New Jersey Turnpike Authority

2013 Annual Report

New Jersey Turnpike Authority
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Table of Contents

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

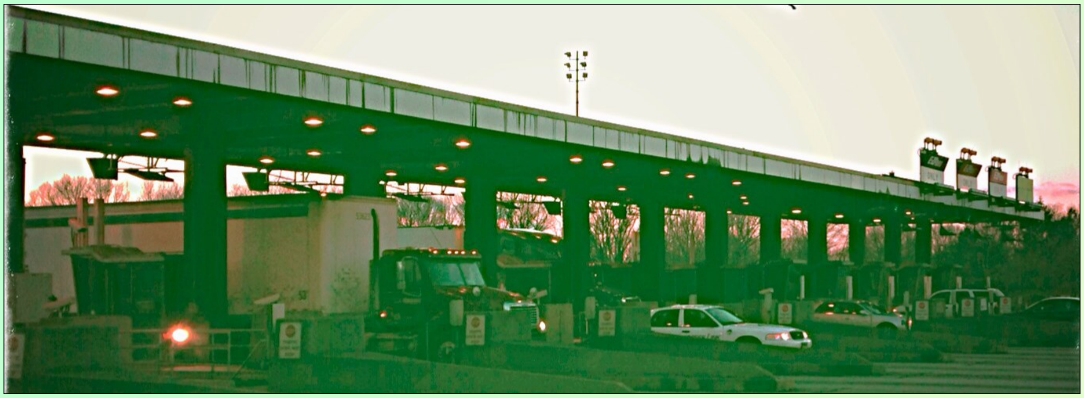
- *Safety*
- *Customer Service*
- *Integrity*
- *Innovation*
- *Sustainability*

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.

Toll Roads

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



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. After a series of widenings and the addition of a Western Spur and extensions connecting to the Pennsylvania Turnpike and the Holland Tunnel, the New Jersey Turnpike today is as many as 14 lanes wide and 148 miles long. The mainline connects the Delaware Memorial Bridge in the south to the George Washington Bridge in the north. There are 28 interchanges.

2013 Toll Transactions

224,486,365

2013 Toll Revenue

$1,006,719,750

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 359 exits and entrances. Tolls are collected at 50 locations, including 11 plazas on the main roadway and 39 on entrance or exit ramps.

2013 Toll Transactions

368,917,137

2013 Toll Revenue

$407,043,560

Arts Center

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 407,000 tickets to 35 concerts at the Arts Center in 2013. The gross revenue earned by the authority was $3.2 million.

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.

Service Areas

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

The twelve 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 will resume in mid-2014 when Sunoco completes construction of 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.

<u>2013 Service Area Gross Revenues</u>

Turnpike	Parkway
$21,730,000	**$13,231,000**

The Montvale Service Area on the Garden State Parkway

The old Interchange 8 toll plaza was knocked down (left) when the new Interchange 8 plaza opened to traffic

A New Interchange 8 Toll Plaza Opens in East Windsor

A new Interchange 8 toll plaza in East Windsor Township, built as part of the Interchange 6-to-9 Widening Program, opened to traffic at the end of January. The old five-lane plaza, located to the west of the Turnpike, no longer met then NJTA's design standards. The new 10-lane plaza was built to the east of the Turnpike. A new bridge provides direct access between the toll plaza and the Hightstown Bypass (NJ Route 133). The building at Interchange 8 was awarded a LEED Silver Certificate by the U.S. Green Building Council.

This is a 360-degree photo of bridges that will carry traffic between the Pearl Harbor Extension and the main line of the Turnpike in Burlington County.

Largest Capacity Expansion in Turnpike History Nears Completion

About $1 million a day was spent during 2013 on construction of the largest capacity expansion in the history of the New Jersey Turnpike — the addition of 170 new lane miles between Interchanges 6 and 9 in Burlington, Mercer, and Middlesex counties. The $2.5 billion program, which was designed to relieve the worst bottleneck on the Turnpike, is scheduled to be completed in 2014. Work began in 2009. When the new lanes open to traffic, the capacity of the Turnpike will be more than three times what it was when the toll road opened in 1951.

New GSP Lanes Open To Traffic In Ocean & Burlington Counties As Widening Project Progresses

The second phase of the Garden State Parkway Widening reached an important milestone in July when a third lane in each direction opened on the 11-mile section north of the Bass River Bridge.

One lane is being added to the existing two lanes of the northbound and southbound Parkway between Egg Harbor Township and Toms River. Construction started in 2009 and is being done in three phases from north to south.

The first phase added the lanes in each direction from milepost 80 in Toms River to milepost 63 in Stafford Township. Construction was completed and the new lanes opened to traffic in the summer of 2011.

The second phase extends the widening on the northbound and southbound sides from milepost 63 to milepost 48 in Bass River. Only the 11 miles at the northern end of the second phase have been opened to traffic so far. The new lanes in the remainder of the phase 2 corridor will not open until the ongoing rehabilitation of the Bass River Bridge is complete in 2015.

Construction of the third phase of the widening is expected to continue until 2018.

An aerial view of the widening area in Ocean County

Participating in the groundbreaking were, from left, Cape May County Freeholder Director Gerald Thornton; U.S. Rep. Frank LoBiondo; Lt. Gov. Kim Guadagno; NJDOT Commissioner James Simpson; NJTA Executive Director Ronnie Hakim; Cape May Courthouse resident Erik Meyer; and NJ State Sen. Jeff Van Drew.

Work Begins on Construction Of GSP Overpasses in Cape May

The long-planned removal of the only three stoplights on the 173-mile Garden State Parkway officially began in February with a groundbreaking ceremony in Middle Township, Cape May County.

The NJTA awarded a $72 million contract to the Richard E. Pierson Construction Co. of Pilesgrove, NJ, to build overpasses to carry traffic over the local roads at exits 9, 10 and 11.

Once the overpasses are built and Parkway traffic is separated from traffic on the local roads, the lights will be removed.

The traffic signals date to a time before there even was a Garden State Parkway. They were installed when the New Jersey Highway Department built a bypass around Cape May Courthouse in the 1940s. The lights remained after the bypass was incorporated into the Garden State Parkway when the Parkway opened in 1954.

The project is expected to improve safety and reduce congestion.

Construction is scheduled to be complete by late 2015.

Capital Investments Are Transforming the Parkway Through Four Shore Counties

More than $1.4 billion is being invested in roadway, interchange, facilities, and bridge improvements on the Garden State Parkway in Cape May, Atlantic, Ocean and Monmouth counties. Most of the southern 100 miles of the Parkway will have been rebuilt or renewed once the ongoing projects are complete.

In addition to the Parkway widening and the Interchanges 9, 10 and 11 improvements, which are described elsewhere in this report, the investments in South Jersey include:

- Oceanview Service Area. An agreement was struck with Sunoco to replace the nearly vacant service area building near mile marker 18 in Cape May County with a modern convenience store. Food sales at the service area had been discontinued in 2009 because of low demand. Demolition of the old building began in November. The new structure, which will include space for a New Jersey Bureau of Travel and Tourism Welcome Center, is scheduled to open in 2014.
- Great Egg Harbor Bridge. The project involves building a new, parallel span, rehabbing the existing northbound span, and demolishing the existing southbound span. Construction began this year.
- Bass River Bridge. A new, parallel span was completed this year. A major rehabilitation of the existing span is now underway.

The Great Egg Harbor Bridge (top); the old Ocean View Service Area building during demolition (immediately above)

- Interchanges 36, 37 and 38. A series of improvements to improve traffic flow at these three interchanges are under design. A construction contract is scheduled to be awarded in late 2014.
- Interchange 41. Construction of a new exit connecting the Parkway directly to Jimmie Leeds Road in Galloway Township began this year.
- Galloway Station, New Jersey State Police. A new 27,500 square foot facility is being built at Interchange 4 to replace the aging Bass River Station, which is located on the Parkway 11 miles to the north. Construction began this year.
- Interchange 44. This partial interchange pro-

See **Parkway Investments**, Page 9

Traffic Fatality Rate At Historic Low on Turnpike and Parkway

Fatality Rate By Decade*

Decade	Turnpike	Parkway
1950s	2.80	1.42
1960s	1.82	1.17
1970s	1.54	1.21
1980s	0.83	0.74
1990s	0.56	0.55
2000s	0.44	0.57
2010s	0.34	0.43

** Fatalities per 100 million vehicle miles traveled*

Traffic fatality rates on the New Jersey Turnpike and Garden State Parkway were lower in 2013 than in any other year in the history of the roadways. The Turnpike rate was 0.16 fatalities per 100 million vehicle miles traveled; the Parkway rate was 0.32 fatalities per 100 million VMT. Fatality rates vary from one year to the next, but over larger periods of time, the trend toward fewer fatalities on the toll roads has been unmistakable. The historic low is not a cause for celebration; even one death a year is one too many. But the historic low does provide an opportunity to acknowledge that the Turnpike and Parkway have become much safer for drivers in the 60-plus years since they opened to traffic.

Back by popular demand …

A wildflower program that proved to be popular with motorists when it was introduced in 2012 returned for 2013 with the colorful blooms covering about 46 acres along the Parkway and Turnpike. The acreage was more than double what it was in 2012.

The varieties of blooms included in the five seed mixes used by the NJTA Maintenance Department included daisies, cosmos, black-eyed Susans, marigolds, and coreopsis, among others.

The value of the blooms went beyond the aesthetic. The 46 acres where they were planted did not need to be mowed. The savings in mowing costs more than offset the $13,000 cost of the wildflower seeds and enabled the NJTA to reduce its carbon footprint.

Wildflowers bloom along the Parkway in Monmouth County.

Parkway Investments

From Page 8

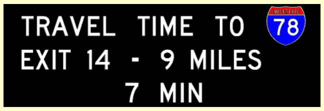
vides access only to and from the southbound Parkway. This project will complete the interchange to provide access to and from the north. Construction began in July.

- Safety Improvements. Full-width shoulders and travel lanes are being restored and other important safety improvements are being made to the Parkway between mileposts 83 and 100 in Monmouth and Ocean counties. Construction started in 2012.
- Interchanges 88/89. The construction of service roads and interchange ramps to and from Route 70 and Cedar Bridge Avenue will provide full access to and from the Parkway in both directions. Construction started in 2012.
- Interchange 105. A new southbound connection will be built from the outer roadway to Wayside Road, and the Hope Road/ NJ Route 36 intersection will be reconstructed. Construction is

Capital Investments on GSP in South Jersey (By County)

Cape May	**$312,000,000**
Atlantic	**$402,000,000**
Ocean	**$584,000,000**
Monmouth	**$125,500,000**
Total	**$1,423,500,000**

New Tools Help Track Real-Time Travel Conditions



Travel Times Now Posted on Dozens of Roadside Signs

Some of the new full-color variable message signs installed along the Turnpike and Parkway over the past several years began displaying estimated travel times in 2013. The travel times, provided by TRANSCOM using several sources of data, offer an estimate of how long it would take to travel between two points at the speed limit given current roadway conditions. Travel times are being displayed on 17 signs initially, but that number will grow as more signs come on line.

Free Smart Phone App Provides Hands-Free, Eyes-Free Audio Alerts

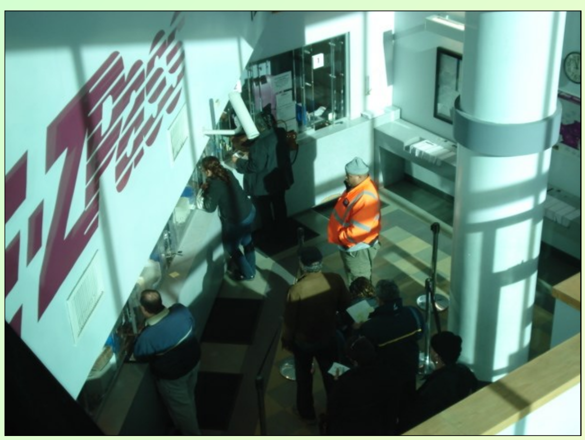
The Turnpike Authority introduced its latest tool for getting real-time traffic information into the hands of drivers. The hands-free, eyes-free smart phone app SafeTripNJ was made available for iPhones and Android devices in March. The app uses a phone's internal GPS to locate the driver's position and direction of travel. It then plays audible alerts when the driver is approaching delays or an incident on the roadway. Drivers never have to look at their phones for the information. The app, which is free, works on the Turnpike, the Parkway, the Atlantic City Expressway, and on other interstates and highways all over New Jersey.

E-ZPass System Marks 20th Anniversary

The E-ZPass electronic tolling system celebrated its 20th anniversary in 2013.

Work toward creating the E-ZPass system began 26 years ago, in 1987, when the New Jersey Turnpike Authority, the New Jersey Highway Authority and five other tolling agencies in New Jersey, New York and Pennsylvania began informal discussions about how to establish a regional electronic toll collection system. Those informal discussions led to the creation of the E-ZPass Interagency Group.

This year marked 20 years since the system became operational with the opening of the first E-ZPass gantries on the New York State Thruway. The E-ZPass transponder has become a staple on the windshields of most New Jersey drivers in the 20 years since that New York debut.



The New Jersey E-ZPass Customer Service Center in Newark

The Pascack Valley Toll Plaza on the Parkway was the first in New Jersey to accept E-ZPass. That happened in December 1999. By the end of September 2000, E-ZPass was accepted at every toll plaza on the Parkway and the New Jersey Turnpike.

Today, the vast majority of toll transactions on both New Jersey Turnpike Authority roadways are done electronically. E-ZPass was used in 80.6 percent of all Turnpike transactions in 2013 and 77.6 percent of all Parkway transactions.

The system has expanded far beyond its geographical roots in the Northeast. The original seven toll agencies in three states has grown to 26 participating agencies in 15 states spread across the eastern half of the U.S. from Maine to North Carolina to Illinois.

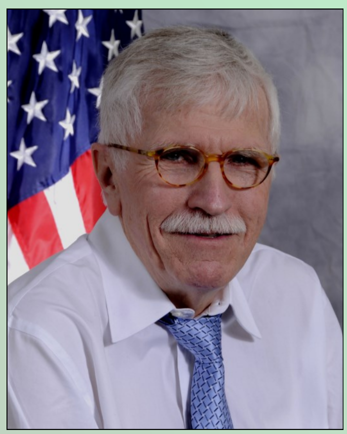
Board of Commissioners

The New Jersey Turnpike Authority 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.

James Simpson
Chairman

Ronald Gravino
Vice Chairman

Michael R. DuPont
Treasurer



Harold L. Hodes
Commissioner

Raymond M. Pocino
Commissioner

Ulises E. Diaz
Commissioner

Daniel F. Becht
Commissioner

Jan Walden
Commissioner

Executive Leadership

Veronique Hakim
Executive Director

John F. O'Hern
Chief Operating Officer

Bruce A. Harris
General Counsel

Donna Manuelli
Chief Financial Officer

Barry Pelletteri
Chief Information Officer

Richard Raczynski
Chief Engineer

James Carrone
Director, Internal Audit

Henry Eibel
Director, Operations

Mary Elizabeth Garrity
Director, Human Resources

Joseph Lentini
Director, Maintenance

Robert Quirk
Director, Tolls

Andrea Ward
Director, Procurement
& Materials Management

2013 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
01/29/2013	National Union Fire Insurance Co.	$697,850
01/29/2013	Arch Specialty	$185,940
01/29/2013	Arch Insurance Co.	$519,936
01/29/2013	Joseph M. Sanzari Inc.	$5,497,920
01/29/2013	Joseph M. Sanzari Inc.	$8,418,639
01/29/2013	South State Inc.	$911,658
01/29/2013	Gannett Fleming Inc.	$1,130,000
01/29/2013	Dewberry Engineers Inc.	$1,185,000
01/29/2013	HNTB Corporation	$12,844,673
01/29/2013	Ammann & Whitney Consulting Engineers, P.C.	$2,250,000
01/29/2013	Atlantic City Electric	$3,000,000
01/29/2013	G4S Technology, LLC	$1,150,000
01/29/2013	Verizon New Jersey Inc.	$210,000
01/29/2013	G4S Technology, LLC	$750,000
01/29/2013	AECOM/GPI/PB, A Joint Venture	$225,573
01/29/2013	Valk Snow Plow Replacement Parts	$475,000
01/29/2013	Jewel Electric Supply	$100,000
01/29/2013	NEC Corp.of America	$202,859
02/26/2013	ACE Illinois	$263,283
02/26/2013	Zurich American	$263,283
02/26/2013	Chartis (AIG)	$110,615
02/26/2013	J. Fletcher Creamer & Sons Inc. & Joseph M. Sanzari Inc., A Joint Venture	$8,862,992
02/26/2013	Crisdel Group Inc.	$8,624,000
02/26/2013	Greenman-Pedersen Inc.	$2,385,000
02/26/2013	PKB Engineering Corp.	$386,000
02/26/2013	Johnson, Mirmiran & Thompson Inc.	$2,275,000
02/26/2013	Johnson, Mirmiran & Thompson Inc.	$1,690,000
02/26/2013	Liberty Lake Land, LLC	$1,000,000
02/26/2013	Northeast Remsco Construction Inc.	$550,000
02/26/2013	MTB, LLC	$165,450
02/26/2013	Pravco Inc.	$185,000
02/26/2013	Winchester Roofing	$388,750
02/26/2013	Chas S. Winner Inc.	$307,637
02/26/2013	Montage Enterprise Inc. / Trius Inc.	$134,176
02/26/2013	Celebrity Ford (dba Beyer Ford, LLC)	$149,652
02/26/2013	Dell Marketing LP	$135,688
02/26/2013	CDM Smith Inc.	$198,000
02/26/2013	Stantec Consulting Service Inc.	$1,000,000
03/26/2013	Route 52 Constructors	$129,885,762
03/26/2013	Richard E. Pierson Construction Company Inc.	$4,898,608
03/26/2013	J. Fletcher Creamer & Sons Inc.	$21,674,244
03/26/2013	Hatch Mott MacDonald	$968,000
03/26/2013	Parsons Brinckerhoff Inc.	$10,700,000
03/26/2013	Dewberry Engineers Inc.	$500,000
03/26/2013	Verizon New Jersey Inc.	$800,000
03/26/2013	G4S Technology, LLC	$250,000
03/26/2013	T. Slack Environmental Services Inc.	$399,890
03/26/2013	Miller Ford Sales	$446,557
03/26/2013	Miller Ford Sales	$548,720
03/26/2013	Dueco Inc.	$206,363
03/26/2013	Cherry Valley Tractor Sales	$202,348
03/26/2013	Jesco Inc.	$1,108,402
03/26/2013	Rodio Tractor Sales Inc.	$279,105
03/26/2013	Ditschman/Flemington Ford Lincoln Mercury	$460,445

