New York City Transit Authority

(Component Unit of the Metropolitan Transportation Authority)

Financial Statements as of and for the
Years Ended December 31, 2022 and 2021,
Required Supplementary Information, and
Independent Auditor's Report

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Metropolitan Transportation Authority

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the New York City Transit Authority (the "Authority"), a public benefit corporation which is a component unit of the Metropolitan Transportation Authority ("MTA"), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the Authority is a component unit of the MTA. The MTA is a component unit of the State of New York. The Authority requires significant subsidies from, and has material transactions with, the MTA, the City of New York and the State of New York. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the Authority adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*, as of January 1, 2021. The adoption of GASB Statement No. 87 resulted in the restatement of the 2021 financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Authority's Net Pension Liability and Related Ratios for the MABSTOA Pension Plan, Schedule of the Authority's Proportionate Share of the Net Pension Liability in the NYCERS Pension Plan, Schedule of the Authority's Contributions to all Pension Plans, Note to Schedule of the Authority's Contributions to All Pension Plans, Schedule of the Authority's Proportionate Share of the Net OPEB Liability in the MTA OPEB Plan, and Schedule of the Authority's Contributions to the OPEB Plan and Notes to the Schedule of the Authority's Contribution to the OPEB Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

June 6, 2023

FINANCIAL REPORTING ENTITY

The New York City Transit Authority (NYCTA) and its component unit, Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) (collectively, the Authority) are public benefit corporations established pursuant to the New York State (the State) Public Authorities Law, to operate public subway, bus and paratransit services within The City of New York (The City). The Authority is a component unit of the Metropolitan Transportation Authority (MTA), which is a component unit of the State, and whose mission is to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area.

The Reporting entity includes:

(1) NYCTA, a special purpose government, and its blended Component Unit MaBSTOA, together providing transportation services to New York City. The Authority engages in Business-Type Activities. The financial results of the Authority are reported as consolidated financial statements.

(2) a Fiduciary Fund comprised of the MaBSTOA Pension Plan.

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction to the Annual Report:

This annual report consists of five parts: Management's Discussion and Analysis, Consolidated Financial Statements, Fiduciary Fund Financial Statements, Notes to the Consolidated Financial Statements, and Required Supplementary Information.

Management's Discussion and Analysis:

The following is a narrative overview and analysis of the financial activities of the Authority as of and for the years ended December 31, 2022 and 2021. This management discussion and analysis (MD&A) is intended to serve as an introduction to the Authority's consolidated financial statements. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the consolidated financial statements described below.

The Consolidated Financial Statements:

The Consolidated Statements of Net Position provide information about the nature and amounts of resources, with present service capacity, that the Authority presently controls (assets), consumption of net assets by the Authority that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Authority has little or no discretion to avoid (liabilities), and acquisition of net assets by the Authority that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources being reported as net position.

The Consolidated Statements of Revenues, Expenses and Changes in Net Position show how the Authority's net position changed during each year. They account for all of the current year's revenues and expenses, measures the financial results of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

The Consolidated Statements of Cash Flows provide information about the Authority's cash receipts, cash payments and net changes in cash resulting from operations, non-capital financing, capital and related financing and investing activities.

The Fiduciary Fund Financial Statements:

The Fiduciary fund is used to account for resources held in a trustee capacity for the benefit of parties outside of a government entity. The Fiduciary fund is not reported in the Authority's consolidated financial statements because the resources of that fund are not available to support Authority's own programs. The fiduciary fund is reported as a Pension Fund.

The Statements of Fiduciary Net Position present financial information about the assets, liabilities, and the fiduciary net position held in trust of the fiduciary fund of the Authority.

The Statements of Changes in Fiduciary Net Position present fiduciary activities of the fiduciary fund as additions and deductions to the fiduciary net position.

The Notes to the Consolidated Financial Statements:

The notes provide information that is essential to understanding the consolidated financial statements, such as the Authority's accounting methods and policies, details of cash and investments, capital assets, employee benefits, lease transactions, and future commitments and contingencies of the Authority, and information about other events or developing situations that could materially affect the Authority's financial position.

Required Supplementation Information:

The Required Supplementary Information provides information concerning the Authority's net pension liability and net other postemployment benefits (OPEB) liability, employer contributions for the pension plans and OPEB, related ratios and actuarial assumptions used to calculate the net pension liability and net OPEB liability.

CONDENSED FINANCIAL INFORMATION

All amounts are in millions, except as noted.

The following sections will discuss the significant changes in the Authority's financial position for the years ended December 31, 2022 and 2021. Additionally, an examination of major economic factors and industry trends that have contributed to these changes is provided. It should be noted that for purposes of the MD&A, summaries of the consolidated financial statements and the various exhibits presented conform to the Authority's consolidated financial statements, which are presented in accordance with generally accepted accounting principles in the United States of America.

Total Assets and Deferred Outflows of Resources, Distinguishing Between Capital Assets, Other Assets and Deferred Outflows of Resources

Capital assets include but are not limited to: construction of buildings and the acquisition of subway cars, buses, track and structures, depots and yards, equipment. Right-of-use assets for leases on land, buildings, office spaces, storage spaces, equipment and vehicles have been included as a result of the implementation of GASB Statement No. 87, *Leases* with retroactive effect of this adoption as of January 1, 2021. Refer to footnote 2 for additional information.

Other assets include, but are not limited to: cash, investments, State and Local mass transit tax and operating subsidies receivables. These also include the receivable from leases of the Authority's land, buildings, station spaces, and right-of-way to third parties as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Deferred outflows of resources reflect: actuarial measurements related to pension and OPEB and employer contributions subsequent to the measurement date.

Total assets, distinguishing between capital and other assets, and deferred outflows of resources:

(In millions)	2022	2021 (Restated)	2020	Increase/(Decrease) 2022-2021	Increase/(Decrease) 2021-2020 (Restated)*
Capital assets	$ 78,836	$ 75,527	$ 72,830	3,309	$ 2,697
Accumulated depreciation and amortization	(30,610)	(28,658)	(26,696)	(1,952)	(1,962)
Capital assets, net of accumulated depreciation and amortization	48,226	46,869	46,134	1,357	735
Other assets	6,335	2,517	1,164	3,818	1,353
Total assets	54,561	49,386	47,298	5,175	2,088
Deferred outflows of resources	4,840	3,646	2,691	1,194	955
Total assets and deferred outflows of resources	$ 59,401	$ 53,032	$ 49,989	$ 6,369	$ 3,043

*GASB 87 restatement is as of 1/1/2021, therefore 2021 balances are not comparative with 2020.

The Authority's capital assets totaled $78,836 at December 31, 2022. Of the total, depots, yards, signals, and stations were 49.9%, subway cars and buses accounted for 16.3% and track and structures were 20.2%. These gross capital assets exclude significant infrastructure assets such as tunnels and elevated structures, which are assets owned by the City. More detailed information about the Authority's capital assets is presented in Note 5 to the consolidated financial statements.

Significant changes in assets and deferred outflows of resources include:

December 31, 2022 versus 2021

Capital assets increased from December 31, 2021 to December 31, 2022 by $3,309 or 4.4%. This increase was primarily due to station rehabilitation work of $879, signals work of $701, depots and yards of $156, track and structures of $395, acquisition of new buses of $376, and under construction work of $765 related to various projects not yet completed. Accumulated depreciation and amortization increased by $1,952, or 6.8%, due to depreciation expense of $2,156 and amortization expense of $24, partly offset by normal retirements of $228.

Other assets increased by $3,818 or 151.7% compared with the prior year. This increase was mostly due to an increase in due from MTA and constituent authorities by $3,812 primarily related to the American Rescue Plan Act of 2021 ("ARPA") accruals of $4,850 offset by receipt of Coronavirus Response and Relief Supplemental Appropriations Act funds ("CRRSAA") of $464; a decrease in MTA investment pool of $390, NYS Mortgage recording taxes receivable of $133 and a decrease in accrued subsidies of $74.

Deferred outflows of resources increased by $1,194 or 32.7% compared with the prior year. This was due to an increase of $589 related to OPEB, primarily due to changes in contributions and proportionate share of contributions based upon the most recent actuarial valuation report in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* In addition, there was an increase of $606 related to pensions, primarily due to changes in difference between projected versus actual plan investment earnings, based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Refer to Note 8 and 7 to the consolidated financial statements for more information regarding the Authority's postemployment benefits other than pension and pensions, respectively.

<u>December 31, 2021 versus 2020</u>

Capital assets increased from December 31, 2020 to December 31, 2021 by $2,697 or 3.7%. This increase was primarily due to station rehabilitation work of $741, signals work of $312, depots and yards of $205, track and structure of $315, digital screens of $86, wireless communication access system of $73, security program of $54 and under construction work of $557 related to various projects not yet completed. This also included a recognition of right-of-use assets of $299 of which $3 were new additions during 2021 as a result of the implementation of GASB Statement No. 87 *Leases*. Refer to footnote 2 for additional information. Accumulated depreciation and amortization increased by $1,962, or 7.3%, due to depreciation expense of $2,095 and amortization expense of $23, partly offset by normal retirements of $156.

Other assets increased by $1,353 or 116.2% compared with the prior year. This increase was mostly due to an increase in receivables from the MTA for the purchase of capital assets of $975; and an increase in billed and unbilled charges due from New York City and accrued subsidies of $81 due to an overall increase in 2021 subsidies and timing on receipts of billed revenues; and increase in due from MTA and constituent authorities by $405 primarily related to CRRSAA receivable offset by a decrease in MTA investment pool of $208. In addition, this included lease receivables of $63 as a result of the implementation of GASB Statement No. 87 *Leases*. Refer to footnote 2 for additional information.

Deferred outflows of resources increased $955 or 35.5% compared with the prior year. This was due to an increase of $1,363 related to OPEB, primarily due to changes in assumptions based upon the most recent actuarial valuation report in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This was offset by a decrease of $408 related to pensions, primarily due to changes in difference between expected and actual experience and difference between projected versus actual plan investment earnings, based upon the most recent actuarial valuation report in accordance with GASB Statements No. 68, *Accounting and Financial Reporting for Pensions,* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Refer to Note 8 and 7 to the consolidated financial statements for more information regarding the Authority's postemployment benefits other than pension and pensions, respectively.

Total Liabilities and Deferred Inflows of Resources, Distinguishing Between Current Liabilities, Non-Current Liabilities and Deferred Inflows of Resources

Current liabilities include: accounts payable, accrued expenses, current portions of long-term debt, pollution remediation liabilities, unredeemed fares, and other current liabilities. These also include the current portion of lease liability as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Non-current liabilities include: long-term debt, claims for injuries to persons, post-employment benefits and other non-current liabilities. These also include long-term lease liabilities as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Deferred inflows of resources reflect actuarial measurements related to pension and OPEB. Additionally, as a result of the implementation of GASB Statement No. 87, *Leases*, a deferred inflow of resources from leases at the amount of the lease receivable has been recorded. Refer to footnote 2 for additional information.

(In millions)	2022	2021 (Restated)	2020	Increase/(Decrease) 2022-2021	Increase/(Decrease) 2021-2020 (Restated)*
Current liabilities	$ 2,084	$ 2,154	$ 2,813	$ (70)	$ (659)
Long-term liabilities	26,263	22,565	23,939	3,698	(1,374)
Total liabilities	28,347	24,719	26,752	3,628	(2,033)
Deferred inflows of resources	1,939	3,664	1,413	(1,725)	2,251
Total liabilities and deferred inflows of resources	$ 30,286	$ 28,383	$ 28,165	$ 1,903	$ 218

*GASB 87 restatement is as of 1/1/2021, therefore 2021 balances are not comparative with 2020.

At the end of 2022, the Authority's liabilities consisted primarily of employee fringe benefit-related liabilities (for retirement, health and other benefits) of 65.3%, net pension liability of 16.1%, and injuries to persons (public liability and workers' compensation) of 13.8%. Included in the employee fringe benefit-related liabilities was $17,675 of post-employment benefits other than pensions.

Significant changes in liabilities and deferred inflows of resources include:

<u>December 31, 2022 versus 2021</u>

Liabilities increased from December 31, 2021 to December 31, 2022 by $3,628 or 14.7%. Current liabilities decreased by $70, or 3.25%, and long-term liabilities increased by $3,698 or 16.4%.

The net decrease in current liabilities was mainly due to decrease in salaries, wages and payroll taxes of $81 partly due to payment of 2020 employer social security taxes for the 2020 payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act; decrease in vacation, sick and other benefits by $15 primarily due to a $13 decrease in the reserves for claims incurred but not paid ("IBNR") for the self-insured benefits of the Authority; offset by an increase in estimated liability arising from injuries to persons by $22 due to increase in the number and amount of claims.

The net increase in long-term liabilities was primarily due to an increase of $2,256 in net pension liability primarily attributable to an increase in deferred outflow of net difference between projected and actual investment earnings on pension plan investments; increase of $1,186 in net OPEB liability primarily due to increase in deferred outflow of net difference between projected and actual investment earnings on OPEB plan investments; and an increase in the estimated liability arising from injuries to persons of $273, based on the current actuarial valuation. This was offset by a decrease in lease payable of $11 and a decrease of loans payable of $6.

Deferred inflows of resources decreased by $1,725 or 47.1% compared with prior year. This was due to a decrease of $1,999 related to pensions primarily on changes in the projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71, and a decrease of $8 related to leases. This was offset by an increase of $283 related to OPEB primarily due to changes in proportion and differences between employer contributions and proportionate share of contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 7 and 8 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively.

December 31, 2021 versus 2020

Liabilities decreased from December 31, 2020 to December 31, 2021 by $2,033 or 7.6%. Current liabilities decreased by $659, or 23.4%, and long-term liabilities decreased by $1,374 or 5.7%.

The net decrease in current liabilities was mainly due to the payment of 2020 MTA loan of $800, offset by increase in salaries, wages and payroll taxes of $44 due to higher employer social security taxes accrual for the reclassification of the 2020 payroll tax deferral relief offered by the Coronavirus Aid, Relief, and Economic Security (CARES) Act from long-term to short-term liability; an increase in vacation, sick and other benefits by $47 due to gross wage increases in 2021; and Estimated liability arising from injuries to persons by $46 due to increase in the number and amount of claims. This also includes the current lease payable of $14 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

The net decrease in long-term liabilities was primarily due to a decrease of $3,410 in net pension liability attributable to an increase in net difference between projected and actual investment earnings on pension plan investments offset by an increase of $1,983 in net OPEB liability primarily due to change in assumptions, and an increase in the estimated liability arising from injuries to persons of $176, based upon the most current actuarial valuations. In addition, there was a decrease of $227 due to the MTA for the purchase of capital assets and a decrease of $96 for the payment of 2021 deferred payroll taxes. This also includes the long-term lease payable of $389 offset by the reversal of the obligation under capital lease of $185 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Deferred inflows of resources increased by $2,251 or 159.3% compared with prior year. This was due to an increase of $2,141 related to pensions primarily on changes in the projected versus actual plan investment earnings based upon the most current actuarial valuation report in accordance with GASB Statements No. 68 and GASB No. 71, and an increase of $48 related to OPEB primarily due to changes in proportion and differences between employer contributions and proportionate share of contributions based upon the most current actuarial valuation report in accordance with GASB Statement No. 75. Refer to Notes 7 and 8 to the consolidated financial statements for more information regarding the Authority's pensions and postemployment benefits other than pension, respectively. This also includes the lease deferral of $62 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Total Net Position, Distinguishing Among Net Investment in Capital Assets, Restricted and Unrestricted Amounts

(In millions)	**2022**	**2021**	**2020**	**Increase/(Decrease)**	
				2022-2021	**2021-2020**
		(Restated)			**(Restated)***
Net investment in capital assets	$ 47,784	$ 46,405	$ 45,884	$ 1,379	$ 521
Unrestricted	(18,669)	(21,756)	(24,060)	3,087	2,304
Total net position	$ 29,115	$ 24,649	$ 21,824	$ 4,466	$ 2,825

*GASB 87 restatement is as of 1/1/2021, therefore 2021 balances are not comparative with 2020.

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three components: net investment in capital assets, restricted and unrestricted. Net investment in capital assets includes capital assets and right-of-use lease assets, net of accumulated depreciation and amortization, lease liabilities, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed by third parties or enabling legislation, otherwise it is reported as unrestricted.

<u>December 31, 2022 versus 2021</u>

Total net position was $29,115 at the end of 2022, a net increase of $4,466, or 18.1% from the end of 2021. The net increase was primarily due to an operating loss of $8,323 offset by net nonoperating income of $10,400 and capital contributions from the MTA of $2,389.

<u>December 31, 2021 versus 2020</u>

Total net position was $24,649 at the end of 2021, a net increase of $2,825, or 12.9% from the end of 2020. The net increase was primarily due to an operating loss of $7,682 offset by net nonoperating income of $8,015 and capital contributions from the MTA of $2,492. In addition, this includes a restatement of $1 as a result of the implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

(In millions)	Year Ended December 31, 2022	2021 (Restated)	2020	Increase/(Decrease) 2022-2021	2021-2020 (Restated)*
Operating revenues	$ 3,469	$ 2,815	$ 2,377	$ 654	$ 438
Operating expenses	(11,792)	(10,497)	(11,086)	(1,295)	589
Operating loss	(8,323)	(7,682)	(8,709)	(641)	1,027
Nonoperating revenues (expenses):					
Subsidies: New York State and The City of New York	5,035	4,373	2,558	662	1,815
Triborough Bridge and Tunnel Authority	547	464	181	83	283
Internet and Mansion tax	-	400	-	(400)	400
Federal Transit Administration CARES Act reimbursement	-	-	2,831	-	(2,831)
Federal Transit Administration CRRSAA	-	2,795	-	(2,795)	2,795
Federal Transit Administration ARPA	4,850	-	-	4,850	-
Other nonoperating revenues **	17	11	9	6	2
Other nonoperating expenses **	(48)	(27)	(18)	(21)	(9)
Loss on disposal - subway cars / buses	(1)	(1)	-	-	(1)
Total nonoperating revenues (expenses)	10,400	8,015	5,561	2,385	2,454
Income (loss) before capital contributions	2,077	333	(3,148)	1,744	3,481
Capital contributions	2,389	2,492	998	(103)	1,494
Change in net position	4,466	2,825	(2,150)	1,641	4,975
Net position — beginning of year	24,649	21,824	23,974	2,825	(2,150)
Net position — end of year	$ 29,115	$ 24,649	$ 21,824	$ 4,466	$ 2,825

*GASB 87 restatement is as of 1/1/2021, therefore 2021 balances are not comparative with 2020

** Previously reported interest expense separately from net other nonoperating revenue/(expense).

Revenue from Fares/Ridership

(In millions)	2022	2021	2020	Increase/(Decrease) 2022-2021	2021-2020
Subway revenue	$ 2,280	$ 1,717	$ 1,530	$ 563	$ 187
Bus revenue	609	554	386	55	168
Expired fare media revenue	44	61	90	(17)	(29)
Paratransit revenue	18	15	5	3	10
Total revenue from fares	$ 2,951	$ 2,347	$ 2,011	$ 604	$ 336
Total ridership (millions)	1,334	1,080	856	254	224
Non-student average fare	$ 2.24	$ 2.19	$ 2.34	$ 0.05	$ (0.15)

2022 versus 2021

Total revenue from fares was $2,951 in 2022, an increase of $604, or 25.7%, mainly due to increased ridership as people are returning to work, travel and leisure activities as most pandemic-time restrictions and mandates were lifted. Total ridership was 1,334, an increase of 254, or 23.5% from 2021.

2021 versus 2020

Total revenue from fares was $2,347 in 2021, an increase of $336, or 16.7%, mainly due to increased ridership as major travel restrictions were lifted and the subways resumed 24 hour a day service in May. Total ridership was 1,080, an increase of 224, or 26.2% from 2020.

Operating Expenses, by Major Function

(In millions)	2022	2021 (Restated)	2020	Increase/(Decrease) 2022-2021	Increase/(Decrease) 2021-2020 (Restated)*
Salaries and wages	$ 4,227	$ 4,042	$ 4,059	$ 185	$ (17)
Health and welfare	978	968	901	10	67
Pensions	538	72	929	466	(857)
Other fringe benefits	581	436	416	145	20
Reimbursed overhead expenses	(220)	(218)	(211)	(2)	(7)
Postemployment benefits other than pensions	1,426	1,245	1,171	181	74
Electric Power	343	275	240	68	35
Fuel	167	98	59	69	39
Insurance	73	72	76	1	(4)
Public liability claims	238	230	112	8	118
Paratransit service contracts	412	346	326	66	20
Maintenance and other operating contracts	306	294	334	12	(40)
Professional service contracts	139	149	146	(10)	3
Pollution remediation projects	1	35	116	(34)	(81)
Materials and supplies	290	247	292	43	(45)
Depreciation and amortization	2,179	2,119	2,070	60	49
Other expenses	114	87	50	27	37
Total operating expenses	$ 11,792	$ 10,497	$ 11,086	$ 1,295	$ (589)

*GASB 87 restatement is as of 1/1/2021, therefore 2021 balances are not comparative with 2020.

2022 versus 2021

Total operating expenses increased by $1,295 or 12.3% compared to 2021 as follows:

- Salaries and wages were higher than 2021 by $185 or 4.6%. Payroll increased by $89, or 2.6%, mainly due to gross wages increase, higher vacancies and employee unavailability tour backfill on overtime in addition to increased number of weather-related events in 2022 causing higher overtimes.

- Health and welfare expenses increased by $10, or 1.0%, primarily due to an increase in per capita claims activity.

- Pension expenses increased by $466, or 647%, primarily due to losses incurred in pension net investments.

- Other fringe benefit expenses increased by $145, or 33.3%, primarily due to higher workers compensation claims frequency and average claim cost.

- Post-employment benefits other than pensions increased by $181, or 14.5%, due to increases in per capita claims activity as well as increased retiree and dependent populations.
- Electric power expenses increased by $68, or 24.7%, mainly due to higher rates.
- Fuel expenses increased by $69, or 70.4%, mainly due to higher fuel prices.
- Public liability claims expenses increased by $8, or 3.5%, based on the most current actuarial valuation update, which reflected the increase in the number of major claims and the cost of claims.
- Paratransit service contract expenses increased by $66 or 19.1%, due to increased ridership and higher support cost.
- Maintenance and other operating contracts increased by $12, or 4.1%, mainly due to increased facility maintenance, security services and timing of real estate rental.
- Professional service contracts decreased by $10, or 6.7%, mainly due to timing of professional contract payments and bond services charges.
- Pollution remediation project expenses decreased to $1 versus $35 in 2021, due to accrual adjustments.
- Materials and supplies increased by $43 or 17.4%, primarily due to reduced maintenance activity and lower equipment purchases versus 2021.
- Depreciation and amortization expenses increased by $60, or 2.8%, due to additional capital projects reaching substantial completion and depreciation and amortization including right-of-way equipment, communication-based train control, station accessibility (ADA) improvement assets, mainline track rehabilitation and elevator replacement.

