

**New Jersey Turnpike Authority  
Financial Summary  
For the Three Months Ended March 31, 2018**

<b>ACTUAL REVENUE - January - March</b>	\$ 418,436,000
<b>ESTIMATED REVENUE - April - December</b>	1,369,339,000
<b><i>Budgeted Annual Revenue</i></b>	\$ 1,787,775,000
<b>BUDGETED ANNUAL OPERATING EXPENSES</b>	\$ 538,965,000
<b><i>Budgeted Net Revenue</i></b>	\$ 1,248,810,000
<b>DEBT SERVICE REQUIREMENTS</b>	804,392,000
<b>SPECIAL PROJECT RESERVE FUND</b>	40,490,000
<b>MAINTENANCE RESERVE FUND</b>	119,086,000

The following un-audited results are for the three months ended March 31, 2018.<sup>1</sup> 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, 2018, the Authority is projected to have a debt service coverage ratio of 1.55 and a total requirements coverage ratio of 1.30.

The Authority's total revenue for the three months ended March 31, 2018 was \$418,436,000, which is \$23,955,000, or 6.1%, above budget. Toll revenue was \$355,506,000, which is \$9,881,000, or 2.9%, greater than budget. Toll revenue exceeded budget as the toll revenue projections used for the budget assumed the Pulaski Skyway would be open to two-way traffic for all of 2018 and that some traffic currently using the Turnpike due to the closure of the skyway would return to the free route. The Pulaski Skyway is now expected to open to two-way traffic in the spring of 2018. Revenue increased despite the effects from winter storms Grayson (January 4-5, 2018), Quinn (March 7-8, 2018), and Toby (March 21-22, 2018), which were state of emergency events. The increase in total revenue was also due in part to higher than anticipated miscellaneous revenue and income from investments. Miscellaneous revenue, which totaled \$8,404,000, was \$5,872,000, or over two (2) times greater than budget due to the receipt of a \$5,000,000 advance payment for the Delaware River Turnpike Bridge insurance claim and a payment from a new fiber lease agreement with PEG Bandwith LLC. Income from investments, which totaled \$5,491,000, was \$2,308,000 or 72.5% above budget due to higher yields on investments due to an increase in short-term interest rates and higher invested balances.

For the three months ended March 31, 2018, traffic on the New Jersey Turnpike increased 2.7% and toll revenue increased 3.9% as compared to the same period in 2017. Toll transactions and revenue increased primarily due to the reopening of Interchanges 6 and 6A on the New Jersey Turnpike. Those interchanges were closed from January 20, 2017 to March 9, 2017 due to the emergency closure of the Delaware River Turnpike Bridge, which connects the New Jersey Turnpike to the Pennsylvania Turnpike. Traffic and revenue were negatively impacted by winter storms Grayson, Quinn, and Toby. The storms resulted in 2,013,000 fewer transactions and \$8,283,000 less revenue when compared to similar days in January and March. When adjusting for the impacts of the storms, traffic and revenue would have increased 3.6% and 7.5%, respectively. CDM Smith, the Authority's traffic engineering consultant, released a draw down letter dated March 8, 2017 updating the short-term projections of its investment grade study released in May 2014. CDM Smith projected 2018 annual traffic to decrease 1.7% and revenue to decrease 0.4% as compared to 2017 actual results, due to the projected impacts of the re-opening of the Pulaski Skyway for a full year in 2018. The actual and adjusted results for the three months ended March 31, 2018 were above CDM Smith's projections of a 1.4% decrease in traffic and a 0.1% increase in revenue. Through March 2018, the *E-ZPass* usage rate on the New Jersey Turnpike was 86.0%, an increase from 84.1% for the same period in 2017.

For the three months ended March 31, 2018, toll transactions on the Garden State Parkway increased 0.1% and revenue increased 0.5% when compared to the same period in 2017, due mainly to normal growth. Toll transactions and revenue increased despite more severe winter weather in the first three months of 2018 compared to 2017. Traffic and revenue were negatively impacted by winter storms Grayson, Quinn, and Toby. The storms resulted in 3,148,000 fewer transactions and \$3,441,000 less revenue when compared to similar days in January and March. When adjusting for the impacts of the storms, traffic and revenue would have increased 3.8% and 4.2%, respectively. CDM Smith's 2018 forecast projected toll transactions to increase 0.4% and revenue to increase 0.9% on the Garden State Parkway. The actual and adjusted results for the three months ended March 31, 2018 were above CDM's projected decreases of 0.6% in toll transactions and 0.1% in revenue. Through March 2018, the *E-ZPass* usage rate on the Garden State Parkway was 82.6%, an increase from 80.9% for the same period in 2017.

