

**WHILE YOU'VE BEEN AWAY...  
WE'VE BEEN WORKING HARD FOR YOU!**

Safer, more reliable and more  
customer-focused than ever



2021  
ANNUAL  
REPORT

# TABLE OF CONTENTS:

## 04 MESSAGES

04 Governor's Message

06 Commissioner's Message

08 President & CEO's Message

## 10 CONTINUED RESPONSE TO COVID-19

## 14 SAFETY & RELIABILITY

16 Physical Infrastructure

20 Safety & Security

## 24 HIGH-QUALITY EXPERIENCE

24 Fleet

26 Facilities

30 Service Improvements

31 Technology

33 Customer Engagement

34 Major Projects, Studies & Planning

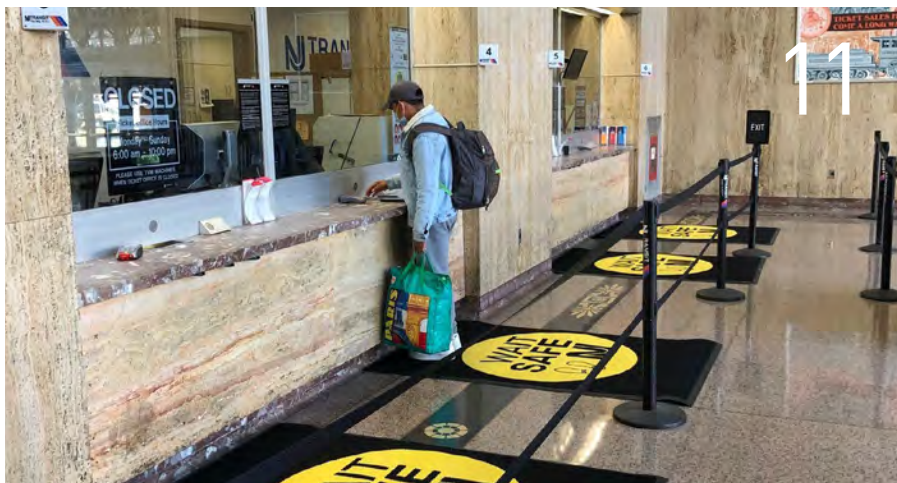
## 40 STRONGER ECONOMY

## 44 SUSTAINABILITY

47 Transit Oriented Development  
Projects Advancing

48 Resiliency Work

## 56 ACCOUNTABLE, INNOVATIVE AND INCLUSIVE



- 60 **SCDR TAP**
- 64 **APPENDIX A**
- 64 **APPENDIX B**
- 66 **ON-TIME PERFORMANCE**
- 66 By Mode
- 68 Bus Methodology
- 70 Rail Methodology
- 72 Light Rail Methodology
- 74 **TEAM**
- 74 Board of Directors
- 82 Advisory Committees
- 83 Executive Management Team
- 85 **FY2021 FINANCIAL REPORT**

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32



41



60

# LETTER FROM NEW JERSEY GOVERNOR PHIL MURPHY



Governor, State of New Jersey

When I took office, I made a commitment to New Jersey's commuters - and to the proud women and men across NJ TRANSIT - that we would work together to restore service, build the ranks, create a modern and reliable transit system, and restore this agency to its fullest potential.

Certainly, we know there is still work to do, even after four years of progress. But, every day, we have worked toward these goals, and Diane and Kevin have been partners with me every step of the way.

At the onset, one of the biggest challenges we faced was a severe shortage of locomotive engineers. We did not have enough people

to run the trains. If an engineer or two called out sick, it would lead to a domino effect of cancellations and frustrated customers. We got to work, and today, NJ TRANSIT has hired, trained, and graduated more than 100 new locomotive engineers. I've had the honor of attending all eight of the locomotive engineer graduation events we've held since 2019.

With nearly 400 active locomotive engineers on the roster, NJ TRANSIT is positioned to both reliably move passengers across the state as our economy continues to reopen and recover and ensure we don't fall back into the bad old ways. I am proud to have been closely involved with this initiative, and with Diane and Kevin we made it one of NJ TRANSIT's top priorities.

We are equally committed to ensuring the safe and modern rail infrastructure our state and region need. With the Northeast Corridor maintaining its standing as one of the nation's most vital economic links, NJ TRANSIT is scheduled to issue a construction award for the Portal North Bridge Replacement project by the end of this year. Replacing the century-old Portal Bridge will alleviate one of the greatest areas of concern along the Northeast Corridor.

And in August, alongside Amtrak, New York State, and the Port Authority of New York and New Jersey, we submitted a new financial plan for the Hudson Tunnel project, demonstrating our commitment to the completion of the single largest critical infrastructure project in the United States. Our sincere thanks go out to President Biden, USDOT Secretary Pete Buttigieg, New York State Senator Chuck Schumer, and New York State Governor Kathy Hochul for working so closely with us and our Congressional Delegation to move this project one-step closer toward construction.

Together, these two projects will transform rail service, create tens of thousands of jobs, and generate billions of dollars in economic benefits to the New Jersey/New York area.

And last December, we celebrated the Federal Rail Administration's certification of

NJ TRANSIT's Positive Train Control System. When our Administration took office, PTC was woefully behind schedule and no one believed NJ TRANSIT would meet its federally mandated deadlines. It wasn't easy, but NJ TRANSIT met every deadline and today our rail system is safer than ever.

NJ TRANSIT's ongoing transition to a 100 percent zero-emission bus fleet is another advancing priority. I was proud to sign legislation last year directing NJ TRANSIT to exclusively purchase zero-emission buses by 2032, which will enable the agency to meet its goal of a 100 percent zero-emission bus fleet by 2040.

A zero-emission bus fleet will reduce carbon emissions, greatly improve local air quality and related health impacts, ensure environmental justice for all residents, and lead the way in the global clean-energy transition. In addition, by establishing aggressive goals, we are repositioning our economy and state for a clean future. Transforming New Jersey's transportation sector and modernizing our infrastructure are critical to supporting our Energy Master Plan and broader goal of establishing a 100 percent clean energy economy by 2050.

We are also investing in the reimagining of our stations and terminals, which serve as the entryway to our system - and our customers' first impression of NJ TRANSIT. While improvements and construction are being planned system-wide, two projects, in particular, stand out.

In Camden, NJ TRANSIT has released Request for Proposals (RFPs) to create a new, modern, and more expansive Walter Rand Transportation Center to better serve South Jersey's customers and support the region's rapidly growing communities and local economies. And, in Newark, thanks to a substantial commitment of \$190 million in state funds, we are working to restore historic Newark Penn Station to its rightful place as one of the crown jewels of New Jersey.

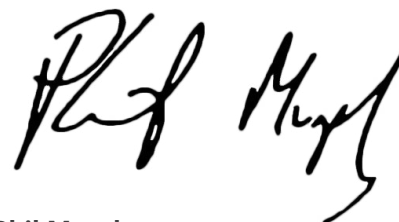
Of course, all of these priorities take commitment and investment. I am proud that, through our

Fiscal Year 2022 State Budget, we not only increased funding to NJ TRANSIT, but we provided for significantly expanded and dedicated funding from the New Jersey Turnpike Authority - from \$129 million to \$350 million this fiscal year and more than \$3.5 billion over the next seven years - laying out a clear path to more consistent, sustainable funding for NJ TRANSIT. And, working with our Congressional Delegation, we saw to it that the federal CARES Act, Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan all provide substantial financial assistance to NJ TRANSIT.

And, importantly, this renewed focus on fiscal responsibility means we have once again held fares steady, marking four years in a row with no fare hike for NJ TRANSIT customers.

As New Jerseyans begin returning to NJ TRANSIT - whether for work, school, or any other aspect of life - they will find a mass transit system that is not only prepared to welcome them back and to get them where they need to go safely, on-time, and reliably, they're finding a NJ TRANSIT with a clear focus on the commuter experience. They're going to see us building new stations and expanding and updating others, and they're going to see new locomotive engineers in the cab window as their trains roll in, more reliable and on-time than in years.

As I said, our work is not yet complete. But, make no mistake, we are moving NJ TRANSIT forward and building the world-class rail and bus system New Jerseyans expect and deserve.



**Phil Murphy**  
Governor, State of New Jersey

# LETTER FROM DIANE GUTIERREZ- SCACCETTI



NJ TRANSIT Board Chair And  
Commissioner Of The New Jersey  
Department Of Transportation

Once again this year, NJ TRANSIT refused to allow the coronavirus pandemic to slow us down. Even as ridership declined and the virus spread across New Jersey, NJ TRANSIT's dedicated frontline employees never stopped delivering the critical bus, rail, and light rail service that essential workers and New Jerseyans rely on.

But NJ TRANSIT did far more than just continue to deliver essential transit services. With Governor Murphy's strong support, and under the leadership of President & CEO Corbett, NJ TRANSIT used the pandemic as an opportunity to build collaboration among transit agencies both nationwide and globally, implementing and even creating best practices to protect customers and employees. We accomplished this through our work on the Seven State Transportation Task Force - a consortium of states in the Northeast from Delaware up to Massachusetts where President & CEO Corbett represents New Jersey - and our close working partnerships with regional peer transit agencies, the Northeast Corridor Commission, the American Public Transportation Association (APTA), and the international public transportation organization, UITP. Working together, these agencies and organizations have been tracking national and global transit agency trends and best practices including ridership trends, technological advances, and COVID-19 response.

NJ TRANSIT also played a key role in our State's ambitious vaccination efforts. In addition to our innovative VAXRIDE program - which both connects New Jerseyans to vaccine sites throughout the state and provides them with up to two free round-trips on NJ TRANSIT to and from those sites - NJ TRANSIT worked non-stop to vaccinate its own employees, providing thousands of vaccinations directly to employees and opportunities for thousands more through appointments across the state.

This year, NJ TRANSIT proudly celebrated the culmination of a three years' long effort to replenish its severely depleted ranks of

locomotive engineers. Moving forward, we are committed to maintaining a full pipeline of trainees and regular classes. This has already yielded positive results by improving reliability for the tens of thousands of customers who depend on NJ TRANSIT rail service every day.

We also continued to aggressively advance our ambitious, \$17 billion five-year Capital Plan, while modernizing our fleet with the purchase of hundreds of new buses, railcars, and locomotives. I am especially proud of our efforts to advance critical, large-scale projects of national significance, such as the Portal North Bridge Replacement Project and the Hudson Tunnel Project - both critical projects that are part of the overall Gateway Program.

One particularly forward-looking project in our Capital Plan that I'm excited about is our "Innovation Challenge" Meadowlands Transitway Project. The project was introduced in November 2019 as a way to solicit transportation solutions to improve connectivity between Secaucus Junction, MetLife Stadium, and the American Dream complex as we continue to plan for New Jersey's long-term transportation needs. We're pleased the project continues to advance with a contract award in August for the concept design development.

In addition to bringing innovation and creativity to long-standing service challenges, NJ TRANSIT has become especially customer focused since 2018 - offering new benefits, discounts, rewards, and amenities to improve every aspect of the customer experience and attract people back to our system as we emerge from the pandemic. These initiatives include: FLEXPASS, our creative new fare option that responds to current commuting

patterns and has proven to be extremely popular with our customers; major upgrades to our mobile app and website; our new NJT Rewards Program, through which customers can earn points redeemable for deals and discounts at local businesses when purchasing tickets on our mobile app; and "Transit to Trails," our new online map application, which easily identifies over 60 national, state, and county parks throughout New Jersey that are accessible by NJ TRANSIT service. These are only a few examples of how we've worked to meet our customers' needs and deliver the world-class experience they expect and deserve.

The pandemic has certainly been a struggle for so many of us, but there is also plenty of cause for optimism, both at NJ TRANSIT and throughout our state. With Governor Murphy leading the way, we are beginning to realize the vision we set out to achieve in 2018: A revitalized public transit system that provides critical connectivity throughout the state, and is safer, more reliable and more customer-focused than ever.



**Diane Gutierrez-Scaccetti**

Commissioner, NJ Department of Transportation  
Board Chair, NJ TRANSIT

# LETTER FROM KEVIN S. CORBETT

NJ TRANSIT President & CEO



NJ TRANSIT President & CEO

The coronavirus pandemic again loomed large over NJ TRANSIT operations this year, although 2021 was also a year in which both NJ TRANSIT and New Jersey began to turn the tide against this virus. More than six million New Jerseyans are now fully vaccinated - and New Jersey is among the top 10 states in the country with the highest COVID vaccination rates - while ridership continues to increase steadily, exceeding our initial projections in some areas. NJ TRANSIT's response to the pandemic also continued to be second-to-none, demonstrating our commitment to the safety of our customers and employees. From industry-leading cleaning and disinfection, to PPE vending machines, to technological innovations like "How Full Is My

Ride," there is to my mind no better example nationally of how a transit system should respond to such an event.

Despite the significant impacts of COVID-19 on NJ TRANSIT and its dedicated workforce, we continued this year to make extraordinary progress improving our customers' experience. One way we are illustrating this progress is through our "While You've Been Away" public information campaign, which launched in May 2021 and is available at [njtransit.com/progress](https://njtransit.com/progress). The campaign is designed to inspire rider confidence by communicating all the work we've done since 2018, and through the pandemic, to prepare our transit system for our customers' return. It outlines the many, robust safety measures we have in place - as well as numerous and significant systemwide improvements - all in an effort to encourage customers to choose NJ TRANSIT for their travel as our region recovers from the pandemic and employees return to the workplace.

Since last year's Annual Report, NJ TRANSIT has achieved three major milestones, each of which, on its own, will improve safety or service systemwide, for every single one of our customers. First, in December 2020, we successfully achieved certification of our Positive Train Control (PTC) implementation before the December 31st deadline, accomplishing what few thought possible when I joined NJ TRANSIT in 2018. We are now working to fully operationalize PTC, while collaborating closely with Amtrak, USDOT, and the Northeast Corridor Commission to bring the next generation of this safety enhancement to our region.

Second, this year in January, NJ TRANSIT executed the Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) for our Portal North Bridge Replacement Project, which provides a commitment of \$766.5 million to fund a new Portal North Bridge. On the heels of this accomplishment, this year in October, NJ TRANSIT hosted President Biden at a ceremonial groundbreaking for Portal North




to celebrate our Board's approval of a \$1.6 billion contract for this project, representing the single largest construction award in NJ TRANSIT's history. Ultimately, this project of national significance will usher in a new era of reliability between New Jersey and New York for the millions of NJ TRANSIT and Amtrak customers who travel along the Northeast Corridor every year.

Beyond Portal North, NJ TRANSIT continues to play an integral role in advancing another critical project in the Gateway Program - the Hudson Tunnel Project. This year in August, NJ TRANSIT - along with our project partners at Amtrak, the Port Authority, and the Gateway Development Commission - successfully submitted to the FTA the new financial plan for the Hudson Tunnel project. This development represents a major step forward for a region-changing project that will provide more reliable and resilient service along the busiest rail corridor in the nation. Through Portal North and the Hudson Tunnel projects, NJ TRANSIT is positioning the entire Northeast Corridor to safely and reliably meet the demands of our customers for generations to come. At the same time, we continue to advance many additional and significant capital projects, which taken together total more than \$4 billion in projects underway or in procurement since 2018. Just some of these projects include the \$600 million Raritan River Bridge Replacement project, the \$510 million Northern Bus Garage, the \$200 million County Yard / Delco Lead Storage and Inspection Facility, and the \$195 million Long Slip Fill & Enhancement project - all of which you'll read about later in this report.

Third, this year in May - after three years of aggressive and unprecedented recruiting and training - NJ TRANSIT achieved a full roster of locomotive engineers for the first time in more than a decade. In the eight years prior to 2018, NJ TRANSIT lost a net 61 locomotive engineers, creating a serious staffing shortage that undermined rail service reliability, which is why this accomplishment has already led to more reliable and predictable rail service for our customers.

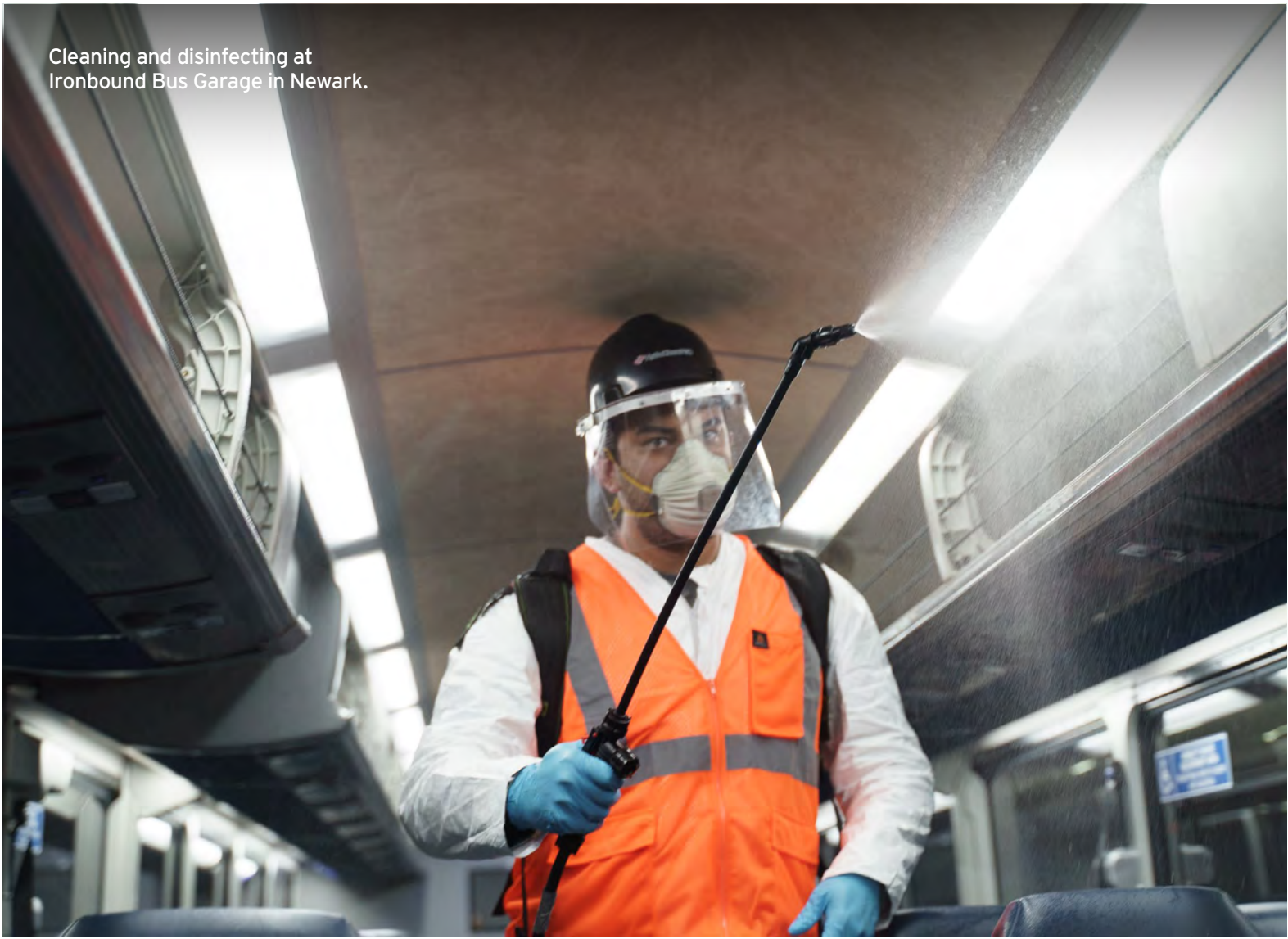
In addition to these major milestones, NJ TRANSIT focused on equipment and technology to improve customer communications and the overall customer experience. Two of our 25 new dual-mode locomotives arrived this year, continuing our efforts to improve mechanical reliability and operational flexibility. In 2023, we begin taking delivery of 113 new self-propelled multilevel rail cars to replace 40-plus-year-old Arrow III cars. More than 300 new buses have been or will be delivered to NJ TRANSIT between 2020 and 2021 - improving reliability, on-time performance, and the overall experience for millions of bus customers every year. We are also quickly advancing "contactless" fare collection technologies in light of the pandemic, to improve both safety and the customer experience. This effort includes new high-tech Ticket Vending Machines with contactless payment options; EZ Wallet, our new electronic fare option for our Access Link paratransit service; On-Board Bus Validators being installed systemwide; and new handheld mobile devices for train crews being deployed systemwide.

In conclusion, I want to once again thank Governor Murphy and NJ TRANSIT Board Chair Diane Gutierrez-Scaccetti for their leadership and their drive to transform NJ TRANSIT and improve the daily lives of the millions of customers we serve each year. I'd also like to thank Senators Menendez and Booker - and the entire New Jersey Congressional delegation - for helping NJ TRANSIT secure billions in federal aid over the past year, allowing us to continue providing the essential transit services that New Jersey residents depend on. Most importantly, I want to thank all of our customers - those who have been riding with us since the pandemic began, and those we're looking forward to welcoming back as they make plans to return to the office.



**Kevin S. Corbett**  
President & CEO

Cleaning and disinfecting at  
Ironbound Bus Garage in Newark.

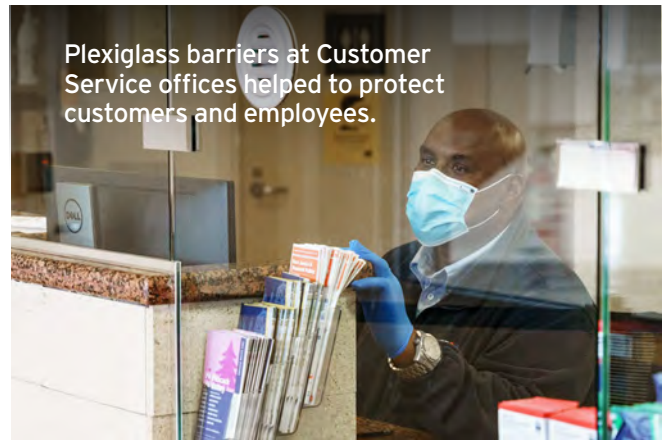


## CONTINUED RESPONSE TO COVID-19

NJ TRANSIT continued to utilize its **Emergency Operations Center** under the **National Incident Management System (NIMS)** in FY2021 to manage its response to the COVID-19 pandemic. Multiple business lines at the agency have coordinated their efforts to ensure all policies and safety protocols are followed and implemented based on state and federal guidelines. At employee- and customer-facing locations, they include **increased cleaning and disinfection** protocols, **improved air filtration systems**, **capacity restrictions** on bus, rail, light rail and Access Link services (lifted in

July 2020), promoting **touchless fare technology** and the federally mandated use of **face coverings** at stations and onboard vehicles, installation of **protective barriers** at Customer Service offices and on buses, **“Wait Safe” floormats** at major stations and terminals, **staggered work schedules** and **occupancy restrictions** at the large employee worksites early on in the pandemic. NJ TRANSIT continues to update corporate policies, cleaning protocols, and personal protective equipment requirements at the direction of federal and state guidance.

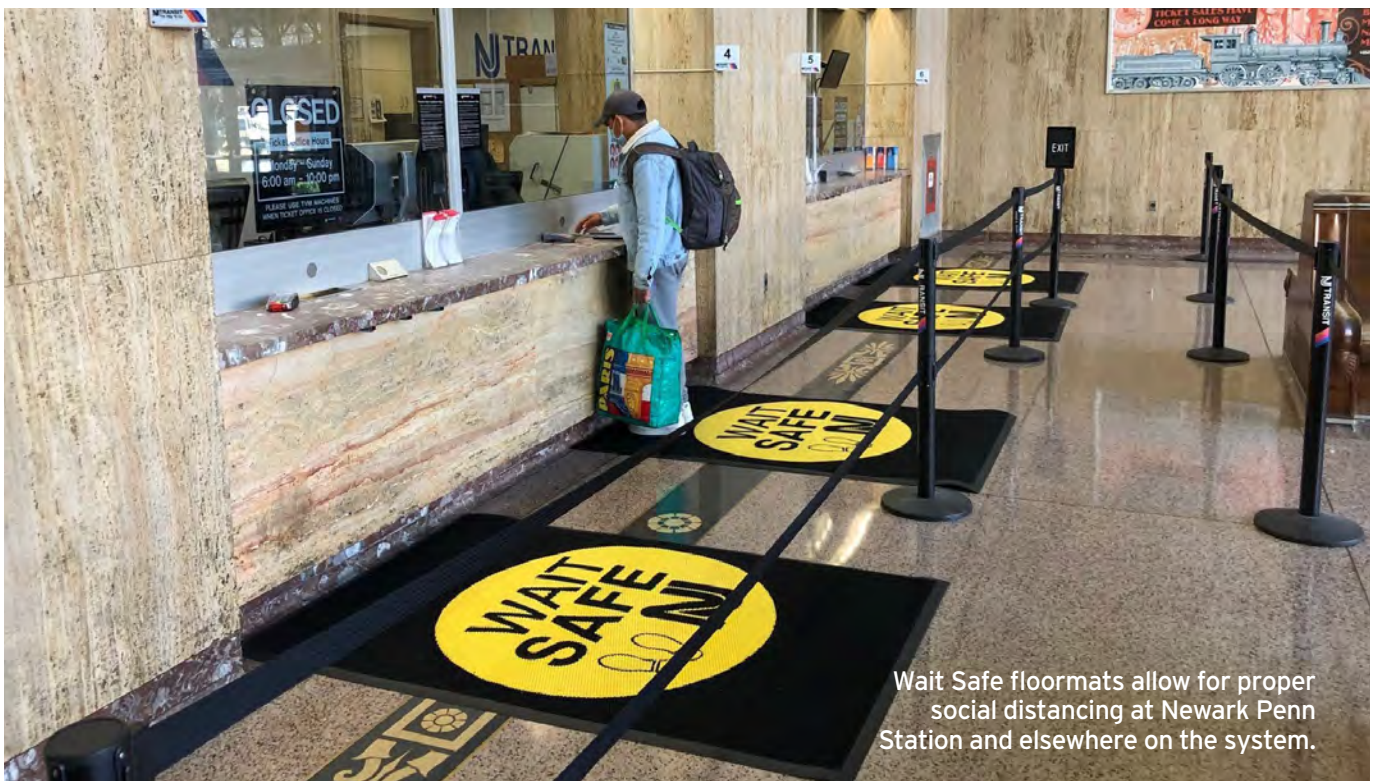
NJ TRANSIT also engaged in a partnership with Rutgers University Center for Advanced Infrastructure and Transportation (CAIT) in FY2021 to evaluate and test the effectiveness of **disinfection technologies**, such as Ultraviolet Light (UV) light fixtures, surface disinfection shields (long-lasting cleaners), and ion generation systems for air disinfection.



Plexiglass barriers at Customer Service offices helped to protect customers and employees.



NJ TRANSIT continues to update corporate policies, cleaning protocols, and personal protective equipment requirements at the direction of federal and state guidance.



Wait Safe floormats allow for proper social distancing at Newark Penn Station and elsewhere on the system.



Enhanced cleaning at Irvington Bus Terminal.

NJ TRANSIT teamed up with the New York Metropolitan Transportation Authority, Port Authority of New York and New Jersey, Amtrak, SEPTA and PATCO to create a regional **Mask Force** initiative. The transit systems provided free masks to customers across the

northeast as face coverings proved one of the most effective tools in combating the spread of the virus.

NJ TRANSIT introduced **FLEXPASS** in FY2021 to address the changing travel needs of its customers. FLEXPASS provides 20 one-way tickets for travel between one origin and one destination station at a 20 percent discount off the one-way fare with a 30-day expiration period from the date of purchase.

NJ TRANSIT launched a public-private partnership in FY2021 to help New Jersey residents get vaccinated, offering complimentary rides to and from vaccination sites. **VAXRIDE** is funded through the generosity of sponsors like Novartis and Catalent, providing two free roundtrips on any NJ TRANSIT travel mode within New Jersey to get vaccinated.

NJ TRANSIT also jump-started its **Student Pass program** for college students returning



Air filters were frequently changed on our fleet.

to school. Student Pass allows full-time college students to save an extra 25 percent on their NJ TRANSIT Monthly Pass when their school participates in our University Partnership Program, providing unlimited travel during the month. As an added incentive, students who purchased student monthly passes in September, October and November 2021 received a free monthly pass for travel in December 2021.

NJ TRANSIT thanks all of its employees for working non-stop throughout the pandemic, particularly its frontline employees. Nearly two-dozen of NJ TRANSIT's 12,000 employees



President & CEO Kevin Corbett participates in a Mask Force event in FY2021.

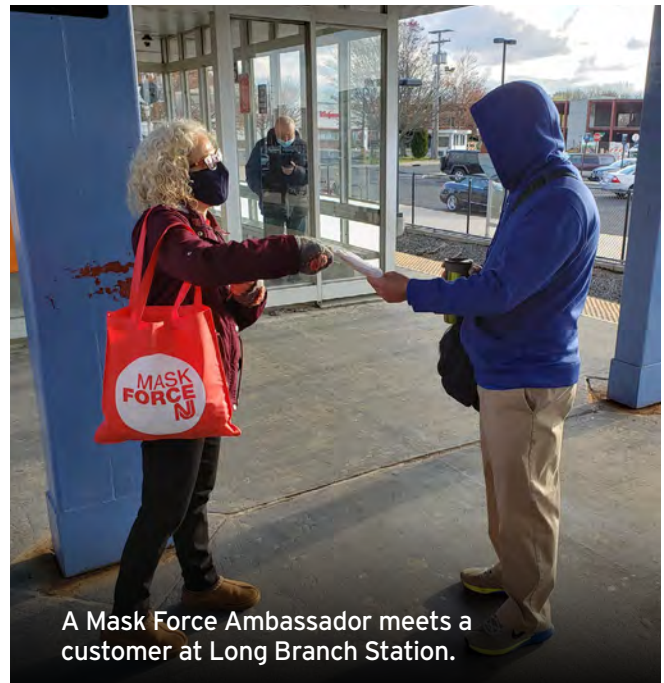


The transit systems provided free masks to customers across the northeast as face coverings proved one of the most effective tools in combating the spread of the virus.



have lost their lives to the virus while more than 2,500 employees contracted the virus. But trains, buses, light rail vehicles and Access Link paratransit service kept running, transporting essential workers and others where they needed to go. NJ TRANSIT would also like to thank New Jersey Governor Phil Murphy, Commissioner Diane Gutierrez-Scaccetti and our congressional delegation for securing the federal financial assistance needed to fund protective measures and keep the system running during the pandemic.

The agency's **"Ride To Recovery: NJ TRANSIT's COVID-19 Response & Path Forward"** document was produced in FY2021, outlining how NJ TRANSIT managed the challenges it faced during the pandemic,



A Mask Force Ambassador meets a customer at Long Branch Station.

and a path forward for the future. The plan enabled NJ TRANSIT to provide safe and effective service to support travel by essential workers during the height of the pandemic, and for others as they began returning to the system. It also helped the agency implement safety measures, keep riders informed, and continued to advance NJ TRANSIT's strategic and capital plans.



PTC signal installation work in Kearny.

# ENSURE THE RELIABILITY AND CONTINUED SAFETY OF OUR TRANSIT SYSTEM

NJ TRANSIT achieved full certification from the Federal Railroad Administration (FRA) for the implementation of **Positive Train Control (PTC)** on its commuter rail system and rolling stock ahead of a December 31, 2020 federal deadline. The project also required interoperability with Amtrak's Northeast Corridor (NEC) Advanced Civil Speed Enforcement System and the freight-based Interoperable Electronic Train Management System.

PTC enhances rail safety by monitoring and controlling train movements using Global Positioning System technology, Wi-Fi and high-band radio transmission, and is capable of automatically controlling train speeds and movements, reducing the risk of accidents caused by human error.

To underscore and validate the agency’s commitment to safety, NJ TRANSIT was awarded the 2021 American Public Transportation Association (APTA) **Bus Safety Gold Award** in the highly competitive large transit system category for transit agencies with 20 million or more passenger trips annually. NJ TRANSIT Bus Operations was awarded the Gold for its implementation of the Lytx® DriveCam Event Recorder, a system of onboard cameras, data collection, and assessments designed to address safety hazards proactively, to prevent unsafe operator behaviors before they lead

“ NJ TRANSIT was also named the winner of APTA’s 2021 Rail Safety Certificate of Merit Award for Commuter/Intercity Rail Systems for its work on Positive Train Control (PTC.) ”

to accidents. Between 2010 and 2020, NJ TRANSIT Bus Operations realized a 70 percent reduction in near-collisions, thanks to the focused coaching and training enabled by the technology platform. NJ TRANSIT was also named the winner of APTA’s 2021 **Rail Safety Certificate of Merit Award** for Commuter/Intercity Rail Systems for its work on Positive Train Control (PTC.)



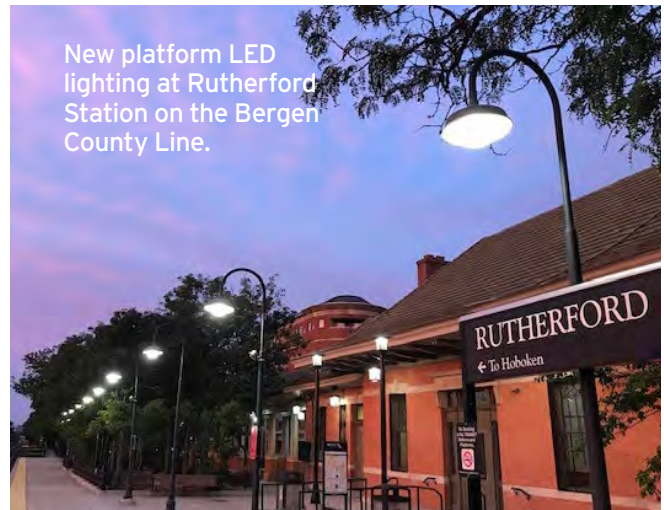
NJ TRANSIT celebrated completion of its Positive Train Control installation in December 2020. Pictured l-r: Amtrak President & CEO Stephen Gardner; NJ TRANSIT President & CEO Kevin Corbett; NJ Governor Phil Murphy; FRA Administrator Ronald Batory; NJDOT Commissioner & NJ TRANSIT Board Chair Diane Gutierrez-Scaccetti; Terry Fetters, Parsons

## PHYSICAL INFRASTRUCTURE

State of Good Repair (SOGR) infrastructure work in FY2021 included replacement of new **timber tie decks** on three rail lines; design, repair, replacement and/or rehabilitation of **bridge parts** on eight rail lines, **concrete patching, stone masonry pointing** and **stone work** on multiple bridges throughout the system; **painting of bridges** on two rail lines, replacement of two railroad culverts on the North Jersey Coast Line and Gladstone Branch, and fabrication and replacement of **signal cabinets**.



LED lighting was installed at multiple stations, including here at Long Branch Station.

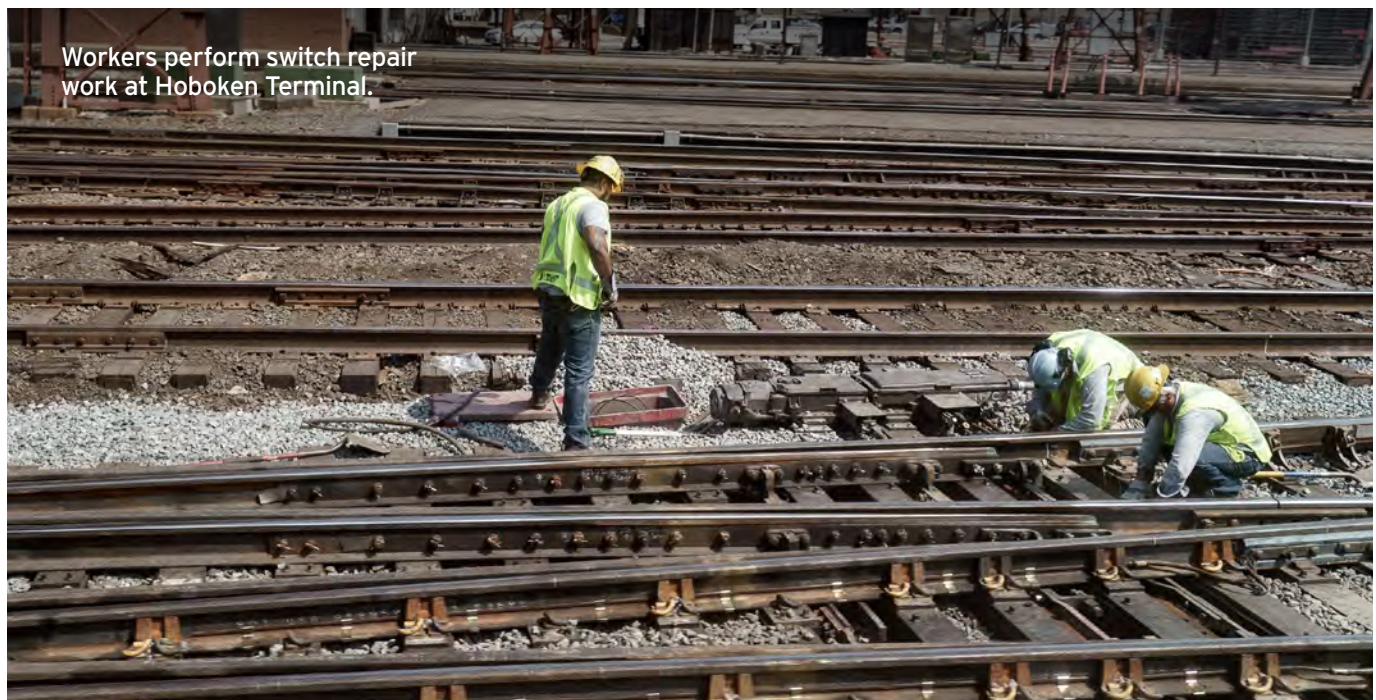


New platform LED lighting at Rutherford Station on the Bergen County Line.

Forgot my phone in my car,  
had to run back and get it!  
Thank you #NJ TRANSIT 8:17  
Metropark for waiting that  
additional 30 seconds! Best  
#traincrew @NJTRANSIT



Ruslan @KGBStyle



Workers perform switch repair work at Hoboken Terminal.

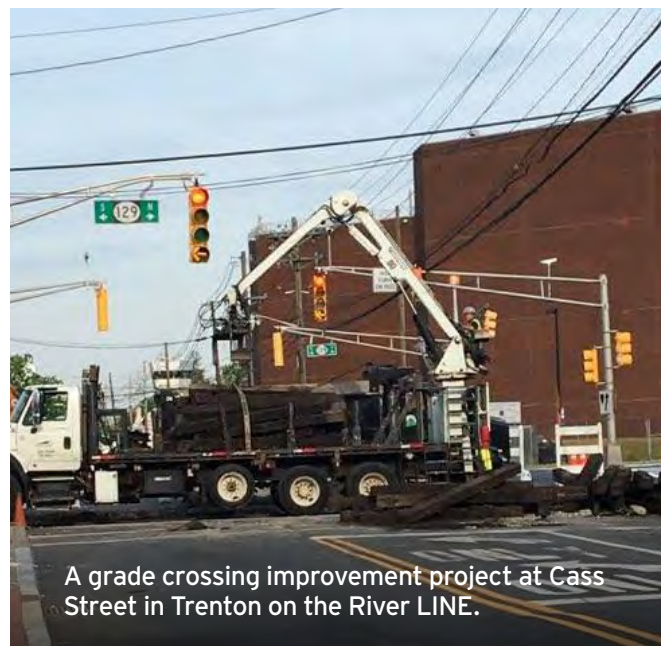




A grade crossing improvement project completed in FY2021 on the Bergen County Line in Garfield.

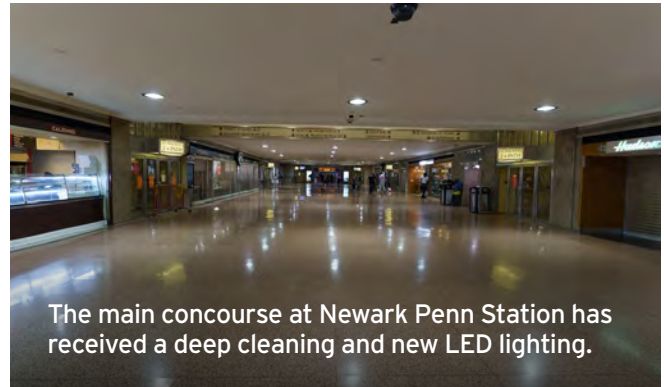
In-house inspections were performed on all 576 in-service **undergrade bridges** and 103 in-service **overhead bridges**. More in-depth structural inspections and load ratings were performed on more than 100 **undergrade bridges** by engineering consulting firms. Inspections were also performed on **station platforms, retaining walls** and **catenary structures**. Inventory and inspection of more than 750 **railroad culverts** began in FY2021 and will continue in FY2022.

More than 68,440 **railroad ties** were replaced in FY2021 on four rail lines, the Newark Light Rail system, at Hoboken “B” Yard and on the Morrisville Line near Morrisville Yard.



A grade crossing improvement project at Cass Street in Trenton on the River LINE.

Meanwhile, 1,765 **wood-cross ties** were replaced in station areas on three rail lines. Additionally, **track surfacing** was completed on more than 124 miles of track on eight rail lines and at Hoboken Terminal, two **switches** were replaced in Hoboken, a **rail curve** was installed on the Morris & Essex Lines, and **welding** and **brush-cutting** work was completed around the system.



The main concourse at Newark Penn Station has received a deep cleaning and new LED lighting.

“

**1,765**

**WOOD-CROSS TIES WERE REPLACED IN STATION AREAS ON THREE RAIL LINES**

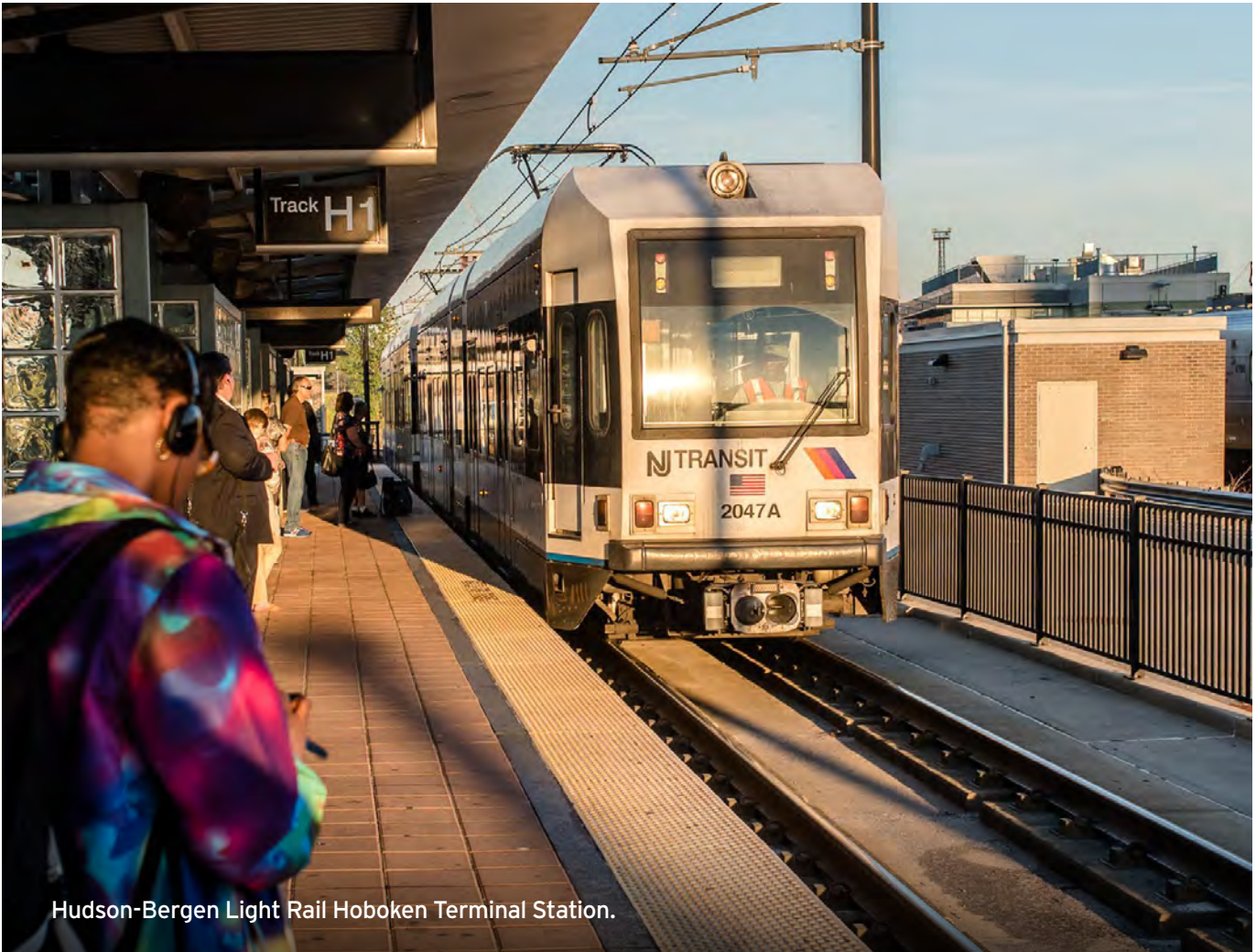


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NJ TRANSIT also completed Sandy Resilience work in FY2021 on **signal systems** along the Morristown, Pascack Valley and North Jersey Coast lines, renewed seven **grade crossings** on five rail lines, retired one grade crossing on the North Jersey Coast Line and replaced a **grade-crossing warning system** on the North Jersey Coast Line. Additional work was completed on a Morris & Essex Lines **Traction Power breaker** project, **snow-melter panels & equipment**, **catenary** and **substations**.



Newark Light Rail's Branch Brook Park Station.



Hudson-Bergen Light Rail Hoboken Terminal Station.

**Newark Light Rail (NLR)** SOGR work in FY2021 included replacement of pantographs that help power light rail vehicles (LRVs), work on HVAC and electrical systems, LRV wheel and truck replacement, brake work and fluid replacements. At stations, improvements were made to elevators, stairs, platforms, lighting, HVAC systems, storm drainage systems, security cameras, fencing and handrails. Along the right-of-way, guide wire was installed to protect NLR from falling trees, fiber-optic cable was installed to improve communications, ventilation systems were overhauled in the NLR tunnel, and upgrades were completed on the overhead catenary wire system. Track work included replacement of track, railroad ties and stone ballast.

— “

At stations, improvements were made to elevators, stairs, platforms, lighting, HVAC systems, storm drainage systems, security cameras, fencing and handrails.

— ”

**Hudson-Bergen Light Rail** SOGR projects in FY2021 included repairs and upgrades at 8th Street Station, HVAC upgrades at Bergenline Avenue Station, installation of 24 new traffic control cabinets and electric meter boxes above flood elevation levels, traffic camera



River Line in Camden.

installations at 16 intersections, replacement of transformers and other electric power components in Jersey City, replacement of track and catenary at select locations, elevator upgrades/repairs at West Side Avenue and Garfield Avenue stations, and overhead catenary wire replacement work.

On the **River LINE**, SOGR work included rehabilitation of three grade crossings, Ticket Vending Machine electrical upgrades, modifications to Florence Station Park & Ride to accommodate bus service, traffic modifications at three grade crossings, completion of the Delaware River Heritage Trail pedestrian crossing in Mansfield, structural repairs on the Rancocas Creek Bridge, and rehabilitation of the Emlays

Sluice Bridge in Fieldsboro.

### **SAFETY & SECURITY**

An upgraded **Bus Operator protective barrier** was installed and successfully tested on a NABI transit bus in FY2021, providing an additional level of security for operators. The new barriers are being widely installed on the rest of the transit fleet through FY2022. Meanwhile, a prototype barrier for cruiser buses was installed on an MCI bus in FY2021 and is being tested.

NJ TRANSIT has developed **de-escalation training** for Bus Operators in partnership with the Amalgamated Transit Union and the Police Department's Employee Court Advocate. The training will help operators

who encounter difficult and sometimes dangerous customer interactions to diffuse the situation.

Bus Operations developed another level of **pedestrian awareness training** in FY2021 to refocus operator attention on pedestrian awareness and defensive driving. Highlights include active scanning, awareness and countering of distractions, and using DriveCam camera footage to discuss how accidents can be avoided.

The New Jersey Transit Police Department (NJTPD) worked with federal, state and local law enforcement agencies and emergency responders in FY2021, sponsoring **emergency response training exercises** on the Newark Light Rail, Hudson-Bergen Light Rail and River LINE light rail systems, and the NJ TRANSIT commuter rail system. A total of 225 first

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@NJTRANSIT @NJTRANSIT\_NBUS riding on a NEW bus! Nothing like “new bus smell” bus 20064 #126route #comfortable #clean #safe

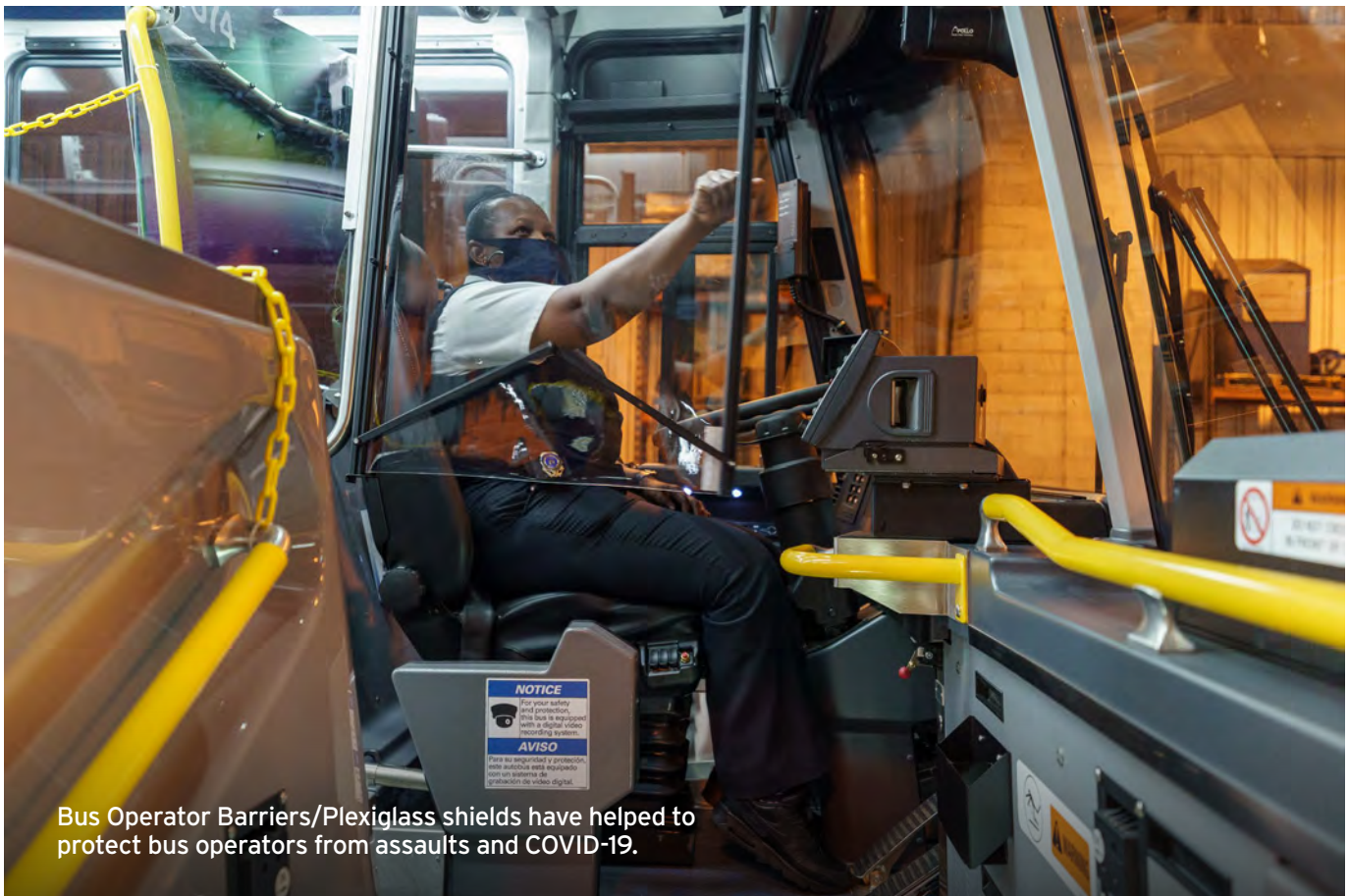


Skip F. @Skipfill

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responders participated in these drills, while 1,156 additional first responders received rail safety training.

