

New Jersey Turnpike Authority
Financial Summary
For the Seven Months Ended July 31, 2024

	Actual YTD January - July	YTD Budget January - July	2024 Annual Budget
Total Revenue	\$ 1,538,537,000	\$ 1,485,817,000	\$ 2,578,100,000
Operating Expenses	<u>387,786,000</u>	<u>429,406,000</u>	<u>757,105,000</u>
Net Revenue	<u>\$ 1,150,571,000</u>	<u>\$ 1,056,411,000</u>	<u>\$ 1,820,995,000</u>
Debt Service Requirements - Net	535,057,000	538,127,000	922,500,000
Maintenance Reserve Fund	140,000,000	140,000,000	240,000,000
Special Reserve Fund	31,558,000	31,558,000	54,100,000
Debt Service Coverage	2.15	1.96	1.97
Total Requirements Coverage	1.63	1.49	1.50

The following un-audited results are for the seven months ended July 31, 2024.¹ 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, 2024, the Authority is projected to have a debt service coverage ratio of 1.97 and a total requirements coverage ratio of 1.50.

The Authority's total revenue for the seven months ended July 31, 2024, was \$1,538,537,000, which is \$52,540,000 or 3.5% above the 2024 year-to-date budget. Toll revenue was \$1,295,846,000, which is \$7,553,000 or 0.6%, below the 2024 year-to-date budget. Toll revenue is below budget primarily due to the three impactful snow events and one State of Emergency (flooding) that occurred in January. Additionally, there were two more snow events in February, followed by one heavy rain/flooding event in March and two in April. Furthermore, a Heat Advisory Warning was issued in June due to a severe heat wave, making it the second warmest month since 1931 and the driest since 1999. In addition to the severe weather, the 3% toll increase was budgeted for the full year but did not go into effect until March 1, 2024. Gas prices averaged \$0.07/gallon higher in 2024 compared to the same period in 2023, but when compared to June 2024, gas prices in July remain unchanged. Investment income was \$33,721,000, or 96.9%, above budget due to higher invested balances. E-ZPass fees were \$21,399,000, or 29.3% above the budget due to conservative budgeting in 2024. Miscellaneous revenue was \$1,697,000, or 16.2% above budget due to the receipt of the \$1.8M in Arts Center rent for 2023 PNC variable rent payment, \$400K in surplus property sales, and \$200K in Arts Center naming rights revenue from 2020, which was offset by adjustments in advertising and building and property rentals, as well as fiber lease revenue billings.

For the seven months ended July 31, 2024, traffic on the New Jersey Turnpike increased 1.0% and toll revenue increased 1.8% compared to the same period in 2023. The increase in traffic can be attributed to greater passenger car travel, and normal growth. Toll revenue increased mainly due to the 3% annual toll rate indexing that went into effect on March 1, 2024. In addition, July 2024 had two more weekdays compared to July 2023, which had a positive impact on results. The 2024 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) New Jersey Turnpike System 2023 Traffic and Toll Revenue Forecast Study dated July 28, 2023. CDM Smith projected a 0.5% decrease in traffic and a 2.5% increase in revenue as compared to the prior year. The actual results for the seven months ended July 31, 2024, exceeded CDM's traffic projections, but were below CDM's revenue projections, as the budget assumed the 3% annual toll rate indexing on January 1, 2024, which was only implemented as of March 1, 2024. When compared to the same period in 2019, pre-pandemic, traffic is down 2.6% and revenue is up 42.1% for the same period. Traffic has recovered to 97.4% of pre-pandemic levels. Through July 2024, the E-ZPass usage rate on the New Jersey Turnpike was 92.8%, an increase from 92.3% for the same period in 2023.

For the seven months ended July 31, 2024, toll transactions on the Garden State Parkway increased 0.5% and revenue increased 2.8% when compared to the same period in 2023. The slight increase in traffic and revenue is primarily due to normal growth and the 3% annual toll rate indexing that went into effect on March 1, 2024. The actual results for the seven months ended July 31, 2024, exceeded CDM Smith's projection of a 0.3% increase in toll transactions, but was below the toll revenue projection increase of 3.2%, as the budget assumed the 3% annual toll rate indexing on January 1, 2024, which was only implemented as of March 1, 2024. When compared to the same period in 2019, pre-pandemic, traffic is down 3.3%, but revenue is up 33.1%. Traffic has recovered to 96.7% of pre-pandemic levels. Through July 2024, the E-ZPass usage rate on the Garden State Parkway was 91.1%, an increase from 90.5% for the same period in 2023.

Operating expenses for the seven months ended July 31, 2024, were approximately \$387,786,000, which is \$41,620,000, or 9.7% 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. This was partially offset by higher-than-budgeted State Police costs due to unforeseen Supplemental Enlisted Pay as well as retroactive salary payments. Additionally, the expenses for banking services increased due to higher banking and credit card fees. The Authority spent a total of \$22,013,000 for snow and severe weather costs in 2024, with \$12,965,000 charged to operating expenses and an additional \$9,048,000 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. New Jersey had one declared state of emergency event in January 2024. When excluding snow/severe weather costs and its budget, operating expenses for the seven months are 5.3% below budget for 2024.

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

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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 seven months ended July 31, 2024, Debt Service totaled \$563,323,000, which was \$13,800,000 or 2.4% below budget as the 2024 Budget assumed a \$500M new money bond issuance in January 2024, that was ultimately issued in April. In addition, the 2024 Budget assumed a \$1.0 Billion bond issuance in July 2024, which to date has not been required. Debt Service through July included \$342,782,000 in interest payments and \$220,541,000 in principal payments. Net debt service (funded from revenue, net of capitalized interest) was \$535,057,000 for the seven months, which is \$3,078,000 or 0.6% below budget due to the \$500M new money bond issuance that was budgeted for January 2024 but was not issued until April. The 2024 annual debt service budget includes approximately \$922,500,000 of debt service funded from revenue (net debt service), and the remaining \$84,700,000 of debt service funded from bond proceeds (capitalized interest), for a total debt service budget of \$1,007,200,000.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$396,831,000 for the seven months ended July 31, 2024, which was \$5,032,000, or 1.3% below budget. Spending consisted primarily of \$272,316,000 for the 2021 State Public Transportation Projects Funding Agreement, \$12,833,000 for the Transportation Trust Fund, and \$9,048,000 for Extraordinary Events (State of Emergency Events). Also included are \$78,894,000 in transfers to the Supplemental Capital program in the Construction Fund (including chargebacks).

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, 2024, total expenditures were approximately \$193,065,000, which was 76.4% of the 2024 year-to-date spending budget. Expenditures included \$62,796,000 for Service Area Improvements, \$12,414,000 for TPK Section 7 Mileposts 54-60 Bridge Repairs, and \$3,628,000 for Tolling Legacy Parts Replacement. In addition to these expenditures, there are open contracts and commitments totaling approximately \$320,522,000.

The Construction Fund, which is funded from bond proceeds, consists of the 2024-2028 Capital Improvement Program, the 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the seven months ended July 31, 2024, total expenditures were approximately \$236,772,000, which was 59.8% of the 2024 year-to-date spending budget. Total expenditures included \$33,403,000 for TPK NBHCE Mileposts 2.0 to 3.4 Improvements, \$24,916,000 for TPK Bridge Rehabilitation W107.84 and E107.84, and \$14,900,000 for TPK Deck Reconstruction Mileposts 98.48 to 98.76. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,145,847,000.