

**New Jersey Turnpike Authority
Financial Summary
For the Ten Months Ended October 31, 2023**

	YTD Actual January - October	YTD Amended Budget January - October	Estimated/Actual 2023
Total Revenue	\$ 2,141,280,000	\$ 2,075,380,000	\$ 2,548,600,000
Operating Expenses	<u>520,549,000</u>	<u>596,758,000</u>	<u>660,200,000</u>
Net Revenue	\$ 1,620,731,000	\$ 1,478,622,000	\$ 1,888,400,000
Debt Service Requirements - Net	728,573,000	727,632,000	875,100,000
Maintenance Reserve Fund	191,667,000	191,667,000	230,000,000
Special Reserve Fund	42,917,000	42,917,000	51,500,000
Debt Service Coverage	2.22	2.03	2.16
Total Requirements Coverage	1.68	1.54	1.63

The following un-audited results are for the ten months ended October 31, 2023.¹ 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, 2023, the Authority is budgeted to have a debt service coverage ratio of 2.16 and a total requirements coverage ratio of 1.63.

The Authority's total revenue for the ten months ended October 31, 2023, was \$2,141,279,000, which is \$65,899,000, or 3.2% above the 2023 year-to-date budget. Toll revenue was \$1,846,003,000, which is \$9,603,000, or 0.5%, more than the 2023 year-to-date budget. Toll revenue is greater than budget primarily due to milder-than-expected winter weather. Gas prices averaged \$0.52/gallon lower in 2023 compared to the same period in 2022, however, when compared to September 2023, gas prices in October only decreased \$0.15/gallon. Investment income was \$22,254,000, or 66.6%, above budget due to both an increase in interest rates above the rates that were budgeted and higher invested balances. *E-ZPass* fees were \$23,380,000, or 23.4% above the budget due to conservative budgeting in 2023. Miscellaneous revenue was \$7,914,000 or 56.9% above budget primarily due to a myriad of one-time recovery payments. Specifically, the Authority received \$2,500,000 in insurance recoveries for the Delaware River Turnpike Bridge, as well as \$2,300,000 from FEMA for COVID-19 Costs, Hurricane Ida, and Hurricane Sandy.

For the ten months that ended October 31, 2023, traffic on the New Jersey Turnpike increased 2.6% and toll revenue increased 2.7% compared to the same period in 2022. The increase in traffic is primarily due to mild winter weather, overall lower gas prices, and normal growth. Toll revenue increased primarily due to the increase in traffic as well as the 3% annual toll rate indexing which went into effect on January 1, 2023. In addition, traffic and revenue also increased due to more travel during the New Year's Day, Martin Luther King Day holidays, as well as the Memorial Day and Labor Day weekend holidays, compared to the same periods as last year. Slightly offsetting these increases is the recent decline in commercial traffic, which can be partly attributed to the decrease in cargo volumes at the ports and the normalization of commercial traffic volumes following the record highs during the COVID-19 pandemic. The 2023 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) Draw Down Letter dated July 22, 2022, updating the September 21, 2018, Toll Revenue Forecast. CDM Smith projected a 1.9% increase in traffic and a 2.4% increase in revenue as compared to the prior year. The actual results for the ten months ended October 31, 2023, were above CDM's projections. When compared to the same period in 2019, pre-pandemic, traffic is down 3.5% but revenue is up 39.5% for the same period. Traffic has recovered to 96.5% of pre-pandemic levels. Through October 2023, the *E-ZPass* usage rate on the New Jersey Turnpike was 92.4%, an increase from 91.4% for the same period in 2022.

