

# New Jersey Turnpike Authority



Quarterly Financial Analysis and  
Unaudited Financial Statements as of  
September 30, 2018 and 2017



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## Highlights

- On September 25, 2018, the Authority amended the 2018 Annual Budget to provide for the following: (1) an increase in the Revenue Budget of \$45 million primarily due to increases in traffic and revenue, (2) an increase in operating expense budget of \$32 million to cover the union contract settlements and to redirect the State Police presence on roadway patrolling from the construction projects, (3) a decrease in debt service budget of \$14 million due to savings from advance refunding completed in December 2017, and (4) an increase in the General Reserve Fund/Supplemental Capital Fund Budget of \$25 million to fund the design work to accelerate the construction work in the coming years. Overall, these changes will result in higher Net Revenue and a higher Debt service coverage ratio as compared to the original 2018 budget.
- On September 25, 2018, the Authority approved an amendment to the \$7 Billion Capital Improvement Program which was originally approved as a 10-year plan in October 2008. The Authority is in the 10<sup>th</sup> year of the program and several projects have been completed on schedule and on or under budget. This amendment extends the program by two years and plans to utilize \$16 million of available funds generated from the favorable bid pricing on additional design work. This design work will accelerate the construction award process of the next capital program, when approved.
- On September 25, 2018, the Authority approved the Memorandum of Agreement with five of the eight collective bargaining units. This agreement addresses across-the board salary increases, retro-active payments and an increase in the hourly minimum rate. Three of these five units have not had a wage increase in more than eight years and have been working without a contract for the same amount of time. The terms of the agreement are deemed fair to both employees and the Authority. The approval of these negotiations is a positive step toward progressing labor relations and future negotiations on work rules.
- As of July 26, 2018, Interchange 145 on the Garden State Parkway implemented one- way tolling in order to facilitate a series of capital improvements being made at the exit and on nearby roads and bridges. The one-way tolling at Interchange 145 has had minimal impact on toll revenue as a whole.



- Beginning September 24, 2018, “Exact Change” lanes on the Garden State Parkway began to be removed at all mainline barrier toll plazas. These are being replaced by “Full Service” lanes. The entry and exit ramp tolls on the Garden State Parkway will continue to provide “Exact Change” lanes. The shift to “Full Service” lanes at mainline barrier toll plazas was substantiated by the continued increase in the EZ-Pass user base as well as the results of a recent study which showed that less than 5% of drivers use the exact change lanes; non-EZ-pass drivers more frequently used the “Full Service” lanes. In addition, the coin machines were nearing their useful lives.
- The Thomas Edison Service Area on the Turnpike and the Monmouth Service Area on the Parkway were both closed as of September 3, 2018 and will remain closed through Memorial Day of 2019. These are the first two service areas out of the 14 service areas and 21 fuel service facilities that are to be replaced or refurbished on the Parkway and Turnpike over the next seven years as part of the HMS Host and Sunoco contracts.

- The NJTA was awarded the 2018 Project of the Year Award from the North Jersey Branch of the ASCE for the Parkway Interchange 163 Project. The \$70 million Interchange 163 Project scope consisted of the construction of six new bridges, the rehabilitation of four bridges, re-profiling approximately one-half mile of roadways, installing new retaining walls, the relocation of major utilities and the construction of storm water management facilities. This project involved extensive teamwork and coordination with varying agencies, contractors, townships, local businesses and residents. The success of the project is attributed to the seamless partnering and dedication of all involved.
- The Authority's net position increased by \$208,735, or 16.7%, from \$1,248,013 as of December 31, 2017, to \$1,456,748 as of September 30, 2018. The increase in net position can be attributed to the Authority's higher operating revenue in the nine months of 2018.
- Operating revenue in Q3 2018 is \$472,386, which is \$7,717, or 1.7%, more than Q3 2017 primarily because of higher toll revenue on both the roadways due to normal growth, stable economic conditions and favorable summer weather in 2018.
- As compared with Q3 2017, toll revenue on the Turnpike increased by 1.39%, with a minor increase in traffic. On the Parkway, toll revenue increased by 1.19%, while toll transactions decreased by 1.72% compared to Q3 2017. Parkway transactions decreased due to the implementation of one-way-tolling at Interchange 145 during 2018.

## Condensed Summary of Net Position

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Assets:		
Current assets	\$ 1,763,904	1,839,772
Other noncurrent assets	616,767	759,208
Capital assets, net of accumulated depreciation	11,976,733	11,841,066
Total assets	<u>14,357,404</u>	<u>14,440,046</u>
Deferred outflows:		
Deferred amount on refunding	260,514	281,059
Deferred amount relating to pension	110,377	110,378
Total deferred outflows	<u>\$ 370,891</u>	<u>391,437</u>
Liabilities:		
Current liabilities	\$ 772,563	899,866
Noncurrent liabilities	12,367,469	12,578,049
Total liabilities	<u>13,140,032</u>	<u>13,477,915</u>
Deferred inflows:		
Accumulated increase in fair value of hedging derivatives	32,248	6,288
Deferred amount relating to pension	99,267	99,267
Total deferred inflows	<u>\$ 131,515</u>	<u>105,555</u>
Net investment in capital assets	\$ 1,560,587	1,379,079
Restricted under trust agreements	174,838	242,544
Unrestricted	(278,677)	(373,610)
Total net position	<u>\$ 1,456,748</u>	<u>1,248,013</u>

### Discussion of Condensed Summary of Net Position as of September 30, 2018

The Authority's total net position is reported at \$1,456,748 and \$1,248,013 as of September 30, 2018, and December 31, 2017, respectively. This represents an increase of \$208,735, or 16.7%, compared to December 31, 2017. The major factor causing this increase was higher operating revenue for the nine months ended September 30, 2018. Other noncurrent assets decreased by \$142,441, or 18.8%, as compared to December 31, 2017 primarily due to a decrease in restricted investments. Capital assets increased by \$ 135,667, or 1.1%, as compared to December 31, 2017 mainly due to the continued spending on the ongoing \$7 Billion Capital Improvement Program (CIP). The decrease of \$127,303 or 14.1% in the current liabilities as September 30, 2018 includes accrued interest payable on outstanding bonds only for only three months. Noncurrent liabilities decreased by \$210,580 or 1.7%, primarily due to a \$233, 567, or 2%, decrease in bonds payable from principle payments made on January 1, 2018.

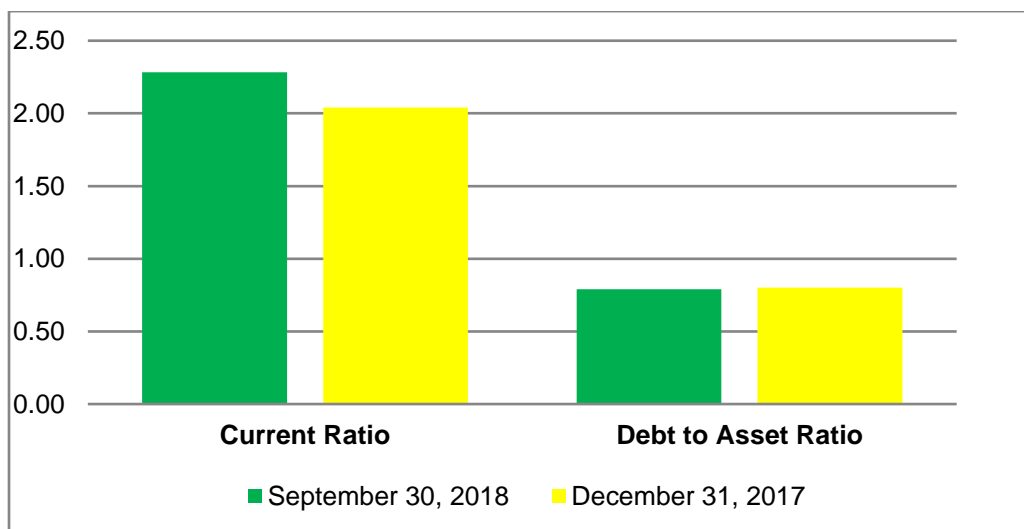
### Adjusted net position

	September 30, 2018	December 31, 2017
<b>Net position as per GAAP Financials</b>	\$ 1,456,748	1,248,013
Unfunded non cash adjustment:		
Other postemployment benefit liability	436,721	402,773
Interest rate swap liabilities	-	20,914
Net pension liability	438,493	438,493
Accounts payable and accrued expenses	15,447	16,847
Other long-term obligations	49,255	49,255
Hybrid instrument borrowing	135,405	143,046
Accumulated increase in fair value of hedging	32,248	6,288
Deferred inflow amount relating to pensions	99,267	99,267
Deferred amount on refunding	(260,514)	(281,059)
Deferred amount relating to pensions	(110,377)	(110,378)
Interest rate swap assets	(8,863)	-
Capital assets, net of accumulated depreciation	(13,672)	(13,673)
Total non cash adjustments	\$ 813,410	771,773
Garden State Arts Foundation	(885)	(719)
<b>Net Position as per Bond Resolution</b>	\$ 2,269,273	2,019,067

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

## Net Position Ratio Analysis – GAAP Basis

Ratio	Sept 30, 2018	Dec 31, 2017	Explanation
<b>Current Ratio</b>	2.28	2.04	The current ratio is calculated as the Authority's current assets divided by current liabilities. A strong current ratio is over 1.0, and indicates an organization's ability to meet their short-term obligations. The Authority's ratio has improved over the nine-month period of 2018.
<b>Debt to Asset Ratio</b>	0.79	0.80	The debt to assets ratio is calculated by dividing total debt by total assets. The debt to asset ratio remained unchanged over the period, as the Authority uses debt solely to finance the acquisition of its capital assets.

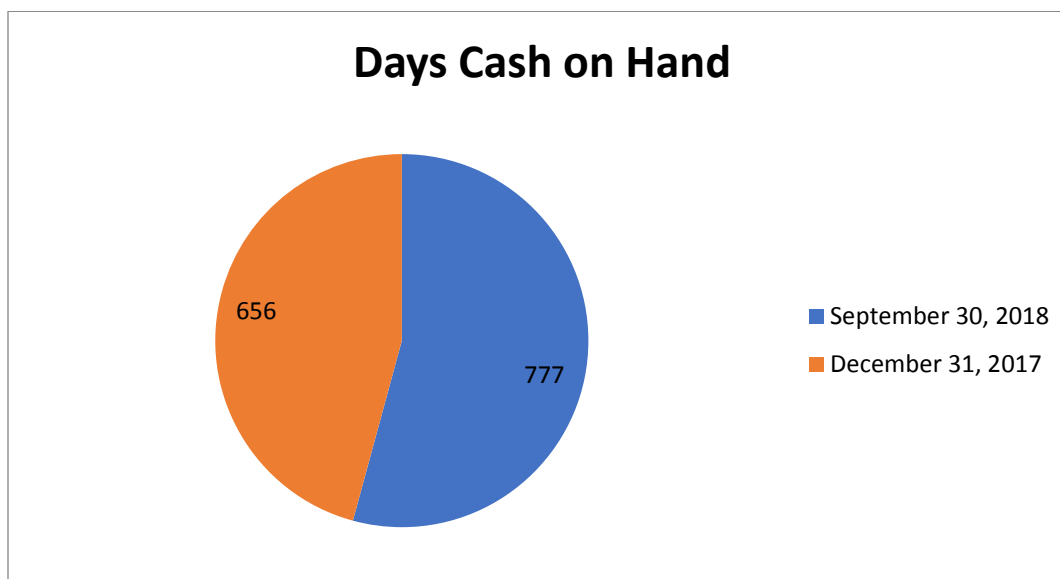




## Key Performance Metric - Net Position

**Days Cash on Hand** – Days cash on hand is calculated by combining unrestricted cash and unrestricted investments and then dividing by daily operating expenses (taken from the Revenue Fund). This calculation shows how long (in days), the Authority would be able to pay its operating expenses without the generation of revenue. As a result, a larger number of days cash on hand is desirable. As shown in the graph, the days cash on hand has increased for the period ended September 30, 2018 as compared to the period ended December 31, 2017 due to an increase in unrestricted investments and marginal reduction in daily operating expenses as of September 30, 2018. Based on this calculation, the Authority could go 777 days without generating any revenue and still pay its operating expenses.

		<u>Sept 30, 2018</u>	<u>Dec 31, 2017</u>
Unrestricted Cash & Investments	\$	1,028,048	913,459
Daily Operating Expenses (Revenue Fund)	\$	1,323	1,392
Days Cash on Hand		777	656



## Capital Improvement Program (CIP)

- The Authority is nearing the conclusion of a \$7 Billion CIP that included large scale projects such as widening stretches of both the Turnpike and Parkway and smaller projects that improve interchanges, rehabilitate bridges, and deploy new technologies. The \$7 Billion CIP continues on budget with some scheduling changes. Certain projects are completed or are on target to be completed ahead of schedule and under budget. The Newark Bay Hudson County Extension project is expected to go beyond its original completion date due to location and scheduling conflicts. This work could not be started until the New Jersey State Department of Transportation (NJDOT) completed their Pulaski Skyway project. The Pulaski Skyway reopened on July 2, 2018. At the tenth year, the Authority has spent or committed 96%, or \$6,696,923 of its original \$7 billion budget with minimal impact to traffic.
- On September 25, 2018 the \$7 Billion Capital Improvement Plan was amended to extend the end date by two years, until December 31, 2020. This amendment is due to scheduling issues as well as the addition of multiple projects because of savings achieved from favorable pricing on several completed projects and the prudent control of change orders and settlement claims. This has allowed the Authority to add new work without any additional financial impact. In addition, the amendment approved an added \$16 million of design work for new projects while maintaining the original \$7 billion budget.
- Bond proceeds are deposited in the Construction Fund to support the \$7 Billion CIP. Total expenditures in the Construction Fund for the nine months ended September 30, 2018 were approximately \$207,977. Expenses included approximately \$46,251 for the NBHCE Bridge Redecking, approximately \$37,947 for the Facilities Improvements Phase I Project, approximately \$32,758 for the Great Egg Harbor and Drag Channel Project, approximately \$19,059 for the Widening of GSP Interchange 35 – Interchange 63 Project, and approximately \$16,351 for the Parkway Interchange 125 Phase I project. In addition to these expenditures, there are committed expenses totaling approximately \$392,984.
- As a part of the \$7 Billion CIP the Authority has taken great measures to increase mobility and reduce commuting times on both the Parkway and Turnpike. One of the main projects that was successfully completed and open to the public in late 2014 was the widening between Interchanges 6 and 9 on the Turnpike. In addition, through multiple phases, the Parkway completed a widening of its roadway from milepost 35 to 80. The Authority has also undertaken additional projects beyond the Turnpike and the Parkway widenings to improve the safety and mobility of traffic on both roadways such as Bridge and Interchange Improvements. Since the program began, the Authority has expanded and rejuvenated major bridges on both the roadways and more than a dozen interchanges have been re-built, expanded or improved to provide better access to and from both roadways.



