

**New Jersey Turnpike Authority
Financial Summary
For the Twelve Months Ended December 31, 2022**

	Actual YTD January - December	2022 Annual Revenue Certification	2022 Annual Budget
Total Revenue	\$ 2,446,413,000	\$ 2,420,400,000	\$ 2,298,400,000
Operating Expenses	<u>603,486,000</u>	<u>622,200,000</u>	<u>671,640,000</u>
Net Revenue	\$ 1,842,927,000	\$ 1,798,200,000	\$ 1,626,760,000
Debt Service Requirements	856,097,000	859,200,000	902,853,000
Maintenance Reserve Fund	200,000,000	200,000,000	200,000,000
Special Reserve Fund	50,000,000	50,000,000	50,000,000
Debt Service Coverage	2.15	2.09	1.80
Total Requirements Coverage	1.67	1.62	1.41

The following un-audited results are for the twelve months ended December 31, 2022.¹ Based upon these results, revenues are sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2022, the Authority has a debt service coverage ratio of 2.15 and a total requirements coverage ratio of 1.67. In accordance with Section 713 of the Bond Resolution, the Authority completed its 2022 revenue certification in October 2022. The actual results for 2022 exceed both the 2022 Revenue Certification and the 2022 Annual Budget results.

The Authority's total revenue for the twelve months ended December 31, 2022 was \$2,446,413,000, which is \$148,013,000, or 6.4%, above the 2022 Budget. Toll revenue was \$2,126,026,000, which is \$59,026,000, or 2.9%, more than the 2022 Budget. Toll revenue is greater than budget primarily due to stronger than projected commercial traffic growth on the New Jersey Turnpike. The month of August 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 \$0.97/gallon higher in 2022 compared to the same period in 2021. However, when compared to November 2022, gas prices have decreased an average of \$0.38/gallon in December 2022. Investment income was \$43,827,000, or 730.5%, above budget due to both an increase in interest rates above the rates that were budgeted and the receipt of a \$15,400,000 upfront payment representing savings on the 2022A bond refunding which was not budgeted. E-ZPass fees were \$39,771,000, or 39.8%, above the budget due to conservative budgeting in 2022.

For the twelve months ended December 31, 2022, traffic on the New Jersey Turnpike increased 4.6% and toll revenue increased 7.0% 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, 4th of July holiday weekends, Christmas Day and New Year's Eve 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 2.3% increase in traffic and a 2.7% increase in revenue as compared to prior year. The actual results for the twelve months ended December 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 5.6% but revenue is up 35.8% for the same period. However, when comparing the month of December 2022 to December 2019, traffic has recovered to about 96.0% of pre-pandemic levels. Through December 2022, the E-ZPass usage rate on the New Jersey Turnpike was 91.5%, an increase from 89.6% for the same period in 2021.

For the twelve months ended December 31, 2022, toll transactions on the Garden State Parkway increased 2.2% and revenue increased 4.6% 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, 4th of July holiday weekends, Christmas Day and New Year's Eve as compared to last year also positively impacted results. The actual results for the twelve months ended December 31, 2022 were below the budget which was based on CDM's projection of a 2.6% increase in toll transactions and a 5.5% increase in toll revenue, due mainly to the significant increase in gas prices in 2022 which have impacted discretionary travel and was not projected. Also, the month of December 2022 had one extra weekend day compared to December 2021 resulting in lower transactions and revenue, as weekend days tend to have less overall traffic than weekdays. 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 6.7% and revenue is up 21.3%. However, when comparing the month of December 2022 to December 2019, traffic has recovered to about 96.0% of pre-pandemic levels. Through December 2022, the E-ZPass usage rate on the Garden State Parkway was 89.7%, an increase from 88.2% for the same period in 2021.

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

Financial Summary For the Twelve Months Ended December 31, 2022

Operating expenses for the twelve months ended December 31, 2022 were approximately \$603,486,000, which was 89.9% of the annual budget. The Authority's operating expenses through December 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 insurance costs. The Authority spent a total of \$32,130,000 for snow and severe weather costs in 2022, with \$17,706,000 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.

Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the twelve months ended December 31, 2022, Debt Service totaled \$856,097,000, which was \$46,756,000 or 5.2% below budget and included \$565,047,000 in interest payments and \$291,050,000 in principal payments. Debt Service is below budget partly because the budget assumed a \$500,000,000 new money bond issuance in January 2022 and a \$750,000,000 new money bond issuance in July 2022 but only \$700 million was issued in November 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 \$636,735,000 for the twelve months ended December 31, 2022, which was \$49,110,000 or 7.2% below budget. Spending consisted primarily of \$523,000,000 for the new State Transportation Agreement, \$22,000,000 for the Transportation Trust Fund, and \$15,000,000 for Other Post-Employment Benefits. Also included are \$59,822,000 in transfers to the Supplemental Capital program in the Construction Fund. General Reserve is below budget partly because of lower spending on snow/severe weather than budgeted.

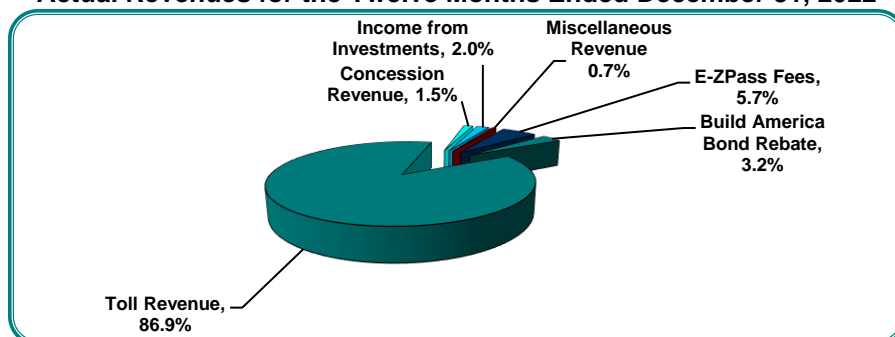
The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, and the Supplemental Capital Program. For the twelve months ended December 31, 2022, total expenditures were approximately \$189,403,000, which was 51.1% of the 2022 Spending Budget. Expenditures included \$22,392,000 for GSP Milepost 80.8-91.5 N&S Resurfacing, \$18,661,000 for TPK Milepost 24.5-35.5 N&S Resurfacing, and \$16,148,000 for TPK Milepost 92-122 & NHBC Bridge Repairs and Resurfacing. In addition to these expenditures, there are open contracts and commitments totaling approximately \$148,702,000.

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 twelve months ended December 31, 2022, total expenditures were approximately \$459,493,000, which was 76.8% of the 2022 Spending Budget. Total expenditures included \$54,809,000 for TPK Bridge Rehabilitation W107.87, E107.88 and 84.24N&S, \$33,093,000 for TPK Install of New Hybrid CMS, \$27,903,000 for Passaic River Bridge Rehabilitation, and \$27,006,000 for GSP 128 AB 154.2N & TPK 90-91.37. In addition to these expenditures, there are open contracts and commitments totaling approximately \$891,739,000.

**Comparison of Budgeted Revenues to Actual Revenues
For the Twelve Months Ended December 31, 2022**

	Budgeted	Unaudited Actual
<i>Toll Revenue</i>	\$ 2,067,000,000	\$ 2,126,026,000
<i>Concession Revenue</i>	31,500,000	35,952,000
<i>Income from Investments</i>	6,000,000	49,827,000
<i>Miscellaneous Revenue</i>	16,900,000	17,602,000
<i>Build America Bond Subsidy</i>	77,000,000	77,235,000
<i>E-ZPass Fees</i>	100,000,000	139,771,000
<i>Total Revenues</i>	\$ 2,298,400,000	\$2,446,413,000

Actual Revenues for the Twelve Months Ended December 31, 2022



For the twelve months ended December 31, 2022, total revenue was \$2,446,413,000, which was 6.4%, or \$148,013,000 above the 2022 Budget. Total revenue was above budget mainly due to toll revenue exceeding budget from the continued increase in travel and return to office since the lifting of COVID-19 restrictions in mid-2021.

