

**New Jersey Turnpike Authority
Financial Summary
For the Six Months Ended June 30, 2023**

	YTD Actual January - June	YTD Amended Budget January - June	2023 Amended Annual Budget
Total Revenue	\$ 1,247,208,000	\$ 1,197,910,000	\$ 2,483,700,000
Operating Expenses	304,318,000	362,157,000	718,900,000
Net Revenue	<u>\$ 942,890,000</u>	<u>\$ 835,753,000</u>	<u>\$ 1,764,800,000</u>
Debt Service Requirements - Net	437,182,000	436,579,000	873,200,000
Maintenance Reserve Fund	115,000,000	115,000,000	230,000,000
Special Reserve Fund	25,750,000	25,750,000	51,500,000
Debt Service Coverage	2.16	1.91	2.02
Total Requirements Coverage	1.63	1.45	1.53

The following un-audited results are for the six months ended June 30, 2023.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2023, the Authority is projected to have a debt service coverage ratio of 2.02 and a total requirements coverage ratio of 1.53.

The Authority's total revenue for the six months ended June 30, 2023 was \$1,247,208,000, which is \$49,298,000, or 4.1%, above the 2023 year-to-date budget. Toll revenue was \$1,069,327,000, which is \$14,927,000, or 1.4%, more than the 2023 year-to-date budget. Toll revenue is greater than budget primarily due to milder than expected winter weather. Gas prices averaged \$0.65/gallon lower in 2023 compared to the same period in 2022, however, when compared to May 2023, gas prices in June were relatively the same. *E-ZPass* fees were \$13,812,000, or 21.9% above the budget due to conservative budgeting in 2023. Investment income was \$11,424,000, or 57.4%, above budget due to both an increase in interest rates above the rates that were budgeted and higher invested balances. Miscellaneous revenue was \$8,129,000 or 94.5% above budget primarily due to a myriad of one-time recovery payments. Specifically, the Authority received \$2,500,000 as an insurance recovery for the Delaware River Turnpike Bridge and \$2,300,000 from FEMA for COVID-19 Costs, Hurricane Ida, and Hurricane Sandy.

For the six months ended June 30, 2023, traffic on the New Jersey Turnpike increased 3.5% and toll revenue increased 3.6% compared to the same period in 2022. The increase in traffic is primarily due to mild winter weather, overall lower gas prices, and normal growth. Toll revenue increased primarily due to the increase in traffic as well as the 3% annual toll rate indexing which went into effect on January 1, 2023. In addition, traffic and revenue also increased due to more travel during the New Year's Day, Martin Luther King Day and Memorial Day weekend holidays compared to the same periods as last year. The 2023 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) Draw Down Letter dated July 22, 2022 updating the September 21, 2018 Toll Revenue Forecast. CDM Smith projected a 1.6% increase in traffic and a 2.5% increase in revenue as compared to the prior year. The actual results for the six months ended June 30, 2023 were above CDM's projections. When compared to the same period in 2019, pre-pandemic, traffic is down 3.4% but revenue is up 39.0% for the same period. Traffic has recovered to 96.6% of pre-pandemic levels. Through June 2023, the *E-ZPass* usage rate on the New Jersey Turnpike was 92.4%, an increase from 91.4% for the same period in 2022.

For the six months ended June 30, 2023, toll transactions on the Garden State Parkway increased 5.0% and revenue increased 8.8% when compared to the same period in 2022. The increase in toll transactions is primarily due to less severe winter weather, lower gas prices compared to last year, and normal growth, while toll revenue increased mainly due to the increase in toll transactions as well as the 3% annual toll rate indexing. Increased travel during the New Year's Day, Martin Luther King Day, Easter and Memorial Day weekend holidays as compared to last year also positively impacted results. The actual results for the six months ended June 30, 2023 were above the budget which was based on CDM Smith's projection of a 2.5% increase in toll transactions and a 6.5% increase in toll revenue. When compared to the same period in 2019, pre-pandemic, traffic is down 3.6% and revenue is up 29.7%. Traffic has recovered to 96.4% of pre-pandemic levels. Through June 2023, the *E-ZPass* usage rate on the Garden State Parkway was 90.5%, an increase from 89.5% for the same period in 2022.

