

**New Jersey Turnpike Authority
Financial Summary
For the Six Months Ended June 30, 2019**

ACTUAL REVENUE - January - June	\$ 903,100,000
ESTIMATED REVENUE - July - December	930,305,000
<i>Budgeted Annual Revenue</i>	\$ 1,833,405,000
BUDGETED ANNUAL OPERATING EXPENSES	\$ 582,071,000
<i>Budgeted Net Revenue</i>	\$ 1,251,334,000
DEBT SERVICE REQUIREMENTS	832,823,000
SPECIAL PROJECT RESERVE FUND	41,300,000
MAINTENANCE RESERVE FUND	131,468,000

The following un-audited results are for the six months ended June 30, 2019.¹ 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, 2019, the Authority is projected to have a debt service coverage ratio of 1.50 and a total requirements coverage ratio of 1.24.

The Authority's total revenue for the six months ended June 30, 2019 was \$903,100,000, which is \$22,942,000, or 2.6%, above the 2019 Budget. Toll revenue was \$780,478,000, which is \$12,004,000, or 1.6%, greater than the 2019 budget. Toll revenue is greater than budget primarily due to stronger than projected commercial traffic growth on the New Jersey Turnpike, lower gas prices, and less severe winter weather. Gas prices averaged \$0.15/gallon lower in the first six months of 2019 as compared to the same period in 2018. The increase in total revenue was also due in part to higher than anticipated miscellaneous revenue and income from investments. Miscellaneous revenue, which totaled \$8,950,000, was \$3,449,000 or 62.7% above the 2019 budget due in part to a \$1.0 million FEMA recovery for Winter Storm Quinn (June 2018) and a \$1.0 million receipt for the Delaware River Turnpike Bridge insurance claim. Income from investments, which totaled \$18,579,000, was \$6,181,000 or 49.9% above the 2019 budget due to higher yields on investments due to an increase in short-term interest rates and higher invested balances.

For the six months ended June 30, 2019, traffic on the New Jersey Turnpike increased 1.7% and toll revenue increased 0.8% as compared to the same period in 2018. Toll transactions and revenue increased primarily due to less severe winter weather, normal growth, favorable economic conditions, lower gas prices, and strong commercial traffic. Toll transactions and revenue increased despite the Pulaski Skyway reopening to two-way traffic on July 2nd, 2018, which allowed some traffic to leave the Turnpike for the free route. CDM Smith, the Authority's traffic engineering consultant, released a new toll revenue forecast study dated September 27, 2018. CDM Smith projected 2019 annual traffic to decrease 1.4% and revenue to decrease 0.6%. The actual results for the six months ended June 30, 2019 have exceeded CDM Smith's projections of a 2.4% decrease in traffic and a 0.9% decrease in revenue. Through June 2019, the E-ZPass usage rate on the New Jersey Turnpike was 86.8%, an increase from 85.8% for the same period in 2018.

For the six months ended June 30, 2019, toll transactions on the Garden State Parkway decreased 1.8% and revenue increased 1.3% when compared to the same period in 2018, due mainly to less severe winter weather in 2019 compared to 2018 as well as normal growth and lower gas prices. Toll transactions decreased due to Interchange 145 (East Orange) being converted to one-way tolling on July 26th, 2018. Transactions are now only counted in one direction. When adjusting for one-way tolling, toll transactions would have increased by 1.5%. CDM Smith projected 2019 annual traffic to decrease 1.5% and revenue to increase 0.3%. The actual results for the six months ended June 30, 2019 were above CDM's projections of a decrease of 3.4% in toll transactions and toll revenue to remain flat. Through June 2019, the E-ZPass usage rate on the Garden State Parkway was 84.6%, an increase from 82.7% for the same period in 2018.