**Critical Decision Making for Complex Coordinated Attacks** training continued in FY2021, with 150 police officers from NJ TRANSIT and partner agencies attending the training. This course provides first



Bus Operator Barriers/Plexiglass shields have helped to protect bus operators from assaults and COVID-19.

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responders with skills to manage the initial response to a large-scale attack in a chaotic environment during a complex coordinated attack, including observation, analysis, anticipation, and awareness training.

NJ TRANSIT continued to promote its **“Text Against Terror”** public awareness campaign in FY2021, encouraging customers to text “NJTPD” (65873) to report suspicious activity. Nearly 4,660 communications were received on our Text Tip Line.

NJ TRANSIT’s **Emergency Operations Center** (EOC) was activated for nine planned and unplanned events for a total of 258 days in FY2021. The EOC serves as the coordination point for all business lines for both planned and unplanned events. The

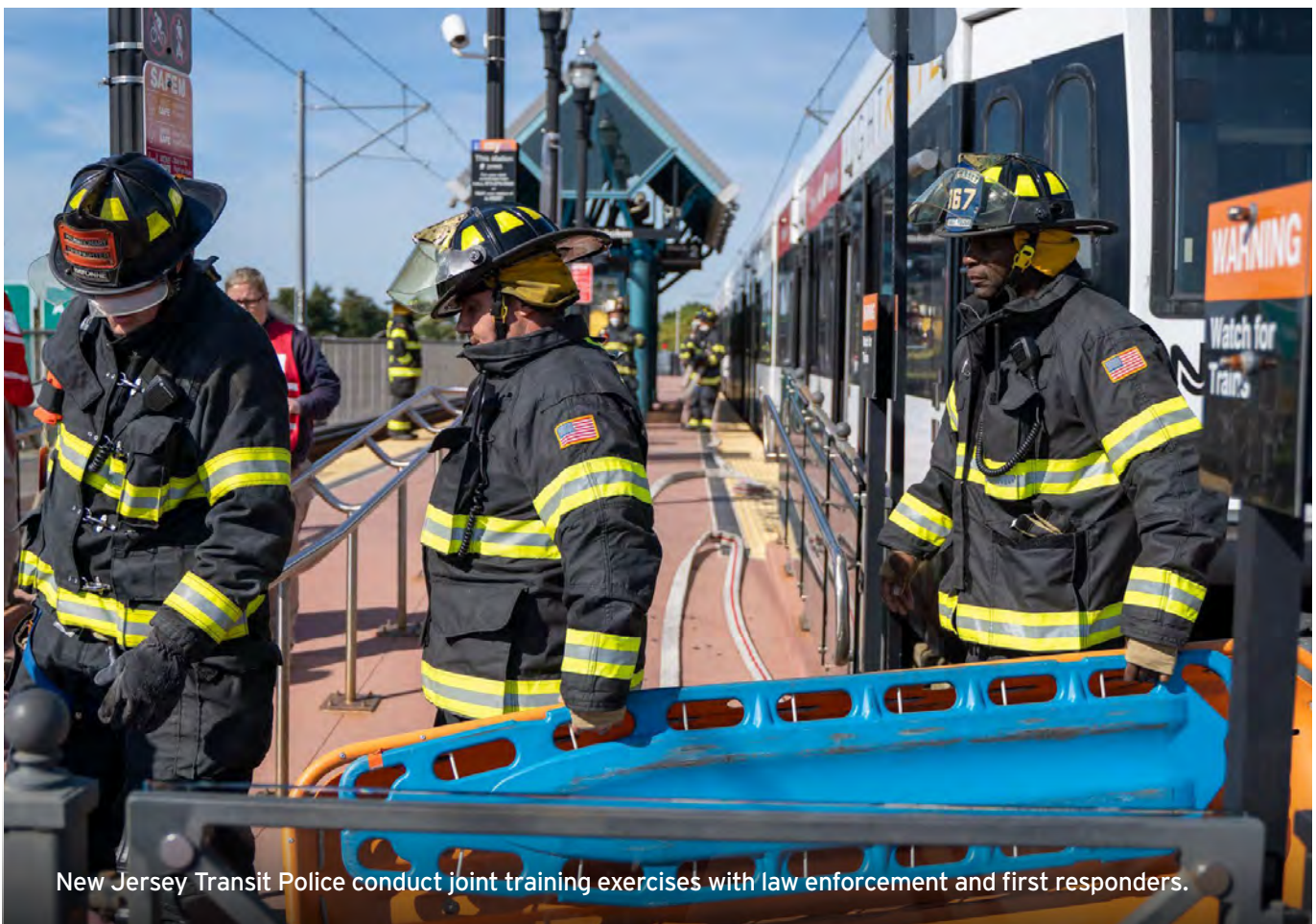
EOC also monitors real-time information at the agency’s tunnels, bridges, bus terminals, rail stations and light rail stations, as well as on all bus, rail, light rail and Access Link vehicles.

The NJTPD **recruited 16 police officers** in FY2021. Prior to attending a police academy,

— “

A total of 225 first responders participated in these drills, while 1,156 additional first responders received rail safety training.

— ”



New Jersey Transit Police conduct joint training exercises with law enforcement and first responders.



Sixteen new recruits joined the New Jersey Transit Police Department in FY2021.

the NJTPD Training Unit prepared the recruits for the academy, which included a five-week boot camp. Following the police academy, recruits receive two weeks of post-academy training, and an additional six weeks of field training before a one-year probationary period is completed.

**National Safety Month** was celebrated in June 2021 with safety awareness education

for NJ TRANSIT employees, customers and the general public. The “Safety Champions” theme and “Safety is Heroic” slogan honored NJ TRANSIT employees who worked through the pandemic. The Corporation hosted educational events at employee and customer locations, sharing general safety tips and important reminders about the need to adhere to COVID-19 safety mandates and guidelines.



The next generation ALP-45A dual-power locomotive.

# DELIVER A HIGH-QUALITY EXPERIENCE FOR ALL OUR CUSTOMERS, WITH THEIR ENTIRE JOURNEY IN MIND

## **FLEET**

Production of more than 1,100 45-foot **cruiser buses** continued in FY2021, replacing older buses that have reached the end of their useful lives. The buses are being delivered to both NJ TRANSIT and private-carrier bus companies that support NJ TRANSIT commuter service in New Jersey.



Through the end of FY2021, 554 buses were delivered to NJ TRANSIT and 447 to private carriers. NJ TRANSIT's Board of Directors authorized the purchase of an additional 118 45-foot cruiser buses in FY2021. All new cruiser buses are more environmentally-friendly by adhering to the latest vehicle emission standards. They will have the latest in customer amenities, increase service reliability, reduce operating costs, and meet the requirements of the Americans with Disabilities Act (ADA).

Delivery was completed in FY2021 on 110 **articulated buses** to replace 85 buses approaching the end of their useful lives, and to expand the articulated bus fleet for the first time in nearly a decade. The buses, which are 65 feet long, are ADA-compliant and include several customer amenities, such as expanded seating, low-floor customer boarding, wheelchair lifts with securing mechanisms, USB charging ports, on-board security cameras, improved intercoms, LED lights and bicycle racks. Similar to the cruiser buses, the articulated buses are more environmentally-friendly by adhering to the latest vehicle emission standards.

Construction work was underway in FY2021 at our Newton Avenue Bus Garage in Camden to install necessary **charging infrastructure** to prepare for the deployment of eight electric buses expected to begin in Q2/Q3 of FY2022. The buses were ordered in early FY2022 and will allow NJ TRANSIT to test the performance of these new buses under real-world conditions on select bus routes (see more in the *Promote a More SUSTAINABLE Future for Our Planet* section).

Bombardier Transit Inc., is manufacturing 113 **Self-propelled Multilevel III Vehicles** (MLV IIIs) for NJ TRANSIT; 58 will be power cars and 55 will be coaches. Six pilot MLV III vehicles are scheduled to begin arriving in CY2023 with final delivery anticipated to be completed in CY2025. Final delivery will be completed in FY2025.



A self-propelled MLV III frame on the production line.



Delivery was completed on 110 new articulated, high-capacity buses in FY2021.

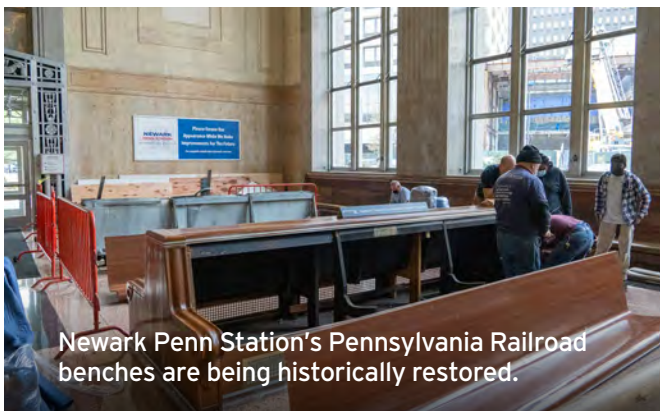
Production and delivery schedules were slightly delayed due to the impacts of COVID-19.

NJ TRANSIT also awarded a contract to Bombardier Transit Inc. for another eight ALP-45DP **Dual Power Locomotives**, in addition to the 17 on order, for a total of 25 dual power locomotives to replace most of the agency's 50-year old GP-40 diesel locomotives. The new locomotives can operate on both electrified and non-electrified lines, meet current EPA requirements when operating in diesel mode, and further reduce emissions by operating in electric mode whenever available. Pilot locomotives were delivered in January and April of 2021 and went through extensive testing before entering revenue service. The remaining locomotives are scheduled to continue arriving through the end of calendar year 2022.

## FACILITIES

In December 2020, Governor Phil Murphy and a host of state and local officials announced a \$190 million investment in historic [Newark Penn Station](#), performing State-of-Good-Repair (SOGR) work, renovation and restoration work that will transform the historic station and greatly improve the customer experience. The work began with \$30 million in renovations and restorations, with an additional \$160 million in additional upgrades scheduled over the next five years. Phase One work already underway or completed includes bench restoration, lighting upgrades, painting, tile restoration, restroom upgrades, signage upgrades, drainage improvements, resurfacing of bus lanes, HVAC improvements, converting two freight elevators to freight/customer use, and historic-door replacements. Phase One also included removal of the Dunkin' Donuts to provide more natural lighting, seating and improved customer flow in the historically-accented main waiting room. [Dunkin' Donuts](#) was moved to a new storefront location in the station's main concourse. Future work includes customer circulation improvements, restoration of the grand waiting hall, multiple infrastructure upgrades, and realigning station elements to make the station pleasant and welcoming to all.

NJ TRANSIT is also advancing a \$250-million overhaul of the **Walter Rand Transportation Center** (WRTC) in Camden. In February



Newark Penn Station's Pennsylvania Railroad benches are being historically restored.

# NEWARK PENN STATION

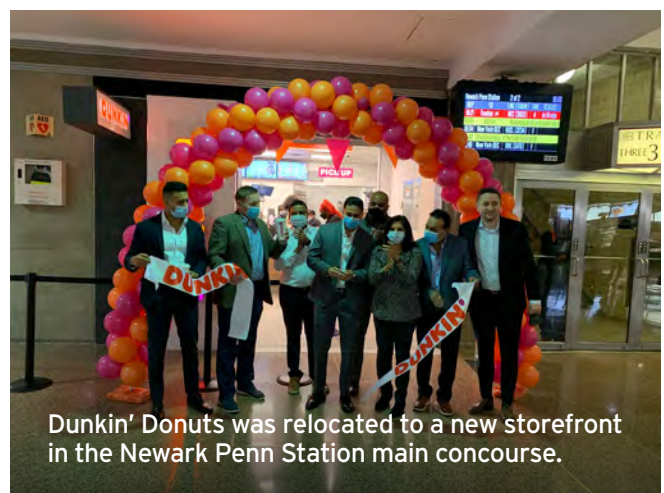
## REIMAGINING AN ICON



Interior cleaning in the Newark Penn Station waiting room.



The Market Street Bus Lanes at Newark Penn Station have been repaved and LED lighting has been added.



Dunkin' Donuts was relocated to a new storefront in the Newark Penn Station main concourse.



Historic globes from the Newark Penn Station waiting room ceiling are being refurbished.



The historic exterior of Newark Penn Station underwent a complete powerwashing in Summer 2021.

2021, Governor Phil Murphy was joined by community leaders and local, county and state officials to announce the major investment, followed by the release of a Request for Proposals in April 2021. The WRTC Improvement Project will upgrade and enlarge the existing facility to complement the renaissance currently underway in the City of Camden. The project would ultimately replace the existing facility with an expanded multi-purpose transit center, providing improved intermodal connections between 26 NJ TRANSIT bus lines, PATCO, River LINE light rail service, and intercity independent bus services. It will also provide additional parking, administrative offices, and new retail, office, housing and hospitality opportunities utilizing Transit-Oriented Development (TOD) design standards.

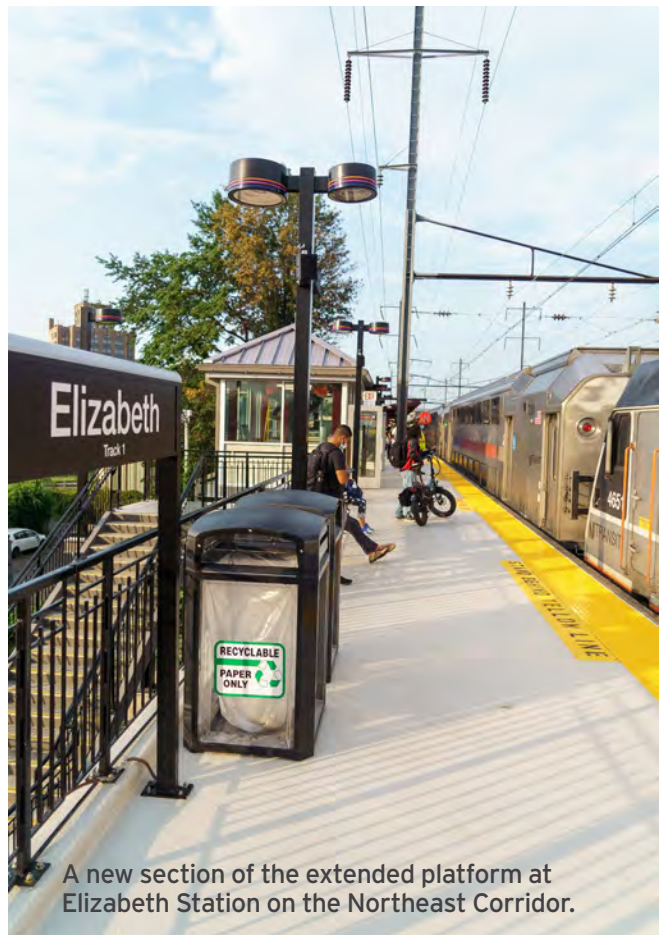
NJ TRANSIT and Amtrak completed a refurbishment project on the 8th Avenue side of **Penn Station New York** in FY2021. The modernization of the ticketed waiting area provides more waiting space for NJ TRANSIT and Amtrak customers, with new seating, electrical and USB outlets to charge devices, new LED lighting, information screens, a new information desk and a second entrance close to the NJ TRANSIT concourse.

**Trenton Transit Center** has been identified as a top station in need of SOGR work, which will include rehabilitating the station's island platforms, upgrading platform canopies, replacing vertical circulation elements and constructing an ADA-accessible, high-level platform with an elevator from the concourse for future for Amtrak, NJ TRANSIT and SEPTA service expansion.

Work is underway on a design-build contract to replace the existing **Elizabeth Station** on the Northeast Corridor. The project includes reconstructing and extending existing high-level platforms to accommodate 12-car trains, installing new elevators and replacing



Plans are advancing for a \$250 million overhaul of Walter Rand Transportation Center in Camden .



A new section of the extended platform at Elizabeth Station on the Northeast Corridor.

existing elevators for improved ADA access, constructing new inbound and outbound station buildings and waiting areas, restoring the pedestrian tunnel, installing a state-of-the-art communications system and providing



other customer amenities. The project is scheduled for completion in the summer of 2023.

Work is also underway on a new **Lyndhurst Station** on the Main Line, replacing an older nearby station. The project includes a building designed to replicate the historic style of the Lyndhurst neighborhood, ADA-accessible platforms, new stairs, four elevators, lighting, canopies, communications and closed-circuit TV. NJ TRANSIT hosted a groundbreaking at the station with Governor Murphy in April 2021, and construction is scheduled for completion in the summer of 2023.



Plans to modernize the NJ TRANSIT **North Jersey Bus Control Center** in Maplewood continued in FY2021. The project includes improved communications, an expanded floor plan, new offices and conference rooms, bus tracking capabilities, new operating consoles and associated improvements. Work is scheduled for completion in FY2022.

Work began in FY2021 on the **Market Street Bus Garage** rehabilitation project in Paterson. Built in 1903 as a trolley barn, the project includes construction of a more

than 3,200-square-foot addition, installation of an elevator, backup generator and a new floor slab in the main barn, exterior renovations, and upgrades to mechanical, electrical, plumbing, life-safety and subsurface monitoring systems. Work is scheduled for completion in the spring of 2024.

Historic **Perth Amboy Station** on the North Jersey Coast Line is scheduled for a makeover beginning in FY2022. The work includes two high-level platforms that will make the station compliant with the Americans with Disabilities Act (ADA). Other improvements include work on the pedestrian overpass, elevators,

parking, landscaping, lighting, and visual communications and security systems.

Work to improve the customer experience was completed at 17 stations and terminals around the rail system, including **windscreen repairs or replacements, LED lighting, bathroom upgrades, staircase rehabilitation work, painting, platform and canopy repairs, shelter and pedestrian tunnel rehabilitation, railing installations, parking lot resurfacing** and more. **Elevator upgrades** were also completed at Newark Penn, Union, Morristown and Hamilton stations.

A number of **bus facility improvements** were completed in FY2021, including interior and exterior lighting upgrades, roof repairs, painting, rebuilding and installing a bus snowblower at Oradell Garage, restroom renovations, sign restoration work, and installation of new HVAC systems, sump pumps and garage doors.

NJ TRANSIT continued work on a **State-of-Good-Repair Program** (SGRP), providing

standardized project management oversight for rail, light rail and bus state-of-good-repair (SOGR) improvements. Aligned with NJ TRANSIT's 10-Year Strategic Plan, **[NJT2030](#)**, the SGRP focuses on safety, improving the customer experience, powering a stronger, fairer economy, promoting a sustainable future for our planet, and building an accountable, inclusive and innovative organization.

### **SERVICE IMPROVEMENTS**

In April 2021, Governor Murphy fulfilled his commitment to address a locomotive engineer staffing shortage that predated his tenure. The April 2021 **locomotive engineer** graduating class marked the first time in more than a decade that NJ TRANSIT had a full roster of engineers to improve service reliability for rail customers. NJ TRANSIT remains committed to maintaining a full pipeline of trainees and regular classes.

NJ TRANSIT **added 100 trains** to its Spring 2021 and Fall 2021 rail schedules to accommodate increased ridership as riders



A rendering of the refurbished Perth Amboy Station with new high level platforms.

returned to the system, and to enhance service frequency and travel options for customers returning to the system.

NJ TRANSIT implemented a three-phase, **bus-schedule improvement plan** in FY2021 to “right-size” its bus service to improve overall reliability. The first two phases made improvements to point-to-point running times, on-time performance, and operator recovery time. The last phase made further running time adjustments as ridership on some routes began approaching pre-COVID levels.

NJ TRANSIT also adjusted service on routes in North and South Jersey, including a revamp of the No. 1 route, new weekday morning No. 159 express service to New York, new Sunday service on the Nos. 26, 58, 115, 154, 412, 457, 603 and 619 routes, more frequent No. 34 weekday evening service, extended Saturday and Sunday service on the No. 48 route, more late-night service on the No. 139 route, extended weekday trips on the No. 160 route, and extended service on the Nos. 455 and 608 routes to accommodate frontline workers.

**TECHNOLOGY**

NJ TRANSIT launched a free customer rewards pilot program in FY2021. **NJT REWARDS** gives customers the chance to earn points with their transportation purchases and use them to save at participating shops, cultural attractions, restaurants and other businesses in New Jersey.

The **NJ TRANSIT mobile app** was updated in FY2021 to offer customers improved functionality, navigation and convenience. Among the highlights:

- **How Full is My Ride** allows customers to determine how crowded an approaching train or bus is to help them determine if they want to board and where available seats are, a reassuring customer feature during the COVID-19 pandemic.



## How Full is My Ride?

A new feature in the mobile app allows customers to check bus and train ridership capacity.

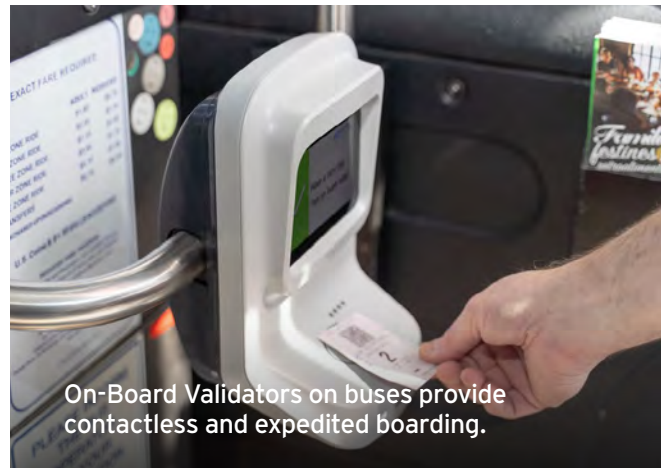
- With **Map My Bus**, customers can locate the next three buses approaching their bus stop, and view the buses on a map. A link to a PDF timetable for the route is also available, as well as a list of the stops along the route.
- With **Map My Train**, customers can view the location of their train as it approaches the station, and select the DepartureVision screen for train status. By tapping the map tab, customers can see their train on a map and zoom in for the train number and its direction of travel.
- The **mobile ticket** layout was revised to make it easier for customers to scan the QR

code with bus onboard validators, light rail platform validators and rail turnstiles.

The **Access Link mobile app** made its debut in FY2021, which offers paratransit customers another option to make reservations, monitor ride status, update their customer accounts and make trip cancellations.

The NJ TRANSIT **Fare Modernization Program** is delivering more technology advancements, customer enhancements and operational efficiencies to the agency's fare payment program. Modernization of more than 550 **Ticket Vending Machines**, 150 **Ticket Office Machines**, 90 **faregates**, 204 new **platform validators**, and installation of bus **On-Board Validators** (OBVs) progressed in FY2021. OBVs allow bus customers to scan their paper or mobile-app barcoded tickets/passes without handing the ticket to the bus operator, reducing a frequent customer touchpoint.

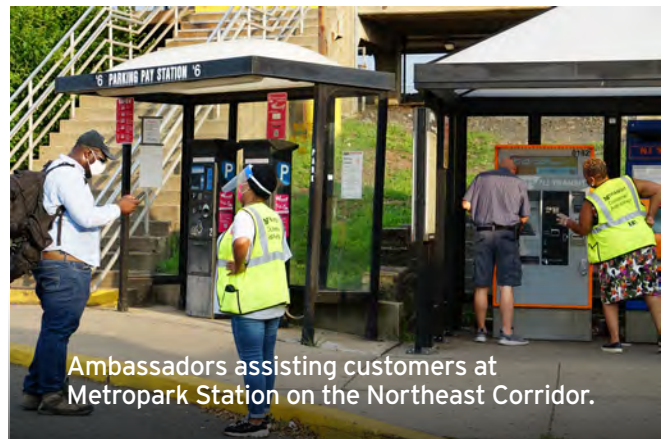
NJ TRANSIT also began deploying **Handheld Mobile Devices** (HMDs) in FY2021 to support train conductors with their daily job functions, including validation of tickets without physical contact. The HMDs also capture data that populates the "How Full is My Ride" feature



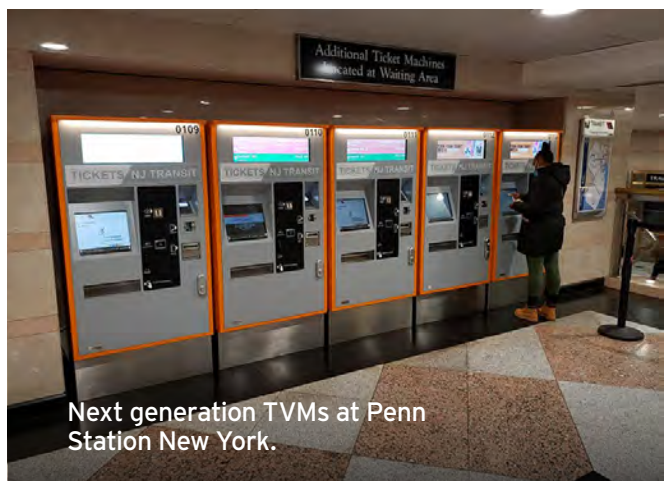
On-Board Validators on buses provide contactless and expedited boarding.



Handheld Mobile Devices are expediting the boarding process at the PABT.



Ambassadors assisting customers at Metropark Station on the Northeast Corridor.



Next generation TVMs at Penn Station New York.



(see above), identifies potential operational efficiencies, and reduces fraud and fare evasion. NJ TRANSIT also introduced a pilot program at Port Authority Bus Terminal (PABT) using HMDs to scan bus tickets of customers as they wait for their buses at the PABT, helping to expedite the boarding process.

NJ TRANSIT’s Alexa Skill allows customers with Amazon Alexa-enabled devices to use the convenience of on-demand voice technology to access rail information. Customers can use their voice to request real-time rail information as well as receive transit alerts from Amazon devices, allowing them to plan their travel without having to look up schedule information on their phone or computer.

NJ TRANSIT and **WAZE** teamed up on a rail safety initiative to help motorists identify the location of grade crossings on their mobile app throughout the state. The new Waze feature automatically alerts drivers who are using their traffic navigation mobile app when they are approaching a railroad crossing and reminds them to proceed with caution. It complements an NJ TRANSIT joint study with Rutgers University to improve pedestrian detection and safety at rail crossings.

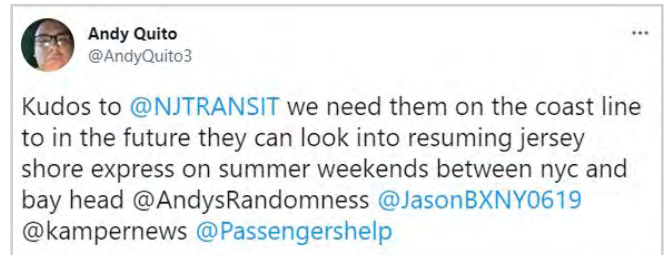
**Public Address (PA) systems** are being upgraded at many NJ TRANSIT stations and terminals. The modernization work includes audio, dynamic display, infrastructure and software upgrades. Work has been completed at Secaucus Junction and Penn Station New York. Work is planned at Trenton Transit Center, Hoboken Terminal and Newark Penn Station in FY2022, with additional stations seeing PA system upgrades in the future.

**CUSTOMER ENGAGEMENT**

The agency’s Customer Service team remained active in FY2021, responding to more than 38,700 **customer questions and comments** about COVID-19, service, fare and schedule information, and more. NJ TRANSIT

**Ambassadors** also covered 36 events during the year, with 1,039 ambassadors assigned to key locations throughout the system to help guide customers traveling to and from special events.

NJ TRANSIT’s **social media** channels continued to keep customers engaged about service status, project information, customer feedback, deals & discounts, COVID-19 alerts and more. Twitter remains the most popular channel, with 245,788 followers at the end of FY2021. NJ TRANSIT’s Facebook page had 75,498 likes in FY2021. Our LinkedIn channel grew to 27,384 followers in FY2021. The NJ TRANSIT Instagram page had 15,157 followers in FY2021.



As part of the agency's ongoing efforts to enhance reporting to the NJ TRANSIT Board or Directors and customers, expanded **customer trends data** was gathered from multiple sources and shared with the Board Operations & Customer Service Committee on a monthly basis. Customers can also attend these meetings and full Board meetings, held virtually in 2021, to share their comments about their personal NJ TRANSIT experiences. The information is used to identify and address actionable items to improve the customer experience.

NJ TRANSIT introduced the **First Run customer blog** in FY2021. First Run features customer-centric articles that keep customers informed on a variety of topics, including important information about our services, stations, fleet, technology, construction projects, sustainability initiatives and more.

## MAJOR PROJECTS, STUDIES & PLANNING

As part of the Gateway Program, the **Portal North Bridge** project on the Northeast Corridor (NEC) will replace Amtrak's existing, 110-year-old swing-span bridge with a fixed-span bridge over the Hackensack River. When completed, bridge openings for marine traffic will no longer be necessary, greatly improving service reliability, speed and, ultimately, capacity on the Northeast Corridor between Newark and New York.

Final design of the project was completed in FY2021, funded by Amtrak, NJ TRANSIT, the FTA and the NJ Transportation Trust Fund. Other highlights during FY2021:

- A Federal Railroad Administration (FRA) Transportation Investment Generating Economic Recovery (TIGER) grant in the

NJ TRANSIT signed a Full Funding Grant Agreement in FY2021 for the Portal North Bridge project.





A rendering of the new Portal North Bridge spanning the Hackensack River.

amount of \$16 million was officially closed with the FRA. These funds, together with a local match of \$4 million, were used to complete certain early-work construction activities.

- The project's Financial Plan was approved by the Federal Transit Administration (FTA).
- NJ TRANSIT and Amtrak executed a Project Development Agreement, establishing the rights, obligations and responsibilities of each party during construction.
- NJ TRANSIT and the FTA executed a \$766.5 million Full Funding Grant Agreement, which secured federal financial participation in the project.
- Part I of the Invitation for Bids (IFB) was publicly advertised, prequalifying potential construction firms or teams interested in building the project.



The Portal North Bridge project on the Northeast Corridor (NEC) will replace Amtrak's existing, 110-year-old swing-span bridge with a fixed-span bridge over the Hackensack River.



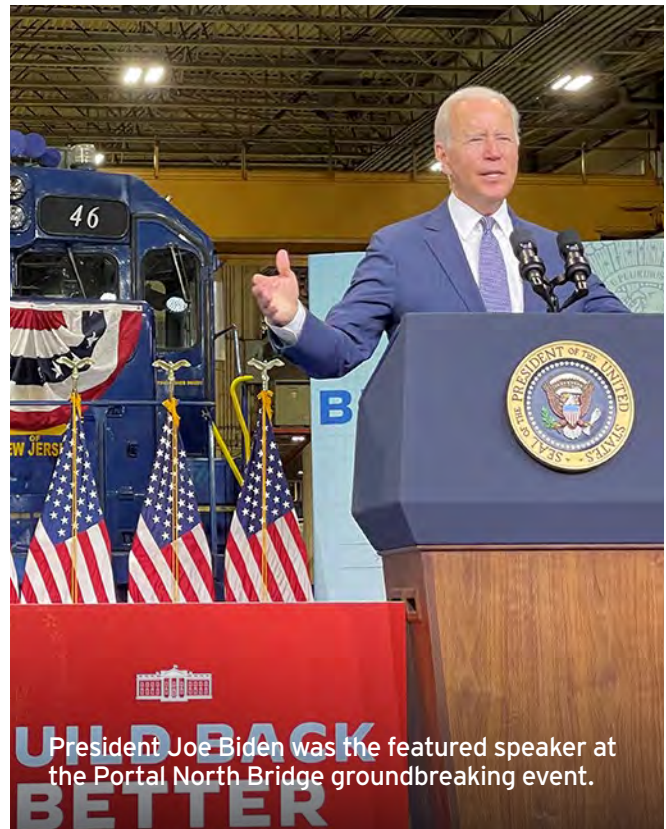
- Part II of the IFB was launched, which included a virtual Pre-Bid Conference and Outreach Event that provided Disadvantaged Business Enterprise (DBE) firms an opportunity to network with the prequalified contractors.
- In October 2021, NJ TRANSIT awarded its single largest construction award in its history to Skanska/Traylor Bros. joint venture for \$1.56 billion.

- And, on October 25, 2021, President Biden joined Governor Murphy, Commissioner Gutierrez-Scaccetti, President & CEO Corbett and a host of local, state and federal officials at our Meadows Maintenance Complex in Kearny for the project’s ceremonial groundbreaking!

In May 2021, the **Hudson Tunnel Project** was issued a joint Final Environmental Impact Statement (FEIS) and Record of Decision (ROD) by the FRA and FTA. The Hudson Tunnel Project includes construction of a new Northeast Corridor rail tunnel under the Hudson River and full rehabilitation of the existing 110-year-old North River Tunnel. The project will improve overall rail reliability, resiliency, redundancy, and ultimately, capacity between New Jersey and New York. With the completion of the FEIS/ROD, advanced engineering, final permitting and other preconstruction activities can take place. NJ TRANSIT and its local project partners are working with the FRA and FTA to finalize a funding plan.

The **Hudson-Bergen Light Rail (HBLR) Northern Branch Extension** will extend HBLR service from North Bergen in Hudson County to Englewood in Bergen County, improving regional mobility, mitigating traffic congestion and fostering economic investment. The Supplemental Draft Environmental Impact Statement was published by NJ TRANSIT and the FTA in FY2017, followed by public hearings and an open comment period. FTA approval for the publication of a Final Environment Impact Statement and the issuance of a Record of Decision is being pursued, pending the identification of a funding source for property acquisition and construction.

The **HBLR Route 440 Extension** will provide expanded transit access in Jersey City, extending service from West Side Avenue Station to the west side of Route 440, serving a residential and commercial development.



President Joe Biden was the featured speaker at the Portal North Bridge groundbreaking event.



NJ TRANSIT prepared an Environmental Assessment and the FTA issued a Finding of No Significant Impact. Design has progressed to 30-percent and funding alternatives are being considered. Early-work items at West Side Avenue Station were completed during a station outage.

The **Glassboro-Camden Line** will provide light rail service from Camden to Glassboro in Gloucester County, improving regional mobility, mitigating traffic congestion

and fostering economic investment. An environmental review has been completed, led by the Delaware River Port Authority (DRPA), with funding and technical support from NJ TRANSIT. Future development of this project is part of the South Jersey Transportation Authority’s program and will be managed by DRPA in consultation with NJ TRANSIT.

NJ TRANSIT’s Board of Directors advanced plans in August 2021 for conceptual design of the **Meadowlands Transitway Project**, which began as the agency’s **“Innovation Challenge”** launched in November 2019. The work will help the agency evaluate environmentally friendly transit access between Secaucus Junction and the Meadowlands Sports and Entertainment Complex. NJ TRANSIT asked interested parties to submit ideas for moving customers between the Meadowlands Sports and Entertainment Complex and Secaucus Junction. The Meadowlands poses distinct challenges to mass transit that must be carefully planned for and addressed as the project progresses. The area is densely populated and includes heavily congested roadways and an existing rail line to Secaucus Junction. Careful attention will be paid to the Hackensack River and its surrounding meadows - prominent features of the Meadowlands. The infrastructure investment will ensure that the area has the necessary public transportation system in place to attract and maintain some of the world’s largest entertainment and sporting events, creating a boost in economic prosperity in the region and throughout New Jersey.

NJ TRANSIT advanced work on the **Lackawanna Cutoff** project in FY2021, which included preparation of a bid package for a culvert replacement project. NJ TRANSIT also advertised a request for qualifications for work on the Roseville Tunnel and prepared a tunnel bid package that will be offered to

pre-qualified contractors. Concurrently, NJ TRANSIT is advancing development of a bid package for construction of Andover Station. The Lackawanna Cutoff will initially extend NJ TRANSIT rail service into Sussex County, with long-term plans to extend service into northeastern Pennsylvania, a project that would be funded by the State of Pennsylvania.

In May 2021, NJ TRANSIT issued a Notice to Proceed for the 30-percent design of a new **Northern Rail Maintenance-of-Way Facility**, which would replace an existing facility in Wood-Ridge. The general design consultant will evaluate potential sites for the new facility, making a recommendation based on contract specifications.

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**@NJTRANSIT\_NEC shout out to the Crew on Trenton Bound 3955. They took the initiative to take control of a situation and helped hundreds of stranded passengers.**



**Kurt Strauss, MBA @KurtStraussNYP**

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NJ TRANSIT prepared its first annual update of the **Five-Year Capital Plan** in FY2021. It offers detailed plans, cost estimates and schedules for current and potential projects that could be advanced if and when funding becomes available, as well as offering a rationale and methodology for prioritizing projects for selection in future years.

NJ TRANSIT advanced planning for several projects in FY2021 aimed at addressing trans-Hudson capacity needs. That included the **Morris & Essex Lines Capacity Enhancement Study**, which explored potential improvements to increase rail service and

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capacity on the Morris & Essex Lines. A **Connecting Services to Ferry Study** was also completed. Work is underway on other studies in FY2022 that include examination of a new **ferry terminal** on the West Side of Manhattan near 34th Street, as well as a study of **New Mobility concepts** to improve connectivity and choices for NJ TRANSIT customers.

NJ TRANSIT is advancing a master plan for improvements to and around **Newark Penn Station**. It includes a comprehensive planning, design and construction process. Preliminary community outreach will take place in fall 2021; work is expected to commence in 2022.

A study of historic **Hoboken Terminal** has been completed, identifying accessibility, passenger concourses and circulation improvements. Improving the station will help NJ TRANSIT accommodate growth and allow for a greater utilization of the terminal for trans-Hudson travel. In the longer term, NJ TRANSIT is working to address complete resiliency at the terminal.

NJ TRANSIT is advancing conceptual designs for a new **Northern Bus Garage and Maintenance Facility**. Site acquisition efforts are underway, and a preferred alternative will be selected at the end of the conceptual design phase. The new 500-bus garage would increase bus storage and maintenance capacity, and will include the necessary infrastructure to support the operation and maintenance of zero-emissions buses.

NJ TRANSIT is leading an update of the **New Jersey State Rail Plan**, a requirement of the Federal Railroad Administration, in order for NJ TRANSIT to be eligible for federal funding. The plan will describe freight and passenger railroad operations, infrastructure and planning activities being undertaken in the state, and will list rail projects being planned by NJ TRANSIT, NJDOT, freight railroads and other rail operators in New Jersey.

NJ TRANSIT is preparing to advance the **Raritan Valley Line (RVL)/Central Jersey Corridor Master Plan**. The plan will examine all transit plans and capital projects proposed for this east-west corridor and make recommendations for investments based on project interrelatedness and short-, medium-,



NJ TRANSIT is leading an update of the New Jersey State Rail Plan, a requirement of the Federal Railroad Administration, in order for NJ TRANSIT to be eligible for federal funding.



and long-term benefits for customers. Preliminary design is already underway for **Hunter Flyover**, which will allow eastbound RVL trains to cross above the Northeast Corridor (NEC) and merge onto the NEC, significantly reducing train conflicts and congestion.

NJ TRANSIT advanced the preparation of an Environmental Assessment in FY2021 for the **South Jersey Bus Rapid Transit (BRT)** study, which is exploring BRT improvements along portions of the Routes 42 and 55 corridors in South Jersey. BRT service would operate between the Camden area and Philadelphia.

NJ TRANSIT's Transit Friendly Planning (TFP) program began work on a new edition of the **Transit Friendly Planning Handbook** in FY2021. Released more than 20 years ago, the handbook serves as a guide for municipalities to create transit-friendly communities. The TFP program assists New Jersey municipalities that are planning transit-oriented development near NJ TRANSIT facilities. The 2nd edition of the handbook will be released in FY2022.



Future growth improvements are being explored at historic Hoboken Terminal.

The NJTPD Community Outreach unit assists homeless individuals who find themselves in NJ TRANSIT stations and facilities throughout the state.



## POWER A STRONGER AND FAIRER NEW JERSEY FOR ALL COMMUNITIES

NJ TRANSIT teamed up with the nationally recognized [Edge4Vets](#) program to hire New Jersey veterans, National Guard members, transitioning military service personnel and their spouses to careers in transportation. The program, which was recommended by NJ TRANSIT Board of Directors Vice Chair and United States Air Force veteran Cedrick Fulton, helps veterans translate their military strengths, values and skills to job opportunities at NJ TRANSIT and elsewhere. The first veteran has already been hired by NJ TRANSIT as a Bus Operator.



In September 2020, NJ TRANSIT launched **NewBus Newark**, a bus network redesign project. NewBus Newark is rethinking local bus service in the greater Newark region based on market conditions and demand, service and network performance, and stakeholder and public input. In addition to technical analysis, NJ TRANSIT has worked with bus customers, elected officials, community members and stakeholders to evaluate network-level objectives, strategies and priorities, ultimately leading to recommendations for an improved bus system and customer experience. NJ TRANSIT plans to advance future bus network redesign efforts in other areas of the state, including one in South Jersey covering Burlington, Camden and Gloucester counties.

NJ TRANSIT created a series of **informational videos** showcasing the accessibility of the agency’s bus, rail, light rail and Access Link services. The videos highlight the accessible features of NJ TRANSIT system, and how employees can assist customers with

disabilities. Also featured are other services available to customers with disabilities, including the Reduced Fare program, Community Transportation and Travel Instruction, and how customers can access them.

NJ TRANSIT began providing **Reduced Fare Cards** for Access Link customers in FY2021 thanks to new state legislation. The Reduced Fare Cards help Access Link customers who also use NJ TRANSIT’s bus, rail and light rail services, increasing their transportation options.

Access Link’s **Maternal Infant Health (MIH) application** process was launched in FY2021, designed to support New Jersey First



NewBus Newark will lead to a redesign of bus routes serving Newark.

Access Link supports First Lady Tammy Murphy's Maternal Infant Health program.



Lady Tammy Murphy's statewide initiative to improve maternal and infant health in communities where race and economics are contributing factors to infant mortality rates. The program enhances NJ TRANSIT's temporary paratransit eligibility determination option.

NJ TRANSIT also began informing Access Link riders in FY2021 about the **National Voter Registration Act**, which provides guidance to customers about registering to vote.

NJ TRANSIT launched a **"Transit to Trails"** initiative in June 2021, an interactive, user-friendly web application that easily identifies New Jersey's great parks and green spaces accessible by public transportation. The site has links to NJ TRANSIT service details, and park information for 62 national, state and county parks throughout the state. The "Transit to Trails" application planning tool helps decrease road congestion and ensures

equitable access to New Jersey's parks for those who depend on public transportation for all of their travel needs.

NJ TRANSIT will advance an **Atlantic City Rail Line (ACRL) Operations Analysis**, seeking to identify and assess opportunities to add train service on the ACRL using existing infrastructure. NJ TRANSIT is also preparing to partner with the South Jersey Transportation Authority to explore the feasibility of an **Atlantic City Airport Station** near the airport.

Planning is also being advanced for other existing and potential transit corridors across the state. The **Passaic-Bergen-Hudson Passenger Service Restoration Study** has identified several potential transit alternatives in a corridor that extends from Hawthorne and Paterson to Hackensack, and a connection with Hudson-Bergen Light Rail at Tonnel Avenue Station. Environmental screening

for selected transit alternatives is currently underway.

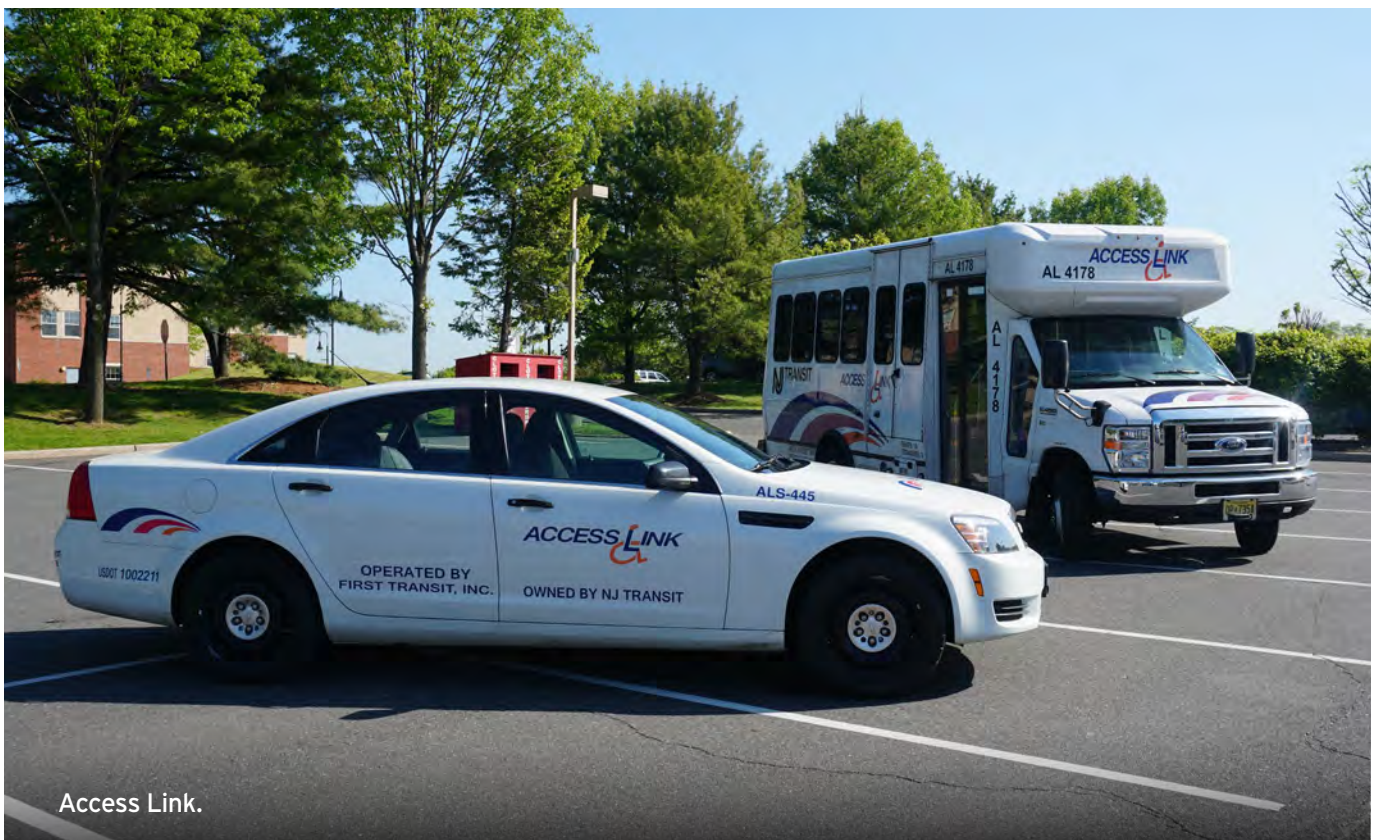
NJ TRANSIT's Bicycle and Pedestrian Program continued planning and design work for the **Henry Hudson Trail Connection** in FY2021, which would connect Aberdeen-Matawan Station on the North Jersey Coast Line with the Henry Hudson Trail, a bicycle and pedestrian trail in Monmouth County. The project is intended to provide safe, off-road access to the station for transit customers, as well as a destination for people to use mass transit to reach the trail and visit area shops and restaurants. NJ TRANSIT also initiated work with Metuchen to provide a similar link between the **Middlesex County Greenway**, Metuchen Station on the Northeast Corridor and the borough's downtown area.

Work also commenced on the **Princeton Transitway** in FY2021, a study of the Princeton Branch rail line popularly known

as the "Dinky." The study will explore service alternatives, improved bicycle and pedestrian access to transit, and the potential to extend the reach of transit in the community. NJ TRANSIT will survey riders and other interested parties for their preferences to help identify the best transit solutions.

All of these projects, along active projects at Lyndhurst Station, Perth Amboy Station, Trenton Transit Center, and the Long Slip construction project at Hoboken Terminal, will improve accessibility to the system for all customers.

The New Jersey Transit Police Department enhanced its **community outreach program** in FY2021 by increasing the number of officers assigned to this detail from two to five. This unique unit assists at-risk and homeless populations in and around NJ TRANSIT's stations and facilities, in coordination with local, county and private social service organizations.



Access Link.



Electric buses will be stored and charged in this location when completed.

# PROMOTE A MORE SUSTAINABLE FUTURE FOR OUR PLANET

NJ TRANSIT is committed to proactively improving the efficiency and resiliency of its operations and infrastructure to be a leader in sustainable and resilient transportation throughout the state. The Corporation's 10-Year Strategic Plan reaffirms that commitment.