2013 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
03/26/2013	Hewlett Packard Corporation	$277,000
03/26/2013	Hall Building Corporation	$139,863
03/26/2013	KPMG, LLP	$545,000
03/26/2013	Marsh McLennan Agency, LLC	$5,146,010
04/30/2013	J. Fletcher Creamer & Son Inc., and Joseph M. Sanzari Inc., A Joint Venture	$12,863,171
04/30/2013	A.P. Construction Inc.	$2,817,719
04/30/2013	Verizon New Jersey Inc.	$850,000
04/30/2013	Hall Building Corporation	$2,000,000
04/30/2013	J. Fletcher Creamer & Son Inc.	$2,000,000
04/30/2013	Jesco Inc.	$112,775
04/30/2013	Mall Chevrolet	$159,500
04/30/2013	Mall Chevrolet	$167,000
04/30/2013	Altec Industries Inc.	$414,502
04/30/2013	Altec Industries Inc.	$166,500
04/30/2013	Mid-Atlantic Truck Centre Inc.	$277,200
04/30/2013	Storr Tractor Co.	$369,945
04/30/2013	Cherry Valley Tractor Sales	$394,158
04/30/2013	Brown's Hunterdon International, LLC	$425,000
04/30/2013	Wireless Network Inc.	$435,382
04/30/2013	IBM Corporation	$155,808
04/30/2013	ePlus Technology,Inc.	$3,000,000
04/30/2013	ePlus Technology,Inc.	$790,000
04/30/2013	Hewlett Packard Corporation	$168,213
04/30/2013	Aspire Technology Partners	$154,606
04/30/2013	Ricoh Americas Corporation	$300,000
04/30/2013	Inservco Insurance Services Inc.	$184,800
05/28/2013	Stavola Contracting Co. Inc.	$8,754,000
05/28/2013	Mount Construction Co. Inc.	$766,147
05/28/2013	Dresdner Robin Environmental Management Inc.	$1,100,000
05/28/2013	Churchill Consulting Engineers	$910,000
05/28/2013	Evergreen Environmental, LLC	$1,320,000
05/28/2013	D.A. Nolt Inc.	$134,428
05/28/2013	Pravco Inc.	$176,000
05/28/2013	Cliffside Body Corp.	$197,800
05/28/2013	Atlas Flasher and Supply Co.	$108,358
05/28/2013	Mall Chevrolet	$471,660
05/28/2013	Mall Chevrolet	$178,722
05/28/2013	Paul's Electronic Maintenance Inc. t/a SBP Industries	$389,104
05/28/2013	Advanced Electronics Design Inc.	$314,000
05/28/2013	Hewlett Packard Corporation	$743,693
05/28/2013	IBM Corporation	$127,527
05/28/2013	SHI International Corp.	$378,132
05/28/2013	Valk Manufacturing	$105,750
05/28/2013	Various Real Estate Title Insurance Services	$1,800,000
06/25/2013	South State Inc.	$32,536,510
06/25/2013	Hall Building Corp.	$6,714,950
06/25/2013	Stantec Consulting Service Inc.	$1,260,000
06/25/2013	Hatch Mott MacDonald	$1,500,000
06/25/2013	H2M Associates Inc.	$1,500,000
06/25/2013	Stantec Consulting Service Inc.	$2,516,600
06/25/2013	AECOM Technical Services Inc.	$2,940,000
06/25/2013	T&M Associates	$1,598,000
06/25/2013	Hall Building Corp.	$1,016,138
06/25/2013	JPC Group Inc.	$1,087,305

2013 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
06/25/2013	Route 23 Auto Mall, LLC	$549,927
06/25/2013	Jesco Inc.	$267,040
06/25/2013	Multiple vendors (snow removal & salting services)	$3,026,700
06/25/2013	H.A. Dehart and Son Inc.	$278,336
06/25/2013	National Fence Systems Inc.	$105,000
06/25/2013	Dell Marketing LP	$119,708
06/25/2013	The Segal Group	$248,960
06/25/2013	Real Estate Professional Services (various)	$3,700,000
06/26/2013	Link Communications,LTD	$118,010
06/27/2013	Oracle America Inc.	$611,303
07/24/2013	Anka Painting Co. Inc.	$9,105,000
07/24/2013	Griffin Sign Inc.	$2,672,135
07/24/2013	PKF Mark III Inc.	$12,114,928
07/24/2013	Ferreira Construction Co. Inc. and Tutor Perini Corp., A Joint Venture	$3,000,000
07/24/2013	Stone and Webster Inc.	$1,610,000
07/24/2013	Churchill Consulting Engineers	$285,000
07/24/2013	TY Lin International	$6,200,000
07/24/2013	The RBA Group Inc.	$8,000,000
07/24/2013	Michael Baker Jr. Inc.	$8,900,000
07/24/2013	Gannett Fleming Inc.	$7,450,000
07/24/2013	SJH Engineering, P.C.	$590,000
07/24/2013	Dresdner Robin Environmental Management Inc.	$555,000
07/24/2013	HAKS Engineers, Architects and Land Surveyors PC	$1,433,939
07/24/2013	Dewberry-Goodkind Inc.	$475,000
07/24/2013	Greenman-Pedersen Inc.	$310,000
07/24/2013	Andy Matt Inc.	$359,000
07/24/2013	Downes Tree Service Co. Inc.	$744,675
07/24/2013	Stephan L. Green Trailers Inc.	$221,000
07/24/2013	Dell Marketing LP	$350,000
07/24/2013	W.W. Timmerman Co. Inc.	$811,433
07/24/2013	CapitalSoft Inc.	$100,000
08/20/2013	A.P.S. Contracting Inc.	$12,808,808
08/20/2013	AECOM/GPI/PB, A Joint Venture	$18,500,000
08/20/2013	Stantec Consulting Service Inc.	$2,580,000
08/20/2013	HNTB Corporation	$893,000
08/20/2013	Gannett Fleming Inc.	$540,000
08/20/2013	Jersey Mechanical Contractors Inc.	$852,900
08/20/2013	Varitech Industries Inc.	$118,871
08/20/2013	Trius Inc.	$293,310
08/20/2013	ArmadilloLED-US, LLC	$661,025
08/20/2013	Eagle Paving Corp.	$165,000
08/20/2013	Fred Bean Parts Inc.	$600,000
08/20/2013	Superior Chevrolet Inc.	$195,000
09/24/2013	Joseph M. Sanzari Inc.	$3,000,000
09/24/2013	Greenman-Pedersen Inc.	$225,000
09/24/2013	Alna Construction Corp.	$5,186,794
09/24/2013	Signalstation Ver-Mac Inc.	$487,675
09/24/2013	The Revenue Markets Inc.	$136,420
09/24/2013	International Salt Co., LLC	$800,000
09/24/2013	SHI International Corp.	$2,000,000
09/24/2013	Waste Management of NJ	$340,000
09/24/2013	TriStem,LTD	$160,000
10/22/2013	J. Fletcher Creamer & Son Inc. and Joseph M. Sanzari Inc., A Joint Venture	$8,766,862
10/22/2013	Hall Building Corp.	$5,943,173
10/22/2013	Hatch Mott MacDonald	$640,000

2013 Contracts Awarded In Excess of $100,000

Board Approval	Vendor	Amount
10/22/2013	Dewberry Engineers Inc.	$1,185,000
10/22/2013	Gannett Fleming Inc.	$5,250,000
10/22/2013	Greenman-Pedersen Inc.	$1,550,000
10/22/2013	Michael Baker Jr. Inc.	$1,140,000
11/19/2013	TransSystems Corp.	$995,000
11/19/2013	BEM Systems, Inc.	$617,318
11/19/2013	G4S Technology, LLC	$4,000,000
11/19/2013	PSE&G — Electric	$2,000,000
11/19/2013	UtiliQuest, LLC	$443,740
12/17/2013	D'Annunzio & Sons, Inc.	$11,707,000
12/17/2013	Ferreira Construction Co., Inc.	$6,153,128
12/17/2013	HNTB Corporation	$1,900,000
12/17/2013	KS Engineers, P.C.	$1,163,846
12/17/2013	Cherry, Weber & Associates, P.C.	$990,432
12/17/2013	Stantec Consulting Service Inc.	$1,320,000
12/17/2013	Stone and Webster Inc.	$1,755,000
12/17/2013	Weidlinger Associates, Inc.	$200,000
12/17/2013	The Louis Berger Group	$4,380,000
12/17/2013	TransSystems Corp.	$315,000
12/17/2013	George Harms Construction Co., Inc.	$1,000,000
12/17/2013	H.A. Dehart and Son Inc.	$139,168
12/17/2013	SHI International Corp.	$138,228
12/17/2013	CapitalSoft Inc.	$350,000

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

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

Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

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

Table of Contents

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, 2013 and 2012, 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, 2013 and 2012, 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

Emphasis of Matter

As discussed in note 2p to the financial statements, effective January 1, 2013 the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reports as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 19 and the schedule of funding progress – other postemployment benefits plan (schedule 1) on page 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits for the year ended December 31, 2013 and 2012 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 2 through 10B 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 has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 2013 and 2012 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 2 through 10B is fairly stated in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

March 28, 2014

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, 2013 and 2012, 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, 2013 and 2012. The Authority's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). This section is intended to provide an assessment of how the Authority's financial position has improved or deteriorated and identify the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions, or conclusions by the Authority's management that should not be considered a replacement for the financial statements included in this report.

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

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

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

The notes to the Financial Statements provide:

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

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

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

The Authority's Business

The New Jersey Turnpike Authority (the Authority), is a body corporate and politic created by the New Jersey Turnpike Authority Act of 1948, as amended and supplemented (the Act). The Act authorizes the Authority to construct, maintain, repair, and operate the New Jersey Turnpike (the Turnpike System), to fix and establish tolls for the use of the Turnpike System and to issue Turnpike revenue bonds or notes of the Authority, subject to prior approval in writing from the Governor and from either or both the State Treasurer and the Director of the Division of Budget and Accounting of the Department of the Treasury, payable solely from tolls and other revenues of the Authority. Under the provisions of the Act, the Turnpike bonds or notes and the interest thereon shall not be deemed to constitute a debt or liability or a pledge of the faith and credit of the State of New Jersey (the State) or any political subdivision thereof. The Act further provides that the powers conferred upon the Governor and the Treasurer of the State described shall be exercised with due regard for the rights of the holders of bonds of the Authority at any time outstanding, and nothing in, or done pursuant to, the Act shall in any way limit, restrict or alter the obligation or powers of the Authority or any representative or officer of the Authority to carry out and perform in every detail each and every covenant, agreement or contract at any time made or entered into by or on behalf of the Authority with respect to its bonds or for the benefit, protection or security of the holders thereof.

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

Condensed Summary of Net Position

	December 31		
	2013	**2012 ***	**2011 ***
Assets:			
Current assets	$ 1,238,090,357	1,062,032,121	874,000,723
Other noncurrent assets	1,075,275,214	627,851,898	1,634,915,060
Capital assets, net of accumulated depreciation	9,069,134,397	7,855,264,245	6,754,951,695
Total assets	$ 11,382,499,968	9,545,148,264	9,263,867,478
Deferred outflows:			
Accumulated decrease in fair value of hedging derivatives	$ —	67,935,918	88,029,208
Deferred amount on refunding	204,255,705	174,380,298	109,577,583
Total deferred outflows	$ 204,255,705	242,316,216	197,606,791
Liabilities:			
Current liabilities	$ 825,681,574	973,434,426	706,121,807
Noncurrent liabilities	10,060,297,961	8,520,530,975	8,791,954,409
Total liabilities	$ 10,885,979,535	9,493,965,401	9,498,076,216
Deferred inflows:			
Accumulated increase in fair value of hedging derivatives	$ 30,988,730	—	—
Total deferred inflows	$ 30,988,730	—	—

	December 31		
	2013	**2012 ***	**2011 ***
Net position:			
Invested in capital assets, net of related debt	$ 407,125,277	180,931,550	(119,761,434)
Restricted	148,832,800	145,949,856	133,839,244
Unrestricted	113,829,331	(33,382,327)	(50,679,757)
Total net position	$ 669,787,408	293,499,079	(36,601,947)

* Amounts restated to conform to GASB 65 presentation (See Note 2 to the Financial Statements)

(Continued)

2013 – 2012

The Authority's total net position is reported at $669,787,408 and $293,499,079 as of December 31, 2013 and 2012, respectively, representing an increase of $376,288,329 or 128.2%, compared to 2012. The major factors causing this increase was a gain in operating revenue due to increased toll revenue as traffic on both the New Jersey Turnpike and the Garden State Parkway were higher in 2013 than in 2012 and an increase in interest income due to a decrease in the negative fair market value of the Authority's interest rate swaps which are treated as investments. Capital assets increased by $1,213,870,152 or 15.5% and other noncurrent assets increased by $447,423,316 or 71.3%. Capital assets increased as a result of spending on the ongoing $7.0 billion capital improvement program, while the other noncurrent assets increased due to the proceeds of the $1.4 billion Series 2013A Turnpike Revenue Bonds. Noncurrent liabilities increased by $1,539,766,986 or 18.1% primarily due to the issuance of the $1.4 billion Series 2013A Turnpike Revenue Bonds in March 2013.

2012 – 2011

As of December 31, 2012, the Authority's total net position is reported at $293,499,079 representing an increase of $330,101,026 from ($36,601,947) on December 31, 2011. The major factor causing this increase is the gain in operating revenue due to the toll increase that took place on January 1, 2012 which raised the tolls on the Turnpike by 53% and on the Parkway by 50%. In addition, total net assets increased as operating expenses declined due to the continued controls instituted by the Authority, including headcount reductions, and the investment loss decreased due to the absence of the GASB 53 accounting loss recorded in 2011 from the termination of the $371 million Series 1991D interest swap with AIG. The $371 million Series 1991D interest rate swap was terminated on January 7, 2011.

Capital assets increased by $1,100,312,550 offset by a decrease in other noncurrent assets of $1,007,063,162. This is a result of the ongoing capital improvement program and the utilization of bond proceeds as the projects progress.

Capital Program Highlights

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

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

Project	Estimated cost
Turnpike Widening (Interchanges 6-9)	$ 2,325,840,000
Bridge improvements	1,700,300,000
Interchange improvements	842,160,000
Roadway improvements	792,950,000
Facility improvements	748,750,000
Parkway Widening (Milepost 35-80)	590,000,000
Total	$ 7,000,000,000

Turnpike Widening: The Turnpike Interchanges 6-to-9 Widening Program, which is on schedule, will be opened to traffic in November 2014. The Turnpike widening will provide three additional travel lanes in each direction between Interchanges 6 and 8A, and one additional lane in each direction between Interchanges 8A and 9 as well as a new toll plaza at Interchange 8.

Garden State Parkway Widening: The Parkway widening project will add a third travel lane and full 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 – Construction underway on the second phase of the widening and in the spring of 2013 the third lane was opened to traffic from Interchange 52 to Interchange 63. Upon completion of the Bass River Bridge in summer of 2015, the remaining widening of this section of the Parkway will be completed with the third lane open to traffic to Interchange 48.

Phase III – Milepost 35 to 48 – Construction contracts are scheduled to be awarded in the summer of 2014 and completed in the spring of 2017.

(Continued)

Capital Assets, Net

	December 31		
	2013	**2012**	**2011**
Land	$ 775,569,713	758,866,562	751,747,274
Construction-in-progress	3,839,775,899	2,857,780,714	1,950,042,758
Road bed	1,995,674,357	1,934,832,029	1,942,347,777
Road surface	351,538,115	289,098,672	269,977,967
Bridges	1,335,962,895	1,261,154,835	1,119,660,621
Buildings and sound barriers	252,599,882	259,148,899	253,130,628
Equipment	518,013,536	494,382,534	468,044,670
Total capital assets, net of accumulated depreciation	$ 9,069,134,397	7,855,264,245	6,754,951,695

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

2013 – 2012

The Authority’s investment in capital assets as of December 31, 2013, was $11.7 billion of gross asset value with an accumulated depreciation of $2.6 billion, leaving a net book value of $9.1 billion. This investment represents 79% of the Authority’s total assets.

Capital assets, net of accumulated depreciation, increased by $1.2 billion due to the continued spending on the Authority’s $7 billion capital program. Major projects include the Turnpike Interchange 6-9 widening and the widening of the Garden State Parkway between mileposts 35-80. Land increased by $16.7 million in 2013 due to the continued acquisition of parcels needed for the Turnpike Interchange 6-9 widening, the Parkway Interchange 9, 10 & 11 improvement project and the Parkway Mainline Shoulder Improvement Project. Construction-in-progress increased by $1 billion in 2013 due to the continued spending on the $7 billion capital program. This increase was due to continued spending on the Turnpike Interchange 6-9 widening, the Parkway Mainline Shoulder improvement, and the rehabilitation of the Easterly Hackensack River Bridge. Road Bed increased by a net of $60.8 million in 2013 due to an increase of $86.6 million offset by an increase of $25.8 million in accumulated depreciation. This was due to the completion of contracts related to the Parkway milepost 35-80 Widening, and Roadway Improvements at Interchange 154 and 155. Road Surface increased by $62.4 million in 2013 due to the Garden State Parkway widening and the continued planned spending on Parkway milepost 35-80 Widening, and general maintenance resurfacing on both the Turnpike and Parkway. Bridges increased by $74.8 million in 2013 due to the continued spending on Turnpike Bridge Repairs from Milepost 83 to 122 and the Newark Bay-Hudson County Extension, the Patcong Creek Bridge Widening and Rehabilitation and the Parkway Widening 35-80. Buildings and sound barriers decreased by $6.5 million in 2013 due to an increase of $7 million for PNC Art Center improvements, and toll plaza and storage facility improvements along both roadways, offset by an increase of $13.9 million in accumulated depreciation.

Equipment increased by $23.6 million in 2013 primarily due to the installation of variable message signs and the acquisition of trucks and computer network upgrades.

The Authority has open commitments related to construction contracts totaling approximately $1.2 billion as of December 31, 2013. This work relates to the Authority's $7 billion capital program and will be completed over the next several years.

2012 – 2011

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

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

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

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

	Year ended December 31		
	2013	2012 *	2011 *
Operating revenues	$ 1,513,463,593	1,486,313,348	1,033,292,029
Operating expenses, excluding OPEB and depreciation	(448,039,424)	(446,149,477)	(474,282,692)
Net operating revenue	1,065,424,169	1,040,163,871	559,009,337
OPEB expense	(75,608,243)	(72,689,635)	(78,937,100)
Depreciation expense	(173,901,057)	(159,578,079)	(141,692,812)
Operating income	815,914,869	807,896,157	338,379,425
Nonoperating revenues (expenses):			
Build America Bonds subsidy	75,172,932	81,665,325	81,665,325
Payments to the State of New Jersey	(354,001,000)	(361,001,000)	(142,301,000)
Interest expense, Turnpike Revenue Bonds	(204,735,147)	(192,576,110)	(205,720,940)
Other bond expenses	(7,378,232)	(7,932,446)	(4,245,084)
Investment income (loss)	48,136,979	(1,068,843)	(152,868,452)
Arts Center	3,177,928	3,117,943	3,059,003
Garden State Arts Foundation	—	—	4,774
Total nonoperating revenues (expenses), net	(439,626,540)	(477,795,131)	(420,406,374)
Change in net position	376,288,329	330,101,026	(82,026,949)
Net position – beginning of year	293,499,079	(36,601,947)	112,654,249
Cumulative effect of GASB 65	—	—	(67,229,247)
Net position – end of year	$ 669,787,408	293,499,079	(36,601,947)

* Amounts restated to conform to GASB 65 presentation (See Note 2 to the Financial Statements)

2013 – 2012

Operating revenues totaled $1,513,463,593 for the year ended December 31, 2013, representing an increase of $27,150,245, or more than 1.8%, from the year ended December 31, 2012. The principal source of revenue for the Authority is tolls. During 2013, toll revenue totaled $1,413,763,310 and constituted 93.4% of the Authority’s operating revenues, as compared to $1,393,658,485, or 93.8%, in 2012. On the Turnpike, passenger vehicle traffic increased 0.4% while commercial traffic increased by 2.3% resulting in an overall increase of 0.6%. On the Parkway passenger cars increased 0.7% while commercial traffic increased 4.8%. Passenger cars constituted 98.6% of all Parkway toll transactions; therefore, changes in commercial traffic only have minimal impacts. The increases on both roadways as compared to 2012 reflect an improving economy and relatively stable gas prices in 2013.

