NJ TRANSIT Celebrating 40th Anniversary!

2019
ANNUAL REPORT

Rebuilding the Customer Experience

IMPROVE. INFORM. ENGAGE.

NJ TRANSIT

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NJ TRANSIT CELEBRATING 40TH ANNIVERSARY!

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LETTER FROM

PHIL MURPHY

Make no mistake, NJ TRANSIT is moving in the right direction.

Where last year saw new leadership – led by Transportation Commissioner and NJ TRANSIT Board Chair Diane Gutierrez-Scaccetti and President & CEO Kevin Corbett – begin the effort to undo the damages to a once-proud system after nearly a decade of mismanagement and neglect, 2019 saw the continuation of NJ TRANSIT's rebirth.

Governor,
State of New Jersey

This rebirth began with an honest self-assessment of the agency, borne from my order to perform a comprehensive financial and operational audit of NJ TRANSIT. We did not await the results and prognosis to improve the organization, as resources under this new leadership were invested to bring the agency back from the brink. As recommendations from the audit are being implemented, our administration has continued to build upon record funding levels, reformed the organizational structure, built a greater federal and passenger rail partnership, promoted transit community development, and sought an unparalleled level of transparency on behalf of transit riders.

The problems that we continue to work hard to fix did not appear overnight, nor can they be cured overnight. Just as they took eight long years to fully manifest, it will take our continued commitment to proper funding, to recruiting top-tier talent, to maintaining a strong customer-oriented vision, and to investing in the future of New Jersey's mass transit to see NJ TRANSIT's turnaround complete.

For the current 2020 Fiscal Year, the budget I signed included an additional $150 million in General Fund support for NJ TRANSIT, increasing the State's total operating subsidy to $457.5 million, the largest in state history. Of this new funding, $75 million is replacing prior diversions and $75 million represents new direct funding. As a result of this continued commitment, NJ TRANSIT was able to ensure that commuters did not see an increase in fares for the second consecutive year.

We remain committed to providing the fiscal resources NJ TRANSIT needs to restore its long-term financial integrity. And, that NJ TRANSIT is focusing on a more streamlined and efficient corporate structure as the agency has implemented much-needed and long-overdue reforms, including those required by the NJ TRANSIT reform bill that I signed into law in December 2018.

Of course, new funding means little if it isn't invested in the workforce needed to make NJ TRANSIT's system run safely and on-time. This year, I was proud to join Diane and Kevin in welcoming the first of what will be more than 100 new railway engineers as they completed their classroom training. Having a full roster of certified engineers and bus operators means fewer annulments due to lack of staffing, and greater rider confidence that trains and buses will arrive as scheduled.

NJ TRANSIT is acting with a greater level of transparency, publicly releasing information related to cancellations and delays, as well as their root causes, so all of us – from policymakers to commuters – can see. While we continue to see improving on-time performance across NJ TRANSIT's service network, we also recognize those numbers mean nothing to the commuter whose train, bus, light rail car or access link vehicle still runs late. These new metrics will allow for a greater pinpointing of resources.

Across levels of government, we continue to work together to secure a stronger future. This year, we renewed our full partnership with Amtrak, and began to move forward on needed customer-focused improvements at New York Penn Station, and at numerous other commuter-rail stations. In Middlesex County, a new understanding with local authorities is allowing a long-stalled plan for the new North Brunswick Rail Station to move forward.

And, alongside our Congressional delegation, we continue to make the case for a full federal partnership in the construction of the new Portal Bridge, a linchpin project for improving service throughout the entire Northeast Corridor.

Diane, Kevin, and I, and the thousands of proud NJ TRANSIT employees, have all accepted the challenge to turn NJ TRANSIT around from where we found it, and to restore this as a nationally recognized standard for mass transit. Whether it is the work improving safety and performance, modernizing the agency, or promoting livable and walkable communities, we're really just getting started, and we are going to continue to push forward.

Phil Murphy
Governor, State of New Jersey

LETTER FROM

DIANE GUTIERREZ-SCACCETTI

Fiscal Year 2019 was a year of progress for NJ TRANSIT. After nearly a decade of waste and neglect, we began the difficult process of rebuilding the customer experience for NJ TRANSIT riders. Serving under the leadership and direction of Governor Phil Murphy, we rolled up our sleeves and are implementing a corrective action plan, making meaningful changes that will pay dividends for NJ TRANSIT customers for years to come.

Commissioner, NJ Department of Transportation
Chair, NJ TRANSIT

One of the biggest challenges we faced when arriving in early-2018 was a critical shortage of frontline employees left by the previous administration. Those shortages had a dramatic impact on service delivery, making travel for our customers unpredictable and unacceptable. Thanks to an aggressive recruiting campaign, we hired hundreds of bus operators and restarted important training to increase the locomotive engineer ranks. Other key positions have been filled that have put us on a path to success. While we are experiencing incremental improvements in the area of service reliability, we still have more work to do to regain the confidence of our customers.

Our fleet modernization program will pay dividends for those customers. On the bus side, we continued receiving new 45-foot cruiser buses in FY2019, part of a strategic multi-year order of 1,100 cruiser buses. The Board of Directors approved an order of 85 articulated buses that primarily operate in high-ridership, urban areas, replacing buses that are more than 15 years old. We're also in the process of purchasing electric buses and supporting infrastructure for a pilot program in Camden.

Meanwhile, on the rail side, we ordered 113 Multilevel III rail cars – new next-generation, self-propelled trainsets that operate without locomotives. Each rail car will feature the latest in customer amenities such as USB charging ports, and visual and audio information systems. We also purchased 17 dual mode locomotives, which offer more flexibility by operating under diesel or electric power.

We continue leveraging new technology to enhance the customer experience. The number of customers who use the NJ TRANSIT Mobile app and MyTix continued to grow in FY2019, with a 35 percent increase in mobile app downloads and 32 percent increase in MyTix accounts. We're also seeing good results from a pilot program using barcode and contactless validators on buses that will eventually expand to more buses, light rail platforms and faregate-equipped rail stations. Meanwhile, Access

Link paratransit customers have a new webpage to schedule or cancel trips, monitor vehicle arrivals and make trips using cashless transactions.

I'm excited that we have hired our first Customer Advocate & Chief Customer Experience Officer in FY2019. Stewart Mader brings a wealth of experience with him after leading the PATH Riders Council for five years. Stewart wasted no time engaging customers on trains, buses and light rail services, helping us redesign the NJ TRANSIT website, and began creating helpful videos to take customers behind the scenes of our daily operations. Over this next year, a Customer Advisory Board will be created, giving customers even more of a voice to address their needs.

In support of the Governor's economic vision, we're working closely with many of our host communities to create pedestrian-friendly downtowns and help them grow their local economies with Transit-Oriented Development (TOD). Over the past year, we joined local business owners and elected officials for the opening of new TOD projects adjacent to Aberdeen-Matawan and Avenel stations on the North Jersey Coast Line. The Governor also awarded $1 million in grants to five municipalities for transit-oriented projects in Bloomfield, Morristown, Somerville, Hackensack and West Windsor, with other projects emerging in Matawan and Bayonne.

Let me take a moment to congratulate the NJ TRANSIT team that worked tirelessly to meet a December 31, 2018, interim milestone to install Positive Train Control (PTC). Their work allowed us to qualify for an alternative schedule and sequence to fully implement PTC by December 31, 2020, something I am confident we will achieve. PTC adds another level of safety on an already-safe NJ TRANSIT rail system.

Finally, there is no bigger economic and transportation challenge we face in our region today than our Hudson River crossings. The need to replace Portal Bridge, build new train tunnels beneath the Hudson River, rebuild the existing tunnels and complete other necessary infrastructure work is greater now than ever before. A new Portal Bridge North Project has been designed and is shovel-ready, but an agreement for federal funding to pay for a portion of the work is in the hands of the United States Department of Transportation. We will continue to work with our local, state, regional and federal partners and advocacy groups to complete this necessary project, which provides a critical rail link between New Jersey and New York.

In closing, I want to thank the Governor for the tremendous opportunity to serve in his administration and serve the people of New Jersey. I also thank my fellow board members, President & CEO Kevin Corbett, the entire NJ TRANSIT team and the 900,000+ customers who ride our rail, light rail, bus and paratransit services each day. Finally, special thanks to our State legislators and Congressional delegation for supporting and valuing NJ TRANSIT's vital mission as the state's public transportation provider. We are taking bold steps to rebuild the customer experience and I am committed we will get the job done.

Diane Gutierrez-Scaccetti
Commissioner, NJ Department of Transportation
Chair, NJ TRANSIT

LETTER FROM

KEVIN S. CORBETT

Since I joined NJ TRANSIT about 20 months ago, we have made extraordinary progress rebuilding an organization that was in crisis. Back then, it was clear there would be no overnight transformations, and no easy answers to the challenges we faced. But with a new leadership team in place and support from Governor Murphy and the Legislature, we are moving aggressively to address the many deficiencies we inherited, and finally beginning to get the resources we need. While there is still much work to be done, I'm encouraged by the progress we're making.

President & CEO

We began by mobilizing every resource in our company to successfully meet a federally-mandated December 2018 interim deadline to install Positive Train Control (PTC) throughout our entire rail network in a project that had languished for seven years. Facing a severe shortage of locomotive engineers, we undertook a massive effort to hire, train, and graduate these critical professionals. We've also invested in hundreds of new trains and buses to dramatically improve the reliability of our fleet.

These efforts, while still very much underway, are beginning to bear fruit for our customers. When reviewing the year as a whole, data shows that rail service has been significantly more reliable than 2018. Train cancellations are down 35 percent in the first nine months of 2019 compared to 2018. We achieved this improvement despite ongoing locomotive engineer staffing challenges, which speaks to our new leadership team and solid management.

To be clear, we are far from satisfied and far from where we need to be. While the data is encouraging, there's much to be done to bring truly meaningful and lasting reform to the agency and give our customers the service they deserve. The most important fact is we are now trending in the right direction.

As we work to improve service, we will continue to be challenged by an incredibly complicated PTC project. Meeting the interim PTC deadline was a huge accomplishment, but we still need to test PTC in full passenger service on all our rail lines, including interoperability testing with PTC systems on other lines. These efforts will largely be invisible to the riding public, but will nonetheless require significant resources – including engineers and equipment – until PTC is fully operational in December 2020.

To mitigate the impacts of this project and make delays due to 'engineer availability' a thing of the past, we are recruiting, hiring and training more personnel than ever before. Over the two-year period between 2019 and 2020, we'll have graduated seven classes of locomotive engineers – that's the same number of classes that graduated in the previous five years combined. We've also hired more than 600 bus operators since January 2018. In total, we've hired more than 1,700 union and non-union employees to fill critical positions across the agency.

We haven't forgotten about the vehicles that bring nearly a million daily customers everywhere they need to go. In 2020, we will take delivery of 183 new cruiser buses and 85 new articulated buses. That means next year, on average, NJ TRANSIT will receive a new bus every other day. These new buses, together with our additional new bus operators, will result in nearly 2,000 more passenger trips each weekday. That's more than half-a-million additional passenger trips per year, which means we're not only improving our current service, we're meeting the demands of increasing ridership. On the rail side, in mid-2020, we begin taking delivery of 17 new dual-mode locomotives, providing additional reliability and flexibility to operate on both electrified and non-electrified tracks. And in 2023, we begin taking delivery of 113 new multilevel rail cars to replace 40-plus years-old Arrow III cars.

Always conscious of how public transportation can reduce the state's carbon footprint, we're moving forward with an electric bus pilot in Camden, NJ. The pilot, consisting of eight electric buses beginning in mid-2021, will allow us to install all of the necessary charging infrastructure and provide the opportunity for us to study the benefits and challenges of this alternate energy source in real-world scenarios.

We have also leveraged technology advancements during FY2019 to improve the overall customer experience. We introduced push notifications of customized service alert information on our mobile app, allowing customers to receive service information that is specific to their individual commute even when the app isn't open. We launched a completely redesigned home page on our website, modernizing the layout, improving navigation and offering easier access to information. We also launched "EZ Wallet," a new cashless payment system for our Access Link customers, eliminating the need for those with mobility and dexterity challenges to handle cash to pay their fares.

On the capital side of our budget, I was surprised on my arrival to see the agency had no five-year capital plan. In my first six months at NJ TRANSIT, we performed condition assessments at one-third of all our stations and facilities, sending out teams of structural, mechanical and electrical engineers across the State. We are assessing the balance of our assets this year, and are using these assessments to develop our first public-facing, five-year Capital Plan since 2012, to be released in the spring of 2020. Proactive asset management provides predictability that leads to cost savings. The return on investment to customers is immeasurable when we can anticipate and strategically plan for action that avoids breakdowns and delays for riders.

The Capital Plan will prioritize NJ TRANSIT capital projects from 2020 through 2025, and includes one of the biggest and most important capital projects in a generation: Rebuilding the Portal North Bridge. Thanks to our considerable efforts since 2018, Portal is ready to go. With Amtrak's support, we finished five major early-construction elements needed for the bridge's eventual replacement – all on time, all under budget. In September, with the benefit of positive input from both the Federal Transit Administration and Federal Railroad Administration, we submitted a revised financial plan to the Federal Transit Administration. We currently are eagerly awaiting approval to move this critical, shovel-ready project forward.

Other major projects in the plan include replacing the Raritan River Bridge, constructing a new Elizabeth Station, building the Delco Lead Storage and Inspection Facility along the Northeast Corridor, and our Long Slip project, which will modify a 2,000-foot former barge canal next to the Hoboken Terminal Yard to eliminate it as a conduit for flood water. Overall, we've committed more than a billion dollars to capital projects, and increased construction spending in FY2018 by more than double what was expended the previous year.

The upcoming Capital Plan will provide the investment road map for our future. When combined with our efforts that have produced seven locomotive engineer classes graduating between now and 2020, the addition of more than 600 bus operators, significant investments in new trains and buses, advancements in technology and continued steady progress on service delivery, the future looks very bright indeed.

Kevin S. Corbett
President & CEO

HIGHLIGHTS OF

FISCAL YEAR 2019

Fiscal Year 2019 (FY2019) marked a year of notable accomplishments for NJ TRANSIT, with a sharp focus on rebuilding the customer experience. Measurable progress was evident in many areas that directly benefited customers. Fares remained stable thanks to an increase in state funding. A new Customer Advocate & Chief Customer Experience Officer was hired to transform the customer experience. Twenty customer forums and information sessions provided customers with the opportunity to speak directly with senior management and operations personnel about their service and travel experience. New bus and rail equipment was ordered to replace aging trains and buses. Installation of a new Positive Train Control (PTC) safety system achieved a major milestone.

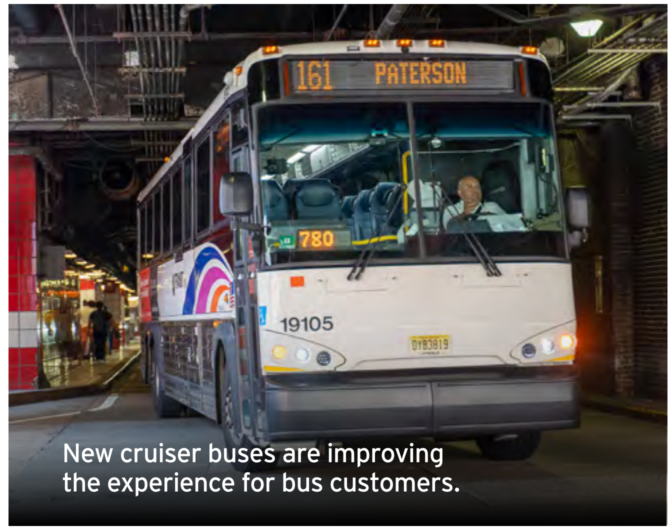
A customer speaks with President & CEO Kevin Corbett during a We're Listening Forum at Hoboken Terminal.

Meanwhile, the results of an audit of NJ TRANSIT ordered by Governor Phil Murphy pursuant to Executive Order #5 were released. The North Highland report made a number of observations and recommendations to get NJ TRANSIT back onto a path of prosperity after nearly a decade of neglect, including a reorganization of senior management, revising hiring and job-retention practices, improving customer communications, streamlining business and procurement practices and more. NJ TRANSIT began implementing the recommendations in FY2019, and a more comprehensive and strategic implementation plan is being developed for FY2020.

In August 2019, Governor Murphy signed Executive Order #80, requiring NJ TRANSIT rail performance metrics to be shared with the public monthly through the agency's website, providing more transparency and accountability for commuters. The key performance metrics contained in the monthly releases will include the number of train cancellations each month and a listing of the specific types of cancellations, on time rail performance and mean-distance-between-failures of each NJ TRANSIT line, and other information that the Commissioner of Transportation deems appropriate. NJ TRANSIT will create a dashboard for the public that will be available on its website by November 30, 2019 with these and other agency metrics.

NJ TRANSIT also initiated a pilot project to test the operation of electric buses. The pilot will begin with eight electric buses and supporting infrastructure, which will be installed at Newton Avenue Garage in Camden to test the viability of electric buses in different operating environments in an effort to improve fuel economy, lower fuel costs and reduce emissions. These buses will operate through several environmental justice communities.

The agency also ordered the next generation of multilevel rail cars, articulated buses and additional dual mode locomotives in FY2019, while it continued to receive delivery of new cruiser buses. The new rail cars and buses will



New cruiser buses are improving the experience for bus customers.

improve the customer experience by offering the latest in customer amenities and increasing reliability as older equipment is retired.

Construction continued in FY2019 on a larger, more modern Avandale Park & Ride in Camden County, which is being built to support a future Bus Rapid Transit system in the region. Meanwhile, planning advanced for a new Elizabeth Station on the Northeast Corridor, and for accessibility upgrades at Perth Amboy Station on the North Jersey Coast Line. The Corporation is also working closely with the Port Authority of New York & New Jersey on long-range plans to rebuild or replace the Port Authority Bus Terminal in New York.

NJ TRANSIT introduced new technology upgrades that enhanced the customer experience in FY2019. That includes offering more features on the NJ TRANSIT mobile app, testing onboard validators on buses to simplify and expedite the boarding experience, and unveiling Access Link Online, which gives Access Link paratransit customers a new electronic fare feature, online reservation and cancellation options, and new ways to communicate with the Access Link staff.

NJ TRANSIT hired its first Employee Court Advocate in FY2019. The new advocate provides employees who have been the victims or assaults or other crimes with legal advice and other support before, during and after court proceedings.

Large monopoles that support overhead wires were installed adjacent to Portal Bridge in advance of bridge construction work.

Thanks to federal assistance, a strong resiliency program continued to advance in FY2019 with a number of planned projects that will storm-harden the NJ TRANSIT system against extreme weather events. Construction work continued during the year on overhead cabling installation, elevation of substations and other flood protection projects around the system. Meanwhile, design work continued on a variety of larger projects, such as filling in an inactive canal adjacent to Hoboken Terminal and replacing it with additional tracks and platforms, replacing the Raritan River bridge on the North Jersey Coast Line, constructing a new storage and inspection facility on the Northeast Corridor and building a new transit microgrid that will power critical sections of the NJ TRANSIT system when commercial power fails.

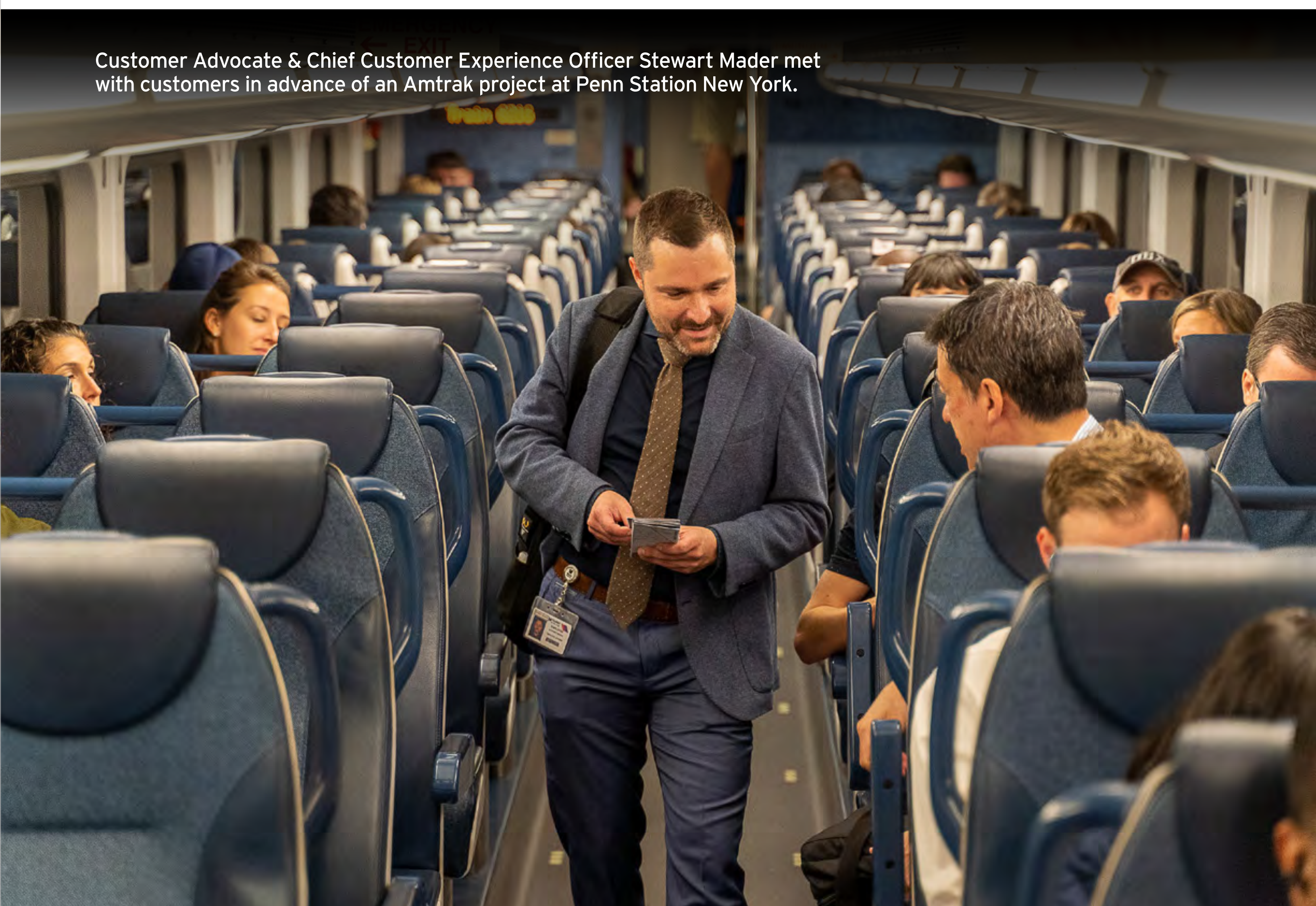
Finally, NJ TRANSIT is working closely with Amtrak, the Port Authority of New York & New Jersey, federal, state, county and local elected leaders and transportation advocates to advance the Gateway Program. Early work supporting the Portal North Bridge replacement project was completed in FY2019 as work continues to secure funding for construction of the bridge, a new Hudson River tunnel and other components of the Gateway Program. The Portal Bridge Project is fully designed and expected to be the first project to go to construction when funding becomes available.

Portal Bridge

IMPROVING THE

CUSTOMER EXPERIENCE

Customers are front and center as NJ TRANSIT moves forward to regain its rightful place as a national leader in public transit. Our report theme – **Engage. Inform. Improve.** – is a strategic campaign introduced in FY2019 designed to enhance the customer experience through active listening, improved communication and delivering customer experience improvements based on customer feedback.



Customer Advocate & Chief Customer Experience Officer Stewart Mader met with customers in advance of an Amtrak project at Penn Station New York.

NJ TRANSIT welcomed the Corporation's new **Customer Advocate & Chief Customer Experience Officer** in May 2019. The primary focus in this position is to monitor and improve the customer experience at every customer touchpoint.

In his first 100 days, the Customer Advocate focused on four key areas: engaging customers onboard buses, trains, and light rail vehicles; beginning a redesign of the NJ TRANSIT website; strengthening the use of social media; and using video to share the inner workings of transit with our customers.

One of the Customer Advocate's first assignments was to assist customers on trains that were affected by the Summer 2019 Amtrak infrastructure renewal project at Penn Station New York, and on the Pascack Valley Line to inform customers about project work and alternate busing plans during the work. Local and interstate bus service was discussed with customers on nearly a dozen bus routes in North Jersey, including one on the way to a public meeting with Senator Loretta Weinberg. The insights and questions customers share with the Customer Advocate, as well as personal observations and analysis, are informing a broader customer experience strategy. Up next, the Customer Advocate will be riding South Jersey buses, the River Line and the Atlantic City Rail Line.

The Customer Advocate also helped with the development of a new **njtransit.com** homepage, improving the way we present "System Status," "DepartureVision" and "MyBus." The new **njtransit.com** is being built with a streamlined approach that enables NJ TRANSIT to regularly release enhancements while incorporating feedback shared via the "Website Feedback" link on the homepage.