Operating expenses for the six months ended June 30, 2023 were approximately \$304,318,000, which is \$57,839,000, or 16.0% below the year-to-date budget. The Authority's operating expenses through June were below budget primarily due to lower than budgeted snow/severe weather costs, salaries because of existing vacancies, and health benefits costs due to Authority medical plan changes. These factors were partially offset by higher than budgeted State Police costs due to contractual increases in fringe benefit costs that exceeded budgeted increases. The Authority spent a total of \$7,343,000 for snow and severe weather costs in 2023, solely from the operating expense budget. All snow and severe weather costs are considered operating expenses and paid from the Revenue Fund, except for declared state of emergency events, which are charged to the General Reserve Fund. New Jersey had no declared state of emergency events so far in 2023.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

**Financial Summary
For the Six Months Ended June 30, 2023**

Debt Service includes interest and principal payments on the Authority's outstanding bonds and is funded primarily through revenue and to a much lesser extent bond proceeds (capitalized interest). For the six months ended June 30, 2023, Debt Service totaled \$454,536,000 which was \$24,543,000 or 5.1% below budget as the 2023 budget assumed a \$1,000,000 new money bond issuance in January 2023 which to date has not been required. Debt service through June included \$295,098,000 in interest payments and \$159,438,000 in principal payments. Net debt service (funded from revenue, net of capitalized interest) was \$437,182,000 for the six-month period and was \$603,000 or 0.1% above budget. Net Debt Service is slightly above budget due to the 2022C bond refunding which occurred after the budget was approved and resulted in slightly higher principal payments. The 2023 annual debt service budget includes approximately \$873,200,000 of debt service funded from revenue (net debt service), and the remaining \$85,000,000 of debt service funded from bond proceeds (capitalized interest), for a total debt service budget of \$958,200,000.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$443,333,000 for the six months ended June 30, 2023, which was \$9,506,000 or 2.1% below budget. Spending consisted primarily of \$372,987,000 for the 2021 State Public Transportation Projects Funding Agreement, \$11,000,000 for the Transportation Trust Fund, and \$10,000,000 for the 2023 State Public Transportation Projects Funding Agreement. Also included are \$37,947,000 in transfers to the Supplemental Capital program in the Construction Fund. General Reserve is below budget mainly because there was no spending on state of emergency snow/severe weather events.

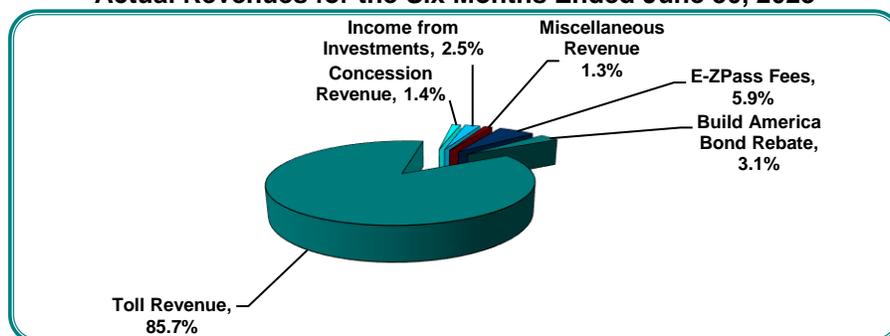
The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, and the Supplemental Capital Program. For the six months ended June 30, 2023, total expenditures were approximately \$115,824,000, which was 68.5% of the year-to-date spending budget. Expenditures included \$17,912,000 for Service Area Renovations, \$12,065,000 for TPK Resurfacing MP 35.5 to 48.5 NB & SB Roadways - Section 4, and \$11,989,000 for GSP Resurfacing MP 148.8 to 160.7 NB & SB Roadways - Section 14. In addition to these expenditures, there are open contracts and commitments totaling approximately \$314,811,000.