Electronic toll collection remains popular and overall usage rates continue to be strong. On the Turnpike, the E-ZPass usage rate for passenger car traffic was 79.5% and for commercial traffic was 88.2%, resulting in an overall usage rate of 80.6%. On the Parkway, the overall E-ZPass usage rate was up to 77.6% from 76.0% in 2012. During 2013, passenger car traffic had a usage rate of 77.4%, and commercial traffic had a usage rate of 87.9%.

E-ZPass fees totaled $51,372,009 and $47,314,572 for the years ended December 31, 2013 and 2012, respectively, representing an increase of $4,057,437, or 8.6%. E-ZPass fees consists of monthly membership fees, transponder sales, return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. The increase resulted from gains in membership fees and administrative fees. There are approximately 87,500 more NJ E-ZPass accounts at the end of 2013 as compared to 2012. 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 $34,961,184 constituting 2.3% of total operating revenues. This represents a decrease of $28,783 or 0.1% from $34,989,967 in 2012. The decrease is due to a decline in fuel sales on the Turnpike as the number of patrons utilizing Grover Cleveland Service Area declined as a result of the closure of the restaurant portion of the service area following Superstorm Sandy. The decline in fuel sales was largely offset by increases in revenue from food sales on both the Turnpike and the Parkway. Overall, revenue from fuel sales on the Turnpike declined 4.1% and increased 3.5% on the Parkway. Revenue from food sales on the Turnpike & Parkway increased 1.9% and 1.5%, respectively. Miscellaneous revenue totaled $13,367,090 for the year ended December 31, 2013, representing an increase of $3,016,766, or 29.1%, compared to the year ended December 31, 2012. Miscellaneous revenue includes rentals of cell tower sites, fiber optic lines, towing commissions, park and ride receipts and easements. The increase in 2013 is largely due to two one-time payments of $152,000 and $2,474,000 from the municipal derivative settlements between multi-state Attorney Generals and JP Morgan Chase and UBS, respectively.

General operating expenses, excluding OPEB and depreciation, totaled $448,039,424 for the year ended December 31, 2013, representing an increase of $1,889,947, or 0.4%, from $446,149,477 for the year ended December 31, 2012. The higher costs are a result of increased Maintenance expenses primarily due to increased snow removal costs and an establishment of a reserve for emergency road and bridge repairs. General and Administrative expenses increased due to the establishment of reserves for future self-funded insurance claims and Technology costs increased as a result of the reclassification of toll equipment maintenance technicians from the Toll Collection Department. However, operating expenses remain lower than 2011 due to the Authority's continued authorized headcount reduction and control of discretionary expenses. Of note, total toll collection costs decreased by $20,382,192 or 13.4% primarily due to the savings from the renegotiated toll collector contracts and the extended electronic toll collection contract with Xerox. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)* (GASB Statement No. 45), the Authority recorded an expense of $75,608,243 representing the annual OPEB cost. Depreciation expense during 2013 totaled $173,901,057, which was an increase of $14,322,978 from 2012 due to the increase in capital assets generated from the $7.0 billion capital program. Net nonoperating expenses decreased by $38,168,591 from 2012 primarily due to a decrease in payments to the State of New Jersey and an increase in investment income. The Build America Bonds subsidy in 2013 was $75,172,932, a decrease of $6,492,393 from 2012 due to automatic Federal deficit reduction spending cuts. The subsidy payment received in June 2013 was reduced by 8.7% and the payment received in December 2013 was reduced by 7.2%. 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.

Payments to the State of New Jersey decreased from $361,001,000 in 2012 to $354,001,000 in 2013. Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are $22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation projects. These payments total $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. The Authority also made annual payments to the state of $8,001,000 in 2013 and 2012 for feeder road maintenance provided by the New Jersey Department of Transportation. This agreement is expected to be renewed annually.

Investment income increased from a loss of $1,068,843 in 2012 to a gain of $48,136,979 in 2013. Interest income earned by the Authority on investments in 2012 was $14,988,070 and decreased to $13,246,892 in 2013 as a result of lower interest rates. 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 2013 and 2012, the authority was required to report the $400,000,000 nominal value of the interest rate swaps that hedge the Series 2000B-G bonds as investments. In 2013, the Authority recorded an investment loss of $13,837,344 representing the fixed interest payments on the Series 2000B-G swaps, net of the variable payments received. In 2013, the Authority recognized investment income of $51,848,480 representing the change in fair market value of the Series 2000B-G swaps. In addition, in 2013 and 2012, the Authority recorded capitalized interest income of $3,123,352 and $3,156,409, respectively. In 2012, the Authority recorded an investment loss of $14,658,895 representing the fixed interest payments on the Series 2000B-G swaps, net of the variable payments received. In addition, in 2012 the Authority recognized investment income of $1,756,376 representing the change in fair market value of the Series 2000B-G swaps.

Interest expense increased by $12,159,037 in 2013 as compared to 2012, due to interest on the $1.4 billion Series 2013 new money bonds which were not outstanding in 2012, partially offset by a higher deduction for interest capitalized to projects in 2013.

2012 – 2011

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

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

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

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

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

General operating expenses for the year ended December 31, 2012 totaled $446,149,477, representing a decrease of $28,133,215, or 5.9%, from $474,282,692 for the year ended December 31, 2011. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)* (GASB Statement No. 45), the Authority recorded an expense of $72,689,635 representing the annual OPEB cost. This cost was approximately $6,000,000 lower than in 2011. Depreciation expense during 2012 totaled $159,578,079, which was an increase of approximately $18,000,000 from 2011. Despite this increase, total operating expenses declined due to the Authority's continued authorized headcount reduction and control of discretionary expenses.

Net nonoperating expenses increased by $57,388,757 from 2011 primarily due to an increase in payments to the State of New Jersey and offset by decreases in interest and bond expenses and an increase in investment income.

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

Payments to the State of New Jersey increased from $142,301,000 in 2011 to $361,001,000 in 2012. Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are $22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation projects. These payments total $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution. The Authority also made annual payments to the state of $8,001,000 in 2011 and 2012 for feeder road maintenance provided by the New Jersey Department of Transportation. This agreement is expected to be renewed annually.

Investment loss decreased from $152,868,452 in 2011 to $1,068,843 in 2012. Interest income earned by the Authority in 2011 was $12,850,123 and dropped to $11,831,662 in 2012 as a result of lower interest rates. 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 2012 and 2011, the authority was required to report the $400 million nominal value of the interest rate swaps that hedge the Series 2000B-G bonds as investments. In 2012, the Authority recorded an investment loss of $14,658,895 representing the fixed interest payments on the Series 2000B-G swaps, net of the variable payments received. In addition, in 2012 the Authority recognized investment income of $1,756,376 representing the change in fair market value of the Series 2000B-G swaps. In 2011, the Authority recorded an investment loss on the Series 2000B-G swaps of $12,537,430 representing the fixed payments made net of variable payments received and a loss of $62,136,127 representing the change in fair market value. Also in 2011, the Authority was required to recognize a $101,813,040 loss on the termination of its Series 1991D interest rate swaps. The negative fair market value on the termination date of January 7, 2011 was recorded as a reduction in interest income under GASB Statement No. 53 as the interest rate swap was terminated and replaced without a corresponding refunding of the associated debt. In addition, the Authority recorded an investment gain of $10,767,915 representing a change in fair value of the 1991D Series bonds as part of the refunding of these bonds. The replacement interest rate swap was deemed to be an effective hedge and therefore its changes in fair market value do not impact interest income/(loss) in 2012.

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

Financial Management Principles and Guidelines

In December 2012, the Authority adopted its *Financial Management Principles and Guidelines* (the Guidelines). Among the policies established, the Authority will manage its toll rates, expense budget and debt issuance program to achieve minimum senior debt service coverage of 1.4x and a total requirement coverage of 1.2x. The Authority will also manage its cash flow and total expenditure levels such that it maintains an average unrestricted cash balance in the General Reserve Fund equal to at least $75,000,000. The Guidelines were implemented at the option of the Authority and are not a legal covenant with Bondholders. Such Guidelines can be changed or eliminated at any time at the option of the Authority. As specified in the Guidelines, the Authority also adopted an Investment Rate Swap Management Plan in April 2013, an Investment Policy in September 2013, and a Debt Management Policy in January 2014.

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.

2013 – 2012

On April 4, 2013, the Authority issued $1,400,000,000 of Series 2013A Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.00% to 5.00% and mature from January 1, 2016 to January 1, 2043. The interest on the Series 2013A Turnpike Revenue Bonds is paid semi-annually. The purpose of the Series 2013A Turnpike Revenue Bonds was to (i) continue to fund projects under the $7 billion capital program, (ii) make a deposit to the Debt Reserve Fund, (iii) capitalize a portion of the interest payable of the Series 2013A Turnpike Revenue Bonds from their Date of Delivery through January 1, 2015, and (iv) pay the costs of issuance of the Series 2013A Turnpike Revenue Bonds.

On May 21, 2013, the Authority issued $100,000,000 of Series 2013B Turnpike Revenue Bonds and $43,750,000 of Series 2013G Turnpike Revenue Bonds pursuant to direct purchase transactions with TD Bank and US Bank, respectively. The purpose of the Series 2013B and the Series 2013G Turnpike Revenue Bonds were to pay the redemption price of all or a portion of the Series 2012C, Series 2012D and Series 2012F Turnpike Revenue Bonds, refinancing these bonds for savings as tax-exempt bonds were used to refund taxable bonds. The Series 2013B Turnpike Revenue Bonds pay interest at a floating rate of 75% of one-month LIBOR plus 59.25 basis points and the Series 2013G Turnpike Revenue Bonds pay interest at 75% of one-month LIBOR plus 59 basis points. The interest resets weekly and is paid monthly. The existing interest rate swaps on the Series 2012C, 2012D and 2012F Turnpike Revenue Bonds were re-identified to the Series 2013B and Series 2013G Turnpike Revenue Bonds.

On May 21, 2013, the Authority issued $646,000,000 of Series 2013C-E Turnpike Revenue Bonds in the form of SIFMA Index Bonds. The bonds bear interest at the adjusted SIFMA Rate plus 0.48% – 0.68% and mature from January 1, 2017 to January 1, 2024. The purpose of the Series 2013C-E Turnpike Revenue Bonds in the form of SIFMA Index Bonds was to (i) refund and defease the Authority's Series 2003C-1, Series 2012D and Series 2012E Turnpike Revenue Bonds in order to replace the existing standby liquidity provider on the Series 2003C-1 Turnpike Revenue Bonds, and refund for savings and more favorable terms the Series 2012D and Series 2012E Turnpike Revenue Bonds, and (ii) provide funds for the purchase of $150,000,000 Series 2011A Turnpike Revenue Bonds, refunded for savings. The existing interest rate swaps on the Series 2003C-1, Series 2012D and Series 2012E Turnpike Revenue Bonds were re-identified to the Series 2013C and Series 2013D Turnpike Revenue Bonds. The original Series 2003C-1 interest rate swap was novated from UBS to Wells Fargo, and was re-identified to the series 2013D bonds. In addition, $150 million of the Series 2011A swap was re-identified to the Series 2013E Turnpike Revenue Bonds.

On May 21, 2013, the Authority issued $90,880,000 of Series 2013F Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.00% to 5.00% and mature on January 1, 2026 to January 1, 2035. The interest rate on the Series 2013F Turnpike Revenue Bonds is paid semi-annually. The purpose of the Series 2013F Turnpike Revenue Bonds was to (i) provide funds for the refunding and defeasance of the of the Authority's Series 2005C Turnpike Revenue Bonds, and (ii) pay the costs of issuance for the Series 2013F Turnpike Revenue Bonds.

The total savings on the Series 2013B-G Turnpike Revenue Bonds was approximately $14,838,670 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the refunded bonds. The refunding resulted in a loss on defeasance of $10,651,126 in 2013, which is being amortized over the life of the new bonds.

The rating agencies assigned the following ratings to the Series 2013A, Series 2013C, 2013D, 2013E and 2013F Turnpike Revenue Bonds: Moody's A3, S&P A+ and Fitch A. The Series 2013B and Series 2013G Turnpike Revenue Bonds were private placements with commercial banks and ratings were not required.

2012 – 2011

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

On September 20, 2012, the Authority issued $804,435,000 of Series 2012B Turnpike Revenue bonds. The bonds bear interest at fixed rates from 3.50% to 5.00% and mature from January 1, 2019 to January 1, 2030. On the same date, the authority issued $71,000,000 of Series 2012C Floating Rate Bonds under a Direct Purchase Agreement with TD Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 94 basis points and mature on January 1, 2018. The Authority also issued $150,000,000 of Series 2012D Floating Rate Bonds under a Direct Purchase Agreement with JP Morgan. The bonds bear interest at a floating rate equal to 1 month

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

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

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

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

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

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

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

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

Debt Compliance

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

(Continued)

The net revenue requirement was met under test (i) and (ii) above for 2013 and 2012 as follows:

		2013	2012
(i):			
Net revenue available for Debt Service	$	1,128,374,702	1,110,192,804
Less net revenue requirements computed under test (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)		(686,836,115)	(707,254,420)
Excess net revenue	$	441,538,587	402,938,384
(ii):			
Net revenue available for Debt Service	$	1,128,374,702	1,110,192,804
Less net revenue requirements computed under test (120% x aggregate debt service requirements of $584,772,249 and $597,140,974 in 2013 and 2012, respectively)		(701,726,699)	(716,569,169)
Excess net revenue	$	426,648,003	393,623,635

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.93 and 1.86 in 2013 and 2012, respectively. Please refer to note 8 for more details.

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 2013 (for July 1, 2013 interest payment) was reduced by 8.7%, or $3,552,441 and the payment received in December 2013 (for January 1, 2014 interest payment) was reduced by 7.2%, or $2,939,959. The Internal Revenue Service has reported that the Authority's payment due on July 1, 2014 will also have a 7.2% reduction. There can be no certainty the Federal Government will not make further cuts to the program.

Contacting Authority's Financial Management

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

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

Statements of Net Position

December 31, 2013 and 2012

Assets		**2013**	**2012 (As restated)**
Current assets:			
Cash	$	198,147,070	189,218,510
Restricted cash		80,891,348	63,516,755
Investments		451,644,455	363,981,943
Restricted investments		381,320,066	334,079,876
Receivables, net of allowance		58,826,459	62,541,422
Restricted receivables		75,000	75,000
Inventory		18,691,676	22,130,755
Due from State of New Jersey		19,706,939	687,501
Deposits		24,253,413	22,095,218
Prepaid expenses		4,533,931	3,705,141
Total current assets		1,238,090,357	1,062,032,121
Noncurrent assets:			
Restricted investments		1,075,200,751	627,703,387
Restricted receivables		74,463	148,511
Capital assets, net of accumulated depreciation		9,069,134,397	7,855,264,245
Total noncurrent assets		10,144,409,611	8,483,116,143
Total assets	$	11,382,499,968	9,545,148,264
Deferred Outflows			
Deferred outflows:			
Accumulated decrease in fair value of hedging derivatives		—	67,935,918
Deferred amount on refunding	$	204,255,705	174,380,298
Total deferred outflows	$	204,255,705	242,316,216
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	$	144,157,382	159,484,378
Funds held in trust		221,331,553	203,333,066
Due to State of New Jersey		2,647,610	2,813,203
Deposits		363,261	203,390
Accrued interest payable		233,399,599	193,647,547
Unearned revenue		51,870,681	41,341,472
Current portion of bonds payable		148,565,000	357,975,000
Current portion of hybrid instrument borrowing		15,165,922	6,724,380
Current portion of other long-term liabilities		8,180,566	7,911,990
Total current liabilities		825,681,574	973,434,426
Noncurrent liabilities:			
Bonds payable, net		9,537,441,747	7,938,607,385
Hybrid instrument borrowing		131,642,549	107,998,241
Other long-term liabilities		90,942,629	111,858,339
Other postemployment benefits liability		282,846,774	245,216,115
Interest rate swap liabilities		17,424,262	116,850,895
Total noncurrent liabilities		10,060,297,961	8,520,530,975
Total liabilities	$	10,885,979,535	9,493,965,401
Deferred Inflows			
Deferred inflows:			
Accumulated increase in fair value of interest rate swaps		30,988,730	—
Total deferred inflows	$	30,988,730	—
Net Position			
Net position:			
Net investment in capital assets	$	407,125,277	180,931,550
Restricted for debt service and charges		148,832,800	145,949,856
Unrestricted		113,829,331	(33,382,327)
Total net position	$	669,787,408	293,499,079

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, 2013 and 2012

	2013	**2012 (As restated)**
Operating revenues:		
Toll revenue	$ 1,413,763,310	1,393,658,485
E-ZPass fees	51,372,009	47,314,572
Concession revenue	34,961,184	34,989,967
Miscellaneous revenue	13,367,090	10,350,324
Total operating revenues	1,513,463,593	1,486,313,348
Operating expenses:		
Maintenance of roadway, buildings, and equipment	142,168,455	120,619,100
Toll collection	132,032,180	152,414,372
State police and traffic control	66,759,944	66,593,568
Technology	19,296,214	14,016,631
Employee benefits	59,950,282	60,507,042
General administrative costs	27,832,349	31,998,764
Other postemployment benefits	75,608,243	72,689,635
Depreciation	173,901,057	159,578,079
Total operating expenses	697,548,724	678,417,191
Operating income	815,914,869	807,896,157
Nonoperating revenues (expenses):		
Build America Bonds subsidy	75,172,932	81,665,325
Payments to the State of New Jersey	(354,001,000)	(361,001,000)
Interest expense, Turnpike Revenue Bonds	(204,735,147)	(192,576,110)
Other bond expenses	(7,378,232)	(7,932,446)
Investment income (loss)	48,136,979	(1,068,843)
Arts Center	3,177,928	3,117,943
Total nonoperating revenues (expenses), net	(439,626,540)	(477,795,131)
Change in net position	376,288,329	330,101,026
Net position (deficit) – beginning of year	293,499,079	(36,601,947)
Net position – end of year	$ 669,787,408	293,499,079

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, 2013 and 2012

		2013	2012 (As restated)
Cash flows from operating activities:			
Receipts from customers and patrons	$	1,519,091,182	1,472,299,948
Payments to suppliers		(260,469,030)	(196,891,639)
Payments to employees		(162,528,986)	(160,427,080)
Payments for self insured health benefit claims		(80,590,550)	(75,383,310)
Net cash provided by operating activities		1,015,502,616	1,039,597,919
Cash flows from noncapital financing activities:			
Payments to State of New Jersey		(354,001,000)	(361,001,000)
Proceeds from Arts Center		3,177,928	3,117,943
Net cash used in noncapital financing activities		(350,823,072)	(357,883,057)
Cash flows from capital and related financing activities:			
Proceeds acquired from new capital debt		2,427,493,334	1,511,429,255
Purchases of capital assets		(1,418,743,386)	(1,248,702,560)
Principal paid on outstanding debt		(1,018,605,000)	(1,632,370,000)
Proceeds from Build America Bonds subsidy		75,172,932	81,665,325
Interest paid on capital debt		(204,183,260)	(237,847,710)
Payments for bond expenses		(7,378,232)	(8,180,442)
Net cash used in capital and related financing activities		(146,243,612)	(1,534,006,132)
Cash flows from investing activities:			
Purchases of investments		(7,667,118,911)	(8,521,090,178)
Sales and maturities of investments		7,135,403,372	9,407,974,346
Interest received		39,582,760	14,628,911
Net cash (used in) provided by investing activities		(492,132,779)	901,513,079
Net increase in cash		26,303,153	49,221,809
Cash – beginning of year		252,735,265	203,513,456
Cash – end of year	$	279,038,418	252,735,265
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	815,914,869	807,896,157
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense		173,901,057	159,578,079
Changes in assets and liabilities:			
Receivables		(15,230,427)	(11,631,567)
Inventory		3,439,079	(5,933,094)
Other assets		(1,647,628)	997,495
Accounts payable and accrued expenses		(327,131)	(13,371,149)
Unearned revenue		10,529,209	37,373,822
Other liabilities		(8,640,613)	23,794,722
Other postemployment benefit liability		37,630,659	38,186,454
Pollution remediation liability		(66,458)	2,707,000
Net cash provided by operating activities	$	1,015,502,616	1,039,597,919

See accompanying notes to basic financial statements.