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

Project	Current Budget	Amount Spent or Committed to Date	Percent Spent & Committed to Date
Turnpike Widening (Interchange 6-9)	\$ 2,194,149	2,134,133	97%
Bridge Improvements	1,636,762	1,503,552	92%
Roadway Improvements	817,533	793,458	97%
Interchange Improvements	1,101,431	1,033,810	94%
Facilities Improvements	660,125	658,774	99%
Parkway Widening (Milepost 35-80)	590,000	573,196	97%
	<b>\$ 7,000,000</b>	<b>6,696,923</b>	<b>96%</b>

**Turnpike Widening:** The Turnpike Interchanges 6 to 9 Widening Program, which was completed on schedule and under budget, was opened to traffic in November 2014. The Turnpike widening provides three additional travel lanes in each direction between Interchanges 6 and 8A, and one additional lane in each direction between Interchanges 8A and 9. At present the project close out is in progress.

**Bridge Improvements:** Bridge improvements in the CIP include re-decking, seismic retrofitting, security measures, cleaning and repainting of structural steel, substructure repairs and other improvements to the 16 major Turnpike and Parkway bridges and other high-priority structures. The CIP includes approximately \$1,636,762 for bridge improvements. In Q3 2018, the major projects include the Delaware River Turnpike Bridge and the Newark Bay Hudson County Extension on the Turnpike, and the Great Egg Harbor and the Drag Channel on the Parkway.



**Roadway Improvements:** Roadway improvements totaling approximately \$817,533 are also included in the \$7 Billion CIP. This includes widening and strengthening roadway shoulders, replacing deteriorated guide rail, improving drainage, repairing median barriers, installing variable message signs, replacing weathered and outdated guide signs, and making other investments to improve the safety and operation of the Turnpike and Parkway. The guide sign replacement project on the Turnpike was substantially completed in 2017 and the Authority continues to work on the culvert rehabilitation on the Parkway. The Median Barrier Phase II replacement project has been added to Roadway Improvement projects as the result of lower than expected costs on other projects and the prudent control of change orders and settlement claims.

**Interchange Improvements:** The \$7 Billion CIP also includes approximately \$1,101,431 for Interchange Improvements on both roadways. There are several major projects on which design or construction will continue in 2018. These projects include Interchange 14A on the Turnpike and Interchanges 9, 10, 11, 28, 36, 37, 41, 91, 105, and 125 on the Parkway. Turnpike Interchange 14A was completed in the summer of 2018. The improvement project at Parkway Interchange 163 was completed in 2018.

**Facilities Improvements:** The \$7 Billion CIP includes approximately \$660,125 for facilities improvements. In total, the Authority will build 42 new structures and rehabilitate 18 existing structures. Projects include the replacement of four State Police Troop D stations, the rehabilitation of 16 maintenance districts, minor improvements at all Turnpike toll plaza buildings, and construction of a total of 12 salt storage facilities on both roadways. The Facilities Improvement Program is near its completion and will be completed in 2019. To date, 12 maintenance district facilities, 3 State Police Stations, a Central Services

facility, 12 salt sheds, and all Turnpike Toll repairs have been completed. In addition, 1 maintenance district and 1 State Police Station are scheduled for completion in 2018.

***Garden State Parkway Widening:*** The Parkway widening project will add a 3rd travel lane and full-width shoulders between Mileposts 35 and 80 and will be completed as follows:

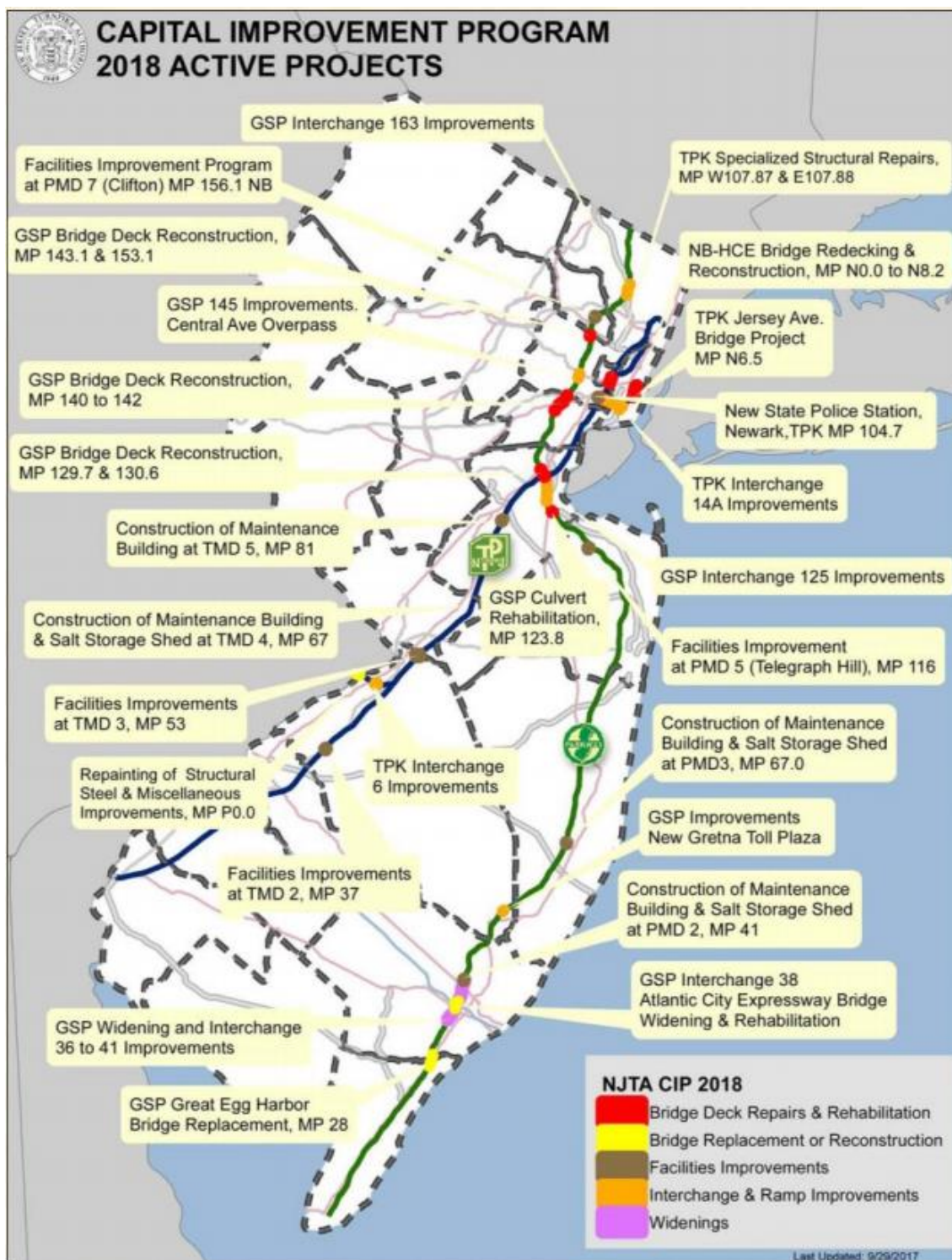
Phase I – Mileposts 63 to 80 – Construction completed and open to motorists in 2011.

Phase II – Mileposts 48 to 63 –The widening between Mileposts 52 and 63 was opened in the spring of 2014, with the remaining widening of this section to Milepost 48 opened in 2015.

Phase III – Mileposts 35 to 48 –The widening between Mileposts 41 and 48 was completed in late 2016 and between Mileposts 35 and 41 in the fall of 2018.

Total budgeted costs for the Parkway 35-80 Widening Program are approximately \$690,000; however, \$100,000 of those costs were financed from the proceeds of bond anticipation notes prior to the issuance of the first Series of Bonds for the Capital Improvement Program.







## Capital Assets

	<u>Sept 30, 2018</u>	<u>Dec 31, 2017</u>
Land	\$ 832,460	832,460
Construction-in-progress	1,925,863	1,561,960
Roadways	4,048,014	4,143,232
Bridges	3,753,085	3,829,827
Buildings	546,962	559,488
Equipment	870,349	914,099
Total capital assets, net of accumulated depreciation	<u>\$ 11,976,733</u>	<u>11,841,066</u>

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

- The Authority's capital assets as of September 30, 2018 were \$15,981,426 with an accumulated depreciation of \$4,004,692 for a net book value of \$11,976,733. This represents 83.4% of the Authority's total assets.
- Capital assets, net of accumulated depreciation, are reported at \$11,976,733 as of September 30, 2018 and \$11,841,066 as of December 31, 2017. This represents an increase of \$135,667, or 1.1%, in the current year as compared to December 31, 2017. The prime reason for this increase is the continued spending on the Authority's \$7 Billion CIP. Major projects include Bridge Improvements, Facilities Improvements Phase I, Interchange Improvements, and the Parkway Widening Phase 3 (milepost 35 to 48).



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

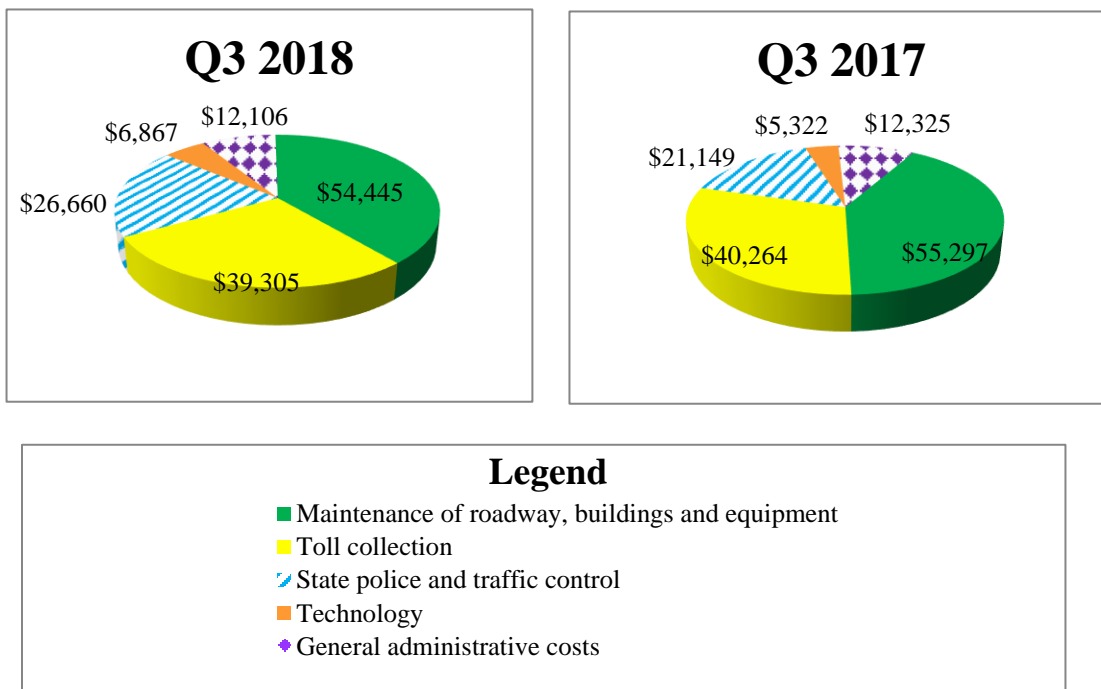
For the quarters and nine months ended September 30, 2018 and 2017

	Q3 2018	Q3 2017	YTD Sept 30, 2018	YTD Sept 30, 2017
Operating revenues:				
Toll revenue	\$ 434,513	428,792	1,207,994	1,187,495
E-Zpass fees	23,667	17,215	62,521	47,121
Concession revenue	9,931	12,107	28,816	30,317
Miscellaneous revenue	4,275	6,555	16,533	13,421
Total operating revenues	472,386	464,669	1,315,864	1,278,354
Operating expenses, excluding depreciation	(139,383)	(134,357)	(444,822)	(409,403)
Net operating revenue	333,003	330,312	871,042	868,951
Depreciation expense	(78,173)	(75,777)	(234,421)	(227,240)
Operating income	254,830	254,535	636,621	641,711
Nonoperating revenues (expenses):				
Nonoperating revenues	29,640	25,708	82,930	67,983
Nonoperating expenses	(176,137)	(170,037)	(510,817)	(485,953)
Total nonoperating revenues (expenses), net	(146,497)	(144,329)	(427,887)	(417,970)
Change in net position, before capital contributions	108,333	110,206	208,734	223,741
Capital Contributions	-	2,926	-	12,470
Change in Net Position	108,333	113,132	208,734	236,211
Net position – Beginning of period	1,348,415	1,041,390	1,248,014	918,311
Net position – End of period	\$ 1,456,748	1,154,522	1,456,748	1,154,522

### Discussion of Condensed Summary of Revenue, Expenses and Changes in Net Position for the quarters ended September 30, 2018 and 2017

- Net position increased by \$108,333 for the quarter ended September 30, 2018 as compared to an increase of \$113,132 quarter ended September 30, 2017. Q3 2018 resulted in a slightly lower change in net position primarily due to higher interest expense, and the absence of capital contributions in 2018.
- Operating revenues totaled \$472,386 for the quarter ended September 30, 2018, representing an increase of \$7,717 or 1.7% from \$464,669 for quarter ended September 30, 2017. The primary reason for this increase is higher toll revenue and E-ZPass fees. This increase is offset by reduction in concession and miscellaneous revenue in Q3, 2018 as compared to Q3 2017.
- E-Z Pass fees totaled \$23,667 for the quarter ended September 30, 2018, representing an increase of \$6,452, or 37.5% from \$ 17,215 from the quarter ended September 30, 2017 due to higher membership fees, administrative fees and interest income earned on prepaid account balances and tag deposits.
- Concession revenue decreased by \$2,176, or 17.9%, in Q3 2018 compared to Q3 2017. The main reason for this decrease is less revenue received from gas and convenience store sales on both the roadways in Q3 2018.
- Miscellaneous revenue decreased by \$2,280 or 34.8% to \$4,275 in Q3 2018 from \$6,555 in Q3 2017. This was due to a one-time out of court LIBOR settlement received by the Authority from Barclays Capital Inc. in Q3 2017.