<u>2021 versus 2020</u>

Total operating expenses decreased by $589 or 5.3% compared to 2020 as follows:

- Salaries and wages were lower than 2020 by $17 or 0.4%. Payroll decreased by $61, or 1.8%, mainly due to a decrease in headcount as a result of retirements and the sustained agency hiring freeze followed by constrained new employee onboarding operations. Overtime expenses increased by $44 million, or 7.6%, due to higher vacancies and employee unavailability tour backfill on overtime in addition to increased number of weather-related events in 2021 causing higher overtime.
- Health and welfare expenses increased by $67, or 7.4%, primarily due to an increase in per capita claims activity that more than offset lower active headcount.
- Pension expenses decreased by $857, or 92.2%, primarily due to the significant increase in pension net investments.
- Other fringe benefit expenses increased by $20, or 4.8%, due primarily to higher workers compensation claims frequency and average claim cost.
- Post-employment benefits other than pensions increased by $74, or 6.3%, due to increases in per capita claims activity as well as increased retiree and dependent populations.

- Electric power expenses increased by $35, or 14.6%, mainly due to increased consumption and higher rates.

- Fuel expenses increased by $39, 66.1%, mainly due to higher fuel prices.

- Public liability claims expenses increased by $118, or 105.4%, based on the most current actuarial valuation update, which reflected the increase in the number of major claims and the cost of claims.

- Paratransit service contract expenses increased by $20 or 6.1%, due to increased ridership.

- Maintenance and other operating contracts decreased by $40, or 12.0%, mainly due to restrictions on automobile purchases and a decrease in safety equipment purchases. In addition, this includes a restatement of $28 as a result of implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

- Professional service contracts increased by $3, or 2.1%, mainly due to higher MTA Real Estate charges.

- Pollution remediation project expenses decreased to $35 versus $116 in 2020, due to the identification of additional areas of exposure requiring environmental remediation in 2020.

- Materials and supplies decreased by $45 or 15.4%, primarily due to reduced maintenance activity and lower equipment purchases versus 2020.

- Depreciation and amortization expenses increased by $49, or 2.4%, due to additional capital projects reaching substantial completion and starting depreciation and amortization including right-of-way equipment, and station accessibility (ADA) improvement assets. In addition, this includes a restatement of $21 as a result of implementation of GASB Statement No. 87, *Leases*. Refer to footnote 2 for additional information.

Nonoperating Revenues and Expenses

The Authority receives a variety of tax-supported and operating assistance subsidies from New York State and The City of New York. These subsidies represent a state mobility tax and corporate franchise, sales, energy, mortgage recording and real estate taxes and are impacted by the strength of the State and City economies and prevailing interest rates.

Tax supported and operating assistance subsidies from New York State and The City have increased $662, or 15.1% in 2022 and $1,815, or 71.0% in 2021, primarily due to the lower levels of tax supported subsidies in 2020 as a result of the COVID-19 pandemic.

The Triborough Bridge & Tunnel Authority (TBTA), another affiliate of the MTA, distributes to the Authority each year, funds that vary based upon its operating surplus. The surplus distributed increased by $83 or 17.9% in 2022 over 2021, and increased by $283 or 156.4%, in 2021 over 2020, from TBTA's toll revenue as a result of the increase in toll rates and toll crossings. Pursuant to Public Authorities Law §553-j, created by the MTA Reform and Traffic Mobility Act enacted as part of the New York State budget for Fiscal Year 2019-2020, TBTA is required to establish the Central Business District Tolling (CBDT) capital lockbox fund consisting of all monies received by TBTA under the Central Business District Tolling Program (CBDTP), as well as real estate transfer tax ("Mansion Tax") and portions of New York City and State sales tax revenue ("Internet Tax"). Monies in the fund are to be applied, subject to agreements with bondholders and applicable federal law, to the payment of operating, administration, and other necessary expenses of TBTA, or to New York City subject to the memorandum of understanding between the City and MTA Bridges and Tunnels properly allocable to the CBDTP, including the planning, designing, constructing, installing or maintaining of the CBDTP, including, without limitation, the CBDT collection system and the CBDT tolling infrastructure, the CBDT customer service center, and the costs of any MTA's capital projects included within the 2020-2024 MTA capital program or any successor programs. In April 2020, the New York State Legislature passed legislation that was signed by the Governor permitting MTA to use the funds in the CBDTP Capital Lockbox in all or any of the fiscal years of the authority beginning in 2020 through 2021 to offset decreases in revenue, including but not limited to, lost taxes, fees, charges, fares and tolls, due in whole or in part, or increases in operating costs due in whole to the state disaster emergency caused by the novel coronavirus, COVID-19. During 2021, the Authority received an allocation from the MTA of TBTA's internet and mansion tax from the CBDTP Capital Lockbox of $400.

Capital contributions from the MTA of $2,389 in 2022 and $2,492 million in 2021, represent capital program funding from several sources including bonds, Federal, State and City funding. Capital contributions decreased by $103, or 4.1%, compared to 2021 due to a timing of capital funding for various capital projects. More detailed information about the Authority's contributed capital is presented in Note 2.

In 2022, nonoperating revenues included the MTA operating assistance allocation of $4,850 from the Federal government under the COVID-19 economic relief program known as the American Rescue Plan Act of 2021 ("ARPA").

In 2021, nonoperating revenues included the MTA operating assistance allocation of $2,795 million from the Federal government under the COVID-19 economic relief program known as CRRSAA.

Detailed information about ARPA, CRRSAA and the CARES Act is presented in Note 15 to the consolidated financial statements.

Changes in Net Position

The change in net position represents the net total of capital contributions, operating losses and nonoperating income. The net position increased by $4,466 in 2022. The 2021 net position increased by $2,825 net of $1 offset as a result of restatement due to the adoption of GASB Statement No. 87 *Leases.*

Budget Highlights

Total non-reimbursable operating revenues in 2022 of $3,469 (excluding ARPA Federal Aid of $4,850), were lower than budget by $652, or 16%, primarily due to underruns in Farebox Revenue. Farebox revenue were lower than budget by $651, or 18% mainly due to lower than projected ridership. Subway revenue was lower by $510, or 18%. Similarly, bus revenue was also lower by $131, or 18%. In addition, fare media liability revenue reflecting the residual values of expired MetroCards, of $44 underran the budget by $9, or 17%. Similarly, paratransit revenues were also below the budget by $2, or 11%. Other operating revenues (excluding ARPA Recovery receipts of $4,850) of $183, were lower than budget by $5, or 3%, mainly due to higher paratransit reimbursements.

Total non-reimbursable operating expenses in 2022 of $11,792 were lower than budget by $774, or 6%. Labor-related expenses of $7,530 underran the budget (including favorable GASB 68 & GASB 75 adjustments to pensions and OPEB, respectively) by $775, or 9%. This result was due primarily to health & welfare and OPEB expenses lower than budget by $175, or 10%. Favorable actuarial valuations of GASB 75 in addition to favorable rates, higher prescription drug contract rebates, and vacancy savings resulted in significant underruns. Pension expenses were also favorable to budget by $41, or 4% due to significant increase in net investment returns per the latest GASB 68 actuarial valuation.

Vacancies also caused payroll underruns of $167, or 5%, and unfavorable Worker's Compensation reserve adjustments caused overruns in other fringe benefits of $16, or 3%. Partial offset occurred as overtime expenses were higher than budget by $231, or 47%, due to higher vacancies and employee unavailability tour backfill on overtime along with greater adverse weather response. Reimbursable overhead also overran the budget by $40, or 15.3% reflecting lower (unfavorable) reimbursable project requirements.

Non-labor expenses overran the budget by $8, or 0.4%. Paratransit service contracts were lower by $12, or 3%, principally due to fewer trips and lower support costs. Materials and supplies were under by $44, or 13%, primarily reflecting reduced maintenance activity and timing of vehicle materials expense. Electric power overran budget by $27, or 9%, due to higher consumption and rates, and insurance was down $11, or 13%, due to less than projected vehicle and liability premium. Maintenance and other operating contract expenses underran the budget by $18 or 5%, due to underruns in non-vehicle maintenance repairs, and professional service contract expenses were favorable by $18, or 12% primarily due to timing of professional contract payments and bond service charges. Providing partial offset to general non-labor expense favorability, other business expenses were higher than budget by $18, or 19% resulting from higher card processing transaction fees. Claims expense for public liability overran the budget by $24, or 12%, reflecting higher reserve requirements based on increased claims activity, and fuel was $41 higher, or 33%, due to higher prices and consumption.

OVERALL FINANCIAL POSITION, RESULTS OF OPERATIONS AND IMPORTANT ECONOMIC CONDITIONS

Results of Operations and Overall Financial Position

Total revenue from fares was $2,951 in 2022, an increase of $604 or 25.7% from 2021. Total ridership was 1,334 million, an increase of 254 or 23.5% from 2021. Total operating expenses, including depreciation and amortization, other post-employment benefits and environmental remediation expenses, were $11,792 in 2022, an increase of $1,295 or 12.3%.

Going forward, the stability of the Authority's financial position is subject to certain risks, requiring the efficient management of costs, including the establishment of new cost reduction programs, in order to counteract any adverse impacts to revenue streams or cost increases.

Economic Conditions

Metropolitan New York is the most transit-intensive region in the United States, and a financially sound and reliable transportation system is critical to the region's economic well-being. New York City Transit (NYCT) consists of urban subway and bus systems, including paratransit services.

MTA system-wide utilization for 2022 exceeded the depths experienced in 2020, with ridership up by 589.3 million trips (61.8%) over the 2020 ridership level. Year-over-year improvements continued, with 2022 exceeding 2021 ridership levels by 332.0 million trips (27.4%), with ridership during the fourth quarter of 2022, up 40.9 million trips (10.9%) compared with the fourth quarter of 2021. For the fourth quarter 2022 compared with the fourth quarter of 2021, MTA New York City Transit subway ridership increased by 33.9 million trips (13.9%), and MTA New York City Transit bus decreased by 72 thousand trips (-0.1%).

Seasonally adjusted non-agricultural employment in New York City for the fourth quarter was higher in 2022 than in 2021 by 215.4 thousand jobs (4.9%). On a quarter-to-quarter basis, New York City employment gained 27.5 thousand jobs (0.6%), the tenth consecutive quarterly increase. These increases were preceded by the steep decline of 891.4 thousand jobs (19.0%) during the second quarter of 2020.

National economic growth, as measured by Real Gross Domestic Product ("RGDP"), increased at an annualized rate of 2.7% in the fourth quarter of 2022, according to the most recent advance estimate released by the Bureau of Economic Analysis; in the third quarter of 2022, the revised RGDP increased 3.2%. The increase in fourth quarter real GDP reflected increases in private inventory investment, consumer spending, nonresidential fixed investment, federal government spending, and state and local government spending. These were partially offset by decreases residential fixed investment and exports. Imports, which are a subtraction in the calculation of GDP, decreased. The increase in private inventory investment was led by manufacturing, mainly petroleum and coal products, as well as mining, utilities, and construction industries. The increase in consumer spending reflected an increase in services that was partly offset by a decrease in goods. Within services, the increase was led by health care as well as housing and utilities. Within goods, the leading contributor to the decrease was "other" durable goods. Within nonresidential fixed investment, increases in intellectual property products and structures were partly offset by a decrease in equipment. Within federal government spending, the increase was led by nondefense spending. The increase in state and local government spending primarily reflected an increase in compensation of state and local government employees. Within residential fixed investment, the leading contributors to the decrease were new single-family construction and brokers' commissions. Within exports, a decrease in goods was partly offset by an increase in services (led by travel as well as transport). Within imports, a decrease in goods, led by durable consumer goods, was partly offset by an increase in services, led by travel.

The New York City metropolitan area's price inflation rate, as measured by the Consumer Price Index for All Urban Consumers ("CPI-U"), was lower than the national average in the fourth quarter of 2022, with the metropolitan area index increasing 6.1% while the national index increased 7.1% when compared with the fourth quarter of 2021. Regional prices for energy products increased 15.3%, and national prices of energy products rose 12.7%. In the metropolitan area, the CPI-U exclusive of energy products increased by 5.5%, while nationally, inflation exclusive of energy products increased 6.7%. The New York Harbor spot price for conventional gasoline increased more steeply, by 16.0%, from an average price of $2.36 per gallon to an average price of $2.74 per gallon between the fourth quarters of 2021 and 2022.

In its announcement on February 1, 2023, the Federal Open Market Committee ("FOMC") raised its target for the Federal Funds rate to the 4.50% to 4.75% range, the seventh increase since March 2022. The Federal Funds rate target had been in the 0.00% to 0.25% range from March 15, 2020 through March 16, 2022, when the FOMC increased the target to the 0.25% to 0.50% range. The target was further increased to the 0.75% to 1.00% range on May 4, 2022, to the 1.50% to 1.75% range on June 15, 2022, to the 2.25% to 2.50% range on July 27, 2022, to the 3.00% to 3.25% range on September 21, 2022, to the 3.75% to 4.00% range on November 2,2022, to the 4.25% to 4.50% range on December 14, 2022, and most recently to the 4.5% to 4.75% range on February 1, 2023. In support of its actions, FOMC noted that job gains have remained robust, the unemployment rate has remained low, and inflation remains elevated and reflects supply and demand imbalances related to the pandemic, higher food and energy prices, and broader price pressures. Russia's war in Ukraine, in addition to the tremendous human and economic hardship it is causing, has created additional upward pressure on inflation and is weighing on global economic activity. In addition to increases in the Federal Funds rate target, the FOMC since May has been reducing its holdings of Treasury securities and agency mortgage-backed securities. The FOMC seeks to achieve maximum employment, with achieving a two percent inflation rate over the longer term and is prepared to adjust the stance of its monetary policy as appropriate if risks emerge that could impede its employment and inflation goals based on assessments of the economic outlook, considering information on public health, labor market conditions, inflation pressures and expectations, and financial and international developments.

Banking conditions are currently under higher stress as Silicon Valley Bank and Signature Bank have entered receivership and the Federal Reserve has proactively moved to protect the health of the overall system from a contagion event. This situation is being monitored.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law and provided $4.0 billion in funding to the MTA. The Coronavirus Response and Relief Supplemental

Appropriations Act of 2021 (“CRRSAA”) became law on December 27, 2020, and provided the MTA with $4.1 billion in aid. On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed in law, with MTA receiving $6.9 billion in aid and $4.85 billion allocated to NYCTA.

The influence of the Federal Reserve’s monetary policy on the mortgage market is a matter of interest to the MTA, since variability of mortgage rates can affect real estate transactions and thereby impact receipts from the Mortgage Recording Taxes (“MRT”) and the Urban Taxes, two important sources of MTA revenue. While real estate transaction activity initially was severely impacted by social distancing and the economic disruption caused by the COVID-19 pandemic, demand for suburban residential real estate, along with mortgage rates that were historically low until recently, significantly strengthened mortgage activity and refinancing of existing mortgages. Mortgage Recording Tax collections in the fourth quarter of 2022 were lower than the fourth quarter of 2021 by $52.0 million (32.0%). Average monthly receipts in the fourth quarter of 2022 were $9.6 million (15.1%) lower than the monthly average for 2006, just prior to the steep decline in Mortgage Recording Tax revenues during the Great Recession. MTA’s Urban Tax receipts during the fourth quarter of 2022—which are derived from commercial real estate transactions and mortgage recording activity within New York City and can vary significantly from quarter to quarter based on the timing of exceptionally high-priced transactions—were $9.8 million (7.8%) lower than receipts during the fourth quarter of 2021. Average monthly receipts in the fourth quarter of 2022 were $12.8 million (17.4%) lower than the monthly average for 2007, just prior to the steep decline in Urban Tax revenues during the Great Recession.

SIGNIFICANT CAPITAL ASSET ACTIVITY

Capital Program

The MTA has ongoing programs on behalf of the Authority and other affiliated agencies, subject to approval by the New York State Metropolitan Transportation Authority Capital Program Review Board (the State Review Board), which are intended to improve public transportation in the New York Metropolitan area.

2005-2009 Capital Program—The MTA Capital Program for 2005-2009 was approved by the CPRB in July 2005 and amended in July 2006. The 2005-2009 Program, as approved, provided for $20.1 billion in capital expenditures, of which the Authority’s share was $11.2 billion. In February 2007, the MTA Board further amended the Program to add $1.2 billion of Federal East Side Access Full Funding Grant Agreement (FFGA) funds to the East Side Access project, which relates to the Capital Construction Company’s capital program. In July 2008, the MTA Board further amended the Program to add an additional $267 million of Federal East Side Access FFGA funds and $764 million in Federal Second Avenue Subway FFGA funds relating to the Capital Construction Company’s capital program. Also included in this amendment were the rollover of unused LaGuardia Airport Project funds from the 2000-2004 Capital Program and other miscellaneous funding adjustments. In 2009, the capital program received $0.7 billion in federal stimulus funding. In 2011, the program received $0.2 billion in HYIC funds to cover the full value of additional work associated with the Number 7 Extension.

The 2005-2009 Capital Program is designed to continue a program of capital expenditures that would support on-going maintenance and provide needed improvements to enhance services to its customers. Reallocation between programs, subsequent to the amendments and federal stimulus funding noted above, resulted in the overall plan totaling $24.4 billion, of which the Authority’s share is $11.5 billion. The Authority’s portion of the capital program excludes $7.7 billion of approved capital projects managed by the MTA Capital Construction Company on behalf of the Transit Authority and the Long Island Rail Road. Among the projects in the 2005-2009 Transit Capital Program are the following: normal replacement of 1,002 B Division Cars, fleet growth of 23 A Division Cars, the purchase of 1,236 new buses including 1,043 standard, 90 articulated and 103 express buses, the purchase of 1,387 new paratransit vehicles, rehabilitation of 36 stations, replacement of 23 escalators, replacement of 52 miles of mainline track and 143 mainline switches, signal modernization, communications improvements, and improvements to shops, yards, and depots.

The combined funding sources for the 2005-2009 Capital Program are comprised of $7.8 billion in federal funds, $1.5 billion from the New York State voter approved State-Wide Transportation Bond Act, $11.2 billion in bonds, and $3.9 billion from other sources.

At December 31, 2022, $11.5 billion has been encumbered to Authority projects from the 2005-2009 approved plan, of which approximately $11.4 billion has been expended.

2010-2014 Capital Program—The 2010-2014 Capital Program was approved by the MTA Board in September 2009. The program totaling approximately $25.6 billion was subsequently submitted to the NYS Capital Program Review Board (CPRB) for their review and approval. The submitted Program was vetoed without prejudice by the Review Board in December 2009. Subsequently, the resubmitted 2010-2014 Program, totaling $26.3 billion was approved by the MTA Board in April 2010. In June 2010, the CPRB approved the 2010-2014 Capital Program totaling $23.8 billion, as submitted, of which the Authority's share was $12.8 billion. The approved CPRB program fully funded only the first two years of the plan, with a commitment to come back to CPRB with a funding proposal for the last three years. On December 21, 2011, the MTA Board approved an amendment to the 2010-2014 Program that funds the last three years of the program through a combination of self-help (efficiency improvements and real estate initiatives), participation by our funding providers and innovative and pragmatic financing arrangements. The Authority's share of the $24.3 billion revised program was $11.6 billion. On March 27, 2012, the CPRB approved the amended 2010-2014 Capital Program as submitted for the Transit and Commuter systems totaling $22.2 billion. On December 19, 2012, the MTA Board approved an amendment to the 2010-2014 Capital Programs to add projects for the repair and restoration of MTA agency assets damaged as a result of Tropical Storm Sandy, which struck the region on October 29, 2012. The revised programs provide for an additional $4.8 billion in Sandy recovery-related capital expenditures, of which the Authority's share is $3.4 billion. On January 23, 2013, the amended program for the Transit and Commuter systems totaling $26.2 billion as submitted was deemed approved by the CPRB. On July 24, 2013, the MTA Board approved a further amendment to the 2010-2014 Capital Programs for the Transit, Commuter and Bridges and Tunnels systems to include specific revisions to planned projects and to include new resilience/mitigation initiatives, totaling $5.8 billion in response to Tropical Storm Sandy. The Authority's share of the new initiative is $5.1 billion. On August 26, 2013, the CPRB deemed approved those amended 2010-2014 Capital Programs for the Transit and Commuter systems as submitted. On July 28, 2014, the MTA Board approved an amendment to the 2010-2014 Capital Programs to reflect revised project estimates. However, the overall program remained unchanged at $34.8 billion. On September 3, 2014, the amended program for the Transit and Commuter systems totaling $31.8 billion as submitted was deemed approved by the CPRB. On May 24, 2017, the MTA Board approved a further amendment to reduce the overall 2010-2014 capital program by $2.8 billion. The reduction reflects adjustments to the Sandy program to match funding and administrative scope transfers for projects in the Core program. On July 31, 2017, the amended program for the Transit and Commuter systems totaling $29.2 billion as submitted was deemed approved by the CPRB. On September 25, 2019, the MTA Board approved an amendment to the overall 2010-2014 capital program totaling $31.7 billion reflecting administrative budget adjustments and updated project cost and timing assumptions. The Authority's share of the amended program totaled $11.4 billion. On February 21, 2020, the CPRB deemed approved the revised 2010-2014 Capital Programs for the Transit and Commuter systems, as submitted.

The combined funding sources for the last MTA Board approved 2010-2014 Capital Program are comprised of $11.7 billion in MTA bonds, $7.4 billion in federal funds, $2.0 billion in Bridges and Tunnels dedicated funds, $0.1 billion in MTA Bus Federal and City Match, $0.8 billion in State Assistance, $0.6 billion in City Capital Funds, and $1.5 billion from other sources. The funding strategy for Tropical Storm Sandy repair and restoration assumes the receipt of $6.7 billion in insurance and federal reimbursement proceeds (including interim borrowing by MTA to cover delays in the receipt of such proceeds), $0.02 billion in Pay-as-you-go capital, supplemented, to the extent necessary, by external borrowing of up to $0.9 billion in additional MTA and MTA Bridges and Tunnels bonds.

In December 31, 2022, $11.3 billion has been encumbered to Authority projects from the 2010-2014 approved plan, of which approximately $10.7 billion has been expended.

2015-2019 Capital Program—the 2015-2019 Capital Program totaling $32.0 billion was approved by the MTA Board in September 2014. The program totaling approximately $29.0 billion was subsequently submitted to the CPRB for their review and was vetoed without prejudice by the Review Board in October 2014. On October 28, 2015, the MTA Board approved a revised 2015-2019 capital program totaling $26.1 billion. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2.9 billion was approved by the MTA Board in October 2015 and was not subject to CPRB approval. On April 20, 2016, the MTA Board approved a further revised 2015-2019 capital program totaling $29.5 billion, of which $26.6 billion was subsequently approved by the CPRB on May 23, 2016 (The MTA Bridges and Tunnels 2015-2019 Capital Program totaling $2.9 billion is not subject to CPRB approval.). The Authority's share of the approved 2015-2019 capital program was $15.8 billion. On February 23, 2017, the MTA Board approved an amendment to add three station investment projects to the NYCT and LIRR portions of the Capital Program resulting in a net increase of $0.1 billion transferred from prior capital programs. On May 24, 2017, the MTA Board approved further amendment, adding $2.9 billion to the 2015-2019 Capital Program reflecting increasing support for new priority projects, new funding for Second Avenue Subway Phase 2, and administrative scope transfers. The amended Capital Program, as submitted, was deemed approved by the CPRB on July 31, 2017. On December 13, 2017, the MTA Board approved an amendment to the Capital Program, adding $0.349 billion to incorporate the NYC Subway Action Plan. The Authority's share of the amended 2015-2019 capital program totaling $32.8 billion is $16.7 billion. On April 25, 2018, the MTA Board approved a full amendment to increase the 2015-2019 Capital Programs to $33.3 billion reflecting updated project cost estimates, emerging new needs across the agencies, and reallocation of funds within the East Side Access and Regional Investment programs, among others. On June 1, 2018, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems totaling $30.3 billion as submitted. The Authority's share of the amended capital program was $16.7 billion. The revised 2015-2019 MTA Bridges and Tunnels Capital Program totaling $2.9 billion as approved by the MTA Board in April 2018, was not subject to CPRB approval.