(1) Organization

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

On May 27, 2003, the Act was amended. The amendment empowered the Turnpike Authority, effective at the Transfer Date 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 PNC Bank Arts Center.

The Authority has no stockholders or equity holders and all bond proceeds, revenues or other cash received must be applied for specific purposes in accordance with the provisions of the above Act and the Turnpike Revenue Bond Resolution of 1991 as amended, restated and supplemented (the Bond Resolution) for security of the bondholders. The Authority's board of commissioners is comprised of eight members, five appointed by the Governor with the advice and consent of the Senate, and two members appointed by the Governor, one upon the recommendation of the President of the Senate and one upon the recommendation of the Speaker of the General Assembly. The Commissioner of the New Jersey Department of Transportation serves ex officio. As of December 31, 2013 and 2012, one commission seat was vacant.

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

(2) Summary of Significant Accounting Policies

(a) Reporting Entity

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

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

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

(b) Basis of Accounting

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

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

(c) Capital Assets

Capitalization Policy

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

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

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

Depreciation Policy

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

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

(d) Investments

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

Authorized Investments – 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:

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

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

(iii) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Agency

Notes, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, Export-Import Bank, Federal Financing Bank and Student Loan Marketing Association;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Inventories

Inventories are reported at average cost basis.

(f) Net Capitalized Interest

Net interest cost on funds borrowed to finance the construction or acquisition of certain capital assets, during the period of construction or acquisition, are capitalized and depreciated over the life of the related assets placed in service. The Authority capitalized net interest expense of $273,203,702 and $236,124,291 during the years ended December 31, 2013 and 2012, respectively.

(g) Bonds Payable

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

(h) 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.

(i) Funds Held in Trust

Included in the December 31, 2013 and 2012 statements of net position is approximately $40.4 million and $34.9 million, respectively, for amounts retained from contractors and engineers and $176.8 million and $166.4 million, respectively, received primarily from New Jersey E-ZPass Customer Service Center customers for E-ZPass tag deposits and account prepayments.

(j) Net Position

Net position is displayed in three components as follows:

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

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

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

(k) 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.

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 and the Burlington County Bridge Commission by Xerox State and Local Solutions, Inc. The fees and charges consist primarily of the $1 monthly membership fee charged to New Jersey E-ZPass account holders and the $50 administrative fee collected from toll evaders. 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 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.

(l) Classification of Revenues over Expenses

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

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

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

(m) 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.

(n) 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.

(o) Reclassification

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

(Continued)

(p) New Accounting Pronouncements

In 2013 the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

The following is a summary of the impact of the adoption of GASB 65 on the financial statements of the Authority as of and for the year ended December 31, 2012 as previously reported:

		As previously reported	Adjustments	As restated
Deferred financing costs, net	$	159,944,742	(159,944,742)	—
Deferred amount on refunding		—	174,380,298	174,380,298
Bonds payable, net		(7,857,971,690)	(80,635,694)	(7,938,607,384)
Total	$	(7,698,026,948)	(66,200,138)	(7,764,227,086)
Net position – beginning of year	$	30,627,300	(67,229,247)	(36,601,947)
Change in net position		329,071,917	1,029,109	330,101,026
Net position – end of year	$	359,699,217	(66,200,138)	293,499,079

GASB issued Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012 that are effective for financial statements for periods beginning after June 15, 2013 and June 15, 2014, respectively. The Authority is in the process of evaluating the impact, if any that will result from adopting GASB Statements No. 67 and No. 68.

(3) Deposits and Investments

The New Jersey Turnpike Authority is authorized to engage in investment activity pursuant to the Act, and the Bond Resolution Investment policies as 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) Deposits

The total cash carrying amount as of December 31, 2013 and 2012 is $279,038,418 and $252,735,265, respectively. The actual amount of cash on deposit in all bank accounts as of

December 31, 2013 and 2012 was $265,629,809 and $240,104,545, respectively. Authority accounts had a book balance as of December 31, 2013 and 2012 of $278,073,500 and $252,064,530, respectively, actual cash on deposit of $264,656,891 and $239,425,090, respectively, and are collateralized by pledged securities totaling $340,477,010 and $312,008,486, 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, 2013 and 2012 includes a book balance of $964,918 and $670,735, respectively. The actual amount of cash on deposit in the Foundation's bank accounts as of December 31, 2013 and 2012 was $972,918 and $679,455, respectively, of which $500,000 and $250,000, respectively, was insured by the Federal Deposit Insurance Corporation (FDIC) and $472,918 and $429,455, 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. As of December 31, 2013 and 2012, the Authority had the following investments:

December 31, 2013

		Investment maturities		
Investment type	**Fair value**	**Less than 1 year**	**1 – 5 years**	**Over 5 years**
Investments:				
Commercial paper	$ 392,242,998	392,242,998	—	—
Repurchase agreements	11,750,388	11,750,388	—	—
Federal agency notes	47,651,069	47,651,069	—	—
Total investments (1)	451,644,455	451,644,455	—	—
Restricted investments held by trustee:				
Certificates of deposit	409,766,138	—	409,766,138	—
Commercial paper	21,135,530	21,135,530	—	—
U.S. Treasury bills	9,365,995	9,365,995	—	—
Federal agency notes	453,382,109	350,818,541	102,563,568	—
Total restricted investments held by trustee	893,649,772	381,320,066	512,329,706	—

December 31, 2013

Investment type	Fair value	Investment maturities: Less than 1 year	1 – 5 years	Over 5 years
Restricted investments held by Authority:				
Certificates of deposit	$ 326,233,257	276,006,590	50,226,667	—
Commercial paper	179,313,094	179,313,094	—	—
Federal agency notes	122,041,547	—	122,041,547	—
Total restricted investments held by Authority	627,587,898	455,319,684	172,268,214	—
Restricted investment:				
Derivative instruments	(64,716,853)	—	—	(64,716,853)
Total investments	$ 1,908,165,272	1,288,284,205	684,597,920	(64,716,853)

Note: Table includes $5,972,452 of accrued interest, and $2,547 of unamortized premium and discount on investments for the year ended December 31, 2013. Federal agency notes include $2,528,778 in unrealized gains for the year ended December 31, 2013.

(1) Included in investments above at December 31, 2013 is $10,500,000 the Authority has designated as reserved for national toll interoperability requirements under Federal Law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (Map-21). In addition, in 2014 an additional $31,820,000 of investments were designated as reserved for the reconstruction of the Grover Cleveland Service Area ($4,320,000), widening of New Jersey Turnpike Interchanges 6-9 ($20,000,000) and emergency maintenance costs ($7,500,000).

December 31, 2012

		Investment maturities		
Investment type	**Fair value**	**Less than 1 year**	**1 – 5 years**	**Over 5 years**
Investments:				
Certificates of deposit	$ 265,462	—	265,462	—
Commercial paper	268,288,396	268,288,396	—	—
Repurchase agreements	51,250,729	51,250,729	—	—
Federal agency notes	44,177,356	44,177,356	—	—
Total investments	363,981,943	363,716,481	265,462	—
Restricted investments held by trustee:				
Certificates of deposit	409,742,838	—	409,742,838	—
Commercial paper	63,733,636	63,733,636	—	—
New Jersey cash management fund	124,547,375	124,547,375	—	—
Federal agency notes	145,798,864	133,923,650	11,875,214	—
Total restricted investments held by trustee	743,822,713	322,204,661	421,618,052	—
Restricted investments held by Authority:				
Certificates of deposit	99,379,195	99,379,195	—	—
Commercial paper	139,895,356	139,895,356	—	—
Federal agency notes	95,251,332	95,251,332	—	—
Total restricted investments held by Authority	334,525,883	334,525,883	—	—
Restricted investment:				
Derivative instruments	(116,565,333)	—	—	(116,565,333)
Total investments	$ 1,325,765,206	1,020,447,025	421,883,514	(116,565,333)

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

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.

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 New Jersey Cash Management Fund is a common trust fund administered by the State of New Jersey Department of the Treasury, Division of Investment and is an unrated investment authorized by the Authority's Investment Policy. As of December 31, 2013 and 2012, the Authority's investment quality ratings as rated by Standard & Poor's and Moody's were as follows:

December 31, 2013

	Standard and Poor's/Moody's ratings				
	A1/P-1	**A-1+/P-1**	****A2/P-1**	**AA+/AAA**	**Totals**
Commercial paper	$ 503,072,887	85,118,785	4,499,950	—	592,691,622
Repurchase agreements	11,750,388	—	—	—	11,750,388
Federal agency notes	—	398,469,611	—	227,133,892	625,603,503
U.S. Treasury bills	—	9,365,995	—	—	9,365,995
	$ 514,823,275	492,954,391	4,499,950	227,133,892	1,239,411,508

** The issuer Motiva was downgraded from A1/P1 to A2/P1 on December 19, 2013. The investment matured on January 6, 2014

December 31, 2012

	Standard and Poor's/Moody's ratings				
	A1/P-1	**A-1+/P-1**	**AA+/AAA**	**A-1/P-2**	**Totals**
Commercial paper	$ 275,639,808	196,277,580	—	—	471,917,388
Repurchase agreements	—	—	—	51,250,729	51,250,729
Federal agency notes	—	—	285,227,552	—	285,227,552
	$ 275,639,808	196,277,580	285,227,552	51,250,729	808,395,669

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, 2013 and 2012, the Authority was not exposed to custodial credit risk on its investment securities.

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

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer that exceeds 5% or more of its total investments. Concentrations limits are established in the Authority's Investment Policy as follows: (1) there are no limitations on investments carrying the full faith and credit of the United States Government, including repurchase agreements collateralized by such investments; (2) 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; (3) investments in Certificates of Deposit are limited to 30% of the portfolio; (4) investments made in Commercial Paper are limited to 30% of the total portfolio; (5) investments in Municipal Securities are limited to 30% of the total portfolio. Investments in any one single issuer (excluding US Treasury and Federal Agency securities) are limited to 5% of the portfolio. The Investment Policy authorizes management to deviate from the policy if in the general best interests of the Authority. At December 31, 2013 the Authority exceeded its concentration limits for a single issuer with US Bank, Abbey National North American, and Bank of Tokyo 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, 2013 and 2012, respectively:

	December 31	
Issuer	**2013**	**2012**
U.S. Bank	24.3%	30.9%
Federal National Mortgage Association	6.9	N/A
General Electric Credit Corporation	N/A	13.9
Abbey National North America	14.8	N/A
Federal Home Loan Bank	23.3	14.0
Bank of Tokyo	5.5	9.0
Deutsche Bank	N/A	5.1

(4) Capital Assets

A summary of changes in the capital assets as of December 31, 2013 and 2012 is as follows:

Classification	December 31, 2012	Additions	Retirements/ transfers	December 31, 2013
Nondepreciable capital assets:				
Land	$ 758,866,562	16,703,151	—	775,569,713
Construction-in-progress	2,857,780,714	1,371,068,056	(389,072,871)	3,839,775,899
Total nondepreciable capital assets	3,616,647,276	1,387,771,207	(389,072,871)	4,615,345,612
Depreciable capital assets:				
Road bed	2,574,555,705	86,609,636	—	2,661,165,341
Road surface	690,241,690	101,541,892	—	791,783,582
Bridges	2,133,677,565	121,711,219	—	2,255,388,784
Buildings and sound barriers	519,573,277	7,325,203	—	526,898,480
Equipment	793,450,965	71,884,926	—	865,335,891
Total depreciable capital assets	6,711,499,202	389,072,876	—	7,100,572,078
Total capital assets	10,328,146,478	1,776,844,083	(389,072,871)	11,715,917,690
Less accumulated depreciation:				
Road bed	(639,723,676)	(25,767,308)	—	(665,490,984)
Road surface	(401,143,018)	(39,102,449)	—	(440,245,467)
Bridges	(872,522,730)	(46,903,159)	—	(919,425,889)
Buildings and sound barriers	(260,424,378)	(13,874,220)	—	(274,298,598)
Equipment	(299,068,431)	(48,253,924)	—	(347,322,355)
Total accumulated depreciation	(2,472,882,233)	(173,901,060)	—	(2,646,783,293)
Capital assets, net	$ 7,855,264,245	1,602,943,023	(389,072,871)	9,069,134,397

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

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of December 31, 2013 and 2012:

	December 31 2013	December 31 2012
Vendors	$ 31,770,915	29,439,903
Vendors – capital related	99,649,876	119,040,878
Accrued salaries and benefits	9,963,724	9,338,957
Other accrued expenses	2,772,867	1,664,640
Total	$ 144,157,382	159,484,378

(6) Bond Indebtedness

As of December 31, 2013 and 2012, bond indebtedness consisted of the following:

	Interest rate	Maturity	December 31 2013	December 31 2012
Turnpike revenue bonds:				
Series 1991C, subject to mandatory redemption Jan. 1, 2016	6.50%	Jan. 1, 2016	$ 67,160,000	67,160,000
Series 2000A, subject to optional redemption prior to maturity in whole or part at redemption price of 100% plus accrued interest	5.10% to 6.00%	Jan. 1, 2013	—	17,275,000
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% (0.10% to 0.30% at Dec. 31, 2013); (0.23% to 0.51% at Dec. 31, 2012);	Jan. 1, 2030	400,000,000	400,000,000
Series 2003B (Federally Taxable), not subject to redemption	1.15% to 3.14%	Jan. 1, 2004 through Jan. 1, 2016	382,775,000	498,475,000
Series 2003C, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions Jan. 1, 2022 and Jan. 1, 2023	Variable 0.32% at Dec. 31, 2012	Jan. 1, 2024	—	225,000,000
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	156,259,711	148,512,160
Series 2004C-2, not subject to redemption	5.50%	Jan. 1, 2025	132,850,000	132,850,000
Series 2005A, subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price plus of 100% plus accrued interest	5.00%	Jan. 1, 2019 through Jan. 1, 2025	235,530,000	235,530,000
Not subject to optional redemption prior to maturity	5.25%	Jan. 1, 2026 through Jan. 1, 2030	173,650,000	173,650,000

	Interest rate	Maturity		December 31 2013	December 31 2012
Series 2005B (Federally Taxable), not subject to optional redemption prior to maturity	4.81%	Jan. 1, 2019	$	32,500,000	32,500,000
Series 2005C, subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price of 100% plus accrued interest, subject to mandatory redemptions between Jan. 1, 2026 and Jan. 1, 2030	5.00%	Jan. 1, 2030		—	47,845,000
Subject to optional redemption prior to maturity on/after Jan. 1, 2015 at redemption price of 100% of accrued interest, subject to mandatory redemptions between Jan. 1, 2031 and Jan. 1, 2035	5.00%	Jan. 1, 2035		—	48,035,000
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		208,735,000	208,735,000
Series 2009A, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable 0.07% at Dec. 31, 2013 0.13% at Dec. 31, 2012	Jan. 1, 2024		92,500,000	92,500,000
Series 2009B, subject to optional redemption prior to maturity on any interest payment date in whole or part with mandatory redemptions between Jan. 1, 2020 and Jan. 1, 2024	Variable 0.03% at Dec. 31, 2012 0.11% at Dec. 31, 2012	Jan. 1, 2024		50,000,000	50,000,000
Series 2009E, subject to optional redemption prior to maturity on/after Jan. 1, 2019 in whole or in part	5.25%	Jan. 1, 2040		300,000,000	300,000,000

	Interest rate	Maturity	December 31 2013	December 31 2012
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 Jan. 1, 2017 and Jan. 1, 2018	$ 1,375,000,000	1,375,000,000
Series 2009G, not subject to redemption prior to maturity	5.00%		34,770,000	34,770,000
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	306,170,000	306,170,000
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	32,215,000	32,215,000
Subject to optional redemption prior to maturity on/after Jan. 1, 2020 in whole or part at redemption price plus 100% accrued interest, subject to mandatory redemption on Jan. 1, 2032 through Jan. 1, 2035	5.00%	Jan. 1, 2035	145,790,000	145,790,000
Series 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	1,850,000,000	1,850,000,000
Series 2011A, subject to mandatory tender Dec. 22, 2014 and mandatory redemption Jan. 1, 2022 and Jan. 1, 2023	Variable 0.81% at Dec. 31, 2013 0.88% at Dec. 31, 2012	Jan. 1, 2024	75,000,000	225,000,000
Series 2011B, subject to mandatory tender Dec. 22, 2014 and mandatory redemption Jan. 1, 2022 and Jan. 1, 2023	Variable 0.81% at Dec. 31, 2013 0.88% at Dec. 31, 2012	Jan. 1, 2024	50,000,000	50,000,000

	Interest rate	Maturity	December 31 2013	December 31 2012
Series 2012A, subject to optional redemption prior to maturity on/after Jan. 1, 2022 in whole or in part	3.62% to 5.00%	Jan. 1, 2031 through Jan. 1, 2033	$ 80,740,000	80,740,000
Subject to mandatory redemption on Jan. 1, 2034 and 2035	5.00%	Jan. 1, 2035	60,515,000	60,515,000
Series 2012B, not subject to optional redemption prior to Jan. 1, 2023	5.00%	Jan. 1, 2019 through Jan. 1, 2023	329,250,000	329,250,000
Subject to optional maturing on/after Jan. 1, 2024	3.50% to 5.00%	Jan. 1, 2024 through Jan. 1, 2030	475,185,000	475,185,000
Series 2012C, Federally Taxable subject to mandatory redemption Jan. 1, 2017 and Jan. 1, 2018	Variable 1.15% at Dec 31, 2012	Jan. 1, 2018	—	71,000,000
Series 2012D, Federally Taxable subject to mandatory redemption Jan. 1, 2017 and Jan. 1, 2018	Variable 1.31% at Dec 31, 2012	Jan. 1, 2018	—	150,000,000
Series 2012E, Federally Taxable subject to mandatory redemption	Variable 1.06% at Dec 31, 2012	Jan. 1, 2018	—	150,000,000
Series 2012F, Federally Taxable subject to mandatory tender Sept 21, 2015, subject to redemption Jan. 1, 2020 to Jan. 1, 2024	Variable 1.12% at Dec 31, 2012	Jan. 1, 2024	—	43,750,000
Series 2012G, subject to mandatory tender Sept 21, 2015, subject to redemption Jan. 1, 2020 to Jan. 1, 2024	Variable 0.71% at Dec 31, 2013 0.75% at Dec 31, 2012	Jan. 1, 2024	43,750,000	43,750,000
Series 2013A, not subject to optional redemption prior to Jan. 1,2023	3.00% to 5.00%	Jan. 1, 2016 through Jan. 1, 2023	78,315,000	—
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	1,321,685,000	—
Series 2013B, not subject to optional redemption prior to maturity	Variable 0.74% at Dec 31, 2013	Jan. 1, 2018	100,000,000	—
Series 2013C, not subject to optional redemption prior to maturity	Variable 0.54% at Dec 31, 2013	Jan. 1, 2017	129,500,000	—
	0.61% at Dec 31, 2013	Jan. 1, 2018	141,500,000	—
Series 2013D1-3, subject to optional redemption Jul. 1, 2015 and Mandatory tender Jan. 1, 2016	Variable 0.59% at Dec 31, 2013	Jan. 1, 2022	72,350,000	—
Subject to optional redemption Jul. 1, 2016 and mandatory tender Jan. 1, 2017	Variable 0.68% at Dec 31, 2013	Jan. 1, 2023	75,025,000	—
Subject to optional redemption Jul. 1, 2017 and mandatory tender Jan. 1, 2018	Variable 0.74% at Dec 31, 2013	Jan. 1, 2024	77,625,000	—

	Interest rate	Maturity	December 31 2013	December 31 2012
Series 2013E1-3, subject to optional redemption Jul. 1, 2015 and Mandatory tender Jan. 1, 2016	Variable 0.59% at Dec 31, 2013	Jan. 1, 2022	$ 48,235,000	—
Subject to optional redemption Jul. 1, 2016 and mandatory tender Jan. 1, 2017	Variable 0.68% at Dec 31, 2013	Jan. 1, 2023	50,015,000	—
Subject to optional redemption	Variable 0.74% at Dec 31, 2013	Jan. 1, 2024	51,750,000	—
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	90,880,000	—
Series 2013G, not subject to optional redemption prior to maturity	Variable 0.71% at Dec 31, 2013	Jan. 1, 2024	43,750,000	—
			9,370,974,711	8,101,202,160
Bond premium, net			326,510,059	205,730,544
Bond discount, net			(11,478,023)	(10,350,319)
			315,032,036	195,380,225
Total			$ 9,686,006,747	8,296,582,385

On March 20, 2013, the Authority issued $1,400,000,000 of Series 2013A Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.0% to 5.0%, and mature from January 1, 2016 to January 1, 2043. The interest on the Series 2013A bonds is paid semi-annually. The purpose of the Series 2013A Turnpike Revenue Bonds was to pay the costs of construction of various projects which are part of the Authority's $7 billion capital improvement program for the Turnpike system.