**Operating Expense Breakdown (not including depreciation)**



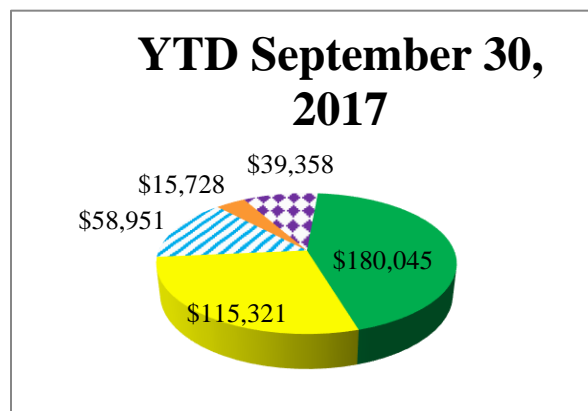
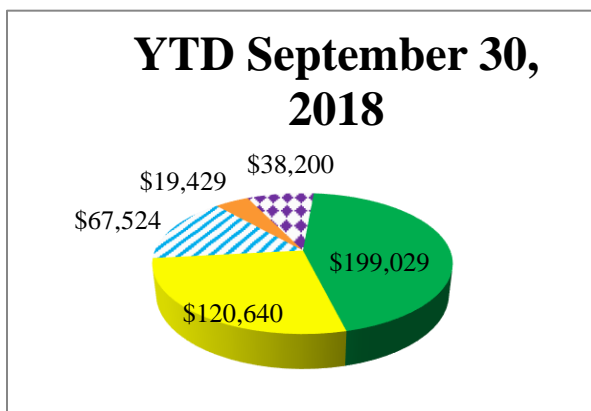
- Operating expenses, excluding depreciation, totaled \$139,383 for the quarter ended September 30, 2018, representing an increase of \$5,026 from \$134,357 for the quarter ended September 30, 2017. The primary reason for this increase is higher state police costs and higher technology expenses in Q3 2018.
- Maintenance expenses decreased in Q3 2018 by \$852 to \$54,445 from \$55,297 in Q3 2017. Toll collection expense went down in Q3 2018 by \$959 as compared to Q3 2017 due to one-time credits received from the vendor for failure to meet performance standards. There is a minor decrease in the general administrative expenses in Q3 2018 of \$219 as compared to Q3 2017.
- State police expenses increased by \$5,511 or 26% to \$26,660 in Q3 2018 from \$21,149 in Q3 2017 due to more troopers and a decrease in the state police costs charged to capital projects as the Authority has determined that the state police are spending a higher percentage of their time on patrolling the roadway as opposed to providing maintenance and protection of traffic through construction zones this year.
- Technology costs have increased in Q3 2018 by \$1,545 as compared to Q3 2017 due to higher software and equipment maintenance costs and computer hardware expenses in 2018.
- Net non-operating expenses increased by \$2,168 to \$146,497 in Q3 2018 as compared to \$144,329 in Q3 2017 predominantly due to the higher interest expense. The higher interest expense was partially offset by higher Investment income and lower contractual payments to the State of New Jersey.
- Interest expense increased in Q3 2018 by \$26,541 or 24% as compared to Q3 2017. The primary reason for this increase is lower capitalization of interest expenses to construction projects.

- Investment income has increased by \$6,411 in Q3 2018 from \$3,081 in Q3 2017 to \$9,492. Increase in investment income is due to higher short-term interest rates on investments in Q3 2018 as compared to the same period of last year.
- Payments to the State of New Jersey declined by \$19,000 in Q3 2018 as compared to Q3 2017 due to the contractual reduction in the payments as per the State Transportation Projects Funding Agreement and the Feeder Road Maintenance and Cost Sharing Agreement.

**Discussion of Condensed Summary of Revenue, Expenses and Changes in Net Position for the nine months ended September 30, 2018 and 2017**

- Net position increased by \$208,734 as of September 30, 2018 as compared to an increase of \$236,211 as of September 30, 2017. The increase in net position was slightly lower in 2018 due primarily to higher depreciation and interest expense for the nine months ended September 30, 2018 as compared to the nine months ended on September 30, 2017, and the absence of capital contributions in 2018.
- Operating revenues totaled \$1,315,864 for the nine months ended September 30, 2018, representing an increase of \$37,510 from \$1,278,354 for the nine months ended September 30, 2017. The principal source of this increase is higher toll revenue and E-Z Pass fees in 2018. The increases in toll revenue on both the roadways are due to favorable weather, stable economic conditions and normal growth in 2018. Higher membership fees due to the continued increase in E-Z Pass usage on both the roadways and the higher administrative fees collected from the toll violators contributed to increase the E-Z Pass fees in 2018.
- Operating expenses, excluding depreciation, totaled \$444,822 for the nine months ended September 30, 2018, representing an increase of \$35,419 or 8.7% from \$409,403 for the nine months ended September 30, 2017. The primary reason for higher operating expenses is an increase in snow removal expenses in 2018 due to three major winter storms in the beginning of 2018. Toll collection, State Police and technology expenses increased by \$5,319, \$8,573 and \$3,701 respectively for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017. The increase in toll collection expenses is due to higher costs payable to the NJ E-Z Pass CSC contractor and higher credit card fees both due to increased volumes. State Police costs increased due to an increase in trooper compensation and benefits, as well as decrease in the state police costs charged to capital projects as the Authority has determined that the State Police are spending a higher percentage of their time on patrolling the roadway as opposed to providing maintenance and protection of traffic through construction zones. Technology expenses are higher due to an increase in software and equipment maintenance costs and computer hardware expenses in 2018 as compared to the similar period of 2017.





## Legend

- |   |                   |
|---|-------------------|
| ■ Maintenance of roadway, buildings and equipment | ■ Toll collection |
| ▨ State police and traffic control                | ■ Technology      |
| ▨ General administrative costs                    |                   |

- Non-operating expenses are higher by \$9,917 for the nine months ended on September 30, 2018 with a total of \$427,887 as compared to \$417,970 for the nine months ended September 30, 2017. The primary reason for this increase is higher interest expense in 2018 as compared to 2017 primarily due to less interest capitalized, as well as a full nine months of interest expense in 2018 from the Series 2017A Bonds issued in April 2017. Interest expense for the nine months ended on September 30, 2018 is \$356,556 which is \$48,572 higher than the interest expense of \$307,984 for the same period of 2017. The significant increase in the interest expense in 2018 is due to lower capitalization of interest expense to projects. This increase is offset by a contractual reduction in the payments to the State of New Jersey and higher investment income in 2018 due to better short-term interest rates. The payments to the State of New Jersey went down by \$ 20,500 in 2018 as compared to 2017 as per the new State Transportation Projects Funding agreement dated June 28, 2016.

## Adjusted Revenue, Expenses and Changes in Net Position

	Q3 2018	Q3 2017	YTD Sept 30, 2018	YTD Sept 30, 2017
<b>Change in Net Position as per GAAP Financials</b>	\$ 108,333	113,132	208,734	236,211
Unfunded non cash adjustments:				
Total operating expenses - GAAP adjustments	10,716	2,645	32,550	3,922
Interest expense, Turnpike Revenue Bonds	3,512	(29,505)	(45,013)	(109,088)
Investment income (loss)	-	2,612	3,169	10,021
Interfund transfers	2,074	28,103	50,932	85,490
Total Non Cash Adjustment	\$ 16,302	3,855	41,638	(9,655)
Garden State Arts Foundation	91	(313)	(166)	57
<b>Change in net position as per Bond Resolution</b>	\$ 124,726	116,674	250,206	226,613
Add other Non cash expenses				
Depreciation	78,173	75,777	234,421	227,239
Amortization	(13,016)	(12,185)	(39,048)	(33,373)
<b>Change in Net Position - Non GAAP</b>	189,883	180,266	445,579	420,479

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

## Toll Revenue Schedules

**New Jersey Turnpike**  
**Schedule of Toll Revenue**  
**For the Quarters Ended September 30, 2018 and 2017**  
(all amounts in thousands)

Class	Description	Q3 2018		Q3 2017	
		Toll revenue	Number of vehicles (unaudited)	Toll revenue	Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 223,220	60,538	218,602	60,513
2	Vehicles having two axles other than type described under Class 1	16,914	2,341	16,906	2,240
3	Vehicle (vehicles), single or in combination, having three axles	7,578	984	7,604	921
4	Vehicle (vehicles), single or in combination, having four axles	9,164	778	9,230	739
5	Vehicle (vehicles), single or in combination, having five axles	58,781	4,043	59,391	3,877
6	Vehicle (vehicles), single or in combination, having six or more axles	2,869	145	1,978	105
7	Buses having two axles	648	127	627	117
8	Buses having three axles	3,466	348	3,748	348
	Nonrevenue vehicles	—	381	—	390
		322,640	69,685	318,086	69,250
	Nonrevenue vehicles		(381)	—	(390)
	Toll Adjustments and Discounts	(1,195)		(1,933)	—
	Net Violations	(8,156)		(7,155)	—
		<u>\$ 313,289</u>	<u>69,304</u>	<u>308,998</u>	<u>68,860</u>

**New Jersey Turnpike**  
**Schedule of Toll Revenue**  
**For the Nine Months Ended September 30, 2018 and 2017**  
(all amounts in thousands)

Class	Description	YTD September 30, 2018		YTD September 30, 2017	
		Toll revenue	Number of vehicles (unaudited)	Toll revenue	Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 617,656	172,111	596,889	170,261
2	Vehicles having two axles other than type described under Class 1	47,772	6,682	48,105	6,455
3	Vehicle (vehicles), single or in combination, having three axles	22,991	2,880	21,792	2,658
4	Vehicle (vehicles), single or in combination, having four axles	26,273	2,237	26,419	2,119
5	Vehicle (vehicles), single or in combination, having five axles	171,696	11,866	174,813	11,413
6	Vehicle (vehicles), single or in combination, having six or more axles	9,054	450	5,564	297
7	Buses having two axles	1,717	343	1,763	335
8	Buses having three axles	9,698	975	10,519	971
	Nonrevenue vehicles	—	1,176	—	1,168
		906,857	198,720	885,864	195,677
	Nonrevenue vehicles		(1,176)	—	(1,168)
	Toll Adjustments and Discounts	(3,253)		(5,277)	—
	Net Violations	(23,634)		(18,199)	—
		<u>\$ 879,970</u>	<u>197,544</u>	<u>862,388</u>	<u>194,509</u>

**Garden State Parkway  
Schedule of Toll Revenue  
For the Quarters ended September 30, 2018 and 2017**  
(all amounts in thousands)

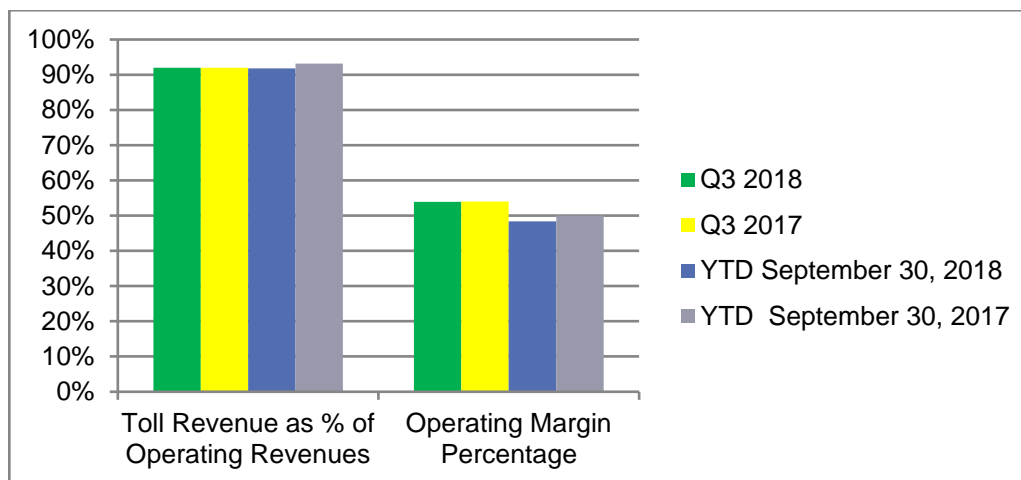
Class	Description	Q3 2018		Q3 2017	
		Toll revenue	Number of vehicles (unaudited)	Toll revenue	Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 118,102	105,149	117,432	107,014
2	Vehicles having two axles other than type described under Class 1	636	274	528	225
3	Vehicle (vehicles), single or in combination, having three axles	987	312	1,062	349
4	Vehicle (vehicles), single or in combination, having four axles	1,182	265	1,174	269
5	Vehicle (vehicles), single or in combination, having five axles	749	156	737	155
6	Vehicle (vehicles), single or in combination, having six or more axles	27	5	28	5
7	Buses having two axles	435	156	424	156
8	Buses having three axles	684	247	702	253
	Nonrevenue vehicles	—	384	—	378
		122,802	106,948	122,087	108,804
	Nonrevenue vehicles	—	(384)	—	(378)
	Toll Adjustments and Discounts	(90)	—	(147)	—
	Net Violations	(1,488)	—	(2,146)	—
		<u>\$ 121,224</u>	<u>106,564</u>	<u>119,794</u>	<u>108,426</u>

**Garden State Parkway  
Schedule of Toll Revenue  
For the Nine Months Ended September 30, 2018 and 2017**  
(all amounts in thousands)

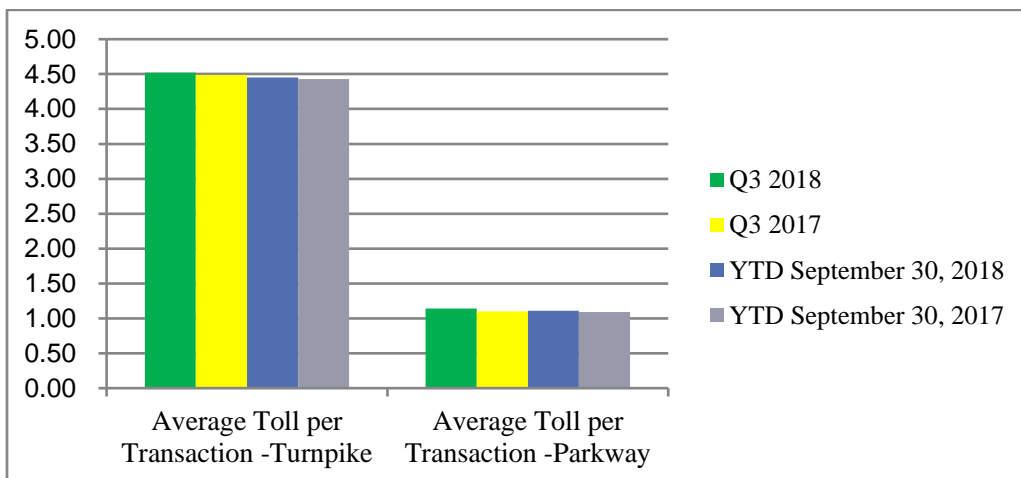
Class	Description	YTD September 30, 2018		YTD September 30, 2017	
		Toll revenue	Number of vehicles (unaudited)	Toll revenue	Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 320,277	292,455	318,636	293,357
2	Vehicles having two axles other than type described under Class 1	1,686	731	1,468	628
3	Vehicle (vehicles), single or in combination, having three axles	2,602	849	2,676	882
4	Vehicle (vehicles), single or in combination, having four axles	3,042	703	2,929	677
5	Vehicle (vehicles), single or in combination, having five axles	2,163	451	2,107	442
6	Vehicle (vehicles), single or in combination, having six or more axles	92	15	95	16
7	Buses having two axles	1,378	536	1,299	505
8	Buses having three axles	1,901	712	1,933	723
	Nonrevenue vehicles	—	1,188	—	1,149
		333,141	297,640	331,143	298,379
	Nonrevenue vehicles	—	(1,188)	—	(1,149)
	Toll Adjustments and Discounts	(257)	—	(403)	—
	Net Violations	(4,860)	—	(5,633)	—
		<u>\$ 328,024</u>	<u>296,452</u>	<u>325,107</u>	<u>297,230</u>

## Revenue and Expense Ratio Analysis – GAAP Basis

Ratio	Q3 2018	Q3 2017	YTD September 30, 2018	YTD September 30, 2017	Explanation
<b><i>Toll Revenue as % of Operating Revenue</i></b>	92%	92%	92%	93%	Toll revenue as percentage of operating revenue is calculated by dividing toll revenue by operating revenue. This ratio has been consistent in 2017 and 2018. This ratio indicates that almost all of the Authority's revenue is earned from toll collection.
<b><i>Operating Margin Ratio Percentage</i></b>	54%	54%	48%	50%	The operating margin ratio percentage is calculated by taking operating income before interest and dividing by total operating revenue. The percentages have remained consistent in Q3 2018 when compared to Q3 2017. There is a slight decrease in this ratio for the nine months ending September 30, 2018 due to relatively higher operating expenses.