The Construction Fund, which is funded from bond proceeds, consists of the 2023-2027 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the six months ended June 30, 2023, total expenditures were approximately \$230,390,000, which was 63.3% of the year-to-date spending budget. Total expenditures included \$34,828,000 for Service Area Renovations, \$20,373,000 for TPK Bridge Rehabilitation W107.87, E107.88, \$19,588,000 for GSP 128 AB 154.2N & TPK 90-91.37 and 84.24N&S, and \$13,671,000 for GSP Shoulder Widening Reconstruction MP 30-35. In addition to these expenditures, there are open contracts and commitments totaling approximately \$926,937,000.

**Comparison of Budgeted Revenues to Actual Revenues
For the Six Months Ended June 30, 2023**

	Budgeted	Unaudited Actual
Toll Revenue	\$ 1,054,400,000	\$ 1,069,327,000
Concession Revenue	16,500,000	17,511,000
Income from Investments	19,900,000	31,324,000
Miscellaneous Revenue	8,600,000	16,729,000
Build America Bond Subsidy	38,510,000	38,505,000
E-ZPass Fees	60,000,000	73,812,000
Total Revenues	\$ 1,197,910,000	\$1,247,208,000

Actual Revenues for the Six Months Ended June 30, 2023



For the six months ended June 30, 2023, total revenue was \$1,247,208,000, which was 4.1%, or \$49,298,000 above the 2023 Budget. Total revenue was above budget mainly due to toll revenue exceeding budget from unusually mild winter weather and the continued increase in travel.

Toll revenue for the period was \$1,069,327,000 which was 1.4%, or \$14,927,000 greater than the 2023 Budget amount. Toll revenue was \$9,083,000, or 1.2% higher than the 2023 Budget amount on the New Jersey Turnpike and \$5,843,000, or 2.2% higher than the 2023 Budget amount on the Garden State Parkway. Toll revenue was above budget primarily due to milder than expected winter weather and lower gas prices.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$17,511,000 which was \$1,011,000 or 6.1% above the 2023 Budget. Revenue was higher due to higher food and convenience store sales, as well as an increase in fuel revenue received from the 50% share of the gross profit margin on diesel sales. On the Turnpike, food sales increased 19.4%, fuel sales decreased 4.8% and convenience store sales increased by 11.8% compared to last year. On the Garden State Parkway, food sales increased 19.7%, fuel sales decreased 9.6%, and convenience store sales increased 8.0% compared to the same period in 2022. The increase in food and convenience store sales on the Turnpike are primarily due to the re-opening of the Molly Pitcher and Woodrow Wilson Service Areas which were still closed for renovation in the first quarter of 2022, the mild winter and the rebranding of food options, while the decrease in fuel sales is mainly due to the closure of the Joyce Kilmer, Walt Whitman and James Fenimore Cooper Service Areas for renovations. On the Parkway, the increase in food and convenience store sales is due to the mild winter and increased travel, while fuel sales decreased due partly to the closure of the Vauxhall and Brookdale South Service Areas for renovations.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$31,324,000, which was \$11,424,000 or 57.4% higher than the 2023 Budget. Income from investments was above budget due to an increase in interest rates over the budgeted rates and higher invested balances. While the budget projected an increase in short-term interest rates, the projection was for a lessor increase compared to the actual increase in rates. The federal reserve continues raising the fed funds rate in response to inflation.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, the Arts Center, and other items. Revenue for the period was \$16,729,000 which was \$8,129,000, or 94.5% higher than the 2023 Budget. Miscellaneous revenue was above the 2023 Budget levels due to a \$2,500,000 insurance recovery for the Delaware River Turnpike Bridge and approximately \$2,300,000 in FEMA recoveries for COVID-19 (Ongoing), Hurricane Ida (2021) and Hurricane Sandy (2012), \$2,000,000 in Arts Center rent for 2022 PNC variable rent payment, \$500,000 in surplus property sales, and additional cell tower billings for prior years.