In accordance with its refunding plan, on May 21, 2013, the Authority issued SIFMA Index Bonds in the amount of $646,000,000 comprised of Series 2013C, 2013D and 2013E Turnpike Revenue Bonds. The Series 2013 SIFMA Index Bonds bear interest at the adjusted SIFMA Rate, plus or minus a certain spread for each Series. The interest on the Series 2013 SIFMA Index Bonds is paid monthly. The 2013 SIFMA Index Bonds mature from January 1, 2017 to January 1, 2024. The Authority issued the 2013 SIFMA Index Bonds and used the proceeds to refund and defease all or a portion of the following: Series 2003C-1, Series 2012D, Series 2012E and to provide funds to pay the purchase price of $150,000,000 aggregate principal of Series 2011A. On the same day, the Authority issued $100,000,000 of Series 2013B Floating Rate Bonds under a Direct Purchase Agreement with TD Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 59.25 basis points and mature on January 1, 2017. Also on the same day, the Authority issued $43,750,000 Series 2013G, Floating Rate Bonds under a Direct Purchase Agreement with US Bank. The bonds bear interest at a floating rate equal to 1 month LIBOR plus 59 basis points. The bonds mature on January 1, 2024 and have a mandatory tender at par value on September 21, 2015. Interest on the direct purchase bonds is paid monthly. The proceeds of the direct purchase bonds were applied to refund all or a portion of the Authority's Series 2012C, Series 2012D and Series 2012F bonds.

The Series 2013C, 2013D and 2013E Turnpike Revenue Bonds were issued on May 21, 2013 in the amount of $646,000,000 to refund in whole or in part the Series 2003C-1, 2011A, 2012D and 2012E Turnpike Revenue Bonds. The Series 2013C, 2013D and 2013E Turnpike Revenue Bonds bear interest at the adjusted SIFMA rate and mature from January 1, 2017 to January 1, 2024. The interest is paid monthly. Simultaneously, on May 21, 2013, the Authority issued $90,880,000 of Series 2013F Turnpike Revenue Bonds. The bonds bear interest at fixed rates from 3.0% to 5.0%, and mature from January 1, 2026 to January 1, 2035. The interest on the Series 2013F bonds is paid semi-annually. The purpose of the Series 2013F bonds was to provide the required funds for the refunding and defeasance of the Authority's Series 2005C bonds.

The total savings on the Series 2013B-G bonds was approximately $14,838,670 when compared to the projected interest costs, liquidity facility costs and remarketing fees on the refunded bonds. The refunding resulted in a loss on defeasance of $10,651,126 in 2013, which is being amortized over the life of the new bonds.

(a) Bond Insurance

For the Series 2000B G, Series 2003B-C, Series 2004B-C and Series 2005A-D principal and interest payments are insured on the stated maturity and interest payment dates through municipal bond insurance which totaled $1,746,049,755 and $1,988,324,755 as of December 31, 2013 and 2012, respectively.

In accordance with the Bond Resolution, the Authority, to meet the Debt Reserve Requirement of $520,545,189, may maintain a surety bond or insurance policy payable to the Trustee in lieu of required deposits in the Debt Reserve Fund. As of December 31, 2013 and 2012, the Authority maintained debt reserve insurance policies to meet this requirement with a payment limit of $348,903,213 for both years. The Authority also maintains investments with a fair market value of $508,529,840 and $406,168,240 as of December 31, 2013 and 2012, respectively, to meet the Debt Reserve Requirement.

(b) Interest Payments – Fixed Rate Debt

Interest payments on all fixed rate debt are payable semi-annually on July 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, which are capital appreciation bonds, were originally issued in the amount of $101,279,755 and are reported at their accreted value of $156,259,711 and $148,512,160 as of December 31, 2013 and 2012, respectively. The Series 2004B bonds are subject to mandatory redemption on January 1, 2031 through January 1, 2035 at 100% of the principal amount plus accrued interest.

(Continued)

(d) Interest Payments – Variable Rate Debt

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

(e) Auction Rate Bond Interest

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

(f) Build America Bonds

The Series 2009F bonds are designated as Federally Taxable, Issuer Subsidy Build America Bonds for purposes of the American Recovery and Reinvestment Act of 2009. The Authority receives a cash subsidy from the United States Treasury 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 in June 2013 (for July 1, 2013 interest payment) was reduced by 8.7%, and the payment received in December 2013 (for January 1, 2014 interest payment) was reduced by 7.2%. The Internal Revenue Service has reported that the Authority's payment due on July 1, 2014 will also have a 7.2% 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 in June 2013 (for July 1, 2013 interest payment) was reduced by 8.7%, and the payment received in December 2013 (for January 1, 2014 interest payment) was reduced by 7.2%. The Internal Revenue Service has reported that the Authority's payment due on July 1, 2014 will also have a 7.2% 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.

(g) Floating Rate Notes and SIFMA Index Bonds

The following table summarizes the terms of the Authority's floating rate notes as of December 31, 2013:

Series of bonds	Tax exempt or federally taxable	Final maturity date	Par amount	Floating rate	Interest rate reset	Mandatory tender date
2011A	Tax-Exempt	1/1/2024	$ 75,000,000	SIFMA + 75 bp	Weekly	12/22/2014
2011B	Tax-Exempt	1/1/2024	50,000,000	SIFMA + 75 bp	Weekly	12/22/2014
2012G	Tax-Exempt	1/1/2024	43,750,000	75% of 1-month LIBOR + 59 bp	Weekly	9/21/2015
2013B	Tax-Exempt	1/1/2018	100,000,000	75% of 1-month LIBOR + 59.25 bp	Weekly	n/a
2013C1	Tax-Exempt	1/1/2017	129,500,000	SIFMA + 48 bp	Weekly	n/a
2013C2	Tax-Exempt	1/1/2018	141,500,000	SIFMA + 55 bp	Weekly	n/a
2013D1	Tax-Exempt	1/1/2022	72,350,000	SIFMA + 53 bp	Weekly	1/1/2016
2013D2	Tax-Exempt	1/1/2023	75,025,000	SIFMA + 62 bp	Weekly	1/1/2017
2013D3	Tax-Exempt	1/1/2024	77,625,000	SIFMA + 68 bp	Weekly	1/1/2018
2013E1	Tax-Exempt	1/1/2022	48,235,000	SIFMA + 53 bp	Weekly	1/1/2016
2013E2	Tax-Exempt	1/1/2023	50,015,000	SIFMA + 62 bp	Weekly	1/1/2017
2013E3	Tax-Exempt	1/1/2024	51,750,000	SIFMA + 68 bp	Weekly	1/1/2018
2013G	Tax-Exempt	1/1/2024	43,750,000	75% of 1-month LIBOR + 59 bp	Weekly	9/21/2015

The Series 2011A, Series 2011B, Series 2012G, and Series 2013B and Series 2013G Bonds are direct placements of Floating Rate Notes. The Series 2013C1-C2, Series 2013 D1-D3 and Series 2013E1-E3 are publically offered SIFMA Index Bonds. Pursuant to the terms of each Series of the above-described Bonds excluding the Series 2013C1-C2, Series 2013D1-D3 and Series 2013E1-E3 Bonds, in addition to being subject to mandatory tender for purchase on the Mandatory Tender Date set forth in the chart above, upon the occurrence of certain enumerated extraordinary mandatory purchase events, the respective Series of Bonds may also be subject to mandatory tender for purchase at the option of the applicable bank that is the holder of such Series of Bonds prior to the occurrence of such Mandatory Tender Date. In the event that the Authority cannot pay the purchase price for all or a portion of such Series of Bonds on the Mandatory Tender Date or any such extraordinary mandatory purchase date, (i) 50% of the principal amount of any unpurchased Bonds will be subject to mandatory redemption on the date that is one year after such Mandatory Tender Date or extraordinary mandatory purchase date, at a Redemption Price equal to 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the redemption date, and (ii) the entire remaining aggregate principal amount of such unpurchased Bonds will be subject to mandatory redemption on the date that is two years after such Mandatory Tender Date or extraordinary mandatory purchase date, at a Redemption Price equal to 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the redemption date.

(h) Security

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

(i) Future Payments of Debt Service

The following table sets forth as of December 31, 2013, 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, 2013.

	Principal	Interest	Interest rate swaps, net	Total
December 31:				
2014	$ 148,565,000	385,541,730	62,856,064	596,962,794
2015	164,205,000	380,980,097	62,893,253	608,078,350
2016	142,115,000	450,652,370	62,893,253	655,660,623
2017	197,740,000	443,161,856	62,893,253	703,795,109
2018	218,475,000	442,124,856	52,967,870	713,567,726
2019–2023	1,356,170,000	2,118,287,378	186,758,407	3,661,215,785
2024–2028	1,543,270,000	1,910,493,365	55,246,833	3,509,010,198
2029–2033	911,170,000	1,655,475,544	6,395,774	2,573,041,318
2034–2037	2,324,095,711	1,320,000,517	—	3,644,096,228
2039–2042	2,365,169,000	343,845,281	—	2,709,014,281
	$ 9,370,974,711	9,450,562,994	552,904,707	19,374,442,412

(j) Interest Expense

Interest expense was comprised of the following:

	Year ended December 31 2013	2012
Turnpike Revenue Bonds, Series 1991C	$ 4,365,400	6,031,291
Turnpike Revenue Bonds, Series 1991D	—	16,771,390
Turnpike Revenue Bonds, Series 2000A	—	1,010,950
Turnpike Revenue Bonds, Series 2000B – G	14,741,266	16,346,493
Turnpike Revenue Bonds, Series 2003A	—	28,219,174
Turnpike Revenue Bonds, Series 2003B	16,275,593	21,195,157
Turnpike Revenue Bonds, Series 2003C	3,059,927	7,869,012
Turnpike Revenue Bonds, Series 2004B	7,747,551	7,363,041
Turnpike Revenue Bonds, Series 2004C	7,306,750	10,820,360
Turnpike Revenue Bonds, Series 2005A	20,893,125	20,893,125
Turnpike Revenue Bonds, Series 2005B	1,563,250	1,563,250
Turnpike Revenue Bonds, Series 2005C	1,877,650	4,794,000
Turnpike Revenue Bonds, Series 2005D	10,897,626	10,774,181

	2013	2012
Turnpike Revenue Bonds, Series 2009A	$ 2,728,398	2,729,744
Turnpike Revenue Bonds, Series 2009B	1,646,335	1,645,465
Turnpike Revenue Bonds, Series 2009C	—	1,028,069
Turnpike Revenue Bonds, Series 2009D	—	1,028,097
Turnpike Revenue Bonds, Series 2009E	15,750,000	18,447,917
Turnpike Revenue Bonds, Series 2009F	101,942,500	101,942,500
Turnpike Revenue Bonds, Series 2009G	1,738,500	1,738,500
Turnpike Revenue Bonds, Series 2009H	15,193,375	15,193,375
Turnpike Revenue Bonds, Series 2009I	8,900,250	8,900,250
Turnpike Revenue Bonds, Series 2010A	131,387,000	131,387,000
Turnpike Revenue Bonds, Series 2011A	5,186,977	9,098,882
Turnpike Revenue Bonds, Series 2011B	1,983,665	2,021,966
Turnpike Revenue Bonds, Series 2012A	6,894,000	3,695,950
Turnpike Revenue Bonds, Series 2012B	39,771,750	11,158,185
Turnpike Revenue Bonds, Series 2012C	1,801,673	1,298,790
Turnpike Revenue Bonds, Series 2012D	3,897,044	2,815,606
Turnpike Revenue Bonds, Series 2012E	3,772,576	2,724,332
Turnpike Revenue Bonds, Series 2012F	736,493	531,705
Turnpike Revenue Bonds, Series 2012G	1,748,985	491,258
Turnpike Revenue Bonds, Series 2013A (1)	50,410,379	—
Turnpike Revenue Bonds, Series 2013B – G	26,831,190	—
	511,049,228	471,529,015
Less GASB Statement No. 53 interest expense adjustment (2)	(29,987,028)	(39,672,205)
Less interest expense capitalized to projects	(276,327,053)	(239,280,700)
Net interest expense	$ 204,735,147	192,576,110

(1) Capitalized interest expense paid from bond proceeds
(2) Interest pertains to Series 2009A-B, Series 2000B-G, Series 2011A-B, Series 2012C-G, Series 2013E

(k) Defeased Bonds

As of December 31, 2013 and 2012, the Authority has approximately $1.1 billion and $2.2 billion, 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, 2013 and 2012, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the accompanying financial statements are as follows (amounts in thousands; debit (credit)):

	Changes in fair value for year ended December 31, 2013		Fair value as of December 31, 2013		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedges:					
Pay-fixed, receive-variable interest rate swaps [1]	Deferred outflow	$ 54,734	Interest rate swap liabilities	$ (17,424)	$ 1,096,000
Investment derivatives:					
Pay-fixed, receive-variable interest rate swaps	Investment gain	$ (51,848)	Restricted investments	$ (64,717)	$ 400,000

	Changes in fair value for year ended December 31, 2012		Fair value as of December 31, 2012		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedges:					
Pay-fixed, receive-variable interest rate swaps [1]	Deferred outflow	$ 21,008	Interest rate swap liabilities	$ (116,850)	$ 1,096,000
Investment derivatives:					
Pay-fixed, receive-variable interest rate swaps	Investment gain	$ (1,757)	Restricted investments	$ (116,565)	$ 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, 2013 and 2012, along with the credit rating of the associated counterparty (amounts in thousands):

December 31, 2013						
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 2009A bonds	$ 87,500	Feb. 12, 2009	Jan. 1, 2024	Pay 3.114%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Baa2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011A & Series 2013E bonds	225,000	May. 21, 2013	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	Baa2/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011B bonds	50,000	Jul. 9 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2012G bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.3999%, receive from 9/20/2012 to but excluding termination date 75% of 1 month of USD-LIBOR	A2/A/A
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 of 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

December 31, 2013

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 2013D bonds	$ 225,000	May. 21, 2013	Jan. 1, 2024	Pay 3.4486%, receive 73.2% of 1 month of USD-LIBOR-BBA	Aa3/AA-/AA-
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2013G bonds	43,750	Feb. 11, 2009	Jan. 1, 2024	Pay 3.4035%, receive 75% of 1 month USD-LIBOR-BBA	A2/A/A
Investment derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2000 B-G bonds	240,000	Jan. 1, 2007	Jan. 1, 2030	Pay 4.312%, receive 64.459% of 5-year LIBOR	Baa2/A-/A
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	Aa3/AA-/AA-

December 31, 2012

Type	Objective	Notional amount	Effective date	Maturity date	Terms	Counterparty credit rating
Hedging derivative instruments:						
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2003C-1 bonds	$ 225,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	A2/A/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009A bonds	87,500	Feb. 12, 2009	Jan. 1, 2024	Pay 3.114%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	Baa1/A-/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2009B bonds	50,000	Feb. 11, 2009	Jan. 1, 2024	Pay 3.294%, receive until 1/1/16, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/16 63% of LIBOR plus 20bp	A2/A+/A
Pay-fixed, receive-variable interest rate swap	Hedge of interest rate risk on the Series 2011A bonds	225,000	Jul. 9, 2003	Jan. 1, 2024	Pay 3.4486%, receive until 1/1/15, lesser of 63% of LIBOR plus 20bp or bond rate; after 1/1/15 63% of LIBOR plus 20bp	Baa1/A-/A

December 31, 2012

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

On May 21, 2013, in accordance with its Refunding Plan, the Authority issued the Series 2013B-E and 2013G Bonds. At the same time, the Authority also entered into amendments on its existing Interest Rate Swap agreements that were associated with these bonds. The Authority entered into a novation for the Swap agreement relating to the Series 2003C-1 bonds from UBS to Wells Fargo and re-identified the novated Swap agreement to the Series 2013D Bonds. The fixed swap rate remains the same at 3.4486%

and the floating rate is 73.2% of one-month USD-LIBOR –BBA. In connection with the Refunding Plan, a portion of the Series 2011A Swap Agreement was re-identified with the Series 2013E Bonds. The fixed rate remains the same at 3.4486% and the floating rate up until January 1, 2015 is the lesser of 63% of LIBOR plus 20 basis points or the bond rate; and thereafter, 63% of LIBOR plus 20 basis points. The Series 2012C and a portion of the Series 2012D Swap Agreement were re-identified to the Series 2013B Bonds with a fixed rate of 5.5728% and a floating rate of 75% of one-month USD-LIBOR-BBA. The Series 2012E and a portion of the Series 2012D Swap Agreement were re-identified to the Series 2013C1 and 2013C2 Bonds. The fixed rate for the Series 2013C1 Swap is 5.6346% and the fixed rate for the Series 2013C2 Swap is 5.6089%. The floating rate for both is USD-SIFMA Municipal Swap Index. The Series 2012F Swap Agreement was re-identified with the Series 2013G Bonds. The fixed rate for the Series 2013G Swap is 3.4035% with a floating rate of 75% of one-month USD-LIBOR-BBA.

(a) Risks

Credit risk: The Authority is exposed to credit risk on derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Authority's policy to require counterparty collateral posting provisions in its derivative instruments. These terms require full collateralization of the fair value of derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below BBB-as issued by Standard & Poor's or Baa3 as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. All of the Authority's derivative investments provide for the netting of the value of asset and liability positions with the same counterparty upon termination. There were no derivative instruments in asset positions as of December 31, 2013 and 2012, 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, 2009A-B, 2011A-B and 2013D bonds because the variable-rate payments received by the Authority on these hedging derivative instruments generally are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is remarketed every 7 days, or in the case of its Auction Rate Securities, every 7 or 35 days. As of December 31, 2013 and 2012, the weighted average interest rate on the Authority's hedged variable-rate debt is 0.44% and 0.67%, respectively, while 63% of LIBOR plus 20 basis points is 0.31% and 0.33%, respectively, 64.459% of USD ISDA is 1.11% and 0.57%, respectively and the 73.2% of one-month LIBOR is 0.12% for 2013.