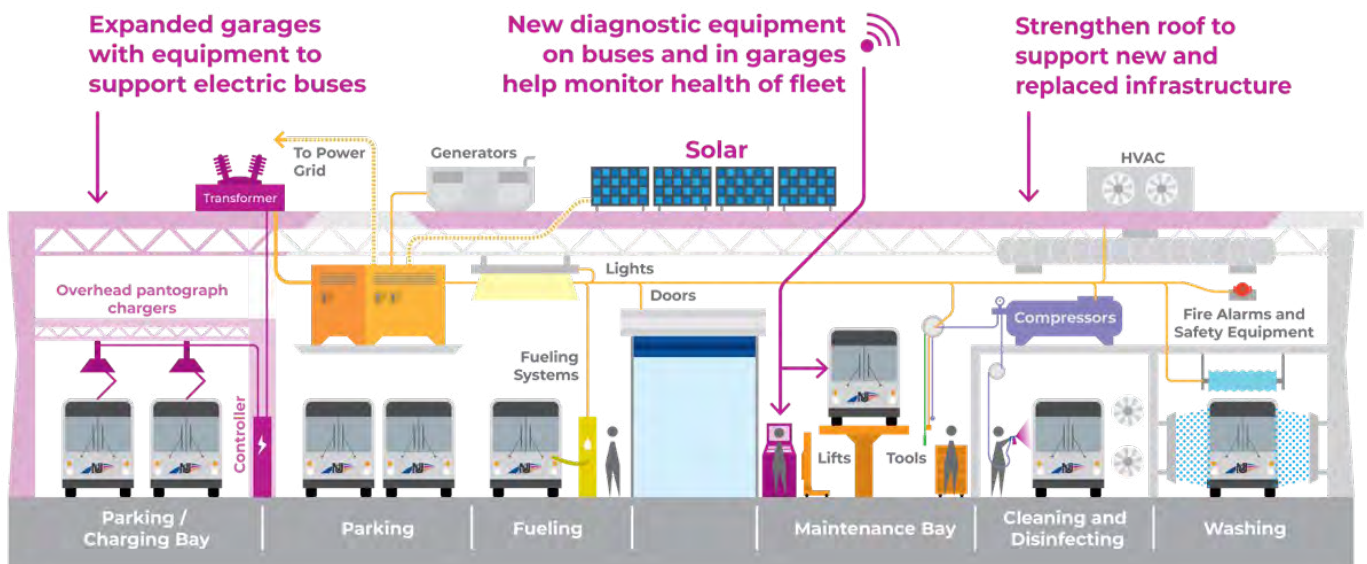
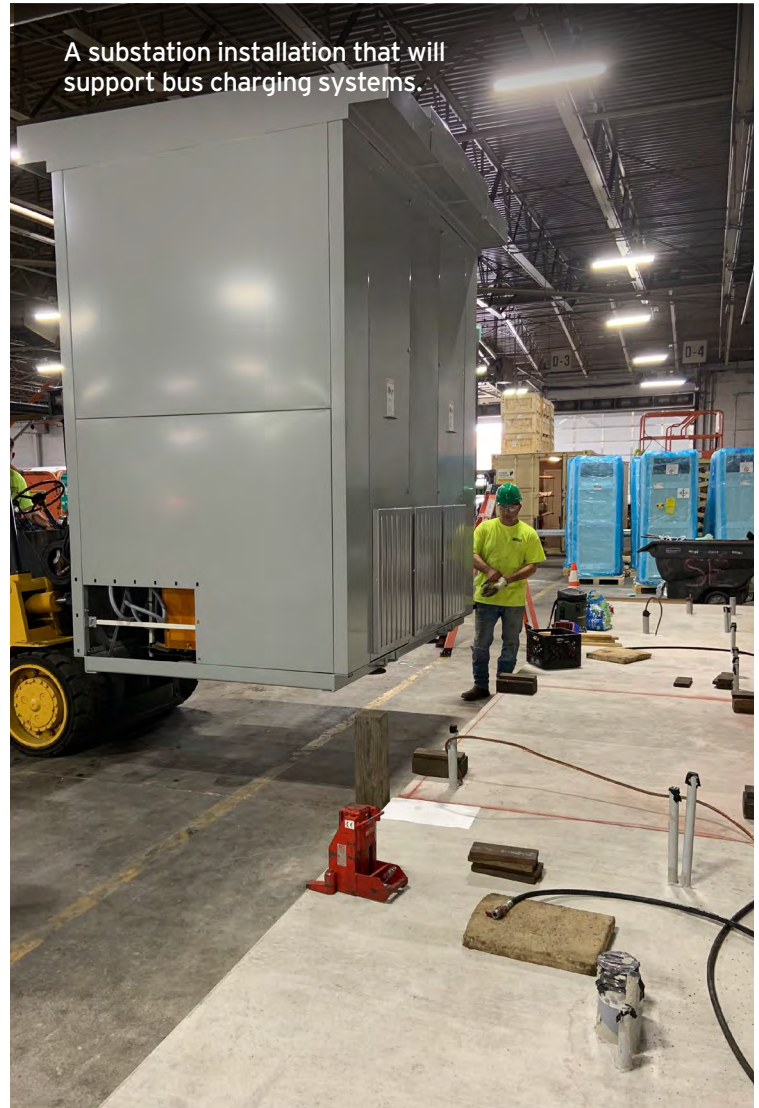
In FY2021, NJ TRANSIT advanced its first-ever Sustainability Plan, which is scheduled to be released in 2023. The Sustainability Plan will be a guiding document to drive our corporate culture towards a more sustainable future and establish a framework for NJ TRANSIT to be a leader in sustainable public

transportation. Tangible projects include:

- Installing renewable resources.
- Installing new energy efficient and water saving equipment.
- Supporting Transit Oriented Development.

NJ TRANSIT created a new [Sustainability web page](#) in FY2021, serving as the home for sustainability-related projects and efforts across the corporation. The agency also unveiled a roadmap for its [Zero-Emissions Bus Program](#) in May 2021, which includes a **Bus Fleet & Garage Modernization** designed to achieve a 100-percent, zero-emissions bus fleet by 2040. A summary of the project’s major details and a link to a Board of Directors Energy & Sustainability Policy Subcommittee meeting that focused on the Zero-Emissions Bus Program can be found on the Zero Emissions Bus Program web page. The initiative will comply with Governor Phil Murphy’s Energy Master Plan and establishes a foundation for what will ultimately create NJ TRANSIT’s environmentally friendly fleet of the future.

NJ TRANSIT is reaching out to the private sector to develop a design for new **Solar Bus**



Garage Modernization

**Shelters.** The project is intended to develop an aesthetically pleasing shelter design that identifies the NJ TRANSIT brand, and features solar-powered lighting to aid in customer convenience and safety. NJ TRANSIT unveiled its first ever solar-powered shelter in Cherry Hill in September 2021 as a pilot to evaluate its performance and collect customer feedback.

To move the plan forward, NJ TRANSIT began installing **electric charging station infrastructure** in FY2021 at Newton Avenue Garage in Camden, where a Zero-Emissions pilot program is being launched. NJ TRANSIT also purchased eight, 40-foot **battery-electric buses (BEBs)** in October 2021 that will be maintained at Newton Avenue Garage. The pilot program will give NJ TRANSIT an opportunity to measure the impacts of electricity usage, operations, training, and long-term feasibility of an electric bus fleet. The U.S. Department of Energy's

**National Renewable Energy Lab** will assist NJ TRANSIT with data collection and analysis of performance metrics to provide guidance as the Corporation moves forward with its Zero-Emissions Bus Program.

NJ TRANSIT will also launch a **Zero-Emissions Bus System Design and Investment Planning Study** to focus on bus system design and capital investment planning. The goals of this study are to develop and create standards and best practices to modernize our service. The effort will also identify investments that are critical for a successful transformation of the bus network, giving NJ TRANSIT robust investment plans that can be seamlessly incorporated into our capital plan and guide large-scale deployments in the future.

NJ TRANSIT has already advanced a number of energy efficient projects, including lighting and other energy-saving projects at many



This prototype bus shelter has solar power, LED lighting and USB charging ports.

Six electric vehicle charging stations were installed in FY2021, with more on the way.



corporate facilities, stations and terminals. NJ TRANSIT also owns a rooftop solar system at the Meadows Maintenance Complex in Kearny, and is advancing solar-ready designs for roofs and solar canopies over parking lots that will help streamline and standardize installation. The Sustainability Plan will guide our clean energy development strategy, which will be incorporated in the agency's five-year Capital Plan.

NJ TRANSIT is also exploring the use of an Energy Savings Improvement Program (ESIP) to fund projects at our bus, rail and office buildings. The ESIP will give NJ TRANSIT new energy efficient equipment and lay the foundation for future energy efficiency retrofit projects at all NJ TRANSIT facilities to improve facility energy efficiency.

Meanwhile, NJ TRANSIT installed six **electric-vehicle charging stations** at its Newark Headquarters building in FY2021, and purchased six fully electric **Toyota Prius Primes** for the corporate fleet. Planning and

design for 30 more chargers at Headquarters is underway, with NJ TRANSIT planning for an all-electric, non-revenue fleet in the future to ensure all state mandates are met.

NJ TRANSIT updated its policy on personal vehicles in June 2021 to allow **e-bikes, e-scooters and hoverboards** under its existing **bicycle regulations**, detailing when and where they can be used. The initiative expands the customer experience by encouraging healthy, eco-friendly mobility options for riders to access public transit, and aligns with Governor Murphy's Energy Master Plan.

### TRANSIT ORIENTED DEVELOPMENT PROJECTS ADVANCING

In line with our 10-Year Strategic Plan (**NJT2030**) goal to promote a more sustainable future, NJ TRANSIT is planning for regional growth and development in an environmentally responsible way. That's why we're committed to promoting Transit

Oriented Development (TOD), which connects NJ TRANSIT service to local real estate development, and creates convenient, compact, livable and walkable neighborhoods that reduces our carbon footprint.

In addition to the TOD projects we highlighted in last year's annual report in **Somerville, Jersey City, Aberdeen-Matawan** and along the **River LINE** in South Jersey, NJ TRANSIT continued that momentum into the new fiscal year.

NJ TRANSIT advanced plans for a TOD project at **Metropark Station** in FY2021, part of an ongoing commitment to promote sustainable economic growth. NJ TRANSIT released a Request for Proposals to four finalists for the project, located on a 12-acre tract directly adjacent to the station that serves both trains and buses. It is envisioned the site would host a mixed-use development consistent with NJT2030, engaging in adaptive reuse of property to maximize its value, and fostering a green economy by reducing emissions related to transportation.

In Dover, parties celebrated the grand opening of One Thompson Avenue in FY2021, a 70-unit, 100-percent affordable housing community with a preference for veterans and individuals with special needs, located near **Dover Station** on the Morris & Essex Lines. Constructed and operated by Pennrose, the project offers important access

to transportation, and the opportunities it helps foster, which is especially important for New Jersey's veterans and special needs population.

Also on the Morris & Essex Lines, construction began in June 2021 adjacent to **Orange Station** for the Essex & Crane mixed-use development project, which includes 209 new apartment homes, structured parking and supporting amenities. Developed by Russo Development and Dinallo Construction, the project is consistent with NJT2030 as well as the shared commitment of the City of Orange and the State of New Jersey to foster redevelopment at NJ TRANSIT facilities.

## RESILIENCY WORK

NJ TRANSIT's Resilience Program has obligated approximately \$1.463 billion dollars received from the FTA's **Emergency Relief Program** - including all work related to repair and rebuilding of assets damaged by Superstorm Sandy and key resilience initiatives.

In FY2021, NJ TRANSIT continued the replacement of **Hudson-Bergen Light Rail (HBLR) Traction Power, Auxiliary Power and Signal and Communication Cables** that were affected by Superstorm Sandy, a project that will continue in FY2022.

The FTA finalized its National Environmental Policy Act (NEPA) review in FY2021 and determined a Categorical Exclusion (CE) for resilience modifications to **Hoboken Terminal and Yard power distribution systems** for both signal and yard power systems. The NEPA analysis and subsequent CE also included the **Wayside Power Systems** in Yard B and Days Yard in the terminal complex, which will raise equipment above flood elevation and add power outlets and control stations for up to 20 tracks. Construction is anticipated to begin in FY2022.

Construction also advanced on the **Henderson**



Transit-oriented, mixed-use development taking place at Orange Station.

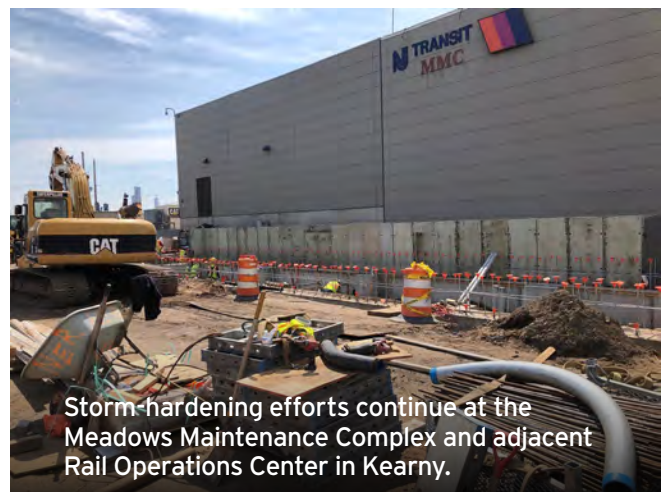




A critical substation at Hoboken will be moved to the second floor of this building to provide more reliable power at the terminal.

**Street Substation** project in FY2021. The substation replaces an existing substation, providing reliable power to most Hoboken Yard facilities, as well as the rail and ferry terminals and supporting infrastructure. All cabling will be located above Base Flood Elevation (BFE), making it fully resilient against future extreme weather events. The project will also include a connection to the future NJ TRANSITGRID, allowing the Hoboken Yard complex to continue operations in the event of a long-term electrical service interruption (see more about NJ TRANSITGRID below).

The **Mason Substation** project continued to advance in FY2021 per an agreement between NJ TRANSIT and PSE&G to construct a new, resilient 230kv substation to replace an existing substation damaged during Superstorm Sandy. This project includes 55kv traction power, 13.2kv yard power, and a new Building 9 Substation.



Storm-hardening efforts continue at the Meadows Maintenance Complex and adjacent Rail Operations Center in Kearny.

Construction continued to advance in FY2021 for flood-protection construction work at the **Meadows Maintenance Complex (MMC) and Rail Operations Center (ROC)** in Kearny. The project includes sealing perimeter openings, installing deployable sluice gates, swing gates and stop-log doors, utilizing permanent and deployable pumps, and installing emergency

generators for backup power. Work is scheduled for completion in FY2022.

Work continued on the **Rail Operations Center (ROC) Unit Substation** project in FY2021, which will replace and elevate the ROC Unit Substation facility to harden it against interruptions of the commercial power grid. The new substation will also connect to the planned NJ TRANSITGRID.

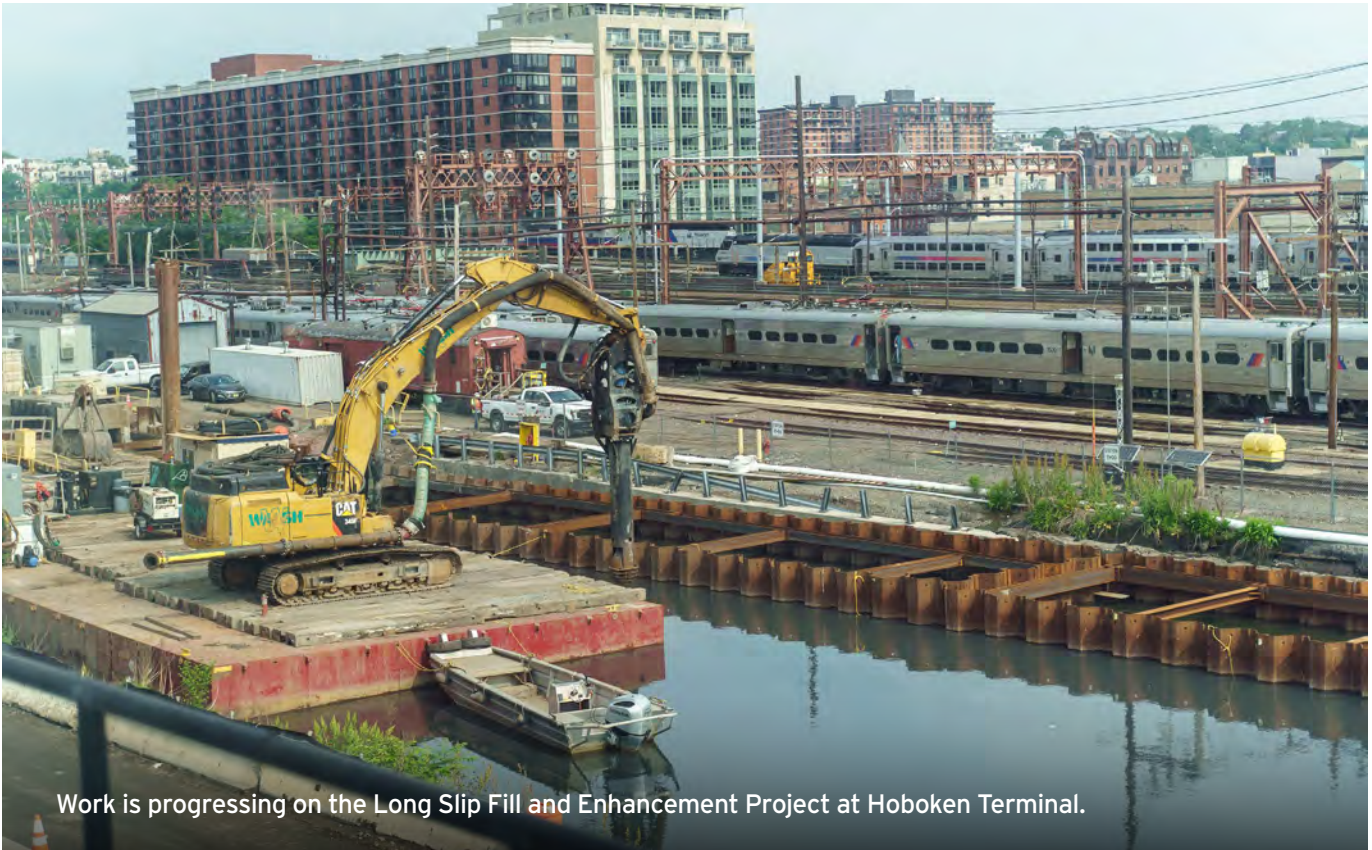
Construction continued in FY2021 on the **Hoboken Terminal House Power project (Depot Substation)**, which will replace an existing facility that suffered extensive damage during Superstorm Sandy. The new substation has been designed to provide reliable and resilient electric power to both the rail and ferry terminals and supporting

infrastructure. The new substation will be constructed on the second floor of a vacant building adjacent to the rail terminal, above predicted future flood elevations. Primary power and distribution cables will be located above flood elevation, making the project resilient against future extreme weather events.

The **Signals and Communications Resilience** project will make critical system components in designated areas more resilient to future storm events by elevating components along segments of the Morris & Essex, Main, Bergen, Pascack Valley and Raritan Valley lines, and along the Hudson-Bergen Light Rail system. A design-build project implementation model is being developed for the project. Design and construction continued in FY2021 and will continue in FY2022.

Solar array at MMC.





Work is progressing on the Long Slip Fill and Enhancement Project at Hoboken Terminal.

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**NJ TRANSIT anticipates completion of design and advertisement for Phase One construction in FY2022.**

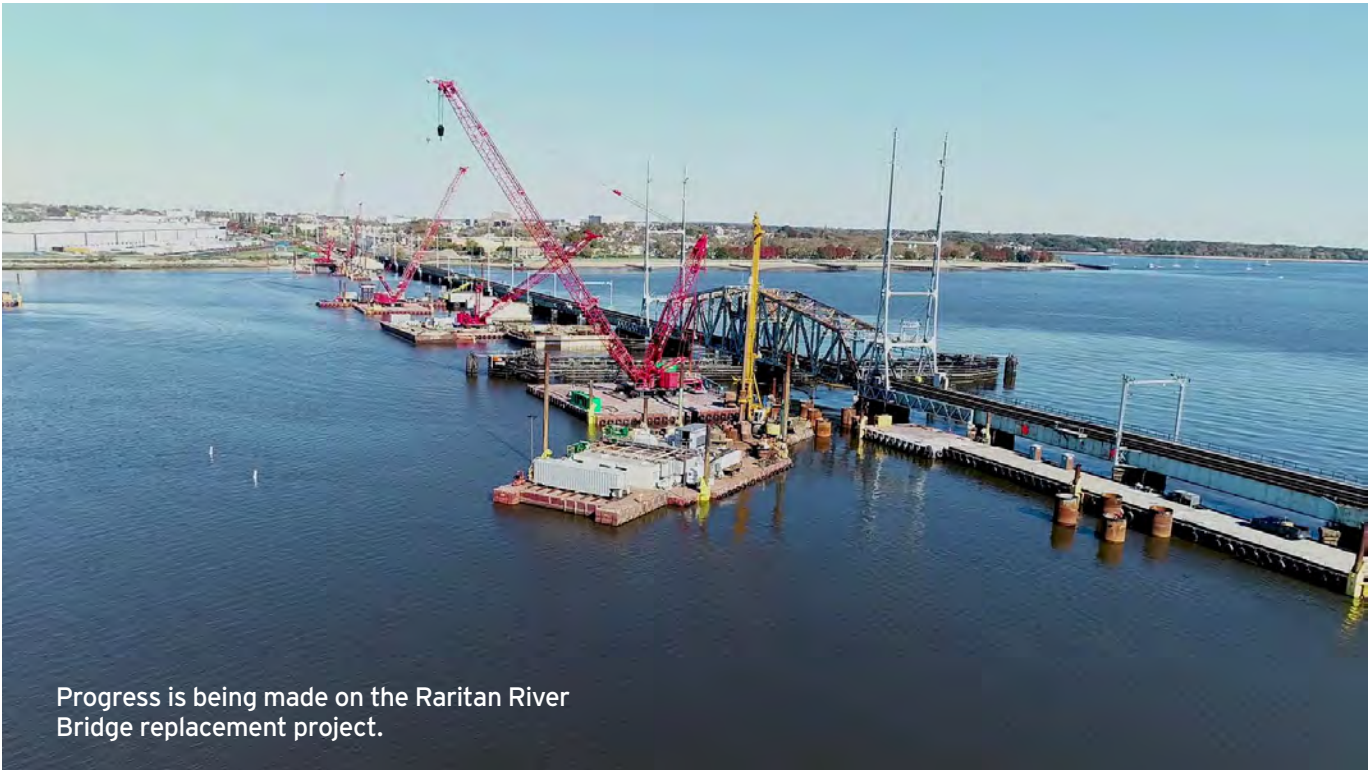
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Construction continued in FY2021 on the **Bay Head Substation** repair project, which involves the design and construction of a replacement substation, including switch-gear, transformers, and all other associated power cable, devices, and controls.

Final design of the new **Delco Lead Storage and Inspection Facility** on the Northeast Corridor (NEC) continued in FY2021. An FTA Competitive Resilience Grant for the project supports construction of electrified storage tracks and passing sidings to form a two-

track system along the Northeast Corridor in North Brunswick and New Brunswick, and construction of a new Service & Inspection (S&I) facility in County Yard. When completed, the project will provide resilient storage capacity for railcars in the event of an approaching severe storm, and an S&I facility to help NJ TRANSIT quickly return railcars to service after a severe storm service disruption. NJ TRANSIT anticipates completion of design and advertisement for Phase One construction in FY2022.

The **Long Slip Fill and Rail Enhancement Project** at Hoboken Terminal includes the filling of the Long Slip canal (Phase One), and construction of new tracks, ADA-accessible platforms and a passenger/rail personnel facility (Phase Two). Construction began on Phase One in FY2021 and will continue in FY2022. Final design of Phase Two will also advance in FY2022. The new elevated



Progress is being made on the Raritan River Bridge replacement project.

tracks and platforms at Hoboken will be used before and after a storm event, during service disruptions elsewhere on the system or under normal operating conditions.

The **Raritan River Bridge** on the North Jersey Coast Line, damaged during Superstorm Sandy, is being replaced through an FTA Competitive Resilience Grant. The existing swing-span bridge, which was constructed in 1908, crosses the Raritan River between Perth Amboy and South Amboy. It will be replaced by a new lift bridge constructed with more durable materials and built at a higher vertical elevation. Work on the first of three general contracts began in FY2021 and will continue in FY2022, which includes construction of the bridge approach spans, lift bridge piers and associated land work. A Special Prequalification Package for the second contract was readvertised in FY2021 and will be distributed to prequalified firms in FY2022. That work includes construction of the lift bridge and flanking-span superstructure,



President & CEO Kevin Corbett speaks at the Raritan River Bridge Replacement Project event in South Amboy.

communications, signal and overhead catenary work. The final contract will include demolition of the existing structure.

Plans to design and construct **NJ TRANSITGRID** are at the 20-percent design level as prescribed in the FTA Competitive Resilience Grant. The project was reimagined in FY2021 to maximize the use of

renewables and clean energy components, ensuring it aligns with Governor Murphy's Energy Master Plan. The grant supports design, construction and operation of the Microgrid Central Facility that will provide highly reliable power to a core segment of NJ TRANSIT's rail and light rail services and infrastructure. The project also includes a power distribution network and installation of several smaller distributed generation

“ Plans to design and construct NJ TRANSITGRID are at the 20-percent design level as prescribed in the FTA Competitive Resilience Grant. ”



A signal bungalow being constructed along the North Jersey Coast Line.

Signal infrastructure is being raised along the North Jersey Coast Line and elsewhere to protect it from flooding conditions.



facilities. Partners on this project include the State of New Jersey's Office of Recovery and Rebuilding, the FTA, the U.S. Department of Energy, the New Jersey Board of Public Utilities, the New Jersey Department of Environmental Protection, the New Jersey Office of Homeland Security & Preparedness and other public and private stakeholders. The Final Environmental Impact Statement/Record of Decision was issued by the FTA in FY2020. NJ TRANSIT issued the bid package for Distributed Generation Solutions to prequalified teams in FY2020. Due to wide variances in the bids for Newark Penn Station, it was removed from the bid package and NJ TRANSIT re-bid the other locations.

The Newark Penn Station project will be bid separately. NJ TRANSIT anticipates reissuance of the bid package to prequalified teams and award of the Distributed Generation Solutions contract in FY2022. NJ TRANSIT anticipates advertisement for Design Services for Newark Penn Station in FY2022. NJ TRANSIT issued the Request for Qualifications (RFQ) for the Microgrid Central Facility in FY2021, and issued the RFP to pre-qualified firms in December 2021.

NJ TRANSIT began exploring the implementation of a **Bus Garage Solar Power Purchase Agreement Program** in FY2021. The program would include the use

of a solar photovoltaic (PV) Power Purchase Agreement to:

- Advance distributed energy resources to offset onsite electricity use;
- Promote environmental stewardship and resilience;
- Reduce electricity price volatility associated with utility power; and
- Restore/replace/repair roofs at identified locations, as applicable.

NJ TRANSIT has completed a feasibility study and will solicit proposals from experienced solar PV developers to finance, design, build, own and operate the installation of solar rooftop and canopy systems with possible battery storage on bus maintenance facilities.

NJ TRANSIT participates in the **Local Government Energy Audit** offered by New Jersey’s Clean Energy Program, identifying energy-efficient cost savings, reducing operating expenses and improving the health and productivity of the buildings’ occupants. NJ TRANSIT will receive audit reports soon for Newark Penn Station, Secaucus Junction, Headquarters, Trenton Transit Center, and the Meadows Maintenance Complex. Energy-saving lighting upgrades have been completed at Newark Bus Complex, Meadows Maintenance Complex and Headquarters.

NJ TRANSIT has crafted a Request for Proposals (RFP) for the solicitation of design services with standard specifications and drawings of solar-ready roof- and ground-mount solar canopy designs. Standard specifications and drawings will support future solar energy installation exercises, including bus garage roof replacements, which will streamline the design and construction process.

NJ TRANSIT is pursuing an **Energy Savings Improvement Program** (ESIP), which is a performance contract where energy-related

improvements are paid for by energy savings. NJ TRANSIT plans to use the ESIP to create a holistic approach to upgrading our facilities, including Large Energy Users Program (LEUP) rebates.

The New Jersey Board of Public Utilities has supported the investigation of **town-center**

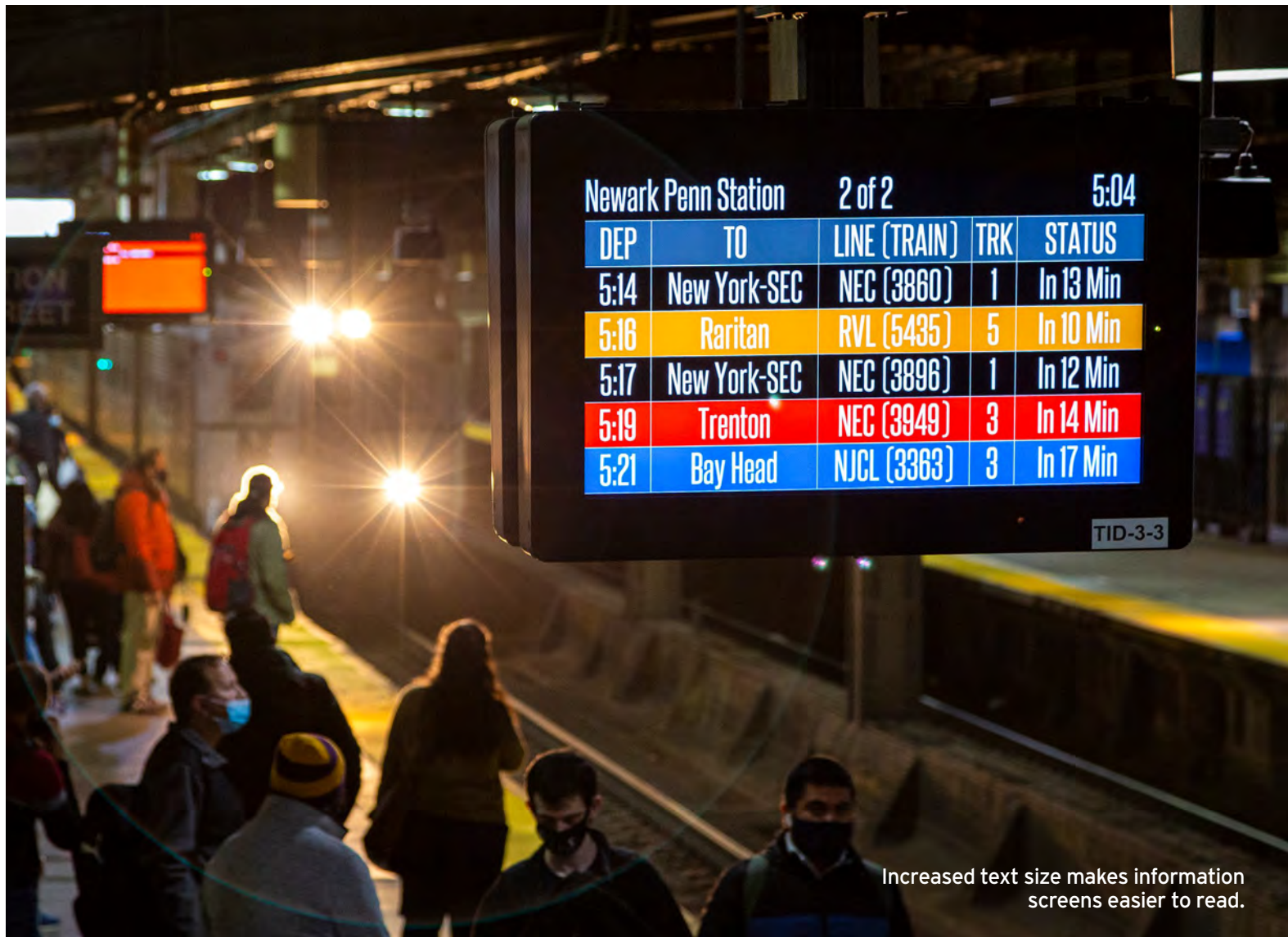


NJ TRANSIT is interested in exploring the possibility of implementing battery-electric locomotives to reduce the environmental impact of trains operating in diesel mode.



**microgrid** technologies in an effort to increase energy resiliency across the state. The City of Camden has been approved for a second phase of investigation with a third-party willing to design, build, finance, operate and maintain a microgrid capable of distributing resilient power to customers in the Camden area. NJ TRANSIT’s Newton Avenue Garage is investigating the feasibility of being a customer of the microgrid.

NJ TRANSIT is interested in exploring the possibility of implementing **battery-electric locomotives** to reduce the environmental impact of trains operating in diesel mode along segments of the railroad with no overhead catenary (wire) infrastructure. Additionally, the Governor’s Energy Master Plan calls for the implementation of a prototype battery-electric locomotive by 2025. NJ TRANSIT is also working with the Department of Energy on a potential feasibility study that would help the agency understand the requirements necessary to implement a battery-electric locomotive.



Increased text size makes information screens easier to read.

# BUILD AN ACCOUNTABLE, INNOVATIVE AND INCLUSIVE ORGANIZATION THAT DELIVERS FOR NEW JERSEY

Special contracting opportunities are available for **Disadvantaged Business Enterprises** (DBEs) at NJ TRANSIT, which are for-profit small businesses where socially and economically disadvantaged individuals own at least a 51-percent interest in the business and control management and daily business operations. For Federal Fiscal Year 2020 (FFY2020), NJ TRANSIT awarded \$424,046,620 in FTA-funded contracts.



Of that total, DBE's received \$18,408,000; 5.85 percent Race-Conscious (RC) and 1.72 percent Race-Neutral (RN). DBE utilization was limited in FFY2020 due to large portion of contracts containing specialty work. During State Fiscal Year 2021 (FY2021), NJ TRANSIT awarded \$326,062,000 in state-funded contracts; Small Business Enterprises (SBEs) received \$46,019,000, or 14.03 percent.

The NJ TRANSIT Office of Business Development launched a new effort to increase efficiency and transparency with procurement-related information. Formally a paper process, a pilot for **Processing Intake Electronically** (PIE) was launched in FY2021. The new process supports electronic communication of all procurement documentation, provides standardized windows for reply and processing time, and offers improved communication with project managers. The PIE process helps NJ TRANSIT's ongoing efforts to automate the entire procurement process.

A key focus on DBEs performing as subcontractors is ensuring they are paid promptly and accurately. To ensure prompt and complete payment to DBEs, NJ TRANSIT monitors monthly payments and undertakes a **payment reconciliation process**, independent of the prime contractors for each project.

Using NJ TRANSIT's B2G **Compliance Management System**, a pilot was launched in FY2021 to migrate selected contracts to the B2G platform. The prime contractors and DBEs were then able to send in their payment data independently into the B2G system, which automatically reconciled payments and alerted the agency of discrepancies. This process significantly increased efficiency and saved time for prime contractors, DBEs and NJ TRANSIT. Based on the success of the pilot, NJ TRANSIT began converting all contracts to B2G in June 2021, a process scheduled to be completed in FY2022.

NJ TRANSIT held its first-ever **Virtual DBE Outreach and Networking event** in FY2021 for the Portal North Bridge project. The event was combined with NJ TRANSIT's Pre-Bid meeting for short-listed bidders and provided each bidder with an independent and complimentary "Virtual Booth" to work in, simulating the experience of a team at a live expo hall. Each team was able to network with other outreach event participants to advise them of subcontracting opportunities and respond to questions one-on-one or in group chats. Virtual presentations and comments were provided by Lt. Governor Sheila Oliver, Congressman Donald Payne, Jr., and State Senator Ronald Rice. There were 276 people in attendance, with 153 representing DBE firms.



NJ TRANSIT's Innovation Challenge is underway. The Corporation is teaming up with the private sector to evaluate environmentally friendly transit access between Secaucus Junction and the Meadowlands. In August

2021, the Board of Directors advanced plans for conceptual design work on the **Meadowlands Transitway Project**. You can read more about this effort in the “Deliver a High Quality Customer Experience for All Customers” section of the report.

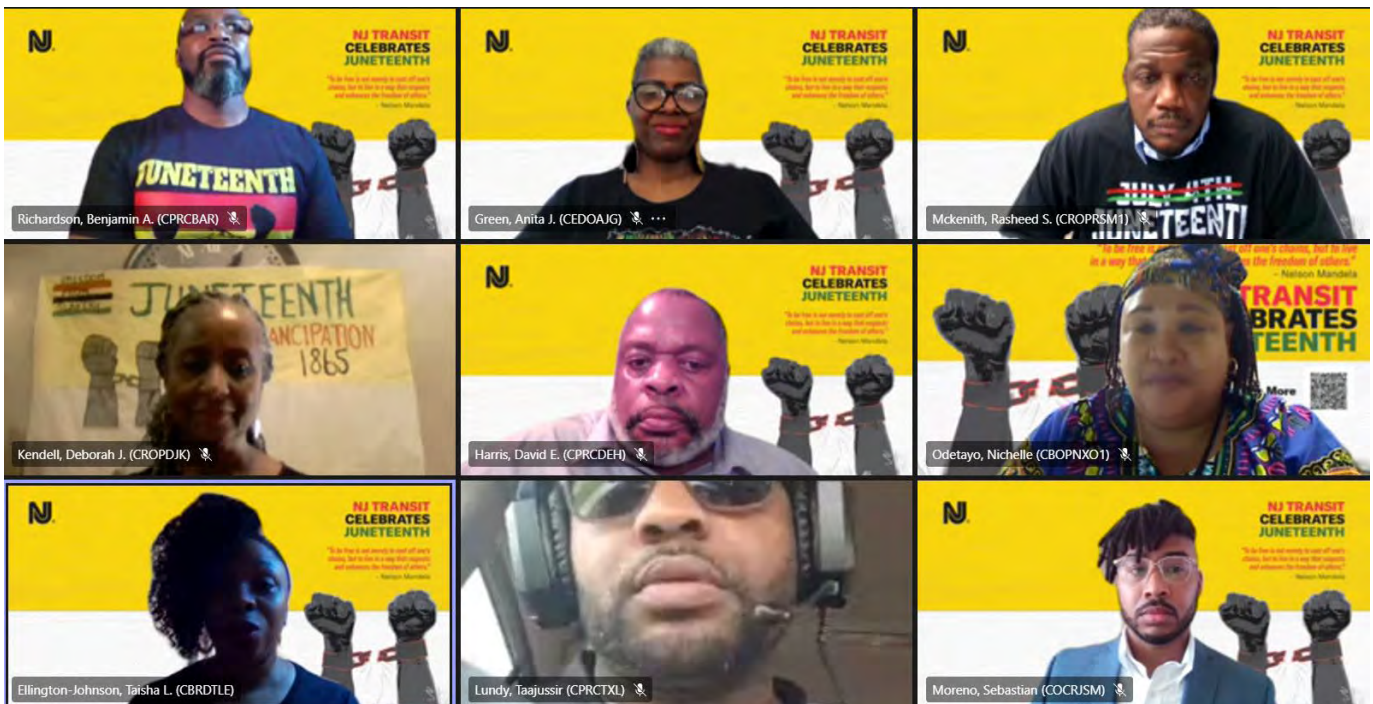
NJ TRANSIT completed a project in FY2021 to increase the text size of **variable message signs** in 17 stations. The increased character height allows customers to easily view the information from farther distances on station platforms. This is especially helpful to customers with visual impairments seeking train arrival, departure, and/or platform change information.

In September 2020, NJ TRANSIT submitted its **Title VI Program** for Federal Fiscal Years (FFY) 2021-2023 to the FTA, which was approved by the NJ TRANSIT Board of Directors and the FTA. NJ TRANSIT effectuates Title VI of the Civil Rights Act of 1964 as amended, which decrees that “no person in

the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal Assistance.” NJ TRANSIT’s Title VI Program contains detailed processes the agency takes to ensure equity in all vital programs and services, including the creation and monitoring of service standards, the development of a Language Assistance Plan, and a plan to ensure inclusive public participation in making transportation decisions.

The New Jersey Department of Environmental Protection (NJDEP) launched the **Environmental Justice Interagency Council (EJIC)** in FY2021 to support and facilitate implementation of Governor Murphy’s **Environmental Justice Executive Order 23**. EJIC is made up of representatives from all of New Jersey’s State Offices, who learn, share and disseminate Environmental Justice (EJ) best practices. NJ TRANSIT has been

CERG groups support inclusion for historically marginalized and underrepresented communities at NJ TRANSIT.



(Pictured above is a meeting of the agency’s inaugural Black/African-American CERG.)

developing partnerships to help the agency make transportation decisions that consider the voices of all of the customers and communities it serves.

NJ TRANSIT launched its **Diversity & Inclusion (D&I) Initiative** in FY2021 - a framework for how the organization will utilize D&I to achieve its corporate goals and bold vision of the NJT2030 Strategic Plan. The initiative is being led by the Office of Civil Rights & Diversity Programs (OCRDP), in partnership with the Corporation's Executive Management Team, and in alignment with the Equal Employment Opportunity (EEO) and Human Resources offices.

NJ TRANSIT hired its first **Director of D&I**, Sebastian Moreno, in FY2021. Sebastian is leading the development, execution and management of NJT2030 D&I Initiative-



Sebastian Moreno, Director of Diversity and Inclusion.

— “

Forbes named NJ TRANSIT to its renowned America's Best Employers By State 2021 list.

” —

related programs and projects. Sebastian was instrumental in leading the launch and rollout of NJ TRANSIT's **Company Employee Resource Groups** (CERGs), and is working with the agency's Human Resources and EEO Offices to enhance inclusion in all of NJ TRANSIT's policies. NJ TRANSIT announced a pilot CERG Program in FY2021 to support inclusion for historically marginalized and underrepresented communities. CERGs will advance the organization's strategic organizational goals by promoting awareness and understanding, and acting on D&I topics relevant to the

agency's customers, business partners, community partners and employees. Since the pilot launched, NJ TRANSIT now has four CERGs representing the following groups: Women, Black/African-American, LGBTQ, and Asian American-Pacific Islanders.

Finally, Forbes named NJ TRANSIT to its renowned **America's Best Employers By State 2021 list**. Of the 1,330 employers that made the final list, only 90 New Jersey organizations were included in the annual top-pick ranking which, according to Forbes, measures leading companies from around the world to identify those best-liked by employees. In 2018, NJ TRANSIT was named one of the country's top 500 employers in Forbes' America's Best Employers list.

Customers on the Salem County SCOOT vehicle.



## SCDRTAP

NJ TRANSIT supports **local community transportation services** operated by counties, municipalities and nonprofit organizations in New Jersey. On an annual basis, NJ TRANSIT provides approximately \$49 million in federal and state grant funds for senior citizens, people with disabilities, and rural and low-income residents for community-based transportation. These transportation services include trips for non-emergency medical

appointments, veterans’ services, nutrition programs, shopping, employment, and job training in all of New Jersey’s 21 counties. Community transit service modes include both demand-response and deviated fixed route shuttles. Several of the local community transportation services also provide connections to NJ TRANSIT’s bus and rail service. NJ TRANSIT also partners with the state’s eight Transportation Management Associations (TMAs) to coordinate **commuter vanpools** and provide oversight of **bike lockers** at NJ TRANSIT rail stations.

**The Senior Citizen & Disabled Resident Transportation Assistance Program (SCDRTAP)** was established by the State Legislature with the “Senior Citizen and Disabled Resident Transportation Assistance Act” of 1984. This report provides the annual summary for the SCDRTAP program as provided by N.J.S.A. 27:25-29.

SCDRTAP, which is administered by

NJ TRANSIT, is intended to help New Jersey counties develop and operate community-based transportation services for seniors or customers with disabilities, and provide resources for increasing the accessibility of

“ SCDRTAP is intended to help New Jersey counties develop and operate community-based transportation services for seniors or customers with disabilities, and provide resources for increasing the accessibility of NJ TRANSIT services.

” NJ TRANSIT services. SCDRTAP is funded through an annual allocation to NJ TRANSIT equivalent to 8.5 percent of Casino Revenue Fund (CRF) receipts for the prior year.



New vehicle delivery for Atlantic County Transportation.

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SCDRTAP funds are distributed by formula as established in the law.

Eighty-five percent of the funds are provided to all 21 New Jersey counties. In FY2021, \$19.2 million was allocated to the counties for their county transportation systems, an increase of \$3.5 million over the previous year. The remaining 15 percent is allocated to NJ TRANSIT, with 10 percent used to administer the SCDRTAP program and five percent used to improve NJ TRANSIT accessible services. This includes funding for:

- The New Jersey Travel Independence Program, which provides travel training for people with disabilities to independently use NJ TRANSIT services,
- The Transportation Network Company (TNC) pilot program, which encourages county partnerships with TNCs for expanded service.
- A Low Speed Automated Vehicle (LSAV) pilot, which is evaluating the use of automated vehicles for community services.
- Various training opportunities for community transportation providers, including driver, passenger securement, ADA, and vehicle maintenance programs.

As the COVID-19 pandemic crisis continued through 2020 and into 2021, the county transportation departments worked closely with their health departments and Offices of Emergency Management to develop safe operating plans to continue serving seniors and persons with disabilities. County providers adapted their services and policies to ensure the availability of transportation for essential services and quality of life necessities such as non-emergency medical trips, meal deliveries and food shopping trips.

They also implemented new practices to coincide with federal mask mandates. Each county has required face masks for customers and drivers unless there are health reasons for

not wearing one. They have minimized driver interactions, changed scheduling protocols to provide proper social distancing on vehicles, added more frequent cleaning and disinfecting of vehicles, and provided Personal Protective Equipment to their staff and passengers as needed.

With the availability of vaccines open to the state's most vulnerable residents, the counties ensured that transportation was not an obstacle for seniors and persons with disabilities. Many counties provided free transportation to/from vaccination sites, created weekly shuttle runs to and from sites, and even partnered with other departments



With the availability of vaccines open to the state's most vulnerable residents, the counties ensured that transportation was not an obstacle for seniors and persons with disabilities.



by offering drive-thru vaccination shots on the buses where passengers didn't have to leave their seat.

The federal government supported these additional efforts and mandates by providing financial and regulatory guidance for our pass-through, formula funding programs that complement SCDRTAP, such as in the enactment of the Coronavirus Aid Relief and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan. Under the CARES Act, New Jersey received an additional \$13 million in 2020 funds for transportation providers who serve transit-dependent populations in rural areas of the state.



The following chart details the FY2021 SCDRTAP passenger trip information for New Jersey's 21 counties.

| NORTH        |               | CENTRAL      |                | SOUTH        |               |
|--------------|---------------|--------------|----------------|--------------|---------------|
| BERGEN       | 22,675        | HUNTERDON    | 10,820         | ATLANTIC     | 2,002         |
| ESSEX        | 10,291        | MERCER       | 38,849         | BURLINGTON   | 6,834         |
| HUDSON       | 11,571        | MIDDLESEX    | 12,375         | CAMDEN       | 9,485         |
| MORRIS       | 18,333        | MONMOUTH     | 14,013         | CAPE MAY     | 41,917        |
| PASSAIC      | 18,800        | OCEAN        | 21,346         | CUMBERLAND   | 2,802         |
| SUSSEX       | 4,802         | SOMERSET     | 6,177          | GLOUCESTER   | 7,610         |
| WARREN       | 4,344         | UNION        | 22,103         | SALEM        | 7,735         |
| <b>TOTAL</b> | <b>90,816</b> | <b>TOTAL</b> | <b>125,683</b> | <b>TOTAL</b> | <b>78,385</b> |

## APPENDIX A

This charts contains information about NJ TRANSIT's workforce, including demographics and financial information per N.J.S.A. 27:25-20. The Agreement Average Salary figures do not include overtime earnings.

| Parent Department     | Non-Agr Total | Non-Agr Avg Sal | Agr Total    | Agr Avg Salary  | Total Male   | Total Female | White        | Black        | Hispanic     | Asian      | Two+       | Amer Indian | Pacific  |
|-----------------------|---------------|-----------------|--------------|-----------------|--------------|--------------|--------------|--------------|--------------|------------|------------|-------------|----------|
| BOARD SECRETARY       | 15            | \$76,139        | 0            | \$0             | 2            | 13           | 4            | 5            | 4            | 1          | 1          | 0           | 0        |
| BUS                   | 484           | \$79,120        | 4,903        | \$59,937        | 4,099        | 1,288        | 1,063        | 3,006        | 1,091        | 157        | 58         | 10          | 2        |
| COMM & CUST. EXP      | 99            | \$73,562        | 45           | \$80,227        | 57           | 87           | 55           | 79           | 5            | 2          | 2          | 0           | 1        |
| COMPLIANCE DEPT       | 9             | \$101,662       | 0            | \$0             | 3            | 6            | 4            | 2            | 1            | 2          | 0          | 0           | 0        |
| CP                    | 167           | \$100,037       | 0            | \$0             | 109          | 58           | 92           | 35           | 9            | 27         | 4          | 0           | 0        |
| CR-DIVERSITY PGS      | 12            | \$97,377        | 0            | \$0             | 4            | 8            | 1            | 6            | 4            | 1          | 0          | 0           | 0        |
| DIVISION OF LAW       | 5             | \$66,856        | 0            | \$0             | 0            | 5            | 0            | 5            | 0            | 0          | 0          | 0           | 0        |
| EEO DEPARTMENT        | 8             | \$90,225        | 0            | \$0             | 3            | 5            | 2            | 4            | 1            | 1          | 0          | 0           | 0        |
| FINANCE               | 174           | \$84,600        | 99           | \$57,791        | 99           | 174          | 78           | 139          | 29           | 22         | 5          | 0           | 0        |
| GOVT & EXT AFFRS      | 8             | \$93,717        | 0            | \$0             | 4            | 4            | 6            | 1            | 1            | 0          | 0          | 0           | 0        |
| HUMAN RESOURCES       | 78            | \$84,393        | 8            | \$55,252        | 18           | 68           | 32           | 32           | 11           | 8          | 3          | 0           | 0        |
| INTERNAL AUDIT        | 11            | \$78,664        | 0            | \$0             | 7            | 4            | 6            | 1            | 1            | 3          | 0          | 0           | 0        |
| LT RAIL/CONTRACT      | 101           | \$72,141        | 90           | \$62,455        | 116          | 75           | 40           | 121          | 27           | 2          | 1          | 0           | 0        |
| ORG SERVICES          | 14            | \$67,518        | 21           | \$48,697        | 28           | 7            | 14           | 17           | 2            | 1          | 1          | 0           | 0        |
| PLANNING              | 57            | \$84,045        | 0            | \$0             | 28           | 29           | 37           | 10           | 7            | 3          | 0          | 0           | 0        |
| POLICE                | 40            | \$97,506        | 308          | \$94,678        | 292          | 56           | 232          | 51           | 53           | 7          | 5          | 0           | 0        |
| PRESIDENT & CEO       | 7             | \$157,248       | 0            | \$0             | 3            | 4            | 5            | 1            | 0            | 1          | 0          | 0           | 0        |
| PROCUREMENT SUPT      | 61            | \$84,671        | 47           | \$61,272        | 68           | 40           | 40           | 42           | 22           | 3          | 1          | 0           | 0        |
| RAIL                  | 397           | \$100,823       | 4,337        | \$66,376        | 4,027        | 707          | 2,520        | 1,476        | 553          | 114        | 58         | 9           | 4        |
| SAFETY                | 44            | \$88,653        | 1            | \$66,602        | 32           | 13           | 26           | 13           | 2            | 4          | 0          | 0           | 0        |
| TECHNOLOGY            | 121           | \$90,830        | 8            | \$65,473        | 99           | 30           | 59           | 22           | 11           | 33         | 3          | 1           | 0        |
| <b>TOTAL &gt;&gt;</b> | <b>1,912</b>  | <b>\$89,037</b> | <b>9,867</b> | <b>\$65,342</b> | <b>9,098</b> | <b>2,681</b> | <b>4,316</b> | <b>5,068</b> | <b>1,834</b> | <b>392</b> | <b>142</b> | <b>20</b>   | <b>7</b> |

## APPENDIX B

Effective December 20, 2018, the legislature enacted changes to N.J.S.A. 27:25-20. As amended, Subsection b of that statute requires NJ TRANSIT to report certain accident information for reportable accidents that occurred during the previous year which involved a rail passenger vehicle or motorbus operated by, or under contract to, the corporation, including the total number of accidents and any fines, penalties, or judgments levied against the corporation related to any such accident. Reportable accidents are defined in accordance with applicable federal reporting criteria.

