11/10/17 – 12/15/20		334,754	335,361
Commercial paper	1.44	1/4/2016		151,080	151,063
Federal agency note	1.05	4/25/2018		104,919	104,359
				590,753	590,783
Total			$	2,364,724	2,364,340

Above is the detail of investments listed on the Schedule of Net Position – Reconciliation of Bond Resolution to GAAP (Schedule 3) for Total Bond Resolution.

See accompanying independent auditors’ report.

Schedule 8

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

Schedule of Depositories

December 31, 2016 and 2015

(In thousands)

	2016			2015		
	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	$ 115,018	97,788	—	118,659	109,237	—
Construction	79,470	81,039	—	91,784	92,741	—
Maintenance reserve	4,084	4,194	—	5,543	5,645	—
	198,572	183,021	189,398	215,986	207,623	249,971
Bank of America:						
Revenue	34,359	35,526	—	33,714	34,484	—
	34,359	35,526	36,690	33,714	34,484	36,658
Wells Fargo:						
Revenue	20,085	17,610	—	10,078	8,033	—
Special project reserve	11,815	12,028	—	2,682	3,355	—
General reserve	15,361	15,392	—	2,901	2,901	—
	47,261	45,030	48,211	15,661	14,289	16,125
Bank of New York Mellon:						
Revenue	80	126	—	728	242	—
	80	126	549	728	242	641
TD Bank, NA:						
Revenue	250	455	—	250	485	—
	250	455	1,000	250	485	999
Investors Bank						
Construction	35,093	35,093	—	—	—	—
	35,093	35,093	36,719	—	—	—
Total Subject to Pledged Securities	315,615	299,251	$ 312,567	266,339	257,123	304,394
Bank of New York Mellon – Trust:						
Construction:	2,631	2,631		5,481	5,481	
General reserve	95	95		244	244	
Charges	—	—		83	83	
Debt service	140	88		63,883	64,369	
	2,866	2,814 (1)		69,691	70,177 (1)	
Toll collection and other imprest funds:						
Revenue	358			351	—	
	358 (2)	—		351 (2)	—	
Total subject to bond resolution	318,839	302,065		336,381	327,300	
TD Bank, NA:						
Garden State Arts Center Foundation	132	147		76	87	
	132	147 (3)		76	87 (3)	
Investors Bank:						
Garden State Arts Center Foundation	455	455		451	451	
	455	455 (3)		451	451 (3)	
Northfield Bank:						
Garden State Arts Center Foundation	213	213		212	212	
	213	213 (3)		212	212 (3)	
	$ 319,639	302,880		337,120	328,050	

(1) Funds held by Trustee are not subject to collateral requirements, under the Bond Resolution.
(2) Cash on hand, not at bank.
(3) Garden State Arts Foundation bank account balances are not subject to the collateral posting requirements of the Bond Resolution.

See accompanying independent auditors' report.

Schedule 9

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

Schedule of Cost of Investment in Facilities

December 31, 2016
(With summarized comparative financial information for the year ended December 31, 2015)

(In thousands)

		Completed construction funds	2008/2009 Bond anticipation note	Ten year capital program	Maintenance reserve	Special project reserve	General reserve	GAAP Adjustments	2016 Total	2015 Total
Land	$	658,143	2,411	161,930	—	—	8,128	—	830,612	824,797
Construction-In-Progress		—	—	1,216,249	—	3,529	22,819	15,719	1,258,316	2,521,406
Roadways		3,049,838	135,302	2,281,213	186,497	1,844	14,301	—	5,668,995	4,578,349
Bridges		1,877,991	32,866	2,740,438	284,293	64	32,178	—	4,967,830	4,297,766
Buildings		354,716	20,373	324,732	—	19,988	41,195	—	761,004	504,279
Equipment		526,687	51,142	647,708	—	106,589	102,124	—	1,434,250	1,238,656
Cost of investment in facilities		6,467,375	242,094	7,372,270	470,790	132,014	220,745	15,719	14,921,007	13,965,253
Accumulated depreciation		(2,782,059)	(67,397)	(398,391)	(93,812)	(52,926)	(70,697)	—	(3,465,282)	(3,164,162)
Capital assets, net of accumulated depreciation	$	3,685,316	174,697	6,973,879	376,978	79,088	150,048	15,719	11,455,725	10,801,091

Completed construction funds:		
Original turnpike extensions and additional lanes	$	60,645
Revenues invested in facilities		39,451
1966 Turnpike Improvement		158,316
1971 Turnpike Improvement		16,187
1973 Improvement and Funding Program		26,810
1985-1990 Widening Project		317,789
Business Plan for the 90's		761,072
Former NJHA Construction		519,264
2000 Construction Fund		1,279,047
2003 Construction Fund		16,077
2004 Construction Fund		412,476
2005 Construction Fund		78,182
	$	3,685,316

See accompanying independent auditors' report.