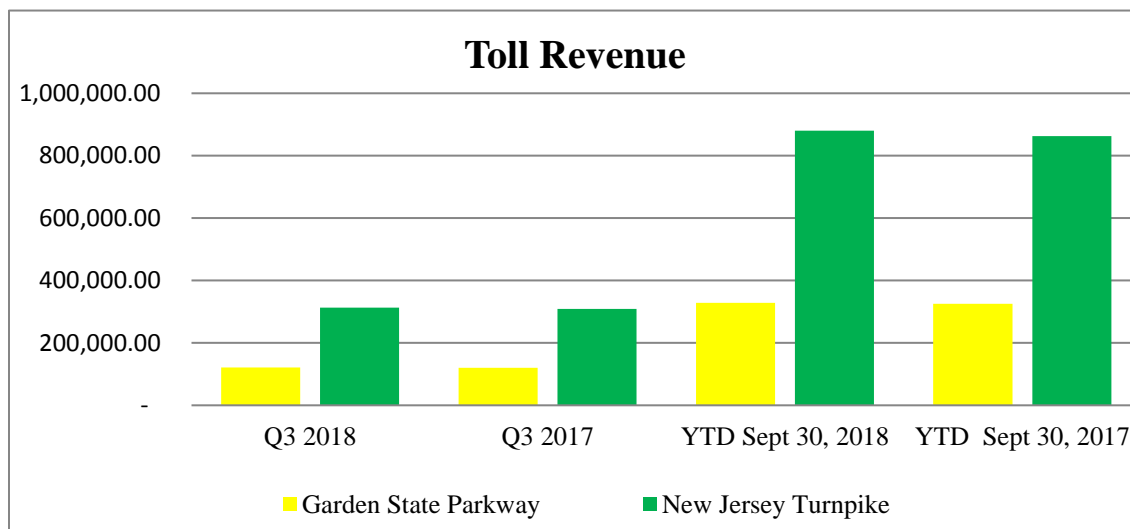
Ratio	Q3 2018	Q3 2017	YTD September 30, 2018	YTD September 30, 2017	Explanation
<b><i>Average Toll per Transaction - Turnpike</i></b>	4.52	4.49	4.45	4.43	Average toll per transaction is calculated by dividing toll revenue by the number of toll transactions. The average toll per transaction has increased in Q3 2018 as compared to Q3 2017. Increase in the average toll revenue indicates an increase in the trip length in summer months. Average toll has remained consistent year over year.
<b><i>Average Toll per Transaction - Parkway</i></b>	1.14	1.10	1.11	1.09	The average toll per transaction has increased in Q3 2018 as compared to Q3 2017. Increase in the average toll revenue indicates an increase in the trip length in summer months. Average toll has remained fairly consistent year over year.



## Key Performance Metrics - Revenue and Expenses

**Toll Revenue** – Toll revenue has marginally increased in Q3 2018 from Q3 2017 by 1.33% for the Authority. The increase in toll revenue on the Turnpike in Q3 2018 from Q3 2017 is 1.39% and on the Parkway is 1.19%. The overall increase in the toll revenue on both the roadways can be attributed to favorable weather, stable economic conditions and normal growth.

	New Jersey		Garden State
	Turnpike	Parkway	Total
Q3 2018	\$ 313,289	121,224	434,513
Q3 2017	\$ 308,998	119,794	428,792
% change from Q3 2017 to Q3 2018	1.39%	1.19%	1.33%
YTD Sept 30, 2018	\$ 879,970	328,024	1,207,994
YTD Sept 30, 2017	\$ 862,388	325,107	1,187,495
% change from September 2017 to September 2018	2.04%	0.90%	1.73%

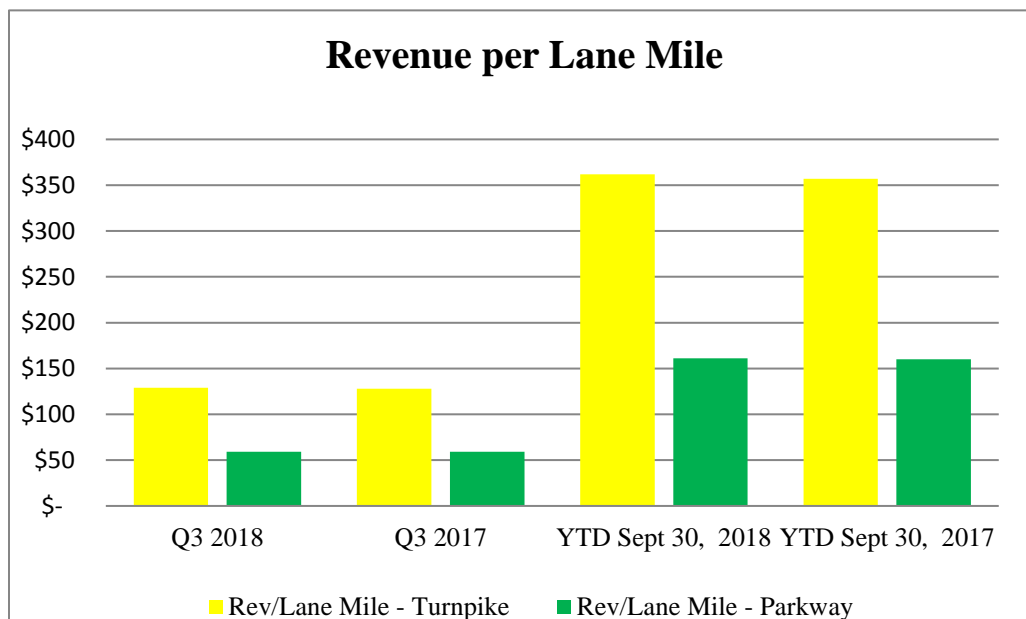




**Revenue per Lane Mile** – Revenue per lane mile has increased in Q3 2018 from Q3 2017 on the Turnpike and Parkway due to increase in lanes miles in 2018. Overall, toll revenue has increased on both the roadways for Q3 2018 as well as for the nine months ended on September 30, 2018. (See Toll Revenue discussion on page 12).

	<u>Q3 2018</u>	<u>Q3 2017</u>	<u>YTD Sept 30, 2018</u>	<u>YTD Sept 30, 2017</u>
Toll Revenue - Turnpike	\$ 313,289	308,998	879,970	862,388
Toll Revenue - Parkway	<u>121,224</u>	<u>119,794</u>	<u>328,027</u>	<u>325,107</u>
Total Toll Revenue	\$ 434,513	428,792	1,207,997	1,187,495
Lane Miles (actual) - Turnpike	2,428	2,418	2,428	2,418
Lane Miles (actual) - Parkway	<u>2,038</u>	<u>2,028</u>	<u>2,038</u>	<u>2,028</u>
Total Lane Miles (actual)	4,466	4,446	4,466	4,446
Revenue per Lane Mile - Turnpike	\$ 129	128	362	357
Revenue per Lane Mile - Parkway	\$ 59	59	161	160
Revenue per Lane Mile - Authority	\$ 97	96	270	267

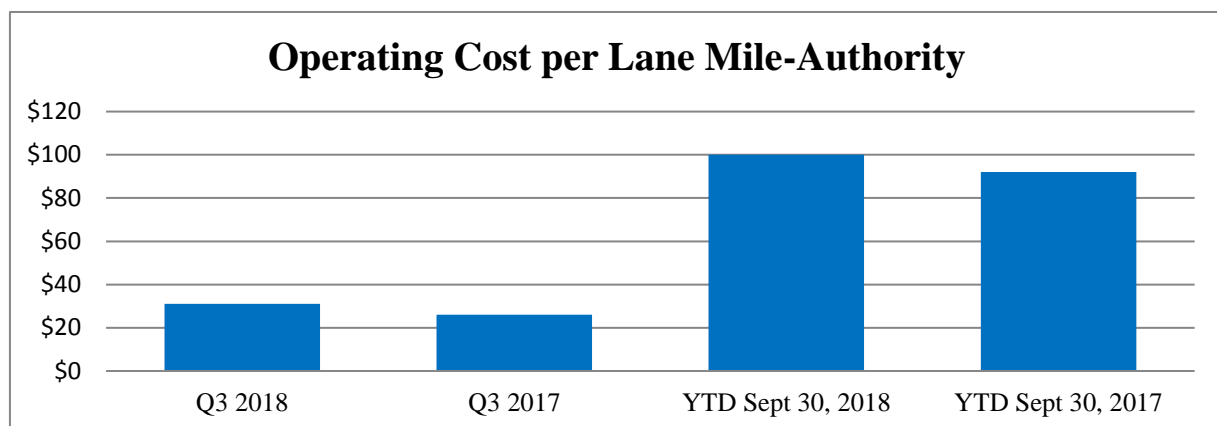
\*2018 lane miles include Toll plaza lane miles.



**Operating Cost per Lane Mile** – Operating expenses shown below include Maintenance, Toll collection, State police and traffic control, Technology and General and administrative expenses but excludes depreciation. From Q3 2017 to Q3 2018, operating cost per lane mile increased with the increase in operating expenses in Q3 2018.

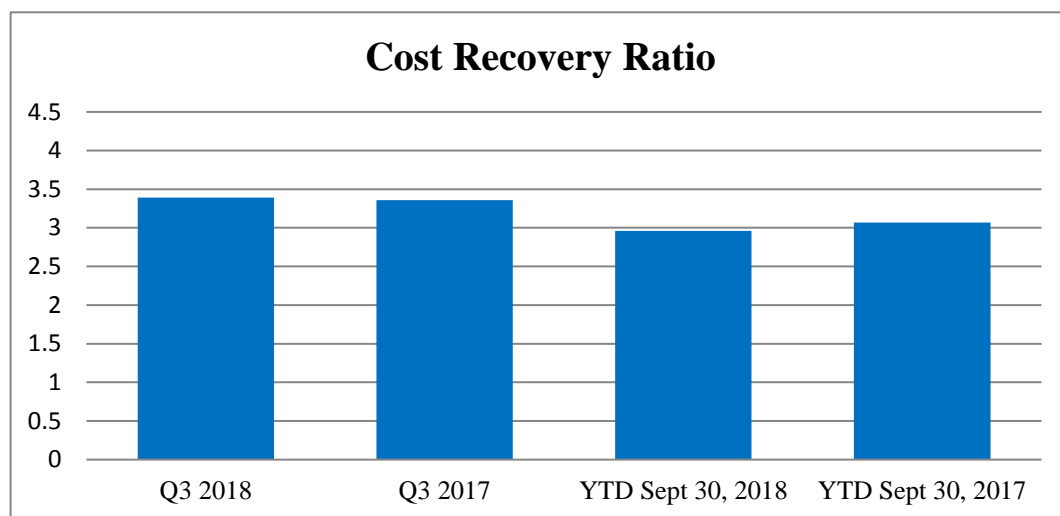
	<u>Q3 2018</u>	<u>Q3 2017</u>	<u>Sept 30, 2018</u>	<u>Sept 30, 2017</u>
Total operating expenses	\$ 139,383	134,357	444,822	409,403
Lane Miles (actual) - Turnpike	2,428	2,418	2,428	2,418
Lane Miles (actual) - Parkway	2,038	2,028	2,038	2,028
Total Lane Miles	\$ 4,466	4,446	4,466	4,446
Operating cost Excluding Depreciation/Lane Mile - Authority	\$ 31	30	100	92

\* 2018 lane miles include Toll plaza lane miles.



**Cost Recovery** – The cost recovery ratio is calculated by dividing operating revenues by operating expenses. Therefore, a ratio 1.0 or above is a positive sign as it indicates operating expenses are being fully recouped by operating revenues. The cost recovery ratio was about 3.39 in Q3 2018 and 3.46 in Q3 2017, which is a strong indicator of the Authority's ability to meet its operating expenses with its operating revenues. This ratio is consistent for the nine months period in 2018 as well as 2017.