Operating expenses for the three months ended March 31, 2018 were approximately \$117,387,000, which was 86% of the year-to-date budget. The Authority's operating expenses through March were under budget primarily due to lower than budgeted snow and severe weather costs charged to operating expenses. The Authority spent a total of \$33,517,000 for snow and severe weather costs through March 2018, with \$9,622,000 spent from the operating expense budget and an additional \$23,895,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget with the exception of declared state of emergency events, which are charged to the General Reserve Fund. The Authority has spent the same amount on snow through March 31, 2018 as it did for the entire calendar year in 2017. Excluding snow costs, operating expenses were 91% of the year-to-date budget.

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

Discretionary spending and budgetary guidelines will be closely monitored and adhered to through the remainder of the year in order to control operating expenses.

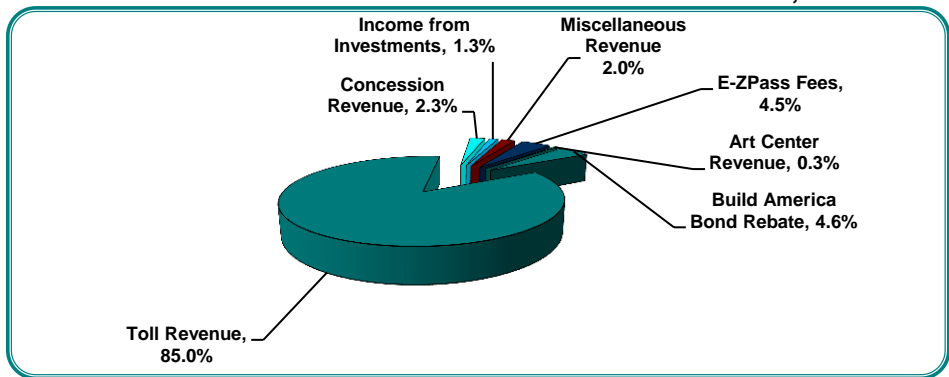
The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the three months ended March 31, 2018, total expenditures were approximately \$15,672,000. Expenditures included \$3,265,000 for Turnpike Resurfacing, \$2,208,000 for Parkway Bridge Repairs and \$1,672,000 for Turnpike Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$86,403,000 and consisted primarily of \$51,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$23,895,000 for Extraordinary Events – Snow, and \$5,500,000 for the Transportation Trust Fund.

Total expenditures in the Construction Fund for the three months ended March 31, 2018 were approximately \$51,463,000. Expenses included \$12,960,000 for the Authority’s Phase I Facilities Improvements project, \$8,086,000 for NBHCE Bridge Redecking and \$5,572,000 for Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$464,554,000.

**Comparison of Budgeted Revenues to Actual Revenues  
For the Three Months Ended March 31, 2018**

	<b>Budgeted</b>	<b>Unaudited Actual</b>
<b><i>Toll Revenue</i></b>	345,625,000	355,506,000
<b><i>Concession Revenue</i></b>	8,174,000	9,739,000
<b><i>Income from Investments</i></b>	3,183,000	5,491,000
<b><i>Miscellaneous Revenue</i></b>	2,532,000	8,404,000
<b><i>Build America Bond Subsidy</i></b>	19,068,000	19,069,000
<b><i>Arts Center Revenue</i></b>	1,292,000	1,292,000
<b><i>E-ZPass Fees</i></b>	14,607,000	18,935,000
<b><i>Total Revenues</i></b>	<b>394,481,000</b>	<b>418,436,000</b>

**Actual Revenues for the Three Months Ended March 31, 2018**



For the three months ended March 31, 2018, total revenue was \$418,436,000, which was 6.1%, or \$23,955,000 above budget. The increase is due mostly to higher than expected toll revenue and miscellaneous revenue.

Toll revenue for the period was \$355,506,000 which was 2.9%, or \$9,881,000 greater than the budgeted amount. Toll revenue was \$9,379,000 higher than the budgeted amount on the New Jersey Turnpike and \$502,000 higher than the budgeted amount on the Garden State Parkway.

