

**New Jersey Turnpike Authority  
Financial Summary  
For the Ten Months Ended October 31, 2021**

	Actual YTD January - October	YTD Budget January - October	Estimated/Actual 2021
<b>Total Revenue</b>	\$ 1,883,039,000	\$ 1,793,544,000	\$ 2,238,600,000
<b>Operating Expenses</b>	<u>487,377,000</u>	<u>508,281,000</u>	<u>594,300,000</u>
<b>Net Revenue</b>	\$ 1,395,662,000	\$ 1,285,263,000	\$ 1,644,300,000
<b>Debt Service Requirements</b>	663,725,000	767,295,000	797,200,000
<b>Maintenance Reserve Fund</b>	133,333,000	133,333,000	160,000,000
<b>Special Reserve Fund</b>	41,667,000	41,667,000	50,000,000
<b>Debt Service Coverage</b>	2.10	1.68	2.06
<b>Total Requirements Coverage</b>	1.66	1.36	1.63

The following un-audited results are for the ten months ended October 31, 2021.<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, 2021, the Authority is projected to have a debt service coverage ratio of 2.06 and a total requirements coverage ratio of 1.63.

The Authority's total revenue for the ten months ended October 31, 2021 was \$1,883,039,000, which is \$89,495,000, or 5.0%, above the 2021 year-to-date budget. Toll revenue was \$1,659,258,000, which is \$57,037,000, or 3.6%, more than the 2021 year-to-date budget. Toll revenue is greater than budget due to increased travel and gradual return to office since New Jersey lifted its travel advisory on May 17, 2021 and the State of Emergency on June 4, 2021. The impacts of Winter Storm Orlena, which occurred from January 31<sup>st</sup> – February 3<sup>rd</sup>, Hurricane Henri and Hurricane Ida, which occurred from August 22<sup>nd</sup> – 23<sup>rd</sup> and September 1<sup>st</sup> – September 2<sup>nd</sup> respectively, and the Nor'easter which occurred on October 26<sup>th</sup>, accounted for an approximate \$17 million revenue loss. February 2021 was the 7<sup>th</sup> snowiest February since 1895. However, since February 2021, traffic has increased each month compared to the prior year. The increase in toll revenue is due to both the toll rate increase effective on September 13, 2020 and the significant increase in traffic since March 2021 as compared to the same months in 2020. Lower than expected interest income, which was \$ 5,792,000, or 65.2%, under budget due to lower than budgeted short-term interest rates, was offset by higher E-ZPass fees, which were \$39,111,000, or 54.9%, above the budget due to conservative budgeting in 2021.

For the ten months ended October 31, 2021, traffic on the New Jersey Turnpike increased 21.0% and toll revenue increased 53.1% compared to the same period in 2020. The increase in traffic is primarily due to return to office, increased travel and resumption of large-scale public events after the lifting of COVID-related restrictions during the first ten months of 2021, as compared to the same period in 2020, which was the peak of the pandemic. Toll revenue also increased due to the increase in traffic as well as the toll rate increase on September 13, 2020. Of note, traffic and revenue also increased due to more travel during the 2021 Easter, Memorial Day and Labor Day holiday weekends as compared to the same periods last year. The 2021 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) updated toll revenue forecast dated October 6, 2020. The updated forecast includes both the assumed continuing impacts of COVID-19 and the toll rate increase. Considering these two factors, CDM Smith projected an 17.3% increase in traffic and a 45.9% increase in revenue as compared to prior year. The actual results for the ten months ended October 31, 2021 were above CDM's projections, despite Winter Storm Orlena, Hurricane Henri and Hurricane Ida, and the October 26<sup>th</sup> Nor'easter which were not projected and combined for an approximate \$12 million revenue loss. When compared to the same period in 2019, pre-pandemic, traffic is down 10.9% but revenue is up 25.7% for the ten-month period. However, when comparing the month of October 2021 to October 2019, October 2021 total traffic recovered to about 96.0% of the pre-pandemic level. Through October 2021, the E-ZPass usage rate on the New Jersey Turnpike was 89.4%, a slight increase from 89.3% for the same period in 2020.