Toll revenue for the period was \$2,126,026,000 which was 2.9%, or \$59,026,000 greater than the 2022 Budget amount. Toll revenue was \$63,839,000, or 4.2% higher than the 2022 Budget amount on the New Jersey Turnpike and \$4,813,000, or 0.9% lower than the 2022 Budget amount on the Garden State Parkway. Toll revenue was above budget primarily due to stronger than projected commercial vehicle traffic on the New Jersey Turnpike.

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 \$35,952,000 which was \$4,452,000 or 14.1% above the 2022 Budget. Revenue was higher due to an increase in fuel revenue received from the 50% share of the gross profit margin on diesel sales. The increase in fuel revenue received was partially offset by declines in food sales on the Parkway due to the closure of the two McDonald's locations on the Parkway. On the Turnpike, food sales increased 19.3%, fuel sales decreased 14.1% and convenience store sales increased by 13.6% compared to last year. On the Garden State Parkway, food sales decreased 15.3%, fuel sales decreased 15.0%, and convenience store sales increased 11.3% compared to the same period in 2021. The increase in food and convenience store sales on the Turnpike are primarily due to the continued recovery from the COVID-19 pandemic, while the decrease in fuel sales is mainly due to the closure of the Woodrow Wilson and Molly Pitcher Service Areas for renovations, which reopened as of July 2022, as well as the overall rise in gas prices. On the Parkway, the increase in Convenience Store sales is due to the continued recovery from the COVID-19 pandemic, while food sales decreased mainly due to the closure of the two McDonald's locations and fuel sales decreased due partly to the rise in gas prices. Currently, the Joyce Kilmer, Walt Whitman and James Fenimore Cooper Areas are closed for renovations on the Turnpike.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$49,827,000, which was \$43,827,000 or 730.5% higher than the 2022 Budget. Income from investments was above budget due to conservative budgeting in 2022 as well as the receipt of a \$15.4 million upfront payment representing savings on the 2022A bond refunding. The budget projected a lesser increase in short-term interest rates; however, rates have continued to increase due to the federal reserve raising the fed funds rate in response to inflation.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, the Arts Center, and other items. Revenue for the period was \$17,602,000 which was \$702,000, or 4.2% higher than the 2022 Budget. Miscellaneous revenue was above the 2022 Budget levels due to approximately \$1,813,000 in FEMA recoveries for COVID-19 (Ongoing), Hurricane Ida (2021) and Tropical Storm Isaias (2020), partially offset by cell tower and fiber revenue which are below budget as the budget included revenue for lease cancellations not known at the time the budget was developed.

The Build America Bond Subsidy is a direct payment from the U.S. Treasury to the Authority equaling about 35% of the interest payable on the Series 2009F and the Series 2010A Bonds for Federal Fiscal Year 2023 which began in October 2022. The subsidy due was \$77,235,000, which is \$235,000 above the 2022 Budget amount due to the receipt of late interest payments.

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 \$139,771,000 was above budget due primarily to an increase in administrative fees, as well as an increase in monthly membership fees as accounts have increased and the increases were not budgeted.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of December 2022⁽¹⁾

<u>Traffic</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	18,011,000	17,623,000	2.2%
Commercial Vehicles	3,001,000	3,058,000	-1.9%
Overall	<u>21,012,000</u>	<u>20,681,000</u>	<u>1.6%</u>
<u>Revenue</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	\$ 87,008,000	\$ 83,548,000	4.1%
Commercial Vehicles	43,758,000	43,253,000	1.2%
Overall	<u>\$ 130,766,000</u>	<u>\$ 126,801,000</u>	<u>3.1%</u>

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

For the month of December 2022, traffic on the New Jersey Turnpike increased 1.6% and toll revenue increased 3.1% when compared to the same period in 2021. These results are ahead of CDM's projections of a decrease of 0.9% for traffic and a decrease of 0.4% for toll revenue for the month of December 2022 despite the decline in commercial traffic, due to stronger than projected passenger traffic. Commercial traffic was down for the month in part due to December 2022 having one less weekday, when commercial traffic is the highest. The increase in toll revenue compared to last year is partly due to the 3% annual toll rate indexing effective on January 1, 2022.