		<u>Q3 2018</u>	<u>Q3 2017</u>	<u>YTD Sept 30, 2018</u>	<u>YTD Sept 30, 2017</u>
Operating Revenue	\$	472,386	464,669	1,315,864	1,278,354
Operating Expenses (excluding depreciation)	\$	139,383	134,357	444,822	409,403
Cost Recovery		3.39	3.46	2.96	3.12



## 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 total requirement coverage of 1.2x. The Authority will also manage its cash flow and total expenditure levels such that it maintains average unrestricted cash balance in the General Reserve Fund equal to at least:

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

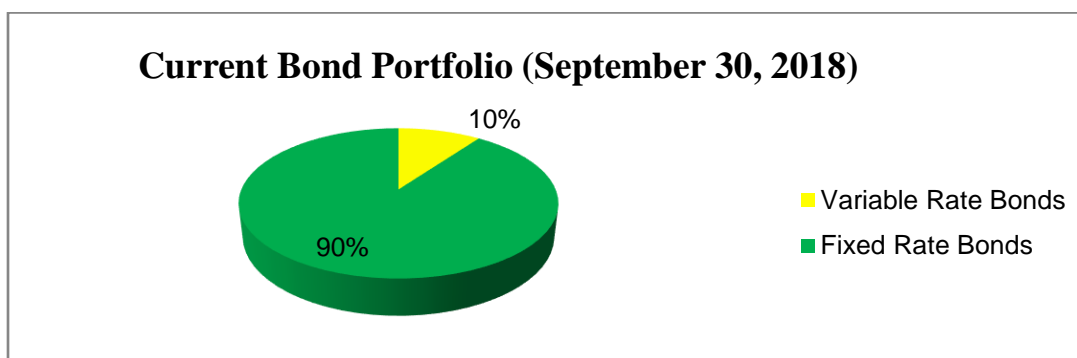
The Guidelines are implemented at the discretion of the Authority and are not a legal covenant with the Bondholders. Such Guidelines can be changed or eliminated at any time at the discretion of the Authority. As specified in the Guidelines, the Authority also adopted an Investment Rate Swap Management Plan in April 2013, an Investment Policy in September 2013, and a Debt Management Policy in January 2014. The Interest Rate Swap Management Plan was amended in November 2015 to clarify the procurement provisions of the plan based upon current market practices. These documents may be found on the Authority’s website at <http://www.njta.com/investor-relations/about-investor-relations>.

## Debt Administration

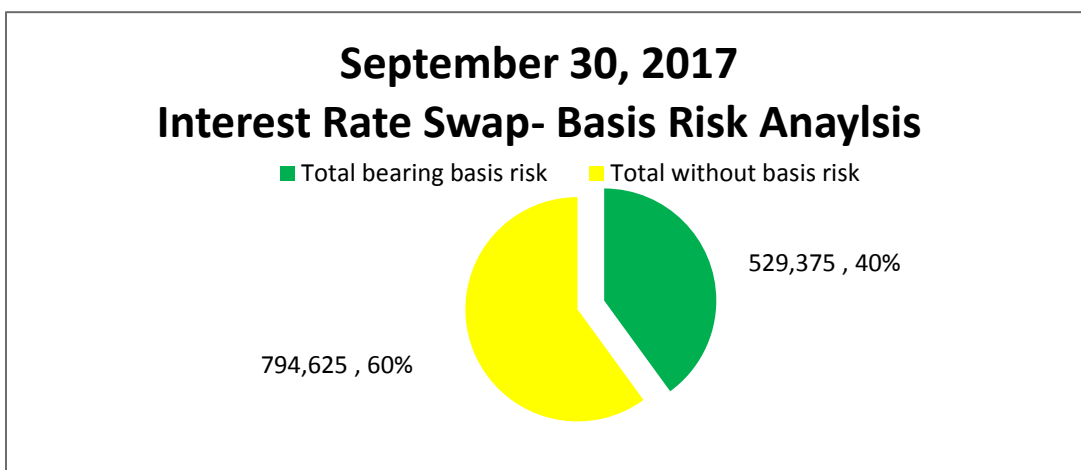
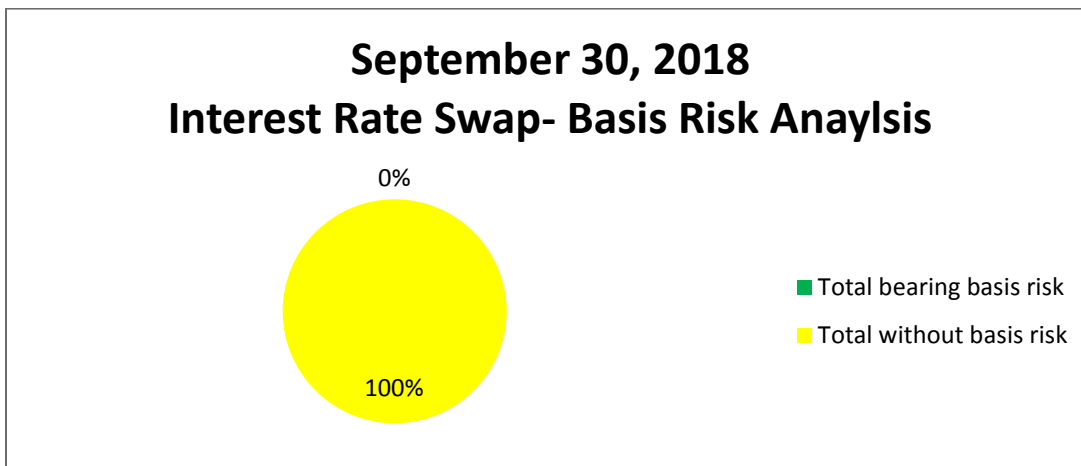
The issuance of new bonds is conducted in accordance with the New Jersey Turnpike Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented and the Turnpike Revenue Bond Resolution adopted on August 20, 1991, as amended, restated and supplemented. The issuance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

### Debt Portfolio

The Authority’s bond portfolio as of September 30, 2018 is comprised of 90% of fixed rate bonds and only 10% of variable rate bonds. These percentages are within the Authority’s Guidelines which limit variable rate bonds to 20% of total bonds outstanding.



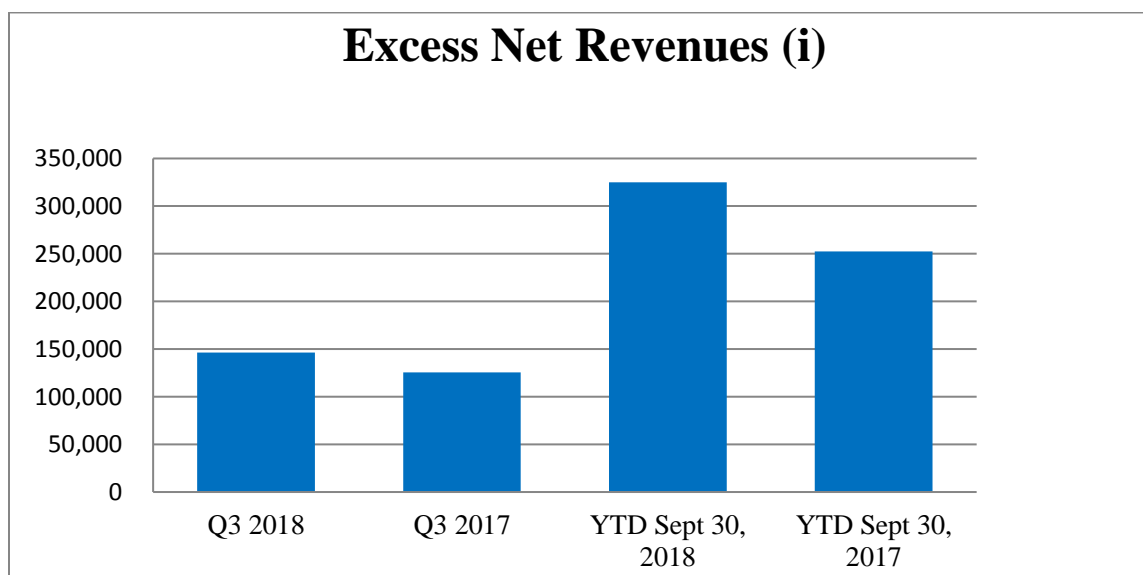
The Authority has successfully eliminated the basis risk on its interest rate swap portfolio. From September 30, 2017 to September 30, 2018 the variable rate bonds bearing basis risk was reduced from 40% to 0%.

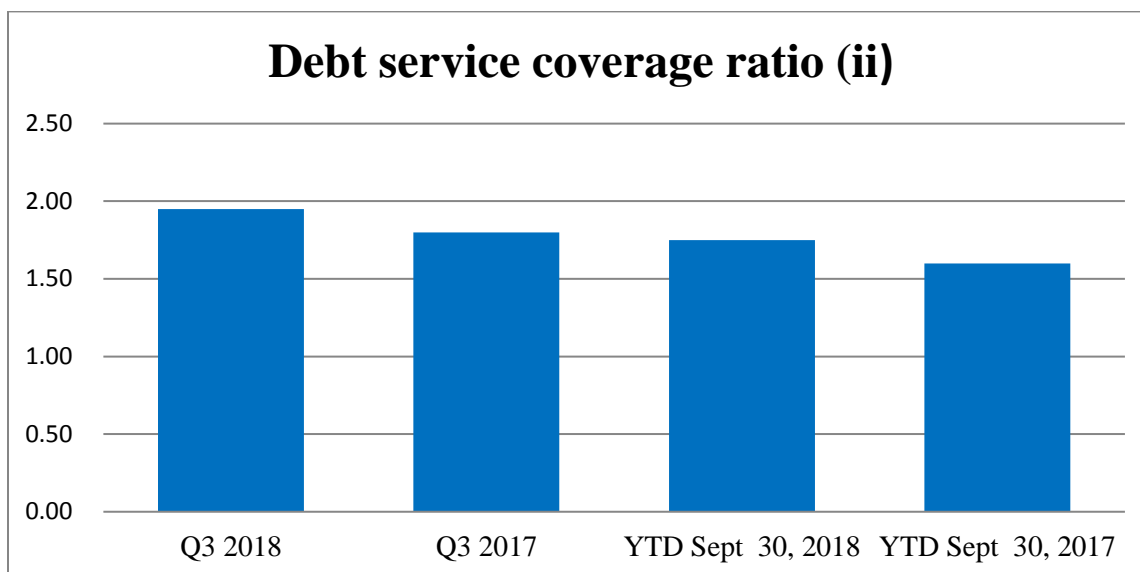


### Debt Service Coverage

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

		<u>Q3 2018</u>	<u>Q3 2017</u>	<u>YTD Sept 30, 2018</u>	<u>YTD Sept 30, 2017</u>
(i)					
	Net revenue available for debt service	\$ 383,473	371,991	1,035,856	984,108
	Less net revenue requirements (the sum of aggregate debt service, maintenance reserve, special project reserve and charges funds payments)	(237,043)	(246,302)	(711,028)	(731,754)
	Excess net revenues	<u>\$ 146,430</u>	<u>125,689</u>	<u>324,828</u>	<u>252,354</u>
(ii)					
	Net revenue available for debt service	\$ 383,473	371,991	1,035,856	984,108
	Less net revenue requirements computed under test (120% of aggregate debt service requirements)	(236,578)	(248,584)	(709,614)	(737,160)
	Excess net revenues	<u>\$ 146,895</u>	<u>123,407</u>	<u>326,242</u>	<u>246,948</u>
	Net revenue available for debt service	<u>\$ 383,473</u>	<u>371,991</u>	<u>1,035,856</u>	<u>984,108</u>
	Debt service requirements	<u>\$ 197,148</u>	<u>207,154</u>	<u>591,345</u>	<u>614,300</u>
	Debt service coverage ratio	1.95	1.80	1.75	1.60



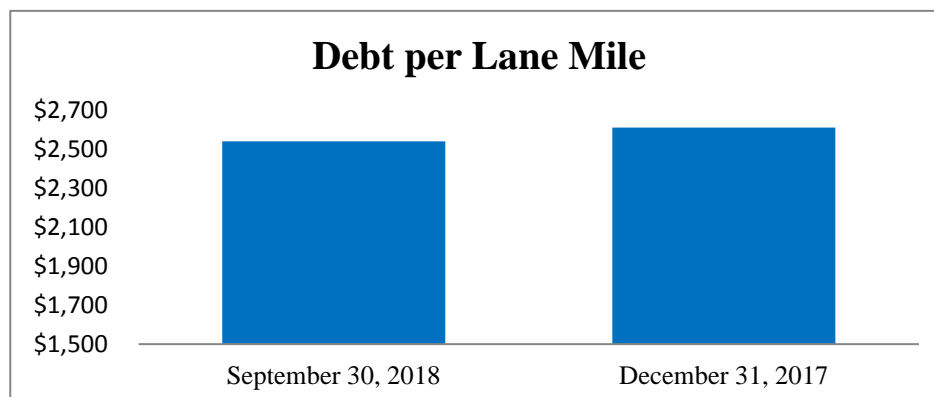


The Debt service coverage ratio has increased in Q3 2018 as compared to Q3 2017 due to an increase in the operating revenue and reduction in the debt service requirements in 2018. The debt service coverage ratio for the nine months ended September 30, 2018 also increased as compared to the nine months ended September 30, 2017 due to an increase in excess net revenue and lower debt service requirement in 2018.

**Debt per Lane Mile** – Debt per lane mile decreased by \$71 to \$2,541 for the nine months ended September 30, 2018 as compared to \$2,612 as of December 31, 2017 due to a reduction in Bond Indebtedness after the principle payments on the Series 2013A, B and C Turnpike Revenue Bonds were made on January 1, 2018.

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Bond indebtedness, net	\$ 11,346,980	11,610,729
Lane Miles (actual) – Turnpike	2,428	2,418
Lane Miles (actual) – Parkway	2,038	2,028
Total Lane Miles (actual)	<u>4,466</u>	<u>4,446</u>
Debt per Lane Mile – Authority	\$ 2,541	2,612

\* 2018 lane miles include Toll plaza lane miles.





## **Contacting Authority's Financial Management**

The purpose of this narrative and the attached exhibits was to assist the readers in obtaining a general overview of the Authority's business and finances. If you should have any questions about this report or need clarification on its contents, please contact the Chief Financial Officer of the New Jersey Turnpike Authority, P.O. Box 5042, Woodbridge, New Jersey 07095-5042 or via email at [info@turnpike.state.nj.us](mailto:info@turnpike.state.nj.us).

