

**New Jersey Turnpike Authority
Financial Summary
For the Month Ended January 31, 2022**

	Actual YTD January	YTD Budget January	2022 Annual Budget
Total Revenue	\$ 163,435,000	\$ 165,357,000	\$ 2,298,400,000
Operating Expenses	<u>66,012,000</u>	<u>54,542,000</u>	<u>676,600,000</u>
Net Revenue	\$ 97,423,000	\$ 110,815,000	\$ 1,621,800,000
Debt Service Requirements	71,554,000	73,675,000	902,853,000
Maintenance Reserve Fund	16,667,000	16,667,000	200,000,000
Special Reserve Fund	4,167,000	4,167,000	50,000,000
Debt Service Coverage	1.36	1.50	1.80
Total Requirements Coverage	1.05	1.17	1.41

The following un-audited results are for the month ended January 31, 2022.¹ 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, 2022, the Authority is projected to have a debt service coverage ratio of 1.80 and a total requirements coverage ratio of 1.41.

The Authority's total revenue for the month ended January 31, 2022 was \$163,435,000, which is \$1,922,000, or 1.2%, below the 2022 year-to-date budget. Toll revenue was \$142,019,000, which is \$4,081,000, or 2.8%, less than the 2022 year-to-date budget. Toll revenue is less than budget due to the impacts of severe winter weather in the month of January 2022, which accounted for an approximate \$8 million revenue loss, as well as the rise of the COVID-19 Omicron variant. January 2022 was the 9th snowiest January since 1895, with an average snowfall of 18.1" across the entire State. Despite being under budget, toll revenue increased compared to the prior year, partly due to the 3% annual toll increase effective on January 1, 2022. E-ZPass fees were \$2,295,000, or 27.7%, above the budget due to conservative budgeting in 2022.

For the month ended January 31, 2022, traffic on the New Jersey Turnpike increased 4.3% and toll revenue increased 9.3% compared to the same period in 2021. The increase in traffic is primarily due to the continued return to office, increased travel, and resumption of large-scale public events after the lifting of COVID-related restrictions in 2021. Toll revenue also increased due to the 3% annual toll rate indexing which went into effect on January 1, 2022. The 2022 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) updated toll revenue forecast dated September 10, 2021. The updated forecast includes both the assumed improved of COVID-19 on travel and the 3% annual toll rate indexing. Considering these two factors, CDM Smith projected a 9.4% increase in traffic and a 9.7% increase in revenue as compared to prior year. The actual results for the month ended January 31, 2022 were below CDM's projections, mainly due to the impact of severe winter weather which was not projected and accounted for an approximate \$6 million revenue loss. When compared to the same period in 2019, pre-pandemic, traffic is down 16.9% but revenue is up 21.2% for the same period. Through January 2022, the E-ZPass usage rate on the New Jersey Turnpike was 91.3%, an increase from 89.0% for the same period in 2021.

For the month ended January 31, 2022, toll transactions on the Garden State Parkway decreased 1.0% and revenue increased 2.4% when compared to the same period in 2021. While the slight decrease in traffic is primarily due to the impact of the severe winter weather, toll revenue increased mainly due to the 3% annual toll rate indexing. The actual results for the one month ended January 31, 2022 were below the budget which was based on CDM's projection of a 9.8% increase in toll transactions and a 13.7% increase in toll revenue, due to the severe winter weather which was not projected and accounted for an approximate \$2 million revenue loss. The projections include both the assumed impacts of COVID-19 and the 3% annual toll rate indexing. When compared to the same period in 2019, pre-pandemic, traffic is down 18.3% and revenue is up 6.6%. Through January 2022, the E-ZPass usage rate on the Garden State Parkway was 89.5%, an increase from 87.0% for the same period in 2021.

Operating expenses for the month ended January 31, 2022 were approximately \$66,012,000, which is \$11,470,000, or 21.0%, above the year-to-date budget. The Authority's operating expenses through January were over budget primarily due to higher than budgeted snow and severe weather costs. The Authority spent a total of \$18,980,000 for snow and severe weather costs in 2021 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. For the month ended January 31, 2022, snow and severe weather costs charged to operating expenses were approximately \$12,732,000 over budget, partially offset by lower than budgeted salaries because of vacancies, as well as lower insurance and legal costs. The Authority still has about \$50,000,000 in total available in its 2022 operating expense and general reserve budgets for snow and severe weather costs.

Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the month ended January 31, 2022, Debt Service totaled \$71,554,000, which was \$2,121,000 or 2.9% below budget and included \$47,300,000 in interest payments and \$24,254,000 in principal payments. Debt Service is below budget partly because the budget assumed a \$500,000,000 new money bond issuance in the beginning of 2022 but has not been issued as of January 2022.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$36,625,000 for the month ended January 31, 2022. Spending consisted primarily of \$29,167,000 for the new State Transportation Agreement, and \$1,833,000 for the Transportation Trust Fund. Also included are \$4,167,000 in 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 month ended January 31, 2022, total expenditures were approximately \$2,553,000. Expenditures included \$354,000 for Drainage Structure Repairs, \$311,000 for Major Sign Improvements, and \$225,000 for Parkway Bridge Repairs.

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

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The Construction Fund, which is funded from bond proceeds, consists of the 2022-2026 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the month ended January 31, 2022, total expenditures were approximately \$17,112,000, which was 30.0% of the year-to-date spending budget. Total expenditures from the 2022-2026 Capital Improvement Program for the month ended January 31, 2022 were approximately \$8,105,000. Spending included \$1,244,000 for GSP Culvert Repairs at MP 115, \$888,000 for TPK Capacity Enhancements Int 1-4, and \$805,000 for TPK NBHCE Capacity Enhancements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$647,702,000. Total expenditures from the 2019 CIP for the month ended January 31, 2022 were approximately \$6,220,000. Spending included \$1,856,000 for GSP Shoulder Widening from MP 30 to 35, \$1,220,000 for TPK Install of New Hybrid CMS, and \$1,067,000 for TPK Bridge Lengthening 30.75 & 33.94. In addition to these expenditures, there are open contracts and commitments totaling approximately \$347,869,000. Total expenditures from the 2008 \$7 Billion Capital Improvement Program (CIP) for the month ended January 31, 2022 were approximately \$2,787,000. Spending included \$1,535,000 for NBHCE Bridge Re-decking, \$773,000 for Phase II of Sign Replacements, and \$369,000 for Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$108,207,000.