@TracyMitch

@NJTRANSIT want to compliment our driver on the 164X Midland Park to NYC today. Some careful, expert driving on unplowed, slippery roads. He did a great job. Bus number 7965.

6:46 AM - 1 March 2019

On social media, we enhanced service-specific Twitter accounts with line branding to better differentiate them from each other and the main @NJTRANSIT account. Each service-specific account is now the primary place for customers to get real-time service updates for a particular train, light rail or bus line. The @NJTRANSIT account shares broader news, updates and initiatives. The Customer Advocate is also working with the social media team to enhance customer engagement by providing more context in responses to customers and sharing the "why" behind what the Corporation does. The Customer Advocate also uses videos to reach more customers about building resiliency into their travel habits, and takes customers behind the scenes to see how NJ TRANSIT gets them on their way.

In FY2020, NJ TRANSIT will introduce a new customer experience unit with a renewed focus on listening and responding to customer needs, and proactively identifying opportunities to improve service.

MORE CUSTOMER ENGAGEMENT

NJ TRANSIT continued to connect with its customers through **We Are Listening Forums** and **Information Sessions** in FY2019, giving them the opportunity to speak directly with President & CEO Kevin Corbett, his senior staff, senior operations managers and customer service representatives. NJ TRANSIT hosted some 20 forums and sessions in New Jersey, New York and Philadelphia during the fiscal year to gather feedback and provide service adjustment and project-specific information to customers.

Two **Scorecard surveys** were conducted in FY2019, both in English and Spanish, with customers rating their satisfaction of 42 different service attributes and selecting their three most important attributes. In November 2018, nearly 52,000 surveys were received from bus, rail, light rail and Access Link customers with an overall satisfaction rating of 5.4 on a scale of 0 to 10. About 67 percent of customers said they were very or somewhat likely to recommend NJ TRANSIT to a friend or relative in the survey. In June 2019, more than 72,000 surveys were received from customers on all modes, with data still being gathered and analyzed for future action at the end of FY2019.

NJ TRANSIT's **social media** is a vital tool in our *Engage. Inform. Improve.* initiative, providing customers with service and project information, gathering and processing valuable feedback, sharing cost-saving promotions and more. Our social media team engaged with a growing number of customers in FY2019. The number of Twitter "followers" grew from 228,475 to 241,000, the number of Facebook "likes" grew from 70,614 to 73,251, and the number of LinkedIn "followers" grew from 12,160 to 18,763.

NJ TRANSIT hosted 20 We are Listening Forums and Information Sessions in FY2019.

Governor Phil Murphy congratulated these Locomotive Engineer graduates, one of seven classes that were in session during FY2019.

NJ TRANSIT **Ambassadors** provided an additional layer of customer service during more than 150 concerts, sporting events, construction projects and other major activities in FY2019. The Ambassador program gives customers the ability to speak directly with NJ TRANSIT employees who can answer their questions and point them in the right direction.

NORTH HIGHLAND REPORT

NJ TRANSIT received the North Highland Report in FY2019, which was initiated by Governor Phil Murphy under Executive Order #5. The report delivered a comprehensive strategic, financial and operational assessment of NJ TRANSIT, focusing on organizational structure, operating and capital funding sources, personnel recruitment, procurement and customer experience. A host of recommendations were identified and are being pursued or are already underway.

NJ TRANSIT has already responded to immediate action items identified in the report, such as streamlining the **executive organizational structure**, creating a modernized **employment application tracking system**, rebuilding the Corporation's **leadership development programs**, improving **flexibility in procurement through cooperative purchasing**, enhancing the **NJ TRANSIT mobile app with customized push notifications** of service alerts, and improving **external and internal communications** with customers and employees. Moving forward,

NJ TRANSIT hired and trained more than 500 new Bus Operators in FY2019.

NJ TRANSIT Ambassadors assisted customers for more than 150 events in FY2019.

NJ TRANSIT is pursuing additional recommendations with professional assistance in FY2020, which will include the development of a **technology roadmap** and adopting a **business process redesign** across the organization.

RECRUITING

NJ TRANSIT aggressively **filled vacancies** in FY2019, with an emphasis on frontline positions, hiring more than 500 bus operators, locomotive engineers and train crew members to enhance the customer experience. As a result, vacancies across the organization decreased by 14 percent during the fiscal year, thanks to new recruitment strategies, financial incentives and a new application tracking system. Many of the new recruits received specialized training based on the position they were hired for.

NJ TRANSIT also Initiated a comprehensive review of salaries across the organization in support of Governor Phil Murphy's **Equal Pay Act**, ensuring compliance across the organization.

NJ TRANSIT continues to focus on maintaining a diverse workforce. See **Appendix A** for further information about employee staffing, demographics and financial information per N.J.S.A. 27:25-20.

SERVICE

In an effort to meet increased demand, **NJ TRANSIT added bus service** on more than a dozen routes in FY2019 to enhance the customer experience. More trips were added during peak periods, including major additions to the Nos. 119, 123, 126 and 128 lines. Weekend service was extended on the No. 160 line and weekend service schedules were nearly doubled on the Nos. 123 and 126 lines. Additionally, new service was implemented to the new Payne Vocational-Technical Campus in Newark on the No. 34 line. Weekday ridership increased by 23 percent, and the number of bus trips increased by 17 percent, in the five years between April 2012 through April 2017 on the No. 126 line alone and that ridership growth has continued.

BUS AND RAIL FLEET

NJ TRANSIT awarded a contract in FY2019 to purchase 113 new **Multilevel III Vehicles (MLV III)**, consisting of 58 power cars and 55 coaches. The new MLV IIIs will feature color infotainment screens with real-time information about stations and connections, USB charging ports, an onboard video surveillance system, wider vestibules for improved wheelchair accessibility, new bicycle racks, an intelligent LED lighting system and motorized restroom doors. The new cars will replace Arrow III rail cars, which are more than 40 years old. Six pilot MLV IIIs are expected to arrive in FY2022, with revenue service starting in early FY2023. Full production vehicles will begin to arrive in the middle of FY2023 with overall delivery to be completed by the middle of FY2025.

@Bill_Deni

@NJTRANSIT excellent job on train 6210 from Montclair to NYC. Good ride & on time. #thanks

8:16 AM - 7 February 2019

NJ TRANSIT purchased 17 additional **ALP-45 Dual Power Locomotives** in FY2019 to replace older GP-40 diesel locomotives, some of which are more than 50 years old. The dual-mode locomotives will provide more flexibility by operating on both electrified and non-electrified rail lines. When operating on non-electrified lines, they have the potential to reduce GHGe by ~200,000 tons per year, reducing nitrous oxide (NOx) emissions by nearly 47 tons per year, per locomotive, when compared to the older diesel locomotives they are replacing. Delivery of a pilot locomotive is scheduled for the second quarter of FY2020. Production locomotives are scheduled to arrive in the third quarter of FY2021.

NJ TRANSIT purchased 17 additional ALP-45 Dual-Power Locomotives, which can operate on diesel or electric power.

The first of 85 new articulated buses on the production line in 2019.

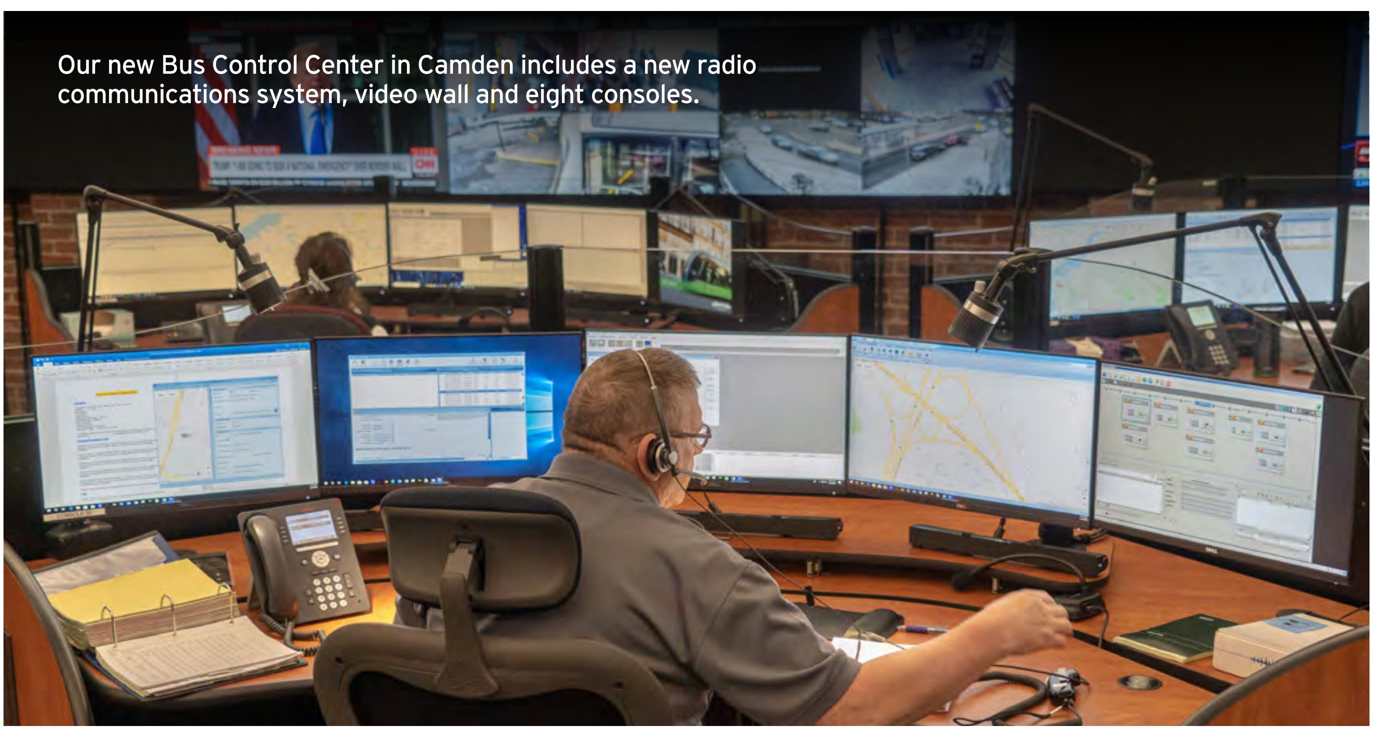
NJ TRANSIT ordered 85 **articulated buses** in FY2019 to replace the current 15-year-old articulated bus fleet. Prototype buses are scheduled to arrive in the second quarter of FY2020, with production buses scheduled to arrive in the third quarter of FY2020. The new articulated buses feature more seating, low-floor customer boarding, USB charging ports, internal and external cameras, improved intercoms, LED lighting and bicycle racks. The new articulated buses will reduce NOx emissions by 36 tons per year compared to the buses they are replacing.

NJ TRANSIT continued to receive delivery of 1,100 new 45-foot **cruiser buses** in FY2019 as part of a multi-year contract, replacing older buses that have reached the end of their useful lives. The buses are being delivered to both NJ TRANSIT and private carriers who help NJ TRANSIT provide commuter service in New Jersey. Nearly 250 buses have been delivered to NJ TRANSIT and 308 to private carriers, with 183 more arriving in FY2020. Since 2016, the new cruiser buses have reduced emissions of NOx by 372 tons per year compared to the buses they have replaced. More emission reductions will be realized with additional cruiser bus deliveries in FY2020.

NJ TRANSIT is moving forward with the purchase of **electric buses** as part of a pilot program based at Newton Avenue Garage in Camden. See more about this project in the *Community Development & Sustainability* section of the report.

BUS FACILITIES

Work is underway at **Avandale Bus Park & Ride** adjacent to the Atlantic City Expressway in Camden County. The existing park & ride provides 330 parking spaces, serving more than 600 customers on five



Our new Bus Control Center in Camden includes a new radio communications system, video wall and eight consoles.

An artist's rendering of the future Perth Amboy accessibility project.

NJ TRANSIT bus routes. The project will increase parking capacity by an additional 131 parking spaces, and upgrade lighting, customer waiting areas and bus circulation through the lot. The project is scheduled for completion by Winter 2019.

NJ TRANSIT installed 42 new **bus shelters** and 25 new **benches**, and relocated nearly 50 **bus stop locations** in FY2019 in response to customer or municipal requests, or changes to roadway configurations. In addition, NJ TRANSIT purchased an additional 150 bus shelters during the year.

A new **Bus Control Center** opened in Camden in FY2019, equipped with an integrated Computer-Aided Dispatch and digital radio communications system, the first of its kind in the nation. Eight new working consoles allow supervisors to monitor real-time bus service and bus mechanical performance. The control center also features enhanced voice and data communications and a video wall that monitors traffic cameras, customer and employee facilities, weather conditions and breaking news. Construction on a similar facility in Maplewood will advance in FY2020.

Facility upgrades were also completed in FY2019 at several bus facilities, including bathroom rehabilitation projects at North Bergen Park & Ride, Weehawken Terminal, Lakewood Terminal, Mississippi Loop (West Orange), North Arlington Loop and 16th Avenue Loop (Newark), and lighting improvements at Walter Rand Transportation Center in Camden, Old Bridge Park & Ride, Broadway Bus Terminal in Paterson, Mississippi Loop and at several bus garages.

RAIL FACILITIES

NJ TRANSIT awarded a design-build contract to replace the existing **Elizabeth Station** on the Northeast Corridor. The project includes reconstructing and extending existing high-level platforms, installing new elevators, replacing existing elevators, constructing new inbound and outbound station buildings and waiting areas, restoring the pedestrian tunnel, installing a state-of-the-art communications system and more. Final design is expected to be completed in late 2019, with construction scheduled for completion in Winter 2022.

NJ TRANSIT is advancing plans for historic **Perth Amboy Station** on the North Jersey Coast Line, making the station building, platforms and parking area compliant with the Americans with Disabilities Act (ADA). Work will include two new high-level platforms, and upgrades to the pedestrian overpass, elevators, parking area, landscaping, lighting, and new communications and security systems. The State Historic

Preservation Office has approved design and environmental work for the station. Federal Transit Administration approval of environmental documentation to advance the project into final design is pending. The project is scheduled to begin in FY2021.

Design work to modernize and upgrade **Lyndhurst Station** on the Main Line continued in FY2019. The project includes a new station building with two high-level platforms. When completed, the station will comply with ADA accessibility standards. Construction is scheduled to begin in late-spring 2020.

Facility upgrades were also completed at several commuter rail facilities in FY2019, including waiting room, shelter and/or bathroom improvements at Hamilton Station, heating and air-conditioning upgrades at Plainfield, Hamilton and Metropark stations, lighting upgrades at Secaucus Junction, elevator upgrades at Bay Street, Rahway and Paterson stations, and parking lot upgrades at Kingsland Station in Lyndhurst.

STATE-OF-GOOD-REPAIR

Construction continued in FY2019 on improvements at **New Brunswick Station** on the Northeast Corridor. Work includes rehabilitation of waiting room windows, optimization of lighting, heating and air conditioning systems, exterior facade improvements, downspout and gutter repairs and exterior painting. Meanwhile, upgrades of the station's two existing platform elevator towers and escalator are scheduled to begin in FY2020. Finally, design work will also begin in FY2020 for an extension to the New York-bound platform at the station.

In FY2019, repair and upgrade work was completed on the station plaza, lighting and communication system at **Rutherford Station** on the Bergen County Line.

NJ TRANSIT advanced work in FY2019 on plans to replace **Compressed Natural Gas (CNG) Compressor Equipment** at Howell Garage. The new CNG equipment at Howell Garage represents a Greenhouse Gas reduction of approximately 181 tons of nitrous oxides (NOx) per year compared to the CNG equipment that will be replaced. The project is scheduled for completion in FY2020.

Rail Operations completed state-of-good-repair work across the rail system in FY2019. The work included installation of more than 46,500 wood railroad ties on the Raritan Valley, North Jersey Coast, Morristown and Gladstone lines, and installation of 2,000 composite cross-ties near station platforms in Bloomfield, Somerville, Dunellen and Fanwood.

Rail Operations completed state-of-good-repair work across the rail system in FY2019. The work included installation of more than 46,500 **wood railroad ties** on the Raritan Valley, North Jersey Coast, Morristown and Gladstone lines, and installation of 2,000 **composite cross-ties** near station platforms in Bloomfield, Somerville, Dunellen and Fanwood. More than 7.5 track miles of **continuous welded rail** was repaired on the Atlantic City Line. Meanwhile, 13 **grade crossing renewal projects** were completed on the Atlantic City, Bergen County, Gladstone, Montclair, North Jersey Coast and Pascack Valley lines. **Switches** were replaced or upgraded at East End and West End interlockings near Hoboken Terminal, and 763 **welds** were made with special equipment on the Newark and Hoboken divisions. Also, **high-speed surfacing** work was completed on 118 track miles throughout the system, and major **bridge projects** were completed on nine bridges along the Main/Bergen County Lines, Morris & Essex Lines and North Jersey Coast Line.

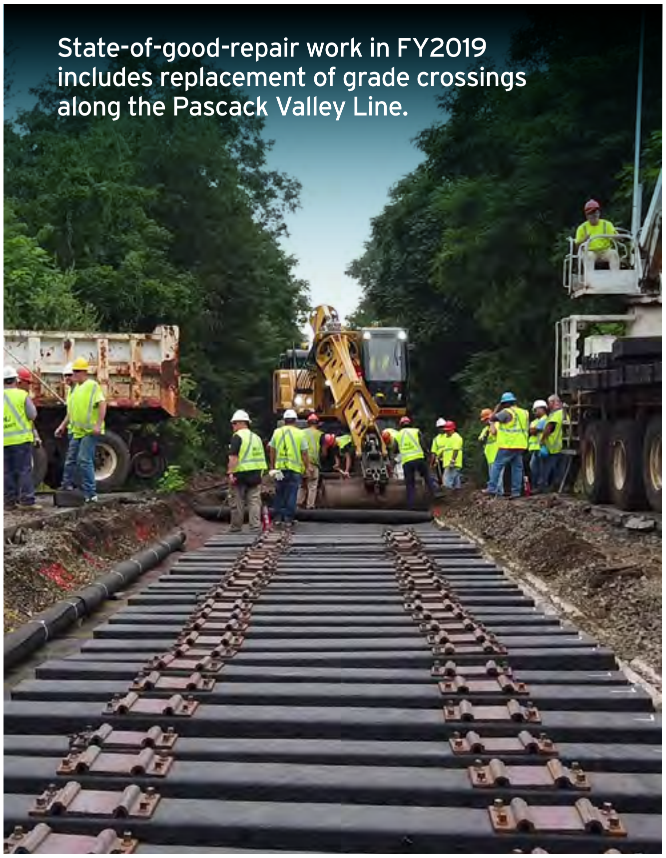
Newark Light Rail (NLR) workers installed more than 1,500 feet of **cable wire** along the NLR right-of-way in FY2019 to protect overhead catenary wires from falling trees, while a **rooftop camera** was installed and successfully tested on an NLR vehicle to augment catenary inspections. Meanwhile, NLR **track renewal and resurfacing work** was completed at Davenport Avenue Station and Sussex Avenue, two **grade crossing projects** were completed at Belmont Avenue and Franklin Street, and hundreds of **new railroad ties** were installed along the NLR system.

A contract was awarded for the construction of the **Hoboken Station Repairs** project in FY2019. The project will include the reconstruction of the concourse area and restore Hoboken Terminal to a fully functional and operating facility. The project will continue to advance in FY2020.

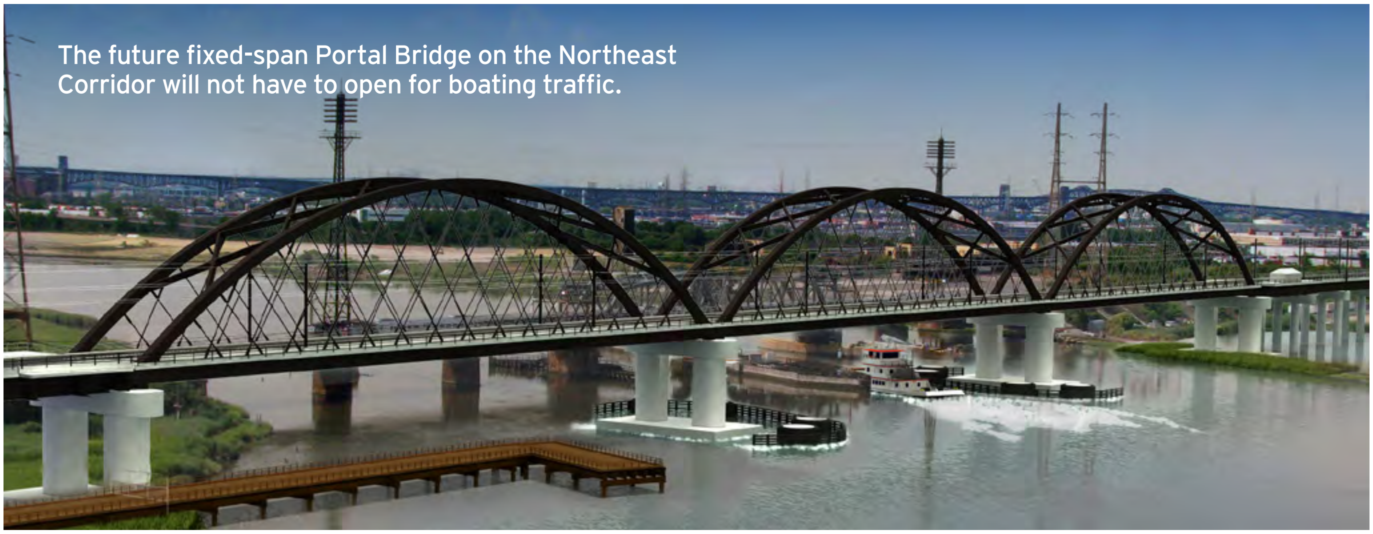
MAJOR PROJECTS

The 2.3-mile **Portal North Bridge Project** on the Northeast Corridor will replace Amtrak's existing, century-old swing-span bridge with a fixed-span bridge over the Hackensack River. Final design continued in FY2019 through a combination of funding provided by Amtrak and the New Jersey Transportation Trust Fund. A Federal Railroad Administration (FRA) grant and a local match grant were used to complete some early-work construction activities. The plans and specifications covering the remaining portion of Portal North Bridge are being prepared for construction. Meanwhile, the Board of Directors authorized the purchase of wetland credits required for the project, and negotiations continued with the Federal Transit Administration (FTA) to secure approval for the project's financial plan, a precursor to entering into a Full Funding Grant Agreement with the FTA. When completed, bridge openings for marine traffic will no longer be necessary, greatly improving service reliability between Newark and New York.

The **Hudson Tunnel Project** consists of a new rail tunnel, rehabilitation of the existing North


State-of-good-repair work in FY2019 includes replacement of grade crossings along the Pascack Valley Line.


State-of-good-repair work on the Newark Light Rail system.



The future fixed-span Portal Bridge on the Northeast Corridor will not have to open for boating traffic.

River Tunnel and the Hudson Yards Concrete Casing Section 3. The current North River Tunnel is more than a century old and was severely damaged during Superstorm Sandy. Completion of a new tunnel is needed before rehabilitation can begin on the existing tunnel without interrupting rail service. Early construction on the concrete casing project got underway in FY2019, preserving the right-of-way for a future tunnel to serve Penn Station New York. Design work on the Hudson River Tunnel is 30 percent complete and is awaiting issuance of a Final Environmental Impact Statement and a Record of Decision by the FRA/FTA.

The Hudson-Bergen Light Rail (HBLR) **Route 440 Extension** project will extend HBLR service from West Side Avenue Station to a new terminus on the west side of Route 440 where Jersey City is promoting residential and commercial development. NJ TRANSIT has prepared an Environmental Assessment and the FTA has issued a Finding of No Significant Impact. Preliminary engineering is underway and anticipated to be completed by the end of 2019. Groundbreaking for early construction will occur in FY2020.

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. FTA approval for the publication of a Final Environment Impact Statement and the issuance of a Record of Decision is pending identification of a funding source for project property acquisition and construction.

The **Glassboro-Camden Line** will provide light rail service between Camden and Gloucester counties, also improving regional mobility, mitigating traffic congestion and fostering economic investment. The environmental impact statement for the project is being managed by the Delaware River Port Authority with funding and technical support from NJ TRANSIT. The project is currently evaluating the shared use of a Conrail right-of-way and the interface between passenger and freight operations.

NJ TRANSIT advanced work on the **Lackawanna Cutoff** project in FY2019, which included purchasing the balance of wetland mitigation credits, completing the review of pre-qualification packages for reconstruction of the Roseville Tunnel, ongoing development of a bid package for construction of Andover Station, and continued development of a Request for Proposal to purchase riparian zone mitigation credits. The Lackawanna Cutoff will extend NJ TRANSIT rail service into Sussex County, with the long-range potential to extend service further, with cooperation from the State of Pennsylvania.

NJ TRANSIT hosted open houses to boost participation of small businesses and disadvantaged business enterprises in FY2019 and beyond.

NJ TRANSIT streamlined its **procurement regulations**, promoting cooperative purchasing and purchasing from state and federal schedules. In total, NJ TRANSIT has committed more than a billion dollars to capital projects and purchases, including construction management services for Elizabeth Station, and purchases of multilevel rail cars and articulated buses.