UNAUDITED

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

Statements of Net Position  
September 30, 2018 and 2017  
(in thousands)

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Current assets:		
Cash	\$ 138,589	173,709
Restricted cash	27,978	57,930
Investments	889,459	717,239
Restricted investments	529,195	445,983
Receivables, net of allowance	99,436	113,594
Inventory	31,043	22,528
Due from State of New Jersey	2,028	2,316
Deposits	30,380	30,203
Prepaid expenses	15,796	10,400
Total current assets	1,763,904	1,573,902
Noncurrent assets:		
Restricted investments	607,904	918,282
Interest rate swap assets	8,863	-
Capital assets, net of accumulated depreciation	11,976,733	11,753,936
Total noncurrent assets	12,593,500	12,672,218
Total assets	\$ 14,357,404	14,246,120
<b>Deferred Outflows</b>		
Deferred outflows:		
Deferred amount on refunding and derivative instruments	260,514	161,321
Deferred amount relating to pensions	110,377	156,574
Total deferred outflows	\$ 370,891	317,895
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 138,418	149,684
Funds held in trust	240,393	246,332
Due to State of New Jersey	2,889	2,865
Accrued interest payable	138,705	139,267
Unearned revenue	31,637	37,528
Current portion of bonds payable	201,025	218,475
Current portion of hybrid instrument borrowing	13,547	24,724
Current portion of other long-term liabilities	5,949	6,206
Total current liabilities	772,563	825,081
Noncurrent liabilities:		
Bonds payable, net	11,145,955	11,354,118
Hybrid instrument borrowing	121,858	43,032
Other long-term liabilities	121,867	110,389
Other postemployment benefits liability	539,296	475,819
Interest rate swap liabilities	-	25,749
Net pension liability	438,493	561,453
Total noncurrent liabilities	12,367,469	12,570,560
Total liabilities	\$ 13,140,032	13,395,641
<b>Deferred Inflows</b>		
Deferred inflows:		
Accumulated increase in fair value of hedging derivatives	32,248	1,779
Deferred amount relating to pensions	99,267	12,073
Total deferred inflows	\$ 131,515	13,852
<b>Net Position</b>		
Net position:		
Net investment in capital assets	\$ 1,560,587	1,299,877
Restricted under trust agreements	174,838	187,939
Unrestricted	(278,677)	(333,294)
Total net position	\$ 1,456,748	1,154,522

UNAUDITED

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

Statements of Revenues, Expenses, and Changes in Net Position

For the nine months ended September 30, 2018 and 2017

(in thousands)

	<b>2018</b>	<b>2017</b>
Operating revenues:		
Toll revenue	\$ 1,207,994	1,187,495
E-ZPass fees	62,521	47,121
Concession revenue	28,816	30,317
Miscellaneous revenue	16,533	13,421
Total operating revenues	<u>1,315,864</u>	<u>1,278,354</u>
Operating expenses:		
Maintenance of roadway, buildings and equipment	199,029	180,045
Toll collection	120,640	115,321
State police and traffic control	67,524	58,951
Technology	19,429	15,728
General administrative costs	38,200	39,358
Depreciation	234,421	227,240
Total operating expenses	<u>679,243</u>	<u>636,643</u>
Operating income	<u>636,621</u>	<u>641,711</u>
Nonoperating revenues (expenses):		
Build America Bonds subsidy	57,288	57,084
Federal and State reimbursements	35	2,765
Payments to the State of New Jersey	(154,250)	(174,750)
Interest expense, Turnpike Revenue Bonds	(356,556)	(307,984)
Other bond expenses	(11)	(3,219)
Loss on disposal of capital assets	-	-
Investment income (loss)	22,320	4,847
Arts Center	3,287	3,287
Total nonoperating revenues (expenses), net	<u>(427,887)</u>	<u>(417,970)</u>
Income/ (Loss) before capital contributions	208,734	223,741
Capital contributions	-	12,470
Net position – January 1	<u>1,248,014</u>	<u>918,311</u>
Net position – September 30	\$ <u><u>1,456,748</u></u>	<u><u>1,154,522</u></u>

UNAUDITED

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

Statements of Cash Flows

For the nine months ended September 30, 2018 and 2017

(in thousands)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers and other operating activities	\$ 1,316,693	1,283,068
Payments to suppliers	(219,827)	(231,293)
Payments to employees	(111,583)	(117,457)
Payments for self insured health benefit claims	(63,662)	(67,901)
Net cash provided by operating activities	<u>921,621</u>	<u>866,417</u>
Cash flows from noncapital financing activities:		
Receipts from Federal and State reimbursements	6,526	204
Payments to State of New Jersey	(154,250)	(174,750)
Proceeds from Arts Center	3,287	3,287
Net cash used in noncapital financing activities	<u>(144,437)</u>	<u>(171,259)</u>
Cash flows from capital and related financing activities:		
Proceeds acquired from new capital debt	-	1,391,017
Purchases and sales of capital assets	(345,692)	(438,940)
Principal paid on capital debt	(218,475)	(197,740)
Refunded capital debt	-	(701,930)
Proceeds from Build America Bonds subsidy	38,301	38,138
Interest paid on capital debt	(549,742)	(579,227)
Payments for bond expenses	(11)	(3,220)
Proceeds from Capital Contributions	-	12,470
Net cash provided by capital and related financing activities	<u>(1,075,619)</u>	<u>(479,432)</u>
Cash flows from investing activities:		
Purchases of investments	(7,701,526)	(8,363,147)
Sales and maturities of investments	7,898,667	8,047,962
Interest received	24,659	11,460
Net cash used in investing activities	<u>221,800</u>	<u>(303,725)</u>
Net increase in cash	<u>(76,635)</u>	<u>(87,999)</u>
Cash and restricted cash – January 1	<u>243,202</u>	<u>319,638</u>
Cash and restricted cash – September 30	\$ <u>166,567</u>	\$ <u>231,639</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 636,621	641,711
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	234,421	227,239
Changes in assets and liabilities:		
Receivables	(18,415)	(20,219)
Inventory	(7,968)	165
Prepaid expenses	(6,885)	(5,761)
Accounts payable and accrued expenses	(12,082)	(17,330)
Unearned revenue	16,318	7,063
Other liabilities	34,411	(9,721)
Other postemployment benefit liability	45,200	43,273
Net pension liability	-	-
Deferred outflows of resources related to pension	-	-
Deferred inflows of resources related to pension	-	-
Pollution remediation liability	-	(3)
Net cash provided by operating activities	\$ <u>921,621</u>	\$ <u>866,417</u>

**NEW JERSEY TURNPIKE AUTHORITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Net Position - Reconciliation of Bond Resolution to GAAP  
September 30, 2018  
(With comparative financial information as of September 30, 2017)  
(in thousands)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP adjustments	Total 2018 GAAP Financials	Total 2017 GAAP Financials
<b>Assets</b>													
Current assets:													
Cash	\$ 115,518	-	4,074	3,978	14,134	-	-	-	137,704	885	-	138,589	173,709
Restricted Cash	-	27,823	-	-	-	-	132	23	27,978	-	-	27,978	57,930
Investments	352,232	-	81,267	80,727	375,233	-	-	-	889,459	-	-	889,459	717,239
Restricted investments	-	-	-	-	-	-	291,150	238,045	529,195	-	-	529,195	445,983
Receivables, net of allowance	99,148	-	-	29	259	-	-	-	99,436	-	-	99,436	113,594
Inventory	31,043	-	-	-	-	-	-	-	31,043	-	-	31,043	22,528
Due from State of New Jersey	184	-	-	-	1,844	-	-	-	2,028	-	-	2,028	2,316
Deposits	2,603	3,708	-	-	24,069	-	-	-	30,380	-	-	30,380	30,203
Prepaid expenses	15,796	-	-	-	-	-	-	-	15,796	-	-	15,796	10,400
Interfund	(197,900)	(2,348)	209	32	205,354	-	(1,808)	(3,539)	-	-	-	-	-
Total current assets	418,624	29,183	85,550	84,766	620,893	-	289,474	234,529	1,763,019	885	-	1,763,904	1,573,902
Noncurrent assets:													
Restricted investments	-	243,887	-	-	-	-	-	364,017	607,904	-	-	607,904	918,282
Interest rate swaps assets	-	-	-	-	-	-	-	-	-	-	8,863	8,863	-
Capital assets, net of accumulated depreciation	-	11,168,691	473,644	93,901	226,825	-	-	-	11,963,061	-	13,672	11,976,733	11,753,936
Total noncurrent assets	-	11,412,578	473,644	93,901	226,825	-	-	364,017	12,570,965	-	22,535	12,593,500	12,672,218
Total assets	\$ 418,624	11,441,761	559,194	178,667	847,718	-	289,474	598,546	14,333,984	885	22,535	14,357,404	14,246,120
<b>Deferred Outflows</b>													
Deferred outflows:													
Accumulated decrease in fair value of hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred amount on refunding and derivative instruments	-	-	-	-	-	-	-	-	-	-	260,514	260,514	161,321
Deferred amount relating to pensions	-	-	-	-	-	-	-	-	-	-	110,377	110,377	156,574
Total deferred outflows	\$ -	-	-	-	-	-	-	-	-	-	370,891	370,891	317,895
<b>Liabilities</b>													
Current liabilities:													
Accounts payable and accrued expenses	\$ 71,944	29,945	10,051	4,648	6,383	-	-	-	122,971	-	15,447	138,418	149,684
Funds held in trust	210,712	22,274	1,895	1,550	3,962	-	-	-	240,393	-	-	240,393	246,332
Due to State of New Jersey	2,889	-	-	-	-	-	-	-	2,889	-	-	2,889	2,865
Accrued interest payable	-	-	-	-	-	-	138,705	-	138,705	-	-	138,705	139,267
Unearned revenue	24,501	-	-	-	7,136	-	-	-	31,637	-	-	31,637	37,528
Current portion of bonds payable	-	201,025	-	-	-	-	-	-	201,025	-	-	201,025	218,475
Current portion of hybrid instrument borrowing	-	-	-	-	-	-	-	-	-	-	13,547	13,547	24,724
Current portion of other long-term liabilities	3,573	-	-	-	8	-	-	-	3,581	-	2,368	5,949	6,206
Total current liabilities	313,619	253,244	11,946	6,198	17,489	-	138,705	-	741,201	-	31,362	772,563	825,081
Noncurrent liabilities:													
Bonds payable, net	-	11,145,955	-	-	-	-	-	-	11,145,955	-	-	11,145,955	11,354,118
Hybrid instrument borrowing	-	-	-	-	-	-	-	-	-	-	121,858	121,858	43,032
Other long-term obligations	47,910	-	-	-	27,070	-	-	-	74,980	-	46,887	121,867	110,389
Other postemployment benefit liability	-	-	-	-	102,575	-	-	-	102,575	-	436,721	539,296	475,819
Interest rate swaps liabilities	-	-	-	-	-	-	-	-	-	-	-	-	25,749
Net pension liability	-	-	-	-	-	-	-	-	-	-	438,493	438,493	561,453
Total noncurrent liabilities	47,910	11,145,955	-	-	129,645	-	-	-	11,323,510	-	1,043,959	12,367,469	12,570,560
Total liabilities	\$ 361,529	11,399,199	11,946	6,198	147,134	-	138,705	-	12,064,711	-	1,075,321	13,140,032	13,395,641
<b>Deferred Inflows</b>													
Deferred inflows:													
Accumulated increase in fair value of hedging derivatives	-	-	-	-	-	-	-	-	-	-	32,248	32,248	1,779
Deferred amount relating to pensions	-	-	-	-	-	-	-	-	-	-	99,267	99,267	12,073
Total deferred inflows	\$ -	-	-	-	-	-	-	-	-	-	131,515	131,515	13,852
<b>Net Position</b>													
Net position:													
Net investment in capital assets	\$ -	42,562	473,644	93,901	226,825	-	-	598,546	1,435,478	-	125,109	1,560,587	1,299,877
Restricted under trust agreements	-	-	-	-	24,069	-	150,769	-	174,838	-	-	174,838	187,939
Unrestricted	57,095	-	73,604	78,568	449,690	-	-	-	658,957	885	(938,519)	(278,677)	(333,294)
Total net position	\$ 57,095	42,562	547,248	172,469	700,584	-	150,769	598,546	2,269,273	885	(813,410)	1,456,748	1,154,522

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

For the nine months ended September 30, 2018  
(With comparative financial information for the nine months ended September 30, 2017)  
(in thousands)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP adjustments	Total 2018 GAAP Financials	Total 2017 GAAP Financials
Operating revenues:												
Toll revenue	\$ 1,207,994	-	-	-	-	-	-	1,207,994	-	-	1,207,994	1,187,495
E-Z Pass Fees	62,521	-	-	-	-	-	-	62,521	-	-	62,521	47,121
Concession revenue	28,816	-	-	-	-	-	-	28,816	-	-	28,816	30,317
Miscellaneous revenue	15,956	-	-	-	-	-	-	15,956	577	-	16,533	13,421
Total operating revenues	1,315,287	-	-	-	-	-	-	1,315,287	577	-	1,315,864	1,278,354
Operating expenses:												
Maintenance of roadway, buildings and equipment	142,755	-	-	8,930	31,330	-	-	183,015	-	16,014	199,029	180,045
Toll Collection	109,413	-	-	-	2,894	-	-	112,307	-	8,333	120,640	115,321
State Police and Traffic Control	64,893	-	-	470	696	-	-	66,059	-	1,465	67,524	58,951
Technology	14,704	-	-	1,128	928	-	-	16,760	-	2,669	19,429	15,728
General administrative costs	29,304	-	-	16	4,395	-	-	33,715	416	4,069	38,200	39,358
Depreciation	-	188,469	29,151	7,189	9,612	-	-	234,421	-	-	234,421	227,240
Total operating expenses	361,069	188,469	29,151	17,733	49,855	-	-	646,277	416	32,550	679,243	636,643
Operating income (loss)	954,218	(188,469)	(29,151)	(17,733)	(49,855)	-	-	669,010	161	(32,550)	636,621	641,711
Nonoperating revenues (expenses):												
Build America Bonds subsidy	57,288	-	-	-	-	-	-	57,288	-	-	57,288	57,084
Federal and State reimbursements	35	-	-	-	-	-	-	35	-	-	35	2,765
Payments to the State of New Jersey	-	-	-	-	(154,250)	-	-	(154,250)	-	-	(154,250)	(174,750)
Interest expense, Turnpike Revenue Bonds	-	39,007	-	-	-	(440,576)	-	(401,569)	-	45,013	(356,556)	(307,984)
Other bond expense	-	4	-	-	(15)	-	-	(11)	-	-	(11)	(3,219)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Investment income (loss)	2,340	4,740	1,168	1,175	4,963	2,817	8,281	25,484	5	(3,169)	22,320	4,847
Arts Center	3,287	-	-	-	-	-	-	3,287	-	-	3,287	3,287
Total nonoperating revenues (expenses), net	62,950	43,751	1,168	1,175	(149,302)	(437,759)	8,281	(469,736)	5	41,844	(427,887)	(417,970)
Income/ (Loss) before capital contributions	1,017,168	(144,718)	(27,983)	(16,558)	(199,157)	(437,759)	8,281	199,274	166	9,294	208,734	223,741
Capital contributions	-	-	-	-	-	-	-	-	-	-	-	12,470
Interfund transfers:	(1,012,949)	269,407	88,147	29,192	315,646	370,053	(8,564)	50,932	-	(50,932)	-	-
Net change in fund balance/change in net position	4,219	124,689	60,164	12,634	116,489	(67,706)	(283)	250,206	166	(41,638)	208,734	236,211
Net position (deficit) – January 1	52,876	(82,127)	487,084	159,835	584,095	218,475	598,829	2,019,067	719	(771,772)	1,248,014	918,311
Net position (deficit) – September 30	\$ 57,095	42,562	547,248	172,469	700,584	150,769	598,546	2,269,273	885	(813,410)	1,456,748	1,154,522

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

## Schedule of Cash Flows - Reconciliation of Bond Resolution to GAAP

For the nine months ended September 30, 2018

(With comparative financial information for the nine months ended September 30, 2017)  
(in thousands)