Operating expenses for the six months ended June 30, 2019 were approximately \$247,981,000, which was 89.8% of the year-to-date budget. The Authority's operating expenses through June were under budget primarily due to lower than budgeted snow and severe weather costs. The Authority spent a total of \$27,053,000 for snow and severe weather costs in 2019, with \$14,201,000 spent from the operating expense budget and an additional \$12,852,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget except for declared state of emergency events, which are charged to the General Reserve Fund. For the six months ended June 30, 2019, snow and severe weather costs charged to operating expenses were approximately \$5,587,000 under budget. 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 six months ended June 30, 2019, total expenditures were approximately \$77,354,000. Expenditures included \$10,860,000 for Turnpike Bridge Repairs, \$8,502,000 for Parkway Resurfacing, and \$7,210,000 for Parkway Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$125,442,000 and consisted primarily of \$89,500,000 for the State Transportation Projects Funding Agreement 2016-2021, \$12,852,000 for Extraordinary Events (state of emergency weather events), \$11,000,000 for the Transportation Trust Fund Agreement and \$7,500,000 for Other Post-Employment Benefits.

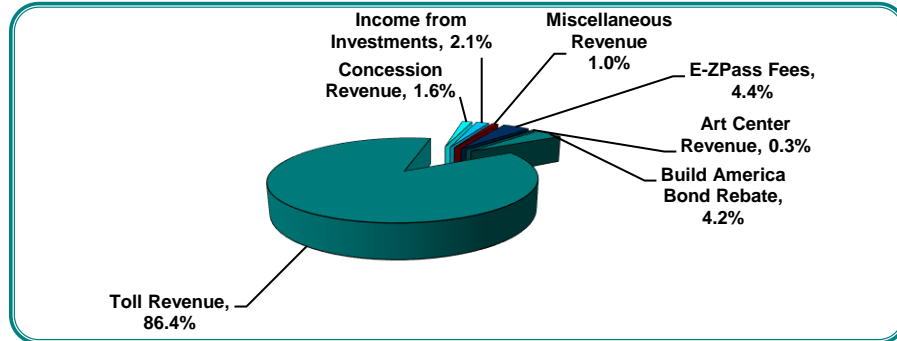
Total expenditures in the Construction Fund for the six months ended June 30, 2019 were approximately \$99,100,000. Expenses included \$31,561,000 for the NBHCE Bridge Re-decking, \$16,384,000 for the Authority's Phase I Facilities Improvements project, and \$15,089,000 for Turnpike and Parkway Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$474,844,000. Total expenditures from the Revenue Funded Construction Fund for the six months ended June 30, 2019 were approximately \$2,075,000. Expenses include \$1,822,000 for the Passaic River Bridge Rehabilitation.

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

**Comparison of Budgeted Revenues to Actual Revenues
For the Six Months Ended June 30, 2019**

	Budgeted	Unaudited Actual
<i>Toll Revenue</i>	768,474,000	780,478,000
<i>Concession Revenue</i>	16,161,000	14,879,000
<i>Income from Investments</i>	12,398,000	18,579,000
<i>Miscellaneous Revenue</i>	5,501,000	8,950,000
<i>Build America Bond Subsidy</i>	38,301,000	38,301,000
<i>Arts Center Revenue</i>	2,289,000	2,289,000
<i>E-ZPass Fees</i>	37,034,000	39,624,000
<i>Total Revenues</i>	880,158,000	903,100,000

Actual Revenues for the Six Months Ended June 30, 2019



For the six months ended June 30, 2019, total revenue was \$903,100,000, which was 2.6%, or \$22,942,000 above the 2019 Budget. The increase is due mostly to higher than expected toll revenue, miscellaneous revenue, and income from investments.

Toll revenue for the period was \$780,478,000 which was 1.6%, or \$12,004,000 greater than the 2019 Budget amount. Toll revenue was \$9,479,000 higher than the 2019 Budget amount on the New Jersey Turnpike and \$2,525,000 higher than the 2019 Budget 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 \$14,879,000 which was \$1,282,000 or 7.9% below the 2019 Budget. Revenue was lower primarily due to the closure of three services areas for renovation. On the Turnpike, the Thomas Edison and Alexander Hamilton service areas closed for renovation, and on the Parkway, the Monmouth service area closed for renovation. The Thomas Edison and Monmouth service areas have since reopened. The Authority receives 50% of the gross profit margin on all diesel fuel sold for both roadways. On the Turnpike, food sales decreased 8.2%, fuel sales decreased 17.8% and convenience store sales decreased by 10.9% compared to last year. On the Garden State Parkway, food sales decreased 1.6%, fuel sales decreased 15.8%, and convenience store sales increased 7.5% compared to the same period in 2018.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$18,579,000, which was \$6,181,000 or 49.9% higher than the 2019 Budget. Income from investments increased as short-term interest rates increased in 2019 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 \$8,950,000 which was \$3,449,000, or 62.7% higher than the 2019 Budget. Miscellaneous revenue was above the 2019 Budget levels due in part to a \$1,000,000 FEMA recovery for Winter Storm Quinn (June 2018) and the receipt of an additional \$1,000,000 for the Delaware River Turnpike Bridge insurance claim.