The Build America Bond Subsidy is a direct payment from the U.S. Treasury to the Authority equaling about 35% of the interest payable on the Series 2009F and the Series 2010A Bonds for Federal Fiscal Year 2023 which began in October 2022. The subsidy due was \$38,505,000, which is \$5,000 above the 2023 Budget amount due to rounding.

E-ZPass fees consist of monthly membership fees, transponder sales, return check fees, administrative fees, interest on prepaid accounts and monthly statement fees. Revenue of \$73,812,000 was above budget due primarily to an increase in administrative fees, as well as an increase in monthly membership fees as accounts have increased, with all increases exceeding the increases that were budgeted.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of June 2023⁽¹⁾

	<u>Traffic</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	19,541,000	19,048,000	2.6%
Commercial Vehicles	3,110,000	3,333,000	-6.7%
Overall	<u>22,651,000</u>	<u>22,381,000</u>	<u>1.2%</u>
	<u>Revenue</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	\$ 97,453,000	\$ 93,384,000	4.4%
Commercial Vehicles	46,475,000	49,280,000	-5.7%
Overall	<u>\$ 143,928,000</u>	<u>\$ 142,664,000</u>	<u>0.9%</u>

(1) Includes un-audited data for the month.

For the month of June 2023, traffic on the New Jersey Turnpike increased 1.2% and toll revenue increased 0.9% when compared to the same period in 2022. The increase in toll transactions compared to last year is due in part to overall greater passenger car travel on the weekends and normal growth, while toll revenue only slightly increased compared to last year mainly due to the decrease in commercial traffic. The decline in commercial traffic and toll revenue was due in part to the closure of I-95 in Philadelphia beginning June 11, 2023. Commercial vehicles were encouraged, if possible, to exit at I-80 on the Turnpike Extension rather than entering the tolled portion of the New Jersey Turnpike and continuing south to Interchange 6. These results are in line with CDM's projection of an increase of a 1.2% in traffic but below the projection of an increase of 2.5% in toll revenue for the month of June 2023, mainly due to the greater impact of the recent decline in commercial traffic due in part to the closure of I-95 in Philadelphia.

For the Six Months Ended June 30, 2023⁽¹⁾

	<u>Traffic</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	108,185,000	103,565,000	4.5%
Commercial Vehicles	17,820,000	18,229,000	-2.2%
Overall	<u>126,005,000</u>	<u>121,794,000</u>	<u>3.5%</u>
	<u>Revenue</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	\$ 531,005,000	\$ 500,716,000	6.0%
Commercial Vehicles	266,678,000	268,937,000	-0.8%
YTD Toll Revenue	<u>\$ 797,683,000</u>	<u>\$ 769,653,000</u>	<u>3.6%</u>

(1) Includes un-audited data for the month.

For the six months ended June 30, 2023, traffic increased 3.5% and toll revenue increased 3.6% when compared to the same period in 2022. Toll revenue has exceeded projections as traffic has exceeded projections. Traffic and revenue also increased due to more travel during the January 2023 New Year's Day, Martin Luther King Day and Memorial Day weekend holidays compared to the same periods as last year. Electronic toll collection remains popular and overall usage rates continue to be strong. Results were above the 2023 Budget which was based on CDM Smith's projections of a 1.6% increase in traffic and a 2.5% increase in revenue, as passenger vehicle traffic has continued to be stronger than projected. For the six months ended June 30, 2023, the *E-ZPass* usage rate for passenger cars was 91.6%, and 97.2% for commercial vehicles. This resulted in an overall *E-ZPass* usage rate of 92.4%. The *E-ZPass* usage rate remains one of the highest in the region reflecting acceptance among commuters and frequent travelers of the *E-ZPass* brand and the convenience provided to the users throughout the Northeast.