For the ten months ended October 31, 2021, toll transactions on the Garden State Parkway increased 14.2% and revenue increased 40.0% when compared to the same period in 2020. While the increase in traffic is primarily due to more travel since the easing of COVID-19 restrictions, toll revenue increased due to both the increased toll transactions and the toll rate increase on September 13, 2020. Increased travel during the Easter, Memorial Day and Labor Day holiday weekends as compared to last year also positively impacted results. The actual results for the ten months ended October 31, 2021 were slightly below the budget which was based on CDM's projection of a 15.3% increase in toll transactions and a 40.3% increase in toll revenue, as the phased re-openings and increased travel assumed in the projections took longer to occur and primarily impacted passenger car travel. Also, the month of October 2021 had one extra weekend day compared to October 2020 resulting in lower transactions and revenue, as weekend days tend to have less overall traffic than weekdays. In addition, the impacts of Winter Storm Orlena, Hurricane Henri and Hurricane Ida, and the October 26<sup>th</sup> Nor'easter were not projected and combined for an approximate \$5 million revenue loss. The projections include both the assumed impacts of COVID-19 and the toll rate increase. When compared to the same period in 2019, pre-pandemic, traffic is down 9.1% and revenue is up 15.4%. However, when comparing the month of October 2021 to October 2019, October 2021 total traffic recovered to about 96.0% of the pre-pandemic level. Through October 2021, the E-ZPass usage rate on the Garden State Parkway was 88.1%, a slight increase from 87.5% for the same period in 2020.

Operating expenses for the ten months ended October 31, 2021 were approximately \$487,377,000, which was 95.9% of the year-to-date budget. Despite being higher than the same period last year, the Authority's operating expenses through October were slightly below budget primarily due to lower than budgeted salaries because of vacancies, along with lower than budgeted health benefit costs, credit card transaction processing fees, liability insurance and legal costs. These were partially offset by higher than budgeted state police costs, certain violation collection expenses, and transponder costs. The Authority spent a total of \$44,053,000 for snow and severe weather costs in 2021, with \$25,526,000 considered operating expenses paid from the Revenue Fund and an additional \$18,527,000 considered extraordinary events paid from the General Reserve Fund. 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. The Authority has about \$12,576,000 remaining in its 2021 budget for snow and severe weather costs as part of its 2021 budget for operating expenses.

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

## **Financial Summary For the Ten Months Ended October 31, 2021**

Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the ten months ended October 31, 2021, Debt Service totaled \$663,725,000, which was \$103,570,000 or 13.5% below budget and included \$480,571,000 in interest payments and \$183,154,000 in principal payments. Debt Service is below budget partly because the Series 2021B refunding in February 2021 resulted in interest and principal savings which were not budgeted. In addition, the budget assumed a \$500,000,000 new money bond issuance in November 2020 and another \$500,000,000 in January 2021, while only one has been required.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$299,668,000 for the ten months ended October 31, 2021. Spending consisted primarily of \$175,000,000 for the new State Transportation Agreement, \$64,500,000 for the State Transportation Projects Funding Agreement, and \$18,527,000 for Extraordinary Events (state of emergency weather events - Orlena). Also included are \$17,901,000 in net transfers to the revenue funded programs in the Construction Fund.

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 ten months ended October 31, 2021, total expenditures were approximately \$147,988,000. Expenditures included \$16,675,000 for GSP Milepost 0-126 Resurfacing, \$10,967,000 for TPK Resurfacing, and \$10,588,000 for GSP Bridge Repairs.

The Construction Fund, which is funded from bond proceeds, consists of the 2021-2025 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the ten months ended October 31, 2021, total expenditures were approximately \$264,405,000, which was 66.3% of the year-to-date spending budget. Total expenditures from the 2021-2025 Capital Improvement Program for the ten months ended October 31, 2021 were approximately \$60,981,000. Spending included \$7,627,000 for TPK Hybrid CMS Installation, \$7,598,000 for TPK NBHCE Capacity Enhancements, and \$5,485,000 for GSP & TPK Bridge Rehabilitation/Replacement Program. In addition to these expenditures, there are open contracts and commitments totaling approximately \$391,063,000. Total expenditures from the 2019 CIP for the ten months ended October 31, 2021 were approximately \$137,632,000. Spending included \$27,528,000 for GSP Shoulder Widening from MP 30 to 35, \$17,086,000 for TPK Install of New Hybrid CMS, and \$13,115,000 for GSP Bridge Deck Reconstruction 160.6 to 161.9. In addition to these expenditures, there are open contracts and commitments totaling approximately \$267,931,000. Total expenditures from the 2008 \$7 Billion Capital Improvement Program (CIP) for the ten months ended October 31, 2021 were approximately \$65,792,000. Spending included \$39,418,000 for NBHCE Bridge Re-decking, \$14,011,000 for Interchange Improvements, and \$3,535,000 for GSP Interchange 125 Phase I. In addition to these expenditures, there are open contracts and commitments totaling approximately \$124,851,000.