Schedule 10A

NEW JERSEY TURNPIKE AUTHORITY

(A Component Unit of the State of New Jersey)

Schedule of Bond Indebtedness

December 31, 2016

(In thousands)

	Amount outstanding December 31, 2015	Refunded or acquired and canceled in current year	Mandatory redemption/ sinking fund installments	Debt issuance	Amortization of premiums and discounts	Amount outstanding December 31, 2016
Turnpike revenue bonds:						
Series 1991 C	$ 67,160	—	(67,160)	—	—	—
Series 2000 B-G	400,000	—	—	—	—	400,000
Series 2003 B	70,005	—	(70,005)	—	—	—
Series 2004 B	168,646	(168,646)	—	—	—	—
Series 2004 C-2	132,850	—	—	—	—	132,850
Series 2005 A	173,650	—	—	—	—	173,650
Series 2005 B	32,500	—	—	—	—	32,500
Series 2005 D1-D4	208,735	—	—	—	—	208,735
Series 2009 E	300,000	—	—	—	—	300,000
Series 2009 F	1,375,000	—	—	—	—	1,375,000
Series 2009 G	34,770	—	—	—	—	34,770
Series 2009 H	306,170	—	—	—	—	306,170
Series 2009 I	178,005	—	—	—	—	178,005
Series 2010 A	1,850,000	—	—	—	—	1,850,000
Series 2012 A	141,255	—	—	—	—	141,255
Series 2012 B	804,435	—	—	—	—	804,435
Series 2013 A	1,400,000	—	(4,950)	—	—	1,395,050
Series 2013 B	100,000	—	—	—	—	100,000
Series 2013 C	271,000	—	—	—	—	271,000
Series 2013 D	152,650	(75,025)	—	—	—	77,625
Series 2013 E	101,765	(50,015)	—	—	—	51,750
Series 2013 F	90,880	—	—	—	—	90,880
Series 2014 A	1,000,000	—	—	—	—	1,000,000
Series 2014 B-2	50,000	(50,000)	—	—	—	—
Series 2014 B-3	50,000	—	—	—	—	50,000
Series 2014 C	201,860	—	—	—	—	201,860
Series 2015 A	92,500	—	—	—	—	92,500
Series 2015 B	50,000	—	—	—	—	50,000
Series 2015 C	43,750	—	—	—	—	43,750
Series 2015 D	43,750	—	—	—	—	43,750
Series 2015 E	750,000	—	—	—	—	750,000
Series 2015F	72,350	—	—	—	—	72,350
Series 2015G	25,000	—	—	—	—	25,000
Series 2015H	48,235	—	—	—	—	48,235
Series 2016A	—	—	—	149,995	—	149,995
Series 2016B	—	—	—	75,025	—	75,025
Series 2016C	—	—	—	50,015	—	50,015
Series 2016D	—	—	—	50,000	—	50,000
	10,786,921	(343,686)	(142,115)	325,035	—	10,626,155
Premiums and discounts, net	464,242	—	—	25,411	(44,687)	444,966
	$ 11,251,163	(343,686)	(142,115)	350,446	(44,687)	11,071,121

See accompanying independent auditors' report.

Schedule 10B

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

Schedule of Bond Indebtedness

December 31, 2015

(In thousands)

	Amount outstanding December 31, 2014	Refunded or acquired and canceled in current year	Mandatory redemption/ sinking fund installments	Debt issuance	Accretion of capital appreciation bonds	Amortization of premiums and discounts	Amount outstanding December 31, 2015
Turnpike revenue bonds:							
Series 1991 C	$ 67,160	—	—	—	—	—	67,160
Series 2000 B-G	400,000	—	—	—	—	—	400,000
Series 2003 B	234,210	—	(164,205)	—	—	—	70,005
Series 2004 B	164,411	—	—	—	4,235	—	168,646
Series 2004 C-2	132,850	—	—	—	—	—	132,850
Series 2005 A	173,650	—	—	—	—	—	173,650
Series 2005 B	32,500	—	—	—	—	—	32,500
Series 2005 D1-D4	208,735	—	—	—	—	—	208,735
Series 2009 A	92,500	(92,500)	—	—	—	—	—
Series 2009 B	50,000	(50,000)	—	—	—	—	—
Series 2009 E	300,000	—	—	—	—	—	300,000
Series 2009 F	1,375,000	—	—	—	—	—	1,375,000
Series 2009 G	34,770	—	—	—	—	—	34,770
Series 2009 H	306,170	—	—	—	—	—	306,170
Series 2009 I	178,005	—	—	—	—	—	178,005
Series 2010 A	1,850,000	—	—	—	—	—	1,850,000
Series 2012 A	141,255	—	—	—	—	—	141,255
Series 2012 B	804,435	—	—	—	—	—	804,435
Series 2012 G	43,750	(43,750)	—	—	—	—	—
Series 2013 A	1,400,000	—	—	—	—	—	1,400,000
Series 2013 B	100,000	—	—	—	—	—	100,000
Series 2013 C	271,000	—	—	—	—	—	271,000
Series 2013 D	225,000	(72,350)	—	—	—	—	152,650
Series 2013 E	150,000	(48,235)	—	—	—	—	101,765
Series 2013 F	90,880	—	—	—	—	—	90,880
Series 2013 G	43,750	(43,750)	—	—	—	—	—
Series 2014 A	1,000,000	—	—	—	—	—	1,000,000
Series 2014 B-1	25,000	(25,000)	—	—	—	—	—
Series 2014 B-2	50,000	—	—	—	—	—	50,000
Series 2014 B-3	50,000	—	—	—	—	—	50,000
Series 2014 C	201,860	—	—	—	—	—	201,860
Series 2015 A	—	—	—	92,500	—	—	92,500
Series 2015 B	—	—	—	50,000	—	—	50,000
Series 2015 C	—	—	—	43,750	—	—	43,750
Series 2015 D	—	—	—	43,750	—	—	43,750
Series 2015 E	—	—	—	750,000	—	—	750,000
Series 2015F	—	—	—	72,350	—	—	72,350
Series 2015G	—	—	—	25,000	—	—	25,000
Series 2015H	—	—	—	48,235	—	—	48,235
	10,196,891	(375,585)	(164,205)	1,125,585	4,235	—	10,786,921
Premiums and discounts, net	428,080	—	—	76,111	—	(39,949)	464,242
	$ 10,624,971	(375,585)	(164,205)	1,201,696	4,235	(39,949)	11,251,163