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 2019 which began in September 2018. The subsidy received was \$38,301,000, which was at budget.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the six months ended June 30, 2019, revenue was \$2,289,000, which was at budget.

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 \$39,624,000 was \$2,590,000, or 7.0%, higher than the 2019 Budget. E-ZPass fees were above budget in part due to interest income earned on prepaid account balances and tag deposits. For the six months ended June 30, 2019, interest income is above budget and is up 91% from the same period in 2018 due to better returns on higher invested balances. In addition, monthly membership fees are above budget due to more new accounts opened than were expected.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of June 2019⁽¹⁾

Traffic

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	20,361,000	20,434,000	-0.4%
Commercial Vehicles	2,792,000	2,954,000	-5.5%
Overall	<u>23,153,000</u>	<u>23,388,000</u>	<u>-1.0%</u>

Revenue

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 73,010,000	\$ 72,069,000	1.3%
Commercial Vehicles	29,178,000	31,725,000	-8.0%
Overall	<u>\$ 102,188,000</u>	<u>\$ 103,794,000</u>	<u>-1.5%</u>

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

For the month of June 2019, traffic on the New Jersey Turnpike decreased 1.0% and toll revenue decreased 1.5% when compared to the same period in 2018. These results are ahead of CDM's projection of a decrease of 1.7% for traffic and below CDM's projection of a decrease of 0.9% for revenue for the month of June 2019. Traffic and revenue were negatively impacted by above average precipitation and an extra weekend day. June 2019 ranked as the 28th wettest month since 1895, and weekend days have less vehicles travelling the roadway as compared to weekdays.

For the Three Months Ended June 31, 2019⁽¹⁾

Traffic

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	113,442,000	111,573,000	1.7%
Commercial Vehicles	16,962,000	16,667,000	1.8%
Overall	<u>130,404,000</u>	<u>128,240,000</u>	<u>1.7%</u>

Revenue

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 393,847,000	\$ 386,075,000	2.0%
Commercial Vehicles	177,206,000	180,605,000	-1.9%
YTD Toll Revenue	<u>\$ 571,053,000</u>	<u>\$ 566,680,000</u>	<u>0.8%</u>

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

For the six months ended June 30, 2019, traffic increased 1.7% and toll revenue increased 0.8% when compared to the same period in 2018. Toll transactions and revenue increased primarily due to mild winter weather, favorable economic conditions, and strong traffic growth. Toll transactions and revenue increased despite the Pulaski Skyway reopening to two-way traffic on July 2nd, 2018, which would allow some traffic to leave the Turnpike for the free route. Results compare favorably to the CDM Smith's projections of a 2.4% decrease in traffic and a 0.9% decrease in revenue.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the six months ended June 30, 2019, the *E-ZPass* usage rate for passenger cars was 85.8%, and for commercial vehicles was 93.5%. This resulted in an overall *E-ZPass* usage rate of 86.8%. 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 2019⁽¹⁾⁽²⁾

Traffic

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	34,017,000	35,525,000	-4.2%
Commercial Vehicles	511,000	502,000	1.8%
Overall	<u>34,528,000</u>	<u>36,027,000</u>	<u>-4.2%</u>

Revenue

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 37,492,000	\$ 38,075,000	-1.5%
Commercial Vehicles	1,552,000	1,541,000	0.7%
Overall	<u>\$ 39,044,000</u>	<u>\$ 39,616,000</u>	<u>-1.4%</u>

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

(2) Includes the impacts of one-way tolling at interchange 145 since July 26th, 2018, as transactions are now only counted in one direction.