Garden State Parkway Traffic & Revenue Comparison

For the Month of June 2023⁽¹⁾

	<u>Traffic</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	32,852,000	32,139,000	2.2%
Commercial Vehicles	584,000	537,000	8.8%
Overall	<u>33,436,000</u>	<u>32,676,000</u>	<u>2.3%</u>

	<u>Revenue</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	\$ 48,884,000	\$ 45,785,000	6.8%
Commercial Vehicles	2,155,000	1,865,000	15.5%
Overall	<u>\$ 51,039,000</u>	<u>\$ 47,650,000</u>	<u>7.1%</u>

(1) Includes un-audited data for the month.

For the month of June 2023, toll transactions on the Garden State Parkway increased by 2.3% and toll revenue increased by 7.1% when compared to June 2022. The overall increase in toll transactions can be partially attributed to overall higher weekend travel compared to last year. The increase in toll revenue is attributed to the increase in transactions, as well as the 3% annual toll rate indexing effective January 1, 2023. The results were in line with CDM's projections of a 2.3% increase in traffic and a 7.0% increase in toll revenue for June 2023.

For the Six Months Ended June 30, 2023⁽¹⁾

	<u>Traffic</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	176,701,000	168,343,000	5.0%
Commercial Vehicles	3,051,000	2,925,000	4.3%
Overall	<u>179,752,000</u>	<u>171,268,000</u>	<u>5.0%</u>

	<u>Revenue</u>		
	<u>June-23</u>	<u>June-22</u>	<u>% Change</u>
Passenger Vehicles	\$ 260,829,000	\$ 239,470,000	8.9%
Commercial Vehicles	10,814,000	10,104,000	7.0%
YTD Toll Revenue	<u>\$ 271,643,000</u>	<u>\$ 249,574,000</u>	<u>8.8%</u>

(1) Includes un-audited data for the month.

For the six months ended June 30, 2023, toll transactions on the Garden State Parkway increased 5.0% and toll revenue increased 8.8% when compared to the same period in 2022. Toll transactions increased due to the mild winter weather, as well as increased travel during the New Year's Day, Martin Luther King, Easter, and Memorial Day weekend holidays as compared to last year. However, toll revenue increased due not only to the increase in toll transactions, but also due to the 3% annual toll rate indexing effective January 1, 2023. Results exceeded the 2023 Budget which was based on CDM Smith's projections of a 2.5% increase in toll transactions and a 6.5% increase in toll revenue, due in part to the overall decrease in gas prices in 2023 which has positively affected discretionary travel. *E-ZPass* remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the six months ended June 30, 2023, the total *E-ZPass* usage rate was 90.5%. The *E-ZPass* usage rate for passenger cars was 90.4%, and 95.7% for commercial vehicles.

Operating Expenses
For the Six Months Ended June 30, 2023

	<u>2023 Amended</u> <u>Annual Budget</u>	<u>2023 Amended</u> <u>YTD Budget</u>	<u>2023 YTD</u> <u>Actual</u>
<u>Maintenance of roadway, buildings & equipment</u>			
Maintenance	\$ 266,914,000	\$ 147,657,000	\$ 101,818,000
Engineering	31,474,000	13,806,000	8,732,000
Total Maintenance	298,388,000	161,463,000	110,550,000
<u>Toll Collection</u>			
Toll Collection	204,877,000	100,300,000	94,034,000
<u>State Police & Traffic Control</u>			
State Police	108,457,000	49,256,000	53,600,000
Operations	18,446,000	8,977,000	8,548,000
Total State Police and Traffic Control	126,903,000	58,233,000	62,148,000
<u>Technology</u>			
Information Technology Services	28,780,000	14,309,000	12,952,000
<u>General & Administrative</u>			
Executive Office	2,100,000	1,038,000	894,000
Law	15,400,000	6,783,000	7,445,000
Purchasing & Materials Management	9,533,000	4,619,000	3,490,000
Human Resources & Office Services	7,784,000	3,568,000	2,754,000
Finance	17,011,000	8,451,000	7,061,000
Patron & Customer Services	1,769,000	871,000	709,000
Internal Audit	6,313,000	2,522,000	2,281,000
Total General and Administrative	59,910,000	27,852,000	24,634,000
TOTAL OPERATING	\$ 718,858,000	\$ 362,157,000	\$ 304,318,000