NJ TRANSIT hosted **open houses** with prime contractors, small businesses and disadvantaged business enterprises (DBEs) in FY2019, showcasing upcoming construction projects and other opportunities to do business with the agency or one of its contractors. Attendees learned about more than $800 million in upcoming contracting opportunities with NJ TRANSIT. Additionally, NJ TRANSIT partnered on events with the National Transit Institute and the Conference of Minority Transportation Officials. NJ TRANSIT is committed to a three-year DBE goal of 21.87 percent for federal fiscal years 2020-2022, with plans to increase the DBE goal in upcoming fiscal years.

STUDIES

Plans to replace the **Port Authority Bus Terminal (PABT)** by the Port Authority of New York & New Jersey (PANY&NJ) advanced in FY2019. The PANY&NJ released planning-level scoping documents and announced public meetings to be held in FY2020. Planning for a new bus terminal will include identifying an optimal location and preferred alternative. NJ TRANSIT remains engaged in the process.

NJ TRANSIT and Camden County are advancing design concepts for a new **Walter Rand Transportation Center (WRTC)** in Camden. The WRTC is served by the River LINE, PATCO, NJ TRANSIT local and interstate bus services and Greyhound buses. The project would include a new transit terminal and parking deck, and would serve as a key component of redevelopment in Downtown Camden. NJ TRANSIT is funding the conceptual design and Camden County is managing the project.

Plans are advancing for a new Walter Rand Transportation Center in Camden.

Work continued on plans for a new **Passaic Bus Terminal** in cooperation with the City of Passaic and Passaic County. NJ TRANSIT proposes constructing a new bus terminal in an off-street plaza area that is currently used for automobile parking on Main Avenue. A new terminal will greatly improve customer convenience and streamline bus operations in the area.

Internal analysis continued in FY2019 for a **new bus storage and maintenance facility** in North Jersey. Activities included site screening, preliminary environmental analysis, concept planning, preliminary scoping, cost estimating and related pre-acquisition efforts.

NJ TRANSIT is updating and completing an Environmental Assessment for the **South Jersey Bus Rapid Transit (SJBRT)** project, with proposed improvements along the Atlantic City Expressway, Routes 42 and 55, Interstates 76 and 676 in Downtown Camden, and in Philadelphia. SJBRT would use priority treatments and new technology to make the transit experience faster and more reliable than traditional bus service. Completion of the Environmental Assessment will allow the project to qualify for federal funding.

A study of the **Hoboken Terminal rail platform and concourse** area was initiated in FY2019. The study will attempt to identify opportunities to improve the platforms and canopies, as well as accessibility and passenger flow between bus, rail, light rail and ferries at the terminal.

NJ TRANSIT, along with Passaic, Bergen and Hudson counties, began updating an earlier environmental assessment on the **Passaic-Bergen Passenger Service Restoration Project**. The study involves preparing a federally compliant technical update and assessment of the corridor for current conditions.

Work progressed on two separate Raritan Valley Line (RVL) studies in FY2019. These include a study of additional tracks along the Conrail **Lehigh Line** that could increase the frequency of RVL service, along with the **West Trenton Passenger Service Restoration Study**, which will update a prior study to reflect current conditions. Passenger service would utilize the Raritan Valley Line tracks to Bridgewater before using Conrail tracks to West Trenton.

RESILIENCY

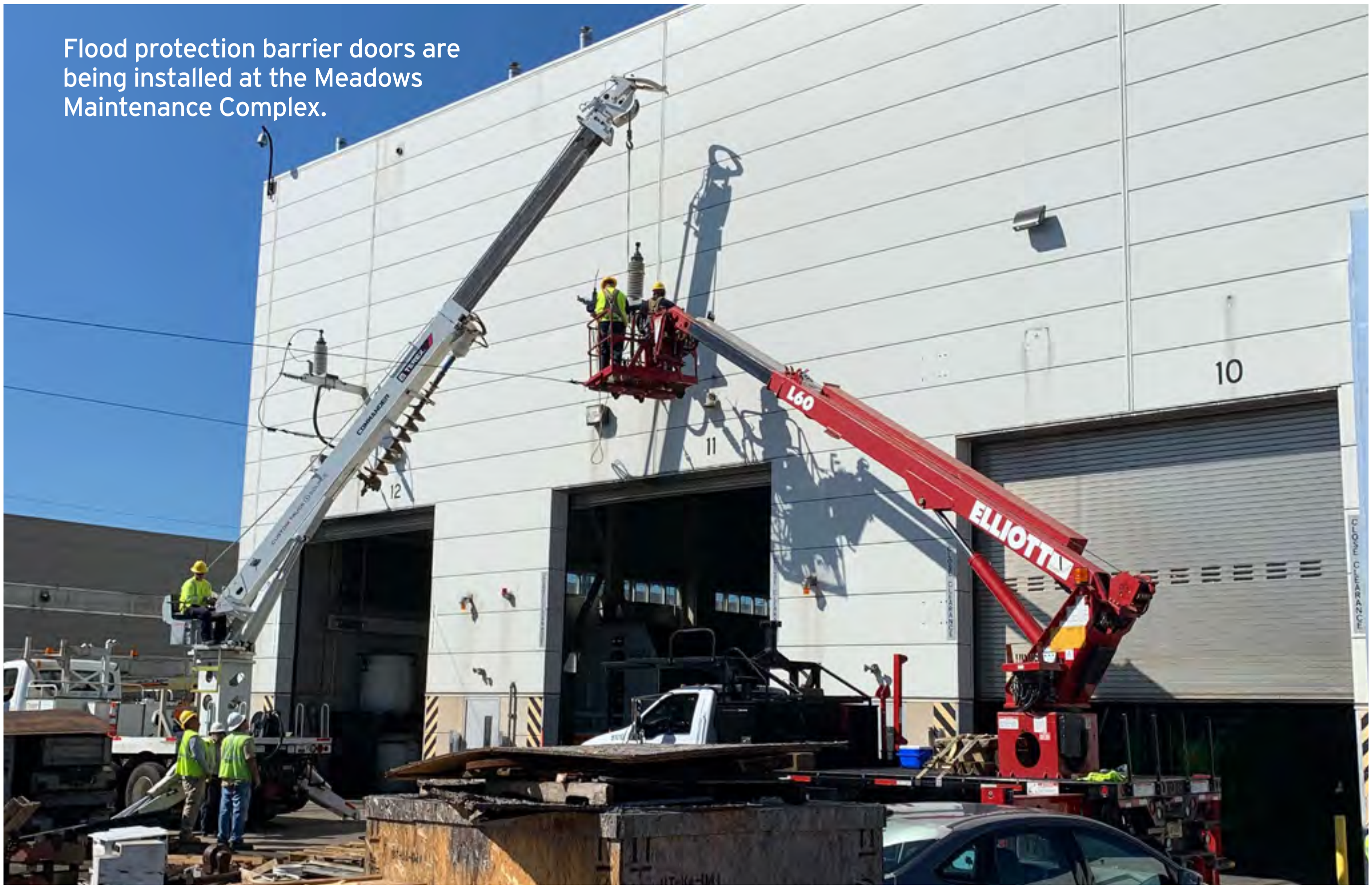
NJ TRANSIT's **Resilience Program** has obligated more than $1.4 billion from the Federal Transit Administration's (FTA) Emergency Relief Program, including all work to repair/rebuild assets damaged by Superstorm Sandy. In FY2019, more than $186 million of FTA funding was obligated, which included funding to replace **Hudson-Bergen Light Rail (HBLR) Traction Power, Auxiliary Power** and **Signal & Communication Cables** that were damaged by Superstorm Sandy. Replacement of cables will continue in FY2020.

Construction was completed in FY2019 for **repairs to Hoboken Terminal**, including a new hot water heating system, a new ferry operations suite, new employee facilities and modifications to the Terminal Power Distribution System.

> NJ TRANSIT's Resilience Program has obligated more than $1.4 billion from the Federal Transit Administration's (FTA) Emergency Relief Program, including all work to repair/rebuild assets damaged by Superstorm Sandy.

Final design of the **Newark Light Rail storm protection project** was completed in FY2019, with construction scheduled to begin in FY2020.

Final design continued in FY2019 for resilience modifications for the **Hoboken Terminal and Yard power distribution systems** for both signal and yard power. This work will include aerial cabling on


Flood protection barrier doors are being installed at the Meadows Maintenance Complex.

new poles connecting power substations to signal equipment and major yard facilities. The design of repairs for **Wayside Power Systems** in Yard B and Days Yard at the terminal advanced to near completion, which will raise equipment above flood elevation and add power outlets and control stations for up to 20 tracks. Advertisement of these contracts is planned for FY2020.

The **Mason Substation** project continued to advance in FY2019 per an agreement between NJ TRANSIT and PSE&G, which will construct a new, resilient 203-kilovolt substation, replacing the existing substation that was damaged during Superstorm Sandy. This project includes traction and yard power, and a new substation. Construction is underway and will continue through FY2020.

Construction continued in FY2019 for **flood protection 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. The project is scheduled for completion in FY2020.

The **Henderson Street Substation** contract, which will provide power to most Hoboken Yard facilities, was advertised and awarded in FY2019. The project involves the construction of a new resilient electrical substation to provide reliable and resilient electric power to the rail and ferry terminals and supporting infrastructure. Primary power and distribution cables will be located above Base Flood Elevation to protect them from future extreme weather events. The project also includes a connection to the NJ TRANSITGRID resilient power system, allowing the Hoboken Yard complex to continue operations in the event of a long-term commercial electrical outage. Construction is underway and will continue to advance in FY2020.

The **Bay Head Substation** repair project involves the design and construction of a replacement substation at Bay Head Yard, including switch-gears, transformers, and all other associated power cable, devices and controls. Construction and construction management contracts were advertised in FY2019; construction is scheduled to commence in FY2020.

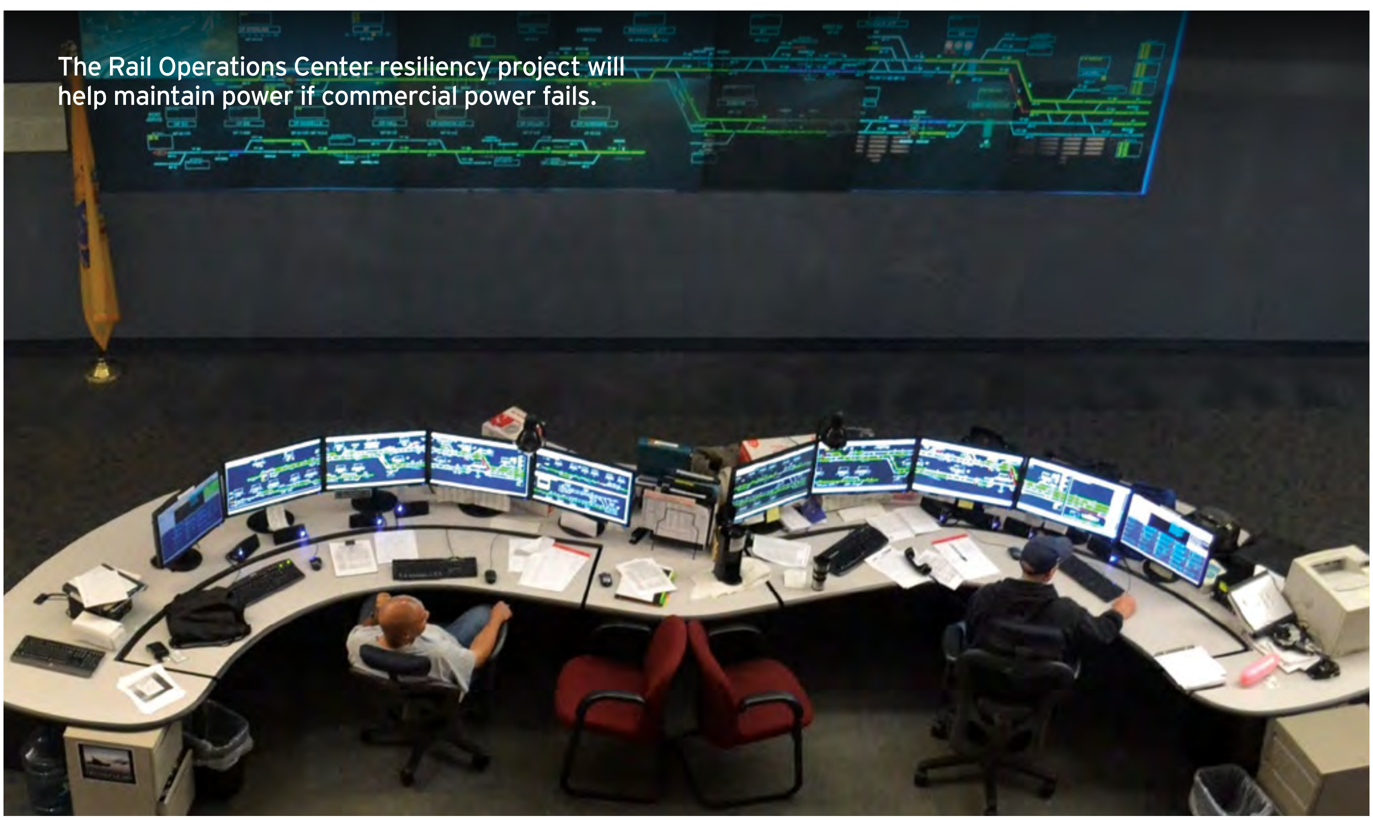
Construction of the **Observer Highway Switching Station** in Hoboken continued in FY2019, replacing an existing switching station and related controls that were significantly damaged during Superstorm Sandy. The project is scheduled for completion in FY2020.

In FY2019, NJ TRANSIT awarded a construction contract for the **Hoboken Terminal House Power** project, replacing an existing substation that was damaged during Superstorm Sandy. The new substation, which will provide reliable and resilient electric power to the rail and ferry terminals, along with supporting infrastructure and cabling, will be located above flood elevation.

Construction is underway and will continue to advance in FY2020.

The **Rail Operations Center (ROC) Unit Substation** project 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 proposed NJ TRANSITGRID. Construction is underway and will continue to advance in FY2020.

Final design of the **Delco Lead Storage and Inspection Facility** continued in FY2019. Funded by a Federal Transit Administration Competitive Resilience Grant, the project consists of electrified equipment storage tracks and passing sidings along the Northeast Corridor in Middlesex County, and construction of a new Service and Inspection Facility within County Yard. The full construction contract is anticipated to be advertised in FY2020. When completed, the project will provide a resilient storage location for rail cars during a severe storm, and a service & inspection facility to help Rail Operations quickly return to service after a severe storm.



The Rail Operations Center resiliency project will help maintain power if commercial power fails.

@emilyycdisney

If there was a thing like Cast Compliments for @NJTRANSIT drivers, I would give my driver on the 193 to Willowbrook @ 9:20pm the highest rating possible! She is awesome and has the best personality that makes you feel so welcome on her bus!

9:20 PM - 21 May 2019

A Competitive Resilience Grant also funds the **Long Slip Fill and Rail Enhancement Project**, which involves the filling of Long Slip canal adjacent to Hoboken Yard, and construction of new tracks, high-level platforms and a customer/rail personnel facility. The elevated tracks and platforms will improve rail service to and from Hoboken Yard before and immediately after a storm event, will allow for supplemental service at Hoboken Terminal during service disruptions elsewhere on the system, and will enable more efficient train operations under normal operating conditions. A contract for the first phase of work was advertised in FY2019 and is scheduled to be awarded in FY2020. Design work for Phase II will continue to advance in FY2020.

The **Raritan River Bridge**, which crosses the Raritan River on the North Jersey Coast Line between Perth Amboy and South Amboy, was damaged during Superstorm Sandy. The bridge will be replaced through a Competitive Resilience Grant that supports design and construction of a new bridge. The existing century-old, swing-span bridge will be replaced with a new lift bridge constructed with more durable materials and built at a higher elevation. Final design was completed in FY2019. Advertisement of the first of three general construction contracts is scheduled to be awarded in FY2020.

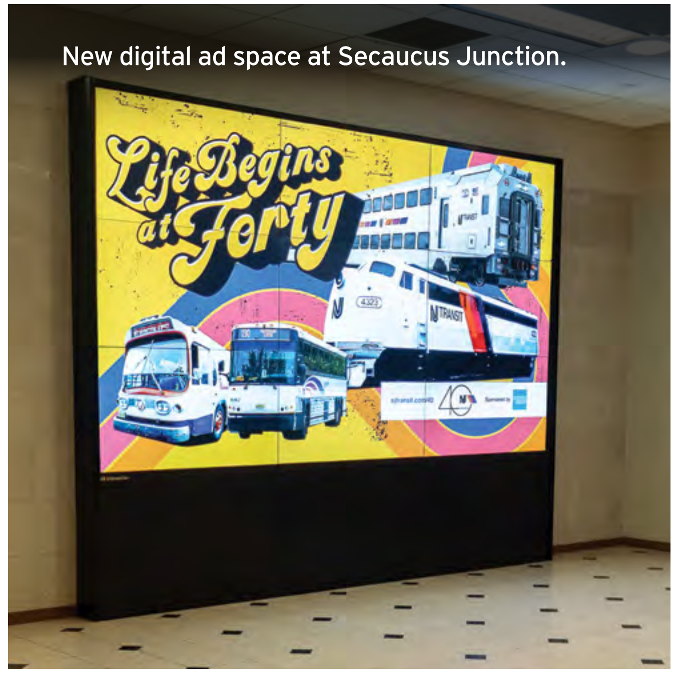
Plans to design and construct a first-of-its-kind microgrid, **NJ TRANSITGRID**, are at the 20 percent design level. A Competitive Resilience Grant supports design and construction, as well as operation of the Main Microgrid that will provide power to a core segment of NJ TRANSIT's critical rail and light rail services and infrastructure. The project also includes a power distribution network and installation of several smaller distributed generation facilities. Partners on this project include the New Jersey Office of Recovery and Rebuilding, the Federal Transit Administration, 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 and Preparedness and other public and private stakeholders.

A federally required Environmental Impact Statement (EIS) process continued in FY2019 for the Main Microgrid of **NJ TRANSITGRID**. A public hearing for the Draft EIS was held in Jersey City. A Record of Decision (ROD) is anticipated to be issued in FY2020. Meanwhile, NJ TRANSIT issued a special prequalification advertisement for the distributed generation facilities in FY2019 and anticipates distribution of the bid package to qualified teams in FY2020.

The **Signals and Communications Resilience project** will make critical system components more resilient to future storms by elevating the components along sections of the Morris & Essex, Main/Bergen, Pascack Valley and Raritan Valley lines, and along Hudson-Bergen Light Rail. A design-build process is being pursued for the project. Design work continued in FY2019, with some construction work completed along the Raritan Valley Line and Hudson-Bergen Light Rail. Design and construction will continue on all remaining commuter and light rail lines in FY2020.

TECHNOLOGY

The number of customers who downloaded the NJ TRANSIT **mobile app** increased by more than a million by the end of FY2019, a 35 percent increase from the previous year to 4.16 million. Meanwhile, at the end of FY2019, nearly 2.5 million **MyTix** accounts were active, a 35 percent increase from FY2018. The mobile ticketing feature, MyTix, achieved two record-setting milestones on July 1, 2019. More than 120,000 tickets were sold through MyTix, the most ever on a single day. And on the same day, MyTix sales surpassed traditional paper tickets for the first time ever, with 55 percent of the day's revenue coming from mobile ticketing. NJ TRANSIT also launched **push notifications** in FY2019 through the mobile app, which feature customized travel alerts sent to customers based on their specific trips.

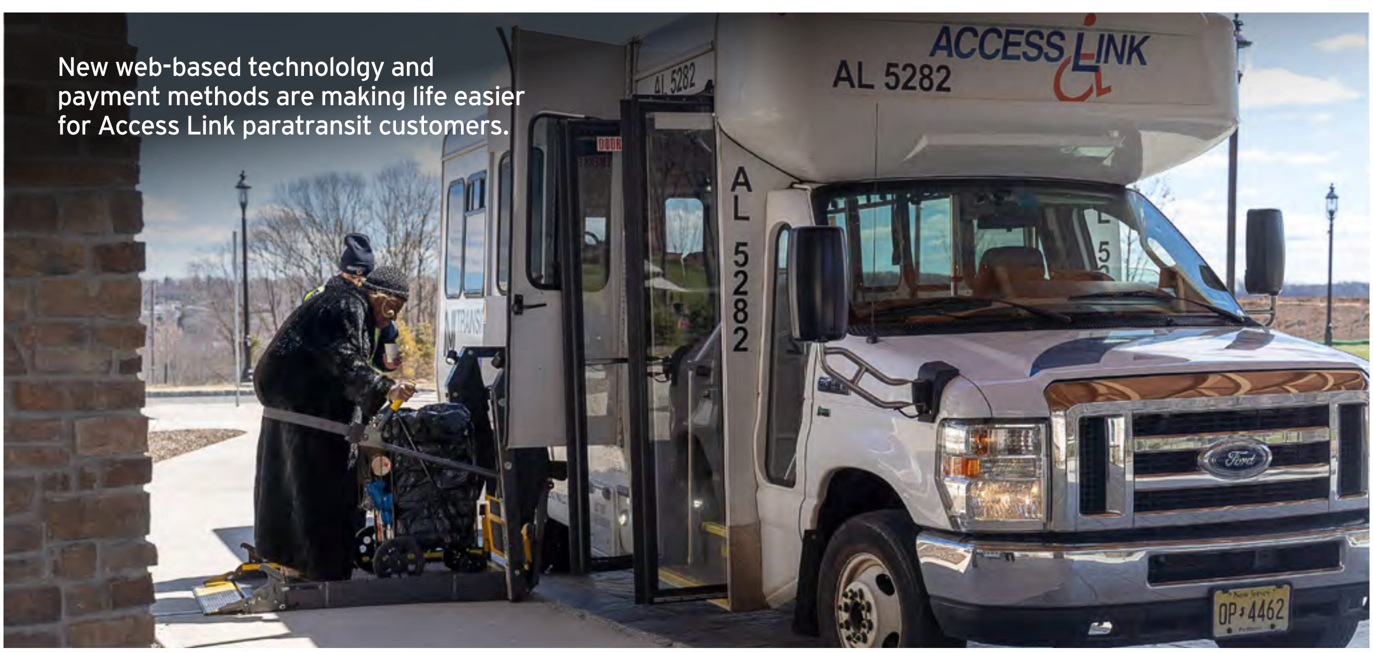


New digital ad space at Secaucus Junction.

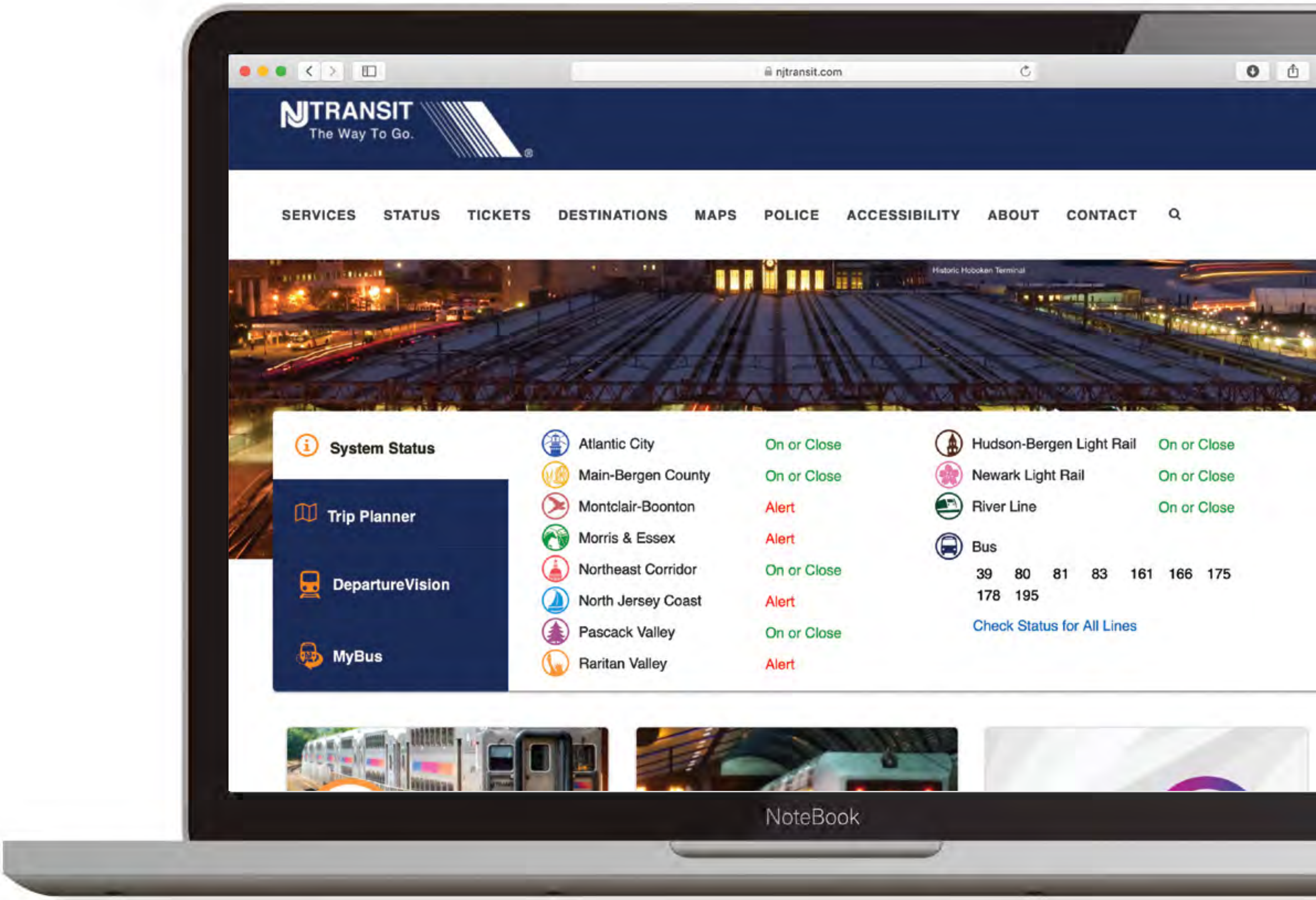
NJ TRANSIT launched a project in FY2019 to update the **NJ TRANSIT website**, www.njtransit.com. The homepage has received a makeover, featuring a refreshed layout, streamlined navigation, and easier access to essential information. "System Status" and "Train and Bus Schedules" were also updated. In addition, the website now includes service alert information based on customer feedback. More pages will be updated in FY2020.