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 $75,000,000, $50,000,000 and $150,000,000 notional value swaps that hedge the Series 2011A, Series 2011B and 2013E 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 2011A, 2011B and 2013E Swap Agreements only, the rating on the respective Series 2011A, 2011B and 2013E 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, 2013 and 2012, the aggregate fair value of all derivative instruments with these collateral posting provisions, based on their stated fixed rates, is approximately $210,169,783 and $343,347,922, respectively. If the collateral posting requirements were triggered as of December 31, 2013 and 2012, the Authority would be required to post $210,169,783 and $343,347,922, respectively, in collateral to its counterparties. The Authority's credit rating is A3 Moody's, A+ S&P and A Fitch; therefore, no collateral has been posted as of December 31, 2013 or 2012, respectively.

(c) Hybrid Instrument Borrowings

The interest rate swaps hedging the series noted below include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings with an aggregate original amount of $151,214,474 and $117,770,651 as of December 31, 2013 and 2012, respectively, reflecting the difference between the fair value of the instrument at its execution and an interest rate swap with a fixed rate that was considered at-the-market at execution. Activity for the hybrid instrument borrowings for the years ended December 31, 2013 and 2012 was as follows:

	December 31, 2012	Additions	Reductions	December 31, 2013	Current portion
Hybrid instrument borrowings:					
Series 2009A	$ 6,767,692	—	664,763	6,102,929	681,889
Series 2009B	4,556,030	—	444,523	4,111,507	456,717
Series 2012C	16,706,024	—	16,706,024	—	—
Series 2012D	35,610,207	—	35,610,207	—	—
Series 2012E	35,610,207	—	35,610,207	—	—
Series 2012F	7,731,746	—	7,731,746	—	—
Series 2012G	7,740,715	—	248,688	7,492,027	880,559
Series 2013B	—	21,335,190	—	21,335,190	2,801,440
Series 2013C1	—	26,344,571	—	26,344,571	3,462,719
Series 2013C2	—	32,297,877	—	32,297,877	4,242,935
Series 2013D	—	42,386,969	—	42,386,969	2,273,633
Series 2013G	—	6,737,401	—	6,737,401	366,030
	$ 114,722,621	129,102,008	97,016,158	146,808,471	15,165,922

	December 31, 2011	Additions	Reductions	December 31, 2012	Current portion
Hybrid instrument borrowings:					
Series 2009A	$ 7,415,755	—	648,063	6,767,692	664,762
Series 2009B	4,988,685	—	432,655	4,556,030	444,523
Series 2009C	4,377,185	—	4,377,185	—	—
Series 2009D	4,383,267	—	4,383,267	—	—
Series 1991D	72,410,001	—	72,410,001	—	—
Series 2012C	—	16,706,024	—	16,706,024	969,893
Series 2012D	—	35,610,207	—	35,610,207	2,074,057
Series 2012E	—	35,610,207	—	35,610,207	2,074,057
Series 2012F	—	7,731,746	—	7,731,746	248,400
Series 2012G	—	7,740,715	—	7,740,715	248,688
	$ 93,574,893	103,398,899	82,251,171	114,722,621	6,724,380

The following table sets forth as of December 31, 2013, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

	Principal	Interest	Total
December 31:			
2014	$ 15,165,922	1,018,285	16,184,207
2015	23,660,123	1,311,991	24,972,114
2016	23,845,863	1,126,251	24,972,114
2017	24,033,824	908,290	24,942,114
2018	24,224,045	748,069	24,972,114
2019–2023	30,724,126	1,716,485	32,440,611
2024	5,154,568	74,936	5,229,504
	$ 146,808,471	6,904,307	153,712,778

(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 2013 and 2012 as follows:

	2013	2012
(i):		
Net revenue available for Debt Service	$ 1,128,374,702	1,110,192,804
Less net revenue requirements computed under test (the sum of aggregate debt service, maintenance reserve, special project reserve and charges fund payments)	(686,836,115)	(707,254,420)
Excess net revenue	$ 441,538,587	402,938,384
(ii):		
Net revenue available for Debt Service	$ 1,128,374,702	1,110,192,804
Less net revenue requirements computed under test (120% x aggregate debt service requirements of $584,772,249 and $597,140,974 in 2013 and 2012, respectively)	(701,726,699)	(716,569,169)
Excess net revenue	$ 426,648,003	393,623,635

The debt service coverage ratio (Net Revenue divided by Debt Service) was 1.93 and 1.86 in 2013 and 2012, respectively.

(9) Changes in Long-Term Liabilities

Long-term liability activity for the years ended December 31, 2013 and 2012 was as follows:

	December 31, 2012	Additions	Reductions	December 31, 2013	Current portion
Bonds payable, net	$ 8,296,582,385	2,433,618,302	(1,044,193,940)	9,686,006,747	148,565,000
Pollution remediation liability	33,797,000	387,000	(2,695,000)	31,489,000	4,156,000
Self insurance	28,025,550	9,617,041	(8,894,817)	28,747,774	—
Arbitrage liability	3,601,818	10,576	—	3,612,394	—
Reserve for E-Zpass tag swap	21,770,133	3,000,000	(13,094,722)	11,675,411	—
Other liabilities	2,888,363	—	(55,559)	2,832,804	—
Reserve for national interoperability toll costs	10,500,000	—	(10,500,000)	—	—
Reserve for claim settlements	—	2,000,000	—	2,000,000	—
Compensated absences	19,187,465	18,834,356	(19,256,009)	18,765,812	4,024,566
Total	$ 8,416,352,714	2,467,467,275	(1,098,690,047)	9,785,129,942	156,745,566

(Continued)

	December 31, 2011	Additions	Reductions	December 31, 2012	Current portion
Bonds payable, net	$ 8,390,278,205	1,548,438,405	(1,642,134,225)	8,296,582,385	357,975,000
Pollution remediation liability	31,090,000	5,458,808	(2,751,808)	33,797,000	3,818,000
Self insurance	29,945,872	6,842,888	(8,763,210)	28,025,550	—
Arbitrage liability	3,589,396	12,422	—	3,601,818	—
Reserve for E-Zpass tag swap	14,000,000	11,500,000	(3,729,867)	21,770,133	—
Reserve for national interoperability toll costs	—	10,500,000	—	10,500,000	—
Other liabilities	2,928,741	—	(40,378)	2,888,363	—
Compensated absences	19,094,799	19,661,833	(19,569,167)	19,187,465	4,093,990
Total	$ 8,490,927,013	1,602,414,356	(1,676,988,655)	8,416,352,714	365,886,990

(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 $31,489,000 and $33,797,000 as of December 31, 2013 and 2012, respectively. The Authority's PRO liability is measured based on the expected costs of future activities, estimating a reasonable range of potential outlays and multiplying those outlays by their probability of occurring. The estimate of the liability does not include cost components that are not yet reasonably measurable.

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

	PRO at December 31	
	2013	2012
Right of Way	$ 15,800,000	17,000,000
Service areas	14,435,000	15,437,000
Maintenance districts	729,000	700,000
Toll facilities	485,000	590,000
Other facilities	40,000	70,000
Liability for pollution obligations remediation	$ 31,489,000	33,797,000

(11) Pension and Deferred Compensation

Permanent full-time employees of the Authority are covered by the Public Employees' Retirement System of the State of New Jersey (PERS), a cost sharing, multiple employer public retirement system. The payroll subject to pension for the Authority's employees covered by PERS was $134,600,000 and $135,270,335 for the years ended December 31, 2013 and 2012, respectively. The Authority's total payroll for the years ended December 31, 2013 and 2012 was approximately $162,500,000 and $160,500,000, respectively.

Authority employees are required to be enrolled in the State of NJ Public Employees' Retirement system, established in January 1955, under the provisions of N.J.S.A 43:15A to provide coverage to substantially all full time employees, provided the employee is not a member of another State administered retired system. Membership is mandatory and vesting occurs after eight to ten years of service for pension benefits. A summary of 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 21, 2010)	TIER 4 (Eligible for enrollment after May 21, 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 ($255,000 for 2013, $250,000 for 2012; $245,000 for 2011, 2010, and 2009; $230,000 for 2008).	Minimum base salary of $1,500 required for PERS Tier 2 enrollment. PERS salary limited to Social Security maximum wage ($113,700 for 2013; $110,100 for 2012; $106,800 for 2011, 2010, and 2009; $102,000 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. ($8,000 for 2013; $7,800 for 2012; $7,700 for 2011 and 2010; $7,500 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 ($113,700 for 2013; $110,100 for 2012; $106,800 for 2011, 2010, and 2009; $102,000 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 $5,000 are eligible for participation in the Defined Contribution Retirement Program (DCRP). PERS salary limited to Social Security maximum wage ($113,700 for 2013; $110,100 for 2012, $106,800 for 2011, 2010, and 2009; $102,000 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 $5,000 are eligible for participation in the Defined Contribution Retirement Program (DCRP). PERS salary limited to Social Security maximum wage ($113,700 for 2013; $110,100 for 2012, $106,800 for 2011, 2010, and 2009; $102,000 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	Collectable at age 60, at least 10 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary	Collectable at age 60, at least 10 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Collectable at age 62, at least 10 years of service required. Annual Benefit = Years of Service ÷ 55 X Final Average (3 yrs.) Salary.	Collectable at age 62, at least 10 years of service required. Annual Benefit = Years of Service ÷ 60 X Final Average (5 yrs.) Salary.	Collectable 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

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 rates 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 $9,031,855, $8,887,231, and $8,406,417 for the years ended December 31, 2013, 2012, and 2011, respectively. The percentage of employee's contribution rate as a percentage of covered payroll for 2013, 2012 and 2011 were 6.7%, 6.6% and 5.7%, 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 Authority's required contributions were $15,842,284, $18,395,087, and $17,922,509 for the years ended December 31, 2013, 2012, and 2011, respectively.

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

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

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

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 nonbargaining 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 ending December 31, 2013 and 2012, approximately 199 and 160 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 bargaining agreements to the extent they do not conflict with P.L. 2011, c. 78 mandated by the State of NJ.

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

The following table shows the components of the Authority's annual OPEB cost as of December 31, 2013 and 2012:

		December 31	
		2013	**2012**
		(In thousands)	
Annual required contribution (ARC)	$	75,545	72,647
Interest on net OPEB obligation		9,808	6,445
Adjustment to annual required contribution		(9,745)	(6,403)
Total annual OPEB cost (AOC)		75,608	72,689
Contributions made		37,977	35,731
Increase in net OPEB obligation		37,631	36,958
Net OPEB obligation, beginning of year		245,216	208,258
Net OPEB obligation, end of year	$	282,847	245,216

(Continued)

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, 2013, 2012 and 2011, respectively, were as follows:

Year ending		Annual OPEB cost (In thousands)	Percentage of annual OPEB cost contributed*		Net OPEB obligation (In thousands)
December 31, 2013	$	75,608	50.2%	$	282,847
December 31, 2012		72,689	49.2		245,216
December 31, 2011		78,937	40.3		208,258

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

At January 1, 2013, the actuarial accrued liability (AAL) for postemployment benefits earned was approximately $1.1 billion, based on certain actuarial methods and assumptions. Since this liability has not been pre-funded as of the valuation date, the unfunded actuarial accrued liability (UAAL) was $1.1 billion. The AAL represents approximately 77% of the present value of all projected benefits.

The covered payroll (annual payroll of active employees covered by the plan) was $110.8 million, and the ratio of the UAAL to covered payroll was 985%.

The actuarial valuation date is January 1, 2013. 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, 2013, the projected unit credit cost method was used as the actuarial cost method. The actuarial assumptions included an investment rate of return of 4%, and an annual healthcare cost trend rate of 9% medical and grading down to an ultimate rate of 5% after 8 years. For prescription drug benefits, the initial trend rate is 9.0%, decreasing to a 5.0% long-term trend rate after 8 years. For Medicare Part B reimbursement, the trend rate is 5.0% and for dental benefits the trend is 5.0%. The amortization method used was the level percentage of payroll, for a period of 30 years, with an assumption that payroll increases by 3% per year.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information as of January 1, 2013 and whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(13) Risk Management and Self-Insurance

The New Jersey Turnpike Authority maintains a comprehensive insurance program, which affords various coverage including but not limited to, umbrella liability (automobile, police, professional, and general), workers compensation, excess workers compensation, major bridge/property insurance, employee medical benefits, public officials liability, employment practices liability, crime insurance, and owner controlled insurance programs (OCIP). The following table presents the amount of deductible and/or self-insurance retention amounts and frequency in 2013 and 2012:

Type of insurance coverage	Deductible/retention
Umbrella Liability (general and police professional)	$ 2,000,000 per occurrence
Umbrella Liability (automobile)	3,000,000 per occurrence (2013 only)
Umbrella Liability (general aggregate)	3,000,000 annually
Major Bridge/Property (NJ Turnpike)	2,000,000 per occurrence
Major Bridge/Property (Garden State Parkway)	2,000,000 per occurrence
Employee Medical Benefits	350,000 per claim
Workers Compensation	Not applicable – self funded
Excess Workers Compensation	750,000 per occurrence
OCIP (Interchange 6-9 Widening Project – general and workers compensation)	500,000 per occurrence
OCIP (other construction projects – general and workers compensation)	500,000 per occurrence

The umbrella, major bridge/property, and excess workers compensation insurance programs afford limits of liability and amounts of insurance in excess of such self-insured retentions and/or deductibles to protect the Authority against losses resulting from third-party liability, workers compensation, employer's liability, direct damage claims and loss of revenue. Effective February 1, 2014 the Excess Workers Compensation deductible will increase from $750,000 to $1,250,000 and the deductible remains effective until March 15, 2015.

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

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, 2013 and 2012:

	December 31, 2012	Change in estimate	Payments	December 31, 2013
General liability	$ 2,163,287	1,772,286	(1,524,648)	2,410,925
Auto liability	803,263	752,095	(796,750)	758,608
Workers' compensation	25,059,000	7,092,660	(6,573,419)	25,578,241
Total	$ 28,025,550	9,617,041	(8,894,817)	28,747,774

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

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

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

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

The condensed statements of net position and statements of revenues, expenses, and changes in net position of the Foundation as of and for the years ended December 31, 2013 and 2012 are as follows:

Summary of Net Position

Assets		**2013**	**2012**
Current assets	$	1,039,918	1,011,197
Noncurrent assets		74,463	148,511
Total assets	$	1,114,381	1,159,708
Liabilities			
Liabilities	$	—	—
Total liabilities	$	—	—
Net Position			
Net position:			
Expendable – restricted by donor agreements	$	149,463	223,511
Unrestricted		964,918	936,197
Total net position	$	1,114,381	1,159,708

Summary of Revenues, Expenses, and Changes in Net Position

		2013	**2012**
Operating revenues	$	499,850	487,503
Operating expenses		547,480	519,713
Operating loss		(47,630)	(32,210)
Nonoperating revenues		2,303	2,015
Decrease in net position		(45,327)	(30,195)
Net position as of beginning of year		1,159,708	1,189,903
Net position as of end of year	$	1,114,381	1,159,708

(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 believes the aggregate liability of the Authority under such actions, if adversely determined, would not materially adversely affect the financial position of the Authority and sufficient funds are expected to be available to satisfy any payments required in connection therewith.

(Continued)

The Authority is defending several lawsuits arising from its operations and its contract with the New Jersey State Police for provision of police services on the Turnpike and the Parkway. The contract includes an indemnification provision requiring the Authority to defend and indemnify the State troopers individually, the State Police and the State under certain circumstances. The Authority, under the indemnification provisions of the contract, may be responsible for a State trooper's liability for negligent acts, but not for intentional wrongful acts beyond the scope of employment. The Authority believes the aggregate liability of the Authority under such actions, if adversely determined, would not materially adversely affect the financial position of the Authority and sufficient funds are expected to be available to satisfy any payments required in connection therewith.

In May 2005, the New Jersey Department of Environmental Protection (NJDEP) instituted litigation against three firms that had generated chromium ore processing residue. The Authority was not named as a defendant in such litigation by the NJDEP. In March 2006, the Authority was named as a third party defendant by one of the firms as a result of the Authority's ownership of certain parcels impacted by the residue. The litigation was settled in 2011 and the Authority is working with the NJDEP to remediate conditions at three affected sites with the understanding that, by doing so, it will not have any responsibility for additional sites. Although the Authority cannot predict the ultimate cost of this remedial work, it does not believe that the cost of such remedial work will have a materially adverse effect on the operations or finances of the Authority. The Authority has recorded an estimate of the PRO liability in the statement of net position for the three sites of approximately $15,800,000 at December 31, 2013 (see note 10). The estimate does not include cost components that are not yet reasonably measurable.

Soil and/or groundwater contamination found on off-site properties 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.

(16) Commitments and Contingent Liabilities

The Authority has open commitments related to construction contracts totaling approximately $1,186,593,697 and $1,704,529,837 as of December 31, 2013 and 2012, respectively. This work relates to the Authority's $7 billion Capital Improvement Program and will be completed over the next several years.

Under the terms of an agreement dated April 27, 1984 and amendments dated August 1, 1995 and March 27, 2000, the Authority agreed to make annual payments to the State of New Jersey to assist in transportation purposes. These payments are $22 million annually and are due until all obligations of the New Jersey Transportation Trust Fund Authority, as set forth in the 2000 Amendment, are paid for or such payment has been provided for. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution.

Under the terms of a State Transportation Projects Funding Agreement dated September 30, 2011, the Authority agreed to make annual payments to the State of New Jersey for the development of state transportation purposes. These payments total $331 million in calendar 2012, $324 million in calendar 2013, $324 million in calendar 2014, $324 million in calendar 2015 and $162 million in calendar 2016. The agreement terminates on June 30, 2016. The payments are made from the General Reserve Fund and are subordinate to debt service payments on all outstanding bonds and all other obligations under the Authority's General Bond Resolution.

The Authority also made annual payments to the state of $8,001,000 in 2013 and 2012 for feeder road maintenance provided by the New Jersey Department of Transportation. The current agreement expires on June 30, 2014 and is expected to be renewed annually.

(17) Liquidity Facilities

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

Series of Bonds	Final maturity date	Facility amount	Provider of credit/liquidity facility	Facility expiration date
Series 2009 A	1/1/2024	$ 93,533,973	JPMorgan Chase Bank, N.A.	02/10/2015
Series 2009 B	1/1/2024	50,821,918	PNC Bank, National Association	02/10/2015
Total		$ 144,355,891		

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

(18) Subsequent Events

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.

On March 25, 2014, the Authority's Board of Commissioners (the Board) approved the Series 2014 Turnpike Revenue Bond Resolution (Series 2014 Resolution). The Series 2014 Resolution authorizes the issuance of up to $1.0 billion of new money bonds which will provide continued funding for the Authority's $7 billion Capital Investment Program. In addition, the 2014 Resolution authorizes, if in the best interest of the Authority: (a) the issuance of up to $217.5 million of refunding bonds, to include the potential refunding of the Series 2009A bonds, Series 2011A bonds, and the Series 2011B bonds; and (b) the amendment, termination, or replacement of the Series 2009A, Series 2011A, and Series 2011B Interest Rate Swap Agreements. The Series 2014 Resolution provides for the refinancing of the Series 2011A and Series 2011B floating rate notes on or before the mandatory tender date of December 22, 2014 to avoid interest rate escalations, and debt service savings and/or more favorable terms for the Series 2009A bonds through the issuance of public floating rate notes or other forms of variable or fixed rate debt.

