

**New Jersey Turnpike Authority
Financial Summary
For the Seven Months Ended July 31, 2022**

	Actual YTD January - July	YTD Budget January - July	2022 Annual Budget
Total Revenue	\$ 1,373,774,000	\$ 1,313,695,000	\$ 2,298,400,000
Operating Expenses	<u>346,271,000</u>	<u>382,885,000</u>	<u>671,640,000</u>
Net Revenue	\$ 1,027,503,000	\$ 930,810,000	\$ 1,626,760,000
Debt Service Requirements	500,594,000	518,849,000	902,853,000
Maintenance Reserve Fund	116,667,000	116,667,000	200,000,000
Special Reserve Fund	29,167,000	29,167,000	50,000,000
Debt Service Coverage	2.05	1.79	1.80
Total Requirements Coverage	1.59	1.40	1.41

The following un-audited results are for the seven months ended July 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 budgeted 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 seven months ended July 31, 2022 was \$1,373,774,000, which is \$60,079,000, or 4.6%, above the 2022 year-to-date budget. Toll revenue was \$1,215,283,000, which is \$36,583,000, or 3.1%, more than the 2022 year-to-date budget. Toll revenue is greater than budget primarily due to stronger than projected commercial traffic growth on the New Jersey Turnpike. The month of June 2022 saw the most commercial traffic on the Turnpike ever recorded, as there has been an increase in tractor trailers on the roadway. Significant increases in gas prices have impacted discretionary traffic on both roadways, but mostly on the Garden State Parkway with both toll transactions and toll revenue below budget. Gas prices averaged \$1.35/gallon higher in the first seven months of 2022 compared to the same period in 2021. However, when compared to June 2022, gas prices have decreased \$0.30/gallon. E-ZPass fees were \$15,325,000, or 26.3%, above the budget due to conservative budgeting in 2022 and interest income was \$6,146,000, or 175.6%, above budget due to the increase in interest rates above budgeted levels.

For the seven months ended July 31, 2022, traffic on the New Jersey Turnpike increased 8.0% and toll revenue increased 11.0% 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 increased primarily due to the increase in traffic as well as due to the 3% annual toll rate indexing which went into effect on January 1, 2022. In addition, traffic and revenue also increased due to more travel during the February 2022 Presidents' Day, Easter, Memorial Day and 4th of July holiday weekends compared to the same periods as last year. 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 impact of COVID-19 on travel and the 3% annual toll rate indexing. Considering these two factors, CDM Smith projected a 4.9% increase in traffic and a 5.8% increase in revenue as compared to prior year. The actual results for the seven months ended July 31, 2022 were above CDM's projections, despite the significant increase in gas prices in 2022 which was not projected. When compared to the same period in 2019, pre-pandemic, traffic is down 6.6% but revenue is up 35.3% for the same period. However, when comparing the month of July 2022 to July 2019, traffic has recovered to about 94% of pre-pandemic levels. Through July 2022, the E-ZPass usage rate on the New Jersey Turnpike was 91.3%, an increase from 89.1% for the same period in 2021.

For the seven months ended July 31, 2022, toll transactions on the Garden State Parkway increased 3.4% and revenue increased 5.6% when compared to the same period in 2021. The increase in toll transactions is primarily due to the increase in travel as COVID-related restrictions were lifted in 2021, while toll revenue increased mainly due to the increase in toll transactions as well as the 3% annual toll rate indexing. Increased travel during the Presidents' Day, Easter, Memorial Day and 4th of July holiday weekends as compared to last year also positively impacted results. The actual results for the seven months ended July 31, 2022 were below the budget which was based on CDM's projection of a 4.5% increase in toll transactions and an 7.7% increase in toll revenue, due mainly to the significant increase in gas prices in 2022 which have impacted discretionary travel and was not projected. 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 7.8% and revenue is up 19.5%. However, when comparing the month of July 2022 to July 2019, traffic has recovered to about 95% of pre-pandemic levels. Through July 2022, the E-ZPass usage rate on the Garden State Parkway was 89.5%, an increase from 87.7% for the same period in 2021.

Operating expenses for the seven months ended July 31, 2022 were approximately \$346,271,000, which is \$36,614,000, or 9.6%, below the year-to-date budget. The Authority's operating expenses through July were below budget primarily due to lower than budgeted snow/severe weather costs, lower salaries because of existing vacancies, and lower than budgeted prescription benefit costs, which were partially offset by higher than budgeted transponder costs, credit card transaction processing fees, and state police costs. The Authority spent a total of \$29,855,000 for snow and severe weather costs in 2022, with \$15,431,000 charged to operating expenses and an additional \$14,424,000 charged to extraordinary events in 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 still has about \$33,589,000 in total available in its 2022 operating expense and general reserve budgets for snow and severe weather costs.

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

Financial Summary
For the Seven Months Ended July 31, 2022

Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the seven months ended July 31, 2022, Debt Service totaled \$500,594,000, which was \$18,255,000 or 3.5% below budget and included \$330,815,000 in interest payments and \$169,779,000 in principal payments. Debt Service is below budget partly because the budget assumed a \$500,000,000 new money bond issuance in January 2022 which has not been issued as of July 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 \$285,151,000 for the seven months ended July 31, 2022. Spending consisted primarily of \$212,167,000 for the new State Transportation Agreement, \$14,424,000 for Extraordinary Events (state of emergency weather events), and \$12,833,000 for the Transportation Trust Fund. Also included are \$29,167,000 in transfers to the Supplemental Capital program 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 seven months ended July 31, 2022, total expenditures were approximately \$99,680,000, which was 40.2% of the year-to-date spending budget. Expenditures included \$11,572,000 for GSP Milepost 80.8-91.5 N&S Resurfacing, \$9,083,000 for GSP Milepost 0-7 N&S Resurfacing, and \$8,342,000 for TPK Milepost 3-12.1 NB Resurfacing. In addition to these expenditures, there are open contracts and commitments totaling approximately \$198,276,000.

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 seven months ended July 31, 2022, total expenditures were approximately \$248,842,000, which was 76.5% of the year-to-date spending budget. Total expenditures included \$23,005,000 for TPK Bridge Rehabilitation W107.87, E107.88 and 84.24N&S, \$20,561,000 for Passaic River Bridge Rehabilitation, \$15,453,000 TPK Install New Hybrid CMS, and \$14,209,000 for GSP Shoulder Widening from MP 30 to 35. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,044,561,000.