In the 2015-2019 Capital Program, NYC Transit continues normal replacement of key assets like rolling stock and mainline track/switches while also emphasizing overdue investments in signals and other infrastructure. Stations continue to be an important focus of investment given the importance of the station environment to NYC Transit's customers and their communities. Core infrastructure investments include: modernization of six interlockings; the purchase of 535 railcars to replace railcars reaching the end of their useful lives; 1,441 new buses, including 1,086 standard, 305 articulated and 50 express buses; replacement of approximately 51 miles of mainline track and 127 mainline switches; communications improvements and improvements to shops, yards, and depots; ADA accessibility improvements; completion of the new fare payment system; elimination of station defects; substantial access and circulation improvements at the Grand Central and Times Square stations. On September 25, 2019, the MTA Board approved a full amendment to the 2015-2019 Capital Programs totaling $33.9 billion, reflecting updated project timing and cost estimates, new needs, and changing priorities. On February 21, 2020, the CPRB deemed approved the revised 2015-2019 Capital Programs for the Transit and Commuter systems, as submitted. The Authority's share of the amended capital program was $16.7 billion. Reallocation between programs, subsequent to the amendment resulted in the overall plan totaling $34 billion, of which the Authority's share is $16.7 billion.

The combined funding sources for the last MTA Board approved 2015-2019 Capital Program are comprised of $8.4 billion in MTA Bonds, $2.9 billion in MTA Bridges and Tunnels dedicated funds, $9.2 billion in funding from the State of New York, $7.6 billion in Federal Funds, $2.7 billion from City Capital Funds, $2.2 billion in pay-as-you-go (PAYGO) capital, and $1.0 billion from Other Sources.

As of December 31, 2022, $16.2 billion has been encumbered to Authority projects from the 2015-2019 approved plan, of which approximately $11.0 billion has been expended.

2020-2024 Capital Program – the 2020-2024 Capital program totaling $54.8 was approved by the MTA Board on September 25, 2019. The capital programs for the transit and commuter systems totaling $51.5 billion was subsequently submitted to the CPRB on October 1, 2019 and approved on January 1, 2020. The Authority's share of the capital program was $35.4 billion. On December 15, 2021, a Letter Amendment was submitted to the Board that increased the total funding for the 2020-2024 Capital Program to $55.4 billion. The amendment addressed budget adjustments and additional funding to support Penn Station Access and other program projects. The amended Capital Program was deemed approved by the CPRB on December 23, 2021. The Authority's share of the amended capital program was $35.1 billion. On July 27, 2022 the MTA Board approved an amendment to increase the 2020-2024 Capital Program by $108 million to reflect addition of new projects, additional support for existing projects and changes to existing project budgets. The capital programs were subsequently submitted to the CPRB on August 1, 2022 and approved on August 30, 2022. The Authority's share of the amended capital program was $34.6 billion.

The combined funding sources for the MTA Board approved 2020–2024 MTA Capital Programs include $15 billion in Central Business District tolling sources, $10 billion in new revenue sources, $8.0 billion in MTA bonds, $12.4 billion in Federal funds, $3.1 billion in State of New York funding, $3 billion in City of New York funding, $3.3 billion in MTA Bridges and Tunnels dedicated funds, and $0.5 billion in from Other contributions.

As of December 31, 2022, $10.8 billion has been encumbered to Authority projects from the 2020-2024 approved plan, of which approximately $2.2 billion has been expended.

The federal government has a contingent equity interest in assets acquired by the MTA with federal funds and upon disposal of such assets, the federal government may have a right to its share of the proceeds from the sale. This provision has not been a substantial impediment to the MTA's operation.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The 2022 MTA November Financial Plan

The 2022 MTA November Financial Plan (the "November Plan"), which includes the 2022 November Forecast, the 2023 Final Proposed Budget and a Financial Plan for the years 2023 to 2026, updates the 2022 July Financial Plan (the "July Plan").

The July Plan **-** The July Plan projected annual balanced budgets through 2024, with unfunded deficits of approximately $2.5 billion in both 2025 and 2026. The balanced budgets were only achieved with the federal COVID relief funds awarded to the MTA, which totaled $15.1 billion since the start of the pandemic. MTA received $4.0 billion in 2020 from the Coronavirus Aid, Relief and Economic Security (CARES) Act, $4.1 billion in 2021 from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and $6.9 billion in 2022 from the American Rescue Plan Act of 2021 (ARPA).

This federal funding covers the structural imbalance in MTA's finances in the near-term. Without federal COVID relief funds, each year of the Plan would be in substantial deficit. In addition, the deficits in the July Plan would have been higher without the assumed 4% fare and toll increases in 2023 and 2025 that were built into the Plan. The 2026 annual deficit would have reached approximately $3 billion without such increases being implemented.

Since the July Plan, ridership recovery remained steady at about 61% of the pre-pandemic level through the summer, and then moved upwards to 63% in September and 64% in October and is tracking the midpoint projection based on the recent McKinsey updated analysis.

The November Plan - Before the use of federal COVID relief funds to offset deficits, the July Plan had projected deficits of $2.6 billion in 2022, $2.4 billion in 2023, $2.3 billion in 2024, $2.6 billion in 2025, and $2.6 billion in 2026. These deficits included the favorable impacts from two actions proposed in the July Plan: fare and toll yield increases of four percent effective in both March 2023 and March 2025, which were expected to generate $1.5 billion through 2026; and operating efficiency savings ("Fiscal Baseline Reset") expected to generate $400 million in lower expenses through 2026. The November Plan will use the same ridership forecast that was set forth in the July Plan based on the midpoint ridership recovery derived from the analysis dated July 2022. The November Plan, before the use of federal COVID aid, shows improvement in 2022, but worsening deficits in the out-years of the Plan.

MTA Operating Efficiencies - MTA operating agencies are engaged in an ambitious effort to identify innovative ways of doing business more efficiently and as a result reduce expenses and improve service to customers. Operating Agency and Headquarters leadership have identified concrete initiatives to generate sizeable savings and help address the fiscal cliff. The operating efficiency initiatives will generate $100 million in 2023, increasing to $400 million in 2024, $408 million in 2025 and $416 million in 2026.

Increase 2023 Fare and Toll Revenue Targets - MTA is proposing a 2023 fare and toll increase yielding approximately 5.5% in additional fare and toll revenue. This action is estimated to generate a total of $1,309 million, which includes an additional $350 million over the Plan period and is reflected in Other Below-the-Line Adjustments in the Plan Adjustments section.

More detailed information on the November Plan can be found in the MTA 2023 Final Proposed Budget – November Financial Plan 2023-2026 Volumes 1 and 2 at www.MTA.info.

Impacts from Global Coronavirus Pandemic:

Ridership levels continue to show improvement, although ridership remains significantly below pre-pandemic levels. MTA New York City Subway resumed 24 hours a day service on May 17, 2021, after subway service was shut down overnight for over a year to allow for thorough disinfecting of the system and other enhancements. MTA Metro-North Railroad currently operates on an 93% pre-pandemic service level during the week and 100% on weekends relative to pre-pandemic levels MTA Long Island Rail Road operated on an 87% pre-pandemic service level through the end of 2022. In January of 2023 the Grand Central Madison terminal was opened for LIRR service. Service was initially run as a shuttle between Jamaica and Grand Central Madison terminals. Full LIRR service to Grand Central Madison began in February. resulting in a 41% increase in overall LIRR service.

- ***Ridership and Traffic Update.*** Daily ridership on MTA facilities continues to be well-below 2019 levels. While ridership has been steadily increasing, ridership compared to the pre-pandemic equivalent day in 2019 is down 32 percent on the subways, 38 percent for bus (combined NYCT bus and MTA Bus Company), 36 percent on MTA Metro-North Railroad, and 38 percent on the MTA Long Island Rail Road. Traffic crossings at MTA Bridges and Tunnels facilities are closely resembling pre-pandemic levels.

For additional information, refer to Note 15 to financial statements regarding the impact from the COVID-19 pandemic.

CONTACTING MTA CONTROLLER'S OFFICE

This financial report is designed to provide our customers and other interested parties with a general overview of MTA finances and to demonstrate MTA's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Metropolitan Transportation Authority, Deputy Chief, Controller's Office, 2 Broadway, New York, NY 10004.

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NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(In thousands)

	Business-Type Activities 2022	2021 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash (Note 3)	$ 25,493	$ 27,619
Receivables:		
Billed and unbilled charges due from New York City	48,758	41,215
Accrued subsidies	47,866	121,846
Due from MTA and constituent Authorities (Note 10)	4,651,134	839,381
Other (Note 6)	114,177	104,277
Less allowance for doubtful accounts	(4,843)	(6,998)
Net receivables	4,857,092	1,099,721
Materials and supplies — at average cost — net	319,350	319,520
Prepaid expenses and other current assets	57,671	38,718
Total current assets	5,259,606	1,485,578
NONCURRENT ASSETS:		
Due from MTA for the purchase of capital assets (Note 10)	1,026,738	975,476
Capital assets (Note 5):		
Construction work-in-progress	5,813,958	5,048,936
Other capital assets, net of accumulated depreciation and amortization *	42,411,992	41,820,056
Lease receivables (Note 6)	47,900	55,562
Restricted deposits and other escrow funds	1,031	773
Total noncurrent assets	49,301,619	47,900,803
Total assets	54,561,225	49,386,381
DEFERRED OUTFLOWS OF RESOURCES:		
Related to pensions (Note 7)	1,772,956	1,167,397
Related to OPEB (Note 8)	3,067,290	2,478,549
Total deferred outflows of resources	4,840,246	3,645,946
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 59,401,471	$ 53,032,327

See notes to consolidated financial statements.

Continued)

* For presentation purposes, included leasehold improvements on property, net of accumulated depreciation, previously presented separately.

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2022 AND 2021
(In thousands)

	Business-Type Activities 2022	Business-Type Activities 2021 (Restated)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 159,349	$ 157,672
Accrued expenses:		
Salaries, wages, and payroll taxes	260,843	341,660
Vacation, sick pay, and other benefits	798,221	813,490
Retirement and death benefits	29,598	35,808
Estimated liability arising from injuries to persons (Note 12)	391,719	369,470
Pollution remediation projects (Note 13)	19,759	19,485
Other	178,074	161,146
Total accrued expenses	1,678,214	1,741,059
Unredeemed farecards	204,000	211,697
Revenue advances	24,309	21,179
Lease Payable (Note 6)	11,726	14,197
Loans Payable (Note 9)	6,366	8,127
Total current liabilities	2,083,964	2,153,931
NONCURRENT LIABILITIES:		
Net pension liability (Note 7)	4,561,254	2,304,900
Net OPEB liability (Note 8)	17,675,397	16,489,792
Estimated liability arising from injuries to persons (Note 12)	3,522,585	3,250,061
Lease Payable (Note 6)	377,493	388,774
Loans Payable (Note 9)	46,757	53,181
Pollution remediation projects (Note 13)	79,036	77,939
Restricted deposits and other escrow funds	1,031	773
Total noncurrent liabilities	26,263,553	22,565,420
Total liabilities	28,347,517	24,719,351
DEFERRED INFLOWS OF RESOURCES:		
Related to pensions (Note 7)	631,311	2,630,384
Related to OPEB (Note 8)	1,254,712	971,928
Related to leases (Note 6)	53,222	61,566
Total deferred inflows of resources	1,939,245	3,663,878
NET POSITION:		
Net investment in capital assets	47,783,608	46,404,713
Unrestricted	(18,668,899)	(21,755,615)
Total net position	29,114,709	24,649,098
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 59,401,471	$ 53,032,327

See notes to consolidated financial statements. (Concluded)

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Business-Type Activities	
	2022	**2021 (Restated)**
OPERATING REVENUES:		
Rapid transit	$ 2,280,202	$ 1,717,046
Surface transit	609,178	553,612
Expired fare media	43,753	60,820
Paratransit fares	18,244	15,231
School, elderly, and paratransit reimbursement	334,292	300,355
Advertising and other	183,124	168,264
Total operating revenues	3,468,793	2,815,328
OPERATING EXPENSES:		
Salaries and wages	4,226,936	4,042,300
Health and welfare	978,008	968,484
Pensions	538,201	71,893
Other fringe benefits	580,941	435,563
Reimbursed overhead expenses	(219,974)	(218,090)
Postemployment benefits other than pensions	1,425,889	1,245,208
Electric power	342,879	275,302
Fuel	166,691	98,046
Insurance	73,296	71,570
Public liability claims	237,501	230,201
Paratransit service contracts	411,972	345,758
Maintenance and other operating expenses	306,142	294,185
Professional service contracts	138,819	149,305
Environmental remediation	483	35,227
Materials and supplies	290,525	247,578
Depreciation and amortization	2,179,643	2,118,664
Other expenses	114,206	86,089
Total operating expenses	11,792,158	10,497,283
OPERATING LOSS	(8,323,365)	(7,681,955)

(Continued)

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Business-Type Activities	
	2022	**2021 (Restated)**
NONOPERATING REVENUES (EXPENSES):		
Tax-supported subsidies:		
New York State (Note 2)	$ 3,769,416	$ 3,282,947
New York City	656,690	512,748
Operating assistance subsidies:		
New York State	158,672	190,406
New York City	158,672	158,672
Triborough Bridge and Tunnel Authority	546,905	463,827
Internet & Mansion tax	-	399,950
Less amounts provided to Staten Island Rapid Transit Operating authority	(8,409)	(7,100)
Other subsidies:		
Assistance fund (Note 2)	300,000	235,811
Total subsidies revenues	5,581,946	5,237,261
Federal Transit Administration ARPA reimbursement (Note 15)	4,850,084	-
Federal Transit Administration CRRSAA reimbursement (Note 15)	-	2,795,317
Other nonoperating revenues	16,878	10,883
Other nonoperating expenses	(48,730)	(27,883)
Loss on disposal of subway cars	(620)	(854)
Total nonoperating income	10,399,558	8,014,724
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	2,076,193	332,769
CAPITAL CONTRIBUTIONS (Note 2)	2,389,418	2,492,482
CHANGE IN NET POSITION	4,465,611	2,825,251
NET POSITION:		
Beginning of year	24,649,098	21,823,847
End of year	$ 29,114,709	$ 24,649,098

See notes to consolidated financial statements. (Concluded)

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Business-Type Activities	
	2022	**2021 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from passengers, tenants, advertisers, and others	$ 3,451,234	$ 2,335,276
Cash payments for payroll and related employee costs	(6,921,941)	(6,687,007)
Cash payments to suppliers for goods and services	(1,959,987)	(1,631,306)
Net cash used in operating activities	(5,430,694)	(5,983,037)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Subsidies received	6,149,557	7,433,167
MTA loan	-	(800,000)
Net cash provided by noncapital financing activities	6,149,557	6,633,167
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments	(8,080)	(8,952)
Interest paid	(16,465)	(2,481)
Receipts from leases	9,057	9,077
Payments of leases	(42,114)	(41,078)
Payments on MTA Transportation bonds issued to fund capital assets	(1,345,661)	(1,285,376)
Subsidies designated for debt service payments	353,187	321,550
Capital project costs incurred for capital program	(906,956)	(881,284)
Cash transferred to capital program fund	(72,116)	(2)
Reimbursement of capital project costs from MTA	912,798	812,387
Net cash used in capital and related financing activities	(1,116,350)	(1,076,159)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in MTA investment pool	389,806	433,354
Interest on investments	5,555	285
Net cash provided by investing activities	395,361	433,639
NET (DECREASE) INCREASE IN CASH	(2,126)	7,610
CASH—Beginning of year	27,619	20,009
CASH—End of year	$ 25,493	$ 27,619

(Continued)

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Business-Type Activities	
	2022	**2021 (Restated)**
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (8,323,365)	$ (7,681,955)
Adjustments to reconcile operating loss to net cash used in operating activities—depreciation and amortization	2,179,643	2,118,664
On-behalf payments related to rent (Note 6)	7,469	7,159
CHANGES IN OPERATING ASSETS AND LIABILITIES:		
Increase in operating receivables	(644)	(455,818)
(Increase) decrease in prepaid expenses and other current assets	(18,953)	1,317
Decrease (increase) in materials and supplies	170	(14,520)
(Increase) decrease in deferred outflows of resources related to pensions	(605,559)	407,704
Increase in deferred outflows of resources related to OPEB	(588,741)	(1,363,069)
Decrease in farecard liability	(7,697)	(15,141)
(Decrease) increase in accrued salaries, wages and payroll taxes	(80,817)	43,961
Increase (decrease) in accounts payable and other accrued liabilities	8,353	(1,593)
(Decrease) increase in accrued vacation, sick pay and other benefits	(15,269)	47,494
Decrease in accrued retirement and death benefits	(6,210)	(1,131)
Increase (decrease) in net pension liability	2,256,354	(3,409,666)
Increase in net OPEB liability	1,185,605	1,982,584
(Decrease) increase in deferred inflows of resources related to pensions	(1,999,073)	2,141,809
Increase in deferred inflows of resources related to OPEB	282,784	47,785
Increase in estimated liability arising from injuries to persons	294,773	222,255
Increase in liability for environmental pollution remediation	483	35,227
Decrease in other long term liability	-	(96,103)
NET CASH USED IN OPERATING ACTIVITIES	$ (5,430,694)	$ (5,983,037)
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed capital assets	$ 2,283,084	$ 1,450,996
Capital asset related liabilities	389,219	402,971
Interest expense for leases	27,695	25,378
Interest income from leases	1,485	1,458
TOTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	$ 2,701,483	$ 1,880,803

See notes to consolidated financial statements.

(Concluded)

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF FIDUCIARY NET POSITION
PENSION FUND
AS OF DECEMBER 31, 2022 AND 2021
(In thousands)

	Fiduciary Activities*	
	2022	**2021**
ASSETS:		
Cash	$ 3,695	$ 11,821
Receivables:		
Employee loans	26,521	26,082
Investment receivables	1,635	5,532
Interest and dividends	1,787	1,746
Total receivables	29,943	33,360
Investments at fair value	3,289,326	3,630,953
TOTAL ASSETS	$3,322,964	$3,676,134
LIABILITIES:		
Accounts payable and accrued liabilities	$ 474	$ 1,565
Payable for investment securities purchased	3,592	5,620
Accrued benefits payable	75	50
Accrued postretirement death benefits (PRDB) payable	5,719	5,405
Accrued 55/25 Additional Members Contribution (AMC) payable	2,527	3,847
Other liabilities	466	1,296
Total liabilities	12,853	17,783
NET POSITION—Restricted for pensions	3,310,111	3,658,351
TOTAL LIABILITIES AND NET POSITION	$3,322,964	$3,676,134

* Includes the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA Plan) only.

See notes to consolidated financial statements.

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Fiduciary Activities*	
	2022	**2021**
ADDITIONS:		
Contributions:		
Employer contributions	$ 158,618	$ 156,204
Member contributions	25,548	24,935
Total contributions	184,166	181,139
Investments income:		
Net (depreciation) appreciation in fair value of investments	(307,355)	401,056
Dividend income	45,924	42,762
Interest income	10,719	8,197
Less—investment expenses	22,915	31,205
Investment income—net	(273,627)	420,810
Total additions	(89,461)	601,949
DEDUCTIONS:		
Benefit payments and withdrawals	257,973	243,251
Distribution to participants	-	2,175
Administrative expenses	806	264
Total deductions	258,779	245,690
Net increase in fiduciary net position	(348,240)	356,259
NET POSITION—Restricted for pensions:		
Beginning of year	3,658,351	3,302,092
End of year	$ 3,310,111	$ 3,658,351

* Includes the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA Plan) only.

See notes to consolidated financial statements.

1. BASIS OF PRESENTATION

Reporting Entity—The accompanying consolidated financial statements include the accounts of the New York City Transit Authority (Transit Authority), and its component unit, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA) (collectively, the Authority), which are public benefit corporations and component units of the Metropolitan Transportation Authority (MTA) created pursuant to the Public Authorities Law (the Act) of the State of New York (the State) to operate public subway and bus services within The City of New York (The City).

The operations of the Authority are classified as Business-Type activities in these consolidated financial statements. The Authority is operationally and legally independent of the MTA. The Authority enjoys certain rights typically associated with separate legal status including, in some cases, the ability to issue debt. However, the Authority is included in the MTA's consolidated financial statements as a blended component unit because of the MTA's financial accountability and the Authority is under the direction of the MTA Board (a reference to "MTA Board" means the board of MTA and/or the boards of the Authority and other MTA component units that apply in the specific context, all of which are comprised of the same persons). Under accounting principles generally accepted in the United States of America (GAAP), the MTA is required to include the Authority in its consolidated financial statements.

MaBSTOA is a component unit of the Transit Authority and, therefore, the financial results of MaBSTOA are combined with those of the Transit Authority in the consolidated financial statements. MaBSTOA is operationally and legally independent of the Authority. MaBSTOA enjoy certain rights typically associated with separate legal status. However, MaBSTOA is included in the Authority's consolidated financial statements as a blended component unit because of the Authority's financial accountability. The Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA Plan) is categorized as a Pension Fund and is a fiduciary component unit of the Authority.

The Authority has material transactions with affiliated agencies included in the MTA financial reporting group. Such agencies include the MTA, Triborough Bridge and Tunnel Authority (TBTA), Metro North Commuter Railroad (MNCR), Long Island Rail Road (LIRR), MTA Bus Company (MTA Bus), Staten Island Rapid Transit Operating Authority (SIRTOA), and First Mutual Transportation Assurance Company (FMTAC). See Note 10.

The Authority is a part of the financial reporting group of the MTA and is included in the consolidated financial statements of the MTA in accordance with GASB Statement No. 14, as amended by GASB Statement No. 61. The MTA is a component unit of the State and is included in the State of New York Comprehensive Annual Financial Report of the State Comptroller as a public benefit corporation.

In July 2003, the MTA Capital Construction Company was created by action of the MTA Board of Directors as a public benefit corporation subsidiary of the MTA under section 1266(s) of the Public Authorities Law. The mission of this subsidiary company is to plan, design and construct current and future major MTA system expansion projects. Projects currently underway, include all activities associated with the Long Island Rail Road East Side access, the Number 7 Line Extension, the Lower Manhattan Fulton Transit Center, the new South Ferry station complex, system-wide capital Security Projects, and the Second Avenue Subway, which are consolidated under the management of the MTA Capital Construction Company.

In December of 2004, MTA Bus was created as a public benefit corporation subsidiary of the MTA specifically to operate certain City bus routes. These routes are currently operated by MTA Bus and not by the Authority. All material transactions between MTA Bus and the Authority have been recorded as of December 31, 2022.