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 \$9,739,000 which was \$1,565,000 or 19.1% above budget. Revenue was higher due to timing, as extra payments were received based on revised terms and payment due dates in new agreements with both HMS Host and Sunoco. The Authority now receives a minimum guaranteed rent payment on the first of each month for food and fuel, with a variable payment based on sales the following month. As such, January 2018 included payments received from both the old and new contracts. The Authority receives 50% of the gross profit margin on all diesel fuel sold. On the Turnpike, fuel sales decreased 6.9% while food sales increased 5.2% and convenience store sales increased 5.8% compared to last year. The increase in food and convenience is due in part to the reopening of the Delaware River Turnpike Bridge which was closed in early 2017. On the Garden State Parkway, food sales decreased 0.4%, fuel sales decreased 5.4%, and convenience store sales decreased 8.1% compared to the same period in 2017.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$5,491,000, which was \$2,308,000 or 72.5% higher than budget. Income from investments increased as short-term interest rates increased in 2018 and the Authority's invested balances were higher than anticipated.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, and other items. Revenue for the period was \$8,404,000 which was \$5,872,000, or 231.9% higher than budget. Miscellaneous revenue was above budget levels due to the receipt of a \$5,000,000 advance payment for the Delaware River Turnpike Bridge insurance claim and a payment from a new fiber lease agreement with PEG Bandwith LLC, neither of which were budgeted.

The Build America Bond Subsidy is a direct payment from the U.S. Treasury to the Authority equaling about 32.6% of the interest payable on the Series 2009F and the Series 2010A Bonds for Federal Fiscal Year 2018 which began in September 2017. The subsidy received was \$19,069,000, which was at budget.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the three months ended March 31, 2018, revenue was \$1,292,000, which was at budget.

E-ZPass fees consist of monthly membership fees, transponder sales, return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. Revenue of \$18,935,000 was \$4,328,000, or 29.6%, higher than budget. E-ZPass fees were above budget in part due to interest income earned on prepaid account balances and tag deposits. For the three months ended March 31, 2018, interest income above budget and is up 34% from the same period in 2017 due to better returns on higher invested balances.

### **New Jersey Turnpike Traffic & Revenue Comparison**

**For the Month of March 2018<sup>(1)</sup>**

	<u><b>Traffic</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	18,243,000	17,908,000	1.9%
Commercial Vehicles	2,738,000	2,694,000	1.6%
Overall	<u>20,981,000</u>	<u>20,602,000</u>	<u>1.8%</u>
	<u><b>Revenue</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	63,101,000	60,489,000	4.3%
Commercial Vehicles	29,866,000	29,068,000	2.7%
Overall	<u>92,967,000</u>	<u>89,557,000</u>	<u>3.8%</u>

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

For the month of March 2018, traffic on the New Jersey Turnpike increased 1.8% and toll revenue increased 3.8% when compared to the same period in 2016. These results are ahead of CDM's projections of an increase of 1.2% for traffic and an increase of 3.2% for revenue for the month of March 2018. Traffic and revenue increased despite the negative impacts from severe winter storms Quinn (March 7-8, 2018) and Toby (March 21-22, 2018). March 2018 had an average snowfall of 16.6 inches across New Jersey, making it the fourth snowiest March in New Jersey history.

**For the Three Months Ended March 31, 2018<sup>(1)</sup>**

	<u><b>Traffic</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	51,455,000	50,329,000	2.2%
Commercial Vehicles	7,891,000	7,477,000	5.5%
Overall	<u>59,346,000</u>	<u>57,806,000</u>	<u>2.7%</u>
	<u><b>Revenue</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	175,479,000	170,489,000	2.9%
Commercial Vehicles	85,819,000	81,083,000	5.8%
Overall	<u>261,298,000</u>	<u>251,572,000</u>	<u>3.9%</u>

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

For the three months ended March 31, 2018, traffic increased 2.7% and toll revenue increased 3.9% when compared to the same period in 2017. Toll transactions and revenue increased primarily due to the reopening of Interchanges 6 and 6A on the New Jersey Turnpike. Those interchanges were closed from January 20, 2017 to March 9, 2017 due to the emergency closure of the Delaware River Turnpike Bridge, which connects the New Jersey Turnpike to the Pennsylvania Turnpike. Traffic and revenue were negatively impacted by winter storms Grayson, Quinn, and Toby. When adjusting for the impacts of the storms, traffic and revenue would have increased 3.6% and 7.5%, respectively for the three months ended March 31, 2018. Results compare favorably to the CDM Smith projected decrease of 1.4% for traffic and increase of 0.1% for toll revenue, as the CDM Smith projection assumed the Pulaski Skyway would be reopened for all of 2018.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the three months ended March 31, 2018, the *E-ZPass* usage rate for passenger cars was 84.9%, and for commercial vehicles was 92.7%. This resulted in an overall *E-ZPass* usage rate of 86.0%. 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 March 2018<sup>(1)</sup>**