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, 2013

Valuation date		Actuarial value of assets (in thousands) (a)	Actuarial accrued liability – projected unit credit (in thousands) (b)	Unfunded actuarial accrued liability (in thousands) (b)–(a)	Funded ratio (a)/(b)	Covered payroll (in thousands) (c)	Unfunded actuarial accrued liability as a percentage of covered payroll ((b) – (a))/(c)
01/01/2009	$	—	982,555	982,555	—	134,589	730%
01/01/2011		—	1,218,806	1,218,806	—	157,396	774
01/01/2013		—	1,091,162	1,091,162	—	110,791	985

See accompanying independent auditors' report.

Schedule 2

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

Schedule of Net Position – Reconciliation of Bond Resolution to GAAP

December 31, 2013
(With comparative financial information as of December 31, 2012)

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 2013 GAAP Financials**	**Total 2012 GAAP Financials**
Current assets:													
Cash	$ 178,968,774	—	4,276,254	2,467,688	11,469,436	—	—	—	197,182,152	964,918	—	198,147,070	189,218,510
Restricted cash	—	80,015,279	—	—	—	58,433	817,636	—	80,891,348	—	—	80,891,348	63,516,755
Investments (1)	122,049,851	—	26,501,298	41,496,231	261,597,075	—	—	—	451,644,455	—	—	451,644,455	363,981,943
Restricted investments	—	—	—	—	—	60,000	381,260,066	—	381,320,066	—	—	381,320,066	334,079,876
Receivables, net of allowance	58,811,237	—	—	—	15,222	—	—	—	58,826,459	—	—	58,826,459	62,541,422
Restricted receivables	—	—	—	—	—	—	—	—	—	75,000	—	75,000	75,000
Inventory	18,691,676	—	—	—	—	—	—	—	18,691,676	—	—	18,691,676	22,130,755
Due from State of New Jersey	—	—	—	—	19,706,939	—	—	—	19,706,939	—	—	19,706,939	687,501
Deposits	2,176,813	8,477,670	—	—	13,598,930	—	—	—	24,253,413	—	—	24,253,413	22,095,218
Prepaid expenses	4,533,931	—	—	—	—	—	—	—	4,533,931	—	—	4,533,931	3,705,141
Interfund	(57,409,707)	18,588,220	(1,239,840)	(16,655,775)	51,130,168	(96)	(113,103)	5,700,133	—	—	—	—	—
Total current assets	327,822,575	107,081,169	29,537,712	27,308,144	357,517,770	118,337	381,964,599	5,700,133	1,237,050,439	1,039,918	—	1,238,090,357	1,062,032,121
Noncurrent assets:													
Restricted investments	—	627,587,898	—	—	—	—	—	512,329,706	1,139,917,604	—	(64,716,853)	1,075,200,751	627,703,387
Restricted receivables	—	—	—	—	—	—	—	—	—	74,463	—	74,463	148,511
Capital assets, net of accumulated depreciation	—	8,639,660,755	233,012,752	63,631,905	132,828,985	—	—	—	9,069,134,397	—	—	9,069,134,397	7,855,264,245
Total noncurrent assets	—	9,267,248,653	233,012,752	63,631,905	132,828,985	—	—	512,329,706	10,209,052,001	74,463	(64,716,853)	10,144,409,611	8,483,116,143
Total assets	$ 327,822,575	9,374,329,822	262,550,464	90,940,049	490,346,755	118,337	381,964,599	518,029,839	11,446,102,440	1,114,381	(64,716,853)	11,382,499,968	9,545,148,264
Deferred Outflows													
Deferred outflows:													
Accumulated decrease in fair value of hedging derivatives	$ —	—	—	—	—	—	—	—	—	—	—	—	67,935,918
Deferred amount on refunding	—	59,706,960	—	—	—	—	—	—	59,706,960	—	144,548,745	204,255,705	174,380,298
Total deferred outflows	$ —	59,706,960	—	—	—	—	—	—	59,706,960	—	144,548,745	204,255,705	242,316,216
Liabilities													
Current liabilities:													
Accounts payable and accrued expenses	$ 44,507,506	81,851,793	10,470,021	6,092,411	1,235,651	—	—	—	144,157,382	—	—	144,157,382	159,484,378
Funds held in trust	176,860,168	40,429,636	1,429,388	592,311	2,020,050	—	—	—	221,331,553	—	—	221,331,553	203,333,066
Due to State of New Jersey	2,647,610	—	—	—	—	—	—	—	2,647,610	—	—	2,647,610	2,813,203
Deposits	363,261	—	—	—	—	—	—	—	363,261	—	—	363,261	203,390
Accrued interest payable	—	—	—	—	—	—	233,399,599	—	233,399,599	—	—	233,399,599	193,647,547
Unearned revenue	6,360,774	—	—	—	45,509,907	—	—	—	51,870,681	—	—	51,870,681	41,341,472
Current portion of bonds payable	—	148,565,000	—	—	—	—	—	—	148,565,000	—	—	148,565,000	357,975,000
Current portion of hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	15,165,922	15,165,922	6,724,380
Current portion of other long-term liabilities	—	—	—	—	1,300,000	—	—	—	1,300,000	—	6,880,566	8,180,566	7,911,990
Total current liabilities	230,739,319	270,846,429	11,899,409	6,684,722	50,065,608	—	233,399,599	—	803,635,086	—	22,046,488	825,681,574	973,434,426
Noncurrent liabilities:													
Bonds payable, net	—	9,537,441,747	—	—	—	—	—	—	9,537,441,747	—	—	9,537,441,747	7,938,607,385
Hybrid instrument borrowing	—	—	—	—	—	—	—	—	—	—	131,642,549	131,642,549	107,998,241
Other long-term obligations	12,425,411	—	—	—	21,523,791	—	—	—	33,949,202	—	56,993,427	90,942,629	111,858,339
Other postemployment benefit liability	—	—	—	—	23,000,000	—	—	—	23,000,000	—	259,846,774	282,846,774	245,216,115
Interest rate swaps liabilities	—	—	—	—	—	—	—	—	—	—	17,424,262	17,424,262	116,850,895
Total noncurrent liabilities	12,425,411	9,537,441,747	—	—	44,523,791	—	—	—	9,594,390,949	—	465,907,012	10,060,297,961	8,520,530,975
Total liabilities	$ 243,164,730	9,808,288,176	11,899,409	6,684,722	94,589,399	—	233,399,599	—	10,398,026,035	—	487,953,500	10,885,979,535	9,493,965,401
Deferred Inflows													
Deferred inflows:													
Accumulated increase in fair value of interest rate swaps	—	—	—	—	—	—	—	—	—	—	30,988,730	30,988,730	—
Total deferred outflows	$ —	—	—	—	—	—	—	—	—	—	30,988,730	30,988,730	—
Net Position													
Net position:													
Net investment in capital assets	$ —	(374,251,394)	—	—	—	—	—	518,029,839	143,778,445	—	263,346,832	407,125,277	180,931,550
Restricted for debt service and charges	—	—	—	—	—	118,337	148,565,000	—	148,683,337	149,463	—	148,832,800	145,949,856
Unrestricted	84,657,845	—	250,651,055	84,255,327	395,757,356	—	—	—	815,321,583	964,918	(702,457,170)	113,829,331	(33,382,327)
Total net position	$ 84,657,845	(374,251,394)	250,651,055	84,255,327	395,757,356	118,337	148,565,000	518,029,839	1,107,783,365	1,114,381	(439,110,338)	669,787,408	293,499,079

(1) Included in investments above at December 31, 2013 is $10,500,000 the Authority has designated as reserved for national toll interoperability requirements under Federal Law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (Map-21). In addition, in 2014 an additional $31,820,000 in investments were designated as reserved for the reconstruction of the Grover Cleveland Service Area ($4,320,000), widening of New Jersey Turnpike Interchanges 6-9 ($20,000,000) and emergency maintenance costs ($7,500,000). All investments are included in the General Reserve fund except for emergency maintenance costs which are included in the Maintenance Reserve fund.

See accompanying independent auditors' report.

Schedule 3

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, 2013
(With comparative financial information for the year ended December 31, 2012)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP Adjustments	Total 2013 GAAP Financials	Total 2012 GAAP Financials
Operating revenues:													
Toll revenue	$ 1,413,763,310	—	—	—	—	—	—	—	1,413,763,310	—	—	1,413,763,310	1,393,658,485
E-ZPass fees	51,372,009	—	—	—	—	—	—	—	51,372,009	—	—	51,372,009	47,314,572
Concession revenue	34,961,184	—	—	—	—	—	—	—	34,961,184	—	—	34,961,184	34,989,967
Miscellaneous revenue	12,867,240	—	—	—	—	—	—	—	12,867,240	499,850	—	13,367,090	10,350,324
Total operating revenues	1,512,963,743	—	—	—	—	—	—	—	1,512,963,743	499,850	—	1,513,463,593	1,486,313,348
Operating expenses:													
Maintenance of roadway, buildings and equipment	123,035,813	—	6,356,294	8,971,376	4,992,152	—	—	—	143,355,635	—	(1,187,180)	142,168,455	120,619,100
Toll collection	132,736,008	—	—	4,306	—	—	—	—	132,740,314	—	(708,134)	132,032,180	152,414,372
State police and traffic control	65,854,331	—	—	909,847	—	—	—	—	66,764,178	—	(4,234)	66,759,944	66,593,568
Technology	16,466,916	—	—	2,332,784	—	—	—	—	18,799,700	—	496,514	19,296,214	14,016,631
Employee benefits	97,927,867	—	—	—	—	—	—	—	97,927,867	—	(37,977,585)	59,950,282	60,507,042
General administrative costs	37,013,883	(20,685,650)	—	109,220	(1,048,206)	—	—	—	15,389,247	547,480	11,895,622	27,832,349	31,998,764
Other postemployment benefits	—	—	—	—	15,500,000	—	—	—	15,500,000	—	60,108,243	75,608,243	72,689,635
Depreciation	—	146,321,423	13,306,527	4,997,214	9,275,893	—	—	—	173,901,057	—	—	173,901,057	159,578,079
Total operating expenses	473,034,818	125,635,773	19,662,821	17,324,747	28,719,839	—	—	—	664,377,998	547,480	32,623,246	697,548,724	678,417,191
Operating income (loss)	1,039,928,925	(125,635,773)	(19,662,821)	(17,324,747)	(28,719,839)	—	—	—	848,585,745	(47,630)	(32,623,246)	815,914,869	807,896,157
Nonoperating revenues (expenses):													
Build America Bonds subsidy	75,172,932	—	—	—	—	—	—	—	75,172,932	—	—	75,172,932	81,665,325
Payments to the State of New Jersey	—	—	—	—	(354,001,000)	—	—	—	(354,001,000)	—	—	(354,001,000)	(361,001,000)
Interest expense, Turnpike Revenue Bonds	—	(58,157,930)	—	—	—	—	(452,891,298)	—	(511,049,228)	—	306,314,081	(204,735,147)	(192,576,110)
Other bond expenses	—	(3,320,977)	—	(1,875,545)	—	(2,181,710)	—	—	(7,378,232)	—	—	(7,378,232)	(7,932,446)
Investment income (loss)	58,776	3,151,975	12,274	49,952	415,201	91	120,574	9,438,049	13,246,892	2,303	34,887,784	48,136,979	(1,068,843)
Arts Center	3,177,928	—	—	—	—	—	—	—	3,177,928	—	—	3,177,928	3,117,943
Total nonoperating revenues (expenses), net	78,409,636	(58,326,932)	12,274	(1,825,593)	(353,585,799)	(2,181,619)	(452,770,724)	9,438,049	(780,830,708)	2,303	341,201,865	(439,626,540)	(477,795,131)
Income before interfund transfers	1,118,338,561	(183,962,705)	(19,650,547)	(19,150,340)	(382,305,638)	(2,181,619)	(452,770,724)	9,438,049	67,755,037	(45,327)	308,578,619	376,288,329	330,101,026
Interfund transfers	(1,118,338,561)	296,611,817	72,622,726	27,733,048	434,241,786	1,645,776	456,263,559	102,423,550	273,203,701	—	(273,203,701)	—	—
Net change in fund balance/change in net position	—	112,649,112	52,972,179	8,582,708	51,936,148	(535,843)	3,492,835	111,861,599	340,958,738	(45,327)	35,374,918	376,288,329	330,101,026
Net position (deficit) – beginning of year	84,657,845	(486,900,506)	197,678,876	75,672,619	343,821,208	654,180	145,072,165	406,168,240	766,824,627	1,159,708	(474,485,256)	293,499,079	(36,601,947)
Net position (deficit) – end of year	$ 84,657,845	(374,251,394)	250,651,055	84,255,327	395,757,356	118,337	148,565,000	518,029,839	1,107,783,365	1,114,381	(439,110,338)	669,787,408	293,499,079

See accompanying independent auditors’ report.

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

Schedule of Cash Flows – Reconciliation of Bond Resolution to GAAP

Year ended December 31, 2013
(With comparative financial information for the year ended December 31, 2012)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP Adjustments	Total 2013 GAAP Financials	Total 2012 GAAP Financials
Cash flows from operating activities:													
Receipts from customers and patrons	$ 1,518,517,284	—	—	—	—	—	—	—	1,518,517,284	573,898	—	1,519,091,182	1,472,299,948
Payments to suppliers	(231,302,870)	20,685,650	(6,356,294)	(10,265,169)	(21,350,593)	—	—	—	(248,589,276)	(547,480)	(11,332,274)	(260,469,030)	(196,891,639)
Payments to employees	(162,528,986)	—	—	—	—	—	—	—	(162,528,986)	—	—	(162,528,986)	(160,427,080)
Payments for self insured health benefits claims	(80,590,550)	—	—	—	—	—	—	—	(80,590,550)	—	—	(80,590,550)	(75,383,310)
Net cash provided by (used in) operating activities	1,044,094,878	20,685,650	(6,356,294)	(10,265,169)	(21,350,593)	—	—	—	1,026,808,472	26,418	(11,332,274)	1,015,502,616	1,039,597,919
Cash flows from noncapital financing activities:													
Payments to State of New Jersey	—	—	—	—	(354,001,000)	—	—	—	(354,001,000)	—	—	(354,001,000)	(361,001,000)
Proceeds from Arts Center	3,177,928	—	—	—	—	—	—	—	3,177,928	—	—	3,177,928	3,117,943
Net cash provided by (used in) noncapital financing activities	3,177,928	—	—	—	(354,001,000)	—	—	—	(350,823,072)	—	—	(350,823,072)	(357,883,057)
Cash flows from capital and related financing activities:													
Proceeds acquired from new capital debt	—	2,427,493,334	—	—	—	—	—	—	2,427,493,334	—	—	2,427,493,334	1,511,429,255
Purchases of capital assets	—	(1,338,787,156)	(65,963,710)	(23,420,470)	9,427,950	—	—	—	(1,418,743,386)	—	—	(1,418,743,386)	(1,248,702,560)
Principal paid on capital debt	—	(1,018,605,000)	—	—	—	—	—	—	(1,018,605,000)	—	—	(1,018,605,000)	(1,632,370,000)
Proceeds from Build America Bonds subsidy	75,172,932	—	—	—	—	—	—	—	75,172,932	—	—	75,172,932	81,665,325
Interest paid on capital debt	—	(50,410,375)	—	—	—	—	(413,139,246)	—	(463,549,621)	—	259,366,361	(204,183,260)	(237,847,710)
Payments for bond expenses	—	(3,320,977)	—	(1,875,545)	—	(2,181,710)	—	—	(7,378,232)	—	—	(7,378,232)	(8,180,442)
Interfund transfers related to capital and related financing activities	(1,140,265,622)	274,564,538	72,865,968	38,436,848	476,348,050	1,645,704	456,459,396	93,148,819	273,203,701	—	(273,203,701)	—	—
Net cash provided by (used in) capital and related financing activities	(1,065,092,690)	290,934,364	6,902,258	13,140,833	485,776,000	(536,006)	43,320,150	93,148,819	(132,406,272)	—	(13,837,340)	(146,243,612)	(1,534,006,132)
Cash flows from investing activities:													
Purchases of investments	(1,973,679,589)	(1,811,489,955)	(283,192,393)	(311,248,737)	(1,203,239,996)	(8,122,289)	(1,866,307,952)	(209,838,000)	(7,667,118,911)	—	—	(7,667,118,911)	(8,521,090,178)
Sales and maturities of investments	1,997,882,009	1,519,593,376	285,991,389	303,451,615	1,096,260,219	8,658,218	1,818,382,546	104,919,000	7,135,138,372	265,000	—	7,135,403,372	9,407,974,346
Interest received	56,829	1,986,539	11,656	48,394	266,830	161	269,791	11,770,181	14,410,381	2,765	25,169,614	39,582,760	14,628,911
Net cash provided by (used in) investing activities	24,259,249	(289,910,040)	2,810,652	(7,748,728)	(106,712,947)	536,090	(47,655,615)	(93,148,819)	(517,570,158)	267,765	25,169,614	(492,132,779)	901,513,079
Net increase (decrease) in cash	6,439,365	21,709,974	3,356,616	(4,873,064)	3,711,460	84	(4,335,465)	—	26,008,970	294,183	—	26,303,153	49,221,809
Cash – beginning of year	172,529,409	58,305,305	919,638	7,340,752	7,757,976	58,349	5,153,101	—	252,064,530	670,735	—	252,735,265	203,513,456
Cash – end of year	$ 178,968,774	80,015,279	4,276,254	2,467,688	11,469,436	58,433	817,636	—	278,073,500	964,918	—	279,038,418	252,735,265
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:													
Operating income	$ 1,039,928,925	(125,635,773)	(19,662,821)	(17,324,747)	(28,719,839)	—	—	—	848,585,745	(47,630)	(32,623,246)	815,914,869	807,896,157
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:													
Depreciation expense	—	146,321,423	13,306,527	4,997,214	9,275,893	—	—	—	173,901,057	—	—	173,901,057	159,578,079
Changes in assets and liabilities:													
Receivables	3,350,989	—	—	—	(18,655,464)	—	—	—	(15,304,475)	74,048	—	(15,230,427)	(11,631,567)
Inventory	3,439,079	—	—	—	—	—	—	—	3,439,079	—	—	3,439,079	(5,933,094)
Other assets	(1,647,628)	—	—	—	—	—	—	—	(1,647,628)	—	—	(1,647,628)	997,495
Accounts payable and accrued expenses	4,064,006	—	—	1,985,003	(6,376,140)	—	—	—	(327,131)	—	—	(327,131)	(13,371,149)
Unearned revenue	2,202,552	—	—	—	8,326,657	—	—	—	10,529,209	—	—	10,529,209	37,373,822
Other liabilities	256,955	—	—	77,361	(9,243,242)	—	—	—	(8,908,926)	—	268,313	(8,640,613)	23,794,722
Other postemployment benefit liability	(7,500,000)	—	—	—	23,000,000	—	—	—	15,500,000	—	22,130,659	37,630,659	38,186,454
Pollution remediation liability	—	—	—	—	1,041,542	—	—	—	1,041,542	—	(1,108,000)	(66,458)	2,707,000
Net cash provided by (used in) operating activities	$ 1,044,094,878	20,685,650	(6,356,294)	(10,265,169)	(21,350,593)	—	—	—	1,026,808,472	26,418	(11,332,274)	1,015,502,616	1,039,597,919

See accompanying independent auditors' report.