	Revenue	Construction	Maintenance reserve	Special project reserve	General reserve	Charges	Debt service	Debt reserve	Total bond resolution	Garden State Arts Foundation	GAAP adjustments	Total 2018 GAAP Financials	Total 2017 GAAP Financials
Cash flows from operating activities:													
Receipts from customers and other operating activities	\$ 1,316,008	-	-	-	-	-	-	-	1,316,008	685	-	1,316,693	1,283,068
Payments to suppliers	(182,787)	-	-	(10,586)	(26,022)	-	-	-	(219,395)	(432)	-	(219,827)	(231,293)
Payments to employees	(111,583)	-	-	-	-	-	-	-	(111,583)	-	-	(111,583)	(117,457)
Payments for self insured health benefits claims	(63,662)	-	-	-	-	-	-	-	(63,662)	-	-	(63,662)	(67,901)
Net cash provided by (used in) operating activities	957,976	-	-	(10,586)	(26,022)	-	-	-	921,368	253	-	921,621	866,417
Cash flows from noncapital financing activities:													
Receipts from Federal and State reimbursements	6,526	-	-	-	-	-	-	-	6,526	-	-	6,526	204
Payments to State of New Jersey	-	-	-	-	(154,250)	-	-	-	(154,250)	-	-	(154,250)	(174,750)
Proceeds from Arts Center	3,287	-	-	-	-	-	-	-	3,287	-	-	3,287	3,287
Net cash provided by (used in) noncapital financing activities	9,813	-	-	-	(154,250)	-	-	-	(144,437)	-	-	(144,437)	(171,259)
Cash flows from capital and related financing activities:													
Proceeds acquired from new capital debt	-	(6,226)	-	-	-	-	-	-	(6,226)	-	6,226	-	1,391,017
Purchases and sales of capital assets	-	(272,015)	(70,289)	(12,809)	(35,283)	-	-	-	(390,396)	-	44,704	(345,692)	(438,940)
Principal paid on capital debt	-	(218,475)	-	-	-	-	-	-	(218,475)	-	-	(218,475)	(197,740)
Refunded capital debt	-	-	-	-	-	-	-	-	-	-	-	-	(701,930)
Proceeds from Build America Bonds subsidy	38,301	-	-	-	-	-	-	-	38,301	-	-	38,301	38,138
Interest paid on capital debt	-	(42)	-	-	-	-	(549,700)	-	(549,742)	-	-	(549,742)	(579,227)
Payments for bond expenses	-	4	-	-	(15)	-	-	-	(11)	-	-	(11)	(3,220)
Proceeds from Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-	12,470
Interfund Transfers related to capital and related financing activities	(1,010,666)	278,646	87,129	29,745	301,637	-	371,422	(6,983)	50,930	-	(50,930)	-	-
Net cash provided by (used in) capital and related financing activities	(972,365)	(218,108)	16,840	16,936	266,339	-	(178,278)	(6,983)	(1,075,619)	-	-	(1,075,619)	(479,432)
Cash flows from investing activities:													
Purchases of investments	(3,249,181)	(898,738)	(436,370)	(294,653)	(1,556,481)	-	(642,326)	(623,777)	(7,701,526)	-	-	(7,701,526)	(8,363,147)
Sales and maturities of investments	3,195,764	1,078,619	421,708	287,805	1,473,382	-	817,594	623,795	7,898,667	-	-	7,898,667	8,047,962
Interest received	1,718	6,584	818	870	4,562	-	3,113	6,988	24,653	6	-	24,659	11,460
Net cash provided by (used in) provided by investing activities	(51,699)	186,465	(13,844)	(5,978)	(78,537)	-	178,381	7,006	221,794	6	-	221,800	(303,725)
Net increase (decrease) in cash	(56,275)	(31,643)	2,996	372	7,530	-	103	23	(76,894)	259	-	(76,635)	(87,999)
Cash and restricted cash – January 1	171,793	59,466	1,078	3,606	6,604	-	29	-	242,576	626	-	243,202	319,638
Cash and restricted cash – September 30	\$ 115,518	27,823	4,074	3,978	14,134	-	132	23	165,682	885	-	166,567	231,639
Reconciliation of operating income to net cash provided by (used in) operating activities:													
Operating income (loss)	\$ 954,218	(188,469)	(29,151)	(17,733)	(49,855)	-	-	-	669,010	161	(32,550)	636,621	641,711
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:													
Depreciation expense	-	188,469	29,151	7,189	9,612	-	-	-	234,421	-	-	234,421	227,239
Changes in assets and liabilities:													
Receivables	(19,154)	-	-	119	512	-	-	-	(18,523)	108	-	(18,415)	(20,219)
Inventory	(7,968)	-	-	-	-	-	-	-	(7,968)	-	-	(7,968)	165
Prepaid expenses	(6,886)	-	-	-	-	-	-	-	(6,886)	1	-	(6,885)	(5,761)
Accounts payable and accrued expenses	(10,197)	-	-	(204)	(264)	-	-	-	(10,665)	(17)	(1,400)	(12,082)	(17,330)
Unearned revenue	19,874	-	-	-	(3,556)	-	-	-	16,318	-	-	16,318	7,063
Other liabilities	28,089	-	-	43	6,279	-	-	-	34,411	-	-	34,411	(9,721)
Other postemployment benefit liability	-	-	-	-	11,250	-	-	-	11,250	-	33,950	45,200	43,273
Net pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred outflows of resources related to pension	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources related to pension	-	-	-	-	-	-	-	-	-	-	-	-	-
Pollution remediation liability	-	-	-	-	-	-	-	-	-	-	-	-	(3)
Net cash provided by (used in) operating activities	\$ 957,976	-	-	(10,586)	(26,022)	-	-	-	921,368	253	-	921,621	866,417



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

Schedule of Net Revenue Requirement

For the nine months ended September 30, 2018 and 2017  
(in thousands)

	<u>2018</u>	<u>2017</u>
Test 1:		
Total operating revenues - bond resolution	\$ 1,315,287	1,277,896
Build America Bonds subsidy	57,288	57,084
Federal and State reimbursements	35	2,765
Less Federal and State reimbursement - construction fund	-	-
Total investment income - bond resolution	25,484	14,866
Less earnings on investments - construction fund	(4,740)	(3,606)
Fair market value adjustments	284	742
Arts center	3,287	3,287
Total pledged revenues	<u>1,396,925</u>	<u>1,353,034</u>
Less operating expenses - revenue fund	<u>(361,069)</u>	<u>(368,926)</u>
Net revenue available for debt service	1,035,856	984,108
Less net revenue requirements:		
Interest expense - debt service	(440,576)	(450,444)
Principal payment - debt service	(150,769)	(163,856)
Revenue transfer to charges	-	(119)
Revenue transfer to maintenance reserve	(89,315)	(87,563)
Revenue transfer to special project reserve	<u>(30,368)</u>	<u>(29,772)</u>
Excess net revenues	<u>\$ 324,828</u>	<u>252,354</u>
Test 2:		
Total operating revenues - bond resolution	\$ 1,315,287	1,277,896
Build America Bonds subsidy	57,288	57,084
Federal and State reimbursements	35	2,765
Less Federal and State reimbursement - construction fund	-	-
Total investment income - bond resolution	25,484	14,866
Less earnings on investments - construction fund	(4,740)	(3,606)
Fair market value adjustments	284	742
Arts center	3,287	3,287
Total pledged revenues	<u>1,396,925</u>	<u>1,353,034</u>
Less operating expenses - revenue fund	<u>(361,069)</u>	<u>(368,926)</u>
Net revenue available for debt service	1,035,856	984,108
Less 1.2 times aggregate debt service	<u>(709,614)</u>	<u>(737,160)</u>
Excess net revenues	<u>\$ 326,242</u>	<u>246,948</u>
Debt service coverage ratio	1.75	1.60

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

Schedule of Investments

September 30, 2018  
(in thousands)

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Par Value</u>	<u>Carrying Value</u>
Revenue:				
Certificate of Deposit	2.57	7/26/2019	\$ 50,000	50,235
Commercial Paper	2.12 - 2.67	10/31/2018 - 3/27/2019	128,449	127,584
Federal Agency Note	1.86 - 2.07	10/3/2018 - 10/4/2018	54,630	54,622
US Treasury Bill	1.87 - 2.13	10/4/2018 - 12/27/2018	119,830	119,791
			<u>352,909</u>	<u>352,232</u>
Construction:				
Certificate of Deposit	2.15 - 0.00	10/25/2018 - 12/11/2018	25,000	24,920
Commercial Paper	1.92 - 2.17	10/11/2018 - 1/3/2019	115,000	114,584
Federal Agency Note	2.02	10/1/2018	39,579	39,586
US Treasury Bill	1.93 - 1.97	11/1/2018 - 1/3/2019	65,000	64,797
			<u>244,579</u>	<u>243,887</u>
Maintenance Reserve:				
Commercial Paper	2.30 - 2.44	12/4/2018 - 3/18/2019	64,525	63,939
Federal Agency Note	1.93 - 2.12	10/2/2018 - 12/19/2018	17,386	17,328
			<u>81,911</u>	<u>81,267</u>
Special Project Reserve:				
Commercial Paper	2.16 - 2.42	9/4/2018 - 3/29/2019	74,305	73,470
Federal Agency Note	1.87 - 1.97	9/28/2018 - 12/4/2018	7,320	7,257
			<u>81,625</u>	<u>80,727</u>
General Reserve:				
Certificate of Deposit	2.77	9/27/2019	31,500	31,507
Commercial Paper	2.28 - 2.55	12/24/2018 - 6/21/2019	279,832	277,476
Federal Agency Note	2.03 - 2.15	10/16/2018 - 11/13/2018	23,820	23,780
US Treasury Bill	2.03 - 2.26	12/27/2018 - 6/20/2019	43,000	42,470
			<u>378,152</u>	<u>375,233</u>
Debt Service:				
Federal Agency Note	1.77 - 2.08	10/1/2018 - 1/2/2019	275,115	273,740
US Treasury Bill	1.67 - 1.68	12/6/2018	17,464	17,410
			<u>292,579</u>	<u>291,150</u>
Debt Reserve:				
Certificate of Deposit	1.38 - 3.29	10/15/2018 - 4/25/2023	350,003	351,919
Federal Agency Note	1.44	1/2/2019	150,000	150,534
Commercial Paper	2.50 - 3.25	4/27/2020 - 5/24/2023	99,000	99,609
			<u>599,003</u>	<u>602,062</u>
Total			\$ <u>2,030,758</u>	<u>2,026,558</u>

Above is the detail of investments listed on the Schedule of Net Position – Reconciliation of Bond Resolution to GAAP (Schedule 1) for Total Bond Resolution.

- (1) Under a \$150,000 notional value forward delivery agreement, Deutsche Bank delivers investment securities to the Debt Reserve Fund held by the Co-Trustee, U.S.Bank, and pays the Authority a fixed interest rate of 1.44%. The agreement expires on July 1, 2019. The actual investment securities delivered by Deutsche Bank to U.S.Bank for deposit into the Debt Reserve Fund are held in the Authority's name and are reflected as the actual securities held in the schedule above.

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

Schedule of Investments

September 30, 2017

(in thousands)

	<b>Interest Rate</b>	<b>Maturity</b>	<b>Par Value</b>	<b>Carrying Value</b>
Revenue:				
Certificate of Deposit	1.51	7/27/2018	\$ 50,000	50,136
Commercial Paper	0.95 - 1.40	10/2/2017 - 12/22/2017	154,028	153,897
Federal Agency Note	0.60 - 1.00	10/2/2017 - 12/22/2017	49,784	49,750
US Treasury Bill	0.60 - 0.89	10/5/2017 - 10/26/2017	16,513	16,512
			<u>270,325</u>	<u>270,295</u>
Construction:				
Certificate of Deposit	1.14 - 1.40	10/5/2017 - 5/21/2018	165,000	165,820
Commercial Paper	1.15 - 1.44	10/31/2017 - 5/8/2018	200,000	199,119
Federal Agency Note	1.00 - 1.12	12/20/2017 - 5/11/2018	168,045	167,310
US Treasury Bill	0.88	10/5/2017	5,000	5,000
			<u>538,045</u>	<u>537,249</u>
Maintenance Reserve:				
Commercial Paper	1.08 - 1.35	10/20/2017 - 12/1/2017	49,409	49,340
Federal Agency Note	0.90 - 1.05	10/3/2017 - 1/10/2018	19,048	19,015
US Treasury Bill	0.94	10/26/2017	333	333
			<u>68,790</u>	<u>68,688</u>
Special Project Reserve:				
Commercial Paper	1.20 - 1.42	10/11/2017 - 12/4/2017	35,800	35,747
Federal Agency Note	0.93 - 1.03	10/3/2017 - 11/7/2017	37,900	37,890
			<u>73,700</u>	<u>73,637</u>
General Reserve:				
Commercial Paper	1.20 - 1.48	10/4/2017 - 3/26/2018	305,563	304,619
			<u>305,563</u>	<u>304,619</u>
Debt Service:				
Commercial Paper	1.04 - 1.28	10/2/2017 - 1/2/2018	39,851	39,732
Federal Agency Note	0.60 - 1.09	10/2/2017 - 1/2/2018	264,521	263,840
US Treasury Bill	0.98 - 1.05	12/7/2017 - 12/14/2017	87	87
			<u>304,459</u>	<u>303,659</u>
Debt Reserve:				
Certificate of Deposit	1.11 - 2.00	11/10/2017 - 12/15/2020	344,084	345,709
Federal Agency Note	1.44	7/1/2019	150,000	149,624
Interest-earning Contract	1.05	4/25/2018	104,919	105,222
			<u>599,003</u>	<u>600,555</u>
Total			<u>\$ 2,159,885</u>	<u>2,158,702</u>

Above is the detail of investments listed on the Schedule of Net Position – Reconciliation of Bond Resolution to GAAP (Schedule 1) for Total Bond Resolution.

- (1) Under a \$150,000 notional value forward delivery agreement, Deutsche Bank delivers investment securities to the Debt Reserve Fund held by the Co-Trustee, U.S.Bank, and pays the Authority a fixed interest rate of 1.44%. The agreement expires on July 1, 2019. The actual investment securities delivered by Deutsche Bank to U.S.Bank for deposit into the Debt Reserve Fund are held in the Authority's name and are reflected as the actual securities held in the schedule above.