In October 2021, the MTA Grand Central Madison Concourse Operating Company ("MTA GCMC") was created as a public benefit corporation subsidiary of the MTA under section 1266(s) of the Public Authorities Law. The mission of this subsidiary is to operate and maintain the infrastructure and structures supporting Long Island Rail Road's access into Grand Central Terminal. On January 25, 2023, MTA GCMC, a 714,000 square foot terminal underneath Grand Central Terminal began limited, temporary shuttle service between Grand Central and Jamaica prior to the full service launch on February 27, 2023.

Staten Island Rapid Transit Operating Authority—The Staten Island Rapid Transit Operating Authority (SIRTOA) is a component unit of the MTA and provides transportation service on Staten Island. SIRTOA is managed by the Authority on behalf of The City. The Authority has no responsibility for the operating deficit of SIRTOA. The Authority collects, on SIRTOA's behalf, its share of certain operating assistance subsidies determined by formula, and transfers such subsidies to SIRTOA. The amount of subsidy funds to which SIRTOA is entitled is recorded as a reduction of the subsidy revenues of the Authority.

Operations—Operations are conducted pursuant to leases with The City which expired on November 1, 1989, except that the terms of the leases continue so long as any financing agreement between the Authority and the MTA and any MTA Transportation Revenue Bonds remain outstanding. The City has the option to terminate the leases at any time. In the event of termination, The City is required to assume the assets and liabilities of the Authority and must pay or make provision for the payment of any debt incurred pursuant to financing agreements of the Authority.

Substantial operating losses (the difference between operating revenues and expenses) result from the essential services that the Authority provides; such operating losses will continue in the foreseeable future. To meet the funding requirements of these operating losses, the Authority receives subsidies from:

a. The State, in the form of annual subsidies of special State and regional tax revenues, operating assistance, and reimbursement of certain expenses;

b. The City, in the form of operating assistance, tax revenues, and reimbursement of certain expenses; and

c. An affiliated agency (TBTA), in the form of a portion of its operating surplus.

d. In 2020, the Federal Transit Administration, in the form of the Coronavirus Aid, Relief and Economic Security, also known as the CARES Act.

e. In 2021, the Federal government, in the form of CRRSAA.

f. In 2022, the Federal government, in the form of ARPA.

The New York State Public Authorities Law and the financing agreement between the Authority and the MTA provide that the Authority shall establish fares, tolls, and other fees for the use of its facilities as may be necessary to maintain its combined operations on a self-sustaining basis as defined in such law. It is the opinion of management that the Authority is in compliance with these requirements. The Authority is not liable for real estate taxes, franchise taxes, or sales taxes on substantially all of its purchases or other excise taxes on its properties.

Capital Financing—The MTA has ongoing programs on behalf of the Authority and other affiliated agencies, subject to approval by the New York State Metropolitan Transportation Authority Capital Program Review Board (the State Review Board), which are intended to improve public transportation in the New York Metropolitan area.

The federal government has a contingent equity interest in assets acquired by the MTA with federal funds and upon disposal of such assets, the federal government may have a right to its share of the proceeds from the sale. This provision has not been a substantial impediment to the MTA's operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting— Enterprise Fund—The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Authority applies Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) Section P80, *Proprietary Accounting and Financial Reporting*.

Basis of Accounting—Fiduciary Fund—The fiduciary fund financial statements provide information about the funds that are used to report resources held in trust for retirees and beneficiaries covered by pension plans. Separate financial statements are presented for the fiduciary fund.

The MaBSTOA Plan is categorized as a Pension Fund and is a fiduciary component unit of the Authority.

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

New Accounting Standards Adopted

The Authority adopted the following GASB Statement for the year ended December 31, 2022, with retroactive effect of this adoption as of January 1, 2021

GASB Statement No. 87, *Leases*, was issued 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 lessee 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 Authority evaluated all the requirements under GASB Statement No. 87, Leases, and adopted this Statement for the year ended December 31, 2022, and applied the retroactive effect of this adoption by the recognition and measurement of lease assets and liabilities as of January 1, 2021. Net position as of and for the year ended December 31, 2021, was restated by $613.

The following schedule summarizes the net effect of adopting GASB Statement No. 87, *Leases,* in the Consolidated Statement of Net Position (in thousands):

	As Previously Stated		GASB Statement No. 87 Impact	Restatement Reported
CURRENT ASSETS:				
Other	$ 96,799		$ 7,478	$ 104,277
Net receivables	1,092,243		7,478	1,099,721
Total current assets	1,478,100		7,478	1,485,578
NONCURRENT ASSETS:				
Other noncurrent receivable	-		55,562	55,562
Leased property under capital lease, net of accumulated amortization	59,427		(59,427)	-
Other capital assets, net of accumulated depreciation and amortization	41,544,729	*	275,327	41,820,056
Total noncurrent assets	47,629,341		271,462	47,900,803
Total assets	49,107,441		278,940	49,386,381
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	52,753,387		278,940	53,032,327
CURRENT LIABILITIES:				
Lease payable	-		14,197	14,197
Total Current liabilities	2,139,734		14,197	2,153,931
NONCURRENT LIABILITIES:				
Lease payable	-		388,774	388,774
Obligation under capital lease, long-term	184,984		(184,984)	-
Total noncurrent liabilities	22,361,630		203,790	22,565,420
Total liabilities	24,501,364		217,987	24,719,351
DEFERRED INFLOWS OF RESOURCES:				
Related to leases	-		61,566	61,566
Total deferred inflows of resources	3,602,312		61,566	3,663,878
NET POSITION:				
Net investment in capital assets	46,406,800		(2,087)	46,404,713
Unrestricted	(21,757,089)		1,474	(21,755,615)
Total net position	24,649,711		(613)	24,649,098
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	52,753,387		278,940	53,032,327

* For presentation purposes, this included leasehold improvements on property, net of accumulated depreciation previously presented separately.

In addition, revenues, expenses and changes in net position for the year ended December 31, 2021 were required to be restated by GASB Statement No. 87, *Leases,* as follows (in thousands):

	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
OPERATING REVENUES:			
Advertising and other	$ 168,248	$ 16	$ 168,264
Total operating revenues	2,815,312	16	2,815,328
OPERATING EXPENSES:			
Maintenance and other operating expenses	321,721	(27,536)	294,185
Depreciation and amortization	2,097,844	20,820	2,118,664
Total operating expenses	10,503,999	(6,716)	10,497,283
OPERATING LOSS	(7,688,687)	6,732	(7,681,955)
NONOPERATING REVENUES (EXPENSES):			
Other nonoperating revenues	9,425	1,458	10,883
Other nonoperating expenses	(19,080)	(8,803)	(27,883)
Total nonoperating income	8,022,069	(7,345)	8,014,724
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	333,382	(613)	332,769
CHANGE IN NET POSITION	2,825,864	(613)	2,825,251
NET POSITION - End of period	24,649,711	(613)	24,649,098

The following schedule summarizes the cash flow impact of adopting GASB Statement No. 87, *Leases* in Consolidated Statement of Cash Flows (in thousands) for certain leases previously classified as operating and capital leases:

Year-ended December 31,	As Previously Stated	GASB Statement No. 87 Impact	Restatement Reported
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from passengers, tenants, advertisers, and others	$ 2,344,353	$ (9,077)	$ 2,335,276
Cash payments to suppliers for goods and services	(1,672,384)	41,078	(1,631,306)
Net cash used in opeating activities	(6,015,038)	32,001	(5,983,037)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Receipts from leases	-	9,077	9,077
Payments of leases	-	(41,078)	(41,078)
Net cash used in capital and realted financing activities	(1,044,158)	(32,001)	(1,076,159)
RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating loss	(7,688,687)	6,732	(7,681,955)
Depreciation and amortization	2,097,844	20,820	2,118,664
(Decrease) increase in accounts payable and other accrued liabilities	(6,042)	4,449	(1,593)
NET CASH USED IN OPERATING ACTIVITIES	(6,015,038)	32,001	(5,983,037)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:			
Noncash capital and related financing activities:			
Capital assets related liabilities	-	402,971	402,971
Interest expense for leases	-	25,379	25,379
Interest income from leases	-	1,458	1,458

GASB Statement No. 91, *Conduit Debt Obligations*. 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 obligations; establishing that a conduit debt 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. The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of the Authority.

GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities, to postemployment benefit arrangements.*
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The adoption of this Statement has no material impact on the financial position, results of operations or cash flows of the Authority.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR ceased to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR.

The adoption of this Statement did not have an impact on the financial position, results of operations or cash flows of the Authority.

Accounting Standards Issued but Not Yet Adopted

GASB has issued the following pronouncements that may affect the future financial position, results of operations, cash flows, or financial presentation of the Authority upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Authority Required Year of Adoption
94	*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*	2023
96	*Subscription-based Information Technology Arrangements*	2023
99	*Omnibus 2022*	2023
100	*Accounting Changes and Error Corrections*	2024
101	*Compensated Absences*	2024

Net Position—The Authority follows the "business type" activity requirements of GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* which requires that resources be classified for accounting and reporting purposes into the following two net position categories:

- Net investment in capital assets: Capital assets including right-of-use assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Subsidies—The Authority receives subsidies from various sources, including the State and The City, which are included in nonoperating revenues. In general, these subsidies are subject to annual appropriations by the governmental units and periodic approval of the continuation of the taxes supporting the subsidies.

The principal funding sources for the Authority are as follows:

Operating Assistance Appropriations and Grants—The Authority receives, subject to annual appropriations, State and City operating assistance funds. The funds received under the State transit operating assistance program are fully matched by contributions from The City. State and City operating assistance subsidies are recognized as non-operating revenue in the amount of the respective annual appropriation when such appropriation becomes effective.

Triborough Bridge and Tunnel Authority—The New York State Public Authorities law requires the TBTA to transfer its annual operating surplus, as defined, to MTA with allocation to the Authority. The initial $24 million of the operating surplus is provided to the Authority and the balance is divided equally between the Authority and the MTA. However, the amounts transferred to the Authority and the MTA are net of a provision for debt service on TBTA bonds issued to finance the acquisition of facilities under their respective portions of the Capital Program. For the years ended December 31, 2022 and 2021, $215.1 million and $243.2 million, respectively, were paid from the operating surplus of the TBTA to satisfy the Authority's portion of debt service requirements.

In April 2019, the approved 2019-2020 New York State Budget enacted legislation that included new, dedicated revenue streams for the MTA. The additional sources of revenue include a Central Business District Tolling Program. The Central Business District Tolling Program will assess a toll for vehicles entering the Central Business District, defined as south of 60th Street in Manhattan, but will exclude vehicles traveling on the FDR Drive or the West Side Highway, which includes the Battery Park underpass and or any surface roadway portion of the Hugh L. Carey Tunnel that connects to West Street. The Federal Highway Administration has provided MTA guidance to proceed with an environmental assessment, which will allow for the congestion pricing program to proceed.

The enacted State Budget also included provisions for a new Real Property Transfer Tax Surcharge (referred to as the "Mansion Tax") on high-priced residential property sales in New York City and an Internet Marketplace Sales Tax. The Mansion Tax went into effect on July 1, 2019 and increases the transfer tax on a sliding scale by a quarter percent starting at $2, with a combined top rate of 4.15%, on the sale of New York City residential properties valued at $25 or above. The Internet Marketplace Sales Tax went into effect on June 1, 2019 and requires internet marketplace providers to collect and remit sales tax from out of state retailers on their sites that have gross receipts exceeding $300,000 (dollars) and delivering more than one hundred sales into New York State in the previous four quarters. The sales tax will be collected at the normal rate of 4% plus local sales tax.

The proceeds from the Central Business District Tolling Program, the Internet Marketplace Sales Tax and the Real Property Transfer Tax Surcharge will be deposited into the MTA's Central Business District Tolling Program capital lock box and may only be used to support financing of the 2020-2024 Capital Program.

In April 2020, the New York State Legislature passed legislation that was signed by the Governor permitting MTA to use the funds in the CBDTP Capital Lockbox in all or any of the fiscal years of the authority beginning in 2020 through 2021 to offset decreases in revenue, including but not limited to, lost taxes, fees, charges, fares and tolls, due in whole or in part, or increases in operating costs due in whole to the state disaster emergency caused by the novel coronavirus, COVID-19. During 2021, the Authority received an allocation from the MTA of TBTA's internet and mansion tax from the CBDTP Capital Lockbox of $400.

Mortgage Recording Taxes—Under New York State law, the MTA receives operating and capital assistance from the State Mortgage Recording Tax, which is collected by The City and the seven counties within the MTA transportation region, at the rate of three-tenths of 1% of the debt secured by certain real estate mortgages. Such legislation governs the use of the funds from this revenue source whereby the proceeds of this tax are first used by the MTA to meet the operating costs of the MTA headquarters, with the remaining funds allocated 55% to the Authority and 45% to the commuter railroads for their capital and operating needs. The Authority recognizes such sources of funds when designated by the MTA for the Authority's use. The portion of this subsidy attributable to the Authority is reported in "Tax-supported subsidies: New York State" in the accompanying consolidated statements of Revenues, Expenses, and Changes in Net Position. The Authority records the portion of its State Mortgage Recording Tax subsidy which funds principal and interest payments on long-term debt, net of investment earnings on unexpended proceeds, used to construct capital assets as capital contributions.

In addition, the State designated for the MTA's use an additional mortgage recording tax (the Additional Mortgage Recording Tax) of one-quarter of 1% of mortgages secured by real estate improved or to be improved by structures containing one to six dwelling units in the MTA transportation region. The funds from this additional tax are available, after satisfying debt service requirements, to meet the capital and operating needs of the Authority and the commuter railroads to be disbursed at MTA's discretion.

No funds from the Additional Mortgage Recording Tax were disbursed to the Authority in 2022 and 2021.

The Authority receives operating assistance directly from The City through The City Mortgage Recording Tax at the rate of five-eighths of 1% of the debt secured by certain real estate mortgages and through the Real Property Transfer Tax at the rate of 1% of certain properties' assessed value (collectively referred to as Urban Tax Subsidies). These Urban Tax Subsidies are reflected in Tax supported subsidies: New York City, in the accompanying consolidated statements of Revenues, Expenses, and Changes in Net Position. These funds are recognized as revenue, based upon the reported amount of taxes collected by The City from underlying transactions, within the Authority's fiscal year.

New York State Regional Mass Transit Taxes—The Authority receives, subject to annual appropriations, revenues from taxes enacted by the State legislature from various taxing sources.

In 1980, the State enacted a series of taxes, portions of which are deposited in the Metro Mass Transportation Operating Account (MMTOA), to fund the operating deficits of State mass transportation systems. MMTOA taxes currently include a business privilege tax imposed on petroleum business in the State, a one-quarter of 1% sales and use tax on certain personal property and services, a corporate franchise tax imposed on transportation and transmission companies, and a temporary franchise tax surcharge on certain corporations, banks, insurance, utility, and transportation companies attributable to business activity carried on in the State. MMTOA taxes are subject to annual appropriation, availability of sufficient tax collections, and determination of operating need by the State for the MTA. They are recognized as revenue in the amount of the annual appropriation when such appropriation becomes effective.

Under New York State law, subject to annual appropriation, the MTA receives operating and capital assistance through a portion of petroleum business tax receipts, certain motor fuel taxes, and certain motor vehicle fees, which are collected by the State. Such assistance is required by law to be allocated, after provision for debt service on any bonds secured by such taxes, 85% to the Authority and 15% to the commuter railroads for their operating and capital needs. MTA Dedicated Tax Fund Bonds (DFT Bonds) are secured by certain petroleum business tax receipts. The Authority recognizes such sources of funds when designated by the MTA for the Authority's use. A portion of the petroleum business tax receipts collected by the MTA is used to satisfy the debt service requirements for the DTF Bonds and is recorded as capital contributions.

Metropolitan Commuter Transportation Mobility Tax—In June 2009, Chapter 25 of the Laws of 2009 added Article 23, which established the Metropolitan Commuter Transportation Mobility Tax (MCTMT). This tax is administered by the NYS Tax Department, and the proceeds from this tax are distributed to the MTA. This tax is imposed on certain employers and self-employed individuals engaging in business within the Metropolitan Commuter Transportation District (MCTD), which includes all counties in New York City, and the counties of Rockland, Nassau, Suffolk, Orange, Putnam, Duchess, and Westchester. This tax requires certain employers that have payroll expenses within the MCTD to pay at a rate of 0.34% of an employer's payroll expenses for all covered employees for each calendar quarter. The effective date of this tax was March 1, 2009 for employers other than public schools districts; September 1, 2009 for public schools districts, and January 1, 2009 for individuals. Also in 2009, several amendments to the existing tax law provided the MTA supplemental revenues to be deposited into the MTA's Aid Trust Account. These amendments imposed a supplemental fee of one dollar for each six month period of validity of a learner's permit or a driver's license issued to a person residing in the MCTD, a supplemental fee of twenty-five dollars per year on the registration and renewals of registrants of motor vehicles who reside within the MCTD, imposed on taxicab owners a tax of fifty cents per ride on taxicab rides originating in New York City and terminating within the MCTD, and a supplemental tax of five percent of the cost of rentals of automobiles rented within the MCTD. The supplemental Aid Tax receipts are included in the Mobility Tax amounts for reporting purposes.

The composition of New York State tax-supported subsidies for 2022 and 2021 is as follows (in thousands):

	2022	2021
Petroleum business tax	$ 103,847	$ 172,144
Metro mass tax	1,784,790	1,532,692
Payroll Mobility tax	1,880,779	1,578,111
	$3,769,416	$3,282,947

Paratransit—Pursuant to an agreement between The City and the MTA, the Authority, effective July 1, 1993, assumed operating responsibility for all paratransit service required by the Americans with

Disability Act of 1990. Services are provided by private vendors under contract with the Authority. The City reimburses the Authority for the lesser of 33% of net paratransit operating expenses defined as labor, transportation, and administrative costs less fare revenues and 6% of gross urban tax proceeds as described above, or an amount that is 20% greater than the amount paid by The City for the preceding calendar year. Fare revenues and The City reimbursement aggregated approximately $268.5 million in 2022 and $226.5 million in 2021. Total paratransit expenses, including paratransit service contracts, were $486.9 million and $415.6 million in 2022 and 2021, respectively.

Operating and Non-operating Expenses—Operating and non-operating expenses are recognized in the accounting period in which the liability is incurred. All expenses related to operating the Authority (e.g., salaries, insurance, depreciation, lease amortization, etc.) are reported as operating expenses. All other expenses (e.g., interest on long-term debt, interest on leases, fuel hedge transactions, etc.) are reported as non-operating expenses.

Reimbursement of Expenditures—Engineering and labor costs incurred by the Authority for capital projects are reimbursed under the capital program by the MTA to the extent that they relate to approved expenditures applicable to capital projects primarily initiated after April 1, 1982. They were reimbursed by The City to the extent they related to amounts approved for prior projects. In 2022 and 2021, reimbursements were netted against gross operating expenses on the consolidated statements of Revenues, Expenses, and Changes in Net Position.

Fare and Service Reimbursement from the State and City—In 1995, The City ceased reimbursing the Authority for the full costs of the free/reduced fare program for students. Beginning in 1996, the State and The City each began paying $45 million per annum to the Authority toward the cost of the program. In 2009, the State reduced its $45 million reimbursement to $6.3 million. Beginning in 2010, the State increased its annual commitment to $25.3 million while The City's annual commitment remained at $45 million. These commitments have been met by both the State and The City for both 2021 and 2022. For the year ended December 31, 2022, the Authority received $100.3 million from the State and the City combined, which includes a 2023 advance from the City of $30 million and recorded as unearned revenue.

Prior to April 1995, The City was obligated to reimburse the Authority for the transit police force. As a result of the April 1995 merger of the transit police force into the New York City Police Department, The City no longer reimburses the Authority for the costs of policing the Transit System on an ongoing basis since policing of the Transit System is being carried out by the New York City Police Department at The City's expense. The Authority continues to be responsible for certain capital costs and support services related to such police activities, a portion of which is reimbursed by The City. The Authority received approximately $4.5 million and $2.1 million in 2022 and 2021, respectively for the reimbursement of transit police costs.

Assistance Fund—*Congestion Zone Surcharges*—In April 2018, the approved 2018-2019 New York State Budget enacted legislation that provided additional sources of revenue, in the form of surcharges and fines, as defined by Article 29-C, Chapter 59 of the Tax Law, to address the financial needs of the MTA. Beginning on January 1, 2019, the legislation imposed the following:

- A surcharge of $2.75 on for-hire transportation trips provided by motor vehicles carrying passengers for hire (or $2.50 in the case of taxicabs that are subject to the $0.50 cents tax on hailed trips that are part of the MTA Aid Trust Account Receipts), other than pool vehicles, ambulance and buses, on each trip that (1) originates and terminates south of and excluding 96th Street in the City of New York, in the Borough of Manhattan (the "Congestion Zone"), (2) originates anywhere in NYS and terminates within the Congestion Zone, (3) originates in the Congestion Zone and terminates anywhere in NYS, or (4) originates anywhere in NYS, enters into the Congestion Zone while in transit, and terminates anywhere in NYS.

- A surcharge of $0.75 cents for each person who both enters and exits a pool vehicle in NYS and who is picked up in, dropped off in, or travels through the Congestion Zone.

The Congestion Zone Surcharges do not apply to transportation services administered by or on behalf of MTA, including paratransit services.

The April 2018 legislation also created the New York City Transportation Assistance Fund, held by MTA. The fund consists of the three sub-accounts, the Subway Action Plan Account, the Outer Borough Transportation Account and the General Transportation Account.

- ***Subway Action Plan Account***—Funds in this account may be used exclusively for funding the operating and capital costs, and debt service associated, with the Subway Action Plan.

- ***Outer Borough Transportation Account***—Funds in this account may be used exclusively for funding (1) the operating and capital costs of, and debt service associated with, the MTA facilities, equipment and services in the counties of Bronx, Kings, Queens and Richmond, and any projects improving transportation connections from such counties to Manhattan, or (2) a toll reduction program for any crossing under the jurisdiction of MTA or MTA Bridges and Tunnels.

- ***General Transportation Account***—Funds in this account may be used exclusively for funding the operating and capital costs of MTA. In each case, funds may be used for various operations and capital needs or for debt service and reserve requirements.

Federal Transit Administration CARES Act Reimbursement—In 2020, nonoperating revenues included operating assistance of $2.830 billion from the Federal government under the CARES Act, in response to the economic fallout of the COVID-19 pandemic.

Federal Transit Administration CRRSAA Reimbursement—In 2021, nonoperating revenues included operating assistance of $2.795 billion from the Federal government known as the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") which is a COVID-19 economic relief program covering the transportation industry.

American Rescue Plan Act ("ARPA") Reimbursement – In 2022, nonoperating revenues included operating assistance of $4.850 billion from the Federal government to combat the COVID-19 pandemic.

Detailed information about the CARES, CRRSAA and ARPA is presented in Note 15.

MTA Investment Pool—The MTA, on behalf of the Authority, invests funds which are not immediately required for Authority's operations in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes and U.S. Treasury zero-coupon bonds. All investments are held by the MTA's agent in custody accounts in the name of the MTA. The Authority categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Authority's investment in the MTA Investment Pool is valued based on other observable inputs (Level 2 inputs).

Due from/to MTA and Constituent Authorities—Due from/to MTA and constituent Authorities consists of reimbursements due from the MTA Capital Program for billed and unbilled charges relating to capital projects, farecards and intercompany operating receivables, payables, and inter-agency loan transactions.