Schedule 5

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

Schedule of Net Revenue Requirement

Years ended December 31, 2013 and 2012

	2013	2012
Test 1:		
Total operating revenues	$ 1,512,963,743	1,485,825,845
Build America Bonds subsidy	75,172,932	81,665,325
Total investment income	13,246,892	14,988,070
Less earnings on construction investments	(3,151,975)	(3,169,847)
Arts center	3,177,928	3,117,943
Total pledged revenues	1,601,409,520	1,582,427,336
Less revenue operating expenses	(473,034,818)	(472,234,532)
Net revenue available for debt service	1,128,374,702	1,110,192,804
Less net revenue requirements:		
Interest expense – debt service	(452,891,298)	(464,165,974)
Principal payment – debt service	(131,880,951)	(132,975,000)
Revenue transfer to charges	(1,645,866)	(3,629,446)
Revenue transfer to maintenance reserve	(72,635,000)	(70,519,000)
Revenue transfer to special project reserve	(27,783,000)	(35,965,000)
Excess net revenues	$ 441,538,587	402,938,384
Test 2:		
Total operating revenues	$ 1,512,963,743	1,485,825,845
Build America Bonds subsidy	75,172,932	81,665,325
Total investment income	13,246,892	14,988,070
Less earnings on construction investments	(3,151,975)	(3,169,847)
Arts Center	3,177,928	3,117,943
Total pledged revenues	1,601,409,520	1,582,427,336
Less revenue operating expenses	(473,034,818)	(472,234,532)
Net revenue available for debt service	1,128,374,702	1,110,192,804
Less 1.2 times aggregate debt service	(701,726,699)	(716,569,169)
Excess net revenues	$ 426,648,003	393,623,635
Debt service coverage ratio	1.93	1.86

See accompanying independent auditors' report.

Schedule 6A

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

Schedule of Investments

December 31, 2013

	Interest rate	Maturity		Par value	Carrying value
Revenue:					
Commercial Paper	0.04% – 0.10%	1/3/14 – 3/31/14	$	71,150,000	71,148,326
Federal Agency Notes	0.00% – 0.09%	1/3/14 – 7/21/14		39,155,000	39,151,137
Repurchase Agreement	0.02% – 0.09%	1/6/14 – 6/23/14		11,750,000	11,750,388
				122,055,000	122,049,851
Construction:					
Certificate of Deposit	0.41% – 0.69%	1/8/14 – 6/5/14		325,000,000	326,233,257
Commercial Paper	0.45% – 0.65%	1/29/14 – 4/21/14		179,450,000	179,313,094
Federal Agency Notes	0.14% – 0.17%	4/25/14 – 6/30/14		122,000,000	122,041,547
				626,450,000	627,587,898
Maintenance Reserve:					
Commercial Paper	0.03% – 0.10%	1/7/14 – 2/7/14		18,002,366	18,001,366
Federal Agency Notes	0.01% – 0.02%	1/3/14 – 2/4/14		8,500,000	8,499,932
				26,502,366	26,501,298
Special Project Reserve:					
Commercial paper	0.06% – 0.12%	1/3/14 – 2/20/14		41,500,000	41,496,231
				41,500,000	41,496,231
General Reserve:					
Commercial paper	0.07% – 0.50%	1/13/14 – 6/16/14		261,735,000	261,597,075
				261,735,000	261,597,075
Charges:					
Federal Agency Notes	0.01% – 0.03%	1/2/14 – 1/2/14		47,000	47,000
US Treasury Bill	0.01% – 0.01%	1/2/14 – 1/2/14		13,000	13,000
				60,000	60,000
Debt Service:					
Commercial Paper	0.17% – 0.17%	1/2/14 – 1/2/14		21,135,630	21,135,530
Federal Agency Notes	0.01% – 0.14%	1/2/14 – 1/2/14		350,772,000	350,771,541
US Treasury Bill	0.01% – 0.03%	1/2/14 – 1/2/14		9,353,000	9,352,995
				381,260,630	381,260,066
Debt Reserve:					
Certificate of Deposit	2.26% – 3.23%	4/29/14 – 12/15/15		406,168,240	409,766,138
Federal Agency Notes	1.05% – 1.05%	4/25/18 – 4/25/18		104,919,000	102,563,568
				511,087,240	512,329,706
Total			$	1,970,650,236	1,972,882,125

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

See accompanying independent auditors' report.

Schedule 6B

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

Schedule of Investments

December 31, 2012

	Interest rate	Maturity		Par value	Carrying value
Revenue:					
Commercial paper	0.01% – 0.16%	1/4/2013	$	82,000,126	81,999,606
Federal Agency Notes	0.01% – 0.01%	1/4/2013		13,000,000	12,999,989
Repurchase agreements	0.03% – 0.07%	1/3/13 – 6/6/13		51,250,000	51,250,729
				146,250,126	146,250,324
Construction:					
Certificates of deposit	0.25% – 0.52%	1/24/13 – 3/11/13		99,180,660	99,379,195
Commercial paper	0.10% – 0.75%	1/4/13 – 4/3/13		139,943,871	139,895,356
Federal Agency Notes	0.15% – 1.00%	1/9/2013 – 3/27/13		95,000,000	95,251,331
				334,124,531	334,525,882
Maintenance Reserve:					
Commercial paper	0.04%	1/29/2013		1,700,086	1,700,033
Federal Agency Notes	0.00% – 0.08%	1/3/13 – 2/8/13		27,600,000	27,599,643
				29,300,086	29,299,676
Special Project Reserve:					
Commercial paper	0.05% – 0.13%	1/3/13 – 2/15/13		33,700,000	33,697,552
				33,700,000	33,697,552
General Reserve:					
Commercial paper	0.11% – 0.35%	1/7/13 – 3/25/13		150,923,000	150,891,205
Federal Agency Notes	0.80%	4/26/2013		3,565,000	3,577,724
				154,488,000	154,468,929
Charges:					
Commercial paper	0.03%	1/2/2013		146,000	146,000
Federal Agency Notes	0.04% – 0.09%	1/2/2013		450,000	449,999
				596,000	595,999
Debt Service:					
Commercial paper	0.01% – 0.30%	1/2/2013		63,587,966	63,587,636
Federal Agency Notes	0.04% – 1.63%	1/2/2013 – 6/14/13		145,219,000	145,348,866
Money Market Fund	0.80%	1/1/2013		124,547,103	124,547,375
				333,354,069	333,483,877
Debt Reserve:					
Certificates of deposit	2.26% – 3.23%	4/29/14 – 1/13/15		406,168,240	409,742,838
				406,168,240	409,742,838
Total			$	1,437,981,052	1,442,065,077

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

See accompanying independent auditors' report.

Schedule 7

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

Schedule of Depositories

December 31, 2013 and 2012

	2013				2012			
	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	$ 159,562,780	144,236,919			147,702,218	133,238,645		
Construction	79,127,692	79,843,673			57,968,858	64,448,386		
Maintenance reserve	4,276,254	4,276,254			919,638	1,286,570		
	242,966,726	228,356,846	278,346,626		206,590,714	198,973,601	259,835,097	
Bank of America:								
Revenue	9,079,601	11,631,466			14,686,258	20,415,193		
Construction	—	—			25,478	186,520		
	9,079,601	11,631,466	44,325,499		14,711,736	20,601,713	30,717,523	
Wells Fargo:								
Revenue	8,326,638	6,683,495			8,703,175	4,987,050		
Special project reserve	2,467,688	2,904,613			7,340,752	26,000		
General reserve	11,379,853	11,379,853			7,705,600	8,012,896		
	22,174,179	20,967,961	16,170,724	(1)	23,749,527	13,025,946	19,700,033	(1)
Bank of New York Mellon:								
Revenue	1,413,300	164,307			866,285	277,159		
	1,413,300	164,307	129,181	(2)	866,285	277,159	256,463	(2)
TD Bank, NA:								
Revenue	250,109	439,473			250,527	377,955		
	250,109	439,473	1,504,980		250,527	377,955	1,499,370	
Total Subject to Pledged Securities	275,883,915	261,560,053	$ 340,477,010		246,168,789	233,256,374	$ 312,008,486	
Bank of New York Mellon – Trust:								
Construction:	887,587	887,587			310,969	310,969		
General reserve	89,583	89,583			52,376	52,376		
Charges	58,433	56,720			58,349	63,144		
Debt service	817,636	2,062,948			5,153,101	5,742,227		
	1,853,239	3,096,838 (3)			5,574,795	6,168,716 (3)		
Toll Collection and Other Imprest Funds:								
Revenue	336,346	—			320,946	—		
	336,346 (4)	—			320,946 (4)	—		
Total Subject to Bond Resolution	278,073,500	264,656,891			252,064,530	239,425,090		
TD Bank, NA:								
Garden State Arts Center Foundation	698,521	706,521			670,735	679,455		
	698,521	706,521			670,735	679,455		
Northfield Bank:								
Garden State Arts Center Foundation	266,397	266,397			—	—		
	266,397	266,397			—	—		
	$ 279,038,418	265,629,809			$ 252,735,265	240,104,545		

(1) Revenue deposits; invested next business day.
(2) Also covered by FDIC insurance of $250,000.
(3) Funds held by Trustee are exempt from collateral requirements.
(4) Cash on hand, not at bank.

See accompanying independent auditors' report.

Schedule 8

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

Schedule of Cost of Investment in Facilities

December 31, 2013
(With comparative financial information for the year ended December 31, 2012)

	Completed construction funds	2008/2009 Bond anticipation note	Ten year capital program	Maintenance reserve	Special project reserve	General reserve	2013 Total	2012 Total
Land	$ 663,199,914	2,599,049	101,524,657	—	117,707	8,128,386	775,569,713	758,866,562
Buildings and sound barriers	438,222,583	19,762,780	30,684,106	—	11,858,273	26,370,738	526,898,480	519,573,277
Road surface	431,950,967	43,307,384	199,172,664	103,505,560	1,493,075	12,353,932	791,783,582	690,241,690
Road bed	2,489,765,620	56,174,038	113,279,737	—	—	1,945,946	2,661,165,341	2,574,555,705
Bridges	1,767,348,867	17,269,423	283,670,501	154,922,389	—	32,177,604	2,255,388,784	2,133,677,565
Equipment	515,778,639	47,172,022	155,190,912	—	61,428,757	85,765,561	865,335,891	793,450,965
Construction-in-progress	166,165,866	55,810,859	3,594,921,605	—	19,258,616	3,618,953	3,839,775,899	2,857,780,714
Cost of investment in facilities	6,472,432,456	242,095,555	4,478,444,182	258,427,949	94,156,428	170,361,120	11,715,917,690	10,328,146,478
Accumulated depreciation	(2,467,250,955)	(29,951,065)	(56,109,418)	(25,415,197)	(30,524,523)	(37,532,135)	(2,646,783,293)	(2,472,882,233)
Capital assets, net of accumulated depreciation	$ 4,005,181,501	212,144,490	4,422,334,764	233,012,752	63,631,905	132,828,985	9,069,134,397	7,855,264,245

Completed construction funds:	
Original turnpike extensions and additional lanes	$ 63,613,074
Revenues invested in facilities	42,706,856
1966 Turnpike Improvement	174,346,948
1971 Turnpike Improvement	23,108,145
1973 Improvement and Funding Program	29,150,598
1977 Turnpike System Revenue Bond Accounts	—
1984 Turnpike Revenue Bonds	—
Refunding of 1984 Bonds	—
1985-1990 Widening Project	341,690,819
Business Plan for the 90’s	798,937,466
Former NJHA Construction	567,636,315
2000 Construction Fund	1,416,535,251
2003 Construction Fund	16,526,937
2004 Construction Fund	444,271,342
2005 Construction Fund	86,657,750
2008 Acquisition Payment Fund	—
	$ 4,005,181,501

See accompanying independent auditors’ report.

Schedule 9A

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

Schedule of Bond Indebtedness

December 31, 2013

	Amount outstanding December 31, 2012	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, 2013
Turnpike revenue bonds:							
Series 1991C	$ 67,160,000	—	—	—	—	—	67,160,000
Series 2000A	17,275,000	—	(17,275,000)	—	—	—	—
Series 2000B-G	400,000,000	—	—	—	—	—	400,000,000
Series 2003B	498,475,000	—	(115,700,000)	—	—	—	382,775,000
Series 2003C	225,000,000	(225,000,000)	—	—	—	—	—
Series 2004B	148,512,160	—	—	—	7,747,551	—	156,259,711
Series 2004C-2	132,850,000	—	—	—	—	—	132,850,000
Series 2005A	409,180,000	—	—	—	—	—	409,180,000
Series 2005B	32,500,000	—	—	—	—	—	32,500,000
Series 2005C	95,880,000	(95,880,000)	—	—	—	—	—
Series 2005D1-D4	208,735,000	—	—	—	—	—	208,735,000
Series 2009A	92,500,000	—	—	—	—	—	92,500,000
Series 2009B	50,000,000	—	—	—	—	—	50,000,000
Series 2009E	300,000,000	—	—	—	—	—	300,000,000
Series 2009F	1,375,000,000	—	—	—	—	—	1,375,000,000
Series 2009G	34,770,000	—	—	—	—	—	34,770,000
Series 2009H	306,170,000	—	—	—	—	—	306,170,000
Series 2009I	178,005,000	—	—	—	—	—	178,005,000
Series 2010A	1,850,000,000	—	—	—	—	—	1,850,000,000
Series 2011A	225,000,000	(150,000,000)	—	—	—	—	75,000,000
Series 2011B	50,000,000	—	—	—	—	—	50,000,000
Series 2012A	141,255,000	—	—	—	—	—	141,255,000
Series 2012B	804,435,000	—	—	—	—	—	804,435,000
Series 2012C	71,000,000	(71,000,000)	—	—	—	—	—
Series 2012D	150,000,000	(150,000,000)	—	—	—	—	—
Series 2012E	150,000,000	(150,000,000)	—	—	—	—	—
Series 2012F	43,750,000	(43,750,000)	—	—	—	—	—
Series 2012G	43,750,000	—	—	—	—	—	43,750,000
Series 2013A	—	—	—	1,400,000,000	—	—	1,400,000,000
Series 2013B	—	—	—	100,000,000	—	—	100,000,000
Series 2013C	—	—	—	271,000,000	—	—	271,000,000
Series 2013D	—	—	—	225,000,000	—	—	225,000,000
Series 2013E	—	—	—	150,000,000	—	—	150,000,000
Series 2013F	—	—	—	90,880,000	—	—	90,880,000
Series 2013G	—	—	—	43,750,000	—	—	43,750,000
Premiums and discounts	271,872,211	—	—	145,240,751	—	—	417,112,962
	8,373,074,371	(885,630,000)	(132,975,000)	2,425,870,751	7,747,551	—	9,788,087,673
Less amortization	(76,491,986)	—	—	—	—	(25,588,940)	(102,080,926)
	$ 8,296,582,385	(885,630,000)	(132,975,000)	2,425,870,751	7,747,551	(25,588,940)	9,686,006,747

See accompanying independent auditors’ report.

Schedule 9B

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

Schedule of Refunded Bond and Note Indebtedness

December 31, 2013
(With comparative financial information as of December 31, 2012)

Note:

As of December 31, 2013 and 2012, refunded bond and note indebtedness which is still outstanding in fully collateralized escrow accounts is as follows:

Refunded series		Refunded amount	Matured/ redeemed	2013 outstanding	2012 outstanding
Turnpike system revenue bonds:					
First series, 6.00% (1977 refunding issue), Redemption January 1, 2014	$	202,415,000	—	202,415,000	202,415,000
First series, 5.70% (1973 issue), maturing May 1, 2013		210,000,000	(210,000,000)	—	210,000,000
Turnpike revenue bonds:					
Series 2001, Serial bonds 5.00% to 5.50%, Redemption January 1, 2013 through January 1, 2016		243,080,000	(156,270,000)	86,810,000	121,535,000
Turnpike Revenue Bonds:					
Series 1991C, 4.80% to 6.50%, Escrowed until January 1, 2016		1,162,185,000	(595,420,000)	566,765,000	616,765,000
Series 2000A, 4.80% to 6.00%, Redemption January 1, 2012 and January 1, 2014		1,051,520,000	(991,745,000)	59,775,000	107,775,000
Series 2003B (Federally Taxable) 1.15% to 3.14%, Redemption January 1, 2015		32,000,000	—	32,000,000	32,000,000
Series 2009E Turnpike Revenue Bonds, Redemption January 1, 2014		75,000,000	—	75,000,000	75,000,000
Series 2003A Turnpike Revenue Bonds, redemption July 1, 2013		788,815,000	(788,815,000)	—	788,815,000
Series 2003C1 Turnpike Revenue Bonds, redemption June 3, 2013		225,000,000	(225,000,000)	—	—
Series 2005C Turnpike Revenue Bonds, redemption January 1, 2015		95,880,000	—	95,880,000	—
Total	$	4,085,895,000	(2,967,250,000)	1,118,645,000	2,154,305,000

See accompanying independent auditors' report.

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

NEW JERSEY TURNPIKE

Schedule of Toll Revenue

Years ended December 31, 2013 and 2012

(Unaudited)

Class	Description	2013 Toll revenue	2013 Number of vehicles	2012 Toll revenue	2012 Number of vehicles
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 680,136,562	195,208,466	$ 675,675,862	194,507,978
2	Vehicles having two axles other than type described under Class 1	56,689,610	7,712,214	53,318,605	7,334,674
3	Vehicle (vehicles), single or in combination, having three axles	25,254,968	3,182,342	23,987,133	3,103,958
4	Vehicle (vehicles), single or in combination, having four axles	29,465,938	2,445,400	28,669,609	2,419,132
5	Vehicle (vehicles), single or in combination, having five axles	209,935,025	13,980,389	206,595,728	13,823,820
6	Vehicle (vehicles), single or in combination, having six or more axles	5,323,264	299,582	4,684,411	272,493
7	Buses having two axles	2,018,642	389,347	1,955,485	384,413
8	Buses having three axles	13,094,746	1,268,625	12,980,923	1,294,039
	Nonrevenue vehicles	—	1,504,124	—	1,437,341
		1,021,918,755	225,990,489	1,007,867,756	224,577,848
	Toll adjustments and discounts	(2,914,298)		(2,199,054)	
	Net violations*	(12,284,707)		(13,648,190)	
		$ 1,006,719,750		$ 992,020,512	

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

See accompanying independent auditors’ report.

Schedule 10B

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

GARDEN STATE PARKWAY

Schedule of Toll Revenue

Years ended December 31, 2013 and 2012

(Unaudited)

		2013		2012	
Class	**Description**	**Toll revenue**	**Number of vehicles**	**Toll revenue**	**Number of vehicles**
1	Passenger car, motorcycle, taxi or hearse, light truck	$ 397,245,757	363,863,483	$ 394,250,084	361,332,796
2	Vehicles having two axles other than type described under Class 1	2,241,070	1,084,740	2,354,974	1,003,678
3	Vehicle (vehicles), single or in combination, having three axles	2,850,998	1,083,455	2,998,354	995,125
4	Vehicle (vehicles), single or in combination, having four axles	2,715,925	736,150	2,797,239	666,441
5	Vehicle (vehicles), single or in combination, having five axles	2,261,072	536,632	2,543,099	531,302
6	Vehicle (vehicles), single or in combination, having six or more axles	220,707	25,595	110,150	18,789
7	Buses having two axles	2,570,092	610,796	1,402,150	599,598
8	Buses having three axles	2,473,110	976,286	2,543,809	1,009,114
	Nonrevenue vehicles	—	1,542,736	—	1,296,652
		412,578,731	370,459,873	408,999,859	367,453,495
	Toll adjustments and discounts	(319,989)		(521,468)	
	Net violations*	(5,215,182)		(6,840,418)	
		$ 407,043,560		$ 401,637,973	

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

See accompanying independent auditors’ report.