For the Twelve Months Ended December 31, 2022⁽¹⁾

<u>Traffic</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	215,522,000	205,819,000	4.7%
Commercial Vehicles	37,150,000	35,690,000	4.1%
Overall	<u>252,672,000</u>	<u>241,509,000</u>	<u>4.6%</u>
<u>Revenue</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	\$ 1,050,932,000	\$ 985,132,000	6.7%
Commercial Vehicles	546,707,000	508,450,000	7.5%
YTD Toll Revenue	<u>\$ 1,597,639,000</u>	<u>\$ 1,493,582,000</u>	<u>7.0%</u>

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

For the twelve months ended December 31, 2022, traffic increased 4.6% and toll revenue increased 7.0% when compared to the same period in 2021. Results were above the 2022 Budget which was based on CDM Smith's projections of a 2.3% increase in traffic and a 2.7% increase in revenue, as commercial vehicle traffic has continued to be stronger than projected due to improved economic conditions. Toll revenue has exceeded projections as traffic has exceeded projections. Traffic and revenue also increased due to increased travel and continued return to office after the lifting of COVID-related restrictions in 2021, as well as more travel during the February 2022 Presidents' Day, Easter, Memorial Day, 4th of July holiday weekends, Christmas Day and New Year's Eve as compared to last year. Electronic toll collection remains popular and overall usage rates continue to be strong. For the twelve months ended December 31, 2022, the *E-ZPass* usage rate for passenger cars was 90.6%, and 96.7% for commercial vehicles. This resulted in an overall *E-ZPass* usage rate of 91.5%. 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 December 2022⁽¹⁾

<u>Traffic</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	28,552,000	27,718,000	3.0%
Commercial Vehicles	472,000	461,000	2.4%
Overall	<u>29,024,000</u>	<u>28,179,000</u>	<u>3.0%</u>
<u>Revenue</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	\$ 40,630,000	\$ 38,271,000	6.2%
Commercial Vehicles	1,588,000	1,545,000	2.8%
Overall	<u>\$ 42,218,000</u>	<u>\$ 39,816,000</u>	<u>6.0%</u>

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

For the month of December 2022, toll transactions on the Garden State Parkway increased by 3.0% and toll revenue increased by 6.0% when compared to December 2021. The overall increase in toll transactions can be partially attributed to the increase in travel on Christmas Day and New Year's Eve compared to last year. The increase in toll revenue is attributed to the increase in transactions, as well as the 3% annual toll rate indexing effective January 1, 2022. The results were above CDM's projections of a 0.8% increase in traffic and a 3.7% increase in toll revenue for December 2022.

For the Twelve Months Ended December 31, 2022⁽¹⁾

<u>Traffic</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	354,608,000	347,005,000	2.2%
Commercial Vehicles	6,152,000	5,957,000	3.3%
Overall	<u>360,760,000</u>	<u>352,962,000</u>	<u>2.2%</u>
<u>Revenue</u>			
	<u>December-22</u>	<u>December-21</u>	<u>% Change</u>
Passenger Vehicles	\$ 506,840,000	\$ 484,282,000	4.7%
Commercial Vehicles	21,547,000	20,962,000	2.8%
YTD Toll Revenue	<u>\$ 528,387,000</u>	<u>\$ 505,244,000</u>	<u>4.6%</u>

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

For the twelve months ended December 31, 2022, toll transactions on the Garden State Parkway increased 2.2% and toll revenue increased 4.6% when compared to the same period in 2021. Toll transactions increased due to the increase in travel after the lifting of COVID-19 related restrictions in 2021. However, toll revenue increased due not only to the increase in toll transactions, but also due to the 3% annual toll rate indexing effective January 1, 2022. Results fell below the 2022 Budget which was based on CDM Smith's projections of a 2.6% increase in toll transactions and a 5.5% increase in toll revenue, due mainly to the significant rise in gas prices in 2022 which was not projected and has affected discretionary travel. *E-ZPass* remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the twelve months ended December 31, 2022, the total *E-ZPass* usage rate was 89.7%. The *E-ZPass* usage rate for passenger cars was 89.7%, and 95.1% for commercial vehicles.