NJ TRANSIT must also report information regarding any safety violations for which the corporation received a notice of violation in the previous year, including the total number of safety violations and any fines or penalties levied against the corporation related to any such safety violation.



## A. ACCIDENT INFORMATION FOR REPORTABLE ACCIDENTS

NJ TRANSIT reports accident data involving light rail vehicles and motorbuses to the Federal Transit Administration (FTA). It reports accidents involving commuter rail vehicles operated by the corporation to the Federal Railroad Administration (FRA). An accident is reportable if it meets criteria within applicable federal regulations and guidelines. The data reported in the Table is derived from the above mentioned publicly available federal resources.

| Mode   | No. of Reportable Accidents | Fines, Penalties & Judgments |
|--|-----------------------------|------------------------------|
| <b>BUS</b>   |                             |                              |
| Bus Directly Operated  | 186                         | None                         |
| Bus Purchase Transport   | 1                           | None                         |
| <b>LIGHT RAIL</b>  |                             |                              |
| Light Rail Directly Operated   | 6                           | None                         |
| Light Rail Purchase Transport  | 13                          | None                         |
| Hybrid Rail Purchase Transport   | 11                          | None                         |
| <b>COMMUTER RAIL</b>   |                             |                              |
| Grade Crossing Incidents   | 10                          | None                         |
| Other FRA Reportable Train Accidents (includes rail equipment accidents that occur in yards) | 25                          | None                         |

## B. SAFETY VIOLATIONS

NJ TRANSIT is regulated by a number of federal and state agencies, including the Federal Railroad Administration (FRA). The FRA is frequently on site, performing inspections of NJ TRANSIT Rail Operations. During Fiscal Year 2021, the FRA issued 126 Inspection Reports listing 501 items inspected. During that same timeframe, the FRA issued three (3) Notices of Violation, listing three (3) Violations. In the Notices, the FRA proposed Civil Penalties totaling \$24,500. NJ TRANSIT is contesting the violations that allegedly occurred in Fiscal Year 2021 and has paid no penalties to date.

During Fiscal Year 2021, NJ TRANSIT Rail Operations also received four (4) Notices of Order to Comply from the New Jersey Public Employees Occupational Safety and Health (PEOSH). There were two (2) related to COVID-19, one (1) regarding Air Quality and one (1) regarding minor issues at substations. Notice(s) of Order to Comply do not include fines and gives the employer an opportunity to provide corrective actions.

During Fiscal Year 2021, NJ TRANSIT Bus Operations also received four (4) Notices of Order to Comply from the New Jersey Public Employees Occupational Safety and Health (PEOSH), all of which were related to COVID-19. Notice(s) of Order to Comply do not include fines and gives the employer an opportunity to provide corrective actions.

During Fiscal Year 2021, NJ TRANSIT Bus Operations received three (3) Motor Coach/Bus Out-of-Service Violations (OOS) from the New Jersey Department of Transportation and/or New Jersey State Police. These OOS violations do not carry monetary fines; rather the vehicle is taken out of service until the vehicles are repaired.

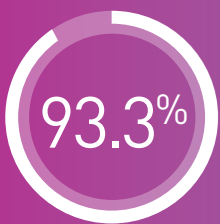
During Fiscal Year 2021, NJ TRANSIT Light Rail received zero (0) Notices of Violations from the Federal Transit Administration (FTA) and zero (0) Notices of Order to Comply from PEOSH. There are no monetary fines associated with the Notices of Violation.

During Fiscal Year 2021, NJ TRANSIT received one (1) Bus Idling Violation and one (1) Summons for Idling. Both were issued by the City of New York; the violation was in the amount of \$350.00.

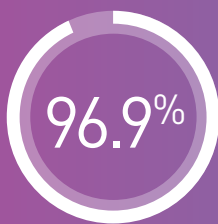
During Fiscal Year 2021, NJ TRANSIT also received eleven (11) Notices of Violation and Orders of the Commissioner, containing thirty five (35) Violations and six (6) Re-Inspection Results, containing fourteen (14) Open Violations from the Department of Community Affairs for Uniform Fire Code and Uniform Fire Safety Act Violations; NJ TRANSIT was allotted time to remedy the violations prior to re-inspection. There were ten (10) Monetary Penalties assessed totaling \$13,500.00.



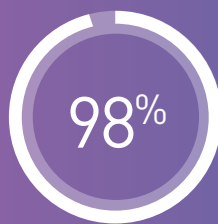
# NJ TRANSIT FY2021 ON-TIME PERFORMANCE



Rail



Light Rail



Bus





## BUS METHODOLOGY

Any bus that departs the terminal within five minutes and 59 seconds of its scheduled departure is considered on time. Station Starters at these locations are responsible for logging passenger counts, delays, and their causes. In addition to terminal-based on-time performance monitoring, NJ TRANSIT uses Automatic Passenger Counting software to assess Timepoint Schedule Adherence for every scheduled timepoint on all bus routes throughout the system, on a quarterly basis. Using this data, staff can make incremental adjustments to scheduled running times by time of day to reflect current operating conditions. These adjustments improve the reliability of schedules at timepoints along bus routes, improving the customer experience at little or no cost.

## NJ TRANSIT records on-time performance at the following bus terminals:

### Atlantic City Bus Terminal

seven days a week, 24 hours a day

### Hoboken Terminal

weekdays from 2:30 p.m. to 6:30 p.m.

### Newark Penn Station

weekdays from 2:30 p.m. to 6:30 p.m.

### Port Authority Bus Terminal

weekdays from 3:30 p.m. to 7 p.m.

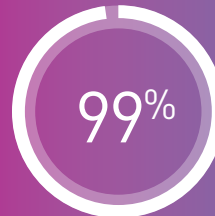
### Walter Rand Transportation Center

weekdays from 6 a.m. to 9 p.m.



Bus at Newark Broad Street Station.

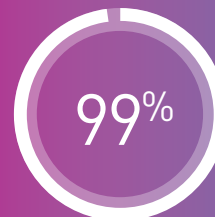
## NJ TRANSIT ON-TIME PERFORMANCE BY BUS TERMINAL FY2021



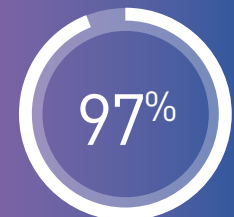
Atlantic City Bus Terminal



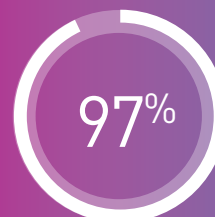
Hoboken Terminal



Newark Penn Station



Port Authority Bus Terminal



Walter Rand Trans. Center

MORE NEW CRUISER AND ARTICULATED BUSES ARRIVED BETWEEN 2020-2021





## RAIL METHODOLOGY

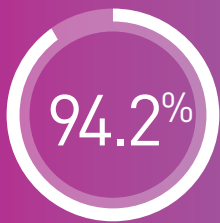
NJ TRANSIT considers a train to be on time if it arrives at its final destination within five minutes and 59 seconds of its scheduled time. Trains that fail to depart from their originating station or are canceled enroute are considered late for recording purposes. This standard is used by all commuter railroads in the Northeast.

To accurately record on-time performance and maintain a database from which reports can be generated, NJ TRANSIT developed a mainframe-based computer system that calculates on-time performance and provides reports and analyses. It also provides input to other NJ TRANSIT systems.

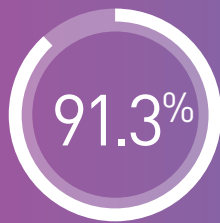
NJ TRANSIT also uses a computer-based train dispatching system called Train Management and Control (TMAC) at its Rail Operations Center, which is synchronized with the atomic clock located at the Naval Observatory in Colorado. TMAC provides NJ TRANSIT with the ability to accurately record a train's arrival at its final destination.

Arrival times of trains operating on Amtrak’s Northeast Corridor are recorded by the Amtrak delay clerk and forwarded to the supervisor at the Rail Operations Center at prescribed times during the day. An NJ TRANSIT supervisor, located at the Amtrak dispatching center in New York, reviews delays to ensure they are accurate before they are transmitted. Amtrak also uses a computerized software system to dispatch trains and record timing locations.

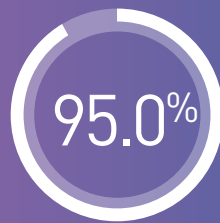
## NJ TRANSIT ON-TIME PERFORMANCE BY RAIL LINE FY2021



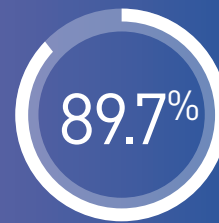
Northeast Corridor



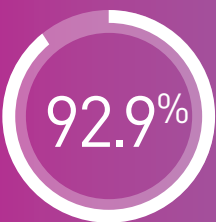
North Jersey Coast



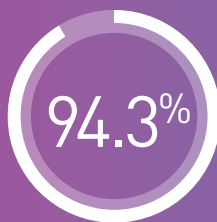
Raritan Valley



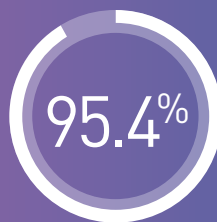
Atlantic City



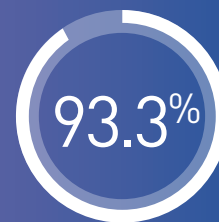
Newark  
Division Total



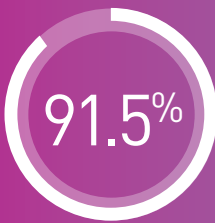
Pascack Valley



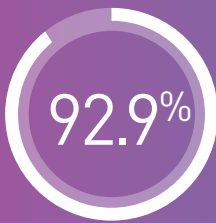
Main/Bergen



Montclair/Boonton



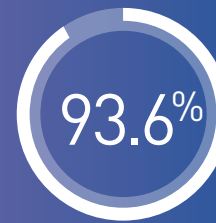
Morristown



Gladstone



Morris  
& Essex



Hoboken  
Division Total



Hudson-Bergen Light Rail's Hoboken Terminal Station.

## LIGHT RAIL METHODOLOGY

NJ TRANSIT monitors on-time performance using information management systems in its control centers. Train departure and arrival times are automatically tracked by computer systems that compare terminal departure and arrival times to the times posted in the public timetable.

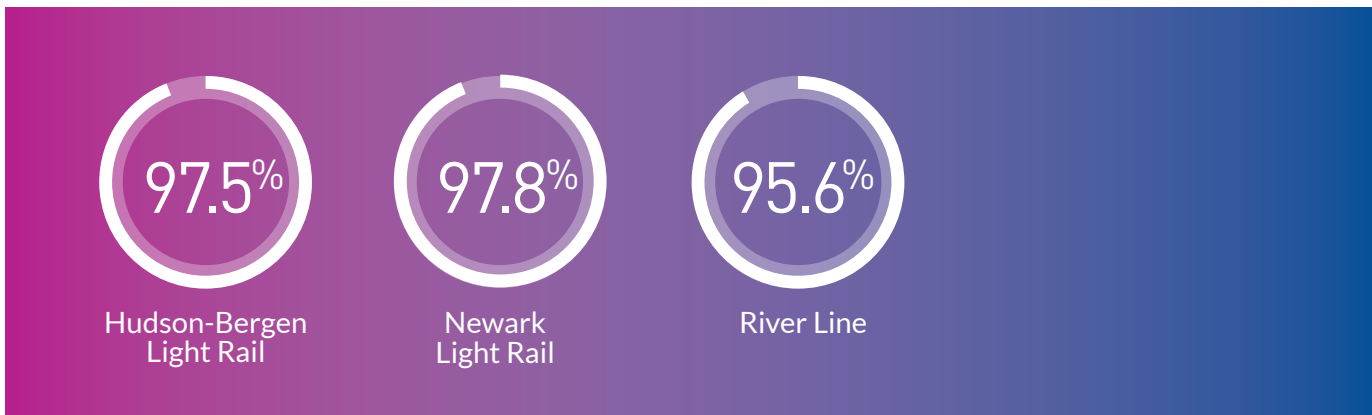
A Hudson-Bergen Light Rail train is counted as late if it leaves its origin terminal ahead of schedule or arrives at its final destination terminal more than four minutes and 59 seconds late. A River LINE train is late if it arrives at its final destination terminal more than five minutes and 59 seconds late.



On Newark Light Rail, a train operated as a separate segment between Newark Penn Station and Broad Street Station is considered late if it leaves its origin terminal ahead of schedule or arrives at its final destination after three minutes. On the segment between Grove Street Station and Newark Penn Station and on through service from Grove Street Station to Broad Street Station, a train is considered late if it leaves its origin terminal ahead of schedule or arrives at its final destination after five minutes.

NJ TRANSIT conducts audits of the information management and reporting systems to ensure the accuracy of the data.

## NJ TRANSIT ON-TIME PERFORMANCE BY LIGHT RAIL FY2021



Roebling Station on the River LINE.

# NJ TRANSIT BOARD OF DIRECTORS



Commissioner Gutierrez-Scaccetti pictured with USDOT Secretary, Pete Buttigieg, during an official visit to Westfield Train Station in August 2021.



## DIANE GUTIERREZ-SCAC CETTI

Board Chair

Diane Gutierrez-Scaccetti was confirmed as the 19th Commissioner of the New Jersey Department of Transportation on June 7, 2018. She was appointed Acting Commissioner December 19, 2017 and began serving on January 16, 2018.

A native New Jerseyan, Ms. Gutierrez-Scaccetti is a transportation professional with more than 31 years in the industry, and 37 years in government service. She possesses extensive executive, operational, and planning knowledge.

Most recently, the Commissioner served as the Executive Director and CEO at Florida's Turnpike Enterprise, a part of the Florida Department of Transportation. Under her leadership, Florida's Turnpike Enterprise managed more than 460 centerline miles and a 5-year capital program in excess of \$6 billion, supported by \$1 billion in revenues.

This capital program included the construction of SunTrax, a 2.25-mile test track and research facility for the development of transportation technology, including automated and connected vehicle applications. She was instrumental in implementing Regional Toll Interoperability of SunPass in the Southeastern U.S. SunPass, Florida's statewide electronic toll collection system, was under her charge. As Executive Director and CEO, Gutierrez-Scaccetti was a member of the Executive Committee of the Florida Department of Transportation, a policy setting body that reports to the Secretary of Transportation.

Prior to the Commissioner's Florida experience, she spent 21 years at the New Jersey Turnpike Authority, working her way up from a Contract Administrator to the post of Executive Director, a position she held from 2008 to 2010. During her tenure, she managed the day-to-day administrative operations and was chief negotiator for the agency's several collective bargaining units.

Ms. Gutierrez-Scaccetti participated in several major agency initiatives, including the remediation of the E-ZPass System, the financial and operational consolidation of the New Jersey Turnpike Authority and New Jersey Highway Authority, bringing the New Jersey Turnpike and Garden State Parkway under a single organization. A major undertaking was the development and financing of a 10-year, \$7 billion capital program that kicked off the widening of the New Jersey Turnpike from Interchange 6 to Interchange 9. This transformational project provided significant congestion relief to a major portion of the I-95 Corridor.

The Commissioner's accomplishments and leadership have been recognized by the Executive Women of New Jersey, WTS Central Florida Woman of the Year, and Orlando Business Journal's 2015 CEO of the Year for the Public Sector. She received the 2019 Service to the People Award presented by the American Society of Civil Engineers Central New Jersey Branch and the 2020 Women of Achievement Award presented by the New Jersey Chapter of Professional Women in Construction.

Ms. Gutierrez-Scaccetti is a member of the Board of Directors of the American Association of State Highway and Transportation Officials (AASHTO) and the Northeast Association of State Transportation Officials (NASTO) and is currently serving as the Chair of the Committee on Transportation Communications (TransComm). She is an Executive Committee Member of the Board of Directors for the International Bridge, Tunnel and Turnpike Association (IBTTA) and is currently serving as the association's first Vice President. She is an Executive Committee Board Member of the Transportation Research Board (TRB), Vice Chair of The Eastern Transportation Coalition (formerly I-95 Corridor Coalition) and the Chair of the Coalition's Toll Violation Enforcement Reciprocity Task Force.

Commissioner Gutierrez-Scaccetti holds degrees from the University of Connecticut (BS) and Rutgers, The State University of New Jersey (MS).



## CEDRICK T. FULTON

Board Vice Chair

Cedrick T. Fulton is an accomplished executive with an impressive +20-year career that includes advancement into

increasingly demanding leadership roles.

Throughout his career, he's earned a reputation as a passionate inspirational motivator who leads by example through focused consistency, integrity and innovative thinking. With a wealth of executive-level experience, he is as much at home directing smooth daily operations as he is in driving change. He brings game-changing perspectives to the table due to his experience/expertise working across large organizations. He is a proven thought leader and change catalyst who knows how to maximize the achievement of business goals to deliver concrete results. He's a consummate executive known for creating an engaged and cohesive workplace built on a foundation of collaboration, trust, and commitment and that engenders a natural focus on customer service.

Most recently with the New York Transportation Authority, Cedrick made key contributions, serving as the President of the Triborough, Bridge & Tunnel Authority (TBTA). Most notably, he led the final implementation of an all-electronic tolling system that serves 1 million customers daily, collects \$2 billion in annual revenue.

Previously as a Director and Deputy Director with the Port Authority of NY & NJ (PANYNJ), Cedrick progressed through the ranks to provide strategic leadership for management and oversight of the Lincoln and Holland Tunnels, the George Washington, Outerbridge Crossing, Goethals, and

Bayonne Bridges. He also oversaw one of world's busiest bus terminals-Port Authority Bus Terminal (PABT) as well as the George Washington Bridge Bus Station. His accomplishments include leading a departmental 10-year, \$10B mega-capital program, including the new Goethals and Bayonne bridges.

Prior to this, Mr. Fulton began his career with the Port Authority of NY & NJ, progressing through a series of general management positions. In customer-oriented, operations-based, and logistics-focused roles, he aggressively pursued ways to improve efficiency, reduce costs, and/or enhance customer service.

Earlier in his career Mr. Fulton worked for the New York City School Construction Authority (SCA), as the Director, Contract Administration and for the New Jersey, Division of Building & Construction (DBC) as a Contract Administrator. He also served 8 years in the United States Air Force.

Upon graduating with a Bachelor of Arts degree in Business Management from Saint Leo College in Tampa, FL, Mr. Fulton went on to earn his Juris Doctor from Seton Hall University in Newark, NJ, where he was admitted to the New Jersey Bar in 1997.

Also, noteworthy, Mr. Fulton is active in his local church and is an avid photographer. He is married to his wife Lisa and they have two adult children.

Mr. Fulton chairs the Board Capital Planning, Policy & Privatization Committee, chairs the Energy, Sustainability & Policy Committee, is a member of the Operations, & Customer Service Committee, and is a member of the Audit Committee.



## ELIZABETH MAHER MUOIO

### State Treasurer

Elizabeth Maher Muoio was officially sworn in as State Treasurer on April 17, 2018, after being confirmed by the State Senate. She had been

serving as Acting State Treasurer since Gov. Murphy assumed office on January 16, 2018. Prior to joining the administration of Gov. Murphy, she had served as a member of the New Jersey General Assembly, representing the 15th Legislative District in Mercer and Hunterdon counties since February of 2015.

During her time in the General Assembly, Ms. Muoio served on the Assembly Budget, Judiciary, and Commerce and Economic Development committees where her signature legislative initiatives focused on improving access for women's healthcare, closing the gender pay equity gap, protecting the environment, reducing exposure to hazardous lead, improving prison re-entry services, increasing literacy rates, fighting against concentrated poverty and expanding economic opportunities for all New Jerseyans.

As a result of her legislative efforts, she was honored for her work in the Assembly by the Sierra

Club of NJ, the Trenton Chapter of the NAACP, the New Jersey Association of the Deaf, Inc., the Constitutional Officers Association of New Jersey (COANJ), the National Congress of Black Women - Trenton/Mercer Chapter, and the Trenton Public School system for her efforts to help improve literacy.

Ms. Muoio also served as Director of the Mercer County Office of Economic Development and Sustainability from 2008 to January 2018. Prior to assuming that position, she served as a member of the Mercer County Board of Chosen Freeholders from 2000-2008, serving as Chair in 2004 and Vice Chair in 2003 and 2008.

She began her career as an elected official serving as a member of the Pennington Borough Council from 1997 to 2002.

Ms. Muoio chairs the Board Audit Committee and is a member of the Administration Committee.

An attorney, Ms. Muoio received her JD from Georgetown University in Washington, DC, and her BA from Wesleyan University in Middletown, CT.



## BRIAN T. WILTON

### Governor's Representative

Brian T. Wilton serves as Deputy Chief Counsel of the Authorities Unit, which provides oversight of the governance and operations

of more than 50 independent State and bi-state agencies on behalf of the Governor.

Prior to joining state government, Brian was a practicing civil litigation attorney and municipal prosecutor. In addition to legal practice, he served as a councilman and Mayor in the Borough of Lake Como from 2005 until 2018. In conjunction with his

municipal service, Wilton was an active member of the New Jersey League of Municipalities legislative committee.

Mr. Wilton chairs the Board Operations & Customer Service Committee and is a member of the Audit Committee, and a member of the Capital Planning, Policy & Privatization Committee.

He holds a B.A. in History with a minor in Political Science from the University of Scranton and a J.D. from Seton Hall University School of Law.



## JAMES D. ADAMS

James D. Adams, PE, is Vice President for KS Engineers, the largest minority-owned engineering firm in New Jersey. A licensed

Professional Engineer, Mr. Adams has held leadership positions at key public-sector agencies, including the Garden State Parkway, Port Authority of New York & New Jersey, City of Newark, and New Jersey Schools Development Authority. He has led critical building and infrastructure projects in the region, including the John F. Kennedy (JFK) Airport Redevelopment, Newark Prudential Center, Newark City Subway/Light Rail, and the Goethals Bridge Replacement Project.

Mr. Adams holds a Bachelor's Degree in Civil Engineering from Villanova University, and a

Master's of Science in Technology Management from Stevens Institute of Technology. He has served on the Transportation and Infrastructure Committee - 8th Congressional District, and as a member of the Board of Trustees of the North Jersey Transportation Planning Authority.

He is the recipient of the ASCE Government Engineer of Year Award, and the Newark Regional Business Partnership Transportation Leadership Award.

Mr. Adams chairs the Board Safety Committee, is a member of the Energy, Sustainability & Policy Committee, and a member of the Administration Committee.

Mr. Adams is a lifelong New Jersey resident, and currently resides in West Orange, New Jersey.



## SANGEETA DOSHI

Councilwoman Sangeeta Doshi is a telecommunications executive and small business owner with an Electrical Engineering degree from

Worcester Polytechnic Institute and an MBA from Babson College. She was born in Jabalpur, M.P., India and immigrated to the U.S. with her family when she was two years old. She was raised in Massachusetts and has lived in Cherry Hill, NJ since 1996.

Ms. Doshi has been a member of the Domestic Violence Response Team, the Cherry Hill Planning Board and the Cherry Hill Zoning Board of Adjustment.

Ms. Doshi is Co-Chair of the Cherry Hill Human Relations Committee and the Cherry Hill Green Team. She has volunteered with the Indian Temple and

Cultural Associations, Cherry Hill Atlantic Little League and Moms Demand Action. Ms. Doshi also serves on the District IV Legal Ethics Committee, the Camden Air Quality Committee and on the advisory boards of Inspiring South Asian American Women, the New Jersey Leadership Program, the Asian American Alliance in South Jersey and the North South Foundation.

Ms. Doshi is a member of the Board Audit Committee, a member of the Energy, Sustainability & Policy Committee, and a member of the Capital Planning, Policy & Privatization Committee.

She was appointed to the NJ TRANSIT Board of Directors in 2020 by Governor Phil Murphy. Sangeeta resides in Cherry Hill, NJ with her husband, three sons and their dog.



## BOB GORDON

Bob Gordon was confirmed as a member of the NJ TRANSIT Board of Directors on January 13, 2020. He also serves as one

of five commissioners of the New Jersey Board of Public Utilities (BPU), which he joined in April 2018. The BPU regulates all investor-owned utilities in the state to ensure that they provide their services in a safe and reliable manner and at a reasonable cost. Under Governor Murphy, the BPU is playing the lead role in advancing policies aimed at expanding the state's reliance on renewable energy and improving the resilience of the electrical grid.

Prior to his appointment to the BPU, Mr. Gordon served more than 14 years in the Legislature; 10 of those in the Senate where he attained the positions of Majority Conference Leader, and Chairman of the Senate Transportation Committee, the Legislative Manufacturing Caucus and the Senate Legislative Oversight Committee. While chairman of the latter, he conducted extensive investigatory hearings on deficiencies at NJ TRANSIT. Senator Gordon was the original prime sponsor of the law that imposed new standards of accountability and transparency on the NJ TRANSIT Board. The legislation, which was signed by Governor Murphy on December 20, 2018, restructured the board, imposed new oversight responsibilities on board members and expanded public input prior to significant changes in service.

Mr. Gordon's career has spanned the public and private sectors. In his public career, he has served at every level of government. His first job was at the President's Council on Environmental Quality, and during his early career in Washington he worked on the economics staff of the Brookings Institution, a

public policy research institution, and later, at the inception of the Congressional Budget Office, joined that agency as an analyst. At the state and local levels, Mr. Gordon served as an aide to Governor Jim Florio and spent 10 years as Mayor and Council Member of the Borough of Fair Lawn. He is the author of *Governing New Jersey*, a 300-page book describing the skill requirements of key executive branch positions. In 2018, InsiderNJ.com ranked him #2 in its list of 100 top policymakers in Trenton.

Mr. Gordon's business career is equally diverse. Much of his private sector work was with large management consulting firms, where he led engagements focused on strategic planning and improving organizational effectiveness. He conducted assignments for Fortune 1000 clients in the U.S. and Europe, and later worked with the nation's largest hospital consulting firm. He managed the family textile factory in Paterson, New Jersey, and most recently, worked as a broker with one of the largest commercial real estate organizations.

Mr. Gordon earned his undergraduate degree in political economy and environmental studies from Williams College, where he graduated Phi Beta Kappa and magna cum laude. He also has a Master of Public Policy degree from the University of California at Berkeley and an MBA in finance and health care management from the Wharton School of the University of Pennsylvania.

Mr. Gordon is a member of the Board Administration Committee, a member of the Safety Committee, and a member of the Operations & Customer Service Committee.



## RICHARD A. MAROKO

Richard A. Maroko is Recording Secretary and General Counsel of the Hotel Trades Council (HTC), AFL-CIO. HTC represents

almost 40,000 workers in the hotel and gaming industries across New Jersey and New York.

During his almost 20 years with HTC, Mr. Maroko has distinguished himself as a fierce advocate for workers. He has negotiated hundreds of groundbreaking labor contracts, including bargaining the union's master contract, valued at over \$2.5 Billion per year. Mr. Maroko also directs the union's operations in New Jersey, where HTC recently tripled its membership and won the first ever state-wide master contract in the hotel industry.

As a civically active New Jersey resident, and as a commuter who relies on NJ TRANSIT's Montclair-Boonton Line, Mr. Maroko is committed to seeing

meaningful and permanent improvements to NJ TRANSIT operations across the state.

Mr. Maroko graduated Phi Beta Kappa from Rutgers College, earned a law degree from the University of Pennsylvania, and later received a Master's degree in Labor and Employment Law, with distinction, from Georgetown University Law School. He was a long-time adjunct professor of Labor and Employment Law at Queens College, and is currently on the Board of Cornell University's Center for Innovative Hospitality and Employment Relations.

Mr. Maroko is chair of the Board Administration Committee and a member of the Capital Planning, Policy & Privatization Committee.

Mr. Maroko is the son of Polish and Brazilian immigrants. He currently resides in Montclair with his wife, Chanon, and is the proud father of Maria, Zoe, and Isabel.



An ALP-45 DP "Armed Forces" locomotive and Multilevel rail cars cross the Hackensack River.





## SHANTI NARRA

Shanti Narra was born in Hyderabad, India and immigrated to the U.S. with her family when she was two years old. She was

raised in North Brunswick, New Jersey where she attended public school and graduated from high school in 1985. She received a Bachelor's Degree in Foreign Service from Georgetown University in 1989 majoring in International Law. Ms. Narra continued her education in Washington, D.C. and received her J.D. from Georgetown University Law Center.

After a brief stint in the private sector, Ms. Narra began a long career as a public defender with the Legal Aid Society in New York City. As a senior staff attorney, she tried many complicated criminal cases. During her years as a staff attorney she was also very active in her union, the Association of Legal Aid Attorneys (ALAA). Ms. Narra served in multiple Executive Board positions first as Junior Attorney Representative, Attorneys of Color Representative and finally several terms as Union Vice-President for Manhattan. After 10 years on staff, she joined management as a supervising attorney.

In 2004 Ms. Narra moved back to her hometown of North Brunswick (commuting back and forth to New York for her work by bus). One of the first things she did upon settling in New Jersey once again was to get involved civically, which initially entailed joining the North Brunswick Democratic Social Club. She went on to become a Democratic Committeewoman (a position she still holds today).

Later, she was appointed to the Township Planning Board. In 2009 she won a seat on the North Brunswick Town Council. She subsequently won re-election to the Council in 2012 and then again in 2015.

In 2015, she was appointed by the Middlesex County Democratic Chairman to serve as Parliamentarian of the County Democratic Organization where she presided over and chaired the County Committee Meetings. In October 2016, Ms. Narra was appointed by the County Committee to fill a vacancy on the Board of Chosen Freeholders. With that appointment, Ms. Narra became New Jersey's first South Asian Freeholder. In November 2017, she successfully won a one-year term. Then in November of 2018, she won a full three-year term. In April 2021, Ms. Narra was chosen to be Deputy Director of the Middlesex Board of County Commissioners.

Ms. Narra also serves as a Board Member of Jewish Family Services, the Puerto Rican Action Board, The North Brunswick Friends of the Library Board and is one of the founders and current Advisory Board Members of Inspiring Asian American Women (ISAAW) - a group dedicated to increasing the participation of this demographic in civic engagement. Ms. Narra is a member of the North Brunswick Township Community Emergency Response Team (CERT).

Ms. Narra is a member of the Board Operations & Customer Service Committee and a member of the Safety Committee.

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**David A. Rasmussen** was appointed to the NJ TRANSIT Board of Directors in January 2020 and served until July 2021.

# Advisory COMMITTEES

To assure citizen representation, two passenger advisory committees – one serving North Jersey and another South Jersey – regularly advise the Board of Directors on customers’ opinions. Committee members are appointed by the Governor with the approval of the State Senate.

## **NORTH JERSEY PASSENGER ADVISORY COMMITTEE**

Suzanne T. Mack, Chair  
Ronald Monaco, Vice Chair  
Michael DeCicco  
Kathy Edmond  
Timothy O’Reilly

## **SOUTH JERSEY PASSENGER ADVISORY COMMITTEE**

Anna Marie Gonnella-Rosato, Chair  
Ruth Byard, Vice Chair  
Robert Dazlich, Secretary  
Richard D. Gaughan  
Daniel Kelly  
Jeffrey Marinoff  
James Constantine

Senior Citizens and Disabled Residents Transportation Assistance Program Citizens Advisory Committee advises NJ TRANSIT on public transit decisions regarding accessibility issues.

## **SENIOR CITIZENS AND DISABLED RESIDENTS TRANSPORTATION ASSISTANCE PROGRAM CITIZENS ADVISORY COMMITTEE**

|                               |                  |
|-------------------------------|------------------|
| Philip Harrison, Chair        | Tony Hall        |
| Basil Giletto, 1st Vice Chair | Gary Johnson     |
| MaryAnn Mason, 2nd Vice Chair | Louise Layton    |
| John Adair                    | Maryann Mason    |
| David Peter Alan              | JanMarie McDyer  |
| Jim Blaze                     | Linda Melendez   |
| Robert Dazlich                | Gloria Mills     |
| Steven Fittante               | Michael Vieira   |
| Sally Jane Gellert            | Linda Washington |

The Private Carrier Advisory Committee was created in 1986 to monitor the concerns of New Jersey’s private bus carriers.

## **PRIVATE CARRIER ADVISORY COMMITTEE**

Francis A. Tedesco, Chair  
Jonathan DeCamp  
Donald Mazzarisi  
Scott Sprengel

# Executive MANAGEMENT TEAM

## **Eric Daleo**

Sr. Vice President, Capital Programs

## **Justin Davis**

Sr. Vice President, Regulatory and Government Affairs & Chief of Staff

## **Jignasa Desai-McCleary**

Chief of Procurement

## **Naeem Din**

Chief, EEO/AA

## **Lookman Fazal**

Chief Information & Digital Officer

## **Anthony Grieco**

Sr. Vice President, Communications & Customer Experience

## **Christopher Iu**

Chief Compliance Officer

## **Michael Kilcoyne**

Sr. Vice President, Surface Transit & General Manager Bus Operations

## **Jeannie Kwon**

Sr. Vice President, Chief Administrative Officer

## **Brian Lapp**

Sr. Vice President, Chief Safety Officer

## **Ron Nichols**

Chief, Light Rail & Contract Services

## **John O'Hern**

Auditor General

## **Leotis Sanders**

Chief, Civil Rights & Diversity Programs

## **James Sincaglia**

Acting Sr. Vice President/General Manager, Rail Operations

## **Christopher Trucillo**

Sr. Vice President, Chief of Police & Office of Emergency Management

## **Caroline Vachier**

Section Chief, Deputy Attorney General

## **Jeanne Victor**

Chief of Human Resources

## **William Viqueira**

Sr. Vice President, Chief Financial Officer & Treasurer

## **Paul Wyckoff**

Chief, Government & External Affairs

## **Joyce Zuczek**

Board Secretary & OPRA Office



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Newark, New Jersey 07105-2246  
[NJTRANSIT.com](http://NJTRANSIT.com)



# NJ TRANSIT ANNUAL FINANCIAL REPORT

For the Fiscal Years  
ended 2021 and 2020

Philip D. Murphy, Governor  
Sheila Y. Oliver, Lieutenant Governor  
Diane Gutierrez-Scaccetti, Commissioner  
Kevin S. Corbett, President & CEO



One Penn Plaza East  
Newark, NJ 07105-2246  
973-491-7000

## REPORT OF MANAGEMENT

The Consolidated Financial Statements of New Jersey Transit Corporation (the Corporation), for the fiscal year ended June 30, 2021, have been audited by Deloitte & Touche LLP, an independent accounting firm, as stated in their report appearing herein. The auditor's unmodified opinion, dated October 26, 2021, is presented on pages 1-2 of the 2021 consolidated financial statements.

Management of New Jersey Transit Corporation is responsible for both the accuracy of the financial data and completeness and fairness of its presentation, including all disclosures. Management is also responsible for establishing and maintaining adequate internal control over financial reporting of the Corporation. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Additionally, New Jersey Transit Corporation has an internal audit department that performs various audits throughout the year. This department reports to the Audit Committee of the Board of Directors.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective internal control system can provide only reasonable assurance that its goals are achieved.

We certify that, to the best of our knowledge, during the fiscal year 2021, New Jersey Transit Corporation has followed all of the Corporation's standards, procedures and internal controls, the financial information included herein is accurate, and that such information fairly presents the financial condition and operational results of the Corporation as of June 30, 2021 and for the year then ended.

  
Kevin S. Corbett  
President & CEO

  
William Viqueira  
SVP, Chief Financial Officer & Treasurer

October 26, 2021

|           |  |
|-----------|--|
| <b>1</b>  | <b>INDEPENDENT AUDITORS' REPORT</b>  |
| <b>3</b>  | <b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>  |
|           | <b>ENTERPRISE FUND FINANCIAL STATEMENTS:</b>   |
| <b>13</b> | Consolidated Statements of Net Position as of June 30, 2021 and 2020   |
| <b>14</b> | Consolidated Statements of Revenues, Expenses and Changes in Net Position for the Years Ended June 30, 2021 and 2020               |
| <b>15</b> | Consolidated Statements of Cash Flows for the Years Ended June 30, 2021 and 2020   |
|           | <b>FIDUCIARY ACTIVITIES FINANCIAL STATEMENTS:</b>  |
| <b>17</b> | Statements of Fiduciary Net Position as of June 30, 2021 and 2020  |
| <b>18</b> | Statements of Changes in Fiduciary Net Position as of June 30, 2021 and 2020   |
| <b>19</b> | <b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>  |
| <b>54</b> | <b>REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)</b>  |
| <b>55</b> | Schedules of Changes in Net Pension Liability and Related Ratios for NJ TRANSIT Sponsored Single- Employer Defined Benefit Plans   |
| <b>60</b> | Schedule of Pension Contributions for NJ TRANSIT Sponsored Single-Employer Defined Benefit Plans                                   |
| <b>63</b> | Schedule of NJ TRANSIT's Proportionate Share of the Net Pension Liability for Cost-Sharing Multiple-Employer Defined Benefit Plans |
| <b>64</b> | Schedule of Contributions for Cost-Sharing Multiple-Employer Defined Benefit Plans   |
| <b>65</b> | Schedule of Changes in Total OPEB Liability and Related Ratios for NJ TRANSIT's Sponsored Single-Employer Plan                     |
| <b>66</b> | Schedule of NJ TRANSIT's Proportionate Share of Net OPEB Liability For Cost-Sharing New Jersey Health Benefit Program              |
| <b>68</b> | <b>SUPPLEMENTARY INFORMATION - COMBINING FIDUCIARY FUNDS FINANCIAL STATEMENTS</b>  |
|           | <b>PENSION TRUST FUNDS:</b>  |
| <b>69</b> | Combining Statements of Fiduciary Net Position as of June 30, 2021 and 2020  |
| <b>71</b> | Combining Statements of Changes in Fiduciary Net Position as of June 30, 2021 and 2020   |



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of  
New Jersey Transit Corporation

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the business-type activities and the financial statements of the fiduciary activities (collectively, the "financial statements") of the New Jersey Transit Corporation (the "Corporation"), a component unit of the State of New Jersey, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Corporation as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**Emphasis of Matters**

As discussed in Note 1 to the financial statements, the Corporation is a component unit of the State of New Jersey. The Corporation requires significant subsidies from, and has material transactions with, the State of New Jersey, including the State of New Jersey's Transportation Trust Fund, and the United States Federal Government. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2021, the Corporation adopted Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities* and Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to these matters.

**Other Matters***Required Supplementary Information*

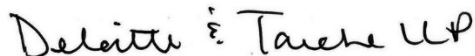
Accounting principles generally accepted in the United States of America require that the required supplementary information on pages 3-16 and 65-76 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information on pages 78-81 as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 78-81 as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 78-81 as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



October 26, 2021

This section of New Jersey Transit Corporation's (NJ TRANSIT) annual financial report presents a narrative overview and analysis of the financial position and changes in financial position of NJ TRANSIT as of and for the fiscal years ended June 30, 2021 and 2020.

This discussion and analysis are intended to serve as an introduction to NJ TRANSIT's consolidated financial statements and designed to assist the reader in focusing on the significant financial activities of NJ TRANSIT and to identify any significant changes in financial position and performance. NJ TRANSIT encourages readers to consider the information presented in conjunction with the financial statements as a whole.

## FINANCIAL REPORTING ENTITY

The New Jersey Transit Corporation (NJ TRANSIT) is a component unit of the State of New Jersey created by the New Jersey Public Transportation Act of 1979. NJ TRANSIT is empowered with the authority to acquire, own, operate, and contract for the operation of public passenger transportation services. NJ TRANSIT provides these services through bus operations (NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Mercer, Inc. and NJ TRANSIT Morris, Inc.), and commuter rail operations (NJ TRANSIT Rail Operations Inc.). The financial reporting entity consists of:

Consolidated Enterprise Fund  
Fiduciary Funds comprised of Pension Benefit Trust Funds

- Amalgamated Transit Union (ATU) Employees Retirement Plan
- Utility Workers' Union of America (UWUA) Employees Retirement Plan
- Transit Employees Retirement Plan (TERP)

## THE CONSOLIDATED ENTERPRISE FINANCIAL STATEMENTS

Since NJ TRANSIT comprises a single enterprise fund, no fund-level financial statements are presented. NJ TRANSIT's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units.

The consolidated financial statements provide both long-term and short-term information about NJ TRANSIT's overall financial status. The Consolidated Statement of Net Position reports NJ TRANSIT's net position and the changes thereto. Net position, defined as the difference between NJ TRANSIT's assets, deferred outflows or inflows of resources and liabilities, may serve as a useful indicator of NJ TRANSIT's financial position over time.

The **Consolidated Statement of Revenues, Expenses and Changes in Net Position** shows NJ TRANSIT's operating results and how its net position changed during the fiscal

year. All revenues, expenses and changes in net position are reported on the accrual basis of accounting, which reports the event as it occurs, rather than when cash changes hands.

The **Consolidated Statement of Cash Flows** reports how NJ TRANSIT's cash and cash equivalents increased or decreased during the year. The statements show how cash and cash equivalents were provided by and used in NJ TRANSIT's operating, non-capital financing, capital and related financing, and investing activities. The net increase or decrease in NJ TRANSIT's cash and cash equivalents is added to or subtracted from the balance at the beginning of the year to arrive at the cash and cash equivalents balance at the end of the year.

## THE FIDUCIARY FUNDS FINANCIAL STATEMENTS

Fiduciary funds are used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. Fiduciary funds are not reported in NJ TRANSIT's consolidated financial statements because the resources of those funds are not available to support NJ TRANSIT's operating activities. The fiduciary funds are collectively reported as Pension Trust Funds.

The **Statements of Fiduciary Net Position** presents financial information about the assets, liabilities, and the fiduciary net position held in trust of the fiduciary funds.

The **Statements of Changes in Fiduciary Net Position** presents fiduciary activities of the fiduciary funds as additions and deductions to the fiduciary net position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Notes are an integral part of the financial statements and provide information that is essential to a full understanding of the consolidated financial statements, such as NJ TRANSIT accounting methods and standards, details of cash and investments, fixed assets, employee benefits, long term debt, lease transactions, claim and insurance, contingencies, and subsequent events.

**REQUIRED SUPPLEMENTARY INFORMATION**

The Required Supplementary Information present the information regarding NJ TRANSIT's progress in funding its obligation to provide pension and postemployment benefits other than pensions to its employees, changes in total OPEB and pension liabilities and actuarially determined contributions for the single-employer plans, the proportionate share of the total OPEB and net pension liabilities for the multiple-employer cost-sharing plans and the contractually required contributions for the multiple-employer cost-sharing plans.

**SUPPLEMENTARY INFORMATION – COMBINING FIDUCIARY FUNDS FINANCIAL STATEMENTS**

The supplementary information combining fiduciary funds financial statements includes the combining statements of fiduciary net position and the combining statements of changes in fiduciary net position which provides financial information on each fiduciary fund in which NJ TRANSIT is functioning as a trustee for another party. The fiduciary funds are categorized as Pension Trust Funds.

**FINANCIAL HIGHLIGHTS – FISCAL YEAR 2021**

Total operating revenues for NJ TRANSIT were \$346.9 million in fiscal year 2021, a decrease of \$471.5 million, or 57.6 percent compared to the prior fiscal year. Passenger revenues decreased by \$441.0 million, or 59.4 percent. Other operating revenues, net, decreased by \$30.5 million, or 40.1 percent.

Total operating expenses before depreciation and other expenses were \$2,620.1 million in fiscal year 2021, an increase of \$93.1 million or 3.7 percent, from the prior fiscal year. Additional details are presented beginning on page 9.

Total net position at June 30, 2021 was \$3,530.4 million, an increase of \$14.4 million, or 0.4 percent from the net position at June 30, 2020.

Total capital assets (net of accumulated depreciation) were \$6,577.9 million at June 30, 2021, a net increase of \$359.4 million, or 5.8 percent from the previous fiscal year. This is a result of the overall increase in assets including the acquisition of new revenue vehicles.

NJ TRANSIT has reported the fair value of the fuel commodity swaps in the amount of \$22.1 million at June 30, 2021, a decrease of \$0.8 million, or 3.5 percent from the prior fiscal year, as a result of new swap contracts. The "Swaps" are all presented as a "Derivative Instrument Asset" and a corresponding "Deferred Inflow of Resources; Commodity Swap" in the Consolidated Statement of Net Position (See Note 18).

**FINANCIAL HIGHLIGHTS – FISCAL YEAR 2020**

Total operating revenues for NJ TRANSIT were \$818.4 million in fiscal year 2020, a decrease of \$241.1 million, or 22.8 percent compared to the prior fiscal year. Passenger revenue decreased by \$235.8 million, or 24.1 percent. Other operating revenues, net, decreased by \$5.3 million, or 6.5 percent.

Total operating expenses before depreciation and other expenses were \$2,527.0 million in fiscal year 2020, an increase of \$134.5 million or 5.6 percent, from the prior fiscal year. Additional details are presented in TABLE A-2 "Changes in NJ TRANSIT Net Position".

Total net position at June 30, 2020 was \$3,516.0 million, an increase of \$58.8 million, or 1.7 percent from the net position at June 30, 2019.

Total capital assets (net of accumulated depreciation) were \$6,218.5 million at June 30, 2020, a net decrease of \$7.7 million, essentially at same level from the previous fiscal year. This is a result of depreciation outpacing the overall increase in assets, as well as an increase in asset disposals.

NJ TRANSIT has reported the fair value of the fuel commodity swaps in the amount of \$22.9 million at June 30, 2020, an increase of \$14.4 million, or 169.4 percent from the prior fiscal year, as a result of new swap contracts. The "Swaps" are all presented as a "Derivative Instrument Asset" and a corresponding "Deferred Inflow of Resources; Commodity Swap" in the Consolidated Statement of Net Position (See Note 18).

**FINANCIAL ANALYSIS  
NET POSITION**

NJ TRANSIT's total net position at June 30, 2021, was \$3,530.4 million, an increase of \$14.4 million, or 0.4 percent (Table A-1). Total assets increased by \$141.0 million, or 1.8 percent, and deferred outflows of resources from unamortized debt refunding and items related to pensions and Other Postemployment Benefits increased by \$26.5 million, or 4.7 percent. Total liabilities increased \$185.1 million, or 4.0 percent.

NJ TRANSIT's total net position at June 30, 2020, was \$3,516.0 million, an increase of \$58.8 million, or 1.7 percent (Table A-1). Total assets increased by \$558.4 million, or 7.8 percent, and deferred outflows of resources from unamortized debt refunding and items related to pensions and Other Postemployment Benefits increased by \$248.3 million, or 77.5 percent. Total liabilities increased \$741.9 million, or 19.1 percent.

**TABLE A-1**  
**NJ TRANSIT NET POSITION** (\$ in millions)

|   | AS OF JUNE 30,   |                  |                  | % INC/(DEC)   |             |
|---|------------------|------------------|------------------|---------------|-------------|
|   | 2021             | 2020             | 2019             | 2021/2020     | 2020/2019   |
| Current assets  | \$672.5          | \$649.8          | \$591.1          | 3.5           | 9.9         |
| Restricted non-current assets                               | 591.9            | 835.2            | 330.4            | (29.1)        | 152.8       |
| Capital assets, net   | 6,577.9          | 6,218.5          | 6,226.2          | 5.8           | (0.1)       |
| Other assets  | 7.5              | 5.3              | 2.7              | 41.5          | 96.3        |
| <b>TOTAL ASSETS</b>   | <b>\$7,849.8</b> | <b>\$7,708.8</b> | <b>\$7,150.4</b> | <b>1.8</b>    | <b>7.8</b>  |
| Deferred outflows related to refunding of debt              | 15.5             | 19.7             | 24.5             | (21.3)        | (19.6)      |
| Deferred outflows related to OPEB                           | 296.0            | 335.1            | 91.2             | (11.7)        | 267.4       |
| Deferred outflows related to pensions                       | 283.6            | 213.8            | 204.6            | 32.6          | 4.5         |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                 | <b>595.1</b>     | <b>568.6</b>     | <b>320.3</b>     | <b>4.7</b>    | <b>77.5</b> |
| Current liabilities   | 574.1            | 522.7            | 659.0            | 9.8           | (20.7)      |
| Notes payable   | 1,018.3          | 1,161.1          | 721.8            | (12.3)        | 60.9        |
| Net pension liability                                       | 909.7            | 753.1            | 684.6            | 20.8          | 10.0        |
| Total OPEB obligation                                       | 1,699.6          | 1,638.0          | 1,296.6          | 3.8           | 26.3        |
| Obligations under capital leases                            | 186.5            | 199.8            | 212.0            | (6.7)         | (5.8)       |
| Unearned revenue and other non-current liabilities          | 427.0            | 355.4            | 314.2            | 20.1          | 13.1        |
| <b>TOTAL LIABILITIES</b>                                    | <b>4,815.2</b>   | <b>4,630.1</b>   | <b>3,888.2</b>   | <b>4.0</b>    | <b>19.1</b> |
| Deferred inflows related to pensions                        | 49.7             | 77.7             | 78.4             | (36.0)        | (0.9)       |
| Deferred inflows related to derivative instrument liability | 22.1             | 22.9             | 8.5              | (3.5)         | 169.4       |
| Deferred inflows related to total OPEB Liability            | 27.5             | 30.7             | 38.4             | (10.4)        | (20.1)      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                  | <b>99.3</b>      | <b>131.3</b>     | <b>125.3</b>     | <b>(24.4)</b> | <b>4.8</b>  |
| Net investment in capital assets                            | 5,801.3          | 5,545.2          | 5,376.5          | 4.6           | 3.1         |
| Restricted for capital projects                             | —                | —                | 0.2              | —             | (100.0)     |
| Restricted for claims                                       | 46.9             | 31.9             | 27.4             | 47.0          | 16.4        |
| Unrestricted (deficit)                                      | (2,317.8)        | (2,061.1)        | (1,946.9)        | 12.5          | 5.9         |
| <b>TOTAL NET POSITION</b>                                   | <b>\$3,530.4</b> | <b>\$3,516.0</b> | <b>\$3,457.2</b> | <b>0.4</b>    | <b>1.7</b>  |

**FISCAL YEAR 2021**

The 3.5 percent increase in current assets in fiscal year 2021 is primarily due to an increase in Federal and State grant receivables. Fuel commodity swaps presented as a derivative instrument asset decreased by \$3.1 million or 15.6 percent as a result of decreased swap contracts, which have been reported as a current asset. Restricted non-current assets decreased 29.1 percent, a result of payments made for debt funded projects and capital leases. Of the \$6,577.9 million in capital assets, net, \$1,887.6 million represents construction in progress; \$4,198.4 million represents NJ TRANSIT's investment in buildings, structures, track, equipment, locomotives, railcars and buses, net of depreciation; and \$491.9 million represents land and other capital assets.

The 21.3 percent decrease in deferred outflows of resources – refunding of debt was due to the amortization of the deferred loss on refunding associated with the New Jersey Economic Development Authority Transportation Project Sublease Revenue and Revenue Refunding Bonds that were issued in 2017.

The 32.6 percent increase in deferred outflows of resources related to pensions was due to an increase in the net difference between projected and actual earnings on pension plan investments and changes in actuarial assumptions.

The \$296.0 million recorded in fiscal year 2021 as deferred outflows of resources related to liability for other post-employment benefits, which was mainly due to changes in actuarial assumptions.

The 9.8 percent increase in current liabilities was mainly due to increases in short term notes payable and the advance payment from the State of New Jersey for preventive maintenance.