NEW JERSEY TURNPIKE AUTHORITY  
(A Component Unit of the State of New Jersey)Schedule of Depositories  
September 30, 2018 and 2017  
(in thousands)

	2018			2017		
	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	\$ 95,769	85,971	-	139,989	126,461	-
Construction	8,031	8,030	-	12,747	12,812	-
Maintenance reserve	4,074	4,074	-	6,430	6,603	-
General Reserve	5,677	5,677	-			
	<u>113,551</u>	<u>103,752</u>	<u>110,603</u>	<u>159,166</u>	<u>145,876</u>	<u>280,159</u>
Bank of America:						
Revenue	14,641	19,525	-	10,167	10,580	-
	<u>14,641</u>	<u>19,525</u>	<u>22,278</u>	<u>10,167</u>	<u>10,580</u>	<u>17,214</u>
Wells Fargo:						
Revenue	4,225	1,544	-	4,525	1,980	-
Special project reserve	3,978	4,024	-	2,628	2,669	-
General reserve	8,457	8,457	-	8,408	8,995	-
	<u>16,660</u>	<u>14,025</u>	<u>16,220</u>	<u>15,561</u>	<u>13,644</u>	<u>28,188</u>
Bank of New York Mellon:						
Revenue	261	261	-	190	392	-
	<u>261</u>	<u>261</u>	<u>413</u>	<u>190</u>	<u>392</u>	<u>489</u>
TD Bank, NA:						
Revenue	251	353	-	250	301	-
	<u>251</u>	<u>353</u>	<u>374</u>	<u>250</u>	<u>301</u>	<u>994</u>
Investors Bank						
Construction	19,634	19,634	-	44,155	44,155	-
	<u>19,634</u>	<u>19,634</u>	<u>22,142</u>	<u>44,155</u>	<u>44,155</u>	<u>46,629</u>
Total Subject to Pledged Securities	<u>164,998</u>	<u>157,550</u>	\$ <u>172,030</u>	<u>229,489</u>	<u>214,948</u>	<u>373,673</u>
Bank of New York Mellon – Trust:						
Construction	158	5,080		661	1,142	
General reserve	-	-		-	-	
Charges	-	-		13	13	
Debt service	132	132		354	169	
	<u>290</u>	<u>5,212</u> (1)		<u>1,028</u>	<u>1,324</u> (1)	
Toll Collection and Other Imprest Funds:						
Revenue	371	-		369	-	
	<u>371</u> (2)	<u>-</u>		<u>369</u> (2)	<u>-</u>	
Total Subject to Bond Resolution	<u>165,682</u>	<u>162,785</u>		<u>230,886</u>	<u>216,272</u>	
TD Bank, NA:						
Garden State Arts Foundation	5	5		81	94	
	<u>5</u>	<u>5</u> (3)		<u>81</u>	<u>94</u> (3)	
Investors Bank:						
Garden State Arts Foundation	696	740		459	459	
	<u>696</u>	<u>740</u> (3)		<u>459</u>	<u>459</u> (3)	
Northfield Bank:						
Garden State Arts Foundation	184	184		213	213	
	<u>184</u>	<u>184</u> (3)		<u>213</u>	<u>213</u> (3)	
	<u>\$ 166,567</u>	<u>163,714</u>		<u>231,639</u>	<u>217,038</u>	

(1) Funds held by Trustee are not subject to collateral requirements, under the Bond Resolution.

(2) Cash on hand, not at bank.

(3) Garden State Arts Foundation bank account balances are not subject to the collateral posting requirements of the Bond Resolution.

**NEW JERSEY TURNPIKE AUTHORITY**  
(A Component Unit of the State of New Jersey)  
Schedule of Cost of Investment in Facilities  
September 30, 2018  
(With comparative financial information for the nine months ended September 30, 2017)  
(in thousands)

	Completed construction funds	\$7 Billion Capital Improvement Program	Revenue Funded Construction Account	Maintenance reserve	Special project reserve	General reserve	GAAP adjustments	2018 Total	2017 Total
Land	\$ 660,555	163,778	-	-	-	8,128	-	832,461	832,461
Construction-In-Progress	-	1,756,263	1,912	73,322	15,932	64,762	13,672	1,925,863	1,742,096
Roadways	3,185,141	2,324,785	-	224,174	2,288	17,633	-	5,754,021	5,669,301
Bridges	1,910,858	2,815,853	-	331,791	64	32,178	-	5,090,744	4,967,830
Buildings	375,090	362,894	-	182	20,608	82,656	-	841,430	792,087
Equipment	577,829	720,620	-	-	123,990	114,468	-	1,536,907	1,442,682
Cost of Investment in Facilities	6,709,473	8,144,193	1,912	629,469	162,882	319,825	13,672	15,981,426	15,446,457
Accumulated Depreciation	(3,023,826)	(663,061)	-	(155,825)	(68,981)	(93,000)	-	(4,004,693)	(3,692,521)
Capital assets, net of accumulated depreciation	\$ 3,685,647	7,481,132	1,912	473,644	93,901	226,825	13,672	11,976,733	11,753,936

**Completed construction funds:**

Original turnpike extensions and additional lanes	\$ 58,915
Revenues invested in facilities	37,894
1966 Turnpike Improvement	149,325
1971 Turnpike Improvement	15,604
1973 Improvement and Funding Program	25,855
1985-1990 Widening Project	303,847
Business Plan for the 90's	744,660
Former NJHA Construction	500,238
2000 Construction Fund	1,215,087
2003 Construction Fund	15,694
2004 Construction Fund	394,086
2005 Construction Fund	73,238
2008/2009 Construction Fund	151,204
	<u>\$ 3,685,647</u>

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

Schedule of Refunded Bond and Note Indebtedness

September 30, 2018

(With comparative financial information as of September 30, 2017)  
(in thousands)

Note:

As of September 30, 2018 and 2017, refunded bond and note indebtedness which is still outstanding in fully collateralized escrow accounts is as follows:

<b>Refunded series</b>	<b>Refunded amount</b>	<b>Matured/ redeemed</b>	<b>2018 outstanding</b>	<b>2017 outstanding</b>
Parkway revenue bonds:				
Series 1989, Serial bonds 5.75% Redemption				
January 1, 2018 through January 1, 2019	35,080	(17,030)	18,050	35,080
Series 2009E Turnpike Revenue Bonds, redemption January 1, 2019	300,000	-	300,000	300,000
Series 2009H Turnpike Revenue Bonds, redemption January 1, 2019	269,475	-	269,475	269,475
Series 2009I Turnpike Revenue Bonds, redemption January 1, 2020	178,005	-	178,005	178,005
Series 2012A Turnpike Revenue Bonds, redemption January 1, 2022	126,255	-	126,255	126,255
Series 2013A Turnpike Revenue Bonds, redemption				
January 1, 2020 through July 1, 2022	1,072,505	-	1,072,505	1,072,505
Total	\$ 1,981,320	(17,030)	1,964,290	1,981,320

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

Schedule of Bond Indebtedness

September 30, 2018

(in thousands)

	<b>Amount outstanding December 31, 2017</b>	<b>Refunded or acquired and canceled in current year</b>	<b>Mandatory redemption/ sinking fund installments</b>	<b>Debt issuance</b>	<b>Amortization of premiums and discounts</b>	<b>Amount outstanding September 30, 2018</b>
Turnpike revenue bonds:						
Series 2004 C-2	132,850	-	-	-	-	132,850
Series 2005 A	173,650	-	-	-	-	173,650
Series 2005 B	32,500	-	-	-	-	32,500
Series 2005 D1-D4	208,735	-	-	-	-	208,735
Series 2009 F	1,375,000	-	-	-	-	1,375,000
Series 2009 G	19,125	-	(19,125)	-	-	-
Series 2009 H	36,695	-	-	-	-	36,695
Series 2010 A	1,850,000	-	-	-	-	1,850,000
Series 2012A	15,000	-	-	-	-	15,000
Series 2012B	804,435	-	-	-	-	804,435
Series 2013A	317,450	-	(5,350)	-	-	312,100
Series 2013B	52,500	-	(52,500)	-	-	-
Series 2013C	141,500	-	(141,500)	-	-	-
Series 2013F	90,880	-	-	-	-	90,880
Series 2014A	1,000,000	-	-	-	-	1,000,000
Series 2014C	201,860	-	-	-	-	201,860
Series 2015A	92,500	-	-	-	-	92,500
Series 2015B	50,000	-	-	-	-	50,000
Series 2015C	43,750	-	-	-	-	43,750
Series 2015D	43,750	-	-	-	-	43,750
Series 2015E	750,000	-	-	-	-	750,000
Series 2015F	72,350	-	-	-	-	72,350
Series 2015G	25,000	-	-	-	-	25,000
Series 2015H	48,235	-	-	-	-	48,235
Series 2016A	149,995	-	-	-	-	149,995
Series 2016B	75,025	-	-	-	-	75,025
Series 2016C	50,015	-	-	-	-	50,015
Series 2016D	50,000	-	-	-	-	50,000
Series 2017A	600,000	-	-	-	-	600,000
Series 2017B	646,765	-	-	-	-	646,765
Series 2017C	400,000	-	-	-	-	400,000
Series 2017D	179,375	-	-	-	-	179,375
Series 2017E	359,680	-	-	-	-	359,680
Series 2017F	167,845	-	-	-	-	167,845
Series 2017G	726,640	-	-	-	-	726,640
	10,983,105	-	(218,475)	-	-	10,764,630
Premiums and discounts, net	627,624	-	-	-	(45,274)	582,350
	<u>11,610,729</u>	<u>-</u>	<u>(218,475)</u>	<u>-</u>	<u>(45,274)</u>	<u>11,346,980</u>

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

Schedule of Bond Indebtedness

September 30, 2017

(in thousands)

	<b>Amount outstanding December 31, 2016</b>	<b>Refunded or acquired and canceled in current year</b>	<b>Mandatory redemption/ sinking fund installments</b>	<b>Debt issuance</b>	<b>Amortization of premiums and discounts</b>	<b>Amount outstanding September 30, 2017</b>
Turnpike revenue bonds:						
Series 1991 C	\$ 400,000	-	-	-	-	400,000
Series 2000 B-G	132,850	-	-	-	-	132,850
Series 2003 B	173,650	-	-	-	-	173,650
Series 2004 B	32,501	-	-	-	-	32,501
Series 2004 C-2	208,735	-	-	-	-	208,735
Series 2005 A	300,000	(300,000)	-	-	-	-
Series 2005 B	1,375,000	-	-	-	-	1,375,000
Series 2005 D1-D4	34,770	-	(15,645)	-	-	19,125
Series 2009 E	306,170	(107,150)	-	-	-	199,020
Series 2009 F	178,005	(176,435)	-	-	-	1,570
Series 2009 G	1,850,000	-	-	-	-	1,850,000
Series 2009 H	141,255	-	-	-	-	141,255
Series 2009 I	804,435	-	-	-	-	804,435
Series 2010 A	1,395,050	(118,345)	(5,095)	-	-	1,271,610
Series 2012 A	100,000	-	(47,500)	-	-	52,500
Series 2012 B	271,000	-	(129,500)	-	-	141,500
Series 2013 A	77,625	-	-	-	-	77,625
Series 2013 B	51,750	-	-	-	-	51,750
Series 2013 C	90,880	-	-	-	-	90,880
Series 2013 D	1,000,000	-	-	-	-	1,000,000
Series 2013 E	50,000	-	-	-	-	50,000
Series 2013 F	201,860	-	-	-	-	201,860
Series 2014 A	92,500	-	-	-	-	92,500
Series 2014 B-2	50,000	-	-	-	-	50,000
Series 2014 B-3	43,750	-	-	-	-	43,750
Series 2014 C	43,750	-	-	-	-	43,750
Series 2015 A	750,000	-	-	-	-	750,000
Series 2015 B	72,350	-	-	-	-	72,350
Series 2015 C	25,000	-	-	-	-	25,000
Series 2015 D	48,235	-	-	-	-	48,235
Series 2015 E	149,995	-	-	-	-	149,995
Series 2015F	75,025	-	-	-	-	75,025
Series 2015G	50,015	-	-	-	-	50,015
Series 2015H	50,000	-	-	-	-	50,000
Series 2017A	-	-	-	600,000	-	600,000
Series 2017B	-	-	-	646,765	-	646,765
	10,626,156	(701,930)	(197,740)	600,000	-	10,973,251
Premiums and discounts, net	444,965	-	-	191,765	(37,388)	599,342
\$	<u>11,071,121</u>	<u>(701,930)</u>	<u>(197,740)</u>	<u>791,765</u>	<u>(37,388)</u>	<u>11,572,593</u>



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

**New Jersey Turnpike**  
Schedule of Toll Revenue

For the nine months ended September 30, 2018 and 2017  
(in thousands)

Class	Description	2018		2017	
		Toll revenue	Number of vehicles (unaudited)	Toll revenue	Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 617,656	172,111	596,889	170,261
2	Vehicles having two axles other than type described under Class 1	47,772	6,682	48,105	6,455
3	Vehicle (vehicles), single or in combination, having three axles	22,991	2,880	21,792	2,658
4	Vehicle (vehicles), single or in combination, having four axles	26,273	2,237	26,419	2,119
5	Vehicle (vehicles), single or in combination, having five axles	171,696	11,866	174,813	11,413
6	Vehicle (vehicles), single or in combination, having six or more axles	9,054	450	5,564	297
7	Buses having two axles	1,717	343	1,763	335
8	Buses having three axles	9,695	975	10,519	971
	Nonrevenue vehicles	-	1,176	-	1,168
		906,854	198,720	885,864	195,677
	Nonrevenue vehicles	-	(1,176)	-	(1,168)
	Toll Adjustments and Discounts	(3,253)	-	(5,277)	-
	Net Uncollected Tolls	(23,634)	-	(18,199)	-
		\$ 879,967	197,544	862,388	194,509

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

**Garden State Parkway**

Schedule of Toll Revenue

For the nine months ended September 30, 2018 and 2017

(in thousands)

Class	Description	2018		2017	
		Toll revenue	Number of vehicles (unaudited)	Toll revenue	Number of vehicles (unaudited)
1	Passenger car, motorcycle, taxi or hearse, light truck	\$ 320,277	292,455	318,636	293,357
2	Vehicles having two axles other than type described under Class 1	1,686	731	1,468	628
3	Vehicle (vehicles), single or in combination, having three axles	2,602	849	2,676	882
4	Vehicle (vehicles), single or in combination, having four axles	3,042	703	2,929	677
5	Vehicle (vehicles), single or in combination, having five axles	2,163	451	2,107	442
6	Vehicle (vehicles), single or in combination, having six or more axles	92	15	95	16
7	Buses having two axles	1,378	536	1,299	505
8	Buses having three axles	1,901	712	1,933	723
	Nonrevenue vehicles	-	1,188	-	1,149
		333,141	297,640	331,143	298,379
	Nonrevenue vehicles	-	(1,188)	-	(1,149)
	Toll Adjustments and Discounts	(257)	-	(403)	-
	Net Uncollected Tolls	(4,857)	-	(5,633)	-
		\$ 328,027	296,452	325,107	297,230