	<u><b>Traffic</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	29,973,000	30,292,000	-1.1%
Commercial Vehicles	397,000	388,000	2.3%
Overall	<u>30,370,000</u>	<u>30,680,000</u>	<u>-1.0%</u>
	<u><b>Revenue</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	31,828,000	32,014,000	-0.6%
Commercial Vehicles	1,188,000	1,176,000	1.0%
Overall	<u>33,016,000</u>	<u>33,190,000</u>	<u>-0.5%</u>

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

For the month of March 2018, toll transactions and toll revenue on the Garden State Parkway decreased by 1.0% and 0.5%, respectively when compared to March 2017. As with the New Jersey Turnpike, the monthly results for March 2018 as compared to March 2017 were primarily affected by winter storms Quinn and Toby, which were state of emergency events.

**For the Three Months Ended March 31, 2018<sup>(1)</sup>**

	<u><b>Toll Transactions</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	85,786,000	85,711,000	0.1%
Commercial Vehicles	1,132,000	1,077,000	5.1%
Overall	<u>86,918,000</u>	<u>86,788,000</u>	<u>0.1%</u>
	<u><b>Revenue</b></u>		
	<u>March-18</u>	<u>March-17</u>	<u>% Change</u>
Passenger Vehicles	90,835,000	90,524,000	0.3%
Commercial Vehicles	3,373,000	3,242,000	4.0%
YTD Toll Revenue	<u>94,208,000</u>	<u>93,766,000</u>	<u>0.5%</u>

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

For the three months ended March 31, 2018, toll transactions on the Garden State Parkway increased 0.1% and revenue increased 0.5% when compared to the same period in 2017. As with the Turnpike, toll transactions and revenue increased despite severe winter weather in 2018. Toll transactions and revenue were negatively impacted by winter storms Grayson, Quinn, and Toby, which occurred in January and March of 2018. When adjusting for the storms, Parkway toll transactions and revenue for the three months ended March 31, 2018 would have increased 3.8% and 4.2%, respectively. Results were above CDM Smiths' projections for a decrease of 0.6% in toll transactions and 0.1% in toll revenue.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the three months ended March 31, 2018, the total E-ZPass usage rate was 82.6%, up from 80.9% in the same period in 2017. The E-ZPass usage rate for passenger cars was 82.5%, and for commercial vehicles was 92.2%.