The 12.3 percent decrease in notes payable was due to payments made during the fiscal year for current obligations.

The 6.7 percent decrease in non-current obligations under capital leases was a result of amortization of current lease obligations.

The 20.8 percent increase in the net pension liability was mainly related to a decreased return on plan assets due to unfavorable market conditions during the year and a change in benefit terms, as well as additional unfunded pension obligations.

The 3.8 percent increase in the OPEB liability was a result of change in assumption based on the current actuarial valuations, mainly because of the reduction in the discount rate from 2.21% to 2.16% due to changes in the applicable municipal bond index.

## FISCAL YEAR 2020

The 9.9 percent increase in current assets in fiscal year 2020 is primarily due to an increase in Federal and State grant receivables. Fuel commodity swaps presented as a derivative instrument asset increased by \$11.7 million or 141.4 percent as a result of increased swap contracts, which have been reported as a current asset. Restricted non-current assets increased 152.8 percent as a result of deposits received for new NJEDA 2020A debt issuance, offset by the payments made for capital leases, including leveraged leases. Of the \$6,218.5 million in capital assets, net, \$1,383.3 million represents construction in progress; \$4,383.8 million represents NJ TRANSIT's investment in buildings, structures, track, equipment, locomotives, railcars and buses, net of depreciation; and \$451.4 million represents land and other capital assets.

The 19.6 percent decrease in deferred outflows of resources – refunding of debt was due to the amortization of the deferred loss on refunding associated with the New Jersey Economic Development Authority Transportation Project Sublease Revenue and Revenue Refunding Bonds that were issued in 2017.

The 4.5 percent increase in deferred outflows of resources related to pensions was due to an increase in the net difference between projected and actual earnings on pension plan investments and changes in actuarial assumptions.

The \$335.1 million was recorded in fiscal year 2020 as deferred outflows of resources related to liability for other postemployment benefits, which was mainly due to changes in actuarial assumptions.

The 20.7 percent decrease in current liabilities was mainly due to decreases in vendor payables and the advance payment from the State of New Jersey for preventive maintenance.

The 60.9 percent increase in notes payable was due to new issuance of NJEDA 2020A in the amount of \$500 million, offset by payments made during the fiscal year for current obligations.

The 5.8 percent decrease in non-current obligations under capital leases was a result of amortization of current lease obligations.

The 10.0 percent increase in the net pension liability was mainly related to a decreased return on plan assets due to unfavorable market conditions during the year and a change in benefit terms, as well as additional unfunded pension obligations.

The 26.3 percent increase in the OPEB liability was a result of economic and demographic gains or losses, as well as changes in assumption based on the current actuarial valuations. One of the contributing factors to the increased OPEB Liability was the significant reduction in the discount rate from 3.51% to 2.21%. This substantial change in the interest rates used as yields have substantially fallen due to actions taken by the Federal Reserve in response to the COVID-19 pandemic.

## CHANGES IN NET POSITION

Changes in net position reflect the current year's results of operations combined with non-operating revenue and expenses, and capital contributions. The increase in net position in fiscal year 2021 was \$14.4 million (Table A-2). While there are many contributing factors, this was primarily attributed to additional reimbursements received from CARES Act Grant, partially offset by revenue losses as a result of the dramatic shift in travel and work patterns during the COVID-19 Pandemic.

The increase in net position in fiscal year 2020 was \$58.8 million. While there are many contributing factors, this was primarily attributed to additional reimbursements received from CARES Act Grant, partially offset by revenue losses as a result of the dramatic shift in travel and work patterns during the COVID-19 Pandemic.

**TABLE A-2**  
**CHANGES IN NJ TRANSIT NET POSITION** (*\$ in millions*)

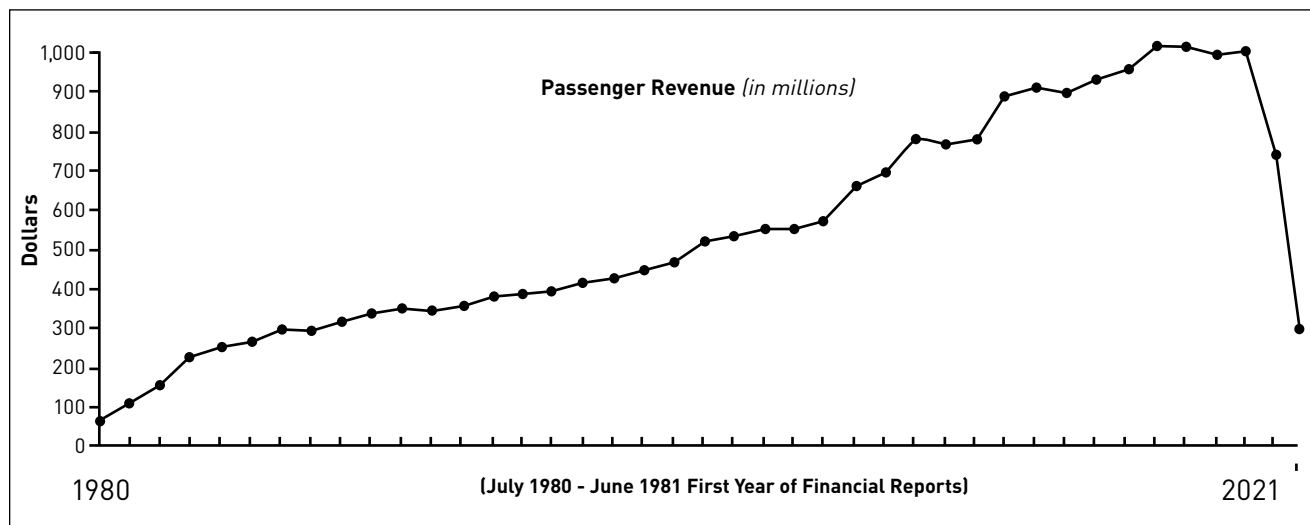
|   | YEARS ENDED JUNE 30, |                  |                  | % INC/(DEC)   |               |
|---|----------------------|------------------|------------------|---------------|---------------|
|   | 2021                 | 2020             | 2019             | 2021/2020     | 2020/2019     |
| <b>Operating Revenues</b>                                       |                      |                  |                  |               |               |
| Passenger fares   | \$301.4              | \$742.4          | \$978.2          | (59.4)        | (24.1)        |
| Other, net  | 45.5                 | 76.0             | 81.3             | (40.1)        | (6.5)         |
| <b>Total Operating Revenues</b>                                 | <b>346.9</b>         | <b>818.4</b>     | <b>1,059.5</b>   | <b>(57.6)</b> | <b>(22.8)</b> |
| <b>Operating Expenses</b>                                       |                      |                  |                  |               |               |
| Total operating expenses before depreciation and other expenses | 2,620.1              | 2,527.0          | 2,392.5          | 3.7           | 5.6           |
| Depreciation  | 506.6                | 513.1            | 498.4            | (1.3)         | 2.9           |
| <b>Total Operating Expenses</b>                                 | <b>3,126.7</b>       | <b>3,040.1</b>   | <b>2,890.9</b>   | <b>2.8</b>    | <b>5.2</b>    |
| <b>Operating Loss</b>   | <b>(2,779.8)</b>     | <b>(2,221.7)</b> | <b>(1,831.4)</b> | <b>25.1</b>   | <b>21.3</b>   |
| Non-operating revenues, net                                     | 2,048.6              | 1,730.0          | 1,249.5          | 18.4          | 38.5          |
| Capital contributions, net                                      | 745.6                | 550.5            | 604.2            | 35.4          | (8.9)         |
| <b>Change in Net Position</b>                                   | <b>14.4</b>          | <b>58.8</b>      | <b>22.3</b>      | <b>(75.5)</b> | <b>163.7</b>  |
| <b>Total Net Position, Beginning, as Previously Reported</b>    | <b>3,516.0</b>       | <b>3,457.2</b>   | <b>3,577.7</b>   | <b>1.6</b>    | <b>(3.4)</b>  |
| Prior Period Adjustments  | —                    | —                | (142.8)          | —             | (100.0)       |
| <b>Total Net Position, Beginning, as Restated</b>               | <b>3,516.0</b>       | <b>3,457.2</b>   | <b>3,434.9</b>   | <b>1.7</b>    | <b>0.6</b>    |
| <b>Total Net Position, Ending</b>                               | <b>\$3,530.4</b>     | <b>\$3,516.0</b> | <b>\$3,457.2</b> | <b>0.4</b>    | <b>1.7</b>    |

## OPERATING REVENUES

Operating revenues are comprised of passenger fares and other operating revenues, net of a bad debt allowance.

## PASSENGER FARE REVENUES

Passenger fare revenue consists of fares earned during the year from the sale of tickets, monthly passes and bus fare box receipts.



Total passenger revenue for fiscal year 2021 decreased \$441.0 million or 59.4 percent. This decrease can be attributed to ridership losses as a result of State Executive Order No. 104 on March 16, 2020, implementing aggressive social distancing measures by closing institutions, recreational, entertainment and non-essential retail business to mitigate further spread of COVID-19 pandemic and similar actions taken in the State of New York and Commonwealth of Pennsylvania. Rail passenger revenue for fiscal year 2021 decreased by \$300.0 million or 70.3 percent, with ridership decreasing 46.2 million passenger trips, or 71 percent. Bus passenger revenue decreased by \$130.8 million or 44.4 percent, with ridership decreasing by 43.2 million passenger trips, or 35.9 percent. Passenger revenues for Light Rail, which includes Newark Light Rail, Hudson-Bergen Light Rail and River LINE revenues, decreased by \$8.9 million, or 50.9 percent, with ridership decreasing 6.7 million passenger trips, or 36 percent.

**TABLE A-3**  
**PASSENGER REVENUE** (*\$ in millions*)

|                       | YEARS ENDED JUNE 30,  |                       |                       | % INC/(DEC)   |               |
|-----------------------|-----------------------|-----------------------|-----------------------|---------------|---------------|
|                       | 2021                  | 2020                  | 2019                  | 2021/2020     | 2020/2019     |
| Rail Operations       | \$126.6               | \$426.6               | \$566.5               | (70.3)        | (24.7)        |
| Bus Operations        | 164.0                 | 294.8                 | 384.0                 | (44.4)        | (23.2)        |
| Light Rail Operations | 8.6                   | 17.5                  | 23.2                  | (50.9)        | (24.6)        |
| Special Transit Fares | 2.2                   | 3.5                   | 4.5                   | (37.1)        | (22.2)        |
| <b>Total</b>          | <b><u>\$301.4</u></b> | <b><u>\$742.4</u></b> | <b><u>\$978.2</u></b> | <b>(59.4)</b> | <b>(24.1)</b> |

**TABLE A-3a**  
**RIDERSHIP** (*in millions*)

|                               | YEARS ENDED JUNE 30, |                     |                     | % INC/(DEC)   |               |
|-------------------------------|----------------------|---------------------|---------------------|---------------|---------------|
|                               | 2021                 | 2020                | 2019                | 2021/2020     | 2020/2019     |
| <b>Rail Lines</b>             |                      |                     |                     |               |               |
| Newark Division               | 12.2                 | 39.4                | 53.7                | (69.0)        | (26.6)        |
| Hoboken Division              | 6.6                  | 25.4                | 33.8                | (74.0)        | (24.9)        |
| Atlantic City                 | 0.3                  | 0.5                 | 0.4                 | (40.0)        | 25.0          |
| <b>Total Rail Lines</b>       | <b><u>19.1</u></b>   | <b><u>65.3</u></b>  | <b><u>87.9</u></b>  | <b>(70.8)</b> | <b>(25.7)</b> |
| <b>Bus Lines</b>              |                      |                     |                     |               |               |
| Northern Division             | 34.5                 | 55.7                | 70.5                | (38.1)        | (21.0)        |
| Central Division              | 32.6                 | 49.9                | 62.3                | (34.7)        | (19.9)        |
| Southern Division             | 10.0                 | 14.7                | 18.2                | (32.0)        | (19.2)        |
| <b>Total Bus Lines</b>        | <b><u>77.1</u></b>   | <b><u>120.3</u></b> | <b><u>151.0</u></b> | <b>(35.9)</b> | <b>(20.3)</b> |
| <b>Light Rail Lines</b>       |                      |                     |                     |               |               |
| Newark Light Rail             | 2.7                  | 4.5                 | 5.4                 | (40.0)        | (16.7)        |
| Hudson-Bergen Light Rail      | 7.7                  | 12.0                | 16.0                | (35.8)        | (25.0)        |
| River LINE                    | 1.5                  | 2.1                 | 2.7                 | (28.6)        | (22.2)        |
| <b>Total Light Rail Lines</b> | <b><u>11.9</u></b>   | <b><u>18.6</u></b>  | <b><u>24.1</u></b>  | <b>(36.0)</b> | <b>(22.8)</b> |
| <b>Total Ridership</b>        | <b><u>108.1</u></b>  | <b><u>204.2</u></b> | <b><u>263.0</u></b> | <b>(47.1)</b> | <b>(22.4)</b> |

## FISCAL YEAR 2021

### OTHER OPERATING REVENUES

Other operating revenues, net of the allowance for bad debt, consist of contracted service revenues, rental income, station and vehicle advertising, facility leases, parking lot operations and revenue received from operating service on behalf of Metro-North. There was a decrease in other operating revenues of \$30.5 million, or 40.1 percent primarily as a result of reduced advertising revenue, parking and rental revenues due to COVID-19.

### OPERATING EXPENSES

Operating expenses consist of employment costs, outside services, materials and supplies, depreciation and other operating costs. NJ TRANSIT continues to upgrade facilities damaged in Superstorm Sandy. These upgrades are part of NJ TRANSIT's Resilience Program, which is designed to make the transportation system stronger, more durable, and more reliable. The largest expense component related to storm repairs was for outside services, specifically repairs to rail infrastructure and project oversight costs. These costs are reported in the natural operating expense accounts in the Statements of Revenue, Expenses, and Changes in Net Position.

### EMPLOYMENT COSTS

Employment costs consisting of labor and related fringe benefit expenses represent 61.0 percent of NJ TRANSIT's total operating costs. These costs include full-time and part-time agreement employees' regular wages and related overtime costs, non-agreement salaries, employment taxes, health and welfare expenses, retirement costs and other fringe benefits.

During fiscal year 2021, labor costs increased by \$11.9 million, or 1.5 percent, and fringe benefits increased by \$80.1 million, or 11.1 percent from fiscal year 2020. The increase in labor costs were primarily due to reductions in vacant positions and increases in agreement wages as a result of contract increases. Fringe benefits also increased as a result of increased costs for defined benefit pension plans and other postemployment benefit plans due to changes in actuarial assumptions based on new valuations, as well as an increase in healthcare benefit costs.

### OTHER OPERATING COSTS

Other operating costs include parts, materials and supplies, outside services, claims and insurance, fuel and propulsion, trackage, tolls and fees, utilities, purchased transportation and other expenses.

Parts and materials increased by \$3.8 million or 2.1 percent due to greater than expected COVID-19 cleaning needs in 2021.

Cost of services increased by \$41.7 million or 22.7 percent due to an increase in COVID-19 cleaning services.

Claims and insurance expense decreased by \$24.5 million or 19.1 percent. A significant portion of the 2020 increase was due to a one time increase in claim reserve resulting from legislative changes in the Employee Protection Act in fiscal year 2020.

Purchased transportation decreased by \$11.0 million or 4.5 percent resulting from decreased costs due to COVID-19 reduction in services and timing considerations, particularly demand for Access Link Service.

### NON-OPERATING REVENUES (EXPENSES)

Non-operating revenues increased by \$318.7 million, or 18.4 percent, primarily attributable to Federal CARES Act reimbursements for eligible operating expenses due to COVID-19.

### CAPITAL CONTRIBUTIONS, NET

NJ TRANSIT receives federal, state and local grants for essentially all of its capital construction and acquisitions. Funding of capital grant expenditures totaling \$745.6 million was \$195.1 million, or 35.4 percent, higher than fiscal year 2020.

Major capital projects during the year included the acquisition and rehabilitation of revenue vehicles, including railcars, buses, vans and light railcars, construction of and improvements to passenger and support facilities, and rail, bus and light rail infrastructure.

## FISCAL YEAR 2020

### OTHER OPERATING REVENUES

Other operating revenues, net of the allowance for bad debt, consist of contracted service revenues, rental income, station and vehicle advertising, facility leases, parking lot operations and revenue received from operating service on behalf of Metro-North. There was a decrease in other operating revenues of \$5.3 million, or 6.5 percent primarily as a result of reduced advertising revenue, parking and rental revenues due to COVID-19.

### OPERATING EXPENSES

Operating expenses consist of employment costs, outside services, materials and supplies, depreciation and other operating costs. NJ TRANSIT continues to upgrade facilities damaged in Superstorm Sandy. These upgrades are part of NJ TRANSIT's Resilience Program, which is designed to make the transportation system stronger, more durable, and more reliable. The largest expense component related to storm repairs was for outside services, specifically repairs to rail infrastructure and project oversight costs. These costs are reported in the natural operating expense



accounts in the Statements of Revenue, Expenses, and Changes in Net Position.

**EMPLOYMENT COSTS**

Employment costs consisting of labor and related fringe benefit expenses represent 59.6 percent of NJ TRANSIT's total operating costs. These costs include full-time and part-time agreement employees' regular wages and related overtime costs, non-agreement salaries, employment taxes, health and welfare expenses, retirement costs and other fringe benefits.

During fiscal year 2020, labor costs increased by \$37.9 million, or 5.1 percent, and fringe benefits increased \$46.0 million, or 6.8 percent from fiscal year 2019. The increase in labor costs were primarily due to reductions in vacant positions and increases in agreement wages as a result of contract increases. Fringe benefits also increased as a result of increased costs for defined benefit pension plans and other postemployment benefit plans due to changes in actuarial assumptions based on new valuations. These increases have been partially offset by savings due to health benefit reforms.

**OTHER OPERATING COSTS**

Other operating costs include parts, materials and supplies, outside services, claims and insurance, fuel and propulsion, trackage, tolls and fees, utilities, purchased transportation and other expenses.

Parts and materials decreased by \$17.2 million or 8.7 percent due to one-time costs adjustment made in the prior year.

Cost of services increased by \$18.8 million or 11.3 percent

due to increased costs for reimbursable projects and program costs.

Claims and insurance expense increased by \$40.5 million or 46.2 percent. A significant portion of the increase was due to increases in claim reserve due to legislation change on Employee Protection Act.

Purchased transportation decreased by \$2.6 million or 1.0 percent resulting from slightly decreased costs due to COVID-19 reduction in services, particularly demand for Access Link Service.

**NON-OPERATING REVENUES (EXPENSES)**

Non-operating revenues increased by \$480.5 million, or 38.5 percent, primarily attributable to Federal CARES Act reimbursements for eligible operating expenses due to COVID-19.

**CAPITAL CONTRIBUTIONS, NET**

NJ TRANSIT receives federal, state and local grants for essentially all of its capital construction and acquisitions. Funding of capital grant expenditures totaling \$550.5 million was \$53.7 million, or 8.9 percent, below fiscal year 2019, as a result of disruption of capital projects following safety procedures to work from home when the pandemic began.

Major capital projects during the year included the acquisition and rehabilitation of revenue vehicles, including railcars, buses, vans and light railcars, construction of and improvements to passenger and support facilities, and rail, bus and light rail infrastructure.

**TABLE A-4**  
**NJ TRANSIT CAPITAL ASSETS** *(net of accumulated depreciation)*  
*(\$ in millions)*

|                                   | YEARS ENDED JUNE 30,    |                         |                         | % INC/(DEC) |           |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------|-----------|
|                                   | 2021                    | 2020                    | 2019                    | 2021/2020   | 2020/2019 |
| Capital projects in process       | \$1,887.6               | \$1,383.3               | \$1,221.2               | 36.5        | 13.3      |
| Revenue vehicles                  | 1,725.5                 | 1,677.2                 | 1,749.6                 | 2.9         | (4.1)     |
| Buildings and structures          | 1,675.8                 | 1,845.6                 | 1,929.3                 | (9.2)       | (4.3)     |
| Track                             | 722.2                   | 780.6                   | 821.8                   | (7.5)       | (5.0)     |
| Land                              | 477.7                   | 437.2                   | 395.9                   | 9.3         | 10.4      |
| Furniture, fixtures and equipment | 74.9                    | 80.4                    | 94.2                    | (6.8)       | (14.6)    |
| Operating rights                  | 14.2                    | 14.2                    | 14.2                    | —           | —         |
| <b>Total Capital Assets, Net</b>  | <b><u>\$6,577.9</u></b> | <b><u>\$6,218.5</u></b> | <b><u>\$6,226.2</u></b> | 5.8         | (0.1)     |

## CAPITAL ASSETS

As of June 30, 2021, NJ TRANSIT had invested \$16,746.9 million in capital assets. Net of accumulated depreciation, NJ TRANSIT's net capital assets at June 30, 2021 totaled \$6,577.9 million (Table A-4). This amount represents a net increase of \$359.4 million, or 5.8 percent, higher than June 30, 2020 net capital assets.

As of June 30, 2020, NJ TRANSIT had invested \$16,082.0 million in capital assets. Net of accumulated depreciation, NJ TRANSIT's net capital assets at June 30, 2020 totaled \$6,218.5 million (Table A-4). This amount represents a net decrease of \$7.7 million, or 0.1 percent, below June 30, 2019 net capital assets.

In October 2020, NJ TRANSIT Board of Directors adopted an unconstrained vision called A Five-Year Capital Plan (the "Plan") – to demonstrate opportunities for safety, service reliability, resiliency, sustainability, and other improvements critical to NJ TRANSIT. A Five-Year Capital Plan was the result of a rigorous process involving all agency planning, operating, safety, financial, police, customer service, environmental and engineering personnel. The Plan established and prioritized a pool of projects, balancing corporate strategic objectives to ensure the highest and best use of limited capital funds. It called for continued investment in the State's transit infrastructure to maintain a state of good repair and provide reliable transit service. It included comprehensive, sustainable, and measurable initiatives to ensure passenger and public safety for the system. An emphasis on better preparing NJ TRANSIT to withstand,

and recover from, future extreme weather events through building a more resilient system remained a key focus of the Plan. NJ TRANSIT also looked to the future through system expansion that will improve access to mass transit and support continued economic development. The Plan included funding appropriations totaling \$1.4 billion in fiscal year 2021.

In July of 2021, NJ TRANSIT Board of Directors adopted the 2021 Capital Plan Update which contains two (2) sets of planned and proposed capital investments totaling \$15.1 billion – the first set includes \$10.3 billion worth of investments already funded from previous, current and/or future expected funding resources. The second set identifies another \$4.8 billion worth of investments without any source of past, current and/or future funding. Although there are no sources of funds for the second set of investments, NJ TRANSIT believes, nonetheless, that these additional projects are necessary to achieve its vision of providing world class service which increases reliability by reducing equipment breakdowns, infrastructure failures and service interruptions. Looking forward to fiscal year 2022, the Capital Plan Update includes funding appropriations totaling \$1.5 billion in fiscal year 2022.

Additional information about NJ TRANSIT's capital assets is presented in Note 5 to the financial statements.

## DEBT OBLIGATIONS

Debt obligations outstanding at June 30, 2021, totaled \$1,349.8 million compared with \$1,500.1 million at June 30, 2020, a decrease of 10.0 percent.

The following table summarizes the changes in debt between fiscal years 2021, 2020 and 2019 (*\$ in millions*):

|                                   | YEARS ENDED JUNE 30,    |                         |                         | % INC/(DEC)   |             |
|-----------------------------------|-------------------------|-------------------------|-------------------------|---------------|-------------|
|                                   | 2021                    | 2020                    | 2019                    | 2021/2020     | 2020/2019   |
| Notes payable                     | \$1,150.0               | \$1,288.1               | \$842.6                 | (10.7)        | 52.9        |
| Obligations under capital leases* | 199.8                   | 212.0                   | 227.1                   | (5.8)         | (6.6)       |
| Revolving line of credit**        | —                       | —                       | 115.0                   | —             | (100.0)     |
| <b>Total</b>                      | <b><u>\$1,349.8</u></b> | <b><u>\$1,500.1</u></b> | <b><u>\$1,184.7</u></b> | <b>(10.0)</b> | <b>26.6</b> |

\*Includes \$199.8 million and \$212.0 million of leveraged lease transactions as of June 30, 2021 and 2020, respectively.

\*\* NJ TRANSIT entered into a Revolving Credit Agreement with the Bank of America for the purposes of obtaining a \$300 million line of credit. As of June 30, 2021, the line of credit has zero balance.

Additional information about NJ TRANSIT's Debt and Leases is presented in Notes 10 and 11 to the financial statements.

## ECONOMIC CONDITIONS AND TRENDS

NJ TRANSIT serves several primary market areas including Northern New Jersey, Southern New Jersey, New York City and Philadelphia. Economic conditions and trends in each play a major role in the demand for NJ TRANSIT services.

Average monthly employment in the NJ TRANSIT service region declined by 6.7% in fiscal year 2021 when compared to fiscal year 2020. This decline in employment is a result of the impact COVID-19 has had on our region and country's economy. Though this is the case, employment numbers have been steadily increasing since hitting a low point in Q4 of fiscal year 2020 (April – June 2020). When comparing Q4 of fiscal year 2021 to the same quarter in fiscal year 2020, average employment was 9.7% higher in the NJ TRANSIT service region.

Fiscal year 2020 was the first time the service area had experienced a decrease in employment growth since fiscal year 2011. It is not surprising that fiscal year 2021 would follow that trajectory, ultimately decreasing 6.7% since fiscal year 2020 and 9.7% since fiscal year 2019. Fiscal year 2021 has almost doubled what was previously the region's greatest loss in 12-month average employment since 1990 (3.6%). Average quarterly employment peaked at 9.7 million jobs in fiscal year 2020, Q4 of fiscal year 2021 the year's highest quarterly average had 8.8 million average jobs. This is the lowest this figure has been since fiscal year 2015, but it is still 800 thousand more jobs than the pandemic low.

Since each local economy within the NJ TRANSIT service area is unique, it is important to attempt to track how the COVID-19 pandemic has impacted each portion respectively. Average employment for fiscal year 2021 declined 4.5% in New Jersey, 7.2% in Philadelphia, and 8.6% in New York City when compared to fiscal year 2020. The losses get steeper when comparing to fiscal year 2019 where New Jersey, Philadelphia, and New York City decreased by 7.7%, 9.0%, and 11.6% respectively. The bright spot can be seen when comparing Q4 of fiscal year 2021 to Q4 of fiscal year 2020, this shows us how our region's economy has bounced back and combatted COVID-19. When comparing Q4 fiscal year 2021 to the pandemic low, average jobs have increased by 10.9% in New Jersey, 5.8% in Philadelphia, and 9.2% in New York City. This equates to 390 thousand jobs in New Jersey, 40 thousand jobs in Philadelphia, and 350 thousand jobs in New York City.

## IMPACT OF THE COVID-19 PANDEMIC

The unprecedented COVID-19 pandemic has taken a financial toll on NJ TRANSIT's passenger and other commercial revenue. Both rail and bus ridership across the system has declined. The declines reached as low as 52% for Bus in February 2021 and 85% for Rail in July 2020. Ridership has slowly been recovering but still is well below the pre-Covid baseline. At the end of fiscal year 2021 ridership was 36% below pre-Covid levels for Bus and 71% for Rail.

NJ TRANSIT's revenue from ticket sales historically comprised

40% to 45% of the operating budget. In addition to passenger fare revenue, other areas of potentially significant revenue exposure have been identified, such as advertising revenue, parking and rental revenue, and the other contract revenues. In fiscal year 2021, ticket sales comprised 12% of operating expenses.

To help offset the loss of revenue and increasing costs, NJ TRANSIT management petitioned New Jersey Congressional Delegation for Federal assistance on March 19, 2020. Under Division B, Title XII of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Federal Transit Administration (FTA) was provided with \$25 billion in "Transit Infrastructure Grants" to prevent, prepare for and respond to the COVID-19 emergency. Subsequently, the Federal Transit Administration awarded NJ TRANSIT \$1.4 billion in CARES Act financial assistance on May 15, 2020. Through fiscal year ending June 30, 2021, NJ TRANSIT has drawn down \$1,339.0 million of the \$1,423.0 million allotment for general operating assistance and has drawn down the remaining \$84.0 million after June 30, 2021. As of August 16, 2021, all remaining CARES Act funds for general operating assistance have been drawn down.

NJ TRANSIT continues to pursue potential reimbursement of eligible expenses with FEMA, as well as other opportunities to support planning, capital and operations.

NJ TRANSIT received additional support from the FTA made available through the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 or ("CRRSAA"). NJ TRANSIT estimated it could receive as much as \$1.5 billion under this Act, however as of October 26, 2021 only \$68.0 million has been awarded by the FTA to NJ TRANSIT and this entire amount has been drawn down. The remaining amount is pending the outcome of ongoing negotiations with the States of New York and Connecticut.

The American Rescue Plan Act of 2021, or ("ARPA") is the final tranche of funds made available to NJ TRANSIT. NJ TRANSIT has been awarded \$255.7 million of the as much as \$2.0 billion estimated to be available to NJ TRANSIT through this Act. As of October 26, 2021, only \$176.0 million of awarded funds remain undrawn. The remaining estimated amount of funding to be awarded to NJ TRANSIT is pending the outcome of ongoing negotiations with the States of New York and Connecticut.

## CONTACTING NJ TRANSIT FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and other interested parties with a general overview of NJ TRANSIT finances and to demonstrate NJ TRANSIT's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact New Jersey Transit Corporation, SVP, Chief Financial Officer & Treasurer, One Penn Plaza East, Newark, New Jersey 07105-2246.

# ENTERPRISE FUND FINANCIAL STATEMENTS

## NEW JERSEY TRANSIT CORPORATION CONSOLIDATED STATEMENTS OF NET POSITION *(in thousands)*

|  | AS OF JUNE 30,     |                    |
|--|--------------------|--------------------|
|  | 2021               | 2020               |
| <b>ASSETS</b>                                      |                    |                    |
| <b>Current Assets</b>                              |                    |                    |
| Cash and cash equivalents                          | \$105,529          | \$122,330          |
| Investments  | 67,163             | 60,842             |
| Due from federal government                        | 216,502            | 180,830            |
| Due from State of New Jersey                       | 55,151             | 53,528             |
| Materials and supplies                             | 142,954            | 150,294            |
| Derivative instrument assets                       | 16,931             | 20,056             |
| Other current assets                               | 68,315             | 61,989             |
| <b>Total Current Assets</b>                        | <b>672,545</b>     | <b>649,869</b>     |
| <b>Non-Current Assets</b>                          |                    |                    |
| Restricted cash and cash equivalents               | 392,075            | 623,186            |
| Restricted leveraged lease deposits                | 199,790            | 212,036            |
| Capital assets, not being depreciated              | 2,379,562          | 1,834,758          |
| Capital assets, net of accumulated depreciation    | 4,198,287          | 4,383,695          |
| Derivative instrument assets                       | 5,159              | 2,839              |
| Other non-current assets                           | 2,461              | 2,462              |
| <b>Total Non-Current Assets</b>                    | <b>7,177,334</b>   | <b>7,058,976</b>   |
| <b>Total Assets</b>                                | <b>7,849,879</b>   | <b>7,708,845</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                    |                    |
| Deferred outflows related to refunding of debt     | 15,468             | 19,754             |
| Deferred outflows related to OPEB                  | 296,048            | 335,091            |
| Deferred outflows related to pensions              | 283,561            | 213,812            |
| <b>Total Deferred Outflows of Resources</b>        | <b>595,077</b>     | <b>568,657</b>     |
| <b>LIABILITIES</b>                                 |                    |                    |
| <b>Current Liabilities</b>                         |                    |                    |
| Accounts payable                                   | 214,790            | 192,606            |
| Accrued payroll and benefits                       | 118,879            | 107,795            |
| Current installments under capital leases          | 13,208             | 12,245             |
| Short-term notes and line-of-credit payable        | 131,670            | 126,940            |
| Other current liabilities                          | 95,549             | 83,178             |
| <b>Total Current Liabilities</b>                   | <b>574,096</b>     | <b>522,764</b>     |
| <b>Non-Current Liabilities</b>                     |                    |                    |
| Notes payable                                      | 1,018,266          | 1,161,137          |
| Accrued injury and damage claims                   | 293,827            | 282,204            |
| Obligations under capital leases                   | 186,583            | 199,790            |
| Net pension liability                              | 909,741            | 753,054            |
| Other postemployment benefit obligations           | 1,699,558          | 1,637,933          |
| Other non-current liabilities                      | 133,169            | 73,227             |
| <b>Total Non-Current Liabilities</b>               | <b>4,241,144</b>   | <b>4,107,345</b>   |
| <b>Total Liabilities</b>                           | <b>4,815,240</b>   | <b>4,630,109</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                    |                    |
| Deferred inflows related to pensions               | 49,659             | 77,740             |
| Deferred inflows related to derivative instruments | 22,090             | 22,895             |
| Deferred inflows related to total OPEB liability   | 27,525             | 30,683             |
| <b>Total Deferred Inflows of Resources</b>         | <b>99,274</b>      | <b>131,318</b>     |
| <b>NET POSITION</b>                                |                    |                    |
| Net investment in capital assets                   | 5,801,271          | 5,545,236          |
| Restricted for capital projects                    | —                  | 11                 |
| Restricted for claims                              | 46,938             | 31,938             |
| Unrestricted (deficit)                             | (2,317,767)        | (2,061,110)        |
| <b>Total Net Position</b>                          | <b>\$3,530,442</b> | <b>\$3,516,075</b> |

See Notes to Consolidated Financial Statements.

**NEW JERSEY TRANSIT CORPORATION**  
**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION** *(in thousands)*

|  | YEARS ENDED JUNE 30,      |                           |
|--|---------------------------|---------------------------|
|  | 2021                      | 2020                      |
| <b>Operating Revenues</b>                                  |                           |                           |
| Passenger fares  | \$301,360                 | \$742,365                 |
| Other, net   | 45,554                    | 75,994                    |
| <b>Total Operating Revenues</b>                            | <b><u>346,914</u></b>     | <b><u>818,359</u></b>     |
| <b>Operating Expenses</b>                                  |                           |                           |
| Labor  | 798,980                   | 786,895                   |
| Fringe benefits  | 799,718                   | 719,618                   |
| Parts, materials and supplies                              | 183,874                   | 180,120                   |
| Services   | 225,794                   | 184,131                   |
| Claims and insurance                                       | 103,674                   | 128,168                   |
| Fuel and propulsion  | 99,861                    | 103,941                   |
| Trackage, tolls and fees                                   | 93,862                    | 86,930                    |
| Utilities  | 46,464                    | 46,385                    |
| Purchased transportation                                   | 232,757                   | 243,692                   |
| Other  | 35,169                    | 47,097                    |
| <b>Total Operating Expenses, Before Depreciation</b>       | <b><u>2,620,153</u></b>   | <b><u>2,526,977</u></b>   |
| <b>Operating Loss Before Depreciation</b>                  | <b>(2,273,239)</b>        | <b>(1,708,618)</b>        |
| Depreciation   | (506,606)                 | (513,092)                 |
| <b>Operating Loss</b>                                      | <b><u>(2,779,845)</u></b> | <b><u>(2,221,710)</u></b> |
| <b>Non-Operating Revenues (Expenses)</b>                   |                           |                           |
| State appropriation  | 214,525                   | 457,466                   |
| Federal, state and local reimbursements                    | 1,827,796                 | 1,269,602                 |
| Investment income  | 11,051                    | 5,447                     |
| Other non-operating revenues                               | 22,265                    | 25,167                    |
| Interest expense   | (27,022)                  | (27,690)                  |
| <b>Total Non-Operating Revenues (Expenses)</b>             | <b><u>2,048,615</u></b>   | <b><u>1,729,992</u></b>   |
| <b>Change in Net Position Before Capital Contributions</b> | <b>(731,230)</b>          | <b>(491,718)</b>          |
| Capital contributions, net                                 | 745,597                   | 550,582                   |
| <b>Change in Net Position</b>                              | <b>14,367</b>             | <b>58,864</b>             |
| <b>Total Net Position, Beginning</b>                       | <b><u>3,516,075</u></b>   | <b><u>3,457,211</u></b>   |
| <b>Total Net Position, Ending</b>                          | <b><u>\$3,530,442</u></b> | <b><u>\$3,516,075</u></b> |

See Notes to Consolidated Financial Statements.

# ENTERPRISE FUND FINANCIAL STATEMENTS

## NEW JERSEY TRANSIT CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS *(in thousands)*

|   | YEARS ENDED JUNE 30,      |                           |
|---|---------------------------|---------------------------|
|   | 2021                      | 2020                      |
| <b>Cash Flows from Operating Activities</b>   |                           |                           |
| Cash receipts from passenger fares  | \$300,045                 | \$742,721                 |
| Other cash receipts   | 122,354                   | 107,536                   |
| Payments for claims   | (87,230)                  | (83,204)                  |
| Payments to employees   | (1,430,961)               | (1,383,139)               |
| Payments to suppliers   | (881,922)                 | (888,431)                 |
| <b>Net Cash Used in Operating Activities</b>  | <b><u>(1,977,714)</u></b> | <b><u>(1,504,517)</u></b> |
| <b>Cash Flows from Non-Capital Financing Activities</b>                               |                           |                           |
| Cash receipts from federal, state and local grants and appropriations                 | 2,025,405                 | 1,726,134                 |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                          | <b><u>2,025,405</u></b>   | <b><u>1,726,134</u></b>   |
| <b>Cash Flows from Capital and Related Financing Activities</b>                       |                           |                           |
| Interest payments   | (32,982)                  | (39,565)                  |
| Proceeds received from issuances of note and line of credit                           | —                         | 801,816                   |
| Repayment of note and line of credit obligations                                      | (126,940)                 | (460,785)                 |
| Purchase of capital assets  | (867,353)                 | (505,757)                 |
| Capital grants  | 726,943                   | 547,430                   |
| <b>Net Cash (Used in)/Provided by Capital and Related Financing Activities</b>        | <b><u>(300,332)</u></b>   | <b><u>343,139</u></b>     |
| <b>Cash Flows from Investing Activities</b>   |                           |                           |
| Sales and maturities of investments   | 21,984                    | 5,925                     |
| Purchases of investments  | (18,239)                  | (8,650)                   |
| Interest on investments   | 984                       | 5,098                     |
| <b>Net Cash Provided by Investing Activities</b>                                      | <b><u>4,729</u></b>       | <b><u>2,373</u></b>       |
| <b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>                           | <b><u>(247,912)</u></b>   | <b><u>567,129</u></b>     |
| <b>Cash and Cash Equivalents<br/>(including restricted cash and cash equivalents)</b> |                           |                           |
| Beginning of Year   | <u>745,516</u>            | <u>178,387</u>            |
| End of Year   | <u><u>\$497,604</u></u>   | <u><u>\$745,516</u></u>   |

See Notes to Consolidated Financial Statements.

(Continued)

**NEW JERSEY TRANSIT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS** *(in thousands)*

|  | YEARS ENDED JUNE 30,        |                             |
|--|-----------------------------|-----------------------------|
|  | 2021                        | 2020                        |
| <b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>                         |                             |                             |
| <b>Cash Flows from Operating Activities</b>  |                             |                             |
| Operating Loss   | \$(2,779,845)               | \$(2,221,710)               |
| <b>Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities</b>                   |                             |                             |
| Depreciation   | 506,606                     | 513,092                     |
| <b>Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:</b> |                             |                             |
| Materials and supplies   | 7,340                       | (21,157)                    |
| Other current assets   | (4,994)                     | 17,953                      |
| Other non-current assets   | (30,706)                    | (253,095)                   |
| Accounts payable   | 21,232                      | 32,219                      |
| Accrued payroll and benefits   | 11,083                      | (26,503)                    |
| Other current liabilities  | 10,668                      | (13,233)                    |
| Accrued injury and damage claims   | 11,623                      | 41,088                      |
| Net pension liability and related balances   | 156,687                     | 68,416                      |
| Total OPEB obligation and related balances   | 61,625                      | 341,355                     |
| Unearned revenue and other non-current liabilities   | 50,967                      | 17,058                      |
| <b>Net Cash Used in Operating Activities</b>   | <b><u>\$(1,977,714)</u></b> | <b><u>\$(1,504,517)</u></b> |
| <b>Non-cash Investing, Capital and Related Financing Activities</b>                                      |                             |                             |
| Non-cash investing activities  |                             |                             |
| Increase in fair value of investments  | \$3,217                     | \$745                       |
| Amortization of (premium) and cost of refunding  | (6,914)                     | (5,844)                     |
| <b>Total Non-cash investing activities</b>   | <b><u>\$(3,697)</u></b>     | <b><u>\$(5,099)</u></b>     |
| Non-cash capital and related financing activities  |                             |                             |
| Capital assets related liabilities   | \$11,944                    | \$18,805                    |
| <b>Total Non-cash capital and related financing activities</b>   | <b><u>\$11,944</u></b>      | <b><u>\$18,805</u></b>      |

See Notes to Consolidated Financial Statements.

(Concluded)

# FIDUCIARY ACTIVITIES FINANCIAL STATEMENTS

## NEW JERSEY TRANSIT CORPORATION STATEMENTS OF FIDUCIARY NET POSITION PENSION TRUST FUNDS *(in thousands)*

|   | AS OF JUNE 30,            |                           |
|---|---------------------------|---------------------------|
|   | 2021                      | 2020                      |
| <b>Assets:</b>                              |                           |                           |
| Investments at Fair Value or NAV            | \$2,319,130               | \$1,836,862               |
| Receivables                                 |                           |                           |
| Accrued Interest and Dividends              | 2,968                     | 3,192                     |
| Employee Contributions                      | 279                       | —                         |
| Medicare Reimbursements                     | 109                       | 167                       |
| Due from Other Plan                         | 1                         | —                         |
| Total Receivables                           | <u>3,357</u>              | <u>3,359</u>              |
| <b>Total Assets</b>                         | <b><u>2,322,487</u></b>   | <b><u>1,840,221</u></b>   |
| <b>Liabilities:</b>                         |                           |                           |
| Due to Other Plan                           | 1                         | —                         |
| Accounts Payable and Accrued Expenses       | <u>28,749</u>             | <u>33,551</u>             |
| <b>Total Liabilities</b>                    | <b><u>28,750</u></b>      | <b><u>33,551</u></b>      |
| <b>Fiduciary Net Position:</b>              |                           |                           |
| <b>Net Position Restricted for Pensions</b> | <b><u>\$2,293,737</u></b> | <b><u>\$1,806,670</u></b> |



**NEW JERSEY TRANSIT CORPORATION**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS** *(in thousands)*

|   | YEARS ENDED JUNE 30,      |                           |
|---|---------------------------|---------------------------|
|   | 2021                      | 2020                      |
| <b>Additions:</b>                             |                           |                           |
| Investment Income:                            |                           |                           |
| Net Appreciation in Fair Value of Investments | \$495,264                 | \$51,739                  |
| Interest and Dividend Income                  | 32,461                    | 36,211                    |
| Total Investment Income                       | <u>527,725</u>            | <u>87,950</u>             |
| Contributions:                                |                           |                           |
| Employer                                      | 103,470                   | 93,599                    |
| Employees                                     | 16,617                    | 15,961                    |
| Total Contributions                           | <u>120,087</u>            | <u>109,560</u>            |
| Other Receipts                                | <u>207</u>                | <u>181</u>                |
| <b>Total Additions</b>                        | <b><u>648,019</u></b>     | <b><u>197,691</u></b>     |
| <b>Deductions:</b>                            |                           |                           |
| Benefits Paid to Participants                 | 155,792                   | 149,978                   |
| Actuarial and Professional Fees               | <u>5,160</u>              | <u>4,400</u>              |
| <b>Total Deductions</b>                       | <b><u>160,952</u></b>     | <b><u>154,378</u></b>     |
| <b>Net Increase</b>                           | <b>487,067</b>            | <b>43,313</b>             |
| <b>Fiduciary Net Position:</b>                |                           |                           |
| Beginning of Year                             | <u>1,806,670</u>          | <u>1,763,357</u>          |
| <b>Net Position Restricted for Pensions</b>   | <b><u>\$2,293,737</u></b> | <b><u>\$1,806,670</u></b> |

## 1. ORGANIZATION AND BUSINESS PURPOSE

**Reporting Entity.** The New Jersey Transit Corporation (NJ TRANSIT) is a component unit of the State of New Jersey created by the New Jersey Public Transportation Act of 1979. NJ TRANSIT is empowered with the authority to acquire, own, operate, and contract for the operation of public passenger transportation services. NJ TRANSIT provides these services through bus operations (NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Mercer, Inc. and NJ TRANSIT Morris, Inc.), and commuter rail operations (NJ TRANSIT Rail Operations Inc.). ARH III Insurance Company, Inc., a non-profit special purpose captive insurance company, is a blended component unit of NJ TRANSIT. NJ TRANSIT also contracts with several third-party providers for certain transportation services including the operation of two light rail lines. Under these contracts, NJ TRANSIT has the right to set fares and coordinate service levels and schedules. In addition, NJ TRANSIT contracts with the National Railroad Passenger Corporation (Amtrak) for the maintenance of certain NJ TRANSIT rolling stock and the use of Amtrak's NEC, including propulsion costs, right-of-way maintenance costs and certain transportation management services.

NJ TRANSIT receives operating assistance and capital funds from the State of New Jersey by legislative appropriation; the Federal Government by defined formula; discretionary grants under the Federal Urban Mass Transportation Act of 1964 as most recently amended by the Moving Ahead for Progress Act in the 21<sup>st</sup> Century Act (MAP-21) of 2012; and local sources. Most federal grants are administered by the Federal Transit Administration (FTA). These grants are used to support construction, acquisition and operation of public transportation facilities, equipment and services.

NJ TRANSIT is governed by an eight-member Board of Directors. Seven of the members have voting authority and include the Commissioner of Transportation, who serves as Chairman, the State Treasurer and another member of the Executive Branch selected by the Governor, who serve ex-officio, and four other public members appointed by the governor with the consent of the State Senate. The eighth non-voting member is appointed by the Governor on the recommendation of the labor organization representing the plurality of the employees of NJ TRANSIT, that organization being the Amalgamated Transit Union (ATU). Five transit advisory committees regularly advise the Board of Directors on a number of topics. The North and South Jersey Transit Advisory Committees regularly advise the Board on customers' opinions, the Private Carrier Advisory Committee monitors the concerns of New Jersey's private bus carriers, the Americans with Disabilities Act (ADA) Task Force assists NJ TRANSIT in the implementation of its ADA improvements plan, and

the Local Programs Citizens Advisory Committee advises NJ TRANSIT on public decisions regarding accessibility issues. NJ TRANSIT employs an executive director who manages the day-to-day operations.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Presentation and Accounting – Enterprise**

**Funds** The accounts are maintained, and financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP) as they relate to enterprise funds of state and local governmental units and accordingly follow all applicable Governmental Accounting Standards Board (GASB) pronouncements.

In accordance with GAAP, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of NJ TRANSIT are included in the Consolidated Statements of Net Position. The two principal sources of revenue are passenger fares and governmental operating assistance and reimbursements. Operating expenses include the costs of operating the system, administrative expenses, and depreciation of capital assets.

### **Basis of Presentation and Accounting-Fiduciary Funds**

The fiduciary fund financial statements provide information about the funds that are used to report resources held in trust for retirees and beneficiaries covered by pension trust funds of NJ TRANSIT. Separate financial statements are presented for the fiduciary funds.

The following fiduciary component units comprise the fiduciary activities of NJ TRANSIT and are categorized within Pension Trust Funds:

- Amalgamated Transit Union (ATU) Employees Retirement Plan
- Utility Workers' Union of America (UWUA) Employees Retirement Plan
- Transit Employees Retirement Plan (TERP)

The financial statements of the fiduciary funds are prepared using the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits.

### **New Accounting Pronouncements Recently Adopted**

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. The primary objective of this statement

is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

NJ TRANSIT adopted this Statement for fiscal year 2021. As a result, the combined fiduciary financial statements for three defined benefit plans are presented in the financial statement section for the years ended June 30, 2021 and 2020. Additionally, the detailed trust financials for three pension plans are presented separately in the supplementary information.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. The primary objectives of this statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This statement establishes that ownership of a majority equity interest in

a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of GASB Statement No.95, the requirements of GASB Statement No.90 are effective for reporting periods beginning after December 15, 2019, which is fiscal year 2021. The adoption of this Statement did not have a material impact to NJ TRANSIT’s financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the

definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

NJ TRANSIT adopted Statement No. 97 for fiscal year 2021. All the requirements specified in the statement for component unit criteria have been evaluated and NJ TRANSIT determined that the 401(K), 401a and 457 contribution plans it offers to employees do not meet the criteria as fiduciary component unit, therefore they should be excluded from the requirement of this statement.

### Accounting Standards Issued But Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation upon implementation. NJ TRANSIT Management has not yet evaluated the effect of implementation of these standards. The following is a list of GASB Statements and the year of adoption that NJ TRANSIT is required to assess.

| GASB Statement No. | GASB Accounting Standard   | Required Fiscal Year of Adoption |
|--------------------|--|----------------------------------|
| 87                 | <i>Leases</i>  | 2022                             |
| 89                 | <i>Accounting for Interest Cost Incurred Before the End of a Construction Period</i>       | 2022                             |
| 91                 | <i>Conduit Debt Obligations 2021</i>   | 2023                             |
| 92                 | <i>Omnibus 2020</i>  | 2022                             |
| 93                 | <i>Replacement of Interbank Offered Rates</i>  | 2022                             |
| 94                 | <i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i> | 2023                             |
| 96                 | <i>Subscription-Based Information Technology Arrangements</i>                              | 2023                             |

**Revenue and Expense Classification.** NJ TRANSIT distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses primarily result from providing transportation services in connection with NJ TRANSIT's ongoing operations. The principal operating revenues are generated from passenger fares. NJ TRANSIT's operating expenses include employment costs, materials, services, claims and insurance, purchased transportation and other expenses related to the delivery of transportation services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. NJ TRANSIT's primary source of non-operating revenue relates to grants, subsidies, and capital contributions. Grants, subsidies and capital contribution revenue is recognized at the time eligible expenses occur and/or NJ TRANSIT has complied with the grant and subsidy requirements.

Non-capital grants and subsidies are reported as non-operating revenue and capital grants are reported as a separate item on the Statements of Revenues, Expenses, and Changes in Net Position as capital contributions.

**Net Position.** Net position equals assets, plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources and are classified into four categories:

- Net Investment in Capital Assets – This reflects the net position of NJ TRANSIT that is invested in capital assets, net of related debt. This indicates that this net position is not accessible for other purposes.
- Restricted for Capital Projects – This represents the net position that is not accessible for general use because their use is subject to restrictions enforceable by third parties.
- Restricted for Claims – This reflects the net position of NJ TRANSIT that is invested in ARH III Insurance Company.
- Unrestricted (Deficit) – This relates to net position that does not meet the definition of “net investment in capital assets” or “restricted,” as discussed above.

**Cash and Cash Equivalents.** Cash and cash equivalents consist of cash on hand, demand deposits and other short-term investments with maturities of three months or less when purchased. NJ TRANSIT considers cash and cash equivalents and investments held for the repayment of the non-current portion of notes payable and debt to be non-current assets.