For the month of June 2019, toll transactions on the Garden State Parkway decreased by 4.2% and toll revenue decreased by 1.4% when compared to June 2018. Toll transactions decreased due in part to the impacts of one-way tolling at Interchange 145. Transactions at that interchange are now only counted in one direction. One-way tolling has had minimal impacts on toll revenue. As with the Turnpike, traffic and revenue were negatively impacted by above average precipitation. Results are below of CDM's projections of a 3.5% decrease in traffic and a 0.1% decrease in revenue.

For the Six Months Ended June 30, 2019⁽¹⁾⁽²⁾

Traffic

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	183,841,000	187,306,000	-1.8%
Commercial Vehicles	2,702,000	2,583,000	4.6%
Overall	<u>186,543,000</u>	<u>189,889,000</u>	<u>-1.8%</u>

Revenue

	<u>June-19</u>	<u>June-18</u>	<u>% Change</u>
Passenger Vehicles	\$ 201,435,000	\$ 199,024,000	1.2%
Commercial Vehicles	7,990,000	7,778,000	2.7%
YTD Toll Revenue	<u>\$ 209,425,000</u>	<u>\$ 206,802,000</u>	<u>1.3%</u>

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

(2) Includes the impacts of one-way tolling at interchange 145 since July 26th, 2018, as transactions are now only counted in one direction.

For the six months ended June 30, 2019, toll transactions on the Garden State Parkway decreased 1.8% and revenue increased 1.3% when compared to the same period in 2018. Toll transactions decreased due to Interchange 145 (East Orange) being converted to one-way tolling on July 26th, 2018. Transactions are now only counted in one direction. When adjusting for one-way tolling, toll transactions would have increased by 1.5%. Results compare favorably to CDM Smith's projections of a 3.4% decrease in traffic and toll revenue to remain flat.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the six months ended June 30, 2019, the total *E-ZPass* usage rate was 84.6%, up from 82.7% in the same period in 2018. The *E-ZPass* usage rate for passenger cars was 84.5%, and for commercial vehicles was 92.3%.