Prepaid Expenses and Other Current Assets— The Authority prepaid $29.7 million to the New York Health Insurance Plan (NYSHIP) and $28.0 million in risk management related insurance coverage during 2022. The Authority prepaid $12.1 million to the New York Health Insurance Plan (NYSHIP) and $26.6 million in risk management related insurance coverage during 2021.

Due from/to MTA for Purchase of Capital Assets—Due from/to MTA for purchase of capital assets consists of funds held by the MTA which are restricted for capital asset acquisitions by the Authority pursuant to the 2002 Transportation Revenue Bond Resolution. This capital program pool is comprised of non-bond proceed funds derived from safe harbor and sale/leaseback transactions, operating fund transfers, legal settlements, TBTA bond purchase rights and swap option agreements, and interest earnings on these pooled funds.

Capital Assets—Capital assets acquired prior to April 1982 were funded primarily by The City, with capital grants made available to the Authority. The City has title to a substantial portion of such assets and, accordingly, these assets are not recorded on the books of the Authority. Subsequent acquisitions, which are part of the capital program, are recorded at cost by the Authority. Funding sources for the acquisition of these capital assets include Federal, State, and City capital grants, grants from the Port Authority of New York and New Jersey, the proceeds from the issuance of Transportation Revenue Bonds, and various TBTA bonding and other sources. Capital assets are recorded at cost and are depreciated on a straight-line basis over 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. Leases recorded under GASB Statement No. 87, *Leases,* are classified as right-of-use assets. Accumulated depreciation and amortization are reported as reductions of capital and right-of-use assets. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less.

Leases – As a result of the adoption of GASB Statement No. 87, certain lease agreements are classified as financings of the right-to-use an underlying asset. Under this Statement, a lessee 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. Lease receivables and liabilities are measured at the present value of payments expected to be made during the lease term, using an applicable discount rate stated or implicit in the lease and if not available, using incremental borrowing rate at the time of valuation. Lease assets and deferred inflows are amortized on a straight-line basis over the term of the lease.

Contributed Capital—Capital assets contributed by the MTA and restricted funds due from the MTA for the purchase of capital assets are recorded as capital contributions on the consolidated statements of Revenues, Expenses, and Changes in Net Position. Contributed capital is recognized upon identification of capital costs to be funded by the MTA. Capital contributions for the years ended December 31, 2022 and 2021, consist of the following (in thousands):

	2022	2021
Capital assets contributed by MTA from:		
Federal grants	$ 1,106,449	$ 702,533
Other than federal grants	2,076,501	1,635,022
Petroleum business taxes received for principal and interest payments on debt	353,187	321,550
Principal and interest payments on MTA Transportation bonds issued to fund capital assets	(977,726)	(947,522)
Decrease in funds due from MTA for purchase of capital assets	(168,993)	780,899
Total capital contributions	$ 2,389,418	$ 2,492,482

Passenger Revenue— Sale of farecards is reported as deferred revenue and recognized as operating income when used. Expired fare media revenue is recognized on the date of the expiration on the farecard.

Materials and Supplies—Materials and supplies are recorded at weighted average cost, net of a reserve for obsolescence at December 31, 2022 and 2021 of $89.0 million and $89.0 million, respectively.

Employee Benefits—In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the Authority recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the Authority's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the pension plans' measurement dates. Changes in the net pension liability during the year are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the year incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the year in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

In 2003, and as a result of collective bargaining, the Authority assumed responsibility for providing health benefits to its employees who are members of the Transport Workers Union (TWU) Local 100, as well as to retirees who were members of the TWU Local 100 and reach normal retirement age while working for the Authority. During 2005, the Authority also began providing health benefits for active and retired members of the Amalgamated Transit Union (ATU) Local 1056 and Local 726. Previously, these benefits were being provided by the TWU and ATU Health Benefits Trusts (the Trusts) with the Authority required to make monthly contributions to the Trusts on behalf of the participants on a ‘pay as you go’ basis. The majority of the benefits provided under the plan are self-insured with administrative services provided by various health insurance companies.

The Authority has recorded a liability for claims incurred but not reported (IBNR). The liability represents those estimated future payments that are attributable, under the plan’s provisions, to services rendered to participants prior to year-end. The estimated liability of claims includes benefits expected to be paid to retired or terminated employees or their beneficiaries and present employees or their beneficiaries, as applicable. The estimated liability for claims incurred but not reported or paid is $170.4 million and $172.4 million as of December 31, 2022 and 2021, respectively.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85, *Omnibus,* the Authority recognizes a proportionate share of the net OPEB liability for the MTA’s cost-sharing multiple-employer OPEB Plan, which represents the excess of the total OPEB liability over the fiduciary net position of the OPEB Plan, measured as of the measurement date of the plan.

Changes in the net OPEB liability during the year are recorded as OPEB expense, or as deferred outflows of resources or deferred inflows of resources relating to OPEB depending on the nature of the change, in the year incurred. Changes in net OPEB liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the year in which they are incurred. Projected earnings on qualified OPEB plan investments are recognized as a component of OPEB expenses. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflow of resources as a component of OPEB expense on a closed basis over a five-year period beginning with the year in which the difference occurred.

Receivables—Receivables are recorded as amounts due to the Authority, reduced by an allowance for doubtful accounts, to report the receivables at their net realizable value.

Pollution Remediation Projects—Pollution remediation costs are being expensed in accordance with the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (see Note 13). 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, which previously may not have been required to be recognized, have been recognized earlier than in the past or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events takes place: the Authority is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Authority voluntarily commences or legally obligates itself to commence remediation efforts; or the Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities.

Use of Management’s Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. In addition, they affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

3. CASH

The bank balances are insured up to $250 in the aggregate by the Federal Deposit Insurance Corporation (FDIC) for each bank in which funds are deposited. Cash, including funds on hand and in transit, consists of the following at December 31, 2022 and 2021 (in thousands):

	2022		2021	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Insured and collateralized deposits	$10,234	$ 9,654	$13,845	$13,338
Less escrow and other restricted deposits	(1,219)	(1,219)	(984)	(984)
Commercially insured funds on-hand and in-transit	16,478	-	14,758	-
	$25,493	$ 8,435	$27,619	$12,354

Deposits in the Authority's bank accounts are collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds, pursuant to the New York State Public Authorities Law. The on-hand and in-transit funds consist primarily of passenger revenue funds collected, but not yet deposited.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover the value of its deposits. While the Authority does not have a formal deposit policy for custodial credit risk, New York State statues govern the Authority's investment policies.

4. MTA INVESTMENT POOL

The MTA, on behalf of the Authority, invests funds which are not immediately required for the Authority's operations, in securities permitted by the State Public Authorities Law, including repurchase agreements collateralized by U.S. Treasury securities, U.S. Treasury notes, and U.S. Treasury zero coupon bonds. All investments are held by the MTA's agent, in custody accounts, in the name of the MTA. The Authority records its position in the Pool based upon a net asset value derived on assets invested in the Pool plus all realized income and losses earned. The Authority's earnings from short-term investments approximated $6.6 million and $0.3 million for the years ended December 31, 2022 and 2021, respectively. For the year ended December 31, 2021, the Authority has a negative investment pool balance of $225.2 million as funds were used for working capital purposes to offset the shortfall in Tax subsidy revenue, in addition to the payment of $800 million loan to MTAHQ. The deficit of $225.2 million has been reclassified in the Due from MTA and constituent authorities category in the consolidated balance sheets. For the year ended December 31, 2022, the Authority has a negative investment pool balance of $615.0 million as funds were used for working capital purposes to offset the shortfall in Tax subsidy revenue. With right of offset, the deficit of $615.0 million has been reclassified in the Due from MTA and constituent authorities category in the consolidated balance sheets.

5. CAPITAL ASSETS

Capital assets and improvements include all land, buildings, equipment, and infrastructure of the Authority having a minimum useful life of two years and having a cost of more than $25 thousand. Capital assets are stated at historical cost, or at estimated historical cost based on appraisals, or on other acceptable methods when historical cost is not available. Leases recorded under GASB Statement No. 87, *Leases,* are classified as right-of-use assets and measured at the present value of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Capital assets are recorded at cost and are depreciated on a straight-line basis over 25 or 35 years for subway cars, 12 years for buses, and lives generally ranging from 10 years to 60 years for the other capital assets. Right-of-use assets and leasehold improvements are amortized over the term of the lease or the life of the asset whichever is less.

The following is a summary of capital and right-of-use assets activity at January 1, 2021, December 31, 2021 and December 31,2022:

(In thousands)	January 1, 2021	Additions/ Reclassifications (Restated)	Deletions/ Reclassifications (Restated)	December 2021 (Restated)	Additions/ Reclassifications	Deletions/ Reclassifications	December 2022
Capital assets not being depreciated—construction							
work-in-progress	$ 4,491,664	$ 2,435,710	$ (1,878,438)	$ 5,048,936	$ 3,405,209	$ (2,640,187)	$ 5,813,958
Total capital assets not being depreciated	4,491,664	2,435,710	(1,878,438)	5,048,936	3,405,209	(2,640,187)	5,813,958
Capital assets being depreciated:							
Subway cars	9,526,830	(1,824)	-	9,525,006	122	(22,928)	9,502,200
Buses	3,006,158	246,754	(104,602)	3,148,310	375,537	(203,899)	3,319,948
Track and structures	15,208,399	314,971	-	15,523,370	394,619	-	15,917,989
Depots and yards	5,001,566	205,793	-	5,207,359	155,731	-	5,363,090
Stations	22,639,180	740,421	-	23,379,601	879,161	-	24,258,762
Signals	8,714,912	312,178	-	9,027,090	700,817	-	9,727,907
Service vehicles	527,847	23,540	-	551,387	4,971	-	556,358
Building	166,733		-	166,733	-	-	166,733
Other *	3,546,958	218,545	(114,514)	3,650,989	260,575	(1,311)	3,910,253
Total capital asset being depreciated	68,338,583	2,060,378	(219,116)	70,179,845	2,771,533	(228,138)	72,723,240
Less accumulated depreciation:							
Subway cars	(4,790,134)	(238,464)	-	(5,028,598)	(220,794)	22,308	(5,227,084)
Buses	(1,644,351)	(225,830)	103,748	(1,766,433)	(229,002)	203,899	(1,791,536)
Track and structures	(5,803,267)	(394,098)	-	(6,197,365)	(401,889)	-	(6,599,254)
Depots and yards	(2,476,880)	(139,836)	-	(2,616,716)	(132,306)	-	(2,749,022)
Stations	(6,844,535)	(650,953)	-	(7,495,488)	(686,537)	-	(8,182,025)
Signals	(2,650,495)	(266,627)	-	(2,917,122)	(277,671)	-	(3,194,793)
Service vehicles	(219,100)	(21,514)	-	(240,614)	(20,250)	-	(260,864)
Building	(96,105)	(3,307)	-	(99,412)	(3,308)	-	(102,720)
Other *	(2,171,240)	(154,804)	52,676	(2,273,368)	(183,951)	1,311	(2,456,008)
Total accumulated depreciation	(26,696,107)	(2,095,433)	156,424	(28,635,116)	(2,155,708)	227,518	(30,563,306)
Total capital assets being depreciated—net	41,642,476	(35,055)	(62,692)	41,544,729	615,825	(620)	42,159,934
Right-of-use assets being amortized:							
Leased buildings and structures	295,418	77	-	295,495	317	-	295,812
Leased equipment and vehicles	304	2,688	-	2,992		-	2,992
Leased other	71	-	-	71	349	-	420
Total Right-of-Use Assets being amortized	295,793	2,765	-	298,558	666	-	299,224
Less accumulated amortization: Right-of-Use Assets							
Leased buildings and structures	-	(22,873)	-	(22,873)	(22,967)	-	(45,840)
Leased equipment and vehicles	-	(321)	-	(321)	(766)	-	(1,087)
Leased other	-	(37)	-	(37)	(202)	-	(239)
Total accumulated amortization	-	(23,231)	-	(23,231)	(23,935)	-	(47,166)
Right-of-use assets being amortized—net	295,793	(20,466)	-	275,327	(23,269)	-	252,058
Total capital assets, including right-of-use asset—net	$ 46,429,933	$ 2,380,189	$ (1,941,130)	$ 46,868,992	$ 3,997,765	$ (2,640,807)	$ 48,225,950

* For presentation purposes, Other included leased property under capital lease and leasehold improvements on property. Previously reported in separated tables.

In accordance with GASB Statement No. 89, there is no interest capitalized related to the construction of capital assets.

In December 2021, MTA obtained legal title to the wireless telecommunications equipment installed on the Authority's property according to the network license agreement that MTA entered into with the licensee. The license agreement provides for the licensee to construct, operate, and maintain the wireless network. This asset was transferred by MTA to the Authority as a non-cash capital contribution recorded at $73.3 representing the fair market value at the date of conveyance.

As of December 31, 2022, $66.6 billion is unexpended from the overall MTA Capital program (2005-2024) and $22.9 billion has been committed.

As of December 31, 2021, $72.8 billion is unexpended from the overall MTA Capital program and $16.9 billion has been committed.

6. LEASES

The Authority entered into various lease agreements that convey control of the right to use other entities' nonfinancial assets. Lease receivables and lease liabilities are measured at the present value of payments expected to be made during the lease term, using NYCTA's incremental borrowing rate at the time of valuation ranging from 0.72% to 5.64% if an applicable stated or implicit rate is not available.

The initial measurement of the Authority's leased asset and lease liability for those agreements was as of January 1, 2021. The lease liability is reduced as payments are made, and an outflow of resources for interest on the liability is recognized. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

For lessor leases, a lease receivable and deferred inflow of resources were measured as of January 1, 2021. Interest revenues are recognized on the lease receivables and an inflow of resources from the deferred inflow of resources are recognized on a straight-line basis over the term of the lease.

As Lessor

The Authority leases its land, building, station space, equipment, and right-of-way to other entities. These leases have terms between 1 year to 16 years, with payments required monthly, quarterly, semi-annually, or annually. In addition, the Authority also receives payments for variable leases and operating expenses associated with spaces that are not included in the measurement of lease receivables. Lease receivables are measured at the present value of payments expected to be made during the lease term, using NYCTA's incremental borrowing rate at the time of valuation ranging from 0.72% to 5.64% if an applicable stated or implicit rate is not available.

The total amount of inflows of resources recognized for the year ended December 31, 2022 and 2021 is presented below (in thousands):

	2022	2021
Lease Revenue	$ 9,218	$ 9,093
Interest Revenue	1,485	1,458
Other Variable Revenue	0	1,004

The balance of lease receivables as of December 31, 2022 and December 31, 2021 are as follows (in thousands):

	2022	2021
Lease receivables - current	$ 8,444	$ 7,478
Lease receivables - noncurrent	47,900	55,562
Total Lease receivables	$ 56,344	$ 63,040

The Authority did not recognize any revenue associated with residual value guarantees and termination penalties for each of the years ended December 31, 2022 and 2021, respectively.

The principal and interest requirements to maturity for the lease receivables subsequent to December 31, 2022, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2023	$ 8,444	$ 1,317	$ 9,761
2024	8,602	1,122	9,724
2025	8,063	922	8,985
2026	7,624	730	8,354
2027	7,644	542	8,186
2028–2032	11,297	1,181	12,478
2033–2037	4,670	314	4,984
Total	$ 56,344	$ 6,128	$ 62,472

As Lessee

The Authority leases building, office space, storage space, equipment, vehicle, and cell tower space from other entities. These leases have terms between 1 year to 67 years, with payments required monthly, quarterly, or annually.

The amount of lease expenses recognized for variable payments not included in the measurement of lease liability were $1,885 and $2,656 for the year ended December 31, 2022 and 2021. The Authority recognized $0 expense attributable to residual value guarantees and termination penalties for each of the years ended December 31, 2022 and 2021.

The principal and interest requirements to maturity for the lease liability subsequent to December 31, 2022, are as follows (in thousands):

Years Ending December 31	Principal	Interest	Total
2023	$ 11,726	$ 27,675	$ 39,401
2024	11,138	27,620	38,758
2025	9,298	27,507	36,805
2026	8,965	27,413	36,378
2027	2,802	27,383	30,185
2028–2032	20,891	135,106	155,997
2033–2037	41,221	124,133	165,354
2038–2042	77,107	98,843	175,950
2043–2047	137,285	51,899	189,184
2048–2052	20,408	9,850	30,258
2053–2057	3,521	8,780	12,301
2058–2062	4,248	8,053	12,301
2063–2067	5,125	7,176	12,301
2068–2072	6,183	6,118	12,301
2073–2077	7,460	4,841	12,301
2078–2082	9,000	3,301	12,301
2083–2087	10,858	1,442	12,300
Thereafter	1,983	34	2,017
Total	$389,219	$597,174	$986,393

Significant lease transactions - In 1990, the Authority acquired an office building located at 130 Livingston Street in Brooklyn, New York. The property is located on land owned by the New York City Economic Development Corporation (NYC EDC), as trustee for The City, with whom the Authority has entered into a 99-year ground lease. In 2011, the ground lease between the MTA and NYC EDC for Livingston Street was renegotiated with monthly lease payments increasing from approximately $47 to $111 per month. In January 2020, the base rent was increased to $205 per month as a result of a revaluation of the land appraisal. Rent expense payments under the lease were approximately $2.5 million in 2022 and 2021.

On July 29, 1998, the MTA, (solely on behalf of MTA Long Island Rail Road and MTA Metro-North Railroad, MTA New York City Transit, and MTA Bridges and Tunnels) entered into a lease and related agreements whereby each agency, as sublessee, will rent, an office building at Two Broadway in lower Manhattan. The triple-net-lease has an initial stated term of approximately 50 years, with the right to extend the lease for two successive 15-year periods at a rental of at least 95% of fair market rent. Remaining payments under the lease approximate $996 million. Under the subleases, the lease is apportioned as follows: the Authority, 68.7%, MTA, 21%; and TBTA, 10.3%. However, the involved agencies have agreed to sub-sublease space from one another as necessary to satisfy actual occupancy needs. The agencies will be responsible for obligations under the lease based on such actual occupancy percentages. Actual occupancy percentages at December 31, 2022 for the Authority, TBTA and MTA (including MTA Bus, MTA Construction and Development, and MTA Business Service Center) were 48.7%, 7.4% and 43.9%, respectively. The Authority’s sublease is for a year-to-year term, automatically extended, except upon the giving of a non-extension notice by the Authority.

MTA pays the lease payments on behalf of the Authority and subsequently makes monthly chargebacks in the form of rental payments treated as management fees. During 2022 and 2021, the total of the rental payments charged to the Authority was $7.5 million and $7.2 million, respectively, less than the lease payment made by MTA on behalf of the Authority.

7. EMPLOYEE BENEFITS

Pensions—The Authority participates in two defined benefit pension plans for their employees, the Manhattan and Bronx Surface Transit Operating Authority Pension Plan (MaBSTOA) and New York City Employees' Retirement System (NYCERS). A brief description of each of the pension plans follows:

Plan Descriptions

MaBSTOA— The MaBSTOA Plan is a multi-employer defined benefit retirement plan administered by MTA New York City Transit covering employees of MaBSTOA and MTA Headquarters. Prior to January 1, 2020, this was a single employer defined benefit retirement plan covering only MaBSTOA employees. Employees of MaBSTOA and MTA Headquarters are specifically excluded from participating in the New York City Employees' Retirement System (NYCERS). The Plan provides retirement as well as death, accident and disability benefits. Effective January 1, 1999, in order to afford managerial and non-represented MaBSTOA employees the same pension rights as like title employees in the Transit Authority, membership in the MaBSTOA Plan is optional.

The Board of Administration, established in 1963, determines eligibility of employees and beneficiaries for retirement and death benefits. Article 12.08 of the MaBSTOA plan assigns authority to the MaBSTOA Board to establish and amend benefit provisions. The Board is composed of five members: two representatives from the Transport Workers Union, Local 100 (TWU) and three employer representatives. The MaBSTOA Plan is a fiduciary component unit of the Authority and is reflected in the Pension Fund section of the Authority's basic financial statements.

The pension plan issues a publicly available financial report that includes financial statements and required supplementary information regarding the employee benefit plan. The report may be obtained by writing to MaBSTOA Pension Plan, New York City Transit Authority, 2 Broadway, 10th Floor, New York, New York, 10004 or at www.mta.info.

NYCERS—The NYCERS Plan is a cost-sharing, multiple-employer retirement system for employees of The City of New York (The City) and certain other governmental units whose employees are not otherwise members of The City's four other pension systems. NYCERS administers the New York City Employees Retirement System qualified pension plan.

NYCERS was established by an act of the Legislature of the State of New York under Chapter 427 of the Laws of 1920. NYCERS functions in accordance with the governing statutes contained in the New York State Retirement and Social Security Law (RSSL), and the New York City Administrative Code, which are the basis by which benefit terms and employer and member contribution requirements are established and amended. The head of the retirement system is the Board of Trustees.

NYCERS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the New York City Employees' Retirement System at 335 Adams Street, Suite 2300, Brooklyn, NY 11201-3724 or at www.nycers.org.

All employees holding permanent civil service positions in the competitive or labor class are required to become members of the NYCERS six months after their date of appointment, but may voluntarily elect to join the NYCERS prior to their mandated membership date. All other eligible employees have the option of joining the NYCERS upon appointment or anytime thereafter. NYCERS members are assigned to a “tier” depending on the date of their membership.

Tier 1 All members who joined prior to July 1, 1973.

Tier 2 All members who joined on or after July 1, 1973 and before July 27, 1976.

Tier 3 Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.

Tier 4 All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.

Tier 6 Members who joined on or after April 1, 2012.

Benefits Provided

MaBSTOA—MaBSTOA provides retirement, disability, death, and accident benefits to plan members and beneficiaries. The benefits provided by the Plan are generally similar to the benefits provided to participants in NYCERS. Benefits vest after either 5, 10, or 20 years of credited service, depending on the date of employment.

In 2008, NYCERS has determined that Tier 4 employees are and have been eligible for a post retirement death benefit retroactive to 1986. In June 2012, the MTA Board approved an amendment to the MaBSTOA Plan to provide for incorporation of this benefit.

Tier 1—

Eligibility and Benefit Calculation—Tier 1 members must be at least age 50 with the completion of 20 years of service to be eligible to collect a service retirement benefit. Generally, the benefit is 1.50% for service before March 1, 1962, plus 2.0% for service from March 1, 1962 to June 30, 1970, plus 2.5% for service after June 30, 1970. The accumulated percentage, up to a maximum of 50%, is multiplied by the member’s compensation, which is the greater of earned salary during the year prior to retirement. Once the accumulated reaches 50%, the percentage for each further year of service reverts back to 1.5%. The percentage in excess of 50% is multiplied by the final compensation, which is the highest average earnings over five consecutive years.

Ordinary Disability Benefits—Generally, ordinary disability benefits, are provided to eligible Tier 1 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by final compensation.

Accidental Disability Benefits—The accidental disability benefit to eligible Tier 1 members is equal to 75% of final compensation reduced by 100% of any worker’s compensation payments.

Ordinary Death Benefits—Tier 1 members requires the completion of six months of service but completion of twenty years of service is required to receive a lump sum equal to the present value of the retirement benefit.