**Investments.** All investments are stated at fair value based on quoted market prices, as available (see Note 3). Income from investments is recognized on the accrual basis. Realized gains or losses on sales of investment securities are accounted for using the specific identification method. NJ TRANSIT has elected to combine realized and unrealized gains and losses on investments. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses include unrealized amounts from prior years.

**Accounts Receivable.** Accounts receivable, primarily amounts due from federal and state governments, are included with other current assets and are recorded net of an allowance for uncollectible amounts.

**Capital Assets.** All capital assets are recorded at cost and include revenue and non-revenue vehicles, buildings, stations, furniture, fixtures, other equipment and infrastructure assets (right-of-way, track work, and bridges). Capital assets, which were acquired by the State of New Jersey, Department of Transportation and subsequently transferred to NJ TRANSIT at cost, are included in capital assets.

**Capitalization Policy.** Under NJ TRANSIT's policy, purchases exceeding \$5,000 representing additions or betterments, with a useful life greater than one year, are capitalized. Ordinary maintenance and repairs are charged to expense as incurred.

**Depreciation Policy.** Depreciation of capital assets is computed using the straight-line method over the estimated useful lives of the assets as follows:

|                                      | YEARS |
|--------------------------------------|-------|
| Buildings, structures and track work | 25    |
| Railcars and locomotives             | 22-25 |
| Buses, vans and light railcars       | 5-15  |
| Furniture, fixtures and equipment    | 3-10  |
| Computer software and licenses       | 3     |

**Capital Projects in Process.** These are costs incurred by NJ TRANSIT for capital projects in various stages of completion and include all activities designed to construct, acquire, or extend useful lives of existing capital assets.

**Net Capitalized Interest.** Net interest costs on funds borrowed to finance the construction or acquisition of certain capital assets, during the period of construction or acquisition, are capitalized and depreciated over the life of the related assets once placed in service.

**Materials and Supplies.** Fuel, spare parts, and supplies purchased are recorded as inventories at average cost, net of a reserve for slow-moving and obsolete parts.

**Deferred Outflows/Inflows of Resources.** Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The first deferred outflow results from refunding long-term debt and is the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to the contributions made to the pension plans subsequent to the measurement date of NJ TRANSIT's net pension and OPEB liability and changes of assumptions in calculating the liability. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. NJ TRANSIT has deferred inflows of resources related to the net deferred gains on pension plan investments which are being amortized over a five-year period, changes of assumptions or other inputs on OPEB plan and a derivative instrument asset which relates to fuel commodity swaps entered into during the year.

**Injury and Damage Claims.** Injury and damage claims are accrued at estimated award or settlement amounts when it is probable that an asset has been damaged or a liability has been incurred and the amount of the loss can be reasonably estimated. NJ TRANSIT is insured against public liability, property damage and Federal Employee Liability Act (FELA) claims through various levels of coverage placed with commercial insurance carriers and its wholly owned subsidiary, ARH III Insurance Company, Inc. Such coverage includes self-insured retention.

**Pollution Remediation Obligations.** Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. An operating expense provision and corresponding liability measured at current value using the expected cash flow method has been recognized for certain pollution remediation obligations. Pollution remediation obligations occur when any one of the obligating events takes place (see Note 12).

**Note Premiums and Discounts.** Premiums and discounts, which are recorded net with Notes Payable, are amortized over the life of the debt using the effective interest method.

**Income Taxes.** NJ TRANSIT is exempt from federal income taxes under the Internal Revenue Code, Section 115 and from state income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for federal and state income taxes.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the three defined benefit, single-employer plans that NJ TRANSIT sponsors, the New Jersey Public Employee Retirement System (PERS) and the New Jersey Police and Firemen's System (PFRS) and additions to/deductions from these plans' fiduciary net position have been determined on the same basis as they are reported by these plans. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits.** NJ TRANSIT follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* to record the Other Postemployment Benefits (OPEB) expense, liability and deferred inflows of resources related to OPEB. The benefits are currently funded on a pay-as-you-go basis (see Note 7).

**Compensated Absences.** Accumulation and payment of vacation and sick leave for agreement employees is based on the collective bargaining agreements with the various unions. Non-agreement employees are permitted to carryover one year's worth of vacation days. Sick days earned for non-agreement employees after January 1, 2012 are not eligible for cash-in upon retirement. Compensated absences are accrued as a liability when earned and the liability is measured using the pay rates in effect at the statement of net position date.

**3. DEPOSITS AND INVESTMENTS**

 NJ TRANSIT's deposits and investments are as follows *(in millions)*:

|   | AS OF JUNE 30,        |                       |
|---|-----------------------|-----------------------|
|   | 2021                  | 2020                  |
| <b>Current</b>                                    |                       |                       |
| Cash on hand                                      | \$8.5                 | \$6.2                 |
| Cash equivalents                                  | 97.0                  | 116.1                 |
| <b>Total cash and cash equivalents</b>            | <b>105.5</b>          | <b>122.3</b>          |
| Investments                                       | 67.2                  | 60.8                  |
| <b>Total current cash and investments</b>         | <b>172.7</b>          | <b>183.1</b>          |
| <b>Non-current</b>                                |                       |                       |
| Restricted cash on hand                           | 2.8                   | 2.6                   |
| Restricted cash equivalents                       | 389.3                 | 620.6                 |
| <b>Total restricted cash and cash equivalents</b> | <b>392.1</b>          | <b>623.2</b>          |
| <b>Total Deposits and Investments</b>             | <b><u>\$564.8</u></b> | <b><u>\$806.3</u></b> |

NJ TRANSIT's cash on deposit with various entities as of June 30, 2021 and June 30, 2020 totaled \$11.3 million and \$8.8 million, respectively.

| ACCOUNT TYPE                                   | BALANCE <i>(in millions)</i> |                     |
|--|------------------------------|---------------------|
|  | 2021                         | 2020                |
| Insured  | \$1.9                        | \$1.1               |
| Uninsured held at NJ TRANSIT's locations       | 2.1                          | 2.5                 |
| Uncollateralized held by health care providers | 2.8                          | 2.6                 |
| Uninsured held by banks                        | 4.5                          | 2.6                 |
| <b>Total</b>                                   | <b><u>\$11.3</u></b>         | <b><u>\$8.8</u></b> |

**Custodial Credit Risk.** Custodial credit risk is the risk that a bank failure would result in the forfeiture of NJ TRANSIT deposits. NJ TRANSIT does not have a policy for custodial credit risk. As of June 30, 2021, and June 30, 2020, \$6.6 million and \$5.2 million, respectively, of NJ TRANSIT's cash balance were exposed to custodial credit risk.

The following schedule lists the allocation of cash and investments by financial institution *(\$ in millions)*:

| Institution/Issuer         | JUNE 30,              |                |                       |                |
|----------------------------|-----------------------|----------------|-----------------------|----------------|
|                            | 2021                  |                | 2020                  |                |
|                            | AMOUNT                | % OF PORTFOLIO | AMOUNT                | % OF PORTFOLIO |
| ARH-Wachovia Cash          | \$2.6                 | 0.5            | \$0.8                 | 0.1            |
| ARH-Wells Fargo Cash       | 0.4                   | 0.1            | 0.7                   | 0.1            |
| Bank of America            | 40.9                  | 7.2            | 23.7                  | 2.9*           |
| BNY Mellon                 | 11.3                  | 2.0            | 0.3                   | —*             |
| City National Bank         | 1.5                   | 0.3            | 1.5                   | 0.2            |
| ETF – ARH                  | 67.2                  | 11.9           | 60.8                  | 7.5            |
| Liberty Mutual             | 0.6                   | 0.1            | 0.6                   | 0.1            |
| NJ TRANSIT                 | 1.8                   | 0.3            | 1.5                   | 0.2            |
| State Cash Management Fund | 48.4                  | 8.6            | 95.8                  | 11.9           |
| US Bank                    | 389.3                 | 68.9           | 620.5                 | 77.0*          |
| Wells Fargo Bank           | 0.8                   | 0.2            | 0.1                   | —              |
| <b>Total</b>               | <b><u>\$564.8</u></b> |                | <b><u>\$806.3</u></b> |                |

\* A majority of the investments held are money market mutual funds that invest primarily in government securities.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Interest Rate Risk.** In accordance with NJ TRANSIT's investment policy, NJ TRANSIT manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year. However, up to 25 percent of all investments may be invested in eligible securities, which mature within two years provided that the average maturity of all investments shall not exceed one year. Investments associated with the proceeds of debt issuance are governed by the related bond covenant agreements.

NJ TRANSIT's investments as of June 30, 2021 and June 30, 2020 totaled \$553.5 million and \$797.5 million, respectively.

| Investments  | Fair Value (in millions) |                       | Weighted Average Maturity in Years |       |
|--|--------------------------|-----------------------|------------------------------------|-------|
|  | 2021                     | 2020                  | 2021                               | 2020  |
| State of NJ Cash Management Fund   | \$94.3                   | \$141.6               | 4.01                               | 6.29  |
| Money Market Funds   | 306.8                    | 183.3                 | 42.53                              | 10.54 |
| Exchange Traded Funds (ARH)  | 67.2                     | 60.8                  | 2.04                               | 1.16  |
| Government Bonds   | <u>85.2</u>              | <u>411.8</u>          | 3.28                               | 53.14 |
| <b>Total</b>   | <b><u>\$553.5</u></b>    | <b><u>\$797.5</u></b> |                                    |       |
| Portfolio weighted average maturity (inclusive of proceeds from debt issuance) |                          |                       | 0.09                               | 0.09  |

**Credit Risk.** NJ TRANSIT's investments are restricted to (a) United States Treasury Securities; (b) corporate obligations, provided they are rated BAA/BBB or better; (c) senior debt securities, provided such securities are rated at least AA; (d) commercial paper, which must have the highest prime rating and must be issued by a company incorporated in the United States; (e) certificates of deposit, both collateralized and uncollateralized (in the case of collateralization, the market value of the collateral must be 120 percent of the purchased price at the time of purchase); (f) repurchase agreements; (g) banker's acceptances; (h) loan participation notes; and (i) money market mutual funds. The restrictions pertaining to each class of these securities are outlined in NJ TRANSIT's investment policy and are strictly adhered to. Any deviation from the established risk is authorized by the Board of Directors.

NJ TRANSIT investment policy limits exposure to any single issuer to 20 percent of the investment portfolio. This restriction does not apply to issues of the U.S. government or its agencies that are explicitly guaranteed by the U.S. government or the State of New Jersey Cash Management Fund.

The investment of NJ TRANSIT funds is governed by NJ TRANSIT's By-Laws. The Treasurer is authorized to invest and deposit funds of NJ TRANSIT in obligation and/or depositories, which are generally consistent with the investment policies of the State of New Jersey Cash Management Fund as permitted under Public Law 1950 c.270 and subsequent legislation or as otherwise

prescribed by the Board of Directors of NJ TRANSIT. Investee institutions and organizations qualify as depositories based on such criteria as minimum capital, credit ratings, and other evaluation factors.

U.S. government and agency obligations are guaranteed by the full faith and credit of the issuing entity and are held by NJ TRANSIT's escrow agent in an account for NJ TRANSIT. Repurchase agreements are uncollateralized and uninsured and are limited to investment-grade paper. The State of New Jersey Cash Management Fund is a common trust fund administered by the New Jersey Department of Treasury, Division of Investment and is an unrated investment.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of NJ TRANSIT's investment in a single issuer. As of June 30, 2021, no exposure of the concentration of credit risk existed since the NJ TRANSIT did not hold any investments in any one issuer that would represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this assessment.

**Fair Value Measurements.** NJ TRANSIT categorizes its fair value measurement within the fair value hierarchy established by generally accepted governmental standards. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 input are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NJ TRANSIT has the following recurring fair value measurements as of June 30, 2021 *(in millions)*:

|  | Total                 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|-----------------------|--|---|---|
| <b>Investments by fair value level:</b>                |                       |  |   |   |
| Money Market Funds                                     | \$306.8               | \$306.8  | \$—   | \$—                                       |
| Exchange Traded Funds (ARH)                            | 67.2                  | 67.2   | —   | —   |
| Government Bonds                                       | 85.2                  | —  | 85.2  | —   |
| <b>Total Investments by fair value level</b>           | <b><u>\$459.2</u></b> | <b><u>\$374.0</u></b>  | <b><u>\$85.2</u></b>                          | <b><u>\$—</u></b>                         |
| <b>Investments in Local Government Investment Pool</b> |                       |  |   |   |
| State of NJ Cash Management Fund                       | 94.3                  |  |   |   |
| <b>Total Investments</b>                               | <b><u>\$553.5</u></b> |  |   |   |

NJ TRANSIT has the following recurring fair value measurements as of June 30, 2020 *(in millions)*:

|  | Total                 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|--|-----------------------|--|---|---|
| <b>Investments by fair value level:</b>                |                       |  |   |   |
| Money Market Funds                                     | \$183.3               | \$183.3  | \$—   | \$—                                       |
| Exchange Traded Funds (ARH)                            | 60.8                  | 60.8   | —   | —   |
| Government Bonds                                       | 411.8                 | —  | 411.8   | —   |
| <b>Total Investments by fair value level</b>           | <b><u>\$655.9</u></b> | <b><u>\$244.1</u></b>  | <b><u>\$411.8</u></b>                         | <b><u>\$—</u></b>                         |
| <b>Investments in Local Government Investment Pool</b> |                       |  |   |   |
| State of NJ Cash Management Fund                       | 141.6                 |  |   |   |
| <b>Total Investments</b>                               | <b><u>\$797.5</u></b> |  |   |   |

The following table presents fair value measurement information for NJ TRANSIT's captive insurance company's ("ARH III Insurance Company, Inc.") investments at June 30, 2021 and June 30, 2020 *(in millions)*:

| <b>EXCHANGE TRADED FUNDS (ETF):</b>      | <b>2021</b>          | <b>2020</b>          |
|--|----------------------|----------------------|
| iShares Short Term Corporate Bond        | \$8.5                | \$7.5                |
| iShares 1-3 Year Treasury Bond           | 8.8                  | 7.5                  |
| iShares Intermediate Credit Bond         | 6.4                  | 6.2                  |
| iShares 3-7 Year Treasury Bond           | 6.8                  | 5.7                  |
| iShares Russell 1000 Growth              | 5.7                  | 6.1                  |
| iShares Russell 1000 Value               | 5.7                  | 4.5                  |
| iShares 7-10 Year Treasury Bond          | —                    | 3.8                  |
| Vanguard FTSE Developed Markets          | 3.7                  | 3.6                  |
| iShares Core S&P Small-Cap               | 4.4                  | 3.4                  |
| Others, less than five percent           | 17.2                 | 12.5                 |
| <b>Total ARH Insurance Company ETF's</b> | <b><u>\$67.2</u></b> | <b><u>\$60.8</u></b> |

## 4. RESTRICTED ASSETS

Restricted assets include cash, investments, and amounts on deposit with lessors that have been restricted from use for normal operations as a result of agreements with outside parties.

Since April 1997, certain proceeds, primarily from the issuance of Grant Anticipation Notes, Certificates of Participation, and New Jersey Economic Development Authority Bonds, financed portions of NJ TRANSIT's capital projects. These proceeds are restricted by applicable agreement covenants. As of June 30, 2021 and June 30, 2020, the balance of restricted assets related to these proceeds was \$389.3 million and \$620.6 million, respectively.

Since fiscal year 1996, NJ TRANSIT has entered into leveraged leases with certain domestic and overseas lessors. Restricted leveraged lease deposits as of June 30, 2021 and 2020 were \$199.8 million and \$212.0 million for these lease agreements that represent

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

agreements made to meet NJ TRANSIT's payment obligations throughout the term of the leases.

As these transactions do not meet the definition of an "in-substance defeasance," NJ TRANSIT has recorded Obligations Under Capital Leases and the related assets as Restricted Leveraged Lease Deposits in the Consolidated Statement of Net Position.

Other restricted amounts are made up primarily of deposit requirements for NJ TRANSIT health insurance plans, sale of fixed asset reserves and reserve requirements for Metropark parking deck. The proceeds of other restricted amounts totaled \$2.8 million and \$2.6 million as of June 30, 2021 and June 30, 2020.

## 5. CAPITAL ASSETS

A summary of all capital assets of NJ TRANSIT as of June 30, 2021 and for the year then ended, as follows *(in millions)*:

|  | Balance<br>June 30, 2020 | Increases             | Decreases               | Balance<br>June 30, 2021 |
|--|--------------------------|-----------------------|-------------------------|--------------------------|
| <b>Capital Assets not being Depreciated</b>                            |                          |                       |                         |                          |
| Land   | \$437.2                  | \$40.6                | (\$0.1)                 | \$477.7                  |
| Capital projects in process  | 1,383.3                  | 825.5                 | (321.2)                 | 1,887.6                  |
| Operating rights   | 14.2                     | —                     | —                       | 14.2                     |
| <b>Total Capital Assets not being Depreciated</b>                      | <b><u>1,834.7</u></b>    | <b><u>866.1</u></b>   | <b><u>(321.3)</u></b>   | <b><u>2,379.5</u></b>    |
| <b>Capital Assets being Depreciated</b>                                |                          |                       |                         |                          |
| Buildings and structures   | 6,028.1                  | 23.9                  | (0.9)                   | 6,051.1                  |
| Track  | 2,466.8                  | 19.6                  | —                       | 2,486.4                  |
| Railcars and locomotives   | 2,904.4                  | —                     | (24.2)                  | 2,880.2                  |
| Buses, vans and light railcars   | 1,958.9                  | 254.7                 | (134.8)                 | 2,078.8                  |
| Furniture, fixtures and equipment                                      | 831.9                    | 21.9                  | (41.2)                  | 812.6                    |
| Computer software & licenses   | 57.2                     | 1.1                   | —                       | 58.3                     |
| <b>Total Capital Assets being Depreciated</b>                          | <b><u>14,247.3</u></b>   | <b><u>321.2</u></b>   | <b><u>(201.1)</u></b>   | <b><u>14,367.4</u></b>   |
| <b>Less Accumulated Depreciation</b>                                   |                          |                       |                         |                          |
| Buildings and structures   | 4,182.5                  | 193.7                 | (0.9)                   | 4,375.3                  |
| Track  | 1,686.2                  | 78.0                  | ---                     | 1,764.2                  |
| Railcars and locomotives   | 1,793.2                  | 96.5                  | (24.2)                  | 1,865.5                  |
| Buses, vans and light railcars   | 1,392.9                  | 109.9                 | (134.8)                 | 1,368.0                  |
| Furniture, fixtures and equipment                                      | 761.8                    | 20.2                  | (41.2)                  | 740.8                    |
| Computer software & licenses   | 46.9                     | 8.3                   | —                       | 55.2                     |
| <b>Total Accumulated Depreciation</b>                                  | <b><u>9,863.5</u></b>    | <b><u>506.6</u></b>   | <b><u>(201.1)</u></b>   | <b><u>10,169.0</u></b>   |
| <b>Total Capital Assets being Depreciated,<br/>Net of Depreciation</b> | <b><u>4,383.8</u></b>    | <b><u>(185.4)</u></b> | <b><u>—</u></b>         | <b><u>4,198.4</u></b>    |
| <b>Total Net Capital Assets</b>  | <b><u>\$6,218.5</u></b>  | <b><u>\$680.7</u></b> | <b><u>(\$321.3)</u></b> | <b><u>\$6,577.9</u></b>  |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of all capital assets of NJ TRANSIT as of June 30, 2020 and for the year then ended, as follows *(in millions)*:

|  | Balance<br>June 30, 2019 | Increases             | Decreases               | Balance<br>June 30, 2020 |
|--|--------------------------|-----------------------|-------------------------|--------------------------|
| <b>Capital Assets not being Depreciated</b>                            |                          |                       |                         |                          |
| Land   | \$395.9                  | \$41.3                | \$—                     | \$437.2                  |
| Capital projects in process  | 1,221.2                  | 505.8                 | (343.7)                 | 1,383.3                  |
| Operating rights   | 14.2                     | —                     | —                       | 14.2                     |
| <b>Total Capital Assets not being Depreciated</b>                      | <b><u>1,631.3</u></b>    | <b><u>547.1</u></b>   | <b><u>(343.7)</u></b>   | <b><u>1,834.7</u></b>    |
| <b>Capital Assets being Depreciated</b>                                |                          |                       |                         |                          |
| Buildings and structures   | 5,920.9                  | 112.6                 | (5.4)                   | 6,028.1                  |
| Track  | 2,428.0                  | 38.8                  | —                       | 2,466.8                  |
| Railcars and locomotives   | 2,904.7                  | —                     | (0.3)                   | 2,904.4                  |
| Buses, vans and light railcars   | 1,869.7                  | 125.6                 | (36.4)                  | 1,958.9                  |
| Furniture, fixtures and equipment                                      | 832.6                    | 21.9                  | (22.6)                  | 831.9                    |
| Computer software & licenses   | 54.3                     | 2.9                   | —                       | 57.2                     |
| <b>Total Capital Assets being Depreciated</b>                          | <b><u>14,010.2</u></b>   | <b><u>301.8</u></b>   | <b><u>(64.7)</u></b>    | <b><u>14,247.3</u></b>   |
| <b>Less Accumulated Depreciation</b>                                   |                          |                       |                         |                          |
| Buildings and structures   | 3,991.6                  | 196.3                 | (5.4)                   | 4,182.5                  |
| Track  | 1,606.2                  | 80.0                  | —                       | 1,686.2                  |
| Railcars and locomotives   | 1,700.1                  | 93.4                  | (0.3)                   | 1,793.2                  |
| Buses, vans and light railcars   | 1,324.7                  | 104.6                 | (36.4)                  | 1,392.9                  |
| Furniture, fixtures and equipment                                      | 755.7                    | 28.7                  | (22.6)                  | 761.8                    |
| Computer software & licenses   | 37.0                     | 9.9                   | —                       | 46.9                     |
| <b>Total Accumulated Depreciation</b>                                  | <b><u>9,415.3</u></b>    | <b><u>512.9</u></b>   | <b><u>(64.7)</u></b>    | <b><u>9,863.5</u></b>    |
| <b>Total Capital Assets being Depreciated,<br/>Net of Depreciation</b> | <b><u>4,594.9</u></b>    | <b><u>(211.1)</u></b> | <b><u>—</u></b>         | <b><u>4,383.8</u></b>    |
| <b>Total Net Capital Assets</b>  | <b><u>\$6,226.2</u></b>  | <b><u>\$336.0</u></b> | <b><u>(\$343.7)</u></b> | <b><u>\$6,218.5</u></b>  |

**6. PENSION AND EMPLOYEE BENEFIT PLANS**

Employees of NJ TRANSIT participate in either the NJ TRANSIT sponsored defined benefit plans, which are single-employer pension plans, the PERS, or the PFRS. PERS and PFRS are cost-sharing multiple-employer defined benefit plans, which are administered by the State of New Jersey, Division of Pensions and Benefits.

**NJ TRANSIT SPONSORED SINGLE-EMPLOYER DEFINED BENEFIT PLANS**

**General Information About the Plans**

**Plan Descriptions.** NJ TRANSIT sponsors three defined benefit, single-employer pension plans for the employees. Of the three single employer defined benefit pension plans, two cover bus agreement employees and one plan covers non-agreement employees. The two agreement plans are the Amalgamated Transit Union (ATU) Employees Retirement Plan and Utility Workers' Union of America (UWUA) Employees Retirement Plan. The plan covering all non-agreement employees, hired prior to July 1, 2006, is the Transit Employees Retirement Plan (TERP).

**Benefits Provided.** Each single-employer pension plan provides retirement, disability and death benefits for plan members and beneficiaries with the exception of the TERP plan, which has no disability provision and was closed to non-agreement employees hired on or after July 1, 2006. NJ TRANSIT maintains the authority to establish and amend benefit provisions of the non-agreement plan while the agreement plans are subject to the collective bargaining process. Separate audited financial statements are issued for the three pension plans, copies of which are available on the NJ TRANSIT website.

The Plans provide retirement, death and disability benefits with full vesting of the accrued benefits to a participant who terminates employment with 10 or more years of vesting service. A participant is credited with one year of vesting service for each calendar year in which he completes 1,000 hours of service or more. The standard form of pension payment to a retiring participant is a 50% actuarially equivalent reduced surviving spouse annuity unless the participant elects to have the benefits paid in some other form. For ATU and TERP, the retirement benefits rate is based on 2.125% for each year of service multiplied by the average of the highest three years earnings in the past ten years of service. For UWUA, employees retiring on November 1, 2007 and thereafter, the retirement benefit rate increased from previous 2.0% to 2.125% for each year of service multiplied by the average of the highest three years earnings in the last ten years of service.

**Employees covered by benefit terms.** At July 1, 2020, the following employees were covered by the benefit terms:

|  | ATU                 | TERP                | UWUA (UCA)       |
|--|---------------------|---------------------|------------------|
| Active participants  | 5,050               | 747                 | 6                |
| Inactive plan participants or beneficiaries currently receiving benefits | 3,672               | 1,591               | 29               |
| Inactive plan participants entitled to but not yet receiving benefits    | <u>315</u>          | <u>221</u>          | <u>2</u>         |
| <b>Total</b>   | <b><u>9,037</u></b> | <b><u>2,559</u></b> | <b><u>37</u></b> |

**Contributions.** Under the provisions of three bus single-employer pension plans, the contribution requirements of plan members and NJ TRANSIT are established as a result of bargaining agreements between the unions and NJ TRANSIT. In accordance with the TERP plan document, the TERP contributions shall be paid in such intervals and in such amounts as directed by NJ TRANSIT under the advice of an actuary. Plan members are required to contribute 2 to 5 percent of their annual covered salary. For the years ended June 30, 2021 and 2020, NJ TRANSIT's average contribution rates were 65.84 percent and 47.55 percent of annual covered payrolls, respectively.

**Net Pension Liability.** NJ TRANSIT's liabilities at June 30, 2021 and 2020 were measured as of June 30, 2020 and 2019, respectively, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of each pension plan's valuation date.

**Actuarial assumptions.** The total pension liabilities were determined by actuarial valuations as of July 1, 2020 and 2019, using the following actuarial assumptions for the three defined benefit plans, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 3.00%   |
| Salary increases          | 3.00% plus age and service-based merit increases  |
| Investment rate of return | 7.00% for TERP and UWUA, 7.25% for ATU, net of pension plan investment expense, including inflation |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the TERP plan, the mortality assumption was updated to a 50/50 blend of the RP-2006 Blue Collar Mortality Tables and RP-2006 White Collar Mortality Tables with generational projection from 2006 using Scale MP-2019. For ATU and UWUA(UCA) plans, the mortality assumption for projecting mortality improvement from the base year (2006) to the current valuation date and for projecting mortality improvement after that date was updated from the MP-2017 to MP-2019 improvement scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

| Asset Class               | Target Allocation |        | Long-Term Expected Real Rate of Return |        |
|---------------------------|-------------------|--------|--|--------|
|                           | ATU               | Other* | ATU                                    | Other* |
| Domestic large cap equity | 39.0%             | 42.0%  | 6.4%                                   | 6.4%   |
| Domestic mid cap equity   | 5.0%              | 0.0%   | 6.4%                                   | 0.0%   |
| Domestic small cap equity | 4.0%              | 7.0%   | 6.4%                                   | 6.4%   |
| Foreign equity            | 10.0%             | 12.0%  | 7.1%                                   | 7.1%   |
| Fixed income              | 34.0%             | 37.0%  | 1.2%                                   | 1.2%   |
| Real estate               | 6.0%              | 0.0%   | 4.5%                                   | 0.0%   |
| Cash                      | 2.0%              | 2.0%   | 0.0%                                   | 0.0%   |

**\*TERP and UWUA (UCA)**

**Discount rate.** The discount rates at June 30, 2020 and 2019 used to measure the total pension liabilities were 7.00% for TERP and UWUA and 7.25% for ATU. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## *Changes in the Net Pension Liability for the year ended June 30, 2021 (in millions):*

|  | ATU                     | TERP                  | UWUA(UCA)           |
|--|-------------------------|-----------------------|---------------------|
| <b>Total pension liability</b>                                   |                         |                       |                     |
| Service cost   | \$34.7                  | \$6.1                 | \$—                 |
| Interest   | 120.1                   | 61.2                  | 0.5                 |
| Change of benefit terms  | —                       | —                     | 0.1                 |
| Differences between expected<br>and actual experience            | (7.0)                   | 4.1                   | 0.1                 |
| Change of assumptions  | 81.7                    | 41.8                  | 0.4                 |
| Benefit payments, including refunds<br>of employee contributions | <u>(94.3)</u>           | <u>(54.9)</u>         | <u>(0.7)</u>        |
| <b>Net change in total pension liability</b>                     | <b>135.2</b>            | <b>58.3</b>           | <b>0.4</b>          |
| <b>Total pension liability – beginning</b>                       | <b><u>1,566.0</u></b>   | <b><u>840.9</u></b>   | <b><u>8.4</u></b>   |
| <b>Total pension liability – ending (a)</b>                      | <b><u>\$1,701.2</u></b> | <b><u>\$899.2</u></b> | <b><u>\$8.8</u></b> |
| <b>Plan fiduciary net position</b>                               |                         |                       |                     |
| Contributions – employer   | \$54.1                  | \$39.2                | \$0.2               |
| Contributions – employee   | 14.6                    | 1.4                   | —                   |
| Net investment income  | 59.8                    | 23.7                  | 0.2                 |
| Benefit payments, including refunds<br>of employee contributions | (94.3)                  | (54.9)                | (0.7)               |
| Administrative expense   | (0.2)                   | (0.2)                 | —                   |
| Other  | <u>0.2</u>              | <u>—</u>              | <u>—</u>            |
| <b>Net change in plan fiduciary net position</b>                 | <b>34.2</b>             | <b>9.2</b>            | <b>(0.3)</b>        |
| <b>Plan fiduciary net position – beginning</b>                   | <b><u>1,192.5</u></b>   | <b><u>564.1</u></b>   | <b><u>6.7</u></b>   |
| <b>Plan fiduciary net position – ending (b)</b>                  | <b><u>\$1,226.7</u></b> | <b><u>\$573.3</u></b> | <b><u>\$6.4</u></b> |
| <b>Net pension liability – ending (a) – (b)</b>                  | <b><u>\$474.5</u></b>   | <b><u>\$325.9</u></b> | <b><u>\$2.4</u></b> |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Changes in the Net Pension Liability for the year ended June 30, 2020** (in millions):

|   | ATU                     | TERP                  | UWUA(UCA)           |
|---|-------------------------|-----------------------|---------------------|
| <b>Total pension liability</b>                                |                         |                       |                     |
| Service cost  | \$33.0                  | \$6.3                 | \$—                 |
| Interest  | 114.6                   | 58.4                  | 0.6                 |
| Change of benefit terms                                       | 18.7                    | —                     | —                   |
| Differences between expected and actual experience            | 3.2                     | 10.9                  | 0.2                 |
| Change of assumptions   | (9.1)                   | 16.5                  | —                   |
| Benefit payments, including refunds of employee contributions | <u>(88.6)</u>           | <u>(50.7)</u>         | <u>(0.7)</u>        |
| <b>Net change in total pension liability</b>                  | <b>71.8</b>             | <b>41.4</b>           | <b>0.1</b>          |
| <b>Total pension liability – beginning</b>                    | <b><u>1,494.2</u></b>   | <b><u>799.5</u></b>   | <b><u>8.3</u></b>   |
| <b>Total pension liability – ending (a)</b>                   | <b><u>\$1,566.0</u></b> | <b><u>\$840.9</u></b> | <b><u>\$8.4</u></b> |
| <b>Plan fiduciary net position</b>                            |                         |                       |                     |
| Contributions – employer                                      | \$54.4                  | \$34.9                | \$0.2               |
| Contributions – employee                                      | 13.5                    | 1.5                   | —                   |
| Net investment income   | 54.9                    | 24.8                  | 0.5                 |
| Benefit payments, including refunds of employee contributions | (88.6)                  | (50.7)                | (0.7)               |
| Administrative expense  | <u>(0.2)</u>            | <u>(0.2)</u>          | <u>—</u>            |
| <b>Net change in plan fiduciary net position</b>              | <b>34.0</b>             | <b>10.3</b>           | <b>—</b>            |
| <b>Plan fiduciary net position – beginning</b>                | <b><u>1,158.5</u></b>   | <b><u>553.8</u></b>   | <b><u>6.7</u></b>   |
| <b>Plan fiduciary net position – ending (b)</b>               | <b><u>\$1,192.5</u></b> | <b><u>\$564.1</u></b> | <b><u>\$6.7</u></b> |
| <b>Net pension liability – ending (a) – (b)</b>               | <b><u>\$373.5</u></b>   | <b><u>\$276.8</u></b> | <b><u>\$1.7</u></b> |

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents the Net Pension Liability, calculated using the discount rate of 7.25%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate (in millions):

|     | 1% Decrease (6.25%) | Current Discount (7.25%) | 1% Increase (8.25%) |
|-----|---------------------|--------------------------|---------------------|
| ATU | \$659.9             | \$474.5                  | \$317.4             |

The following presents the Net Pension Liability, calculated using the discount rate of 7.00%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate (in millions):

|      | 1% Decrease (6.00%) | Current Discount (7.00%) | 1% Increase (8.00%) |
|------|---------------------|--------------------------|---------------------|
| TERP | \$420.6             | \$325.9                  | \$245.4             |
| UWUA | 3.2                 | 2.4                      | 1.7                 |

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued pension financial reports, copies of which are available on the NJ TRANSIT website.

## COST-SHARING MULTIPLE-EMPLOYER PLANS

**Plan Descriptions.** NJ TRANSIT and its subsidiaries contribute to the New Jersey Public Employees' Retirement System (PERS) and the Police and Firemen's System (PFRS). These cost-sharing multiple-employer, defined benefit pension plans are administered by the State of New Jersey. Each plan provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by the State Legislature. The State of New Jersey issues separate, standalone financial reports for the PERS and PFRS plans. Information on the total plan funding status and progress, contribution required, and trend information can be found in the Comprehensive Annual Financial Report of State of New Jersey, Division of Pensions and Benefits, available on the State's website [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

A special funding situation exists for the Local employers of the Police and Firemen's Retirement System of New Jersey. Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers including NJ TRANSIT related to this legislation.

**Benefits Provided.** PERS - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

| Tier | Definition   |
|------|--|
| 1    | Members who were enrolled prior to July 1, 2007  |
| 2    | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3    | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4    | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011    |
| 5    | Members who were eligible to enroll on or after June 28, 2011                              |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

PFRS - The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

| Tier | Definition  |
|------|---|
| 1    | Members who were enrolled prior to May 22, 2010   |
| 2    | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 3    | Members who were eligible to enroll on or after June 28, 2011                           |



Service retirement benefits are available at age 55 and are generally determined to be 2 percent of final compensation for each year of creditable service, as defined, up to 30 years plus 1 percent for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65 percent (tiers 1 and 2 members) and 60 percent (tier 3 members) of final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2 percent of final compensation for each year of service.

**Contributions Made. PERS** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State’s pension contribution was less than the actuarial determined amount.

The local employers’ contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Contribution to the PERS plan from NJ TRANSIT for fiscal years 2021 and 2020 was \$0.9 million and \$0.7 million or 15.25 percent and 12.73 percent, respectively, of annual covered payroll.

**PFRS** - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Employers’ contribution

amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability by employer for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. NJ TRANSIT’s required contribution rate to the PFRS plan for the fiscal years 2021 and 2020 were 34.98% and 33.89%, of annual covered payroll of which 30.14% and 30.46% of payrolls were required by NJ TRANSIT and 4.84% and 3.43%, respectively, of payrolls were required from the State. NJ TRANSIT’s contributions to the PFRS plan for 2021 and 2020 were \$8.5 million or 30.04% and \$8.4 million or 30.43%, respectively.

**Pension Liabilities Related to Multi-Employer Pensions.**

**PERS** - At June 30, 2021 and 2020, NJ TRANSIT reported liabilities of \$12.5 million and \$11.1 million, at 42.90% and 42.04% respectively, for its proportionate shares of the net pension liabilities.

**PFRS** - At June 30, 2021 and 2020, NJ TRANSIT reported liabilities of \$94.4 million and \$90.1 million, at 58.78% and 60.20% respectively, for its proportionate share of the net pension liabilities that reflected a reduction for State pension support provided to PFRS on behalf of NJ TRANSIT.

The amount recognized by NJ TRANSIT as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with NJ TRANSIT were as follows (*in millions*):

|   | FOR THE YEARS ENDED<br>JUNE 30, |                |
|---|---------------------------------|----------------|
|   | 2021                            | 2020           |
| NJ TRANSIT’s proportionate share of the net pension liability                       | \$94.4                          | \$90.1         |
| State’s proportionate share of the net pension liability associated with NJ TRANSIT | 14.7                            | 14.2           |
| <b>Total</b>  | <b>\$109.1</b>                  | <b>\$104.3</b> |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NJ TRANSIT's proportion of the net pension liability was based on a projection of the long-term share of contribution to the pension plans relative to the projected contributions of all participating State agencies, actuarially determined. At June 30, 2020, NJ TRANSIT's proportion was 0.0769452 percent and 0.7306151 percent for PERS and PFRS, respectively. At June 30, 2019, NJ TRANSIT's proportion was 0.0614591 percent and 0.7363782 percent for PERS and PFRS, respectively.

For the years ended June 30, 2021 and 2020, NJ TRANSIT recognized pension expense of \$1.7 million and revenue of \$1.7 million for support provided by the State to PFRS, on behalf of NJ TRANSIT.

**Actuarial assumptions.** *PERS:* The collective total pension liability for the June 30, 2020 and 2019 measurement date was determined by an actuarial valuation as of July 1, 2019 and 2018, which was rolled forward to June 30, 2020 and 2019, respectively. This actuarial valuation used the following actuarial assumptions:

|                            | FOR THE YEARS ENDED<br>JUNE 30, |             |
|----------------------------|---------------------------------|-------------|
|                            | 2020                            | 2019        |
| Inflation:                 |                                 |             |
| Price                      | 2.75%                           | 2.75%       |
| Wage                       | 3.25%                           | 3.25%       |
| Salary increase:           | Based on years of service       |             |
| Through 2026               | 2.0% – 6.0%                     | 2.0% – 6.0% |
| Thereafter                 | 3.0% – 7.0%                     | 3.0% – 7.0% |
| Investment rate of return: | 7.00%                           | 7.00%       |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

*PFRS:* The collective total pension liability in the June 30, 2020 and 2019 measurement date was determined by an actuarial valuation as of July 1, 2019 and July 1, 2018, which was rolled forward to June 30, 2020 and June 30, 2019, respectively. This actuarial valuation used the following actuarial assumptions:

|                            | FOR THE YEARS ENDED<br>JUNE 30, |             |
|----------------------------|---------------------------------|-------------|
|                            | 2020                            | 2019        |
| Inflation:                 |                                 |             |
| Price                      | 2.75%                           | 2.75%       |
| Wage                       | 3.25%                           | 3.25%       |
| Salary increase:           |                                 |             |
| Based on years of service  | 3.25-15.25%                     | 3.25-15.25% |
| Investment rate of return: | 7.00%                           | 7.00%       |

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

**Discount rate.** *PERS:* The discount rates used to measure the total pension liability were 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**PFRS:** The discount rates used to measure the total pension liability were 7.00% and 6.85% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position

was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Expected rate of return on investments.** The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

| Asset Class                       | Target Allocation |        | Long-Term Expected Real Rate of Return |        |
|-----------------------------------|-------------------|--------|--|--------|
|                                   | 2021              | 2020   | 2021                                   | 2020   |
| <b>PERS/PFRS:</b>                 |                   |        |  |        |
| Risk Mitigation Strategies        | 3.00%             | 3.00%  | 3.40%                                  | 4.67%  |
| Cash Equivalents                  | 4.00%             | 5.00%  | 0.50%                                  | 2.00%  |
| U.S. Treasuries                   | 5.00%             | 5.00%  | 1.94%                                  | 2.68%  |
| Investment Grade Credit           | 8.00%             | 10.00% | 2.67%                                  | 4.25%  |
| High Yield                        | 2.00%             | 2.00%  | 5.95%                                  | 5.37%  |
| Private Credit                    | 8.00%             | 6.00%  | 7.59%                                  | 7.92%  |
| Real Assets                       | 3.00%             | 2.50%  | 9.73%                                  | 9.31%  |
| Real Estate                       | 8.00%             | 7.50%  | 9.56%                                  | 8.33%  |
| US Equity                         | 27.00%            | 28.00% | 7.71%                                  | 8.26%  |
| Non-U.S. Developed Markets Equity | 13.50%            | 12.50% | 8.57%                                  | 9.00%  |
| Emerging Markets Equity           | 5.50%             | 6.50%  | 10.23%                                 | 11.37% |
| Private Equity                    | 13.00%            | 12.00% | 11.42%                                 | 10.85% |

**Sensitivity of the net pension liability to changes in the discount rate.** The following presents NJ TRANSIT's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent for PERS and PFRS, as well as the proportionate share of the net pension liability using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (*\$ in millions*):

|      | 1% Decrease<br>(6.00%) | Current Discount<br>Rate (7.00%) | 1% Increase<br>(8.00%) |
|------|------------------------|----------------------------------|------------------------|
| PERS | \$15.8                 | \$12.5                           | \$9.8                  |
| PFRS | 125.5                  | 94.4                             | 68.5                   |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Fiduciary plan net position.** Detailed information about the PERS and PFRS fiduciary net position is available in the separately issued Comprehensive Annual Financial Report of State of New Jersey, Division of Pensions and Benefits, available on the State’s website [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Single-Employer and Cost-Sharing Multiple-Employer Plans).** For the year ended June 30, 2021 and 2020, NJ TRANSIT recognized pension expense of \$162.3 and \$152.1 million, respectively.

At June 30, 2021, NJ TRANSIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources *(in millions)*:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$61.1                            | \$—                              |
| Changes of assumptions or other inputs   | 97.1                              | 36.6                             |
| Changes in proportion  | 12.7                              | 1.1                              |
| Differences between expected and actual experience                               | 9.2                               | 12.0                             |
| NJ TRANSIT contributions subsequent to the measurement date                      | <u>103.5</u>                      | <u>—</u>                         |
| <b>Total</b>   | <b><u>\$283.6</u></b>             | <b><u>\$49.7</u></b>             |

Deferred outflows of resources of \$103.5 million resulted from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows *(in millions)*:

|               | TOTAL                 |
|---------------|-----------------------|
| Year 1 (2021) | \$47.5                |
| Year 2 (2022) | 23.5                  |
| Year 3 (2023) | 28.4                  |
| Year 4 (2024) | 21.2                  |
| Year 5 (2025) | <u>9.8</u>            |
| <b>Total</b>  | <b><u>\$130.4</u></b> |

## Defined Contribution Plans

In addition to the defined benefit plans, NJ TRANSIT provides an employee savings and protection plan 401(k) for all eligible non-agreement employees. NJ TRANSIT provides a maximum 50 percent matching contribution on the first six percent contributed by the employees. This plan permits employees to contribute up to 50 percent of their salary not to exceed \$19,500 annually on a pre-tax basis.

NJ TRANSIT also provides money purchase pension plans 401(a) and employee savings/deferred compensation plans (457) for eligible agreement and non-agreement employees. NJ TRANSIT contributed 1 to 6 percent of annual compensation to certain employees’ accounts in the 401(a) plan. (Effective 1/1/09, newly hired employees in the Rail conductors union get a 1 percent contribution in their

first year of employment, with an additional contribution of 1 percent per year up to a maximum of 5 percent. The 457 plan permits employees to contribute up to 50 percent of their salary not to exceed \$19,500 annually on a pre-tax basis.

Beginning in 2002, a pre-tax contribution was added for participants of the 401(k) and 457 plans. The Economic Growth and Tax Relief Act of 2001 permits individuals who are age 50 (or older) by the end of the calendar year to elect to make additional “catch up” contributions to the plan. This is in addition to the pre-tax employee contribution limit. Pursuant to the act, participants in the 401(k) and 457 plans who are over 50 years of age can contribute an additional \$6,500 above the \$19,500 limit.

NJ TRANSIT’s expenses for the defined contribution plans totaled \$26.8 million and \$26.1 million in fiscal years 2021 and 2020, respectively.

## 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Employees of NJ TRANSIT participate in either the NJ TRANSIT sponsored single employer defined benefit OPEB plan or the Health Benefit Local Government Retirement Employees Plan administered by the State of New Jersey, Division of Pensions and Benefits, which is a cost-sharing multiple-employer plan.

### NJ TRANSIT SPONSORED OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

#### General Information about the Plan

**Plan Descriptions.** NJ TRANSIT’s OPEB plan, a single employer defined benefit plan, provides OPEB for all

eligible retirees and their spouses. The contribution and benefit requirements are negotiated between NJ TRANSIT and union representatives for Rail and Bus agreement employees. NJ TRANSIT establishes and may amend the provisions for non-agreement employees. NJ TRANSIT's required contribution is based on projected pay-as-you-go financing requirements and no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Benefits Provided.** NJ TRANSIT provides postemployment medical, dental, vision and life insurance benefits for eligible retirees and their spouses. The benefit terms are as follows:

**Bus Agreement:** Benefit terms cover retirees who are earlier of 1) age 55 with 10 years of service, 2) Rule of 80, or 3) Hired after age 50 with 5 years of service. Medical benefits vary for retirees who are pre-age 65 and post-age 65. Dental benefits cover pre-age 65 only, while life insurance benefits cover eligible retirees with flat \$7,500 and \$8,000 for regular Mercer retirees and supervisors.

**Rail Agreement:** Benefit terms cover retirees who are age 60 with 30 years of service. Medical benefits vary for retirees who are pre-age 65 and post-age 65. There is no dental benefit coverage and life insurance benefits cover eligible retirees in an amount of \$2,000.

**Non-Agreement:** Benefit terms covers retirees who are earlier of 1) age 55 with 10 years of service, 2) Rule of 80, or 3) Hired after age 50 with 5 years of service.

Medical benefits vary for retirees who are pre-age 65 and post-age 65. Dental benefits cover pre-age 65 and post

9/1/08 pre/post-age 65 retirees, while life insurance benefits cover eligible retirees with flat \$5,000 for pre-1/1/94 retirees. All other retirees' life insurance remains at \$10,000.

**Employees covered by benefit terms.**

At June 30, 2021, the following employees were covered by the benefit terms:

|  |                      |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 406                  |
| Inactive employees entitled to but not yet receiving benefit payments    | 5,473                |
| Active employees   | <u>10,618</u>        |
| <b>Total Membership</b>  | <b><u>16,497</u></b> |
| <b>Spouses of Retirees</b>   | <b><u>2,025</u></b>  |

**OPEB Funding**

NJ TRANSIT pays for OPEB benefits on a pay-as-you-go basis. Since NJ TRANSIT is not pre-funding these benefits, no actuarially determined contribution is determined.

**Total OPEB Liability**

NJ TRANSIT's total OPEB liability of \$1,699.6 million was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

**Actuarial assumptions.** The total OPEB liabilities as of June 30, 2021 and 2020 were measured at June 30, 2021 and 2020 and determined by actuarial valuation dated July 1, 2019, which was rolled forward to the measurement date. Covered payroll reflects pay during the fiscal year for all employees, excluding police employees.

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                                 | 2021   | 2020   |
|---------------------------------|--|--|
| Valuation date                  | July 1, 2019   | July 1, 2019   |
| Measurement date                | June 30, 2021  | June 30, 2020  |
| Salary increases, varies by age | 3.16% - 4.84%  | 3.16% - 4.84%  |
| Inflation rate                  | 3.00%  | 3.00%  |
| Discount rate                   | 2.16%  | 2.21%  |
| Healthcare cost trend rates     |  |  |
| Pre-65                          | 6.3% for 2021, decreasing to 3.7% by 2094  | 6.7% for 2020, decreasing to 3.7% by 2094  |
| Post-65                         | Non-agreement: 6.2% for 2021, decreasing to 3.7% by 2094<br>Bus: 4.2% for FY2021, decreasing to 3.7% by 2094 | Non-agreement: 6.4% for 2020, decreasing to 3.7% by 2094<br>Bus: 3.8% for FY2020, decreasing to 3.7% by 2094 |
| Actuarial cost method           | Entry Age Normal   | Entry Age Normal   |

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Mortality** – All mortality rates are projected on a generational basis using MP-2019 mortality improvement scale. As a generational table, it reflects mortality improvements both before and after the measurement date.

Preretirement: RP-2006 Employee Mortality Table for Males and Females with blue collar adjustments for Bus and Rail members. A 50/50 blend of white collar and blue-collar adjustments were used for Non-Agreement members.

Postretirement Healthy Lives: RP-2006 Healthy Annuitant Mortality Table for Males and Females with blue collar adjustments. A 50/50 blend of white collar and blue-collar adjustments were used for Non-Agreement members.

Postretirement Disabled Lives: RP-2006 Disabled Annuitant Mortality Table for Males and Females.

### Changes in the Total OPEB Liability (in millions):

|  | FY 2021                 | FY 2020                 |
|--|-------------------------|-------------------------|
| <b>Beginning Balance, June 30</b>      | <b><u>\$1,637.9</u></b> | <b><u>\$1,296.6</u></b> |
| Changes for the year:                  |                         |                         |
| Service cost                           | 71.9                    | 55.6                    |
| Interest                               | 37.2                    | 46.5                    |
| Economic/demographic gains or losses   | (5.1)                   | 89.4                    |
| Changes of assumptions or other inputs | 12.2                    | 204.2                   |
| Benefit payments                       | (54.5)                  | (54.4)                  |
| <b>Net changes</b>                     | <b><u>61.7</u></b>      | <b><u>341.3</u></b>     |
| <b>Ending Balance, June 30</b>         | <b><u>\$1,699.6</u></b> | <b><u>\$1,637.9</u></b> |

**Sensitivity of the total OPEB liability to change in the discount rate.** The following presents the total OPEB liability of NJ TRANSIT, calculated using the discount rate of 2.16 percent, as well as what NJ TRANSIT's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate:

|   | 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
|---|---------------------|-----------------------|---------------------|
| <b>Total OPEB liability (in millions)</b> | \$1,976.0           | \$1,699.6             | \$1,479.2           |

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the NJ TRANSIT, calculated using the current healthcare cost trend rates as well as what the NJ TRANSIT's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates higher than the current healthcare cost trend rates:

|   | 1% Decrease | Healthcare Cost Current Trend | 1% Increase |
|---|-------------|-------------------------------|-------------|
| <b>Total OPEB liability (in millions)</b> | \$1,428.5   | \$1,699.6                     | \$2,050.4   |

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021 and 2020, NJ TRANSIT recognized OPEB expense of \$152.1 million and \$144.2 million, respectively. At June 30, 2021, NJ TRANSIT reported \$296.0 million of deferred outflows and \$27.5 million of deferred inflows of resources related to OPEB from changes of assumptions or other inputs, which will be recognized in OPEB expense as follows (in millions):

|  | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$67.0                         | \$4.5                         |
| Changes of assumptions or other inputs             | <u>229.0</u>                   | <u>23.0</u>                   |
| <b>Total</b>                                       | <b><u>\$296.0</u></b>          | <b><u>\$27.5</u></b>          |

The deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows (in millions):

|              | TOTAL                 |
|--------------|-----------------------|
| Year 2022    | \$42.9                |
| Year 2023    | 42.9                  |
| Year 2024    | 42.9                  |
| Year 2025    | 50.6                  |
| Year 2026    | 50.6                  |
| Thereafter*  | 38.6                  |
| <b>Total</b> | <b><u>\$268.5</u></b> |

\*Note that additional future deferred inflows and outflows of resources may impact these numbers.