See the *Customer Advocate – 100 Day Report* at the beginning of the annual report for further information.

NJ TRANSIT launched a more user-friendly online service for Access Link paratransit customers in FY2019. **Access Link Online** can be used by Access Link customers to make online reservations, monitor vehicle arrivals, communicate with staff,



New web-based technololgy and payment methods are making life easier for Access Link paratransit customers.



An updated njtransit.com homepage is easier to navigate and includes more essential information.

cancel rides and use a new cashless electronic fare option called **EZ-Wallet**. Meanwhile, a new **interactive voice-response (IVR) telephone system** provides enhanced communication options for customers who may not have access to a computer or the internet. Customers can use their phones to cancel rides, check the status of their rides or confirm rides. An upcoming IVR feature will allow customers to receive an estimated arrival time for their Access Link vehicle.

NJ TRANSIT began testing a new barcode and contactless **onboard validator** in FY2019 on bus routes serving Morris County. The validators will eventually be installed on all NJ TRANSIT buses, light rail platforms and at faregates at Secaucus Junction and Newark Liberty International Airport Station. The validators are Europay, MasterCard, Visa (EMV) compliant and will accept barcode, EMV open contactless payments/wallets and the NJ TRANSIT contactless fare card.

SAFETY AND

SECURITY

Federal law requires all United States railroads to implement **Positive Train Control (PTC)**, which is designed to prevent certain types of rail collisions and derailments, provide added protection for rail workers, provide accident data using a Crash Hardened Event Recorder, and offer interoperability capabilities with other railroads. With Only 12 percent of interim installation complete in January 2018, NJ TRANSIT met an important federally mandated interim installation milestone by a December 31, 2018 deadline, and successfully applied for an "alternative schedule and sequence" that allows PTC to be fully implemented by the end of December 2020. NJ TRANSIT has moved on to component and system testing and commissioning, in addition to installation of equipment components on the remaining vehicles in its fleet. Highlights included:


New Jersey Transit Police hired more police officers in FY2019.

- Continued Field Functionality Testing (FFT) on a 17-mile section of demonstration track on the Morristown Line;
- Provided PTC training to more than 2,500 rail employees, reaching or exceeding the goals for all required locomotive engineers, conductors and management employees;
- Completed PTC installation on 391 vehicles;
- Commenced final cut-over and testing of Wayside Interface Units in preparation for final FFT on other lines within NJ TRANSIT's territory;
- Commenced final testing of transponders in preparation for final FFT on other lines within NJ TRANSIT territory;
- Commenced initial tenant testing on Amtrak's Northeast Corridor Line; and,
- Continued interoperability designs and discussions with all tenant railroads on NJ TRANSIT territory.

Work during FY2020 will include:

- Completion of all vehicle component installation;
- Completion of PTC training for all employees;
- Commencement of Revenue Service Demonstration on NJ TRANSIT territory;
- Commence Interoperability testing on NJ TRANSIT territory;
- Commissioning of all remaining wayside components;
- Commencement of Revenue Service Operations on Amtrak's Northeast Corridor; and,
- Submission of a PTC Safety Plan to the Federal Railroad Administration for review and final certification.

@gigglingtoes

@NJTRANSIT loved seeing your bus driver help that pedestrian. Someone give him a raise!

7:44 AM - 17 April 2019

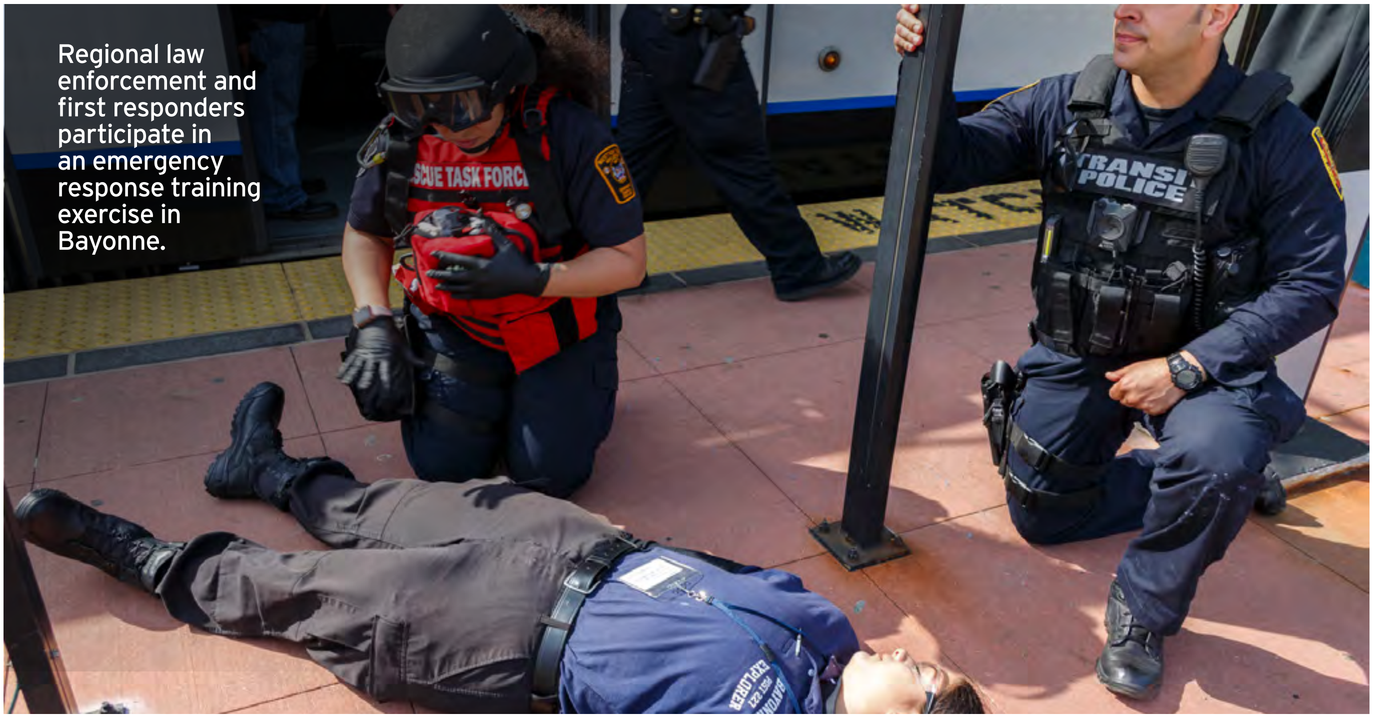
The New Jersey Transit Police Department (NJTPD) hired 13 police recruits in FY2019.

NJ TRANSIT's proactive approach to safety includes safety team visits like this at Trenton Transit Center.

The New Jersey Transit Police Department (NJTPD) hired **13 police recruits** in FY2019. After training at a police academy, the officers received two more weeks of training to gain further knowledge about NJTPD-specific topics, counterterrorism, body-worn cameras and computer systems. Training ends with 12 weeks of field training and a one-year probationary assignment before becoming full-time police officers.

NJ TRANSIT's first **Employee Court Advocate** position was created in FY2019 to support operational employees, such as bus operators and rail conductors, who are victims of on-the-job assaults. Attorney Michael Rubin will meet with NJ TRANSIT employees who have been assaulted to review their cases and help them understand their legal rights. Rubin will also accompany employees to court to ensure that their rights are protected and prosecutors pursue appropriate charges and sentencing.

NJ TRANSIT's new **Emergency Operations Center (EOC)** was activated for 30 planned and unplanned events during FY2019. The EOC is a central command and control facility responsible

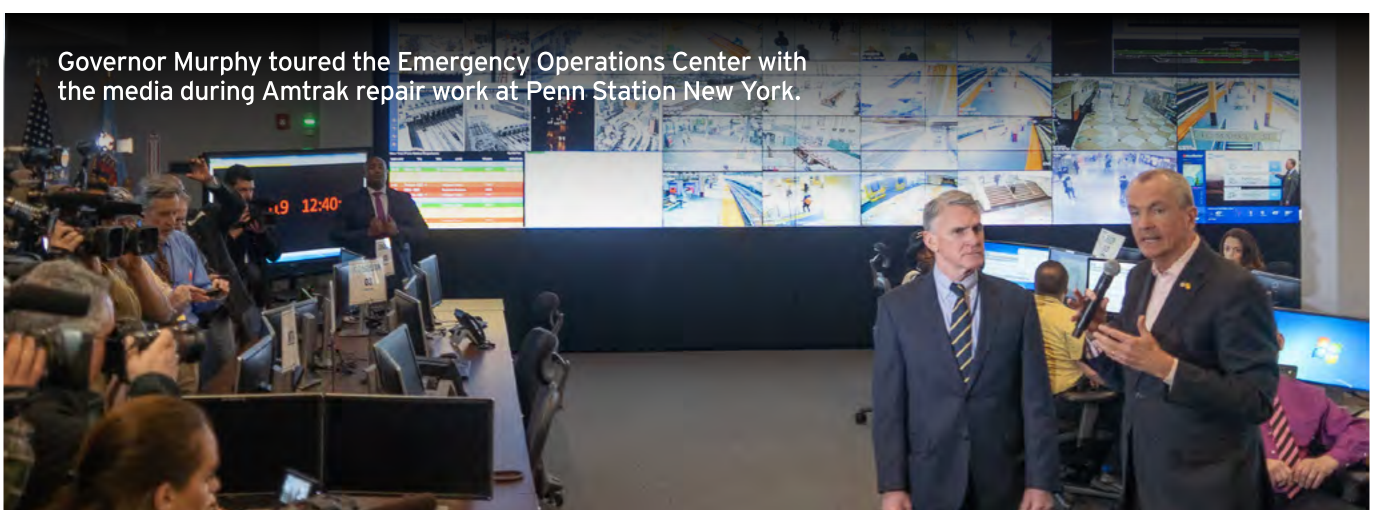


Regional law enforcement and first responders participate in an emergency response training exercise in Bayonne.

for carrying out the principles of emergency preparedness and emergency management, served by all operational business lines for both planned and unplanned events.

New Jersey Transit Police worked with more than 600 federal, state and local law enforcement agencies and emergency responders in FY2019, sponsoring **emergency response training exercises** on Hudson-Bergen Light Rail, River LINE and commuter rail. Meanwhile, more than 2,400 first responders received emergency response training and 222 NJ TRANSIT employees received onboard emergency training provided by Rail Operations. Bus Operations also conducted training for the Englewood, Orange, Irvington, Lakewood and Mays Landing fire departments, as well as New Jersey Transit Police recruits.

During FY2019, 150 New Jersey Transit Police personnel and partner agencies received training to manage the initial response to a **large-scale attack**. Participants learned to gather and disseminate critical information in order to facilitate rapid analysis, and recognize and prevent potential response obstacles or risks to safety.



Governor Murphy toured the Emergency Operations Center with the media during Amtrak repair work at Penn Station New York.

More than 50 New Jersey Transit Police and partner first responders and support personnel attended a Texas A&M Engineering Extension Service course in FY2019 that focused on **incident management skills, staff responsibilities, situational awareness and decision-making skills** during an expanding complex incident. The course is delivered at the National Emergency Response and Rescue Training Center/Emergency Operations Training Center in College Station, TX.

Newark Light Rail (NLR) tested the use of **color monitors** in its light rail vehicle (LRV) cabs in FY2019. The monitors are designed to enhance an LRV operator's ability to view customers as they enter and leave the LRV for safety purposes. The test was successful and all NLR LRV's are being equipped with the new monitors, as well as new color, side-view cameras.

NJ TRANSIT participated in **National Safety Month** in June 2019. The Office of System Safety (OSS) hosted several activities during the month, providing safety tips, emergency preparedness information and other safety-related messages to NJ TRANSIT customers, motorists, employees and others who pass through the transit system. Meanwhile, the OSS, Rail Operations and New Jersey Transit Police conducted 12 **grade-crossing blitzes** in FY2019. Customers and motorists received safety tips when walking on or driving around grade crossings, stations and onboard trains.

The OSS **Safety Education Program (SEP)** provided customers, schoolchildren and other members of communities served by NJ TRANSIT with safety messages around the NJ TRANSIT system. They also work proactively with Operation Lifesaver, a national, nonprofit organization dedicated to reducing collisions, fatalities and injuries at grade crossings and trespassing on or near railroad tracks.

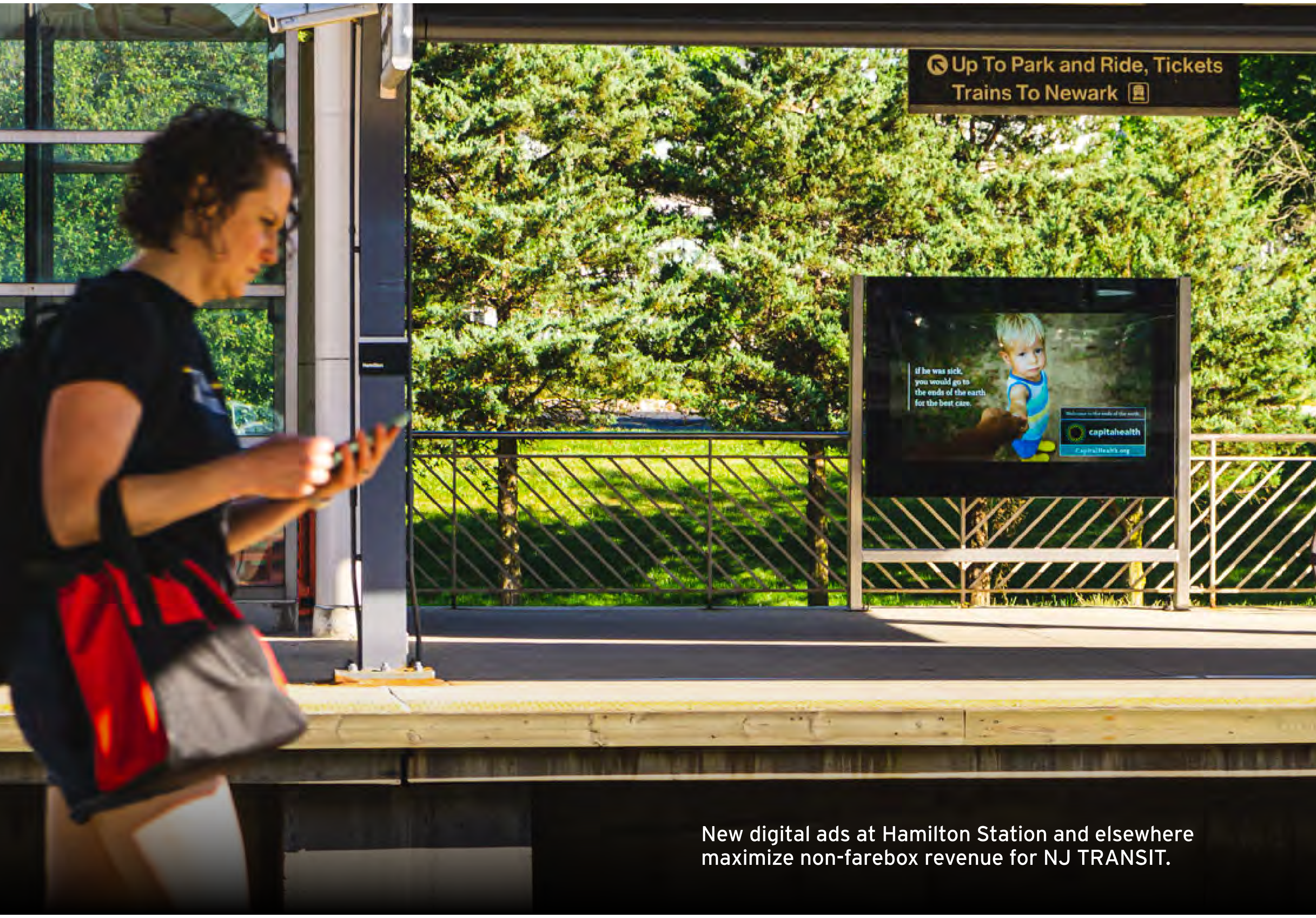
NJ TRANSIT closely monitors and analyzes its reportable accidents, safety violations and fines. A summary of these incidents can be found in **Appendix B** of this report, required by N.J.S.A. 27:25-20(b)

When a train passes over this device (top photo), Positive Train Control communicates with the cab system (bottom photo) to ensure safe operations.

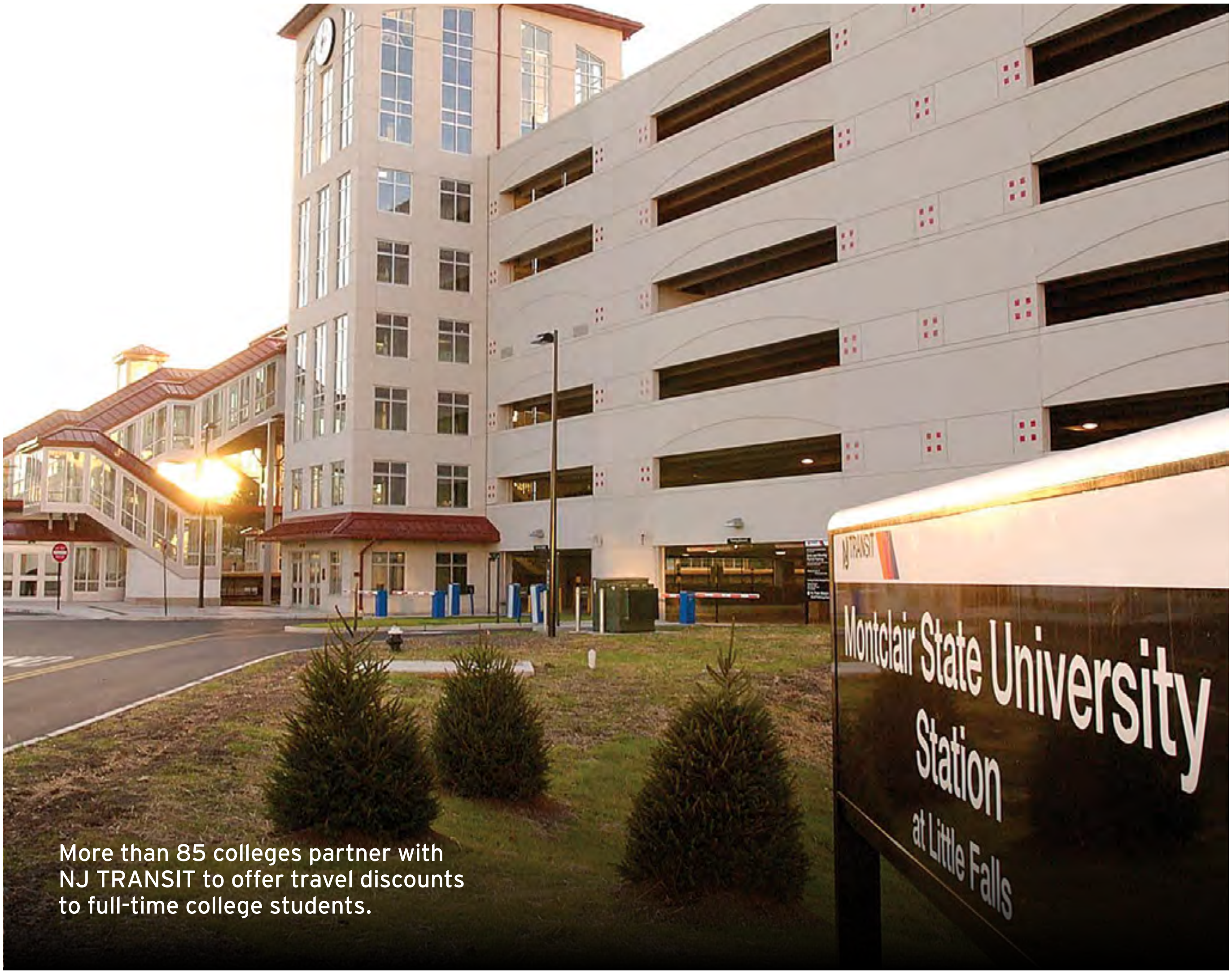
During FY2019, 150 New Jersey Transit Police personnel and partner agencies received training to manage the initial response to a large-scale attack.

FINANCIAL PERFORMANCE

NJ TRANSIT fares remained stable in FY2019 and continue to remain stable for FY2020. The budget signed by Governor Murphy and approved by the State Legislature increased funding for NJ TRANSIT in both FY2019 and FY2020. In addition to stable fares, the increased funding allowed NJ TRANSIT to hire additional staff for critical positions throughout the agency.



New digital ads at Hamilton Station and elsewhere maximize non-farebox revenue for NJ TRANSIT.



More than 85 colleges partner with NJ TRANSIT to offer travel discounts to full-time college students.

The Real Estate & Economic Development office generated more than $60 million in **non-farebox revenue** in FY2019, exceeding their budget estimate of $49.9 million. That includes $10.6 million for the sale of approximately 23 acres of land for a Transit Oriented Development project adjacent to Somerville Station on the Raritan Valley Line. Sales or leases of other properties, advertising at stations and onboard equipment, parking fees, retail leases, ATMs and other real estate initiatives are all major non-farebox funding sources for NJ TRANSIT.

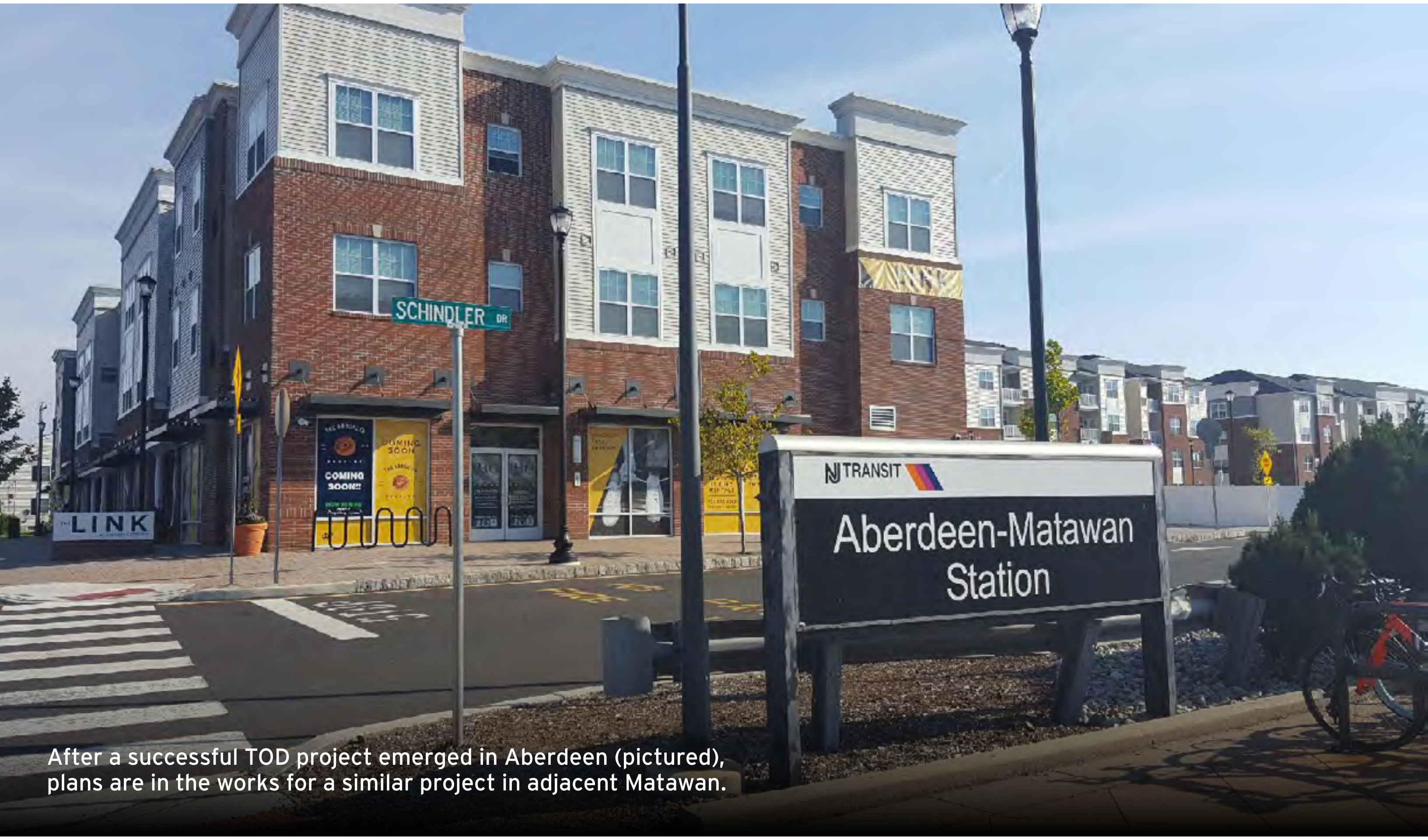
NJ TRANSIT offers customers special discounts on transportation if they travel in large groups or to regional universities. Customers save up to 25 percent when booking a **group trip** online. NJ TRANSIT booked 172 group trips in FY2019, generating nearly $70,000 in revenue. Meanwhile, full-time college students can save 25 percent on NJ TRANSIT monthly passes when their school participates in the **University Partnership Program**. Eighty-seven schools participated in the program in FY2019, generating $4.3 million in revenue.