Tier 2—

Eligibility and Benefit Calculation—Tier 2 members must be at least age 55 with the completion of 25 years of service to be eligible to collect a service retirement benefit. Generally, the benefit equals 50% of final 3-year average compensation, defined as the highest average earnings over three consecutive years, plus 1% of final 5-year average compensation, defined as the highest average earnings over five consecutive years, per year of credited service in excess of 20 years. For early retirement, members must be at least age 50 with the completion of at least 20 years of service. The benefit is determined in the same manner as the service retirement but not greater than 2.0% of final 3-year average compensation per year of service.

Ordinary Disability Benefits—Generally, ordinary disability benefits, are provided to eligible Tier 2 members after ten years of service with the benefit equal to the greater of the service retirement percentages or 25% multiplied by the final 5- year average compensation.

Accidental Disability Benefits—The accidental disability benefit to eligible Tier 2 members is equal to 75% of the final 5-year average compensation reduced by any worker's compensation payments.

Ordinary Death Benefits—Tier 2 members require the completion of 90 days of service to receive a lump sum equal to 3 times salary, raised to the next multiple of $1,000.

Tiers 3 and 4—

Eligibility and Benefit Calculation—Tier 3 and 4 members in the Regular 62 and 5 Plan must be at least age 62 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of Final Average Salary (FAS) for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. FAS is defined as the highest average earnings over three consecutive years, of which earnings in a year cannot exceed 110% of the average of the two preceding years. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. For early retirement, members must be at least age 55 with the completion of at least 5 years of service. The benefit equals the service retirement benefit reduced by 6% for each of the first two years prior to age 62, and by 3% for years prior to age 60.

Tier 3 and 4 members in the Regular 55 and 25 Plan must be at least age 55 with the completion of at least 25 years of service, or be at least age 62 with the completion of at least 5 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 25 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service.

Tier 4 members in the 57 & 5 Plan must be at least age 57 with the completion of at least 5 years of service to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service.

Ordinary and Accidental Disability Benefits—For eligible members of the Regular 62 and 5 Plan, 55 and 25 Plan and 57 and 5 Plan, ordinary and accidental disability benefits, are provided after 10 years of service for ordinary and no service required for accidental. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits—For eligible members of the Regular 62 and 5 Plan, 55 and 25 Plan, 57 and 5 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement.

After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

Tier 6—

Eligibility and Benefit Calculation—Tier 6 members in the 55 and 25 Special Plan must be at least age 55 with the completion of at least 25 years, or at least age 63 with the completion of at least 10 years of service, to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 25 years of service, is equal to 2.0% of FAS for the first 30 years of service plus 1.5% of FAS for years of service in excess of 30. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable earnings over five consecutive years.

Tier 6 members in the Basic 63 and 10 Plan must be at least age 63 with the completion of at least 10 years to be eligible to collect a service retirement benefit. Generally, the benefit for members with at least 20 years of service, is equal to 35% of FAS plus 2.0% of FAS for years of service in excess of 20. If the member completes less than 20 years of credited service, the benefit equals 1- 2/3% of FAS multiplied by years of service. FAS is defined as the highest average pensionable earnings over five consecutive years. For early retirement, members must be at least age 55 with the completion of at least 10 years of service. The benefit equals the service retirement benefit reduced by 6.5% for each year prior to age 63.

Ordinary and Accidental Disability Benefits—For eligible members of the 55 and 25 Special Plan and the Basic 63 and 10 Plan, ordinary and accidental disability benefits, are provided after 10 years of service for ordinary and no service required for accidental. The benefit equals the greater of 1-2/3% of FAS per year of service and 1/3 of FAS.

Ordinary Death Benefits—For eligible members of the 55 and 25 Special Plan and the Basic 63 and 10 Plan, the pre-retirement ordinary death benefit is equal to a lump sum of annual salary times the lesser of completed years of service and 3. After age 60, the benefit is reduced 5% per year, to a maximum reduction of 50%. Accumulated regular member contributions with interest and one-half of accumulated additional member contributions with interest are also payable. Upon retirement, the post-retirement benefit is reduced by 50% and reduced an additional 25% after completion of one year of retirement. After completion of two years of retirement, the benefit equals 10% of the pre-retirement benefit in force at age 60.

In 2020, an amendment to the MaBSTOA Pension Plan was approved by the Board to provide a COVID-19 Accidental Death Benefit. Chapter 89 of the Laws of 2020 (Chapter 89) was passed by the Legislature, and signed by the Governor, on May 30, 2020. Chapter 89 enacted Sections 361-b, 509-a and 607-i of the Retirement and Social Security Law and Section 13-149.1 of the New York City Administrative Code, to provide a special line-of-duty Accidental Death Benefit to eligible members of the pension plan.

NYCERS—NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements (non-job-related disabilities) and Accident Disability Retirements (job-related disabilities) to participants generally based on salary, length of service, and member Tiers.

The Service Retirement benefits provided to Tier 1 participants fall into four categories according to the level of benefits provided and the years of service required. Three of the four categories provide annual benefits of 50% to 55% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service (currently 1.2% to 1.7%) of final salary. The fourth category has no minimum service requirement and instead provides an annual benefit for each year of service equal to a specified percentage (currently 0.7% to 1.53%) of final salary.

Tier 2 participants have provisions similar to Tier 1, except that the eligibility for retirement and the salary base for benefits are different and there is a limitation on the maximum benefit.

Tier 3 participants were later mandated into Tier 4, but could retain their Tier 3 rights. The benefits for Tier 3 participants are reduced by one half of the primary Social Security benefit attributable to service, and provides for an automatic annual cost-of-living escalator in pension benefits of not more than 3.0%.

During March 2012, the Governor signed Chapter 18 of the Laws of 2012 that placed certain limitations on the Tier 3 and Tier 4 benefits available to participants who joined on and after April 1, 2012. In general, these changes, commonly referred to as Tier 6, increase the age requirement to 63 for most non-uniformed employees to retire and receive a full pension, require member contributions for all years of service for non-uniformed employees, institute progressive member contributions for non-uniformed employees, and lengthen the final average salary period from 3 to 5 years.

NYCERS provides automatic Cost-of-Living Adjustments (COLA), death benefits, accident, disability retirement benefits, and other supplemental pension benefits to certain retirees and beneficiaries. Members become fully vested as to benefits upon the completion of 5 years of service.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the Plan on or after the effective date of such amendments, creating membership tiers.

Chapter 89 of the Laws of 2020, passed by the Legislature and signed by the Governor on May 30, 2020, provides benefits to statutory beneficiaries of members whose death was a result or was contributed to by COVID-19. This act adds Retirement and Social Security Law Sections 509-a and 607-i and Administrative Code of the City of New York Section 13-149.1 by providing an Accidental Death Benefit to eligible members of the NYCERS Plan. This special benefit expired on December 31, 2020.

Membership

Membership in the MaBSTOA pension plan consisted of the following at January 1, 2021 and 2020, the date of the latest actuarial valuations:

	2021	2020
Active Plan Members	8,533	8,795
Retirees and beneficiaries receiving benefits	6,020	5,944
Vested formerly active members not yet receiving benefits	1,125	1,040
Total	15,678	15,779

Contributions and Funding Policy

MaBSTOA—The contribution requirements of plan members are established, approved and may be amended only by the MaBSTOA Board, in accordance with the Articles of the MaBSTOA plan. The financial objective of the Plan is to fund, on an actuarial basis, the retirement and death benefits for eligible MaBSTOA employees and beneficiaries. The Plan's funding policy is for periodic employer contributions to provide for actuarially determined amounts that are designed to accumulate sufficient assets to pay benefits when due. MaBSTOA contributions to the fund are made annually.

The MaBSTOA Pension Plan includes the following plans: (i.) the Tier 3 and 4 Transit Age 62 Plan; (ii.) the Tier 6 Age 63 Plan; (iii.) the 55/25 Plan; (iv.) the Tier 4 25 Year Early Retirement Plan; (v.) the Tier 4 Age 57 Plan, and (vi.) the 2000 amendments which are all under the same terms and conditions as NYCERS.

For employees, the Plan has both contributory and noncontributory requirements depending on the date of entry into service. Employees entering qualifying service on or before July 26, 1976, are non-contributing (Tiers 1 and 2). Certain employees entering qualifying service on or after July 27, 1976, are required to contribute 3% of their salary (Tiers 3 and 4).

In March 2012, pursuant to Chapter 18 of the Laws of 2012, individuals joining NYCERS or the MaBSTOA Pension Plan on or after April 1, 2012 are subject to the provisions of Tier 6. The highlights of Tier 6 include:

Increases in employee contribution rates. The rate varies depending on salary, ranging from 3% to 6% of gross wages. Contributions are made until retirement or separation from service.

- The retirement age increases to 63 and includes early retirement penalties, which reduce pension allowances by 6.5 percent for each year of retirement prior to age 63.
- Vesting after 10 years of credited service; increased from 5 years of credited service under Tier 3 and Tier 4.
- Adjustments of the Pension Multiplier for calculating pension benefits (excluding Transit Operating Employees): the multiplier will be 1.75% for the first 20 years of service, and 2% starting in the 21st year; for an employee who works 30 years, their pension will be 55% of FAS under Tier 6, instead of 60% percent under Tier 4.
- Adjustments to the FAS Calculation; the computation changed from an average of the final 3 years to an average of the final 5 years. Pensionable overtime will be capped at $15,000 per year plus an inflation factor.
- Pension buyback in Tier 6 will be at a rate of 6% of the wages earned during the period of buyback, plus 5% compounded annually from the date of service until date of payment.

Pursuant to Section 7.03 of the MaBSTOA Plan, active plan members are permitted to borrow up to 75% of their contributions with interest. Their total contributions and interest remain intact and interest continues to accrue on the full balance. The participant’s accumulated contribution account is used as collateral against the loan.

Upon termination of employment before retirement, certain participants are entitled to refunds of their own contributions including accumulated interest less any loans outstanding.

The Authority’s contributions to the MaBSTOA plan amounted to $158.6 million and $156.2 million for the years ended December 31, 2022 and 2021, respectively.

NYCERS—NYCERS funding policy is to contribute statutorily-required contributions (Statutory Contributions), determined by the Chief Actuary for the New York City Retirement System, in accordance with State statutes and City laws, and are generally funded by employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for NYCERS’ assets to be sufficient to pay benefits when due.

Member contributions are established by law. NYCERS has both contributory and noncontributory requirements, with retirement age varying from 55 to 70 depending upon when an employee last entered qualifying service.

In general, Tier 1 and Tier 2 member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier 3 and Tier 4 members make basic contributions of 3.0% of salary, regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain Transit Authority employees enrolled in the Transit 20-Year Plan, are not required to make basic contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. In addition, members who meet certain eligibility requirements will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. Effective December 2000, certain Transit Authority Tier 3 and Tier 4 members make basic member contributions of 2.0% of salary, in accordance with Chapter 10 of the Laws of 2000. Certain Tier 2, Tier 3 and Tier 4 members who are participants in special retirement plans are required to make additional member contributions of 1.85%, in addition to their base membership contribution. Tier 6 members are mandated to contribute between 3.0% and 6.0% of salary, depending on salary level, until they separate from City service or until they retire.

The Authority is required to contribute at an actuarially determined rate. The Authority's contributions to NYCERS for the years ended December 31, 2022 and 2021 were $765 million and $807.7 million, respectively.

Net Pension Liability

The Authority's net pension liabilities for each of the pension plans reported at December 31, 2022 and 2021 were measured as of December 31, 2021 and 2020, respectively for the MaBSTOA plan and June 30, 2022 and 2021, respectively for NYCERS. The total pension liability for each of the pension plans were determined as of the actuarial valuation dates of January 1, 2021 and 2020 for MaBSTOA plan and June 30, 2021 and 2020 for NYCERS, respectively, and updated to roll forward the total pension liability to the respective measurement dates. The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS and MaBSTOA. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; and investments are reported at fair value.

Actuarial Assumptions

The total pension liability in each pension plan's actuarial valuation dates were determined using the following actuarial assumptions for each of the pension plans as follows:

	MaBSTOA		NYCERS	
Valuation Date	**January 1, 2021**	**January 1, 2020**	**June 30, 2021**	**June 30, 2020**
Investment Rate of Return	6.50% per annum, net of investment expenses	6.50% per annum, net of investment expenses	7.00% per annum, net of investment expenses	7.00% per annum, net of investment expenses
Salary Increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.	In general, merit and promotion increases, plus assumed General Wage increases of 3.0% per year.
Inflation	2.25%	2.25%	2.50%	2.50%
Cost-of Living Adjustments	1.35% per annum	1.35% per annum	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.	1.5% per annum for Tiers 1, 2, 4 and certain Tier 3 and Tier 6 retirees. 2.5% per annum for certain Tier 3 and Tier 6 retirees.
Mortality	Based on experience of all MTA-sponsord pension plan members from 1/1/15 - 12/31/20 reflecting mortality improvement on a generational basis using Scale MP-2021	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.	Mortality tables for service and disability pensioners were developed from an experience study of the plan. The mortality tables for beneficiaries were developed from an experience review.
Pre-retirement	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	RP-2000 Employee Mortality Table for Males and Females with blue collar adjustments.	N/A	N/A
Post-retirement Healthy Lives	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	95% of the rates from the RP-2000 Healthy Annuitant mortality table for males with blue collar adjustments and 116% of the rates from the RP-2000 Healthy Annuitant mortality table for females.	N/A	N/A
Post-retirement Disabled Lives	RP-2014 Disabled Annuitant mortality table for males and females.	RP-2014 Disabled Annuitant mortality table for males and females.	N/A	N/A

Expected Rate of Return on Investments

The long-term expected rate of return on investments of 6.5% and 7.0% for the MaBSTOA plan and NYCERS, respectively, was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

The target asset allocations of each of the funds and the expected real rate of returns (RROR) for each of the asset class in the MaBSTOA plan and NYCERS were as of the measurement dates of December 31, 2021 and June 30, 2022, respectively, are summarized as follows:

	MaBSTOA Plan	
Asset Class	**Target Asset Allocation**	**Long-Term Expected Real Rate of Return**
US Core Fixed Income	10.50 %	1.39 %
US Long Bonds	2.00	1.16
US Inflation-Indexed Bonds	2.00	0.60
US High Yield Bonds	3.00	3.92
US Bank/Leveraged Loans	1.50	3.49
Private Credit	7.00	6.93
Emerging Markets Bonds	2.00	3.98
US Large Cap Equity	18.00	4.94
US Small Cap Equity	7.00	6.73
Foreign Developed Equity	12.00	6.27
Emerging Markets Equity	4.50	8.82
Emerging Markets Small Cap Equity	1.50	8.89
US REITs	1.00	5.60
Private Real Estate Property	4.00	4.61
Private Equity	7.00	10.36
Commodities	4.00	1.99
Hedge Funds—MultiStrategy	13.00	3.73
	100.00 %	
Assumed Inflation—Mean		2.30
Assumed Inflation—Standard Deviation		1.23
Portfolio Nominal Mean Return		7.39
Portfolio Standard Deviation		12.15
Long Term Expected Rate of Return selected by MTA		6.50

Asset Class	NYCERS Target Asset Allocation	NYCERS Long-Term Expected Real Rate of Return
Public markets:		
U.S. public market equities	27.00 %	7.00 %
Developed public market equities	12.00	7.20
Emerging public market equities	5.00	9.00
Fixed income	30.50	2.50
Private markets (alternative investments):		
Private equity	8.00	11.30
Private real estate	7.50	6.70
Infrastructure	4.00	6.00
Opportunistic fixed income	6.00	7.40
	100.00 %	
Assumed inflation—mean		2.50
Long term expected rate of return		7.00

Discount Rate

The discount rate used to measure the total pension liability was 6.5% for the MaBSTOA plan as of December 31, 2021 and December 31, 2020 and 7.0% for NYCERS as of June 30, 2022 and June 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable for each pension plan and that employer contributions will be made at the rates determined by each pension plan's actuary. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and non-active 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 Net Pension Liability—MaBSTOA

The Authority's net pension liability for the MaBSTOA plan at the measurement date of December 31, 2021 and 2020 were as follows (in thousands):

	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2020	$ 4,246,385	$ 3,306,615	$ 939,770
Changes for fiscal year 2021:			
Service cost	93,934	-	93,934
Interest on total pension liability	274,270	-	274,270
Effect of economic/demographic (gains) or losses	(19,177)	-	(19,177)
Effect of assumptions changes or inputs	72,032	-	72,032
Benefit payments and withdrawals	(245,427)	(245,427)	-
Administrative expense	-	(264)	264
Member contributions	-	24,935	(24,935)
Net investment income	-	416,287	(416,287)
Employer contributions	-	156,204	(156,204)
Balance as of December 31, 2021	$ 4,422,017	$ 3,658,350	$ 763,667

	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance as of December 31, 2019	$ 4,122,934	$ 3,300,268	$ 822,666
Changes for fiscal year 2020:			
Service cost	95,514	-	95,514
Interest on total pension liability	266,588	-	266,588
Effect of economic/demographic (gains) or losses	(720)	-	(720)
Effect of assumptions changes or inputs	-	-	-
Benefit payments and withdrawals	(237,931)	(237,931)	-
Administrative expense	-	(244)	244
Member contributions	-	24,709	(24,709)
Net investment income	-	60,327	(60,327)
Employer contributions	-	159,486	(159,486)
Balance as of December 31, 2020	$ 4,246,385	$ 3,306,615	$ 939,770

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's net pension liability calculated using the current discount rate for the MaBSTOA Plan, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date (in thousands):

	December 31, 2021			December 31, 2020		
	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 1,269,779	$ 763,667	$ 335,356	$ 1,421,343	$ 939,770	$ 531,498

The Authority's Proportion of Net Pension Liability—NYCERS

The following table presents the Authority's proportionate share of the net pension liability of NYCERS at the measurement date of June 30, 2022 and 2021, and the proportion percentage of the net pension liability of NYCERS allocated to the Authority (in millions):

	June 30, 2022	June 30, 2021
The Authority's proportion of the net pension liability	20.975 %	21.285 %
The Authority's proportionate share of the net pension liability	$ 3,798	$ 1,365

The Authority's proportion of the net pension liability was based on the Authority's actual contributions made to NYCERS for the years ended June 30, 2022 and 2021, relative to the contributions of all employers in the plan.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability calculated using the current discount rate for NYCERS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate used as of each measurement date (in thousands):

	June 30, 2022			June 30, 2021		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
The Authority's proportionate share of the net pension liability	$6,043,234	$3,797,586	$1,900,797	$3,581,942	$1,365,129	$ (515,695)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended December 31, 2022 and 2021, the Authority recognized pension expense, gross of capital project reimbursements and other pension adjustments of $37,465 and $31,837 for December 31, 2022 and 2021, respectively, related to each pension plan as follows (in thousands):

Pension Plans	December 31, 2022	December 31, 2021
MaBSTOA	$ 132,278	$ 140,280
NYCERS	443,388	(36,550)
Total	$ 575,666	$ 103,730

For the years ended December 31, 2022 and 2021, the Authority's reported deferred outflow of resources and deferred inflow of resources for each pension plan as follows (in thousands):

For the Year Ended December 31, 2022	MaBSTOA Deferred Outflows of Resources	MaBSTOA Deferred Inflows of Resources	NYCERS Deferred Outflows of Resources	NYCERS Deferred Inflows of Resources	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,906	$ 16,683	$ 329,382	$ 83,469	$ 340,288	$ 100,152
Changes in actuarial assumptions	156,544	-	625	121,483	157,169	121,483
Net difference between projected and actual earnings on pension plan investments	-	111,215	694,052	-	694,052	111,215
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	44,781	298,461	44,781	298,461
Employer contributions to plan subsequent to the measurement date of net pension liability	158,619	-	378,047	-	536,666	-
Total	$ 326,069	$ 127,898	$ 1,446,887	$ 503,413	$ 1,772,956	$ 631,311

For the Year Ended December 31, 2021	MaBSTOA Deferred Outflows of Resources	MaBSTOA Deferred Inflows of Resources	NYCERS Deferred Outflows of Resources	NYCERS Deferred Inflows of Resources	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,004	$ 3,896	$ 350,414	$ 157,915	$ 367,418	$ 161,812
Changes in actuarial assumptions	121,560	-	1,262	169,353	122,823	169,353
Net difference between projected and actual earnings on pension plan investments	57,062	-	-	2,003,309	57,062	2,003,309
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	47,502	295,910	47,502	295,910
Employer contributions to plan subsequent to the measurement date of net pension liability	156,204	-	416,388	-	572,593	-
Total	$ 351,830	$ 3,896	$ 815,567	$ 2,626,488	$ 1,167,397	$ 2,630,384

The annual differences between the projected and actual earnings on investments are amortized over a five-year closed period beginning the year in which the difference occurs.

The following table presents the recognition periods used by each pension plans to amortize the annual differences between expected and actual experience and the changes in proportion and differences between employer contributions and proportionate share of contributions, beginning the year in which the deferred amount occurs.

	Recognition Period (in Years)		
Pension Plan	**Differences Between Expected and Actual Experience**	**Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions**	**Changes in Actuarial Assumptions**
MaBSTOA	6.40	N/A	6.40
NYCERS	5.79	5.79	5.79

For the years ended December 31, 2022 and 2021, $536.7 million and $572.6 million, respectively, were reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement dates. The amount of $536.7 million will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2022 will be recognized as pension expense as follows (in thousands):

Year Ending December 31	MaBSTOA	NYCERS	Total
2023	$ 37,990	$ 36,320	$ 74,310
2024	(23,044)	100,661	77,617
2025	24,723	(49,913)	(25,190)
2026	(11,613)	474,355	462,742
2027	8,193	4,004	12,197
Thereafter	3,303	-	3,303
Total	$ 39,552	$ 565,427	$ 604,979

Deferred Compensation Plans—As permitted by Internal Revenue Code Section 457, the Authority has established a trust or custodial account to hold plan assets for the exclusive use of the participants and their beneficiaries. Plan assets and liabilities are not reflected on the Authority's consolidated statements of net position.

Certain Authority employees are participants in a second deferred compensation plan established in accordance with Internal Revenue Code Section 401(k). Participation in the plan is available to all nonunion and certain other employees. All amounts of compensation deferred under the plan, and all income attributable to such compensation, are solely the property of the participants; accordingly, this plan is not reflected in the accompanying consolidated statements of net position. The Authority is not required to contribute to the plan and did not contribute to the plan in 2022 and 2021.

8. OTHER POSTEMPLOYMENT BENEFITS

The Authority participates in a defined benefit other postemployment benefits (OPEB) plan for its employees, the Metropolitan Transportation Authority Retiree Welfare Benefits Plan (OPEB Plan). A description of the Plan follows:

Plan Description

The MTA Retiree Welfare Benefits Plan (OPEB Plan) and the related Trust Fund (Trust) was established on January 1, 2009 for the exclusive benefit of MTA and related agencies retired employees and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the Authority's various collective bargaining agreements. Postemployment benefits are part of an exchange of salaries and benefits for employee services rendered. Amounts contributed to the OPEB Plan are held in an irrevocable trust and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants.

The OPEB Plan and the Trust are exempt from federal income taxation under Section 115(1) of the Internal Revenue Code. The OPEB Plan is classified as a cost-sharing multiple-employer defined benefit OPEB plan.

The OPEB Plan Board of Managers, comprised of the MTA Chairman, MTA Chief Financial Officer and MTA Director of Labor Relations, are the administrators of the OPEB Plan. The MTA Board has the right to amend, suspend or terminate the OPEB Plan.