**STATE OF NEW JERSEY HEALTH BENEFIT LOCAL GOVERNMENT RETIREMENT EMPLOYEES PLAN**

**General Information about the Plan**

**Plan Descriptions.** The State of New Jersey sponsors and administers the post-retirement health benefit program covering employees of NJ TRANSIT who are in the Police and Firemen’s system (PFRS). The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The State grants the authority to establish and amend the benefit terms to the PFRS.

The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75; therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey, Division of Pensions and Benefits’ Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>. In accordance with GASB Statement No. 75, the plan is Cost-Sharing Multiple-Employer plan with a special funding situation. There are 271 members from NJ TRANSIT.

**Benefits Provided.** In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to eligible policemen and fireman retirees who are age 55 with 25 years of service (mandatory at age 65) and disability insurance under various terms. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

At the time of issuance of this report, State of New Jersey Pension Department has not issued the fiscal year 2021 GASB75 Audit Report for State of New Jersey State Health Benefits Local Government Retired Employees Plan. As a result, the schedule of employer and nonemployer allocations and schedule of OPEB amounts by employer and nonemployer as of June 30, 2020 is not available for NJ TRANSIT to update the following information related to fiscal year 2020. NJ TRANSIT’s management believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole.

**Total OPEB Liability**

As PFRS is 100% funded by the State, NJ TRANSIT’s OPEB

liability was zero and State’s Proportionate Share of the collective net OPEB Liability associated with NJ TRANSIT was \$55.9 million. The portion of the State’s total proportionate share of the collective net OPEB liability that is associated with NJ TRANSIT was 1.013015% as of June 30, 2019.

**Actuarial assumptions**

The total OPEB liability as of June 30, 2020 was measured at June 30, 2019 and determined by an actuarial valuation as of June 30, 2018 which was rolled forward to the measurement date using update procedures.

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| JUNE 30, 2019         |  |
|-----------------------|--|
| Actuarial Cost Method | Entry Age Normal Cost Method                                 |
| Inflation             | 2.50%  |
| Salary increases      | Based on years of service                                    |
| Discount rate         | 3.50%  |
| Healthcare cost trend |  |
| Pre-65                | 5.7% decreasing to 4.5% long-term trend rate after 8 years   |
| Post-65               | 7.5% decreasing to a 4.5% long-term trend rate after 8 years |

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

**Mortality.** Mortality rates were based on PUB-2010 “Safety” classification headcount- weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019

Mortality rates were based on the RP-2014 Blue Collar Mortality Tables (Gender specific) backward to the base year (2006) using Scale MP-2014, and projected forward generationally from 2006 using Scale MP-2017 (Non-Annuitants and Annuitants).

**OPEB Expense**

For the year ended June 30, 2020, NJ TRANSIT recognized OPEB expenses of \$0.7 million and revenues of \$0.7 million, for support provided by the State to PFRS on behalf of NJ TRANSIT.

## 8. OTHER CURRENT LIABILITIES

Other current liabilities totaled \$95.5 million and \$83.2 million at June 30, 2021 and 2020, respectively, are comprised of the following (*in millions*):

|   | AS OF JUNE 30,       |                      |
|---|----------------------|----------------------|
|   | 2021                 | 2020                 |
| <b>Current</b>                              |                      |                      |
| Advance funds-State/Port Authority          | \$5.7                | \$4.0                |
| NEC Obligations                             | 0.8                  | 1.8                  |
| Injury and damage claims (Note 14)          | 57.3                 | 52.5                 |
| Retainage on construction projects          | 18.2                 | 10.9                 |
| Pollution remediation obligations (Note 12) | 8.9                  | 9.7                  |
| Other                                       | <u>4.6</u>           | <u>4.3</u>           |
| <b>Total</b>                                | <b><u>\$95.5</u></b> | <b><u>\$83.2</u></b> |

The advanced funds represent funds received for capital projects for which expenditures have not yet been incurred and/or will be subsequently paid back to the State Transportation Trust Fund. Other current liabilities include fees related to the NEC Service and unearned passenger revenue for bulk ticket and monthly sales related to future periods.

## 9. OTHER NON-CURRENT LIABILITIES

Unearned revenue and other non-current liabilities totaled \$133.2 million and \$73.2 million as of June 30, 2021 and 2020. These amounts relate to unearned lease and permit revenues, reserves for future environmental clean-up costs, and funds designated for future asset purchases (*in millions*):

|  | AS OF JUNE 30,        |                      |
|--|-----------------------|----------------------|
|  | 2021                  | 2020                 |
| Materials and supplies – capital spare parts | \$10.2                | \$10.8               |
| Leases and permits                           | 10.7                  | 7.6                  |
| Federal interest on capital assets           | 5.7                   | 5.8                  |
| Non-Federal capital project advances         | 68.0                  | 14.4                 |
| Other  | <u>3.4</u>            | <u>3.9</u>           |
| <b>Total unearned revenue</b>                | <b><u>98.0</u></b>    | <b><u>42.5</u></b>   |
| Sick leave                                   | 5.4                   | 5.1                  |
| Pollution remediation obligations (Note 12)  | <u>29.8</u>           | <u>25.6</u>          |
| <b>Total other non-current liabilities</b>   | <b><u>35.2</u></b>    | <b><u>30.7</u></b>   |
| <b>Total</b>                                 | <b><u>\$133.2</u></b> | <b><u>\$73.2</u></b> |

## 10. DEBT AND OTHER OBLIGATIONS

### ***Revolving Line of Credit***

In October 2019, NJ TRANSIT (NJT) entered into a Revolving Credit Agreement with the Bank of America (BoFA) for the purposes of obtaining a \$300.0 million Line of Credit (Line). The Revolving Credit Agreement and Line are secured by an NJT Corporation Federally Taxable Grant Anticipation Note, Series 2019 (the Series 2019 Note) dated October 2, 2019. The Series 2019 Note evidences the revolving loans made by Bank of America to

NJT and were issued to Bank of America in anticipation of the receipt of certain grant funds from the Federal Transit Administration (FTA). The Revolving Credit Agreement and Line will terminate October 2, 2022. There was zero outstanding balance as of June 30, 2021 and June 30, 2020.

The Line will assist NJ TRANSIT in meeting its operating cash requirements for expenditures that are eligible for reimbursement from FTA, Section 5307 and 5337 Formula Funds.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NJ TRANSIT will pay a commitment fee of 25 basis points (based upon NJ TRANSIT's current ratings) on undrawn amounts and a floating interest rate based upon LIBOR plus 49 basis points (based upon the current rating) on drawn amounts. NJ TRANSIT is required to repay all outstanding amounts within 45 days of the end of the federal fiscal year.

## **Bonds Payable**

In January 2020, the New Jersey Economic Development Authority (NJEDA) issued \$500.0 million of 2020 Series A NJ TRANSIT Transportation Project Bonds. The 2020 Series A Bonds were issued to (i) finance the costs of a project (the "2020 Series A Project") consisting of the acquisition of commuter buses and locomotives by New Jersey Transit Corporation, (ii) pay capitalized interest on the 2020 Series A Bonds through and including November 1, 2022, and (iii) pay Cost of Issuance of the 2020 Series A Bonds. The 2020 Series A were issued bearing interest at the rate of 5.00% per annum with a final maturity of November 2044. As of June 30, 2021, the entire \$500.0 million of 2020 Series A remain outstanding.

In January 2017, the New Jersey Economic Development Authority (NJEDA) issued \$627.7 million of Series 2017 Transportation Project Sublease Revenue and Refunding Bonds. This issue consisted of \$64.1 million of 2017 Series A; Transportation Project Sublease Revenue Bonds and \$563.6 million of 2017 Series B; Transportation Project Sublease Revenue Refunding Bonds. The Series 2017A Bonds were issued to finance the cost of "New Money Projects" related to the Traction Power High Voltage

Substation Circuit Breaker Replacement Project, Long Slip Fill and Rail Enhancement Project and the Bus Radio System Replacement Project as well as the payment of capitalized interest and the payment of the cost of issuance of the 2017 Series A Bonds. The Series 2017B Bonds were issued to finance the refunding advance of prior obligations specifically the Series 2004A Certificates of Participation, dated April 1, 2004, the Series 2008A, Certificates of Participation, dated April 1, 2008 and Series 2009A Certificates of Participation, dated April 1, 2009 as well as the payment of cost of issuance of the 2017 Series B Bonds. As a result of this refunding, NJ TRANSIT increased its total debt service requirements over the life of the issue by \$13.7 million, which resulted in a net present value loss of \$5.6 million. As of June 30, 2021, \$64.1 million of 2017 Series A and \$432.9 million of 2017 Series B remain outstanding.

The 2014 GANs were issued as two series. The \$381.8 million Series 2014A tax-exempt Notes refunded all of the outstanding 2000B, 2002B and 2005A COPs as well as certain maturities of the 2002A and 2003A COPs. The \$101.9 million Series B taxable Notes refunded certain maturities of the 2002A and 2003A COPs. As of June 30, 2021, \$68.6 million of the 2014A GANs remain outstanding.

The 2014A Notes were issued at yields between 0.43 percent and 2.55 percent with a final maturity of September 2021. The 2014B Notes were issued at yields between 0.35 percent and 0.8 percent with a final maturity of September 2021.

The following schedule summarizes notes payable, and other obligations, by issue, as of June 30, 2021 *(in millions)*:

|                            | Inception Date | Balance June 30, 2020 | Additions  | Payments/Reductions | Balance June 30, 2021 | Due Within One Year |
|----------------------------|----------------|-----------------------|------------|---------------------|-----------------------|---------------------|
| <b>Federal</b>             |                |                       |            |                     |                       |                     |
| GANS 2014A                 | 09/15          | \$135.7               | \$—        | (\$67.1)            | \$68.6                | \$68.6              |
| <b>State of NJ</b>         |                |                       |            |                     |                       |                     |
| NJEDA 2008A                | 09/08          | —                     | —          | —                   | —                     | —                   |
| NJEDA 2017A                | 01/17          | 64.1                  | —          | —                   | 64.1                  | —                   |
| NJEDA 2017B                | 01/17          | 492.8                 | —          | (59.9)              | 432.9                 | 63.0                |
| NJEDA 2020A                | 01/20          | 500.0                 | —          | —                   | 500.0                 | —                   |
| <b>Total</b>               |                | <b>1,192.6</b>        | <b>—</b>   | <b>(127.0)</b>      | <b>1,065.6</b>        | <b>\$131.6</b>      |
| Unamortized Bond Premium   |                | 95.5                  | —          | (11.1)              | 84.4                  |                     |
| <b>Total Notes Payable</b> |                | <b>\$1,288.1</b>      | <b>\$—</b> | <b>(\$138.1)</b>    | <b>\$1,150.0</b>      |                     |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Long-term notes payable maturities as of June 30, 2021 *(in millions)*:

| Fiscal Years | Principal               | Interest              | Total                   |
|--------------|-------------------------|-----------------------|-------------------------|
| 2022         | \$131.7                 | \$47.4                | \$179.1                 |
| 2023         | 66.2                    | 42.5                  | 108.7                   |
| 2024         | 69.6                    | 39.1                  | 108.7                   |
| 2025         | 73.1                    | 35.5                  | 108.6                   |
| 2026         | 76.7                    | 31.9                  | 108.6                   |
| 2027-2031    | 192.1                   | 120.5                 | 312.6                   |
| 2032-2036    | 130.4                   | 89.7                  | 220.1                   |
| 2037-2041    | 164.8                   | 55.3                  | 220.1                   |
| 2042-2045    | 161.0                   | 15.0                  | 176.0                   |
| <b>Total</b> | <b><u>\$1,065.6</u></b> | <b><u>\$476.9</u></b> | <b><u>\$1,542.5</u></b> |

The following schedule summarizes notes payable, and other obligations, by issue, as of June 30, 2020 *(in millions)*:

|                            | Inception Date | Balance June 30, 2019 | Additions             | Payments/ Reductions    | Balance June 30, 2020   | Due Within One Year |
|----------------------------|----------------|-----------------------|-----------------------|-------------------------|-------------------------|---------------------|
| <b>Federal</b>             |                |                       |                       |                         |                         |                     |
| GANS 2014A                 | 09/15          | \$199.5               | \$—                   | (\$63.8)                | \$135.7                 | \$67.1              |
| <b>State of NJ</b>         |                |                       |                       |                         |                         |                     |
| NJEDA 2008A                | 09/08          | —                     | —                     | —                       | —                       | —                   |
| NJEDA 2017A                | 01/17          | 64.1                  | —                     | —                       | 64.1                    | —                   |
| NJEDA 2017B                | 01/17          | 549.8                 | —                     | (57.0)                  | 492.8                   | 59.8                |
| NJEDA 2020A                | 01/20          | —                     | 500.0                 | —                       | 500.0                   | —                   |
| <b>OTHER</b>               |                |                       |                       |                         |                         |                     |
| Revolving Line of Credit   | 06/15          | 115                   | 225.0                 | (340.0)                 | —                       | —                   |
| <b>Total</b>               |                | <b>928.4</b>          | <b>725.0</b>          | <b>(460.8)</b>          | <b>1,192.6</b>          | <b>\$126.9</b>      |
| Unamortized Bond Premium   |                | 29.2                  | 76.8                  | (10.5)                  | 95.5                    | —                   |
| <b>Total Notes Payable</b> |                | <b><u>\$957.6</u></b> | <b><u>\$801.8</u></b> | <b><u>(\$471.3)</u></b> | <b><u>\$1,288.1</u></b> | —                   |

Long-term notes payable maturities as of June 30, 2020 *(in millions)*:

| Fiscal Years | Principal               | Interest              | Total                   |
|--------------|-------------------------|-----------------------|-------------------------|
| 2021         | \$126.9                 | \$53.9                | \$180.8                 |
| 2022         | 131.7                   | 47.4                  | 179.1                   |
| 2023         | 66.2                    | 42.5                  | 108.7                   |
| 2024         | 69.6                    | 39.1                  | 108.7                   |
| 2025         | 73.1                    | 35.5                  | 108.6                   |
| 2026-2030    | 246.4                   | 130.8                 | 377.2                   |
| 2031-2035    | 124.0                   | 96.1                  | 220.1                   |
| 2036-2040    | 157.7                   | 62.4                  | 220.1                   |
| 2041-2045    | 197.0                   | 23.2                  | 220.2                   |
| <b>Total</b> | <b><u>\$1,192.6</u></b> | <b><u>\$530.9</u></b> | <b><u>\$1,723.5</u></b> |

## 11. LEASES AND OTHER COMMITMENTS

**Leveraged Lease Transactions.** NJ TRANSIT has entered into a number of leveraged lease transactions with certain domestic and foreign lessors. These transactions entail the sale/leaseback (SILO) or lease/leaseback (LILO) of various NJ TRANSIT commuter and light rail vehicles, buses, equipment and facilities to third-party lessors.

In connection with the leveraged lease transactions, NJ TRANSIT has made investment arrangements to meet its payment obligations throughout the term of the respective leases. As these transactions do not meet the definition of an "in-substance defeasance," NJ TRANSIT has recorded Obligations under Capital Leases and the related assets as Restricted Leveraged Lease Deposits in the Consolidated Statements of Net Position (see Note 4).

**Leveraged Lease Risk Exposures.** Under the terms of these agreements, a significant portion of the initial amount received by NJ TRANSIT from the third party (approximately 80 percent) is paid to an affiliate of the third party's lender which has the obligation to make an equivalent portion of the sublease rent payments, eliminating the need for NJ TRANSIT to make these payments to the third-party. This portion of the lease rent payments is equal to the debt service on the related third-party loan.

NJ TRANSIT also pays an amount to and enters into an Equity Payment Undertaking Agreement with a third party whereby that party has the obligation to provide the amounts necessary to make the remainder of the basic lease rent payments and pay the purchase price due upon exercise by NJ TRANSIT at the end of the lease. The amount remaining after payment of transaction expenses is NJ TRANSIT's net benefit from these transactions.

**Counterparty Risk.** Counterparty risk is the risk of a party to a leveraged lease agreement failing to fulfill their contractual obligation. Each leveraged lease transaction involves a variety of parties and counterparties. Counterparty risk is a type of credit risk that closely relates to the credit quality of the parties involved in the transactions. It is reduced by having an organization with good credit act as a guarantor between the two or more parties.

**Collateral and Surety Risk.** Collateral is a security or guarantee (usually an asset) pledged for the repayment of a loan if one cannot or is unable to repay. In the event of deterioration in the credit ratings of the counterparty, the agreement may require that collateral be posted to secure the party's obligations. Further ratings deterioration below levels agreed to

in the Equity Payment Undertaking Agreement could result in additional collateral being posted with a third-party custodian. In most cases, collateral must be cash, U.S. Treasuries, or certain federal agency securities. Additional insurance coverage of possible early termination of payments is provided by separate surety policies in most contracts, which protects the counterparties from financial loss should the guarantors fail to perform in accordance with contract terms and conditions. Furthermore, if the credit ratings of the companies that provide the surety protections fall below the rating trigger associated with the early termination surety, NJ TRANSIT may also be required to replace the surety company. If the required replacement of either a surety or counterparty is not performed, it could trigger a termination event requiring a cash settlement.

**Termination Risk.** A leveraged lease agreement could be terminated if one party does not fulfill the obligations set forth in the contract. When an Event of Default or a Termination Event has occurred, either NJ TRANSIT or the counterparties could be required to make a termination payment according to the contract terms. Events of Default include non-payment, false or misleading representations, or the bankruptcy of NJ TRANSIT or the counterparties. Termination Events include a downgrade of the counterparty's credit rating to below that stated in the agreement. For example, under a current Equity Payment Undertaking Agreement, with respect to ratings of the equity payment undertaker, the counterparty, which may be a bank or other financial institution, must have a Credit Rating of at least AA by Standard & Poor's and of at least Aa2 by Moody's at all times before the final maturity of a leveraged lease. A party has the right to terminate the lease agreement earlier when there is a downgrading of the counterparty's credit ratings.

**Interest Rate Risk.** The interest rate risk goes up when the market interest rate goes down and the returns on the investment decline. Accounts initially deposited together with the aforementioned obligation of the third party's lender, result in a financial defeasance of all sublease obligations, including the cost of purchasing the third party's remaining rights at the end of the sublease period if the purchase option is exercised. Should an event occur that changes the initial deposit instruments, it is possible that the amount earned on the deposit account balance may not match the option price stated in the agreement at the end of the lease period. Under the terms of the agreement, should there be less interest earned on deposits than scheduled to make related payments, NJ TRANSIT would be liable for the shortfall.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Capital Leases.** NJ TRANSIT did not enter into any new capital leases in fiscal year 2021. A summary of each capital lease follows. All other leases represent leveraged leases.

In total, NJ TRANSIT has recorded obligations under capital leases of \$199.8 million as of June 30, 2021. The cost of capital assets under capital leases, including leveraged leases, is summarized as follows and is included in capital assets (see Note 5) *(in millions)*:

|  | AS OF JUNE 30,        |                       |
|--|-----------------------|-----------------------|
|  | 2021                  | 2020                  |
| Railcars and Locomotives                             | <u>\$360.5</u>        | <u>\$360.5</u>        |
| <b>Capital Assets Under Capital Leases (at cost)</b> | <b>360.5</b>          | <b>360.5</b>          |
| Less Accumulated Depreciation                        | <u>242.2</u>          | <u>227.1</u>          |
| <b>Net Capital Assets Under Capital Leases</b>       | <b><u>\$118.3</u></b> | <b><u>\$133.4</u></b> |

The following schedule summarizes the capital lease obligations, including leveraged lease obligations, as of June 30, 2021 *(in millions)*:

|  | Inception Date | Balance<br>June 30,<br>2020 | Additions         | Payments/<br>Reductions | Balance<br>June 30,<br>2021 | Due Within<br>One Year |
|--|----------------|-----------------------------|-------------------|-------------------------|-----------------------------|------------------------|
| Comet IV Coaches                       | 09/03          | \$26.4                      | \$—               | \$—                     | \$26.4                      | \$—                    |
| Diesel Locomotives                     | 12/05          | 60.9                        | —                 | 5.9                     | 55.0                        | 6.3                    |
| Multilevel Railcars                    | 12/06          | 14.6                        | —                 | 0.7                     | 13.9                        | 0.8                    |
| Multilevel Railcars                    | 06/07          | 28.7                        | —                 | 1.2                     | 27.5                        | 1.4                    |
| Multilevel Railcars                    | 12/07          | 49.4                        | —                 | 2.3                     | 47.1                        | 2.5                    |
| Multilevel Railcars                    | 01/08          | <u>32.0</u>                 | <u>—</u>          | <u>2.1</u>              | <u>29.9</u>                 | <u>2.2</u>             |
| <b>Total Capital Lease Obligations</b> |                | <b><u>\$212.0</u></b>       | <b><u>\$—</u></b> | <b><u>\$12.2</u></b>    | <b><u>\$199.8</u></b>       | <b><u>\$13.2</u></b>   |

Minimum capital lease maturities as of June 30, 2021 *(in millions)*:

| Fiscal Years                           | Principal             | Interest             | Total                 |
|--|-----------------------|----------------------|-----------------------|
| 2022                                   | \$13.2                | \$9.3                | \$22.5                |
| 2023                                   | 13.0                  | 8.1                  | 21.1                  |
| 2024                                   | 39.5                  | 6.9                  | 46.4                  |
| 2025                                   | 21.9                  | 8.3                  | 30.2                  |
| 2026                                   | 46.9                  | 22.7                 | 69.6                  |
| 2027-2031                              | <u>65.3</u>           | <u>16.1</u>          | <u>81.4</u>           |
| <b>Total Capital Lease Obligations</b> | <b><u>\$199.8</u></b> | <b><u>\$71.4</u></b> | <b><u>\$271.2</u></b> |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2021, NJ TRANSIT committed to future purchases under the following capital projects and special services which will be funded from federal, state, local or other capital sources *(in millions)*:

|   |                         |
|---|-------------------------|
| Casino Revenue Transportation Program                         | \$19.5                  |
| Rail Infrastructure   | 212.9                   |
| Gladstone Electric Traction Upgrade                           | 74.1                    |
| Hoboken Terminal Improvements                                 | 472.4                   |
| Rail Passenger Facilities                                     | 679.7                   |
| Other, for commitments less than \$10 million                 | <u>572.4</u>            |
| <b>Total Capital Projects and Special Service Commitments</b> | <b><u>\$2,031.0</u></b> |

The following schedule summarizes the capital lease obligations, including leveraged lease obligations, as of June 30, 2020 *(in millions)*:

|  | Inception Date | Balance<br>June 30,<br>2019 | Additions         | Payments/<br>Reductions | Balance<br>June 30,<br>2020 | Due Within<br>One Year |
|--|----------------|-----------------------------|-------------------|-------------------------|-----------------------------|------------------------|
| Comet IV Coaches                       | 09/03          | \$26.4                      | \$—               | \$—                     | \$26.4                      | \$—                    |
| Articulated Buses                      | 07/04          | 3.7                         | —                 | 3.7                     | —                           | —                      |
| Diesel Locomotives                     | 12/05          | 66.5                        | —                 | 5.6                     | 60.9                        | 5.9                    |
| Multilevel Railcars                    | 12/06          | 15.3                        | —                 | 0.7                     | 14.6                        | 0.7                    |
| Multilevel Railcars                    | 06/07          | 29.8                        | —                 | 1.1                     | 28.7                        | 1.2                    |
| Multilevel Railcars                    | 12/07          | 51.4                        | —                 | 2.0                     | 49.4                        | 2.3                    |
| Multilevel Railcars                    | 01/08          | <u>33.9</u>                 | <u>—</u>          | <u>1.9</u>              | <u>32.0</u>                 | <u>2.1</u>             |
| <b>Total Capital Lease Obligations</b> |                | <b><u>\$227.0</u></b>       | <b><u>\$—</u></b> | <b><u>\$15.0</u></b>    | <b><u>\$212.0</u></b>       | <b><u>\$12.2</u></b>   |

Minimum capital lease maturities as of June 30, 2020 *(in millions)*:

| Fiscal Years                           | Principal             | Interest             | Total                 |
|--|-----------------------|----------------------|-----------------------|
| 2021                                   | \$12.2                | \$9.8                | \$22.0                |
| 2022                                   | 13.2                  | 9.3                  | 22.5                  |
| 2023                                   | 13.0                  | 8.1                  | 21.1                  |
| 2024                                   | 39.5                  | 6.9                  | 46.4                  |
| 2025                                   | 21.8                  | 5.5                  | 26.3                  |
| 2026-2030                              | <u>112.3</u>          | <u>41.7</u>          | <u>155.0</u>          |
| <b>Total Capital Lease Obligations</b> | <b><u>\$212.0</u></b> | <b><u>\$81.3</u></b> | <b><u>\$293.3</u></b> |

As of June 30, 2020, NJ TRANSIT committed to future purchases under the following capital projects and special services which will be funded from federal, state, local or other capital sources *(in millions)*:

|   |                         |
|---|-------------------------|
| Casino Revenue Transportation Program                         | \$15.6                  |
| Rail Infrastructure   | 66.0                    |
| Gladstone Electric Traction Upgrade                           | 103.5                   |
| Hoboken Terminal Improvements                                 | 49.3                    |
| Rail Passenger Facilities                                     | 17.0                    |
| Bus Rolling Stock   | 504.5                   |
| Rail Rolling Stock  | 696.4                   |
| Other, for commitments less than \$10 million                 | <u>613.8</u>            |
| <b>Total Capital Projects and Special Service Commitments</b> | <b><u>\$2,066.1</u></b> |

**12. POLLUTION REMEDIATION OBLIGATIONS**

GASB Statement No. 49, Accounting, and Financial Reporting for Pollution Remediation Obligations establishes standards for determining when expected pollution remediation outlays should be accrued as a liability or, if appropriate, capitalized. In 2021, an operating expense and corresponding liability, measured at their current value using the expected cash flow method, have been recognized for certain pollution remediation obligations. Pollution remediation obligations, which are estimates and subject to changes in price, technology, or applicable laws and regulations, occur when any one of the following obligating events takes place:

- NJ TRANSIT is compelled to take pollution remediation action because of an imminent endangerment.
- NJ TRANSIT is in violation of a pollution prevention-related permit or license.
- NJ TRANSIT is named by a regulator as a responsible or potentially responsible party to participate in remediation.
- NJ TRANSIT is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.
- NJ TRANSIT commences, or legally obligates itself to commence remediation efforts.

As of June 30, 2021, the net pollution remediation reserve amount totaling \$38.7 million, was measured at its current value utilizing the expected cash flow method. The total liability of \$40.2 million was reduced by \$1.5 million for expected recoveries from other responsible parties, potentially responsible parties (PRPs) and insurers. The cumulative liability increased by \$3.4 million, attributable primarily to the costs for additional liabilities related to the fiscal year 2021.

The following table summarizes the changes in NJ TRANSIT’s liability for pollution remediation for the year June 30, 2021 and June 30, 2020 *(in millions)*:

|                                   | 2021                 | 2020                 |
|-----------------------------------|----------------------|----------------------|
| <b>Balance, Beginning of Year</b> | <b>\$35.3</b>        | <b>\$35.2</b>        |
| Current year costs                | 4.9                  | 1.1                  |
| Payments made during the year     | (1.5)                | (1.0)                |
| <b>Balance, End of Year</b>       | <b><u>\$38.7</u></b> | <b><u>\$35.3</u></b> |

The pollution remediation liability of \$38.7 million at June 30, 2021, essentially consists of future remediation activities associated with asbestos removal, cleanup of contamination, and wastewater treatment at NJ TRANSIT stations, garages and other facilities. Of this amount, \$8.9 million represents the current portion of the liability, which is included in accounts payable and other current liabilities, and \$29.8 million represents the noncurrent obligation, which is included in unearned revenue and other noncurrent liabilities.

The estimated outlays include costs of: (a) \$2.9 million associated with pre-cleanup activities including engineering studies, site investigation, corrective measures feasibility study, and the design of a remediation plan; (b) \$30.8 million related to cleanup activities, such as neutralization, containment, removal and disposal of pollutants, and restoration; (c) \$4.1 million for the external government oversight and enforcement-related activities; and (d) \$0.9 million for the post-remediation monitoring.

**13. OTHER OPERATING REVENUES**

Other operating revenues comprise the following *(in millions)*:

|                                     | YEARS ENDED JUNE 30, |                      |
|-------------------------------------|----------------------|----------------------|
|                                     | 2021                 | 2020                 |
| Lease and rental                    | \$12.8               | \$27.4               |
| Advertising                         | 10.5                 | 15.1                 |
| Metro-North operations              | 4.3                  | 10.5                 |
| Other                               | 20.6                 | 25.1                 |
| <b>Subtotal</b>                     | <b><u>\$48.2</u></b> | <b><u>\$78.1</u></b> |
| Less Bad Debt Expense               | (2.7)                | (2.1)                |
| <b>Net Other Operating Revenues</b> | <b><u>\$45.5</u></b> | <b><u>\$76.0</u></b> |

**14. INJURY AND DAMAGE CLAIMS**

As of June 30, 2021, NJ TRANSIT maintained \$295.0 million excess commercial general liability program with a self-insured retention of \$15 million. Additionally, NJ TRANSIT maintains an excess workers’ compensation program with a self-insured retention of \$2 million. Employment-practice claims exceeding \$500,000 up to \$10 million are covered by a stand-alone commercial insurance policy. On October 14, 2004, ARH III Insurance Company, Inc., a wholly owned subsidiary of NJ TRANSIT, was formed. This captive insurance company provides coverage for Federal Employee Liability Act and Third-

Party Rail and Bus and Property, Certified Terrorism Risk Insurance Act (“TRIA”) casualty exposures, and workers compensation consequently reducing NJ TRANSIT’s self-insured retention and transferring the agency’s financial liability in these areas.

NJ TRANSIT has recorded an estimated liability of \$351.1 million and \$334.7 million as of June 30, 2021 and 2020, respectively, for outstanding public liability, property damage, FELA, workers’ compensation, and employment practice claims. Of these amounts, \$57.3 million and \$52.5 million is included in other current liabilities as of June 30, 2021 and 2020, respectively (see Note 8).

The liability is based on NJ TRANSIT’s past loss experience. NJ TRANSIT believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss expenses. Management believes that its reserves for claims incurred but not reported is determined in accordance with generally accepted actuarial principles and practices. However, estimating the ultimate liability is a complex and judgmental process inasmuch as the amounts are based on management’s informed estimates and judgments using data currently available. As additional experience and data become available regarding claim payments and reporting patterns, legislative developments and economic conditions, the estimates are revised accordingly, and the impact is reflected currently in NJ TRANSIT’s financial statements.

The total claims liability activity for the year ended June 30, 2021 and 2020 was as follows *(in millions)*:

|                                   | <b>AS OF JUNE 30,</b> |                       |
|-----------------------------------|-----------------------|-----------------------|
|                                   | <b>2021</b>           | <b>2020</b>           |
| <b>Beginning Balance, June 30</b> | <b>\$334.7</b>        | <b>\$289.7</b>        |
| Changes for the year:             |                       |                       |
| Claims expense                    | 81.3                  | 109.5                 |
| Claims payments                   | (64.9)                | (64.5)                |
| <b>Net Changes</b>                | <b><u>16.4</u></b>    | <b><u>45.0</u></b>    |
| <b>Ending Balance, June 30</b>    | <b><u>\$351.1</u></b> | <b><u>\$334.7</u></b> |

**15. FEDERAL GRANTS**

The Urban Mass Transportation Act of 1964, as amended by ISTEA, TEA-21, SAFETEA-LU, MAP-21, and FAST ACT provides funding to NJ TRANSIT primarily for capital needs, based upon a defined formula grant program. Generally, such funds may be utilized for no more than 80

percent of the project costs for capital assistance or 50 percent for operating assistance. Funds are apportioned to NJ TRANSIT annually, and generally are available until expended.

NJ TRANSIT receives operating assistance and capital funds from the State of New Jersey by legislative appropriation; the Federal Government by defined formula; discretionary grants under the Federal Urban Mass Transportation Act of 1964 as most recently amended by the Moving Ahead for Progress Act in the 21st Century Act (MAP-21) of 2012; and, local sources. Most federal grants are administered by the Federal Transit Administration (FTA). These grants are used to support construction, acquisition and operation of public transportation facilities, equipment and services

The Coronavirus Disease 2019 (COVID-19) public health emergency has significantly impacted public transportation operations throughout the nation. During fiscal year 2021, NJ TRANSIT was awarded funding from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 or (“CRRSAA”) in addition to the Coronavirus Aid, Relief and Economic Security (CARES) Act grant from 2020. NJ TRANSIT drew down \$978.9 million of CARES Act grant funds during the year. No CRRSAA funds were drawn down during the year. Also during fiscal year 2021, NJ TRANSIT was awarded funding from the American Rescue Plan Act of 2021 (ARPA). No ARPA funds were drawn down during the year. In fiscal year 2021, NJ TRANSIT also received \$30.0 million of Coronavirus Relief Funds allocated from the State of New Jersey. Those funds were fully drawn down during the year.

**16. BLENDED COMPONENT UNIT – ARH III INSURANCE COMPANY, INC.**

ARH III Insurance Company, Inc. (ARH), a non-profit special purpose captive insurance company domiciled in the State of South Carolina, was established to limit certain risk exposures of NJ TRANSIT (the “Parent”).

The Company insures the Parent for the following coverages on a claims-made basis: Federal Employee Liability Act (“FELA”), Third Party Rail and Bus, Property, Certified Terrorism Risk Insurance Act (“TRIA”) casualty exposures, and workers compensation.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's limits of liability for each line of coverage since inception are as follows:

## Casualty – Bus, Rail, & FELA

| Policy Year(s)              | Limits of Liability   |
|-----------------------------|---|
| July 1, 2004 – July 1, 2014 | \$5 million excess \$5 million – FELA and Rail  |
| July 1, 2004 – July 1, 2017 | \$5 million excess \$10 million – Buses<br>\$5 million excess \$5 million – FELA and Rail     |
| July 1, 2017– July 1, 2018  | \$2.5 million excess \$10 million – Buses<br>\$7.5 million excess \$5 million – FELA and Rail |
| July 1, 2017– July 1, 2018  | \$5 million excess \$10 million – Buses<br>\$10 million excess \$5 million – FELA and Rail    |

Effective July 1, 2020, the casualty lines of coverage were not renewed.

## Property

| Policy Year(s)              | Limits of Liability  |
|-----------------------------|--|
| July 1, 2006 – July 1, 2007 | 20% of \$125 million excess \$275 million  |
| July 1, 2007 – July 1, 2009 | 16% of \$125 million excess \$275 million<br>25% of \$50 million excess \$50 million |
| July 1, 2009 – July 1, 2013 | 12% of \$125 million excess \$275 million  |

Effective July 1, 2013, the property line of coverage was not renewed.

## TRIA

| Policy Year(s)              | Limits of Liability   |
|-----------------------------|---|
| July 1, 2004 – July 1, 2018 | \$9 million excess \$1 million  |
| July 1, 2018 – July 1, 2021 | \$14 million excess \$1 million   |
| July 1, 2016 – July 1, 2018 | \$15 million excess \$25 million  |
| July 1, 2018 – July 1, 2019 | \$10 million part of \$15 million excess \$25 million                                       |
| July 1, 2019 – July 1, 2020 | \$3 million excess \$275 million<br>\$22.5 million excess \$300 million                     |
| July 1, 2020 – July 1, 2021 | \$25 million part of \$35 million excess \$65 million<br>\$195 million excess \$100 million |

## Workers Compensation

| Policy Year(s)              | Limits of Liability            |
|-----------------------------|--------------------------------|
| July 1, 2008 – July 1, 2021 | \$3 million excess \$2 million |



Under the TRIA coverage, reinsurance is provided by the United States Government on an 80% quota share basis in 2021 and 2020 of any certified loss as provided by TRIA, as amended. If, at any time during the policy period, TRIA is cancelled or not renewed, the Company's policy will be automatically cancelled at the same date and time.

In a prior year, the Company entered into a loss portfolio transfer with Liberty Mutual Insurance Company ("Liberty") assuming reserves related to claims for the Parent's workers compensation policy with Liberty for the policy year July 1, 2007 through July 1, 2008. This transfer of liability included certain open claims, which remain open, from prior to the beginning of the policy period although no claims have entered the Company's coverage layer. The Company's limits under the contract are \$2.5 million excess \$5 million per employee.

The financial results for ARH III Insurance Company, Inc. as of and for the year ended June 30, 2021 and June 30, 2020 are set forth below. Since the ARH prepares the financial statements under FASB guidance, the amounts and format of financial statements have been adjusted to reflect GASB requirements. The condensed statement of net position and the statement of revenues, expenses, and changes in net position as of and for the years ended June 30, 2021 and June 30, 2020 are as follows (*in millions*):

**CONDENSED STATEMENTS OF NET POSITION**

|                           | AS OF JUNE 30, |               |
|---------------------------|----------------|---------------|
|                           | 2021           | 2020          |
| Current assets            | \$70.1         | \$62.4        |
| <b>Total Assets</b>       | <b>70.1</b>    | <b>62.4</b>   |
| Non-current liabilities   | 23.2           | 30.4          |
| <b>Total Liabilities</b>  | <b>23.2</b>    | <b>30.4</b>   |
| <b>Total Net Position</b> | <b>\$46.9</b>  | <b>\$32.0</b> |

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

|                                      | YEARS ENDED JUNE 30, |               |
|--------------------------------------|----------------------|---------------|
|                                      | 2021                 | 2020          |
| Operating revenues                   | \$1.9                | \$2.4         |
| Operating expenses                   | (2.1)                | (0.2)         |
| Operating income                     | 4.0                  | 2.6           |
| Non-operating revenues               | 10.9                 | 2.0           |
| <b>Change in Net Position</b>        | <b>14.9</b>          | <b>4.6</b>    |
| <b>Total Net Position, Beginning</b> | <b>32.0</b>          | <b>27.4</b>   |
| <b>Total Net Position, Ending</b>    | <b>\$46.9</b>        | <b>\$32.0</b> |

**CONDENSED STATEMENTS OF CASH FLOWS**

|   | YEARS ENDED JUNE 30, |              |
|---|----------------------|--------------|
|   | 2021                 | 2020         |
| <b>Cash Flows from Operating Activities</b>                 |                      |              |
| Operating loss  | \$4.0                | \$2.6        |
| Changes in assets and liabilities                           | (7.2)                | (3.6)        |
| <b>Net Cash Provided by Operating Activities</b>            | <b>(3.2)</b>         | <b>(1.0)</b> |
| <b>Cash Flows from Investing Activities</b>                 |                      |              |
| Sales and maturities of investments                         | 21.9                 | 5.6          |
| Purchases of investments                                    | (18.2)               | (8.6)        |
| Interest on investments                                     | 0.9                  | 2.0          |
| <b>Net Cash Provided/(Used) in Investing Activities</b>     | <b>4.6</b>           | <b>(1.0)</b> |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> | <b>1.4</b>           | <b>(2.0)</b> |
| <b>Cash and Cash Equivalents Beginning of Year</b>          | <b>1.5</b>           | <b>3.5</b>   |
| <b>End of Year</b>  | <b>\$2.9</b>         | <b>\$1.5</b> |

**17. CONTINGENCIES**

NJ TRANSIT is a defendant in a number of lawsuits arising from claims for personal injury, property damage, breach of contract, civil rights, and personnel matters. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the financial position results of operations and cash flows of NJ TRANSIT.

NJ TRANSIT is addressing environmental issues at several locations within the State where, by virtue of ownership or use, NJ TRANSIT has a remediation responsibility. Management has analyzed all of these matters and has provided for amounts, which it currently believes are adequate. In management's opinion, the ultimate liability, if any, will have no material effect on the results of operations, cash flows and financial position of NJ TRANSIT (see Note 12).

NJ TRANSIT receives federal (including CARES Act) and state grants and appropriations for capital projects and other reimbursable activities that are subject to audit by the grantor agency. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits will not have a material effect on the results of operations, cash flows and financial position of NJ TRANSIT.

## 18. ACCOUNTING FOR DERIVATIVES AND HEDGING ACTIVITIES

During the year, NJ TRANSIT had three multiple commodity swap agreements with financial institutions to protect against market fluctuations in the price of diesel fuel and heating oil. These fuel-related derivative transactions are executed in accordance with the policies and procedures established by NJ TRANSIT's Swap Management Plan (SMP). The primary objective of the SMP Policy was to set forth policies and procedures for the execution and management of interest rate swaps, fuel swaps and related agreements, provide for security and payment provisions and set forth certain other provisions related to swap agreements between NJ TRANSIT and qualified swap counterparties.

The SMP policy explicitly prohibits NJ TRANSIT from entering into new interest or payment swaps. Existing swaps may be amended or terminated as determined by senior management of NJ TRANSIT. Under the terms of this plan, NJ TRANSIT will only enter into new fuel swaps.

NJ TRANSIT will competitively bid fuel swaps to financial institutions subject to compliance with applicable state and federal laws with the assistance of its Qualified Independent Representative (QIR).

NJ TRANSIT may enter into one or more fuel swaps from time to time to protect itself from uncontrolled variations in the price of diesel fuel. NJ TRANSIT will not enter into fuel swaps for speculative purposes.

The following risks are generally associated with commodity swap agreements:

**Counterparty Risk** – The risk that the swap counterparty will not fulfill its obligations under the swap contract. To mitigate such exposure NJ TRANSIT will consider limiting exposure to any one counterparty.

**Termination Risk** – The risk that the underlying swap transactions will not run to maturity due to a counterparty event. To minimize this risk, NJ TRANSIT will not enter into swaps where the counterparty has an option to terminate absent a default by NJ TRANSIT.

If a swap does terminate prior to maturity because of a counterparty default or ratings event, a mark-to-market termination payment may be required. Prior to NJ TRANSIT making any termination payment, NJ TRANSIT will examine all options to eliminate or reduce the amount of the termination payment.

The procedure for the posting of collateral including the acceptable securities and ratings for the third-party Trustee, to the extent practicable, shall be detailed in the Credit Support Annex agreed upon in advance of entering into the swap transaction.

As a counterparty, NJ TRANSIT will be required to post collateral should the calculated amount of all open positions exceed an agreed upon "Threshold" level.

**Basis Risk** – Refers to the risk that price fluctuations of the indexed product do not correlate perfectly to those of the physical product. To minimize this risk, the price index upon which the diesel fuel swaps will be based will be the monthly average settlement price for diesel fuel futures on the New York Mercantile Exchange ("NYMEX") for the delivery of physical diesel fuel in New York Harbor.

**Cash Flow Risk** – Refers to the risk that NJ TRANSIT may (in the short term) experience a cash flow outflow even though fuel prices are falling. Should there be a very significant drop in the price of all open contracts (exceeding the threshold amount) NJ TRANSIT would have to post collateral for all contracts but would only see the benefits of falling prices on current deliveries.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2021, the fair value of NJ TRANSIT's commodity swaps which are within the Level 2 category of the fair value hierarchy are as follows:

| Notional Amount<br>(Gallons)                       | Effective<br>Date | Maturity<br>Date | Fair Value<br>06/30/21     | Terms<br>(Per Gallon)<br>Receive | Terms<br>(Per Gallon)<br>Pay |
|--|-------------------|------------------|----------------------------|----------------------------------|------------------------------|
| <b>Counterparty: Goldman Sachs</b>                 |                   |                  |                            |                                  |                              |
| 6,132,000  | 09/01/21          | 11/05/21         | \$4,320,068                | Floating                         | 1.4260                       |
| 4,914,000  | 02/01/22          | 04/07/22         | 4,067,529                  | Floating                         | 1.2725                       |
| 8,778,000  | 11/01/21          | 02/07/22         | 5,910,131                  | Floating                         | 1.4510                       |
| 10,038,000   | 02/01/22          | 07/08/22         | 4,116,121                  | Floating                         | 1.6640                       |
|  |                   |                  | <u>18,413,849</u>          |                                  |                              |
| <b>Counterparty: Bank of America Merrill Lynch</b> |                   |                  |                            |                                  |                              |
| 3,066,000  | 07/01/21          | 07/31/21         | \$1,303,905                | Floating                         | 2.1283                       |
| 3,108,000  | 08/01/21          | 08/31/21         | 1,329,166                  | Floating                         | 2.1307                       |
| 2,856,000  | 09/01/22          | 09/30/22         | 333,520                    | Floating                         | 2.0633                       |
| 2,982,000  | 07/01/22          | 07/31/22         | 354,295                    | Floating                         | 2.0653                       |
| 3,024,000  | 08/01/22          | 08/31/22         | 355,309                    | Floating                         | 2.0640                       |
|  |                   |                  | <u>3,676,195</u>           |                                  |                              |
| <b>Total Commodity Swaps</b>                       |                   |                  | <b><u>\$22,090,044</u></b> |                                  |                              |

As of June 30, 2020, the fair value of NJ TRANSIT's commodity swaps which are within the Level 2 category of the fair value hierarchy are as follows:

| Notional Amount<br>(Gallons)                       | Effective Date | Maturity Date | Fair Value<br>06/30/20     | Terms<br>(Per Gallon)<br>Receive | Terms<br>(Per Gallon)<br>Pay |
|--|----------------|---------------|----------------------------|----------------------------------|------------------------------|
| <b>Counterparty: Goldman Sachs</b>                 |                |               |                            |                                  |                              |
| 6,132,000  | 09/01/21       | 11/05/21      | \$500,505                  | Floating                         | 1.4260                       |
| 8,568,000  | 02/01/21       | 05/07/21      | 4,553,652                  | Floating                         | 1.8180                       |
|  |                |               | <u>\$5,054,157</u>         |                                  |                              |
| <b>Counterparty: Bank of America Merrill Lynch</b> |                |               |                            |                                  |                              |
| 3,024,000  | 09/01/20       | 09/30/20      | \$1,849,754                | Floating                         | 1.8339                       |
| 2,940,000  | 10/01/20       | 10/31/20      | 1,748,039                  | Floating                         | 1.8339                       |
| 3,150,000  | 08/01/20       | 08/31/20      | 1,985,171                  | Floating                         | 1.8339                       |
| 3,108,000  | 07/01/20       | 07/31/20      | 2,011,964                  | Floating                         | 1.8339                       |
| 2,856,000  | 11/01/20       | 11/30/20      | 1,809,959                  | Floating                         | 1.8865                       |
| 2,982,000  | 12/01/20       | 12/31/20      | 1,849,806                  | Floating                         | 1.8865                       |
| 2,898,000  | 01/01/20       | 01/31/21      | 1,767,537                  | Floating                         | 1.8865                       |
| 3,150,000  | 06/01/20       | 06/30/21      | 1,246,079                  | Floating                         | 1.7030                       |
| 3,024,000  | 05/01/20       | 05/31/21      | 1,233,706                  | Floating                         | 1.7030                       |
| 3,066,000  | 07/01/20       | 07/31/21      | 1,177,312                  | Floating                         | 1.7030                       |
| 3,108,000  | 08/01/20       | 08/31/21      | 1,161,767                  | Floating                         | 1.7030                       |
|  |                |               | <u>17,841,094</u>          |                                  |                              |
| <b>Total Commodity Swaps</b>                       |                |               | <b><u>\$22,895,251</u></b> |                                  |                              |

## 19. COVID-19 UPDATE

On March 12, 2020, the World Health Organization declared the current novel coronavirus (“COVID-19” or “coronavirus”) outbreak to be a pandemic in the face of the global spread of the virus. On March 9, 2020, Governor Murphy declared a State of Emergency in the State of New Jersey in response to COVID-19 ahead of the WHO declaration of a global pandemic. On March 13, 2020, President Trump declared a national state of emergency because of the COVID-19 pandemic. By order of Governor Murphy all non-essential businesses statewide were required to be closed, among other travel restrictions and social distancing related measures. The impact of travel restrictions, social distancing and subsequent State governmental orders limiting non-essential activities, caused by the COVID-19 pandemic, resulted in a sharp decline in the utilization of NJ TRANSIT services, dramatic declines in both the NJ TRANSIT public transportation system ridership and fare revenues. Further, NJ TRANSIT experienced increases in costs to respond to and to reduce threats to the health and safety of the public and NJ TRANSIT employees.

In response to the COVID-19 pandemic, NJ TRANSIT organized a task force to assess the operational and financial impacts; focusing on ridership safety and public information, safe operation and disinfection of equipment and facilities for the protection of both the public customers and NJ TRANSIT employees, operating revenue, and COVID-19 related expenses, resulting from the outbreak and related stay-at-home orders.

Declines in system ridership continued throughout fiscal year 2021. Towards the end of fiscal year 2021, Bus and Rail ridership began seeing signs of recovery, although rail and bus ridership has remained significantly lower by 71% and 36%, respectively compared to last year. NJ TRANSIT continues to assess the impacts of the COVID-19 pandemic and build its road back to normal business.

NJ TRANSIT’s revenue from ticket sales made up 14% and 41% of the operating budget for fiscal year 2021 and fiscal year 2020, respectively. In addition to passenger fare revenue losses, NJ TRANSIT experienced reductions of advertising revenue, parking and rental revenue, and the other contract revenues, as well as incremental costs incurred in management, control, and reduction of threats to the health and safety of the public and NJ TRANSIT employees.

To help offset operating expenses and increasing costs, NJ TRANSIT management petitioned New Jersey’s Congressional Delegation for Federal assistance on March 19, 2020. NJ TRANSIT received four different types of Federal COVID-19 relief grants in fiscal year 2021, as described in Footnote 15.

NJ TRANSIT maintains a \$300.0 million line of credit facility. There have been no drawdowns on the line of credit since May 11, 2020. As of September 28, 2021, \$300.0 million is available for drawdown on the line of credit.

NJ TRANSIT continues to monitor its liquidity to meet its operational and capital cash needs. Since June 30, 2021, reimbursements from the CARES Act, CRRSAA and ARPA have been sufficient to cover operating needs.

## 20. SUBSEQUENT EVENTS

Management has evaluated subsequent events for NJ TRANSIT through October 26, 2021, the date the financial statements were available to be issued. No events, beyond those described below, have occurred which would require adjustment to or disclosure in the financial statements.

### Hurricane Ida

The remnants of Hurricane Ida passed through New Jersey from September 1 through September 3, 2021, bringing lashing winds, torrential rain and tornados throughout New Jersey. On September 5, 2021, President Biden issued a major disaster declaration for several counties in New Jersey. NJ TRANSIT sustained widespread damage to its assets, but Ida related costs cannot be reasonably estimated at this time. Initial damage assessments are currently underway, and expenses will be tracked to this event and recognized as costs are identified. Ida related costs are expected to be reimbursed by commercial insurance recoveries, Federal Emergency Management Agency (FEMA) and/or the Federal Transit Administration (FTA) depending upon coverage and/or allocation of eligible expenses. NJ TRANSIT will restore all damages to pre-disaster condition and will explore eligible mitigation (resiliency) opportunities, when applicable or available. All funding sources (insurance recoveries, FEMA and/or FTA) will be recognized as claims are acknowledged, confirmed, advanced and/or obligated by the applicable parties.