For the six months ended June 30, 2023, operating expenses were approximately \$304,318,000, which was 42.3% of the annual budget and 84.0% of the year-to-date budget. Operating expenses through June 2023 were under budget primarily due to lower than budgeted snow/severe weather costs of approximately \$31,000,000, salaries of approximately \$9,000,000 due to existing vacancies and health benefits costs of about \$6,000,000. These under budget expenses were partially offset by higher than budgeted State Police costs of about \$4,000,000. When excluding the actual and budgeted snow and severe weather costs, the remaining operating expenses are about 92% of their year-to-date budget.

Debt Service

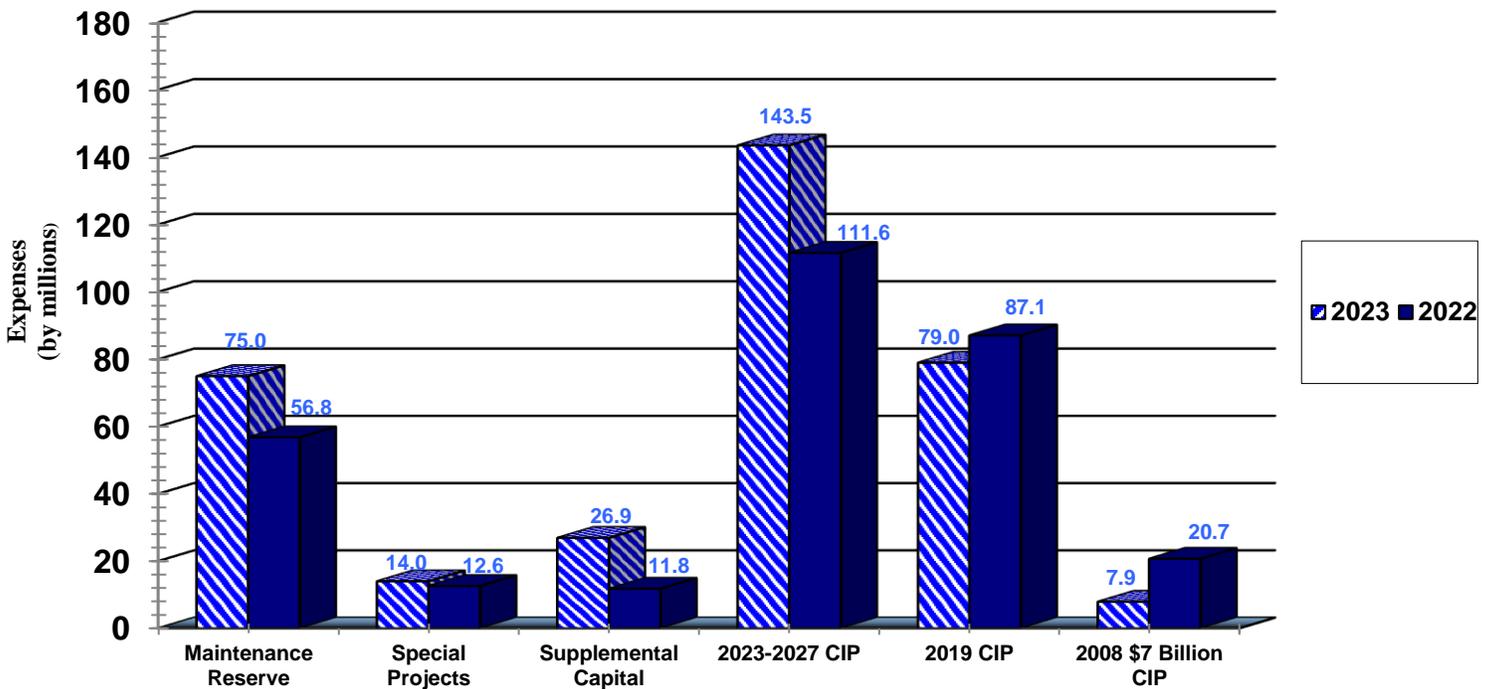
Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the six months ended June 30, 2023, Debt Service totaled \$454,536,000 and included \$295,098,000 in interest payments and \$159,438,000 in principal payments. Debt Service is currently \$12,215,000 or 5.1% below budget partly because the budget assumed a \$1,000,000,000 new money bond issuance in January 2023 which has not been issued to date. Net debt service (funded from revenue, net of capitalized interest) was \$437,182,000 for the six-month period and was \$603,000 or 0.1% above budget. Net Debt Service is slightly above budget due to the 2022C bond refunding which occurred after the budget was approved and resulted in slightly higher principal payments.