The separate annual financial statements of the OPEB Plan may be obtained by writing to MTA Comptroller, 2 Broadway, 16th Floor, New York, New York, 10004 or at www.mta.info.

Benefits Provided—The benefits provided by the OPEB Plan include medical, pharmacy, dental, vision, life insurance and a Medicare supplemental plan. The different types of benefits provided vary by employee type (represented employees versus non-represented) and the relevant collective bargaining agreements. Certain benefits are provided upon retirement as defined in the applicable pension plan. The Authority provides benefits to certain former employees if separated from service within 5 years of attaining retirement eligibility. Employees of the Authority are members of NYCERS and the MaBSTOA Plan.

The Authority participates in the New York State Health Insurance Program (NYSHIP) and provides medical and prescription drug benefits, including Medicare Part B reimbursements, to many of its retirees. NYSHIP offers a Preferred Provider Organization (PPO) plan and several Health Maintenance Organization (HMO) plans. Represented and other New York City Transit employees who retired prior to January 1, 1996 or January 1, 2001, do not participate in NYSHIP. These benefits are provided either through a self-insured health plan, a fully insured health plan or an HMO.

The Authority is a participating employer in NYSHIP. The NYSHIP financial report can be obtained by writing to NYS Department of Civil Service, Employee Benefits Division, Alfred E. Smith Office Building, 805 Swan Street, Albany, NY 12239.

OPEB Plan Eligibility—To qualify for benefits under the OPEB Plan, a former employee of the Authority must:

(a) have retired;

(b) be receiving a pension;

(c) have at least 10 years of credited service as a member of NYCERS or the MaBSTOA Plan; and

(d) have attained the minimum age requirement (unless within 5 years of commencing retirement for certain members). A represented retired employee may be eligible only pursuant to the relevant collective bargaining agreement.

Surviving Spouse and Other Dependents—

- Lifetime coverage is provided to the surviving spouse (not remarried) or domestic partner and surviving dependent children to age 26 of retired managers and certain non-represented retired employees.

- Represented retired employees must follow the guidelines of their collective bargaining agreements regarding continued health coverage for a surviving spouse or domestic partner and surviving dependents. The surviving spouse coverage continues until spouse is eligible for Medicare for represented employees, retiring on or after:

  - May 21, 2014 for Transport Workers Union (TWU) Local 100;
  - September 24, 2014 for Amalgamated Transit Union (ATU) Local 726;
  - October 29, 2014 for ATU Local 1056;

The OPEB Plan Board of Managers has the authority to establish and amend the benefits that will be covered under the OPEB Plan, except to the extent that they have been established by collective bargaining agreement.

Contributions—The Authority is not required by law or contractual agreement to provide funding for the OPEB Plan, other than the "pay-as-you-go" (PAYGO) amounts. PAYGO is the cost of benefits necessary to provide the current benefits to retirees and eligible beneficiaries and dependents. Employees are not required to contribute to the OPEB Plan. The OPEB Plan Board has the authority for establishing and amending the funding policy. For the years ended December 31, 2022 and 2021, the Authority paid $589.6 million and $561.6 million of PAYGO to the OPEB Plan, respectively. The PAYGO amounts included an implicit rate subsidy adjustment of $10.8 million and $9.6 million for the years ended December 31, 2022 and 2021, respectively. There were no additional prior year implicit rate subsidy adjustments for the year ended December 31, 2022.

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefits. Under GASB Statement No. 75, the discount rate depends on the nature of underlying assets for funded plans. Since the amount of benefits paid in 2021 and 2020 exceeded the current market value of the assets, a depletion date is assumed to occur immediately. Therefore, the discount rate is set equal to the municipal bond index. The MTA elected the Bond Buyer 20-Bond General Obligation Index. As a result, the discount rates as of December 31, 2021 and December 31, 2020, the measurement dates, are 2.06% and 2.12%, respectively.

Employer contributions include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy arises when an employer allows a retiree and their dependents to continue on the active plans and pay the active premiums. Retirees are not paying the true cost of their benefits because they have higher utilization rates than actives and therefore are partially subsidized by the active employees. As shown in the following table, for the years ended December 31, 2021 and 2020, the employer made a cash payment for retiree healthcare of $9.6 million and $16.4 million, respectively, as part of the employer's payment for active-employee healthcare benefits. For purposes of GASB Statement No. 75, this payment made on behalf of the active employees should be reclassified as benefit payments for retiree health care to reflect the retirees' underlying age-adjusted, retiree benefit costs (in thousands).

Blended and Age-adjusted Premium	2021 Retirees	2020 Retirees
	(in thousands)	
Total blended premiums	$ 551,980	$ 473,163
Employment payment for retiree healthcare	9,651	16,435
Net payments	$ 561,631	$ 489,598

Net OPEB Liability

The Authority's proportionate share of the Plan's net OPEB liability reported at December 31, 2022 and 2021 was measured as of the OPEB Plan's fiscal year-end of December 31, 2021 and 2020, respectively. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of July 1, 2021 and July 1, 2019 and rolled forward to December 31, 2021 and 2020, respectively. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating employers. The following table presents the Authority's proportionate share of the net OPEB liability and corresponding proportion percentage at the measurement date (in thousands):

	December 31, 2021	December 31, 2020
The Authority's proportion of the net OPEB liability	70.825 %	67.555 %
The Authority's proportionate share of the net OPEB liability	$ 17,675,397	$ 16,489,792

OPEB Plan Fiduciary Net Position—The fiduciary net position has been determined on the same basis used by the OPEB plan. The OPEB plan uses the accrual basis of accounting under which contributions from the employer are recognized when paid. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value based on quoted market prices or net asset value.

Actuarial Assumptions

Actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality and health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan, which refers to the plan terms as understood by the employer and the plan members at the time of the valuation, including only changes to plan terms that have been made and communicated to employees. The projections include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members at that time. The Authority may not be obligated to provide the same types or levels of benefits to retirees in the future.

The total OPEB liability was determined by actuarial valuations performed on July 1, 2021 and July 1, 2019. Update procedures were used to roll forward the total OPEB liability to December 31, 2021 and

2020, the measurement dates, respectively. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless specified:

Valuation date	July 1, 2021	July 1, 2019
Measurement date	December 31, 2021	December 31, 2020
Discount rate	2.06%, net of expenses	2.12%, net of expenses
Inflation	2.30%	2.25%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll	Level percentage of payroll
Normal cost increase factor	4.25%	4.25%
Salary increases	Varies by years of service and differs for members of the various Pension Plans	Varies by years of service and differs for members of the various Pension Plans
Investment rate of return	2.06%	2.12%

Salary Scale—Salary increases vary by years of service and differ for members of NYCERS and the MaBSTOA Plan. Rates are shown below for the measurement date December 31, 2021:

			MaBSTOA	
Years of Service	**NYCERS Rate of Increase**	**Years of Service**	**Operating Employee Rate**	**Non-operating Employee Rate**
0	19.00 %	0	12.00 %	6.00 %
1	14.00	1	12.00	7.00
2	10.00	2	15.00	6.50
3	9.00	3	5.00	6.25
4	6.00	4	3.00	6.00
5	5.00	5–9	3.00	4.50
6–22	4.50	10	3.00	4.30
23+	4.00	11	3.00	4.10
		12	3.00	3.90
		13	3.00	3.80
		14	3.00	3.70
		15	3.00	3.60
		16	3.00	3.50
		17	3.00	3.40
		18	3.00	3.30
		19+	3.00	3.25

Healthcare Cost Trend—The healthcare trend assumption is based on the Society of Actuaries-Getzen Model version 2021 utilizing the baseline assumptions included in the model, except inflation of 2.25% for medical and pharmacy benefits. Further adjustments apply based on percentage of costs associated with administrative expenses, inflation on administrative costs, and aging factors. For NYSHIP benefits, trends are multiplied by 90% to reflect that NYSHIP trends have been generally lower than trends projected by the Getzen model over the past 10 years. Separate long-term trends are used for Medicare Part B reimbursements and for dental and vision benefits (3.5% per year). The self-insured trend is applied directly for represented employees. No self-insured post-65 trend is assumed during 2021 to reflect the approximately 90% reduction in the contracted Medicare Advantage plan premiums for 2022.

Healthcare Cost Trend Rates—The following lists illustrative rates for the NYSHIP and self-insured trend assumptions for the measurement date December 31, 2021:

	NYSHIP Trend		Self-Insured Trend	
Trend from Year Ending	**Pre-65 Trend**	**Post-65 Trend**	**Pre-65 Trend**	**Post-65 Trend**
2021 to 2022	5.30 %	4.60 %	5.90 %	0.00 %
2022 to 2023	5.10	4.60	5.60	5.10
2023 to 2024	4.80	4.60	5.40	5.10
2024 to 2025	4.60	4.60	5.10	5.10
2025 to 2026	4.50	4.50	5.00	5.00
2026 to 2027	4.40	4.40	4.90	4.80
2027 to 2028	4.30	4.30	4.70	4.70
2028 to 2029	4.20	4.20	4.60	4.60
2029 to 2030	4.00	4.00	4.50	4.50
2030 to 2031	3.90	3.90	4.40	4.40
2040 to 2041	3.90	3.90	4.30	4.30
2050 to 2051	3.80	3.80	4.20	4.20
2060 to 2061	3.80	3.80	4.20	4.20
2070 to 2071	3.50	3.50	3.90	3.90
2080 to 2081	3.30	3.30	3.70	3.70
2090 to 2091	3.30	3.30	3.70	3.70
2100 to 2101	3.30	3.30	3.70	3.70

For purposes of applying the Entry Age Normal cost method, the healthcare trend prior to the valuation date is based on the ultimate rates, which are 3.3% for NYSHIP costs, 3.7% for self-insured medical and pharmacy costs, and 3.6% for Medicare Part B costs.

Mortality— All mortality rates (except accidental death for active police members) are projected on a generational basis using the Society of Actuaries Mortality Improvement Scale MP-2021. As generational tables, they reflect mortality improvement both before and after the measurement date. The post-retirement mortality assumption is based on an experience analysis covering the period from January 1, 2015 to December 31, 2020 for the MTA-sponsored pension plans. The mortality rates vary by employee type.

For the Authority, the mortality rates are based on the Pri.H-2012(BC) Mortality Table, headcount weighted with blue collar adjustments for males and females with separate rates for employees, healthy annuitants and disabled annuitants. Employee and healthy annuitant male rates are multiplied by 92%.

Expected Rate of Return on Investments—The best-estimate range for the long-term expected rate of return was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions as of December 31, 2021 are as follows:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Cash	BAML 3-Mo Tbill	100.00 %	-0.26%
Assumed Inflation—Mean			2.30 %
Assumed Inflation—Standard Deviation			1.23 %
Portfolio Nominal Mean Return			2.03 %
Portfolio Standard Deviation			1.11 %
Long Term Expected Rate of Return selected by MTA			2.06 %

Discount Rate—The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Therefore, the discount rate is set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of December 31, 2021 and 2020 of 2.06% and 2.12%, respectively.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate—The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the actual discount rate used for the measurement:

	December 31, 2021			December 31, 2020		
	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)	1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
		(in thousands)			(in thousands)	
Proportionate share of the net OPEB liability	$ 20,438,272	$ 17,675,397	$ 15,432,891	$ 18,981,683	$ 16,489,805	$ 14,451,653

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates—The following presents the Authority's proportionate share of the net OPEB liability, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates used for the measurement:

	December 31, 2021			December 31, 2020		
	1% Decrease	Healthcare Cost Current Trend Rate * (in thousands)	1% Increase	1% Decrease	Healthcare Cost Current Trend Rate * (in thousands)	1% Increase
Proportionate share of the net OPEB liability	$ 15,013,791	$ 17,675,397	$ 21,084,009	$ 13,913,383	$ 16,489,792	$ 19,790,306

* For further details, refer to the Health Care Cost Trend Rates tables in the Actuarial Assumptions section of this Note Disclosure.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—For the year ended December 31, 2022 and 2021, the Authority recognized OPEB expense of $1.4 billion and $1.3 billion, respectively, which represents its proportionate share of the Plan's OPEB expense.

The annual differences between the projected and actual earnings on investments are amortized over a 5-year closed period beginning the year in which the difference occurs. The annual differences between expected and actual experience, changes in assumptions and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a 7.6-year close period, beginning the year in which the deferred amount occurs.

At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows ($ in thousands):

	December 31, 2022		December 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 293,351	$ 29,723	$ 130,326	$ 33,782
Changes in assumptions	1,382,672	1,040,210	1,589,762	723,075
Net difference between projected and actual earnings on OPEB plan investments	33,369	-	40,906	-
Changes in proportion and differences between contributions and proportionate share of contributions	768,309	184,779	140,747	215,071
Employer contributions to the plan subsequent to the measurement of net OPEB liability	589,589	-	576,808	-
Total	$ 3,067,290	$ 1,254,712	$2,478,549	$ 971,928

For the year ended December 31, 2022 and 2021, $589.5 million and $576.8 million, respectively, were reported as deferred outflows of resources related to OPEB resulting from both the Authority's contributions subsequent to the measurement date and an implicit rate subsidy adjustment. These amounts include both the Authority's contributions subsequent to the measurement date and an implicit rate subsidy adjustment that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023 and December 31, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at December 31, 2022 will be recognized in OPEB expense as follows:

Year Ending December 31:	
2023	$ 192,410
2024	186,321
2025	138,979
2026	194,388
2027	263,567
Thereafter	247,324
Total	$ 1,222,989

9. LOANS PAYABLE

Loans Payable—The MTA and the New York Power Authority (NYPA) entered into an updated Energy Services Program Agreement (ESP Agreement). The ESP Agreement authorized the Authority, as an affiliate of the MTA, to enter into a Customer Installation Commitment (CIC) with NYPA for turn-key, energy efficiency projects, which would usually be long-term funded and constructed by NYPA. The repayment period for the NYPA loan can be up to 20 years, but can be repaid at any time without penalty.

The debt service requirements at December 31, 2022 are as follows (in thousands):

Year	**Principal**	**Interest**	**Total**
2023	$ 6,366	$1,624	$ 7,990
2024	6,389	1,418	7,807
2025	6,341	1,216	7,557
2026	6,043	1,015	7,058
2027	6,019	824	6,843
2028–2032	20,901	1,633	22,534
2033–2037	1,064	27	1,091
Total	$53,123	$7,757	$60,880
Less current portion	6,366		
Long-term loans payable	$46,757		

The above interest amounts include both fixed and variable rate calculations. Interest on the variable-rate loan is paid at the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) rate and is reset annually. The SIFMA rate as of December 31, 2022 was 3.66%.

10. RELATED PARTY TRANSACTIONS

The Authority receives support services from the MTA in the areas of budget, cash management, finance, legal, real estate, treasury, risk and insurance management, and other services, most of which are charged back to the Authority through intercompany billings. The MTA also provides funding for the Authority's capital program via MTA debt issuance, federal capital grant pass-throughs, and proceeds from the sale of tax benefits on leasing transactions. The Authority recognizes funds contributed to Transit capital programs as contributed capital in the consolidated statements of revenues, expenses, and changes in net position. State and City tax—supported subsidies received by the Authority from the MTA to support operations are recorded as nonoperating revenues. The MTA also provides short-term loans, as required, to supplement the Authority's working capital needs. In 2020, the MTA provided $800.0 million to the Authority as a short-term loan, which was paid back at the end of 2021.

The Authority has intercompany transactions with MTA, MNCR, LIRR, MTA Bus, TBTA, and SIRTOA related to farecard settlements, service agreements, shared operating contracts, inter-agency loan transactions, and other operating receivables and payables.

The resulting receivables and payables from the above transactions are recorded in Due from / Payable to MTA and constituent authorities, Due from / to MTA for the purchase of capital assets and MTA loan, included in the accompanying consolidated statements of net position.

Related party transactions consist of the following at December 31, 2022 and 2021 (in thousands):

	2022		2021	
	Receivable	(Payable)	Receivable	(Payable)
MTA	$ 11,044,559	$ (6,500,143)	$ 6,428,072	$ (5,703,763)
Constituent authorities	129,189	(22,471)	138,290	(23,218)
Total MTA and constituent authorities	$ 11,173,748	$ (6,522,614)	$ 6,566,362	$ (5,726,981)

Shown as a separate line item on the statements of net position under due from MTA for purchase of capital assets is a balance of $1,026,738 and $975,476 as of December 31, 2022 and 2021, respectively.

11. FUEL HEDGE

MTA partially hedges its fuel cost exposure using financial hedges. All MTA fuel hedges provide for up to 24 monthly settlements. The table below summarizes the active ultra-low sulfur diesel (ULSD) hedges in whole dollars:

Counterparty	**JPMorgan**	**Goldman Sachs**	**JPMorgan**	**Goldman Sachs**	**BOA_ Merrill**	**Goldman Sachs**
Trade Date	1/26/2021	2/23/2021	3/31/2021	4/29/2021	6/2/2021	6/29/2021
Effective Date	1/1/2022	2/1/2022	3/1/2022	4/1/2022	5/1/2022	6/1/2022
Termination Date	12/31/2022	1/31/2023	2/28/2023	3/31/2023	4/30/2023	5/31/2023
Price/Gal	$1.61	$1.78	$1.81	$1.94	$2.05	$2.06
Notional Qnty (Gal)	2,862,779	2,826,759	2,826,761	2,826,752	2,826,757	2,826,738

Counterparty	**JPMorgan**	**BOA_ Merrill**	**BOA_ Merrill**	**BOA_ Merrill**	**Cargill**	**Goldman Sachs**
Trade Date	7/27/2021	8/31/2021	9/29/2021	10/25/2021	11/30/2021	12/28/2021
Effective Date	7/1/2022	8/1/2022	9/1/2022	10/1/2022	11/1/2022	12/1/2022
Termination Date	6/30/2023	7/31/2023	8/31/2023	9/30/2023	10/31/2023	11/30/2023
Price/Gal	$2.05	$2.03	$2.15	$2.29	$2.01	$2.22
Notional Qnty (Gal)	2,826,751	2,826,725	2,826,740	2,826,749	2,826,751	2,826,765

Counterparty	**Goldman Sachs**	**Cargill**	**Cargill**	**Cargill**	**Goldman Sachs**	**Goldman Sachs**
Trade Date	1/25/2022	2/28/2022	3/31/2022	4/28/2022	5/31/2022	6/27/2022
Effective Date	1/1/2023	2/1/2023	3/1/2023	4/1/2023	5/1/2023	6/1/2023
Termination Date	12/31/2023	1/31/2024	2/29/2024	3/31/2024	4/30/2024	5/31/2024
Price/Gal	$2.36	$2.50	$2.75	$2.87	$2.95	$3.02
Notional Qnty (Gal)	2,826,779	2,826,759	2,826,761	2,826,752	2,826,757	2,826,738

Counterparty	**BOA_ Merrill**	**BOA_ Merrill**	**Cargill**	**BOA_ Merrill**	**BOA_ Merrill**	**Goldman Sachs**
Trade Date	7/25/2022	8/29/2022	9/29/2022	10/25/2022	11/30/2022	12/28/2022
Effective Date	7/1/2023	8/1/2023	9/1/2023	10/1/2023	11/1/2023	12/1/2023
Termination Date	6/30/2024	7/31/2024	8/31/2024	9/30/2024	10/31/2024	11/1/2024
Price/Gal	$2.87	$2.96	$2.68	$2.74	$2.76	$2.70
Notional Qnty (Gal)	2,826,751	2,826,725	2,826,740	2,826,749	2,826,751	2,826,765

The monthly settlements are based on the daily prices of the respective commodities whereby MTA will either receive a payment, or make a payment to the various counterparties, depending on the average monthly price of the commodities in relation to the contract prices. At a contract's termination date, the Authority will take delivery of the fuel. As of December 31, 2022, the total outstanding notional value of the ULSD contracts was 52.1 million gallons with a positive fair market value of $19.2 million. The valuation of each trade was based on discounting future net cash flows to a single current amount (the income approach) using observable commodity futures prices (Level 2 inputs).

The Transit Authority recognized a fuel hedge loss of $1.0 million and $0.02 million in 2022 and 2021, respectively.

12. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of its assets; injuries to persons, including employees; and natural disasters.

The Authority is self-insured up to certain per occurrence limits for liability claims arising from injuries to persons, excluding employees. For claims arising from incidents that occurred on or after November 1, 2001, but before November 1, 2006, the self-insured retention limit was $7 million per occurrence. Claims arising on or after November 1, 2006, but before November 1, 2009 were subject to an $8 million limit. Effective November 1, 2009, the retention limit was increased to $9 million per occurrence and effective November 1, 2012, the retention limit was increased to $10 million. Effective October 31, 2015, the self-insured retention limit was increased to $11 million. Lower limits applied for claims arising prior to November 1, 2001. The Authority is self-insured for work-related injuries to employees. The annual cost associated with injuries to persons, other than employees, and damage to third-party property, is reflected in expenses as public liability claims in the accompanying consolidated statements of revenues, expenses and change in net position.

The Authority establishes its liability for injuries to employees and to the general public on the basis of independent actuarial estimates of future liability.

A summary of activity in estimated liability arising from injuries to persons, including employees, and damage to third-party property, for the years ended December 31, 2022 and 2021, is as follows (in thousands):

	2022	2021
Balance at beginning of year	$3,619,531	$3,397,276
Activity during the year:		
Current year claims and changes in estimates	646,948	498,082
Claims paid	(352,175)	(275,827)
Balance at end of year	3,914,304	3,619,531
Less current portion	(391,719)	(369,470)
Long-term liability	$3,522,585	$3,250,061

Liability Insurance—First Mutual Transportation Assurance Company (FMTAC), an insurance captive subsidiary of MTA, operates a liability insurance program (ELF) that insures certain claims in excess of the self-insured retention limits of the agencies on both a retrospective (claims arising from incidents that occurred before October 31, 2003) and prospective (claims arising from incidents that occurred on or after October 31, 2003) basis. For claims arising from incidents that occurred on or after November 1, 2006, but before November 1, 2009, the self-insured retention limit is: $8 million for the Authority. For claims arising from incidents that occurred on or after November 1, 2009, but before November 1, 2012, the self-insured retention limit is: $9 million for Authority. Effective November 1, 2012, the self-insured retention limits for ELF was increased to $10 million for the Authority. Effective October 31, 2015 the self-insured retention limit for ELF was increased to $11 million for the Authority. The maximum amount of claims arising out of any one occurrence is the total assets of the program available for claims, but in no event greater than $50 million. The retrospective portion contains the same insurance agreements, participant retentions, and limits as existed under the ELF program for occurrences happening on or before October 30, 2003. On a prospective basis, FMTAC issues insurance policies indemnifying the other MTA Group entities above their specifically assigned self-insured retention with a limit of $50 million per occurrence with a $50 million annual aggregate. FMTAC charges appropriate annual premiums based on loss experience and exposure analysis to maintain the fiscal viability of the program. On December 31, 2022, the balance of the assets in this program was $174.0 million.

MTA also maintains an All-Agency Excess Liability Insurance Policy that affords the MTA Group additional coverage limits of $357.5 million for a total limit of $407.5 million ($357.5 million excess of $50 million). In certain circumstances, when the assets in the program described in the preceding paragraph are exhausted due to payment of claims, the All-Agency Excess Liability Insurance will assume the coverage position of $50 million.