For the ten months ended October 31, 2023, toll transactions on the Garden State Parkway increased 3.4% and revenue increased 7.0% when compared to the same period in 2022. The increase in toll transactions is primarily due to less severe winter weather, lower gas prices compared to last year, and normal growth, 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 New Year's Day, Martin Luther King Day, and Easter holidays, as well as the Memorial Day and Labor Day weekend holidays as compared to last year also positively impacted results. The actual results for the ten months ended October 31, 2023, were above the budget which was based on CDM Smith's projection of a 1.8% increase in toll transactions and a 5.8% increase in toll revenue. When compared to the same period in 2019, pre-pandemic, traffic is down 3.9% and revenue is up 29.1%. Traffic has recovered to 96.0% of pre-pandemic levels. Through October 2023, the *E-ZPass* usage rate on the Garden State Parkway was 90.6%, an increase from 89.7% for the same period in 2022.

Operating expenses for the ten months ended October 31, 2023, were approximately \$520,549,000, which is \$76,209,000, or 12.8% below the year-to-date budget. The Authority's operating expenses through October were below budget primarily due to lower than budgeted snow/severe weather costs, salaries because of existing vacancies, and health benefits costs due to Authority medical plan changes, as well as higher rebates due to prescription plan formulary changes. These factors were partially offset by higher-than-budgeted State Police costs due to contractual increases in fringe benefit costs that exceeded budgeted increases, as well as higher-than-budgeted insurance costs due to settled claims and outside counsel fees. The Authority spent a total of \$8,074,000 for snow and severe weather costs in 2023, solely 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

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

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Fund. New Jersey had no declared state of emergency snow events so far in 2023. When excluding snow/severe weather costs and its budget, operating expenses for the ten months are 92.2% of the year-to-date budget.

Debt Service includes interest and principal payments on the Authority's outstanding bonds and is funded primarily through revenue and to a much lesser extent bond proceeds (capitalized interest). For the ten months ended October 31, 2023, Debt Service totaled \$757,497,000 which was \$40,968,000 or 5.1% below budget as the 2023 budget assumed a \$1.0 billion new money bond issuance in January 2023 which to date has not been required. Debt service through October included \$491,768,000 in interest payments and \$265,729,000 in principal payments. Net debt service (funded from revenue, net of capitalized interest) was \$728,573,000 for the ten months and was \$942,000 or 0.1% above budget. Net Debt Service is slightly above budget due to the 2022C bond refunding which occurred after the budget was approved and resulted in slightly higher principal payments. The 2023 annual debt service budget includes approximately \$873,200,000 of debt service funded from revenue (net debt service), and the remaining \$85,000,000 of debt service funded from bond proceeds (capitalized interest), for a total debt service budget of \$958,200,000.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$630,288,000 for the ten months ended October 31, 2023, which was \$17,421,000 or 2.7% below budget. Spending consisted primarily of \$527,987,000 for the 2021 State Public Transportation Projects Funding Agreement, \$18,333,000 for the Transportation Trust Fund, and \$15,000,000 for the 2023 State Public Transportation Projects Funding Agreement. Also included are \$52,618,000 in transfers to the Supplemental Capital program in the Construction Fund. General Reserve is below budget mainly because there was no spending on state of emergency snow/severe weather events.

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, 2023, total expenditures were approximately \$218,500,000, which was 61.6% of the year-to-date spending budget. Expenditures included \$25,403,000 for Service Area Renovations, \$22,420,000 for GSP Resurfacing MP 41.7 to 63.4 NB & SB Roadways, and \$19,447,000 for TPK Resurfacing MP 35.5 to 48.5 NB & SB Roadways - Section 4. In addition to these expenditures, there are open contracts and commitments totaling approximately \$324,338,000.

The Construction Fund, which is funded from bond proceeds, consists of the 2023-2027 Capital Improvement Program, the 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the ten months ended October 31, 2023, total expenditures were approximately \$400,913,000, which was 65.7% of the year-to-date spending budget. Total expenditures included \$49,586,000 for Service Area Renovations, \$36,346,000 for GSP 128 AB 154.2N & TPK 90-91.37 and 84.24N&S, \$35,521,000 for TPK Bridge Rehabilitation W107.87, E107.88, and \$27,786,000 for GSP Shoulder Widening Reconstruction MP 30-35. In addition to these expenditures, there are open contracts and commitments totaling approximately \$920,802,000.