NJ TRANSIT offers customers special discounts on transportation if they travel in large groups or to regional universities. Customers save up to 25 percent when booking a group trip online.

COMMUNITY

DEVELOPMENT & SUSTAINABILITY

New Jersey Governor Phil Murphy announced $1 million in **Transit Village grants** in FY2019 to help advance transit-oriented projects in five municipalities: Bloomfield, Morristown, Somerville, Hackensack and West Windsor. The Transit Village Program seeks to reduce traffic congestion and improve air quality by increasing transit ridership around rail and bus stations and terminals. There are 33 municipalities in the Transit Village Program.



After a successful TOD project emerged in Aberdeen (pictured), plans are in the works for a similar project in adjacent Matawan.

NJ TRANSIT partnered with Somerset Development LLC to create a new mixed-use Transit Oriented Development (TOD) project through a sale and lease agreement for land adjacent to **Somerville** Station on the Raritan Valley Line. Somerset Development purchased approximately 31 acres of land for $11 million for the new TOD, and leased a subdivided land area from NJ TRANSIT to construct, operate and manage a 526-space parking facility over a 37-year period. The parking facility will be shared by train customers, residents and visitors.

Meanwhile, NJ TRANSIT and **Matawan** are working together to create a new mixed-use TOD project adjacent to Aberdeen-Matawan Station on the North Jersey Coast Line. The development, which is located on seven acres of NJ TRANSIT-owned land, will combine residential units with retail, office and public spaces to create a vibrant and walkable community with easy access to regional amenities, destinations and NJ TRANSIT rail service.

NJ TRANSIT and **Bayonne** are teaming up to create a new mixed-use TOD project along the Hudson-Bergen Light Rail (HBLR) line. The development will be built on four-and-a-half acres of NJ TRANSIT-owned land adjacent to HBLR's 34th Street Station. The project will combine residential, retail, office and community space to create a lively and walkable community with easy

@jux1n

Applause for the @NJTRANSIT the Lincoln Tunnel gets shut down, and I still manage to get to work in reasonable time. I am grateful they are so good at what they do. Thank you to all.

1:53 AM - 7 February 2019

NJ TRANSIT and Bayonne are teaming up on a TOD project near Hudson-Bergen Light Rail's 34th Street Station.

@CindySwab7

Took train #6253 out of NY Penn station. @NJTRANSIT_MOBO train left on time, arrived in Upper Montclair safely and on time. Thank you @NJTRANSIT for getting me home during the snow storm. #leftworkearly #njtransit_mobo #snowstorm2019 @clevercommute

7:14 PM - 20 February 2019

access to HBLR and regional amenities and destinations. The project will advance in FY2020.

NJ TRANSIT is in the early stages of purchasing **Battery Electric Buses (BEBs)** that will be operated and maintained at Newton Avenue Garage in Camden. The pilot project calls for the acquisition of at least eight 40-foot BEBs and electric charging infrastructure necessary to support the buses. In FY2019, NJ TRANSIT began performing preliminary analyses that will result in a suite of electric vehicle charging (EVC) infrastructure recommendations and upgrades for NJ TRANSIT to consider.

NJ TRANSIT has developed a new partnership with the **Rocky Mountain Institute**, which is intended to generate a common understanding of the barriers and opportunities related to zero emissions bus (ZEB) deployment, including distillation of industry examples and best practices. This partnership will assist NJ TRANSIT and its governmental partners in defining a common vision and roadmap for ZEB that reflects the urgency of action and identifies plans to secure needed resources.

Meanwhile, NJ TRANSIT has purchased six **EVC stations** to support the future acquisition of plug-in hybrid vehicles that will be integrated into its corporate fleet. Electric vehicles will increase energy security, improve fuel economy, lower fuel costs and reduce emissions.

NJ TRANSIT installed an advanced, **energy-meter collection system** as part of a building intelligence program at Secaucus Junction on the Northeast Corridor. The system monitors, reports and analyzes data in near time, and couples with sophisticated algorithms to identify energy-optimization measures. The system also identifies abnormal usage patterns and excessive loads during unoccupied periods, and provides notification of projected facility peaks. The new system will save energy and help to maintain power during peak periods on summer days.

NJ TRANSIT is investigating the use of a solar photovoltaic (PV) **Power Purchase Agreement (PPA)**. The agreement is designed to advance distributed energy resources to offset onsite electricity use, promote environmental stewardship, reduce electricity price volatility and restore, replace or repair roofs at identified locations when needed. NJ TRANSIT completed a feasibility study in FY2019 and will now solicit proposals from experienced solar PV developers to finance, design, build, own and operate the installation of **solar rooftop and canopy systems** on bus maintenance facilities.

NJ TRANSIT participates in New Jersey's **Local Government Energy Audit** to identify energy-efficient cost savings and improve the health and productivity of building occupants. Audits were completed in FY2019 at Newark Bus Complex, the General Office Building and Hilton garage in Maplewood, and the Hudson-Bergen Light Rail Vehicle Base Facility in Jersey City. In FY2020, NJ TRANSIT plans to audit Market Street Garage in Paterson, Oradell Garage, Trenton Transit Center and the Meadows Maintenance Complex in Kearny.

SENIOR CITIZEN & DISABLED RESIDENT

TRANSPORTATION ASSISTANCE PROGRAM

NJ TRANSIT supports local **community transportation services** operated by counties, municipalities and non-profit organizations in New Jersey. NJ TRANSIT distributes approximately $44 million in federal and state transportation grant funds on an annual basis for senior citizens, people with disabilities and rural and low-income residents. These include transportation to non-emergency medical appointments, veterans' services, nutrition programs, shopping, employment and job training in all 21 counties, as well as connections to NJ TRANSIT bus and rail service.

Essex County provides transportation for medical and non-medical trips for county residents

Meanwhile, NJ TRANSIT is delivering more than 100 new **minibuses, minivans and medium-duty transit-style vehicles** secured in FY2019 to New Jersey community transportation providers. Additionally, NJ TRANSIT partners with the state's eight Transportation Management Associations (TMAs) to coordinate nearly 170 **commuter vanpools** and provide oversight of 378 **bike lockers** at NJ TRANSIT rail stations.

NJ TRANSIT administers **New Jersey's Senior Citizen & Disabled Resident Transportation Assistance Program (SCDRTAP)**, which is funded through an annual allocation of 8.5 percent of casino revenue taxes. Eighty-five percent of the funds are provided to all 21 counties, providing transportation to senior citizens and people with disabilities. In 2019, $15.7 million was allocated through SCDRTAP to New Jersey's 21 counties for their transportation systems. Most SCDRTAP trips are demand-response transportation for non-emergency medical trips. The remaining 15 percent is allocated to NJ TRANSIT, with ten percent (or $2.7 million) used to administer SCDRTAP and five percent (or $929,300) used to improve NJ TRANSIT accessible services. This includes:

NJ TRANSIT assists communities with vehicle purchases and training.

NJ TRANSIT is delivering more than 100 new minibuses, minivans and medium-duty transit-style vehicles secured in FY2019 to New Jersey community transportation providers.

funding for the New Jersey Travel Independence Program (NJTIP) that helps people with disabilities independently use NJ TRANSIT service; Local Programs training opportunities for community transportation providers; and expansion of a Transit Network Company (TNC) pilot program (see below).

SCDRTAP funds have declined more than 50 percent since 2008. In response, NJ TRANSIT continues to work with the 21 counties to better coordinate services with other providers and counties, as well as encourage counties to identify alternative funding sources, such as federal or foundation funds, on-vehicle advertising or mandatory fare policies in place of suggested donation programs.

NJ TRANSIT developed a Transportation Network Company (TNC) pilot project with Essex County in FY2019, allocating a small portion of SCDRTAP funds to supplement senior and disabled county services with TNC services (such as Uber, Lyft or other app-based, ride-hailing providers). Through the pilot project, Essex County accommodated a resident's out-of-county cardiac care therapy to a hospital in Bergen County. NJ TRANSIT expects to identify another TNC pilot project in early 2020.

The following chart shows the FY2019 SCDRTAP passenger trip information for the state's 21 counties.

NORTHERN

BERGEN	145,173
ESSEX	40,024
HUDSON	27,534
MORRIS	27,886
PASSAIC	56,949
**SUSSEX	8,050
WARREN	17,997
TOTAL	**323,613**

CENTRAL

HUNTERDON	21,840
MERCER	87,440
MIDDLESEX	47,601
MONMOUTH	28,678
OCEAN	23,437
SOMERSET	30,184
UNION	57,130
TOTAL	**296,310**

SOUTHERN

ATLANTIC	19,574
BURLINGTON	17,490
CAMDEN	24,141
CAPE MAY	91,529
**CUMBERLAND	10,791
GLOUCESTER	17,478
SALEM	12,147
TOTAL	**193,150**

** SCDRTAP funds used as match for other programs.

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	Other
BOARD SECRETARY	16	$70,741	0	$0	3	13	5	5	4	1	1	0	0	0
BUS	471	$72,024	4,979	$57,736	4,126	1,324	1,113	3,081	1,048	142	38	10	2	16
COMM & CUST. EXP	88	$70,795	47	$76,037	47	88	43	86	4	2	0	0	0	0
COMPLIANCE DEPT	10	$106,495	0	$0	3	7	5	2	1	2	0	0	0	0
CP & P	194	$95,712	0	$0	115	79	125	30	12	25	1	0	0	1
CR-DIVERSITY PGS	9	$92,728	0	$0	3	6	1	5	2	1	0	0	0	0
DIVISION OF LAW	7	$63,731	0	$0	0	7	0	7	0	0	0	0	0	0
EEO DEPARTMENT	8	$76,375	0	$0	2	6	2	5	1	0	0	0	0	0
FINANCE	160	$81,381	105	$55,108	97	168	85	134	30	14	2	0	0	0
GOVT & EXT AFFRS	7	$92,649	0	$0	4	3	4	2	1	0	0	0	0	0
HUMAN RESOURCES	72	$81,559	6	$49,764	14	64	31	27	11	5	3	0	0	1
INTERNAL AUDIT	10	$78,566	0	$0	6	4	5	1	1	3	0	0	0	0
LT RAIL/CONTRACT	99	$70,098	89	$60,852	115	73	40	120	24	3	1	0	0	0
ORG SERVICES	14	$67,383	19	$49,256	25	8	14	14	3	2	0	0	0	0
POLICE	39	$85,655	296	$89,336	277	58	226	49	48	7	4	0	1	0
PRESIDENT & CEO	8	$138,217	0	$0	3	5	5	1	1	1	0	0	0	0
PROCUREMENT SUPT	50	$80,755	48	$60,088	65	33	36	39	21	1	1	0	0	0
RAIL	344	$94,281	4,173	$57,501	3,886	631	2,495	1,364	502	104	42	7	2	1
SAFETY	42	$82,982	1	$65,291	31	12	25	13	2	3	0	0	0	0
TECHNOLOGY	139	$87,549	12	$61,854	114	37	80	27	9	31	3	1	0	0
TOTAL >>	**1,787**	**$84,484**	**9,775**	**$62,075**	**8,936**	**2,626**	**4,340**	**5,012**	**1,725**	**347**	**96**	**18**	**5**	**19**

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 below is derived from publicly available federal resources.

Mode	No. of Reportable Accidents	Fines, Penalties & Judgments
BUS		
Bus Directly Operated	263	None
Bus Purchase Transport	4	None
LIGHT RAIL		
Light Rail Directly Operated	4	None
Light Rail Purchase Transport	7	None
Hybrid Rail Purchase Transport	15	None
COMMUTER RAIL		
Grade Crossing Incidents	8	None
Other FRA Reportable Train Accidents (includes rail equipment accidents that occur in yards)	24	None

B. Safety Violations

NJ TRANSIT is regulated by a number of State and Federal agencies, including the FRA, which is frequently on site performing inspections of NJ TRANSIT Rail Operations. During FY2019, the FRA issued 189 inspection reports, listing 331 items inspected. During that same timeframe, the FRA issued 60 Notices of Violation, listing 123 violations. Sixty-five of those violations occurred during FY2016 and FY2017. In the notices, the FRA proposed civil penalties totaling $531,500. NJ TRANSIT resolved $272,000 of the proposed fines, paying the FRA $167,671 for the violations that occurred in FY2016 and FY2017. NJ TRANSIT is contesting the violations that allegedly occurred in FY2019 and has paid no penalties to date.

During FY2019, NJ TRANSIT Rail Operations also received one Notice of Order to comply from the New Jersey Public Employees Occupational Safety and Health (PEOSH), containing two citations listing 20 items. NJ TRANSIT took corrective actions in response to all of them. PEOSH levied no fines against NJ TRANSIT.

During FY2019, NJ TRANSIT Bus Operations received 34 motor coach/bus Out-of-Service Violations (OOS) from the New Jersey Department of Transportation and/or New Jersey State Police. These OSS violations do not carry monetary fines; the vehicle is taken out of service until the vehicles are repaired.

During FY2019, NJ TRANSIT Bus Operations also received zero Notices of Order to Comply from the New Jersey Public Employees Occupational Safety and Health (PEOSH).

During FY2019, NJ TRANSIT Light Rail received zero Notices of Violations from the FTA and zero Notices of Order to Comply from PEOSH.

In addition, during FY2019, NJ TRANSIT received two bus idling violations from the Mercer County Department of Human Services, Division of Public Health. NJ TRANSIT paid $2,000 in fines.

During FY2019 NJ TRANSIT also received nine Notice of Violation and Order of the Commissioner, containing 73 violations from the Department of Community Affairs for Uniform Fire Code and Uniform Fire Safety Act violations. There were no monetary penalties assessed; NJ TRANSIT was allotted time to remedy the violations prior to re-inspection.

NJ TRANSIT

ON-TIME PERFORMANCE

by Mode FY2019

RAIL 90.0%

LIGHT RAIL 96.6%

BUS 91.3%

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 en route 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 FY2019

89.5%
Northeast Corridor

89.3%
North Jersey Coast

92.7%
Raritan Valley

85.9%
Atlantic City

89.9%
Newark Division Total

93.8%
Pascack Valley

93.8%
Main/Bergen

87.2%
Montclair/ Boonton

86.9%
Morristown

87.5%
Gladstone

87.1%
Morris & Essex

90.1%
Hoboken Division Total

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 LINE FY2019

96.9% Hudson-Bergen Light Rail

97.5% Newark Light Rail

95.3% River Line

96.6% Light Rail System Total

> NJ TRANSIT monitors on-time performance using information management systems in its control centers.

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.

NJ TRANSIT ON-TIME PERFORMANCE BY BUS LINE FY2019

98.0% Atlantic City Bus Terminal

92.0% Hoboken Terminal

95.8% Newark Penn Station

88.0% Port Authority Bus Terminal

94.4% Walter Rand Trans. Center

91.3% Bus Operations

> Any bus that departs the terminal within five minutes and 59 seconds of its scheduled departure is considered on time.

BOARD OF
DIRECTORS

DIANE GUTIERREZ-SCACCETTI

State Transportation Commissioner and 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 28 years in the industry, and 34 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, and managed lanes within the Turnpike System. 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.

Ms. Gutierrez-Scaccetti is a member of the Board of Directors of AASHTO, IBTTA, NASTO and an Executive Committee Board Member of the I-95 Corridor Coalition. She serves as the Chair of the Coalition's Toll Violation Enforcement Reciprocity Task Force, and was instrumental in implementing Regional Toll Interoperability of SunPass in the Southeastern U.S.

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

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.

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

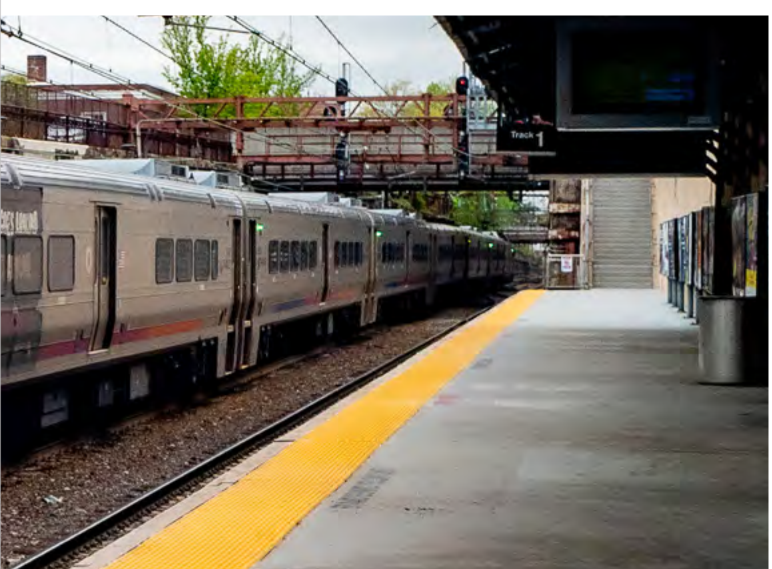
BRIAN T. WILTON

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.

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.



RAYMOND W. GREAVES

Raymond W. Greaves was appointed to the NJ TRANSIT Board of Directors in March 2013. He is a labor leader, Bayonne's former Third Ward Council Member and a former Trustee on the Bayonne Board of Education. He serves as State Business Agent and Chairman of the New Jersey State Council of the Amalgamated Transit Union, Vice President to the New Jersey State AFL-CIO's Executive Board and an affiliate to the Essex West-Hudson Labor Council. His previous leadership positions with the union included Recording Secretary, Legislative Director, Treasurer/Executive Officer of Division 819 Transit Employees Credit Union and Shop Steward.

Ray received steward leadership and grievance procedure training at Rutgers University, and studied contract negotiations at the George Meany Labor College. In 2013, Greaves was named the Sicilian Citizens Club Man of the Year and became a Humanitarian Award recipient of the Simpson Baber Foundation for the Autistic. He has served several years as a committeeman for the Hudson County Democratic Organization.

@DeniselePard

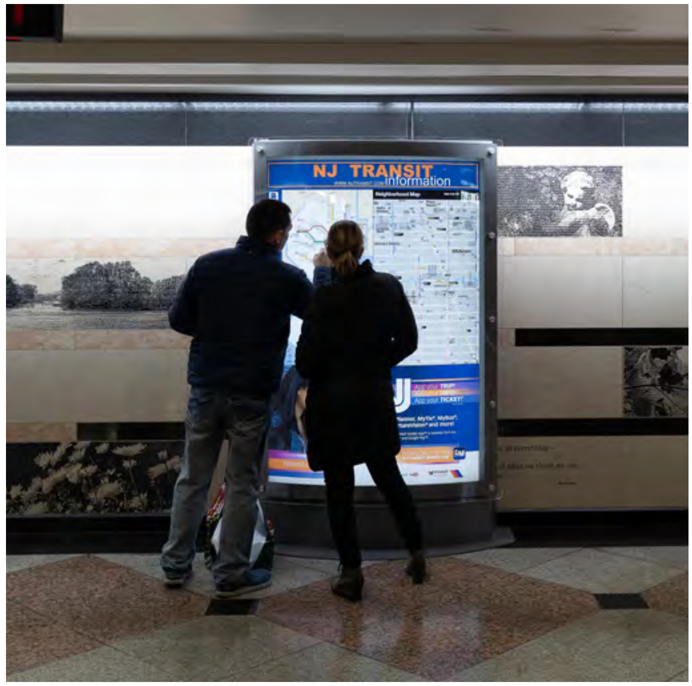
Thank you @NJTRANSIT for keeping the bus terminal building in old bridge open for us in this frigid weather!!! What a nice surprise!!

10:38 AM - 30 January 2019

ADVISORY

COMMITEES

To assure citizen representation, two transit 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
Nino Coviello
Michael DeCicco
Kathy Edmond
Margaret Harden
Steven Monetti
Timothy O'Reilly
Ralph White

SOUTH JERSEY PASSENGER ADVISORY COMMITTEE

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

The Local Programs Citizens Advisory Committee advises NJ TRANSIT on public transit decisions regarding accessibility issues.

LOCAL PROGRAMS CITIZENS ADVISORY COMMITTEE

Basil Giletto, Chair
Philip Harrison, 1st Vice Chair
Linda Washington, 2nd Vice Chair
John Adair
David Peter Alan
Don Brauckmann Sr.
Robert Dazlich
Steven R. Fittante
Sally Jane Gellert
Tony Hall
Gary Johnson
Louise Layton
MaryAnn Mason
John McGill
Linda Melendez
Gloria Mills
Sam Podietz
Jim Thebery
Stephen Thorpe
Michael Vieira

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

Christine Baker
Chief Compliance Officer

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

Lookman Fazal
Chief Information & Digital Officer

Anthony Grieco
Sr. Vice President, Communications & Customer Experience

Raymond Kenny
Sr. Vice President/General Manager, Rail Operations

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

Jonathan Peitz
Section Chief, Deputy Attorney General

Adam Phelps
Acting Chief, EEO/AA

Leotis Sanders
Chief, Civil Rights & Diversity Programs

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

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 Officer

One Penn Plaza East
Newark, New Jersey 07105-2246
NJTRANSIT.com

NJ TRANSIT
FISCAL YEAR 2019

CONSOLIDATED FINANCIAL STATEMENTS

NJ TRANSIT
The Way To Go.

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

NJ TRANSIT
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, 2019, 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 31, 2019, is presented on pages 1-2 of the 2019 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 2019, 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, 2019 and for the year then ended.

Kevin S. Corbett
President & CEO

William Viqueira
SVP, CFO & Treasurer

October 31, 2019

Deloitte & Touche LLP
100 Kimball Drive
Parsippany, NJ 07054-2176
USA

INDEPENDENT AUDITORS' REPORT

To the Members of the Board of
New Jersey Transit Corporation

We have audited the accompanying consolidated financial statements of New Jersey Transit Corporation and subsidiaries (the "Corporation"), a component unit of the State of New Jersey, which comprise the consolidated statement of net position as of June 30, 2019, and the related consolidated statements of revenues, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the Corporation's consolidated financial statements as listed in the table of contents.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated net position of the Corporation as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte.

Emphasis of Matter

As described in Note 1 to the consolidated 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 opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Changes in Net Pension Liability for NJ TRANSIT Sponsored Single-Employer Defined Benefit Plans, the Schedule of Pension Contributions for NJ TRANSIT Sponsored Single-Employer Defined Benefit Plans, the Schedule of NJ TRANSIT's Proportionate Share of the Net Pension Liability for Cost-Sharing Multiple-Employer Defined Benefit Plans, the Schedule of Contributions for Cost-Sharing Multiple-Employer Defined Benefit Plans, the Schedule of Changes in Total OPEB Liability and Related Ratios for NJ TRANSIT's Sponsored Single-Employer Plan, and the Schedule of NJ TRANSIT's Proportionate Share of Net OPEB Liability for Cost-sharing New Jersey Health Benefit Program (the "required supplemental information"), as listed in the table of contents, be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 2019 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 consolidated financial statements, and other knowledge we obtained during our audit of the 2019 basic consolidated financial statements. We do not express an opinion or provide any assurance on the 2019 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

October 31, 2019

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, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to NJ TRANSIT's consolidated financial statements and the notes thereto. 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 financial statements also include footnotes that provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The **Consolidated Statement of Net Position** reports NJ TRANSIT's net position and the changes thereto. Net position, the difference between NJ TRANSIT's assets, deferred outflows or inflows of resources and liabilities, over time, may serve as a useful indicator of NJ TRANSIT's financial position.

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 **Notes to the Financial Statements** are an integral part of the financial statements and provide information that is essential to a full understanding of the statements.