## Operating Expenses

### For the Three Months Ended March 31, 2018

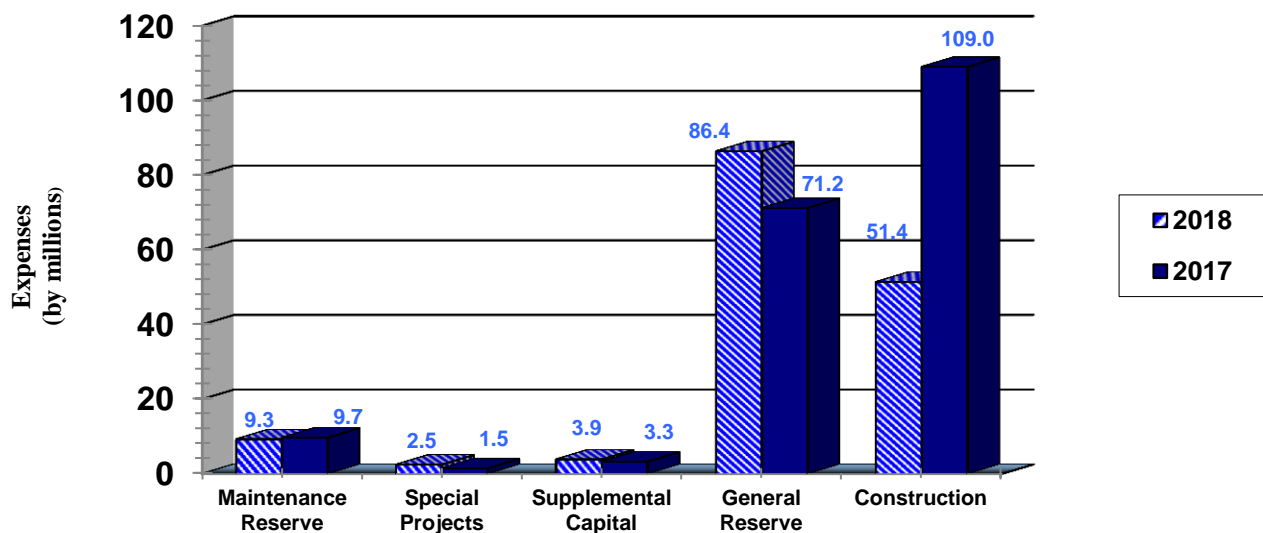
	Annual Budget	YTD Expenses
<b><u>Maintenance of roadway, buildings &amp; equipment</u></b>		
Maintenance	\$ 217,752,500	\$ 48,078,000
Engineering	9,418,300	1,555,000
<b>Total Maintenance</b>	<b>227,170,800</b>	<b>49,633,000</b>
 <b><u>Toll Collection</u></b>		
Toll Collection	158,383,600	34,089,500
 <b><u>State Police &amp; Traffic Control</u></b>		
State Police	75,532,600	16,701,400
Operations	11,787,400	2,720,000
<b>Total State Police and Traffic Control</b>	<b>87,320,000</b>	<b>19,421,400</b>
 <b><u>Technology</u></b>		
Integrated Technology Services	22,793,100	4,106,200
 <b><u>General &amp; Administrative</u></b>		
Executive Office	1,095,300	214,700
Law	10,264,000	2,151,800
Purchasing & Materials Management	9,090,600	2,007,500
Human Resources & Office Services	5,666,400	1,279,900
Finance	11,688,100	3,219,300
Patron & Customer Services	1,904,200	442,300
Internal Audit	3,589,300	821,400
<b>Total General and Administrative</b>	<b>43,297,900</b>	<b>10,136,900</b>
 <b>TOTAL OPERATING</b>	 <b>\$ 538,965,400</b>	 <b>\$ 117,387,000</b>

For the three months ended March 31, 2018, operating expenses were approximately \$117,387,000, which was 21.8% of the annual budget. Operating expenses in 2018 were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$9,622,000 for snow and severe weather costs in its operating expense budget in the first three months of 2018, which was approximately \$9,431,000 under budget. All snow and severe weather costs are charged to operating expenses with the exception of declared state of emergency events, which are budgeted and charged to the General Reserve Fund. For the three months ended March 31, 2018, the Authority charged \$23,895,000 to Extraordinary Events in its General Reserve Fund budget for Winter Storms Stella, Quinn, and Toby, bringing total 2018 spending on snow to \$33,517,000. The Authority has spent the same amount in total on snow through March 31, 2018 as it did for the entire calendar year in 2017. When excluding snow, the Authority was at 91.0% of its year-to-date operating expense budget. Lower than expected utilities, software, and equipment maintenance costs also contributed to operating expenses being under budget.

# Capital Budget, General Reserve and Construction Fund Expenditures

## For the Three Months Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Maintenance Reserve	\$ 9,286,000	\$ 9,716,000
Special Project Reserve	2,482,000	1,541,000
Supplemental Capital	3,904,000	3,250,000
Capital Budget Total	15,672,000	14,507,000
General Reserve	86,403,000	71,170,000
Construction Fund	51,463,000	109,059,000
Total Spending	\$ 153,538,000	\$ 194,736,000



Capital Budget projects consist of projects funded from the Maintenance Reserve, Special Project Reserve, and Supplemental Capital funds. 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 and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements, major technology projects. The General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose.

For the three months ended March 31, 2018, total expenditures were approximately \$15,672,000. Expenditures included \$3,265,000 for Turnpike Resurfacing, \$2,208,000 for Parkway Bridge Repairs and \$1,672,000 for Turnpike Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$86,403,000 and consisted primarily of \$51,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$23,895,000 for Extraordinary Events – Snow, and \$5,500,000 for the Transportation Trust Fund.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the three months ended March 31, 2018 were approximately \$51,463,000. Expenses included \$12,960,000 for the Authority's Phase I Facilities Improvements project, \$8,086,000 for NBHCE Bridge Redecking and \$5,572,000 for Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$464,554,000.