On March 1, 2022, the "nonrevenue fleet" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA Long Island Rail Road, MTA Staten Island Railway, MTA Police, MTA Metro-North Railroad, MTA Inspector General, MTA Construction & Development Company, and MTA Headquarters with the exception of the Authority.

On March 1, 2022, the "Access-A-Ride" automobile liability policy program was renewed. This program provides third-party auto liability insurance protection for the MTA New York City Transit's Access-A-Ride program, including the contracted operators. This policy provides a $1 million per occurrence limit excess of a $2 million self-insured retention.

Property Insurance—Effective May 1, 2022, FMTAC renewed the all-agency property insurance program. For the annual period commencing May 1, 2022, FMTAC directly insures property damage claims of the Related Entities* in excess of a $25 million per occurrence deductible, subject to an annual $75 million aggregate deductible. The total All Risk program annual limit is $500 million per occurrence and in the annual aggregate for Flood and Earthquake covering property of the Related Entities collectively. FMTAC is reinsured in the domestic, Asian, London, European and Bermuda reinsurance markets for this coverage.

*Related entities are Triborough Bridge and Tunnel Authority, Metro-North Commuter Railroad Company, The Long Island Rail Road Company, New York City Transit Authority, Staten Island Rapid Transit Operating Authority, MTA Bus Company, MTA Construction & Development Company and MTA Grand Central Madison Concourse Operating Company.

Losses occurring after exhaustion of the deductible aggregate are subject to a deductible of $7.5 million per occurrence. In addition to the noted $25 million per occurrence self-insured deductible, MTA self-insures above that deductible for $85.731 million within the overall $500 million per occurrence property program as follows: $13.296 million (or 26.59%) of the primary $50 million layer, plus $17.127 million (or 34.25%) of the $50 million excess $50 million layer, plus $8.08 million (or 16.16%) of the $50 million excess $100 million layer, plus $2.845 million (or 5.69%) of the $50 million excess $150 million layer, plus $1.398 million (or 2.79%) of the $50 million excess $200 million layer, plus $10.559 million (or 21.11%) of the $50 million excess $250 million layer, plus $9.182 million (or 18.36%) of the $50 million excess $300 million layer, plus $6.247 million (or 12.49%) of the $50 million excess $350 million layer, plus $8.747 million (or 17.49%) of the $50 million excess $400 million layer, and $8.247 million (or 16.49%) of the $50 million excess $450 million layer.

The property insurance policy provides replacement cost coverage for all risks (including Earthquake, Flood and Wind) of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverage.

Supplementing the $500 million per occurrence noted above, FMTAC's property insurance program has been expanded to include a further layer of $100 million of fully collateralized earthquake coverage for an event of a certain index value and for storm surge coverage for losses from storm surges that surpass specified trigger levels in the New York Harbor or Long Island Sound and are associated with named storms that occur at any point in the three year period from May 12, 2020 to April 30, 2023. The expanded protection is reinsured by MetroCat Re Ltd. 2020-1, a Bermuda special purpose insurer independent from the MTA and formed to provide FMTAC with capital markets based property reinsurance. The MetroCat Re Ltd. 2020-1 reinsurance policy is fully collateralized by a Regulation 114 trust invested in U.S. Treasury Money Market Funds. The additional coverage provided is parametric and available for storm surge losses resulting from a storm that causes water levels that reach the specified index values, and also for an earthquake event of a certain index value.

With respect to acts of terrorism, FMTAC provides direct coverage that is reinsured by the United States Government for 80% of "certified" losses, as covered by the Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) of 2019. The remaining 20% of the Related Entities' losses arising from an act of terrorism would be covered under the additional terrorism policy described below. No federal compensation will be paid unless the aggregate industry insured losses exceed a trigger of $200 million. The United States government's reinsurance is in place through December 31, 2027.

To supplement the reinsurance to FMTAC through the TRIPRA, MTA obtained an additional commercial reinsurance policy with various reinsurance carriers in the domestic, London and European marketplaces. That policy provides coverage for (1) 20% of any "certified" act of terrorism up to a maximum recovery of $215 million for any one occurrence and in the annual aggregate (2) the TRIPRA FMTAC captive deductible (per occurrence and on an aggregated basis) that applies when recovering under the "certified" acts of terrorism insurance or (3) 100% of any "certified" terrorism loss which exceeds $5 million and less than the $200 million TRIPRA trigger up to a maximum recovery of $200 million for any occurrence and in the annual aggregate.

Additionally, MTA purchases coverage for acts of terrorism which are not certified under TRIPRA to a maximum of $215 million. Recovery under the terrorism policy is subject to a deductible of $25 million per occurrence and $75 million in the annual aggregate in the event of multiple losses during the policy year. Should the Related Entities' deductible in any one year exceed $75 million future losses in that policy year are subject to a deductible of $7.5 million. The terrorism coverages expire at midnight on May 1, 2023.

No FMTAC reimbursements were processed for the 21 claims for the Authority at December 31, 2022. At December 31, 2022, FMTAC had $1,113 million of assets to insure current and future claims.

13. CONTINGENCIES

The Authority is involved in various litigation and claims involving personal liability claims and certain other matters. The ultimate outcome of these claims and suits cannot be predicted at this time. Nevertheless, management does not believe that the ultimate outcome of these matters will have a material effect on the consolidated financial position of the Authority.

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the MTA or the Authority have been infrequent in prior years.

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, in 2022 and 2021, the Authority recognized $0.5 million and $35.2 million, respectively, in pollution remediation expenses. The expense provision was measured at its current value utilizing the prescribed expected cash flow method (see Note 2). Pollution remediation obligations are estimates and subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations. The Authority does not expect any recoveries of cost that would have a material effect on the recorded obligations.

A summary of the activity in pollution remediation liability at December 31, 2022 and 2021, were as follows (in thousands):

	2022	**2021**
Balance at beginning of year	$ 97,424	$ 99,635
Activity during the year:		
Changes in estimates	483	35,227
Payments	888	(37,438)
Balance at end of year	98,795	97,424
Less current portion	(19,759)	(19,485)
Long-term liability	$ 79,036	$ 77,939

The Authority's pollution remediation liability primarily consists of future remediation activities associated with asbestos removal, lead abatement, ground water contamination, and soil remediation.

14. CONDENSED COMPONENT UNIT INFORMATION

The following table presents condensed financial information for MaBSTOA, a blended component unit of the Authority (in thousands):

December 31:	**2022**	**2021** (Restated)
Current assets	$ 8,324	$ 8,470
Capital assets	751,841	681,589
Deferred outflows of resources	326,069	351,830
Total assets and deferred outflows of resources	1,086,234	1,041,889
Current liabilities	513,937	582,624
Non-current liabilities	1,683,629	1,807,740
Deferred inflows of resources	127,897	3,896
Total liabilities and deferred inflows of resources	2,325,463	2,394,260
Net Investment in capital assets	739,175	667,763
Unrestricted	(1,978,404)	(2,020,134)
Total net position	$ (1,239,229)	$ (1,352,371)
For the Year Ended December 31:		
Fare revenue	$ 266,245	$ 249,883
Advertising and other revenue	14,606	14,499
Total operating revenue	280,851	264,382
Total labor expenses	1,161,241	1,173,324
Total non-labor expenses	151,787	138,649
Depreciation	102,671	89,165
Total operating expenses	1,415,699	1,401,138
Operating (deficit) surplus	(1,134,848)	(1,136,756)
Loss before capital contributions	(1,134,848)	(1,136,756)
Capital contributions	1,247,990	1,160,552
Change in net position	113,142	23,796
Net position, beginning of the year	(1,352,371)	(1,376,167)
Net position, end of year	$ (1,239,229)	$ (1,352,371)

15. NOVEL CORONAVIRUS (COVID-19)

On March 12, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in the face of the global spread of the virus. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China, and has since spread globally, including to the United States and to New York State. On March 7, 2020, Governor Cuomo declared a Disaster Emergency in the State of New York. On March 13, 2020, President Trump declared a national state of emergency as a result of the COVID-19 pandemic. By order of Governor Cuomo ("New York State on PAUSE"), effective March 22, 2020, all non-essential businesses Statewide were required to be closed, among other restrictive social distancing and related measures. The PAUSE order was lifted on May 15, 2020 for five New York regions that met the requirements to start opening. However, a new order was signed by Governor Cuomo on May 15, 2020 extending the PAUSE to June 13, 2020 for New York City, Long Island, and the Hudson Valley. The impact of social distancing and subsequent State governmental orders limiting non-essential activities caused by the COVID-19 pandemic resulted in a sharp decline in the utilization of MTA services, dramatic declines in MTA public transportation system ridership and fare revenues, and MTA Bridge and Tunnel crossing traffic and toll revenues. A significant development was the impact of COVID-19 vaccinations on the MTA region. Capacity restrictions on restaurants, bars, event venues and businesses put in place due to COVID-19 were mostly removed on May 19, 2021, and all remaining restrictions were eliminated on June 15, 2021 after the State reached its goal of 70% of adults receiving at least a first dose of the vaccine. MTA has seen ridership steadily improve since the low point of ridership during the pandemic in 2020; but continues to be well-below 2019 levels.

Coronavirus Aid, Relief and Economic Security Act ("CARES Act'). The CARES Act is a $2.2 trillion economic stimulus bill passed by Congress and signed into law by the President on March 27, 2020 in response to the economic fallout of the COVID-19 pandemic in the United States. The CARES Act through the Federal Transit Administration's ("FTA") formula funding provisions provided approximately $4 billion to MTA. Funding was provided at a 100 percent Federal share, with no local match required, and is available to support operating, and other expenses generally eligible under those programs and incurred beginning on January 20, 2020, to prevent, prepare for, and respond to the COVID-19 pandemic, including operating service for essential workers, such as medical personnel and first responders. On May 8, 2020, the FTA approved MTA's initial grant application of $3.9 billion. On June 25, 2020, FTA approved an amendment to the initial CARES Act grant adding approximately $98 million in additional formula grant allocations to MTA for a CARES Act grant total of $4.0 billion. As of December 31, 2020, a total of $4.0 billion was released to MTA for operating assistance that occurred from January 20, 2020, through July 31, 2020. The MTA has received all CARES Act funding as provided in the first congressional relief package.

Federal Reserve Bank of New York's Municipal Liquidity Facility LLC ("MLF"). Due to the COVID-19 pandemic, the Federal Reserve established the MLF in April 2020 as a source of emergency financing by being available to purchase up to $500 billion of short-term notes from state and local governments and certain public entities to ensure they had access to credit during the COVID-19 pandemic. MTA was able to utilize the MLF twice before the MLF window closed at the end of December 2020. On August 26, 2020, MTA directly placed with the MLF $450.72 million Transportation Revenue BANs, Series 2020B, which were issued to retire existing Transportation Revenue BANs maturing on September 1, 2020. The MTA subsequently retired the MLF $450.72 million Transportation Revenue BANs, Series 2020B, with an issuance of Dedicated Tax Funds bonds on March 1, 2022. MTA issued into the MLF a second time by directly placing $2.907 billion Payroll Mobility Tax BANs issued for working capital on December 17, 2020. The $2.907 billion MLF loan matures in December 2023. In December 2022, the

MTA Board authorized the MTA to place MTA funds and unspent proceeds in an Interim Redemption Subaccount, for the purpose of redeeming the BANs at or before maturity. Subsequently, MTA transferred $2.907 billion into the Interim Redemption Subaccount pursuant to such Board approval.

Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA"). On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriation Act of 2021 ("CRRSAA") that includes $900 billion for various COVID-19 economic relief programs to address hardships caused by the coronavirus pandemic and a $1.4 trillion government funding package to fund the government through September 30, 2021. Included in the legislation is $45 billion in financial assistance to the transportation industry, including $16 billion for another round of airline employee and contractor payroll support: $14 billion for transit; $10 billion for highways; $2 billion for intercity buses; $2 billion for airports; and $1 billion for Amtrak. The MTA received $4.1 billion in aid from the CRRSAA between December 2021 of $0.6 million and January 2022 of $3.5 billion. Release of such funds by the FTA was awaiting agreement of the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021.

American Rescue Plan Act ("ARPA"). On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 ("ARPA"). The $1.9 trillion package is intended to combat the COVID-19 pandemic, including the public health and economic impacts. The package includes $30 billion of direct federal aid to transportation agencies. Release of such funds was awaiting agreement on the final allocation of CRRSAA and ARPA monies among the states of New York, New Jersey, and Connecticut which was made on November 9, 2021. The MTA received $6.1 billion in aid from ARPA in 2022. In September of 2021, additional Assistance Funding was made available to transit systems demonstrating additional pandemic associated needs. MTA received $769 million in additional aid in the fourth quarter of 2022.

Federal Emergency Management Agency ("FEMA") Reimbursement. The MTA is eligible for FEMA payments which are expected to cover expenses related to the COVID-19 pandemic, over and above normal emergency costs that are not covered by other federal funding. An estimated $783.4 million of direct COVID-19 related expenses incurred from the start of the pandemic through July 1, 2022, was submitted by MTA to the New York State Department of Budget (DOB), which is the agency managing Covid-19 related expense reimbursement from FEMA.

16. SUBSEQUENT EVENTS

On January 17, 2023 and January 24, 2023, MTA prepaid the 2023 and 2024 projected Actuarially Determined Contributions ("ADCs") for MTA-Sponsored Pension Plans. The prepayment amounts for the MaBSTOA Pension Plan for each year were $166.8 million and $161.6 million, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS FOR THE MABSTOA PENSION PLAN AT DECEMBER 31
(In millions)

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	$ 94	$ 95	$ 90	$ 87	$ 84	$ 82	$ 77	$ 72
Interest	274	267	265	256	246	237	233	224
Differences between expected and actual experience	(19)	(1)	9	6	12	14	(69)	(2)
Change of assumptions	72	-	169	-	6	-	-	-
Benefit payments and withdrawals	(245)	(238)	(221)	(214)	(209)	(188)	(180)	(175)
Net change in total pension liability	176	123	312	135	139	145	61	119
Total pension liability—beginning	4,246	4,123	3,811	3,676	3,537	3,392	3,331	3,212
Total pension liability—ending(a)	4,422	4,246	4,123	3,811	3,676	3,537	3,392	3,331
Fiduciary net position:								
Employer contributions	156	159	206	205	202	221	215	226
Member contributions	25	25	24	22	20	19	16	15
Net investment income	416	60	447	(88)	350	212	(24)	105
Benefit payments and withdrawals	(245)	(238)	(221)	(214)	(209)	(188)	(180)	(175)
Administrative expenses	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	352	6	456	(75)	363	264	27	171
Plan fiduciary net position—beginning	3,307	3,300	2,844	2,919	2,556	2,292	2,265	2,094
Plan fiduciary net position—ending(b)	3,659	3,306	3,300	2,844	2,919	2,556	2,292	2,265
Employer's net pension liability—ending(a)-(b)	$ 763	$ 940	$ 823	$ 967	$ 757	$ 981	$ 1,100	$ 1,066
Plan fiduciary net position as a percentage of the total pension liability	82.7 %	77.9 %	80.0 %	74.6 %	79.4 %	72.3 %	67.6 %	68.0 %
Covered-employee payroll	769	802	787	776	750	717	687	653
Employer's net pension liability as a percentage of covered-employee payroll	99.2 %	117.1 %	104.6 %	124.6 %	100.9 %	136.8 %	160.1 %	163.2 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2014.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY IN THE NYCERS PENSION PLAN AT JUNE 30
(In millions)

	2022	2021	2020	2019	2018	2017	2016	2015
The Authority's proportion of the net pension liability	20.975 %	21.285 %	23.207 %	23.271 %	22.527 %	22.788 %	22.227 %	22.380 %
The Authority's proportionate share of the net pension liability	$ 3,798	$ 1,365	$ 4,892	$ 4,310	$ 3,973	$ 4,732	$ 5,400	$ 4,530
The Authority's actual covered-employee payroll	$ 3,726	$ 3,504	$ 3,388	$ 3,256	$ 3,090	$ 3,024	$ 2,930	$ 2,862
The Authority's proportionate share of the net pension liability as a percentage of the Authority's covered-employee payroll	101.932 %	38.955 %	144.392 %	132.371 %	128.576 %	156.481 %	184.300 %	158.277 %
Plan fiduciary net position as a percentage of the total pension liability	81.276 %	93.144 %	76.933 %	78.836 %	78.826 %	74.805 %	69.568 %	73.125 %

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available. In accordance with GASB No. 68, information was not readily available for periods prior to 2015.

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS
FOR THE YEARS ENDED DECEMBER 31
(In millions)

MaBSTOA	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Actuarially Determined Contribution	$ 158.6	$ 156.2	$ 159.5	$ 209.3	$ 202.5	$ 202.9	$ 220.7	$ 214.9	$ 226.4	$ 234.5
Actual Employer Contribution	$ 158.6	156.2	159.5	206.4	205.4	202.7	220.7	214.9	226.4	234.5
Contribution Deficiency (Excess)	$	$ -	$ -	$ 2.9	$ (2.9)	$ 0.2	$ -	$ -	$ -	$ -
Covered Payroll	775.5	768.9	802.1	786.6	776.2	749.7	716.5	686.7	653.3	582.1
Contributions as a % of Covered Payroll	20.45 %	20.31 %	19.9 %	26.2 %	26.5 %	27.0 %	30.8 %	31.3 %	34.7 %	40.3 %

NYCERS	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Actuarially Determined Contribution	$ 765.3	$ 807.7	$ 841.9	$ 904.1	$ 768.4	$ 759.6	$ 753.2	$ 694.4	$ 708.2	$ 702.9
Actual Employer Contribution	$ 765.3	$ 807.7	841.9	904.1	768.4	759.6	753.2	694.4	708.2	702.9
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	3,725.8	3,518.0	3,644.7	3,784.2	3,841.0	3,624.4	3,386.1	3,344.3	3,449.1	2,811.1
Contributions as a % of Covered Payroll	20.5 %	23.0 %	23.1 %	23.9 %	20.0 %	21.0 %	22.2 %	20.8 %	20.5 %	25.0 %

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS:

The following actuarial methods and assumptions were used in the January 1, 2021 and 2020 funding valuation for the MaBSTOA pension plan as follows:

	MaBSTOA	
Valuation Date	January 1, 2021	January 1, 2020
Measurement Date	December 31, 2021	December 31, 2020
Actuarial cost method	Frozen Initial Liability (FIL)	Frozen Initial Liability (FIL)
Amortization method	For FIL bases, 15 years for Fresh start base as of 1/1/2021. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.	For FIL bases, 15 years for Fresh start base as of 1/1/2020. Future gains/losses are amortized through the calculation of the normal cost in accordance with the FIL cost method amortized based on expected working lifetime, weighted by salary, of the projected population.
Asset Valuation Method	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.	Actuarial value equals market value less unrecognized gains/losses over a 5-year period. Gains/losses are based on market value of assets.
Actuarial assumptions:		
Discount Rate	6.5%	6.5%
Investment rate of return	6.5%, net of investment expenses	6.5%, net of investment expenses
Mortality	Based on experience of all MTA-sponsored pension plan members from January 1, 2015 - December 31, 2020 reflecting mortality improvement on a generational basis using Scale MP-2021.	Based on experience of all MTA members reflecting mortality improvement on a generational basis using Scale AA.
Inflation	2.25% per annum	2.25% per annum
Salary increases	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.	Reflecting general wage, merit and promotion increases for operating and non-operating members. Varies by years of employment.
Overtime	Except for managerial employees, rates of overtime for operating employees vary by years of service and are applied to base salary ranging from 16% to 30%, and 3.0% of base salary for nonoperating employees regardless of the years of service. For Tier 6 members, all overtime was assumed to be less than the overtime cap.	Except for managerial employees, 8.5% of base salary for operating employees and 3.0% of base salary for nonoperating employees, with different assumptions used in the year before retirement. For Tier 6 members, all overtime was assumed to be less than the overtime cap.
Cost-of-Living Adjustments	60% of inflation assumption or 1.35%, if applicable	1.35% per annum
Rate of normal retirement	Rates vary by age, years of service at retirement and Tier/Plan.	Rates vary by age, years of service at retirement and Tier/Plan.

(1) Under this actuarial method, the initial liability has been established by the Entry Age Actuarial Cost Method for determining changes in the Unfunded Actuarial Accrued Liability (UAAL) due to plan provision and assumption changes.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO ALL PENSION PLANS:

Significant methods and assumptions used in calculating the actuarially determined contributions of an employer's proportionate share in a Cost Sharing, Multiple-Employer pension plan, the NYCERS Plan, should be presented as notes to the schedule. Factors that significantly affect trends in the amounts reported are changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions. Following is a summary of such factors.

Changes of Benefit Terms
There were no changes of benefit terms in the June 30, 2021 funding valuation.

Changes of Assumptions
There were no changes of benefit assumptions in the June 30, 2021 funding valuation.

(Concluded)

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY IN THE MTA OPEB PLAN AT
(In millions)

Plan Measurement Date (December 31)	2021	2020	2019	2018	2017
The Authority's proportion of the net OPEB liability	70.8 %	67.5 %	68.70 %	67.83 %	67.88 %
The Authority's proportionate share of the net OPEB liability	$ 17,675	$ 16,490	$ 14,507	$ 13,281	$ 13,784
The Authority's covered payroll	$ 3,645	$ 4,447	$ 4,571	$ 4,617	$ 3,619
The Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	484.91 %	370.80 %	317.37 %	287.65 %	380.80 %
Plan fiduciary net position as a percentage of the total OPEB liability	0.00 %	0.00 %	1.93 %	1.76 %	1.79 %

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

NEW YORK CITY TRANSIT AUTHORITY
(Component Unit of the Metropolitan Transportation Authority)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE OPEB PLAN AND NOTES TO SCHEDULE OF THE AUTHORITY'S CONTRIBUTION TO THE OPEB PLAN FOR THE YEARS ENDED DECEMBER 31
(In millions)

	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution	n/a	n/a	n/a	n/a	n/a	n/a
Actual Employer Contribution [(1)]	$ 589.6	$ 576.8	$ 236.7	$ 505.6	$ 468.8	$ 441.9
Contribution Deficiency (Excess)	n/a	n/a	n/a	n/a	n/a	n/a
Covered Payroll	4,501.3	3,644.7	4,446.8	4,570.8	4,617.2	3,618.6
Actual Contribution as a Percentage of Covered Payroll	13.1 %	15.4 %	11.01 %	11.06 %	10.15 %	12.21 %

[(1)] Actual employer contribution includes the implicit rate of subsidy adjustment of $10.8, $9.6, $12.8, $21.3, $19.9 and $19.6 for the years ended December 31, 2022, 2021, 2020, 2019, 2018 and 2017, respectively.

Notes to Schedule of the Authority's Contribution to the OPEB Plan:

Methods and assumptions used to determine contribution rates:

Valuation date Measurement date	July 1, 2021 December 31, 2021	July 1, 2019 December 31, 2020
Discount rate	2.06%	2.12%
Inflation	2.30%	2.25%
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	2.06%	2.12%

Changes of benefit terms: In the July 1, 2021 actuarial valuation, there were no changes to the benefit terms.

Changes of assumptions:. In the July 1, 2021 actuarial valuation, there were changes in healthcare related assumptions, mortality, demographic and economic assumptions.

Note: This schedule is intended to show information for ten years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.