Operating Expenses
For the Twelve Months Ended December 31, 2022

	2022 Annual Budget	2022 Annual Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 243,470,000	\$ 202,777,000
Engineering	29,697,000	20,776,000
Total Maintenance	273,167,000	223,553,000
<u>Toll Collection</u>		
Toll Collection	192,021,000	189,067,000
<u>State Police & Traffic Control</u>		
State Police	107,731,000	104,015,000
Operations	16,521,000	15,552,000
Total State Police and Traffic Control	124,252,000	119,567,000
<u>Technology</u>		
Information Technology Services	25,877,000	23,103,000
<u>General & Administrative</u>		
Executive Office	1,930,000	1,829,000
Law	14,629,000	13,161,000
Purchasing & Materials Management	9,129,000	7,646,000
Human Resources & Office Services	7,265,000	5,175,000
Finance	15,756,000	14,132,000
Patron & Customer Services	1,847,000	1,300,000
Internal Audit	5,767,000	4,953,000
Total General and Administrative	56,323,000	48,196,000
TOTAL OPERATING	\$ 671,640,000	\$ 603,486,000

For the twelve months ended December 31, 2022, operating expenses were approximately \$603,486,000, which was 89.9% of the annual budget. Operating expenses through December 2022 were under budget primarily due to lower than budgeted salaries of approximately \$20,000,000 due to existing vacancies, snow/severe weather costs of approximately \$20,000,000, and health benefits costs (primarily prescription costs) of about \$6,000,000. These under budget expenses were partially offset by higher than budgeted credit card transaction processing costs of about \$3,000,000, as well as transponder costs and insurance costs of approximately \$2,000,000 each.

Debt Service

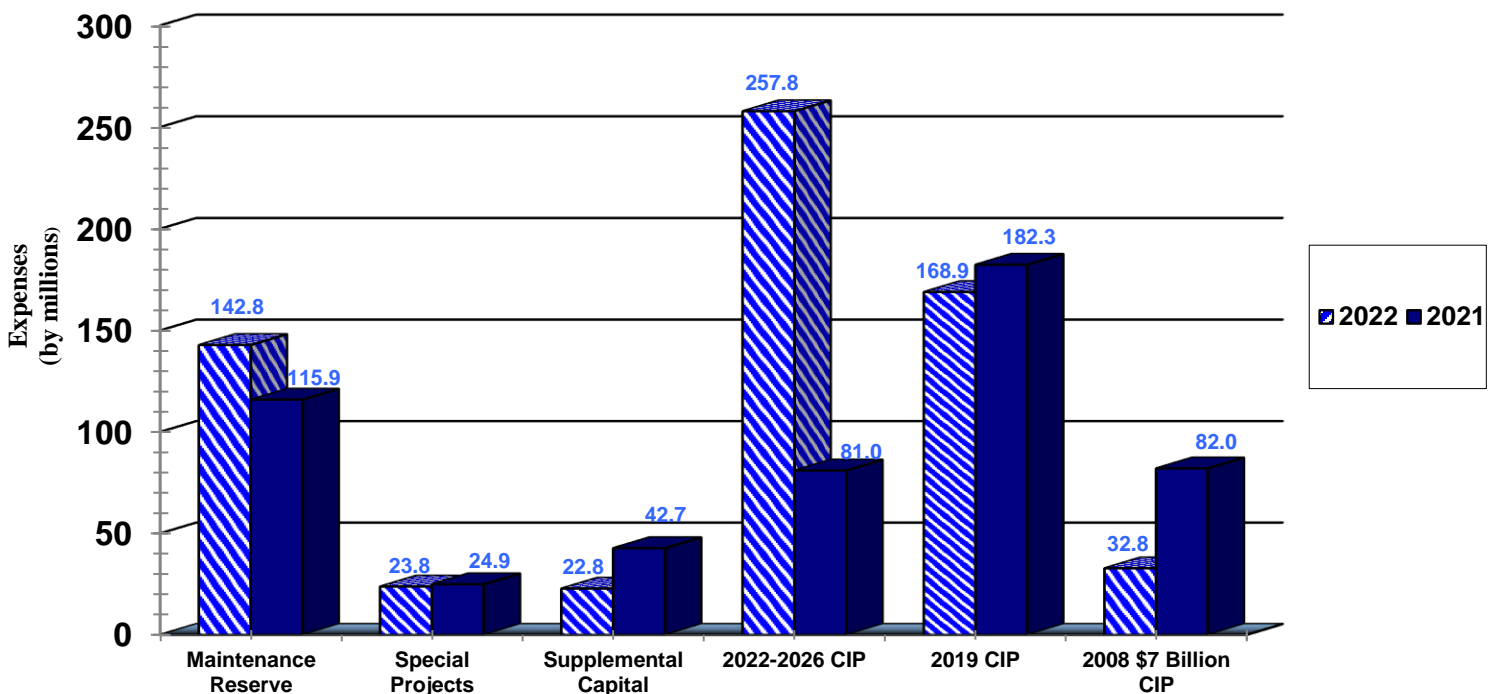
Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the twelve months ended December 31, 2022, Debt Service totaled \$856,097,000 and included \$565,047,000 in interest payments and \$291,050,000 in principal payments. Debt Service is currently \$46,756,000 or 5.2% below budget partly because the budget assumed a \$500,000,000 new money bond issuance in January 2022 and a \$750,000,000 new money bond issuance in July 2022 but only \$700 million was issued in November 2022.