Operating Expenses

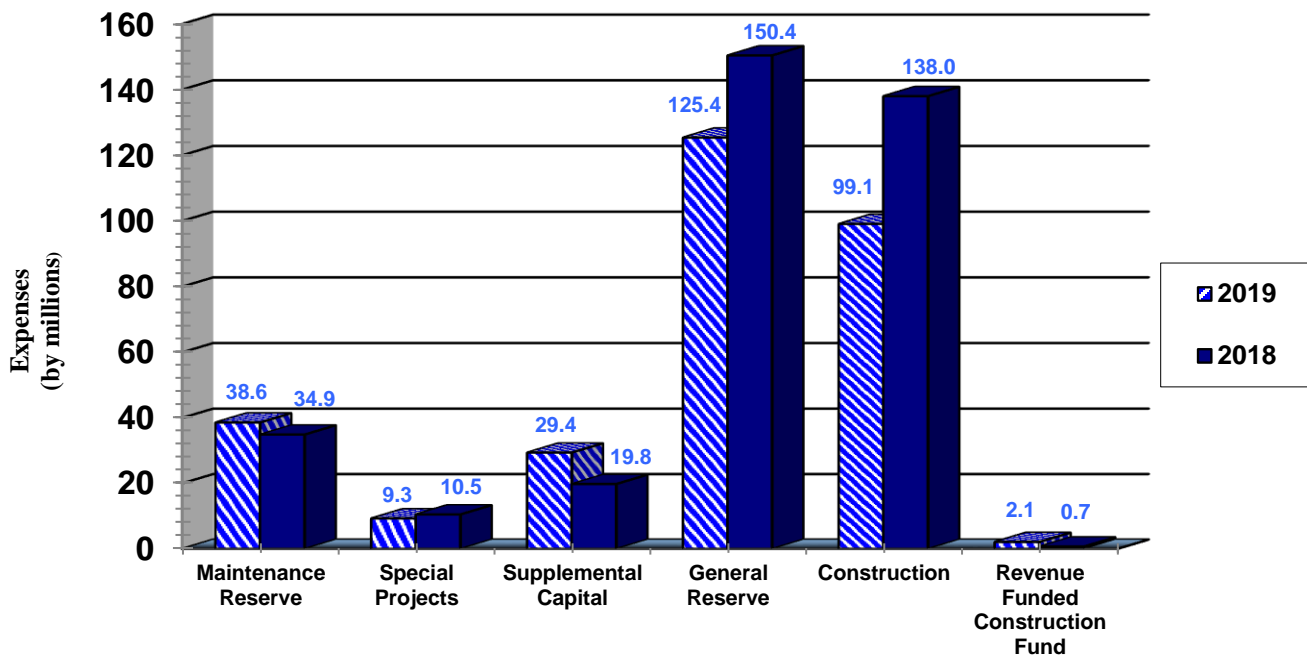
For the Six Months Ended June 30, 2019

	2019 Annual Budget	YTD Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 230,098,000	\$ 96,393,800
Engineering	10,822,000	5,051,900
Total Maintenance	240,920,000	101,445,700
 <u>Toll Collection</u>		
Toll Collection	168,721,000	73,856,200
 <u>State Police & Traffic Control</u>		
State Police	87,517,000	38,201,700
Operations	12,293,000	5,920,400
Total State Police and Traffic Control	99,810,000	44,122,100
 <u>Technology</u>		
Information Technology Services	24,796,000	7,923,300
 <u>General & Administrative</u>		
Executive Office	1,389,000	669,300
Law	11,165,000	4,144,500
Purchasing & Materials Management	7,914,000	3,627,400
Human Resources & Office Services	6,397,000	2,591,600
Finance	13,730,000	6,105,300
Patron & Customer Services	2,575,000	1,246,000
Internal Audit	4,654,000	2,249,600
Total General and Administrative	47,824,000	20,633,700
 TOTAL OPERATING	 \$ 582,071,000	 \$ 247,981,000

For the six months ended June 30, 2019, operating expenses were approximately \$247,981,000, which was 42.6% of the annual budget. Operating expenses through June 2019 were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$14,201,000 for snow and severe weather costs in its operating expense budget in the first six months of 2019, which was approximately \$5,587,000 under budget. All snow and severe weather costs are charged to operating expenses except for declared state of emergency events, which are budgeted and charged to the General Reserve Fund. For the first six months of 2019, the Authority charged \$12,852,000 to Extraordinary Events in its General Reserve Fund budget bringing total 2019 spending on snow to \$27,053,000. When excluding snow, the Authority was at 91.2% of its year-to-date operating expense budget. Lower than expected state police costs, due to trooper headcount being lower than the budget amount, contributed to operating expenses being under budget. In addition, equipment maintenance and software costs are also under budget.

Capital Budget, General Reserve and Construction Fund Expenditures For the Six Months Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Maintenance Reserve	\$ 38,640,000	\$ 34,925,000
Special Project Reserve	9,340,000	10,498,000
Supplemental Capital	29,374,000	19,793,000
Capital Budget Total	<u>77,354,000</u>	<u>65,216,000</u>
General Reserve	125,442,000	150,393,000
Construction Fund	99,100,000	137,964,000
Revenue Funded Construction Fund	2,075,000	718,000
Total Spending	<u><u>\$ 303,971,000</u></u>	<u><u>\$ 354,291,000</u></u>



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, as well as major technology projects. The General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose.

For the six months ended June 30, 2019, total expenditures were approximately \$77,354,000. Expenditures included \$10,860,000 for Turnpike Bridge Repairs, \$8,502,000 for Parkway Resurfacing, and \$7,210,000 for Parkway Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$125,442,000 and consisted primarily of \$89,500,000 for the State Transportation Projects Funding Agreement 2016-2021, \$12,852,000 for Extraordinary Events (state of emergency weather events), \$11,000,000 for the Transportation Trust Fund Agreement and \$7,500,000 for Other Post-Employment Benefits.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the six months ended June 30, 2019 were approximately \$99,100,000. Expenses included \$31,561,000 for the NBHCE Bridge Re-decking, \$16,384,000 for the Authority's Phase I Facilities Improvements project, and \$15,089,000 for Turnpike and Parkway Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$474,844,000. Total expenditures from the Revenue Funded Construction Fund for the six months ended June 30, 2019 were approximately \$2,075,000. Expenses include \$1,822,000 for the Passaic River Bridge Rehabilitation.