General Reserve Fund

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$443,333,000 and consisted primarily of \$372,987,000 for the 2021 State Public Transportation Projects Funding Agreement, \$11,000,000 for the Transportation Trust Fund, and \$10,000,000 for the 2023 State Public Transportation Projects Funding Agreement. Also included are \$37,947,000 in transfers to the Supplemental Capital program in the Construction Fund. General Reserve spending was \$9,506,000 or 2.1% below budget partly due to no spending on extraordinary snow/severe weather events.

Capital Spending Program Expenditures For the Six Months Ended June 30, 2023

	<u>2023</u>	<u>2022</u>
Maintenance Reserve	\$ 74,960,000	\$ 56,764,000
Special Project Reserve	14,008,000	12,623,000
Supplemental Capital	26,856,000	11,761,000
Capital Budget Total	115,824,000	81,148,000
2023-2027 Capital Improvement Program	143,540,000	111,572,000
2019 Capital Improvement Program	78,961,000	87,128,000
2008 \$7 Billion Capital Improvement Program	7,889,000	20,748,000
Construction Fund Total	230,390,000	219,448,000
Total Spending	\$ 346,214,000	\$ 300,596,000



The Capital Budget currently includes the Maintenance Reserve Fund, the Special Project Reserve Fund, and the Supplemental Capital Program. Current or accumulated revenues are used to support these funds. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs, and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities, fleet and technology platform. The Supplemental Capital Program generally covers roadway and facilities improvements, as well as major technology initiatives. For the six months ended June 30, 2023, total expenditures from the Capital Budget were approximately \$115,824,000, which was 68.5% of the year-to-date spending budget. Expenditures included \$17,912,000 for Service Area Renovations, \$12,065,000 for TPK Resurfacing MP 35.5 to 48.5 NB & SB Roadways - Section 4, and \$11,989,000 for GSP Resurfacing MP 148.8 to 160.7 NB & SB Roadways - Section 14. In addition to these expenditures, there are open contracts and commitments totaling approximately \$314,811,000.

The Construction Fund, which is funded by bond proceeds, consists of the 2023-2027 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the six months ended June 30, 2023, total expenditures were approximately \$230,390,000, which was 63.3% of the year-to-date spending budget. Expenditures included \$34,828,000 for Service Area Renovations, \$20,373,000 for TPK Bridge Rehabilitation W107.87, E107.88, \$19,588,000 for GSP 128 AB 154.2N & TPK 90-91.37 and 84.24N&S, and \$13,671,000 for GSP Shoulder Widening Reconstruction MP 30-35. In addition to these expenditures, there are open contracts and commitments totaling approximately \$926,937,000.