General Reserve Fund

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$636,735,000 and consisted primarily of \$523,000,000 for the new State Transportation Agreement, \$22,000,000 for the Transportation Trust Fund, and \$15,000,000 for Other Post-Employment Benefits. Also included are \$59,822,000 in transfers to the Supplemental Capital program in the Construction Fund. General Reserve spending was \$49,110,000 or 7.2% below budget partly due to lower spending on snow/severe weather than budgeted.

Capital Spending Program Expenditures For the Twelve Months Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
Maintenance Reserve	\$ 142,775,000	\$ 115,920,000
Special Project Reserve	23,824,000	24,920,000
Supplemental Capital	22,804,000	42,707,000
Capital Budget Total	189,403,000	183,547,000
2022-2026 Capital Improvement Program	257,766,000	81,032,000
2019 Capital Improvement Program	168,900,000	182,310,000
2008 \$7 Billion Capital Improvement Program	32,827,000	81,972,000
Construction Fund Total	459,493,000	345,314,000
Total Spending	\$ 648,896,000	\$ 528,861,000



The Capital Budget currently includes the Maintenance Reserve Fund, the Special Project Reserve Fund, and the Supplemental Capital Program. 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, fleet and technology platform. The Supplemental Capital Program generally covers roadway and facilities improvements, as well as major technology initiatives. For the twelve months ended December 31, 2022, total expenditures from the Capital Budget were approximately \$189,403,000, which was 51.1% of the 2022 Spending Budget. Expenditures included \$22,392,000 for GSP Milepost 80.8-91.5 N&S Resurfacing, \$18,661,000 for TPK Milepost 24.5-35.5 N&S Resurfacing, and \$16,148,000 for TPK Milepost 92-122 & NHBCE Bridge Repairs and Resurfacing. In addition to these expenditures, there are open contracts and commitments totaling approximately \$148,702,000.

The Construction Fund, which is funded by bond proceeds, consists of the 2021-2025 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the twelve months ended December 31, 2022, total expenditures were approximately \$459,493,000, which was 76.8% of the 2022 Spending Budget. Expenditures included \$54,809,000 for TPK Bridge Rehabilitation W107.87, E107.88 and 84.24N&S, \$33,093,000 for TPK Install of New Hybrid CMS, \$27,903,000 for Passaic River Bridge Rehabilitation, and \$27,006,000 for GSP 128 AB 154.2N & TPK 90-91.37. In addition to these expenditures, there are open contracts and commitments totaling approximately \$891,739,000.