See accompanying independent auditors' report.

Schedule 10C

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

Schedule of Refunded Bond and Note Indebtedness

December 31, 2016
(With summarized comparative financial information as of December 31, 2015)

(In thousands)

Note:
As of December 31, 2016 and 2015, refunded bond and note indebtedness which is still outstanding in fully collateralized escrow accounts is as follows:

Refunded series		Refunded amount	Matured/ redeemed	2016 outstanding	2015 outstanding
Parkway revenue bonds:					
Series 1989, Serial bonds 5.75% Redemption January 1, 2018 through January 1, 2019	$	35,080	—	35,080	35,080
Series 2001, Serial bonds 5.00% to 5.50%, Redemption January 1, 2013 through January 1, 2016		243,080	(243,080)	—	14,370
Turnpike Revenue Bonds:					
Series 1991C, 4.80% to 6.50%, Escrowed until January 1, 2016		1,162,185	(1,162,185)	—	94,940
Series 2004B Turnpike Revenue Bonds, redemption January 1, 2017		168,646	—	168,646	—
Total	$	1,608,991	(1,405,265)	203,726	144,390

See accompanying independent auditors’ report.

Schedule 11A

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

NEW JERSEY TURNPIKE

Schedule of Toll Revenue

Years ended December 31, 2016 and 2015

(Unaudited)

(In thousands)

		2016		2015	
Class	**Description**	**Toll revenue**	**Number of vehicles**	**Toll revenue**	**Number of vehicles**
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 789,477	223,634	756,561	215,358
2	Vehicles having two axles other than type described under Class 1	63,453	8,489	61,429	8,233
3	Vehicle (vehicles), single or in combination, having three axles	28,942	3,532	27,479	3,374
4	Vehicle (vehicles), single or in combination, having four axles	34,626	2,763	33,465	2,679
5	Vehicle (vehicles), single or in combination, having five axles	230,812	15,034	227,615	14,909
6	Vehicle (vehicles), single or in combination, having six or more axles	6,671	352	6,392	335
7	Buses having two axles	2,224	428	2,156	413
8	Buses having three axles	13,753	1,261	13,849	1,296
	Nonrevenue vehicles	—	1,571	—	1,558
		1,169,958	257,064	1,128,946	248,155
	Nonrevenue vehicles	—	(1,571)	—	(1,558)
	Toll adjustments and discounts	(6,090)	—	(5,106)	—
	Net violations	(19,310)	—	(17,572)	—
		$ 1,144,558	255,493	1,106,268	246,597

See accompanying independent auditors’ report.

Schedule 11B

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

GARDEN STATE PARKWAY

Schedule of Toll Revenue

Years ended December 31, 2016 and 2015

(Unaudited)

(In thousands)

		2016		2015	
Class	**Description**	**Toll revenue**	**Number of vehicles**	**Toll revenue**	**Number of vehicles**
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 416,990	384,586	407,254	374,092
2	Vehicles having two axles other than type described under Class 1	2,202	925	2,674	1,124
3	Vehicle (vehicles), single or in combination, having three axles	3,376	1,106	3,476	1,142
4	Vehicle (vehicles), single or in combination, having four axles	3,502	817	3,511	815
5	Vehicle (vehicles), single or in combination, having five axles	2,692	564	2,584	532
6	Vehicle (vehicles), single or in combination, having six or more axles	130	22	138	25
7	Buses having two axles	1,638	634	1,589	605
8	Buses having three axles	2,588	956	2,589	949
	Nonrevenue vehicles	—	1,458	—	1,476
		433,118	391,068	423,815	380,760
	Nonrevenue vehicles	—	(1,458)	—	(1,476)
	Toll adjustments and discounts	(505)	—	(474)	—
	Net violations	(6,509)	—	(6,476)	—
		$ 426,104	389,610	416,865	379,284

See accompanying independent auditors’ report.