

**New Jersey Turnpike Authority
Financial Summary
For the Ten Months Ended October 31, 2019**

ACTUAL REVENUE - January - October	\$	1,559,525,000
ESTIMATED REVENUE - November - December		<u>295,280,000</u>
ESTIMATED Annual Revenue	\$	1,854,805,000
ESTIMATED ANNUAL OPERATING EXPENSES	\$	<u>561,000,000</u>
ESTIMATED Net Revenue	\$	1,293,805,000
DEBT SERVICE REQUIREMENTS		824,449,000
SPECIAL PROJECT RESERVE FUND		41,300,000
MAINTENANCE RESERVE FUND		131,468,000

The following un-audited results are for the ten months ended October 31, 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 1.57 and a total requirements coverage ratio of 1.30.

The Authority's total revenue for the ten months ended October 31, 2019 was \$1,559,525,000, which is \$23,802,000, or 1.5%, above the 2019 Budget. Toll revenue was \$1,350,985,000, which is \$6,450,000, or 0.5%, greater than the 2019 budget. Toll revenue is greater than budget primarily due to lower gas prices, and less severe winter weather. Gas prices averaged \$0.18/gallon lower in the first ten 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 \$14,927,000, was \$5,758,000 or 62.8% above the 2019 budget due in part to a \$1.0 million FEMA recovery for Winter Storm Quinn (March 2018), a \$1.2 million receipt for the Delaware River Turnpike Bridge insurance claim, and a \$1.3 million surplus land sale. Income from investments, which totaled \$31,534,000, was \$10,712,000 or 51.4% 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 ten months ended October 31, 2019, traffic on the New Jersey Turnpike increased 1.3% and toll revenue was essentially flat as compared to the same period in 2018. Toll transactions increased primarily due to less severe winter weather, normal growth, favorable economic conditions, and lower gas prices. Toll revenue has declined due to the reopening of the Pulaski Skyway, offering customers shorter and less expensive trips. Toll revenue continues to be higher than projected. 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 ten months ended October 31, 2019 have exceeded CDM Smith's projections of a 1.5% decrease in traffic and a 0.6% decrease in revenue. Through October 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 ten months ended October 31, 2019, toll transactions on the Garden State Parkway decreased 1.0% and revenue increased 0.8% when compared to the same period in 2018. The increase in revenue is 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 1.2%. CDM Smith projected 2019 annual traffic to decrease 1.5% and revenue to increase 0.3%. The actual results for the ten months ended October 31, 2019 were above CDM's projections of a decrease of 1.9% in toll transactions and an increase of 0.4% in toll revenue. Through October 2019, the E-ZPass usage rate on the Garden State Parkway was 84.7%, an increase from 83.0% for the same period in 2018.

Operating expenses for the ten months ended October 31, 2019 were approximately \$416,911,000, which was 90% of the year-to-date budget. The Authority's operating expenses through October were under budget primarily due to lower than budgeted snow and severe weather costs. The Authority spent a total of \$27,217,000 for snow and severe weather costs in 2019, with \$14,365,000 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 ten months ended October 31, 2019, snow and severe weather costs charged to operating expenses were approximately \$6,291,000 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.

Debt Service includes interest and principal payments on NJTA's outstanding debt. For the ten months ended October 31, 2019, Debt Service totaled \$694,019,000 and included \$503,848,000 in interest payments and \$190,171,000 in principal payments. Debt Service is currently under budget primarily due to the Series 2019A bonds, as the budget assumes \$525 million for 10 months at 5% when only \$449 million was borrowed for 9 months at 4.55%.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund expenses totaled \$197,454,000 and consisted primarily of \$132,500,000 for the State Transportation Projects Funding Agreement, \$18,333,000 for the Transportation Trust Fund, \$12,852,000 for Extraordinary Events (state of emergency weather events), and \$12,500,000 for Other Post-Employment Benefits (OPEB).

The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, the Supplemental Capital Program, and the Passaic River Bridges Rehabilitation Program. For the ten months ended October 31, 2019, total expenditures were approximately \$189,081,000. Expenditures included \$31,575,000 for Turnpike Resurfacing, \$25,875,000 for Turnpike Bridge Repairs, and \$17,426,000 for Parkway Bridge Repairs.

Total expenditures from the \$7 Billion Capital Improvement Program (CIP) for the ten months ended October 31, 2019 were approximately \$169,645,000. Expenses included \$54,663,000 for the NBHCE Bridge Re-decking, \$31,154,000 for Turnpike and Parkway Interchange Improvements, and \$24,013,000 for the Authority's Phase I Facilities Improvements project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$385,033,000. Total expenditures from the 2019 CIP for the ten months ended October 31, 2019 were approximately \$12,154,000. Expenses include \$4,953,000 for GSP Shoulder Widening from MP 30 to 35 and \$2,357,000 for GSP Bridge Deck Reconstruction from MP 160.6 to 161.9. Both programs are funded from bond proceeds.

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