The **Required Supplementary Information** presents the information regarding NJ TRANSIT's progress in funding its obligation to provide postemployment benefits other than pensions to its employees, changes in total OPEB and pension liabilities and actuarial 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.

FINANCIAL HIGHLIGHTS – FISCAL YEAR 2019

Total operating revenues for NJ TRANSIT were $1,059.5 million in fiscal year 2019, an increase of $3.2 million, or 0.3 percent compared to the prior fiscal year. Passenger revenue increased by $5.6 million, or 0.6 percent. Other operating revenues, net, decreased by $2.4 million, or 2.9 percent.

Total operating expenses before depreciation and other expenses were $2,392.5 million in fiscal year 2019, an increase of $77.0 million or 3.3 percent, from the prior fiscal year. Additional details are presented beginning on page 6.

Total net position at June 30, 2019 was $3,457.2 million, a decrease of $120.5 million, or 3.4 percent from the net position at June 30, 2018 (as restated). The beginning net position for fiscal year 2019 has been restated to correct prior period errors (see Note 2 to the consolidated financial statements).

Total capital assets (net of accumulated depreciation) were $6,226.2 million at June 30, 2019, a net decrease of $2.7 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 $8.5 million at June 30, 2019, a decrease of $30.0 million, or 78.0 percent from the prior fiscal year, as a result of maturity of fuel 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). During the year, the majority of derivatives matured.

FINANCIAL ANALYSIS

NET POSITION

NJ TRANSIT's total net position at June 30, 2019, was $3,457.2 million, a decrease of $120.5 million, or 3.4 percent, from June 30, 2018 (as restated) (Table A-1). Total assets decreased $342.6 million, or 4.6 percent, and deferred outflows of resources from unamortized debt refunding and items related to pensions and Other Post-Employment Benefits increased by $23.0 million, or 7.7 percent. Total liabilities decreased $182.2 million, or 4.5 percent.

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

	AS OF JUNE 30, 2019	AS OF JUNE 30, 2018*	% INC/(DEC) 2019/2018
Current assets	$591.1	$863.6	(31.6)
Restricted non-current assets	330.4	386.1	(14.4)
Capital assets, net	6,226.2	6,228.9	—
Other assets	2.7	14.4	(81.3)
TOTAL ASSETS	**$7,150.4**	**$7,493.0**	**(4.6)**
Deferred outflows related to refunding of debt	24.5	31.1	(21.2)
Deferred outflows related to OPEB	91.2	—	—
Deferred outflows related to pensions	204.6	266.2	(23.1)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**320.3**	**297.3**	**7.7**
Current liabilities	659.0	929.3	(29.1)
Notes payable	721.8	852.1	(15.3)
Net Pension liability	684.6	728.2	(6.0)
Net OPEB obligation	1,296.6	1,098.5	18.0
Obligations under capital leases	212.0	227.1	(6.6)
Unearned revenue and other non-current liabilities	314.2	235.2	33.6
TOTAL LIABILITIES	**3,888.2**	**4,070.4**	**(4.5)**
Deferred inflows related to pensions	78.4	62.3	25.8
Deferred inflows related to derivative instrument liability	8.5	38.5	(77.9)
Deferred inflows related to total OPEB liability	38.4	41.3	(7.0)
TOTAL DEFERRED INFLOWS OF RESOURCES	**125.3**	**142.1**	**(11.8)**
Net investment in capital assets	5,376.5	5,305.1	1.3
Restricted for capital projects	0.2	2.4	(91.7)
Restricted for claims	27.4	—	—
Unrestricted (deficit)	(1,946.9)	(1,729.8)	12.6
TOTAL NET POSITION	**$3,457.2**	**$3,577.7**	**(3.4)**

**Does not reflect restatement. See Note 2.*

FISCAL YEAR 2019

The 31.6 percent decrease in current assets in fiscal year 2019 is primarily due to a decrease in Federal and State grant receivables. Fuel commodity swaps presented as a derivative instrument asset decreased by $15.8 million or 65.6 percent as a result of increased fuel prices and expiration of swaps, which have been reported as a current asset. Restricted non-current assets decreased 14.4 percent as a result of payments for the acquisition of rolling stock and assets relating to service improvements and expansion, as well as the payments made for capital leases, including leveraged leases. Of the $6,226.2 million in capital assets, net, $1,221.2 million represents construction in progress; $4,594.9 million represents NJ TRANSIT's investment in buildings, structures, track, equipment, locomotives, railcars and buses, net of depreciation; and $410.1 million represents land and other capital assets.

The 21.2 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 23.1 percent decrease in deferred outflows of resources related to pensions was due to a decrease in the net difference between projected and actual earnings on pension plan investments and changes in actuarial assumptions.

The $91.2 million was recorded in FY19 as deferred outflows of resources related to liability for Other Post-employment Benefits, which was due to changes in actuarial assumptions.

The 29.1 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 15.3 percent decrease in Notes payable was a result of payments made during the fiscal year for current obligations.

The 6.6 percent decrease in non-current obligations under capital leases was a result of amortization of current lease obligations.

The 6.0 percent reduction in the net pension liability was a result of an increased return on plan assets due to favorable market conditions during the year.

The 18.0 percent increase in the OPEB liability was a result of an increased cost due to changes of assumptions and other inputs and the restatement as discussed in notes 2 and 7.

NJ TRANSIT accounts for its OPEB obligation in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75"). GASB 75 was adopted as of July 1, 2017, the beginning of NJ TRANSIT's 2018 fiscal year. The previously reported GASB 75 obligation did not factor in the estimated impact of the 40% excise tax in the Affordable Care Act that pertains to health insurance plans that cost more than a specified limit. As a result, Beginning Net Position has been reduced by $54.1 million (unaudited), opening OPEB liability has been increased by $49.4 million (unaudited), and beginning deferred inflows related to OPEB has been increased by $4.7 million (unaudited) to record the impact of this excise tax in the OPEB liability.

The 33.6 percent increase in the unearned revenue and other non-current liabilities was mainly due to additional environmental cost and the restatement of injury and damage claim liability, as discussed below.

As disclosed in Note 2 to NJ TRANSIT's consolidated financial statements included in this Annual Report, NJ TRANSIT's beginning net position for fiscal year 2019 has been restated to correct the following prior period errors:

Other Post-Employment Benefits ("OPEB") – NJ TRANSIT accounts for its OPEB obligation in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 was adopted as of July 1, 2017, the beginning of NJ TRANSIT's 2018 fiscal year. Subsequent to the issuance of NJ TRANSIT's fiscal year 2018 consolidated financial statements, NJ TRANSIT determined that its initial actuarial estimate of adopting GASB 75 did not factor in an assumption to estimate the impact of the 40% excise tax prescribed by the Affordable Care Act pertaining to health insurance plans that cost more than a specified limit. As a result, NJ TRANSIT revised its actuarial estimate of the OPEB obligation to include the 40% excise tax assumption and determined that its previously reported OPEB obligation was understated by approximately $54.1 million as of June 30, 2018. Accordingly, NJ TRANSIT concluded that its previously reported Consolidated Statement of Net Position as of June 30, 2018 was misstated whereby Unrestricted (deficit) was understated by $54.1 million (unaudited). Other post-employment benefits obligation was understated by $49.4 million (unaudited), and Deferred inflows related to total OPEB liability was understated by $4.7 million (unaudited). In addition, NJ TRANSIT's previously reported Consolidated Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2018 was misstated whereby Fringe benefits was understated by approximately $4.7 million (unaudited) and the Cumulative Effect of Accounting Change was understated by approximately $49.4 million (unaudited). NJ TRANSIT corrected this error in the Consolidated Statement of Net Position as of June 30, 2019 and Consolidated Statement of Revenue, Expenses, and Changes in Net Position for the year ended June 30, 2019 included in this Annual Report by increasing beginning Unrestricted (deficit) as of July 1, 2018 and Total Net Position, Beginning as of July 1, 2018 by approximately $54.1 million (unaudited), respectively.

Injury and Damage Claims – As discussed in Note 14 to the consolidated financial statements, NJ TRANSIT is self-insured for certain injury risks, including workers' compensation, third party liability and FELA claims, and maintains excess insurance above certain limits. Accordingly, NJ TRANSIT has historically accrued an estimate of known claims as self-insurance reserves. Subsequent to the issuance of NJ TRANSIT's fiscal year 2018 consolidated financial statements, NJ TRANSIT determined its self-insurance reserves should have also included an estimate for incurred but not reported claims ("IBNR"), as prescribed by GASB Codification C50. As a result, NJ TRANSIT determined that its self-insurance reserves as of June 30, 2018 were understated by approximately $88.7 million (unaudited) and, as such, concluded that its previously reported Consolidated Statement of Net Position as of June 30, 2018 was misstated whereby Unrestricted (deficit) and Accrued injury and damage claims were understated by $88.7 million (unaudited), respectively. NJ TRANSIT corrected this error in the Consolidated Statement of Net Position as of June 30, 2019 and Consolidated Statement of Revenue, Expenses, and Changes in Net Position for the year ended June 30, 2019 included in this Annual Report by increasing beginning Unrestricted (deficit) as of July 1, 2018 and Total Net Position, Beginning as of July 1, 2018 by approximately $88.7 million (unaudited), respectively.

The comparative consolidated financial information as of and for the year ended June 30, 2018 discussed in the Management Discussion and Analysis set forth below has not been restated to correct these errors based on management's belief that the qualitative nature of these errors is not material to NJ TRANSIT's previously reported consolidated financial statements.

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 decrease in net position in fiscal year 2019 was $120.5 million (Table A-2). While there are many contributing factors, this was primarily the result of recording the prior period adjustments related to OPEB liability and Claims liability. Prior period comparative amounts have not been restated.

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

	YEARS ENDED JUNE 30		% INC/(DEC)
	2019	**2018***	**2019/2018**
Operating Revenues			
Passenger fares	$978.2	$972.6	0.6
Other, net	81.3	83.7	(2.9)
Total Operating Revenues	**1,059.5**	**1,056.3**	**0.3**
Operating Expenses			
Total operating expenses before depreciation and other expenses	2,392.5	2,315.5	3.3
Depreciation	498.4	498.9	(0.1)
Total Operating Expenses	**2,890.9**	**2,814.4**	**2.7**
Operating Loss	**(1,831.4)**	**(1,758.1)**	**4.2**
Non-operating revenues, net	1,249.5	1,208.9	3.4
Capital contributions, net	604.2	481.6	25.5
Change in Net Position	**22.3**	**(67.6)**	**(132.9)**
Total Net Position, Beginning, as Previously Reported	**3,577.7**	**4,212.6**	**(15.1)**
Cumulative Effect of Accounting Change	—	(567.3)	100.0
Prior Period Adjustments**	(142.8)	—	(100.0)
Total Net Position, Beginning, as Restated	**3,434.9**	**3,645.3**	**(5.8)**
Total Net Position, Ending	**$3,457.2**	**$3,577.7**	**(3.4)**

** 2018 amounts have not been restated.*

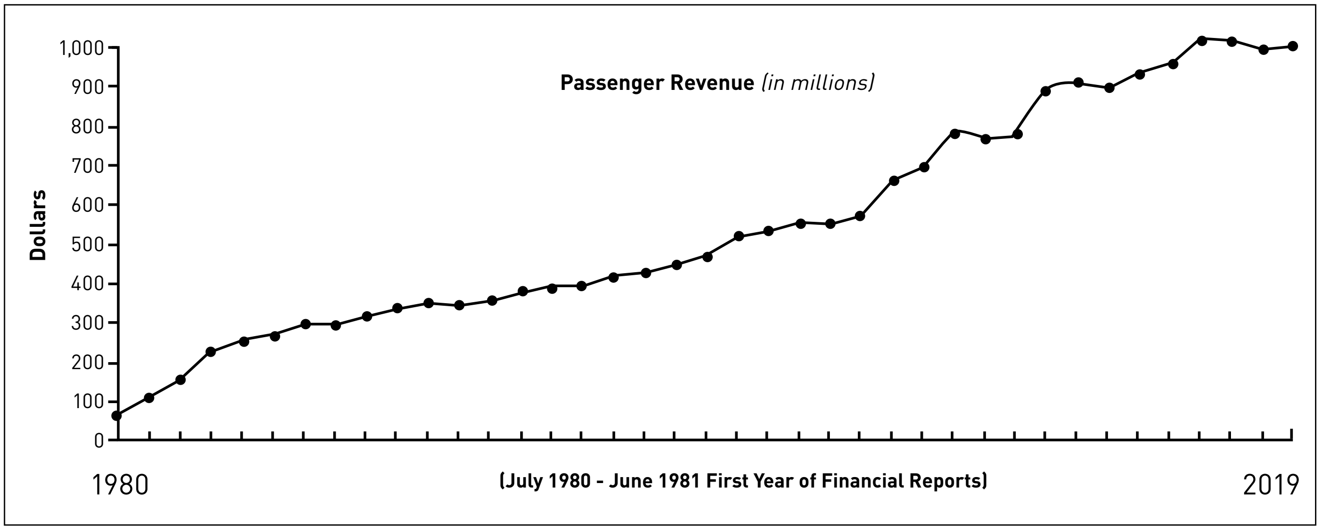
*** The beginning net position for fiscal year 2019 has been restated to correct prior period errors (see Note 2 to the consolidated financial statements).*

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 and monthly passes and bus fare box receipts.



Total passenger revenue for fiscal year 2019 increased $5.6 million or 0.6 percent. This increase can be attributed to rail service disruption caused by 2017 summer Amtrak NY Penn station repair work. Rail passenger revenue for fiscal year 2019 increased by $5.1 million or 0.9 percent, with ridership increasing 2.5 million passenger trips, or 2.9 percent. Bus passenger revenue decreased by $0.1 million or 0.03 percent, with ridership decreasing by 0.5 million passenger trips, or 0.3 percent. Passenger revenues for Light Rail, which includes Newark Light Rail, Hudson-Bergen Light Rail and River LINE revenues, increased by $0.6 million, or 2.7 percent, with ridership increasing 0.4 million passenger trips, or 1.7 percent.

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

	YEARS ENDED JUNE 30, 2019	2018	% INC/(DEC) 2019/2018
Rail Operations	$566.5	$561.4	0.9
Bus Operations	384.0	384.1	(0.0)
Light Rail Operations	23.2	22.6	2.7
Special Transit Fares	4.5	4.5	—
Total	**$978.2**	**$972.6**	**0.6**

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

	YEARS ENDED JUNE 30, 2019	2018	% INC/(DEC) 2019/2018
Rail Lines			
Newark Division	53.7	52.7	1.9
Hoboken Division	33.8	32.0	5.6
Atlantic City	0.4	0.7	(42.9)
Total	**87.9**	**85.4**	**2.9**
Bus Lines			
Northern Division	70.5	69.9	0.9
Central Division	62.3	63.0	(1.1)
Southern Division	18.2	18.6	(2.2)
Total	**151.0**	**151.5**	**(0.3)**
Light Rail Lines			
Newark Light Rail	5.4	5.5	(1.8)
Hudson-Bergen Light Rail	16.0	15.5	3.2
River LINE	2.7	2.7	—
Total	**24.1**	**23.7**	**1.7**
Total Ridership	**263.0**	**260.6**	**0.9**

FISCAL YEAR 2019

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 $2.4 million, or 2.9 percent due to decrease in revenue for sales of fixed assets.

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 that 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 60.0 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 2019, labor costs increased $26.4 million, or 3.7 percent, and fringe benefits increased $12.3 million, or 1.9 percent from fiscal year 2018, primarily due to increases in agreement wages based on new contract terms and non-agreement wages as a result of reduction of vacant positions.

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 $25.0 million or 14.5 percent due to an increase in revenue vehicle materials used for repair and maintenance.

Cost of services increased $0.9 million or 0.6 percent due to increased costs for reimbursable projects and program costs.

Claims and insurance expense increased $0.5 million or 0.6 percent. A significant portion of the increase was due to increases in claim costs for employee injury.

Purchased transportation increased $1.0 million or 0.4 percent resulting from slightly increased costs for the Senior Citizen/Rural Transportation program, which is operated by the counties and municipalities and reimbursed by State Casino Revenue funds.

NON-OPERATING REVENUES (EXPENSES)

Non-operating revenues increased by $40.6 million, or 3.4 percent, primarily attributable to an increase in State appropriation.

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 $604.2 million was $122.6 million, or 25.5 percent, above fiscal year 2018.

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)

	YEAR ENDED JUNE 30, 2019	2018	% INC/(DEC) 2019/2018
Capital projects in process	$1,221.2	$880.7	38.7
Revenue vehicles	1,749.6	1,827.1	(4.2)
Buildings and structures	1,929.3	2,117.5	(8.9)
Track	821.8	879.7	(6.6)
Land	395.9	396.3	(0.1)
Furniture, fixtures and equipment	94.2	113.4	(17.1)
Operating rights	14.2	14.2	—
Total Capital Assets, Net	**$6,226.2**	**$6,228.9**	—

CAPITAL ASSETS

As of June 30, 2019, NJ TRANSIT had invested $15,641.5 million in capital assets. Net of accumulated depreciation, NJ TRANSIT's net capital assets at June 30, 2019 totaled $6,226.2 million (Table A-4). This amount represents a net decrease of $2.7 million, or 0.0 percent, essentially the same level compared to June 30, 2018 net capital assets.

In Fiscal Year 2019, NJ TRANSIT's Board of Directors approved a $1.46 billion capital program that called for continued investment in the State of New Jersey's transit infrastructure in order to improve the overall state-of-good-repair of the system, and improve reliability and safety and augment the customer service experience. The program funds continue state-of-good-repair investments in transit stations and infrastructure, investments in Northeast Corridor (NEC), safety initiatives, Positive Train Control installation, system expansion, and support for local mobility program.

Looking forward to fiscal year 2020, NJ TRANSIT's Board of Directors approved a $1.42 billion capital program that calls for continued investment in the State's transit infrastructure to maintain a state of good repair and provide reliable transit service. The program funds continue state-of-good-repair investments in transit rail and bus infrastructure, investments in Northeast Corridor (NEC) for both infrastructure and station modernization, safety initiatives, rail and bus rolling stock, system expansion.

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, 2019, totaled $1,184.7 million compared with $1,321.8 million at June 30, 2018, a decrease of 10.4 percent.

The following table summarizes the changes in debt between fiscal years 2019 and 2018 *($ in millions)*:

	AS OF JUNE 30, 2019	2018	% INC/(DEC) 2019/2018
Notes payable	$842.6	$966.1	(12.8)
Obligations under capital leases*	227.1	280.7	(19.1)
Revolving line of credit**	115.0	75.0	53.3
Total	**$1,184.7**	**$1,321.8**	**(10.4)**

* Includes $227.1 million and $280.7 million of leveraged lease transactions as of June 30, 2019 and 2018, respectively.
** NJ TRANSIT entered into a Revolving Credit Agreement with the Royal Bank of Canada (RBC) for the purposes of obtaining a $300 million line of credit. As of June 30, 2019, $115.0 million of loan borrowings remain outstanding.

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 of these play a major role in the demand for NJ TRANSIT services.

Employment growth in the region served by NJ TRANSIT increased 1.5 percent above the prior fiscal year. This was the ninth consecutive fiscal year in which the region experienced job growth since emerging from recession.

Regional employment had peaked during September 2008 (FY2009), then declined for 19 consecutive months before bottoming out in April 2010 (FY2010), with a net employment decline of almost 4.0 percent in the region. Regional employment by the end of FY2019 had more than fully recovered from the recession and exceeded the pre-season peak by 11.3 percent.

The various markets served by NJ TRANSIT have experienced differing levels of employment and economic recovery. New York City employment had exhibited a 3.0 percent decline lasting a total of 16 months before its recovery started and by the end of fiscal year 2019 had not only recovered jobs totaling those lost during fiscal 2009-10 but had added an additional 21.0 percent. Philadelphia had lost just 1.9 percent of its employment during a 14 months period and has since recovered jobs totaling those lost plus another 10.5 percent above that.

New Jersey's economy, on the other hand, fared significantly worse than its neighbors both in depth and duration. New Jersey employment dropped almost 6.0 percent over a 40 months period, lasting from April 2008 (FY2008) to August 2011 (FY2012). New Jersey employment only fully recovered during fiscal year 2018 finishing the year with a net 1.3 percent increase above pre-recession levels and continued adding another net of 2.3 percent more jobs in fiscal year 2019.

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 and Treasurer, One Penn Plaza East, Newark, New Jersey 07105-2246.

NEW JERSEY TRANSIT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF NET POSITION *(in thousands)*

	AS OF JUNE 30, 2019
ASSETS	
Current Assets	
Cash and cash equivalents	$75,054
Investments	57,769
Due from federal government	187,407
Due from State of New Jersey	60,364
Material and supplies	129,136
Derivative instrument asset	8,307
Other current assets	73,065
Total Current Assets	**591,102**
Non-Current Assets	
Restricted cash and cash equivalents	103,333
Restricted leveraged lease deposits	227,073
Capital assets, not being depreciated	1,631,289
Capital assets, net of accumulated depreciation	4,594,930
Derivative instrument asset	193
Other non-current assets	2,463
Total Non-Current Assets	**6,559,281**
Total Assets	**7,150,383**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to refunding of debt	24,462
Deferred outflows related to OPEB	91,193
Deferred outflows related to pensions	204,615
Total Deferred Outflows of Resources	**320,270**
LIABILITIES	
Current Liabilities	
Accounts payable	166,417
Accrued payroll and benefits	134,299
Current installments under capital leases	15,037
Short-term notes and line-of-credit payable	235,785
Other current liabilities	107,465
Total Current Liabilities	**659,003**
Non-Current Liabilities	
Notes payable	721,812
Accrued injury and damage claims	241,116
Obligations under capital leases	212,036
Net pension liability	684,638
Other post-employment benefit obligations	1,296,578
Other non-current liabilities	72,983
Total Non-Current Liabilities	**3,229,163**
Total Liabilities	**3,888,166**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	78,422
Deferred inflows related to derivative instruments	8,500
Deferred inflows related to total OPEB liability	38,354
Total Deferred Inflows of Resources	**125,276**
NET POSITION	
Net investment in capital assets	5,376,565
Restricted for capital projects	254
Restricted for claims	27,378
Unrestricted (deficit)	(1,946,986)
Total Net Position	**$3,457,211**

See Notes to Consolidated Financial Statements.

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

	YEAR ENDED JUNE 30, 2019
Operating Revenues	
Passenger fares	$978,234
Other, net	81,253
Total Operating Revenues	**1,059,487**
Operating Expenses	
Labor	748,916
Fringe benefits	673,588
Parts, materials and supplies	197,272
Services	165,372
Claims and insurance	87,679
Fuel and propulsion	97,044
Trackage, tolls and fees	85,053
Utilities	44,483
Purchased transportation	246,251
Other	46,885
Total Operating Expenses, Before Depreciation	**2,392,543**
Operating Loss Before Depreciation	**(1,333,056)**
Depreciation	(498,426)
Operating Loss	**(1,831,482)**
Non-Operating Revenues (Expenses)	
State appropriation	307,466
Federal, state and local reimbursements	943,281
Investment income	6,277
Other non-operating revenues	38,914
Interest expense	(46,450)
Total Non-Operating Revenues (Expenses)	**1,249,488**
Change in Net Position Before Capital Contributions	**(581,994)**
Capital contributions, net	604,281
Change in Net Position	**22,287**
Total Net Position, Beginning (as Previously Reported)	**3,577,727**
Prior Period Adjustments (Unaudited - see Note 2)	(142,803)
Total Net Position, Beginning (as Restated)	**3,434,924**
Total Net Position, Ending	**$ 3,457,211**

See Notes to Consolidated Financial Statements.

NEW JERSEY TRANSIT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS *(in thousands)*

	YEAR ENDED JUNE 30, 2019
Cash Flows from Operating Activities	
Cash receipts from fares	$982,198
Other cash receipts	82,962
Payments for claims	(80,416)
Payments to employees	(1,331,046)
Payments to suppliers	(1,100,776)
Net Cash (Used in) Operating Activities	**(1,447,078)**
Cash Flows from Non-Capital Financing Activities	
Cash receipts from federal, state and local grants and appropriations	1,254,475
Net Cash Provided by Non-Capital Financing Activities	**1,254,475**
Cash Flows from Capital and Related Financing Activities	
Interest payments	(46,440)
Proceeds received from issuances of note and line of credit	255,000
Repayment of note and line of credit obligations	(328,960)
Purchase of capital assets	(496,393)
Capital grants	799,154
Net Cash Provided by Capital and Related Financing Activities	**182,361**
Cash Flows from Investing Activities	
Sales and maturities of investments	10,730
Purchases of investments	(12,361)
Interest on investments	4,278
Net Cash Provided by Investing Activities	**2,647**
Net Decrease in Cash and Cash Equivalents	**(7,595)**
Cash and Cash Equivalents (including restricted cash and cash equivalents)	
Beginning of Year	**185,982**
End of Year	**$178,387**

See Notes to Consolidated Financial Statements. *(Continued)*

NEW JERSEY TRANSIT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS *(in thousands)*

	YEAR ENDED JUNE 30, 2019
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Cash Flows from Operating Activities	
Operating Loss	**$(1,831,482)**
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation	498,426
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:	
Materials and supplies	(6,138)
Other current assets	(27,099)
Other non-current assets	(29,599)
Accounts payable	(164,021)
Accrued payroll and benefits	7,641
Other current liabilities	(37,531)
Accrued injury and damage claims	1,689
Net pension liability and related balances	(43,535)
Total OPEB obligation and related balances	148,655
Unearned revenue and other non-current liabilities	35,916
Net Cash Used in Operating Activities	**$(1,447,078)**
Non-cash Investing, Capital and Related Financing Activities	
Non-cash investing activities	
Increase in fair value of investments	$1,999
Amortization of (premium) and cost of refunding	(2,906)
Total Non-cash investing activities	**$(907)**
Non-cash capital and related financing activities	
Capital assets related liabilities	$4,892
Total Non-cash investing activities	**$4,892**

See Notes to Consolidated Financial Statements. *(Concluded)*

1. ORGANIZATIONS 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 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.