**REQUIRED SUPPLEMENTARY INFORMATION**

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedules of Changes in Net Pension Liability and Related Ratios for NJ TRANSIT (UNAUDITED) Sponsored Single-Employer Defined Benefit Plans

Last Ten Fiscal Years (\$ in millions)

### Amalgamated Transit Union Employees Retirement Plan

| For the years ended June 30,  | 2021                    | 2020                    | 2019                    | 2018                    | 2017                    | 2016                    | 2015                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Total pension liability</b>  |                         |                         |                         |                         |                         |                         |                         |
| Service cost  | \$34.7                  | \$33.0                  | \$31.4                  | \$29.3                  | \$25.5                  | \$25.3                  | \$23.4                  |
| Interest  | 120.1                   | 114.6                   | 111.1                   | 95.1                    | 88.7                    | 85.9                    | 80.2                    |
| Change of benefit terms   | —                       | 18.7                    | —                       | 102.3                   | 45.0                    | —                       | —                       |
| Differences between expected and actual experience                                | (7.0)                   | 3.2                     | (12.2)                  | 15.0                    | 2.6                     | (9.2)                   | 32.0                    |
| Change of assumptions   | 81.7                    | (9.1)                   | —                       | 14.6                    | 31.4                    | —                       | —                       |
| Benefit payments, including refunds of employee contributions                     | <u>(94.3)</u>           | <u>(88.6)</u>           | <u>(83.2)</u>           | <u>(79.8)</u>           | <u>(69.5)</u>           | <u>(63.7)</u>           | <u>(58.9)</u>           |
| <b>Net change in total pension liability</b>                                      | <b>135.2</b>            | <b>71.8</b>             | <b>47.1</b>             | <b>176.5</b>            | <b>123.7</b>            | <b>38.3</b>             | <b>76.7</b>             |
| <b>Total pension liability – beginning</b>  | <b><u>1,566.0</u></b>   | <b><u>1,494.2</u></b>   | <b><u>1,447.1</u></b>   | <b><u>1,270.6</u></b>   | <b><u>1,146.9</u></b>   | <b><u>1,108.6</u></b>   | <b><u>1,031.9</u></b>   |
| <b>Total pension liability – ending (a)</b>                                       | <b><u>\$1,701.2</u></b> | <b><u>\$1,566.0</u></b> | <b><u>\$1,494.2</u></b> | <b><u>\$1,447.1</u></b> | <b><u>\$1,270.6</u></b> | <b><u>\$1,146.9</u></b> | <b><u>\$1,108.6</u></b> |
| <b>Plan fiduciary net position</b>  |                         |                         |                         |                         |                         |                         |                         |
| Contributions – employer  | \$54.1                  | \$54.4                  | \$49.1                  | \$45.8                  | \$44.9                  | \$44.0                  | \$44.8                  |
| Contributions – employee  | 14.6                    | 13.5                    | 12.6                    | 11.9                    | 11.0                    | 6.9                     | 6.5                     |
| Net investment income   | 59.8                    | 54.9                    | 90.5                    | 109.3                   | 4.0                     | 33.0                    | 134.5                   |
| Benefit payments including refunds of employee contributions                      | (94.3)                  | (88.6)                  | (83.2)                  | (79.8)                  | (69.5)                  | (63.7)                  | (58.9)                  |
| Administrative expense  | (0.2)                   | (0.2)                   | (0.3)                   | (0.3)                   | (0.3)                   | (3.2)                   | (3.0)                   |
| Others*   | <u>0.2</u>              | <u>—</u>                | <u>—</u>                | <u>70.5</u>             | <u>—</u>                | <u>—</u>                | <u>—</u>                |
| <b>Net change in plan fiduciary net position</b>                                  | <b>34.2</b>             | <b>34.0</b>             | <b>68.7</b>             | <b>157.4</b>            | <b>(9.9)</b>            | <b>17.0</b>             | <b>123.9</b>            |
| <b>Plan fiduciary net position – beginning</b>                                    | <b><u>1,192.5</u></b>   | <b><u>1,158.5</u></b>   | <b><u>1,089.8</u></b>   | <b><u>932.4</u></b>     | <b><u>942.3</u></b>     | <b><u>925.3</u></b>     | <b><u>801.4</u></b>     |
| <b>Plan fiduciary net position – ending (b)</b>                                   | <b><u>\$1,226.7</u></b> | <b><u>\$1,192.5</u></b> | <b><u>\$1,158.5</u></b> | <b><u>\$1,089.8</u></b> | <b><u>\$932.4</u></b>   | <b><u>\$942.3</u></b>   | <b><u>\$925.3</u></b>   |
| <b>Net pension liability – ending (a) – (b)</b>                                   | <b><u>\$474.5</u></b>   | <b><u>\$373.5</u></b>   | <b><u>\$335.7</u></b>   | <b><u>\$357.3</u></b>   | <b><u>\$338.2</u></b>   | <b><u>\$204.6</u></b>   | <b><u>\$183.3</u></b>   |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>72.11%</b>           | <b>76.15%</b>           | <b>77.53%</b>           | <b>75.31%</b>           | <b>73.38%</b>           | <b>82.16%</b>           | <b>83.46%</b>           |
| <b>Covered payroll</b>  | <b>\$367.8</b>          | <b>\$350.5</b>          | <b>\$334.2</b>          | <b>\$321.2</b>          | <b>\$268.2</b>          | <b>\$268.9</b>          | <b>\$268.4</b>          |
| <b>Net pension liability as percentage of covered payroll</b>                     | <b>129.01%</b>          | <b>106.56%</b>          | <b>100.45%</b>          | <b>111.24%</b>          | <b>126.10%</b>          | <b>76.09%</b>           | <b>68.33%</b>           |

\*Includes the accretion of Mercer effective April 2, 2016 and the accretion of TWU-UTU effective July 30, 2016, which were merged into the Plan in this fiscal year.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. NJ TRANSIT total pension liability was measured one year prior to the fiscal year-end for each year noted.

**Schedules of Changes in Net Pension Liability and Related Ratios for NJ TRANSIT (UNAUDITED)  
Sponsored Single-Employer Defined Benefit Plans**

Last Ten Fiscal Years (\$ in millions):

**Non-Agreement Employees Retirement Plan**

| For the years ended June 30,  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total pension liability</b>  |                       |                       |                       |                       |                       |                       |                       |
| Service cost  | \$6.1                 | \$6.3                 | \$6.7                 | \$7.2                 | \$6.7                 | \$7.2                 | \$6.6                 |
| Interest  | 61.2                  | 58.4                  | 56.8                  | 54.1                  | 53.5                  | 51.1                  | 48.4                  |
| Differences between expected and actual experience                                | 4.1                   | 10.9                  | 7.7                   | 11.8                  | 0.5                   | 11.6                  | 16.4                  |
| Change of assumptions   | 41.8                  | 16.5                  | —                     | 1.1                   | 35.2                  | —                     | —                     |
| Benefit payments, including refunds of employee contributions                     | <u>(54.9)</u>         | <u>(50.7)</u>         | <u>(47.4)</u>         | <u>(44.1)</u>         | <u>(41.5)</u>         | <u>(38.1)</u>         | <u>(34.8)</u>         |
| <b>Net change in total pension liability</b>                                      | <b>58.3</b>           | <b>41.4</b>           | <b>23.8</b>           | <b>30.1</b>           | <b>54.4</b>           | <b>31.8</b>           | <b>36.6</b>           |
| <b>Total pension liability – beginning</b>  | <b><u>840.9</u></b>   | <b><u>799.5</u></b>   | <b><u>775.7</u></b>   | <b><u>745.6</u></b>   | <b><u>691.2</u></b>   | <b><u>659.4</u></b>   | <b><u>622.8</u></b>   |
| <b>Total pension liability – ending (a)</b>                                       | <b><u>\$899.2</u></b> | <b><u>\$840.9</u></b> | <b><u>\$799.5</u></b> | <b><u>\$775.7</u></b> | <b><u>\$745.6</u></b> | <b><u>\$691.2</u></b> | <b><u>\$659.4</u></b> |
| <b>Plan fiduciary net position</b>  |                       |                       |                       |                       |                       |                       |                       |
| Contributions – employer  | \$39.2                | \$34.9                | \$35.6                | \$33.9                | \$30.7                | \$29.5                | \$19.3                |
| Contributions – employee  | 1.4                   | 1.5                   | 1.5                   | 1.6                   | 1.6                   | 1.8                   | 1.8                   |
| Net investment income   | 23.7                  | 24.8                  | 42.4                  | 47.0                  | 4.1                   | 9.2                   | 65.4                  |
| Benefit payments including refunds of employee contributions                      | <u>(54.9)</u>         | <u>(50.7)</u>         | <u>(47.4)</u>         | <u>(44.1)</u>         | <u>(41.5)</u>         | <u>(38.1)</u>         | <u>(34.8)</u>         |
| Administrative expense  | <u>(0.2)</u>          | <u>(0.2)</u>          | <u>(0.2)</u>          | <u>(0.2)</u>          | <u>(0.3)</u>          | <u>(1.8)</u>          | <u>(1.9)</u>          |
| <b>Net change in plan fiduciary net position</b>                                  | <b>9.2</b>            | <b>10.3</b>           | <b>31.9</b>           | <b>38.2</b>           | <b>(5.4)</b>          | <b>0.6</b>            | <b>49.8</b>           |
| <b>Plan fiduciary net position – beginning</b>                                    | <b><u>564.1</u></b>   | <b><u>553.8</u></b>   | <b><u>521.9</u></b>   | <b><u>483.7</u></b>   | <b><u>489.1</u></b>   | <b><u>488.5</u></b>   | <b><u>438.7</u></b>   |
| <b>Plan fiduciary net position – ending (b)</b>                                   | <b><u>\$573.3</u></b> | <b><u>\$564.1</u></b> | <b><u>\$553.8</u></b> | <b><u>\$521.9</u></b> | <b><u>\$483.7</u></b> | <b><u>\$489.1</u></b> | <b><u>\$488.5</u></b> |
| <b>Net pension liability – ending (a) – (b)</b>                                   | <b><u>\$325.9</u></b> | <b><u>\$276.8</u></b> | <b><u>\$245.7</u></b> | <b><u>\$253.8</u></b> | <b><u>\$261.9</u></b> | <b><u>\$202.1</u></b> | <b><u>\$170.9</u></b> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>63.76%</b>         | <b>67.08%</b>         | <b>69.27%</b>         | <b>67.29%</b>         | <b>64.87%</b>         | <b>70.76%</b>         | <b>74.08%</b>         |
| <b>Covered payroll</b>  | <b>\$68.2</b>         | <b>\$73.4</b>         | <b>\$77.1</b>         | <b>\$81.3</b>         | <b>\$86.9</b>         | <b>\$92.3</b>         | <b>\$97.2</b>         |
| <b>Net pension liability as percentage of covered payroll</b>                     | <b>477.86%</b>        | <b>377.11%</b>        | <b>318.68%</b>        | <b>312.18%</b>        | <b>301.38%</b>        | <b>218.96%</b>        | <b>175.82%</b>        |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. NJ TRANSIT total pension liability was measured one year prior to the fiscal year-end for each year noted.

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedules of Changes in Net Pension Liability and Related Ratios for NJ TRANSIT (UNAUDITED) Sponsored Single-Employer Defined Benefit Plans

Last Ten Fiscal Years (\$ in millions):

### Utility Worker's Union of America Retirement Plan

| For the years ended June 30,  | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total pension liability</b>  |                     |                     |                     |                     |                     |                     |                     |
| Service cost  | \$—                 | \$—                 | \$—                 | \$0.1               | \$0.1               | \$0.1               | \$0.1               |
| Interest  | 0.5                 | 0.6                 | 0.5                 | 0.6                 | 0.6                 | 0.6                 | 0.6                 |
| Change of benefit terms   | 0.1                 | —                   | —                   | —                   | —                   | —                   | —                   |
| Differences between expected and actual experience                                | 0.1                 | 0.2                 | 0.1                 | —                   | —                   | 0.1                 | 0.3                 |
| Change of assumptions   | 0.4                 | —                   | —                   | —                   | 0.3                 | —                   | —                   |
| Benefit payments, including refunds of employee contributions                     | <u>(0.7)</u>        | <u>(0.7)</u>        | <u>(0.6)</u>        | <u>(0.6)</u>        | <u>(0.6)</u>        | <u>(0.6)</u>        | <u>(0.5)</u>        |
| <b>Net change in total pension liability</b>                                      | <b>0.4</b>          | <b>0.1</b>          | <b>—</b>            | <b>0.1</b>          | <b>0.4</b>          | <b>0.2</b>          | <b>0.5</b>          |
| <b>Total pension liability – beginning</b>  | <b><u>8.4</u></b>   | <b><u>8.3</u></b>   | <b><u>8.3</u></b>   | <b><u>8.2</u></b>   | <b><u>7.8</u></b>   | <b><u>7.6</u></b>   | <b><u>7.1</u></b>   |
| <b>Total pension liability – ending (a)</b>                                       | <b><u>\$8.8</u></b> | <b><u>\$8.4</u></b> | <b><u>\$8.3</u></b> | <b><u>\$8.3</u></b> | <b><u>\$8.2</u></b> | <b><u>\$7.8</u></b> | <b><u>\$7.6</u></b> |
| <b>Plan fiduciary net position</b>  |                     |                     |                     |                     |                     |                     |                     |
| Contributions – employer  | \$0.2               | \$0.2               | \$0.2               | \$0.2               | \$0.2               | \$0.2               | \$0.2               |
| Net investment income   | 0.2                 | 0.5                 | 0.4                 | 0.6                 | 0.1                 | 0.1                 | 1.0                 |
| Benefit payments including refunds of employee contributions                      | <u>(0.7)</u>        | <u>(0.7)</u>        | <u>(0.6)</u>        | <u>(0.6)</u>        | <u>(0.6)</u>        | <u>(0.6)</u>        | <u>(0.5)</u>        |
| <b>Net change in plan fiduciary net position</b>                                  | <b>(0.3)</b>        | <b>—</b>            | <b>—</b>            | <b>0.2</b>          | <b>(0.3)</b>        | <b>(0.3)</b>        | <b>0.7</b>          |
| <b>Plan fiduciary net position – beginning</b>                                    | <b><u>6.7</u></b>   | <b><u>6.7</u></b>   | <b><u>6.7</u></b>   | <b><u>6.5</u></b>   | <b><u>6.8</u></b>   | <b><u>7.1</u></b>   | <b><u>6.4</u></b>   |
| <b>Plan fiduciary net position – ending (b)</b>                                   | <b><u>\$6.4</u></b> | <b><u>\$6.7</u></b> | <b><u>\$6.7</u></b> | <b><u>\$6.7</u></b> | <b><u>\$6.5</u></b> | <b><u>\$6.8</u></b> | <b><u>\$7.1</u></b> |
| <b>Net pension liability – ending (a) – (b)</b>                                   | <b><u>\$2.4</u></b> | <b><u>\$1.7</u></b> | <b><u>\$1.6</u></b> | <b><u>\$1.6</u></b> | <b><u>\$1.7</u></b> | <b><u>\$1.0</u></b> | <b><u>\$0.5</u></b> |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>73.86%</b>       | <b>79.76%</b>       | <b>80.72%</b>       | <b>80.72%</b>       | <b>79.27%</b>       | <b>87.18%</b>       | <b>93.42%</b>       |
| <b>Covered payroll</b>  | <b>\$0.4</b>        | <b>\$0.5</b>        | <b>\$0.5</b>        | <b>\$0.5</b>        | <b>\$0.5</b>        | <b>\$1.0</b>        | <b>\$1.1</b>        |
| <b>Net pension liability as percentage of covered payroll</b>                     | <b>575.00%</b>      | <b>340.00%</b>      | <b>320.00%</b>      | <b>320.00%</b>      | <b>340.00%</b>      | <b>100.00%</b>      | <b>45.45%</b>       |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. NJ TRANSIT total pension liability was measured one year prior to the fiscal year-end for each year noted.



**Schedules of Changes in Net Pension Liability and Related Ratios for NJ TRANSIT (UNAUDITED)  
Sponsored Single-Employer Defined Benefit Plans**

Last Ten Fiscal Years (\$ in millions):

**Transport Worker's Union of America Employees**

| For the years ended June 30,  | 2017                 | 2016                 | 2015                 |
|---|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |
| Service cost  | \$1.1                | \$1.1                | \$1.1                |
| Interest  | 3.8                  | 3.8                  | 3.5                  |
| Differences between expected and actual experience                                | (0.5)                | (1.3)                | 1.5                  |
| Change of assumptions   | 1.2                  | —                    | —                    |
| Benefit payments, including refunds of employee contributions                     | <u>(3.0)</u>         | <u>(2.9)</u>         | <u>(2.8)</u>         |
| <b>Net change in total pension liability</b>                                      | <b>2.6</b>           | <b>0.7</b>           | <b>3.3</b>           |
| <b>Total pension liability – beginning</b>  | <b><u>49.3</u></b>   | <b><u>48.6</u></b>   | <b><u>45.3</u></b>   |
| <b>Total pension liability – ending (a)</b>                                       | <b><u>\$51.9</u></b> | <b><u>\$49.3</u></b> | <b><u>\$48.6</u></b> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |
| Contributions – employer  | \$1.8                | \$1.3                | \$1.3                |
| Contributions – employee  | 0.3                  | 0.3                  | 0.3                  |
| Net investment income   | 0.5                  | 0.6                  | 6.0                  |
| Benefit payments including refunds of employee contributions                      | (3.0)                | (2.9)                | (2.8)                |
| Administrative expense  | <u>—</u>             | <u>(0.2)</u>         | <u>(0.2)</u>         |
| <b>Net change in plan fiduciary net position</b>                                  | <b>(0.4)</b>         | <b>(0.9)</b>         | <b>4.6</b>           |
| <b>Plan fiduciary net position – beginning</b>                                    | <b><u>41.9</u></b>   | <b><u>42.8</u></b>   | <b><u>38.2</u></b>   |
| <b>Plan fiduciary net position – ending (b)</b>                                   | <b><u>\$41.5</u></b> | <b><u>\$41.9</u></b> | <b><u>\$42.8</u></b> |
| <b>Net pension liability – ending (a) – (b)</b>                                   | <b><u>\$10.4</u></b> | <b><u>\$7.4</u></b>  | <b><u>\$5.8</u></b>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>79.96%</b>        | <b>84.99%</b>        | <b>88.07%</b>        |
| <b>Covered payroll</b>  | <b>\$12.0</b>        | <b>\$11.9</b>        | <b>\$11.2</b>        |
| <b>Net pension liability as percentage of covered payroll</b>                     | <b>86.67%</b>        | <b>62.18%</b>        | <b>51.79%</b>        |

This schedule is intended to show information for 10 years. NJ TRANSIT total pension liability was measured one year prior to the fiscal year-end for each year noted.

Mercer and TWU-UTU was accreted effective on April 2, 2016 and July 30, 2016, respectively, which were merged into ATU Plan in fiscal year 2018. Therefore, only three years are presented in this schedule.

**Schedules of Changes in Net Pension Liability and Related Ratios for NJ TRANSIT (UNAUDITED)  
Sponsored Single-Employer Defined Benefit Plans**

Last Ten Fiscal Years (\$ in millions):

**NJ TRANSIT Mercer Employees**

| For the years ended June 30,  | 2017                 | 2016                 | 2015                 |
|---|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                      |                      |
| Service cost  | \$1.0                | \$1.0                | \$0.9                |
| Interest  | 3.4                  | 3.3                  | 3.1                  |
| Change of benefit terms   | (0.8)                | —                    | —                    |
| Differences between expected<br>and actual experience                                 | —                    | (0.4)                | 1.3                  |
| Change of assumptions   | 1.0                  | —                    | —                    |
| Benefit payments, including refunds of<br>employee contributions                      | (2.5)                | (2.5)                | (2.4)                |
| <b>Net change in total pension liability</b>  | <b>2.1</b>           | <b>1.4</b>           | <b>2.9</b>           |
| <b>Total pension liability – beginning</b>  | <b><u>43.8</u></b>   | <b><u>42.4</u></b>   | <b><u>39.5</u></b>   |
| <b>Total pension liability – ending (a)</b>   | <b><u>\$45.9</u></b> | <b><u>\$43.8</u></b> | <b><u>\$42.4</u></b> |
| <b>Plan fiduciary net position</b>  |                      |                      |                      |
| Contributions – employer  | \$2.5                | \$2.1                | \$1.8                |
| Contributions – employee  | 0.2                  | 0.2                  | 0.2                  |
| Net investment income   | 0.4                  | 0.5                  | 3.9                  |
| Benefit payments including refunds of<br>employee contributions                       | (2.5)                | (2.5)                | (2.4)                |
| Administrative expense  | —                    | (0.1)                | (0.1)                |
| <b>Net change in plan fiduciary net position</b>                                      | <b>0.6</b>           | <b>0.2</b>           | <b>3.4</b>           |
| <b>Plan fiduciary net position – beginning</b>  | <b><u>28.5</u></b>   | <b><u>28.3</u></b>   | <b><u>24.9</u></b>   |
| <b>Plan fiduciary net position – ending (b)</b>                                       | <b><u>\$29.1</u></b> | <b><u>\$28.5</u></b> | <b><u>\$28.3</u></b> |
| <b>Net pension liability – ending (a) – (b)</b>                                       | <b><u>\$16.8</u></b> | <b><u>\$15.3</u></b> | <b><u>\$14.1</u></b> |
| <b>Plan fiduciary net position as a<br/>percentage of the total pension liability</b> | <b>63.40%</b>        | <b>65.07%</b>        | <b>66.75%</b>        |
| <b>Covered payroll</b>  | <b>\$9.6</b>         | <b>\$9.5</b>         | <b>\$9.5</b>         |
| <b>Net pension liability as percentage<br/>of covered payroll</b>                     | <b>175.00%</b>       | <b>161.05%</b>       | <b>148.42%</b>       |

This schedule is intended to show information for 10 years. NJ TRANSIT total pension liability was measured one year prior to the fiscal year-end for each year noted.

Mercer and TWU-UTU was accreted effective on April 2, 2016 and July 30, 2016, respectively, which were merged into ATU Plan in fiscal year 2018. Therefore, only three years are presented in this schedule.

**Schedule of Pension Contributions for NJ TRANSIT Sponsored Single-Employer Defined Benefit Plans (UNAUDITED)**

Last Ten Fiscal Years (\$ in millions):

**Amalgamated Transit Union Employees Retirement Plan**

| Years Ended<br>June 30 | Actuarially<br>Determined<br>Contributions | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contribution as<br>a Percentage of<br>Covered Payroll |
|------------------------|--|---|--|--------------------|---|
| 2021                   | \$72.1                                     | \$58.3  | \$13.8                                 | \$367.8            | 15.85%  |
| 2020                   | 58.3                                       | 54.4  | 3.9                                    | 350.5              | 15.52   |
| 2019                   | 54.1                                       | 49.1  | 5.0                                    | 334.2              | 14.69   |
| 2018                   | 54.4                                       | 45.8  | 5.1                                    | 321.2              | 14.26   |
| 2017                   | 45.2                                       | 41.7  | 3.5                                    | 290.3              | 14.36   |
| 2016                   | 41.7                                       | 44.9  | (3.2)                                  | 268.2              | 16.74   |
| 2015                   | 44.9                                       | 44.0  | 0.9                                    | 268.9              | 16.36   |
| 2014                   | 44.0                                       | 44.8  | (0.8)                                  | 268.4              | 16.69   |
| 2013                   | 44.8                                       | 44.8  | —                                      | 266.2              | 16.82   |
| 2012                   | 41.5                                       | 41.5  | —                                      | 259.9              | 15.98   |

**Non-Agreement Employees Retirement Plan**

| Years Ended<br>June 30 | Actuarially<br>Determined<br>Contributions | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contribution as<br>a Percentage of<br>Covered Payroll |
|------------------------|--|---|--|--------------------|---|
| 2021                   | \$44.9                                     | \$44.9  | \$—                                    | \$68.2             | 65.84%  |
| 2020                   | 39.2                                       | 34.9  | 4.3                                    | 73.4               | 47.55   |
| 2019                   | 34.9                                       | 35.6  | (0.7)                                  | 77.1               | 46.17   |
| 2018                   | 35.6                                       | 33.9  | 1.7                                    | 81.2               | 41.70   |
| 2017                   | 33.9                                       | 33.9  | —                                      | 81.3               | 41.70   |
| 2016                   | 30.7                                       | 30.7  | —                                      | 86.9               | 35.33   |
| 2015                   | 29.5                                       | 29.5  | —                                      | 92.3               | 31.96   |
| 2014                   | 36.4                                       | 19.3  | 17.1                                   | 97.2               | 19.84   |
| 2013                   | 36.7                                       | 36.7  | —                                      | 102.9              | 35.69   |
| 2012                   | 35.1                                       | 35.1  | —                                      | 106.9              | 32.81   |

# REQUIRED SUPPLEMENTARY INFORMATION

## Utility Worker's Union of America Retirement Plan

| Years Ended<br>June 30 | Actuarially<br>Determined<br>Contributions | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll | Contribution as<br>a Percentage of<br>Covered Payroll |
|------------------------|--|---|--|--------------------|---|
| 2021                   | \$0.3                                      | \$0.3   | \$—                                    | \$0.4              | 75.00%  |
| 2020                   | 0.3  | 0.2   | 0.1                                    | 0.5                | 40.00   |
| 2019                   | 0.2  | 0.2   | —                                      | 0.5                | 40.00   |
| 2018                   | 0.2  | 0.2   | —                                      | 0.5                | 40.00   |
| 2017                   | 0.2  | 0.2   | —                                      | 0.5                | 40.00   |
| 2016                   | 0.2  | 0.2   | —                                      | 1.0                | 20.00   |
| 2015                   | 0.2  | 0.2   | —                                      | 1.0                | 20.00   |
| 2014                   | 0.2  | 0.2   | —                                      | 1.1                | 18.18   |
| 2013                   | 0.2  | 0.2   | —                                      | 1.0                | 20.00   |
| 2012                   | 0.2  | 0.2   | —                                      | 1.0                | 20.00   |

**NOTES TO SCHEDULE**

Valuation date: Actuarial determined contribution rates are calculated as of July 1, of each year in which contributions are reported.

**Methods and assumptions used to determine the actuarially determined employer contributions rates:**

|                               | <b>ATU</b>   | <b>TERP</b>   | <b>UWUA (UCA)</b>  |
|-------------------------------|--|---|--|
| Actuarial Cost Method         | Projected Unit Credit Cost Method  | Projected Unit Credit Cost Method   | Projected Unit Credit Cost Method  |
| Amortization Method           | Amortize change in unfunded liabilities established after July 1, 2016 each over a 15-year period from date of origination   | Amortize the change in unfunded liabilities established after July 1, 2014 each over a 15-year period from date of origination  | Amortize the change in unfunded liabilities established after July 1, 2014 each over a 15-year period from date of origination   |
| Remaining Amortization Period | 11 years remaining as of July 1, 2020 of the initial unfunded liabilities established as of July 1, 2016. Each subsequent change in the unfunded liability has one more year remaining.  | 9 years remaining as of July 1, 2020 of the initial unfunded liabilities established as of July 1, 2014. Each subsequent change in the unfunded liability has one more year remaining.  | 9 years remaining as of July 1, 2020 of the initial unfunded liabilities established as of July 1, 2014. Each subsequent change in the unfunded liability has one more year remaining.   |
| Asset Valuation Method        | 5-year smoothed market   | 5-year smoothed market  | 5-year smoothed market   |
| Investment Rate of Return     | 7.25%  | 7.00% - Net of pension plan investment expense, including inflation   | 7.00% - Net of pension plan investment expense, including inflation  |
| Inflation                     | 3.00%  | 3.00%   | 3.00%  |
| Salary Increases              | 3.00% plus age and service based merit increases   | 3.00% plus age and service based merit increases  | 3.00% plus age and service based merit increases   |
| Mortality                     | The mortality tables projected to July 1, 2020 under Scale MP-2019 reasonably reflect the projected mortality experience of the Plan as of the measurement date. The mortality tables were further adjusted to future years using generational projection under Scale MP-2019 to reflect future mortality improvement. | The mortality tables projected to July 1, 2020 under Scale MP-2019 reasonably reflect the projected mortality experience of the Plan as of the measurement date. The mortality table was then further adjusted to future years using generational projection under Scale MP-2019 to reflect future mortality improvement. | The mortality tables projected to July 1, 2020 under Scale MP-2019 reasonably reflect the projected mortality experience of the Plan as of the measurement date. The mortality tables were further adjusted to future years using generational projection under Scale MP-2019 to reflect future mortality improvement. |
| Plan Changes                  | A 2.5% increase in monthly pension benefit for participants or the beneficiaries of deceased participants who have a retirement date effective on or before November 1, 2018.  | None  | A 2.5% increase in monthly pension benefit for participants or the beneficiaries of deceased participants who have a retirement date effective on or before November 1, 2018.  |

# REQUIRED SUPPLEMENTARY INFORMATION

## Schedule of NJ TRANSIT's Proportionate Share of the Net Pension Liability for Cost-Sharing Multiple-Employer Defined Benefit Plans

Last Ten Fiscal Years (\$ in millions):

### Public Employees Retirement System

| <b>For the years ended June 30,</b>   | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| The Proportion of Net Pension Liability   | 0.08%       | 0.06%       | 0.06%       | 0.05%       | 0.05%       | 0.05%       | 0.05%       |
| The Proportionate Share of Net Pension Liability                                    | \$12.5      | \$11.1      | \$11.7      | \$12.7      | \$15.1      | \$11.3      | \$9.4       |
| Covered Payroll   | \$5.9       | \$5.5       | \$5.5       | \$4.6       | \$4.1       | \$3.8       | \$3.5       |
| Proportionate Share of Net Pension Liability as a Percentage of its covered payroll | 213.8%      | 201.8%      | 212.7%      | 276.1%      | 368.3%      | 297.4%      | 268.6%      |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability              | 42.90%      | 42.04%      | 40.44%      | 36.78%      | 31.20%      | 38.21%      | 42.74%      |

### Police and Firemen's Retirement System

| <b>For the years ended June 30,</b>   | <b>2021</b>    | <b>2020</b>    | <b>2019</b>    | <b>2018</b>    | <b>2017</b>    | <b>2016</b>    | <b>2015</b>   |
|---|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
| The Proportion of Net Pension Liability   | 0.73%          | 0.74%          | 0.66%          | 0.67%          | 0.63%          | 0.65%          | 0.65%         |
| The Proportionate Share of Net Pension Liability  | \$94.4         | \$90.1         | \$89.9         | \$102.9        | \$121.1        | \$107.6        | \$81.6        |
| The State's Proportionate Share of the Net Pension Liability Associated with NJ TRANSIT | 14.6           | 14.2           | 12.2           | 11.5           | 10.1           | 9.4            | 8.8           |
| Total   | <u>\$109.0</u> | <u>\$104.3</u> | <u>\$102.1</u> | <u>\$114.4</u> | <u>\$131.2</u> | <u>\$117.0</u> | <u>\$90.4</u> |
| Covered Payroll   | \$28.3         | \$27.6         | \$25.4         | \$25.1         | \$22.7         | \$21.7         | \$20.6        |
| Proportionate Share of Net Pension Liability as a Percentage of its covered payroll     | 384.8%         | 377.9%         | 402.0%         | 455.7%         | 578.0%         | 539.2%         | 438.8%        |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability                  | 58.78%         | 60.20%         | 57.91%         | 54.52%         | 48.55%         | 52.84%         | 58.86%        |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Schedule of Contributions for Cost-Sharing Multiple-Employer Defined Benefit Plans (UNAUDITED)**

Last Ten Fiscal Years (\$ in millions):

**Public Employees Retirement System**

| Years Ended<br>June 30 | Actuarially<br>Determined<br>Contributions | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency/<br>(Excess) | Covered<br>Payroll | Contribution as<br>a Percentage of<br>Covered Payroll |
|------------------------|--|---|---|--------------------|---|
| 2021                   | \$0.8                                      | \$0.9   | (\$0.1)                                 | \$5.9              | 15.25%  |
| 2020                   | 0.6  | 0.7   | (0.1)                                   | 5.5                | 12.73   |
| 2019                   | 0.6  | 0.7   | —                                       | 5.5                | 12.73   |
| 2018                   | 0.6  | 0.6   | —                                       | 4.6                | 13.04   |
| 2017                   | 0.6  | 0.6   | —                                       | 4.1                | 14.63   |
| 2016                   | 0.5  | 0.5   | —                                       | 3.8                | 13.16   |
| 2015                   | 0.5  | 0.5   | —                                       | 3.6                | 13.89   |
| 2014                   | 0.4  | 0.4   | —                                       | 3.5                | 11.43   |
| 2013                   | 0.4  | 0.4   | —                                       | 3.5                | 11.43   |
| 2012                   | 0.5  | 0.5   | —                                       | 3.1                | 16.13   |

**Police and Firemen's Retirement System**

| Years Ended<br>June 30 | Actuarially<br>Determined<br>Contributions | Contributions<br>in Relation to<br>the Actuarially<br>Determined<br>Contributions | Contribution<br>Deficiency/<br>(Excess) | Covered<br>Payroll | Contribution as<br>a Percentage of<br>Covered Payroll |
|------------------------|--|---|---|--------------------|---|
| 2021                   | \$8.2                                      | \$8.5   | (\$0.3)                                 | \$28.3             | 30.04%  |
| 2020                   | 7.4  | 8.4   | (1.0)                                   | 27.6               | 30.43   |
| 2019                   | 6.5  | 6.8   | (0.3)                                   | 25.4               | 26.77   |
| 2018                   | 6.2  | 6.2   | —                                       | 25.1               | 24.70   |
| 2017                   | 5.7  | 5.7   | —                                       | 22.7               | 25.11   |
| 2016                   | 5.5  | 5.5   | —                                       | 21.7               | 25.35   |
| 2015                   | 5.2  | 5.2   | —                                       | 20.3               | 25.62   |
| 2014                   | 4.8  | 4.8   | —                                       | 20.6               | 23.30   |
| 2013                   | 4.9  | 4.9   | —                                       | 20.6               | 23.79   |
| 2012                   | 4.6  | 4.6   | —                                       | 20.0               | 23.00   |

**Notes to Schedule**

Changes in benefit terms: None

Changes in assumptions: None

# REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Changes in Total OPEB Liability and Related Ratios for NJ TRANSIT's (UNAUDITED)  
Sponsored Single-Employer Plan  
Last Ten Fiscal Years (\$ in millions):**

|   | FOR THE YEARS ENDED JUNE 30, |                         |                         |                         |
|---|------------------------------|-------------------------|-------------------------|-------------------------|
|   | 2021                         | 2020                    | 2019                    | 2018                    |
| <b>Beginning Balance, June 30, As previously reported</b>               | <b>\$1,637.9</b>             | <b>\$1,296.6</b>        | <b>\$1,098.5</b>        | <b>\$1,108.9</b>        |
| Prior period adjustment (unaudited)                                     | —                            | —                       | 49.4                    | —                       |
| <b>Beginning Balance, June 30, As restated</b>                          | <b><u>\$1,637.9</u></b>      | <b><u>\$1,296.6</u></b> | <b><u>\$1,147.9</u></b> | <b><u>\$1,108.9</u></b> |
| Changes for the year:   |                              |                         |                         |                         |
| Service cost  | \$71.9                       | \$55.6                  | \$55.9                  | 56.6                    |
| Interest  | 37.2                         | 46.5                    | 45.5                    | 38.7                    |
| Economic/demographic gains(losses)                                      | (5.1)                        | 89.4                    | —                       | —                       |
| Changes of assumptions or other inputs                                  | 12.2                         | 204.2                   | 104.2                   | (48.2)                  |
| Benefit Payments  | <u>(54.5)</u>                | <u>(54.4)</u>           | <u>(56.9)</u>           | <u>(57.5)</u>           |
| <b>Net changes</b>  | <b><u>61.7</u></b>           | <b><u>341.3</u></b>     | <b><u>148.7</u></b>     | <b><u>(10.4)</u></b>    |
| <b>Balance End, June 30</b>   | <b><u>\$1,699.6</u></b>      | <b><u>\$1,637.9</u></b> | <b><u>\$1,296.6</u></b> | <b><u>\$1,098.5</u></b> |
| <b>Covered-employee payroll</b>   | <b>\$892.4</b>               | <b>\$854.2</b>          | <b>\$889.2</b>          | <b>\$859.4</b>          |
| <b>Total OPEB liability as a percentage of covered-employee payroll</b> | <b>190.45%</b>               | <b>191.75%</b>          | <b>145.82%</b>          | <b>127.82%</b>          |

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**Notes to Schedule**

*Changes in benefit terms:* None

*Changes in assumptions:* The discount rate decreased from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021, due to changes in the applicable municipal bond index.

**Actuarial assumptions.**

The total OPEB liabilities as of June 30, 2020 and 2019 were measured at June 30, 2020 and 2019 and determined by actuarial valuations dated July 1, 2019 and 2017, respectively, which was rolled forward to the measurement date using update procedures.

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                                 |  |
|---------------------------------|--|
| Valuation date                  | July 1, 2019   |
| Measurement date                | June 30, 2020  |
| Salary increases, varies by age | 3.16% - 4.84%  |
| Inflation rate                  | 3.00%  |
| Discount rate                   | 2.16%  |
| Healthcare cost trend rates     |  |
| Pre-65                          | 6.3% for 2021, decreasing to 3.7% by 2094  |
| Post-65                         | Non-agreement: 6.2% for 2021, decreasing to 3.7% by 2094<br>Bus: 4.2% for FY2021, decreasing to 3.7% by 2094 |
| Actuarial cost method           | Entry Age Normal   |



**Schedule of NJ TRANSIT's Proportionate Share of Net OPEB Liability (UNAUDITED)\*  
For Cost-sharing New Jersey Health Benefit Program**  
Last Ten Fiscal Years (\$ in millions):

|   | FOR THE YEARS ENDED JUNE 30, |               |               |
|---|------------------------------|---------------|---------------|
|   | 2020                         | 2019          | 2018          |
| NJ TRANSIT's proportion (percentage) of the collective net OPEB liability   | 0%                           | 0%            | 0%            |
| NJ TRANSIT's proportionate share (amount) of the collective net OPEB liability                                      | \$—                          | \$—           | \$—           |
| The State's Proportionate Share of the collective net OPEB liability associated with NJ TRANSIT                     | \$55.9                       | \$63.9        | \$80.9        |
| <b>Total</b>  | <b>\$55.9</b>                | <b>\$63.9</b> | <b>\$80.9</b> |
| Covered employee payroll  | \$27.6                       | \$25.4        | \$25.1        |
| Proportionate share of the collective net OPEB Liability as a Percentage of the employer's covered employee payroll | 0%                           | 0%            | 0%            |
| The OPEB plan's fiduciary net position as a percentage of the total OPEB liability                                  | 1.98%                        | 1.97%         | 1.03%         |

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

*\*FY 2021 information is not included in the schedule. At the time of this report, the State of New Jersey Pension Department has not issued the FY 2021 State of New Jersey State Health Benefits Local Government Retired Employees Plan Schedule of Employer and Nonemployer Allocations and Schedule of OPEB Amounts by Employer and Nonemployer as of June 30, 2020. NJ TRANSIT Management has determined that the omitted information is not material for placing the basic financial statements in an appropriate operational, economic, or historical context.*

# REQUIRED SUPPLEMENTARY INFORMATION

## Actuarial assumptions and methods

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age Normal cost method.   |
| Measurement Date          | June 30, 2020   |
| Measurement Period        | June 30, 2018 to June 30, 2019  |
| Valuation Date            | June 30, 2019   |
| Census Data               | For the Fiscal Year Ending June 30,2020: June 30, 2018<br>For the Fiscal Year Ending June 30,2019: June 30, 2017  |
| Service Cost              | The Actuarial Present Value of benefits is allocated as a level percentage over the earnings of an individual between entry age (i.e. – age at hire) and assumed retirement age(s). |
| Discount Rate             | As of June 30, 2019: 3.50%, As of June 30, 2018: 3.87%  |
| Expected Rate of Return   | As of June 30, 2019: 3.50%, As of June 30, 2018: 3.87%  |
| Municipal Bond Rate Basis | Bond Buyer General Obligation 20-Bond Municipal Bond Index  |
| Salary Increases          | Active salaries, used to determine retirement allowance in the future, are assumed to increase as follows:  |

|   | Service | Annual Rate of Increase (%) |
|---|---------|-----------------------------|
| Police and Firemen's Retirement System (PFRS) | 0       | 15.25                       |
|   | 1       | 15.25                       |
|   | 2       | 12.75                       |
|   | 3       | 10.75                       |
|   | 4       | 10.25                       |
|   | 5       | 9.25                        |
|   | 6       | 8.25                        |
|   | 7       | 7.25                        |
|   | 8       | 5.75                        |
|   | 9       | 5.25                        |
|   | 10      | 4.75                        |
|   | 11      | 4.25                        |
|   | 12      | 3.75                        |
| 13  | 3.25    |                             |

|                                   |   |
|-----------------------------------|---|
| Pre-Retirement Healthy Mortality  | PUB-2010 "Safety" classification headcount- weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019  |
| Post-Retirement Healthy Mortality | PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP- 2019   |
| Disabled Retiree Mortality        | PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP- 2019   |
| Spouse Coverage Election Rate     | Spouses are assumed to lose coverage upon the death of the former employee. While spouses may participate in the SHBP at an unsubsidized rate, we have assumed they will not participate. The State provided data for spouses of police officers who died in the line of duty who are assumed to receive retiree health care benefits for life. |
| Future Retirees                   | It is assumed that 55% are married. Future retirees who are assumed to be married are assumed to choose family coverage at retirement. Males are assumed to be three years older than their female spouses.   |
| Current Retirees                  | Spousal coverage is based on actual retiree coverage elections. Males are assumed to be three years older than their female spouses.  |

**SUPPLEMENTARY INFORMATION**

**New Jersey Transit Corporation**  
**Combining Statements of Fiduciary Net Position**  
**Pension Trust Funds** (*\$ in thousands*):  
**As of June 30, 2021**

|   | ATU                       | TERP                    | UWUA                  | TOTAL                     |
|---|---------------------------|-------------------------|-----------------------|---------------------------|
| <b>Assets:</b>                              |                           |                         |                       |                           |
| Investments at Fair Value or NAV            | \$1,568,590               | \$742,581               | \$7,959               | \$2,319,130               |
| Receivables                                 |                           |                         |                       |                           |
| Accrued Interest and Dividends              | 1,702                     | 1,251                   | 15                    | 2,968                     |
| Employee Contributions                      | 279                       | —                       | —                     | 279                       |
| Medicare Reimbursements                     | 108                       | —                       | 1                     | 109                       |
| Others                                      | —                         | —                       | 1                     | 1                         |
| Total Receivables                           | <u>2,089</u>              | <u>1,251</u>            | <u>17</u>             | <u>3,357</u>              |
| <b>Total Assets</b>                         | <b><u>1,570,679</u></b>   | <b><u>743,832</u></b>   | <b><u>7,976</u></b>   | <b><u>2,322,487</u></b>   |
| <b>Liabilities:</b>                         |                           |                         |                       |                           |
| Due to Other Plan                           | 1                         | —                       | —                     | 1                         |
| Accounts Payable and Accrued Expenses       | <u>21,073</u>             | <u>7,583</u>            | <u>93</u>             | <u>28,749</u>             |
| <b>Total Liabilities</b>                    | <b><u>21,074</u></b>      | <b><u>7,583</u></b>     | <b><u>93</u></b>      | <b><u>28,750</u></b>      |
| <b>Fiduciary Net Position:</b>              |                           |                         |                       |                           |
| <b>Net Position Restricted for Pensions</b> | <b><u>\$1,549,605</u></b> | <b><u>\$736,249</u></b> | <b><u>\$7,883</u></b> | <b><u>\$2,293,737</u></b> |

**New Jersey Transit Corporation**  
**Combining Statements of Fiduciary Net Position**  
**Pension Trust Funds** (*\$ in thousands*):  
**As of June 30, 2020**

|   | ATU                       | TERP                    | UWUA                  | TOTAL                     |
|---|---------------------------|-------------------------|-----------------------|---------------------------|
| <b>Assets:</b>                              |                           |                         |                       |                           |
| Investments at Fair Value or NAV            | \$1,250,357               | \$580,039               | \$6,466               | \$1,836,862               |
| Receivables                                 |                           |                         |                       |                           |
| Accrued Interest and Dividends              | 1,995                     | 1,183                   | 14                    | 3,192                     |
| Employee Contributions                      | —                         | —                       | —                     | —                         |
| Medicare Reimbursements                     | <u>167</u>                | <u>—</u>                | <u>—</u>              | <u>167</u>                |
| Total Receivables                           | <u>2,162</u>              | <u>1,183</u>            | <u>14</u>             | <u>3,359</u>              |
| <b>Total Assets</b>                         | <b><u>1,252,519</u></b>   | <b><u>581,222</u></b>   | <b><u>6,480</u></b>   | <b><u>1,840,221</u></b>   |
| <b>Liabilities:</b>                         |                           |                         |                       |                           |
| Accounts Payable and Accrued Expenses       | <u>25,745</u>             | <u>7,718</u>            | <u>88</u>             | <u>33,551</u>             |
| <b>Total Liabilities</b>                    | <b><u>25,745</u></b>      | <b><u>7,718</u></b>     | <b><u>88</u></b>      | <b><u>33,551</u></b>      |
| <b>Fiduciary Net Position:</b>              |                           |                         |                       |                           |
| <b>Net Position Restricted for Pensions</b> | <b><u>\$1,226,774</u></b> | <b><u>\$573,504</u></b> | <b><u>\$6,392</u></b> | <b><u>\$1,806,670</u></b> |

**New Jersey Transit Corporation**  
**Combining Statements of Changes in Fiduciary Net Position**  
**Pension Trust Funds** (*\$ in thousands*):  
**Year Ended June 30, 2021**

|   | ATU                       | TERP                    | UWUA                  | TOTAL                     |
|---|---------------------------|-------------------------|-----------------------|---------------------------|
| <b>Additions:</b>                           |                           |                         |                       |                           |
| Investment Income:                          |                           |                         |                       |                           |
| Net Appreciation in Fair                    |                           |                         |                       |                           |
| Value of Investments                        | \$330,028                 | \$163,382               | \$1,854               | \$495,264                 |
| Interest and Dividend Income                | <u>20,206</u>             | <u>12,122</u>           | <u>133</u>            | <u>32,461</u>             |
| Total Investment Income                     | 350,234                   | 175,504                 | 1,987                 | 527,725                   |
| Contributions:                              |                           |                         |                       |                           |
| Employer                                    | 58,339                    | 44,869                  | 262                   | 103,470                   |
| Employees                                   | <u>15,269</u>             | <u>1,336</u>            | <u>12</u>             | <u>16,617</u>             |
| Total Contributions                         | 73,608                    | 46,205                  | 274                   | 120,087                   |
| Other Receipts                              | <u>207</u>                | <u>—</u>                | <u>—</u>              | <u>207</u>                |
| <b>Total Additions</b>                      | <b><u>424,049</u></b>     | <b><u>221,709</u></b>   | <b><u>2,261</u></b>   | <b><u>648,019</u></b>     |
| <b>Deductions:</b>                          |                           |                         |                       |                           |
| Benefits Paid to Participants               | 97,659                    | 57,405                  | 728                   | 155,792                   |
| Actuarial and Professional Fees             | <u>3,559</u>              | <u>1,559</u>            | <u>42</u>             | <u>5,160</u>              |
| <b>Total Deductions</b>                     | <b><u>101,218</u></b>     | <b><u>58,964</u></b>    | <b><u>770</u></b>     | <b><u>160,952</u></b>     |
| <b>Net Increase</b>                         | <b>322,831</b>            | <b>162,745</b>          | <b>1,491</b>          | <b>487,067</b>            |
| <b>Fiduciary Net Position:</b>              |                           |                         |                       |                           |
| Beginning of Year                           | <u>1,226,774</u>          | <u>573,504</u>          | <u>6,392</u>          | <u>1,806,670</u>          |
| <b>Net Position Restricted for Pensions</b> | <b><u>\$1,549,605</u></b> | <b><u>\$736,249</u></b> | <b><u>\$7,883</u></b> | <b><u>\$2,293,737</u></b> |

**New Jersey Transit Corporation**  
**Combining Statements of Changes in Fiduciary Net Position**  
**Pension Trust Funds** (*\$ in thousands*):  
**Year Ended June 30, 2020**

|   | ATU                       | TERP                    | UWUA                  | TOTAL                     |
|---|---------------------------|-------------------------|-----------------------|---------------------------|
| <b>Additions:</b>                           |                           |                         |                       |                           |
| Investment Income:                          |                           |                         |                       |                           |
| Net Appreciation in Fair                    |                           |                         |                       |                           |
| Value of Investments                        | \$40,175                  | \$11,402                | \$162                 | \$51,739                  |
| Interest and Dividend Income                | <u>22,617</u>             | <u>13,443</u>           | <u>151</u>            | <u>36,211</u>             |
| Total Investment Income                     | 62,792                    | 24,845                  | 313                   | 87,950                    |
| Contributions:                              |                           |                         |                       |                           |
| Employer                                    | 54,142                    | 39,224                  | 233                   | 93,599                    |
| Employees                                   | <u>14,570</u>             | <u>1,379</u>            | <u>12</u>             | <u>15,961</u>             |
| Total Contributions                         | 68,712                    | 40,603                  | 245                   | 109,560                   |
| Other Receipts                              | <u>181</u>                | <u>—</u>                | <u>—</u>              | <u>181</u>                |
| <b>Total Additions</b>                      | <b><u>131,685</u></b>     | <b><u>65,448</u></b>    | <b><u>558</u></b>     | <b><u>197,691</u></b>     |
| <b>Deductions:</b>                          |                           |                         |                       |                           |
| Benefits Paid to Participants               | 94,317                    | 54,931                  | 730                   | 149,978                   |
| Actuarial and Professional Fees             | <u>3,052</u>              | <u>1,309</u>            | <u>39</u>             | <u>4,400</u>              |
| <b>Total Deductions</b>                     | <b><u>97,369</u></b>      | <b><u>56,240</u></b>    | <b><u>769</u></b>     | <b><u>154,378</u></b>     |
| <b>Net Increase</b>                         | <b>34,316</b>             | <b>9,208</b>            | <b>(211)</b>          | <b>43,313</b>             |
| <b>Fiduciary Net Position:</b>              |                           |                         |                       |                           |
| Beginning of Year                           | <u>1,192,458</u>          | <u>564,296</u>          | <u>6,603</u>          | <u>1,763,357</u>          |
| <b>Net Position Restricted for Pensions</b> | <b><u>\$1,226,774</u></b> | <b><u>\$573,504</u></b> | <b><u>\$6,392</u></b> | <b><u>\$1,806,670</u></b> |



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