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. 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 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 Accounting. 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 Statement 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.

New Accounting Pronouncements Recently Adopted. GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The statement is effective for fiscal years beginning after June 15, 2018. NJ TRANSIT implemented the Statement in fiscal year 2019 and concluded that there was no impact of its adoption on the financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, was issued in April 2018. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

NJ TRANSIT has implemented GASB Statement No. 88 for fiscal year 2019 and made the required disclosures in Note 10.

Accounting Standards Issued But Not Yet 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.

The statement is effective for reporting periods beginning after December 15, 2018. NJ TRANSIT is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 87, *Leases,* was issued in June 2017. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lease is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The statement is effective for reporting periods beginning after December 15, 2019. NJ TRANSIT is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. The primary objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1980 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The statement is effective for reporting periods beginning after December 15, 2019. NJ TRANSIT is in the process of evaluating the impact of its adoption on the financial statements.

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.

The statement is effective for reporting periods beginning after December 15, 2018. NJ TRANSIT is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 91, *Conduit Debt Obligation*, was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The statement is effective for reporting periods beginning after December 15, 2020. NJ TRANSIT is in the process of evaluating the impact of its adoption on the financial statements.

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 three 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 represents 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.

RESTATEMENT OF BEGINNING NET POSITION

The beginning net position has been restated to reflect the following prior period errors *(in millions)*:

Total net position, beginning of period as previously reported, June 30, 2018	**$3,577.7**
Composition of restatement:	
Deferred inflows related to OPEB (unaudited)	(4.7)
Total OPEB liability (unaudited)	(49.4)
Accrued injury and damage claims (unaudited)	(88.7)
Total restatement (unaudited)	**(142.8)**
Total net position, beginning of period, July 1, 2018 (as restated)	**$3,434.9**

Correction of Prior Period Errors. NJ TRANSIT's previously reported Consolidated Financial Statements for the year ended June 30, 2018 contained certain errors which have been corrected as an adjustment to Unrestricted (deficit) as of July 1, 2018 in the accompanying Consolidated Statement of Net Position as of June 30, 2019, and as an adjustment to Total Net Position, Beginning as of July 1, 2018 in the accompanying Consolidated Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2019. A description of these errors, and their effect on NJ TRANSIT's previously reported Consolidated Financial Statements for the fiscal year ended June 30, 2018, is as follows:

Other Post-Employment Benefits ("OPEB") – NJ TRANSIT accounts for its OPEB obligation in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 was adopted as of July 1, 2017, the beginning of NJ TRANSIT's 2018 fiscal year. Subsequent to the issuance of NJ TRANSIT's fiscal year 2018 consolidated financial statements, NJ TRANSIT determined that its initial actuarial estimate of adopting GASB 75 did not factor in an assumption to estimate the impact of the 40% excise tax prescribed by the Affordable Care Act pertaining to health insurance plans that cost more than a specified limit. As a result, NJ TRANSIT revised its actuarial estimate of the OPEB obligation to include the 40% excise tax assumption and determined that its previously reported OPEB obligation was understated by approximately $54.1 million as of June 30, 2018. Accordingly, NJ TRANSIT concluded that its previously reported Consolidated Statement of Net Position as of June 30, 2018 was misstated whereby Unrestricted (deficit) was understated by $54.1 million (unaudited), Other post-employment benefits obligations were understated by $49.4 million (unaudited), and Deferred inflows related to total OPEB liability was understated by $4.7 million (unaudited). In addition, NJ TRANSIT's previously reported Consolidated Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2018 was misstated whereby Fringe benefits was understated by approximately $4.7 million (unaudited) and Cumulative Effect of Accounting Change was understated by approximately $49.4 million (unaudited). NJ TRANSIT corrected this error in the accompanying Consolidated Statement of Net Position as of June 30, 2019 and Consolidated Statement of Revenue, Expenses, and Changes in Net Position for the year ended June 30, 2019 by increasing beginning Unrestricted (deficit) as of July 1, 2018 and Total Net Position, Beginning as of July 1, 2018 by approximately $54.1 million (unaudited), respectively.

Injury and Damage Claims – As discussed in Note 14 to the consolidated financial statements, NJ TRANSIT is self-insured for certain injury risks, including workers' compensation, third party liability and FELA claims, and maintains excess insurance above certain limits. Accordingly, NJ TRANSIT has historically accrued an estimate of known claims as self-insurance reserves. Subsequent to the issuance of NJ TRANSIT's fiscal year 2018 consolidated financial statements, NJ TRANSIT determined its self-insurance reserves should have also included an estimate for incurred but not reported claims ("IBNR"), as prescribed by GASB Codification C50. As a result, NJ TRANSIT determined that its self-insurance reserves as of June 30, 2018 were understated by approximately $88.7 million (unaudited) and, as such, concluded that its previously reported Consolidated Statement of Net Position as of June 30, 2018 was misstated whereby Unrestricted (deficit) and Accrued injury and damage claims were understated by $88.7 million (unaudited), respectively. NJ TRANSIT corrected this error in the accompanying Consolidated Statement of Net Position as of June 30, 2019 and Consolidated Statement of Revenue, Expenses, and Changes in Net Position for the year ended June 30, 2019 by increasing beginning Unrestricted (deficit) as of July 1, 2018 and Total Net Position, Beginning as of July 1, 2018 by approximately $88.7 million (unaudited), respectively.

NJ TRANSIT's consolidated financial statements as of and for the year ended June 30, 2018 have not been restated for the correction of these errors based on management's belief that the qualitative nature of these errors is not material to NJ TRANSIT's previously reported consolidated financial statements.

3. DEPOSITS AND INVESTMENTS

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

	AS OF JUNE 30, 2019
Current	
Cash on hand	$10.7
Cash equivalents	64.4
Total cash and cash equivalents	**75.1**
Investments	57.8
Total current cash and investments	**132.9**
Non-current	
Restricted cash on hand	7.0
Restricted cash equivalents	96.3
Total restricted cash and cash equivalents	**103.3**
Total Deposits and Investments	**$236.2**

NJ TRANSIT's cash on deposit with various entities as of June 30, 2019 totaled $17.7 million.

ACCOUNT TYPE	BALANCE *(in millions)* 2019
Insured	$1.8
Insured held at NJ TRANSIT's locations	2.2
Uncollateralized held by health care providers	7.0
Uninsured held by banks	6.7
Total	**$17.7**

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, 2019, $13.7 million 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)*:

	JUNE 30, 2019	
Institution/Issuer	**AMOUNT**	**% OF PORTFOLIO**
Bank of America	$37.7	16.0*
BNY Mellon	34.6	14.6*
City National Bank	1.5	0.6
ETF – ARH	57.8	24.5
Liberty Mutual	0.4	0.2
NJ TRANSIT	1.6	0.7
State Street Bank and Trust	1.0	0.4*
US Bank	96.3	40.8*
Wells Fargo Bank	5.3	2.2
Total	**$236.2**	

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

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, 2019 totaled $218.5 million.

Investments	**Fair Value** *(in millions)*	**Weighted Average Maturity in Years**
State of NJ Cash Management Fund	$1.0	—
Money Market Funds	159.7	0.18
Exchange Traded Funds (ARH)	57.8	0.07
Total	**$218.5**	
Portfolio weighted average maturity (inclusive of proceeds from debt issuance)		0.15

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, 2019, no exposure of the concentration of credit risk existed since 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.

NJ TRANSIT has the following recurring fair value measurements as of June 30, 2019 *(in millions)*:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
Money market funds	$159.7	$159.7
Exchange traded funds (ARH)	57.8	57.8
Total investments by fair value level	**$217.5**	**$217.5**
Investments in Local Government Investment Pool		
State of NJ Cash Management Fund	1.0	
Total investments	**$218.5**	

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, 2019 *(in millions)*:

EXCHANGE TRADED FUNDS (ETF):	
iShares Short Term Corporate Bond	$7.0
iShares Intermediate Credit Bond	5.9
iShares 1-3 Year Credit Bond	7.0
iShares 7-10 Year Credit Bond	3.6
iShares Russell 1000 Growth	5.2
iShares Russell 1000 Value	4.6
iShares iBoxx Investment Grade Corporate Bond	0.1
iShares 3-7 Year Treasury Bond	5.3
Vanguard FTSE Developed Markets	3.4
iShares Core S&P Small-Cap	3.4
Others, less than five percent	12.3
Total ARH III Insurance Company ETF's	**$57.8**

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, 2019, the balance of restricted assets related to these proceeds was $96.3 million.

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, 2019 was $227.1 million for these lease agreements that represent 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 $7.0 million as of June 30, 2019.

5. CAPITAL ASSETS

A summary of all capital assets of NJ TRANSIT as of June 30, 2019 and for the year then ended, as follows *(in millions)*:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets not being Depreciated				
Land	$396.3	$ —	$(0.4)	$395.9
Capital projects in process	880.7	501.3	(160.8)	1,221.2
Operating rights	14.2	—	—	14.2
Total Capital Assets not being depreciated	**1,291.2**	**501.3**	**(161.2)**	**1,631.3**
Capital Assets being Depreciated				
Buildings and structures	5,913.9	7.0	—	5,920.9
Track	2,407.3	20.7	—	2,428.0
Railcars and locomotives	2,923.8	—	(19.1)	2,904.7
Buses, vans and light railcars	1,888.6	116.2	(135.1)	1,869.7
Furniture, fixtures and equipment	822.2	10.5	(0.1)	832.6
Computer software & licenses	52.8	1.5	—	54.3
Total Capital Assets being Depreciated	**14,008.6**	**155.9**	**(154.3)**	**14,010.2**
Less Accumulated Depreciation				
Buildings and structures	3,796.4	195.2	—	3,991.6
Track	1,527.6	79.9	(1.3)	1,606.2
Railcars and locomotives	1,624.8	94.3	(19.0)	1,700.1
Buses, vans and light railcars	1,360.5	93.3	(129.1)	1,324.7
Furniture, fixtures and equipment	726.9	29.0	(0.2)	755.7
Computer software & licenses	34.7	6.7	(4.4)	37.0
Total Accumulated Depreciation	**9,070.9**	**498.4**	**(154.0)**	**9,415.3**
Total Capital Assets Being Depreciated, Net of Depreciation	**4,937.7**	**(342.5)**	**(0.3)**	**4,594.9**
Total Net Capital Assets	**$6,228.9**	**$158.8**	**($161.5)**	**$6,226.2**

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 internet at **www.njtransit.com/pp2018**.

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, 2018, the following employees were covered by the benefit terms:

	ATU	TERP	UWUA (UCA)
Active participants	4,867	897	8
Inactive plan participants or beneficiaries currently receiving benefits	3,564	1,427	26
Inactive plan participants entitled to but not yet receiving benefits	303	235	3
Total	**8,734**	**2,559**	**37**

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 year ended June 30, 2019, NJ TRANSIT's average contribution rate is 46.17 percent of annual covered payroll.

Net Pension Liability. NJ TRANSIT's liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2018, 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	7.50% for TERP and UWUA, 7.75% for ATU, net of pension plan investment expense, including inflation

The mortality tables were projected to July 1, 2018 under Scale MP-2017 to reflect 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-2017 to reflect future mortality improvement.

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, 2018 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**ATU**	**Other***	**ATU**	**Other***
Domestic large cap equity	38.0%	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%	7.4%	7.4%
Fixed income	35.0%	37.0%	1.8%	1.8%
Real estate	6.0%	0.0%	5.1%	0.0%
Cash	2.0%	2.0%	0.0%	0.0%

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

Discount rate. The discount rate used to measure the total pension liability was 7.50% for TERP and UWUA and 7.75% 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.

Changes in the Net Pension Liability for the year ended June 30, 2019** (in millions)**:

	ATU	TERP	UWUA(UCA)
Total pension liability			
Service cost	$31.4	$6.7	$0.0
Interest	111.1	56.8	0.5
Change of benefit terms	—	—	—
Differences between expected and actual experience	(12.2)	7.7	0.1
Change of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(83.2)	(47.4)	(0.6)
Net change in total pension liability	**47.1**	**23.8**	**0.0**
Total pension liability – beginning	**1,447.1**	**775.7**	**8.3**
Total pension liability – ending (a)	**$1,494.2**	**$799.5**	**$8.3**
Plan fiduciary net position			
Contributions – employer	$49.1	$35.6	$0.2
Contributions – employee	12.6	1.5	—
Net investment income	90.5	42.4	0.4
Benefit payments, including refunds of employee contributions	(83.2)	(47.4)	(0.6)
Administrative expense	(0.3)	(0.2)	—
Net change in plan fiduciary net position	**68.7**	**31.9**	**0.0**
Plan fiduciary net position – beginning	**1,089.8**	**521.9**	**6.7**
Plan fiduciary net position – ending (b)	**$1,158.5**	**$553.8**	**$6.7**
Net pension liability – ending (a) – (b)	**$335.7**	**$245.7**	**$1.6**

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 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate *(in millions)*:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
ATU	$495.5	$335.7	$200.2

The following presents the Net Pension Liability, calculated using the discount rate of 7.50%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate *(in millions)*:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
TERP	$327.9	$245.7	$175.2
UWUA (UCA)	2.4	1.6	1.0

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued pension financial reports.

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**.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.*

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 before age 62 and tier 5 with 30 or more years 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 retirement age of his/her respective tier. 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. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, each member contributes a percentage of Compensation. Effective October 1, 2011, Chapter 78, P.L. 200 set the member contribution rate at 6.5% and causes it to increase by 1/7th of 1% each July thereafter until it attains an ultimate rate of 7.5% on July 1, 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5 percent of base salary to 10 percent. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Contributions to the PERS plan from NJ TRANSIT for the fiscal year 2019 was $0.7 million or 12.73 percent 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. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 8.5 percent to 10 percent in October 2011. NJ TRANSIT's required contribution rate to the PFRS plan for the fiscal year 2019 was 31.38% of annual covered payroll of which 26.61% of payroll was required by NJ TRANSIT and 4.77% of payroll was required from the State. NJ TRANSIT's contributions to the PFRS plan for 2019 was $6.8 million.

Pension Liabilities Related to Multi-Employer Pensions
PERS - At June 30, 2019, NJ TRANSIT reported a liability of $11.7 million for its proportionate share of the net pension liability.

PFRS - At June 30, 2019, NJ TRANSIT reported a liability for its proportionate share of the net pension liability 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 YEAR ENDED June 30, 2019
NJ TRANSIT's proportionate share of the net pension liability	$89.9
State's proportionate share of the net pension liability associated with NJ TRANSIT	12.2
Total	**$102.1**

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, 2018, NJ TRANSIT's proportion was 0.0595627 percent and 0.6647348 percent for PERS and PFRS, respectively.

For the year ended June 30, 2019, NJ TRANSIT recognized pension expense of $1.4 million and revenue of $1.4 million for support provided by the State to PFRS, on behalf of NJ TRANSIT.

Actuarial assumptions. *PERS*: The collective total pension liability on the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The key actuarial assumptions are summarized below:

Inflation:	2.25%
Salary increase:	Based on age
Through 2026	1.65% – 4.15%
Thereafter	2.65% – 5.15%
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement Mortality Table for male and female active participants. The tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale.

PFRS: The collective total pension liability in the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The key actuarial assumptions are summarized below:

Inflation:	2.25%
Salary increase:	Based on age
Through 2026	2.10% – 8.98%
Thereafter	3.10% – 9.98%
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the Plan actuary's modified 2014 projection scales. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales.

Discount rate. *PERS:* The discount rates used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 contribution from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

PFRS: The discount rates used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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 nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Expected rate of return on investments. The long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
PERS/PFRS:		
Risk Mitigation Strategies	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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 5.66 percent and 6.51 percent for PERS and PFRS, respectively, 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	Current Discount Rate	1% Increase
PERS (4.66%, 5.66%, 6.66%)	$14.7	$11.7	$9.2
PFRS (5.51%, 6.51%, 7.51%)	120.4	89.9	64.8

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**.

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, 2019, NJ TRANSIT recognized pension expense of $123.6 million.

At June 30, 2019, NJ TRANSIT reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources *(in millions)*:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$55.5	$36.9
Changes of assumptions or other inputs	34.5	26.8
Changes in proportion	5.3	1.1
Differences between expected and actual experience	19.8	13.6
NJ TRANSIT contributions subsequent to the measurement date	89.5	—
Total	**$204.6**	**$78.4**

Deferred outflows of resources of $89.5 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, 2020. 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 (2020)	$39.5
Year 2 (2021)	16.3
Year 3 (2022)	(8.0)
Year 4 (2023)	(8.3)
Year 5 (2024)	(2.8)
Total	**$36.7**

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 $18,500 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 conductors union (RAIL) 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 $18,500 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 $6,000 above the $18,500 limit.

NJ TRANSIT's expense for the defined contribution plans totaled $24.4 million in fiscal year 2019.

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 remain at $10,000.

Employees covered by benefit terms.
At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6,470
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	10,303
Total Membership	**16,773**

Total OPEB Liability

NJ TRANSIT's total OPEB liability of $1,296.6 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions. The total OPEB liability as of June 30, 2019 was measured at June 30, 2019 and determined by an actuarial valuation date at July 1, 2017 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:

Inflation	2.20%
Salary increases	3.00%, including inflation
Discount Rate	3.51%
Healthcare cost tread rates	5.40% for 2019 decreasing to an ultimate rate of 3.84% by 2075
Excise tax rate	40% of cost of coverage above the excise tax thresholds beginning on January 1, 2022. The applicable thresholds effective on January 1, 2022 are as follows: Prior to Medicare: $12,850 for single coverage and $33,500 for family coverage Medicare: $11,050 for single coverage and $29,750 for family coverage The above thresholds are assumed to increase by 3.5% from 2022 to 2023 and 2.5% for all years after that.

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

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).

The actuarial assumptions used in this June 30, 2019 valuation were based on the same assumptions used for the NJ TRANSIT retirement plans actuarial valuations as of July 1, 2017.

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

	FY 2019
Beginning Balance, June 30, As previously reported	**$1,098.5**
Prior period adjustment (unaudited)	49.4
Beginning Balance, June 30, As restated	**$1,147.9**
Changes for the year:	
Service cost	55.9
Interest	45.5
Changes of assumptions or other inputs	104.2
Benefit payments	(56.9)
Net changes	**148.7**
Ending Balance, June 30	**$1,296.6**

NJ TRANSIT accounts for its OPEB obligation in accordance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB 75"). GASB 75 was adopted as of July 1, 2017, the beginning of NJ TRANSIT's 2018 fiscal year. The previously reported GASB 75 obligation did not factor in the estimated impact of the 40% excise tax in the Affordable Care Act that pertains to health insurance plans that cost more than a specified limit. As a result, Beginning Net Position has been reduced by $54.1 million (unaudited), opening OPEB liability has been increased by $49.4 million (unaudited), and beginning deferred inflows related to OPEB has been increased by $4.7 million (unaudited) to record the impact of this excise tax in the OPEB liability.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87 percent as of July 1, 2018 to 3.51 percent as of June 30, 2019.

Sensitivity of the total OPEB liability to change in the discount rate. The following presents the total OPEB liability of NJ TRANSIT, 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 (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current discount rate:

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability *(in millions)*	$1,513.5	$1,296.6	$1,115.5

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of NJ TRANSIT, as well as what NJ TRANSIT's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.40 percent decreasing to 2.84 percent) or 1-percentage-point higher (6.40 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	1% Decrease (4.40% decreasing to 2.84%)	Healthcare Cost Trend Rates (5.40% decreasing to 3.84%)	1% Increase (6.40% decreasing to 4.84%)
Total OPEB liability *(in millions)*	$1,079.2	$1,296.6	$1,568.0

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

For the year ended June 30, 2019, NJ TRANSIT recognized OPEB expense of $106.7 million. At June 30, 2019, NJ TRANSIT reported $91.2 million of deferred outflows and $38.4 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)*:

	TOTAL
Year 1 (2020)	$5.4
Year 2 (2021)	5.4
Year 3 (2022)	5.4
Year 4 (2023)	5.4
Year 5 (2024)	5.4
Thereafter	25.8
Total	**$52.8**

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 260 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.

Total OPEB Liability

As PFRS is 100% funded by the State, NJ TRANSIT's OPEB liability was zero. The portion of the State's total proportionate share of the collective net OPEB liability that is associated with NJ TRANSIT was 1.027590%

Actuarial assumptions. The total OPEB liability as of June 30, 2019 was measured at June 30, 2019 and determined by an actuarial valuation as of June 30, 2017 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:

Inflation	2.20%
Salary increases	3.00%, including inflation
Discount rate	
Prior measurement date	3.87%
Measurement date	3.51%
Healthcare cost trend rates	5.40% for 2019 decreasing to an ultimate rate of 3.84% by 2075

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

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, 2019, NJ TRANSIT recognized OPEB expense of $1.9 million and revenue of $1.9 million for support provided by the State to PFRS on behalf of NJ TRANSIT.

8. OTHER CURRENT LIABILITIES

Other current liabilities totaled $107.4 million at June 30, 2019 and are comprised of the following *(in millions)*:

	AS OF JUNE 30, 2019
Advance funds-State/Port Authority	$15.0
NEC Obligations	9.3
Injury and damage claims (Note 14)	48.6
Retainage on construction projects	10.1
Pollution remediation obligations (Note 12)	7.5
Other	16.9
Total	**$107.4**

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 $73.0 million as of June 30, 2019. 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, 2019
Materials and supplies – capital spare parts	$9.1
Leases and permits	8.9
Federal interest on capital assets	5.6
Non-Federal capital project advances	11.2
Other	6.9
Total unearned revenue	**41.7**
Sick leave	3.5
Pollution remediation obligations (Note 12)	27.8
Total other non-current liabilities	**31.3**
Total	**$73.0**

10. DEBT AND OTHER OBLIGATIONS

Revolving Line of Credit

In June 2015, NJ TRANSIT entered into a Revolving Credit Agreement with the Royal Bank of Canada (RBC) for the purposes of obtaining a $300 million Line of Credit (Line). The Revolving Credit Agreement and Line are secured by a NJ TRANSIT Corporation Federally Taxable Grant Anticipation Note; Series 2015 (the Series 2015 Note) dated June 9, 2015. The Series 2015 Note evidences the revolving loans made by RBC to NJ TRANSIT and were issued to RBC in anticipation of the receipt of certain grant funds from the Federal Transit Administration (FTA). As of June 30, 2019, the available line of credit for drawdown was $185 million.

The Line will assist NJ TRANSIT in meeting its operating cash requirements for expenditures that are eligible for reimbursement from the FTA, Section 5307 and 5337 Formula Funds.

NJ TRANSIT will pay a commitment fee of 30 basis points (based upon NJ TRANSIT's current ratings) on undrawn amounts and a floating interest rate based upon LIBOR plus 60 basis points (based upon the current rating) on drawn amounts.

During fiscal year 2019, NJ TRANSIT has drawn $255 million on the Line and has repaid $215 million. Total outstanding loan balance at June 30, 2019 was $115 million.

Bonds Payable

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, 2019, $64.1 million of 2017 Series A and $549.8 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, 2019, $199.5 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 2015.

In September 2008, the NJEDA issued $342.1 million of Series 2008A River LINE Sublease Revenue Bonds at yields between 1.95 percent and 4.41 percent with a final maturity of 2019. The proceeds were used to refund the NJEDA 2003A River LINE Sublease Revenue Bonds. The 2008A Notes were issued on a fixed rate basis and eliminated the financial exposure of the 2003A Notes which included interest rate swaps. As of June 30, 2019, the balance was paid off.

The following schedule summarizes notes payable, and other obligations, by issue, as of June 30, 2019 *(in millions)*:

	Inception Date	Balance June 30, 2018	Additions	Payments/ Reductions	Balance June 30, 2019	Due Within One Year
Federal						
GANS 2014A	09/15	$260.2	$—	$60.7	$199.5	$63.8
State of NJ						
NJEDA 2008A	09/08	39.5	—	39.5	—	—
NJEDA 2017A	01/17	64.1	—	—	64.1	—
NJEDA 2017B	01/17	563.6	—	13.8	549.8	57.0
OTHER						
Revolving Line of Credit	06/15	75.0	255.0	215.0	115.0	115.0
Total		**1,002.4**	**255.0**	**329.0**	**928.4**	**$235.8**
Unamortized Bond Premium		38.7	—	9.5	29.2	
Total Notes Payable		**$1,041.1**	**$255.0**	**$338.5**	**$957.6**	

Long-term notes payable maturities as of June 30, 2019 *(in millions)*:

Fiscal Years	Principal	Interest	Total
2020	$120.8	$36.8	$157.6
2021	126.9	30.6	157.5
2022	131.7	24.2	155.9
2023	66.2	19.2	85.4
2024	69.6	15.8	85.4
2025-2028	298.3	27.3	325.6
Total	**$813.5**	**$153.9**	**$967.4**

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.

Capital Leases

NJ TRANSIT did not enter into any new capital leases in fiscal year 2019. A summary of each capital lease follows. All other leases represent leveraged leases.

In total, NJ TRANSIT has recorded obligations under capital leases of $227.0 million as of June 30, 2019.

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, 2019
Railcars and Locomotives	$360.5
Buses and Light Railcars	39.3
Capital Assets Under Capital Leases (at cost)	**399.8**
Less Accumulated Depreciation	251.2
Net Capital Assets Under Capital Leases	**$148.6**

The following schedule summarizes the capital lease obligations, including leveraged lease obligations, as of June 30, 2019 *(in millions)*:

	Inception Date	Balance June 30, 2018	Additions	Payments/ Reductions	Balance June 30, 2019	Due Within One Year
Comet IV Coaches	09/03	$26.4	$—	$—	$26.4	$—
Light Railcars	09/03, 10/03	40.1	—	40.1	—	—
Articulated Buses	07/04	6.7	—	3.0	3.7	3.7
Diesel Locomotives	12/05	71.8	—	5.3	66.5	5.6
Multilevel Railcars	12/06	15.9	—	0.6	15.3	0.6
Multilevel Railcars	06/07	30.7	—	0.9	29.8	1.1
Multilevel Railcars	12/07	53.3	—	1.9	51.4	2.1
Multilevel Railcars	01/08	35.8	—	1.9	33.9	1.9
Total Capital Lease Obligations		**$280.7**	**$—**	**$53.7**	**$227.0**	**$15.0**

Minimum capital lease maturities as of June 30, 2019 *(in millions)*:

Fiscal Years	Principal	Interest	Total
2020	$15.0	$10.4	$25.4
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
2025-2029	134.1	47.2	181.3
Total Capital Lease Obligations	**$227.0**	**$91.7**	**$318.7**

As of June 30, 2019, 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)*:

	2019
Casino Revenue Transportation Program	$14.0
Bus AVL Radio System Replacement	13.4
Superstorm Sandy Reconstruction	187.1
Rail Infrastructure	33.9
Positive Train Stop Stage 2	57.9
Portal Bridge	10.9
Rail Passenger Facilities	75.9
Bus Rolling Stock	329.6
Rail Rolling Stock	791.1
Other, for commitments less than $10 million	119.6
Total Capital Projects and Special Service Commitments	**$1,633.4**

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 2019, 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, 2019, the net pollution remediation reserve amount totaling $35.2 million, was measured at its current value utilizing the expected cash flow method. The total liability of $36.7 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 $5.6 million, attributable primarily to the costs for additional liabilities related to the fiscal year 2019.

The following table summarizes the changes in NJ TRANSIT's liability for pollution remediation for the year June 30, 2019 *(in millions)*:

	2019
Balance, Beginning of Year	**$29.6**
Current year costs	7.0
Payment made during the year	(1.4)
Balance, End of Year	**$35.2**

The pollution remediation liability of $35.2 million at June 30, 2019, 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, $7.5 million represents the current portion of the liability, which is included in accounts payable and other current liabilities, and $27.8 million represents the noncurrent obligation, which is included in unearned revenue and other noncurrent liabilities.

The estimated outlays include costs of: (a) $3.0 million associated with pre-cleanup activities including engineering studies, site investigation, corrective measures feasibility study, and the design of a remediation plan; (b) $29.2 million related to cleanup activities, such as neutralization, containment, removal and disposal of pollutants, and restoration; (c) $0.9 million for the external government oversight and enforcement-related activities; and (d) $3.6 million for the post-remediation monitoring.

13. OTHER OPERATING REVENUES

Other operating revenues comprise the following *(in millions)*:

	YEARS ENDED JUNE 30, 2019
Lease and rental	$28.1
Advertising	18.2
Metro-North operations	14.5
Other	21.1
Subtotal	**$81.9**
Less Bad Debt Expense	(0.6)
Net Other Operating Revenue	**$81.3**

14. INJURY AND DAMAGE CLAIMS

As of June 30, 2019, NJ TRANSIT maintained $340 million excess commercial general liability program with a self-insured retention of $10 million. Settlements have not exceeded this insurance coverage for each of the past three years. 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 $289.7 million as of June 30, 2019 for outstanding public liability, property damage, FELA, workers' compensation, and employment practice claims. Of these amounts, $48.6 million is included in other current liabilities as of June 30, 2019 (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, 2019 was as follows *(in millions)*:

	AS OF JUNE 30, 2019
Beginning Balance, June 30, as previously reported	**$193.8**
Prior period adjustments (unaudited)	88.7
Beginning Balance, June 30, as restated	**282.5**
Changes for the year:	
Claims expense	87.6
Payment of claims	(80.4)
Net Changes	**7.2**
Ending Balance, June 30	**$289.7**

In prior year, known claims were accrued, but the accrual did not take into account claims that have been incurred but not reported, as well as historical development trends relative to NJ TRANSIT's claim base. NJ TRANSIT has reduced its beginning net position and increased its opening non-current liability for injury and damage claims by $88.7 million to reflect incurred but not reported claims and existing claim development in its recorded liability.

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 also receives discretionary capital grant awards to supplement the capital assistance obtained from the defined formula grant programs. Such discretionary awards are generally limited to projects for equipment acquisition, continued system expansion and modernization, or construction of major facilities.

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").

ARH has entered into insurance contracts with NJ TRANSIT which insure NJ TRANSIT for the following coverages: Federal Employee Liability Act and Third Party Rail and Bus and Property, Certified Terrorism Risk Insurance Act ("TRIA") casualty exposures, and workers compensation. The ARH limits of liability range from $2 million to $14 million in excess of retentions ranging from $1 million to $10 million. Under the TRIA coverage, reinsurance is provided by the United States Government on a quota share basis for 81% in 2019 (and shall then decrease by 1 percentage point per calendar year until equal to 80%) of any certified loss as provided by TRIA, as amended. If, at any time during the policy period, TRIA is cancelled or not renewed, ARH policy will automatically be cancelled at the same date and time.

Effective July 1, 2016, ARH began insuring the Parent at an excess layer of liability for the $15 million excess $25 million level. Beginning July 1, 2018, the excess layer of liability was $10 million excess $15 million. The excess layer of coverage includes coverages ARH currently provides to the Parent, as well as general liability and employer's liability.

The financial results for ARH III Insurance Company, Inc. as of and for the year ended June 30, 2019 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 year ended June 30, 2019 is as follows *(in millions)*:

CONDENSED STATEMENT OF NET POSITION

	AS OF JUNE 30, 2019
Current assets	$61.3
Non-current assets	—
Total Assets	**61.3**
Non-current liabilities	33.9
Total Liabilities	**33.9**
Total Net Position	**$27.4**

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	YEAR ENDED JUNE 30, 2019
Operating revenues	$2.7
Operating expenses	3.8
Operating loss	(1.1)
Non-operating revenues	3.4
Change in Net Position	**2.3**
Total Net Position, Beginning	**25.1**
Total Net Position, Ending	**$27.4**

CONDENSED STATEMENT OF CASH FLOWS

	YEAR ENDED JUNE 30, 2019
Cash Flows from Operating Activities	
Operating loss	$(1.1)
Changes in assets and liabilities	3.7
Net Cash Provided by Operating Activities	**2.6**
Cash Flows from Investing Activities	
Sales and maturities of investments	10.7
Purchases of investments	(12.4)
Interest on investments	1.4
Net Cash Used in Investing Activities	**(0.3)**
Net Increase in Cash and Cash Equivalents	**2.3**
Cash and Cash Equivalents Beginning of Year	**1.2**
End of Year	**$3.5**

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 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 (3) separate 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.

As of June 30, 2019, 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 (Gallons)	Effective Date	Maturity Date	Fair Value 06/30/19	Terms (Per Gallon) Receive	Terms (Per Gallon) Pay
Counterparty: Goldman Sachs					
12,096,000	11/28/18	07/07/20	$193,405	Floating	1.6097
9,072,000	10/01/19	12/31/19	3,156,585	Floating	1.6097
6,048,000	10/01/20	02/29/20	2,185,410	Floating	1.5875
			$5,535,400		
Counterparty: Bank of America Merrill Lynch					
3,024,000	07/01/19	07/31/19	$967,905	Floating	1.6185
3,024,000	08/01/19	08/31/19	989,575	Floating	1.6185
3,024,000	09/01/19	09/30/19	1,007,631	Floating	1.6185
			2,965,111		
		Total Commodity Swaps	**$8,500,511**		

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events for NJ TRANSIT through October 31, 2019, the date the financial statements were available to be issued. No event, beyond those described below, have occurred which would have a material effect on NJ TRANSIT's financial statements.

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 million Line of Credit (Line). The Revolving Credit Agreement and Line are secured by a 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 BofA to NJT and were issued to BofA 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.

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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Changes in Net Pension Liability for NJ TRANSIT Sponsored Single-Employer Defined Benefit Plans Last Ten Fiscal Years *($ in millions)*

For the year ended June 30, 2019	ATU	TERP	UWUA (UCA)
Total pension liability			
Service cost	$31.4	$6.7	$—
Interest	111.1	56.8	0.5
Change of benefit terms	—	—	—
Differences between expected and actual experience	(12.2)	7.7	0.1
Change of assumptions	—	—	—
Benefit payments, including refunds of employee contributions	(83.2)	(47.4)	(0.6)
Net change in total pension liability	**47.1**	**23.8**	**—**
Total pension liability – beginning	**1,447.1**	**775.7**	**8.3**
Total pension liability – ending (a)	**$1,494.2**	**$799.5**	**$8.3**
Plan fiduciary net position			
Contributions – employer	$49.1	$35.6	$0.2
Contributions – employee	12.6	1.5	—
Net investment income	90.5	42.4	0.4
Benefit payments including refunds of employee contributions	(83.2)	(47.4)	(0.6)
Administrative expense	(0.3)	(0.2)	—
Net change in plan fiduciary net position	**68.7**	**31.9**	**—**
Plan fiduciary net position – beginning	**1,089.8**	**521.9**	**6.7**
Plan fiduciary net position – ending (b)	**$1,158.5**	**$553.8**	**$6.7**
Net pension liability – ending (a) – (b)	**$335.7**	**$245.7**	**$1.6**
Plan fiduciary net position as a percentage of the total pension liability	**77.53%**	**69.27%**	**80.72%**
Covered payroll	**$334.2**	**$77.1**	**$0.5**
Net pension liability as percentage of covered payroll	**100.45%**	**318.68%**	**320.00%**

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For the year ended June 30, 2018	ATU	TERP	UWUA (UCA)
Total pension liability			
Service cost	$29.3	$7.2	$0.1
Interest	95.1	54.1	0.6
Change of benefit terms	102.3	—	—
Differences between expected and actual experience	15.0	11.8	—
Change of assumptions	14.6	1.1	—
Benefit payments, including refunds of employee contributions	(79.8)	(44.1)	(0.6)
Net change in total pension liability	**176.5**	**30.1**	0.1
Total pension liability – beginning	**1,270.6**	**745.6**	**8.2**
Total pension liability – ending (a)	**$1,447.1**	**$775.7**	**$8.3**
Plan fiduciary net position			
Contributions – employer	$45.8	$33.9	$0.2
Contributions – employee	11.9	1.6	—
Net investment income	109.3	47.0	0.6
Benefit payments including refunds of employee contributions	(79.8)	(44.1)	(0.6)
Administrative expense	(0.3)	(0.2)	—
Other*	70.5	—	—
Net change in plan fiduciary net position	**157.4**	**38.2**	**0.2**
Plan fiduciary net position – beginning	**932.4**	**483.7**	**6.5**
Plan fiduciary net position – ending (b)	**$1,089.8**	**$521.9**	**$6.7**
Net pension liability – ending (a) – (b)	**$357.3**	**$253.8**	**$1.6**
Plan fiduciary net position as a percentage of the total pension liability	**75.31%**	**67.29%**	**80.72%**
Covered payroll	**$321.2**	**$81.3**	**$0.5**
Net pension liability as percentage of covered payroll	**111.24%**	**312.18%**	**320.00%**

**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.

For the year ended June 30, 2017	ATU	TERP	TWU	MERCER	UWUA (UCA)
Total pension liability					
Service cost	$25.5	$6.7	$1.1	$1.0	$0.1
Interest	88.7	53.5	3.8	3.4	0.6
Change of benefit terms	45.0	—	—	(0.8)	—
Differences between expected and actual experience	2.6	0.5	(0.5)	—	—
Change of assumptions	31.4	35.2	1.2	1.0	0.3
Benefit payments, including refunds of employee contributions	(69.5)	(41.5)	(3.0)	(2.5)	(0.6)
Net change in total pension liability	**123.7**	**54.4**	**2.6**	**2.1**	**0.4**
Total pension liability – beginning	**1,146.9**	**691.2**	**49.3**	**43.8**	**7.8**
Total pension liability – ending (a)	**$1,270.6**	**$745.6**	**$51.9**	**$45.9**	**$8.2**
Plan fiduciary net position					
Contributions – employer	$44.9	$30.7	$1.8	$2.5	$0.2
Contributions – employee	11.0	1.6	0.3	0.2	—
Net investment income	4.0	4.1	0.5	0.4	0.1
Benefit payments including refunds of employee contributions	(69.5)	(41.5)	(3.0)	(2.5)	(0.6)
Administrative expense	(0.3)	(0.3)	—	—	—
Net change in plan fiduciary net position	**(9.9)**	**(5.4)**	**(0.4)**	**0.6**	**(0.3)**
Plan fiduciary net position – beginning	**942.3**	**489.1**	**41.9**	**28.5**	**6.8**
Plan fiduciary net position – ending (b)	**$932.4**	**$483.7**	**$41.5**	**$29.1**	**$6.5**
Net pension liability – ending (a) – (b)	**$338.2**	**$261.9**	**$10.4**	**$16.8**	**$1.7**
Plan fiduciary net position as a percentage of the total pension liability	**73.38%**	**64.87%**	**79.96%**	**63.40%**	**79.27%**
Covered payroll	**$268.2**	**$86.9**	**$12.0**	**$9.6**	**$0.5**
Net pension liability as percentage of covered payroll	**126.10%**	**301.38%**	**86.67%**	**175.00%**	**340.00%**

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For the year ended June 30, 2016	ATU	TERP	TWU	MERCER	UWUA (UCA)
Total pension liability					
Service cost	$25.3	$7.2	$1.1	$1.0	$0.1
Interest	85.9	51.1	3.8	3.3	0.6
Differences between expected and actual experience	(9.2)	11.6	(1.3)	(0.4)	0.1
Benefit payments, including refunds of employee contributions	(63.7)	(38.1)	(2.9)	(2.5)	(0.6)
Net change in total pension liability	**38.3**	**31.8**	**0.7**	**1.4**	**0.2**
Total pension liability – beginning	**1,108.6**	**659.4**	**48.6**	**42.4**	**7.6**
Total pension liability – ending (a)	**$1,146.9**	**$691.2**	**$49.3**	**$43.8**	**$7.8**
Plan fiduciary net position					
Contributions – employer	$44.0	$29.5	$1.3	$2.1	$0.2
Contributions – employee	6.9	1.8	0.3	0.2	—
Net investment income	33.0	9.2	0.6	0.5	0.1
Benefit payments including refunds of employee contributions	(63.7)	(38.1)	(2.9)	(2.5)	(0.6)
Administrative expense	(3.2)	(1.8)	(0.2)	(0.1)	—
Net change in plan fiduciary net position	**17.0**	**0.6**	**(0.9)**	**0.2**	**(0.3)**
Plan fiduciary net position – beginning	**925.3**	**488.5**	**42.8**	**28.3**	**7.1**
Plan fiduciary net position – ending (b)	**$942.3**	**$489.1**	**$41.9**	**$28.5**	**$6.8**
Net pension liability – ending (a) – (b)	**$204.6**	**$202.1**	**$7.4**	**$15.3**	**$1.0**
Plan fiduciary net position as a percentage of the total pension liability	**82.16%**	**70.76%**	**84.99%**	**65.07%**	**87.18%**
Covered payroll	**$268.9**	**$92.3**	**$11.9**	**$9.5**	**$1.0**
Net pension liability as percentage of covered payroll	**76.09%**	**218.96%**	**62.18%**	**161.05%**	**100.00%**

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

For the year ended June 30, 2015	ATU	TERP	TWU	MERCER	UWUA (UCA)
Total pension liability					
Service cost	$23.4	$6.6	$1.1	$0.9	$0.1
Interest	80.2	48.4	3.5	3.1	0.6
Differences between expected and actual experience	32.0	16.4	1.5	1.3	0.3
Benefit payments, including refunds of employee contributions	(58.9)	(34.8)	(2.8)	(2.4)	(0.5)
Net change in total pension liability	**76.7**	**36.6**	**3.3**	**2.9**	**0.5**
Total pension liability – beginning	**1,031.9**	**622.8**	**45.3**	**39.5**	**7.1**
Total pension liability – ending (a)	**$1,108.6**	**$659.4**	**$48.6**	**$42.4**	**$7.6**
Plan fiduciary net position					
Contributions – employer	$44.8	$19.3	$1.3	$1.8	$0.2
Contributions – employee	6.5	1.8	0.3	0.2	—
Net investment income	134.5	65.4	6.0	3.9	1.0
Benefit payments	(58.9)	(34.8)	(2.8)	(2.4)	(0.5)
Administrative expense	(3.1)	(1.9)	(0.2)	(0.1)	—
Net change in plan fiduciary net position	**123.8**	**49.8**	**4.6**	**3.4**	**0.7**
Plan fiduciary net position – beginning	**801.4**	**438.7**	**38.2**	**24.9**	**6.4**
Plan fiduciary net position – ending (b)	**$925.2**	**$488.5**	**$42.8**	**$28.3**	**$7.1**
Net pension liability – ending (a) – (b)	**$183.4**	**$170.9**	**$5.8**	**$14.1**	**$0.5**
Plan fiduciary net position as a percentage of the total pension liability	**83.46%**	**74.08%**	**88.07%**	**66.75%**	**93.42%**
Covered payroll	**$268.4**	**$97.2**	**$11.2**	**$9.5**	**$1.1**
Net pension liability as percentage of covered payroll	**68.33%**	**175.82%**	**51.79%**	**148.42%**	**45.45%**

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Pension Contributions for NJ TRANSIT Sponsored Single-Employer Defined Benefit Plans
Last Ten Fiscal Years *($ in millions)*

Amalgamated Transit Union Employees Retirement Plan

Years Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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
2011	43.4	43.4	—	269.9	16.09
2010	42.8	42.6	0.2	254.6	16.73

Non-Agreement Employees Retirement Plan

Years Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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
2011	34.0	34.0	—	111.5	30.51
2010	34.6	34.8	(0.2)	115.7	30.09

Utility Worker's Union of America Employee Retirement Plan

Years Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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
2011	0.2	0.2	—	1.1	18.18
2010	0.2	0.2	—	1.5	13.33

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:	
Actuarial 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.
Remaining Amortization Period	14 years remaining as of July 1, 2017 of the initial unfunded liabilities established as of July 1, 2016. Each subsequent change in unfunded has one more year remaining.
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.50% for TERP and UWUA; 7.75% for ATU, net of pension plan investment expense, including inflation
Inflation	3.00%
Salary Increases	3.00% plus age and service based merit increases
Mortality	The mortality tables projected to July 1, 2018 under Scale MP-2017 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-2017 to reflect future mortality improvement.

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)*

For the years ended June 30	2019	2018	2017	2016	2015
PERS					
The Proportion of Net Pension Liability	0.0595627%	0.0544837%	0.0509198%	0.0505610%	0.0500749%
The Proportionate Share of Net Pension Liability	$11.73	$12.7	$15.1	$11.3	$9.4
Covered Payroll	$5.51	$4.6	$4.1	$3.8	$3.5
Proportionate Share of Net Pension Liability as a Percentage of its covered payroll	212.9%	275.7%	368.3%	297.4%	268.6%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	40.44%	36.78%	31.20%	38.21%	42.74%
PFRS					
The Proportion of Net Pension Liability	0.6647348%	0.6662963%	0.6338143%	0.6457926%	0.6491325%
The Proportionate Share of Net Pension Liability	$89.95	$102.9	$121.1	$107.6	$81.6
The State's Proportionate Share of the Net Pension Liability Associated with NJ TRANSIT	12.22	11.5	10.1	9.4	8.8
Total	$102.2	$114.4	$131.2	$117.0	$90.4
Covered Payroll	$25.42	$25.1	$22.7	$21.7	$20.6
Proportionate Share of Net Pension Liability as a Percentage of its covered payroll	402%	455.6%	578.0%	539.2%	438.8%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	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
Last Ten Fiscal Years *($ in millions)*

Public Employees Retirement System

Years Ended June 30	Actuarially Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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
2011	0.4	0.4	—	3.1	12.90
2010	0.3	0.3	—	3.9	7.69

Police and Firemen's Retirement System

Years Ended June 30	Actuarially Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
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
2011	4.2	4.2	—	19.6	21.43
2010	4.8	4.8	—	18.7	25.67

Notes to Schedule
Changes in benefit terms: None
Changes in assumptions: None

Schedule of Changes in Total OPEB Liability and Related Ratios for NJ TRANSIT's Sponsored Single-Employer Plan
Last Ten Fiscal Years *($ in millions)*

For the years ended June 30	**2019**	**2018***
Beginning Balance, June 30, As previously reported	**$1,098.5**	**$1,108.9**
Prior period adjustment (unaudited)	49.4	—
Beginning Balance, June 30, As restated	**$1,147.9**	**$1,108.9**
Changes for the year:		
Service cost	$55.9	56.6
Interest	45.5	38.7
Changes of assumptions or other inputs	104.2	(48.2)
Benefit Payments	(56.9)	(57.5)
Net changes	**148.7**	**(10.4)**
Balance End, June 30	**$1,296.6**	**$1,098.5**
Covered employee payroll	$889.2	$859.4
Total OPEB liability as a percentage of covered-employee payroll	145.8%	127.82%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Comparative 2018 financial information presented in this schedule has not been restated for the correction of the errors disclosed in Note 2 to NJ TRANSIT's consolidated financial statements.*

Notes to Schedule

Changes in benefit terms: None
Changes in assumptions: The discount rate changed from 3.87% as of June 30, 2018 to 3.51% as of June 30, 2019.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Actuarial assumptions

The total OPEB liability at June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	3.00%, including inflation
Discount rate	
Prior measurement date	3.87%
Measurement date	3.51%
Healthcare cost trend rates	5.40% for 2019 decreasing to an ultimate rate of 3.84% by 2075

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

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).

Schedule of NJ TRANSIT's Proportionate Share of Net OPEB Liability For Cost-sharing New Jersey Health Benefit Program Last Ten Fiscal Years *($ in millions)*

For the years ended June 30	**2019**	**2018**
NJ TRANSIT's proportion (percentage) of the collective net OPEB liability	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	$63.9	$80.9
Total	**$63.9**	**$80.9**
Covered employee payroll	$25.4	$25.1
Proportionate share of the collective net OPEB Liability as a Percentage of the employer's covered employee payroll	0%	0%
The OPEB plan's fiduciary net position as a as a percentage of the total OPEB liability	1.97%	1.03%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Actuarial assumptions and methods

Actuarial Cost Method	Entry Age Normal cost method.
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018
Valuation Date	June 30, 2017
Census Data	As of 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, 2018: 3.87%, As of June 30, 2017: 2.58%, As of June 30, 2016: 2.85%
Expected Rate of Return	As of June 30, 2018: 3.87%, As of June 30, 2017: 3.58% As of June 30, 2016: 2.85%
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:

	Annual Rate of Increase (%)	
Age	**FYE 2016 to FYE 2026**	**FYE 2026 and Later**
25	8.98	9.98
30	5.97	6.97
35	4.17	5.17
40	3.33	4.33
45	2.90	3.90
50	2.75	3.75
55	2.60	3.60
60	2.35	3.35
64	2.10	3.10

Pre-Retirement Healthy Mortality	RP-2006 Headcount-Weighted Healthy Employee Male / Female Mortality Table with Fully Generational Mortality Improvement Projections from the central year using Scale MP-2017
Post-Retirement Healthy Mortality	RP-2006 Headcount-Weighted Healthy Annuitant Male / Female Mortality Table with Fully Generational Improvement Projections from the central year using Scale MP-2017
Disabled Mortality	RP-2006 Headcount-Weighted Disabled Male / Female Mortality Table with Fully Generational Improvement Projections from the central year using Scale MP-2017

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